

A white egret is captured in flight over a body of water. The water is a mix of blue and green, with large, faint green outlines of leaves or petals overlaid on the scene. The egret's wings are spread wide, and its reflection is visible in the water below.

# ESG Integrated report 2023

ENVIRONMENTAL • SOCIAL • GOVERNANCE

# Strategic presence and operations

[GRI 2-1] [GRI 2-6] [EM-EP-000.A]

## In Colombia

Our goal is to explore and produce the conventional natural gas needed to support the country's energy transition, while improving the quality of life for millions of people in a safe, efficient, and cost-effective manner with the highest ESG standards.

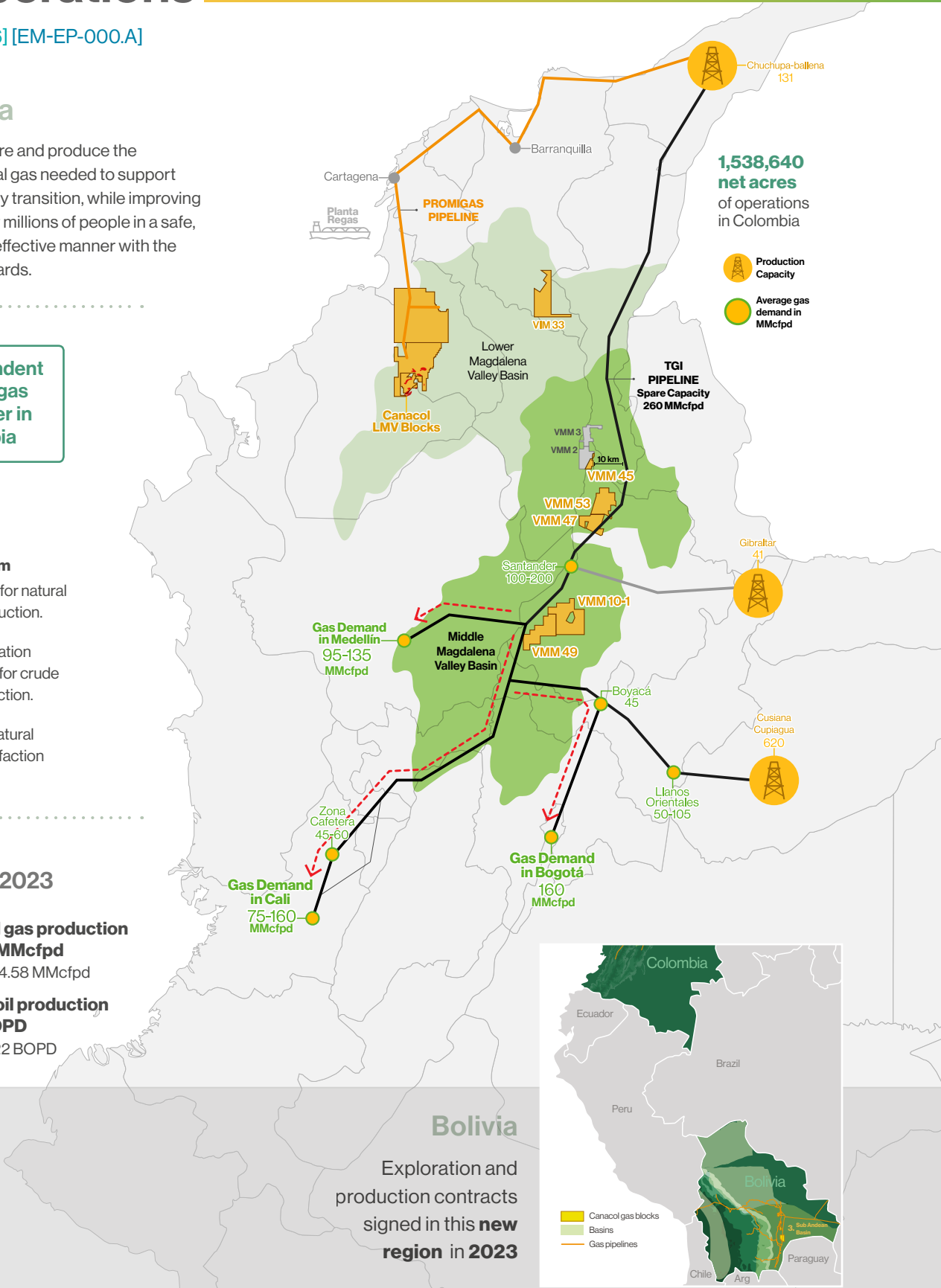
**#1 independent natural gas producer in Colombia**

### Our business model

- Upstream**  
11 blocks for natural gas production.
- 1 participation contract for crude oil production.
- 1 micro natural gas liquefaction plant.

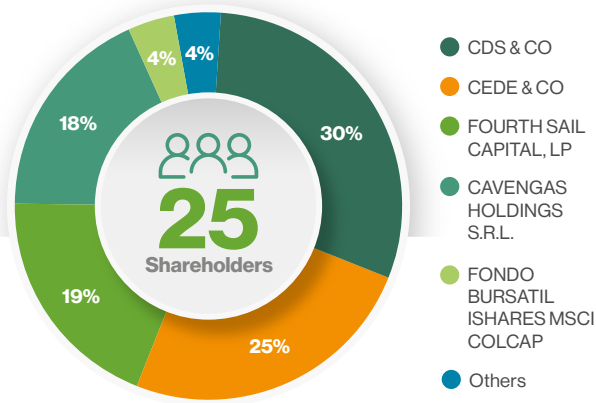
### Operational performance 2023

- Natural gas production 181.28 MMcfpd**  
2022: 184.58 MMcfpd
- Crude oil production 563 BOPD**  
2022: 522 BOPD



# Financial performance and looking ahead

## Shareholder structure as of December 31, 2023



Canacol Energy's common shares are listed on the Toronto Stock Exchange, the OTCQX in the United States of America, and the Colombian Stock Exchange under the symbols CNE, CNNEF and CNE.C, respectively.

## Number of E&P\* contracts with the National Hydrocarbons Agency (ANH), Colombia

|  | 2023 | 2022 | 2021 |
|--|------|------|------|
| 100% participation   | 10   | 10   | 9    |
| 50% participation  | 1    | 1    | 1    |
| New contracts/gas blocks acquired during the year (100% participation) | 0    | 2    | 0    |

\*Exploration and production

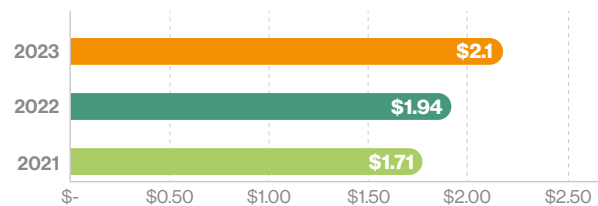
## Reserves in Colombia as of December 31, 2023



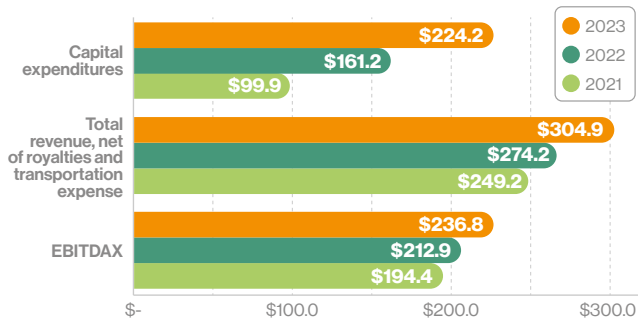
Proven reserves 1P

Proven and probable reserves 2P

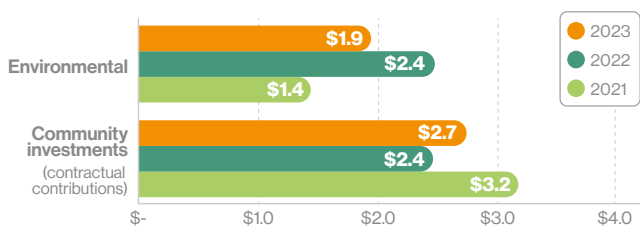
2P reserves (proven + probable) NPV-10 pre-tax (millions of dollars)



## Financial results (millions of dollars)



## Environmental and Social Investment (millions of dollars)



## 2024 Guidance

### Highlights

|  | 2024 Lower limit | 2024 Upper limit |
|--|------------------|------------------|
| Natural gas sales (MMcfpd)                 | 160              | 177              |
| EBITDA (millions of dollars)               | 250              | 290              |
| Capital expenditures (millions of dollars) | 138              | 151              |

## Our environmental commitment

[GRI 305-4]



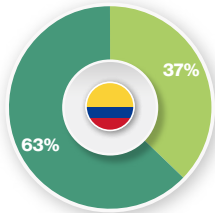
**GHG emissions intensity**  
**9.58 kg CO<sub>2</sub> e/BOE**  
 2022: 6.44 kg CO<sub>2</sub> e/BOE



Establishment of public commitments on biodiversity, water, and waste.

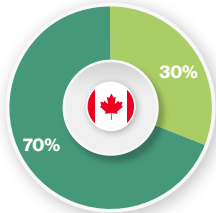
## Employees, diversity and inclusion

[GRI 2-8] [GRI 2-7]



**Colombia Employees: 465**

● Women: **174**



**Canada Employees: 27**

● Women: **8**



We are leaders in diversity, equity, and inclusion in the oil and gas sector in Colombia, with a **37% female workforce** - higher than the world average for the oil and gas industry (22%) and the Colombian national average (27%).



No fatalities occurred for either direct employees or contractors in 2023.

## Climate strategy

**Canacol's targets are:**



> **Carbon neutral by 2050** for Scope 1 and 2 emissions.



> **Reduce its CO<sub>2</sub>e emissions by 50% by 2035**, compared to the 2022 baseline for Scope 1 and 2, and achieve zero methane emissions by 2026.

Our climate strategy is aligned with the requirements of the Task Force on Climate-related Financial Disclosures:



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

## ESG data providers ratings and rankings

|   | 2021 | 2022 | 2023 |
|---|------|------|------|
| S&P Corporate Sustainability Assessment (0-100) | 62   | 68   | 69   |
| MSCI - ESG Rating (AAA-CCC)                     | BBB  | A    | A    |
| Sustainalytics ESG Risk Rating (100-1)          | 27.8 | 26.8 | 23.7 |
| REFINITIV ESG Scores (D- to A+)                 | B+   | B+   | B+   |
| CDP Climate (F-A)                               | B-   | C    | B    |
| ISS ESG Corporate Score (D- to A+)              | C+   | C+   | B-   |
| ISS Governance Quality Score (10-1)             | 8    | 3    | 2    |



# Content

Introductory chapters

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Reading Guide for Indicators

## Conventions

GRI → [GRI 302-1]

SASB → [EM-EP-140a.2]

IPIECA → [CCE-6]

# About this Report

[\[GRI 2-1\]](#) [\[GRI 2-2\]](#) [\[GRI 2-3\]](#) [\[GRI 2-4\]](#) [\[GRI 2-5\]](#)

Canacol Energy Ltd, has prepared this sustainability report in accordance with the principles of the International <IR> Framework, which is now incorporated into the IFRS Foundation. Additionally, the Company has begun integrating the disclosure requirements stipulated in the IFRS S1 standard. This entails providing sustainability information concerning governance, strategy, risk management, as well as metrics and objectives.

This report covers the period from January 1 to December 31, 2023, unless stated otherwise, and includes information on 100% of Canacol's operations in Colombia and Canada. Its purpose is to inform various stakeholders about how the Company has successfully

generated and sustained value over the short, medium, and long term. The report delineates the progress made in aligning with its corporate sustainability strategy and management, outlines future prospects and highlights success stories and recognitions pertaining to environmental (E), social (S) and corporate governance (G) issues.

Our report is structured into twelve chapters, encompassing a range of topics from the description of the Company's ESG strategy to the presentation of its performance against its 13 sustainability issues. The last three chapters are dedicated to the management of the three strategic dimensions: A Cleaner Energy Future (E), Empowering Our People (S) and A Transparent and Ethical Business (G).





The 2023 sustainability report complies with the Communication on Progress (CoP) requirement of the United Nations Global Compact and has been prepared using the GRI Standards in accordance, following the 2021 Sector Guide 11 for Oil and Gas. Furthermore, it incorporates the reporting of indicators recommended by the SASB standards for the Oil and Gas sector, along with the disclosure metrics suggested by the International Petroleum Industry Environmental Conservation Association (IPIECA) Reporting Guide.

Additionally, our report is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations Agenda 2030 Global Framework, and the requirements of the Corporate Sustainability Assessment (CSA) from S&P Sustainable<sup>1</sup>.

Canacol's financial information is prepared in accordance with the International Financial Reporting Standards (IFRS) approved in Colombia and Canada, as well as other legal provisions issued by the respective supervisory and control entities. The information provided in this report is denoted in U.S. dollars, with the average exchange rates for the years 2023, 2022, and 2021 being 4,325 COP/USD, 4,255 COP/USD, and 3,743 COP/USD, respectively.

The non-financial information presented in our 2023 ESG Integrated Report has been reviewed and verified by Deloitte LLP., an independent auditing firm. Deloitte LLP. adheres to the guidelines of the International Standard on Assurance Engagements (ISAE) 3000 (Revised), guaranteeing the reliability and accuracy of the reported data.

### Contact information

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Headquarters: 2000, 215- 9 Avenue SW Calgary, Alberta T2P 1K3, Canada

Bogota Office: Calle 113 No 7-45, Bogotá, Torre B, Office 1501

Contact point for more information:  
[esg@canacolenergy.com](mailto:esg@canacolenergy.com)

# Letters from the Board of Directors and CEO

[GRI 2-22]

## Board of Directors

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

As the Board of Directors, we recognize and embrace our responsibility to integrate the Environmental, Social and Corporate Governance (ESG) Strategy into the Company's business model. To do so, we align it with our business objectives, key performance indicators (KPIs), and the organization's comprehensive risk management model.

We remain committed to continuously improving our performance to meet the expectations of investors and stakeholders while enhancing business value. This commitment is upheld by fundamental values such as integrity, responsibility, transparency, and compliance with national and international regulations, in all our operational endeavors.

Canacol's sustainability strategy revolves around empowering people, fostering a cleaner energy future, and conducting business ethically and transparently:

- In 2023, we invested **\$2.7 million towards 57 social projects, directly impacting 39 communities and benefiting a total of 14,916 people.** These

projects facilitated timely engagement, fostered mutual trust, and developed local capabilities. Within our operations, we optimized and expanded employee well-being management practices, achieving outstanding results in the annual Great Place to Work survey.

**Additionally, we were recognized for our Diversity, Equity, and Inclusion (DEI) strategy and scored a rating of 65.8% in the Aequales PAR Ranking, surpassing the regional average of companies in Latin America of 55%.**

- Our ongoing commitment to sustainability enabled us to significantly advance in the environmental dimension, particularly relating to biodiversity protection. In 2023, we formalized voluntary conservation agreements with local families, **successfully preserving 55.5 hectares of tropical dry forest. Additionally, we restored 44.5 hectares and planted 3,420 trees in areas of high ecological importance** across three Colombian municipalities in Córdoba and Sucre. Notably, we became one of the 320 companies to register as **"Early Adopters" of the TNFD framework**, commencing its implementation in five priority operating areas: Esperanza, VIM5, VIM33, VMM45 and SSJN-7.





- In the latest S&P Global Sustainable1 Corporate Sustainability Assessment (CSA), **we achieved a total score of 74/100 in the “Governance and Economics” dimension**, representing the highest score in the “Oil & Gas Upstream & Integrated” industry. In 2023, we increased female representation on the Board of Directors, **welcoming Valentina Garbarini as a new member of our highest governing body**. Furthermore, we introduced the Comprehensive Ethics, Compliance and Anti-Corruption System and **recorded a total of 11,821 due diligence operations without significant risk of corruption**.

Our effective management is reflected in the financial results achieved in 2023. We concluded the year with a **natural gas and liquefied natural gas (LNG) operating netback of \$4.11 per MCF, representing an 11% increase from 2022, alongside an EBITDAX of \$236.8 million**. These achievements highlight Canacol’s capacity to generate operational cash flow and finance its growth.

Canacol’s sustainability strategy aligns with established standards, frameworks, and mandates, including the 2030 Agenda for Sustainable Development and the requirements of the S&P Global Sustainable1. These commitments propel us to further advance our sustainability management practices and foster collaboration with all stakeholders to address the most pressing challenges confronting us as a global community. Recognizing our fundamental role in Colombia’s energy transition, we are dedicated to producing and delivering high quality natural gas, thereby improving the lives of millions of Colombians.

We are grateful to our employees, business partners, shareholders, local communities and other stakeholders for their continued support and commitment to our principles, values, and sustainability objectives.

Sincerely,  
**Dr. David A. Winter**  
 Chairman of the ESG Committee

## President (CEO)

I am pleased to present Canacol's ESG Integrated Report for the fiscal year 2023, which reflects our firm commitment to corporate responsibility and the development of sustainable operations.

This year marked a period of significant challenges and achievements for Canacol. In a constantly evolving business environment, we worked to integrate ESG practices into our daily operations while maintaining our focus on operational excellence. This approach allowed us to create value for our shareholders, preserve cash flow, and strengthen the Company's balance sheet.

On a financial level, we grew both our revenues and EBITDAX by 11%, achieving \$305 million in revenues and **a historical EBITDAX of \$236.8 million**. Additionally, our funds from operations increased by 55%. Throughout 2023, we allocated **\$224 million in capital investments**, representing a 29% increase compared to 2022. Increasing our funds from operations and capital investments enables us to continue financing our growth initiatives and provide the Colombian market with sustainable energy alternatives to more carbon-intensive options.

**We are proud to maintain our position as the largest independent natural gas exploration and production company in Colombia.**

In 2023, Canacol managed a portfolio of 12 contracts, comprising 11 focused on natural gas exploration and production and one conventional crude oil contract in partnership with Hocol S.A. Collectively, these contracts covered a net area of 1,538,640 net acres. Our net hydrocarbon production reached 32,366 MBOED,<sup>1</sup> with natural gas and LNG production totaling 181,277 MCFPD.<sup>2</sup> These achievements reaffirm our commitment to meeting Colombia's growing energy demand while contributing to CO<sub>2</sub> emissions reduction, enhancing air quality, and fostering the nation's growth and development.

Canacol is proud to have maintained for the second consecutive year the MSCI "A" level classification. Additionally, the S&P CSA, ranks us in the 10th percentile of the most sustainable companies within the global CSA S&P Oil & Gas Upstream & Integrated industry. These results affirm Canacol's commitment, action, and leadership in strategic sustainability management.

I am grateful to our dedicated staff, whose exceptional efforts have led to these outstanding results. Your enthusiasm inspires me to maintain this positive momentum as we embark on future projects.

<sup>1</sup> Thousand barrels of oil equivalent per day.

<sup>2</sup> Thousand cubic feet per day.

## A cleaner energy future

Our performance in 2023 reflected positive results in environmental management, as demonstrated by our environmental management score of **67/100** in the S&P Global Sustainable<sup>1</sup>, marking an improvement of 7 points over our 2022 score.

In our **climate change management efforts**, we adopted a comprehensive approach to greenhouse gas (GHG) emissions across our value chain. This involved quantifying and verifying our scope 3 emissions through an independent third party. Additionally, we deepened our risk and opportunities analysis and climate scenario assessments for our primary assets, enhancing our resilience and adaptation strategies.

In 2023, we successfully reused **16%** of the water utilized in our operations and concluded the year with **no incidents of crude oil, condensate or produced water spills**.

As part of our **biodiversity management efforts**, we established collaborative processes with key partners to study and conserve biological diversity in strategic regions where we operate. In 2024, we signed an agreement with the Wildlife Conservation Society (WCS) to reforest 13 hectares in the La Carranchina Reserve. Additionally, we registered as **"Early Adopters"** of the TNFD framework, mobilizing our comprehensive action towards natural capital management.

In **waste management**, we achieved a utilization rate of 58% for total waste generated, with 60% of hazardous waste recycled or reused.

## Empowering our people

In 2023, our commitment to the well-being, prosperity, and health and safety of our employees, contractors, and local communities

positioned us as one of the best performing companies in the **social dimension** of the S&P Global Sustainable<sup>1</sup> CSA. With a score of **66/100**, we surpassed the sector average by 33 points.

As part of our commitment to a **safe culture**, we achieved 100% compliance from both employees and contractors in training on occupational health and safety law. Similarly, our employees and contractors fully complied with the skills strengthening program for safe work authorities.

We were honored with the "Recognition of Good Sustainable Development Practices" from the United Nations Global Compact, specifically for our contributions towards **Sustainable Development Goal 5 – Gender Equality**. Our initiative "Canacol: a culture focused on DEI" was instrumental in earning this recognition.

**We actively promote local employment and socioeconomic development in neighboring communities** by hiring both skilled and unskilled labor locally. Additionally, we **procured 98% of all goods and services locally, regionally, and nationally**, further contributing to the economic growth and development of Colombia.

Finally, we built upon our commitment to developing a **sustainable supply chain** by promoting skills development and evaluating 33 of our critical suppliers against 80 ESG indicators.

## A transparent and ethical business

Our **governance system** ensures regulatory compliance, monitors our performance, facilitates timely decision-making, and transparently discloses information. It demands integrity, punctuality, reliability and accountability from our leaders, employees, and contractors.



The latest CSA-S&P Global Sustainable<sup>1</sup> **recognized us as the leading company in the Governance and Economic dimension within the Oil & Gas Upstream & Integrated industry.** We obtained a total of 74 points, reflecting our commendable management and compliance practices. Specifically, our management of sustainability issues achieved ratings of 81 points in Corporate Ethics, 87 points for Human Rights, and 53 points for Risk and Crisis Management. These scores significantly exceeded the industry averages of 48, 24, and 22 points, respectively.

During the reporting year, the Audit Committee of the Board **established a policy for effective risk management and oversight.** Additionally, risk management was incorporated as a KPI for all employees. We **conducted the first emerging risk analysis exercise** based on the methodology of the World Economic Forum. This involved developing stress tests and sensitivity analysis to determine the likelihood and severity of various identified risks to understand their potential impact on our business.

Throughout 2023, we had **no incidents involving human rights violations, cases of corruption, or breaches of the Code of Ethics and Conduct.** We increased the number of contractors trained in human rights by 25% compared to 2022 and **were recognized as an “Engaged Member” of the Voluntary Principles for Security and Human Rights (VPI).**

We appreciate the continued support of our stakeholders as we work together to continue building a cleaner energy future.

Sincerely,  
**Charle Gamba**  
 President and Chief Executive Officer

# Sustainability strategy

[GRI 2-22]

Our sustainability strategy is directed towards enhancing the competitiveness of our business while simultaneously improving the quality of life for millions of people. At Canacol, we are committed to realizing our higher purpose **“to build a cleaner energy future”**. This vision is underpinned by our exploration, production, and supply of conventional natural gas in a manner that is responsible, timely, profitable and sustainable over the long term.

We firmly believe in the importance of natural gas in facilitating the energy transition, both within the country and globally. Our approach emphasizes fairness, aiming to generate well-being and positive impacts for all our stakeholders throughout this transition process. Our sustainability goals are based on **three commitments**, overseen by the Company’s Board of Directors and Executive Team, and implemented by our talented, innovative, productive, and dedicated workforce:



## A cleaner energy future

We are committed to supplying natural gas under the highest standards of operational and environmental efficiency to support Colombia’s clean and fair energy transition.



## Empowering our people

We emphasize our commitment to the well-being, prosperity, and the health and safety of our employees, contractors, and neighboring communities.



## A transparent and ethical business

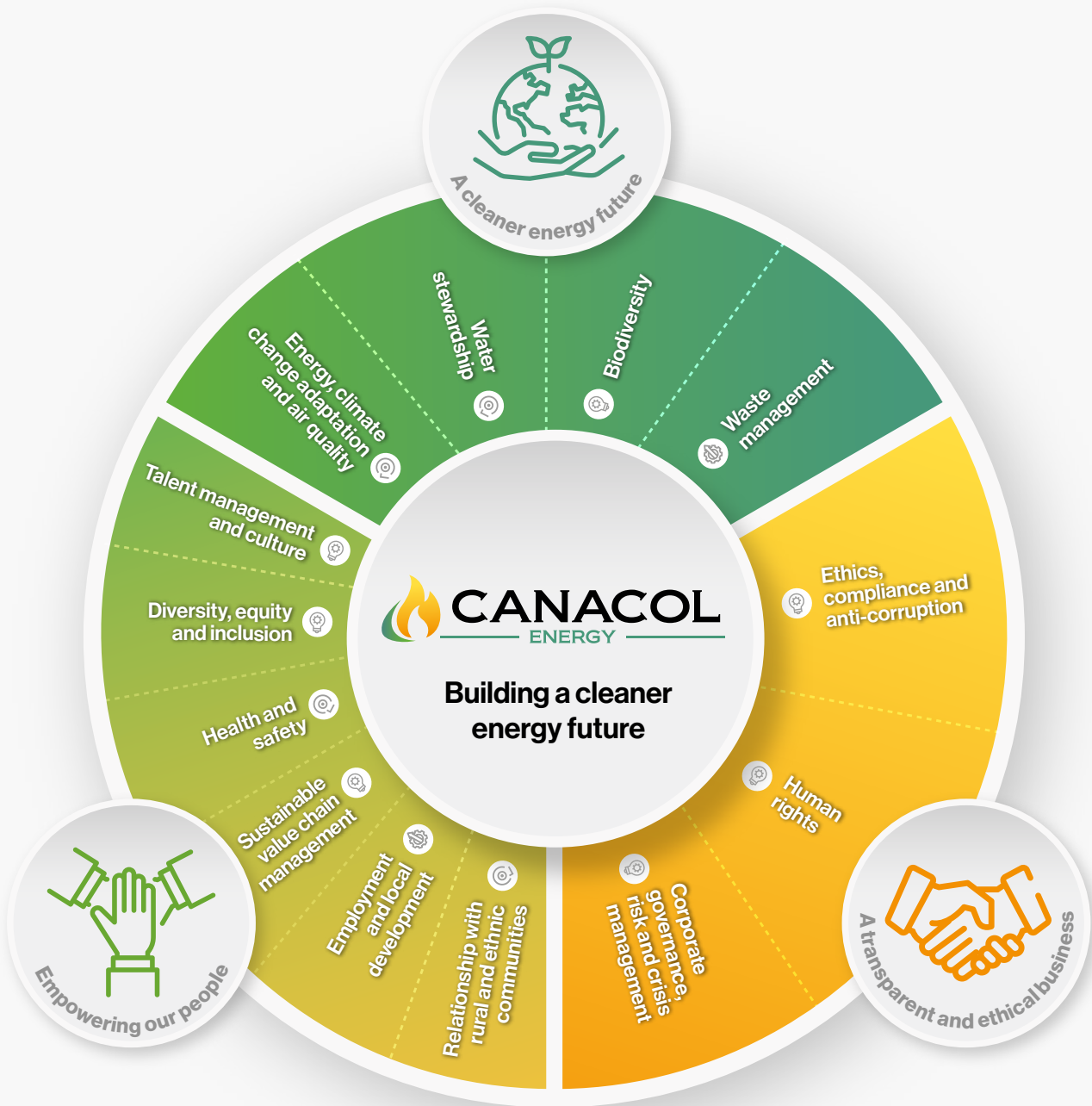
We reaffirm our commitment to the best practices of business ethics, transparency, and respect for human rights at all levels of our operations.

We acknowledge that sustainability stands as a fundamental pillar for generating value in the short, medium, and long term for all stakeholders within our value chain. Through ongoing strides in implementing our ESG strategy, we have positioned ourselves as one of the most sustainable companies in the “Oil & Gas

Upstream & Integrated” sector. This accomplishment is underscored by our exceptional performance in the **S&P Global Corporate Sustainability Assessment (CSA) achieving recognition within the top 10 companies of the “Oil & Gas Upstream & Integrated” sector of the 2024 Sustainability yearbook.**

# Sustainability strategy

Environmental, Social and Governance



**Material issue**

**Strategic issue**

**Operational issue**

## Strategic sustainability goals for 2024



### A cleaner energy future

#### Environmental issues

#### Strategic goals



#### Operational and environmental performance

- ▶ Report no catastrophic or critical accidents and no environmental non-compliance events (violations and sanctions) in the year



#### Energy, adaptation to climate change, and air quality

- ▶ Develop activities derived from the climate action strategy with an emphasis on suppliers and supply chain to reduce Scope 3 emissions.



#### Water stewardship

- ▶ Develop the first report on nature risks and opportunities under the TNFD framework.



#### Biodiversity



#### Waste management

- ▶ Develop the first solid waste management center at Jobo Station for the management of and compliance with the zero waste certification and the other requirements within the framework of waste management.
- ▶ Reutilize or recycle at least 34% of viable waste.



## Empowering our people

### Social issues

### Strategic goals



#### Talent management and culture

- › 37% participation of women in Canacol's workforce by 2026.
- › 51% of women in Science, Technology, Engineering and Mathematics (STEM) positions in the Company by 2026.
- › Obtain a rating of "Very Satisfactory" (61 points) in the GPTW work environment rating.
- › Maintain 10-20% female representation on the Board of Directors.



#### Diversity, equity and inclusion

- › Obtain the Equipares Gold Seal by the Ministry of Labor and UNDP in order to strengthen the Company's Diversity, Equity, and Inclusion strategy.
- › Disaggregate all workforce talent indicators by gender (promotions, rotation, training, permits, etc).



#### Health and safety

- › Maintain the TRIFR and LTIFR industrial safety indicators (contractors and employees) of less than 1.99.
- › Report no work fatalities for employees and contractors in 2024.



#### Sustainable value chain management

- › Include within the strategic sourcing evaluation, ESG criteria for the evaluation and selection of strategic and tactical suppliers.
- › Conduct the evaluation of ESG criteria for the suppliers selected in the sourcing process.
- › Develop an ESG addendum for the evaluation and selection of suppliers (sustainable value chain management).



#### Relationship with rural and ethnic communities

- › Measure the performance indicators of 100% of the Company's social investment projects.
- › Quantify the impact of 60% of the Company's social investment projects.
- › Annually publish 100% of the work stoppages that occurred and the number of days of impact on the Company's operations.





## A transparent and ethical business

### Governance issues



#### Ethics, compliance, and anti-corruption

- › Continue to report no cases of ethical breaches for all Canacol employees and contractors.



#### Human rights

- › Continue to develop training for communities and local interest groups on human rights.
- › Continue to develop training for strategic contractors, public forces, and private security on human rights.
- › Identify critical areas in human rights and develop, monitor, and evaluate prevention and mitigation plans for the associated risks.
- › Continue to report no cases of human rights violations by Canacol employees and physical security contractors.



#### Corporate governance, risk and crisis management

- › Maintain the ISO IEC 27001 Information Security certification in the IT Management and Governance process – infrastructure.
- › Report semiannually to the Audit Committee of the Board of Directors on progress and updates in cybersecurity and IT.
- › Carry out stress and sensitivity tests annually for the most relevant strategic risks.
- › Achieve 100% training of the Board of Directors on ESG issues (human rights, climate change, DEI, biodiversity, and risk).

# Stakeholder engagement

[GRI 2-29] [GRI 3-3]

Canacol’s corporate and operational success is grounded in **assertive communication and ongoing collaboration** with our stakeholders. We cultivate relationships

based on trust, growth, and mutual well-being, consistently guided by our principles of ethics, integrity, and transparency.

## Key stakeholders and engagement purposes

**Investors and shareholders:**  
establish bonds of trust and transparency.



**Employees:**  
attract and retain the best talent by offering competitive benefits that foster leadership and personal development.



**Suppliers:**  
consolidate joint work throughout the supply chain.



**Authorities:**  
lead positive initiatives aligned with national, regional, and local development plans.



**Clients:**  
promote sustainable, transparent, and mutually beneficial businesses.



**Communities:**  
build strong, transparent, and constructive relationships founded on mutual respect, adherence to human rights, and regulatory compliance.



**Associations and unions:**  
actively engage in industry forums and associations to share ideas and perspectives that can promote leadership and drive the industry forward.

Canacol implements various engagement mechanisms with different stakeholders. Below are the main activities carried out in fiscal year 2023:

## Engagement processes



### Associations and guilds

- Joint working sessions
- Sustainability dialogues
- Web page
- Specific events



### Customers

- Advice and support
- Specific events
- Visits and one-on-one meetings



### Employees

- Technical and soft skills training
- Performance management
- Intranet and virtual media
- Internal communications
- Management reports



### Suppliers

- Supplier evaluation
- Performance management meetings
- In-person/virtual seminars on specific topics



### Investors

- Quarterly calls & periodic communications
- Annual shareholders meeting
- Individual and group meetings
- Management reports
- Web page and corporate presentation
- Participation in investor conferences.



### Communities

- Community committees
- Local relationship plan
- Visits and one-on-one meetings
- Timely attention to concerns, requests, complaints, claims, and suggestions
- Socialization of operational activities and investment projects



### Authorities

- Regular meetings and socializations
- Management reports
- Specific events



The conversation and collaboration spaces enable a continuous improvement process that enhances our materiality analysis and sustainability management, providing resilience to the corporate strategy of the business. These engagement processes are proactive and effectively capture perceptions and expectations of all internal and external stakeholders of the organization. In 2022, Canacol conducted a formal update of our materiality analysis, enabling us to revise the

**stakeholder prioritization matrix** that we presently utilize to align our social investment projects and activities in Colombia.

For more information, click here: [materiality\\_report\\_es.pdf](https://canacolenergy.com/materiality_report_es.pdf) (canacolenergy.com)



## Membership associations

[GRI 2-28]

Canacol actively participates in various dialogue platforms at both national and international levels, facilitating high-level discussions on pertinent sustainability topics.



Colombian Association of Petroleum Engineers (ACIPET, per its acronym in Spanish)



Colombian Association of Oil and Gas (ACP, per its acronym in Spanish)



United Nations Global Compact



CAMPETROL  
Colombian Chamber of Oil, Gas & Energy (Campetrol, per its acronym in Spanish)



CÁMARA DE COMERCIO COLOMBO CANADIENSE

Canada Colombia Chamber



Circle of affiliates of the Chamber of Commerce of Bogotá



APEGA (Association of Professional Engineers and Geoscientists of Alberta)



CGEF (Canadian Global Energy Forum)



Colombian Natural Gas Association (Naturgas, per its acronym in Spanish)



EITI (Extractive Industries Transparency Initiative)



IPIECA (International Petroleum Industry Environmental Conservation Association)



Voluntary Principles on Security and Human Rights Association

# Materiality analysis

[GRI 3-1] [GRI 3-2] [GRI 3-3]

Canacol regards materiality analysis as a fundamental tool for **formulating its Corporate Sustainability Strategy**. This process enables the organization to identify and prioritize **sustainability issues** that have the most significant potential to impact our ability to create long term value. This assessment considers a range of impacts, risks, and opportunities across various aspects of our operations and stakeholder relationships.

Our organization conducts regular updates of our materiality analysis, recognizing its dynamic and evolving nature, which must respond to emerging macro-trends and sustainability challenges within our sector on a global scale. The most recent update of this assessment occurred in 2022, during which we identified a total of **13 issues encompassing social, environmental, and governance concerns**. **These issues were classified into three prioritization levels:**

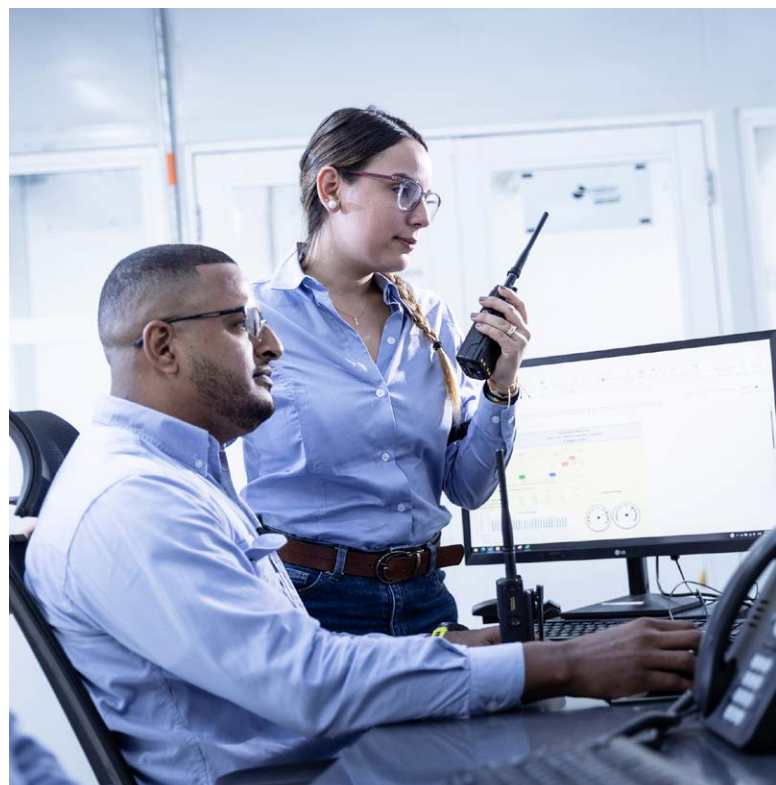


The update process was conducted in five phases:



It should be noted that detailed information regarding our material issues and their management during the fiscal year can be found in Chapters 10, 11, and 12 of this report.

In line with our commitment to continuous improvement and value creation for our business and stakeholders, we are pleased to announce that during the first half of 2024, we will conduct a new update of our materiality analysis. This update will follow the **double perspective approach**, adhering to the recommendations outlined in the European Corporate Sustainability Reporting Directive (CSRD). Through this process, we aim to identify relevant sustainability issues by considering both their external impact on society and the environment (impact materiality) and their internal impact on the value of the Company (financial materiality).



# Sustainability strategy and contribution to the 2030 Agenda

[GRI 2-22]

At Canacol, we are dedicated to addressing global sustainability challenges and closing existing gaps. Our ESG strategy is fully aligned with the

United Nations 2030 Global Agenda, to which both Colombia and Canada are signatories.

At **Canacol** we join the global call for the “Decade of Action”  
#10YearsToTransformOurWorld



Canacol has prioritized 14 of the 17 Sustainable Development Goals (SDGs): 1 – No poverty, 3 – Good health and well-being, 4 – Quality education, 5 – Gender equality, 6 – Clean water and sanitation, 7 – Affordable and clean energy, 8 – Decent work and economic growth, 9 – Industry, innovation and infrastructure, 10 – Reducing inequalities, 12 – Responsible production and consumption, 13 – Climate action, 15 – Life on land, 16 – Peace, justice and strong institutions, and 17 – Partnerships for the goals.

These SDGs are directly aligned with our strategic sustainability objectives and guide our approach to addressing the material issues within Canacol. Our programs, work methodologies, and metrics are designed to generate progress toward the compliance and fulfillment of these goals, ensuring that our actions contribute meaningfully to global sustainable development.



# Sustainability strategy and contribution to the 2030 Agenda





# Sustainability governance

[GRI 2-9] [GRI 2-12] [GRI 2-13] [GRI 2-14] [GRI 2-16]

Canacol has implemented robust corporate governance practices to effectively oversee and execute its sustainability strategy. Our governance structure guarantees that the impacts, risks, and opportunities associated with sustainability issues are integrated into all decision-making processes throughout the Company. This is achieved through the delineation of roles, responsibilities, processes, controls, and governance procedures specifically tailored

to this objective. Our sustainability governance structure adheres to international best practices, emphasizing independence, transparency, inclusivity, and accountability. This structure is seamlessly integrated into the Company's strategic and operational processes across all levels, ensuring the effective and efficient management of our sustainability objectives, plans, initiatives, and actions. It operates in alignment with our organization's purpose, strategies, and values.



Canacol's **Board of Directors** holds the responsibility, as mandated by law, for overseeing the management of the Company's business and affairs. They are tasked with the authority and legal obligation to safeguard and enhance the assets and competitiveness of the business. Acknowledging the increasing challenges associated with sustainability, Canacol has implemented measures to ensure that the Board is suitably equipped and trained to address these issues. As part of these efforts, capacity-building and training programs focused on ESG considerations have been prioritized. Additionally, the organization seeks to appoint Board members with expertise and experience in these fields to enhance its governance in this area. To enhance efficiency and decision-making processes, our Board of Directors leverages the expertise and insights of its specialized committees. Among these, the ESG and Audit Committees have direct

influence in the oversight and management of sustainability impacts, risks, and opportunities. These committees provide focused attention and guidance on sustainability-related matters, ensuring thorough supervision and effective management of our sustainability initiatives.

The **ESG Committee of the Board** serves as the governing body responsible for overseeing the implementation and performance of our organization's sustainability strategy. Operating under a dual materiality perspective, the committee focuses primarily on impact management.

The **Audit Committee of the Board** is tasked with financial oversight, reviewing the financial reports submitted by the Company to regulatory authorities and shareholders. Additionally, it oversees the implementation and performance management of sustainability issues from a financial materiality perspective.

For more information about the ESG Committee of the Board of Directors, consult the following link:

[https://canacolenergy.com/site/assets/files/3747/esg\\_committee.pdf](https://canacolenergy.com/site/assets/files/3747/esg_committee.pdf)



Scan me

For more information about the Audit Committee of the Board of Directors, consult the following link:

[https://canacolenergy.com/site/assets/files/3747/audit\\_committee.pdf](https://canacolenergy.com/site/assets/files/3747/audit_committee.pdf)



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Board and committee meetings serve as the primary mechanism for reporting and oversight concerning sustainability matters by the governing bodies. These meetings are convened at least semi-annually or as deemed necessary by the chair of each committee. In 2023, a total of 14 meetings were held to address issues related to sustainability management. As a member

of the Board of Directors, the **Chief Executive Officer (CEO)** serves as the key liaison between the organization's executive team and the Board. The CEO is accountable for the effective management and execution of the sustainability strategy, ensuring that Board committees are thoroughly briefed on progress, achievements, and upcoming plans regarding sustainability

issues. Simultaneously, the CEO provides feedback to the **Executive Team**, ensuring that annual operational objectives and strategies are aligned with critical environmental, social and governance considerations. Established in 2021, the **Sustainability Management Committee** is comprised of five executives: CEO, Vice President of Operations, Vice President of Finance, Vice President of Legal Affairs, and Vice President of Sustainability. Led by the **CEO**, this committee plays a pivotal role in implementing, updating, and continuously improving Canacol's sustainability strategy. It facilitates the effective execution of strategic objectives and plans across social, environmental, and governance dimensions. Furthermore, the committee includes individuals responsible for integrating material issues into all operational activities and

corporate processes. Regular meetings are convened to monitor progress, with outcomes reported to the Board's ESG Committee. The final level of governance includes the ESG Manager and the Business Units. **The ESG Manager, along with their team**, evaluates and updates the identified impacts, risks, and opportunities, integrating them into the Company's strategic and operational objectives. They are tasked with developing and maintaining the sustainability strategy, proposing initiatives and actions to ensure its effective implementation, in collaboration with the Business Units. Additionally, the ESG Manager oversees the organization's sustainability performance and leads reporting and communication efforts directed at both internal and external stakeholders.



# Management report

[GRI 2-22] [GRI 2-4] [GRI 2-14]

Throughout 2023, we continued to lead Colombia's energy transition and maintained our position as the country's primary natural gas producer, despite constraints on production. While our core business model focused on natural gas exploration and production, we bolstered current operations in Colombia, expanded into new regions, and increased our crude oil production capacity.

Under the guidance of the Board, we consistently enhance our ESG management, creating value by adhering to the highest sustainability standards. In 2023, we set decarbonization goals aligned with national objectives, advanced initiatives to protect biodiversity and water resources, received recognition for our DEI Strategy, and strengthened our corporate governance practices.

## Consolidated results

We are dedicated to transforming our company into a sustainability leader that fosters the development of Colombia and other regions of interest. All of our actions, rooted in our

ESG strategy and aligned with corporate values and objectives, aim to address and benefit stakeholders. The following are the key highlights of our ESG performance.

### ESG management highlights

#### ESG roadmap

We have established a roadmap with the objective of leading the implementation and achievement of a sustainable business.



During 2023, notable achievements included:

- Successful implementation of 100% of our ESG strategy and execution of 46/46 of our planned goals.
- In the S&P Global Sustainability Yearbook 2024, Canacol ranked in the top 10% among 169 companies in the Upstream & Integrated Oil & Gas industry. Additionally, we achieved the best performance in the Governance and Economy Dimension. Our ratings in each category on a scale of 1 - 100, were:

- Total score: **69**
- Environmental: **67**

- Social: **65**
- Governance: **74**

- Strengthened our ESG governance framework by updating policies and procedures to align with the latest sustainability standards and ESG best practices.
- Set targets to achieve carbon neutrality by 2050 for scope 1 and 2 emissions and reduce CO<sub>2e</sub><sup>3</sup> emissions by 50% by 2035, compared to a 2022 baseline.
- Advanced our DEI Strategy, with 22% of women in executive management positions relative to total female representation in Colombia and Canada.
- The ESG Committee of the board updated Canacol's activities framework toward the 17 Sustainable Development Goals of the United Nations, ensuring alignment with global sustainable development efforts.
- Further integrated sustainability considerations into our value chain strategy, adopting a holistic approach to ESG issues across all operational stages.

## A cleaner energy future

Natural gas plays a fundamental role in the global energy transition and sustainable development globally. We are committed to supplying the natural gas required to meet Colombia's increasing energy demand while upholding the highest environmental and operational standards to protect biodiversity and natural resources. In 2023, we achieved the following milestones:

- Reported no crude oil, condensate, or produced water spills.
- Established public commitments to enhance biodiversity protection, water resource management, and waste management efforts.
- Prevented negative impacts on sensitive areas, aligning with zoning and environmental management plans.
- Avoided operations in International Union for Conservation of Nature (IUCN) Zones

I-IV or United Nations Educational, Scientific, and Cultural Organization (UNESCO) World Heritage Sites.

- Conducted planting campaigns with community, regional authorities, and national army support, including an agreement with the Wildlife Conservation Society (WCS) to reforest 13 hectares in the La Carranchina Reserve by 2024.
- Educated communities on water source protection and decontamination through campaigns and organized collection days for agrochemical and pesticide containers to preserve surface water quality.
- Received no complaints regarding water resource availability related to Company operations.
- Achieved a 58% waste recovery rate and pursued a zero-waste certification from ICONTECT (Instituto Colombiano de Normas Técnicas y Certificación, for its acronym in Spanish) in 2024.
- Invested in solar photovoltaic energy generation to power our Jobo station and satellite stations.
- Conducted no operations in water-stressed areas and achieved a 16% water recirculation rate in operations, implementing monitoring systems for improved water management decision-making.
- Restored 44.5 hectares of land and planted 3,420 trees in ecologically significant areas.

## Empowering our people

Our objective is to create value through sustainability while stimulating the development of the communities in which we operate. This involves providing quality jobs for the local workforce and facilitating opportunities for skills development and career advancement. We aspire to be the employer of choice in the Colombian natural gas industry. In 2023, we achieved the following:

3 CO<sub>2e</sub> – carbon dioxide equivalent. CO<sub>2e</sub> signifies all greenhouse gases as one unit and represents the amount of CO<sub>2</sub> which would have the equivalent global warming impact.

- Trained 100% of direct employees and contractors on compliance with the workplace health and safety policy.
- Achieved a 65.8% rating in the Aequales PAR Ranking for our DEI Strategy, significantly exceeding the LATAM average<sup>4</sup> of 55%.
- Received recognition from the UN Global Compact for our sustainable development practices, particularly for contributing to SDG 5 with our “Canacol Culture Focuses on DEI” initiative.
- Updated our DEI Policy to foster a discrimination and sexual harassment free workplace.
- Launched the Best Buddies Program to promote the integration of people with disabilities in our workforce.
- Benefited 14,916 people from 39 communities through 57 social initiatives conducted in our operational areas.
- Conducted 237 meetings with local authorities and community leaders to address stakeholder concerns, involving 5,099 stakeholders.
- Evaluated 33 critical suppliers across 80 ESG indicators.
- Prioritized local employment and community socioeconomic development, with 82.5% skilled and 100% unskilled labor hired locally.
- Sourced 98% of supplies and services from local, regional, and national suppliers.
- Achieved no fatalities among direct employees and contractors over 931,236 hours worked.
- Conducted the first ESG risk exercise in the supply chain for prioritized suppliers, identifying risk levels and prevention opportunities through internal process improvement.

<sup>4</sup> LATAM – Latin America.

<sup>5</sup> Money Laundering and Financing of Terrorism

## A transparent and ethical business

Our corporate governance practices serve as a framework for guiding shareholders, the Board of Directors and its committees, and senior management, facilitating the achievement of business objectives and ESG goals. We continuously refine our practices to ensure compliance with regulations, promote ethical behavior, uphold legality, and respect human rights. In 2023, we achieved the following milestones:

- Launched the Comprehensive Ethics, Compliance and Anti-Corruption System, incorporating training on criminal compliance, conflict of interest instructions, and various due diligence and monitoring mechanisms. The System is part of the SAGRILAF, the Ethics and Transparency Corporate Program (PTEE), and the Code of Ethics and Anti-Corruption.
- Trained all employees in the MLFT<sup>5</sup> and Anti-Corruption risk management principles, updating the SAGRILAF and PTEE manuals.
- Maintained and rectified the Information Security Management System to ISO IEC 27001:201 standard.
- Reported no information security incidents affecting people, the environment, or operations.
- Executed an information security awareness program, achieving 95% participation among critical employees and contractors.
- Reported no violations of human rights, corruption cases, or breaches of the Code of Ethics and Conduct.
- Achieved an 88% rate of independence among board members and a 12.5% female representation.
- Achieved 100% independence in the Audit, Governance and Nominating and Compensation Committees.

- Compiled the first Corporate and Emerging Risks Report, including scenario and financial impact analysis for emerging and climate-related risks.
- Updated the risk matrix to include prevention and management of risks associated with environmental and economic crimes.
- Conducted six workshops on identifying and addressing human rights risks and opportunities, including community training in the Córdoba and Sucre departments.
- Developed due diligence processes to identify and assess potential human rights impacts and risks.
- Recognized for good human rights practices by the Global Compact for the initiative “Canacol: A Culture Focused on the Respect and Guarantee of Human Rights” .

## ESG Ratings and Rankings

Canacol has been acknowledged for its exceptional sustainability performance by third-party ESG and sustainability rating agencies. In 2023, our commitment to achieve the higher purpose of “building a cleaner energy future” was reflected in the following scores:

|  |   |   |  |   |   |   |   |   |
|--|---|---|--|---|---|---|---|---|
|  <p><b>2023 score:</b><br/>A</p> <p><b>2022 Score:</b><br/>A</p> <p>Rating scale: CCC to AAA</p> <p>100% of operations in less carbon-intensive business lines compared to peers.</p> |  <p><b>2023 score:</b><br/>23.7</p> <p><b>2022 Score:</b><br/>26.8</p> <p>Rating scale: 0 (low risk)-100 (severe risk)</p> <p>Third percentile of oil and gas world producers.</p> |  <p><b>2023 score:</b><br/>69</p> <p><b>2022 Score:</b><br/>68</p> <p>Rating scale: 0 (low)-100 (high)</p> <p>96th percentile (+3 points vs. 2022) and 6th best score in the Upstream and Integrated Oil &amp; Gas sector.</p> |  <p><b>2023 score:</b><br/>B+ (73.7)</p> <p><b>2022 Score:</b><br/>B+ (73.1)</p> <p>Rating scale: D- to A+</p> <p>Scale: Best O&amp;G industry score in Colombia= (low risk)-10 (severe risk)</p> |  <p><b>2023 score:</b><br/>B</p> <p><b>2022 Score:</b><br/>C</p> <p>Rating scale: F- / A</p> <p>A- score on the supplier's engagement rating report</p> |  <p><b>2023 score:</b><br/>-B</p> <p><b>2022 Score:</b><br/>C+</p> <p>Rating scale: D- / A+</p> <p>Outperformed the industry average on key issues. Main threshold</p> |  <p><b>2023 score:</b><br/>2</p> <p><b>2022 Score:</b><br/>3</p> <p>Rating scale: 0 (low risk) -10 (severe risk)</p> <p>Outperforming the industry average on key issues</p> |   |   |
|  <p>S&amp;P Global Corporate Sustainability Yearbook member</p>   |  <p>Earned the Equipares Silver Award</p>  |  <p>Certified as "Great Place to Work" By GPTW International</p>   |  <p>Member of IPIECA</p>  |  <p>Member of the Voluntary Principles on Security and Human Rights Initiative</p>  |  <p>Recognition of the Company's Diversity, Equity and Inclusion strategy &amp; Human Rights initiative</p>  |  <p>"Sustainability Facts" recognition for the oil recycling initiative</p>  |  <p>Investor Relations recognition</p> |  <p>Recognition as a Leader in Sustainability</p> |

## Operational performance

[EM-EP-000.A] [EM-EP-000.B] [EM-EP-000.C] [EM-EP-210a.1] [EM-EP-210a.2], [EM-EP-160a.3] [GRI 413-1] [GRI 413-2]

Canacol is committed to expanding its operations in Colombia. In 2023, we held 12 exploration and production contracts<sup>6</sup> covering an area

of 1,538,640 net acres. Our onshore activities encompassed 11 gas production blocks situated in the lower basin of the Magdalena River across

<sup>6</sup> 11 contracts are associated with the exploration and production of natural gas, and one conventional crude oil contract is associated with Hocol S.A.

the departments of Córdoba, Sucre, Cesar, Magdalena, and Santander. Additionally, two unconventional blocks were located in Cesar, while a crude oil block was in the Llanos Orientales basin in Casanare [EM-EP-000.B]. Notably, Canacol does not engage in offshore operations [EM-EP-000.C]. In 2023, our net hydrocarbon production was 32,366 MBOEPD,<sup>7</sup> with natural gas and LNG production totaling 181,277 MCFPD.<sup>8</sup> This represented a 2% reduction

compared to 2022, attributed to unexpected restrictions in production capacity at some of our gas fields during the second half of 2023. Issues at the Jobo gas treatment plant and some of its producing wells contributed to these constraints. It is worth noting that LNG production accounted for less than 1% of our total natural gas and LNG production; hence, the results have been combined under “natural gas and LNG.” Conversely, crude oil production witnessed an 8% increase.

### Hydrocarbon production per day [EM-EP-000.A]<sup>9</sup>

| Indicator                        | 2021    | 2022    | 2023    |
|----------------------------------|---------|---------|---------|
| Oil (BOEPD)                      | 850     | 522     | 563     |
| Natural gas and LNG (MCFPD)      | 182,580 | 184,584 | 181,277 |
| Oil production variation         | (12%)   | (39%)   | 8%      |
| Natural gas production variation | 6%      | 1%      | (1.8%)  |

Natural gas production, the cornerstone of Canacol's business model, was primarily derived from the Esperanza, VIM-5, and VIM-21 blocks located in the Lower Magdalena River basin. Crude oil production originated from the Rancho Hermoso block. In addition to operations in the productive blocks, Canacol

holds interests in several natural gas exploration contracts in Colombia. Throughout 2023, we achieved a 100% execution rate in drilling. We successfully completed our drilling plan, which included six exploration and appraisal wells, as well as eight development wells.

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

|                           | 2021 | 2022 | 2023 |
|---------------------------|------|------|------|
| Exploration and appraisal | 6    | 7    | 6    |
| Development               | 6    | 5    | 8    |
| Total                     | 12   | 12   | 14   |

The pre-tax net present value (NPV-10) of our proven plus probable (2P) reserves experienced a 10% increase, reaching \$2.1 billion compared to \$1.9 billion in 2022. Additionally, the NPV-10 value after taxes increased by 34% to \$1.8 billion,

compared to \$1.3 billion in 2022. The significant increase in the value of 2P reserves after tax NPV-10 is primarily attributed to the Company's corporate restructuring in the fourth quarter of 2022. These results were incorporated for

<sup>7</sup> MBOEPD –Thousands of barrels of oil equivalent per day.

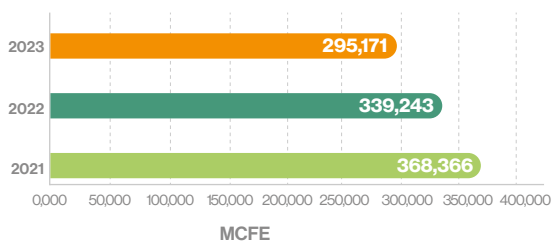
<sup>8</sup> MCFPD – Thousands of cubic feet per day. Represents the quantities available for sale.

<sup>9</sup> Negative values are presented in parentheses. This notation should be kept in mind throughout this chapter.



the first time in this year's reserves report.<sup>10</sup> During this period, Canacol achieved a 1P and 2P reserve life index of 4.8 years and 9.9 years,

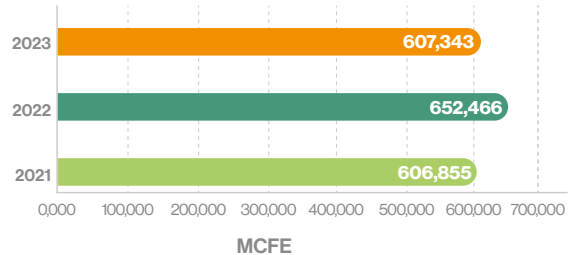
### 1P net proved reserves



As part of our environmental management approach, Canacol has determined that our operations are not proximate to protected areas or areas with high biodiversity conservation value [EM-EP-160a.3]. None of the municipalities within our operational areas are designated as priority territories for post-conflict with Territorially Focused Development Programs (PDET, per its Spanish acronym) [EM-EP-210a.1]. Furthermore, the Company's reserves are not situated in territories ranked among the lowest 20 positions in the Corruption Perception Index published by Transparency International [EM-EP-510a.1]. Conversely, indigenous territories

respectively, calculated based on annualized natural gas production of 168,127 MCFPD or 29,496 MBOEPD in the fourth quarter of 2023.<sup>11</sup>

### 2P - net proved and probable reserves



overlap with 60% of our concessions, and no increase is anticipated in the foreseeable future [EM-EP-210a.2]. We actively contribute to the development of local communities by managing social initiatives that ensure adherence to the most rigorous industry, national, and international standards, fostering respect for both communities and the environment. Canacol has a Social Welfare Policy<sup>12</sup> in place, which outlines the guidelines, plans and procedures for cultivating relationships with local and ethnic communities [GRI 413-1] [GRI 413-2]. Throughout 2023, there were no adverse impacts reported on the residents within the areas influenced by our operations.

*We persist in consolidating our status as the primary independent producer and the second largest producer of natural gas in Colombia. Canacol aims to lead natural gas production by leveraging advanced technology and implementing efficiency and expertise, all while upholding the highest standards of environmental and social responsibility. Our roadmap encompasses short, medium, and long term strategies, spanning from the detection and rectification of leaks, to the elimination of uncontrolled emissions, to enhancing efficiency and minimizing flaring and venting in wells. Furthermore, our plan considers the significant expansion of our renewable energy projects, laying a robust groundwork for a sustainable energy transition.*



10 For more information, consult: [https://canacolenergy.com/site/assets/files/4054/21\\_03\\_2024\\_-\\_canacol\\_energy\\_ltd\\_reports\\_net\\_income\\_of\\_86\\_million\\_for\\_the\\_year\\_ended\\_december\\_31\\_2023.pdf](https://canacolenergy.com/site/assets/files/4054/21_03_2024_-_canacol_energy_ltd_reports_net_income_of_86_million_for_the_year_ended_december_31_2023.pdf)

11 For more information, consult: [https://canacolenergy.com/site/assets/files/4053/21\\_03\\_2024\\_-\\_canacol\\_energy\\_ltd\\_announces\\_2p\\_reserves\\_and\\_deemed\\_volumes\\_of\\_607\\_bcf\\_e\\_worth\\_us\\_2\\_1b\\_btax\\_and\\_10\\_year\\_reserve.pdf](https://canacolenergy.com/site/assets/files/4053/21_03_2024_-_canacol_energy_ltd_announces_2p_reserves_and_deemed_volumes_of_607_bcf_e_worth_us_2_1b_btax_and_10_year_reserve.pdf)

12 For more information, consult: [https://canacolenergy.com/site/assets/files/3758/social\\_welfare\\_policy.pdf](https://canacolenergy.com/site/assets/files/3758/social_welfare_policy.pdf)

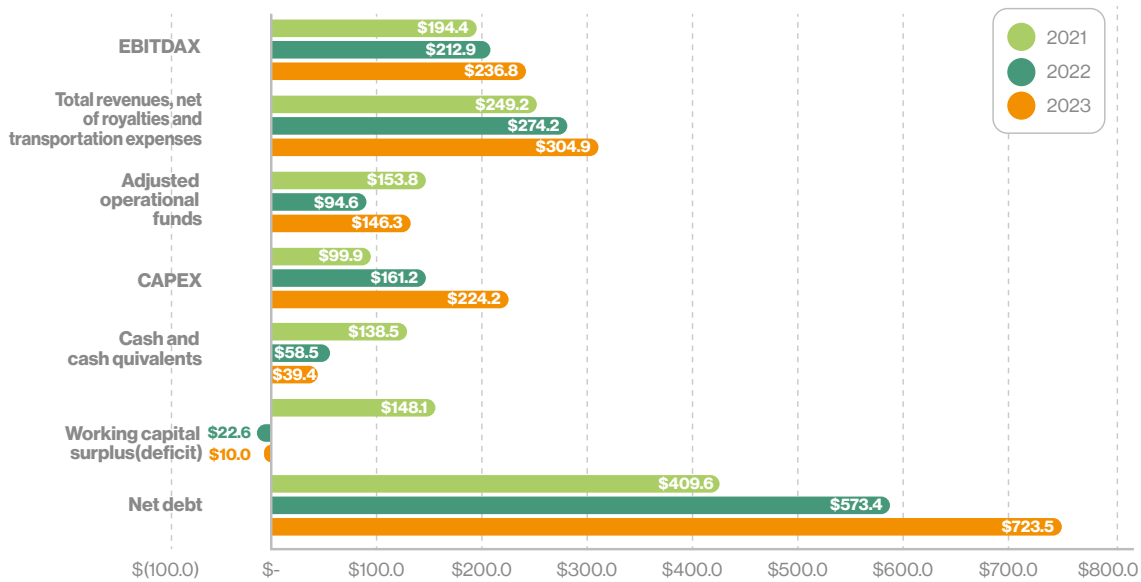
# Financial results<sup>13</sup>

[GRI 201-1] [GRI 203-1] [GRI 203-2]

Canacol has established itself as the largest gas supplier on the Colombian Caribbean coast and intends to penetrate the domestic market further. In pursuit of this objective, we align our strategy with that of the national government to progress towards the overarching goals outlined in the Paris Agreement. We aim to meet the increasing

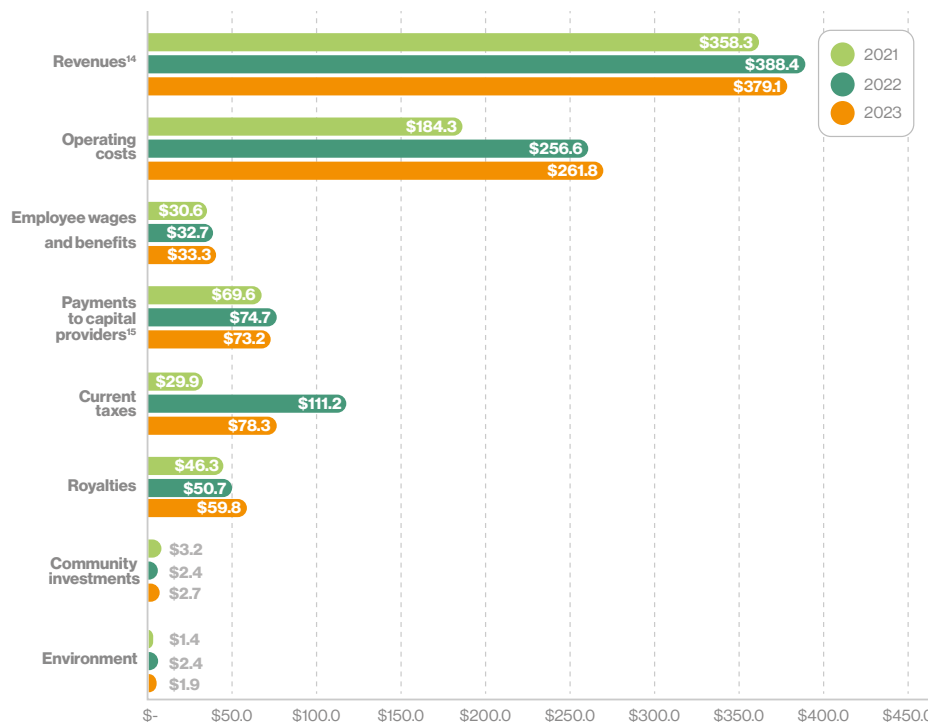
demand for gas in Colombia by sustaining production, cash flow, and reserves in the Lower Magdalena valley blocks, while also pursuing exploration and production activities in new fields. As our business grows, we strive to create value for all stakeholders through sustainable, collaborative, co-responsible, respectful and transparent practices.

Financial results (millions of dollars)



13 For more information, consult: [https://canacolenergy.com/site/assets/files/4055/21\\_03\\_2024\\_-\\_cnemda\\_dec\\_31\\_2023.pdf](https://canacolenergy.com/site/assets/files/4055/21_03_2024_-_cnemda_dec_31_2023.pdf)

## Direct economic value generated and distributed (millions of dollars) [GRI 201-1]



In 2023, Canacol maintained its trajectory of growth and consolidation, with net operating income net of royalties and transportation expenses reaching \$304.9 million. This represents an 11% increase compared to 2022, primarily driven by elevated natural gas sales in our long-term contracts.

## Behavior of Reference Prices 2022-2023

|  | 2022  | 2023  | Variation |
|--|-------|-------|-----------|
| <b>Average Reference Prices</b>                    |       |       |           |
| Natural Gas (Henry Hub) (US\$/MMBTU)               | 6.51  | 2.53  | (61%)     |
| Crude Oil (Brent) (US\$/BBL)                       | 98.89 | 81.03 | (18%)     |
| <b>Average Sales Prices, Net of Transportation</b> |       |       |           |
| Natural gas and LNG (\$/MCF)                       | 4.74  | 5.41  | 14%       |
| Colombian Oil (\$/BBL)                             | 44.41 | 45.53 | 3%        |

In 2023, we achieved a historic EBITDAX of \$236.8 million, reflecting an 11% increase from the \$212.9 million generated in 2022. Additionally, cash flow from operations amounted to \$146.3 million, representing a notable

improvement of 55% over the previous year. By generating operational cash flow, we fortify our cash position, maintain a robust balance sheet, and finance future growth initiatives. We highlight the performance of net operating

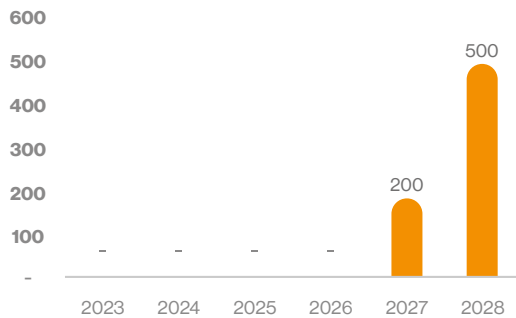
14 The income represented in this graph corresponds to: Net sales plus income from financial investments and asset sales. Net sales can be calculated as gross sales of products and services less returns, discounts, and allowances. Income from financial investments may include cash received such as: interest on financial loans, dividends from shares, royalties, direct income generated from assets such as rental properties. Income from the sale of assets can include physical assets, such as property, infrastructure and equipment, and intangible assets, such as intellectual property rights, designs, and brands.

15 Payments to capital providers were estimated with respect to dividends to all shareholders, plus interest payments to loan providers. Interest payments made to loan providers may include interest on all forms of debt and borrowings (not just long term debt), dividend arrears owed to preference shareholders.

profits in natural gas and LNG production, which grew by 12% from \$3.68 dollars to \$4.11 dollars per thousand cubic feet of gas. The operational results enable us to continue executing our growth and investment plan in Colombia. In 2023, Canacol allocated \$224.2 million to capital investments, reflecting a 39% increase from the previous year. Moreover, Canacol drilled 14 wells for exploration and development, compared to 12 wells in the previous year.

By the conclusion of 2023, Canacol's net debt<sup>16</sup> amounted to \$723.5 million, which includes \$10.0 million of working capital deficit and \$13.3 million associated with lease obligations. The maturity dates of the financial debt are concentrated in 2027 and 2028. Furthermore, the leverage ratio of EBITDAX to net debt stood at 2.85 times.

### Debt profile – Principal Maturities (millions of dollars)



In 2023, Canacol continued its efforts to bolster its capital position and preserve the health of its balance sheet. These efforts provide flexibility for future business development and retains investor confidence. We have three primary goals for 2024:

1. Optimize production and increase reserves by drilling up to five development wells, installing new compression and processing facilities, and conducting well workover operations in key gas

fields. Additionally, we plan to drill two exploration wells to add new reserves and identify new production prospects.

2. Prioritize investments in the valley of the Lower Magdalena River Basin, considering the highly favorable prospects for the natural gas market.
3. Obtain approval from the Bolivian government for a fourth exploration and production contract. This contract will cover the reactivation of an existing gas field, allowing the commencement of development operations with the goal of adding reserves, increasing production, and gas sales in 2025.

*The financial information disclosed in this report pertains to Canacol Energy LTD and all its subsidiaries. The consolidated financial statements have been prepared by management in adherence to the IFRS accounting standards issued by the International Accounting Standards Board. Management has established and maintains a system of internal controls designed to provide reasonable assurance for the safety of assets against loss or unauthorized use, as well as guaranteeing the reliability and accuracy of financial information.*



<sup>16</sup> Net debt is equal to financial debt plus working capital deficit.

## Legal matters, compliance, and debt profile

[GRI 2-25] [GRI 2-26] [GRI 207-1] [GRI 207-2] [GRI 207-3] [GRI 207-4] [GRI 415-1]

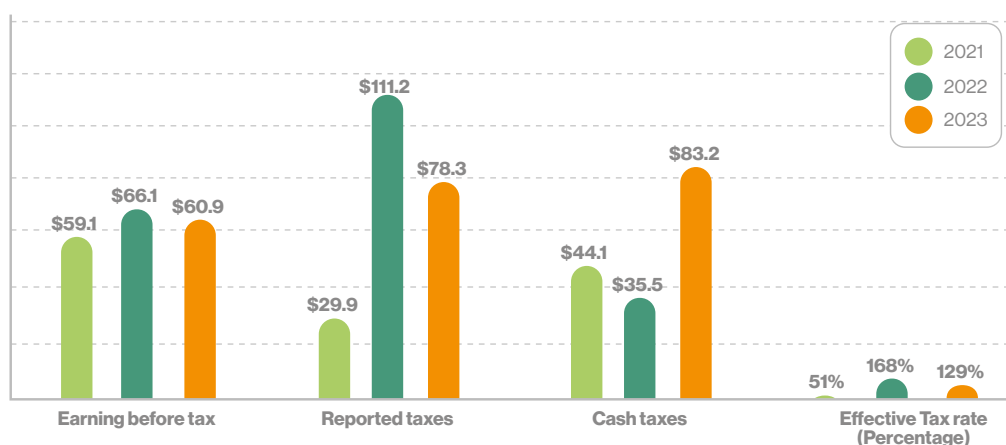
Canacol plays a pivotal role in one of Colombia's most vital economic sectors by contributing to tax revenues. To uphold operational transparency and ensure ethical conduct, integrity, and anti-corruption practices, we maintain rigorous policies for tax compliance. Our Tax Strategy<sup>17</sup> is founded on adherence to current regulations and

legal obligations, encompassing five fundamental principles: **i.** adherence to jurisdictional laws and OECD guidelines, **ii.** fiscal responsibility, **iii.** tax efficiency, **iv.** transparency and **v.** risk minimization [GRI 207-1]. We prioritize the management of our risk profile through regular risk assessments and internal and external audits [GRI 207-2].

### Taxes as of December 31, 2023 (millions of dollars)

|   | Canada /Other | Switzerland           | Colombia  |
|---|---------------|-----------------------|-----------|
| Revenues from third-party sales                                     | —             | —                     | \$375.6   |
| Revenues from intra-group transactions with other tax jurisdictions | \$10.4        | \$639.0 <sup>18</sup> | —         |
| Profit/loss before tax  | -\$596.3      | \$729.5               | -\$72.2   |
| Tangible assets other than cash and cash equivalents                | \$2.6         | —                     | \$1,115.8 |
| Corporate income tax paid on a cash basis                           | —             | —                     | \$122.4   |
| Corporate income tax accrued on profit/loss                         | \$5.3         | \$6.5                 | \$66.5    |
| Total employee remuneration   | \$10.1        | —                     | \$23.2    |
| Taxes collected from customers on behalf of a tax authority         | —             | —                     | \$1.7     |
| Industry-related and other taxes or payments to governments         | —             | —                     | \$1.8     |

### Effective tax rate (millions of dollars)



<sup>17</sup> For more information, consult: [https://canacolenergy.com/site/assets/files/3749/canacols\\_approach\\_to\\_tax-1.pdf](https://canacolenergy.com/site/assets/files/3749/canacols_approach_to_tax-1.pdf)

<sup>18</sup> Includes intercompany dividends and interest

Canacol is committed to providing transparent and ethical tax practices, ensuring accurate and comprehensive disclosure of information regarding our transactions to external stakeholders, including investors and authorities [GRI 207-4]. As part of our commitment to transparency and governance, the Executive Committee and the Board of Directors regularly review and validate the fiscal strategy. Annually, the CEO and Board evaluates compliance and governance practices [GRI 207-3]. We consistently provide information to external stakeholders regarding compliance with tax obligations and our tax approach [GRI 207-4].

## Ethics and Compliance

Canacol has implemented anti-corruption and anti-bribery policies,<sup>19</sup> ensuring their widespread dissemination to all employees to

uphold our ethical standards. Moreover, we provide a Virtual Ethics Line for both internal and external parties to report any suspected acts of corruption or bribery [GRI 415-1]. At Canacol, we prioritize promoting equality, empathy, and solidarity among various interest groups. Our human rights policies and procedures align with international standards such as the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact Principles, and the Voluntary Principles on Security and Human Rights. In 2023, we continued to implement the Human Rights Remediation Procedure<sup>20</sup> and integrated it with complementary mechanisms such as the Manual of the Petitions, Complaints, and Claims System [GRI 2-25] [GRI 2-26]. Additionally, we developed due diligence processes to identify and assess potential impacts and risks to human rights.<sup>21</sup>



19 For more information, consult: [https://canacolenergy.com/site/assets/files/3749/anti-corruption\\_policy.pdf](https://canacolenergy.com/site/assets/files/3749/anti-corruption_policy.pdf)

20 For more information, consult: [https://canacolenergy.com/site/assets/files/3757/human\\_rights\\_policy-1.pdf](https://canacolenergy.com/site/assets/files/3757/human_rights_policy-1.pdf)

21 For more information, consult: [https://canacolenergy.com/site/assets/files/3757/human\\_due\\_diligence\\_process-v2.pdf](https://canacolenergy.com/site/assets/files/3757/human_due_diligence_process-v2.pdf)

# Corporate model

At Canacol, we consider our people to be the heart of the Company and the fundamental drivers of our corporate model. We acknowledge the importance of strong and effective leadership in realizing our mission and achieving organizational objectives. Furthermore, we highly value the dedication and commitment of our employees, whose contributions are instrumental to the success of our business.

The Board of Directors, with its strategic vision and guidance, sets the short, medium, and long term trajectory of the organization, ensuring the alignment of our actions with our corporate

values and purpose. Complementarily, the Executive Team, through dynamic leadership and extensive experience, shapes this vision into actionable steps. They oversee daily operations and ensure the effective execution of the Company's strategies.

Together, the Board of Directors, the Executive Team, and Canacol's employees form a cohesive corporate framework, where everyone contributes their talent and perspective. Through collaboration with diverse allies, we work collectively to ensure the ethical, profitable, and sustainable growth of our organization.



# Board of Directors

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GRI 2-12] [GOV -1]

## Committees

### Audit Committee:

2 3 4 5 6

### Compensation Committee:

2 3 7

### Governance and Nominating Committee:

2 4 5 6

### Reserves Committee:

1 5 7

### ESG Committee:

2 4 7

## 1 Charle Gamba

2008

**President and CEO of Canacol**

*Executive Director*

### Previous experience:

- Mr. Gamba has over 29 years of international experience in the oil and gas industry.
- He has worked for Imperial Oil, Canadian Occidental Oil and Gas, Occidental Petroleum, and Alberta Energy Company in Southeast Asia, the Middle East, West Africa, Canada, and Latin America.
- Mr. Gamba has been a member of the Board of Directors of several publicly listed and private oil and gas companies, where he held positions on the ESG, audit, reserves, health and safety, and compensation committees.

### Studies

- B.Sc., M.Sc., and Ph.D. in **Geology**.

### Other public boards:

- Horizon Petroleum Ltd.

## 2 Michael Hibberd

2008

**Chairman of the Board of Directors**

*Independent Director*

### Previous experience:

- Mr. Hibberd has worked for more than 40 years in the oil and gas industry.
- For more than 27 years he has been Chairman and CEO of MJH Services Inc, a corporate finance advisory firm.
- Vice Chairman of Sunshine Oilsands Ltd., Chairman of PetroFrontier Corp. and board member of CanAsia Energy Corp.
- Formerly Chairman of Heritage Oil Plc, Heritage Oil Corporation and Greenfields Petroleum Corporation; and former director of Montana Exploration Corp., Avalite Inc., Challenger Energy Corp., Deer Creek Energy, Iteration Energy Ltd., Pan Orient Energy Corp., Rally Energy Corp., Sagres Energy, Skope Energy Inc. and Zapata Energy Corporation.

### Studies:

- Business Administration (BA) and MBA, University of Toronto.
- Law (LLB), Western University.

### Other public boards:

- CanAsia Energy Corp.
- PetroFrontier Corp.
- Sunshine Oilsands Ltd.

## 3 Ariel Merenstein

2020

*Independent Director*

### Previous experience:

- Mr. Merenstein is the Managing Partner and Portfolio Manager of Fourth Sail Capital, LP ("Fourth Sail").
- He spent eleven years at Prince Street Capital Management, a global emerging and frontier markets fund, where he was a Partner on the research team and the Portfolio Manager of the Prince Street Latin America Long/Short fund.
- Formerly, he worked at Lehman Brothers and Bear Stearns.

### Studies:

- Magna cum laude graduate of the New York University Stern School of Business.

## 4 Francisco Díaz

2015

*Independent Director*

### Previous experience:

- Mr. Díaz has 30 years of experience as an international executive and general manager.
- Mr. Díaz is currently the Managing Partner at Evolvere Capital SAS, a private equity firm that manages various portfolio companies in Colombia, Latin America, and Spain.
- He was President and CEO of Organización Corona SA.
- Mr. Díaz has held various executive positions at Monsanto Company, including President of the Global Food Ingredients Division, Vice President of Global Strategy, and Vice President and General Manager for Latin America.
- Mr. Díaz currently leads a foundation that provides nutrition to more than 45,000 disadvantaged children in Colombia.
- His knowledge extends to finance, corporate governance, ESG, risk management, investor relations, and government relations.

### Studies:

- Chemical Engineering, North-eastern University
- Graduate degree in Administration, J.L. Kellogg Graduate School of Management, Northwestern University
- MBA, Hult International Business School.



## 5 Gustavo Gattass

2021

*Independent Director*

### Previous experience:

- Mr. Gattass has 20 years of experience in the banking industry covering the oil and gas and power industries.
- He worked in the equity research department of Banco Icatu.
- Mr. Gattass worked at UBS and BTG Pactual, where he was ranked one of the top analysts in energy and power, eventually leading the bank's research and development department for Latin America.
- He was a member of the Board of Directors of Petrobras and its fuel distribution subsidiary BR Distribuidora, and later joined other boards in the energy, power, and water utility space.

### Studies:

- Economics, Pontifical Catholic University of Rio de Janeiro.

### Other public boards:

- Prio S.A.
- Serena Energia S.A
- Sabesp S.A.

## 6 Gonzalo Fernández-Tinoco

2018

*Independent Director*

### Previous experience:

- Mr. Fernández-Tinoco brings over 30 years of senior leadership experience in the telecommunication and technology industries with positions in Corporación Digitel and BellSouth and as a Country Manager for Microsoft.
- Mr. Fernández-Tinoco is currently a director of the following private organizations: Corporación Digitel, a telecom company, Maritime Contractors de Venezuela, an oil drilling company, DP Delta Servicios, an oil services company, Petrodelta, a joint venture, and Delta Finance.

### Studies:

- Law, Andrés Bello Catholic University.
- Executive Master's Degree in Business Administration, Institute of Higher Administration Studies (IESA).

## 7 David Winter

2009

*Independent Director*

### Previous experience:

- Dr. Winter is the Chief Executive Officer and Director of each of Horizon Petroleum Ltd. and Miramar Hydrocarbons Ltd.
- He was a co-founder of Canacol and the Founder, Executive President, and Member of the Board of Directors of Excelsior Energy Limited.
- He has 38 years of international experience in the oil and gas sector, in a variety of technical, management, and leadership roles in Latin America, the Middle East, Southeast Asia, and the UK North Sea.
- Dr. Winter has worked at British Petroleum, Sun Oil, Canadian Occidental (now Nexen), Alberta Energy Company (now EnCana), Calvalley Petroleum and Excelsior Energy Limited.

### Studies:

- B.Sc. in Geology, University of London.
- M.Sc. in Structural Geology, Imperial College, University of London.
- Ph.D. in Structural Geology, University of Edinburgh.

### Other public boards:

- Horizon Petroleum Ltd.
- Nevada Lithium Resources Inc.

## 8 Valentina Garbarini

2023

*Independent Director*

### Previous experience:

- Ms. Garbarini has more than 10 years of experience as Director of the Family Office of the Cisneros Blavia family, leading the finance and legal departments internationally.
- She was a board member of the Universidad Iberoamericana in Bogotá.
- Ms. Garbarini was an ambassador of the Sino PLPE Federation in Macao, of the Unidos en Red Foundation, and of GEN Global.

### Studies:

- Business Management, Marketing, and International Studies, Bentley University.

The Board is responsible for managing its own affairs, which includes planning its composition, appointing its chairman, establishing committees, and determining compensation for its members. While consulting with management regarding

candidates for nomination as board members is appropriate, the final decision lies with the existing independent members. The nomination and selection of members of the Board of Directors occurs annually.

# Executive Team

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GOV -1]

## 1 Jason Bednar

Chief Financial Officer  
(CFO)

### Previous experience:

- Mr. Bednar has over 25 years of direct professional experience in the financial and regulatory management of oil and gas companies listed on the TSX, the TSX Venture Exchange, the American Stock Exchange, and the Australian Stock Exchange.
- In 2008, he was a founding director and Chair of the Audit Committee of Canacol and in 2015 he resigned from this position to become Canacol's CFO. Mr. Bednar has been the CFO of several international oil and gas exploration and production companies, most notably the founding CFO of Pan Orient Energy Corp, a Southeast Asian exploration company.
- He has previously held board positions of several internationally focused exploration and production companies.

### Studies

- Bachelor of Commerce, University of Saskatchewan.
- Chartered Professional Accountant.

## 2 Ravi Sharma

Chief Operating Officer  
(COO)

### Previous experience:

- Mr. Sharma has over 30 years of oil and natural gas experience in the Americas, the Middle East, Russia, Australasia, and Africa.
- He has held senior management roles in major exploration and production companies around the world.
- Mr. Sharma was Head of Production and Operations at Afren Plc., Global Petroleum Engineering Manager at BHP Billiton Petroleum, and Chief Worldwide Reservoir Engineer at Occidental Oil & Gas Company.
- Mr. Sharma is currently a director of Arrow Exploration Corp.

### Studies:

- B.Sc. in Mechanical Engineering, University of Alberta.
- M.Sc. in Mechanical Engineering, University of Alberta.

## 3 William Satterfield

Senior Vice President of  
Exploration

### Previous experience:

- Mr. Satterfield was Senior Vice President of New Ventures and Geosciences at Sanchez Oil and Gas Corporation.
- Previously he worked for 22 years for Occidental Petroleum in the Americas, the Middle East, Africa, and Southeast Asia in various geotechnical roles, before becoming Exploration Manager in Bogotá, Colombia.

### Studies:

- B.Sc. in Geology, University of Texas at Austin.
- M.Sc. in Geology, University of Texas at Austin.

## 4 Anthony Zaidi

Vice President of Business  
Development & General Counsel

### Previous experience:

- Mr. Zaidi is a lawyer and businessman with significant experience in corporate finance and in the mining and energy sector in Colombia.
- He was President and General Counsel of Carrao Energy Ltd., a private oil and gas exploration company that he co-founded and co-managed until its acquisition by Canacol in 2011.
- Mr. Zaidi was an officer or director of several private and public companies, including Integral Oil Services, Pacific Rubiales Energy, Petromagdalena Energy, Medoro Resources, and others, as well as a securities lawyer at Blake, Cassels & Graydon LLP.
- Mr. Zaidi is currently a director of Arrow Exploration Corp.

### Studies:

- Bachelor of Commerce, McGill University.
- Juris Doctor Degree, University of Toronto.



**5 Tracy Whitmore***Vice President of Tax and Corporate Affairs***Previous experience:**

- Ms. Whitmore has more than 25 years of experience in finance, mergers and acquisitions, international tax planning, consulting, corporate governance and ESG.
- She worked for Hemisphere GPS and PricewaterhouseCoopers LLP as a Senior Manager in the International Tax Services Group, assisting clients in the energy industry with cross-border reorganizations, offshore financing, and international acquisitions.

**Studies:**

- Honours Business Administration, Ivey Business School, Western University.
- Chartered Professional Accountant.

**6 Carolina Orozco***Vice President of Investor Relations and Communications***Previous experience:**

- Ms. Orozco has more than 20 years of experience in both investor relations and banking.
- She worked at Citibank in corporate banking, covering the infrastructure and pharmaceutical sectors and in wealth management as a financial and investment advisor.

**Studies:**

- B.Sc. in Applied Finance, McQuarie University

**7 Aurora Juan***Vice President of Development***Previous experience:**

- Ms. Juan has more than 20 years of experience in the energy industry in Canada, Colombia, Ecuador, and France.
- She has held leadership roles in reservoir engineering at Vermilion Energy, Acclaim Energy, EnCana, and PanCanadian Petroleum.

**Studies:**

- B. Sc in Chemical Engineering, University of Calgary

## Corporate philosophy

Corporate values serve as essential pillars guiding the behavior and decisions of our Company. They reflect our beliefs and organizational culture, providing

guidelines that steer our interactions internally among employees and externally with clients and other stakeholders.

### Our values are consistent with our ESG strategy

**Honesty:**

Being logical, consistent, and transparent in the way we think, act, and work.

**Collaboration:**

Being respectful, valuing others, being empathetic, and working as a team beyond job functions.

**Commitment:**

Taking ownership of our guidelines and results, ensuring the care of people, the environment, the community, and the business.

## Business strategy and connection with the sustainability strategy

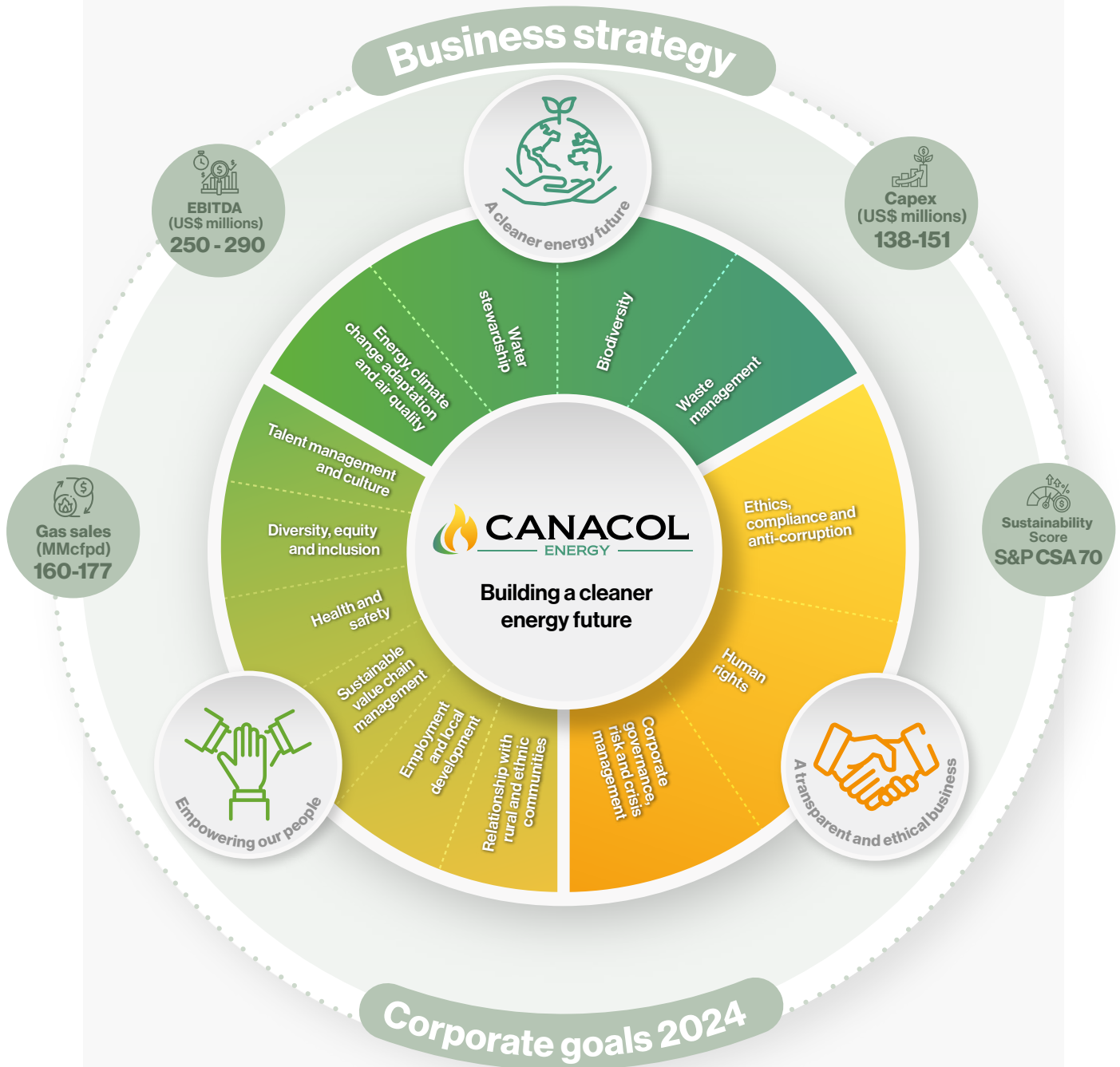
Currently, **we are the leading independent gas exploration and production company in Colombia.** We supply approximately 20% of Colombia's gas requirements and fulfill over 50% of natural gas demand in the Caribbean coastal region.

Our business strategy is centered on:

- i. Identifying and developing** natural gas exploration and production opportunities in high potential areas in Colombia and other regions of interest.
- ii. Achieving cost-efficient production** through process optimization and effective asset management.
- iii. Diversifying** our asset portfolio and expanding our strategic presence.
- iv. Embracing technological innovation** to enhance operational processes, adopting advanced technologies for improved efficiency and profitability.
- v. Cultivating strong relationships** with our local communities and other interest groups.
- vi. Creating value** for our shareholders and **generating positive impacts** for all our stakeholders.
- vii. Integrating sustainability as the driving force of our company,** ensuring socially and environmentally responsible operations managed in a timely, conscious, and transparent manner.



## Business strategy and connection with the sustainability strategy



**Business Strategy**  
outer shell, envelope

**Sustainability Strategy**  
integrated into Corporate strategy

To learn about the sustainability goals go to page 13

## Operations Overview

Canacol produces nearly pure methane (97%+) with minimal amounts of natural gas liquids, condensate, light oil, water, carbon dioxide, nitrogen, sulfur, or other gases or impurities. The pure nature of the produced gas stream enables it to be directly sold through the gas distribution network with minimal energy-efficient processing. This approach reduces total operating costs, supports high return rates, and contributes to a low carbon footprint.

Furthermore, as part of our general gas market diversification strategy, Canacol has engaged in the development of “El Tesorito”, a new 200 MW electric power generation plant operated by Celsia. Canacol holds a 10% stake in this venture, alongside Celsia with 57.5% and Proeléctrica with 32.5%. The plant is fueled with gas sourced from Canacol's operations, and as of September 2022, it commenced the production of electricity to supply the national grid. This project aligns with our commitments to building a cleaner energy future, providing a source of electricity derived from a low carbon fossil fuel source.

## Comprehensive risk management

At Canacol, we have implemented a comprehensive approach to risk and opportunity management across our operations. Our primary objective is to safeguard the environment, protect the interests of all stakeholders, foster the creation of long term value, and ensure sustainability in the business. Annually, we conduct a thorough review of our risk management plans,

overseen by the Board of Directors and its Audit and ESG Committees. These committees are responsible for the enactment of the policies and processes established to identify, evaluate, and manage Canacol's risk profile.

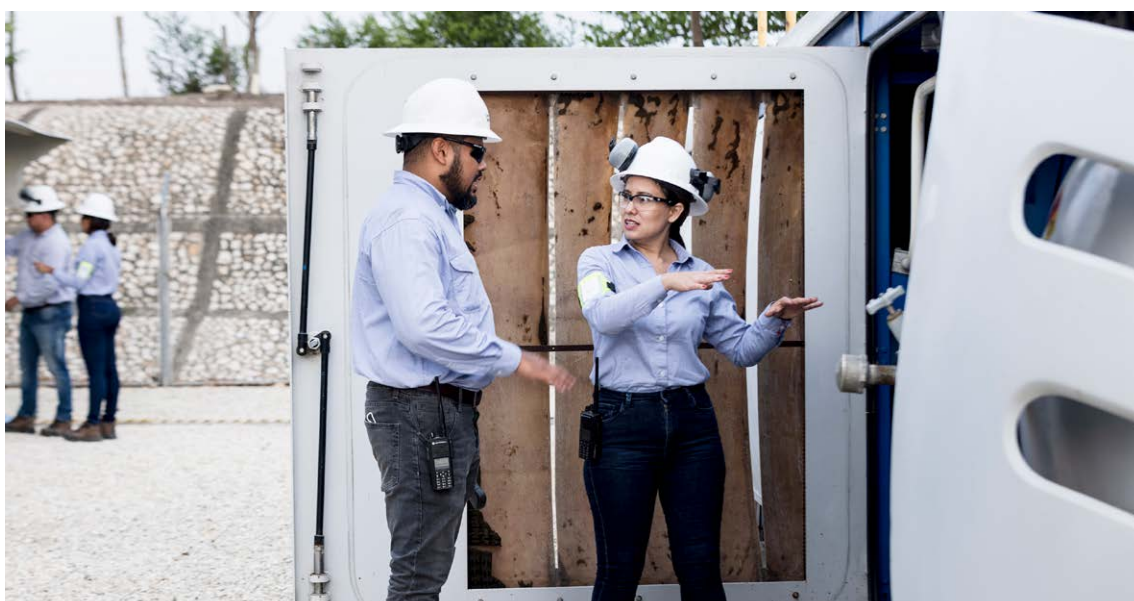
In 2023, we identified the following key strategic risks:





To learn more about our comprehensive risk management process, please refer to Chapter 12 “A Transparent and Ethical Business”, where

we discuss the details of the sustainability issue “**Corporate governance, risk and crisis management**”.





# A cleaner energy future





# A cleaner energy future

At Canacol, we firmly believe in the importance of preserving and protecting the natural environment, considering environmental management fundamental to our corporate strategy. We recognize the potential impact of our operations on the environment and are committed to adopting a comprehensive approach to minimize our ecological footprint. This entails taking actions to preserve biodiversity, ensure responsible water and waste management, and contribute to climate action. Furthermore, we supply natural gas under high standards of operational and

environmental efficiency, supporting Colombia's transition to clean and equitable energy.

As a leading natural gas exploration and production company, we are committed to shaping a cleaner energy future by prioritizing strategies that promote value creation and social and environmental well-being. We wholeheartedly support the Colombian national transition plan, which aims to increase natural gas usage by 3% to 6% annually between 2020 and 2030, with a projected rise of at least 30% by 2050.





### Energy, climate change adaptation, and air quality

- 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.
- Design and implement energy efficiency and decarbonization strategies to progressively reduce GHG emissions and eliminate fugitive emissions and other air pollutants.
- 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.



### Water stewardship

- Promote efficient water use and actions to preserve and protect water resources and to ensure access for all.



### Biodiversity

- Promote awareness and management of biodiversity risks and impacts.
- Conduct periodic critical exposure assessments of biodiversity and establish management plans to protect, preserve, and restore ecosystems.



### Waste management

- Promote the efficient use of resources and strive to reduce waste generation.



## Management of sustainability issues

### Sustainability issue

### Management approach

### Progress

[GRI 3-3]

[GRI 3-3]



#### Energy, climate change adaptation, and air quality

- Reduce GHG emissions.
- Strengthen resilience and adaptive capacity to address the challenges posed by climate change.
- Reduce dependence on non-renewable sources of energy.
- Boost investment for the development of low carbon energy.

- Quantification and first report on **Scope 3 emissions**.
- Deepening of the analysis for the identification and assessment of climate risks, evaluating the exposure of the Company's most important assets to **six climate threats in various scenarios and time horizons (2030, 2040, and 2050)**.
- Use of solar panels to power remote operating facilities and low-consumption infrastructure.
- **\$132,000** invested in the development of renewable energies.



#### Comprehensive water management

- Optimize the use of water resources.
- Prevent spills in water bodies.
- Implement measures to manage water-related risks.
- Ensure access to water in local communities near operational areas.

- **No** water consumption in water-stressed areas.
- Recirculation of **100%** of water used in drilling activities, reducing discharges to the ground.
- **No** hydrocarbon spills into water bodies or the environment
- Development of social investment projects to ensure access to potable water for communities.



#### Biodiversity

- Develop strategies for the protection, conservation, and regeneration of biodiversity.
- Minimize negative impacts on biodiversity through responsible water discharge management.

- **Identification and management** of industrial operation in areas of high biodiversity interest.
- **Early Adopters** - Task Force on Nature-Related Financial Disclosures (TNFD).
- Establishment of collaboration processes with key partners to **study and conserve** biodiversity in strategic regions within our blocks.
- Establishment of voluntary conservation agreements with local communities for the protection of **55.5 ha** of tropical dry forest.
- Restoration of **44.5 ha** and planting of **3,420 trees** in areas of high ecological importance
- **No** hydrocarbon spills in operations.



#### Waste management

- Develop strategies to achieve the Zero Waste Certification.
- Implement waste recovery strategies.
- Reduce the amount of waste sent to landfills.

- **Awareness campaigns** on consumption reduction, waste minimization, and separation targeting employees and contractors.
- Increase in waste recovery, reaching **58%** of total waste generated.
- Reduction in the amount of non-hazardous waste sent to the landfill, from **118 tons** to **100 tons**.

# Risks, opportunities, and future outlook

[GRI 3-3]

## Risks and opportunities

Various scientific studies and global debates on environmental and nature-related issues underscore the growing risk to the equilibrium of the global ecosystem. Life-supporting ecosystems are facing imminent danger, primarily attributed to factors such as the increase in greenhouse gas (GHG) emissions, rising temperatures, overexploitation of natural resources, low rates of recycling and reuse of materials, and loss of biodiversity.

The latest World Economic Forum (WEF) risk report identified several environmental threats that are relevant to the oil and gas sector:

**(i) climate change and its adverse effects**, including extreme weather events such as floods and droughts, exert heightened pressure on the sector to reduce GHG emissions, transition to a low carbon economy, and urgently adopt mitigation and adaptation measures to bolster operational resilience; **(ii) the global reduction in demand for fossil fuels**, necessitates strengthening innovation and development processes and diversifying energy portfolios to adapt to shifting market dynamics; **(iii) biodiversity loss** may prompt more stringent regulatory measures, compelling the implementation of conservation practices and fostering social responsibility initiatives to address adverse environmental impacts; and **(iv) water, soil, and air pollution**, alongside oil and gas spills, pose risks of ecosystem damage, regulatory penalties, and reputational harm.

Despite the challenges described above, scientists and world leaders have identified significant opportunities within the oil & gas

sector. This includes establishing financial and technological mechanisms for climate change adaptation, ecosystem regeneration, and facilitating a socially responsible energy transition. The sector has been recognized as an essential contributor to driving positive change for future generations. Furthermore, these opportunities encompass mobilizing capital, leveraging technology, and developing partnerships for sustainable economic development.

We are committed to effectively managing impacts, risks, and opportunities to realize a **cleaner energy future**. Our efforts are grounded in a fundamental focus to safeguarding the health and well-being of future generations.

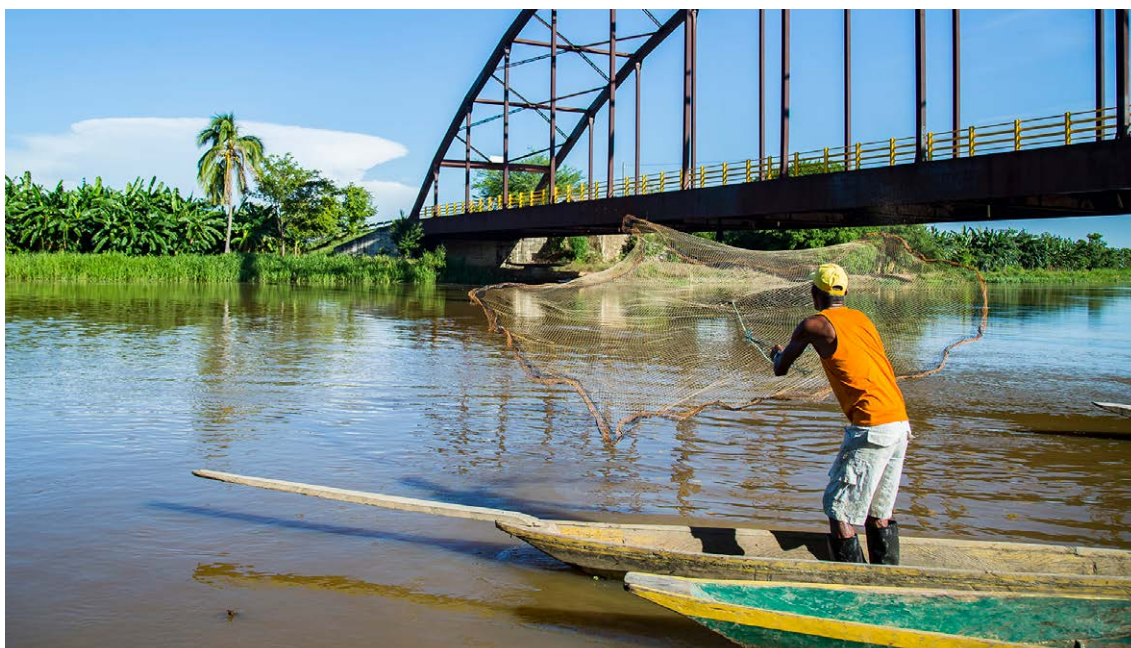


## Future outlook

We recognize the diverse array of physical and transitional risks confronting our operations and value chain. Therefore, we have embraced a proactive management approach, equipping ourselves with the necessary tools to effectively address emerging environmental challenges while upholding our commitment to sustainability.

To address future challenges:

- We will continue to monitor our environmental indicators within our operations regularly to promptly detect any negative impacts on the environment and implement corrective action in a timely manner.
- We will continue to implement waste management, recycling, and recovery programs to minimize waste generation and ensure proper disposal, in compliance with current environmental regulations.
- We will focus on improving our operational practices to reduce water consumption, enhance water recycling and reuse processes, along with implementing effective water treatment systems. These measures aim to mitigate any adverse impact on local water sources.
- We will strengthen our biodiversity conservation programs in our operational areas. This entails bolstering efforts to protect natural habitats and vulnerable species, while also promoting the restoration of degraded ecosystems.
- We will continue to implement and refine strategies to increase operational efficiency and reduce resource consumption. This will involve deploying and optimizing processes to achieve this objective.
- We will design and implement progressively efficient strategies to reduce our carbon footprint. This entails adopting best practices that encourage the transition to cleaner and renewable energy sources, thereby contributing to the reduction of air and environmental pollution.
- We will continue to strengthen our community engagement efforts by actively involving local communities, fostering collaboration, and facilitating open dialogue to address environmental and social concerns.



## Best practices and recognition

We take pride in showcasing our outstanding practices and achievements in advancing towards a cleaner energy future. Notably,

**we have maintained an impeccable record of no environmental sanctions** from relevant authorities.

### Improved performance in S&P's CSA assessment - environmental performance

Thanks to our ongoing commitment to sustainability, Canacol has been distinguished with several recognitions, including a notable improvement in the environmental dimension of the S&P CSA. We achieved a score of 67/100, marking an increase of 7 points compared to the previous year.



### Recognition from the LIDERAM 2023-2024 Program

We received recognition for our management and corporate socio-environmental performance in the Department of Córdoba. The distinguished award was granted by the Corporación Autónoma Regional de los Valles del Sinú y del San Jorge (CVS) as part of the Environmental Leadership Recognition Program - LIDERAM 2023-2024. This recognition credits our continuous efforts to generate a positive impact in the communities where we operate.



## Recognition for environmental initiatives

We are honored to announce that Canacol has been recognized by CORPOMOJANA (Corporación Para el Desarrollo Sostenible de la Mojana y el San Jorge del departamento de Sucre, per its acronym in Spanish) for our outstanding contributions to environmental conservation. Our initiatives, including civic-environmental days for the collection of solid waste and planting of native trees in collaboration with educational institutions, have been commended for their significant impact on environmental preservation. Furthermore, we are proud recipients of the “Hechos de Sostenibilidad” (Sustainability Acts) award from the Colombian Petroleum Association (ACP) for our innovative oil recycling initiative.

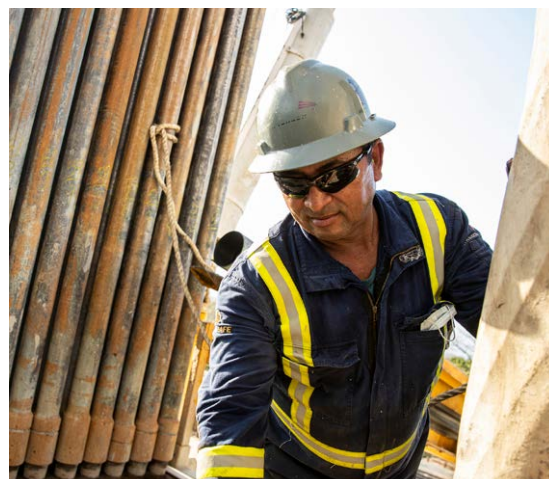
## Biodiversity actions

Canacol has demonstrated a robust commitment to biodiversity protection, with the **“Amigos del Bosque Seco Tropical” (Friends of the Tropical Dry Forest)** program standing out as a best practice. This program is centered around four pillars:

- i) Promotion of biodiversity conservation:** We formalized voluntary conservation agreements with families in our community, protecting 55.5 hectares of tropical dry forest [ENV-4] and planting 3,420 trees [GRI 304-3].
- ii) Green initiatives:** We have supported 167 families through the Sena Emprender Rural program (responsible for promoting the inclusion of rural people and communities in productive activities) and established five agricultural and livestock production units.
- iii) Environmental education for life:** We provided training to 313 students on various environmental subjects, such as

waste management. With their assistance, we successfully collected 505kg of waste. This was done in collaboration with the “Corporación Autónoma Regional de los Valles del Sinú y San Jorge”.

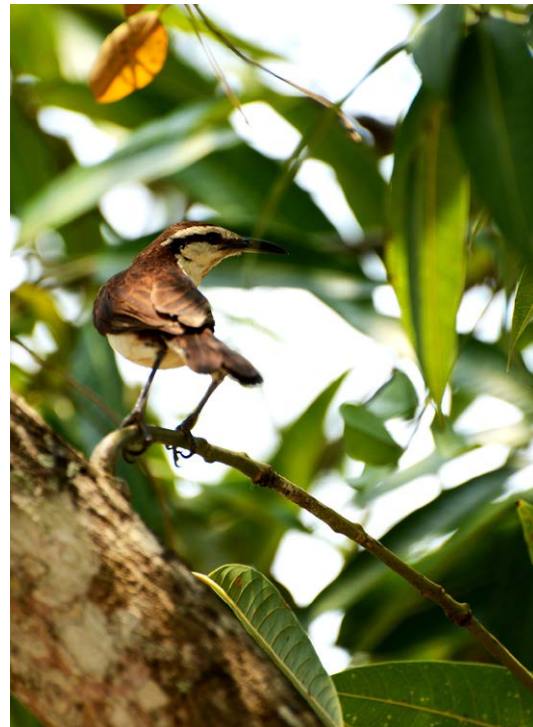
- iv) Protection of water sources:** Through our initiatives, and with the help of the communities, we were able to collect 620 kg of waste from the San Antonio and San Pablo streams, and 281 kg of post-consumer waste (including containers of agrochemicals and pesticides).



## Zero waste program

We have implemented the **zero-waste** management model, a circular approach focused on recycling and reuse. To support our program, the following stand out:

- i) **Flexsteel waste management:** We recycled and reused 62 tons of plastic and metal materials, in collaboration with an authorized manager.
- ii) **Management of used oil:** We collected 14.7 tons of used oil, which was treated and reused in new production processes.
- iii) **Management of reuseable material:** We reused 1.6 tons of production debris and aggregate materials for civil works projects within the Company.



## Efficient use of water resources

We have implemented strategies for responsible water management, including water recirculation in drilling, enabling a recycle rate of 16% of the water used in our operations. Additionally, new meters have been installed at key points to enhance data accuracy, facilitating informed decision-making for more efficient water resource management.



## Civic-Environmental Days

In collaboration with educational institutions, we have implemented solid waste collection days, bolstering local School Environmental Projects (PRAES, per its acronym in Spanish). These initiatives aim to raise awareness about waste management and promote environmental responsibility among students and the community. Additionally, we have organized planting days, during which approximately 3,240 native trees have been planted in community spaces and areas of ecological importance.





## Energy, climate change adaptation, and air quality

At Canacol, we are dedicated to mitigating GHG emissions and firmly support the attainment of Colombian National Plans, the Paris Agreement, and the United Nations 2030 Agenda for Sustainable Development. In alignment with these objectives, our goal is to achieve zero methane emissions by 2026, reduce Scope 1 and 2 GHG emissions by 50% by 2035, and achieve carbon neutrality by 2050.

In addition to our mitigation efforts, we are committed to enhancing our resilience and adaptive capacity to climate change. We are strengthening our risk and opportunity management processes, supported by the formulation of a comprehensive strategy aligned with the recommendations of the TCFD.

### Details of the material issues

#### **Climate strategy**

Canacol's climate strategy is centered on two key objectives: mitigating GHG emissions and enhancing our resilience and adaptive capacity to address the impacts of climate change. Crafted with a deep understanding of the environmental context, this strategy is guided by the recommendations of the TCFD framework [CCE-1].

We have integrated the management of climate-related risks and opportunities into all aspects of our operations. This approach encompasses a spectrum of management measures, including the development of Natural Climate Solutions (SCN, per its Spanish acronym), efforts to curtail our direct GHG emissions, and initiatives aimed at fostering the transition to a cleaner energy matrix within Colombia.

In 2023, we deepened our analysis of physical and transitional risk identification and assessment. This involved evaluating the vulnerability of our key assets to six climate hazards: extreme heat, extreme cold, water stress and drought, precipitation-related landslides, wildfires, and river flooding. Our analysis utilized modeling techniques covering three-time horizons: 2030, 2040, and 2050, while considering the climate scenarios SSP1-2.6, SSP3-7.0 and SSP5-8.5 (optimistic, neutral, and pessimistic) [CCE-2].

We emphasize that robust governance is at the core of our climate strategy, with active engagement from the Board of Directors and its Committees to all the business units of the Company. This governance structure is supported by clearly defined roles and responsibilities, along with risk management and sustainability policies specifically addressing climate-related issues.

**For more details on our governance, strategy, and performance, please visit the following links:**

TCFD report 2023:  
<https://canacolenergy.com/sustainability/sustainability-reports/>



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CDP climate change questionnaire 2023:  
[https://canacolenergy.com/site/assets/files/3846/cdp\\_2023\\_pdf2.pdf](https://canacolenergy.com/site/assets/files/3846/cdp_2023_pdf2.pdf)



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## Process for managing climate risks



Canacol is designing a series of targeted initiatives aimed at enhancing the Board's expertise in sustainability-related issues. These initiatives will include coverage of topics such as the energy transition, climate change, emissions reduction strategies, internal carbon pricing, and science-based targets, among others. As part of our ongoing commitment to transparency and accountability, we anticipate publishing a comprehensive report in 2024 detailing the outcomes and impacts of these initiatives for public review.

### Energy consumption

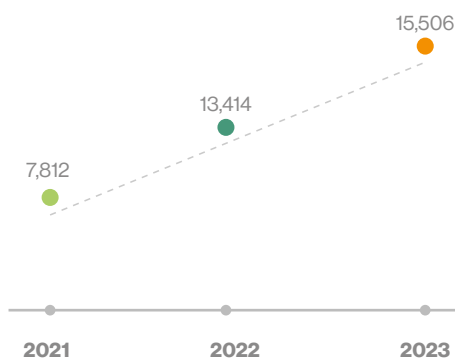
[GRI 302-1] [GRI 302-3] [GRI 302-4]

In 2023, our total energy consumption increased, rising by 2,092 MWh compared to the previous year. However, our dedication to utilizing clean energy sources, notably hydro-solar, remained steadfast. Additionally, we managed to generate 225.3 MWh of energy from this renewable source.

Notably, we have abstained from utilizing diesel in our energy processes and have sustained self-sufficiency by relying on natural gas.

**Our focus remains on further increasing the use of renewable energy as a fundamental part of our decarbonization plan.**

### Total energy consumption (MWh)<sup>22</sup>



### Total energy consumption

|  | Units   | 2021  | 2022   | 2023                |
|--|---------|-------|--------|---------------------|
| Non-renewable energy                           | MWh     | 7,563 | 13,041 | 15,115              |
| Renewable energy                               | MWh     | 249   | 373    | 225.3               |
| Natural gas                                    | MWh     | 7,563 | 13,041 | 15,115              |
| Diesel   | MWh     | 0     | 0      | 0                   |
| Hydro + solar                                  | MWh     | 249   | 373    | 225.3               |
| Energy intensity <sup>23</sup>                 | KWh/BoE | 0.6   | 1.1    | 1.32                |
| Electricity of offices in Bogota <sup>24</sup> | MWh     | -     | 192.4  | 165.4 <sup>25</sup> |

<sup>22</sup> Total energy consumption (Mwh) includes the consumption of renewable, non-renewable and electrical energy.

<sup>23</sup> Includes renewable and non-renewable energy

<sup>24</sup> The electricity emission factor in Colombia for 2023 corresponds to 0.1728 kgCO<sub>2e</sub>/kWh

<sup>25</sup> Canacol's electricity consumption during 2023 was 165,359 kWh, which emitted 28.57 tons of CO<sub>2e</sub> according to the market-based approach.

To uphold our commitment to embracing low-carbon technologies [CCE-3], we have integrated solar panels into our remote operational facilities and energy-efficient infrastructure. These installations power various components such as lighting, instrumentation and control systems, security applications, and air conditioning. Additionally, our headquarters in Bogota primarily relies on hydroelectric power.

We also continue to enhance the energy efficiency of our operations [CCE-6] by refining our measurement processes for energy generation and consumption. Furthermore, we optimize fuel equipment and explore emerging generation technologies. These initiatives have resulted in a reduction in both energy consumption and our GHG emissions.

### Greenhouse gas (GHG) emissions

We satisfy 20% of the country’s gas requirements, emitting 111,151 tonCO<sub>2e</sub>/year, equivalent to 0.1% of Colombia’s total emissions in 2023, estimated at 99.72 million tons. Our GHG emissions baseline adheres to the ISO 14064 standard and was developed by an external expert.

Our estimates were calculated in accordance with the World Resources Institute (WRI) Corporate GHG Accounting and Reporting Standard to ensure its precision and reliability. Furthermore, we integrated factors recommended by the Intergovernmental

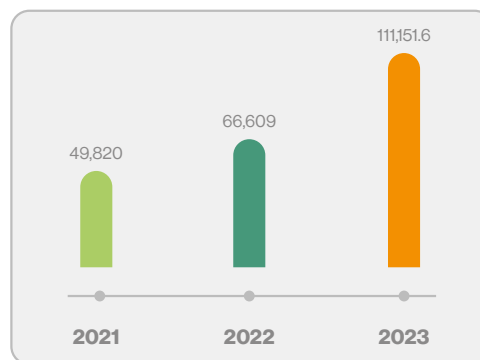
Panel on Climate Change (IPCC), along with country-specific emissions factors associated with our energy matrix (electric power).

Additionally, to provide a more comprehensive assessment of risks at a corporate level and throughout our value chain, we implemented Wood Mackenzie’s emissions benchmarking tool. This tool enables us to enhance transparency and provide deeper and more rigorous analysis.

### Direct GHG emissions - Scope 1 [GRI 305-1] [CCE-4] [CCE-5]

In 2023, our direct operations generated a total of 111,151.6 tonCO<sub>2e</sub>, marking a significant increase compared to 2022 (66,609 tonCO<sub>2e</sub>). This rise can be attributed to the increased production of natural gas and the utilization of additional compressors to meet the gas demand of Colombia’s population.

### Direct Emissions 2023 ton CO<sub>2e</sub>/Year



| Scope 1                       | Activity                      | tonCO <sub>2e</sub> /year | Contribution |
|-------------------------------|-------------------------------|---------------------------|--------------|
| Direct Emissions              | Fuels from stationary sources | 89,588                    | 80.6%        |
|                               | Fuels from mobile sources     | 144.5                     | 0.1%         |
|                               | Fire systems                  | 0.1                       | 0.0%         |
|                               | Refrigerants                  | 176                       | 0.1%         |
|                               | Fugitive emissions            | 21,243                    | 19.1%        |
| <b>Total Direct Emissions</b> |                               | <b>111,151.6</b>          | <b>100%</b>  |

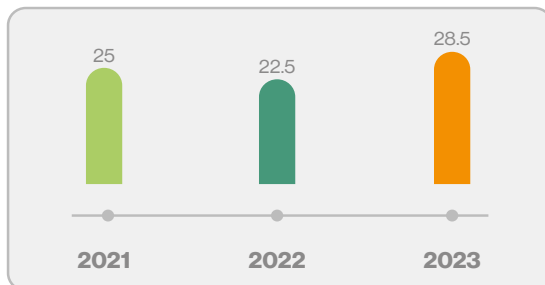
- Fugitive emissions were estimated using the 2006 IPCC Guidelines for National Greenhouse Gas Emissions. [https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2\\_Volume2/V2\\_4\\_Ch4\\_Fugitive\\_Emissions.pdf](https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_4_Ch4_Fugitive_Emissions.pdf)
- Biogenic emissions for 2023 were 9.53 tonCO<sub>2e</sub>.
- Methane (CH<sub>4</sub>) emissions for 2023 were 720 tons. Canacol plans to achieve the Oil&Gas Methane Partnership (OGMP) certification – Gold standard, for reporting methane emissions by 2026

**Indirect GHG Emissions - Scope 2**  
[GRI 305-2]

Canacol's Scope 2 emissions consist of emissions derived from energy purchases from the National Interconnected System (SIN, per its Spanish acronym) for our operations in the Bogota offices. It is important to note that our production facilities generate enough energy to meet their required needs.

During 2023, we experienced a 26.7% increase in our indirect emissions from electricity consumption. This increase is primarily attributed to the rise in the emission factors within Colombia, which is influenced by the climatic and natural phenomena prevailing in the national context, ultimately causing a reduction in electricity generation from hydroelectric sources.

**Indirect Emissions 2023 ton CO<sub>2e</sub>/Year**



| Scope 2                  | Activity                         | Electricity consumption (kWh) | tonCO <sub>2e</sub> /year | Contribution |
|--------------------------|----------------------------------|-------------------------------|---------------------------|--------------|
| Indirect emissions       | Electrical energy Bogota offices | 165,359                       | 28.5                      | 100%         |
| Total Indirect Emissions |                                  | 165,359                       | 28.5                      | 100%         |

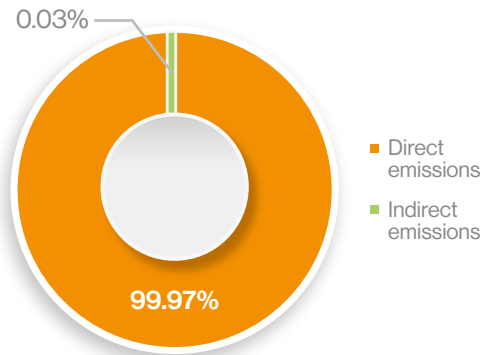
**Emissions - Scope 1 and 2**  
[GRI 305-4] [GRI 305-5]

During 2023, we experienced a significant decline in our fields due to the natural production process. This situation generated higher

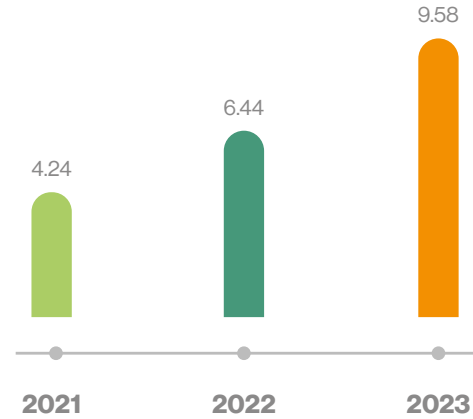
compression requirements, which, in turn, contributed to a notable increase in our Scope 1 and 2 emission intensity<sup>26</sup>. It is important to note that we remain within the recommended emissions intensity limit for our sector.

<sup>26</sup> In 2023, the increase in scope 1 and 2 emissions in relation to 2022 was 44,571.23 tons.

### Total emissions - Scopes 1 and 2 (%)



### Intensity of GHG Emissions- Scopes 1 and 2 (kg CO<sub>2e</sub>/BOE)



### Indirect GHG Emissions - Scope 3

[GRI 305-3]

We are proud of our progress in comprehensive GHG emissions management and are pleased to present, for the first time to our stakeholders, the verified data of our indirect scope 3 emissions for eight of the most relevant categories from our value chain.

### Scope 3 emissions

| Category                     | Tons of CO <sub>2e</sub> | Contribution |
|------------------------------|--------------------------|--------------|
| Goods and services purchased | 97,318                   | 2.5%         |
| Fuel and energy              | 5.4                      | 0.0%         |
| Upstream transportation      | 195.4                    | 0.0%         |
| Waste                        | 1,240.2                  | 0.0%         |
| Business travel              | 190.7                    | 0.0%         |
| Employee commuting           | 65,855.4                 | 1.7%         |
| Downstream transportation    | 11,811                   | 0.3%         |
| Use of products sold         | 3,695,622.3              | 95.5%        |
| Total                        | 3,872,238.4              | 100.0%       |

### Other emissions

[ENV-5] [GRI 305-7] [EM-EP-120a.1]

In addition to monitoring our GHG emissions, we also track other significant air emissions, such as nitrogen oxides (NOx, excluding N<sub>2</sub>O), sulfur dioxide (SO<sub>x</sub>), volatile organic compounds (VOCs), and particulate matter pollution (PM<sub>10</sub>).

## Other emissions - air quality

|  | Units | 2021 | 2022 | 2023 |
|--|-------|------|------|------|
| Emissions of NO <sub>x</sub>           | Tons  | 588  | 980  | 869  |
| Emissions of SO <sub>x</sub>           | Tons  | 6    | 0    | 0    |
| Emissions of Particulate Matter (PM10) | Tons  | 8    | 17   | 12   |
| Volatile Organic Compounds (VOCs)*     | Tons  | 0    | 0    | 0    |

The processing plants, which are connected to the gas dehydration process, have BTEX retention equipment that allows for the 100% removal of volatile organic compounds into the atmosphere, ensuring that these gases are not detected in air quality reports. Canacol also

tracks gross Scope 1 GHG emissions, specifically carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O). Production of all these gases increased in 2023 due to increased natural gas production and compression.

## Gross global emissions of Scope 1 GHGs to the atmosphere (tonCO<sub>2e</sub>)

[EM-EP-110a.1]

|                                   | 2021   | 2022   | 2023   |
|-----------------------------------|--------|--------|--------|
| Carbon Dioxide (CO <sub>2</sub> ) | 29,593 | 48,129 | 89,470 |
| Methane (CH <sub>4</sub> )        | 20,182 | 18,253 | 21,461 |
| Nitrous Oxide                     | 15     | 24     | 45     |

## Amount of gross global GHG Scope 1 emissions to the atmosphere (tonCO<sub>2e</sub>)

[EM-EP-110a.2]

|  | 2023   |
|--|--------|
| Hydrocarbons burned: stationary and mobile sources | 89,732 |
| Other combustion                                   | 0      |
| Emissions generated during processing: stationary  | 89,588 |
| Other emissions to the atmosphere                  | 881    |
| Fugitive emissions                                 | 21,243 |

We do not generate GHG emissions from gas combustion in our operations [CCE 7].

## Biogenic Emissions

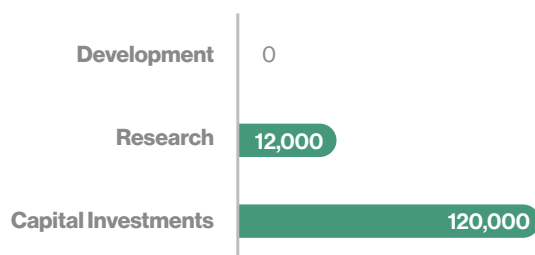
|   | Amount | Unit | tonCO <sub>2</sub> /year | Contribution |
|---|--------|------|--------------------------|--------------|
| Biofuel Blend in Gasoline E4 - Stationary Sources | 0      | gal  | 0                        | 0            |
| Biofuel Blend in Diesel B10 - Stationary Sources  | 145.6  | gal  | 0.1                      | 1.3%         |
| Biofuel Blend in Gasoline E4 - Mobile Sources     | 0      | gal  | 0                        | 0            |
| Biofuel Blend in Diesel B10 - Mobile Sources      | 13,677 | gal  | 9.4                      | 98.7%        |
| <b>Total</b>                                      |        |      | <b>9.5</b>               | <b>100%</b>  |

In the reported period, we have registered 9.5 tonCO<sub>2e</sub>/year from biogenic sources.

### Investment for decarbonization

At Canacol we prioritize fundamental actions to reduce our emissions [EM-EP-110a.3]:

- We incorporate technology to improve energy efficiency and reduce gas releases and flaring in our operations.
- We installed solar energy systems at wells and satellite facilities.
- We conduct frequent inspections of our systems and facilities to identify and correct leaks through internal actions and assistance from third parties.



Canacol has invested a total of \$132,000 in renewable energy development [EM-EP-420a.3]. These investments demonstrate our commitment to transitioning to more sustainable energy sources and our pursuit of innovative energy solutions for the future.

### Financial implications of climate change [GRI 201-2]

The financial implications of climate change for Canacol are significant. On one hand, there are financial opportunities associated with emissions reductions, such as the elimination of fugitive emissions, which could result in considerable savings estimated at up to USD\$5,573,056 by 2050. However, there are also financial risks associated with weather events, such as extreme heat, which could affect operations and infrastructure. Additionally, the need to comply with stricter regulations and sustainability commitments could require additional investments in clean technologies.

Canacol faces a financial landscape in which it must balance cost reduction opportunities with operational risks and additional costs associated with the transition to a low-carbon economy.

At the same time, Canacol's sales and transportation contracts provide the Company with a strong competitive advantage in meeting Colombia's growing demand for gas, thus making it less dependent on the variability of oil prices [EM-EP-420a.4].

### Our low-carbon roadmap

- **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.



# Water stewardship

At Canacol, we are committed to the comprehensive management of water resources. We adopt a holistic approach to managing water sustainably and efficiently across all stages, from collection to treatment, and final disposal.

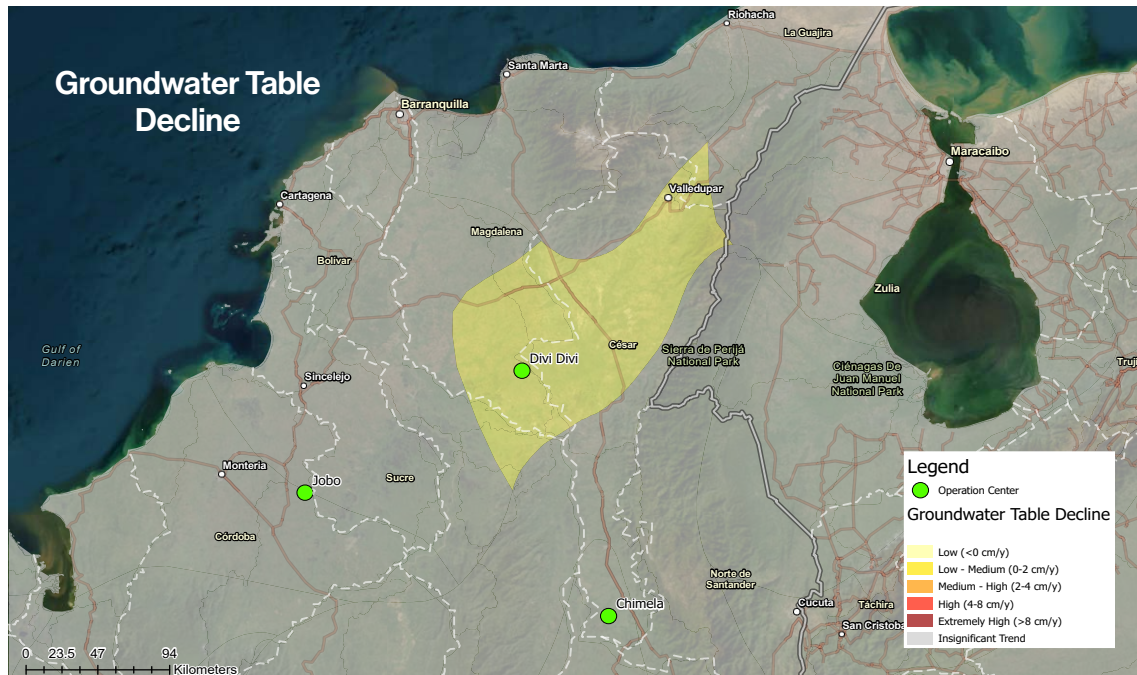
To ensure that our operations do not impact the local water supply, we establish a baseline before implementing a project. This reference consists of assessing and documenting the baseline conditions of the water sources in the operational area, including the quality and quantity of available water, and the health of local aquatic ecosystems. During the execution phase, we conduct systematic monitoring to evaluate water sources and ensure their preservation.

## Details of the material issue

Access to water is crucial for life and human development. Despite Colombia's abundant water resources, the country faces extreme climate challenges, as well as significant water management hurdles. Approximately one third of the urban population experiences water stress, according to the World Bank<sup>27</sup>. This situation is exacerbated by climate change and population growth, which have diminished water availability in recent decades.

According to the World Wildlife Fund (WWF<sup>28</sup>), although 70% of the planet's surface is made up of water, only 2.5% is fresh, and less than 1% is potable. Water conservation presents a critical challenge, and Canacol is firmly committed to addressing this issue by identifying and reducing its environmental footprint at its operational areas.

### Canacol water use strategy



27 <https://www.bancomundial.org/es/news/feature/2020/09/02/colombia-water-security#:~:text=Los%20desaf%C3%ADos%20h%C3%ADricos%20que%20enfrenta%20Colombia&text=La%20contaminaci%C3%B3n%20del%20agua%2C%20otro,el%20contacto%20directo%20es%20peligroso>  
 28 [https://www.wwf.org.co/que\\_hacemos/agua/](https://www.wwf.org.co/que_hacemos/agua/)



When obtaining environmental licenses, we conduct detailed hydrological and hydro-geological studies to evaluate water availability in our operational areas. Subsequently, the environmental authorities grant us permission to extract water in designated areas and during specific times of the year, ensuring the conservation of water resources.

As part of our commitment to responsible water management, we consult the World Resources Institute's (WRI) Water Risk Atlas, a source recognized by IDEAM, to verify that our operational areas are not experiencing water scarcity and to determine that we operate in

areas with low water stress. To prevent over-exploitation of our aquifers, we manage our water supply through a combination of purchases and extraction from subterranean sources, ensuring the responsible and sustainable use of water in all operations.

**Water stress analysis<sup>29</sup>:** Our operating sites in the departments of Sucre and Cordoba (green dots on the map) show no or low groundwater level decline (in VIM-33).

**Overall water stress/water risk analysis:** The departments of Cordoba and Sucre (marked with green), are classified as low to medium risk.

- › **Canacol does not use hydraulic fracturing techniques.**
- › **During 2023 Canacol did not extract water from water stressed areas.**

### **Water risk management and sustainability commitments**

The Company has implemented measures to manage water-related risks effectively. Since 2021, withdrawals from surface sources have been suspended, with alternative sources such as groundwater and purchases from authorized third parties being utilized instead. Our Sustainability Policy (HSEQ) has been established, encompassing specific commitments to water conservation and efficient usage, coupled with proactive resource management strategies. Throughout operations and projects, water availability

analysis is conducted, with surface water collection suspended during the dry season as a preventive measure.

In 2023, we made a public pledge to uphold responsible water management, aiming to mitigate the impact of our operations on water resources in our operational areas. As part of this commitment, we embrace effective water management practices that prioritize water conservation and efficient usage. We implement strict control measures to prevent water pollution discharges and proactively address the risks and opportunities related to water in alignment with the Sustainable Development Goals.

For further details on this commitment, please refer to the following link:  
[https://canacolenergy.com/site/assets/files/3858/water\\_management.pdf](https://canacolenergy.com/site/assets/files/3858/water_management.pdf)

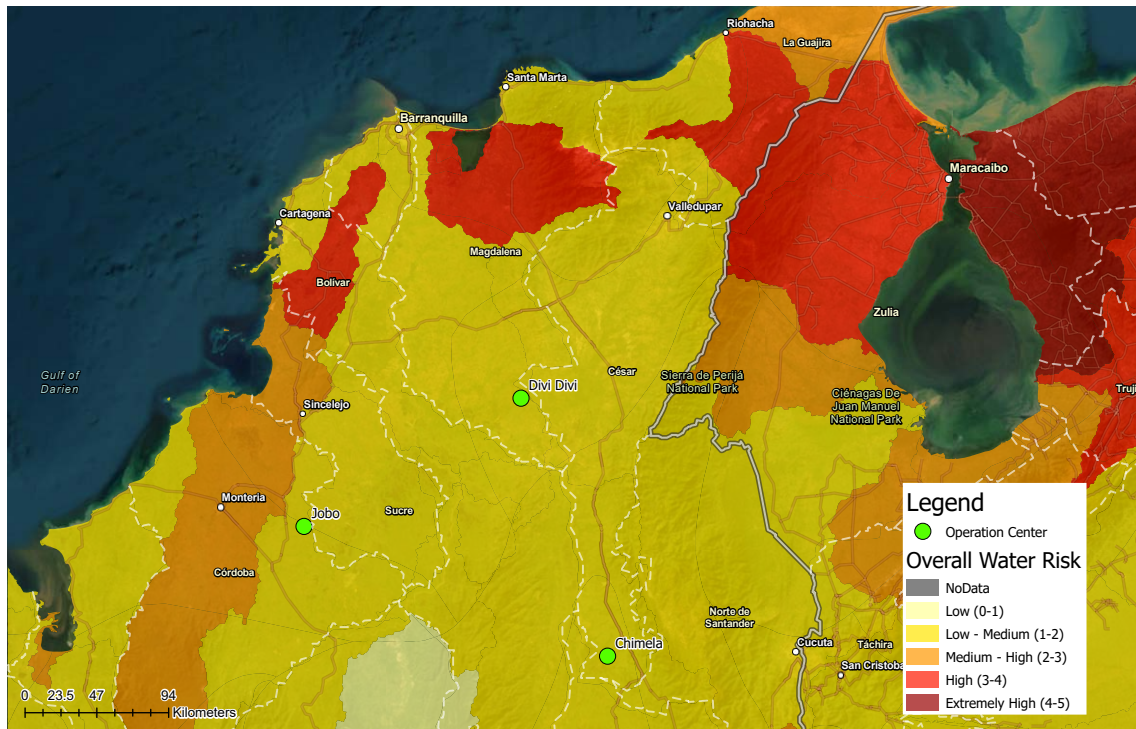


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<sup>29</sup> The data were taken from the Groundwater Table Decline map of the Water Risk Atlas database.

Furthermore, the Company is committed to ensuring access to water for our local communities [GRI 303-1]. In pursuit of this objective, Canacol actively promotes groundwater collection projects employing renewable energy and water treatment systems to render potable water. Additionally, we conduct

educational campaigns on water source preservation and waste management, thereby fostering the protection of water recharge areas. Collaboratively engaging with communities, we undertake initiatives such as drilling wells or expanding aqueducts to guarantee communities' access to safe and sustainable drinking water.



**Water consumption by extraction source**  
 [GRI 303-5] [GRI 303-3] [EM-EP-140a.1]

In 2023, a total of **85,212 m<sup>3</sup>** of water was consumed in our operations, representing an increase from the previous year when **72,591.2 m<sup>3</sup>** was consumed. This increase is primarily attributed to expanded operational activity, with 14 wells drilled in 2023 compared to 11 wells in 2022. Additionally, the prevailing weather conditions, characterized by elevated temperatures, necessitated a higher consumption of water for cooling the compression systems used in production activities. These datasets reflect the growth of the Company's infrastructure and operational capacity.



## Water consumption by extraction source

|  | Units               | 2021        | 2022         | 2023        |
|--|---------------------|-------------|--------------|-------------|
| <b>Supply: total municipal water supply (or other public water utilities)<sup>30</sup></b>   | <b>ML</b>           | <b>43.4</b> | <b>51.9</b>  | <b>51.5</b> |
| Extraction: surface water (lakes, rivers, etc.) <sup>31</sup>  | ML                  | 0.0         | 0.0          | 0.0         |
| <b>Extraction: groundwater<sup>32</sup></b>  | <b>ML</b>           | <b>3.4</b>  | <b>10.2</b>  | <b>26.2</b> |
| Rainwater  | ML                  | 0.7         | 0.9          | 0.0         |
| Marine water   | ML                  | 0.0         | 0.0          | 0.0         |
| Discharge: water returned to the source of extraction with a similar or higher quality than that extracted (only applies to surface water and groundwater) | ML                  | 0.0         | 0.0          | 0.0         |
| Wastewater <sup>33</sup>   | ML                  | 13.9        | 18.1         | 27.2        |
| Recycled water   | ML                  | 6.1         | 9.5          | 7.5         |
| <b>Total net freshwater consumption</b>  | <b>ML</b>           | <b>46.8</b> | <b>62.18</b> | <b>77.7</b> |
| Barrels equivalent   | BoE                 | 0.0         | 0.0          | 0.0         |
| Water consumption intensity  | m <sup>3</sup> /BoE | 0.0         | 0.0          | 0.0         |
| Total water expenditure paid   | USD                 | 174,130     | 0.0          | 0.0         |
| <b>Total percent of water recycled and reused</b>  | <b>%</b>            | <b>13.2</b> | <b>15.2</b>  | <b>9.7</b>  |

## Water consumption by activity

|                              | Units                | 2021          | 2022          | 2023          |
|------------------------------|----------------------|---------------|---------------|---------------|
| Drilling                     | m <sup>3</sup>       | 37,121        | 44,545        | 46,376        |
| Platform modifications       | m <sup>3</sup>       | 129           | 1,892         | 41            |
| Civil works for improvements | m <sup>3</sup>       | 162           | 288           | 49            |
| Flowline construction        | m <sup>3</sup>       | 111           | 1,334         | 1,438         |
| Platform construction        | m <sup>3</sup>       | 2,430         | 3,786         | 1,326         |
| Production                   | m <sup>3</sup>       | 13,858        | 20,775        | 35,979        |
| Facility optimization        | m <sup>3</sup>       | 8             | 62            | 4             |
| <b>Total</b>                 | <b>m<sup>3</sup></b> | <b>53,819</b> | <b>72,682</b> | <b>85,213</b> |

## Water consumption by use

|                | Units                | 2021          | 2022          | 2023          |
|----------------|----------------------|---------------|---------------|---------------|
| Domestic use   | m <sup>3</sup>       | 15,792        | 7,974         | 17,455        |
| Industrial use | m <sup>3</sup>       | 38,027        | 64,617        | 67,758        |
| <b>Total</b>   | <b>m<sup>3</sup></b> | <b>53,819</b> | <b>72,682</b> | <b>85,213</b> |

The volume of produced water sent for treatment and final disposal by external managers increased significantly. This was primarily due

to the treatment capacity of the water injection plant being exceeded, mainly attributable to the increase in produced water.

<sup>30</sup> Municipal water suppliers, municipal wastewater treatment plants, public or private utilities and other organizations are involved in the supply, transportation, treatment, disposal or use of water and effluents (as described in the GRI Standard).

<sup>31</sup> Water that is naturally present on the Earth's surface in the form of ice sheets, ice caps, glaciers, icebergs, swamps, ponds, lakes, rivers and streams (Guide to Water Security Reporting, 2018, CDP, as described in the GRI Standard)

<sup>32</sup> Aquifers. Water stored in an underground formation, from which it can be extracted (ISO 14046:2014), as described in the GRI Standard.

<sup>33</sup> This value is contemplated in the GRI 303-4 indicator.

## Discharges

[GRI 303-4]

| Discharges | Units                 | 2021 | 2022 | 2023 |
|------------|-----------------------|------|------|------|
| Soil       | Thousand cubic meters | 2.5  | 2.6  | 4.2  |

## Water percentages

[EM-EP-140a.2]

| Water percentages   | Units | 2021 | 2022 | 2023 |
|---|-------|------|------|------|
| Percentage discharged                                     | %     | 3.6  | 1    | 5    |
| Percentage injected                                       | %     | 96.4 | 99   | 95   |
| Percentage of hydrocarbon content in the discharged water | %     | 0    | 0    | 0    |

## Total fresh water discharged

|  | Units                 | 2021 | 2022 | 2023  |
|--|-----------------------|------|------|-------|
| Contractors for treatment and subsequent disposal  | Thousand cubic meters | 4.3  | 5.9  | 14.6  |
| Road irrigation and infiltration system            | Thousand cubic meters | 9.7  | 4.0  | 4.2   |
| Injected, treated, and re-injected formation water | Thousand cubic meters | 67.4 | 47.2 | 155.8 |
| Total fresh water discharged                       | Thousand cubic meters | 81.4 | 57.1 | 174.6 |

The increase in discharges can be attributed to various factors, including the overall increase in usage and specific demands of the exploration drilling program, as well as the rise in personnel and the number of wells drilled.

Canacol ensures that all discharges into the ground, whether in the infiltration field or as part of production water injection activities, adhere to the parameters established by the ANLA [GRI 303-2]. We strictly adhere to the regulations outlined in Resolution 1501 of 2017 and Resolution 699 of 2021 concerning the discharge of treated domestic wastewater into the soil. Additionally, for the injection of production water, we comply with the provisions stipulated in Resolution 1295 of 2019, which includes monitoring of substances of concern such as chlorides, fats, greases, oils, BOD5, TSS, coliforms, and heavy metals. **It is noteworthy that in 2023, no industrial water**

**was discharged into the ground; instead, all industrial water was recirculated for the preparation of cuttings and fluid for reuse.**

### Optimal water management

Canacol is actively committed to promoting optimal management of water use and reuse, conducting various actions to achieve this goal including:

- Recirculation of drilling water for mud and fluid preparation.
- Reuse of treated water to control particulate matter on uncovered roads.
- Maintenance and improvement of water consumption measurement systems.
- Campaigns for prevention and identification of leaks, savings, and efficient use.
- Installation of water flow meters at Jobo Station to detect leaks.

The total amount of fresh water [ENV-1] consumed by the organization, excluding recycled or reused water, was 0.077 MMm<sup>3</sup>. This result reflects our commitment to the sustainable management of water resources, prioritizing minimal consumption and maximizing efficiency in its utilization.

**Commercial impacts**

The Company has not experienced any water-related incidents [ENV-6] with a financial impact of more than \$10,000. Additionally, the Company does not use water-intensive hydraulic fracturing techniques [EM-EP-140a.4] [EM-EP-140a.3], which supports its commitment to comprehensive water resource management and minimizes potential risks associated with water use in its operations.

For more information, please visit the following link:

<https://canacolenergy.com/sustainability/a-cleaner-energy-future/water-management/>



## Biodiversity

At Canacol, we are committed to protecting the biodiversity of the ecosystems in which we operate. We recognize the importance of ecosystem services to sustainable development and community well-being

and take responsibility for conserving local ecosystems and species. We manage biodiversity risks and opportunities to lead the energy transition in a clean and responsible way, in line with the SDGs.



## Details of the material issue

Canacol strives to maintain steady progress in biodiversity management [ENV-3]. We are committed to strict adherence to the Colombian environmental legal framework. This entails protecting natural habitats within our operational areas. We refrain from engaging in activities within protected areas categorized by the IUCN as categories I to IV and in World Heritage Areas designated by UNESCO. Furthermore, we are committed to abstaining from the harvesting of endangered tree species, upholding a Net Zero Deforestation approach. We apply the **impact mitigation hierarchy**, ensuring that we compensate for any impacts that we were unable to prevent or mitigate. Through comprehensive analysis of the potential effects of our operations on biodiversity [EM-EP-160a.1], we establish partnerships with communities, educational institutions, NGOs, and governmental entities to strengthen biodiversity protection efforts.

**Additionally, we prioritize education by providing training to our employees, suppliers, contractors, and neighboring communities on the importance of protecting the ecosystems.** We apply rigorous environmental criteria in the selection process of contractors and suppliers. We also develop indicators to measure environmental performance [GRI 308-1] [GRI 308-2]. This environmental criterion is

integrated into the selection of contractors and suppliers to ensure responsible and biodiversity-friendly practices, ensuring that they align with our commitment to protecting the environment and share our dedication to preserving biodiversity.

### Call to action - Positive Nature

In 2023, the Taskforce on Nature-related Financial Disclosure (TNFD) released their guidance for companies to report and act on their nature-related dependencies, impacts, risks, and opportunities. As one of the 320 companies globally that registered for the TNFD recommendations, we are considered an early adopter. Following our registration we have undertaken an initial assessment in accordance with the recommendations at five priority operating points: Esperanza, VIM5, VIM33, VMM45 and SSJN-7. The results of this inaugural exercise will be released in the first half of 2024. This effort also aligns with the Kunming-Montreal Global Diversity Framework and other legally binding international agreements.

Additionally, within the same fiscal year we established our commitment to protecting the biodiversity of the ecosystems at our operational areas. We recognize our responsibility in preserving ecosystem services as an essential component for sustainable development and the well-being of communities.

To learn more about our commitment, go to the following link:

[https://canacolenergy.com/site/assets/files/3860/biodiversity\\_commitment.pdf](https://canacolenergy.com/site/assets/files/3860/biodiversity_commitment.pdf)



### *Impact of operations on areas of environmental and biodiversity importance*

In accordance with our sustainability strategy, we have conducted assessments to evaluate the impact of our operations on the surrounding

natural environment. This analysis provides us with a comprehensive understanding of the critical areas that may be affected by our activities. Leveraging this insight, we have implemented proactive measures to reduce our environmental impact and preserve biodiversity at our operations.

## Biodiversity assessment

[GRI 304-1]

| Sites used for operational activities   | 62   |
|---|------|
| Total area of operational sites (ha)  | 87.4 |
| Number of biodiversity impact assessments conducted at operational sites in the last five years (#) | 62   |
| Number of sites assessed near critical areas for biodiversity (#)                                   | 0    |
| Total area of assessed sites near critical areas for biodiversity (ha)                              | 0    |
| Number of sites near biodiversity hotspots with biodiversity management plans in place (#)          | 0    |
| Land area covered by biodiversity management plans for sites near biodiversity hotspots (ha)        | 0    |

Canacol's operations overlap with one Important Bird Area (AICA, per its Spanish acronym) and nine protected areas for biodiversity preservation.

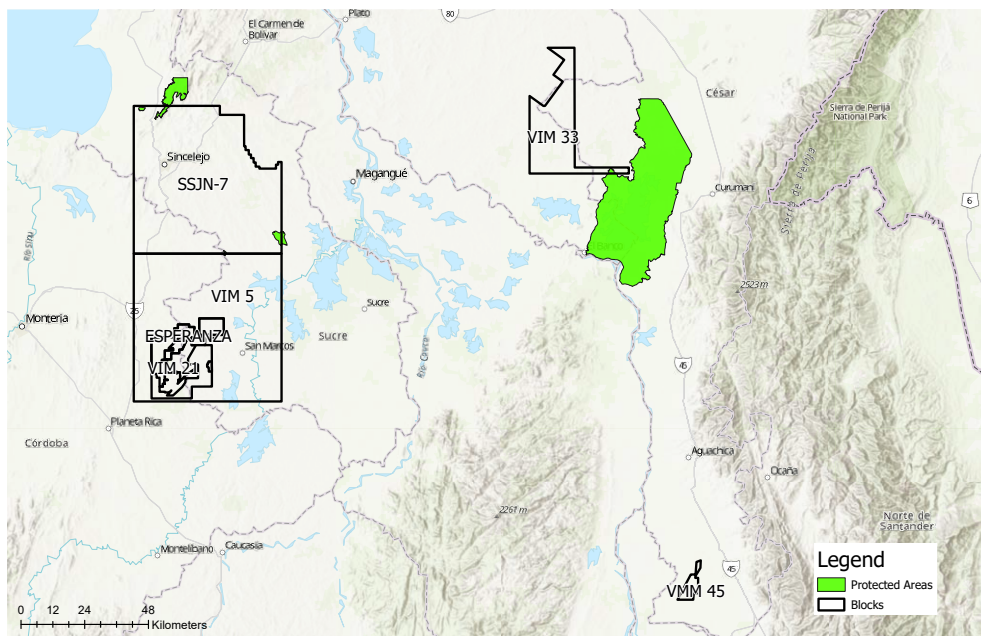
## Overlapping areas of environmental and biodiversity importance with operating blocks

| Block    | Overlapping Area (ha) | Area Type  |
|----------|-----------------------|--|
| VMM-49   | 411                   | AICA Serranía de las Quinchas  |
| VMM-49   | 2,506                 | DRMI of the Minero river and its surrounding areas   |
| VMM-49   | 163                   | RNSC Las Pampas Porvenir   |
| SSJN7    | 999                   | DRMI Ecosystem of Open and Shrub Savannahs and Associated Systems in the Municipality of Galeras |
| VIM33    | 341                   | DRMI Complejo Cenagoso de Zapatosa   |
| SSJN7    | 67                    | La Carranchina RNSC  |
| VIM-5    | 52                    |  |
| SSJN7    | 247                   | Los Charcos RNSC   |
| SSJN7    | 719                   | RFPR Serranía de Coraza and Montes de María  |
| VIM-10-1 | 48,323                | Serranía de los Yariguies DRMI   |
| VIM-5    | 27                    | RFPR Forest of Santa Inés  |

It is important to note that, although these areas overlap with the blocks assigned to our organization, **they do not overlap with Canacol's operational areas, as we consider them exclusion zones [ENV-4]**. Additionally, the VIM-5 block overlaps with 24 areas identified as areas of 'high importance' for biodiversity conservation, while the SSJN-7 block overlaps with 11, the

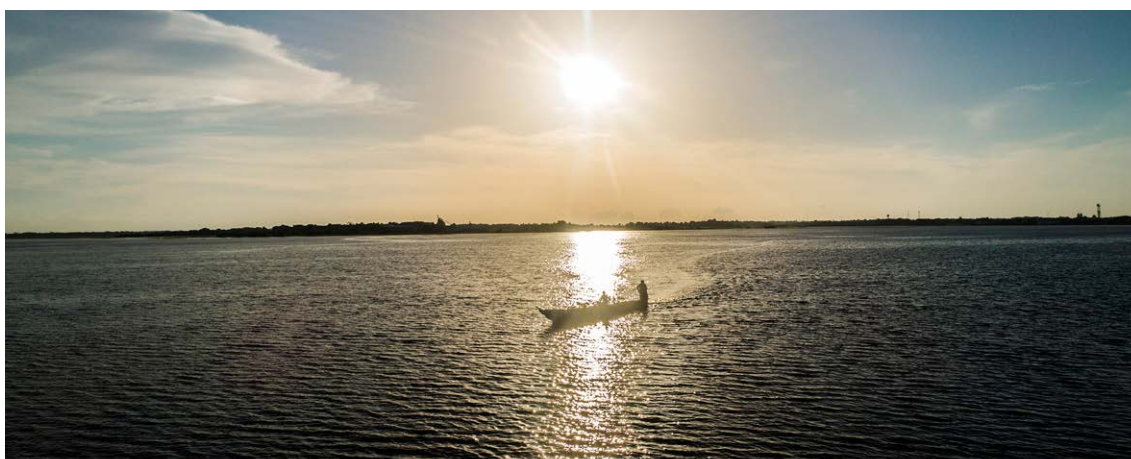
VMM-3 block with 4, and the Esperanza and VMM-49 blocks with 3 each. Furthermore, blocks VMM-2 and VMM-45 each overlap with 2 areas, and blocks VIM-44, VMM 10-1, and VMM-53 with 1. Finally, there is an additional protected area, the RNSC Cabildo Verde II, which is adjacent to the VMM-53 block.

Map of protected areas



**Canacol does not conduct intervention activities in protected or critical habitat areas [EM-EP 106a.3], and guarantees this through:**

- Environmental management zoning to determine areas of environmental importance and establish them as non-intervention areas.
- Horizontal directional drilling to avoid interfering with sensitive ecosystems associated with water sources.
- Programs for deterrence, rescue, and relocation of fauna and flora prior to the start of civil works in any project.
- Conservation agreements with land-owners in whose farms there are areas with tropical dry forest, established as a cover of interest.









**Mapping the impact: detailed environmental effect analysis**  
[GRI 304-2]

We analyzed the latest Environmental Impact Assessment (EIA) conducted in 2022, focusing on

its effects on flora, fauna, ecosystems, and water bodies. Each facet of this assessment reveals the complexity of the interaction of our activities and the environment, enabling us to comprehend the dynamics fully. This has allowed us to develop and implement mitigation and action strategies.

**Biodiversity impact analysis**

|   |   |   |  |
|---|---|---|--|
|  <p><b>Impact on flora</b></p>   |  <p><b>Impact on fauna</b></p>   |  <p><b>Impact on ecosystems</b></p>                     |  <p><b>Impact on water effluents</b></p>                            |
| <p>Alteration of the structure, composition and fragmentation of the vegetation cover.</p> <p>Disruption of the connectivity of natural areas.</p> <p>Effect on the most sensitive species.</p> | <p>Habitat modification.</p> <p>Change in the composition, structure, and/or distribution of faunal communities.</p> <p>Effect on the most sensitive communities.</p> | <p>Alteration in sensitive ecosystems and ecological corridors.</p> <p>Alteration in the ecosystems of environmentally fragile areas.</p> | <p>Pollution of fresh water sources such as rivers, lakes and lagoons.</p> <p>Alteration of river flow.</p> <p>Alteration of underground aquifers.</p> |










We have identified risks and opportunities related to biodiversity, including the alteration of fauna in bodies of water and the modification of aquatic habitats, as well as possible impacts on terrestrial fauna and flora.

To mitigate these impacts, Canacol has implemented the measures described in the following sections.



### Impact mitigation measures

|  |   |  |   |
|--|---|--|---|
|  <p><b>Implementation of conservation agreements</b></p>                          |  <p><b>Flora and fauna inventories prior to start of operations</b></p>  |  <p><b>Marking of protected areas or species</b></p>   |  <p><b>Rescue and relocation of vascular epiphytes (mosses, lichens, tree orchids)</b></p> |
|  <p><b>Measures to reduce forest harvesting volumes as much as possible</b></p> |  <p><b>Environmental management zoning that excludes any intervention in areas of high importance for biodiversity</b></p> |  <p><b>Temporary diversion of terrestrial fauna from the immediate operational zones</b></p> |  <p><b>Prohibition of hunting and fishing in our operating sites</b></p>                 |

In addition to our core mitigation efforts, we have also developed supplementary initiatives aimed at further minimizing our environmental impact. These include initiatives such as the reforestation of degraded areas, the generation of conservation agreements with neighboring communities, community awareness

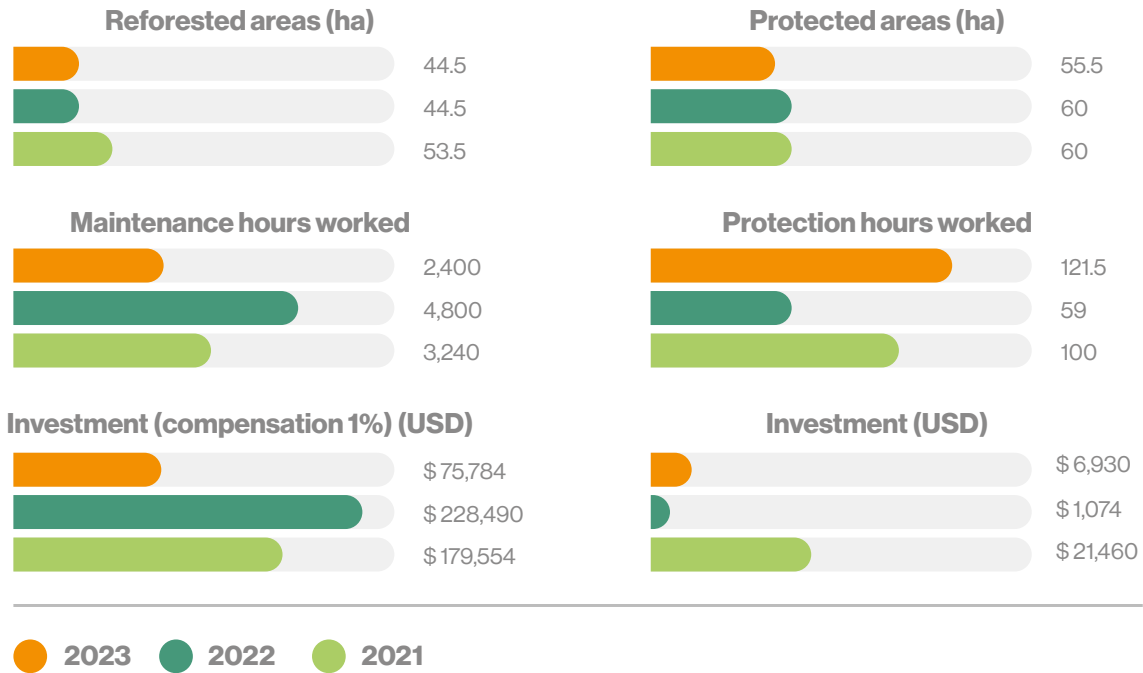
programs, agroforestry projects, training, and community workshops.

These initiatives are formulated with the support of contractors, whose reforestations are endorsed by regional environmental authorities (CARs, per its Spanish acronym) and the ANLA.

**Protection and reforestation actions**

In 2023, Canacol actively engaged in initiatives aimed at restoring ecologically significant areas across three municipalities in the departments of Córdoba and Sucre. Throughout the

year, we successfully restored a total of **44.5 hectares [GRI 304-3]** spread across various properties, thereby making substantial contributions to the preservation and protection of valuable ecosystems in the region. In total, **we have now protected 55.5 hectares.**



Canacol remains committed to advancing conservation agreements through engagement with landowners whose properties overlap with tropical dry forests. Training sessions have been conducted to address issues such as illegal fauna trafficking, soil conservation,

and solid waste management, highlighting the importance of forest preservation. In addition, we have extended technical assistance and follow-up to 10 sustainable production units, **involving a total of 777 participants in these initiatives.**



### Fauna and flora monitoring: biodiversity risk management

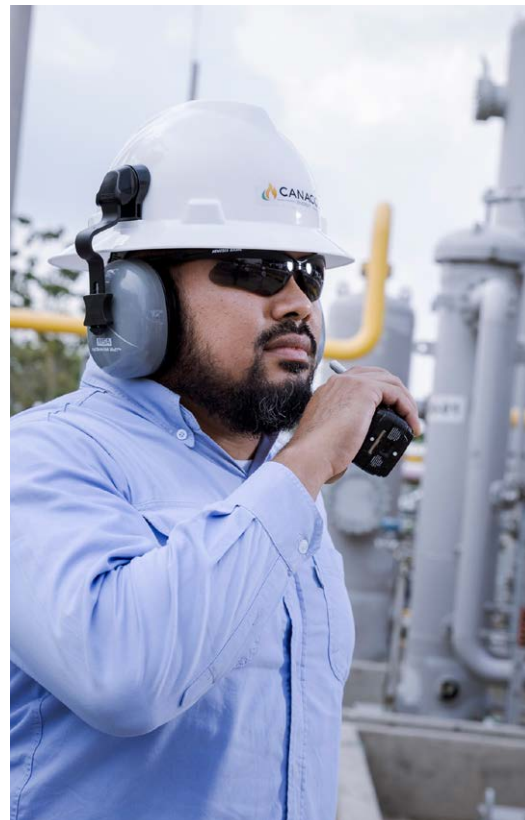
In line with our commitment to biodiversity conservation, Canacol conducts rigorous annual monitoring of fauna and flora in all operational blocks [GRI 304-4].



This monitoring yields valuable insights into the biological diversity within our operational areas, empowering us to implement measures for the protection and preservation of these species. Conservation agreements are prepared by specialized contractors and approved by the ANLA. Furthermore, the ANLA conducts annual audits of each block to verify compliance with contractual environmental obligations and relevant legislation.

### No hydrocarbon spills

We are proud to report that there were no incidents of hydrocarbon spills [EM-EP 106a.2] recorded at our operations throughout 2023. This commendable achievement is largely attributed to our proactive approach towards spill detection and prevention measures. We maintain continuous monitoring of our wells, gathering systems, and plants to detect any anomalies that could signify a potential spill. This vigilant monitoring enables us to swiftly intervene in case of any issues and implement proactive corrective measures to prevent spills. Additionally, our mechanical integrity and maintenance system is rigorously upheld to ensure that our facilities consistently operate at peak efficiency and optimal conditions.



For more information, see the following link: <https://canacolenergy.com/sustainability/a-cleaner-energy-future/biodiversity/>





## Waste management

At Canacol, we adopt a proactive approach to waste management, guided by the principles of a circular economy. We recognize the importance of minimizing the environmental impact associated with waste generated from our operations, and we are committed to embracing innovative and responsible practices that prioritize reduction, reuse, and recycling.

### Details of the material issue

**Canacol is actively pursuing certification as a Zero Waste organization in Colombia**, with a target of reusing a minimum of 34% of total waste generated. We promote the procurement and utilization of inputs that yield lesser environmental impacts for both the Company and our contractors, employing a life cycle analysis approach.

Our commitment to waste management [ENV-7] [GRI 306-2] is underscored a dedicated implementation program, wherein various strategies are deployed to enhance indicators and monitor our waste management efforts. This program covers the following lines of action:

**Reduction:** Through awareness campaigns, Canacol is dedicated to educating both its employees and contractors about the importance of reducing material consumption and minimizing waste generation. Furthermore, we actively advocate for proper waste separation practices to encourage environmentally responsible behavior within our operations.

**Recycling:** Canacol prioritizes recycling to maximize the utilization of waste, including hazardous waste, which is incinerated to generate energy. Moreover, drilling muds are treated through bioremediation with landfarming to facilitate their reuse in land reclamation efforts. Additionally, used oils are refined to incorporate their by-products into new products.

For more information, see the following link:

[https://canacolenergy.com/site/assets/files/3856/waste\\_management\\_commitment.pdf](https://canacolenergy.com/site/assets/files/3856/waste_management_commitment.pdf)

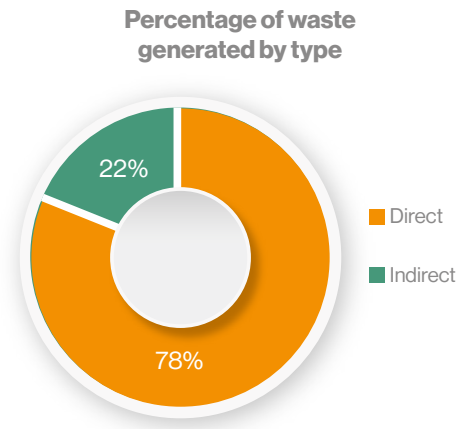
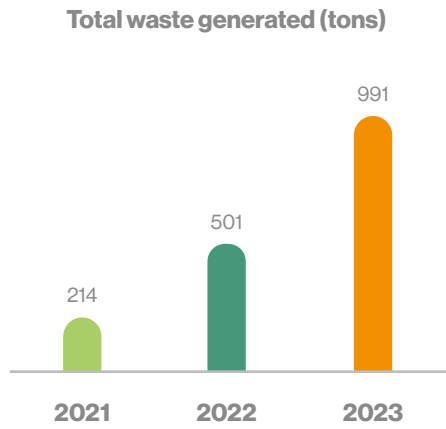


Canacol partners with an advanced waste management company to effectively minimize and eliminate waste streams, ensuring adherence to responsible disposal practices.

The Company prepares the FHSEQ-109 waste delivery form for submission to suppliers, who subsequently provide the final disposal certificates to the environmental auditor. Additionally, the contractor records the generation and management of solid waste daily, including its classification by weight, storage, and final disposal method. These records are submitted weekly to the environmental auditor for thorough review.



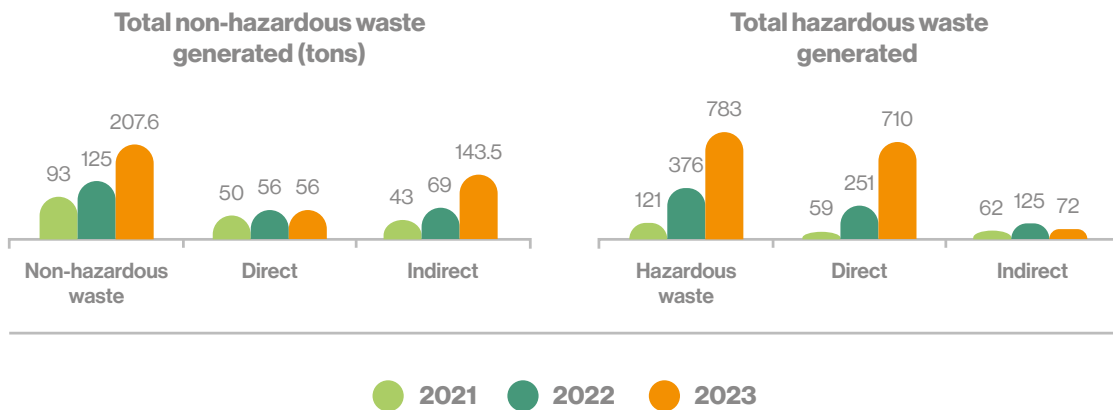
### Waste generated



In 2023, waste generation at Canacol [GRI 306-3] experienced an increase from 2022, attributed to the production of by-products from wells under development, such as produced water and oily sludge. However, it is noteworthy that these waste materials offer alternative utilization avenues, resulting in our utilization rate reaching 58% of the total waste generated in 2023.

### Waste generation and number of wells

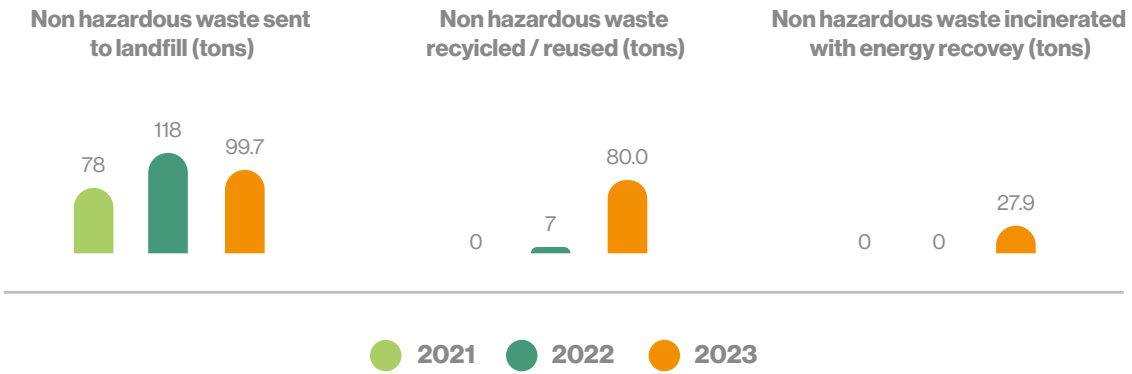
| Year | Waste generated (tons) | Number of wells |
|------|------------------------|-----------------|
| 2021 | 214                    | 12              |
| 2022 | 501                    | 12              |
| 2023 | 990                    | 14              |



### Waste strategy and management [GRI 306-4] [GRI 306-5]

We implement a diverse range of techniques for waste disposal, including recycling, reuse, and

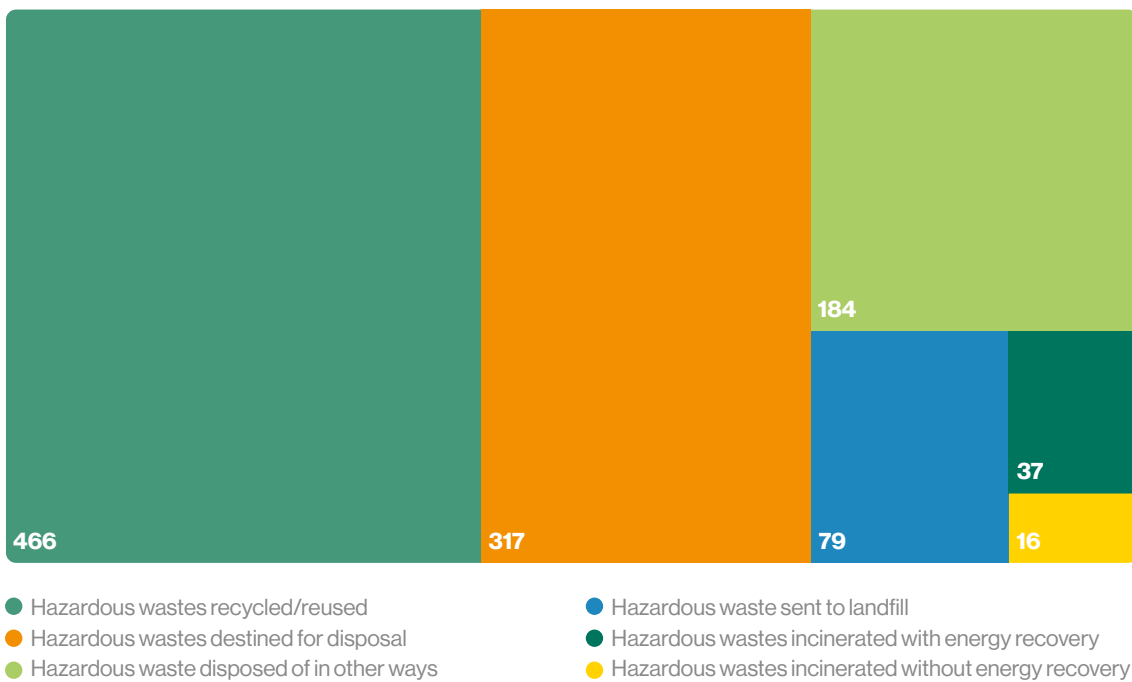
disposal. We rigorously monitor waste volumes generated by our Company and third parties, and we require our contractors to comply with the same strict waste management regulations [GRI 308-2].



At Canacol, we have implemented a series of supplier selection and contracting strategies [GRI 308-1]. Our criteria prioritizes suppliers possessing the requisite technical and operational capabilities essential for proper

management. We also prioritize partnering with suppliers that offer alternative waste management solutions, including measures such as incineration with energy recovery, used oil refining, and bioremediation.

**Hazardous waste management 2023 (tons)**



At Canacol, we recognize the importance of responsibly managing the waste generated by our operations. Among the notable types of waste directly generated are contaminated soils from landfill activities, oily drilling muds, and oily waters [GRI 306-1]. Left unchecked,

these waste types can have a significant impact on the environment. Therefore, we are committed to implementing effective measures to minimize their generation and mitigate their negative effects on the environment.

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

|                                  | 2021          | 2022           | 2023             |
|----------------------------------|---------------|----------------|------------------|
| <b>Direct activities</b>         | <b>49,626</b> | <b>55,776</b>  | <b>132,250</b>   |
| Production                       | 49,626        | 55,776         | 132,250          |
| <b>Subcontracted activities</b>  | <b>43,150</b> | <b>69,099</b>  | <b>75,315.4</b>  |
| Drilling                         | 39,281        | 61,100         | 65,019           |
| Platform modifications           | 313           | 131            | 936,4            |
| Civil works of improvement       | 0             | 764            | 1,723            |
| Flowline construction            | 147           | 2,639          | 1,751            |
| Platform construction            | 3,409         | 3,923          | 5,332            |
| Optimization of the installation | 0             | 542            | 554              |
| <b>Total</b>                     | <b>92,776</b> | <b>124,875</b> | <b>207,565.4</b> |

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

|                                  | 2021           | 2022           | 2023           |
|----------------------------------|----------------|----------------|----------------|
| <b>Direct activities</b>         | <b>58,735</b>  | <b>251,408</b> | <b>711,561</b> |
| Production                       | 58,735         | 251,408        | 711,561        |
| <b>Subcontracted activities</b>  | <b>62,163</b>  | <b>125,123</b> | <b>70,478</b>  |
| Drilling                         | 60,637         | 114,138        | 63,845         |
| Platform modifications           | 98             | 2,746          | 1,090          |
| Civil works of improvement       | 0              | 1,146          | 425            |
| Flowline construction            | 117            | 1,287          | 1,924          |
| Platform construction            | 1,311          | 4,963          | 2,756          |
| Optimization of the installation | 0              | 843            | 438            |
| <b>Total</b>                     | <b>120,898</b> | <b>376,531</b> | <b>782,039</b> |

| Management of waste generated (total waste) | Units | 2021 | 2022 | 2023 |
|---|-------|------|------|------|
| Total waste disposed                        | ton   | 214  | 501  | 990  |
| Waste management                            | %     | 18   | 11   | 58   |

| Hazardous waste management | Units | 2021 | 2022 | 2023 |
|----------------------------|-------|------|------|------|
| Total waste disposed       | ton   | 121  | 337  | 783  |
| Waste management           | %     | 19   | 13   | 60   |

For more information, please visit the following link:  
[Waste Management | Canacol Energy Ltd.](#)



Scan me



# Sustainability policy

The Company has a publicly accessible Sustainability Policy, which establishes its commitment to building a Culture of Safety, Occupational Health, Quality, Environment, Risk Management and Opportunity. This Policy is applicable to all employees, partners, customers, suppliers, contractors, and other stakeholders involved in the exploration, drilling, and production activities.

Our **Sustainability Policy** reflects our firm commitment to environmental protection, the mitigation of potential environmental impacts, the optimization and conservation of natural resources and the proper management of our waste, as well as the management of the risks associated with our operations. Our Policy covers all the Company's business units.

For more information, see our sustainability policy at the following link:  
[https://canacolenergy.com/site/assets/files/3758/sustainability\\_policy\\_hseq.pdf](https://canacolenergy.com/site/assets/files/3758/sustainability_policy_hseq.pdf)



## Environmental Management System

Canacol applies the **ISO 14001:2015** Standard to verify, audit, and certify its Environmental Management System (EMS). Activities to promote and ensure ISO certification include:

- Conducting internal and external HSEQ audits.
- The inclusion of an environmental appendix in all contracts with environmental metrics and criteria.
- The development of environmental quality plans for contractors, ensuring alignment with Canacol standards.
- Conducting annual evaluations of the environmental performance of contractors, incentivizing those with the best results.

## Environmental Licenses

We are responsible for the development of Environmental Management Plans (EMPs) associated with exploration and development operations. In addition, we are responsible for communicating and reviewing the results of Environmental Impact Assessments (EIAs), as well as complying with contractual and regulatory obligations to local communities and relevant authorities. The EMPs are prepared considering the findings of the EIAs and the conditions stipulated in the environmental licenses. In each project, the extent of the affected area is defined, and specific management and monitoring measures are established that must be implemented in accordance with ANLA's annual audits.

# Our environmental management at Rancho Hermoso

Canacol operates the Rancho Hermoso oil field under a cooperation agreement with Hocol (a subsidiary of the Ecopetrol Group), where Hocol is the principal holder of the environmental license in the contract with the National Hydrocarbons Agency (ANH), while

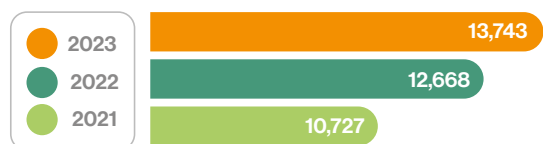
Canacol assumes responsibility for compliance with environmental regulations. Rancho Hermoso contributes 2% of our production and is in the mature production phase with no immediate plans for new exploration or development projects.

## Energy

[GRI 302-1]

Rancho Hermoso's total energy consumption from 2021-2023 was completely sourced from non-renewable energy.

### Total non-renewable energy consumed (MWh)



## Direct GHG Emissions - Scope 1

[GRI 305-1] [CCE-4] [EM-EP-110a.1] [EM-EP-110a.2]

At Rancho Hermoso, we conduct regular and detailed emissions monitoring. During 2023, overall direct GHG emissions totaled 20,171 tons of CO<sub>2e</sub>, with 75.1% derived from stationary combustion for electricity generation.

| Scope 1                    | Activity                      | tonCO <sub>2e</sub> /year | Contribution |
|----------------------------|-------------------------------|---------------------------|--------------|
| Direct Emissions - Scope 1 | Fuels from stationary sources | 15,161.2                  | 75.2%        |
|                            | Fuels mobile sources          | 0.0                       | 0.0%         |
|                            | Fire systems                  | 0.0                       | 0.0%         |
|                            | Refrigerants                  | 65.6                      | 0.3%         |
|                            | Fugitive emissions            | 4,944.2                   | 24.5%        |
| Subtotal Direct Emissions  |                               | 20,171                    | 100%         |
| Total Emissions            |                               | 20,171                    | 100%         |



## Amount of global gross Scope 1 GHG emissions to the atmosphere (tonCO<sub>2e</sub>)

[EM-EP-110a.2]

|   | 2023   |
|---|--------|
| Hydrocarbons combusted: stationary and mobile sources | 15,161 |
| Other combustion                                      | 0      |
| Emissions generated during processing: stationary     | 15,161 |
| Other emissions to the atmosphere                     | 0      |
| Fugitive emissions                                    | 4,944  |

## Water management

[EM-EP-140a.1] [EM-EP-140a.2] [GRI 303-5] [GRI 303-3] [GRI 303-4]

We consistently manage processes for the capture, use, and discharge of water used in Rancho Hermoso's operation:



| Water extraction (ML)                  | 2021 | 2022 | 2023 |
|--|------|------|------|
| Surface water <sup>34</sup>            | 0    | 0    | 0    |
| Groundwater <sup>35</sup>              | 1.6  | 2.9  | 4.5  |
| Produced water                         | 0    | 0    | 0    |
| Water from third parties <sup>36</sup> | 0    | 0    | 0    |
| Total water extraction                 | 1.6  | 2.9  | 4.5  |
| Total water consumption                | 1.6  | 2.9  | 4.5  |

| Discharges (ML)                    | 2021 | 2022 | 2023 |
|------------------------------------|------|------|------|
| Surface water discharges           | 0    | 0    | 0    |
| Groundwater discharges             | 0    | 0    | 0    |
| Marine water discharges            | 0    | 0    | 0    |
| Discharges into third party waters | 0    | 0.1  | 0.1  |
| Total discharges                   | 0    | 0.1  | 0.1  |

<sup>34</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>35</sup> Water stored in a groundwater formations from which it can be extracted (ISO 14046:2014), taken from the GRI Standard.

<sup>36</sup> Municipal water suppliers, municipal wastewater treatment plants, public or private utilities and other organizations involved in the supply, transport, treatment, disposal or use of water and effluents (Taken from the GRI Standard).



## Biodiversity

[EM-EP-160a.2]

We conduct continuous monitoring of flow pipelines through a comprehensive maintenance and integrity plan to prevent potential oil spills. It is imperative that all information related to oil spill incidents be submitted for audit to both the ANLA and the ANH.

**In 2023 there were no oil spills at the Rancho Hermoso facilities.**

## Waste

[GRI 306-3] [GRI 306-4] [GRI 306-5]

Canacol is committed to the responsible management of waste from the Rancho Hermoso operation, seeking to maximize its reuse. During 2023, we prioritized the reduction of waste destined for landfills, favoring alternatives such as **incineration with energy recovery, used oil recycling, and bioremediation**, among other environmentally responsible practices:

| Non-hazardous waste (kg)             | 2023       |
|--------------------------------------|------------|
| Reuse                                | 0          |
| Recycling                            | 282        |
| Composting                           | 0          |
| Recovery (including energy recovery) | 0          |
| Incineration                         | 0          |
| Deep well injection                  | 0          |
| Landfill                             | 508        |
| On-site storage                      | 0          |
| Other                                | 0          |
| <b>Total</b>                         | <b>790</b> |

| Hazardous waste (kg)                 | 2023          |
|--------------------------------------|---------------|
| Recovery (including energy recovery) | 600           |
| Landfill                             | 66,130        |
| <b>Total</b>                         | <b>66,730</b> |



# Empowering our people



# Empowering our people

Canacol is committed to the well-being, prosperity, and health and safety of its employees, contractors and communities within its operational areas. Our success is attributed to serving our stakeholders, respecting and supporting rural and indigenous populations, and our capacity to attract and retain exceptional talent.

The Company consistently invests in the development of its employees fostering a culture of transparency, support, and inspiration to propel the achievement of our short, medium, and long term goals. We prioritize DEI at all levels of the organization and with our stakeholders.





### Health and Safety

- Promote safe work spaces.



### Talent and culture management

- Recruit and retain top talent by providing competitive compensation and benefits, along with training processes that facilitate leadership development.
- Establish a human rights-based organizational culture.



### Diversity, equity and inclusion (DEI)

- Establish equitable working conditions to ensure that employees feel respected and valued.



### Relationship with rural and ethnic communities

- Promote intercultural dialogue with respect for human rights, transparency and compliance with current regulations.
- Generate shared benefits through positive initiatives aligned with local and regional development plans.



### Employment and local development

- Offer high-quality employment opportunities and hire skilled and unskilled labor locally.
- Boost the local economy by procuring goods and services locally.



### Sustainable management of the value chain

- Develop the capabilities of our suppliers by implementing social, environmental, and quality standards throughout the supply chain process.



## Management of material affairs

### Sustainability issue

### Management approach

### Progress

[GRI 3-3]

[GRI 3-3]



#### Health and safety

- Adopt and promote safe behaviors and act proactively to improve health and safety conditions.
- Promote education and compliance through health and safety training programs.

- Achieved 100% compliance with occupational health and safety and legal training for direct employees and contractors.
- Developed programs for emergency brigade formation with fire departments authorized by the National Fire Department.
- Achieved 100% compliance from both direct employees and contractors with the Strengthen Competencies Program for safe work authorities.
- Strengthened and consolidated safe work practices to control operational risks.
- Provided optometric assessments for 100% of direct field workers alongside delivery of safety glasses.
- Monitored the health status of workers through 271 occupational medical examinations.
- Provided 8 hours of first aid training for brigade members, general services employees, and drivers by the National Red Cross in Bogotá and in the field.
- Applied 104 doses of vaccines for vaccine-preventable diseases during vaccination days at Jobo station and Bogotá offices.
- Inspected 100% of the teleworkers' workstations.



#### Talent management and culture

- Manage employee well-being and the quality of life.
- Develop capabilities and continuous learning to transform talent.
- Beneflex Portfolio 2023-2024 focused on employee benefits.
- Received highly satisfactory results in the Great Place To Work survey.





**Sustainability issue**

**Management approach**

**Progress**

[GRI 3-3]

[GRI 3-3]



**Diversity, equity and inclusion**

- Create opportunities for DEI.
- Achieved the Equipares silver seal certification in 2022 with the highest score and implemented programs for the integration of people with disabilities. In 2024, Canacol is pursuing the gold seal certification promoting initiatives to enhance gender equality and increase the percentage of female employees in the workforce.
- Joined the “Energy That Transforms” alliance of the Ministry of Mines and Energy, focused on the implementation of gender equality guidelines in the Colombian mining and energy sector.
- Participated in the Aequales PAR Ranking on the promotion of the Company’s DEI strategy, achieving a score of 65.8%. We significantly surpassed the average LATAM PAR ranking of 55%.
- Achieved recognition for our Sustainable Development best practices from the Global Compact for contributing to SDG 5 through the initiative “Canacol: a culture focused on diversity, equity, and inclusion”.



**Rural and ethnic community relations**

- Strengthen intercultural relationships with stakeholders.
- Run projects with communities that develop capabilities.
- Provided constant and transparent communication on the dissemination for our activities, as well as timely response to concerns, requests, complaints and claims (CRCC). Held 237 meetings with 5,099 participants.
- Implemented 57 social projects in 39 communities within our operational areas.
- Benefited 14,916 individuals.



**Employment and local development**

- Strengthen local development and employment.
- Boosted local employment and fostered socioeconomic development of communities by hiring skilled and unskilled labor locally.
- 85.18% of local unskilled labor was hired directly.
- 14.8% of non-local unskilled labor hired directly.
- 66.67% of local skilled labor was hired indirectly.
- 33.3% of non-local skilled labor was hired indirectly.

## Sustainability issue



## Sustainable value chain management

## Management approach

[GRI 3-3]

- Strengthen the commercial relationship and the application of sustainable requirements to suppliers.
- Achieve resilient sourcing and mitigate value chain risks.

## Progress

[GRI 3-3]

- Selected suppliers in compliance with high standards (Environmental, Industrial Safety, Quality and Social) according to evaluated technical criteria, as applicable.
- Performed evaluations through the SQM (Service Quality Meeting) program to establish long term relationships with our strategic and tactical suppliers.
- Conducted contractual audits to generate value from commercial relationships with third parties, ensuring contractual compliance, mitigating possible risks due to management failure, and implementing controls to anticipate and reduce the impacts of management failures.
- Conducted censuses of local suppliers to promote the acquisition of goods and services in operational areas.
- 98% of the Company's procurement purchases were sourced from local, regional and national suppliers.

## Risks, opportunities and future prospects

[GRI 3-3]

## Risks and opportunities

Global challenges such as climate change, DEI, fair labor conditions, and human rights impact the progression of the UN SDGs. Consequently, there is a growing global movement advocating for legislation mandating companies to conduct human rights due diligence in their activities (Business and Human Rights Resource Center). The adoption of the United Nations Guiding Principles on Business and Human Rights in Colombia (Ombudsman's Office of Colombia and Danish Institute), and

the National Strategy for Diversity, Equity, and Inclusion (ANDI) pose challenges to prevent and control the risks associated with stakeholder relations.

Potential human rights risks prompt companies to exercise diligence in identifying and analyzing these concerns, with a focus on their business operations across the entire value chain to identify possible violations. Risks related to legal issues, gender equity, pay equality, and freedom of association primarily affect the sustainability of operations.

Risks associated with DEI in the corporate sphere include gender biases, wage disparities, and limited growth opportunities. These risks not only raise ethical concerns but also represent a commitment to cultivating inclusive work environments aimed at fostering respect and enhancing innovation, creativity, and organizational performance. Companies that prioritize the implementation of a DEI strategy are better able to attract and retain high-quality talent while establishing strong relationships with their stakeholders.

Fluctuating oil and gas prices can lead to employment volatility, posing challenges arising from climate change and the transition toward more sustainable energy sources. These factors present significant risks not only for direct employment within the sector but also for local communities dependent upon these industries for economic development. However, opportunities emerge from technological innovations, and the creation of new jobs within energy communities as part of an equitable energy transition, can stimulate local development.

### **Future outlook**

We will focus on enhancing the implementation of the human rights policy by updating the risk

matrix to assess impacts and opportunities within the scope of due diligence for management. Additionally, we will define specific indicators for monitoring and periodically evaluating the Company's operations and the entire value chain. Our efforts will include ongoing training and capacity-building activities tailored to our stakeholders, including employees, contractors, and public forces, to continuously improve our human rights risk management practices.

Canacol endeavors to tackle these challenges by implementing robust DEI policies and social management strategies that recognize the interconnectedness between human rights, social equity, and environmental health. Through these measures, we aspire to create positive outcomes for all our stakeholders, including direct and indirect employees, rural communities, ethnic communities, local and regional governmental entities, contractors, and suppliers.

Canacol will support and enhance local renewable energy development projects focused on the distribution of benefits from Company investments. These initiatives will be aligned with our corporate strategy and the UN SDGs. Future implementation of community projects will contribute to the reduction of inequalities, social unrest, the environment, and decarbonization.



## Outstanding practices and recognitions

### We are a diverse and inclusive company

Canacol has received several recognitions for its efforts to promote an inclusive culture, highlighting:

- **Equipares Silver Seal Certification (2022):** granted by the Ministry of Labor and the United Nations Development Program (UNDP) to recognize our corporate commitment and DEI Strategy. Canacol aims to achieve the gold seal in 2024.
- **Aequales PAR Ranking:** achieved a score of 65.8%, significantly surpassing the average LATAM PAR score of 55%.
- **Recognition of good sustainable development practices by the Global Compact:** we contribute as a company to SDG 5 through our practice “Canacol: a Culture Focused on Diversity, Equity and Inclusion.” We continue to implement the Gender Equality Management System (GEMS) to minimize gender gaps.

- **“Great Place to Work” Certification:** awarded for our good work practices and organizational climate management.
- **Win Awards:** recognized our ESG Manager as an influential woman in the oil and gas industry in 2023.
- **Adherence to the Voluntary Principles Initiative:** as members of the initiative, we are committed to implementing the United Nations Guiding Principles on Business and Human Rights to ensure respect for human rights in our operations.



### We maintain our social leadership

Our DEI policies are designed to foster enduring relationships with our stakeholders. Similarly, Canacol is dedicated to creating shared value and encouraging active stakeholder participation. We facilitate transparent communication through intercultural dialogue and manage investments that generate significant socioeconomic benefits at the local, regional, and national levels. Throughout project development, we establish various platforms for community involvement and communicate our environmental commitments to ensure communities are well-informed about our operations. This approach enables us to monitor project progress and compliance effectively.



## We work to strengthen our value chain's sustainability

We have implemented a rigorous supplier selection methodology that adheres to excellence standards in environmental and social conditions, industrial safety, and corporate governance, ensuring adherence to good sustainability practices. Through periodic evaluations and contractual audits, we aim to cultivate long term relationships, mitigate risks, and create value. Our commitment extends to empowering local suppliers through various initiatives, including census updates, business conferences, in-person and virtual training sessions, certified courses, and participation in trade fairs. These efforts not only stimulate economic development but also reinforce communities' commercial ties with the Company.

## We continually strengthen health and safety processes

At Canacol, we have implemented the Health, Safety, Environment and Quality Management System (HSEQ-MS) in line with the best practices and guidelines established in the NTC-ISO 45001:2018 certification, local regulations, and our Sustainability Policy (HSEQ). Within this framework, we conduct periodic assessments of health and safety risks and hazards associated with our operations. This proactive approach reinforces our safety culture and deepens our understanding of internal and external risk factors. Canacol has achieved 100% compliance in occupational health and safety training for all employees and contractors through training and continuing education programs, alongside regular inspections and compliance audits.



## Health and safety



We reaffirm our commitment to the well-being, health and safety of our employees, contractors and local communities. In compliance with the Occupational Health and Safety Management System (SGSST, per its Spanish acronym) certified by ISO 45001:2018, the Company continues to improve its health and safety culture. This involves identifying and disclosing risks as part of the iterative Plan-Do-Check-Act (PHVA, per its Spanish acronym) process.

In 2023, Canacol complied with 100% of the occupational health and safety plan by programming and executing activities designed to mitigate the risks of workplace accidents and occupational diseases:

- Training leaders in stress management by introducing various mental health strategies.
- Training general service personnel in hygiene practices and legal requirements for food handling, aimed at preventing Foodborne Diseases (ETAs, per its Spanish acronym).
- Training personnel in how to conduct breathalyzer tests.

Last year, we conducted training sessions focused on occupational health and safety. This included induction programs for new workers and re-induction for existing workers, covering topics such as the management of chemicals under the globally harmonized system, safe work practices, road safety, mechanical hazards, handling of high pressures, control of hazardous energies, and hazard response protocols.

For more information on health and safety, see the following link:  
<https://canacolenergy.com/sustainability/empowering-our-people/occupational-health-and-safety/>



## Hazard identification and risk assessment

[GRI 403-2] [GRI 403-3] [GRI 416-1]

Canacol continuously performs a comprehensive identification and evaluation of health and safety risks within the hazard identification, evaluation, and risk assessment matrix for both direct and contracted operations. Through this analysis, we gain insights into organizational risks and formulate preventive measures, adhering to the mitigation hierarchy of mitigate, reduce, and eliminate. Oversight of health and safety risks is entrusted to the Company's Audit Committee

and the Joint Occupational Health and Safety Committee (COPASST, per its Spanish acronym), which monitor legal compliance and promote adherence to safety protocols.

We employ the mitigation hierarchy of control to address identified threats and cultivate a safe work environment, thereby preventing and managing potential hazards that could jeopardize the physical well-being of our employees. We actively encourage our employees and contractors to report any conditions or actions that may pose risks to their safety and integrity.

We conduct occupational medical examinations to promptly detect adverse health conditions, ensuring the well-being of our workforce. Additionally, we inspect workstations both physically and virtually to assess and mitigate potential risks.

## Training and prevention in health and safety

[GRI 403-5] [GRI 403-6] [GRI 403-7] [SHS-1] [SHS-2] [EM-EP-320a.2.]

The Health and Safety Competency Strengthening Program provides training on hazard identification, best work practices, first aid, handling of psychoactive substances, prevention of musculoskeletal disorders, and biosafety protocols. This program is designed to enhance our employees' knowledge and skills, thereby minimizing hazards or accidents in the workplace. Furthermore, Canacol ensures the provision of equipment and Personal Protective Equipment (PPE) for all personnel to further ensure their safety.

To uphold our zero-accident record, our workers, contractors, and subcontractors have both the right and the obligation to halt any task that may endanger their physical health or the environment.

Among the benefits related to health prevention, we offer access to medical services and promote wellness, encompassing psychological support, optometric evaluations, and public health campaigns. Our comprehensive approach includes affiliation to medical programs, ambulance service in Bogotá, vaccinations, and access to sports facilities such as gyms.

## Comprehensive health and safety management

[GRI 403-1] [GRI 403-8] [SHS-6] [SHS-7]

Canacol has implemented an **Occupational Health and Safety Management System (OHSMS)** in compliance with international standard **NTC-ISO 45001:2018** and Colombian legislation (Decree 1072 of 2015 and Resolution 0312 of 2019), ensuring a safe environment across all activities and operations. The effectiveness of the OHSMS is verified through internal and external audits, providing **100% coverage for employees and contractors**. In 2023, no Tier One process safety incidents were reported, reflecting our effective risk management practices and commitment to a preventive safety culture. Additionally, we prioritize continuous protection against threats, including cyber-attacks, through constant communication with stakeholders and dynamic adaptation to emerging risks.

## Accidents and work injuries

[GRI 403-9] [GRI 403-10] [SHS-3]

Canacol continuously updates the matrix for hazard identification, evaluation, and risk assessment, encompassing various categories of hazards. These include physical hazards such as noise, non-ionizing radiation, lighting, extreme temperature and vibration, chemical hazards involving exposure to substances, mechanical and ergonomic hazards related to handling loads and maintaining postures, biological hazards including bites, stings, and risks associated with diseases such as Covid-19; and psychosocial/organizational hazards such as intra-extra-work interactions, workload and stress, and work demands. Furthermore, Canacol maintains the implementation of five epidemiological surveillance systems as integral components of its risk prevention measures. These systems focus on remote work, prevention of musculoskeletal disorders, prevention of diseases caused by exposure to chemicals, prevention of noise-induced hearing loss, and prevention of psychosocial risks.

**For the third consecutive year, we have sustained the trend of zero fatalities resulting from occupational illnesses or diseases, as well as safety incidents involving employees and contractors.**

This achievement demonstrates our effective risk management practices and the commitment of senior management to protecting the lives of our personnel.

## Occupational diseases and illnesses that result in fatalities<sup>37</sup>

|  | 2021 | 2022 | 2023 |
|--|------|------|------|
| Number of deaths resulting from an occupational illness or disease for employees   | 0    | 0    | 0    |
| Number of deaths resulting from an occupational illness or disease for contractors | 0    | 0    | 0    |

<sup>37</sup> GRI 403-10 Occupational Health and Safety.

During 2023, Canacol responded effectively to a reported case of musculoskeletal disease and intensified its focus on employee health and safety. In response to the case, prompt measures were implemented, including epidemiological surveillance, physical evaluations, safety inspections, and preventative training.

Teleworking was closely monitored to mitigate mechanical and ergonomic risks. Additionally, the Company conducted medical examinations and psychosocial evaluations, incorporating data from contractors and its own records. Analysis was conducted for every 200,000 and 1,000,000 hours worked.

## Number of cases of recordable occupational illnesses and diseases<sup>38,39</sup>

|   | 2021 | 2022 | 2023 |
|---|------|------|------|
| Number of cases of recordable occupational illnesses and diseases for employees   | 0    | 0    | 1    |
| Number of cases of recordable occupational diseases and illnesses for contractors | 0    | 0    | 0    |

The number of safety events and accident indicators calculated per million hours worked for both male and female employees remained at zero.

In 2023, the accident and injury rates for employees were 0.43 (per 200,000 hours) and 2.15 (per 1,000,000 hours), respectively. For contractors, the rates recorded were 0.41 (per 200,000 hours) and 2.1 (per 1,000,000 hours), respectively.

## Accident and Work Injury Results<sup>40</sup> (per million hours worked)<sup>41</sup>

| Concept  | Employees | Contractors and Temporary |
|--|-----------|---------------------------|
| Number of deaths due to occupational accidents           | 0         | 0                         |
| Rate of deaths due to occupational accidents             | 0         | 0                         |
| Number of work related accidents with major consequences | 0         | 0                         |
| Number of work related accidents with major consequences | 0         | 0                         |
| Number of recordable workplace injuries                  | 2         | 5                         |
| Rate of recordable workplace injuries                    | 2.15      | 2.1                       |
| Worked hours   | 931,236   | 2,406,400                 |

In 2023, the frequency of lost-time injuries and safety events for both men and women, as well as accident indicators calculated

per million hours worked, remained at zero against 931,236 hours worked for employees<sup>42</sup>.

38 GRI 403-10 Occupational Health and Safety.

39 For GRI 403-10, no type of exclusion is generated for either employees or contractors.

40 GRI 403-9 Accidents and Work Injuries.

41 For GRI 403-9, no type of exclusion is generated for either employees or contractors

42 The calculation of man-hours of direct employees is made taking into account the days worked by work shifts without including absenteeism.



As for contractors, the LTIFR (Lost Time Injury Frequency Rate) of 2.1 (associated with five contractors) was reported against 2,406,400 hours worked.

The goal of maintaining the LTIFR industrial safety indicators of the workforce (employees) below two by 2023 has been achieved, demonstrating 100% compliance.

### Lost Time Injury Frequency Rate (LTIFR) (per million hours worked)

|  | 2021 | 2022 | 2023 |
|--|------|------|------|
| Injury Frequency Rate (LTIFR), employees   | 0    | 0.91 | 0    |
| Injury Frequency Rate (LTIFR), contractors | 1.17 | 0.8  | 2.1  |

For the third consecutive year, accident indicators calculated with a constant of one million hours worked or kilometers traveled in vehicles remained at zero.

In 2023, the Vehicle Incident Frequency Rate (VIFR) in our operations remained at zero.

### Serious Vehicle Incident Frequency Rate (VIFR) for employees and contractors (per million kilometers traveled).

|  | Unit of measurement | Year      |           |           |
|--|---------------------|-----------|-----------|-----------|
|  |                     | 2021      | 2022      | 2023      |
| Total number of vehicle accidents              | #                   | 0         | 0         | 0         |
| Vehicle mileage                                | km                  | 3,521,954 | 8,397,261 | 4,937,435 |
| Serious Vehicle Incident Frequency Rate (VIFR) | Rate                | 0         | 0         | 0         |

In 2023, we achieved a Total Recordable Injury Frequency Rate (TRIFR) for company employees of 0, indicating an absence of

recordable incidents. However, for contractors, the TRIFR increased year-on-year to 2.08 in 2023.

### Total Recordable Injury Frequency Rate (TRIFR) (per million hours worked)

|   | 2021 | 2022 | 2023 |
|---|------|------|------|
| Total Recordable Injury Frequency Rate (TRIFR), employees   | 1.26 | 1.86 | 0    |
| Total Recordable Injury Frequency Rate (TRIFR), contractors | 1.57 | 1.86 | 2.08 |

### Near Miss Frequency Rate (NMFR) for employees and contractors (per million hours worked)

|   | 2021 | 2022 | 2023 |
|---|------|------|------|
| Near Miss Frequency Rate (NMFR) for employees   | 15   | 11   | 0    |
| Near Miss Frequency Rate (NMFR) for contractors | -    | -    | 20   |

## For 2023, the Near Miss Frequency Rate (NMFR) was 8.31 per million hours worked.

In 2023, we improved our Accident Severity Index rating by reducing the number of days

lost compared to the number of hours worked, as compared to 2022.

### Company Accident Severity Index (per million hours worked) for employees, contractors and outsourced personnel

|                                   | 2021      | 2022      | 2023                    |
|-----------------------------------|-----------|-----------|-------------------------|
| Days lost due to work accidents   | 126       | 343       | 230                     |
| Number of hours worked (HHT)      | 2,554,704 | 4,870,054 | 3,337,636 <sup>43</sup> |
| Lost Time Accident Severity Index | 49.32     | 70.43     | 68.91                   |

### Health and safety training

[EM-EP-320a.1]

In 2023, contractor training reached 100% including temporary staff. Each employee completed at least 6 hours of training, resulting in a total increase in training hours compared to last year. There were no absences due to work-related illness, and the absenteeism rate due to common illness was 0.8. These statistics highlight

our commitment to continuous training and the well-being of our collaborators.

We trained a total of 437 employees and contractors, dedicating 2,622 hours to training in occupational health issues, covering topics such as risks, health and safety skills, first aid, health promotion, disease prevention, and more. This trend reflects a growing commitment to occupational health training for both employees and contractors.

### Occupational health training

| Year                        | 2021 | 2022 | 2023  |
|-----------------------------|------|------|-------|
| Trained employees           | 274  | 345  | 371   |
| Trained contractors         | 4    | 4    | 66    |
| Full-time employees - hours |      | 320  | 2,226 |
| New employees – hours       |      | 25   | 396   |

We trained a total of 1,422 employees and contractors, dedicating 35,844 hours to training in industrial safety and

emergencies. Compared to 2022, we doubled the number of temporary workers that underwent health and safety training.

<sup>43</sup> The total hours worked for employees and contractors was 3,337,636. The number of hours worked for employees was 931,236. The number of hours worked for contractors was 2,406,400

## Training in industrial safety and emergency situations

| Year                        | 2021  | 2022 | 2023   |
|-----------------------------|-------|------|--------|
| Trained employees           | 1955  | 350  | 450    |
| Trained contractors         | 2,448 | 4    | 972    |
| Full time employees - hours | 350   | 325  | 11,226 |
| New employees – hours       | 730   | 30   | 24,618 |

### Health and disease prevention training courses offered by the Company:



**E-learning:**

Focused on best occupational practices for teleworkers, including benefits and healthy practices in teleworking.



**“Always ready to act”:**

First aid e-learning intended for all staff to provide basic emergency care.



**E-learning for the prevention of psychoactive substance consumption:**

Aims to inform about their effects and risks.



**In-person basic first aid course with a theoretical-practical approach:**

Offered in collaboration with the Colombian Red Cross, aimed mainly at drivers and brigade members.



**Induction to the Canacol Biosafety Protocol:**

Inducted through a virtual talk for new employees.



## E-learning courses and in-person training for risk prevention and health promotion:



### Prevention of musculoskeletal disorders:

Focuses on biomechanical hazards and preventive measures in the workplace.



### Best occupational practices for teleworkers:

Covers benefits and healthy practices applicable to teleworking.



### Prevention of psychosocial risk at work:

Focuses on its effects on health and quality of life, as well as risk factors and strategies for mental health.

## Other specific courses depending on risk exposure:



### Stress management leadership:

Mental health strategies for stress management.



### Food handling:

Legal regulations, hygiene, and good practices for food handlers.



### Use of breathalyzers:

Aimed at personnel in charge of monitoring alcohol consumption.





## Participation and communication on health and safety at work

[GRI 403-4]

The Joint Committee on Safety and Health at Work (COPASST), is tasked with coordinating and supervising occupational health and safety initiatives from employees representatives and the Company. Its primary functions include organizing meetings to monitor and resolve any worker issue, conducting safety inspections and accident investigations, and ensuring compliance with epidemiological surveillance systems and programs aimed at physical and mental health care.

The COPASST convenes monthly to foster the improvement of our working conditions, prevent incidents and occupational diseases, and document agreements, action plans, and corrective measures through meeting minutes.

The representatives of the employees, constituting COPASST, were elected through a free vote, ensuring 100% representation of our workers.

The Safety Target Program enables employees and contractors to communicate and report good work practices, suggestions, unsafe acts, and conditions, with the purpose of developing preventive and corrective actions. In 2023, the performance frequency

in security card reporting was 12,150 (related to man hours worked).

Employees participate in various activities aimed at promoting physical health and well-being, including physical training, awareness sessions about healthy habits, active breaks, workplace inspections, first aid training, health weeks, and sports activities. In 2023, the participation of our subsidiaries within the business group increased, with 43% for CNE OIL & GAS SAS and 24% for CNE OIL & GAS SRL, compared to the previous year.

We encourage participation and consultation through digital surveys related to health and safety. Additionally, we distribute the monthly newsletter titled "Together we take care of health," which covers preventive content focusing on physical, mental, and emotional health care.

## Transport security

[SHS-4]

Canacol maintains a mandatory Road Safety Policy and strategic plan for suppliers and contractors. In 2023, we continued to develop health and safety at work audits and awareness campaigns aimed at ensuring compliance with traffic regulations and promoting self-care. These initiatives are focused on both our collaborators and communities in our operational areas.



## Talent and culture management

We consistently provide training to our staff and foster an inspiring and transparent organizational culture. Our short, medium, and long term objectives are aimed at promoting well-being, DEI, gender equality, pay parity, the promotion of human rights, and non-discrimination.

For more information on talent and human capital management, consult the following link:  
<https://canacolenergy.com/es/sustainability/empowering-our-people/our-people/>



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### Employee benefits

[GRI 401-2]

We are committed to generating well-being and improving the quality of life of our human talent. We offer various benefits, including:

- Remote work
- Union benefits
- Savings program with business contributions

- Connectivity help
- Mobility and rolling aid
- Furniture assistance
- Annual sports incentive bonus
- Support for studies of employees' children with disabilities
- Educational aid for children of employees
- Paid work permits
- Stress management at work
- Part-time work options
- Family benefits: breastfeeding and maternity/paternity leave
- Extralegal maternity and paternity leaves
- Fixed corporate benefits: food assistance, extralegal corporate bonus, life policy, funeral insurance, prepaid medicine and promotion of savings in the employee fund
- Flexible benefits: Titled Beneflex portfolio where employees can prioritize their benefits (scheduled savings-Colfondos, Sodexo basket, Sodexo gasoline and time bank)

In 2023, 87.2% of employees received fixed benefits while 12.8% prioritized Beneflex benefits.

### Percentage of employees covered by benefits in the Company - Colombia

|                             | Year  |       |       |
|-----------------------------|-------|-------|-------|
|                             | 2021  | 2022  | 2023  |
| Fixed benefits              | 57.5% | 74.9% | 87.2% |
| Flexible benefits: BENEFLEX | 14.3% | 14.8% | 12.8% |
| Union benefits              | 72.6% | 77.3% | 78.6% |
| Corporate benefits          | 75.6% | 87.6% | 81.5% |

In 2023, we increased our investment in corporate benefits to \$1,786,036, representing a 13% increase compared to previous years.

### Investment in dollars made by the Company for the following benefits of its employees - Colombia

|  | Year      |           |           |
|--|-----------|-----------|-----------|
|  | 2021      | 2022      | 2023      |
| Fixed benefits (USD)                         | 43,045    | 60,206    | 62,786    |
| Flexible benefits: BENEFLEX (USD)            | 157,384   | 203,010   | 185,398   |
| Union benefits (USD)                         | 773,316   | 937,263   | 1,059,051 |
| Total Corporate benefits for employees (USD) | 1,397,051 | 1,582,091 | 1,786,036 |

In 2023, 100% of employees in Canada received health and wellness benefits.

### Investment in dollars made by the Company for health and wellness benefits of its employees - Canada

|           | Year       |            |            |
|-----------|------------|------------|------------|
|           | 2021       | 2022       | 2023       |
| Total USD | \$ 396,663 | \$ 493,166 | \$ 571,949 |

For the first time, Canacol disclosed benefits for employees in Canada.

### Commitment to workers

[SOC-6]

Strategic workforce planning is conducted annually and includes the analysis of personnel requirements for the following year. Senior Management defines the objectives for the current year that guide the performance of personnel, their support processes, and their evaluation.

We reinforce our organizational culture through skill development programs and preparation for career changes, providing employees with tools for their professional growth. The application of the Great Place to Work (GPTW) survey identified the commitment index with a current rating of 56.9 (satisfactory) and the work environment index represented at 60.5% (very satisfactory). This survey enabled us to understand the trends of the work environment, formulate corrective measures, and strengthen technical support for collaborators.

Other relevant indicators addressed in the GPTW survey were:

- Transaction index: 57.8% expressed a positive opinion on transactional aspects (compensation, benefits, or development).
- Bond index: 57.3% indicated a solid relationship with the organization based on transactional and emotional aspects.
- Leaders' Leadership Style index: 67.2% expressed support, communication, empowerment, collaboration, and transparency from leaders.
- 80% would recommend working at the Company.

Based on the results of the GPTW survey, we created an action plan prioritizing activities such as:

- Conducting work sessions to understand the details of the concerns and questions focusing on generating a specific action plan.
- Developing the Giftwork® leadership training program, The Journey to a Great Place to Work, which provides leaders with tools and techniques to empower themselves in managing the work environment.

- Conducting additional research with employees in areas with the greatest questions through focus groups to determine precisely what needs to be done.
- Supporting leaders with greater opportunities for improvement, through coaching sessions, to improve the experience of their employees in the workplace.

## Training and development

[GRI 404-2] [SOC-7]

The Human Talent Department annually prepares a corporate training matrix, the contents of which are shared with employees during the first quarter of each year. The matrix outlines the main technical and soft skills training identified for operational personnel, as well as the mandatory training required for the development of their technical role.<sup>44</sup>

**In 2023, employees in Colombia invested a total of 19,800 hours in training, with 6,768 hours allocated for women and 13,032 hours for men.**

### Average training hours by gender and job category – Colombia 2023

|                        | Women        | Average hours | Men           | Average hours |
|------------------------|--------------|---------------|---------------|---------------|
| Executives (h)         | 49           | 49            | 159           | 22.7          |
| Senior management (h)  | 68           | 17            | 392           | 28            |
| Junior management (h)  | 1,021        | 72.9          | 2,392         | 82.4          |
| Professionals (h)      | 3,412        | 40.6          | 6,033         | 51.5          |
| Administrative (h)     | 2,218        | 31.2          | 4,056         | 32.4          |
| <b>Total hours (h)</b> | <b>6,768</b> | <b>210.7</b>  | <b>13,032</b> | <b>217</b>    |

In 2023, a total of 356 employees from Colombia participated in various training sessions covering topics ranging from

strategic planning to excel management. The greatest participation was reported in excel management, with 131 employees attending.

### Number of participants per course – Colombia 2023

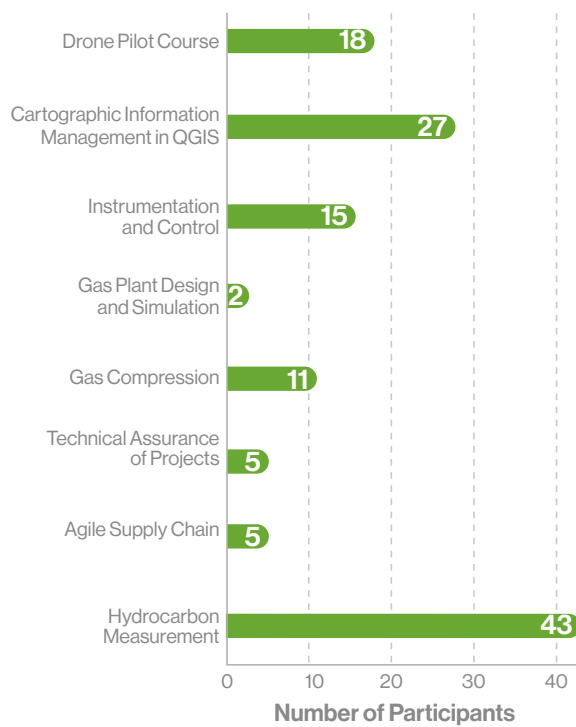


44 For the first time the indicator includes Colombia and Canada.



In the 2023 technical programs, a total of 126 employees participated. Particularly, in the hydrocarbon measurement program, 43 employees participated, while in the geographic information management program, there were 27 participants, indicating greater involvement in these areas.

### Number of participants per technical program – Colombia 2023



In the Agile Methodologies and Techniques program, 12 employees received training. Additionally, 91 employees participated in the virtual course on tax updating.

**In 2023, employees in Canada invested a total of 1,454.5 hours in training, 480 hours for women and 974.5 hours for men.**



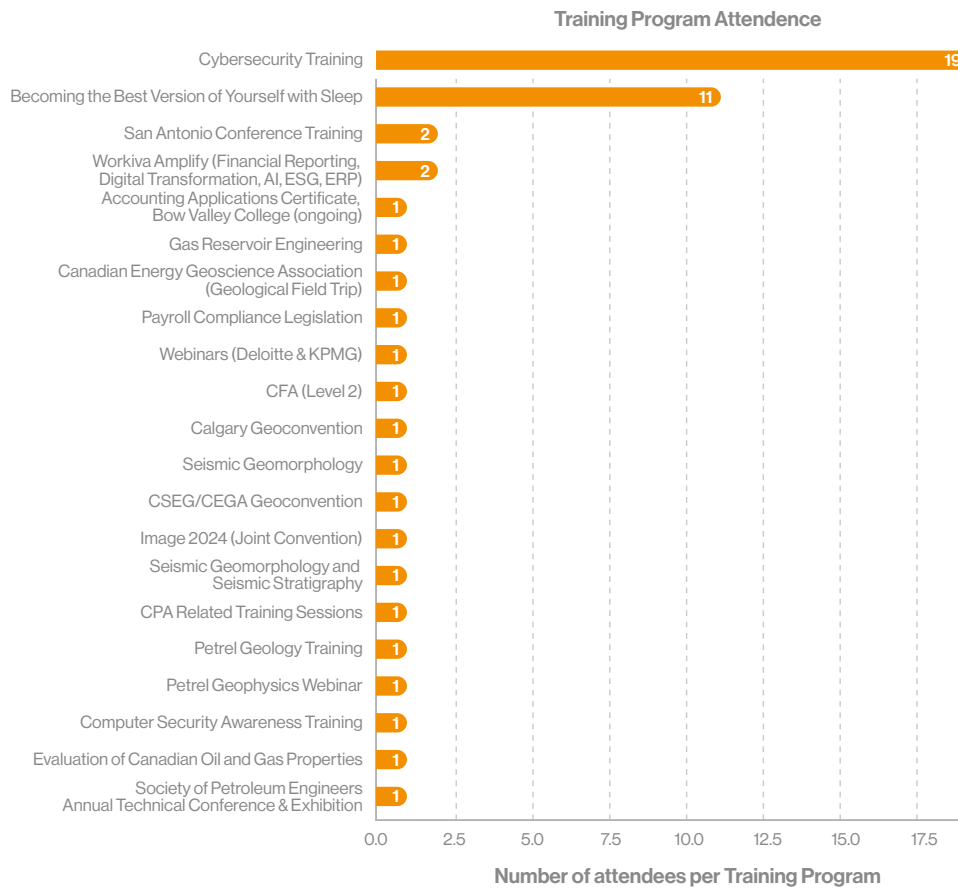
### Average training hours by gender and job category, Canada 2023

|                        | Women      | Average hours | Men          | Average hours |
|------------------------|------------|---------------|--------------|---------------|
| Executives (h)         | 173        | 58            | 21           | 3.5           |
| Senior management (h)  | 0          | -             | 794.5        | 99.3          |
| Junior management (h)  | 0          | -             | 56           | 28            |
| Professionals (h)      | 25         | 12.5          | 103          | 34.3          |
| Administrative (h)     | 282        | 94            | -            | 0             |
| <b>Total hours (h)</b> | <b>480</b> | <b>60</b>     | <b>974.5</b> | <b>51</b>     |

In 2023, the Canadian office trained a total of 27 employees in various programs. The Cybersecurity Training program had the highest participation, with 19 attendees. The course

titled “Becoming the best version of yourself with sleep” was attended by 11 employees. The remaining programs had a participation ranging from 1 to 2 people.

### Number of participants per course – Canada 2023



We reinforce core competencies, promote comprehensive growth, and enhance organizational effectiveness. From the outset, we provide ongoing training, including needs assessments,

e-learning, and follow-up, covering a broad range from technical skills to interpersonal abilities and specific area programs aimed at strengthening productivity and strategic alignment.

**In 2023, the average number of hours allocated to training and development per full-time employee was 42.6 hours.**

**The average amount of investment in training and development per full-time employee was USD \$507.3.**

In total, 12.3% of employees in Colombia participated in the leadership program, while 14.2% participated in english training.

## Number of collaborators trained in languages and leadership – Colombia

| Course                 | Description  | Number of employees | %                  |
|------------------------|--|---------------------|--------------------|
| Leadership             | Program aimed at enhancing the capabilities and managerial skills of individuals and groups leading Canacol.                             | 57                  | 12.3 <sup>45</sup> |
| English (Open English) | Program aimed at Canacol employees in Colombia with the goal of learning a second language and strengthening their professional profile. | 66                  | 14.2 <sup>46</sup> |

In 2023, employees in Canada spent an average of 54 hours of training per employee in spanish, representing 44% of the total workforce.

## Number of collaborators trained in languages – Canada

| Course  | Description  | Number of employees | %    |
|---------|--|---------------------|------|
| Spanish | Program aimed at Canacol employees in Canada with the goal of learning a second language and strengthening their professional profile. | 12                  | 44.4 |

### **Minimum notice periods for operational changes**

[GRI 402-1]

We ensure compliance with minimum notice periods for significant operational changes, adhering to legal requirements and collective bargaining agreements. This approach not only upholds labor rights, but also fosters workforce stability and forward planning. It aligns all members with the strategic movements of the business.

### **Hiring new employees and staff turnover**

[GRI 401-1]

Canacol conducts annual workforce planning to ascertain future requirements and budgets. We

ensure our value proposition and competitive advantage in our strategy from selection onwards, aiming to attract key talent where their potential aligns with the corporate culture. Additionally, in compensation, we individually measure competitiveness against the market. This is supported by training strategies that facilitate growth.

Our selection processes encompass both internal and external calls and include competency evaluations. We actively promote work-life balance practices and create training spaces for well-being and health.

45 The percentage is calculated taking into account the participation of 57 people out of 465 employees in Colombia.

46 The percentage is calculated taking into account the participation of 66 people out of 465 employees in Colombia.

## Number of new employee hires by age and gender – Colombia

In 2023, a total of 79 employees were hired in Colombia. The new hires were concentrated in professional profiles in the 31–50-year age range for the Colombian workforce. These

new hires represent 17% of the total number of linked employees, reflecting an increase of 7.1% compared to the previous year.

|                            | 2021      | Total percentage of new hires <sup>47</sup> | 2022      | Total percentage of new hires <sup>48</sup> | 2023      | Total percentage of new hires <sup>49</sup> |
|----------------------------|-----------|---|-----------|---|-----------|---|
| Women (<31 years)          | 7         | 1.61  | 5         | 1.00  | 12        | 2.58  |
| Women (31-50 years)        | 11        | 2.52  | 17        | 3.41  | 19        | 4.09  |
| Women (>50 years)          | 1         | 0.23  | 4         | 0.80  | 0         | 0.00  |
| Men (<31 years)            | 11        | 2.52  | 5         | 1.00  | 7         | 1.51  |
| Men (31-50 years)          | 26        | 5.96  | 14        | 2.81  | 36        | 7.74  |
| Men (>50 years)            | 7         | 1.61  | 4         | 0.80  | 5         | 1.08  |
| Total women                | 19        | 4.36  | 26        | 5.22  | 31        | 6.67  |
| Total men                  | 44        | 10.09                                       | 23        | 4.62  | 48        | 10.32                                       |
| <b>Total new employees</b> | <b>63</b> | <b>14%</b>                                  | <b>49</b> | <b>10%</b>                                  | <b>79</b> | <b>17%</b>                                  |

In Colombia, of the 79 new hires, 12 were hired through internal promotions by employees who had previously worked directly with Canacol.

## New employee hiring breakdown – Colombia

| Hiring  | Unit of measurement | 2021 | 2022 | 2023 |
|---|---------------------|------|------|------|
| New hires   | #                   | 63   | 49   | 79   |
| Vacancies filled by internal candidates               | #                   | 11   | 14   | 12   |
| Total number of hires                                 | #                   | 63   | 49   | 79   |
| Total percentage of new hires                         | %                   | 14   | 10   | 17   |
| Percentage of vacancies filled by internal candidates | %                   | 17   | 29   | 15   |

- Average hiring cost/ FTE: \$202.6 USD

47 The percentage is calculated taking into account the number of new hires over the total of 436 employees hired by the end of 2021 in Colombia.

48 The percentage is calculated taking into account the number of new hires over the total of 498 employees hired by the end of 2022 in Colombia.

49 The percentage is calculated taking into account the number of new hires over the total of 465 employees hired by the end of 2023 in Colombia.

## New employee hiring – Canada

In 2023, a total of 4 employees were hired in Canada (1 woman and 3 men), representing 14.8% of the total workforce.

| New hires Canada |   |       |
|------------------|---|-------|
| Women            | 1 | 3.7%  |
| Men              | 3 | 11.1% |
| Total employees  | 4 | 14.8% |



## Number of new employee hires by age and gender - Canada

In 2023, a total of 4 employees were hired. The majority of new hires were concentrated in professional roles in the 50+ age range. New hires represent 14.8% of the total number of the Canadian workforce.

|                     | 2021 | Total percentage of new hires <sup>50</sup> | 2022 | Total percentage of new hires <sup>51</sup> | 2023 | Total percentage of new hires <sup>52</sup> |
|---------------------|------|---|------|---|------|---|
| Women (<31 years)   | -    | -   | -    | -   | 1    | 3.7%  |
| Women (31-50 years) | -    | -   | 1    | 5%  | -    | -   |
| Women (>50 years)   | -    | -   | -    | -   | -    | -   |
| Men (<31 years)     | -    | -   | -    | -   | -    | -   |
| Men (31-50 years)   | 1    | 2%  | 2    | 10%   | 1    | 3.7%  |
| Men (>50 years)     | -    | -   | -    | -   | 2    | 7.41%                                       |
| Total new employees | 1    | 2%  | 3    | 15%   | 4    | 14.8%                                       |



50 The percentage is calculated by taking into account the number of new hires over the total number of 22 employees hired by the end of 2021 in Canada.

51 The percentage is calculated by taking into account the number of new hires over the total of 20 employees at the end of 2022 in Canada.

52 The percentage is calculated by taking into account the number of new hires over the total of 27 employees at the end of 2023 in Canada.

## Staff turnover

Voluntary employee turnover refers to the proportion of people who stopped working in an organization (due to resignation, retirement, early retirement, etc.) throughout the year, expressed as a percentage of total employees.

Staff turnover in Colombia during 2023 was primarily concentrated in the age group of 31 to 50 years, with 30.12% of women (25 employees) and 33.73% of men (28 employees), indicating a higher trend among men than women. In the over 50 age segment, the turnover rate was 2.41% for women (2 employees) and 20.48% for men (17 employees), respectively.

## Turnover by age and gender - Colombia

| Reporting year                              | 2023                |       |             |        |            |        |
|---|---------------------|-------|-------------|--------|------------|--------|
|   | < 31 years          |       | 31-50 years |        | > 50 years |        |
| Age ranges                                  | Women               | Men   | Women       | Men    | Women      | Men    |
| Number of employees by gender               | 4.82%               | 8.43% | 30.12%      | 33.73% | 2.41%      | 20.48% |
| Number of employees according to age ranges | 11                  |       | 53          |        | 19         |        |
| Total number of employees                   | 83                  |       |             |        |            |        |
| Turnover rate                               | 21.6% <sup>53</sup> |       |             |        |            |        |

The number of women resigning from the Company has illustrated a declining trend among those under 30, decreasing from 19 in 2021 to 4 in 2023, marking a reduction of 0.5%. However, a significant increase is observed in the 31 to 50 age group, rising from 9 in 2021 to 25 in 2023, an increase of 1.77%. Departures among women over 50 remained low and stable, with 4 in 2021 and 2 in subsequent years.

In the male group, the 31 to 50 age bracket saw an increase in the number of employees resigning, climbing from 14 in 2021 to 28 in 2023.

Turnover among those under 30 decreased in 2022 but rose slightly again in 2023, remaining lower in comparison to the 31 to 50 age group. In the over 50 group, departures increased in 2023 to 17 (7.5%), compared to just 2 in 2022.

## Number of employees who left their jobs by gender and age - Colombia

| Age Group               | Gender | 2021 | 2022 | 2023 |
|-------------------------|--------|------|------|------|
| Under 31 years old      | Women  | 19   | 8    | 4    |
|                         | Men    | 14   | 5    | 7    |
| From 31 to 50 years old | Women  | 9    | 7    | 25   |
|                         | Men    | 14   | 19   | 28   |
| Over 50 years old       | Women  | 4    | 2    | 2    |
|                         | Men    | 5    | 2    | 17   |

<sup>53</sup> The turnover rate in Colombia is calculated based on 384 employees (Sena professional internship participants are not included) for 2023.

During 2023, 83 employees left their jobs at Canacol, corresponding to 21.6% of the total workforce linked to the Company. The majority of turnover relative to total employees occurred in the professional category, accounting for 11.5% (44 departures).

There was a turnover of 5.2% (20 employees) at the administrative levels. Junior and senior management levels experienced lower turnover, with 3.4% (13 departures) and 0.8% (three departures). Similarly, the executive level experienced a turnover rate of 0.8% (three departures).

## Employees who left their jobs by management level - Colombia

| Category          | Count     | % compared to total labor force linked |
|-------------------|-----------|--|
| Administrative    | 20        | 5.2                                    |
| Executives        | 3         | 0.8                                    |
| Junior management | 13        | 3.4                                    |
| Senior management | 3         | 0.8                                    |
| Professionals     | 44        | 11.4                                   |
| <b>Total</b>      | <b>83</b> | <b>21.6</b>                            |

Employee turnover in Canada during 2023 was primarily concentrated in the over 50 age group, with 7.40% of men (2 employees) departing the

Company. The total turnover rate for the Canada office was 7%.

## Turnover by age and gender - Canada

| Reporting year                              | 2023      |     |                    |     |            |      |
|---|-----------|-----|--------------------|-----|------------|------|
|   | < 31years |     | 31-50 years        |     | > 50 years |      |
| Age ranges                                  | Women     | Men | Women              | Men | Women      | Men  |
| Number of employees by gender               | -         | -   | -                  | -   | -          | 7.4% |
| Number of employees according to age ranges | -         | -   | -                  | -   | 2          | -    |
| Total number of employees                   |           |     | 2                  |     |            |      |
| Turnover rate                               |           |     | 7.4% <sup>54</sup> |     |            |      |

In 2022, the turnover rate was 30% (6 employees), while in 2023, the turnover rate decreased to 7.4% (2 employees), representing a decrease of 23%.



<sup>54</sup> The turnover rate in Canada was calculated based on a total of 27 employees for 2023.

## Number of employees who left their jobs by gender and age - Canada

| Age Group               | Gender | 2021 | 2022 | 2023 |
|-------------------------|--------|------|------|------|
| Under 31 years old      | Women  | -    | -    | -    |
|                         | Men    | -    | -    | -    |
| From 31 to 50 years old | Women  | -    | 2    | -    |
|                         | Men    | 1    | -    | -    |
| Over 50 years old       | Women  | -    | 1    | -    |
|                         | Men    | 1    | 3    | 2    |

In 2023, the Canadian office had a turnover rate of 7.4% (2 employees) at the executive and senior management level.

## Employees who left their job by management level - Canada

| Category             | Count    | % compared to total labor force linked |
|----------------------|----------|--|
| Administrative       | -        | -                                      |
| Executives           | 1        | 3.7                                    |
| Junior management    | -        | -                                      |
| Senior management    | 1        | 3.7                                    |
| Professionals        | -        | -                                      |
| <b>Total general</b> | <b>2</b> | <b>7.4%</b>                            |

## Non-retaliation and complaint mechanisms

[SOC-8]

We are committed to ethical and respectful labor relations management, as evidenced by our non-retaliation policies and clear complaint channels. We actively respond to surveys such as GPTW to improve our work environment and promote well-being.

Please refer to the following link for more information:

**Working at Canacol Energy**  
| Great Place To Work®  
Colombia



Canacol fosters an inclusive work culture through support sessions and effective

communication channels, ensuring a work atmosphere where all employees feel valued and heard. We develop action plans based on everyone's feedback to continuously improve our workplace.





We have a mechanism for addressing Concerns, Requests, Complaints and Claims, which is continuously monitored. This mechanism also receives complaints submitted by suppliers. Additionally, we provide reporting mechanisms, including the intranet for employees, and email for employees, suppliers, contractors, leaders, and members of the community, among others. Furthermore, we have an ethical complaint line where parties can report complaints related to human rights

violations, money laundering, personal data protection, and other concerns.

The following link provides access to the complaints line:  
<http://resguarda.com/canacolenergy>



## Diversity, equity, and inclusion

[GRI 2-7]

Canacol remains committed to implementing the “DEI Corporate Policy” to promote and defend the human rights of its employees, ensuring equal pay, and promoting fair treatment and non-discrimination based on gender identity, ethnic origin, religion, age, economic and social background, political interests, and disabilities.

We take pride in our diverse human capital, which caters to a broad spectrum of labor and market demands. This diversity facilitates the exchange of ideas, cultures, points of view, and experiences, fostering creativity and innovation for the benefit of the Company.

Visit the following link to learn more about Canacol's commitment to DEI:  
<https://canacolenergy.com/es/sustainability/empowering-our-people/our-people/>



## Employee diversity

[GRI 405-1] [SOC-5]

We excel in terms of DEI within the oil and gas sector in our country and region. In 2022, we received the Equipares silver seal certification, thus demonstrating our dedication to these principles. During 2023, we strengthened our DEI processes with the aim of qualifying for the gold seal in 2024.

Additionally, we organize initiatives such as the Best Buddies program to integrate people

with disabilities, promoting inclusion. We are also a member of the Energy that Transforms Alliance of the Ministry of Mines and Energy for the implementation of gender equity guidelines in the mining and energy sector.

To learn more about our DEI management, consult the following link:

<https://canacolenergy.com/sustainability/empowering-our-people/our-people/>



## Employees by gender and job category in the Company (Colombia – Canada)

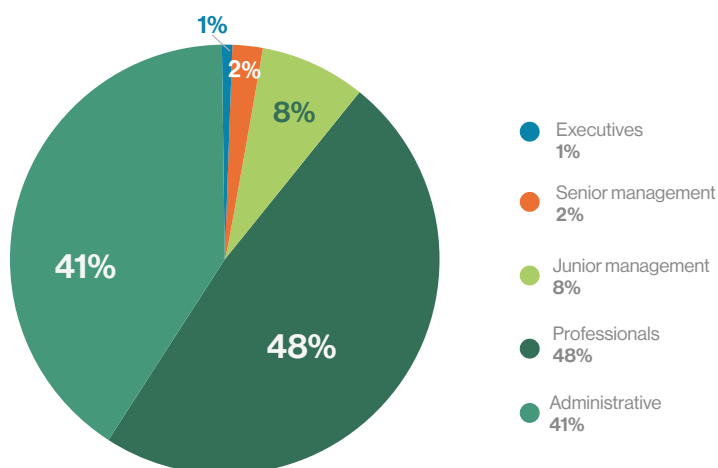
The Company comprises 492 employees, with the majority located in Colombia (465 employees) and a minority in Canada (27 employees). In Colombia, women account

for 37.4% of the total employees, while men represent 62.6%. In Canada, the distribution is 29.6% female and 70.4% male.

| Employees by sex and region (Colombia – Canada) |                 |                |         |              |       |
|---|-----------------|----------------|---------|--------------|-------|
| Country   | Total Employees | Women Quantity | Women % | Men Quantity | Men % |
| Colombia  | 465             | 174            | 37.4%   | 291          | 62.6% |
| Canada  | 27              | 8              | 29.6%   | 19           | 70.4% |
| Total   | 492             | 182            | 37%     | 310          | 63%   |

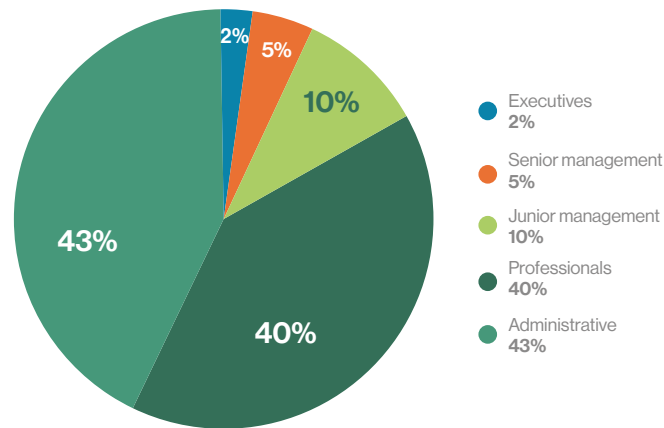
### Women – Colombia

The percentage of women in the Company is distributed as follows: 1% in executive positions, 2% in senior management, 8% in junior management, 48% in professional roles, and 41% in administrative roles.



## Men – Colombia

The percentage of men in the Company is distributed as follows: 2% in executive positions, 5% in senior management, 10% in junior management, 40% in professional roles, and 43% as administrative staff.



## Gender equality

Between 2022 and 2023, the percentage of women on payroll remained at 37%. However, there was a 18.5% increase in the representation

of women in management positions, and a 78.7% increase in STEM positions (positions in science, technology, engineering, and mathematics).

| Diversity - Women <sup>55</sup>  |      |      |      |
|--|------|------|------|
|  | Year |      |      |
|  | 2021 | 2022 | 2023 |
| Percentage of women in the total workforce (%)   | 35   | 37   | 37   |
| Percentage of women in all management positions (%)  | 31   | 26   | 30   |
| Percentage of women in junior management positions (%)                                       | 35   | 30   | 33   |
| Percentage of women in senior management positions (%)                                       | 27   | 27   | 22   |
| Percentage of women in management positions in revenue-generating functions (e.g. sales) (%) | 20   | 51   | 40   |
| Percentage of women in STEM positions (%)  | 17   | 33   | 59   |

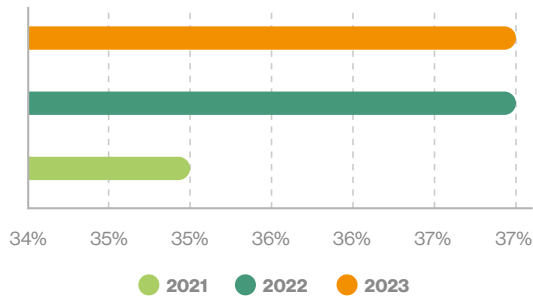
The total number of women directly employed in Colombia and Canada represents 37% of the total workforce, with a total of 182 female employees.

| Total number of women working in the Company (direct employment) |     |       |
|--|-----|-------|
| Colombia   | 174 | 35.4% |
| Canada   | 8   | 1.6%  |
| Total women  | 182 | 37%   |

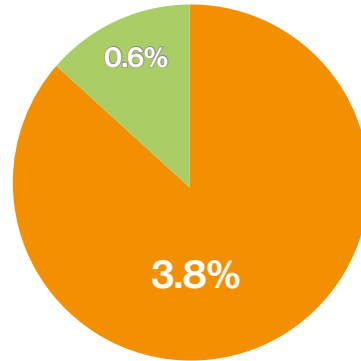
Our Company takes pride in its workforce composition, with women accounting for 37% of our employees. This figure surpasses both the global average for the oil and gas industry (22%) and the national average for Colombia (27%).

<sup>55</sup> The calculations are based on the total number of women in each of the aforementioned positions.

### Percentage of women on Canacol's payroll (Colombia-Canada)



### Percentage of women in management positions (Colombia-Canada)



### Women in management positions (Colombia-Canada)

In 2023, women in management positions represent 4.40% of the total workforce. For the reporting year, a total of 22 women (19 in Colombia and 3 in Canada) were in executive, senior management, and junior management positions.

Women in management roles (executives, senior management and junior management)



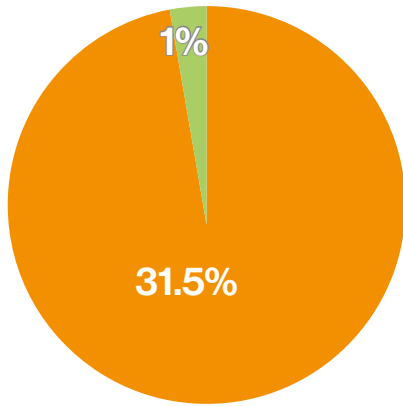
At the operational level, women represent 32.5% of the total workforce, with a total of 160 women (155 in Colombia and 5 in Canada) in professional and administrative roles.

| Women in management positions (presidents, vice presidents, managers, directors)              |           |             |  |
|---|-----------|-------------|--|
| Women in management positions Colombia (executives, senior management, and junior management) | 19        | 3.8%        |  |
| Women in management positions Canada (executives, senior management, and junior management)   | 3         | 0.6%        |  |
| <b>Total women in management positions</b>  | <b>22</b> | <b>4.4%</b> |  |

| Women at the operational level  |            |              |  |
|---|------------|--------------|--|
| Women at the operational level Colombia (professional and administrative) | 155        | 31.5%        |  |
| Women at the operational level Canada (professional and administrative)   | 5          | 1%           |  |
| <b>Total women at operational level</b>                                   | <b>160</b> | <b>32.5%</b> |  |



### Percentage of women at operational level (Colombia-Canada)



Women at operational level (professional and administrative)

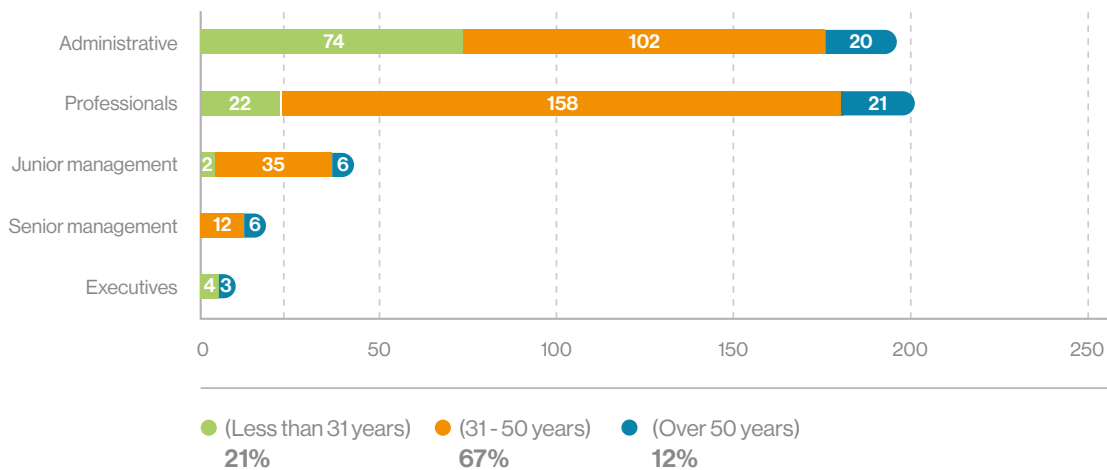
● Canada 1% ● Colombia 31.5%



The distribution of employees in Colombia, according to their position and age group, highlights that the majority (67%) falls within the

age bracket of 31 to 50 years. This is followed by the under 30 age group accounting for 21%, and the over 50 age group accounting for 12%.

### Employment by age and job category - Colombia



According to the distribution of employees by professional category between 2021 and 2023, the organizational structure remained relatively stable. The professional category decreased from 46% in 2022 to 42.0% in 2023, while the administrative category increased from 36%

to 40.3%. The percentage representation of senior management and executives has increased. However, junior management experienced a decrease between 2021 and 2023 from 11% to 9.12%.

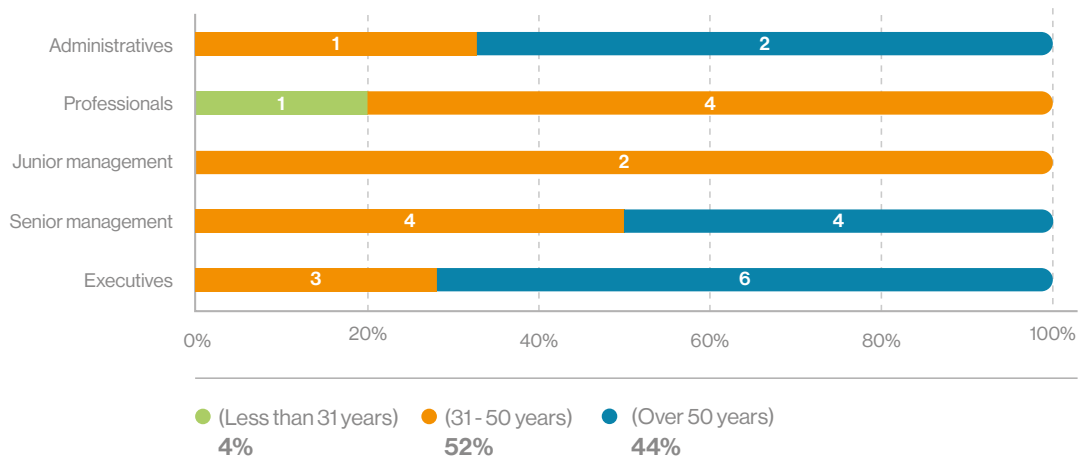
### Percentage of employees by professional category (total)

|                   | 2021 | 2022 | 2023  |
|-------------------|------|------|-------|
| Executives        | 3%   | 3%   | 3.4%  |
| Senior management | 5%   | 4%   | 5.2%  |
| Junior management | 11%  | 10%  | 9.1%  |
| Professionals     | 45%  | 46%  | 42.0% |
| Administrative    | 36%  | 37%  | 40.3% |

### Employment by age and job category – Canada

In total, 52% of Canadian employees fall within the age bracket of 31 to 50 years, with most of the executives and all junior management in this group. Following this group, 4% are under 30 years old at the professional level. Those over 50 years of age represent 44% of the Canadian workforce, with a significant presence in both executive and senior management levels.

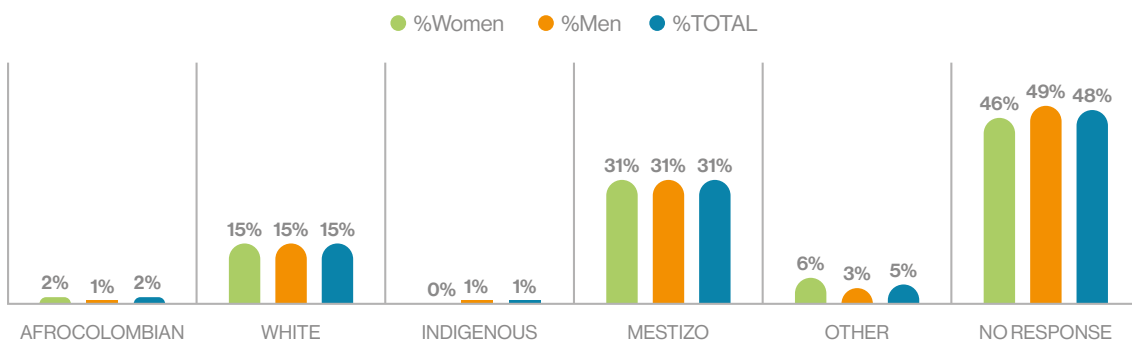
### Employees by age and job category



### DEI Survey<sup>56</sup>

In 2023, Canacol conducted a survey of its 465 employees in Colombia to learn more about

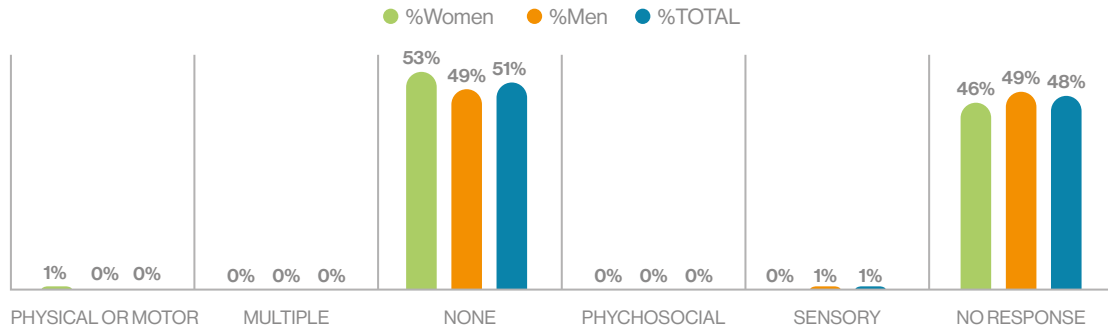
the diversity of our employees. The results of the survey indicate that 31% recognize themselves as mestizo, 15% as white, and 2% as afro-Colombian.



56 The DEI survey is not included in the information disclosed in GRI 405-1 Diversity of Governing Bodies and Employees. This is contemplated as an independent exercise for the Company's employees in Colombia.

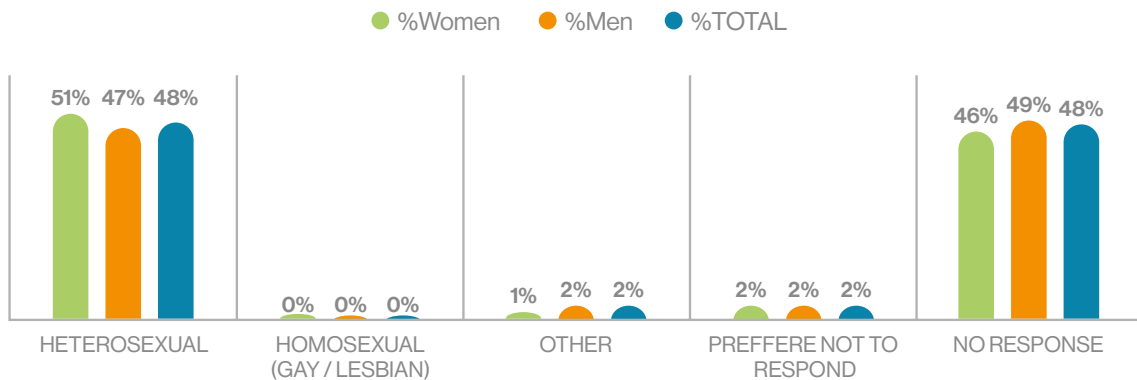
From 2021 to 2023, there was a decrease in the representation of people with disabilities within the organization, declining from 0.24% in 2021

to 0.21% in 2023. The survey responses show that 1% of employees have a physical or motor disability and 1% have a sensory disability.



Regarding gender identity, the survey results demonstrate that 48% of employees recognize themselves as heterosexual, 0% as homosexual

(gay/lesbian), 2% fall into another category, and 2% indicated that they preferred not to respond. 48% abstained from responding.



### The ratio between the basic salary and remuneration of men and women

[GRI 405-2] [GRI 202-1]

In accordance with Canacol's DEI Policy and its Corporate Human Talent Manual, we uphold fair treatment for all personnel, ensuring equitable monitoring of their performance and remuneration through the following measures:

- **Hiring:** Our Company is committed to attracting top talent.
- **Recruiting:** We offer competitive compensation packages to attract skilled individuals.

- **Benefits and salaries:** Our salary and benefits packages rank among the best in the oil and gas sector.
- **Development:** We provide training in technical, team, and leadership skills, along with tailored career development to meet the needs of each employee.
- **Well-being:** Our benefits are designed to address both the professional and personal needs of our employees.

In accordance with the Mercer methodology, Canacol implements a salary compensation policy. As part of our commitment to fair and equitable remuneration, salaries are determined based on the profile of each

position. Through an annual salary analysis encompassing all levels of the organization, the Company evaluates and adjusts its salary structure to maintain competitiveness.

## Average salary for men and women in entry-level categories

In 2023, our entry-level female employees received higher salaries than male employees, reflecting a salary difference of 4%, and a salary ratio of 1.04.

### Average salary for men and women 2023 (USD)

|   |         |
|---|---------|
| Average monthly salary for women - Colombia | \$360.9 |
|---|---------|

|   |         |
|---|---------|
| Average monthly salary for men - Colombia | \$346.8 |
|---|---------|

|                                  |      |
|----------------------------------|------|
| Average salary ratio women / men | 1.04 |
|----------------------------------|------|

## Salary ratio women/men in Canacol Colombia

The average salary of Colombian women at the executive level surpasses males in the equivalent position, both with and without incentives, with a ratio of 1.27 and 1.30, respectively. Consequently, female executives earn approximately 19% more than their male counterparts in terms of base salary and 30% more when incentives are factored in.

However, in management roles the trend is reversed, with women earning 9.1% less in base salary and 6% less in incentives compared to men. Pay disparities also exist between men and women in non-management roles, with women earning 9.7% less than men. **This data demonstrates 100% compliance with the indicator for establishing and publishing goals for the participation of women in the Company's workforce and in management positions.**

| Level*     | Average Salary** for Women (USD) | Average Salary for Men (USD) | Women/Men Ratio <sup>57</sup> | Average Salary for Women with Incentives (USD) | Average Salary for Men with Incentives*** (USD) | Ratio with Incentives |
|------------|----------------------------------|------------------------------|-------------------------------|--|---|-----------------------|
| Executive  | 153,288                          | 123,528                      | 1.24                          | 254,340  | 199,848   | 1.27                  |
| Management | 79,992                           | 87,936                       | 0.91                          | 143,316  | 134,544   | 1.07                  |

\* The exchange rate used for the conversion corresponds to: 1 USD = \$4,325.05 COP.

\*\* Colombia salaries correspond to the annual net cost.

\*\*\* Cash bonuses.

| Level*         | Average Salary** for Women (USD) | Average Salary for Men (USD) | Women/Men Ratio <sup>58</sup> |
|----------------|----------------------------------|------------------------------|-------------------------------|
| Non-Management | 19,488                           | 21,588                       | 0.90                          |

\* The exchange rate used for the conversion corresponds to: 1 USD = \$4,325.05 COP.

\*\* Colombia salaries correspond to the annual net cost.

57 The information reported for GRI 405-2, the ratio of basic salary and remuneration of women and men, only includes the information

58 The information reported for GRI 405-2, the ratio of basic salary and remuneration of women and men, only includes the information corresponding to average salary; it does not include any type of incentives. corresponding to average salary; it does not include any type of incentives.



## Salary ratio women/men in Canacol Canada

At the executive level, women earn a median non-incentive salary of \$275,000, equivalent to 65% of the \$423,000 earned by men. There are no female members within the management

team; consequently, no median salary or incentives for female employees are documented. In contrast, men earn an average salary of \$183,000, which increases to \$273,000 with incentives. Additionally, in non-managerial roles, a woman's median salary is \$91,000, equivalent to 80% of a man's median salary of \$114,000.

| Level      | Average Salary*** for Women (USD) | Average Salary for Men (USD) | Women/Men Ratio <sup>59</sup> | Average Salary for Women with Incentives (USD) | Average Salary for Men with Incentives (USD) | Ratio with Incentives |
|------------|-----------------------------------|------------------------------|-------------------------------|--|--|-----------------------|
| Executive  | 275,000                           | 423,000                      | 0.65                          | 676,000  | 1,179,000                                    | 0.57                  |
| Management | 0                                 | 183,000                      | 0                             | 0  | 279,000                                      | 0                     |

\*\*\* Salaries in Canada are linked to the annual net cost.

| Level          | Average Salary*** for Women (USD) | Average Salary for Men (USD) | Women/Men Ratio <sup>60</sup> |
|----------------|-----------------------------------|------------------------------|-------------------------------|
| Non-Management | 91,000                            | 114,000                      | 0.80                          |

\*\*\* Salaries in Canada are linked to the annual net cost.



59 The information reported for GRI 405-2, the ratio of basic salary and remuneration of women and men, only includes the information corresponding to average salary; it does not include any type of incentives.

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## Training and evaluation of employees

[GRI 404-1] [GRI 404-3]

Our performance management approach encompasses all employees at Canacol, aligning their contributions with our strategic goals. Organizational leaders set annual

goals, conduct midterm evaluations, and complete the loop with self-assessments and feedback sessions. To monitor skills and training needs, we utilize the GED platform. In 2023, performance evaluations were completed for 98.7% of employees, ensuring thorough assessment and development tracking across the organization.

## Percentage of individual performance evaluations for employees – Colombia

|   | Year  |       |       |
|---|-------|-------|-------|
|   | 2021  | 2022  | 2023  |
| Management by objectives: systematic use of measurable objectives agreed upon by the top line | 99.1% | 99.5% | 98.7% |
| Multidimensional performance assessment (e.g. 360-degree feedback)                            | 99.1% | 99.5% | 98.7% |
| Comparative formal classification of employees within an employee category                    | 99.1% | 99.5% | 98.7% |

## Parental leave

[GRI 401-3]

Canacol promotes initiatives aimed at providing support to our employees concerning health, well-being, and flexibility in requesting work leaves. Parental leave is

one such supportive measure provided to employees. In 2023, there were 11 instances of parental leave requested. However, there was a 40% decrease in the number of male employees who returned and continued to work at the Company 12 months after their leave.

| Parental leave  | Men | Women | Total |
|---|-----|-------|-------|
| Number of employees who have had the right to parental leave during 2023  | 5   | 6     | 11    |
| Number of employees who have returned to work after ending parental leave 2023  | 5   | 6     | 11    |
| Number of employees who have returned to work after ending parental leave and who were still employed 12 months after returning to work during 2023 | 3   | 6     | 9     |

In addition to the leave time established in Colombian regulations, Canacol also provides its own period of parental leave, which

includes seven additional business days of paid rest starting once the statutory leave is completed.

## Policies for the prevention of discrimination and workplace harassment

[GRI 406-1]

Our organization maintains a zero-tolerance policy against discrimination, both internally and in our interactions with stakeholders. In 2023, our DEI policy was updated to explicitly condemn any form of exclusion or violence based on factors such as sexual orientation,

gender identity, ethnicity, age, disability, or origin, among others.

Our Workplace and Sexual Harassment Policy, along with other guiding documents such as the Human Rights Policy, the Human Rights Manual, Internal Work Regulations, and Code of Ethics and Business Conduct, collectively foster a workplace environment that is respectful and dignified for all employees.

Refer to the following link to learn more about the contents of the human rights, ethics and business conduct and corporate management policies:

<https://canacolenergy.com/about-us/governance-1/>



Our policies are designed to foster an inclusive and diverse work environment, unequivocally condemning all forms of harassment. To fortify this culture, we regularly conduct awareness and training programs focused on DEI.

The DEI Committee monitors, identifies, and addresses discriminatory practices,

supporting strategies to ensure a safe and equitable work environment while advocating for equal opportunities for all. Concerns related to workplace and sexual harassment can be reported anonymously or directly to our Workplace Coexistence Committee. Additionally, they can be submitted through the Independent Complaints Line, available to all stakeholders.

**We are pleased to report that there were no cases of discrimination or harassment reported during 2023.**

Visit the following link to learn more about the workplace and sexual harassment prevention policy:

[https://canacolenergy.com/site/assets/files/3749/sexual\\_harassment\\_policy.pdf](https://canacolenergy.com/site/assets/files/3749/sexual_harassment_policy.pdf)





## Relationship with rural and ethnic communities

Building on the principles outlined in the Social Welfare Policy and the Social Responsibility Plan, which serve as management frameworks for community engagement in our operational areas, Canacol is committed to implementing its strategic initiatives. These include fostering transparent information and communication, providing attention through CRCC mechanisms, offering job opportunities, engaging in procurement of local goods and services, making social investments, supporting productive business development, facilitating human development, strengthening communities and institutions, empowering ethnic communities, and promoting environmental stewardship.

The stakeholder relationship framework emphasizes the enhancement of intercultural dialogue through established protocols and guidelines, fostering trust and collaborative engagement for the promotion of social well-being. Anchored



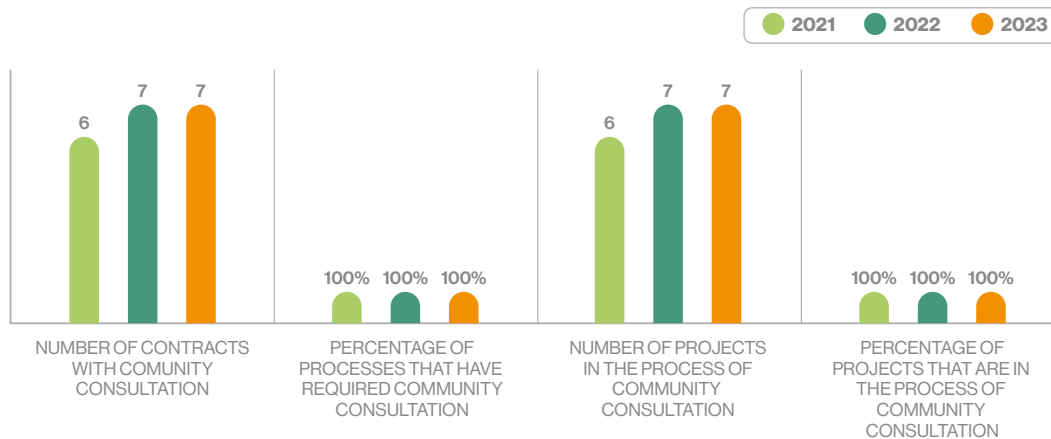
in our Social Welfare Policy and the Intercultural Relationship Protocol, three core principles guide our interactions:

- **Participation:** Encouraging collaboration among the Company, the community and the State.
- **Sustainability:** Striving for operational equilibrium that supports enduring social and environmental development.
- **Respect for differences:** Ensuring compliance with national and international legislation, while honoring local culture and traditions.

In alignment with the principles and pillars of our Social Management framework, we conduct:

- Stakeholder identification and analysis.
- Timely communication of information to stakeholders, ensuring its importance and accessibility.
- Development of action plans for each consultation process, with particular attention to ethnic communities, ensuring proper documentation and monitoring.
- Establishment of strategic alliances between communities and the Company to resolve complex issues.
- Effective and accessible management of the CRCC process.
- Monitoring of community development projects.
- Feedback reporting with stakeholders on project activities.

In 2023, we conducted seven community consultation processes with the communities in our areas of influence.



In 2023, the Company organized a total of 237 meetings with local authorities and community leaders per “block”. These meetings engaged a total of 5,099 participants from the various communities.

| Block           | Number of meetings | Number of participants |
|-----------------|--------------------|------------------------|
| VIM 5           | 86                 | 1,992                  |
| Hope            | 55                 | 1,288                  |
| Beautiful Ranch | 12                 | 202                    |
| SSNJ 7          | 21                 | 202                    |
| VIM 19          | 0                  | 0                      |
| VIM 21          | 25                 | 854                    |
| VIM 33          | 14                 | 286                    |
| VMM 45          | 24                 | 275                    |
| VMM 49          | 0                  | 0                      |
| <b>Total</b>    | <b>237</b>         | <b>5,099</b>           |

The Company maintains the CRCC system, managed by an independent third party, to ensure transparency and independence in community-related processes. Periodic reviews of this system are conducted to identify opportunities for improvement that can be applied to community relations. Additionally, the Company holds informative follow-up meetings with ethnic communities through their representatives and local authorities.

**Impact and management of operations in local communities**

[GRI 413-1] [GRI 413-2] [SOC-12] [EM-EP-210b.1]

Impact and risk management at Canacol aligns with international standards and best practices, including the Global Reporting Initiative, the Responsible Investment Principles, the Carbon Disclosure Project, the Dow Jones Sustainability Index, the Global Compact Principles, the Sustainable Development Goals, the IFC Performance Standards, and the Environment, Health and Safety Guidelines of the World Bank Group.

Canacol employs a thorough risk identification and analysis process to ensure legal compliance, monitor social and environmental viability, and mitigate potential and actual risks associated with its operations. This involves identifying and analyzing the following aspects:

- The potential cultural effects in the territories of the ethnic communities and related compensation
- Interethnic conflicts associated with ownership of territory or representation
- Physical security
- Goods and services
- Sites of cultural importance



In 2023, we identified and reported the following negative impacts on local communities:

**Negative environmental impacts:**

- Landscape change
- Noise pollution

**Negative socioeconomic impacts:**

- Price increases in the area
- Displacement of traditional economic activities

To mitigate negative environmental and social impacts, we remain informed about regulations, implement preventive measures, and manage possible impacts effectively. We organize meetings with the communities to evaluate the effectiveness of our management measures. Through risk and opportunity evaluations, we foster cooperation between communities and government entities to promote sustainable development.

Canacol has developed social welfare policies to ensure the socioeconomic growth of communities near its operations. We uphold our commitment to the creation of social investment projects aligned with the SDGs and municipal and departmental development plans.

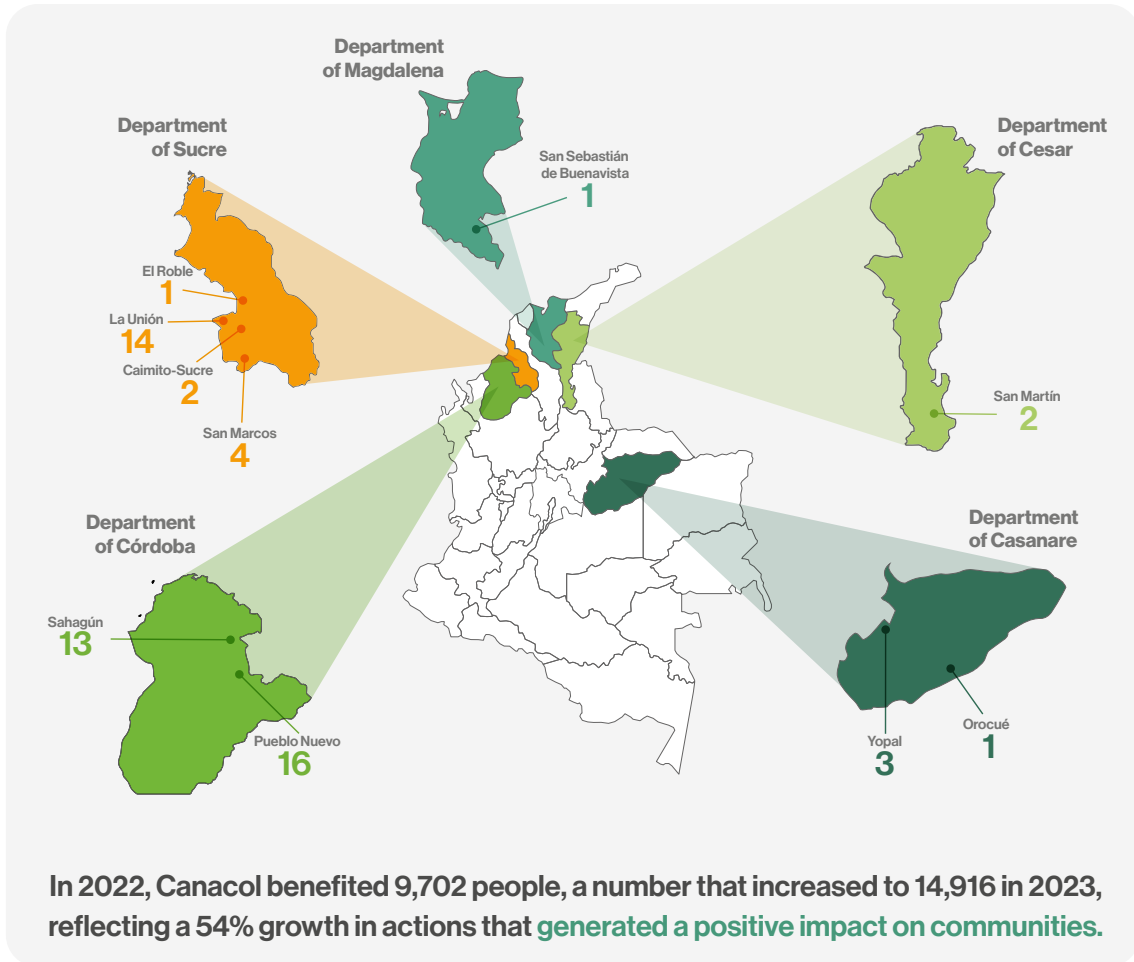
In 2023, we implemented 57 initiatives under the Community Strengthening program, which is focused on improving health services, basic sanitation, and infrastructure in our communities. These include:

- Home improvement
- Installation of home gas services
- Construction of community halls
- Optimization of microaqueducts
- Park installations
- Provision of humanitarian aid

All projects undertaken by the Company are agreed upon and shared with the various communities. To support these processes, minutes of the meetings are taken — both initial and follow-up — which include the definition of available resources for execution, the

project profile, and its alignment with municipal development plans.

The 57 initiatives were conducted in the following municipalities:



**Social impact and investment**

[SOC-9] [SOC-13]

We create synergies through collaborative efforts with communities, social leaders, and local authorities to formulate investment projects and advance programs that contribute to economic and social well-being.

We are committed to leaving a positive legacy in our surrounding communities, acknowledging and respecting the rights of ethnic communities as outlined in the

United Nations Declaration on the Rights of Indigenous Peoples. We ensure compliance with all applicable legislation to guarantee Free, Prior and Informed Consent (FPIC).

Canacol, in accordance with the communities, prioritizes social projects aligned with local regulations and community needs, integrating them into local development plans. Our approach adheres to international standards such as the IFC, SDG, World Bank, and others, aiming for a positive impact and garnering support from the communities benefiting from these initiatives.

Our investment lines focus on five themes:

- **Productive business development:** Generate development opportunities for the rural sector through the activation of productive business, social promotion initiatives, and the strengthening of skills, access to capital, and specialized advice.
- **Human development:** Contribute to the improvement of educational quality, the reduction of academic disparities and illiteracy through support for educational institutions, and the consolidation of training programs.
- **Community and institutional strengthening:** Support government institutions and civil society organizations in the development of strategies and initiatives that seek to improve quality of

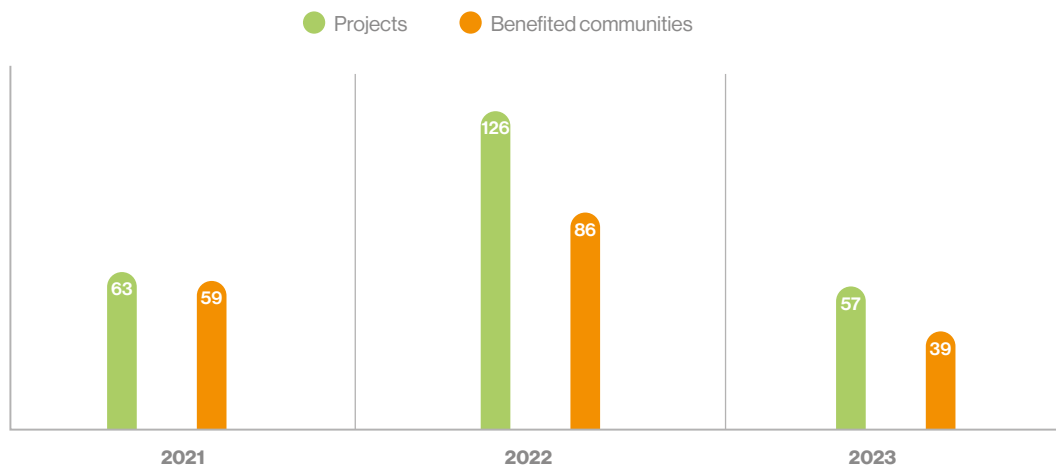
life, such as projects aimed at improving health services, public services and basic sanitation.

- **Strengthening ethnic communities:** Promote the development and cultural preservation of ethnic communities within the Company’s operational areas.
- **Environment:** Develop environmental investment projects that contribute to the protection and conservation of natural resources in the Company’s areas of influence.

Canacol develops social investment projects that align with the corporate sustainability strategy and the SDGs.

In 2023, Canacol executed 57 social projects across 39 communities in its area of influence, benefiting a total of 14,916 people.

### Number of projects and communities benefited



In 2023, Canacol invested \$2.41 million USD in the implementation of social projects, generating a positive impact for 51,209 people.

|  | 2021                |     | 2022                |     | 2023                |     |
|--|---------------------|-----|---------------------|-----|---------------------|-----|
|  | Millions of dollars | %   | Millions of dollars | %   | Millions of dollars | %   |
| Cash contributions                             |                     | 0%  |                     | 0%  | \$1.51              | 62% |
| Donations in kind                              | \$3.65              | 85% | \$2.65              | 85% | \$0.24              | 10% |
| General management and administration expenses | \$0.64              | 15% | \$0.47              | 15% | \$0.66              | 28% |
| <b>Total</b>                                   | <b>\$4.29</b>       |     | <b>\$3.12</b>       |     | <b>\$2.41</b>       |     |



In 2023, we evaluated the impact of social projects and community perceptions through 587 surveys targeting the beneficiaries of 30 projects executed between 2022 and 2023. The results showed an improvement in the quality of life related to infrastructure and community services (productive activities and access to water), with a satisfaction rating between 90% and 100% among the beneficiaries.

The improvement project of 108 homes conducted in the Betania district in Pueblo Nuevo (Córdoba) received a 100% satisfaction rating from the respondents, indicating a significant positive impact on their quality of life.

Our social initiatives target entrepreneurial rural women, aiming to enhance their ventures and microenterprises, thus improving their families' livelihoods. Results from the project showed a 39% growth in sales and a 52% increase in profits. By 2023, 32% of entrepreneurs reported incomes between 1 and 3 million Colombian pesos, while 5% earned more than 3 million pesos.



## Land acquisition and involuntary resettlement

[SOC-11]

In 2023, Canacol created its Involuntary Resettlement Policy to provide clear guidelines and procedures for conducting resettlement processes, both individual and collective, for social or productive units affected by the Company's operations.

The Company is dedicated to upholding human rights and evaluating the risks associated with activities that may result in involuntary displacement. We are committed to implementing best practices and adhering to international standards, including the United Nations Guiding Principles on Business and Human Rights, as well as relevant policies such as World Bank OP 4-12, IDB OP-710, and the IFC's Manual for the Preparation of the Resettlement Plan. Additionally, we comply with local regulations, especially in cases requiring physical or economic relocation.

Canacol conducts comprehensive assessments of potential impacts and risks affecting communities near its operations, exploring alternatives to mitigate the need for resettlement. If involuntary displacement becomes necessary due to project-related activities, the Company deploys its resettlement plan. This plan is designed to uphold or improve the socioeconomic conditions of the affected population and support the restoration of their livelihoods.

**Due to the diligent management of its activities and operations, Canacol has not encountered any instances requiring population resettlement.**

## Commitment to ethnic communities

[SOC-10]

In Canacol's operational areas, our Social Welfare, Social Responsibility, and Prior Consultation policies are designed to foster shared value and advance sustainable, inclusive development. These policies are guided by key principles including active engagement with communities and governments, the cultivation of public-private partnerships without supplanting governmental roles, the pursuit of efficient and sustainable project development, transparency in management practices, the adherence to legal requirements and local customs, and the implementation of innovative social initiatives.

Canacol maintains its commitment to transparency and the preservation of ethnic and cultural diversity within its operational areas. This commitment ensures the participation and preservation of integrity of ethnic groups in accordance with applicable legislation.

The Company operates under the principles of Participation, Sustainability, and Respect to enhance dialogue and intercultural relations with ethnic communities. Our collaborators, contractors, and suppliers adhere to the guidelines outlined in the Intercultural Relations Protocol, a framework developed by Canacol to foster meaningful participation.

In 2023, Canacol updated the guidelines of the Intercultural Relationship and Prior Consultation Protocol to include guidelines regarding DEI policy and due diligence in human rights, centered on the four following topics:

1. Understanding the local context for relationships with indigenous communities.
2. Principles for good relationships with indigenous communities.

3. Description of the complaint mechanism.
4. Audits and evaluations: relocation/resettlement agreements.

In 2023, the Company successfully conducted prior consultation processes with five Zenú communities (Caivar El Varal, Cebolla Blanca, La Padilla, Peniel El Campano and San Andresito) situated in Pueblo Nuevo and Sahagún, within the department of Córdoba. Additionally, the Company formalized 18 agreements with ethnic communities, investing \$5,321,065,417 Colombian pesos to ensure the viability of operations and cultivate harmonious relationships with these communities.

We held 237 meetings with our community interest groups in 2023, attended by 5,099 community members.

## Canacol's operational areas

[EM-EP-210a.1] [EM-EP-210a.2.]

[EM-EP-510a.1]

Canacol operates within or near indigenous territories in 60% of its operational areas. Recognizing this, we prioritize strict compliance with all relevant regulations and maintain continuous dialogue with neighboring communities. Our objective is to cultivate mutually beneficial and respectful relationships, ensuring responsible management of the regions where our operations intersect with indigenous communities and their land.

Canacol does not operate in protected areas or areas of high biodiversity value. Our operations are conducted in regions with low water stress and in municipalities that are not prioritized for post-conflict initiatives.

According to Transparency International's 2023 Corruption Perception Index, Colombia is not among the 20 countries with the highest perception of corruption. Furthermore, Canacol

does not operate in any territories identified with the highest levels of perception of corruption according to the CPI.

Refer to the following link to learn more about the contents of the Corruption Perceptions Index: <https://www.transparency.org/en/cpi/2023>



## Non-technical delays

[EM-EP-210b.2.]

The number and duration of community blockades decreased between 2021 and 2023, signaling improved conflict management and community relations. However, blockades caused by the poor road conditions, for which the State holds direct responsibility, have increased. Additionally, blockades caused by non-compliance with agreements have decreased, suggesting fulfillment of community commitments.



In 2023, there was a 38% increase in the total number of blockades compared to 2022.

However, despite the increase in the number of blockades, their duration decreased by 19%.

## Non-technical delays

|  | 2021 | 2022 | 2023 |
|--|------|------|------|
| Number of community blockades  | 57   | 29   | 40   |
| Number of days of blockades  | 95   | 54   | 44   |
| Number of blockades by communities in the areas of operations due to labor issues  | 19   | 5    | 4    |
| Number of days of blockades in the areas of operations due to labor issues   | 17   | 5    | 19   |
| Number of blockades by communities in the areas of operations due to the poor condition of the roads                       | 8    | 5    | 6    |
| Number of days of blockades in the areas of operations due to poor road conditions   | 1    | 2    | 12   |
| Number of blockades by communities in the areas of operations due to alleged non-compliance with agreements / other causes | 32   | 19   | 30   |
| Number of days of blockades in the areas of operations due to alleged non-compliance with agreements/other causes          | 76   | 47   | 13   |



## Employment and local development

At Canacol, we prioritize the enhancement of labor relations, encompassing both skilled and unskilled labor to improve the quality of life within the communities adjacent to our operations. Our endeavors are focused on bolstering the technical, economic, and administrative capabilities of local enterprises, thereby integrating them into our supply chain and fortifying their market presence. Through this approach, we aim to generate shared value among stakeholders, striving for the sustainable advancement of our local communities. These efforts are undertaken at the local, regional, and national levels.

In accordance with the Social Welfare Policy, Canacol has developed various management processes aimed at enhancing the development of local labor, while adhering to both legal and extra-legal obligations of its contractors. Recruitment processes are conducted in alignment with the applicable regulations, including those governing the Public Employment Service and other relevant legislation (Decrees 1072 of 2015 and 1668 of 2016, Resolutions 145 and 555 of 2017).

### Local development

[GRI 202-2] [GRI 204-1] [SOC-14] [SOC-15]

Canacol maintains a Social Responsibility and Social Welfare Policy aimed at providing employment opportunities through the hiring of skilled and unskilled local labor. Our policy complies with Colombian regulations and the agreements negotiated with both local and regional authorities.

Canacol actively encourages the inclusion of local companies and employment throughout its supply chain. The Company ensures that

its contractors comply with the legislation and agreements established by the Public Employment Service.

In 2023, Canacol hired a total of 421 local contractors indirectly, comprising 162 skilled workers and 259 unskilled workers, while directly employing 487 contractors, including 479 skilled workers and 8 unskilled workers.

During 2023, the number of unskilled contractors hired indirectly increased by 0.22% compared to 2022, with 100% of the local workforce being hired through this method.

| Indirect hiring | 2021 | 2022 | 2023 |
|-----------------|------|------|------|
| Local           | 253  | 212  | 259  |
| Not local       | 0    | 0    | 0    |
| Total           | 253  | 212  | 259  |





## Sustainable value chain management

Canacol recognizes the pivotal role of the supply chain in achieving its sustainability objectives, viewing the value chain as a prime avenue for positive change in Colombia. To uphold the highest sustainability standards in the hydrocarbon industry, we have integrated ESG strategies across our procurement processes.

Canacol's supply chain strategy is aligned with the highest ESG standards. The supplier evaluation and selection processes adhere to the ISO 14001 standard and to the Company's Environmental Quality Plan.

To effectively communicate objectives, policies, guidelines, and business approaches, Canacol holds weekly Service Quality Management (SQM) meetings with its suppliers. The objective of these meetings is to facilitate the exchange of knowledge and opinions between suppliers and the Company.

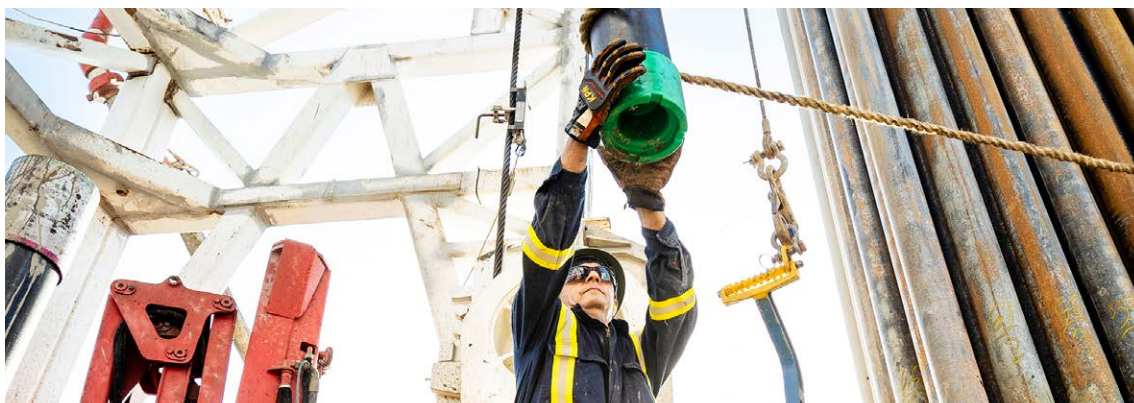
In 2023, Canacol selected 626 suppliers to provide goods and services throughout the year. We evaluated 93 suppliers, including 72 existing bidders and 21 new bidders, with 19% being selected based on quality standards.

**In 2023, we held 26 SQM meetings with strategic suppliers and provided training to 56 employees on contract management.**

| SQM  | 2021 | 2022 | 2023 |
|--|------|------|------|
| Good labor practices                             | 0    | 347  | 299  |
| Corporate service quality performance (SQM)      | 38   | 42   | 26   |
| Employees trained in contract management program | 51   | 58   | 56   |

Refer to the following link to learn more about our value and supply chain management:

<https://canacolenergy.com/sustainability/empowering-our-people/supply-chain-management/>



## Labor practices

[GRI 409-1]

Canacol maintains its dedication to fostering a dignified and ethical work environment. We achieve this through the implementation of comprehensive policies aimed at preventing workplace and sexual harassment, promoting human rights, enhancing social well-being, and ensuring compliance with Internal Work Regulations, through the Code of Ethics and Business Conduct. Additionally, we prioritize the prevention of forced labor and maintain a structure of committees focused on fostering coexistence and equity, notably the DEI and Labor Coexistence Committees. To reinforce awareness and understanding of these critical issues, we have instituted an extensive training scheme that extends throughout our value chain.

The Company remains committed to ensuring labor rights across its value chain, conducting thorough audits to uphold our principles. In 2023, we conducted 23 audits of suppliers, evaluating their compliance with various social criteria. These criteria include the presence of plans, programs, and procedures addressing labor participation issues, procurement of local goods and services, responsiveness to CRCC, social investment initiatives, and integration of a differential approach and gender considerations. Furthermore, assessments encompass measures related to the hiring of skilled and unskilled labor, selection processes for local contractors and suppliers, risk management strategies concerning local, regional, and

national interest groups, as well as information and communication processes with these stakeholders. These audits are instrumental in ensuring alignment with our policies and fostering responsible practices among contractors and subcontractors within our value chain.

## Supplier selection

[GRI 414-1] [GRI 308-1]

Canacol develops and implements ESG programs with its suppliers. These programs include the following actions:

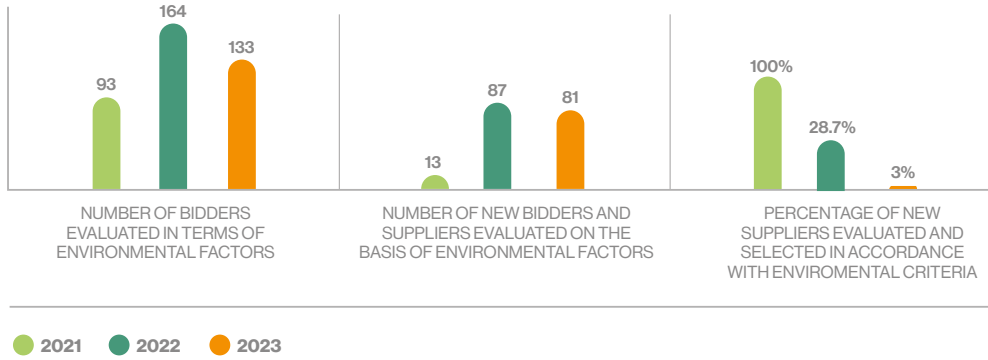
- **Socialization:** Canacol socializes the Supplier's Code of Conduct and Ethics and the ESG strategy to all suppliers.
- **Supplier census:** Canacol takes a census of local suppliers and implements a development plan to encourage their participation in the Company's activities either directly or indirectly.
- **Training:** Prioritized training on ESG criteria, health and safety, DEI, security, climate change, and human rights.
- **Sustainability surveys:** Identification of sustainability risks in suppliers' operations.

These actions enable the identification and incorporation of best sustainability practices with our suppliers, ensuring compliance with the highest standards, exemplary performance, and fostering positive long term partnerships in our supply chain.

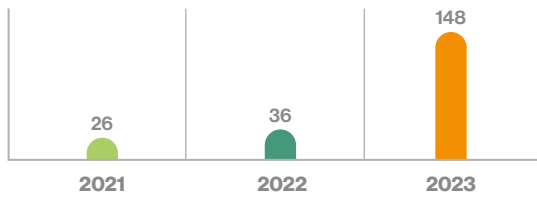
**In 2023, 100% of Canacol's bidders and new suppliers were evaluated and selected based on high standards in ESG performance.**

## Suppliers evaluated according to ESG (environment) criteria

In 2023, a total of 133 suppliers, including 81 new suppliers were evaluated. Of the total suppliers evaluated, 4 new suppliers were selected.

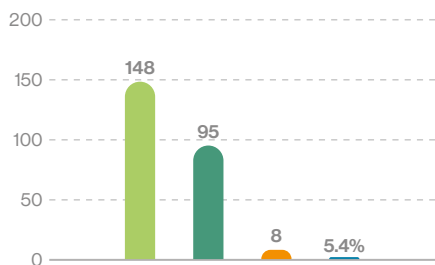


## Contractors evaluated according to ESG (social) criteria



## New suppliers evaluated and selected with social criteria

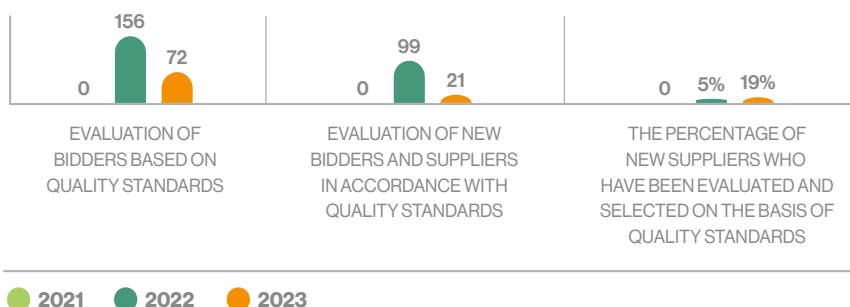
In 2023, a total of 148 suppliers were evaluated, including 95 new suppliers. Of the total suppliers, 8 new suppliers were selected.



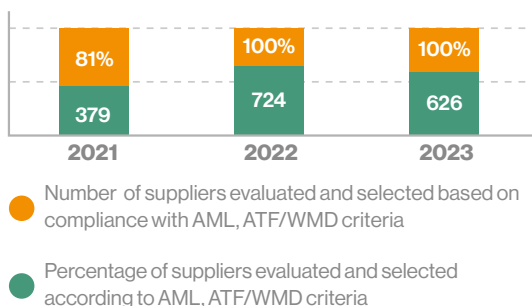
- Number of bidders evaluated on social aspects
- Number of new bidders and suppliers evaluated on social aspects
- Number of new bidders and suppliers who passed selection filters
- Percentage of new suppliers evaluated and selected based on social criteria



## Evaluation of bidders and new suppliers on quality standards



## Evaluation of suppliers in corporate governance



In 2023, the Company executed its first pilot exercise to identify ESG risks within the supply chain. The initiative involved the self-assessment of 33 critical suppliers for Canacol, measuring over 80 ESG indicators. The insights obtained from this exercise have laid the foundation for the integration of ESG criteria into the evaluation and selection process for Company suppliers. Additionally, identifying these risks enabled Canacol to strengthen and monitor ESG plans with its suppliers to prevent and mitigate these issues. This process will be fully implemented in 2024, involving the most critical suppliers for the Company, categorized as tactical and strategic.

### Supply chain

[GRI 414-2] [GRI 308-2]

Canacol has identified and addressed social and environmental impacts within its supply

chain by implementing strict standards and conducting regular controls. This includes compliance audits and ongoing monitoring of supplier commitments on a weekly basis. Evaluations are comprehensive, encompassing criteria such as quality, quantity, and safety in production and delivery, aligning with Canacol's standards and the minimum requirements set by labor and environmental legislation. These standards include ISO 9001, ISO 14001, and ISO 45001, as well as ensuring compliance with the Company's Anti-corruption Policy.

Canacol has developed a plan for auditing and assessing strategic suppliers engaged in high-risk operations. To gauge suppliers' sustainability performance, the following evaluation methods are employed:

- **Documentary review:** Utilizing a performance evaluation form, Canacol scrutinizes various aspects including business integrity, human rights, labor relations, health and safety, and environmental management systems. Suppliers identified with high sustainability risks undergo further scrutiny, requiring an on-site inspection by Canacol's ESG team to validate assessment outcomes.
- **On-site audit:** Conduct on-site audits in collaboration with external consultants to evaluate supplier's operational sites.



**In 2023, 26 of our suppliers were classified as strategic/critical.  
36% of our purchases were from Critical Tier 1 suppliers.**

## Total number of critical and non-critical suppliers

|   | 2021  | 2022  | 2023 |
|---|-------|-------|------|
| Total Tier 1 suppliers (direct suppliers)   | 667   | 724   | 624  |
| Critical Tier 1 suppliers   | 21    | 36    | 26   |
| Critical suppliers of other tiers (indirect suppliers)                              | 0     | 0     | 0    |
| Percentage of purchases from Tier 1 suppliers (direct suppliers)                    | 100%  | 100%  | 100% |
| Percentage of purchases from Critical Tier 1 suppliers                              | 64.7% | 71.3% | 36%  |
| Percentage of purchases from critical suppliers in other tiers (indirect suppliers) | 0%    | 0%    | 0%   |
| Total percentage of critical supplier purchases                                     | 64.7% | 71.3% | 36%  |

In 2023, Canacol conducted HSEQ audits on 35 suppliers. Of these, 32 had improvement opportunities, and 17 were fully resolved.

## Development of local suppliers

[SOC-14]

To comply with international standards, we prioritize training and strengthening local suppliers. By hiring local skilled and unskilled labor and monitoring their performance, we significantly contributed to the economic and social development of local suppliers and broader communities in 2023.

The continuity of the Company's services requires both high-risk suppliers and labor-intensive contractors. Their activities have the potential to significantly impact our operations, the health and safety of our personnel and/or the community, compliance with labor rights and environmental requirements, as well as our reputation in case of human rights violations. To effectively manage and control these

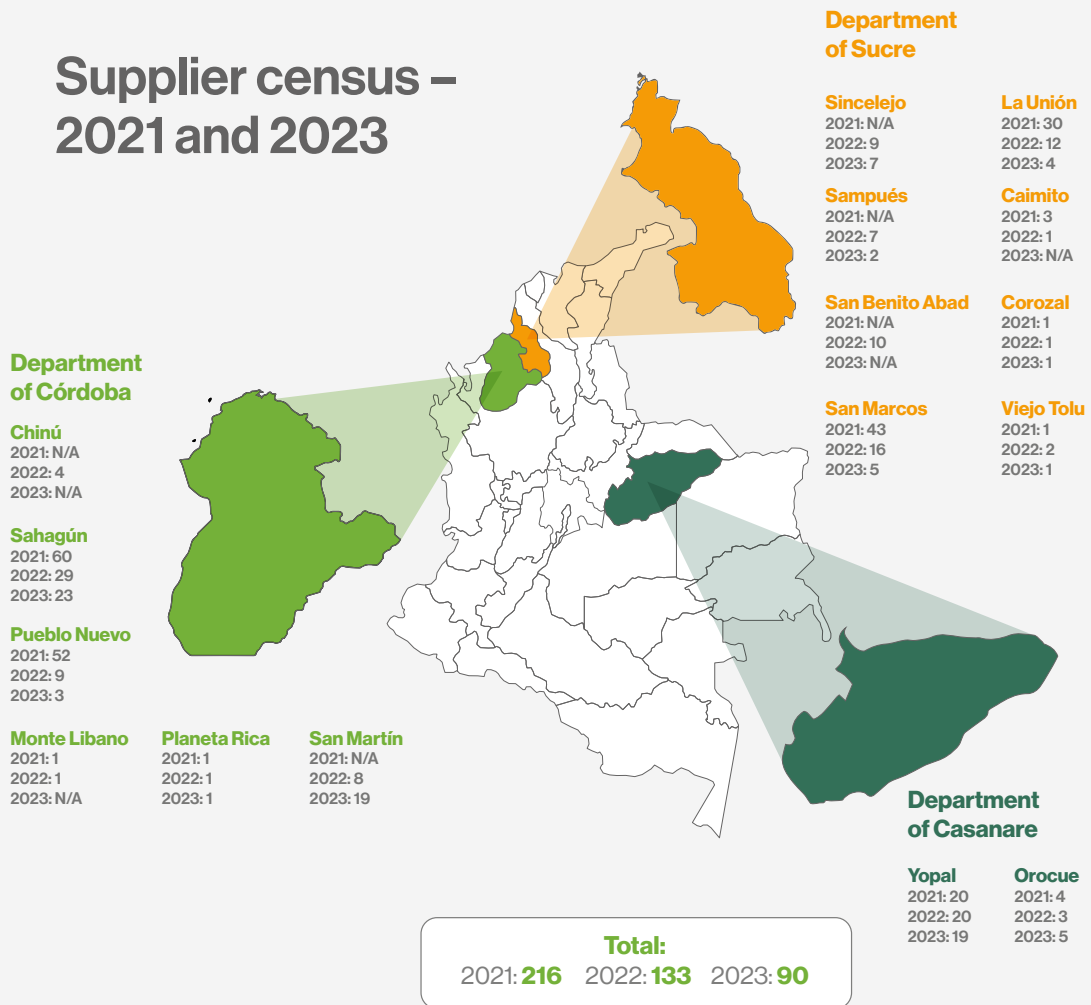
sustainability risks, we have implemented three control measures:

- **Training programs:** To address gaps in suppliers' knowledge or procedures, Canacol offers improvement programs.
- **Performance evaluations:** Evaluate ESG parameter performance for each project to identify opportunities for improvement.
- **SQM Meetings:** Suppliers participate in regular reviews of their performance.

Each year Canacol conducts a census of suppliers to identify potential new suppliers of goods and services in our areas of influence. In 2023, we identified 90 new suppliers and found that the towns of Sahagún (Córdoba), San Martín (Córdoba) and Yopal (Casanare) had a greater numbers of suppliers available.

In 2023, Canacol evaluated a total of 26 suppliers on social impacts. Of these, 19 suppliers met our evaluation criteria.

## Supplier census – 2021 and 2023



**In 2023, Canacol acquired 98% of all goods and services locally, regionally, and nationally.**

The Company has the support of the local chambers of commerce of the departments and the National Tax and Customs Agency (DIAN, per Spanish acronym). Additionally, we are working together with the Ministry of Industry and Commerce to strengthen supplier management. Furthermore, we routinely conduct the following activities to strengthen

relationships and foster the economic and organizational growth of local suppliers:

- Business conference scheduling
- Planning and conducting in-person and virtual training
- Certified courses
- Trade fairs



# A transparent and ethical business



# A transparent and ethical business

At Canacol, we uphold the highest standards of business ethics, transparency, and respect for human rights across all levels of our operations.



## Ethics, compliance, and anti-corruption

- We make decisions based on legality, ethical behavior, and corporate compliance to prevent all forms of corruption and uphold accountability.



## Human rights

- We monitor and mitigate the direct and indirect impacts on human rights of our operations and implement grievance and remediation mechanisms.



## Corporate governance, risk and crisis management

- We promote active participation in decision-making processes related to the ESG strategy to ensure alignment with market expectations and effective risk management practices.



## Management of sustainability issues

| Sustainability issue  | Management approach   | Progress   |
|---|---|--|
|  <p><b>Ethics, compliance, and anti-corruption</b></p> | <p>[GRI 3-3]</p> <ul style="list-style-type: none"> <li>Update corporate policies and programs on ethics, compliance, and anti-corruption.</li> <li>Promote ethics and anti-corruption audits, as well as consistent monitoring.</li> <li>Manage risks associated with corruption.</li> <li>Provide ethics, compliance, and anti-corruption training to our employees.</li> <li>Promote whistleblowing channels.</li> </ul> | <p>[GRI 3-3]</p> <ul style="list-style-type: none"> <li>Launched and implemented the Comprehensive System for Ethics, Compliance, and Anti-Corruption.</li> <li>Updated our Comprehensive Self-Management System for Prevention of Risk of Asset Laundering, Financing of Terrorism, and Financing and Proliferation of Weapons of Mass Destruction, SAGRILAF (for its Spanish acronym).</li> <li>Updated our Transparency and Business Ethics Program (TBEP).</li> <li>Updated our Anti-Corruption Policy.</li> <li>Implemented a new Conflict of Interest Reporting Form.</li> <li>Implemented the Criminal Compliance Chapter within the framework of the TBEP.</li> <li>100% of our employees completed the Comprehensive System of Ethics, Compliance, and Anti-Trust training, as well as additional training on Criminal Compliance.</li> </ul> |
|  <p><b>Human rights</b></p>                          | <ul style="list-style-type: none"> <li>Strengthen the Human Rights Management System.</li> <li>Manage risks related to human rights.</li> <li>Provide human rights related training to employees.</li> <li>Integrate human rights policies into the value chain.</li> </ul>   | <ul style="list-style-type: none"> <li>Achieved 100% awareness among all our employees about the importance of the Sustainable Development Goals.</li> <li>Updated the Company's Risk and Opportunities Management Format to include the identification of potential human rights violations.</li> <li>Conducted 36 theoretical-practical workshops on the identification and linkage of human rights risks and opportunities across all Company departments.</li> <li>Completed human rights training for 100% of the Company's employees.</li> <li>Achieved a 25% increase in human rights training for contractors compared to 2022.</li> <li>Provided human rights training to 284 members of the Public Force and private security contractors in the departments of Córdoba, Cesar, and Sucre.</li> </ul>  |

## Sustainability issue



### Corporate governance, risk and crisis management

## Management approach

[GRI 3-3]

- Consolidate capabilities and promote behaviors associated with ethical conduct, corporate governance, and risk management.
- Ensure adherence to legal, regulatory, and corporate governance practices, maintaining their monitoring and effectiveness.

## Progress

[GRI 3-3]

- Trained 100% of employees on risk management practices.
- Integrated risk criteria into our project development and approval processes.
- Included risk management as a Key Performance Indicator (KPI) for all employees.
- Published updated risk management information on our website.
- Audit Committee continuously monitored Company risks.
- Published the Emerging Risk Statement.
- Incorporated stress testing and sensitivity analyses into our risk and opportunity management processes for emerging, financial, non-financial, and strategic risks.
- Identified and assessed physical and transition risks related to climate, along with developing preventative and mitigation actions.
- Conducted financial analysis of climate risks and opportunities and climate scenario studies (SSP).
- Established a Risk Management and Oversight Policy, overseen by the Audit Committee.
- Conducted cybersecurity training for 100% of employees and critical contractors.
- Designed specific initiatives to enhance and leverage the Board's skills in sustainability-related topics.
- Implemented an annual bonus plan based on specific corporate and individual objectives for all executives.
- Established a long term incentive and compensation program based on specific ESG measures and performance.
- Updated the CEO succession plan.

# Risk and opportunities, Prospects

[GRI 3-3]

## Risk and opportunities

In the oil and gas sector, corporate governance plays a role in shaping strategic direction, managing risks, and creating sustainable value for all stakeholders. It is imperative to integrate integrity into all Company operations, spanning from the exploration and production of natural gas to its distribution and marketing, in order to maintain the trust of investors, regulators, local communities, and the broader society. Addressing challenges such as conflicts of interest, lack of diversity in decision-making, inadequate risk management, and poor regulatory compliance are key priorities for corporate governance in the sector. Simultaneously, there is an urgent need to identify and capitalize on opportunities such as promoting sustainability, innovation, enhancing reputation, and accessing new markets and talent.

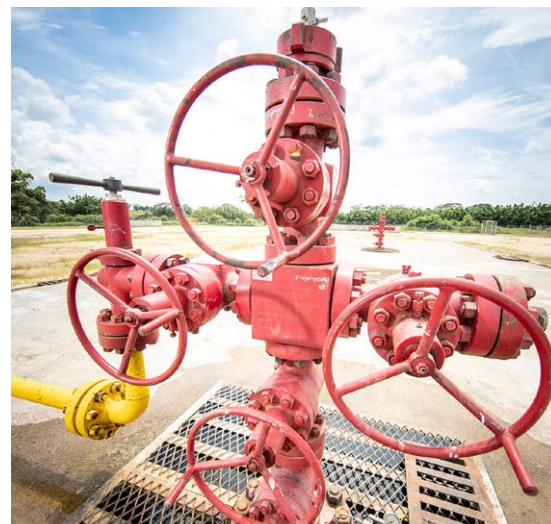
## Prospects

The oil and gas sector faces significant challenges in the current landscape: from transitioning to more sustainable energy sources to increasing pressure from stakeholders to adopt responsible business practices. Consequently, our corporate governance serves as a pillar to ensure transparency, accountability, and the long term value creation of the Company.

To address future challenges, we commit to the following actions:

- Enhancing ethics and anti-corruption monitoring through regular risk assessments, ensuring accountability and transparency throughout the Company.

- Maintaining targeted training programs for employees and stakeholders on international human rights standards relevant to the oil and gas sector.
- Updating our ethics, compliance, and anticorruption policies to remain effective and align with global best practices in a dynamic business environment.
- Strengthening anti-corruption risk management through rigorous controls and due diligence, particularly in business partnerships, to mitigate corruption risks.
- Advancing our Human Rights Framework to ensure all business activities, from supply chain to field operations, respect and protect human rights.
- Promoting integrity, governance, and risk management through a culture of accountability and operational excellence.
- Ensuring compliance with legal, regulatory, and governance standards, continuously monitored through our internal controls, including participation in self-regulation and international standards initiatives.



## Best practices and recognitions

These achievements reflect our steadfast commitment to transparency and ethical business practices.

### Recognition of our Canacol initiative: A Culture Focused on Respecting and Ensuring Human Rights

Under the framework of the “International Standards in Action – 2nd Edition of Human Rights and Business Good Practices” by the Global Compact Network Colombia, Canacol was selected from 176 nominated practices for its outstanding promotion of the 2030 Agenda.

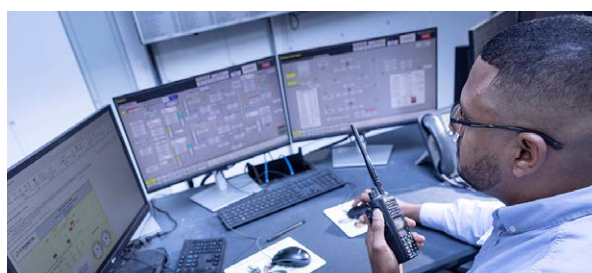


### Canacol Listens to You: An innovative program for assertive communication

In 2023, we initiated the “Canacol Listens to You” program, led by our employees, which included training sessions and awareness campaigns about the risks associated with labor rights in our operations.

### Canacol: Engaged Member of the Voluntary Principles on Security and Human Rights (VPI)

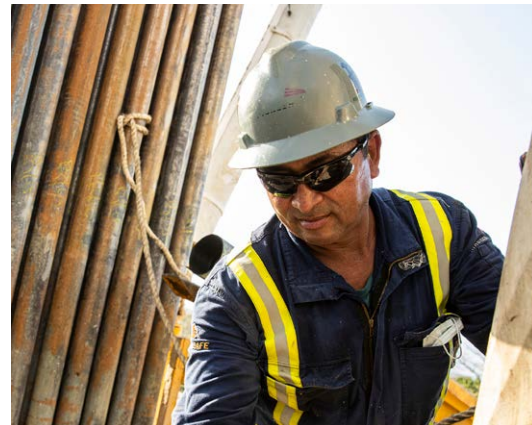
The Voluntary Principles on Security and Human Rights (VPI) serves as a guide for companies on conducting security operations while ensuring respect for human rights. This initiative, which includes over 60 members and observers, such as companies, governments, and non-governmental organizations, facilitates the sharing of best practices and mutual support in implementing the principles. At the 2023 plenary meeting, Canacol was recognized an Engaged Member.





## Investors trust and believe in Canacol

For the eighth consecutive year, the Colombia Stock Exchange awarded Canacol the IR (Investor Relations) recognition for its voluntary commitment to adopting best practices in information disclosure and investor relations.



## Information security is essential for the growth and success of Canacol

In 2023, Canacol achieved the ISO/IEC 27001:2013 standard, ensuring the protection of information confidentiality, integrity, and availability.

## Committed to gender diversity

The appointment of Ms. Valentina Garbarini to the Board of Directors reflects Canacol's commitment to gender diversity as outlined in our Board Diversity Policy. As of 2023, female representation on the Board increased from 0% to 13%.





## Ethics, compliance, and anti-corruption

Canacol became a signatory of the United Nations Global Compact (UNGC) in 2017, aligning our business practices with its principles on human rights, labor, environment, and anti-corruption. Additionally, Our ESG strategy is crafted in line with recognized sustainability frameworks such as the Sustainability Accounting Standards Board (SASB), the Carbon Disclosure Project (CDP),

the Task Force on Climate-related Financial Disclosures (TCFD), S&P Global Sustainable Corporate Sustainability Assessment (CSA), the United Nations Sustainable Development Goals (SDGs), and the guidelines of the World Economic Forum (WEF). We remain committed to upholding the international conventions ratified by Colombia to combat corruption and transnational bribery.

### Commitments to international conventions adopted in Colombia to combat corruption and transnational bribery

International conventions adopted in Colombia to fight corruption and transnational bribery.

OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Inter-American Convention against Corruption (IACAC).

United Nations Convention against Corruption (UNCAC), endorsed by Act 970 of 2005, FCPA Act of 1977 U.S. Foreign Corrupt Practices Act (FCPA).

OECD Anti-Bribery Convention 1997. Convention against Corruption of Foreign Public Officials in International Business Transactions.

Anti-corruption law, Law 1474 of 2011.

Comprehensive public policy to fight corruption.

Law on Transparency and Access to Public Information.

Law 1712 of 2014 and Law 1778 of February 2, 2016 by which transnational bribery is regulated.

Law 412 of 1997 approving the Inter-American Convention against Corruption in Colombia.

Law 599 of 2000 Criminal Code. Law 970 of 2005 which ratifies the United Nations Convention against Corruption of Merida of 2003.

Decree 830 of 2021 (Politically Exposed Persons-PEP). External Circular No. 100-000011 of August 9, 2021, which adds Chapter 6 of the Basic Legal Circular of the Superintendence of Corporations.

## Culture of ethics, transparency, and compliance

[GOV-3] [GOV-5] [EM-EP-510a.2]  
[EM-EP-510a.1]

Our business activities are guided by the culture of ethics, transparency, and compliance. This culture is reflected in our internal policies and practices, designed to foster honesty, integrity, and respect across all levels.

Transparency is a key focus, characterized by proactive disclosure of relevant information and a commitment to open dialogue with all stakeholders. Additionally, stringent compliance controls and procedures are upheld to ensure adherence to relevant regulations and standards, both domestically and internationally. This robust culture not only enhances our reputation as a responsible company but also supports our commitment to sustainability and long term success.

Our corporate governance policies include:

- Transparency and Business Ethics Program
- Comprehensive Self-Management System for Prevention of Risk of Asset Laundering, Financing of Terrorism and Financing and Proliferation of Weapons of Mass Destruction, SAGRILAF (for its Spanish acronym).
- Corporate Policy Against Money Laundering and Financing of Terrorism
- Whistleblower Policy
- Anti-Corruption Policy
- Donations, Contributions, and Sponsorship Policy

## Canacol's report on the following areas

| Reporting areas                     | Number of breaches in FY2023 |
|-------------------------------------|------------------------------|
| Corruption or Bribery               | 0                            |
| Discrimination or Harassment        | 0                            |
| Customer Privacy Data               | 0                            |
| Conflicts of Interest               | 0                            |
| Money Laundering or Insider trading | 0                            |

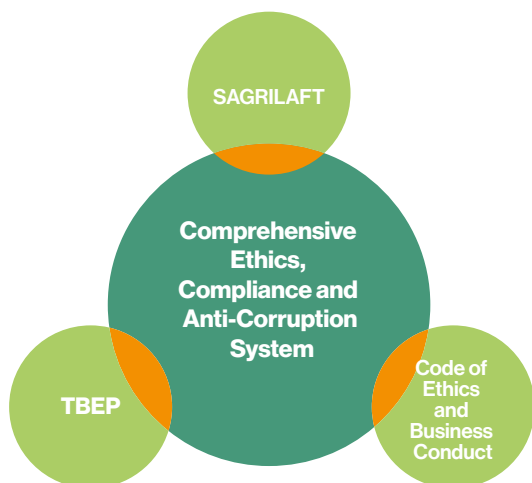
### **Comprehensive Ethics, Compliance and Anti-Corruption System**

[SASB EM-EP-510a.2] [GRI 2-15] [GRI 2-23]  
[GRI 2-24] [GRI 2-25] [GRI 2-27]

We introduced the Comprehensive System of Ethics, Compliance, and Anti-Corruption, comprising the [Comprehensive Self-Management System for Prevention of Risk of Asset Laundering, Financing of Terrorism and Financing and Proliferation of Weapons of Mass Destruction, SAGRILAF \(for its Spanish acronym\), the Transparency and Business Ethics Program \(TBEP\), and the Code of Ethics and Business Conduct](#). These documents, updated in 2023, are interconnected and grounded in the Company's principles and values, demonstrating our commitment to upholding the highest ethical standards. Furthermore, an independent third party conducts annual verification of the Company's compliance system.

Understanding, respecting, and adhering to the compliance system is fundamental for Canacol, which is why employee engagement is prioritized and directly impacts the economic incentives tied to annual employee performance.

## Comprehensive Ethics, Compliance and Anti-Corruption System



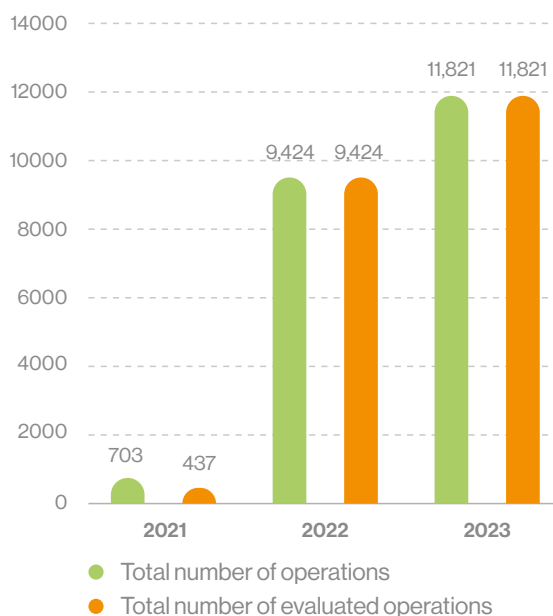
### Corruption risk assessments of operations

[GRI 205-1] [GRI 205-3] [GRI 206-1]

We have a proven track record of upholding the highest standards of ethical conduct. According to the latest CSA assessment by S&P Global Sustainable<sup>1</sup>, our score in the Business Ethics section was 81/100, significantly exceeding the oil and gas sector average of 48/100.

In 2023, the Company’s due diligence and compliance operations, totaling 11,821, were assessed with no significant corruption risks identified. Additionally, using the TBEP risk matrix, which covers all counterparties, there was no evidence of penalties for corruption, bribery, unfair competition, monopolistic practices, or any other actions contrary to free competition.

## Operations assessed with respect to corruption-related risks



### Adoption of Anti-Corruption Policies and Procedures

[GRI 205-2]

Following the launch of the Comprehensive System of Ethics, Compliance, and Anti-Corruption, 418 employees received training on the updates made to the SAGRILAFT and TBEP manuals. These updates included a new Penal Compliance chapter and Conflict of Interest Reporting Form. Additionally, our [Anti-Corruption Policy](#) underwent updates, with corresponding training provided to employees. In 2023, we continued our commitment to promoting ethical behavior and compliance with organizational standards through training programs on the [Code of Ethics and Business Conduct](#), as well as the [Code of Conduct and Ethics for Contractors and Suppliers](#). All employees, contractors, and suppliers completed their training, achieving a 100% participation rate.

## Employees trained in anti-corruption policies and procedures

| Region   | Job Category                    | Unit of Measure | 2023 |
|----------|---------------------------------|-----------------|------|
| Colombia | Executives                      | #               | 8    |
|          | Percentage of Executives        | %               | 100  |
|          | Senior Management               | #               | 18   |
|          | Percentage of Senior Management | %               | 100  |
|          | Junior Management               | #               | 43   |
|          | Percentage of Junior Management | %               | 100  |
|          | Professionals                   | #               | 202  |
|          | Percentage of Professionals     | %               | 100  |
|          | Administrative                  | #               | 147  |
|          | Percentage of Administrative    | %               | 100  |

### Political Influence

[GRI 11.22.2] [GRI 415-1]

At Canacol, we ensure compliance with all regulations and legal requirements pertaining to donations and contributions to third parties or affiliated entities. Our [Donations, Contributions, and Sponsorships Policy](#) serves as a guiding framework, aimed at contributing to social welfare and enhancing the benefits of our operations.

Our donations, contributions, and sponsorships align with our social investment strategy, aimed at supporting non-profit organizations and the local communities we serve. This includes a wide range of themes such as productive and business development, human development, community and institutional strengthening, support for ethnic minorities, as well as environmental preservation. Additionally, we allocate funds to support various humanitarian actions.

## Donations, Contributions and Sponsorships (thousands of dollars)

|   | 2021  | 2022  | 2023  |
|---|-------|-------|-------|
| Lobbying, Interest Representation or Similar                                  | 483.1 | 513.5 | 709.5 |
| Campaigns / Organizations / Local, Regional, or National Political Candidates | -     | -     | 23.1  |
| Trade Associations or Tax-Exempt Groups                                       | 500.4 | 47.1  | 189.4 |
| Others  | -     | -     | -     |
| Total of Donations, Contributions, and Sponsorships                           | 983.5 | 560.6 | 922   |

The exchange rate used for the conversion corresponds to 1 USD = \$4,325.05 COP.

\*\*GRI 415-1 includes only campaigns, organizations, local, regional or national political candidates.

## Main recipients of contributions (thousands of dollars)

|  | 2021  | 2022  | 2023  | Total        |
|--|-------|-------|-------|--------------|
| Public Services Superintendency              | 351.8 | 210.1 | 208.6 | <b>770.5</b> |
| Energy and Gas Regulatory Commission (CREG)  | 35.5  | 206   | 245.3 | <b>486.8</b> |
| Companies Superintendency                    | 86    | 74.4  | 237.3 | <b>397.7</b> |
| Colombian Natural Gas Association (NATURGAS) | 57.7  | 45.5  | 73    | <b>176.2</b> |
| Colombian Petroleum Association (ACP)        | -     | -     | 116.4 | <b>116.4</b> |

### Lobbying and Trade Associations - Climate Alignment

Canacol is a member of the Natural Gas Sector Alliance: Path to Carbon Neutrality, which includes prominent entities such as the Colombian Natural Gas Association (NATURGAS), the Ministry of Environment and Sustainable Development, and the Ministry of Mines and Energy. This alliance covers all regions where we operate. Our affiliation with NATURGAS underscores our commitment to decarbonizing the Colombian gas sector in alignment with the principles of the Paris Agreement. Through our participation, we contribute to initiatives aimed at providing essential training for an effective energy transition and developing strategies for green energy projects. Additionally, we are currently assessing the possibility of joining

the Oil and Gas Methane Alliance (OGMP 2.0 Framework) in 2024.

In 2022, Canacol became a member of IPIECA, marking a significant milestone in aligning our decarbonization efforts with industry standards. We regularly review our affiliations with trade associations and lobbying groups to ensure they align with our sustainability goals.

In 2023, Canacol allocated \$322,000 towards climate and sustainability-focused purposes.

All lobbying activities, donations, or climate sponsorships must receive authorization from the Board of Directors. Additionally, any political-related activities must be properly recorded in our accounting books to ensure transparency.





## Human rights

We remain committed to advancing the promotion, protection, and respect for human rights. In the 2023 CSA, we achieved a score of 84/100 in the human rights category. Our independent complaint system was a key driver in helping us to achieve this score. The system promotes and enhances the reporting of potential violations. In 2023, we maintained another year with no human rights violations.

We have adopted a comprehensive approach to human rights that guides all operations and activities, extending from our main offices in Bogotá and Calgary, through to Jobo Station, to our gas substations and the Rancho Hermoso field.

### Comprehensive approach to Human Rights

[SASB EM-EP-210a.3] [GRI 411-1] [SOC-1] [EM-EP-210a.3]

We have developed a comprehensive approach to human rights through a series of corporate documents. Firstly, the [Human Rights Policy](#) establishes the principles that govern the integration of human rights across all aspects of our operations, adhering to various international standards and declarations.

Secondly, the [Human Rights Manual](#) provides guidelines for managing and promoting human rights, encompassing both the respect for individuals within the Company and the external promotion of best practices.

Thirdly, the [Human Rights Due Diligence Process](#) outlines steps to identify, avoid, and resolve potential risks in this area.

Finally, the **Human Rights Guide** sets out the functions, responsibilities, and procedures necessary for its implementation within the organization. Along with these documents, we have defined the following procedures, which together constitute Canacol's Comprehensive Human Rights Framework:

- **Human rights complaint management:** specifies the procedures for addressing complaints received through Canacol's communication channels.
- **Human rights remediation:** provides guidelines to effectively address human rights violations and design strategies to mitigate and resolve negative situations within the Company's operational scope.
- **Security and human rights:** establishes clear guidelines governing Canacol's interactions with public and private security entities regarding human rights.
- **Risk identification and management:** institutes a process to proactively identify and manage risks and opportunities associated with human rights within the Company.
- **Land management and human rights:** defines protocols to ensure that all business activities, particularly those involving land acquisition, land use, and related operations, are conducted with the utmost respect for human rights.

## Canacol's Comprehensive Human Rights Framework

| Documents  | Canacol's Comprehensive Human Rights Framework | Procedures   |
|--|--|--|
| <ul style="list-style-type: none"> <li>Human Rights Policy</li> <li>Human Rights Manual</li> <li>Human Rights Due Diligence Process</li> <li>Human Rights Guide</li> </ul> |  | <ul style="list-style-type: none"> <li>Human Rights Complaint Management</li> <li>Human Rights Remediation</li> <li>Security and Human Rights</li> <li>Risk Identification and Management</li> <li>Land Management and Human Rights</li> </ul> |

For more information, please visit the following link: [ESG Reports | Canacol Energy Ltd.](#)



with communities. Our relationship with private security contractors is based on the guidelines of service contracts developed under governing principles and international standards.

In 2023, we expanded our human rights training initiatives to include all stakeholders, resulting in notable achievements:

### Human Rights Communication and Training

[GRI 410-1] [SOC-3]

We have an Executive Committee tasked with guiding and communicating all Company actions related to human rights. Each year, the Company publishes a Human Rights Management Report, which summarizes our main actions and initiatives, including:

- Strengthening due diligence in human rights.
- Promoting a culture of education and respect for human rights.
- Ensuring full observance of human rights by all stakeholders.

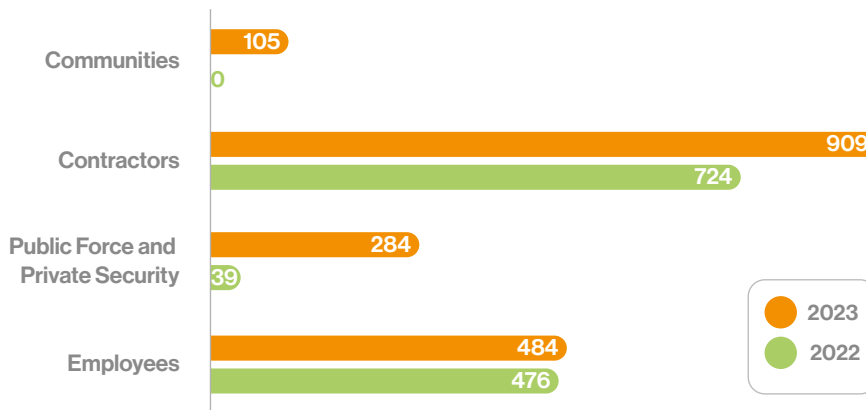
- Provided human rights training to 100% of our employees, reinforcing the importance of the SDGs.
- Recorded a 25% increase in the number of trained contractors in human rights compared to the previous year.
- Successfully delivered human rights training to 289 members of the Public Force and private security personnel.
- Conducted human rights training sessions for neighboring communities in the departments of Córdoba, Cesar, and Sucre, extending the reach of our educational efforts.

Our Human Rights Policy includes a detailed security procedure in accordance with the Voluntary Principles, guiding interactions with both public and private security officials. In the event of a violation, we activate a process of notification, investigation, possible remediation, and legal action. Additionally, we have established a communication protocol and relationship with the Public Force and private security contractors. This includes activities such as initial approaches and ongoing dialogue





## Training human rights stakeholders



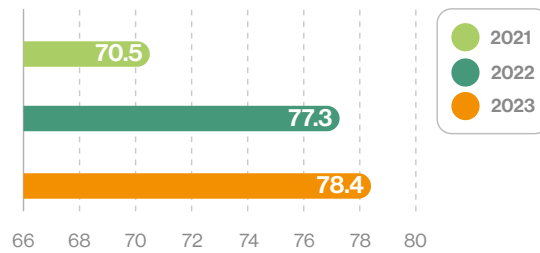
### Freedom of association [GRI 407-1] [GRI 2-30]

Canacol is committed to freedom of association through continuous monitoring and an assurance plan that encompasses all employees and contractors<sup>61</sup>. From the day they are hired, individuals are informed about their union rights, and monthly checks on unionization levels and associated benefits are conducted. This process ensures an open dialogue with unions.

Furthermore, through annual audits conducted in quarterly cycles, our Good Labor

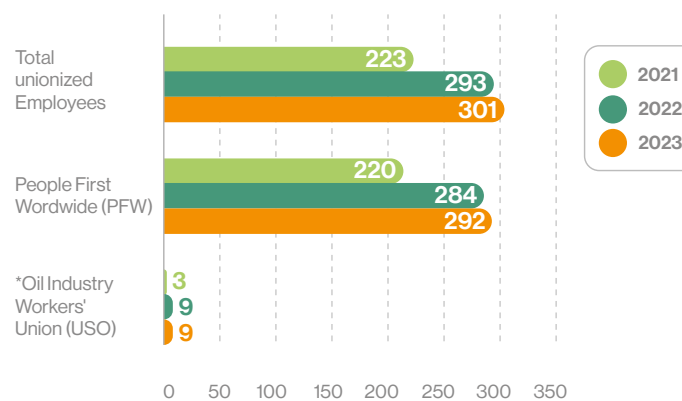
Practices Program ensures respect for the right of association, enhancing awareness and encouraging discussion about current regulations.

## Percentage of employees covered



\*9 employees are multi-affiliated to PFW and USO.

## Employees covered by an independent union or collective bargaining agreements



61 The areas of operation are Colombia and Canada. Unionization processes are applied only in Colombia.

**Good Labour Practices (GLP)**[\[GRI 308-1\]](#) [\[GRI 308-2\]](#) [\[EM-EP-210b.1\]](#)

The Company's audits on the GLP performance encompass our workforce, business partners, and contractors.<sup>62</sup> All contracts contain clauses regarding the respect and promotion of human rights, as well as our Physical Security Annex, the Guide to Good Labor Practices, and the Code of Ethics and Conduct for Suppliers.

Through detailed monitoring and annual evaluations, we strengthen compliance with labor obligations, both voluntary and those mandated by legislation. Audits are conducted on-site, and reviews are based on tangible evidence. We interview employees to verify adherence to the GLP. Similarly, our supplier dialogue platform includes a module that measures supplier progress in implementing human rights regulations.

**In 2023, 136 suppliers<sup>63</sup> participated in Canacol's GLP process.**

**Good Labour Practices (GLP)**

|  | 2022  | 2023  |
|--|-------|-------|
| Percentage of contractors that demonstrated compliance with agreed labor and community legal aspects | 91.4% | 92.5% |
| Number of GLP controls   | 347   | 299   |
| Number of evaluated skilled and unskilled workers  | 5,842 | 5,005 |
| Number of working hours in GLP processes   | 7,079 | 6,100 |
| Percentage of companies that comply with labor and community agreements                              | 84.4% | 86.0% |
| Percentage of companies with continuous improvement plans  | 98.9% | 99.3% |

**Suppliers and human rights**[\[GRI 409-1\]](#) [\[GRI 408-1\]](#) [\[GRI 407-1\]](#) [\[SOC-2\]](#)

In 2023, we maintained a human rights section on our supplier and contractor procurement platform to ensure compliance with all national and international standards before initiating any contractual relationship.

Compliance achievements by our suppliers include:

- Request to principles of eradication of child and forced labor.
- Implemented respect for human rights, refraining from engaging in labor exploitation or threats.
- Implemented Human Rights, Diversity, Equity, and Inclusion Policies, along with measures to prevent workplace and sexual harassment.
- Established committees dedicated to workplace coexistence and gender equity.
- Created of complaint channels to address any labor risks related to human rights.

<sup>62</sup> Colombia and Canada are considered as areas of operation. GLP audits are only applied in Colombia.

<sup>63</sup> Canacol ensures that contractors and subcontractors associated with our operations respect the right of free association. In addition, during 2023, no relevant risks related to this issue were detected.

Our labor relations coordination group conducts audits to verify regulatory compliance by all suppliers, contractors, and sub-contractors, in addition to providing periodic guidance on human rights.

**Optimal housing conditions during on-site work practices**

[SOC-4]

There are two accommodation options available to our employees. The first is direct accommodation at our facilities, whereby our administrative staff monitors the physical and environmental workplace conditions. They conduct regular reviews and adjustments to maintain quality and user satisfaction. The second option is accommodation with third parties, facilitated through registered hotels in the national tourism registry. This service is supported by contracts that guarantee optimal conditions and undergo annual evaluations to ensure compliance.

In case of any dissatisfaction, we take immediate corrective measures. For

Company-owned accommodations, if conditions do not improve, responsible staff receive additional oversight. For third-party accommodations, we utilize the complaint resolution mechanisms stipulated in the contract.

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

[SASB EM-EP-210b.1]

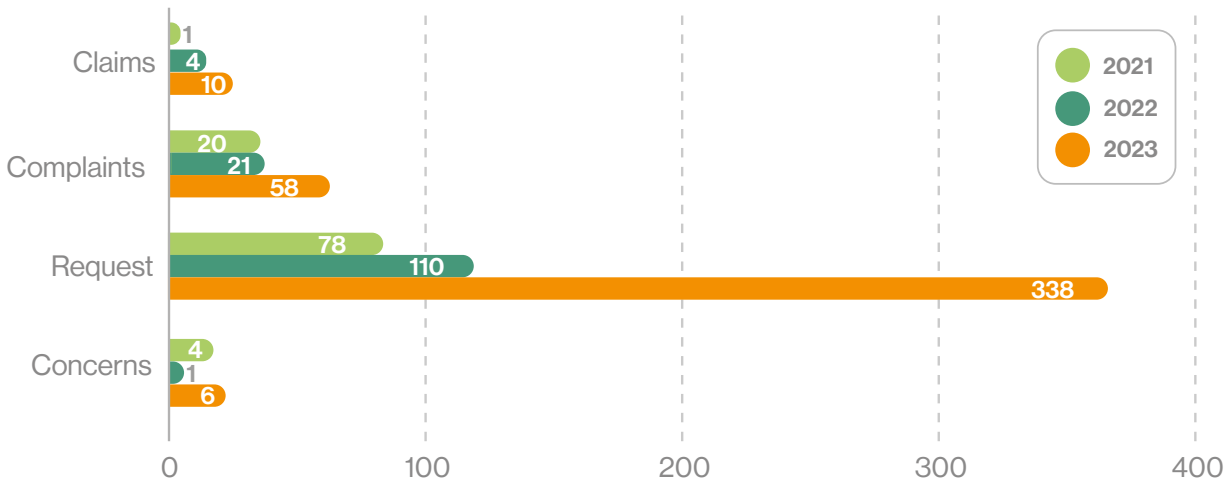
[GRI 308-1] [GRI 308-2]

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, whether submitted directly or through non-standard channels.

Our reporting mechanisms can be accessed through confidential channels such as the Intranet, email, and ethics hotline, all of which are governed by a non-retaliation framework and guidelines.



In 2023, a total of 412 CRCC cases were reported, all of which were addressed and resolved.



## Corporate governance, risk management and crisis management

Canacol adheres to a defined governance structure, where directors are appointed by the Company’s shareholders. Our performance in the Risk and Crisis Management section of the CSA was 53/100, exceeding the oil and gas industry average of 22/100.

### Excellence in corporate governance

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 consist entirely of independent members of the Board of Directors.

### Board of Directors and Committees

[GRI 2-15] [GRI 2-17] [GRI 2-9] [GOV-1]

The Board of Directors plays a crucial role in overseeing risk and opportunity management

related to ESG issues. The Board reviews strategies, policies, and practices aimed at addressing these challenges and continually assesses their effectiveness. Additionally, the Board allocates resources as necessary to implement proposed actions.

Our Board operates under a single-tier system, led by an independent director. This structure is supported by [Governance Guidelines for the Board of Directors and a Board Diversity Policy](#). Notably, 88% of our Board members are independent, affirming our commitment to impartiality and transparency.

The Board is subject to regular assessments focusing on the effectiveness and alignment with our shareholder’s long term interests. These assessments include independent evaluations and self-assessments, which were recently completed in May 2024. We also publish the [Notice of Meeting and Management Information Circular](#) on our website annually.

Board members are annually elected or reelected, following a majority vote policy for the election process. The Board’s average

tenure is 8 years, with ages ranging from 36 to 68, and an attendance rate at board meetings of 98% in 2023.

### Key Experience and Expertise of the Board of Directors

| Board Member                                       | Gender | Age | Director Since | Capital Markets | CEO | Compensation | Corporate Governance | ESG | Financial | Government Relations | Human Resources | Industry Knowledge | Information Technology | Insurance | International Operations | Investor Relations | Leadership | Marketing | Mergers and Acquisitions | Oil and Gas Development | Oil and Gas Exploration | Operational | Risk Management | Strategic Analysis | Strategic Planning |   |
|--|--------|-----|----------------|-----------------|-----|--------------|----------------------|-----|-----------|----------------------|-----------------|--------------------|------------------------|-----------|--------------------------|--------------------|------------|-----------|--------------------------|-------------------------|-------------------------|-------------|-----------------|--------------------|--------------------|---|
| <b>Charle Gamba</b><br>President, CEO and Director | Male   | 59  | 2008           | x               | x   | x            | x                    | x   | x         | x                    |                 | x                  |                        |           | x                        | x                  | x          | x         | x                        | x                       | x                       | x           | x               | x                  | x                  |   |
| <b>Michael Hibberd</b><br>Chairman                 | Male   | 68  | 2008           | x               | x   | x            | x                    | x   | x         |                      |                 | x                  |                        |           | x                        | x                  | x          | x         | x                        |                         |                         |             |                 | x                  | x                  | x |
| <b>Ariel Merenstein</b><br>Director                | Male   | 40  | 2020           | x               |     |              | x                    |     | x         |                      |                 | x                  |                        |           | x                        |                    |            |           |                          |                         |                         |             |                 | x                  | x                  |   |
| <b>Francisco Diaz</b><br>Director                  | Male   | 62  | 2015           | x               |     |              | x                    | x   | x         | x                    |                 | x                  |                        |           | x                        |                    |            |           |                          |                         |                         |             |                 | x                  | x                  |   |
| <b>Gustavo Gattas</b><br>Director                  | Male   | 48  | 2021           | x               |     | x            | x                    |     | x         | x                    | x               | x                  |                        |           | x                        | x                  |            |           |                          |                         |                         |             |                 | x                  | x                  |   |
| <b>Gonzalo Fernández Tinoco</b><br>Director        | Male   | 61  | 2018           |                 |     |              | x                    | x   | x         |                      |                 | x                  | x                      |           | x                        |                    | x          | x         |                          |                         |                         |             | x               | x                  |                    |   |
| <b>Valentina Garbarini</b><br>Director             | Female | 36  | 2023           |                 |     |              |                      |     | x         |                      |                 |                    |                        |           |                          |                    | x          |           |                          | x                       | x                       |             |                 |                    |                    |   |
| <b>David Winter</b><br>Director                    | Male   | 66  | 2009           |                 | x   | x            | x                    | x   |           | x                    | x               | x                  |                        |           | x                        |                    | x          |           | x                        | x                       | x                       |             |                 | x                  | x                  |   |

Our Board of Directors brings extensive experience in the oil and gas sector, with six members skilled in risk management and one with expertise in IT and cybersecurity.

Canacol’s Board is structured into six committees—Audit, Governance and Nominating, ESG, Reserves, and Compensation—each focused on overseeing specific business areas. Furthermore, we have a Director Retirement Policy and have established and refined our CEO evaluation and succession processes.



## Responsibilities of the board committees

### Board Committees

| Audit Committee Mandate   | Governance and Nominating Committee Mandate   | Compensation Committee Mandate  | ESG Committee Mandate  | Reserves Committee Mandate  |
|---|---|---|--|---|
| <ul style="list-style-type: none"> <li>Financial Reporting</li> <li>Audit Process</li> <li>Risk Management</li> <li>Cybersecurity</li> <li>Internal Control Compliance</li> </ul> | <ul style="list-style-type: none"> <li>Governance</li> <li>Director Nomination</li> <li>Board Diversity</li> <li>Board Performance</li> </ul> | <ul style="list-style-type: none"> <li>Compensation</li> <li>Executive Performance</li> <li>Succession Planning</li> <li>Diversity, Equity and Inclusion</li> </ul> | <ul style="list-style-type: none"> <li>ESG Strategy</li> <li>ESG Disclosure</li> <li>Health and Safety</li> <li>Sustainability</li> <li>Governance and Oversight</li> <li>Independent Assurance Review</li> <li>Risk Management</li> </ul> | <ul style="list-style-type: none"> <li>Regulatory Compliance</li> <li>Reserves Disclosure</li> <li>Operational Performance</li> <li>Independent Evaluator Review</li> </ul> |

### Board Diversity

| Age   | Ethnicity                                | Tenure                                      | Gender                              |
|---|--|---|-------------------------------------|
| <p>35-49: 3</p> <p>50-59: 1</p> <p>60-69: 4</p> | <p>White: 37.5%</p> <p>Latino: 62.5%</p> | <p>0-4: 3</p> <p>5-9: 2</p> <p>10-15: 3</p> | <p>Female: 13%</p> <p>Male: 87%</p> |

#### Our ESG Committee

[GRI 2-17]

The ESG Committee ensures that sustainability risks and opportunities are integrated into the corporate strategy. Additionally, the committee oversees the development of appropriate policies and procedures for the Company's functions.

The duties and responsibilities of the ESG Committee include:

- Aligning the ESG Strategy with Canacol's corporate values, business plan, and annual objectives.
- Establishing and monitoring ESG policies, plans, and practices.
- Implementing appropriate procedures to identify and manage ESG risks.
- Overseeing ESG outcomes and staying abreast of evolving sustainability standards and best practices.

- Reviewing and approving sustainability ratings, corporate governance documents, commitments, and performance of third parties engaged for the verification of the ESG Integrated Report.
- Reviewing and approving Canacol's annual ESG Integrated Report and climate reports.

The ESG Committee meets quarterly, and its chair is present at the Company's Annual General Meeting to directly address and respond to shareholders' concerns, inquiries, and questions.

## Corporate governance practices

Canacol's corporate governance practices and policies adhere to the Canadian Securities Administrators (CSA) guidelines, with a particular focus on audit committees and the certification of financial information.

Our management systems adhere to the highest international standards. We are certified in the following management-performance frameworks and guidelines:

- ISO 9001:2015 Quality Management Systems
- ISO 14001:2015 Environmental Management Systems
- ISO 45001:2018 Occupational Health and Safety Management Systems
- ISO 27001:2013 Information Security Management

### **Our commitment to HSEQ**

At Canacol, we have protocols in place to mitigate potential health and safety risks. We maintain a [Sustainability Policy HSEQ](#) (Health, Safety, Environment and Information Security Sustainability Policy), approved by senior management and disseminated to all internal teams. Annually, we review our integrated management

system, involving all Company processes. This review communicates the status and outcomes of the management systems, aiming to promote continuous improvement.

In 2023, we conducted various audit processes, including internal audits, and certification audits conducted by the international agency SGS, as well as HSEQ audits for our strategic partners. Additionally, we organized two training sessions on Risk and Opportunity Management for our contractors.

We developed a matrix to identify both internal and external stakeholders. This tool helps us understand their needs and expectations. Additionally, we conducted customer satisfaction surveys, enabling us to map areas for improvement and validate our strengths.

## Executive compensation plan

[\[GRI 2-18\]](#) [\[GRI 2-19\]](#) [\[GRI 2-20\]](#) [\[GRI 2-21\]](#)

In our commitment to corporate sustainability, we recognize the importance of attracting, hiring, and retaining high-caliber individuals, as their values are crucial to our Company's ongoing success. To achieve this, we have implemented a comprehensive compensation program designed to enhance our executives' performance, which includes: (a) base salary; (b) short term incentive compensation; and (c) long term incentive compensation through Restricted Stock Units (RSUs) and Performance Share Units (PSUs).

Our executives receive short term incentives through a cash bonus plan when key performance targets are achieved. These corporate performance goals are set by the Board's Compensation Committee to determine the annual bonus targets for all Company executives. Long term alignment is achieved through a mix of PSUs and RSUs. PSUs are based on a three-year metric and vest at the end of the period, while RSUs are tied to annual corporate and individual objectives and vest over two years.

### Our executive compensation

Annually, the Board of Directors establishes specific corporate performance objectives,

which are based on business and performance indicators commonly used in the oil and natural gas industry. These objectives serve as the basis for determining executive compensation.

### Our executive compensation in 2023

|                                  | Targets   |               |        |      |                   | Payout Level |        |      |              |
|----------------------------------|-----------|---------------|--------|------|-------------------|--------------|--------|------|--------------|
|                                  | Weighting | Threshold     | Target | High | Result            | < Threshold  | Target | High | Payout Level |
| <b>Operational</b>               |           |               |        |      |                   |              |        |      |              |
| Gross 2P Reserve Additions (BCF) | 15-40%    | 120           | 145    | 170  | <120              | 0            | 50     | 100  | 150          |
| <b>Financial</b>                 |           |               |        |      |                   |              |        |      |              |
| EBITDA (\$M)                     | 20-30%    | 190           | 226    | 264  | 237               | 0            | 50     | 100  | 150          |
| <b>ESG</b>                       |           |               |        |      |                   |              |        |      |              |
| Sustainability Score             | 10%       | 67            | 69     | 71   | 69                | 0            | 50     | 100  | 150          |
| <b>Strategic</b>                 |           |               |        |      |                   |              |        |      |              |
| Productive Capacity (mmscf/d)    | 0-20%     | 240           | 250    | 260  | <240              | 0            | 50     | 100  | 150          |
| General and Administrative (\$M) | 0-10%     | 33            | 30     | 28   | 30 <sup>(1)</sup> | 0            | 50     | 100  | 150          |
| Financing                        | 0-25%     | discretionary |        |      |                   | 0            | 50     | 100  | 150          |
| M&A/Growth                       | 10-15%    | discretionary |        |      |                   | 0            | 50     | 100  | 150          |

Note: (1) Adjusted for standardized annual bonus and other non-recurring items.

### 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 and directors requiring them to acquire and hold common shares equal to twice their annual base salary or base retainer respectively.

| Position   | Name(s)  | Base salary multiple |
|--|--|----------------------|
| Chief Executive Officer  | Charle Gamba   | 2 x base salary      |
| Average across other Executive Committee members owning shares | Jason Bednar, Ravi Sharma, Anthony Zaidi, Will Satterfield | 2 x base salary      |

For more information, please refer to our **Notice of Meeting and Management Information Circular** dated June 23, 2023.





# Risk management

[SASB EM-EP-540a.2] [SASB EM-EP-530a.1] [GRI 207-2] [GOV-2]

The oversight and development of Canacol's risk and opportunity management system is directed by the ESG Management's Quality and Risk Coordination department, which reports directly to the executive team. This

team diligently reviews policies and processes to accurately identify, assess, and govern Canacol's risk profile. The Board, through its Audit and ESG Committees, supervises this process to ensure its effectiveness.

|  |   |
|--|---|
| Highest Position Responsible for Risk Management and Reporting Line                    | <b>Charle Gamba - CEO- Reporting Line:</b><br>Audit Committee of the Board of Directors       |
| Highest Position Responsible for Monitoring and Auditing Risks, and its Reporting Line | <b>Michael Hibberd - Chair of the Audit Committee - Reporting Line:</b><br>Board of Directors |

Canacol has a [Risk Management & Oversight Policy](#) for hydrocarbon exploration, drilling, and production. The Policy aims to establish a comprehensive and systematic framework for identifying and managing risks and opportunities that could positively or negatively impact the achievement of corporate objectives.

This system promotes the integration of risk criteria across all Company processes and establishes management indicators for all employees, areas, and processes. Risks and opportunities are categorized as Strategic, Tactical, Operational, and Emerging, based on the methodology outlined in ISO 31000.

## **Risk culture**

We are committed to fostering a robust risk management culture through regular and on-going training for our employees. This involves

integrating risk criteria into all Company processes and establishing related KPIs.

In 2023, we achieved several significant milestones in risk culture:

- Successfully trained 100% of employees in the principles underlying asset laundering and financing of terrorism risk management.
- Created the first Emerging Risk Report, incorporating scenario analysis, financial impact assessments, and climate-related evaluations.
- Conducted the first ESG risk exercise in the supply chain, involving critical suppliers.
- Held quarterly meetings with various Company departments to identify emerging risks associated with each.

- Updated the Risk Matrix to include prevention and management strategies for risks related to environmental and economic crimes.
- Implemented an information security awareness program, with 95% participation from employees and critical contractors.
- Conducted identification and analysis of physical and transitional climate risks, assessed under various scenarios.

For more information on the risk management and opportunities policy, please visit the following link: [Governance | Canacol Energy Ltd.](#)



of occurrence and quantification if they materialized. This enables Canacol to establish prevention plans to avert potential risk scenarios.

For the 2023 Emerging Risk Quantification Report, please visit the following link: [ESG Reports | Canacol Energy Ltd.](#)



### Cybersecurity

[SHS-7]

Cybersecurity is crucial for ensuring business continuity, protecting digital assets, and maintaining the stability and trust of our stakeholders. We have an [Information Security Policy](#) that outlines conduct and behavior guidelines for all employees, contractors, consultants, temporary staff, and affiliated personnel.

### Emerging risk analysis

Our framework focuses on effectively managing current risks and periodically identifying, monitoring, and evaluating emerging risks. This model guides the development and application of appropriate mitigation strategies, serving as a useful tool for decision-making in executing our corporate strategy.

Our 2023 Emerging Risk Report is based on the methodology of the World Economic Forum (WEF) and provides valuable information on threats arising from new technologies, business practices, environmental changes, and unforeseen events that could significantly impact the economy, society, or environment. These risks can be challenging to predict and may require new methods of assessment and management by our Company.

In 2023, we prioritized emerging risks for the Company developing stress tests and sensitivity analyses, to determine the likelihood



We maintain a secure environment for both our Information Technology (IT) and Operational Technology (OT), striving to uphold the highest information security standards. Our disaster recovery plan for 2022-2023 comprehensively covers our digital assets and processes. Additionally, we have implemented measures to ensure all infrastructure supporting our operations meets defined data center security regulations.

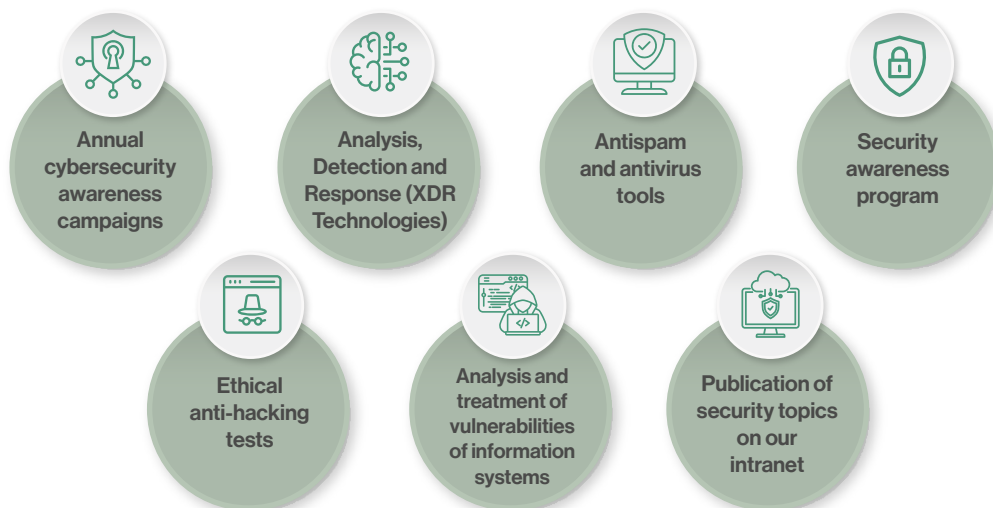
To achieve the highest level of cybersecurity, we continuously train our personnel. Our Security Awareness Program includes quarterly training and specific modules for high risk positions or processes. We also conduct regular ethical hacking tests and monitor identified vulnerabilities to mitigate potential impacts on our Company.

The Audit Committee is responsible for overseeing IT security and regularly receives security updates, including detailed discussions on key topics. Furthermore, a board member with extensive IT experience actively participates in developing our cybersecurity strategy.

We prioritize the security of our data, systems, and processes, adopting a proactive approach based on real-time threat detection, vulnerability assessments, internal audit tools, and advanced technology to prevent cyberattacks such as malware, ransomware, and phishing.

Our security practices are ISO 27001 certified, and we enforce a zero-tolerance policy against violations of our Information Security Policy. This means any non compliance could lead to sanctions or disciplinary actions, including warnings, contract termination with cause, or the initiation of legal or criminal proceedings.

In 2023, our information security management systems underwent external audits and independent third party vulnerability analysis, including simulated hacker attacks. No security incidents impacting people, the environment, or Company operations were reported during this analysis period. To ensure maximum protection, we successfully trained 100% of our employees and critical contractors in cybersecurity awareness:



For more information, please consult the [https://canacolenergy.com/site/assets/files/3747/esg\\_committee.pdf](https://canacolenergy.com/site/assets/files/3747/esg_committee.pdf)





## Limited assurance report on the information subject to assurance included in the ESG integrated report 2023 of Canacol group

### To the Administration of Canacol Group

#### **Limited assurance report on the information subject to assurance included in the ESG integrated report 2023 of Canacol Group**

We have carried out limited assurance engagement on the selected information detailed in Annex A (hereinafter, information subject to assurance), included in the ESG Integrated Report 2023 of Canacol Group for the year ended December 31, 2023. This assurance engagement was conducted by a multidisciplinary team that includes assurance professionals and sustainability specialists.

Our limited assurance engagement was performed only in relation to the selected indicators included in Annex A. Our assurance report does not extend to prior period information included in the ESG Integrated Report 2023, or other information related to such report 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 ESG Integrated Report

2023 were established considering the concepts, requirements and principles set forth in the Global Reporting Initiative (“GRI”) Standards.

#### **Management’s responsibilities for the information subject to assurance included in the Integrated Report ESG 2023**

Management is responsible for the preparation of the information subject to assurance included in the ESG Integrated Report ESG 2023 in accordance with the criteria established in the GRI Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of information subject to assurance 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. Management makes qualitative

interpretations about the relevance, materiality and accuracy of information that are subject to assumptions and judgments.

### ***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 for Assurance Engagement, other than audits or reviews of historical financial information ISAE 3000 (Revised) 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 selective random basis of assurance information developed by management to determine standards and indicators and corroborate that 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.

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, 2023; and we have not conducted any procedures with respect to prior years, projections and future targets, or any other items included in

the ESG Integrated Report 2023 for the year ended December 31, 2023 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 ESG Integrated Report 2023 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 about of the ESG Integrated Report 2023 of Canacol Group for the year ended December 31, 2023, 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 the ESG Integrated Report 2023 of Canacol Group for the year ended December 31, 2023, nor to its financial statements, taken as a whole.

  
**JUAN DAVID LOPEZ MONTOYA**  
 Partner  
 Bogotá, May 17, 2024

## 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 ESG Integrated Report 2023 of Canacol Group for the year ended December 31, 2023.

| Estándar GRI      | Descripción   |
|-------------------|---|
| 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 305-3 (2016)  | Indirect (Scope 3) 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 (2016)  | Significant Spills  |
| 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   |



# ESG Integrated Report 2023



ENVIRONMENTAL • SOCIAL • GOVERNANCE