



Double Materiality Report

August 31st, 2024

Introduction

In the current context of growing concern for sustainability and corporate responsibility, double materiality analysis has emerged as an essential tool for companies and organizations. This comprehensive approach allows for the evaluation of not only how environmental, social, and governance (ESG) factors affect an entity's financial performance but also how the company's activities impact its surroundings and the communities in which it operates.

The concept of double materiality recognizes that business decisions must consider both the risks and opportunities arising from ESG issues that affect the organization (financial materiality) and those that impact society and the environment in general (impact materiality). This analysis has become crucial in the development of sustainable strategies, regulatory compliance, and long-term risk management.

In this regard, in 2024, Canacol Energy Ltd (hereinafter referred to as Canacol or

the Company) developed its first double materiality analysis aimed at realizing its higher purpose of "building a cleaner energy future," providing a detailed analysis of its components and practical application. The goal is to provide a clear understanding of how double materiality analysis can contribute to more effective and responsible management of the Company's ESG matters, aligned with the expectations of investors, regulators, collaborators, communities, and other relevant stakeholders.

This report was structured following the guidelines of the European Directive on Corporate Sustainability Reporting (CSRD) to meet international requirements and those requested by various stakeholders and sustainability monitors, particularly by S&P through its CSA evaluation, which is essential for assessing the Dow Jones Sustainability Indices (DJSI).

The exercise was divided into five main phases, which will be described in detail throughout the report:

- **Assessment of the Company's Current State Regarding Material Sustainability Issues:** Understand Canacol's current state and its external context to build an initial comprehensive set of sustainability issues and a preliminary record of impacts, risks, and opportunities.
- **Mapping the Value Chain and Defining Stakeholders:** Accurately understand Canacol's value chain, its key stakeholders, and the potential ESG impacts, risks, and opportunities related to each of them.
- **Engagement with Stakeholders:** Involve internal and external stakeholders of Canacol in consultation processes to define a solid set of impacts, risks, and opportunities for the business.
- **Prioritization of Impacts, Risks, and Opportunities:** Prioritize the potential/ actual impacts, risks, and opportunities associated with the identified sustainability issues.
- **Prioritization and Validation of Sustainability Issues:** Assess, evaluate, and visualize the relative importance of sustainability issues and obtain validation of the materiality assessment results from the Board of Directors and members of Canacol's executive committee.



Assessment of the Company's Current State Regarding Material Sustainability Issues (GRI 3-1 a.)

In this phase, the objective was to understand Canacol's current state concerning its sustainability approach and its external context, including the competitive and regulatory environment. The purpose was to develop an initial comprehensive set of sustainability issues and create a preliminary record of the associated impacts, risks, and opportunities.

To achieve this, it was essential to start with a detailed understanding of Canacol and its level of sustainability maturity. This initial understanding allowed for a precise focus on identifying trends, analyzing the national and international regulatory environment, the requirements of standards, and reviewing industry peer practices in the Oil & Gas sector.

Understanding Canacol's internal context was crucial to compare it with the results of

the external environment analysis, which encompasses the macro trends of ESG in the Oil & Gas sector. This analysis enables the organization to align with the main guidelines regarding sustainability.

Furthermore, compliance with international and national regulations helps Canacol maintain regulatory conformity while implementing the requirements established by the CSA, GRI, SASB, and CSRD frameworks. This process also facilitates the construction of an initial list of topics, subtopics, and definitions that align with the needs and realities of the business.

Based on the results of the global trends analysis and peer benchmarking, the Company's ESG Management grouped and defined the most relevant material issues for its operations, resulting in 14 issues distributed as follows:



List of material topics (GRI 3-2 a.)

Dimension	Sustainability Issue
Environmental Dimension	Climate change mitigation and adaptation
	Ecosystems and Biodiversity
	Integrated water resource management
	Circular economy and waste management
	Air quality
Social Dimension	Employee well-being, talent attraction, and retention
	Human rights
	Community relations
	Health and safety at work
Environmental Dimension	Sustainable supply chain management
	Governance
	Ethics and integrity
	Risk and opportunity management
	Information security and cybersecurity

For each of the 14 defined issues, and based on the information captured in the high-level trends analysis, which included the CDP/TCFD frameworks and peer benchmarking,

an initial identification of positive impacts, negative impacts, risks, and opportunities was conducted.

Changes in the list of material topics (GRI 3-2 b.)

The following table¹ relates the changes made to the list of material issues compared to the year 2023:

Sustainability Issue 2024	Sustainability Issue 2023	Comment
Mitigation and adaptation to climate change	Energy, climate change adaptation, and air quality	Renamed and divided issues for 2024.
Ecosystems and Biodiversity	Biodiversity	Renamed.
Integrated water resource management	Integrated water management	Renamed.
Circular economy and waste management	Waste management	Renamed.
Air quality	Energy, climate change adaptation, and air quality	Renamed and divided issues for 2024.
Employee well-being, talent attraction, and retention	Talent management and culture Diversity, equity, and inclusion	Renamed and divided issues for 2024.
Human Rights	Human Rights	Moved from governance dimension to social dimension for 2024.

¹ Issues in green: environmental dimension
Issues in purple: social dimension
Issues in orange: governance dimension

Sustainability Issue 2024	Sustainability Issue 2023	Comment
Community Relations	Employment and local development Relationship with rural and ethnic communities	Renamed and divided issues for 2024.
Health and safety at work	Safety and health	Renamed.
Sustainable supply chain management	Sustainable supply chain management	Moved from governance dimension to social dimension for 2024.
Governance	Corporate governance, risk management, and crisis management	Renamed and divided issues for 2024.
Ethics and integrity	Ethics, compliance, and anti-corruption	Renamed.
Risk and opportunity management	Corporate governance, risk management, and crisis management	Renamed and divided issues for 2024.
Information security and cybersecurity	N/A	Included in material issues for 2024.



Mapping the Value Chain and Defining Stakeholders

Mapping the Value Chain

The definition of the value chain framework encompassed the activities, resources, and relationships that Canacol uses to develop its operations, from the exploration process to the marketing of natural gas. The relevant activities, resources, and relationships include:

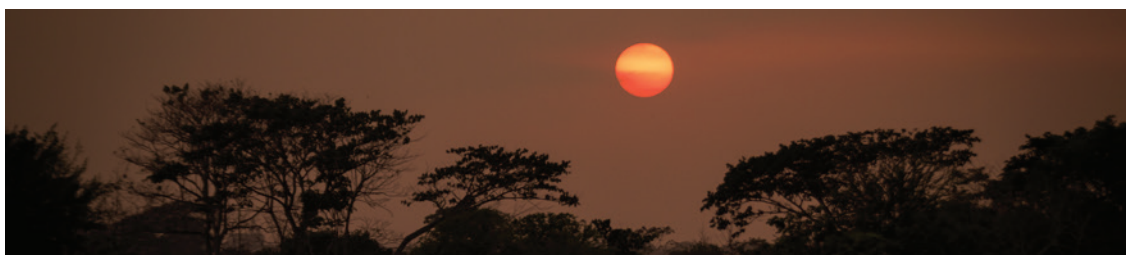
- Canacol's own activities
- Activities along the supply, marketing, and distribution channels, distinguishing these activities as upstream and downstream operations or segments of the value chain
- Input capitals and their transformation to generate output capitals.

The process involved executives from key areas such as social, environmental, commercial, legal, operational, and

procurement, aiming to demonstrate to capital providers how the company creates value. According to the <IR>² framework, a combination of quantitative and qualitative information is used, based on six capitals: financial, manufactured, intellectual, human, social and relationship, and natural. These six capitals enter the operation, where they can increase their value, maintain their value, or erode their value.

Additionally, a qualitative assessment was developed regarding the impact that each sustainability issue has on the different operations and activities within Canacol's value chain.

On the next page is a graphical description of Canacol's value chain map.



2 <IR> Framework: A corporate disclosure standard for the structuring of integrated reports (integrated thinking on sustainability – ESG). It is part of the IFRS Foundation.

Operating segments for value creation

Upstream operations (indirect)

Canacol operations (direct)

Downstream operations (indirect)

Incoming capital
Tangible and intangible resources needed for Canacol's operations and value chain

Natural
- Natural gas, oil, other fossil fuels
- Electric energy
- Water resource
- Land resource

Industrial / Physical
- Infrastructure, platforms, wells,
- and production and development facilities
- Buildings / offices
- Flow lines
- Multimodal transportation

Human
- Board of Directors
- Employees (executives and non-executives, women and men)

Financial
- Capital - Investors
- Net debt
- Equity and taxes
- Loans - Financial institutions
- Risk analysis - Insurers and others
- Financial assessment of suppliers and customers
- Equity
- Assets

Intellectual
- Investment in innovation and process optimization
- Knowledge, technical skills, know-how
- Research and Development (R&D)
- Market knowledge

Social and Relational
- Suppliers, contractors, and subcontractors
- Communities (prior consultations, social license to operate, others)
- Strategic allies
- Environmental licensing (ANLA, corporations, and others)
- Indigenous peoples

Superior purpose
Building a cleaner energy future

Upstream - SECTOR SEGMENT | **Downstream - SECTOR SEGMENT**

Exploration		
Activity	Stakeholder engagement	Activity Exits
Environmental and Regulatory Management (Environmental Licenses and Prior Consultation)	- Communities - Authorities (ANLA, CAR, ETC)	Environmental and Social Permits and Licenses for the Development of the Exploration Process
Geology, Drilling, Seismic Prospecting, Interpretation (Canacol), Others	- Executives and employees - Authorities (ANH, ANLA, CAR) - Suppliers - Communities	Company Exploration Plan New Discoveries and Reserve Replacement
Exploratory Drilling	- Executives and employees - Authorities (ANH, ANLA, CAR) - Suppliers - Communities	New Discoveries and Reserve Replacement

Development		
Activity	Stakeholder engagement	Activity Exits
Reserve Identification	- Executives and Employees - Authorities (ANH, ANLA, CAR, MME) - Suppliers (Reserve Auditor)	P1 Proved Reserves (BCFE) P2 Reserves (Proved + Probable) (BCFE) P3 Contingent Resource Prospective Resource
Completion and Definition of Production System (Canacol)	- Executives and employees - Authorities (ANH, ANLA, CAR) - Suppliers - Communities	Well Production Startup
Well Optimization	- Executives and employees - Authorities (ANH, ANLA, CAR) - Suppliers - Communities	Restoration of Operating/ Production Conditions
Construction and/or Modification of Surface Facilities for Production (Drilling Platforms and Others)	- Executives and employees - Authorities (ANH, MME) - Suppliers - Communities	Transportation and Conditioning of Delivered Hydrocarbons and Water Disposal
Maintenance and Operation of Infrastructure and Facilities	- Executives and employees - Authorities (ANH, MME, CREG) - Suppliers (Reserves audit)	Ensuring the Operational Continuity of the Production Process
Reserve Evaluation	- Executives and employees - Authorities (ANH, MME, CREG) - Suppliers (Reserves audit)	Annual Reserves Report

Cross-Cutting Operations in Processing and Production (Natural Gas and LNG)					
Activity	Stakeholder engagement	Activity Exits	Activity	Stakeholder engagement	Activity Exits
Reservoir Management and Optimization	- Executives and employees - Authorities (ANH, MME) - Suppliers	Recovery Factor Optimization	Maintenance of Gas Treatment and Processing Plants	- Executives and employees - Authorities (ANH, MME) - Suppliers - Communities	Ensuring the Operational Continuity of the Production Process

Processing and Production (Natural Gas and LNG)					
Activity	Stakeholder engagement	Activity Exits	Activity	Stakeholder engagement	Activity Exits
Well Operation (Extraction and Monitoring)	- Executives and employees - Authorities (ANH, MME) - Suppliers - Communities	Optimal Operating Conditions of the Well During Production Phase	Separation and Treatment	- Executives and employees - Authorities (ANH, MME) - Suppliers - Communities - Clients	Gas in RUT conditions
Gas Transportation Flow Lines (Well-Plant)	- Executives and employees - Authorities (ANH, MME) - Suppliers - Communities	Delivery of Produced Gas for Treatment at a Specific Point Prior to Handovers	Natural Gas Processing	- Executives and employees - Authorities (ANH, MME) - Suppliers - Communities - Clients	Total Natural Gas Production under Specific Delivery Conditions

Processing and Storage (LNG)			Transportation (Natural Gas and LNG)		
Activity	Stakeholder engagement	Activity Exits	Activity	Stakeholder engagement	Activity Exits
Processing and Storage of LNG (A1)	- Executives and employees - Authorities (ANH, MME) - Suppliers - Communities - Clients	Total LNG Production under Specific Delivery Conditions	Transportation (Natural Gas and LNG) (A1)	- Clients	Final Delivery Product

Commercialization		
Activity	Stakeholder engagement	Activity Exits
Determination of Production Potential and Gas Availability for Sale	- Authorities (Ministry of Mines, ANH) - Clients	Determination of Production Potential and Gas Availability for Sale
Market Analysis (Demand, Prices, Others)	- Clients - Market Manager - Competition	Outcome of Gas Supply and Demand Management
Contract Negotiation	- Clients	Gas Supply Contracts
Logistics and Distribution - Dedicated Pipelines - Virtual Pipelines - National Transportation System	- Suppliers (Transporters) - Executives and Collaborators - Allies	Gas Evacuation Scheme
Customer Management - Marketers - Power Generation Plants (El Tesorito and Tebsa) - Industries (Cerromatoso Ferronickel Mine) - Between 11 and 13 Clients - Distributors - Unregulated Market - Petrochemicals	- Clients	Clients Relationship Management
Delivery to Customer/End User - Regulated Market and Trade - Commercial	- Clients - Allies - Suppliers (transporters) - Market manager	Daily Gas Sales
Management with Associations	- Unions - Authorities (Ministry of Mines, CREG) - Naturgas	Advocacy for New Regulations to Favor the Company and Minimize Negative Impacts.

Products
Natural Gas PLG

Geographies
Operations: Colombia and Bolivia
Administrative: Colombia and Canada

Key Stakeholders
Investors and Shareholders - Executives and Collaborators - Suppliers - Authorities - Customers - Communities - Organizations, Associations, and Unions

Exit capitals
Through its business activities, capital is transformed into outputs (products, services, waste, emissions, and others). The organization's activities and production lead to outcomes in terms of effects on capital (internal and external consequences, both positive and negative).

Natural
- Soil and Water Emissions (Spills and Discharges)
- Air Emissions (Air Quality, Pollution, and Noise)
- GHG Emissions
- Emission and Pollution Control (Water Treatment, Gas Emissions, etc.)
- Ecosystem and Biodiversity Alteration/Protection

Industrial / Physical
- Natural Gas Produced
- LNG Produced
- Infrastructure and Assets
- Other Products

Human
- Collaborators / Turnover (Executives and Non-Executives, Women and Men)
- Collaborators with Upskilling and Reskilling Processes
- Labor Productivity
- Organizational Culture (Higher Purpose, Corporate Values, Others)
- Work Environment / Safe and Wellbeing Operational and Working Conditions

Financial
- Capital Expenditures
- Total Revenues
- Profits / EBITDAX
- Investments (Social, Environmental, Others)
- Donations (Community and Others)
- Acquisitions and Divestitures
- Tax Payments, Royalties, and Other "Government Payments"

Intellectual
- Processes, Procedures, and Other Company Intellectual Property
- Patents
- New Developments

Social and Relational
- Trained Suppliers or Those with Better ESG Practices
- Value and Support from the Community and "Indigenous Peoples"
- Reputation
- Value and Satisfaction of Customers and Allies
- Competitive Advantage
- New Strategic Partnerships

Additionally, a preliminary analysis of the consultation process with stakeholders was conducted, assessing the incidence of the different identified sustainability issues within each of the macro activities developed by Canacol. This incidence was qualitatively evaluated as high, medium,

or low impact, considering the associated impacts, risks, and opportunities for each sustainability issue. During this analysis, there was no need to modify the initial list of topics, subtopics, impacts, risks, and opportunities.

Issues/Macro-activity	Upstream sector segment					Downstream
	Exploration	Development	Processing & Production (NG and LNG)	Storage (LNG)	Transportation (NG and LNG)	Gas sales
Climate Change Mitigation and Adaptation	XXX	XXX	XXX	XX	XXX	X
Ecosystems and Biodiversity	XXX	X	X	X	X	X
Integrated Water Resource Management	XXX	XXX	X	X	X	X
Circular Economy and Waste Management	XXX	XXX	XXX	X	X	X
Air Quality	XX	XXX	XX	XX	XX	X
Employee Well-being, Talent Attraction, and Retention	XX	XX	X	X	X	XX
Human Rights	XXX	XXX	XXX	XXX	XXX	XX
Community Relations	XXX	XXX	XX	XX	XXX	XX
Health and Safety at work	XXX	XXX	XXX	XXX	XXX	X
Sustainable Supply Chain Management	XXX	XXX	XX	XX	XX	XXX
Governance	XXX	XXX	X	X	XX	XX
Ethics, Integrity, and Transparency	XXX	XXX	XXX	XXX	XXX	XXX
Risk and Opportunity Management	XX	XX	XX	XX	XX	XX
Information Security and Cybersecurity	XX	XX	XX	XX	XX	XX

X = LOW Impact | XX = MEDIUM Impact | XXX = HIGH Impact

Definition of Stakeholders (GRI 3-1 b.)

Canacol identified a total of 7 stakeholder groups, which are divided into 21 subgroups that participate throughout the value chain. Additionally, it designed a stakeholder assessment matrix that categorizes relationships with stakeholder groups based on their involvement and needs as follows:

- **Keep satisfied:** Meet their needs without overwhelming them with information.
- **Keep informed:** Provide useful information at the right time, without over-communicating.
- **Engage with:** Involve these individuals in all phases of change, from design to implementation, and help them make decisions that support the success of the change.
- **Involve and consult:** Engage highly interested individuals affected by the change in the design and implementation, empowering them to be change ambassadors.

The following table presents the stakeholders and the level of engagement for each:

Group	Stakeholder subgroup	Level of engagement
Investors and Shareholders	Contractual Partners	Keep informed
	Investors	Engage with
	Analysts / Rating Agencies	Keep informed
Employees	Board of Directors	Engage with
	Employees	Engage with
	Unions	Keep informed
Suppliers	Local Suppliers	Engage with
	Strategic suppliers	Keep satisfied / Engage with
	Allies	Keep informed / Involve and consult
Authorities	Government (local, regional, and national)	Keep satisfied
	Environmental and Archaeological Oversight Organizations	Keep satisfied
	Regulatory Bodies	Keep satisfied
	Financial and Stock Market Control Entities	Keep satisfied
	Tax Monitoring and Control Entities	Keep satisfied
Clients	Clients	Engage with
Communities	Local communities	Engage with
	Indigenous Communities	Engage with
Organizations, Associations, and Unions	Associations	Keep informed / Keep satisfied / Engage with / Involve and consult
	Trade unions	Keep informed / Keep satisfied / Engage with / Involve and consult
	Media and Opinion Leaders	Keep satisfied
	NGO's	Keep satisfied

Engagement with Stakeholders (GRI 3-1 b.)

Consultation Process

Canacol developed a consultation process with various internal and external stakeholders of the Organization, aiming to gather their opinions regarding the 14 sustainability issues and their associated impacts, risks, and opportunities.

Considering their relevance to the Company, 12 out of the 21 stakeholder

groups were selected for the consultation process through surveys and interviews. Additionally, the type of materiality each group would evaluate was determined, whether it be impact or financial.

The following table summarizes this information:

Stakeholder Group	Type of Consultation	Materiality	Sustainability Issues Consulted	% of Consultation
Investors	Survey	Financial	<ol style="list-style-type: none"> 1. Mitigation and adaptation to climate change 2. Ecosystems and Biodiversity 3. Integrated water resource management 4. Circular economy and waste management 5. Air quality 6. Employee well-being, talent attraction, and retention 7. Human rights 8. Relationship with communities 9. Health and safety at work 10. Sustainable management of the value chain 11. Governance 12. Ethics, integrity, and transparency 13. Risk and opportunity management 14. Information security and cybersecurity 	7% ³

³ Those investors who were available were selected. On the other hand, the survey format was sent to 3 of the investors, of which only 1 response was received.

Stakeholder Group	Type of Consultation	Materiality	Sustainability Issues Consulted	% of Consultation
Analysts and Rating Agencies	Survey	Financial / Impact	<ol style="list-style-type: none"> 1. Mitigation and adaptation to climate change 2. Ecosystems and Biodiversity 3. Integrated water resource management 4. Circular economy and waste management 5. Air quality 6. Employee well-being, talent attraction, and retention 7. Human rights 8. Relationship with communities 9. Health and safety at work 10. Sustainable management of the value chain 11. Governance 12. Ethics, integrity, and transparency 13. Risk and opportunity management 14. Information security and cybersecurity 	20% ⁴
Employees and Board of Directors	Survey	Impact	<ol style="list-style-type: none"> 1. Mitigation and adaptation to climate change 2. Ecosystems and Biodiversity 3. Integrated water resource management 4. Circular economy and waste management 5. Air quality 6. Employee well-being, talent attraction, and retention 7. Human rights 8. Relationship with communities 9. Health and safety at work 10. Sustainable management of the value chain 11. Governance 12. Ethics, integrity, and transparency 13. Risk and opportunity management 14. Information security and cybersecurity 	44% ⁵

⁴ The survey was answered by 1 representative from a rating agency.

⁵ 17 employees were surveyed, representing various areas of the company.

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Stakeholder Group	Type of Consultation	Materiality	Sustainability Issues Consulted	% of Consultation
Unions	Survey	Impact	<ol style="list-style-type: none"> 1. Employee well-being, talent attraction and retention 2. Human rights 3. Community relations 4. Health and safety at work 5. Sustainable supply chain management 	50% ⁶
Local Suppliers	Interview	Impact	<ol style="list-style-type: none"> 1. Circular economy and waste management 2. Human rights 3. Community relations 4. Sustainable supply chain management 5. Ethics, integrity, and transparency 	7% ⁷
Strategic Suppliers	Survey	Impact	<ol style="list-style-type: none"> 1. Mitigation and adaptation to climate change 2. Ecosystems and Biodiversity 3. Integrated water resource management 4. Circular economy and waste management 5. Air quality 6. Employee well-being, talent attraction, and retention 7. Human rights 8. Relationship with communities 9. Health and safety at work 10. Sustainable management of the value chain 11. Governance 12. Ethics, integrity, and transparency 13. Risk and opportunity management 14. Information security and cybersecurity 	28% ⁸

6 Of the 2 existing unions in the company, only 1 responded to the survey, which includes 78% of the employees participating in unions

7 Interviews were conducted with 2 representatives, considering they provide the largest services for Canacol (20%).

8 Five strategic suppliers responded to the survey, representing the highest number of contracts with Canacol

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Stakeholder Group	Type of Consultation	Materiality	Sustainability Issues Consulted	% of Consultation
Government (local, regional, and national)	Survey	Impact	<ol style="list-style-type: none"> 1. Climate change mitigation and adaptation 2. Ecosystems and biodiversity 3. Integrated water resource management 4. Circular economy and waste management 5. Air quality 6. Human rights 7. Community relations 8. Sustainable supply chain management 	14% ⁹
Clients	Interview	Impact	<ol style="list-style-type: none"> 1. Mitigation and adaptation to climate change 2. Human rights 3. Occupational health and safety 4. Sustainable supply chain management 5. Ethics, integrity, and transparency 	40% ¹⁰
Local communities	Survey	Impact	<ol style="list-style-type: none"> 1. Mitigation and adaptation to climate change 2. Ecosystems and Biodiversity 3. Integrated water resource management 4. Circular economy and waste management 5. Air quality 6. Human rights 7. Relationship with communities 8. Sustainable supply chain management 	5% ¹¹

⁹ Only 1 entity from the municipality of Sucre was selected, given that the majority of Canacol's operations are located there.

¹⁰ Two clients participated in the interview, representing the largest portion of sales for Canacol

¹¹ Considering the logistical implications, as well as the use of technical language for the communities, the survey was conducted for one representative from these

Stakeholder Group	Type of Consultation	Materiality	Sustainability Issues Consulted	% of Consultation
Indigenous communities	Survey	Impact	<ol style="list-style-type: none"> 1. Mitigation and adaptation to climate change 2. Ecosystems and Biodiversity 3. Integrated water resource management 4. Circular economy and waste management 5. Air quality 6. Human rights 7. Relationship with communities 8. Sustainable supply chain management 	3% ¹²
Regulatory bodies	Survey	Impact	<ol style="list-style-type: none"> 1. Mitigation and adaptation to climate change 2. Ecosystems and Biodiversity 3. Integrated water resource management 4. Circular economy and waste management 5. Air quality 6. Employee well-being, talent attraction, and retention 7. Human rights 8. Relationship with communities 9. Health and safety at work 10. Sustainable management of the value chain 11. Governance 12. Ethics, integrity, and transparency 13. Risk and opportunity management 14. Information security and cybersecurity 	33% ¹³

¹² Considering the logistical implications, as well as the management of technical language for the communities, the survey was conducted for one representative from them.

¹³ The most important regulatory body for the Company was surveyed.

Stakeholder Group	Type of Consultation	Materiality	Sustainability Issues Consulted	% of Consultation
Associations	Survey	Impact	<ol style="list-style-type: none"> 1. Mitigation and adaptation to climate change 2. Ecosystems and Biodiversity 3. Integrated water resource management 4. Circular economy and waste management 5. Air quality 6. Employee well-being, talent attraction, and retention 7. Human rights 8. Relationship with communities 9. Health and safety at work 10. Sustainable management of the value chain 11. Governance 12. Ethics, integrity, and transparency 13. Risk and opportunity management 14. Information security and cybersecurity 	3% ¹⁴

A total of 34 consultation processes were conducted, including surveys and/or interviews, distributed as follows:

- Total number of consultations = 34¹⁵
- Total number of impact materiality consultations = 33
- Total number of financial materiality consultations = 2



¹⁴ The most important association for the company was surveyed.

¹⁵ The rating agency responded to both impact materiality and financial materiality.

Impact and Financial Assessment Scales (GRI 3-1 a.)

Impact Materiality Assessment

Canacol developed a consultation process with various internal and external stakeholders of the Organization, aiming to gather their opinions regarding the 14 sustainability issues and their associated impacts, risks, and opportunities.

Considering their relevance to the Company, 12 out of the 21 stakeholder

groups were selected for the consultation process through surveys and interviews. Additionally, the type of materiality each group would evaluate was determined, whether it be impact or financial.

The following table summarizes this information:

Scale	Severity	Probability
5	Absolute = Impact on people and/or the environment: 1) in the case of a negative impact, potentially manageable in the long term (>3 years) and/or significantly; or 2) in the case of a positive impact, beneficial in the long term (>3 years) and/or significantly	(Almost) Certain = Several times next year and/or 95-100% probability of occurrence
4	High = Impact on people and/or the environment: 1) in the case of a negative impact, potentially manageable in the medium term (1 -<3 years) and/or significantly; or 2) in the case of a positive impact, beneficial in the medium term (1 -<3 years) and/or significantly	Likely = Probably occurs next year and/or 75% probability of occurrence
3	Medium = Impact on people and/or the environment: 1) in the case of a negative impact, potentially manageable in the short term (1 year) and/or moderately; or 2) in the case of a positive impact, beneficial in the medium term (1 year) and/or moderately	Possible = Within the next 1-5 years and/or 50% probability of occurrence
2	Low = Impact on people and/or the environment: 1) in the case of a negative impact, potentially manageable soon (<1 year) and/or slightly; or 2) in the case of a positive impact, beneficial only in the short term (<1 year) and/or slightly	Unlikely = Probably occurs in the next 5-10 years and/or >25% probability of occurrence
1	Minimal/Low = Impact on people and/or the environment: 1) in the case of a negative impact, potentially manageable (almost) immediately (<1 year) and/or slightly; or 2) in the case of a positive impact, beneficial only in the short term and/or slightly	Rare = Will not occur in the next 10 years and/or <25% probability of occurrence

Financial Materiality Assessment

For the evaluation of risks and opportunities, the likelihood that risks and opportunities will materialize for Canacol was considered, as well as the financial and strategic impact

that the realization of each risk would have on the company's ability to create value, or the probability that Canacol could take advantage of or capitalize on opportunities.

The financial materiality process assesses risks and opportunities derived from the external environment, considering:

- Probability of Materialization: The likelihood that a risk or opportunity will materialize.
- Impact: The effect of its materialization on the business's ability to create value, encompassing financial, operational, and strategic aspects.

This assessment integrates risks and opportunities related to each sustainability issue, determining their severity in terms of impact on the business.

Below are the scales for the likelihood of occurrence and severity of risks and opportunities:

Scale	Probability	Severity
5	(Almost) Certain = Several times next year and/or 95-100% probability of occurrence	Critical Effect = the business model and the company's (sustainability) strategy are significantly affected (positively/negatively), goals and objectives are met/not met, and the company is able/unable to create long-term value
4	Likely = Probably occurs next year and/or 75% probability of occurrence	Significant Effect = the business model and the company's (sustainability) strategy are significantly affected (positively/negatively), goals and objectives are likely to be met/not met, and the company may/not be able to create medium-term value
3	Possible = Within the next 1-5 years and/or 50% probability of occurrence	Moderate Effect = the business model and the company's (sustainability) strategy are moderately affected (it will take time to mitigate) (positively/negatively), goals and objectives are met/not met, and the company can/not create short-term value
2	Unlikely = Probably occurs in the next 5-10 years and/or >25% probability of occurrence	Limited Effect = the business model and the company's (sustainability) strategy are limited (positively/negatively), have low impact on goals and objectives, and low impact on the company's ability to create value, and can be easily managed
1	Rare = Will not occur in the next 10 years and/or <25% probability of occurrence	Low Effect = the business model and the company's (sustainability) strategy are not affected (positively/negatively), there is no impact on goals and objectives, and no impact on the company's ability to create value



Consultation Results and Analysis (GRI 3-1 a.)

Once the consultation processes (surveys and interviews) with the stakeholder subgroups were completed, the results were tabulated in a matrix file to obtain average values by stakeholder group and overall, regarding probability, severity, and score¹¹ for both impact and financial

materiality processes. Subsequently, the results from all stakeholder groups were averaged, considering all of them with the same level of importance, considering the methodology used and ensuring an equitable assessment in the prioritization of the results.

Global Results of Impact Materiality:

Below are the global results of the materiality of positive and negative impacts, showing the average global valuation results

for each sustainability issue (probability, severity, and score).

Ranking of Sustainability Issues Related to Generating Positive Impacts

Sustainability Issue	Probability	Severity	Score
Health and Safety at Work	4.13	3.79	15.67
Ethics, Integrity, and Transparency	4.00	3.76	15.04
Risk and Opportunity Management	3.96	3.65	14.47
Information Security and Cybersecurity	3.80	3.54	13.45
Sustainable Value Chain Management	3.73	3.50	13.28
Human Rights	3.79	3.50	13.08
Employee Well-Being, Attraction, and Retention	3.67	3.47	12.73
Governance	3.60	3.53	12.72
Community Relations	3.67	3.33	12.23
Circular Economy and Waste Management	3.43	3.39	11.62
Climate Change Mitigation and Adaptation	3.50	3.26	11.41
Comprehensive Water Resource Management	3.30	3.30	10.91
Air Quality	3.25	3.14	10.21
Ecosystems and Biodiversity	3.15	2.80	8.83

¹⁶ Score = Probability x Severity

Ranking of Sustainability Issues Related to Generating Negative Impacts

Sustainability Issue	Probability	Severity	Score
Governance	2.97	3.39	10.07
Circular Economy and Waste Management	2.85	3.32	9.45
Risk and Opportunity Management	2.62	3.58	9.38
Health and Safety at Work	2.64	3.49	9.22
Sustainable Value Chain Management	2.79	3.29	9.18
Ethics, Integrity, and Transparency	2.52	3.48	8.77
Information Security and Cybersecurity	2.56	3.36	8.62
Employee Well-Being, Attraction, and Retention	2.79	3.04	8.50
Climate Change Mitigation and Adaptation	2.74	3.03	8.30
Comprehensive Water Resource Management	2.52	3.22	8.11
Ecosystems and Biodiversity	2.69	3.01	8.09
Community Relations	2.64	3.43.059	8.06
Health and Safety at Work	2.53	3.12	7.91
Air Quality	2.65	2.95	7.84



Global Results of Financial Materiality

The following table presents the global results of financial materiality, showing

average valuations for each sustainability issue (probability, severity, and score).

Ranking of Sustainability Issues Related to Generating Risks

Sustainability Issue	Probability	Severity	Score
Ecosystems and Biodiversity	3.50	4.00	14.00
Comprehensive Water Resource Management	3.20	3.80	12.16
Risk and Opportunity Management	3.00	4.00	12.00
Air Quality	3.17	3.58	11.35
Climate Change Mitigation and Adaptation	3.13	3.63	11.33
Sustainable Value Chain Management	3.17	3.50	11.08
Health and Safety at Work	3.30	3.30	10.89
Information Security and Cybersecurity	3.07	3.50	10.75
Circular Economy and Waste Management	2.83	3.67	10.39
Ethics, Integrity, and Transparency	3.32.860	3.57	10.20
Governance	3.2.7530	3.67	9.92
Community Relations	2.83	3.50	9.92
Human Rights	2.25	3.75	8.44
Employee Well-Being, Attraction, and Retention	2.69	2.88	7.73

Ranking of Sustainability Issues Related to Generating Opportunities

Sustainability Issue	Probability	Severity	Score
Sustainable Value Chain Management	4.50	4.50	20.25
Human Rights	4.50	4.17	18.75
Climate Change Mitigation and Adaptation	4.00	4.60	18.40
Risk and Opportunity Management	4.38	4.00	17.50
Governance	4.08	4.25	17.35
Community Relations	4.17	3.83	15.97
Circular Economy and Waste Management	3.92	3.92	15.34

Sustainability Issue	Probability	Severity	Score
Ethics, Integrity, and Transparency	4.00	3.75	15.00
Employee Well-Being, Attraction, and Retention	4.08	3.67	14.97
Information Security and Cybersecurity	4.13	3.63	14.95
Air Quality	3.83	3.75	14.38
Health and Safety at Work	4.00	3.33	13.33
Comprehensive Water Resource Management	3.80	3.50	13.30
Ecosystems and Biodiversity	3.40	3.80	12.92

Final List of Sustainability Issues

Considering that there were no modifications to the 14 sustainability issues during the value chain mapping

and stakeholder engagement phases, the following is the list of Canacol’s sustainability issues:

No.	Sustainability Issue	Definition Canacol Management Approach - (Scope - Management Commitment)
1	Climate Change Mitigation and Adaptation	Implement actions to reduce greenhouse gas emissions through energy efficiency and decarbonization strategies, technological reconversion, and the use of alternative energies, actively participating in a just transition to a low-carbon economy.
2	Ecosystems and Biodiversity	Manage the Company's impact on ecosystems and biodiversity in operational regions by establishing policies, analyzing externalities, and collaborating with local communities and stakeholders to ensure comprehensive management.
3	Comprehensive Water Resource Management	Promote the sustainable use of water resources by implementing policies and practices that protect aquatic ecosystems, avoid contamination, and ensure equitable access to drinking water for communities.
4	Circular Economy and Waste Management	Develop and implement circular economy strategies for efficient material management throughout their lifecycle, promoting waste reduction and adhering to Colombia's zero waste program.
5	Air Quality	Implement monitoring and control measures for atmospheric pollutants to protect human health and the environment while promoting the use of clean fuels and efficient combustion technologies.
6	Employee Well-Being, Attraction, and Retention	Foster a fair, inclusive, and diverse work culture that promotes the integral development of human capital and attracts and retains top talent.
7	Human Rights	Uphold and promote human rights compliance throughout the value chain, implementing policies and due diligence in alignment with international laws and local values to prevent violations.
8	Community Relations	Promote timely and effective engagement processes with communities based on respect, transparency, and mutual benefit, fostering dialogue that ensures social license to operate.

No.	Sustainability Issue	Definition Canacol Management Approach - (Scope - Management Commitment)
9	Health and Safety at Work	Promote preventive approaches and best practices to ensure a safe working environment, safeguarding employees' physical, mental, and emotional well-being while implementing policies to prevent workplace accidents and illnesses.
10	Sustainable Supply Chain Management	Ensure business continuity by integrating economic, social, and environmental factors throughout the supply chain, promoting local development and investing in initiatives that create mutual benefits and enhance corporate resilience.
11	Governance	Implement governance processes that ensure adequate control and supervision of operations, risks, and sustainability impacts, guaranteeing transparency in decision-making and efficient management of stakeholder expectations in alignment with the Board of Directors.
12	Ethics, Integrity, and Transparency	Establish a conduct framework based on ethics, integrity, and transparency, supported by corporate governance best practices, fostering trust among shareholders and stakeholders to enhance corporate reputation and resilience.
13	Risk and Opportunity Management	Establish a comprehensive risk management system to effectively identify, evaluate, and manage corporate and sustainability-related risks and opportunities, particularly those with high potential impacts on operations and strategic objectives.
14	Information Security and Cybersecurity	Develop and implement policies and practices to protect the organization's information, systems, and data from unauthorized access and other risks, ensuring business continuity and reputation.



Prioritization of Impacts, Risks, and Opportunities

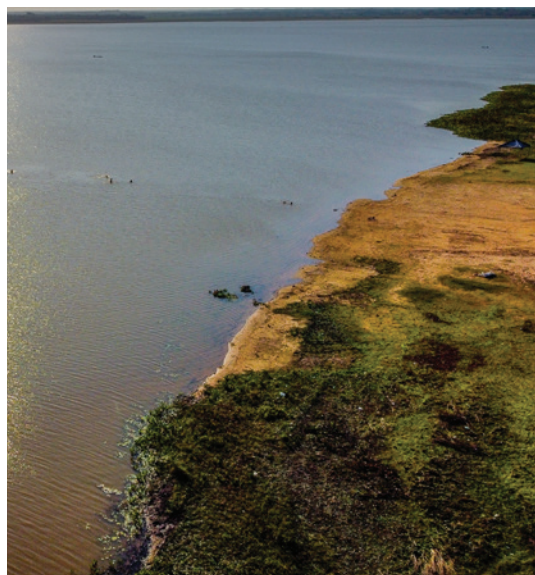
Based on the consultation results with stakeholders, Canacol's team of experts (from the ESG, Risk, Environmental, and Social areas) developed the final analysis of severity and probability for the impacts, risks, and opportunities related to each sustainability issue. The process included:

- **Review of Results:** The team reviewed the average results by sustainability issue, considering all identified impacts, risks, and opportunities (IROs) during the consultation.
- **Necessary Adjustments:** Adjustments were made to the valuation of the IROs when deemed necessary, based on the knowledge and experience of the company's internal team.

Based on this review and the final ratings assigned, impact and financial materiality matrices were created for each sustainability issue. These matrices provide a visual representation of the relative importance of all IROs associated with each issue.

Finally, the data were tabulated, and matrices were created using heat maps that reflect the previously described probability and severity scales. The matrices display severity values on the vertical axis (Y) and probability values on the horizontal axis (X).

To consult the matrices for the most relevant risks from a financial and impact materiality perspective (sustainable supply chain management, human rights, governance and risk and opportunity management), please refer to 'Appendix A' of this report.



Prioritization and Validation of Sustainability Issues (GRI 3-1 b.)

Validation by the Board of Directors

The final results of the assessment of impacts, risks, and opportunities for each sustainability issue were reviewed and validated by Canacol’s Board of Directors.

Below is a brief description of the review and validation process by the company’s highest governing body:

A. Initially, the Board conducted a general review of the materiality process, considering the Global Score* results for each sustainability issue, calculated based on the assessment of associated impacts, risks, and opportunities.

To this end, the Board was presented with global data results from: i) stakeholder consultation, ii) validation by the Canacol expert team, and iii) average values that consider the results of i) and ii).

- Global Score for Stakeholders: Sum of the average global scores of positive impacts, negative impacts, risks, and opportunities (for each issue) – based on the overall average result of financial and impact materiality, considering the responses from all stakeholders.
- Global Score for Canacol: Sum of the average global scores of positive impacts, negative impacts, risks, and opportunities (for each issue) – based on validation results from the Canacol expert team.
- General Average Score for Canacol and GI: The average of the data from “Global Score for Stakeholders” and “Global Score for Canacol,” providing an overall weighted score.

Sustainability Issue	Global Score Canacol	Global Score stakeholders	General Average Score Canacol and stakeholders
Risk and Opportunity Management	58.60	53.35	55.97
Sustainable Supply Chain Management	54.42	53.79	54.11
Health and Safety at work	55.10	48.18	52.11
Human Rights	55.79	48.18	51.99
Governance	52.28	50.23	51.25
Ethics, Integrity, and Transparency	48.99	49.01	49.00
Information Security and Cybersecurity	49.62	47.77	48.70
Community Relations	43.53	46.18	44.85
Employee Well-being, Attraction, and Retention	45.47	46.18	44.85

Sustainability Issue	Global Score Canacol	Global Score stakeholders	General Average Score Canacol and stakeholders
Climate Change Mitigation and Adaptation	38.46	49.44	43.95
Integrated Water Resource Management	31.75	44.49	38.12
Circular Economy and Waste Management	29.37	46.80	38.09
Air Quality	31.78	43.77	37.78
Ecosystems and Biodiversity	31.16	43.84	37.50

B. During the general review process, the Board of Directors decided to verify more thoroughly the following issues: i) Risk and Opportunity Management (governance dimension), ii) Employee Well-being, Attraction, and Retention (social dimension), and iii) Integrated Water Resource Management (environmental dimension).

During this verification process, and considering the analysis of the various impacts, risks, and opportunities of the cited sustainability issues validated by the Canacol expert team, the Board proposed

new valuations when deemed necessary. The adjustments suggested by the Board of Directors will be considered for the final construction of the dual perspective materiality matrix.

C. Subsequently, the Board of Directors granted general approval to the materiality analysis process to proceed with the construction of the main product of this process: the dual perspective materiality matrix.

Construction of the Materiality Matrix

The materiality matrix visually presents the relative importance of the 14 sustainability issues identified as relevant for Canacol, from both impact and financial perspectives. The relative importance of each sustainability issue is based on the significance of its associated impacts, risks, and opportunities.

The following steps were taken to construct the materiality matrix:

Considering the final data regarding the global average valuation of positive and negative impacts (impact materiality), as well as risks and opportunities (financial materiality), the following information was obtained:



Final Data Tabulation for the Construction of the Dual Materiality Matrix

Dimension	Sustainability Issue	Final Score – Financial Materiality ¹⁷	Normalized Impact Score ¹⁸	Normalized Financial Score ¹⁹	Normalized Financial Score ²⁰
Environmental	Climate Change Mitigation and Adaptation	1.4	55.97	55.97	55.97
	Ecosystems and Biodiversity	1.3	1.8	1.9	2.7
	Circular Economy and Waste Management	1.6	1.3	2.3	2.0
	Air Quality	1.3	1.8	2.0	2.8
	Integrated Water Resource Management	1.6	1.5	2.3	2.2
Social	Human Rights	2.4	3.2	3.5	4.8
	Community Relations	2.0	2.3	3.0	3.5
	Health and Safety at work	2.6	3.0	3.8	4.4
	Employee Well-being, Attraction, and Retention	2.3	2.4	3.4	3.6
Governance and Economy	Sustainable Supply Chain Management	2.1	3.3	3.1	5.0
	Governance	2.2	3.0	3.3	4.5
	Ethics, Integrity, and Transparency	2.4	2.5	3.5	3.8
	Information Security and Cybersecurity	2.2	2.8	3.2	4.2
	Risk and Opportunity Management	3.4	2.7	5.0	4.1

17 **Final Score of Issues – Impact Materiality:** $(\text{Score "BoD adjustment" positive impact}) + (\text{Score "BoD adjustment" - negative impact}) / 2) / 10^*$

18 **Final Score of Issues – Financial Materiality:** $([(\text{Score "BoD adjustment" - Risk}) + (\text{Score "BoD adjustment" - Opportunities})] / 2) / 10^*$

19 **Normalized Impact Score:** $(\text{"Final score - Impact materiality"} * 5) / \text{Max ("Final Score - Impact materiality")}$

20 **Normalized Financial Score:** $(\text{"Final Score - financial materiality"} * 5) / \text{Max (Final score - financial materiality)}$

*The values for "Final Score of Issues – Impact Materiality" and "Final Score of Issues – Financial Materiality" were divided by 10 to obtain data within the range of 0 to 5.

Based on the information contained in the previous table, the Double Materiality Matrix for Canacol was constructed, considering the normalized data for impact materiality and financial materiality.

The Double Materiality Matrix positions the relative importance of the 14 sustainability issues as follows:

- The X-axis (horizontal) represents the relative importance of the issues from a financial materiality perspective.
- The Y-axis (vertical) represents the relative importance of the issues from an impact materiality perspective.

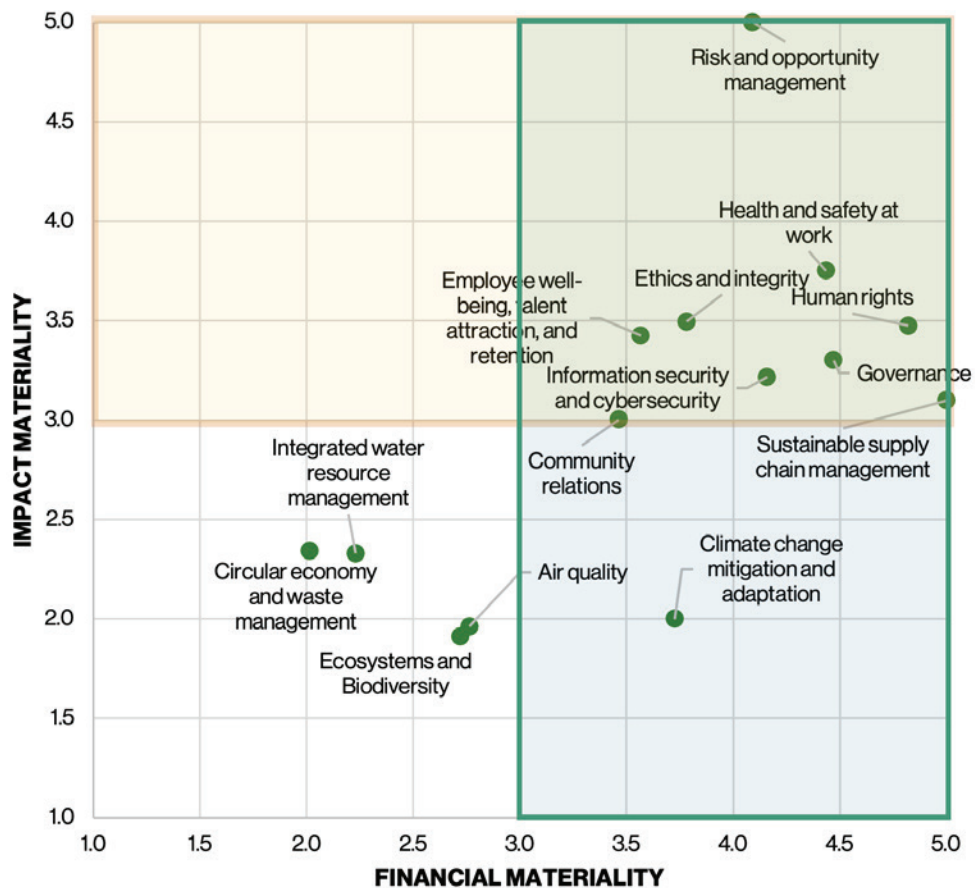
Additionally, the materiality matrix should be interpreted with the following considerations:

- Orange box: This area of the matrix contains the sustainability issues with the highest relative importance from the impact materiality perspective, meaning they have the potential to significantly affect various stakeholders.
- Green box: This area contains the sustainability issues with the highest relative importance from the financial materiality perspective, indicating their potential to significantly impact the business and financially important stakeholders such as investors, shareholders, and financial institutions.
- Intersection of orange and green boxes: Issues whose relative importance is significant from both materiality perspectives.



Double Materiality Report

Dimension	Sustainability Issue	Final Score - Impact Materiality	Final Score - Financial Materiality	Normalized Impact Score	Normalized Financial Score
Environmental	Climate change mitigation and adaptation	1.4	2.5	2.0	3.7
Environmental	Ecosystems and Biodiversity	1.3	1.8	1.9	2.7
Social	Employee well-being, talent attraction, and retention	2.3	2.4	3.4	3.6
Environmental	Circular economy and waste management	1.6	1.3	2.3	2.0
Environmental	Air quality	1.3	1.8	2.0	2.8
Social	Human rights	2.4	3.2	3.5	4.8
Social	Community relations	2.0	2.3	3.0	3.5
Governance	Health and safety at work	2.6	3.0	3.8	4.4
Governance	Sustainable supply chain management	2.1	3.3	3.1	5.0
Governance	Governance	2.2	3.0	3.3	4.5
Governance	Ethics and integrity	2.4	2.5	3.5	3.8
Governance	Information security and cybersecurity	2.2	2.8	3.2	4.2
Governance	Risk and opportunity management	3.4	2.7	5.0	4.1
Environmental	Integrated water resource management	1.6	1.5	2.3	2.2



According to the analysis conducted:

- Nine (9) sustainability issues have relative importance that is significant from both materiality perspectives (in order of greater to lesser importance):
 1. Risk and opportunity management
 2. Human rights
 3. Health and safety at work
 4. Sustainable supply chain management
 5. Governance
 6. Information security and cybersecurity
 7. Ethics, integrity, and transparency
 8. Employee well-being, attraction, and retention of talent
 9. Community relations

- Nine (9) sustainability issues have greater relative importance from the impact materiality perspective (in order of greater to lesser importance):
 1. Risk and opportunity management
 2. Health and safety at work
 3. Human rights
 4. Ethics, integrity, and transparency
 5. Employee well-being, attraction, and retention of talent
 6. Governance
 7. Information security and cybersecurity
 8. Sustainable supply chain management
 9. Community relations

- Ten (10) sustainability issues have greater relative importance from the financial materiality perspective (in order of greater to lesser importance):
 1. Sustainable supply chain management
 2. Human rights
 3. Governance
 4. Health and safety at work
 5. Information security and cybersecurity
 6. Risk and opportunity management
 7. Climate change mitigation and adaptation
 8. Ethics, integrity, and transparency
 9. Employee well-being, attraction, and retention of talent
 10. Community relations

With the results from the Double Materiality Matrix, Canacol can guide the update of its sustainability strategy or related secondary strategies concerning the management of each material issue.



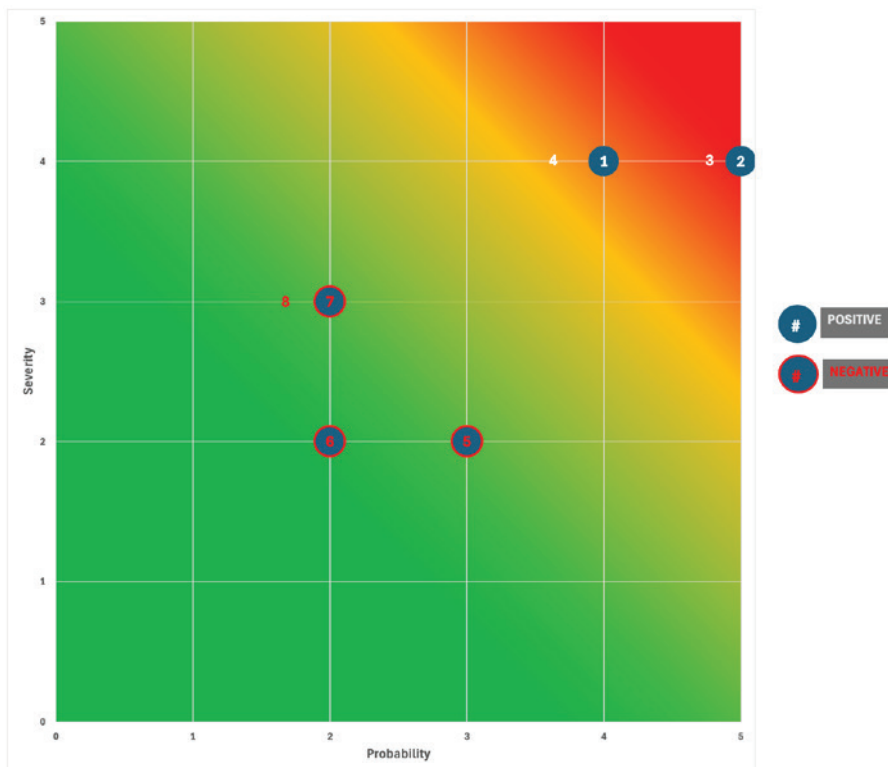
Appendix A

Materiality matrices for impact and financial issues related to sustainability.

Human Rights

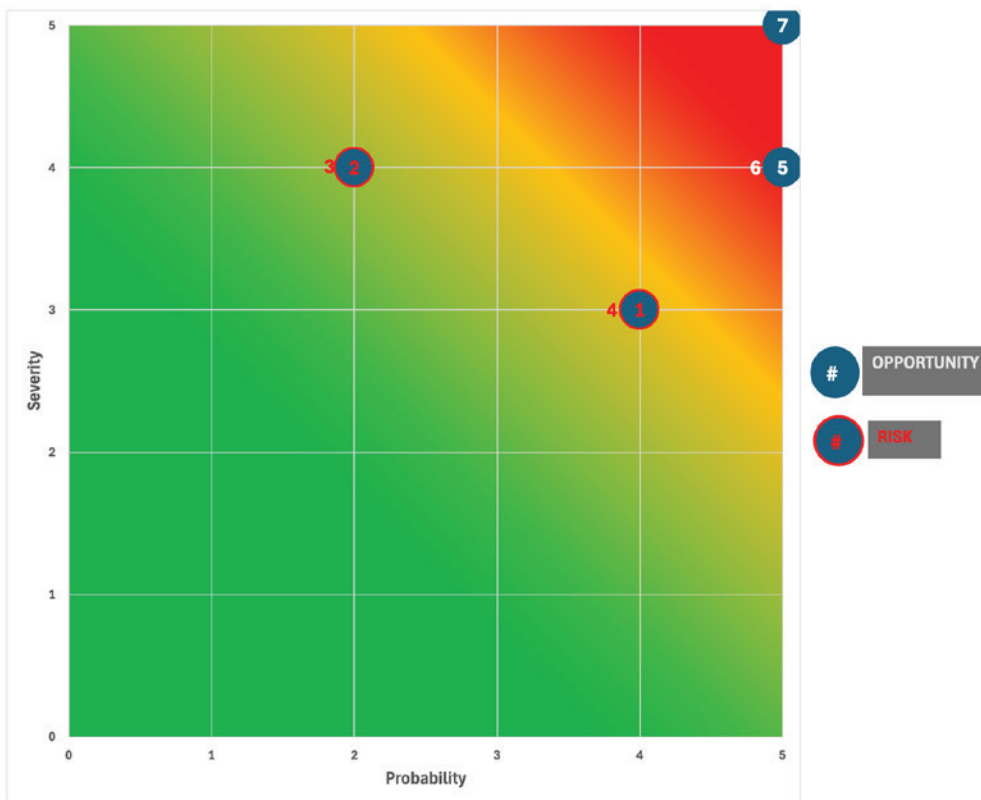
- Impact materiality matrix for the issue of Human Rights.

Question	ID	Probability	Severity
Ensure that contractors respect human rights and comply with labor and social requirements in the value chain—due to the hiring of suppliers or contractors who practice/apply standards/best practices related to human rights.	1	1	1
Protection and preservation of the ethnic and cultural heritage of local and affected communities.	2	5	4
Improvement of the quality of life, environmental and social balance of local and affected communities—through the promotion and protection of human rights, the safeguarding of human dignity, and the promotion of justice and equality.	3	5	4
Promotion of peace and social stability—by ensuring that stakeholders have access to their fundamental rights, the likelihood of social conflicts is reduced, fostering an environment of peaceful coexistence.	4	4	4
Impact on labor/social conditions in the value chain—due to the indirect violation of human rights, as contractors and suppliers do not practice/apply standards/best practices related to human rights.	5	3	2
Impact on the ethnic and cultural heritage of local and affected communities.	6	2	2
Impact on the quality of life, environmental and social balance of local and affected communities—by failing to promote/respect human rights, protect human dignity, and promote justice and equality	7	2	3
Impact on peace and social stability (with an emphasis on areas of influence)—by failing to promote stakeholders' access to their fundamental rights, increasing the likelihood of social conflicts and the deterioration of stability and peaceful coexistence in society.	8	2	3



■ Financial materiality matrix for the issue of Human Rights.

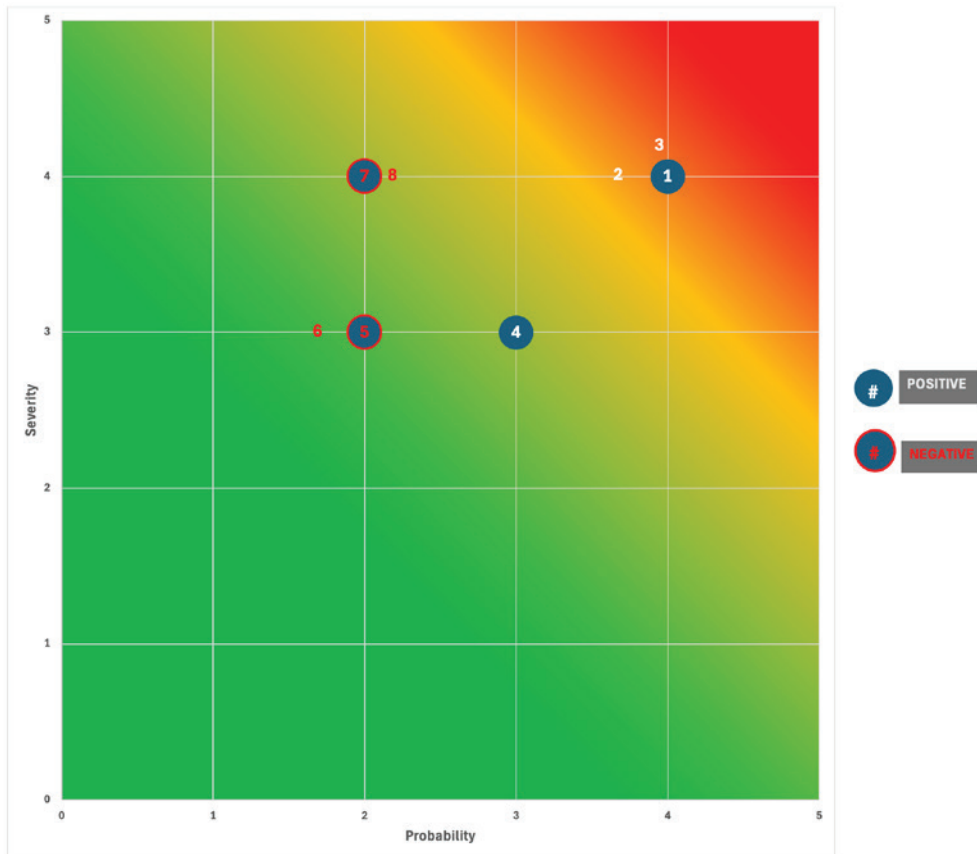
Question	ID	Probability	Severity
Violation of the human rights of employees and contractors—potentially leading to dissatisfaction, claims, or accusations regarding unsafe working conditions, excessive working hours, discrimination, harassment, and more.	1	4	3
Impact on reputation, loss of trust from stakeholders, and affect on attracting investors and customers—who are willing to exclude companies that do not respect the human rights of their employees and stakeholders.	2	2	4
Litigations and legal penalties (fines, compensations, and others) imposed by regulatory authorities and human rights organizations.	3	2	4
Disruptions/impact on operations due to social discontent and/or social violence—resulting from claims/activism by local or indigenous communities in response to human rights violations.	4	4	3
Maintenance of the social license to operate—thanks to improved relationships with local and/or indigenous communities, in response to the respect and protection of their human rights.	5	5	4
Improvement of reputation, increased trust from stakeholders, and attraction of investors and customers—thanks to effective management in promoting and respecting human rights within operations and the value chain.	6	5	4
Strengthening of the human rights due diligence system in operations and the value chain—compliance with local and global regulatory requirements.	7	5	5



Sustainable supply chain management

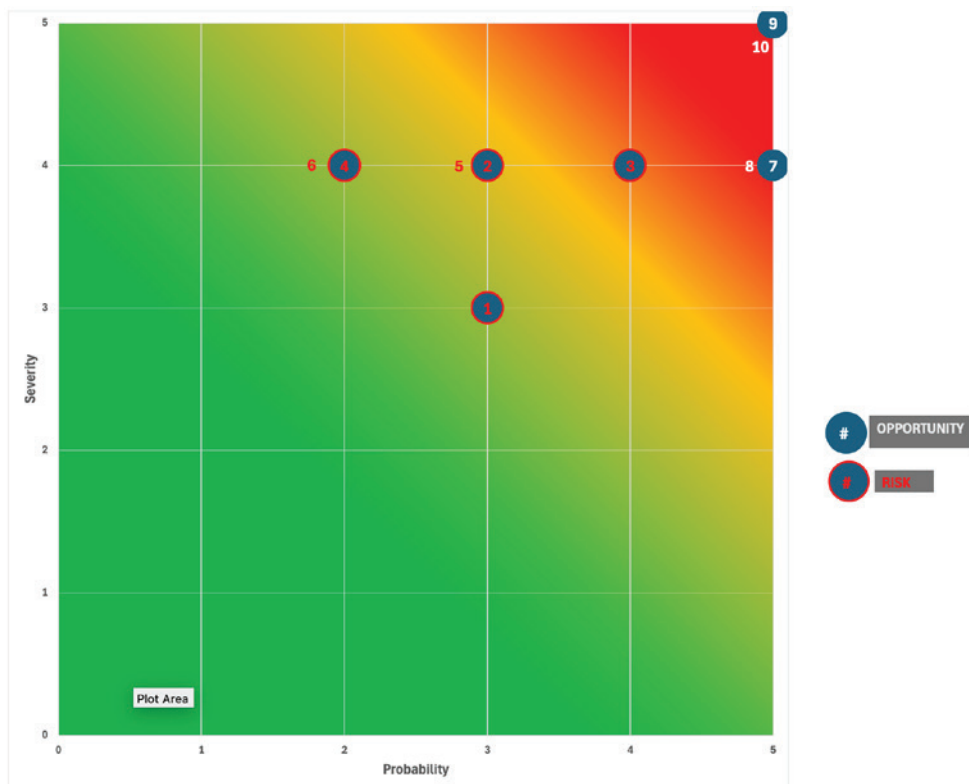
- Impact materiality matrix for the issue of Sustainable supply chain management

Question	ID	Probability	Severity
Increased responsibility and resilience of suppliers and other stakeholders—by sharing and demanding better practices in sustainability (ESG).	1	4	4
Promotion of community development/social investment—through the generation of economic and social benefits for the local communities where the company operates. This may include creating local jobs, developing skills and capacities, and investing in infrastructure and community services such as education, healthcare, and housing.	2	4	4
Responsible management of GHG emissions and waste throughout the company's value chain—through the implementation of measures for managing GHG emissions and waste, contributing to climate change mitigation and promoting a transition to a low-carbon economy.	3	4	4
Conservation of natural resources—by implementing measures in the value chain to minimize and/or optimize the use of natural resources such as water and energy.	4	3	3
Social conflict and involuntary relocation—due to infrastructure expansion processes, particularly in areas where exploration and extraction activities are conducted.	5	2	3
Impacts on human health—such as respiratory issues and chronic diseases due to community exposure to toxic pollutants.	6	2	3
Depletion of natural resources—due to the intensive exploitation of natural resources, which can lead to the exhaustion of these finite resources.	7	2	4
Increase in GHG emissions and environmental degradation—due to air, soil, and water pollution, as well as the destruction of sensitive ecosystems such as wetlands, forests, and coral reefs.	8	2	4



■ Financial materiality matrix for the issue of Sustainable supply chain management

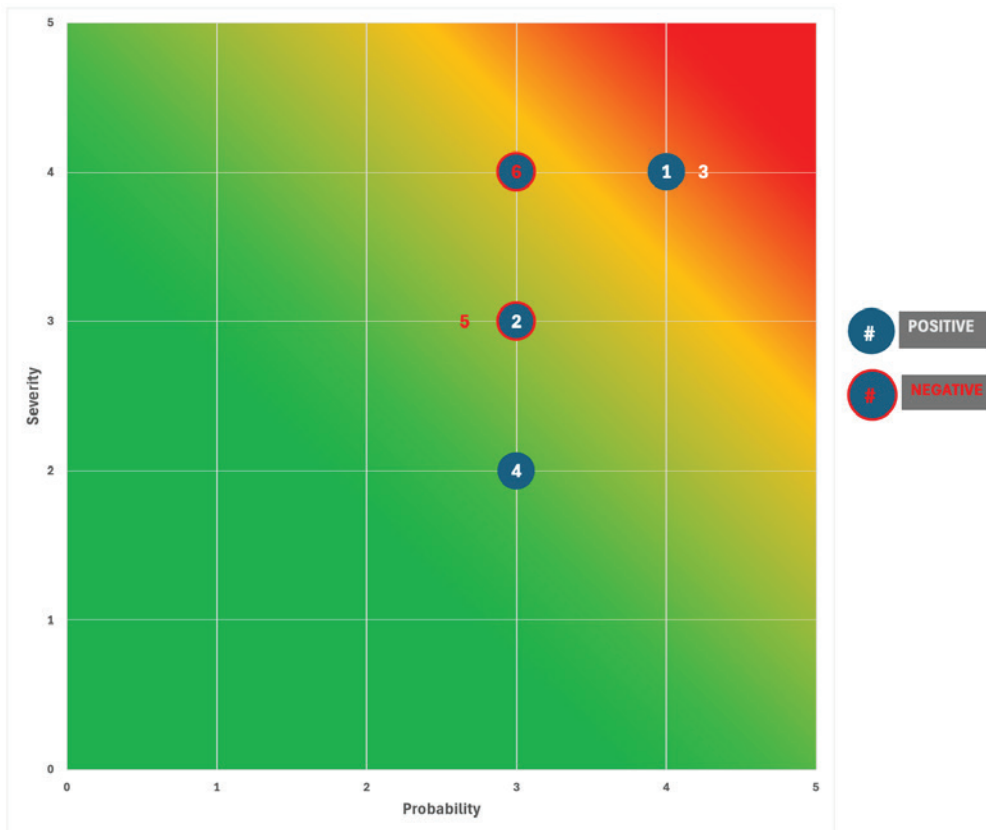
Question	ID	Probability	Severity
Exacerbation of social conflicts—due to competition for natural resources and ecosystem services, environmental and social injustice, lack of community participation in decision-making, and when local suppliers are not considered in project development.	1	3	3
Reputational risk—loss of trust from stakeholders. A sustainable operation implies a sustainable value chain.	2	3	4
Emerging regulation—regarding sustainability management with life cycle approaches (value chain) and due diligence, particularly concerning supply chains (with an emphasis on human rights).	3	4	4
Changes in consumption patterns—greater demand for lower carbon-intensive solutions (life cycle thinking) and concern about impacts and risks in the value chain.	4	2	4
Supply Chain Crisis / impact on operations—volatility in the prices of resources required for operations caused by natural disasters, geopolitical tensions, and pandemics.	5	3	4
Regulatory risks—non-compliance with environmental and social regulations, litigation for environmental and social damages, and/or loss of licenses to operate in sensitive areas.	6	2	4
Strengthening the sustainability of the value chain and operations—by promoting respect for human rights and fostering innovation and technological development among suppliers and contractors.	7	5	4
Strengthening reputation/trust among stakeholders—by adopting sustainable best practices in the value chain, achieving greater acceptance from stakeholders, as well as reducing the risk of facing public opposition.	8	5	4
Current regulatory compliance and preparedness for emerging regulatory changes—efficient management and compliance with environmental and social standards and regulations using a value chain approach (GHG emissions – Scope 3, human rights due diligence, and others).	9	5	4
Local development / local purchasing—creation/promotion of new capabilities and/or markets within the local community, generating mutual benefits.	10	5	5



Governance

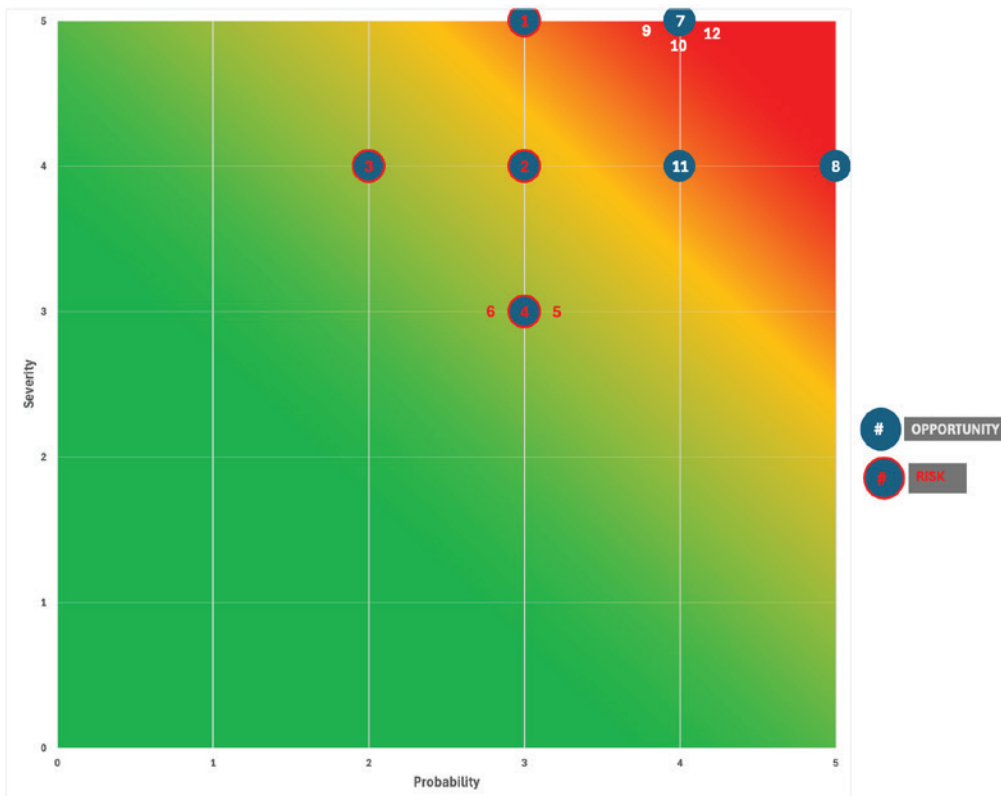
- Impact materiality matrix for the issue of Governance

Question	ID	Probability	Severity
Increase in value / Creation of financial, environmental, and social value (for investors and other stakeholders)—due to improved ESG and financial performance and the achievement of short-, medium-, and long-term organizational goals.	1	4	4
Reduction of resource consumption and negative externalities on the environment and society—thanks to decisions that enhance operational efficiency.	2	3	3
Strengthening capabilities and the sustainability of the value chain—effective governance will recognize that the success of a business depends not only on its operations but also on its value chain (sustainable business = sustainable operations + sustainable value chain).	3	4	4
Impact on customers and energy security—due to failures in decision-making or strategies, resulting in non-compliance with commitments to customers and their associated impacts, such as threats to energy security.	4	3	2
Increase in resource consumption and negative externalities on the environment and society—due to decisions that result in stagnation in improvement or reduction in operational efficiency.	5	3	3
Decrease/destruction/non-generation of financial, environmental, and/or social value (for investors and other stakeholders)—due to reduced financial and ESG performance, impacting the achievement of short-, medium-, and long-term business objectives.	6	3	4



■ Financial materiality matrix for the issue of Governance

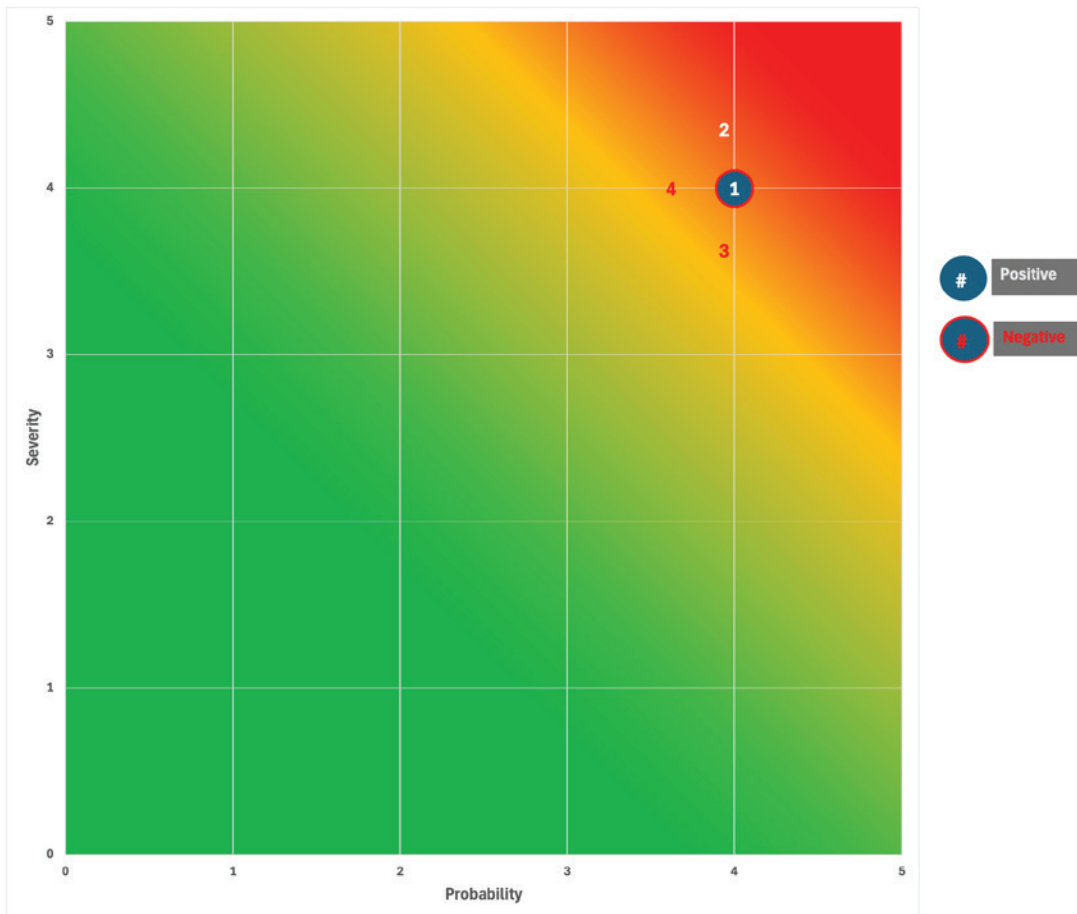
Question	ID	Probability	Severity
Impact on reputation / loss of trust from stakeholders—including investors and shareholders—due to corporate decisions.	1	3	5
Social and political tensions—due to inefficient engagement with stakeholders and inadequate management of social and environmental risks, opportunities, and impacts.	2	3	4
Impact on operations and non-compliance with short-, medium-, and long-term organizational objectives—driven by deficiencies in information/capabilities for strategic decision-making by the highest governing body.	3	2	4
Liquidity risk—due to impact on profitability and non-compliance with financial obligations/production below expectations despite capital investments.	4	3	3
Difficult access to financing sources / favorable borrowing conditions / advantageous interest rates.	5	3	3
Increased risk profile and impact on the ESG profile in relation to various market analysts/sustainability monitors—originating from inefficient governance and risk identification.	6	3	3
Strong reputation / trust from stakeholders—including investors and shareholders.	7	4	5
Strengthening of the organization’s engagement model—improvement in relationships with stakeholders due to best practices and better corporate decisions.	8	5	4
Improvement of the sustainability management model, corporate strategy, compliance, and efficiency—thanks to the achievement of short-, medium-, and long-term organizational objectives, based on successful corporate actions and better decisions by the highest governing body.	9	4	5
Business liquidity—thanks to increased profitability and compliance with financial obligations.	10	4	5
Access to financing sources / favorable borrowing conditions / advantageous interest rates.	11	4	4
Proper control of the risk profile and improvement of the ESG profile in relation to various market analysts/sustainability monitors—originating from effective governance and efficient identification of business risks and opportunities.	12	4	5



Risk and Opportunities Management

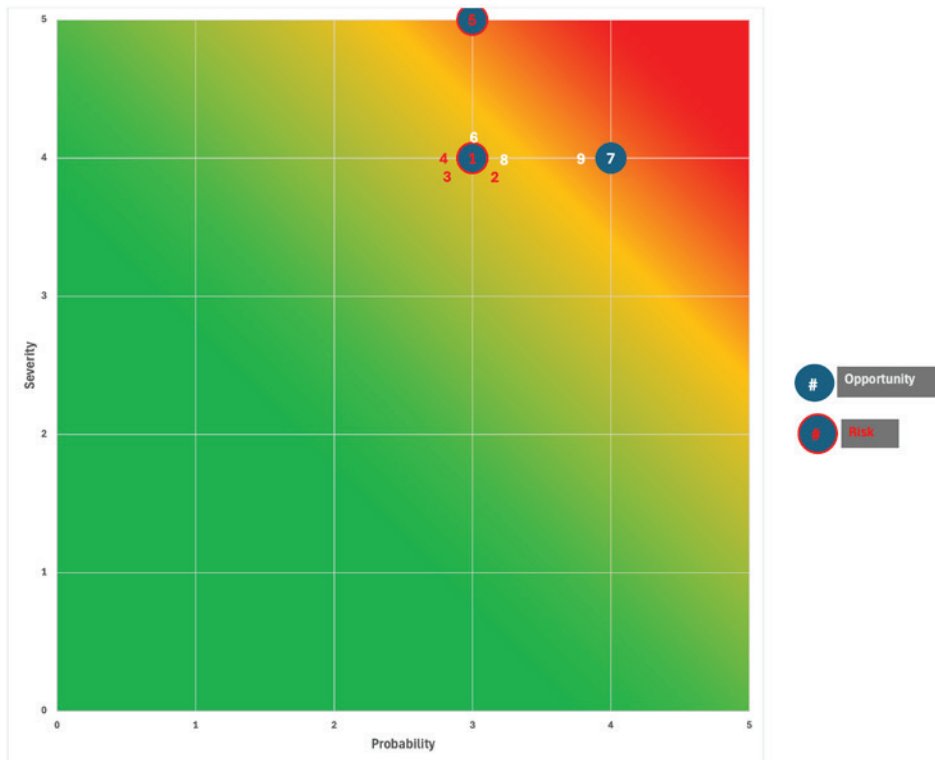
- Impact materiality matrix for the issue of Risk and Opportunities Management

Question	ID	Probability	Severity
Improvement of operational efficiency, creation of value for stakeholders, and reduction of impacts on the environment and society: by managing risks and opportunities, various negative impacts—both internal and external—can be mitigated or eliminated, while also enhancing positive impacts. This leads to better, more informed, and strategic decisions.	1	4	4
Creation of value for investors and shareholders: effective management of risks and opportunities enhances corporate resilience, profitability, and the ability to create long-term value, providing greater benefits for investors and shareholders.	2	4	4
Reduction of operational efficiency, destruction of value for stakeholders, and increase of impacts on the environment and society: failure to manage risks and capitalize on opportunities can lead to a greater generation of negative impacts, both internal and external (poorly informed, tactical, and non-strategic decisions).	3	4	4
Destruction of value for investors and shareholders: inefficient management of risks and opportunities reduces corporate resilience, competitiveness, profitability, and the ability to create long-term value, impacting benefits for investors and shareholders.	4	4	4



■ Financial materiality matrix for the issue of Risk and Opportunities Management

Question	ID	Probability	Severity
Compliance risks: failing to identify and address compliance risks in a timely manner can lead the organization to violate applicable laws, regulations, and standards, increasing the likelihood of legal penalties and damaging the company's reputation.	1	3	4
Decrease in operational efficiency / increase in environmental and social impacts: the lack of risk and opportunity management can result in reduced operational efficiency, as well as operational disruptions due to infrastructure issues, supply chain failures, natural disasters, cyberattacks, or other factors. This can lead to higher operational costs (OPEX / CAPEX) and/or greater environmental impact.	2	3	4
Impact on business continuity and reduction of corporate resilience: the result of not having an effective risk management system to detect and manage potential threats in a timely manner can expose the business to significant financial losses. This is due to the realization of unforeseen events such as market fluctuations, economic crises, operational errors, or fraud.	3	3	4
Impact on reputation / loss of trust among stakeholders: failing to proactively identify/mitigate risks and/or capitalize on opportunities can weaken the organization's operations and reputation, as well as undermine the trust and credibility of investors, shareholders, customers, employees, and other stakeholders.	4	3	4
Risk of fatalities among communities or employees and contractors: due to inadequate risk management in business operations.	5	3	5
Excellence in compliance: identifying and addressing compliance risks helps ensure that the organization adheres to applicable laws, regulations, and standards, reducing the risk of legal penalties and protecting the company's reputation.	6	3	4
Increased trust among stakeholders: through transparent and effective risk management, demonstrating a commitment to responsibility and integrity, potential harm at all levels of the company can be prevented, which can enhance the trust and credibility of investors, customers, employees, and other stakeholders.	7	4	4
Improvement of corporate resilience and increase in business profitability: by proactively identifying/mitigating risks and capitalizing on opportunities, robust strategies can be developed to strengthen the organization's resilience against unexpected events such as economic crises, natural disasters, or supply chain disruptions, enabling rapid recovery and business continuity.	8	3	4
Improvement of operational efficiency through development and innovation: by identifying and addressing potential risks and opportunities in the organization's processes and operations in an innovative way, greater efficiency and operational savings (OPEX/CAPEX) can be achieved.	9	4	4



LIMITED ASSURANCE REPORT ON THE INFORMATION SUBJECT TO ASSURANCE INCLUDED IN THE MATERIALITY REPORT 2024 OF CANACOL GROUP

To the Administration of Canacol Group

Limited assurance report on the information subject to assurance included in the Materiality Report 2024 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 Materiality Report 2024 of Canacol Group for the period ended August 31, 2024. 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 or other information included in the Materiality Report 2024, 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 Materiality Report 2024 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 Materiality Report 2024

Management is responsible for the preparation of the information subject to assurance included in the Materiality Report 2024 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.

Deloitte se refiere a una o más entidades de Deloitte Touche Tohmatsu Limited ("DTTL"), su red global de firmas miembro y sus sociedades afiliadas a una firma miembro (en adelante "Entidades Relacionadas") (colectivamente, la "organización Deloitte"). DTTL (también denominada como "Deloitte Global") así como cada una de sus firmas miembro y sus Entidades Relacionadas son entidades legalmente separadas e independientes, que no pueden obligarse ni vincularse entre sí con respecto a terceros. DTTL y cada firma miembro de DTTL y su Entidad Relacionada es responsable únicamente de sus propios actos y omisiones, y no de los de las demás. DTTL no provee servicios a clientes. Consulte www.deloitte.com/co/conozcanos para obtener más información.



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. Comparisons of the contents presented by the Administration with those established in the criteria section of this report.
- d. Corroborate that the description of the process followed by the company to determine the material issues according to GRI corresponds to the process carried out by the company. Our procedures were not designed to obtain a conclusion regarding the results of such process.

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 period ended August 31, 2024; and we have not conducted any procedures with respect to prior years, projections and future targets, or any other items included in the Materiality Report 2024 for the period ended August 31, 2024 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 Materiality Report 2024 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 Materiality Report 2024 of Canacol Group for the period ended August 31, 2024, 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 Materiality Report 2024 of Canacol Group for the period ended August 31, 2024, nor to its financial statements, taken as a whole.



JUAN DAVID LOPEZ MONTOYA
Partner

Bogotá, September 25, 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 Materiality Report 2024 of Canacol Group for the period ended August 31, 2024.

Estándar GRI	Descripción
GRI 205-1 (2016)	Process to determine material topics
GRI 302-1 (2016)	List of material topics





Double Materiality Report

August 31st, 2024