

C0. Introduction

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C0.1

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**(C0.1) Give a general description and introduction to your organization.**

Canacol Energy is the largest independent onshore conventional natural gas exploration and production company in Colombia's Lower Magdalena Basin, supplying approximately 20% of the country's and more than 50% of the Caribbean Coast's gas demand. Early in 2012 Canacol made a strategic shift from being predominantly oil-focused, to being purely gas-focused today.

C0.2

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**(C0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2021	December 31 2021	Yes	2 years

C0.3

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**(C0.3) Select the countries/areas in which you operate.**

Colombia

C0.4

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**(C0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

C0.5

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**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

C-OG0.7

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**(C-OG0.7) Which part of the oil and gas value chain and other areas does your organization operate in?**

Row 1

**Oil and gas value chain**

Upstream

**Other divisions**

C0.8

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**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	CA1348082035

C1. Governance

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C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The ESG (Environmental, Social & Governance) Committee has been established by resolution of the Board of Directors of Canacol Energy Ltd. for the purpose of assisting the Board in fulfilling its oversight responsibilities with respect to the company's ESG management including climate-related issues. The Committee is composed of five Board members, who quarterly meet to assess and advise the CEO in the definition and implementation of the company's ESG strategy which includes climate goals. According to their oil and gas experience and their interest in Environmental, Social and Governance "ESG" matters, the Committee plays a key role in assuring the ESG and climate strategy is incorporated into the business model, thereby ensuring its integration with business objectives, key performance indicators, and risk management. Some of Board responsibilities and decisions made by the committee regarding climate-related issues during the last two years were: • Approval and oversight of the implementation of climate and energy goals such as: YoY increase in renewable and low/null carbon sources of energy for the next 6 years; Reduce 2022 methane emissions by changing the instrumentation system in the main production site; Define a corporate low carbon strategy with activities and cost associated by 2022. • The ESG committee have allowed and promote company's dialogue with stakeholders about environmental practices. Since the committee creation the company's press release have included ESG topics and commitments.
Chief Executive Officer (CEO)	Canacol's Chief Executive Office also a Board member, takes part of all ESG Committee meetings and is the executive who has led the creation and implementation of the corporate ESG strategy. In addition to identifying the need to align the business strategy to environmental aspects such as climate change, through weekly meetings (C-Level meetings) he oversees the progress of the low-carbon and climate plan development. Some of the CEO decisions made regarding climate-related issues in the last two years were: • Built and verified a GHG emissions baseline through a third party. This baseline and emissions forecast of the following five years will define the companies' short-, medium-, and long-term reduction targets. • Becoming a signatory of the Natural Gas Sector Alliance: Road to Carbon Neutrality made by the affiliates of the Colombian Natural Gas Association NATURGAS, the Ministry of Environment and Sustainable Development, and the Ministry of Mines and Energy. Which consolidate and strengthen gas industry commitments and practices towards carbon neutrality in 2050.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p> <p>Other, please specify (Monitoring dialogue, commitments, partnerships with stakeholders )</p>	<Not Applicable>	<p>Canacol's ESG committee is responsible for oversight and responsibility for assisting the Board of Directors in establishing and monitoring the corporation's ESG policies and practices. The committee meets quarterly to review the corporation's climate strategy and propose the necessary changes in response to ESG recommendations and/or guidelines from authorities and/or investors as well as changes in the corporation's business environment. The ESG committee also assists the board with an annual review of the Board's performance and the committee's structure, as well as ensuring that the corporation has implemented policies and procedures to identify and manage the principal ESG risks to the corporation's business. To address this the board conducts reviews of the main challenges the corporation faces in ESG, review and approval of material ESG disclosures as well as review and approval of the external party assurance process and report. Furthermore, the committee conducts annual self-assessments of its performance and makes the necessary recommendations to the corporate governance and nominating committee. Committee members are also provided with an orientation program to educate the board members on the corporation's ESG policies and practices. The formation of Canacol's ESG committee is to ensure that performance objectives are met and that the corporation's climate strategy, management policies and plans of action can meet the expectations of shareholders and stakeholders regarding climate action.</p>

## C1.1d

### (C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	No, but we plan to address this within the next two years	<Not Applicable>	Important but not an immediate priority	<p>Canacol has begun to further the education of the company's Board on climate-related issues to ensure that the Board members, particularly those of the ESG committee are competent in making the necessary decisions regarding the company's business strategy and operations in a manner that address current and future developments in ESG and climate action. This year Canacol acquired an ESG education modules from an external expert to provide training for both the Board of Directors and management team in ESG material topics. In line with developing the Board's competence on climate-related issues, the company has also begun to establish a workshop with an external consultant regarding the risks, opportunities, and impacts that climate-related issues can have. The board understands climate change is one of the business most relevant material issue and has focused its attention to better understand it importance, relationship to the business and to define an action plan for the following 5 years.</p>

## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other C-Suite Officer, please specify (Country Manager)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Please select	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

**C1.2a**

**(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).**

The highest management-level position at Canacol with responsibility for climate-related issues is the CEO. He led the ESG corporate strategy development in 2020 and its implementation since 2021. The CEO quarterly reports to the ESG (Environmental, Social & Governance) Committee which has been established by resolution of the Board of Directors of Canacol Energy Ltd with the purpose of assisting the Board in fulfilling its oversight responsibilities with respect to the sustainability and climate management.

Some of the main responsibilities of the CEO concerning climate are:

1. Supervises and reviews the company's ERM process, ensuring that the company has in effect adequate policies and procedures to identify and manage the principal ESG of the business.
2. Identify and manage the main ESG (including climate) challenges and opportunities the company faces.
3. Provide review and feedback from the Board (ESG committee) to the senior management on the development and implementation of the ESG and decarbonization strategy.

In the last year the CEO approved the procurement of a consultancy specialized to:

- Conduct gap analysis of Canacol's opportunities and climate strategy according to TCFD recommendations.
- Define a roadmap to ensure the integration of the implementation of TCFD recommendations in a comprehensive manner into the company's Enterprise Risk Management system (ERM).

There are other three C-level positions with responsibilities for climate issues: Canacol's Colombia Country Manager, the Vice President (VP) of Operations and, the Vice President (VP) of Finance. These three c-level executives play a fundamental role in the implementation of the decarbonization strategy. They actively participate and co-lead the **company's Climate (decarbonization) Management Committee**, created by instruction of the CEO and ESG Committee to implement and integrate climate-related metrics, while executing short term actions to align business strategy with global and local climate ambitions. The primary role of these three management positions in addressing climate-related risks and opportunities is supporting the CEO in assessing and approving appropriate strategic matters at a country-level, including topics related to the climate strategy (risk and opportunities) and low-carbon plan (targets, metrics, and initiatives).

In the last two years the most relevant responsibilities regarding climate were:

- **Implement systematic control and monitoring:** the Committee revised the 2021 GHG corporate emission baseline and 5-year forecast built by a third-party expert. This baseline will be used to fulfill short, medium, and long-term reduction targets.
- **Apply operational efficiency and technology as a driver of change** - Canacol look forward to achieving significant reductions in GHG direct emissions through technology innovation and operational expertise. One of the most significant projects approved by the Committee was the Leak Detection and Repair program to eliminate fugitive emissions, as well as the expansion of renewable energy projects.

**C1.3**

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	To align action with our ambition, Canacol have set ESG performance targets for the executive, management and all employees teams.

**C1.3a**

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Management group	Monetary reward	Behavior change related indicator Company performance against a climate-related sustainability index	Canacol is building and will disclose by 2023 a specific management incentives program based on climate change issues, including the attainment of targets. In the meantime, the management teams end-year monetary bonus (variable compensation) is tied to the improvement of the company's ESG performance index.
All employees	Monetary reward	Behavior change related indicator Company performance against a climate-related sustainability index	The improvement of the company's performance in ESG matters is a corporate key-indicator and makes-up a portion of all employee's end-year monetary bonus (variable compensation). Climate strategy implementation and achievement represents a big portion of the overall ESG performance score. Canacol encourage and incentivize all employees to actively participate in climate projects and initiatives as well provide different informative scenarios about energy transition, decarbonization of the economy and sustainability.
Buyers/purchasers	Non-monetary reward	Environmental criteria included in purchases Supply chain engagement	In 2021 Canacol built a ESG procurement strategy with defined indicators aligned with the company ESG objectives. In addition, all employees are trained on our ESG procurement guidelines and related policies and we constantly (every week) conduct roundtables with contractors in which we monitor compliance with ESG criteria.
Corporate executive team	Monetary reward	Emissions reduction project Energy reduction project Company performance against a climate-related sustainability index	Since 2022 the C-level team's variable compensation (end of year cash bonus) is tied to the implementation of 100% of the annual ESG goals (such as the "definition of a corporate low carbon reduction and compensation plan with targets, activities and cost associated by 2022"). As well, to the improvement of the company's ESG performance index.

**C2. Risks and opportunities**

**C2.1**

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

**C2.1a**

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

	From (years)	To (years)	Comment
Short-term	0	2	Canacol defines its horizontality of time based on the structure of operational projects. In the short term, baselines, project diagnostics and risk analysis, and opportunities are usually made to ensure that corporate, operational and strategic objectives are met. The Board of Directors and Canacol's leadership team constantly monitor the risk matrix. They establish comprehensive action plans to avoid and mitigate possible impacts from internal, strategic, and emerging risks. The Board is responsible for balancing risks with potential returns for the Company's shareholders. Management ensures systems are working to effectively monitor and manage risks from the perspective of our long-term viability and in the context of an annual review of associated risks. Our risk matrix is aligned with the ISO 31000 Risk Management Principles and Guidelines of the International Organization for Standardization.
Medium-term	2	5	Canacol defines its horizontality of time based on the structure of operational projects. In the medium term, the implementation of projects and the realization of strategies for the prevention of risks and the use of opportunities begins. The Board of Directors and Canacol's leadership team constantly monitor the risk matrix. They establish comprehensive action plans to avoid and mitigate possible impacts from internal, strategic, and emerging risks. The Board is responsible for balancing risks with potential returns for the Company's shareholders. Management ensures systems are working to effectively monitor and manage risks from the perspective of our long-term viability and in the context of an annual review of associated risks. Our risk matrix is aligned with the ISO 31000 Risk Management Principles and Guidelines of the International Organization for Standardization.
Long-term	5		Canacol defines its horizontality of time based on the structure of operational projects. In the long term, it develops the Company's strategic and innovative projects and conducts assessments of the vulnerability of emerging risks. The Board of Directors and Canacol's leadership team constantly monitor the risk matrix. They establish comprehensive action plans to avoid and mitigate possible impacts from internal, strategic, and emerging risks. The Board is responsible for balancing risks with potential returns for the Company's shareholders. Management ensures systems are working to effectively monitor and manage risks from the perspective of our long-term viability and in the context of an annual review of associated risks. Our risk matrix is aligned with the ISO 31000 Risk Management Principles and Guidelines of the International Organization for Standardization.

**C2.1b**

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

Canacol's Planning, Strategy and Risk and Finance teams assess the **severity of risks** and opportunities impact and the **probability of incidence** of every identified risk (including emerging and climate risk that have been recognized by internal teams). These two quantifiable metrics define if a risk has substantive financial or strategic impact as follows:

- Severity is classified from 1 (<\$100k financial impact) to 5 (>\$50 million) considering other factors such as impacts on international reputation, rejection by shareholders, community support, among others.
- Probability of incidence

The Board of Directors and Canacol's leadership team regularly monitor the risk matrix in which the identified climate-risk and is responsible for balancing risks with potential returns for the Company's shareholders. Management ensures systems are working to effectively monitor and manage risks from the perspective of our long-term viability and in the context of an annual review of associated risk.

Acknowledging the need for a more comprehensive and specific climate risk taxonomy, the company is currently working with an external consultant to implement a specific accounting system that: **prioritize and assess the likelihood, impact (cost + benefit) and, time proximity of climate risks** while, ensuring its integration into the company's Enterprise Risk Management system (ERM).

**C2.2**

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**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

**Value chain stage(s) covered**

Direct operations  
Downstream

**Risk management process**

Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**

Annually

**Time horizon(s) covered**

Short-term  
Medium-term

**Description of process**

A corporate accomplishment in 2021 was the incorporation of climate risks into the company's Enterprise Risk Management system (ERM) ensuring that adequate procedures are employed to identify and manage climate-risk. For the first year the company included climate-related risks and opportunities that were previously identified by separate business units and contained in specific business process and teams' strategies, into the company's integrated risk management and monitoring corporate process. This allowed that activities and actions that in the past were done unrelated by Finance, Sales, Legal and Operational teams to identify, assess and mitigate possible climate-related risks such as: lower sales, carbon taxes, and flood, now became cross commercial and operational strategies. In addition, guarantee that all climate risks are reported to the Executive Committee and to the Board of Directors' Audit Committee in which five of the seven members are risk management experts. Some other actions the company has does to ensure the correct risk management system and processes are: • Committee members receive appropriate and timely training to enhance their understanding of audit, accounting, regulatory, and industry issues applicable to Canacol. Additionally, in 2021, we arranged training sessions for employees to strengthen their risk management knowledge and skills. The training emphasized the criticality of risk management to achieve company's objectives. • Risk management is part of the weekly planning meeting agenda, led by the Country Manager and the Chief Operating Officer (COO) is to review and socialize potential risks to business continuity and operations. The company implement a multi-year work plan by area, based on the risks identified in the ESG priorities.

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**C2.2a**

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**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

	Relevance & Inclusion	Please explain
Current regulation	Relevant, always included	As an O&G exploration and production company, and the increasing public and government concerns about climate, Canacol is subject to many environmental regulatory requirements. However, Colombia's current carbon taxes (\$5 USD/tCO2) and legislation have not resulted in material compliance costs for the company. However, because some of Canacol's clients are subject to this tax, the company follow-up on the current regulation and through the Finance (tax) teams understands and constantly monitor the implications for clients and the business (sales).
Emerging regulation	Relevant, always included	Canacol constantly assess possible new incoming or changes in carbon and climate regulations that can result in potential financial or non-compliance impacts on the business. Due to the uncertainty around the impact of environmental laws and regulations, and the company inability to predict what environmental legislation or regulations will be enacted in the future, the company through some of the joint effort of Finance, Legal, Operational and ESG teams is currently working on: 1. Evaluating and defining the incorporation of an internal carbon price within investment decisions. 2. Assessing the Possible implementation of carbon market schemes. 3. Defining a roadmap to carbon neutrality in the short, medium, and long term based on current and forecasted GHG emissions, aligned with possible carbon taxes that is within the tax reform in Colombia and some fossil fuels are applied and which could be applied to natural gas in the future. 4. Identifying and monitoring possible new requirements/restrictions in future Exploration & Production License could potentially affect the company's business plans and investment.
Technology	Relevant, sometimes included	Canacol depends on the reliability and security of its information technology systems to conduct certain exploration, development, and production activities, process operating data, communication with its employees and business partners, and for many other activities related to its business. Two identified, assessed and monitored technological risk are: 1. Information technology systems may fail or have other significant shortcomings due to operating system flaws or employee misuse, tampering, or manipulation. 2. Canacol may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss, or destruction of proprietary and other information. Any of these occurrences could disrupt the business (demand response), resulting in potential liability or reputational damage, or otherwise have an adverse effect on Canacol's financial results. To effectively mitigate this associated risk the company has put in place an expert team that works transverse with operational, finance, and supporting business units. In addition, operational efficiency and technology are a key drivers of change in our low-carbon roadmap, Canacol looks forward to achieving significant reductions in GHG direct emissions through technology. The company will define short, medium, and long-term actions including leak detection and repair to eliminate fugitive emissions, flare efficiency and reduction, and the expansion of renewable energy projects, among others.
Legal	Relevant, always included	The company's exploration, development, production and marketing operations are regulated extensively under foreign, federal, state and local laws and regulations. Under these laws and regulations, Canacol could be held liable for personal injuries, property damage, site clean-up and restoration obligations or costs and other damages and liabilities. The Corporation may also be required to take corrective actions, such as installing additional safety or environmental equipment, which could require it to make significant capital expenditures. Failure to comply with these laws and regulations may also result in the suspension or termination of the Corporation's operations and subject it to administrative, civil and criminal penalties, including the assessment of natural resource damages. The Corporation could be required to indemnify its employees in connection with any expenses or liabilities that they may incur individually in connection with regulatory action against them. As a result of these laws and regulations, the Corporation's future business prospects could deteriorate and its profitability could be impaired by costs of compliance, remedy or indemnification of our employees.
Market	Relevant, always included	The O&G industry is rapidly transforming and Canacol has adapted to local needs and plans. The company plays an important role in Colombia's energy transition plans, as natural gas demand is increasingly (expected to grow 4% annually from 2020 to 2033) as the country phases out oil and coal as energy sources. However, the company know that natural gas represents 98% of its production and that future demands of renewable sources can represent a risk and opportunity. Understanding current and medium country's needs, in the last year Canacol began the production and sales of LNG. The company is currently evaluating renewable energy projects to further enlarge its portfolio.
Reputation	Relevant, always included	The growing concerns and activism regarding climate and energy transition bring challenges and opportunities to the Oil and Gas sector. Recognizing the need of more sustainable business, the company has defined a comprehensive vision of the ESG criteria aligned with the business perspectives to effectively respond to market and shareholder's expectations. The company constantly monitors its ESG profile in the different global Indexes and Ratings, to create action plans to mitigate possible reputational risks and to continue positioned as a leader in ESG. In fact, Canacol's carbon emission intensities are at least 40% lower on average than its gas focused peers (and 90% lower on average than oil focused peers) in North and South America.
Acute physical	Relevant, always included	The risk of extreme weather events is considered by the company in all operations, specially in field activities. Measures for its mitigation have been taken in place by the Infrastructure, Maintenance and HSE teams, which constantly monitor, and assess water levels and biodiversity losses to reduce the impact of the business on these aspects. However, the company recognizes that extreme weather events such as droughts can bring numerous challenges to the operations due to the potential disruption of resources for critical processes like municipal water supply, or floods that potentially can affect the business infrastructure. Canacol's integrated management of water promotes the efficient use and prevention of possible risks and damages to the environment. In 2021, the company's increased the efficiency and reutilization of volumes among drilling fluid, hydrostatic testing, and dust management activities to achieve a high rate of recycled water in operations. And as a commitment, the company do not withdraw or consume water in regions with high stress water.
Chronic physical	Relevant, always included	Given the importance of natural gas in the country's energy transition and the geographic position of Colombia (vulnerability ENSO), some long-term changes of climate patterns have been identified and evaluated by Canacol to effectively get advantage of opportunities and mitigate possible risk. Sales and Operation teams, in their annual include those risks in their annual strategic planning processes.

**C2.3**

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

**C2.3a**

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

Acute physical	Flood (coastal, fluvial, pluvial, groundwater)
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**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Canacol's revenues and profits fluctuates inversely with Colombia's rainfall. As natural gas powered the thermal backup the country has defined and installed for dry periods when the hydro-generation (>72%) is highly vulnerable. However, during rainy season (La Niña) natural gas demand for thermal plants decrease affecting company sales.

**Time horizon**

Short-term

**Likelihood**

Likely

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)****Potential financial impact figure – maximum (currency)****Explanation of financial impact figure**

The potential financial impact figure would be an approximate of the sales affected by the reduce of purchases of other companies in long rainy seasons. It varies according to the year and the sales forecast done for any given year.

**Cost of response to risk**

0

**Description of response and explanation of cost calculation**

No associated cost of response to the risk has been assumed/identified because of the quick identification and response the Sales and Financial teams had. Since 2021 the company developed adjusted annual demand/sales plan which includes climate variability (rainy seasons) as a model variable to create different sales scenarios and its impact on sales and revenue.

**Comment**

Possible future increasing /longer precipitation in Colombia will be an important risk that the company is evaluating to better address.

**Identifier**

Risk 2

**Where in the value chain does the risk driver occur?**

Direct operations

**Risk type & Primary climate-related risk driver**

Emerging regulation	Carbon pricing mechanisms
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**Primary potential financial impact**

Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**

&lt;Not Applicable&gt;

**Company-specific description**

Over the last couple of years, Colombia has introduced several environmental taxes, one of them: carbon tax. The tax basis and rate depend on the amount of carbon dioxide generated by fossil fuel combustion, adjusted by inflation each year. The carbon tax must be paid by the purchaser. Currently, Canacol is not subject to this as the company is a o&g producer. However, according to the last analysis did by ASOCARBONO (Colombian carbon market association), the current tax in place will not be sufficient to achieve country's commitment to reduce 51% by 2030 its nation GHG emissions. This will probably represent new or additional carbon tax and regulations that might impact the company's business. To mitigate this possible risk, Canacol is working on defining an internal carbon price as a financial and operational planning tool. The company's low-carbon plan and commitments that will be disclosed by the end of 2022 will take into consideration this analysis.

**Time horizon**

Medium-term

**Likelihood**

Very likely

**Magnitude of impact**

High

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Emerging regulation climate risks (Carbon tax) are considered in the Corporate Crisis Management Plan as a potential increase in direct cost associated to the amount of GHG emissions emitted during a specific period (fiscal year). However, the company hasn't defined an internal carbon price to estimate the financial impact and cost this could represent.

**Cost of response to risk**

975000

**Description of response and explanation of cost calculation**

Some initial financial scenarios were conducted using current carbon credit price (offsets) and an estimated fluctuation of it (\$5-15 USD). Still, the company know that the most significant action today is to define a reduction plan for the following years that can cut emissions. It has focused on evaluating possible abatement projects and will present by the end of the third trimester of 2022 to the CEO and Management Climate Committee an Abatement cost curve, to assess different alternatives to be



implemented in the short and medium-term. The cost of the assessed projects broadly varies and will be presented once the decarbonization strategy and low-carbon plan is approved by the ESG (BoD) Committee.

**Comment**

Cost of respond to risk assuming a offset of 100% of Scope I and II emissions 2022 (~65,000 tonnes CO2e): 5 USD/per ton = 325,000 15 USD/per ton = 975,000

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C2.4

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**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

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C2.4a

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**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Opp1

**Where in the value chain does the opportunity occur?**

Downstream

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Shift toward decentralized energy generation

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

Canacol operates a micro-Liquefied Natural Gas (LNG) plant, converting 2.4 million standard cubic feet per day (46 tons per day) of gas to LNG. LNG is sold to a third party at the main production plant gate, who distributes it to its customers via land (trucks). LNG can replace diesel, fuel oil, compressed gas, propane, and other fuels, with advantages such as the relatively lower cost and lower emissions. The expansion of the intermediate storage capacity of the LNG plant is part of the company's efforts to increase the production of natural gas and allow its use in isolated areas and communities. As a key player in the energy transition of Colombia, Canacol is also evaluating the impact LNG can have on Colombia's transport emissions which by 2021 represented 35% of total energy-related emissions and have increased steadily by 2% every year. LNG could be a cleaner choice for heavy transport such as trucks as it allows a higher mass based energy density compared to the traditional fuels.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Medium-low

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact figure**

The expansion of the intermediate storage capacity of the liquefaction plant will allow the liquefying of an additional eight hundred thousand cubic feet of gas per day which corresponds to additional sales to those currently owned by the company. However, we currently can't disclose a potential financial impact figure.

**Cost to realize opportunity**

0

**Strategy to realize opportunity and explanation of cost calculation**

The LNG (Liquefied Natural Gas) market in Colombia is very limited, but it has a large growth forecast in the medium term. Canacol built the first production LNG plant with intermediate storage capacity and a possibility to expand capacity at a no higher cost. However, the company has within its portfolio of future projects the construction of a greater LNG capacity site what could result in the reduction of production costs and the increase in company's gas sales.

**Comment**

In addition, expanding LNG sales capacity in addition to having positive impacts on the company's finances allows for leveraging poverty reduction and climate change strategies. In Colombia, there are a large number of populated centers and rural communities where it is not technically or economically viable to supply natural gas through pipelines. Many of these communities are still cooked with wood because electricity costs are very high. The replacement of firewood and some liquid fuels (Gasoline, fuel oil, etc.) has great social and environmental benefits, reduces the frequency of respiratory diseases, generates opportunities for value creation in communities when used in small businesses (bakeries, restaurants, etc.) It also protects the environment as a clean fuel that generates less air pollution and contributes to conserving forests and other ecosystems by replacing firewood used for cooking.

---

**Identifier**

Opp2

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of lower-emission sources of energy

**Primary potential financial impact**

Reduced direct costs

**Company-specific description**

Energy and operational efficiency are key components of Canacol's Corporate Climate Strategy and since 2020 the company has been implementing an energy transformation process in its gas operations by minimizing the need for other fossil fuels and optimizing the efficiency of natural gas used as the principal fuel in our operations. In all production and development wells, the company has solar panels, which reduces the Diesel consumption of the company. With the ambition of YoY increase in renewable and low/null carbon sources of energy for the next 6 years, the company has established that all remote locations (production and development wells) should use solar power. In 2021, the company increased our solar energy usage by 32%, installing photovoltaic systems in 100% of new well sites as well as the offices of 3 gathering facilities. Future plans include the development of 2 MW solar farm for auto-generation that will supply the electric demand of the main company's site (Jobo) and that will result in a reduction of at least 2,000 tonnes CO2e.

**Time horizon**

Short-term

**Likelihood**

Virtually certain

**Magnitude of impact**

Low

**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

**Potential financial impact figure (currency)**

744874

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

The Climate Management Committee by instruction of de CEO is evaluating the financial and environmental impact of implementing a small-sized renewable energy project in line with company consumption (1.8 - 2MW) to partially reduce carbon emissions produced by the actual energy generation by natural gas. The potential financial impact figure was calculated by the amount of natural gas consumed for generation that can be replaced at a determined cost (production and sales). Implementing the project would have an abatement cost per tonne will be 20.7 USD.

**Cost to realize opportunity**

1460000

**Strategy to realize opportunity and explanation of cost calculation**

Canacol has clear objectives and goals to progressively reduce emissions and increase energy efficiency in direct operations. In the last year the company has evaluated different technology and renewable projects to be implemented and achieve significant reduction of fossil fuels and emissions. The most immediate renewable project the company is currently developing is the use of photovoltaic systems for auto-generation. By 2023 the company wants to replace the electric energy consumption of the main facility to solar systems as major step after installing such model in all remote facilities. The company is currently, working with a technical expert to implement a small-sized renewable energy solar plant in line with internal electric consumption (c.2 MW) to partially reduce the carbon emissions produced by the auto-generation by natural gas.

**Comment**

Cost, financial impact and emissions reductions have been evaluated and defined based on current energy demand and emmissions, and business proposals the company has received by third parties.

**Identifier**

Opp3

**Where in the value chain does the opportunity occur?**

Direct operations

**Opportunity type**

Products and services

**Primary climate-related opportunity driver**

Development and/or expansion of low emission goods and services

**Primary potential financial impact**

Increased revenues resulting from increased demand for products and services

**Company-specific description**

Since 2014, the Colombian government has promoted the development of renewable energy projects through various tax incentives, making the implementation of an on-site solar project for the Company the best possible alternative to compensate its carbon emissions. In line with Colombia's emissions goals, Canacol is evaluating different alternatives to reduce and compensate emissions associated to its gas production. The company is currently evaluating the technical viability to implement by 2024 a solar project of 20 MW capacity in line with the idea of decarbonizing and diversifying to low carbon products and the creation of renewable platforms.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Canacol evaluated this renewable energy generation opportunity as an alternative to compensate current operational carbon emissions and as a great opportunity to diversify the company's portfolio. The operational, finance, sales and ESG team initially evaluated a 25 MW capacity solar plant, however due to legal requirements and slow government approvals the company decided to re-evaluate a smaller project with less legal requirements. Impact figures were calculated in the reduction emissions the project might have (102.6 USD/ton CO2eq) but is missing the real price of kw sold (revenue the company could have).

**Cost to realize opportunity**

20320507

**Strategy to realize opportunity and explanation of cost calculation**

Canacol contracted a technical advisory Firm to evaluate the technical, regulatory, and financial opportunities and requirements to build a 20MW solar farm in municipalities where the company operates, and energy services is required. Canacol's Management Climate Committee is constantly evaluating different aspects of the project and, will present by the end of 2022 the best alternative to be approved by the BoD (ESG committee). If the Board approves the project, the management teams with the help of an external expert and an identified partner will start developing the project. Cost figure was calculated taking into account development and implementation costs, but excluding land cost.

**Comment**

Tax incentives promoted by the Colombian government in the Law 1715 of 2014, were not included in the cost and financial impacted figure. However, Canacol acknowledges that Special deduction in income tax and VAT exclusion could be made.

**C3. Business Strategy****C3.1****(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?****Row 1****Transition plan**

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a transition plan within two years

**Publicly available transition plan**

&lt;Not Applicable&gt;

**Mechanism by which feedback is collected from shareholders on your transition plan**

&lt;Not Applicable&gt;

**Description of feedback mechanism**

&lt;Not Applicable&gt;

**Frequency of feedback collection**

&lt;Not Applicable&gt;

**Attach any relevant documents which detail your transition plan (optional)**

&lt;Not Applicable&gt;

**Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future**

Canacol has developed a 2021 emissions baseline and has forecasted future 2022 and 2023 emissions to further our commitment to progressive climate action. This baseline establishes a foundation against which the company can monitor and measure progress in achieving climate-related goals pertaining to the development of the corporation's low carbon roadmap. The low carbon roadmap includes the incorporation of climate risks into decision making and operational processes, systematic control and monitoring, operational efficiency, and technology as a driver for change, development of mechanisms to assist communities' adaptation in the areas of operation, as well as natural climate solutions to increase carbon storage and prevent biodiversity loss. The company's climate strategy is being designed in line with the Colombian governments ambition of reducing Greenhouse Gas (GHG) emissions by 51% by 2030. In addition, while Canacol has not developed a transition plan the corporation is working with an external consultant to develop different climate scenario analyses aligned with the 1.50C and 20C warming models to further align the corporation with the goals of the Paris agreement. This will be reported at the end of 2022 in the TCFD report created with the external consultant. Furthermore, the company has signed an agreement with NATURGAS road to carbon neutrality. This milestone further consolidates and strengthens our industry commitments and practices towards carbon neutrality in 2030 and 2050. Finally, the company plans to incorporate the Science-Based Targets Initiative (SBTI) guidelines once a sector guidance for the Oil and Gas Industry has been established.

**Explain why climate-related risks and opportunities have not influenced your strategy**

&lt;Not Applicable&gt;

**C3.2**

**(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	No, but we anticipate using qualitative and/or quantitative analysis in the next two years	Other, please specify	Canacol considers climate-related scenario analysis to be the next step in achieving the Company's climate goals. The company has already developed an emissions baseline for 2021 and has forecasted emissions for 2022 and 2023. Furthermore, Canacol has hired an external consultant to assist the corporation in developing climate-related scenario analysis for 1.5C and 2C models. This past year, Canacol has continued to develop its climate focus by establishing an ESG committee at the board level to ensure that the company maintains a course that is dedicated to successfully achieving our climate strategy. The board has requested that the corporation begin to write and publish a TCFD report to further its climate strategy and become more aligned with the Task Force on Climate-related Disclosure recommendations in terms of governance, strategy, risk management, and metrics and targets. The company has also developed a management level committee for ESG, as well as a review of country and industry commitments in Colombia, which has culminated in a signed agreement "Road to carbon neutrality" with NATURGAS (Colombian Natural Gas Association). This milestone further consolidates and strengthens our industry commitments and practices towards carbon neutrality in 2030 and 2050.

**C3.3**

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Canacol's almost pure methane (>99%) natural gas is a clean hydrocarbon fuel option in the energy transition matrix. Its combustion yields a lower emissions footprint than many alternatives as it contains no significant quantities of condensate, light oil, carbon dioxide, sulphur, or other impurities. As the leading independent exploration and production gas company in Colombia, Canacol supplies nearly 20% of the country's gas needs and release around 49,845 tonnes of CO2eq, which represents 0.03% of total 2021 national emissions. (Colombia's annual CO2 emissions on <a href="https://ourworldindata.org/co2/country/colombia?country=COL">https://ourworldindata.org/co2/country/colombia?country=COL</a> ). In line with this the company's most substantial reduction emissions project has been the Leak Detection and Repair program implemented in 2022. Canacol is committed to continually implement engineering solutions to reduce venting and optimizing flaring efficiency as well as to improve energy efficiency for additional operational improvements.
Supply chain and/or value chain	Yes	Canacol monitors compliance with ESG criteria throughout the supply chain process, including climate-related risks: 1. All internal contract managers (employees and executives) are trained on corporate ESG guidelines and related policies. 2. Bidder compliance with ESG criteria is evaluated through document review. Lack of compliance is rectified, or the bidder is disqualified. 3. Sustainability strategy, key indicators, opportunity and risk metrics, ESG compliance, and organisational structure. Additional ESG criteria and climate-related risks is integrated into our supplier selection and evaluation processes. These criteria include compliance and periodic reporting of Emission target setting and quantification during project development, among other environmental issues.
Investment in R&D	Yes	Canacol recognizes technology, innovation, and research and development (R&D) are driver of change. The company's low-carbon roadmap includes investments for the application of new technologies and the research and development (R&D). The company also want to promote a culture of innovation, and with the Operational and Human Talent team will develop a monetary and non-monetary incentives program. Canacol looks forward to achieving significant reductions in GHG direct emissions through technology innovation and operational expertise. The carbon neutrality roadmap encompasses short, medium, and long-term operational actions including leak detection and repair to eliminate fugitive emissions, flare efficiency and reduction, and the expansion of renewable energy projects, among others.
Operations	Yes	The move away from oil production in 2018 has positioned Canacol to become a proactive leader in Colombia's energy transition and GHG reduction initiatives. Energy and operational efficiency have been the key mechanisms to have 50% lower direct emissions intensities than gas focused peers (and more than 80% lower on average than oil focused peers) in North and South America. The switch in the main power plant to a gas-fired system, as part of the company's energy transformation process, has substantially reduced the consumption of fuels with a higher carbon content. Evaluation and coordination of electric loads has allowed us to significantly improve our energy efficiency as well.

**C3.4**

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues	The Company's financial planning is associated with the climate physical risks. Some Canacol revenues (gas trading) depend on sales subject to short-term contracts that are affected during heavy rainy seasons (tropical storms). When this excessive rainfall occurs, the company loses revenue from gas sales and affects Canacol's financial planning.

**C4. Targets and performance**

**C4.1**

**(C4.1) Did you have an emissions target that was active in the reporting year?**

No target

**C4.1c**

**(C4.1c) Explain why you did not have an emissions target, and forecast how your emissions will change over the next five years.**

	Primary reason	Five-year forecast	Please explain
Row 1	We are planning to introduce a target in the next two years	Built and externally verify a complete (Scope I, II and III) 2021 baseline of company's GHG emissions and a forecast of the following 5 years.	Since 2019 Canacol has been quantifying Scope I and II emissions with the objective to systematic control and monitoring emissions. However, in 2020 after an annual Senior Management meeting, the company identified the need to externally quantify and verified a GHG baseline with the purpose to restate the excellent GHG emissions intensity performance the company has and established ambitious decarbonization goals. In January of 2022 an external expert began the process to estimate Canacol's 2021 GHG emissions and forecast in line with operational changes and business vision a 2022 – 2030 GHG projected emissions. As a result, today Canacol has an externally verified GHG emissions inventory, expanded GHG corporate inventory's coverage (including all relevant categories of scope 3) and most important, it allowed the Operational and support areas to work together to build a cross-functional process to quantify emissions that everyone recognizes and validates. The Management Climate Committee is currently putting together a robust (targets, activities, programs) low-carbon plan that will be in line with global and national agendas and TCFD recommendations to be revised and approved by the CEO and the ESG Committee of the Board of Directors.

**C4.2**

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**

Other climate-related target(s)

**C4.2b**

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

**Target reference number**

Oth 1

**Year target was set**

2020

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

Methane reduction target	Other, please specify (Reduce methane emissions at the principal compression substation and main production site by changing the instrumentation system. The project was implemented in March 2022)
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**Target denominator (intensity targets only)**

<Not Applicable>

**Base year**

2021

**Figure or percentage in base year**

1964

**Target year**

2022

**Figure or percentage in target year**

0

**Figure or percentage in reporting year**

1964

**% of target achieved relative to base year [auto-calculated]**

0

**Target status in reporting year**

New

**Is this target part of an emissions target?**

Yes, reducing methane emissions at the principal compression substation and main production site by changing the instrumentation system was a project that was implemented in March 2022. Emissions reductions associated with the instrumentation system change will be quantified and disclosed during 2022.

**Is this target part of an overarching initiative?**

No, it's not part of an overarching initiative

**Please explain target coverage and identify any exclusions**

The target coverage 100% of company's natural gas production.

**Plan for achieving target, and progress made to the end of the reporting year**

100% achieved in March 2022. The maintenance and infrastructure (operational) teams were publicly recognized since this was an employee/management team idea and effort.

**List the actions which contributed most to achieving this target**

<Not Applicable>

C-OG4.2d

**(C-OG4.2d) Indicate which targets reported in C4.1a/b incorporate methane emissions, or if you do not have a methane-specific emissions reduction target for your oil and gas activities, please explain why not and forecast how your methane emissions will change over the next five years.**

For the year 2021 Canacol did not have a methane target. However, recognizing the relevance of methane emissions in the company's operations, during the last year we implemented different actions to reduce emissions:

1. We mitigate the direct release of natural gas into the atmosphere (venting) by having controlled combustion (flaring). In 2021, zero potential points were identified for direct venting.
2. We inspect locations to identify possible gas leaks or venting, and we install detectors to identify possible large-scale gas leaks that could cause explosions or fires.
3. We proactively conduct thermal imaging review every 6 months and regular onsite inspections for leak monitoring.
4. We increased flaring efficiency by 90%, by installing a pilot at one of our substation's flare.

In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	4776
To be implemented*	2	4188
Implementation commenced*	1	319
Implemented*	1	0
Not to be implemented		

C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

Other, please specify	Other, please specify (Renewable energy use in production facilities)
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**Estimated annual CO2e savings (metric tonnes CO2e)**

319

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

84153

**Investment required (unit currency – as specified in C0.4)**

149209

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

21-30 years

**Comment**

In 2021, we increased our solar energy usage by 32%, installing photovoltaic systems in 100% of new well sites as well as the offices of 3 gathering facilities.

C4.3c

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Dedicated budget for other emissions reduction activities	Canacol looks forward to achieving significant reductions in GHG direct emissions through technology innovation and operational expertise. The carbon neutrality roadmap the company is designing encompasses short, medium, and long-term actions (with specific activities, cost and investments) including: 1. Leak detection and repair to eliminate fugitive emissions 2. Flare efficiency and reduction 3. Expansion of renewable energy projects
Dedicated budget for low-carbon product R&D	Canacol recognizes the great opportunities related to future technology and R&D investments. The company promote employee's and management teams efforts and have a dedicated budget allocated to external R&D consultancy, training, technology updates.
Employee engagement	Innovation key performance metrics for production teams employees are reviewed by the Management team. With the purpose to boost innovation, creativity and efficiency.

**C4.5**

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

No

**C-OG4.6**

**(C-OG4.6) Describe your organization's efforts to reduce methane emissions from your activities.**

Canacol continually inspects locations to identify possible gas leaks or venting and install detectors at the plants to identify possible large-scale gas leaks that could cause explosions or fires. The company proactively conducts thermal imaging review onsite inspections for leak monitoring by a third party.

The 2022 next step will be to set methane reduction targets, in line with sector commitments and new developments regarding fugitive emissions and venting. The company also play active part of the different webinars Darcy Partners, a technology scouting and innovation advisory firm serving the energy industry frequently performed.

**C-OG4.7**

**(C-OG4.7) Does your organization conduct leak detection and repair (LDAR) or use other methods to find and fix fugitive methane emissions from oil and gas production activities?**

Yes

**C-OG4.7a**

**(C-OG4.7a) Describe the protocol through which methane leak detection and repair or other leak detection methods, are conducted for oil and gas production activities, including predominant frequency of inspections, estimates of assets covered, and methodologies employed.**

In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity emissions increased compared to previous years. However, this allowed us to understand the relevance of fugitive prevention and repair activities, that can have an impact of 40% of total emissions. As a result, since November 2021 the operational-maintenance team is leading the Leak Detection and Repair program which consist in internal activities that using an infrared camera, reference Opgal EyeCGas 2.0, use the optical gas imaging technique (Optical Gas Imaging -OGI) to identify fugitive emissions. This method allows to see emissions directly, what is a plus, considering emissions are normally invisible to the human eye. As an additional step, the company contracted an external expert to conduct regular assessment and measures of vents and leaks in site. Canacol's 2022 GHG inventory will have in-site measured fugitive emission a tremendous achievement for the company, being the first Colombian E&P company doing this type of commitments and actions.

**C-OG4.8**

**(C-OG4.8) If flaring is relevant to your oil and gas production activities, describe your organization's efforts to reduce flaring, including any flaring reduction targets.**

Flaring is relevant to our gas production activities. Since2020 we increased flaring efficiency by 90%, by installing a pilot at one of our substation's flare.

**C5. Emissions methodology**

**C5.1**

**(C5.1) Is this your first year of reporting emissions data to CDP?**

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

Name of organization(s) acquired, divested from, or merged with

<Not Applicable>

Details of structural change(s), including completion dates

<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology Yes, a change in boundary	Canacol's GHG baseline complies with the criteria established in the ISO 14064 standard and was prepared by a third-party expert in accordance with the World Resources Institute (WRI) GHG Protocol Corporate Accounting and Reporting Standard. In 2021, the company estimated fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased compared to previous years. As an additional step the company included Rancho Hermoso oil field GHG emissions. As the company operates this crude fields under a participation agreement with Ecopetrol, that holds the environmental license as the principal owner of the contract with the National Hydrocarbons Agency (ANH for its Spanish acronym) and Canacol is responsible for environmental compliance activities. Rancho Hermoso represents 2% of our production, and is in its mature production phase with no new exploration or development projects anticipated

C5.1c

(C5.1c) Have your organization's base year emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?

	Base year recalculation	Base year emissions recalculation policy, including significance threshold
Row 1	Yes	Climate action is a priority for Canacol, and since we didn't have a complete GHG inventory, in 2021, we focused on defining a robust and resilient low carbon strategy that considers climate-related risk and opportunities to respond effectively and progressively adapt to the energy transition.

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

64846

Comment

Estimated fugitive emissions (IPCC, 2006) and Rancho Hermoso oil (Canacol's operational control) associated emissions, were included in this baseline year.

Scope 2 (location-based)

Base year start

January 1 2021

Base year end

December 31 2021

Base year emissions (metric tons CO2e)

25

Comment

No comment



**Scope 2 (market-based)**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

0

**Comment**

N/A

**Scope 3 category 1: Purchased goods and services**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

3950835

**Comment**

No comment

**Scope 3 category 2: Capital goods**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

240930

**Comment**

No comment

**Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

176

**Comment**

No comment

**Scope 3 category 4: Upstream transportation and distribution**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

102

**Comment**

No comment

**Scope 3 category 5: Waste generated in operations**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

64

**Comment**

No comment

**Scope 3 category 6: Business travel**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

170

**Comment**

No comment

**Scope 3 category 7: Employee commuting**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

476

**Comment**

No comment

**Scope 3 category 8: Upstream leased assets**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Not apply

**Scope 3 category 9: Downstream transportation and distribution**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

11840

**Comment**

No comment

**Scope 3 category 10: Processing of sold products**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Not apply

**Scope 3 category 11: Use of sold products**

**Base year start**

January 1 2021

**Base year end**

December 31 2021

**Base year emissions (metric tons CO2e)**

3696489

**Comment**

No comment

**Scope 3 category 12: End of life treatment of sold products**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Not apply

**Scope 3 category 13: Downstream leased assets**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Not apply

**Scope 3 category 14: Franchises**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Not apply

**Scope 3 category 15: Investments**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Not apply

**Scope 3: Other (upstream)**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Not apply

**Scope 3: Other (downstream)**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

Not apply

**C5.3**

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**(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

- IPCC Guidelines for National Greenhouse Gas Inventories, 2006
- IPIECA's Petroleum Industry Guidelines for reporting GHG emissions, 2nd edition, 2011
- ISO 14064-1
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
- The Greenhouse Gas Protocol: Scope 2 Guidance

**C6. Emissions data**

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**C6.1**

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**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**

64872

**Start date**

January 1 2021

**End date**

December 31 2021

**Comment**

As the leading independent exploration and production gas company in Colombia, we supply nearly 20% of the country's gas needs and release around 49,845 tonnes of CO2eq, which represents 0.03% of total 2021 national emissions. In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

**Past year 1**

**Gross global Scope 1 emissions (metric tons CO2e)**

24043

**Start date**

January 1 2020

**End date**

December 31 2020

**Comment**

In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

**Past year 2**

**Gross global Scope 1 emissions (metric tons CO2e)**

26542

**Start date**

January 1 2019

**End date**

December 31 2019

**Comment**

In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

**C6.2**

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**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

**Comment**

Canacol's scope 2 accounts for emissions generated by energy purchases from the National Interconnected System (SIN) for Bogotá office operations. Our production facilities generate their own energy for consumption. In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

**C6.3**

---

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?**

**Reporting year**

**Scope 2, location-based**

25

**Scope 2, market-based (if applicable)**

<Not Applicable>

**Start date**

January 1 2021

**End date**

December 31 2021

**Comment**

Canacol's scope 2 accounts for emissions generated by energy purchases from the National Interconnected System (SIN) for Bogotá office operations. Our production facilities generate their own energy for consumption. In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

**Past year 1**

**Scope 2, location-based**

46

**Scope 2, market-based (if applicable)**

<Not Applicable>

**Start date**

January 1 2020

**End date**

December 31 2020

**Comment**

Canacol's scope 2 accounts for emissions generated by energy purchases from the National Interconnected System (SIN) for Bogotá office operations. Our production facilities generate their own energy for consumption. In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

**Past year 2**

**Scope 2, location-based**

52

**Scope 2, market-based (if applicable)**

<Not Applicable>

**Start date**

January 1 2019

**End date**

December 31 2019

**Comment**

Canacol's scope 2 accounts for emissions generated by energy purchases from the National Interconnected System (SIN) for Bogotá office operations. Our production facilities generate their own energy for consumption. In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

**C6.4**

---

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?**

No

**C6.5**

---

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

## Purchased goods and services

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

3950835

### Emissions calculation methodology

Supplier-specific method  
Average data method  
Average product method  
Fuel-based method  
Distance-based method  
Waste-type-specific method  
Asset-specific method  
Site-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

### Please explain

All scope 3 emissions were obtained from Canacol's suppliers and partners.

## Capital goods

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

240930

### Emissions calculation methodology

Supplier-specific method  
Average data method  
Average product method  
Fuel-based method  
Distance-based method  
Waste-type-specific method  
Asset-specific method  
Site-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

6.1

### Please explain

This category includes all emissions from the production of purchased or acquired products.

## Fuel-and-energy-related activities (not included in Scope 1 or 2)

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

176

### Emissions calculation methodology

Supplier-specific method  
Average data method  
Average product method  
Fuel-based method  
Distance-based method  
Waste-type-specific method  
Asset-specific method  
Site-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0.1

### Please explain

This category includes emissions related to the extraction and transportation of fuels and the energy acquired and consumed.

## Upstream transportation and distribution

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

102

### Emissions calculation methodology

Supplier-specific method  
Average data method  
Average product method  
Fuel-based method  
Distance-based method  
Waste-type-specific method  
Asset-specific method  
Site-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

This category includes emissions related to transportation and distribution of products purchased (level 1) and acquired by third parties.

## Waste generated in operations

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

64

### Emissions calculation methodology

Waste-type-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0.01

### Please explain

This category includes third-party emissions from the disposal and treatment of waste generated in operations.

## Business travel

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

170

### Emissions calculation methodology

Supplier-specific method  
Average data method  
Average product method  
Fuel-based method  
Distance-based method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

### Please explain

This category includes emissions from employee transportation for business activities (planes, trains, buses, and cars)

## Employee commuting

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

476

### Emissions calculation methodology

Supplier-specific method  
Average data method  
Average product method  
Fuel-based method  
Distance-based method  
Site-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0.01

### Please explain

This category includes emissions from employee transportation between their homes and the central office.

## Upstream leased assets

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Not apply to Canacol activities

## Downstream transportation and distribution

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Not apply to Canacol activities

## Processing of sold products

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Not apply to Canacol activities

## Use of sold products

### Evaluation status

Relevant, calculated

### Emissions in reporting year (metric tons CO2e)

3696489

### Emissions calculation methodology

Supplier-specific method  
Average data method  
Spend-based method  
Average product method  
Fuel-based method  
Distance-based method  
Waste-type-specific method  
Asset-specific method

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

93.56

### Please explain

This category includes emissions from the use of goods and services sold by the company.

## End of life treatment of sold products

### Evaluation status

Not relevant, explanation provided

### Emissions in reporting year (metric tons CO2e)

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

### Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

### Please explain

Not apply to Canacol activities



**Downstream leased assets****Evaluation status**

Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

Not apply to Canacol activities

**Franchises****Evaluation status**

Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

Not apply to Canacol activities

**Investments****Evaluation status**

Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

Not apply to Canacol activities

**Other (upstream)****Evaluation status**

Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

Not apply to Canacol activities

**Other (downstream)****Evaluation status**

Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**

<Not Applicable>

**Please explain**

Not apply to Canacol activities

C6.5a

---

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date

End date

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

Scope 3: Business travel (metric tons CO2e)

Scope 3: Employee commuting (metric tons CO2e)

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

No information available for previous years

Past year 2

Start date

End date

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

Scope 3: Upstream transportation and distribution (metric tons CO2e)

Scope 3: Waste generated in operations (metric tons CO2e)

Scope 3: Business travel (metric tons CO2e)

Scope 3: Employee commuting (metric tons CO2e)

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

No information available for previous years

C6.7

---

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

## C6.10

---

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO<sub>2</sub>e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

**Intensity figure**

4.24

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO<sub>2</sub>e)**

49846

**Metric denominator**

barrel of oil equivalent (BOE)

**Metric denominator: Unit total**

11770000

**Scope 2 figure used**

Location-based

**% change from previous year**

**Direction of change**

<Not Applicable>

**Reason for change**

---

## C-OG6.12

---

(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO<sub>2</sub>e) per unit of hydrocarbon category.

**Unit of hydrocarbon category (denominator)**

Thousand barrels of crude oil/ condensate

**Metric tons CO<sub>2</sub>e from hydrocarbon category per unit specified**

4.23

**% change from previous year**

47

**Direction of change**

Increased

**Reason for change**

In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.

**Comment**

No comment

---

## C-OG6.13

---

(C-OG6.13) Report your methane emissions as percentages of natural gas and hydrocarbon production or throughput.

**Oil and gas business division**

Upstream

**Estimated total methane emitted expressed as % of natural gas production or throughput at given division**

40

**Estimated total methane emitted expressed as % of total hydrocarbon production or throughput at given division**

40

**Comment**

Fugitive emissions were estimated by using 2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 2 Energy taken from: <https://www.ipccnggip.iges.or.jp/public/2006gl/vol2.html>

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## C7. Emissions breakdowns

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### C7.1

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(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

---

## C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	40109	IPCC Third Assessment Report (TAR - 50 year)
CH4	23969	IPCC Sixth Assessment Report (AR6 - 100 year)
N2O	15	IPCC Sixth Assessment Report (AR6 - 100 year)

## C-OG7.1b

(C-OG7.1b) Break down your total gross global Scope 1 emissions from oil and gas value chain production activities by greenhouse gas type.

### Emissions category

Combustion (excluding flaring)

### Value chain

Upstream

### Product

Gas

### Gross Scope 1 CO2 emissions (metric tons CO2)

26311

### Gross Scope 1 methane emissions (metric tons CH4)

### Total gross Scope 1 emissions (metric tons CO2e)

49820

### Comment

26,206 tCO2e includes combustion for compression and generation, and 105 tCO2e mobil sources in gas production.

### Emissions category

Fugitives

### Value chain

Upstream

### Product

Gas

### Gross Scope 1 CO2 emissions (metric tons CO2)

20106

### Gross Scope 1 methane emissions (metric tons CH4)

721

### Total gross Scope 1 emissions (metric tons CO2e)

49820

### Comment

20106 tCO2e estimated fugitive emissions according IPCC, 2006 in gas production.

### Emissions category

Flaring

### Value chain

Upstream

### Product

Gas

### Gross Scope 1 CO2 emissions (metric tons CO2)

3372

### Gross Scope 1 methane emissions (metric tons CH4)

### Total gross Scope 1 emissions (metric tons CO2e)

49820

### Comment

3,372 tCO2e flared emissions in workover and production gas operations.

### Emissions category

Combustion (excluding flaring)

### Value chain

Upstream

### Product

Oil

**Gross Scope 1 CO2 emissions (metric tons CO2)**

10516

**Gross Scope 1 methane emissions (metric tons CH4)**

**Total gross Scope 1 emissions (metric tons CO2e)**

15051

**Comment**

Combustion and total gross Rancho Hermoso scope 1 emissions.

---

**Emissions category**

Flaring

**Value chain**

Upstream

**Product**

Oil

**Gross Scope 1 CO2 emissions (metric tons CO2)**

746

**Gross Scope 1 methane emissions (metric tons CH4)**

**Total gross Scope 1 emissions (metric tons CO2e)**

15051

**Comment**

Total gross scope 1 emissions of Rancho Hermoso (Canacol operates the oil field). 746 tCO2e of 15,051 are flared related emissions.

---

**Emissions category**

Fugitives

**Value chain**

Upstream

**Product**

Oil

**Gross Scope 1 CO2 emissions (metric tons CO2)**

3787

**Gross Scope 1 methane emissions (metric tons CH4)**

**Total gross Scope 1 emissions (metric tons CO2e)**

15051

**Comment**

Estimated fugitive emissions according IPCC 2006, from oil production.

---

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/region.**

Country/Region	Scope 1 emissions (metric tons CO2e)
Colombia GAS FIELDS LOCATED IN CORDOBA AND SUCRE / COLOMBIA	64872

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## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By activity

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## C7.3c

**(C7.3c) Break down your total gross global Scope 1 emissions by business activity.**

Activity	Scope 1 emissions (metric tons CO2e)
Natural gas production	49820
Crude Production - Canacol operates the Rancho Hermoso oil field under a participation agreement with Ecopetrol, that holds the environmental license as the principal owner of the contract with the National Hydrocarbons Agency (ANH for its Spanish acronym) however, Canacol is responsible for environmental compliance activities. Rancho Hermoso represents 2% of Canacol's production, and is in its mature production phase with no new exploration or development projects anticipated.	15051

**C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4**

**(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.**

	Gross Scope 1 emissions, metric tons CO2e	Net Scope 1 emissions , metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Electric utility activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	64872	<Not Applicable>	Includes gas and oil operations-upstream.
Oil and gas production activities (midstream)		<Not Applicable>	
Oil and gas production activities (downstream)		<Not Applicable>	
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

**C7.5**

**(C7.5) Break down your total gross global Scope 2 emissions by country/region.**

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Colombia	25	

**C7.6**

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By facility

**C7.6b**

**(C7.6b) Break down your total gross global Scope 2 emissions by business facility.**

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Canacol operational sites works off-grid and the company does not purchase electricity for any other parties than administrative offices of the company located in Bogota.	25	

**C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7**

**(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO2e.**

	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Cement production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Chemicals production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Coal production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Metals and mining production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Oil and gas production activities (upstream)	25		Canacol's operational sites works off-grid and the company does not purchase electricity for any other parties than administrative offices of the company located in Bogota.
Oil and gas production activities (midstream)			
Oil and gas production activities (downstream)			
Steel production activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport OEM activities	<Not Applicable>	<Not Applicable>	<Not Applicable>
Transport services activities	<Not Applicable>	<Not Applicable>	<Not Applicable>

**C7.9**

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Increased

**C7.9a**

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption		<Not Applicable>		
Other emissions reduction activities		<Not Applicable>		
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	5922	Increased	9.12	In 2021, we increased natural gas consumption as we expanded Liquefied Natural Gas (LNG) production as part of our sales channel portfolio development. More than 55% of total energy consumption was natural gas fuel used for LNG production.
Change in methodology	23919	Increased	36.87	In 2021, we quantified our fugitive emissions through a third-party according to the 2006 IPCC guidelines. Therefore, our GHG intensity in scope 1 and scope 2 emissions increased to previous years.
Change in boundary	15051	Increased	23.2	Updated boundary: changing from financial control to operational control. 2021 GHG inventory includes crude Production. Canacol operates the Rancho Hermoso oil field under a participation agreement with Ecopetrol, that holds the environmental license as the principal owner of the contract with the National Hydrocarbons Agency (ANH for its Spanish acronym) however, Canacol is responsible for environmental compliance activities. Rancho Hermoso represents 2% of Canacol's production, and is in its mature production phase with no new exploration or development projects anticipated.
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

**C7.9b**

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Location-based

## C8. Energy

### C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 10% but less than or equal to 15%

### C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

### C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	Unable to confirm heating value		7563	7563
Consumption of purchased or acquired electricity	<Not Applicable>	192		192
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	57	<Not Applicable>	57
Total energy consumption	<Not Applicable>	249		249

### C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	Yes
Consumption of fuel for co-generation or tri-generation	Yes

### C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**



**Sustainable biomass**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

**MWh fuel consumed for self- cogeneration or self-trigeneration**

**Comment**

**Other biomass**

**Heating value**

**Total fuel MWh consumed by the organization**

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

**MWh fuel consumed for self- cogeneration or self-trigeneration**

**Comment**

**Other renewable fuels (e.g. renewable hydrogen)**

**Heating value**

**Total fuel MWh consumed by the organization**

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

**MWh fuel consumed for self- cogeneration or self-trigeneration**

**Comment**

**Coal**

**Heating value**

**Total fuel MWh consumed by the organization**

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

**MWh fuel consumed for self- cogeneration or self-trigeneration**

**Comment**

**Oil**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

140

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

**MWh fuel consumed for self- cogeneration or self-trigeneration**

**Comment**

The company is currently evaluating the gas amount used per activity. The Diesel used in the production sites correspond to the back-up generators.

**Gas**

**Heating value**

Unable to confirm heating value

**Total fuel MWh consumed by the organization**

7423

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

**MWh fuel consumed for self- cogeneration or self-trigeneration**

**Comment**

The company is currently evaluating the gas amount used per activiti. Currently we have total consumption and an estimate of 1.8 MW needed for electric generation that could be replaced by solar energy (co-generation). Since 2020 we have been implementing an energy transformation process in our gas operations by minimizing the need for other fossil fuels and optimizing the efficiency of natural gas used as the principal fuel in our operations.

**Other non-renewable fuels (e.g. non-renewable hydrogen)**

**Heating value**

**Total fuel MWh consumed by the organization**

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

**MWh fuel consumed for self- cogeneration or self-trigeneration**

**Comment**

**Total fuel**

**Heating value**

**Total fuel MWh consumed by the organization**

7812

**MWh fuel consumed for self-generation of electricity**

**MWh fuel consumed for self-generation of heat**

**MWh fuel consumed for self-generation of steam**

<Not Applicable>

**MWh fuel consumed for self-generation of cooling**

**MWh fuel consumed for self- cogeneration or self-trigeneration**

**Comment**

Canacol's energy matrix is made up of 95% generation from natural gas, 2% from Diesel, 2% from hydroelectric plants, and 1% from solar. The 2% from hydro is purchased to the Interconnected System.

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	58	1.8	57	249
Heat				
Steam				
Cooling				

## C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

**Country/area**

Colombia

**Consumption of electricity (MWh)**

**Consumption of heat, steam, and cooling (MWh)**

**Total non-fuel energy consumption (MWh) [Auto-calculated]**

<Calculated field>

**Is this consumption excluded from your RE100 commitment?**

<Not Applicable>

## C9. Additional metrics

### C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

**Description**

Energy usage

**Metric value**

**Metric numerator**

Kwh

**Metric denominator (intensity metric only)**

BOE (0.66 kwh/BOE)

**% change from previous year**

120

**Direction of change**

Increased

**Please explain**

In 2021, we increased natural gas consumption as we expanded Liquefied Natural Gas (LNG) production as part of our sales channel portfolio development. More than 55% of total energy consumption was natural gas fuel used for LNG production. Improving the energy efficiency of our LNG plant is a focus of our 2022 Operational Plan and is expected to yield reduced fuel consumption as well as improve economic performance.

### C-OG9.2a

**(C-OG9.2a) Disclose your net liquid and gas hydrocarbon production (total of subsidiaries and equity-accounted entities).**

	In-year net production	Comment
Crude oil and condensate, million barrels	0.31	Canacol operates the Rancho Hermoso oil field under a participation agreement with Ecopetrol, that holds the environmental license as the principal owner of the contract with the National Hydrocarbons Agency (ANH for its Spanish acronym) and Canacol is responsible for environmental compliance activities. Carbon emissions from Rancho Hermoso production were included in the company's GHG inventory and CDP response.
Natural gas liquids, million barrels	11.77	Canacol operates over 1.5 million net acres in 11 exploration and production contracts in Colombia where it is focused on exploring for and developing natural gas. These blocks are all located in the Lower & Middle Magdalena Basins of Colombia. The Lower Magdalena Basin Blocks are located near the Caribbean coast and the cities of Cartagena and Barranquilla, while the Middle Magdalena blocks are located near a TGI operated gas pipeline which has spare transportation capacity, meaning that any discovery made can be quickly commercialized and sold into the interior market. Canacol's gas fields which produce from the Cienaga de Oro and Porquero proven reservoirs, can produce more than 230 million standard cubic feet per day, and are connected to our central Jobo gas processing and treatment facility through more than 169 kilometers of flow lines, mainly flexible steel flow lines. Canacol's main production gas processing facility have a capacity of over 300 million standard cubic feet per day.
Oil sands, million barrels (includes bitumen and synthetic crude)	0	Not applicable
Natural gas, billion cubic feet	66.43	Canacol operates over 1.5 million net acres in 11 exploration and production contracts in Colombia where it is focused on exploring for and developing natural gas. These blocks are all located in the Lower & Middle Magdalena Basins of Colombia. The Lower Magdalena Basin Blocks are located near the Caribbean coast and the cities of Cartagena and Barranquilla, while the Middle Magdalena blocks are located near a TGI operated gas pipeline which has spare transportation capacity, meaning that any discovery made can be quickly commercialized and sold into the interior market. Canacol's gas fields which produce from the Cienaga de Oro and Porquero proven reservoirs, can produce more than 230 million standard cubic feet per day, and are connected to our central Jobo gas processing and treatment facility through more than 169 kilometers of flow lines, mainly flexible steel flow lines. Canacol's main production gas processing facility have a capacity of over 300 million standard cubic feet per day.

**C-OG9.2b**

**(C-OG9.2b) Explain which listing requirements or other methodologies you use to report reserves data. If your organization cannot provide data due to legal restrictions on reporting reserves figures in certain countries, please explain this.**

Independent reserves report prepared by Boury Global Energy Consultants Ltd., effective December 31, 2021. A full description of the calculation of FD&A :

**C-OG9.2c**

**(C-OG9.2c) Disclose your estimated total net reserves and resource base (million boe), including the total associated with subsidiaries and equity-accounted entities.**

	Estimated total net proved + probable reserves (2P) (million BOE)	Estimated total net proved + probable + possible reserves (3P) (million BOE)	Estimated net total resource base (million BOE)	Comment
Row 1	111.8	166.9	5718	No comment

**C-OG9.2d**

**(C-OG9.2d) Provide an indicative percentage split for 2P, 3P reserves, and total resource base by hydrocarbon categories.**

	Net proved + probable reserves (2P) (%)	Net proved + probable + possible reserves (3P) (%)	Net total resource base (%)	Comment
Crude oil/ condensate/ natural gas liquids	0	0	0	(a) in relation to the Corporation's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interest in production or reserves; (b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and (c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation;
Natural gas	10	14	86	(a) in relation to the Corporation's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interest in production or reserves; (b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and (c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation;
Oil sands (includes bitumen and synthetic crude)	0	0	0	(a) in relation to the Corporation's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interest in production or reserves; (b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and (c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation;

**C-OG9.2e**

**(C-OG9.2e) Provide an indicative percentage split for production, 1P, 2P, 3P reserves, and total resource base by development types.**

**Development type**

Onshore

**In-year net production (%)**

100

**Net proved reserves (1P) (%)**

100

**Net proved + probable reserves (2P) (%)**

100

**Net proved + probable + possible reserves (3P) (%)**

100

**Net total resource base (%)**

100

**Comment**

Canacol is the largest independent onshore conventional natural gas exploration and production company in Colombia, supplying approximately 20% of the country's gas needs.

**C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6**

**(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

	Investment in low-carbon R&D	Comment
Row 1	No	

**C-OG9.7**

**(C-OG9.7) Disclose the breakeven price (US\$/BOE) required for cash neutrality during the reporting year, i.e. where cash flow from operations covers CAPEX and dividends paid/ share buybacks.**

20.34

**C10. Verification**

**C10.1**

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No emissions data provided

**C10.1a**

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Integrated ESG Report 2021 FV.pdf

Deloitte Assurance Report 2021\_Canacol Energy.pdf

**Page/ section reference**

Page 101 - 105 Deloitte's Independent Assurance Report (EM-EP-110a.1 and EM-EP-110a.2 SASB Indicators.)

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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## C10.1b

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**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Limited assurance

**Attach the statement**

Integrated ESG Report 2021 FV.pdf

**Page/ section reference**

Page 101 - 105 Deloitte's Independent Assurance Report GRI 305-2 (2016)

**Relevant standard**

ISAE3000

**Proportion of reported emissions verified (%)**

100

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## C10.2

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**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

No, but we are actively considering verifying within the next two years

## C11. Carbon pricing

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### C11.1

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**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**

No, but we anticipate being regulated in the next three years

### C11.1d

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**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

Current Colombian tax currently do not apply to the Canacol's operations (producer) so there is no advance strategy for this issue. However, the company has identified emerging climate (carbon) regulation as an emerging risk and have been developing a mitigation strategy that includes: defining an internal carbon price and establishing a carbon reduction and compensate strategy by the end of 2022, based on the abatement cost curves developed.

## C11.2

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**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**

No

## C11.3

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**(C11.3) Does your organization use an internal price on carbon?**

No, but we anticipate doing so in the next two years

## C12. Engagement

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### C12.1

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**(C12.1) Do you engage with your value chain on climate-related issues?**

Yes, our suppliers

### C12.1a

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**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

**Type of engagement**

Engagement & incentivization (changing supplier behavior)

**Details of engagement**

Run an engagement campaign to educate suppliers about climate change  
Provide training, support, and best practices on how to make credible renewable energy usage claims  
Directly work with suppliers on exploring corporate renewable energy sourcing mechanisms

**% of suppliers by number**

3.3

**% total procurement spend (direct and indirect)**

65

**% of supplier-related Scope 3 emissions as reported in C6.5**

100

**Rationale for the coverage of your engagement**

Canacol added climate objectives in the integrated risk management and monitoring corporate process, including contractors. Canacol's Finance, Sales, and Operational teams have identified, assessed, and constantly monitor physical and energy transition risks to mitigate vulnerability and generate commercial and operational strategies within companies operations and scope 3 activities. All climate risks (including contractors) are reported to the Executive Committee and to the Board of Directors' Audit Committee. Moreover, the company identified and verified 2021 carbon emissions using a third-party expert. This baseline will be used to fulfill short, medium, and long-term reduction targets, including scope 3.

**Impact of engagement, including measures of success**

Working with Canacol's contractors and including innovation criteria in its operation, the company has achieved significant reductions in GHG direct and indirect emissions through technology innovation and operational expertise. The carbon neutrality roadmap encompasses short, medium, and long-term actions including leak detection and repair to eliminate fugitive emissions, flare efficiency and reduction, and the expansion of renewable energy projects, among others. All this strategies is being developed with our critical contractos.

**Comment**

The inclusion of scope 3 emissions during 2021 allows Canacol to understand its value chain's impact and to identify potential opportunities for significant GHG emission reductions the mid and long-term.

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### C12.2

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**(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

No, but we plan to introduce climate-related requirements within the next two years

### C12.3

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**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

Row 1

**Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate**

Yes, we engage indirectly through trade associations

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**

Yes

**Attach commitment or position statement(s)**

Energy is crucial for our lives, but man-made climate change is real, caused by burning large quantities of hydrocarbons globally. An abundant supply of economic and clean energy is key to the growth and development of each nation, but so is a healthy and clean environment. As a leading gas company, we are committed to supplying a cleaner energy future for millions of people, in which the health and well-being of future generations is the foundation of our efforts. We fully support the Colombian national transition plan, in which the use of natural gas in Colombia is expected to grow by 3-6% annually from 2020 to 2030 and 30% by 2050.

**Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy**

1. Incorporation of climate risks into decisionmaking and operational processes including contractors critical activities. 2. Systematic control and monitoring: identified and verified 2021 direct and indirect carbon emissions using a third-party expert. 3. Operational efficiency and technology as a driver of change 4. Development of mechanisms to assist communities' adaptation in the areas Canacol operates: The company implemented multiple initiatives to guarantee access to clean energy in Sucre and Córdoba provinces, such as the Gas Massification Project (this project was executed with Canacol's main client). 5. Natural climate solutions to increase carbon storage and prevent biodiversity loss.

**Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

<Not Applicable>

**Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

<Not Applicable>

**C12.3b**

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**(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.**

**Trade association**

Other, please specify (NATURGAS)

**Is your organization's position on climate change consistent with theirs?**

Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**

We publicly promote their current position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**

In 2021, we reinforced our commitment by becoming a signatory of the Natural Gas Sector Alliance: Road to Carbon Neutrality made by the affiliates of the Colombian Natural Gas Association NATURGAS, the Ministry of Environment and Sustainable Development, and the Ministry of Mines and Energy. This will consolidate and strengthen our industry commitments and practices towards carbon neutrality in 2030 and 2050.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

58000

**Describe the aim of your organization's funding**

Canacol is part of Naturgas to ratify its environmental commitment to reduce direct and indirect emissions and became a signatory of the Natural Gas Sector Alliance: Road to Carbon Neutrality.

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

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**C12.4**

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(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

Integrated ESG Report 2021 FV.pdf

**Page/Section reference**

[https://canacolenergy.com/site/assets/files/3737/integrated\\_esg\\_report\\_2021\\_fv.pdf](https://canacolenergy.com/site/assets/files/3737/integrated_esg_report_2021_fv.pdf)

**Content elements**

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets
- Other metrics

**Comment**

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Yes, both board-level oversight and executive management-level responsibility	The ESG (Environmental, Social & Governance) Committee has been established by resolution of the Board of Directors of Canacol Energy Ltd. for the purpose of assisting the Board in fulfilling its oversight responsibilities with respect to the company's ESG management including Biodiversity conservation for being a material issue.	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to No Net Loss Adoption of the mitigation hierarchy approach Commitment to not explore or develop in legally designated protected areas Commitment to respect legally designated protected areas Commitment to avoidance of negative impacts on threatened and protected species Commitment to no conversion of High Conservation Value areas Commitment to secure Free, Prior and Informed Consent (FPIC) of Indigenous Peoples Commitment to no trade of CITES listed species	SDG

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?	Portfolio
Row 1	Yes, we assess impacts on biodiversity in our upstream value chain only	<Not Applicable>

C15.4

**(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Land/water protection Land/water management Species management Education & awareness Law & policy Livelihood, economic & other incentives

**C15.5**

**(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?**

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Yes, we use indicators	State and benefit indicators Pressure indicators Response indicators

**C15.6**

**(C15.6) Have you published information about your organization’s response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments Impacts on biodiversity Details on biodiversity indicators Biodiversity strategy	

**C16. Signoff**

**C-FI**

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

Canacol's commitment is to supply the natural gas needed to meet the growing demand for energy in Colombia, while protecting ecosystems, minimizing resource consumption, and having a positive impact on the environment. Through the Corporate Environmental Policy and Integrated Management System, the company has implemented mechanisms to develop our activities according to the highest environmental and operational standards to keep natural resources available and protect biodiversity.

**C16.1**

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

	Job title	Corresponding job category
Row 1	Chief Executive Officer (CEO) and Board member	Chief Executive Officer (CEO)

**Submit your response**

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

**Please confirm below**

I have read and accept the applicable Terms

