TNFD Report

2025

CANACOL ENERGY

Content

Executive Summary

Canacol Energy Ltd. (“Canacol” or “the Company”) presents its 2025 Taskforce on Nature-related Financial Disclosures (TNFD) Report, which expands on the 2024 baseline and provides a comprehensive disclosure of nature-related risks, dependencies, impacts, and opportunities. This report integrates data from the 2024 ESG Report, aligns with the latest TNFD recommendations, and reinforces Canacol’s commitment to transparency, biodiversity protection, and climate leadership in Latin America.

Canacol recognizes that long-term resilience and competitiveness depend on the health of ecosystems such as tropical dry forests, wetlands, and river basins. These natural assets provide essential services—including water availability, soil fertility, and climate regulation—that directly support operational continuity and financial performance.

In 2024, Canacol advanced key milestones: conservation of 55.5 hectares of Tropical Dry Forest, restoration of 13 hectares, planting of 2,500 native trees, and engagement of more than 200 families and 300 students through the flagship Friends of the Tropical Dry Forest program. In parallel, the Company achieved 100% recycling and reuse of industrial water, eliminating withdrawals from natural sources, and obtained ICONTEC’s Zero Waste Gold certification with a utilization rate above 70%. On climate, Scope 1 and 2 GHG intensity decreased by 4.5%, Scope 3 emissions by 9%, and methane emissions were reduced by 12% as part of the Methane Zero 2026 program.

The 2025 TNFD Report provides a structured view of Canacol’s governance model, strategy, risk assessment, metrics, and long-term roadmap to 2030 and 2050. By integrating nature into enterprise risk management and linking environmental metrics to capital planning, Canacol enhances access to sustainability-linked finance and reduces exposure to regulatory and operational risks.

As one of the first energy companies in Latin America to adopt TNFD disclosures, Canacol is consolidating its role as a leader in nature-positive energy, creating measurable value for ecosystems, communities, and shareholders.

1 Introduction

The degradation of ecosystems represents both an environmental and a financial risk for companies in resource-intensive industries. For Canacol, natural capital is directly linked to operational continuity, regulatory compliance, and social license to operate. Tropical Dry Forests are considered one of the most endangered ecosystems in Colombia and globally, with less than 8% of their original extension remaining. Their protection is not only a moral responsibility but also a strategic imperative: forest ecosystems regulate water flows, stabilize soils, and host biodiversity critical for agricultural and social well-being in the regions where Canacol operates.

Climate change amplifies these risks. Rising temperatures, altered rainfall patterns, and increased extreme weather events pose challenges for energy infrastructure and ecosystems alike. In this context, the TNFD framework provides Canacol with a methodology to analyze nature-related dependencies and risks in an integrated manner, bridging environmental science with financial disclosure.

This TNFD 2025 Report thus serves multiple purposes:

1. **Accountability** – Reporting transparently to investors, regulators, and communities.
2. **Risk management** – Identifying material risks that may affect long-term financial performance.
3. **Strategy** – Embedding biodiversity and water into Canacol's decarbonization and operational plans.
4. **Opportunity** – Positioning Canacol to access sustainable finance, strengthen community trust, and differentiate in a competitive energy market.

This is Canacol's second TNFD disclosure. It reflects the maturation of its ESG strategy, integration of double materiality (as required by the CSRD), and readiness to contribute to global forums such as COP16 in Colombia.

2 | Methodology: TNFD and the LEAP Approach

The Taskforce on Nature-related Financial Disclosures proposes the LEAP approach to guide corporate assessments:

- **Locate:** Identify operational interfaces with ecosystems and areas of high biodiversity value.
- **Evaluate:** Measure dependencies on ecosystem services and impacts generated by operations.
- **Assess:** Analyze risks and opportunities, including financial materiality and double materiality.
- **Prepare:** Integrate findings into governance, strategy, and disclosure systems.

In 2024, Canacol applied the LEAP approach to five operational blocks: Esperanza, SSJN-7, VIM-33, VIM-5, and VMM-45. This process combined geospatial mapping, biodiversity indices (e.g., Mean Species Abundance), water resource assessments, and community-based environmental monitoring. The methodology included:

- Use of high-resolution land cover maps to identify forest fragmentation and connectivity.
- MSA scores ranging from 0.21 to 0.22, indicating moderate biodiversity degradation.
- Mapping of overlaps with RAMSAR wetlands (Zapatosa and Mojana) and sensitive basins, though without direct overlap with national protected areas.
- Participatory monitoring with local communities, integrating traditional knowledge and local ecological observations.

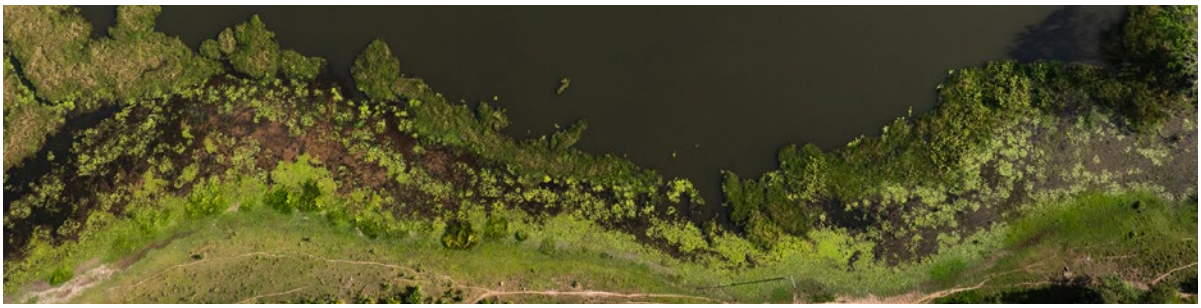
This methodological rigor ensures that Canacol's disclosure is scientifically grounded, stakeholder-informed, and consistent with TNFD recommendations.

3 Governance of Nature-related Risks

Strong governance is the cornerstone of effective biodiversity and climate risk management. Canacol's governance system includes multiple levels of accountability:

- **Board of Directors:** Oversight of climate and biodiversity is delegated to the ESG Committee, which reviews quarterly reports. In 2024, all Board members completed training in biodiversity, climate change, human rights, and double materiality.
- **Executive Management:** The Vice President of Sustainability leads the integration of TNFD into business planning, supported by HSE, Operations, Finance, and ESG.
- **Incentives:** Executive bonuses are partially tied to ESG performance, including GHG intensity reduction, water reuse, forest hectares conserved, and waste reuse rates.
- **Stakeholder Engagement:** Conservation Agreements with rural families formalize commitments to forest protection. Partnerships with NGOs and universities add independent oversight.

Canacol has developed a sustainability governance model that integrates climate change management and energy efficiency under a double materiality approach. This model establishes a governance structure composed of both executive and tactical positions. Through this structure, the roles and responsibilities required to design and implement processes, controls, and procedures have been clearly defined. These processes ensure effective oversight, management, and monitoring of climate-related impacts, risks, and opportunities.



From its governance model, the Company recognizes the importance of strong and effective leadership to fulfill its mission and achieve its strategic objectives. This commitment includes motivating and strengthening employee engagement, acknowledging that they are essential to the Company's success and to meeting the goals set by senior management.

The Board of Directors, through its strategic vision and guidance, defines Canacol's direction in the short, medium, and long term, ensuring that all actions remain aligned with corporate values and the Company's overarching purpose.

Meanwhile, the Executive Team, leveraging its leadership and expertise, translates this vision into concrete actions, oversees daily operations, and ensures the effective execution of the Company's strategies.

3.1. Composition, experience, and key expertise of the board of directors

Aware of the growing challenges related to sustainability and climate, Canacol has taken steps to ensure that the Board is adequately equipped and trained to address these issues.

To this end, the Company prioritizes ESG capacity-building programs and the inclusion of Board members with expertise in sustainability and climate matters, strengthening its ability to provide effective oversight and strategic guidance.

Board Member	Gender	Age	Director Since	Capital Market	CEO	Compensation	Corporate Governance	ESG	Financial	Goverment Relations	Human Resources	Industry Knowledge	Information Technology	International Operations	Investors Relations	Leadership	Marketing	Mergers and Acquisitions	Oil and Gas Development	Oil and Gas Exploration	Operational	Risk Management	Strategic Analysis	Strategic Planning
Charle Gamba President, CEO and Director	Male	60	2008	x	x	x	x	x	x	x		x		x	x	x	x	x	x	x	x	x	x	x
Michael Hibberd Chairman	Male	69	2008	x	x	x	x	x				x		x	x	x	x	x				x	x	x
Valentina Garbarini Director	Female	37	2023				x	x	x		x		x	x		x	x				x	x	x	
David Winter Director	Male	67	2009		x	x	x	x		x	x	x		x		x				x			x	x
Francisco Díaz Director	Male	63	2015	x			x	x	x	x		x		x	x							x		
Gustavo Gattass Director	Male	49	2023	x		x	x		x		x	x		x										x
Silvestre Tovar Leopardi Director	Male	62	2024	x	x	x			x	x	x	x	x	x		x		x				x		x

The members of our Board of Directors have extensive experience in the oil and gas industry. Currently, five out of the seven members also have expertise in sustainability (ESG management), and five possess strong backgrounds in risk management.

To further strengthen efficiency and decision-making, the Board operates through five expert, cross-functional committees, including the Audit and ESG Committees, which play a direct role in overseeing the management of climate-related risks and opportunities.

Board Committees

Audit Committee Mandate	Governance and Nominating Committee Mandate	Compensation Committee Mandate	ESG Committee Mandate	Reserves Committee Mandate
Financial reporting Audit Process Risk Management Cybersecurity Internal Control Compliance	Governance Director nomination Board Diversity Board performance	Compensation Executive performance Succession planning Diversity, Equity and Inclusion	ESG Strategy ESG Disclosure Health and Safety Sustainability Governance and oversight Independent assurance Review	Regulatory compliance Reserves disclosure Operational performance Independent evaluator review

3.2. Executive compensation based on ESG objectives

Canacol's compensation guidelines are designed to align the executive team's incentives with the interests of shareholders. To achieve this, specific metrics directly link executive compensation to overall corporate performance.

The Company's bonus plan offers executives the opportunity to receive cash bonuses contingent upon the achievement of key performance targets. These targets are defined annually by the Remuneration Committee of the Board of Directors, which sets the objectives for all directors and executives and uses them to evaluate performance and allocate bonuses for the year 2024. Among the most relevant metrics are:

- The achievement of 100% of annual sustainability objectives.
- The improvement of the Company's ESG performance index, which serves as a key indicator within the variable compensation scheme for the Executive Team.

	Targets					Payout level				
	Weighting	Threshold	Target	High	Result	< Threshold	Threshold	Target	High	Level Achieved
Operational										
2P Reserves Additions (BCF)	17.50%	48	53	80	48.6	0	50	100	150	9.80%
Average Annual Production (mmscfe/d)	17.50%	165	174	183	168.7	0	50	100	150	12.35%
Financal										
Funds From Operations ($MM)	17.50%	203	218	230	209.4	0	50	100	150	12.48%
Leverage (Debt:EBITDA)	17.50%	2.9		2.4	2.31	0	50	100	150	26.25%
ESG										
Achievement of CSA percentile	3.50%	75		90	98%	0	50	100	150	5.25%
Achievement of key ESG goals	3.50%	9		11	11	0	50	100	150	5.25%
Safety	3.00%	2		1.96	1.35	0	50	100	150	4.50%
Strategic	50									
Growth / Farmout Project / M&A	6.67%		Discretionary		Threshold	0	50	100	150	3.34%
Management of Non-Core Investments, Contract Commitments etc.	6.67%		Discretionary		Threshold	0	50	100	150	3.34%
Financing Initiatives	6.66%		Discrecional		Target	0	50	100	150	6.66%
									Total (1)	89.22%

(1) Corporate performance goals account for 80% of the executive officer's short-term incentive with the remaining 20% attributable to individual performance metrics. The total achieved for corporate performance goals in 2024 was 89.22% which is multiplied by 80% to equal 71.38%. Executive officers received this plus an additional 7 – 15% for their individual performance goal.

4 Strategy

Canacol's strategy integrates biodiversity, water, and climate resilience into its business model. This approach is based on four strategic pillars:

- **Biodiversity:** Protecting and restoring tropical dry forests. In 2024, Canacol conserved 55.5 hectares, restored 13 hectares, and planted 2,500 trees. The program also engaged 200 families and 300 students, fostering environmental education and community trust.
- **Water Stewardship:** Canacol achieved 100% recycling and reuse of industrial water in 2024, avoiding withdrawals from natural sources. This not only mitigates physical water risks but also strengthens relations with water-stressed communities.
- **Climate Leadership:** The Decarbonization Roadmap reduced GHG intensity by 4.5% in 2024 and Scope 3 emissions by 9%. The Net Zero Methane 2026 program places Canacol among the leaders in methane mitigation in Latin America.
- **Circular Economy:** With ICONTEC Zero Waste Gold certification, Canacol reused over 70% of its waste, reducing environmental impacts and creating economic value through efficiency.

This integrated strategy demonstrates that protecting biodiversity, using water responsibly, and decarbonizing operations are mutually reinforcing. Together, they ensure operational resilience, regulatory compliance, and market competitiveness.

5 | Locate – Ecosystems Interfaces and Dependencies

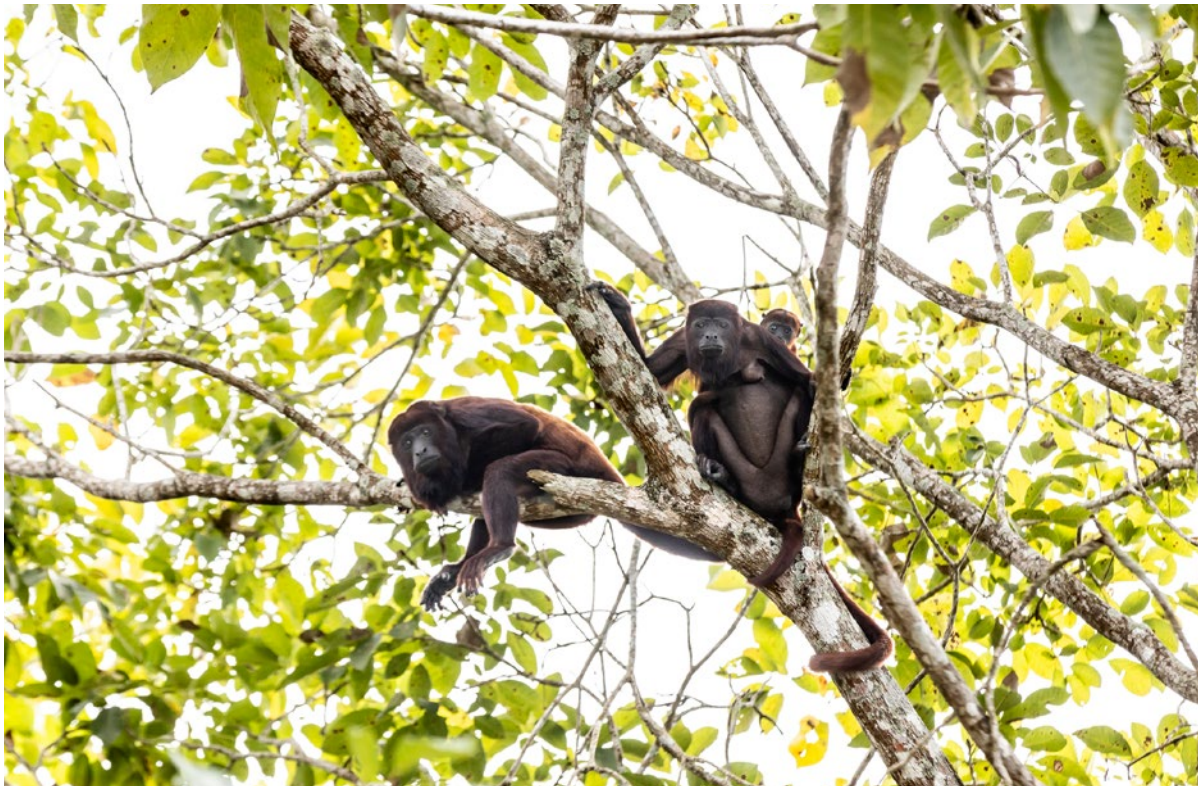
The Locate phase has allowed us to identify nine key interfaces between Canacol's assets and nature, evaluating the ecological sensitivity of five operational sites: Esperanza, SSJN-7, VIM33, VIM5, and VMM45. Through detailed geospatial analysis, various environmental and biodiversity attributes were examined, highlighting the ecological relevance and sensitivity of these sites (Figure 1).

- **Ecoregions:** The five assets are primarily located in the "Magdalena-Urabá Moist Forests" and "Sinú Valley Dry Forests" ecoregions. These areas have moderate recovery potential, indicating that conservation actions are critical to restoring the ecosystem and ensuring biodiversity.
- **Hotspots:** Most assets, such as Esperanza, SSJN-7, VIM5, and VMM45, are situated within a biodiversity hotspot, the "Tumbes-Choco-Magdalena," a region of high conservation importance due to its significant biodiversity and the risks it faces from habitat loss. The southern portion of VIM33 is on the edge of this hotspot.
- **Mean Species Abundance (MSA):** The average MSA at Canacol's sites ranges from 0.21 to 0.22, indicating a decline in local species diversity due to habitat modification. However, ecological remnants still exist that play a crucial role in species conservation and ecosystem resilience.
- **Tree Cover and Water Bodies:** A fragmented distribution of tree cover and water bodies has been identified at the evaluated sites, with percentages ranging from 3.86% in Esperanza to 21.45% in VIM33. Additionally, the influence area of VIM-5 overlaps with the Mojana Riverine Complex, and VIM-33 overlaps with the Zapatosa Wetland Complex, the largest freshwater body in the country. These areas, classified as RAMSAR wetlands, are crucial for the country's water regulation. The observed ecological fragmentation in these assets poses significant risks to local biodiversity, underscoring the need to restore and conserve remaining natural areas.
- **Threatened Species: I**n all evaluated sites, the potential presence of species categorized as vulnerable, endangered, or critically endangered by the IUCN was identified. These findings emphasize the importance of implementing mitigation measures to protect threatened species and conserve their critical habitats, while also seeking opportunities to contribute to conservation programs for these species.
- **Protected Areas:** It was concluded that no influence area of the analyzed Canacol assets overlaps with Protected Areas.
- **Important Bird Areas (IBAs):** No influence area of the analyzed Canacol assets overlaps with IBAs.
- **Wetlands and/or RAMSAR Sites:** VMM-45 has a 100% coverage of wetlands and/or RAMSAR sites, classified as Very High. In contrast, SSJN-7 and VIM-5 were classified as Moderate, while Esperanza and VIM-33 were rated Low.
- **Water Vulnerability Index (WVI):** The WVI for the sites Esperanza, SSJN-7, VIM33, and VIM5 was categorized as Medium, whereas the VMM45 site has Low water vulnerability.

The Locate phase has revealed that Canacol's assets are situated in ecologically sensitive areas, such as RAMSAR wetlands that play a fundamental role in the country's water regulation, the Tropical Dry Forest, which is the strategic ecosystem with the least coverage in the country and is home to species like the White-headed Capuchin Monkey, and locations with high biodiversity richness that have been significantly transformed by human activities. Such sensitive areas require careful management to minimize environmental impacts and maximize conservation opportunities.

Figure 1: Sensitivity rating by site

Site	Ecoregions	Hotspots	Tree Cover and Water Bodies	MSA	CR Species	EN Species	VU Species	Protected areas	IBAs	Wetlands and/or RAMSAR Sites	WVI	Total	Sensitive classification
SSJN-7	2	1	1	3	5	4	4	1	1	2	3	27	1
VM-33	2	2	2	3	1	2	2	1	1	3	3	22	2
Esperanza	2	1	1	3	2	2	2	1	1	2	3	20	3
VMM-45	2	1	2	3	2	1	1	1	1	3	2	19	4
VIM-5	2	1	2	3	1	1	1	1	1	5	3	21	5



6 Evaluate – Impacts and Dependencies

The second step is to evaluate Canacol's dependencies on nature and its impacts on biodiversity and ecosystems.

6.1. Dependencies

It was found that the highest dependencies are on provisioning and regulatory services:

- **Water Regulation and Provision:** Canacol is highly dependent on ecosystem services related to water, as it is necessary during development and extraction activities. There are legal issues and sanctions associated with water use and pollution, as well as reputational and market concerns tied to water management. Additionally, from a social perspective, water is one of the most important resources for the survival of local communities and their livelihoods.
- **Soil Retention and Quality:** Canacol's operations depend on the soil's ability to retain moisture and control erosion. Therefore, there is a high dependency on these ecosystem services from financial, operational, and social standpoints.
- **Local and Global Climate Regulation:** Canacol has a significant dependency on both local and global climate regulation, as abrupt changes in climate patterns, such as excessive rainfall or drought, can negatively impact operations and infrastructure, leading to increased costs for the company.
- **Disaster Control:** Ecosystems provide the means to mitigate damage caused by floods, landslides, and other types of disasters. Thus, operations, infrastructure, and the well-being of workers and nearby communities depend on the provision of this ecosystem service.
- **Food Provision:** The nutrition of local workers relies on the availability of food in the area. A lack of local food can lead to operational costs, negative health impacts on workers, and issues associated with local communities.
- **Biological Control:** The absence of biological control can lead to epidemics and outbreaks of zoonotic diseases in the area. This negatively impacts workers and productivity, increasing costs and generating risks such as delays in product delivery.
- **Habitat Maintenance:** Biodiversity provides multiple functions within ecosystems, translating into services and goods from nature. The loss of biodiversity would mean the loss of other ecosystem services, negatively affecting Canacol's production. Given the changing market that increasingly focuses on biodiversity, the growing demands from the financial sector for commitment to biodiversity, stricter regulatory matters, and stronger social oversight, Canacol has a high dependency on habitat maintenance.

Canacol relies on ecosystem services, particularly in terms of provisioning and regulation. Effective management of these dependencies is crucial to ensure the operational, financial, and social sustainability of the company.

6.2. Impacts

Ten drivers of change were identified that represent the main impacts of Canacol's activities on ecosystems. These impacts are linked to the operational processes of exploration, development, and well closure, affecting various natural assets. The key impacts are:

- **Land Use Change:** Very High. This is the most significant impact for Canacol. Operations require large expanses of land, which affect natural habitats and limit the regeneration of native vegetation, leading to direct consequences for biodiversity and ecosystem services.
- **Climate Change:** Medium. Canacol's activities contribute to greenhouse gas emissions, which have a moderate impact both locally and globally, affecting the resilience of ecosystems.
- **Soil Pollution:** High. Operations pose risks of spills and leaks that can degrade soil quality, impacting biodiversity and the ecosystem's ability to provide essential services.
- **Water Pollution:** Medium. This impact is related to the potential contamination of water sources by chemicals, affecting both water quality and aquatic organisms.
- **Air Pollution (non-GHG gases):** Medium. Emissions of pollutants that are not greenhouse gases present a moderate impact, affecting both ecosystems and the health of local communities.
- **Use of Other Resources:** Medium. The exploitation of additional resources, such as non-renewable materials, has a medium impact, leading to overexploitation and affecting biodiversity.
- **Disturbances:** Medium. Disturbances associated with operations, such as noise and light pollution, affect local biodiversity and may alter species behavior.
- **Waste:** Medium. The generation of hazardous and non-hazardous waste has a medium impact on ecosystems, affecting soil, water, and biodiversity.
- **Water Use:** High. Canacol's reliance on water creates a significant impact on the availability of this resource, leading to competition with local communities and affecting the sustainability of aquatic ecosystems.
- **Invasive Species:** Low. Although the impact is relatively low, the introduction of invasive species through the importation of materials can affect local biodiversity and alter ecosystems.

The identified impacts underscore the importance of comprehensive management of nature-related risks. Canacol must pay special attention to impacts rated as "very high" and "high," such as land use change, soil pollution, and water use.

By balancing dependencies and impacts, Canacol identifies both vulnerabilities and opportunities to build resilience. For instance, while water scarcity poses a significant risk, Canacol's closed-loop water system has transformed this into an opportunity for leadership in water stewardship.

7 | Assess – Risks, Opportunities, and Double Materiality

The assessment requires analyzing the materiality of nature-related risks and opportunities. Canacol applies a double materiality approach, considering both financial impacts on the Company and the Company's impacts on nature and society.

7.1. Nature-related risks

In the Assess phase of the TNFD's LEAP methodology, 18 key risks that could affect Canacol's operations were evaluated and validated by analyzing their probability of occurrence and the consequences they would generate (Figure 2). These risks were classified into the categories of physical, legal and compliance, market, reputational, and technological risks. Below is a summary of the prioritized risks along with their respective ratings.

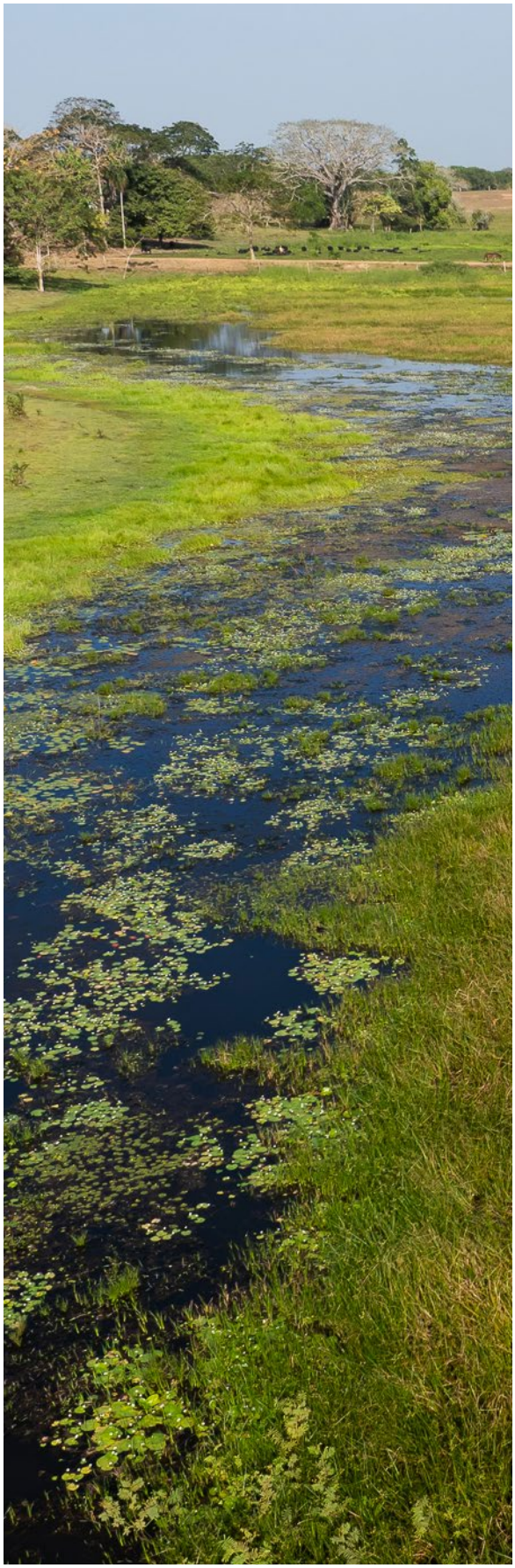
Figure 2: Current actions of Canacol regarding nature

Corporate Guidelines	Operational actions	Risk management	Partnerships
Biodiversity commitment	Hidraulic drilling	Risk management matrix	SENA
Water management system	Flexible pipeline	Increase in reused water	Universities
"Amigos del Bosque" Program	DAK additive	Decarbonization goals	
Climate change Program	Soundproofing of equipment and acoustic barrier		
Double materiality analysis	Hidraulic drilling		

- **Protection and Restoration of Ecosystems:** Canacol has protected 55.5 hectares of Tropical Dry Forest through the Friends of the Tropical Dry Forest program, involving local communities in the conservation of these areas. In 2023, the company restored 44.5 hectares in the departments of Córdoba and Sucre, contributing to the preservation of valuable ecosystems. Alongside restoration efforts, 2,400 hours were dedicated to maintaining protected areas and 12,150 hours to active protection. The investment in compensation for the protection of these ecosystems in 2023 reached USD 75,784, reaffirming Canacol's commitment to regenerating degraded habitats and preserving biodiversity.
- **Monitoring and Conservation of Species:** Canacol conducts annual assessments of wildlife and flora in all operational areas to mitigate the impact of activities on biodiversity. In 2023, 237 protected wildlife species and 218 protected plant species were monitored. The total number of monitored species has

consistently grown over the last three years, reflecting the company's focus on preserving endangered species. Regarding fauna, 19 plant species and 27 animal species at risk of extinction were identified, and measures were taken to prevent any further damage to their habitats. Canacol avoids intervention in protected areas classified under IUCN categories I to IV and in UNESCO World Heritage sites. The Zero Net Deforestation policy reinforces the commitment to avoid logging endangered species and to protect their habitats.

- **Water Resource Management:** In operations, 16% of the water used was recirculated, and surface water intake has been suspended since 2021, prioritizing the use of groundwater sources. Through the Water Source Protection Program, community projects have been developed for groundwater capture, utilizing renewable energy, water treatment, and the expansion of aqueducts, ensuring sustainable access to drinking water for communities.
- **Biological Control:** Canacol has protected 55.5 hectares of Tropical Dry Forest, ensuring the conservation of ecosystems that contribute to the biological control of pests and diseases. Annual monitoring of wildlife and flora helps mitigate the impact on biodiversity and maintain ecological balance in operational areas.
- **Climate Change Adaptation and Decarbonization:** The company is committed to reducing its greenhouse gas (GHG) emissions by 50% by 2035 and achieving carbon neutrality by 2050. In 2022, 100% of emissions were quantified, following the GHG Protocol, and climate risks were integrated into the Corporate Climate Change Management Plan, guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



- **Soil Retention and Land Quality:** Canacol restored 44.5 hectares in operational areas, using technologies such as absorbent polymers and Flexsteel piping to minimize land intervention and reduce environmental impact.
- **Water Quality:** The company recirculates 100% of industrial water in drilling operations, eliminating discharges. Participatory monitoring with local communities ensures water quality and guarantees efficient and transparent management of this vital resource.
- **Noise Mitigation:** Natural barriers and living fences have been implemented in operational areas, complying with environmental regulations and reducing noise levels to protect the quality of life for nearby communities.
- **Food Provision:** The "Green Initiatives" program has benefited 167 families through sustainable agriculture initiatives developed in collaboration with CORPOMOJANA and SENA. These programs promote food security and have strengthened relationships with rural communities.
- **Disaster and Fire Control:** The Risk Management Plan includes training for local brigades and the acquisition of specialized equipment for emergency response, as well as community education programs for fire prevention, ensuring an appropriate response to emergencies.
- **Technological Innovation for Sustainability:** Absorbent polymers have been implemented for managing drilling cuttings, along with Flexsteel piping, which has reduced land intervention and minimized the environmental impact of operations.
- **Commitment to Transparency and Governance:** As an Early Adopter of the TNFD (Taskforce on Nature-related Financial Disclosures), the company has adjusted its management practices to align with global trends related to nature. This commitment ensures that actions and disclosures meet international sustainability standards.
- **Strengthening Community Relations:** In 2024, 20 social projects were executed, benefiting over 5,513 people. These projects encompass community development, education, health, and well-being, strengthening the company's social license to operate. Additionally, Conservation Agreements with local families have been crucial for integrating communities into conservation and restoration efforts.
- **Double Materiality Analysis:** Canacol's double materiality assessment confirms that biodiversity and water are not peripheral issues—they directly shape the Company's financial resilience, stakeholder trust, and long-term value creation.[1]

7.2. Financial implications of Nature-related Risks

The risks identified in Canacol's double materiality assessment are not only ecological or operational in nature but also carry direct and indirect financial implications for the Company. These include:

- **Operational costs (OPEX).** Restrictions on water use or increases in treatment requirements can elevate operating costs, particularly in water-intensive processes such as drilling and compression. Recirculation and reuse initiatives already deliver cost savings by reducing the need for external water sourcing and disposal fees.
- **Capital expenditure (CAPEX)**. Delays in

1 For further information, please refer to the Double Materiality Report

environmental permitting, additional requirements for offsets, or community opposition could increase capital costs or extend project timelines. For example, stricter biodiversity offset requirements in future licensing processes could translate into additional multi-million-dollar investments.

- **Revenue continuity.** Biodiversity degradation, drought, or ecosystem-related disruptions could limit production availability, directly reducing gas output and associated revenues. Maintaining ecosystem services such as water availability and soil stability serves as a natural buffer that protects long-term revenue streams.
- **Cost of capital.** International investors and lenders are increasingly linking financing conditions to ESG and TNFD-aligned disclosures. Failure to adequately manage nature-related risks could increase the cost of debt or restrict access to sustainability-linked loans. Conversely, robust TNFD integration enhances Canacol's profile with green finance markets.
- **Insurance and risk premiums**. Biodiversity loss, water scarcity, and climate-nature interactions may increase insurance costs due to higher perceived operational risks. Effective risk mitigation through conservation and adaptation reduces these premiums.

By quantifying these linkages, Canacol ensures that nature-related risks are reflected not only in sustainability strategies but also in financial planning and enterprise risk management.

7.3. Opportunities

- **Sustainable Finance:** TNFD adoption positions Canacol as a candidate for green bonds, transition finance, and sustainability-linked credit.
- **Innovation:** Waste circularity and methane abatement create technological leadership opportunities.
- **Community Trust:** Biodiversity and water stewardship enhance Canacol's legitimacy, reducing social conflict.
- **Policy Alignment:** Participation in COP16 (Colombia 2024) positions Canacol as a proactive corporate actor in biodiversity policy.

8 | Prepare – Integration into **business planning**

The Prepare stage of the TNFD framework is not simply a final step in the LEAP approach, but rather the point at which nature-related insights are translated into concrete decisions, governance mechanisms, and strategic action. For Canacol, this process is critical because biodiversity and ecosystem services are not abstract concepts—they directly affect operational resilience, regulatory compliance, and community relations in the regions where the Company operates.

Integration with Climate Strategy: At Canacol, nature-related risks and opportunities are integrated into corporate governance structures at the highest level. The Board of Directors is briefed quarterly on biodiversity, climate, and water-related issues, ensuring that strategic decisions—such as approving new projects, allocating capital, or engaging with regulators—are informed by environmental considerations. The ESG Committee plays a pivotal role in translating technical information into actionable governance decisions.

This governance integration ensures that nature is not treated as an isolated environmental issue but as a material factor in the same category as financial risk, market access, and safety performance. By embedding biodiversity and water stewardship into board-level deliberations, Canacol sends a clear message to investors and stakeholders: nature is a boardroom issue, not just a sustainability report topic.

Financial Planning: The preparation process also involves embedding nature-related risks into financial planning and investment analysis. For example:

- **Capital Allocation:** New projects are evaluated not only on financial metrics but also on environmental risk exposure (e.g., proximity to sensitive ecosystems, potential water stress, or community opposition). Projects with high nature-related risks must demonstrate mitigation plans or may be deprioritized.
- **Insurance and Financing:** Nature-related risk disclosures enhance Canacol's credibility with financial institutions, improving access to sustainability-linked financing and lowering the cost of capital.
- **Operational Budgets:** Biodiversity and water stewardship targets are embedded into departmental KPIs and budgets, ensuring that conservation and efficiency initiatives are resourced appropriately.

By doing so, Canacol transforms environmental stewardship from a compliance cost into a driver of long-term financial resilience and investor confidence.

Disclosure Alignment: Finally, Canacol's preparation involves aligning with evolving regulatory frameworks. The integration of TNFD with other disclosure systems—such as TCFD, GRI, SASB, and CSRD—ensures that Canacol is future-proofed against stricter reporting requirements. Given that Colombia will host COP16 on Biodiversity, Canacol's proactive alignment with TNFD positions it as a corporate leader ready to respond to national and international biodiversity goals under the Kunming-Montreal Global Biodiversity Framework.

Community Partnerships: The Prepare stage also includes community integration, which is essential for risk mitigation. Conservation agreements with rural families ensure that biodiversity protection is not imposed top-down but is co-created with those who live in and depend on the forest. This reduces the risk of social opposition, enhances trust, and builds a shared sense of stewardship.

Furthermore, participatory monitoring empowers local communities to collect environmental data and contribute to biodiversity tracking. This builds capacity, strengthens accountability, and ensures that Canacol's disclosures reflect on-the-ground realities.

Roadmap: Nature-related considerations are tightly coupled with Canacol's Decarbonization Roadmap. For instance, forest conservation and restoration contribute not only to biodiversity outcomes but also to carbon sequestration, directly supporting climate goals. Similarly, water reuse reduces both physical risks and energy use for water treatment, creating synergies between climate and biodiversity strategies.

Methane abatement—a centerpiece of Canacol's 2026 Net Zero Methane target—is framed not only as a climate action but also as a biodiversity co-benefit, since reduced emissions improve local air quality and decrease pressures on adjacent ecosystems.

In short, the Prepare stage demonstrates that Canacol is not merely identifying risks but is actively embedding them into governance, strategy, financial planning, and stakeholder engagement. This ensures that biodiversity and ecosystem services are treated as core business priorities, integral to the Company's ability to thrive in a rapidly changing environmental and regulatory landscape.

9 | Metrics & Targets[2]

Canacol has defined a suite of nature-related metrics and emerging targets to ensure decision-useful disclosures consistent with the TNFD framework. These indicators are designed to capture the most material aspects of our interactions with nature, reflecting both performance outcomes and management commitments. They are also aligned with our ESG 2024 disclosures, third-party certifications, and long-term climate and biodiversity strategies.

Biodiversity metrics. The Tropical Dry Forest (TDF) program is tracked through specific indicators, including hectares under formal conservation agreements (55.5 ha in 2024), hectares restored (13 ha reforested in 2024 with the Wildlife Conservation Society at La Carranchina), number of agreements with local families (nine active in Sucre), and progress on environmental education programs. These measures demonstrate direct, quantifiable contributions to habitat integrity, soil conservation, and ecosystem resilience.

Water stewardship metrics. Operational water use is monitored and managed at a granular level, with annual consumption caps of 27.7 megaliters for production and 60.7 megaliters total across operations. In 2024, we eliminated water use for Jobo cooling, implemented recirculation systems for drilling, and expanded reuse in hydrostatic testing. Our medium-term targets include the certification of our water footprint under ISO 14046 at Jobo, followed by the design of a company-wide water neutrality strategy, with milestones to be disclosed as the strategy is finalized.

Circular economy and waste indicators. Waste performance is tracked through utilization and certification results. In 2024, Canacol achieved ICONTEC Zero Waste – Gold certification, with a waste utilization rate above 70%, representing a 20% year-on-year increase. Key indicators include volumes of waste reused (e.g., drilling muds, construction materials), recycled volumes (e.g., oils, plastics), and reductions in hazardous disposal. These outcomes provide tangible evidence of reduced environmental pressures on ecosystems while improving efficiency and cost management.

Climate–nature nexus metrics. Recognizing the interdependence between climate change and nature, we report integrated climate indicators that also reduce nature-related risks. In 2024, Scope 1 emissions were 106,102.6 tCO_2e, representing a 4.5% reduction compared to 2023, with methane emissions reduced by 12.1% year-on-year under the Methane Zero 2026 program. Scope 3 emissions decreased by 8%, and emissions intensity reached 10.31 $kgCO_2e$/BOE. These indicators directly support biodiversity and ecosystem health by mitigating climate-driven stressors.

Targets and ambition. Canacol's medium-term commitments include:

- Expanding the Tropical Dry Forest conservation program to additional hectares by 2030, in partnership with local communities and NGOs.

2 For further information, please refer to the Double Materiality Report

- Certifying water use at Jobo under ISO 14046 by 2025 and establishing a pathway toward water neutrality.
- Maintaining Zero Waste – Gold certification while pursuing higher utilization rates (>75% by 2026).
- Achieving OGMP Gold Standard certification for methane by 2026, reinforcing the link between climate and nature stewardship.

These metrics and targets are designed to be dynamic and adaptive. As the TNFD framework matures, Canacol will refine its disclosures, incorporate double materiality perspectives, and ensure alignment with both Colombian regulatory requirements and international best practices.

Canacol's approach to metrics and targets reflects a shift from qualitative commitments to quantifiable, verifiable, and ambitious goals. By aligning with global benchmarks and applying third-party assurance, the Company ensures that its TNFD disclosures not only meet compliance requirements but also create measurable value for ecosystems, communities, and shareholders.

9.1. Financial integration of metrics

To strengthen decision-making and accountability, Canacol is progressively linking environmental metrics to financial performance and capital allocation:

- **OPEX reduction through efficiency gains.** Water reuse programs and waste circularity initiatives have reduced disposal and sourcing costs, generating measurable annual savings.
- **CAPEX planning.** Restoration and offset programs are integrated into project-level CAPEX forecasts, ensuring financial predictability and regulatory compliance.
- **Revenue resilience.** Maintaining ecosystem services such as water availability and soil stability reduces the risk of production disruptions, safeguarding revenue streams.
- **Cost of capital.** Achievement of TNFD-aligned targets enhances eligibility for sustainability-linked loans, transition finance, and green bonds, potentially lowering financing costs.
- **Insurance benefits.** Demonstrated risk mitigation (e.g., zero net deforestation, water neutrality) supports lower environmental liability insurance premiums.

9.2. Governance of metrics

All TNFD metrics are integrated into the Company's ESG Performance Dashboard, reviewed quarterly by senior management and annually by the Board of Directors. This ensures that progress toward environmental targets is linked to financial planning, enterprise risk management, and long-term strategy.

9.3. Data Quality and Assurance:

To ensure credibility, Canacol applies third-party verification and assurance to its ESG data, including biodiversity, water, and emissions metrics. This enhances trust among stakeholders and supports compliance with emerging CSRD assurance requirements in Europe. Moreover, Canacol is investing in digital platforms for environmental monitoring, including satellite-based geospatial analysis, biodiversity tracking through acoustic sensors, and automated reporting systems that integrate operational and environmental data in real time.

10 | Case Study: Tropical Dry Forest Program

The Tropical Dry Forest (TDF) is one of the most endangered ecosystems in Colombia and across Latin America. It has been classified by the International Union for Conservation of Nature (IUCN) as critically threatened, with less than 8% of its original cover remaining in Colombia. Its decline is the result of centuries of deforestation driven by agriculture, cattle ranching, and charcoal production. This loss has severely fragmented habitats, reducing ecosystem resilience and threatening species survival.

Despite its ecological importance, the TDF has historically received less conservation attention than rainforests such as the Amazon. Yet, it plays a critical role in carbon storage, hydrological regulation, soil fertility, and pollination services, all of which directly sustain local communities. The TDF is also home to highly threatened species, including the Cotton-top Tamarin (Saguinus oedipus), a primate found only in northern Colombia, making conservation of this ecosystem both a national and global priority.

For Canacol, whose operations are in regions where remnants of TDF still survive, investing in its protection is both a responsibility and an opportunity. Protecting this ecosystem directly addresses the Company's nature-related risks, including water scarcity, regulatory pressures, and reputational concerns, while also creating social and environmental co-benefits.

10.1. Program Design and Implementation

Launched in 2019 and scaled in recent years, the Tropical Dry Forest Program represents Canacol's flagship biodiversity initiative. Its design is based on three pillars:

1. **Conservation Agreements with Rural Families:** Canacol signs voluntary agreements with rural landowners and families who manage forested areas. In return for financial and technical support, these families commit to conserving forest patches, preventing deforestation, and adopting sustainable land-use practices. This mechanism transforms conservation into a viable livelihood alternative.
2. **Active Ecological Restoration:** Restoration efforts focus on replanting degraded areas with native species such as Caoba (Swietenia macrophylla), Carreto (Aspidosperma polyneuron), and Ceiba (Ceiba pentandra). These species are ecologically significant due to their role in supporting wildlife and stabilizing soils. Restoration includes nursery development, soil preparation, seedling planting, and continuous monitoring to ensure survival rates.
3. **Education and Community Engagement:** Through the initiative "Friends of the Tropical Dry Forest", Canacol engages local schools, teachers, and students in biodiversity awareness campaigns. In 2024, more than 300 students participated in environmental education activities, ensuring that the next generation develops a culture of conservation.

10.2. Results and Achievements

- The TDF program has achieved measurable outcomes that demonstrate both environmental and social value:
- 55.5 hectares of forest conserved under formal agreements with rural families.
- 13 hectares restored through active reforestation with native species.
- 2,500 trees planted and 1,500 seedlings established, with survival rates above 80% after one year.
- Engagement of 200 rural families in conservation activities.
- Participation of 300 students in education programs, building long-term cultural change.

10.3. Strategic Value and Lessons Learned

The program has proven valuable not only for biodiversity but also for Canacol's business resilience:

- **Social License to operate:** By partnering with rural communities, Canacol strengthens relationships, reduces risks of social conflict, and demonstrates tangible benefits from its presence in the region.
- **Risk mitigation:** Conserving and restoring forests reduces risks of soil erosion, water scarcity, and ecosystem collapse, which would otherwise pose long-term operational challenges.
- **Reputation and differentiation:** In a sector often criticized for environmental impacts, Canacol positions itself as a leader in biodiversity stewardship, enhancing trust among regulators, investors, and NGOs.
- **Replication potential:** The conservation agreement model can be replicated in other regions of Colombia or Latin America, amplifying its impact.

Key lessons include:

- Conservation is most effective when communities are partners, not passive recipients.
- Long-term monitoring and adaptive management are necessary to ensure restoration success.
- Education is essential for cultural change; without youth engagement, conservation efforts may not be sustained over generations.

10.4. Comparison with Regional and International Initiatives

The TDF program places Canacol among a small group of Latin American companies investing in ecosystem restoration beyond compliance. Comparable initiatives include:

- Ecopetrol's Orinoquía Biodiversity Program (Colombia): Focused on savannah ecosystems.
- Petrobras' Mangrove Recovery Program (Brazil): Targeting coastal ecosystems.
- Chevron's Mangrove Conservation in Asia: Supporting blue carbon ecosystems.

What makes Canacol's TDF initiative unique is its focus on an underrepresented ecosystem—the Tropical Dry Forest—and the integration of

community livelihoods, restoration science, and education into a single program. This holistic model provides a blueprint for how the private sector can contribute to Colombia's commitments under the Kunming-Montreal Global Biodiversity Framework and the upcoming COP16 in Cali (2024).

Looking ahead, Canacol aims to scale the Tropical Dry Forest Program to expand its coverage, integrate advanced monitoring technologies such as satellite imagery and bioacoustic sensors, and collaborate with NGOs and academic institutions for scientific validation. The goal is to ensure that this initiative is not only a corporate program but also a catalyst for broader landscape-level conservation in northern Colombia.

11 Alignment with International Standards

Canacol recognizes that aligning with international sustainability and disclosure frameworks is essential to ensuring credibility, comparability, and long-term relevance of its environmental strategy. While local commitments are critical to maintaining social license and regulatory compliance in Colombia, global frameworks provide the structure necessary for investor confidence, cross-border comparability, and resilience in the face of evolving regulations.

By aligning its TNFD reporting with other international standards—including GRI, SASB, CSRD, SBTN, TCFD, and the UN Sustainable Development Goals (SDGs)—Canacol ensures that its approach to biodiversity, climate, and nature-related risks reflects global best practices. This alignment demonstrates that Canacol is not only a regional leader in ESG but also a company ready to meet the expectations of global capital markets and international stakeholders.

11.1. Global Reporting Initiative (GRI)

The GRI Standards provide the most widely used framework for sustainability reporting worldwide. Canacol discloses information on biodiversity, water use, waste management, and emissions in line with GRI 300 and 400 series standards. In particular:

- **GRI 304 (Biodiversity):** Canacol's Tropical Dry Forest conservation and restoration initiatives directly address ecosystem protection, restoration, and biodiversity management.
- **GRI 303 (Water):** Reporting of 100% reuse of industrial water exemplifies best practice in water stewardship.
- **GRI 306 (Waste):** Disclosure of waste reuse rates (>70%) and hazardous waste reduction demonstrates progress toward circular economy goals.

Through GRI alignment, Canacol ensures that its biodiversity and nature-related disclosures are consistent with the most globally recognized sustainability standard, making its reporting accessible and comparable for a broad range of stakeholders.

11.2. Sustainability Accounting Standards Board (SASB)

The SASB Standards are particularly relevant for capital markets, as they focus on industry-specific material issues. For the Oil & Gas – Exploration and Production (E&P) sector, SASB identifies key metrics such as water management, greenhouse gas emissions, air quality, and biodiversity impacts.

Canacol's disclosure on methane reduction, water reuse, and biodiversity restoration directly aligns with SASB metrics. This industry-specific alignment is important for investors who seek to compare Canacol with global peers in the natural gas and energy sector. By exceeding SASB expectations in areas such as zero freshwater withdrawal and community-based conservation, Canacol positions itself above industry averages.

11.3. Corporate Sustainability Reporting Directive (CSRD) and Double Materiality

The European Union's CSRD represents the next generation of mandatory sustainability disclosure, emphasizing double materiality:

- **Financial Materiality:** How biodiversity and climate risks affect the company's value creation and financial performance.
- **Impact Materiality:** How the company's activities affect the environment, society, and ecosystems.

Canacol has already begun integrating this dual lens into its ESG strategy. For instance, forest conservation agreements reduce operational risks (financial materiality) while restoring biodiversity (impact materiality). Similarly, 100% water reuse reduces exposure to regulatory fines and operational costs (financial) while protecting river basins (impact). By embracing double materiality, Canacol ensures readiness for potential global reporting requirements and strengthens its credibility with European investors who are increasingly guided by CSRD standards.

11.4. Science-Based Targets for Nature (SBTN)

SBTN provides a science-based framework for companies to set nature-positive targets, similar to how the Science-Based Targets initiative (SBTi) works for climate. While Canacol is in the early stages of aligning with SBTN, its forest restoration, zero freshwater withdrawal, and waste circularity initiatives are directly compatible with SBTN's focus areas of land, freshwater, and biodiversity.

SBTN alignment allows Canacol to demonstrate that its commitments are not only voluntary but also rooted in science and global conservation priorities. This is particularly relevant as financial institutions increasingly require companies to demonstrate science-based environmental targets as a condition for access to green finance.

11.5. Task Force on Climate-related Financial Disclosures (TCFD)

Canacol has already adopted the TCFD framework for climate-related disclosures, including governance, strategy, risk management, and metrics. Integrating TNFD alongside TCFD ensures consistency between climate-related and nature-related reporting, avoiding silos and demonstrating a holistic approach to sustainability.

For example, methane reduction (TCFD focus) is linked with forest conservation (TNFD focus) through carbon sequestration and biodiversity co-benefits. The integration of TCFD and TNFD strengthens Canacol's disclosure package, showing investors that the company understands the interdependence of climate and nature.

11.6. United Nations Sustainable Development Goals (SDGs)

Canacol's biodiversity and environmental commitments also directly contribute to the UN SDGs, particularly:

- **SDG 6:** Clean Water and Sanitation – through 100% industrial water reuse and zero freshwater withdrawals.
- **SDG 13:** Climate Action – via methane abatement and emissions reductions.
- **SDG 15:** Life on Land – through conservation and restoration of the Tropical Dry Forest.
- **SDG 17:** Partnerships for the Goals – via collaboration with NGOs, communities, and academic institutions.

These linkages demonstrate that Canacol's TNFD approach contributes not only to corporate resilience but also to global development goals.

11.7. Global Biodiversity Framework (GBF – Kunming-Montreal, COP15)

Canacol's biodiversity actions, particularly the protection and restoration of the Tropical Dry Forest, are consistent with the GBF's target of conserving at least 30% of terrestrial ecosystems by 2030. By establishing measurable conservation and restoration projects, Canacol directly contributes to Target 2 (ecosystem restoration) and Target 3 (protected areas).

11.8. Strategic Value of Alignment

Aligning with international standards provides multiple strategic benefits for Canacol:

- Investor Confidence: Ensures that disclosures meet the expectations of institutional investors and ESG rating agencies.
- Regulatory Preparedness: Future-proofs the company against emerging global disclosure requirements, such as CSRD.
- Reputation and Differentiation: Positions Canacol as a sustainability leader among Colombian and Latin American energy companies.
- Access to Finance: Facilitates entry into green bond markets, sustainability-linked loans, and ESG-driven investment flows.

Through alignment with GRI, SASB, CSRD, SBTN, TCFD, and the SDGs, Canacol demonstrates that its TNFD disclosures are globally relevant, scientifically grounded, and financially material. This alignment reinforces Canacol's credibility, positions it as a frontrunner in biodiversity and climate stewardship, and ensures that its efforts are recognized not only in Colombia but across international sustainability and investment communities.

12 Roadmap

The roadmap 2030–2050 represents Canacol's long-term vision for integrating biodiversity, climate, and nature-related goals into its corporate strategy. It provides a structured pathway to achieve measurable outcomes, balancing short-term operational priorities with medium- and long-term ambitions. This roadmap is not only a sustainability strategy but also a resilience plan, designed to ensure that Canacol remains competitive, responsible, and future-ready in an evolving global energy landscape.

It builds directly on the achievements highlighted in the 2024 ESG Report—including the protection of 55.5 hectares of Tropical Dry Forest, restoration of 44.5 hectares, monitoring of 237 protected animal species, achieving Zero Waste – Gold certification with a 70% waste utilization rate, and reducing Scope 1 GHG emissions to 106,102 tCO_2e. These accomplishments provide the baseline for scaling impact through 2030 and beyond.

12.1. Guiding Principles

The roadmap is guided by three principles:

- Nature-Positive Ambition: Go beyond mitigation to contribute positively to biodiversity and ecosystems.
- Integration: Ensure that biodiversity and climate considerations are embedded into business planning, investment decisions, and stakeholder engagement.
- Adaptation and Resilience: Build flexibility to respond to evolving environmental, regulatory, and market conditions.

12.2. Phase I (2024–2025): Foundations and Data Consolidation

- Strengthening biodiversity and water monitoring through digital platforms, including satellite imagery, acoustic sensors, and AI-based data analytics.
- Complete ISO 14046 water footprint certification at Jobo.
- Pilot biodiversity accounting methodologies aligned with the UN SEEA-EA (System of Environmental-Economic Accounting).
- Train internal teams in TNFD methodologies, emphasizing double materiality and the integration of risks into the Corporate Risk Matrix.
- Engage financial stakeholders to align TNFD disclosures with investor expectations.

12.3. Phase II (2026–2028): Integration into Business and Finance

- Fully integrate nature-related risks and opportunities into enterprise risk management, CAPEX planning, and operational budgeting.
- Expand the Tropical Dry Forest conservation program in partnership with local communities and NGOs.
- Maintain Zero Waste – Gold certification while pursuing utilization rate improvements.
- Explore sustainability-linked KPIs tied to loan conditions, green bonds, or transition finance instruments.
- Scale circular economy practices across supply chain contracts.

12.4. Phase III (2029–2030): Leadership and Strategic Positioning

- Publish TNFD-aligned disclosures with third-party assurance.
- Develop a pathway toward water neutrality across operations, with progress milestones to be disclosed as feasibility studies advance (strategic ambition, not a binding commitment).
- Explore opportunities for long-term access to sustainability-linked credit and financing mechanisms.
- Actively participate in global biodiversity and climate forums (e.g., CBD COP, TCFD/TNFD coalitions) to showcase Canacol's leadership.

12.5. Financial Integration of the Roadmap

The roadmap supports financial resilience by linking TNFD implementation with capital planning and risk management. While some benefits are contingent on external conditions, Canacol anticipates:

- Cost of capital opportunities through eligibility for sustainability-linked loans and potential preferential rates.
- Revenue security via investments in water security and biodiversity programs that reduce production risks.
- CAPEX predictability by integrating restoration and offset costs early into project budgets.
- Insurance benefits through stronger ecosystem resilience and reduced environmental liability.
- Market positioning by ensuring preparedness for mandatory biodiversity disclosures in international markets.

12.6. Risk Scenarios and Adaptive Pathways

The roadmap is designed to be adaptive, recognizing uncertainties related to climate change, regulation, and market dynamics. Three key risk scenarios have been identified:

- High-Regulation Scenario: Stricter biodiversity and climate regulations accelerate. Canacol responds by scaling investments in restoration and emissions reduction to secure compliance and maintain competitiveness.
- Market-Driven Scenario: Investor expectations and green finance requirements outpace regulation. Canacol leverages its TNFD-aligned disclosures to access sustainability-linked financing and strengthen market positioning.
- Community-Pressure Scenario: Social demands for biodiversity and water stewardship intensify. Canacol deepens partnerships with rural families and communities to ensure its social license to operate.
- By preparing adaptive pathways for these scenarios, Canacol ensures resilience under a wide range of possible futures.

12.7. Strategic value of the roadmap

- Operational Resilience: Reduced exposure to water scarcity, ecosystem degradation, and climate risks.
- Financial Advantage: Improved access to ESG-driven investment capital, green bonds, and lower insurance costs.
- Reputation: Strengthened trust among regulators, communities, and international stakeholders.
- Alignment with Global Goals: Demonstrates contribution to the SDGs, GBF, and Paris Agreement, ensuring relevance in international policy arenas.

The roadmap 2030–2050 confirms Canacol's long-term ambition to be more than an energy company—it positions the Company as a steward of biodiversity and climate resilience in Colombia and the wider Latin American region. By balancing near-term operational goals with long-term transformative ambitions, the roadmap ensures that Canacol is equipped to thrive in a future where nature and business success are inseparable.

13 | Strategic Recommendations for Strengthening TNFD Implementation

Adopting the Taskforce on Nature-related Financial Disclosures (TNFD) is not only a compliance exercise but a strategic decision that enhances Canacol's ability to manage nature-related risks, seize opportunities, and demonstrate leadership. To reinforce this adoption and ensure tangible value creation, the following recommendations are proposed:

- **Create Discussion Spaces for Results:** Organize structured internal and external sessions to review TNFD outcomes. These forums will serve to validate progress, encourage dialogue with key stakeholders, and identify new opportunities for improvement and innovation.
- **Promote TNFD Across Official Company Platforms:** Communicate clearly and consistently about TNFD milestones through official corporate channels—including the website, ESG reports, and social media platforms. This reinforces transparency, strengthens reputation, and signals to stakeholders that nature-related risk management is central to Canacol's corporate identity.
- **Integrate GRI Biodiversity Standards and Emerging CSRD/ISSB Requirements:** Expanding disclosures by incorporating GRI 101 (biodiversity-related indicators), as well as aligning with the European CSRD and ISSB frameworks, will ensure that Canacol's reporting remains at the forefront of international standards. This integration will provide comparability and facilitate access to capital from international investors who require harmonized disclosures.
- **Scale TNFD Implementation at the Corporate Level:** Expand the scope of TNFD adoption across all corporate operations, ensuring that nature-related risk and opportunity management is fully embedded into strategic planning, financial decision-making, and enterprise risk management
- **Link TNFD Metrics to Finance and Strategy:** To maximize value creation, TNFD disclosures should not be viewed as a stand-alone exercise but as a core component of enterprise strategy. Metrics on biodiversity, water, waste, and climate should inform CAPEX allocation, OPEX efficiency programs, and long-term revenue resilience planning. By linking environmental outcomes to financial decision-making, Canacol can demonstrate the tangible business case for sustainability.
- **Strengthen Community-Based Conservation Agreements:** Building on the success of the Tropical Dry Forest Program and Conservation Agreements with rural families, Canacol should expand the scope of community-led conservation. These pro-

grams not only protect biodiversity but also generate local benefits, strengthening the Company's social license to operate. Scaling these initiatives will enhance co-benefits in food security, sustainable livelihoods, and ecosystem services.

- **Foster Innovation Through Partnerships:** Partnerships with universities, research centers, and NGOs should be leveraged to co-develop innovative solutions, such as biodiversity monitoring with acoustic sensors, water-neutrality strategies, and circular economy practices in waste management. Collaborative innovation reduces risks, increases credibility, and positions Canacol as a thought leader in integrating technology with environmental stewardship.

13.1. Value of implementation

By implementing these recommendations, Canacol will:

- Reinforce its commitment to transparency and accountability,
- Demonstrate global leadership in nature-related disclosures, particularly in the Latin American energy sector,
- Strengthen relationships with investors, regulators, and communities,
- And ensure that TNFD adoption becomes an integrated element of the company's long-term sustainability and resilience strategy.

14 | Conclusions and **Next Steps**

The 2025 TNFD Report underscores a central insight: Canacol's long-term resilience and competitiveness are inseparable from the health of ecosystems, biodiversity, and water resources in the regions where it operates. Through the systematic application of the TNFD's LEAP approach—Locate, Evaluate, Assess, and Prepare—Canacol has not only mapped its dependencies and impacts but also embedded nature-related risks and opportunities into governance, financial planning, and operational strategy. This process has revealed several fundamental conclusions:

- Nature as a Financial and Strategic Imperative. Biodiversity loss, water scarcity, and climate change are not external factors—they directly shape operational continuity, revenue security, and access to finance. By elevating nature-related risks to the Board of Directors and integrating them into enterprise risk management, Canacol ensures that environmental stewardship is treated as a business-critical issue.
- Operational Leadership in Biodiversity and Water. With tangible achievements—including 100% reuse of industrial water, conservation of 55.5 hectares and restoration of 13 hectares of Tropical Dry Forest, and the planting of thousands of native trees—Canacol has demonstrated practical leadership in aligning energy operations with biodiversity conservation and water stewardship.

- Climate–Nature Interdependence. Initiatives such as methane abatement under the Methane Zero 2026 program and tropical forest restoration illustrate how climate and biodiversity goals reinforce one another. These integrated strategies deliver co-benefits that extend beyond compliance, strengthening ecosystems, community health, and long-term competitiveness.
- Community-Centered Conservation. Conservation agreements with rural families, coupled with environmental education in schools, highlight that lasting biodiversity outcomes are only achievable through social inclusion. This approach strengthens Canacol's social license to operate, reduces conflict risks, and builds trust with communities as long-term partners.
- Global Alignment and Investor Confidence. By aligning with GRI, SASB, CSRD, ISSB, and SDG frameworks, Canacol ensures that its TNFD disclosures are comparable with international standards and credible for investors. This enhances its ability to access sustainability-linked finance while reinforcing Colombia's positioning within the Kunming-Montreal Global Biodiversity Framework.

14.1. Next steps

Building on these conclusions, Canacol will pursue the following strategic next steps to strengthen its TNFD implementation:

- Scaling Biodiversity Commitments. Expand the Tropical Dry Forest program beyond its current footprint to progressively cover additional hectares by 2030, laying the foundation for a long-term ambition toward net-positive biodiversity by 2050. Partnerships with NGOs, academic institutions, and government entities will be crucial in scaling impact.
- Enhancing Monitoring and Data Credibility. Invest in advanced technologies—satellite monitoring, drone-based surveillance, and acoustic biodiversity tracking—to generate verifiable, real-time data. All biodiversity and water metrics will continue to undergo third-party assurance, ensuring compliance with CSRD's assurance requirements and strengthening stakeholder trust.
- Deepening Community Partnerships. Extend conservation agreements to more families, expand the "Friends of the Tropical Dry Forest" educational program. Embedding biodiversity stewardship into local communities ensures social resilience alongside ecological outcomes.
- Integrating Nature into Finance. Link TNFD metrics directly to capital allocation and financial instruments, including sustainability-linked loans, transition bonds, and green financing. Demonstrating measurable ecosystem outcomes will reduce Canacol's cost of capital, increase investor appeal, and align corporate finance with nature-positive outcomes.
- Preparing for Policy and Market Evolution. Anticipate stricter biodiversity and climate disclosure regulations, particularly in light of COP16 in Cali (2024) and the Kunming-Montreal Global Biodiversity Framework. By proactively aligning with these frameworks, Canacol will remain ahead of regulatory requirements and safeguard its competitiveness in global markets.
- Long-Term Net-Positive Ambition. Move beyond mitigation toward regeneration by progressively establishing a roadmap for net-positive biodiversity by 2050. This will position Canacol not only as a responsible operator but also as a benchmark in Latin America for corporate leadership in biodiversity stewardship.

15. Glossary

Term	Definition
Biodiversity	The variety of living organisms—including plants, animals, fungi, and microorganisms—in all ecosystems. It underpins ecosystem services such as water purification, soil fertility, and climate regulation.
Carbon Neutrality	Balance between carbon emissions produced and emissions removed from the atmosphere, achieved through reductions and offsets, leading to a net-zero carbon footprint.
Circular Economy	An economic model that minimizes waste and maximizes efficiency by reusing, recycling, and recovering materials, reducing pressure on ecosystems.
Climate–Nature Nexus	The interconnection between climate change and nature, where climate action can deliver biodiversity benefits and ecosystem conservation supports climate resilience.
Conservation Agreement	A voluntary partnership between companies, communities, or landowners to protect and restore ecosystems with shared responsibilities and benefits.
CSRD (Corporate Sustainability Reporting Directive)	EU legislation requiring companies to disclose sustainability information, including climate and biodiversity risks, with mandatory third-party assurance.
Dependency on Nature	The reliance of business operations on ecosystem services such as freshwater, soil fertility, and pollination.
Double Materiality	An approach that considers both how environmental issues affect the company (financial materiality) and how the company impacts nature and society (impact materiality).
Ecosystem Services	Benefits from ecosystems, including provisioning (food, water), regulating (climate, flood control), and cultural (recreation, education) services.
ESG (Environmental, Social, Governance)	A framework for evaluating corporate performance in environmental, social, and governance dimensions.
GBF (Kunming-Montreal Global Biodiversity Framework)	A 2022 UN agreement establishing goals and targets to halt and reverse biodiversity loss by 2030.
GHG Protocol	The global standard for accounting and managing greenhouse gas emissions across Scopes 1, 2, and 3.
Green Finance	Financial instruments—such as green bonds or loans—designed to fund projects with environmental or climate benefits.
Materiality	The significance of sustainability issues in influencing business decisions, investor perceptions, or stakeholder expectations.
Methane Zero 2026	Canacol's corporate program to eliminate routine methane emissions by 2026, aligned with global methane reduction goals.
Nature-Positive	A goal of halting and reversing biodiversity loss, ensuring healthier and more resilient ecosystems by 2030.
Natural Capital	Stocks of natural resources—soil, air, water, biodiversity—that provide essential goods and services for human and economic systems.
Net-Positive Biodiversity	An ambition where a company's actions result in an overall improvement in biodiversity, beyond impact mitigation.
SBTN (Science Based Targets for Nature)	A global initiative guiding companies to set science-based targets to reduce impacts and dependencies on nature.

Term	Definition
Scope 1, 2, 3 Emissions	Scope 1: Direct emissions from operations. Scope 2: Indirect emissions from purchased energy. Scope 3: Indirect emissions across the value chain.
Sustainability-Linked Loans/Bonds	Financing mechanisms where terms (e.g., interest rates) are tied to achieving sustainability or TNFD-related performance targets.
TNFD (Taskforce on Nature-related Financial Disclosures)	Methodology with four steps: Locate nature interfaces, Eva luate dependencies/impacts, Assess risks and opportunities, and Prepare to disclose and act.
TNFD LEAP Approach	Methodology with four steps: Locate nature interfaces, Eva luate dependencies/impacts, Assess risks and opportunities, and Prepare to disclose and act.
Tropical Dry Forest (TDF)	An ecosystem in Colombia and Latin America with distinct wet and dry seasons, among the most threatened globally (less than 8% remains).
Zero Waste Certification	Third-party certification (e.g., ICONTEC) for companies achieving high waste recovery and reuse rates, with minimal landfill disposal.