

# Welcome to your CDP Climate Change Questionnaire 2023

## C0. Introduction

### C0.1

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

Canacol Energy Ltd. (“Canacol” or the “Company”) is an international company headquartered in Calgary with a focus on sustainable and profitable natural gas production. The Company is the largest independent onshore conventional natural gas exploration and production company in Colombia with operations in the Lower Magdalena Basin, supplying approximately 20% of the country’s and more than 50% of the Caribbean Coast’s gas demand.

Canacol is committed to the exploration and production of natural gas needed to improve the quality of life of millions of Colombians in a safe, efficient, and profitable manner. For this reason, the Company’s strategy is based on 3 priorities: A cleaner energy future, empowering our people, and a transparent and ethical business.

**Priority 1**, A cleaner energy future: A cost-effective energy supply is crucial for the successful development and progression of society. We are committed to delivering natural gas under the highest environmental and operational standards to support Colombia’s energy transition.

**Priority 2**, Empowering our people: Our team members drive our performance. We are committed to their health and safety and the development of an inclusive culture that guarantees well-being and growth for all.

**Priority 3**, A transparent and ethical business: Strong corporate governance guarantees efficiency and transparency. We are committed to adopting best practices, promoting respect for human rights, and guaranteeing ethics and integrity in everything we do.

- **Energy Transition and climate is a Key Topic that falls under Priority 1.** In 2022, the Company maintained its focus on a robust and resilient low carbon strategy that considers climate-related risks and opportunities to effectively respond and progressively adapt to the energy transition. For this reason, the Company continued to calculate its greenhouse gas (GHG) emissions. Canacol's GHG baseline complies with 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. Canacol's scope 1 emissions accounts for stationary combustion, mobile fuel sources, fire extinguishers, refrigerants, and fugitive emissions. Scope 2 emissions accounts for emissions generated by energy purchases from the National Interconnected System (SIN) for Canacol's Bogotá office operations. The Company's

production facilities generate their own energy for consumption. In 2022, Canacol accounted for its scope 3 emissions through a third party.

## C0.2

**(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.**

### Reporting year

---

**Start date**

January 1, 2022

**End date**

December 31, 2022

**Indicate if you are providing emissions data for past reporting years**

Yes

**Select the number of past reporting years you will be providing Scope 1 emissions data for**

3 years

**Select the number of past reporting years you will be providing Scope 2 emissions data for**

3 years

**Select the number of past reporting years you will be providing Scope 3 emissions data for**

1 year

## C0.3

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

Colombia

## C0.4

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

USD

## C0.5

**(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

**(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

**(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
Yes, a Ticker symbol	TSX: CNE
Yes, a Ticker symbol	BVC:CNEC.CL
Yes, a Ticker symbol	OTCQX: CNNEF

## C1. Governance

### 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 or committee	Responsibilities for climate-related issues
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

	<p>Company's ESG management including climate-related issues.</p> <p>The Committee is composed of five board members and meets quarterly to assess and advise the CEO on the definition and implementation of the Company's ESG strategy. 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, ensuring its integration with business objectives, key performance indicators, and risk management. The Committee has various responsibilities and decides Company actions pertaining to climate-related issues. Some of the decisions in the last two years include:</p> <ul style="list-style-type: none"> <li>• Approval and oversight of the implementation of climate and energy goals such as: YoY increases in renewable and low/null carbon sources of energy for the next 6 years, reduce 2023 methane emissions by changing the instrumentation system at the main production site, define a corporate low carbon strategy with activities and associated costs by 2023.</li> <li>• The ESG Committee has allowed and promoted the company's dialogue with stakeholders regarding environmental practices. Since the Committee's creation the Company's press releases have included ESG topics and commitments.</li> </ul>
<p>Chief Executive Officer (CEO)</p>	<p>Canacol's Chief Executive Officer (CEO) is a member of the board, who participates in all ESG Committee meetings. The CEO 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), the CEO oversees the progress of the low carbon and climate plans. Some of the CEO's decisions regarding climate-related issues in the last two years include:</p> <ul style="list-style-type: none"> <li>• Built and verified a GHG emissions baseline through a third party. This baseline and emissions forecast for the following five years will define the companies' short-, medium-, and long-term reduction targets.</li> <li>• Became a signatory of the Natural Gas Sector Alliance: Road to Carbon Neutrality established by the affiliates of the Colombian Natural Gas Association NATURGAS, the Ministry of Environment and Sustainable Development, and the Ministry of Mines and Energy. The purpose of this initiative is to consolidate and strengthen gas industry commitments and practices towards carbon neutrality in 2050.</li> <li>• Became a signatory of IPIECA, the global oil and gas association dedicated to advancing environmental and social performance across the energy sector. Canacol began its relationship with IPIECA by conducting activities focused on human rights due diligence and supply-chain management.</li> </ul>

## 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	Please explain
<p>Scheduled – all meetings</p>	<p>Reviewing and guiding annual budgets</p> <p>Overseeing major capital expenditures</p> <p>Reviewing and guiding strategy</p> <p>Overseeing and guiding the development of a transition plan</p> <p>Overseeing and guiding public policy engagement</p> <p>Reviewing and guiding the risk management process</p>	<p>Canacol's ESG Committee is responsible for oversight and responsibility 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 Company'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 Company has implemented policies and procedures to identify and manage the principal ESG risks to the business. To address this the board conducts reviews of the main challenges the Company 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 submits the necessary recommendations to the Corporate Governance and Nominating Committee. Committee members are provided with an orientation program to educate the board members on the Company's ESG policies and practices. The formation of Canacol's ESG Committee is to ensure that performance objectives are achieved and that the Company's climate strategy, management policies, and plans of action meet the expectations of shareholders and stakeholders.</p> <p>The Company's strategy is based on 3 priorities: (1) A cleaner energy future, (2) A society guided by sustainable development (3) A transparent and ethical business.</p> <p>Cleaner Energy future:</p> <ul style="list-style-type: none"> <li>• Design and implement energy efficiency and decarbonization strategies to progressively reduce greenhouse gas emissions and eliminate fugitive emissions and other air pollutants.</li> <li>• Provide innovative solutions to access renewable</li> </ul>

		<p>energies, and actively participate in the transition to a low carbon economy to address climate change and promote positive social impacts.</p> <ul style="list-style-type: none"> <li>• Promote efficient water use and actions to preserve and protect water resources and to ensure access for all.</li> <li>• Promote awareness and management of biodiversity risks and impacts. Periodic critical exposure assessments of biodiversity conducted, and management plans established to protect, preserve, and restore ecosystems.</li> </ul>
--	--	--

### C1.1d

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

	<b>Board member(s) have competence on climate-related issues</b>	<b>Criteria used to assess competence of board member(s) on climate-related issues</b>
Row 1	Yes	<p>The board recognizes the significance of climate change as a crucial material concern for the business. It has devoted its efforts to gaining a better understanding of its importance, connection to the business, and integration of the ESG Strategy into Canacol's business model. This year, both the Board of Directors and the management team successfully completed the ESG topic modules. The modules covered essential subjects such as climate change, climate-related risks and opportunities, and the energy transition. These topics play a pivotal role in formulating a low carbon strategy. The Company remains committed to further enhancing the board's knowledge and skills pertaining to climate-related issues through ongoing training and development initiatives.</p>

### C1.2

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

**Position or committee**

Sustainability committee

**Climate-related responsibilities of this position**

Implementing a climate transition plan  
Assessing climate-related risks and opportunities  
Managing climate-related risks and opportunities

### **Coverage of responsibilities**

#### **Reporting line**

CEO reporting line

#### **Frequency of reporting to the board on climate-related issues via this reporting line**

Quarterly

#### **Please explain**

Canacol's ESG Committee is the Company's governing body for climate issues. The Committee is responsible for ensuring that climate-related risks, opportunities, and targets are incorporated into the corporate-wide strategy and that the Company has in effect adequate policies and procedures to identify and manage the principal climate-related risks. The ESG Committee continually evaluates the evolving landscape of climate-related risks and opportunities, and semi-annually reports findings to the board for consideration and integration into wider business planning. The progress of these plans is monitored at the board level to ensure accountability is maintained and that key challenges are addressed. The Committee meets as frequently as required but no less than twice per year. For the calendar year 2022, the Committee met four times to discuss the ESG strategy, climate goals, and to develop and review the Company's Net-Zero commitment and plan.

---

#### **Position or committee**

Chief Executive Officer (CEO)

#### **Climate-related responsibilities of this position**

Managing annual budgets for climate mitigation activities  
Conducting climate-related scenario analysis  
Managing value chain engagement on climate-related issues

### **Coverage of responsibilities**

#### **Reporting line**

Reports to the board directly

#### **Frequency of reporting to the board on climate-related issues via this reporting line**

More frequently than quarterly

#### **Please explain**

As a board member, Canacol's CEO is a key link between management and the board. The CEO keeps the ESG Committee fully informed of the climate strategy progress, achievements, and upcoming plans. The CEO also provides feedback to the executive management team and ensures alignment of annual operational objectives and strategies with climate considerations.

**Position or committee**

Other, please specify  
Country Manager

**Climate-related responsibilities of this position**

Managing annual budgets for climate mitigation activities  
Setting climate-related corporate targets  
Monitoring progress against climate-related corporate targets

**Coverage of responsibilities**

**Reporting line**

CEO reporting line

**Frequency of reporting to the board on climate-related issues via this reporting line**

More frequently than quarterly

**Please explain**

The General Manager Colombia (GM) plays an essential role in the implementation and updating of Canacol's six-year ESG strategy and chairs the Company's Climate Management Committee enabling effective execution of the climate plan.

**C1.3**

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

	<b>Provide incentives for the management of climate-related issues</b>	<b>Comment</b>
Row 1	Yes	To align action with our ambition, Canacol has set ESG performance targets for the executive, management, and all company 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**

Management group

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus – set figure

**Performance indicator(s)**

Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

Management teams end-year monetary bonus (variable compensation) is tied to the improvement of the company's ESG performance index.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Sustainability is a priority for the Company. Financial compensation is an effective mechanism too incentivize the Board of Directors and executive committee to prioritize and achieve established sustainability goals.

---

**Entitled to incentive**

All employees

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus – set figure

**Performance indicator(s)**

Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

The improvement of the Company's performance in ESG matters is a corporate key-indicator and comprises a portion of all employee's end-year monetary bonus (variable compensation). Climate strategy implementation and achievement of targets represents

a major portion of the overall ESG performance score. Canacol encourages and incentivizes all employees to actively participate in climate projects and initiatives as well provide different informative scenarios regarding the energy transition, decarbonization of the economy, and sustainability.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Linking economic compensation to the achievement of sustainability goals recognizes and values employees' efforts and contributions towards the Company's environmental and social objectives.

---

**Entitled to incentive**

Buyers/purchasers

**Type of incentive**

Non-monetary reward

**Incentive(s)**

Public recognition

**Performance indicator(s)**

Increased supplier compliance with a climate-related requirement

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

In 2022, additional ESG criteria was integrated into the supplier selection and evaluation processes. In addition, all employees are trained on the Company's ESG procurement guidelines and related policies and weekly roundtables are conducted with contractors where compliance is monitored with ESG criteria.

In the third quarter of 2022, additional ESG criteria was integrated into the supplier selection and evaluation processes. These criteria included compliance and periodic reporting of:

- Emission target setting and quantification during project development.
- Annual LTIFR (Lost-Time Injury Frequency Rate) and TRIFR (Total Recordable Injury Frequency Rate) targets with quarterly and annual reporting.
- A target of no violations of the Human Rights Policy and Canacol's Code of Ethics and Business Conduct. Initiatives to promote gender equity and to report human talent figures broken down by gender (number of employees over total employees and number of leaders over total leaders).
- Sustainability strategy, key indicators, opportunity, and risk metrics, ESG compliance, and organizational structure.

Additionally, Canacol encourages and requires all suppliers to attain the highest standards with this goal. Canacol has included key elements in Canacol's Supplier Code

of Conduct:

- Environmental standards for supplier processes, products, and/or services.
- Sustainable procurement policies suppliers must follow with their subcontractors.

In 2022, Canacol had:

- 138 bidders assessed in environmental aspects.
- 25 New bidders assessed in environmental aspects.
- 100% Percent of new bidders assessed and selected in environmental aspects.
- Training programs for suppliers.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Non-monetary rewards incentivize suppliers to take responsibility for their actions and outcomes in relation to sustainability. It reinforces the importance of sustainable practices and encourages contractors to actively contribute to the Company's sustainability objectives.

---

**Entitled to incentive**

Corporate executive team

**Type of incentive**

Monetary reward

**Incentive(s)**

Bonus – set figure

**Performance indicator(s)**

Implementation of an emissions reduction initiative  
Reduction in absolute emissions  
Company performance against a climate-related sustainability index (e.g., DJSI, CDP Climate Change score etc.)

**Incentive plan(s) this incentive is linked to**

Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**

Since 2022 the executive 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 associated costs in 2022"). The improvement of the company's ESG performance index is another key metric for the executive team's variable compensation.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**

Sustainability is a priority for the Company. Financial compensation is an effective mechanism too incentivize the Board of Directors and executive committee to prioritize and achieve established sustainability goals.

## 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	<p>Canacol defines its horizontality of time based on the structure of operational projects. In the short term, baselines, project diagnostics and risk analyses, and opportunities are implemented to ensure that corporate, operational, and strategic objectives are met.</p> <p>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 these systems are working to effectively monitor and manage risks from the perspective of the company's long-term viability and in the context of an annual review of associated risks. This includes:</p> <ul style="list-style-type: none"> <li>Updating the inventory of scope 1, 2, and 3 GHG emissions.</li> <li>Maintaining alignment of the risk matrix with the ISO 31000 Risk Management Principles and Guidelines of the International Organization for Standardization.</li> </ul>
Medium-term	2	5	<p>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.</p> <p>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 these systems are working to effectively monitor and manage</p>

			risks from the perspective of the company's long-term viability and in the context of an annual review of associated risks. These include: Achievement of no methane emissions by 2026. The company's risk matrix is aligned with the ISO 31000 Risk Management Principles and Guidelines of the International Organization for Standardization.
Long-term	5	10	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 these systems are working to effectively monitor and manage risks from the perspective of the company's long-term viability and in the context of an annual review of associated risks. These include: Reduce Co2 emissions by 50% (Scope 1 and Scope 2) compared to a 2022 baseline in 2030 and Carbon Neutrality in 2050. The company's 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-related risks that have been recognized by the internal teams). These two quantifiable metrics define if a risk has substantive financial or strategic impacts as follows:

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

The severity in environmental terms is qualified as the internal or external damage of the facilities that the company may have, affectations to natural resources or surrounding communities..

A substantive impact is one that has a severity greater than 4 and a probability of impact of 0.25

- Probability of incidence

The Board of Directors and Canacol's leadership team regularly monitor the risk matrix to identify climate-related risks 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 the company's 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: **prioritizes and assesses the likelihood, impact (cost + benefit), and timeframe (proximity of climate-related risks)**, while ensuring its integration into the company's Enterprise Risk Management system (ERM).

## C2.2

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

---

#### Value chain stage(s) covered

Direct operations  
Upstream  
Downstream

#### Risk management process

Integrated into multi-disciplinary company-wide risk management process

#### Frequency of assessment

More than once a year

#### Time horizon(s) covered

Short-term  
Medium-term  
Long-term

#### Description of process

Climate-related risks are identified and managed through the company's Enterprise Risk Management (ERM) system. The company included climate-related risks and opportunities into the centralized integrated risk management process where previously identified climate-related risks were decentralized and separated by business units within specific business processes and team strategies. The centralization of the activities and actions to identify, assess, and mitigate possible climate-related risks encompasses all aspects of the company's commercial and operational strategies, increasing efficiency. Centralization of the risk management process ensures that all climate-related risks are reported to the Executive Committee and the Board of Directors' Audit Committee. Some other actions the company has taken to ensure the correct risk management systems and processes are in place include:

- Arranged training sessions for employees to strengthen risk management knowledge and skills. The training sessions emphasized the crucial role of risk management in achieving company objectives.
- Risk management is an agenda item in the weekly planning meeting, led by the Country Manager and the Chief Operating Officer (COO). The purpose of the meetings

is to review and socialize potential risks to business continuity and operations. The company implements a multi-year work plan by area, based on the risks identified in the three main ESG priorities .

•In 2022, the company disclosed its climate-related risks in the company's inaugural TCFD report.

The time horizons covered are short-term from 0-2 years, medium term from 2-5 years and long term from 5 -10 years with a frequency more than once a year..

## C2.2a

### (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, Canacol is subject to many environmental regulatory requirements. This is due to increasing public and governmental concerns regarding climate change. Colombia's current carbon tax (\$5 USD/tCO <sub>2</sub> ) 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 monitors the current regulation and through the Finance (tax) team understands and analyzes the implications for clients and their business (sales).
Emerging regulation	Relevant, always included	Canacol constantly assesses possible new updates to 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 potential new environmental laws and regulations, Canacol through the joint collaboration of the Finance, Legal, Operational, and ESG teams are currently working on: <ol style="list-style-type: none"> <li>1. Evaluating and defining the incorporation of an internal carbon price within investment decisions.</li> <li>2. Assessing the Possible implementation of carbon market schemes.</li> <li>3. Defining a roadmap to carbon neutrality in the short, medium, and long term based on current and forecasted GHG emissions. The roadmap takes into consideration the potential need to align with the carbon tax in Colombia.</li> <li>4. Identifying and monitoring possible new requirements/restrictions in future Exploration &amp; Production Licenses that could potentially affect the company's business plans and investments.</li> <li>5. Conducting an assessment to determine and anticipate new restrictions on offsetting GHG emissions for upstream exploration and production activities that would directly affect the company's value chain.</li> <li>6. Colombia joined the World Bank's Zero Routing Flaring by 2030</li> </ol>

		initiative, which aims to stimulate a cooperative environment for the application of new technologies, financial agreements, and joint work to contribute to decarbonization.
Technology	Relevant, sometimes included	<p>Canacol depends on the reliability and security of its information technology systems to conduct exploration, development, and production activities, process operating data, and communicate with employees and business partners, among other activities related to its business. Two identified, assessed, and monitored technological risks are:</p> <ol style="list-style-type: none"> <li>1. Information technology systems may fail or have other significant shortcomings due to operating system flaws or employee misuse, tampering, and/or manipulation.</li> <li>2. Canacol may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss, and/or destruction of proprietary and other information.</li> <li>3. Canacol's practice is fully aligned with ISO IEC 27000/2013 standards.</li> </ol> <p>Any of these occurrences could disrupt the business (demand response), resulting in potential liability or reputational damage, and/or adverse effect on Canacol's financial results.</p> <p>To effectively mitigate this associated risk the company has put in place an expert team that works in cooperation with the operational, finance, and other supporting business units. In addition, operational efficiency and technology are key drivers of change in the company's low carbon roadmap.</p>
Legal	Relevant, always included	<p>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, restoration obligations, and/or costs and other damages and liabilities. The Company may also be required to take corrective actions, 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 Company's operations and subject it to administrative, civil, and criminal penalties, including the assessment of natural resource damages. The Company 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 Company's future business prospects could deteriorate, and its profitability could be impaired by costs of compliance, remedy, or the indemnification of our employees.</p>



Market	Relevant, always included	<p>The O&amp;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, as natural gas demand increases (expected to grow 4% annually from 2020 to 2033) and the country phases out oil and coal as sources of energy. Natural gas represents 98% of Canacol's production and the future demands for energy from renewable sources can present both a risk and opportunity.</p> <p>Understanding current and predicting future needs of the country, Canacol began the production and sale of LNG in 2021. The company is currently evaluating renewable energy projects to further diversify its portfolio.</p>
Reputation	Relevant, always included	<p>The growing concerns and activism regarding climate change and the energy transition bring challenges and opportunities to the Oil and Gas sector. Recognizing the need for a 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 stakeholder 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 maintain its position as a leader in ESG. Canacol's carbon emission intensities were 50 % lower on average than its gas focused peers (and 80% lower on average than oil focused peers) in North and South America. In 2022, Canacol disclosed its climate-related risks in the company's inaugural TCFD report.</p>
Acute physical	Relevant, always included	<p>The risk of extreme weather events is considered by the company in all its operations, especially in field activities. Mitigation measures have been developed by the Infrastructure, Maintenance, and HSE teams. These teams constantly monitor and assess water levels and biodiversity losses to reduce the impact of the business in these areas. The company recognizes that extreme weather events such as droughts and floods can bring numerous challenges to the operations due to the potential disruption of resources for critical processes such as municipal water supply and business infrastructure.</p> <p>Canacol's integrated management of water promotes the efficient use and prevention of possible risks and damages to the environment. In 2021, the company 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. Canacol maintains a commitment of no withdrawals or consumption of water in regions considered to have high water stress.</p>
Chronic physical	Relevant, always included	<p>Natural gas is important in the country's energy transition and coupled with the geographic position of Colombia (vulnerability ENSO), some long-term changes of climate patterns have been identified and evaluated by Canacol to take advantage of opportunities and mitigate</p>

		possible risks. Canacol's Sales and Operation teams, include those risks and opportunities 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)

**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

**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**

Long-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)**

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

9,090,000

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

18,180,000

**Explanation of financial impact figure**

The potential financial impact figure would be an approximate of the sales affected by the reduction of purchases from other companies during the rainy season. The financial impact varies according to the year and the sales forecast. The total cost to response the risk in between \$ 9,090,000 and \$18,180,000 USD .The financial impact is calculated as a gas sales and gas demand.

**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 of the Sales and Financial teams. Since 2021 the company developed adjusted annual demand/sales plans which included climate variability (rainy seasons) as a model variable to create different sales scenarios and its impact on sales and revenues.

**Comment**

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

---

**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

**Primary potential financial impact**

Increased direct costs

**Company-specific description**

Over the last couple of years, Colombia has introduced several environmental taxes, such as the carbon tax. The tax basis and rate depend on the amount of carbon dioxide generated by fossil fuel combustion, adjusted for inflation each year. The carbon tax must be paid by the purchaser. Currently, Canacol is not subject to this as the company is a producer. However, according to the latest analysis conducted by ASOCARBONO

(Colombian carbon market association), the current tax in place will not be sufficient to achieve the country's commitment to reduce emissions by 51% by 2030. This will possibly result in 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 will be disclosed by the end of 2023.

**Time horizon**

Long-term

**Likelihood**

Very likely

**Magnitude of impact**

High

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

Yes, an estimated range

**Potential financial impact figure (currency)**

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

91,995

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

275,985

**Explanation of financial impact figure**

Emerging regulation on 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 the fiscal year. The company has not defined an internal carbon price to estimate the financial impact and cost this could represent. But, the calculation of the financial impact was calculated with the present value and future value of the tax .

5 USD/per ton = 91,995

15 USD/per ton = 275,985

**Cost of response to risk**

790,000

**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 \$5-15 USD. The company understands that the most significant action currently is to define a reduction plan that can reduce emissions. The company has focused on evaluating possible abatement projects and presented 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 was presented after the decarbonization strategy

and low carbon plan were approved by the ESG Committee.  
Cost of response to risk assuming an offset of 100% of Scope I and II emissions 2022  
(~18,399 tonnes CO<sub>2</sub>e):  
5 USD/per ton = 91,995  
15 USD/per ton = 275,985

#### **Comment**

Cost of response to risk assuming an offset of 100% of Scope I and II emissions 2022  
(~18,399 tonnes CO<sub>2</sub>e):  
5 USD/per ton = 91,995  
15 USD/per ton = 275,985

## **C2.4**

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

Yes

### **C2.4a**

**(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, that converts 2.4 million standard cubic feet per day (46 tons per day) of gas into LNG. LNG is sold to a third party at the main production plant gate, where it is distributed to customers via trucks. LNG can replace diesel, fuel oil, compressed gas, propane, and other fuels, and has advantages such as 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.

The hydrological periods of lost flow affect the generation of energy in the country, LNG is presented as an alternative source of energy supply. This business can earn approximately US\$600,000 per day.

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 in 2022 represented 35% of total energy-related emissions and has increased steadily by 2% every year. LNG is a cleaner choice for heavy transport such as trucks as it allows a higher mass-based energy density compared to 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)**

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

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

**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 resulting in additional sales for the company. The company cannot currently disclose the potential financial impact figure.

**Cost to realize opportunity**

0

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

The LNG market in Colombia is very limited, but it is forecasted for increased growth in the medium term. Canacol built the first production LNG plant with intermediate storage capacity and a possibility to expand capacity at no higher cost. The company also has within its portfolio of future projects the construction of a greater LNG plant that could result in the reduction of production costs and an increase in the company's gas sales.

**Comment**

Expanding LNG sales capacity in addition to yielding positive financial impacts also allows for the leveraging of poverty reduction and climate change strategies. In Colombia, there are many populated centers and rural communities where it is not technically or economically viable to supply natural gas via pipelines. Many of these communities still cook with wood due to the high cost of electricity. The replacement of wood and some liquid fuels with natural gas (Gasoline, fuel oil, etc.) has great social and environmental benefits. It reduces the frequency of respiratory diseases and generates opportunities for value creation in communities when used in small businesses (bakeries, restaurants, etc.). It also generates less air pollution than traditional fuel sources.

---

**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 implemented an energy transformation process in its gas operations by minimizing the need for other fossil fuels and optimizing the efficiency of natural gas as the principal fuel in the company's operations. In all production and development wells, the company utilizes solar panels, which reduces diesel consumption for power generation. With the ambition of YoY increase in renewable and low/null carbon sources of energy for the next 5 years, the company has determined that all remote locations (production and development wells) should use solar power. In 2022, the company increased solar energy usage by 38%, installing photovoltaic systems in 100% of new well sites as well as the offices of 5 gathering facilities. Current plans include the development of a 1.8 MW solar farm for auto-generation that will supply the electricity demand of the main company's site (Jobo) which will remove at least 2,000 tons of CO<sub>2</sub>e that would otherwise be produced from standard fossil fuel energy generation.

**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)**

1,000,000

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

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

**Explanation of financial impact figure**

The Climate Management Committee by instruction of the CEO is evaluating the financial and environmental impact of implementing a small-sized renewable energy project in line with the company's energy consumption (1.8 MW) to partially reduce carbon emissions produced by the energy generation from 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 of US\$20.7/ton.

**Cost to realize opportunity**

2,000,000

**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 technologies and renewable energy projects to be implemented and achieve significant reductions in the company's emissions. The most immediate renewable project the company is currently developing is the use of photovoltaic systems for auto-generation. By 2023, the company aims to replace the energy consumption of the main facility to solar energy after installing such models 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 (1.8 MW) to partially reduce the carbon emissions produced by the auto-generation powered by natural gas.

**Comment**

Cost, financial impact, and emissions reductions have been evaluated and defined based on current energy demand, emissions, and business proposals the company has received from 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. The implementation of an on-site solar project for the Company is the best possible alternative to compensate for the company's carbon emissions. In line with Colombia's emissions goals, Canacol is evaluating different alternatives to reduce and compensate emissions associated with its gas production. The company is currently evaluating the technical viability to implement by 2030 a 22MW solar project in line with the company's decarbonization and diversification plans to produce low carbon products and create renewable platforms.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

2,580,000

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

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

**Explanation of financial impact figure**

Canacol evaluated this renewable energy generation opportunity to compensate current operational carbon emissions and 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 and pursue a smaller project with less legal requirements. Impact figures were

calculated for the reduction of emissions that the project could have (102.6 USD/ton CO<sub>2</sub>e) but is missing the real price of kW sold (revenue the company could generate).

**Cost to realize opportunity**

5,880,000

**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 22MW solar farm in a municipality where the company operates. Canacol's Management Climate Committee is constantly evaluating different aspects of the project and presented at the end of 2022 the best alternative to be approved by the Board (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 figures were calculated considering development and implementation costs but excluded the land cost.

**Comment**

Tax incentives promoted by the Colombian government stipulated in Law 1715 of 2014, were not included in the cost and financial impact figures. However, Canacol acknowledges that a 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 climate transition plan that aligns with a 1.5°C world?**

**Row 1**

---

**Climate transition plan**

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

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

Canacol recognizes the importance of aligning with a 1.5C world. Canacol has developed a 2022 emissions baseline and has forecasted future 2023 emissions to further its 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 government's

ambition of reducing GHG emissions by 51% by 2030. In 2026 the Company expects to achieve zero methane emissions and reduce CO2 emissions by 50% (Scope 1 and Scope 2) compared to a 2022 baseline in 2030 and Carbon neutrality in 2050. In addition, while Canacol has not developed a transition plan the corporation is working with an external consultant to develop climate scenario analyses aligned with the 1.5C and 2.0C warming models to further align the Company with the goals of the Paris Agreement. This will be reported at the end of 2023 in the Company's TCFD report. Furthermore, the Company has continued its agreement with the NATURGAS road to carbon neutrality. This milestone further consolidates and strengthens Canacol's industry commitments and practices towards carbon neutrality in 2030 and 2050.

## 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	
Row 1	Yes, qualitative, but we plan to add quantitative in the next two years

## C3.2a

**(C3.2a) Provide details of your organization's use of climate-related scenario analysis.**

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios IEA STEPS (previously IEA NPS)	Company-wide		Canacol has chosen to model the Stated Policies Scenario (STEPS) detailed in the International Energy Agency's (IEA's) 2021 World Energy Outlook (WEO).  A (Stated Policies Scenario) reflects current policy settings based on a sector-by-sector and country-by-country assessment of the specific policies that are in place, as well as those that have been announced by governments around the world.

## C3.2b

**(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.**

Row 1

### Focal questions

\*How the company is positioned within the announced national commitments to reduce greenhouse gas emissions.

- \*Projections of future greenhouse gas emissions under the stated policy scenario.
- \*The role of gas in the energy transition
- \*How climate risks affect business.

**Results of the climate-related scenario analysis with respect to the focal questions**

The role of gas in the energy transition: Gas plays a complex role in the energy transition. While it is considered a lower carbon fossil fuel compared to coal and oil, it still contributes to GHG emissions. In the transition to a more sustainable energy system, gas can serve as a bridging fuel, particularly in sectors where electrification or renewable alternatives are not yet feasible or economically viable. For the first time, oil demand begins its decline in all scenarios analyzed in the WEO 2021. In the STEPS scenario, demand peaks in the mid-2030s and the decline is very gradual. In the APS scenario, demand peaks shortly after 2025 and then declines to 75 million barrels per day (mb/d) by 2050. To meet the requirements of the NZE scenario, oil consumption must decline to 25 mb/d by mid-century. The demand for natural gas increases in all these scenarios over the next five years, but after this period there are marked divergences. As the transition to clean energy accelerates, many factors affect how far, how long, and to what extent natural gas retains its place as a key energy generation producer.

How climate risks affect business: Canacol has identified and assessed the climate-related physical and transition risks at the group level and outlines the Company's mitigating actions. Canacol undertook a group-level exercise involving the directors and heads of the ESG team and business units to assess the impact and likelihood of both physical and transition risks. This climate-related risk assessment involved leveraging the latest climate science in the context of Colombia's climate landscape, to review the implications and mitigating actions. Canacol has identified three key physical and transition risks as priorities. In the STEPS scenario, the frequency of extreme heat events would double between 2023 and 2050 and increase in frequency by 120%. This would affect grid and power plant performance, as well as increase the strain on cooling systems. For this reason, Canacol will continue to analyze and assess its climate risks in order to understand and anticipate their impacts on the business.

**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 more environmentally friendly 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 66,610 tons of CO2e, which represents 0.07% of total 2022 national emissions. (Colombia's annual CO2 emissions on <a href="https://ourworldindata.org/co2/country/colombiacountry=~CL">https://ourworldindata.org/co2/country/colombiacountry=~CL</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 improving 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: <ol style="list-style-type: none"> <li>1. All internal contract managers (employees and executives) are trained on corporate ESG guidelines and related policies.</li> <li>2. Bidder compliance with ESG criteria is evaluated through document review. Lack of compliance is rectified, or the bidder is disqualified.</li> <li>3. Sustainability strategy, key indicators, opportunity and risk metrics, ESG compliance, and organizational structure are all examined.</li> </ol> Additional ESG criteria and climate-related risks are integrated into our supplier selection and evaluation processes. These criteria include compliance and periodic reporting of emissions 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) as drivers of change. The Company's low carbon roadmap includes investments for the application of new technologies and R&D. The Company also want to promote a culture of innovation. The Operational and Human Talent teams will develop a monetary and non-monetary incentive 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 in achieving 50% lower direct emissions intensity

		<p>than gas focused peers (and more than 80% lower on average than oil focused peers) in North and South America.</p> <p>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. This power plant is supplied by natural gas from the Company's own operations. Evaluation and coordination of electricity loads has significantly improved energy efficiency. Furthermore, Canacol has implemented solar panels at isolated operations.</p>
--	--	---

### 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	<p>Climate-related risks and opportunities have influenced financial planning:</p> <ol style="list-style-type: none"> <li>1. 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 impacts Canacol's financial planning.</li> <li>2. Natural gas composed 98% of Canacol's resource portfolio in 2022.</li> <li>3. Currently developing the decarbonization plan, which takes into account the investment cost of the projects and solutions that will allow it to meet decarbonization goals and optimize energy efficiency.</li> </ol>

### C3.5

**(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?**

	Identification of spending/revenue that is aligned with your organization's climate transition
Row 1	No, but we plan to in the next two years

## 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	<p>Built and externally verify a complete (Scope 1, 2, and 3 emissions) 2021 baseline of the company's GHG emissions and a forecast of the following 5 years.</p> <p>For 2022 the total emissions (Scope 1 and 2) were 85,009 tons Co2e.</p> <p>By 2023 and 2024, expected emissions of 153,538 tons Co2e.</p> <p>By 2025-2028, expected emissions of 186,195 tons Co2e.</p> <p>Emission forecasts are based on gas production modeling.</p>	<p>Since 2019 Canacol has been quantifying Scope 1 and 2 emissions with the objective to systematically controlling and monitoring emissions. However, in 2020 after an annual Senior Management meeting, the Company identified the need to externally quantify and verify a GHG emissions baseline with the purpose of restating the excellent GHG emissions intensity performance of the Company and establish 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 to develop a 2022 – 2030 GHG projected emissions. Canacol has an externally verified GHG emissions inventory and expanded GHG corporate inventory's coverage (including all relevant categories of scope 3). These developments have allowed the Operational and support areas to work together to build a cross-functional process to quantify emissions that are recognized and validated across the Company. In 2022, Canacol maintained its greenhouse gas emissions inventory certified by a third-party expert and the calculations were performed for scope 1, 2, and 3 emissions. The Management Climate Committee is currently developing a robust (targets, activities, and programs) low carbon plan that will be aligned with global and national agendas as well as the TCFD recommendations. The plan will be revised and approved by the CEO and the ESG Committee in 2023, Canacol pledged to reach carbon neutrality by 2050 (scope 1 &amp; 2) and to reduce 50% of its CO2e emissions by 2035 compared to 2022 baseline (scope 1 &amp; 2).</p>

## C4.2

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

Target(s) to reduce methane emissions

## 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**

2022

**Target coverage**

Company-wide

**Target type: absolute or intensity**

Absolute

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

Methane reduction target  
Total methane emissions in CO<sub>2</sub>e

**Target denominator (intensity targets only)**

**Base year**

2022

**Figure or percentage in base year**

22,472

**Target year**

2026

**Figure or percentage in target year**

0

**Figure or percentage in reporting year**

0

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

100

**Target status in reporting year**

Underway

**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 was implemented in March 2022. Emissions reductions associated with the instrumentation system change will be quantified and disclosed during 2022. Canacol plans to achieve zero methane by 2026.

**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**

Canacol plans to achieve zero methane by 2026.

Forecast methane emissions:

In 2022, methane emissions were 22,472 tons CO<sub>2</sub>e. By 2024 - 2025, 41,955 tons CO<sub>2</sub>e are expected based on gas production projections. Canacol's planned fugitive emissions project will decrease expected emissions to 22,216 tons CO<sub>2</sub>e. By 2025 - 2026, 50,273 tons CO<sub>2</sub>e are expected and with the implementation of the fugitive emissions project expected methane emissions will decrease to 28,686 tons CO<sub>2</sub>e in 2025 and 0 tons CO<sub>2</sub>e by 2026.

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

The target covers all activities under the control of Canacol. In 2022, the Company continued its development of its robust and resilient low carbon strategy that considers climate-related risks and opportunities to effectively respond and progressively adapt to the energy transition.

The strategy includes achieving zero methane emissions by 2026 compared against a 2022 baseline.

Recognizing the relevance of methane emissions in the company's operations, during the last year Canacol implemented actions to reduce emissions:

1. Mitigated the direct release of natural gas into the atmosphere (venting) by utilizing controlled combustion (flaring). In 2022, zero points were identified for direct venting.
2. Inspected locations to identify possible gas leaks or venting and installed detectors to identify possible large-scale gas leaks that could cause explosions or fires.
3. Proactively conducted thermal imaging reviews every 6 months and regular onsite inspections for leak monitoring.
4. Increased flaring efficiency by 90%, through the installation of a pilot light at one of the substation's flares.

In 2022, Canacol quantified its fugitive emissions through a third-party according to the 2006 IPCC guidelines. This resulted in an increase in the company's GHG intensity in scope 1 and scope 2 emissions to previous years. The low carbon strategy includes achieving zero methane emissions by 2026 compared to a 2022 baseline

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

## 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	1	17,972
To be implemented*	2	4,188
Implementation commenced*	1	319
Implemented*	0	0
Not to be implemented	0	0

### C4.3b

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

**Initiative category & Initiative type**

Fugitive emissions reductions  
Oil/natural gas methane leak capture/prevention

**Estimated annual CO2e savings (metric tonnes CO2e)**

0

**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)**

0

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

3-5 years

**Comment**

Fields marked 0 indicate that the initiative has not been implemented. The actions to achieve the initiative include:

- \*Updating and adjusting the methane emissions inventory.
- \*Continuous implementation of the Monitoring System.
- \*Quick leaks identification of current leaks.
- \*Development of alternatives for zero flaring and improvement of energy efficiency.

**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 technological innovation and operational expertise. The carbon neutrality roadmap the Company is designing encompasses short-, medium-, and long-term actions (with specific activities, costs, and investments) including: <ol style="list-style-type: none"> <li>1. Leak detection and repair to eliminate fugitive emissions</li> <li>2. Flare efficiency and reduction</li> <li>3. Expansion of renewable energy projects</li> </ol>
Dedicated budget for low-carbon product R&D	Canacol recognizes the great opportunities related to future technology and R&D investments. The Company promotes employees and management teams efforts in this field and maintains a dedicated budget allocated to external R&D consultancy, training, and technology updates.
Employee engagement	Established key performance metrics that target innovation for production teams and employees that are reviewed by the Management team with the purpose of boosting innovation, creativity, and efficiency.

**C4.5**

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

Yes

**C4.5a**

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.**

---

**Level of aggregation**

Product or service

**Taxonomy used to classify product(s) or service(s) as low-carbon**

No taxonomy used to classify product(s) or service(s) as low carbon

**Type of product(s) or service(s)**

Other

Other, please specify

Natural Gas

**Description of product(s) or service(s)**

Natural gas is the fossil fuel with the lowest environmental impact of all those used in the extraction, processing, transportation, and utilization stages. Natural gas is a natural progression in the energy transition from heavier burning fossil fuels. According to NATURGAS, the resource reduces up to 99% of fine particulate matter and sulfur oxides. It also reduces nitrogen dioxides by 70%. Likewise, the gas contributes to a 30% to 50% reduction in carbon dioxide emissions when compared to other fuels such as coal, wood, gasoline, and diesel.

(LNG)

We operate a micro-Liquefied Natural Gas (LNG) plant, converting 2.4 million standard cubic feet per day (46 tons per day<sup>8</sup>) of gas to LNG. This LNG is sold to a third party at the Jobo plant gates, where it is distributed to customers via trucks. LNG can replace diesel, fuel oil, compressed gas, propane, and other fuels, and has competitive advantages such as lower cost and lower emissions.

**Have you estimated the avoided emissions of this low-carbon product(s) or service(s)**

No

**Methodology used to calculate avoided emissions**

**Life cycle stage(s) covered for the low-carbon product(s) or services(s)**

**Functional unit used**

**Reference product/service or baseline scenario used**

**Life cycle stage(s) covered for the reference product/service or baseline scenario**

**Estimated avoided emissions (metric tons CO<sub>2</sub>e per functional unit) compared to reference product/service or baseline scenario**

**Explain your calculation of avoided emissions, including any assumptions**

**Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year**

98

## **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 installs detectors at the plants to identify possible large-scale gas leaks that could cause explosions or fires. The Company proactively conducts thermal imaging reviews and onsite inspections for leak monitoring by a third-party. The strategy includes achieving zero methane emissions by 2026 compared against a 2022 baseline. The actions to achieve this plan include:

- \*Updating and adjusting the methane emissions inventory.
- \*Quick leaks identification of current leaks.
- \* Abatement Planning and Implementation.
- \*Continuous implementation of the Monitoring System.
- \*Developing best alternatives for zero flaring and improving energy efficiency.

Result" (STAR) approach:

- 1) Situation: Unintentional fugitive emissions of gas to the atmosphere in equipment and processes, due to loss of containment due to corrosion, installation or assembly problems, wear of seals or gaskets, manufacturing defects or poor quality of components, or operating conditions outside design limits. For example: leaks in threaded connections, instruments or valves.
- 2) Task: Detection and quantification of fugitive emissions at Canacol's production and processing facilities.
- 3) Action: The detection of hydrocarbon vapor emissions is based on the Optical Gas Imaging (OGI) technique which allows direct visualization of hydrocarbon gas emissions (normally invisible to the human eye). This technique is accepted as an alternative work practice (40 CFR § 65.7) in Leak Detection and Repair (LDAR) programs by the United States Environmental Protection Agency (US EPA) and is widely used in Oil and Gas stations and plants around the world.
- 4) Result: Direct measurement is performed with a high flow sampler (Bacharach Hi Flow Sampler), which provides an indication of the methane leak or vent flow rate (in dm<sup>3</sup>/min) with a range from 0.1 - 230dm<sup>3</sup>/min of CH<sub>4</sub> and a permissible error of 10%. For very small sources (flow rate less than 0.1dm<sup>3</sup>/min), the concentration is determined in parts per million (ppm) using a SENSIT HXG-3 detector, and is set as "NO LEAK" for those whose concentration is

less than 10,000ppm (US EPA Method 21). If it exceeds 10,000ppm, it is set as default leakage flow rate: 0.1 dm<sup>3</sup>/min.

Subsequently, a classification of gas leaks into three grades is made, according to the evaluation of their magnitude based on the criteria of the Gas Pipeline and Technology Committee (GPTC) of the United States.

Finally, the component where the leak is located is identified and the leak is repaired.

## 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.**

Canacol quantified its fugitive emissions through a third-party according to the 2006 IPCC guidelines. This resulted in the company's GHG emissions intensity increase compared to previous years. Quantifying the company's fugitive emissions resulted in the learning and understanding of the relevance of fugitive emission prevention and repair activities, which have accounted for 27.25% of total emissions. As a result, since November 2021, the operational-maintenance team is leading the Leak Detection and Repair program which consist of internal activities that use an infrared camera, reference Opgal EyeCGas 2.0, and use the optical gas imaging technique (Optical Gas Imaging -OGI) to identify fugitive emissions. This method enables direct visualization of the emissions. As an additional step, the Company contracted an external expert to conduct regular assessments and measures of vents and leaks on-site. Canacol's 2022 GHG inventory will account for and measure on-site measured fugitive emissions. Canacol will be the first Colombian E&P company to implement these actions and commitments.

Result" (STAR) approach:

- 1) Situation: Unintentional fugitive emissions of gas to the atmosphere in equipment and processes, due to loss of containment due to corrosion, installation or assembly problems, wear of seals or gaskets, manufacturing defects or poor quality of components, or operating conditions outside design limits. For example: leaks in threaded connections, instruments or valves.
- 2) Task: Detection and quantification of fugitive emissions at Canacol's production and processing facilities.

3) Action: The detection of hydrocarbon vapor emissions is based on the Optical Gas Imaging (OGI) technique which allows direct visualization of hydrocarbon gas emissions (normally invisible to the human eye). This technique is accepted as an alternative work practice (40 CFR § 65.7) in Leak Detection and Repair (LDAR) programs by the United States Environmental Protection Agency (US EPA) and is widely used in Oil and Gas stations and plants around the world.

4) Result: Direct measurement is performed with a high flow sampler (Bacharach Hi Flow Sampler), which provides an indication of the methane leak or vent flow rate (in dm<sup>3</sup>/min) with a range from 0.1 - 230dm<sup>3</sup>/min of CH<sub>4</sub> and a permissible error of 10%. For very small sources (flow rate less than 0.1dm<sup>3</sup>/min), the concentration is determined in parts per million (ppm) using a SENSIT HXG-3 detector, and is set as "NO LEAK" for those whose concentration is less than 10,000ppm (US EPA Method 21). If it exceeds 10,000ppm, it is set as default leakage flow rate: 0.1 dm<sup>3</sup>/min.

Subsequently, a classification of gas leaks into three grades is made, according to the evaluation of their magnitude based on the criteria of the Gas Pipeline and Technology Committee (GPTC) of the United States.

Finally, the component where the leak is located is identified and the leak is repaired.

## 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. Since 2020 Canacol has increased flaring efficiency by 90%, via the installation of a pilot at one of the substation flares. Colombia joined the World Bank's Zero Routing Flaring by 2030 initiative, which aims to stimulate a cooperative environment for the application of new technologies, financial agreements, and joint work to contribute to decarbonization. The Oil & Gas Methane Partnership 2.0 (OGMP 2.0) is the flagship oil and gas reporting and mitigation programme of the United Nations Environment Programme (UNEP). It is the only comprehensive, measurement-based international reporting framework for the sector. Canacol plans to achieve zero routing flaring by 2030.

## 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

**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?	
Row 1	No

**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 CO<sub>2</sub>e)**

64,846

**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 CO<sub>2</sub>e)**

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**

This category does not apply to Canacol due to the nature of the business.

**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)**

3,950,835

**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)**

240,930

**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**

January 1, 2021

**Base year end**

December 31, 2021

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

0

**Comment**

This category does not apply to Canacol due to the nature of the business.

**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)**

11,840

**Comment**

No comment

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

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

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

0

**Comment**

This category does not apply to Canacol due to the nature of the business.

**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)**

3,696,489

**Comment**

No comment

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

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

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

0

**Comment**

This category does not apply to Canacol due to the nature of the business.

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

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

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

0

**Comment**

This category does not apply to Canacol .

**Scope 3 category 14: Franchises**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

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

0

**Comment**

This category does not apply to Canacol due to the nature of the business.

**Scope 3 category 15: Investments**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

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

0

**Comment**

This category does not apply to Canacol ,

**Scope 3: Other (upstream)**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

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

0

**Comment**

This category does not apply to Canacol.

**Scope 3: Other (downstream)**

---

**Base year start**

January 1, 2021

**Base year end**

December 31, 2021

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

0

**Comment**

This category does not apply to Canacol .

## C5.3

**(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

### C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO<sub>2</sub>e?

#### Reporting year

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

85,009

**Start date**

January 1, 2022

**End date**

December 31, 2022

**Comment**

Scope 1 emissions are defined as GHG emissions that include all activities in direct operations. Scope 1 emissions were calculated according to the GHG Protocol. Estimated fugitive emissions (IPCC, 2006) and Rancho Hermoso oil (Canacol's operational control) associated emissions, were included in this baseline year.

#### Past year 1

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

64,871

**Start date**

January 1, 2021

**End date**

December 31, 2021

**Comment**

Scope 1 emissions are defined as GHG emissions that include all activities in direct operations. Scope 1 emissions were calculated according to the GHG Protocol. Estimated fugitive emissions (IPCC, 2006) and Rancho Hermoso oil (Canacol's operational control) associated emissions, were included in this baseline year.

#### Past year 2

---

**Gross global Scope 1 emissions (metric tons CO<sub>2</sub>e)**

64,872

**Start date**

January 1, 2020

**End date**

December 31, 2020

**Comment**

Scope 1 emissions are defined as GHG emissions that include all activities in direct operations. Scope 1 emissions were calculated according to the GHG Protocol. Estimated fugitive emissions (IPCC, 2006) and Rancho Hermoso oil (Canacol's operational control) associated emissions, were included in this baseline year.

**Past year 3**

---

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

24,043

**Start date**

January 1, 2019

**End date**

December 31, 2019

**Comment**

Scope 1 emissions are defined as GHG emissions that include all activities in direct operations. Scope 1 emissions were calculated according to the GHG Protocol. Estimated fugitive emissions (IPCC, 2006) and Rancho Hermoso oil (Canacol's operational control) associated emissions, were included in this baseline year.

## C6.2

### (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**

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

**Comment**

Canacol's scope 2 emissions were generated from energy purchases from the National Interconnected System (SIN) for Bogotá office operations. Canacol's production facilities generate their own energy for consumption.

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

## C6.3

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO<sub>2</sub>e?**

### Reporting year

---

**Scope 2, location-based**

22.56

**Start date**

January 1, 2022

**End date**

December 31, 2022

**Comment**

Canacol's scope 2 emissions were generated from electricity purchases from the National Interconnected System (SIN) for Bogota office operations. Canacol reduced 2.44 tons CO<sub>2</sub>e compared to 2021.

### Past year 1

---

**Scope 2, location-based**

25

**Start date**

January 1, 2021

**End date**

December 31, 2021

**Comment**

Canacol's scope 2 emissions were generated from electricity purchases from the National Interconnected System (SIN) for Bogota office operations.

### Past year 2

---

**Scope 2, location-based**

46

**Start date**

January 1, 2020

**End date**

December 31, 2020

**Comment**

Canacol's scope 2 emissions were generated from electricity purchases from the National Interconnected System (SIN) for Bogota office operations.



### Past year 3

---

#### Scope 2, location-based

52

#### Start date

January 1, 2019

#### End date

December 31, 2019

#### Comment

Canacol's scope 2 emissions were generated from electricity purchases from the National Interconnected System (SIN) for Bogota office operations.

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 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 CO<sub>2</sub>e)

31,212

#### Emissions calculation methodology

Hybrid method

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

100

#### Please explain

This category includes all upstream (i.e., cradle-to-gate) emissions from the production of products purchased or acquired by the reporting company in the reporting year. Products include both goods (tangible products) and services (intangible products). For Canacol the products purchased were: Cement, chemical additives, quarried material, pipes, electrical and installation cables and others.

## Capital goods

---

### Evaluation status

Relevant, calculated

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

8,772

### Emissions calculation methodology

Spend-based method

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

100

### Please explain

This category includes all upstream (i.e., cradle-to-gate) emissions from the production of capital goods purchased or acquired by the reporting company in the reporting year. Emissions from the use of capital goods by the reporting company are accounted for in either scope 1 (e.g., for fuel use) or scope 2 (e.g., for electricity use), rather than in scope 3.

For Canacol the capital goods purchased were: gas compressor, production separators, Tea and others).

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

---

### Evaluation status

Relevant, calculated

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

74.28

### Emissions calculation methodology

Fuel-based method

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

100

### Please explain

This category includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2.

For Canacol the fuels used in the account were: coal, gasoline, fuel oil, natural Gas, and ACPM.

## Upstream transportation and distribution

---

### Evaluation status

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

544.63

**Emissions calculation methodology**

Distance-based method

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

100

**Please explain**

- Transportation and distribution of products purchased in the reporting year, between a company's tier 1 suppliers and its own operations in vehicles not owned or operated by the reporting company (including multi-modal shipping where multiple carriers are involved in the delivery of a product but excluding fuel and energy products).
- Third-party transportation and distribution services purchased by the reporting company in the reporting year (either directly or through an intermediary), including inbound logistics, outbound logistics (e.g., of sold products), and third-party transportation and distribution between a company's own facilities.

**Waste generated in operations**

---

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO<sub>2</sub>e)**

126.25

**Emissions calculation methodology**

Waste-type-specific method

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

100

**Please explain**

Category 5 includes emissions from third-party disposal and treatment of waste generated in the reporting company's owned or controlled operations in the reporting year. This category includes emissions from disposal of both solid waste and wastewater.

For Canacol the total waste disposed (non-hazardous and hazardous residues) was 467 tons, with 118 non-hazardous and 349 hazardous tons.

**Business travel**

---

**Evaluation status**

Relevant, calculated

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

207.99

**Emissions calculation methodology**

Distance-based method

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

100

**Please explain**

This category includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and cars.

---

**Employee commuting**

**Evaluation status**

Relevant, calculated

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

681.04

**Emissions calculation methodology**

Distance-based method

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

100

**Please explain**

This category includes emissions from the transportation of employees between their homes and their worksites.

Emissions from employee commuting may arise from:

- Automobile travel
- Bus travel
- Air travel

---

**Upstream leased assets**

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Not applicable to Canacol's activities.

---

**Downstream transportation and distribution**

**Evaluation status**

Relevant, calculated

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

10,718

**Emissions calculation methodology**

Distance-based method

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

100

**Please explain**

This category includes emissions that occur in the reporting year from transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company.

For Canacol this transportation corresponds to the delivery of Gas.

**Processing of sold products**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Not applicable to Canacol's activities due to the nature of the business.

**Use of sold products**

---

**Evaluation status**

Relevant, calculated

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

3,390,520

**Emissions calculation methodology**

Average product method

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

100

**Please explain**

Use of natural gas.

**End of life treatment of sold products**

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Not applicable to Canacol's activities due to the characteristics of natural gas.

### Downstream leased assets

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

This category does not apply to Canacol due to the activities performed by the Company.

### Franchises

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Canacol does not have any franchises.

### Investments

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

This category does not apply to Canacol due to the nature of the business.

### Other (upstream)

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Does not apply to Canacol's activities.

### Other (downstream)

---

**Evaluation status**

Not relevant, explanation provided

**Please explain**

Does not apply to Canacol's activities.

## C6.5a

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

### Past year 1

---

**Start date**

January 1, 2021

**End date**

December 31, 2021

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

240,929

**Scope 3: Capital goods (metric tons CO2e)**

588.9

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

175.77

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

101.56

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

63.79

**Scope 3: Business travel (metric tons CO2e)**

170.41

**Scope 3: Employee commuting (metric tons CO2e)**

475.67

**Scope 3: Upstream leased assets (metric tons CO2e)**

0

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

11,839

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

0

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

3,696,489

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

0

**Scope 3: Downstream leased assets (metric tons CO2e)**

0

**Scope 3: Franchises (metric tons CO2e)**

0

**Scope 3: Investments (metric tons CO2e)**

0

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

0

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

0

**Comment**

The values with 0 refer to the fact that this category does not apply to the Company.

**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**

6.44

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

64,823

**Metric denominator**

barrel of oil equivalent (BOE)

**Metric denominator: Unit total**

10,339,188

**Scope 2 figure used**

Location-based

**% change from previous year**

52

**Direction of change**

Increased

**Reason(s) for change**

Other, please specify

Canacol's GHG direct emissions inventory experienced an increase in 2022 derived from the growth in natural gas production.

**Please explain**

Canacol's GHG direct emissions inventory experienced an increase in 2022 derived from the growth in natural gas production.



## 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**

4.19

**% change from previous year**

6

**Direction of change**

Increased

**Reason for change**

Canacol's GHG direct emissions inventory experienced an increase in 2022 derived from the growth in natural gas production.

**Comment**

Canacol's GHG direct emissions inventory experienced an increase in 2022 derived from the growth in natural gas production.

## 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**

27.24

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

23.46

**Details of methodology**

Methane emissions were included in the calculations of total Scope 1 emissions.

## C7. Emissions breakdowns

### C7.1

**(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	62,128	IPCC Sixth Assessment Report (AR6 - 100 year)
CH4	18,408.72	IPCC Sixth Assessment Report (AR6 - 100 year)
N2O	24.24	IPCC Sixth Assessment Report (AR6 - 100 year)
HFCs	203.91	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)

41,578

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

3.78

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

41,706

**Comment**

Combustion of stationary sources.

---

**Emissions category**

Fugitives

**Value chain**

Upstream

**Product**

Gas

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

23.94

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

649.83

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

18,154

**Comment**

18,154 tons CO2e estimated fugitive emissions (IPCC 2006) in gas production.

---

**Emissions category**

Fugitives

**Value chain**

Upstream

**Product**

Gas

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

0.05

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

0

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

0.05

**Comment**

Emissions corresponding to fire extinguishers.

**Emissions category**

Flaring

**Value chain**

Upstream

**Product**

Gas

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

6,366

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

0.58

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

6,386

**Comment**

6,386 tons CO2e flared emissions in workover and production in gas operations.

---

**Emissions category**

Combustion (excluding flaring)

**Value chain**

Upstream

**Product**

Oil

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

12,951.58

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

1.64

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

13,022.36

**Comment**

Combustion at Rancho Hermoso scope 1 emissions.

---

**Emissions category**

Fugitives

**Value chain**

Upstream

**Product**

Oil

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

19.51

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

154.1

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

4,318.9

**Comment**

Estimated fugitive emissions (IPCC 2006) from oil production.

---

**Emissions category**

Flaring

**Value chain**

Midstream

**Product**

Oil

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

1,028.77

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

0.123

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

1.032

**Comment**

Emissions from Rancho Hermoso.

---

**Emissions category**

Combustion (excluding flaring)

**Value chain**

Upstream

**Product**

Oil

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

158.03

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

0.02

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

159.09

**Comment**

Combustion of mobile sources.

## C7.2

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

Country/area/region	Scope 1 emissions (metric tons CO2e)
Colombia D <sub>1</sub>	85,009

D<sub>1</sub> GAS FIELDS LOCATED IN CORDOBA AND SUCRE / COLOMBIA

## C7.3

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

By activity

### 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	66,609
Crude Production - Canacol operates the Rancho Hermoso oil field under a participation agreement with Ecopetrol. Ecopetrol 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.	18,399

## 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 CO<sub>2</sub>e.

	Gross Scope 1 emissions, metric tons CO <sub>2</sub> e	Comment
Oil and gas production activities (upstream)	85,009	Upstream activities accounted for all of Canacol's direct Scope 1 emissions with stationary combustion accounting for 72.18% of total emissions. Other emissions source included mobile fuel sources, fire extinguishers, refrigerants, and fugitive emissions.
Oil and gas production activities (midstream)	0	Not applicable to Canacol's business.
Oil and gas production activities (downstream)	0	Not applicable to Canacol's business.

## C7.5

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

Country/area/region	Scope 2, location-based (metric tons CO <sub>2</sub> e)	Scope 2, market-based (metric tons CO <sub>2</sub> e)
Colombia	22.56	0

## 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 CO <sub>2</sub> e)	Scope 2, market-based (metric tons CO <sub>2</sub> e)
----------	---	---

Canacol's operational sites work off-grid, and the Company only purchases electricity for the administrative offices of the Company located in Bogota.	22.56	0
--	-------	---

## C7.7

**(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?**

Not relevant as we do not have any subsidiaries

## 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 CO<sub>2</sub>e.**

	Scope 2, location-based, metric tons CO <sub>2</sub> e	Scope 2, market-based (if applicable), metric tons CO <sub>2</sub> e	Comment
Oil and gas production activities (upstream)	22.56	0	Canacol's operational sites work off-grid, and the Company only purchases electricity for the Company's administrative offices in Bogota. Energy was purchased from the National Interconnected System (SIN).
Oil and gas production activities (midstream)	0	0	Not applicable to Canacol's business.
Oil and gas production activities (downstream)	0	0	Not applicable to Canacol's business.

## 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 in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	No change in this category.
Other emissions reduction activities	0	No change	0	No change in this category.
Divestment	0	No change	0	No change in this category.
Acquisitions	0	No change	0	No change in this category.
Mergers	0	No change	0	No change in this category.
Change in output	20,138		31	In 2022, Canacol increased natural gas consumption as Liquefied Natural Gas (LNG) production was expanded. As part of the sales channel portfolio development, more than 55% of total energy consumption was sourced from natural gas used for LNG production.
Change in methodology	0	No change	0	No change in this category.
Change in boundary	0	No change	0	No change in this category.
Change in physical operating conditions	0	No change	0	No change in this category.
Unidentified	0	No change	0	No change in this category.
Other	0	No change	0	No change in this category.

## 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)	No
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.**

	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of purchased or acquired electricity	373	0	373

Consumption of self-generated non-fuel renewable energy	13,031		13,031
Total energy consumption	13,414	0	13,414

## 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	13,031	13,031	373	13,031
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

## C8.2g

**(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.**

### Country/area

Colombia

### Consumption of purchased electricity (MWh)

0.2

### Consumption of self-generated electricity (MWh)

13,414

### Consumption of purchased heat, steam, and cooling (MWh)

0

### Consumption of self-generated heat, steam, and cooling (MWh)

0

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

13,414.2

## C9. Additional metrics

### C9.1

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

**Description**

Energy usage

**Metric value**

13,414

**Metric numerator**

MWh

**Metric denominator (intensity metric only)**

BOE (1.13kWh/BOE)

**% change from previous year**

66.6

**Direction of change**

Increased

**Please explain**

Our consumption of non-renewable energy has increased, a trend that parallels our expansion of operations and production growth. Of note, we increased the use of hydro-solar to 373 MWh in 2022 and have maintained our historical record of no diesel consumption in our operations.

### 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	0.19	Canacol operates the Rancho Hermoso oil fields under a participation agreement with Ecopetrol. Ecopetrol holds the environmental license as the principal owner of the contract with the National Hydrocarbon Agency (ANH). Canacol is responsible for environmental compliance activities at the field. Carbon emissions from Rancho Hermoso production were included in the company's GHG inventory and CDP response.
Natural gas liquids, million barrels	421	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 Jobo plant gate, who distributes it to its customers via trucks. LNG can replace diesel, fuel oil, compressed gas, propane, and other fuels, with advantages such as the relatively lower cost and lower emissions.
Oil sands, million barrels (includes bitumen and synthetic crude)	0	Not applicable.
Natural gas, billion cubic feet	67.37	Canacol operates over 1.83 million acres in 11 exploration and production contracts in Colombia focused on exploring and developing natural gas assets. These blocks are all located in the Lower and Middle Magdalena Basins of Colombia. The Lower Magdalena Basin Blocks are located near the Caribbean coast and the cities of Cartagena and Barranquilla. The Middle Magdalena Basin Blocks are located near a TGI operated gas pipeline which has spare transportation capacity, allowing for any new discoveries and production to be quickly commercialized and sold into the domestic market. Canacol's gas fields produce from the proven Cienaga de Oro and Porquero reservoirs and produce more than 190 million standard cubic feet per day. These reservoirs are connected to the central gas processing and treatment facility, Jobo, through more than 223 kilometers of flow lines. Canacol's main production comes from this gas processing which has 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/areas, please explain this.**

The reserves evaluation, effective December 31, 2022, was conducted by the Company's independent reserves evaluator Boury Global Energy Consultants Ltd. ("BGEC") and are in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities. The reserves are provided on a Canacol Gross basis in units of thousands of cubic feet ("MMcf") and thousands of barrels of oil equivalent ("MBOE") using a forecast price deck in US dollars. The estimated values may or may not represent the fair market value of the reserve estimates.

## 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	114.5	190.9	6,000	Not 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 Company'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 Company's interest in wells, the number of wells obtained by aggregating the Company's working interest in each of its gross wells; and (c) in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.
Natural gas	10	14	86	(a) in relation to the Company'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 Company's interest in wells, the number of wells obtained by aggregating the Company's working interest in each of its gross wells; and (c) in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.

Oil sands (includes bitumen and synthetic crude)	0	0	0	(a) in relation to the Company'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 Company's interest in wells, the number of wells obtained by aggregating the Company's working interest in each of its gross wells; and (c) in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.
---	---	---	---	---

## 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-OG9.5a/C-CO9.5a

**(C-OG9.5a/C-CO9.5a) Break down, by fossil fuel expansion activity, your organization's CAPEX in the reporting year and CAPEX planned over the next 5 years.**

	CAPEX in the reporting year for this expansion activity (unit currency as selected in C0.4)	CAPEX in the reporting year for this expansion activity as % of total CAPEX in the reporting year	CAPEX planned over the next 5 years for this expansion activity as % of total CAPEX planned over the next 5 years	Explain your CAPEX calculations, including any assumptions
Exploration of new oil fields	0	0	0	0
Exploration of new natural gas fields	0	0	0	0
Expansion of existing oil fields	0	0	0	0
Expansion of existing natural gas fields	161,200,000	100	100	0

## 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	No comment

## 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.**

20.99



## 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 third-party verification or assurance

### 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**

Third party verification/assurance underway

**Attach the statement**

 ESG Report 2022 FINAL.pdf

**Page/ section reference**

Page 102-103 Deloitte's Independent Assurance Report

**Relevant standard**

ISAE3000

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

100

### C10.1b

**(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**

Third party verification/assurance underway

**Attach the statement**

 ESG Report 2022 FINAL.pdf

**Page/ section reference**

Page 102-103 Deloitte's Independent Assurance Report

**Relevant standard**

ISAE3000

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

100

**C10.2**





**(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?**



Yes

**C10.2a**

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	ISAE 3000 GRI STANDARD 305-1	Integrated Report ESG 2022 of Canacol Group Page 102-103 Deloitte's Independent Assurance Report A cleaner energyfuture, page 28. Our energy transition roadmap, pages 29, 30, 31,

			32, 33, 34. Emissions, pages 32, 33.  1
C6. Emissions data	Year on year emissions intensity figure	ISAE 3000 GRI STANDARD ,305-2	Integrated Report ESG 2022 of Canacol Group Page 102-103 Deloitte's Independent Assurance Report A cleaner energyfuture, page 28. Our energy transition roadmap, pages 29, 30, 31, 32, 33, 34. Emissions, pages 32, 33.  1
C8. Energy	Energy consumption	ISAE 3000 GRI STANDARD ,302-1	Integrated Report ESG 2022 of Canacol Group Page 102-103 Deloitte's Independent Assurance Report A cleaner energy future, page 28. Our energy transition roadmap, pages 29, 30, 31, 32, 33, 34. Energy consumption, page 30.  1
C7. Emissions breakdown	Year on year change in emissions (Scope 1 and 2)	ISAE 3000 GRI STANDARD 305-1	Integrated Report ESG 2022 of Canacol Group Page 102-103 Deloitte's Independent Assurance Report A cleaner energyfuture, page 28. Our energy transition roadmap, pages 29, 30, 31, 32, 33, 34. Emissions, pages 32, 33.  1
C6. Emissions data	Waste data	ISAE 3000 GRI STANDARD 306-3,306-5	Integrated Report ESG 2022 of Canacol Group Page 102-103 Deloitte's

			Independent Assurance Report A cleaner energy future, page 28. Our energy transition roadmap, pages 29, 30, 31, 32, 33, 34. Emissions, page 33.  1
C4. Targets and performance	Emissions reduction activities	ISAE 3000 GRI STANDARD ,305-5	Integrated Report ESG 2022 of Canacol Group Page 102-103 Deloitte's Independent Assurance Report A cleaner energy future, page 28. Our energy transition roadmap, pages 29, 30, 31, 32, 33, 34. Emissions, page 33.  1

 1 ESG Report 2022 FINAL.pdf

## C11. Carbon pricing

### C11.1

**(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

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

The current Colombian carbon tax does not apply to Canacol's operations (producer), 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 compensation strategy by the end of 2022, based on the calculated abatement cost curves. Canacol's strategy is composed of 3 items the first one the constant mapping of the regulation, the second one the participation in technical scenarios for the discussion of the new legislation and lastly to participate in all the related regulation that we as a sector will be involved in.

## C11.2

**(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?**

No

## C11.3

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

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

## C12. Engagement

### C12.1

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

Yes, our suppliers

### C12.1a

**(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 has 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 monitored physical and transition risks to mitigate

vulnerability and generate commercial and operational strategies within the Company's operations and all scope 3 activities. All climate risks (including contractors) are reported to the Executive Committee and to the Audit Committee. Furthermore, the Company identified and verified 2022 carbon emissions using a third-party expert. This baseline will be used to fulfil short-, medium-, and long-term reduction targets. The 100% of supplier are related in Scope 3 emissions reported.

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

Impacts of engagement, including measures of success: Working with Canacol's contractors and including innovation criteria in their operations. 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, improve flare efficiency and reduction, and the expansion of renewable energy projects, among others. All these strategies are being developed and implemented within the Company's value chain.

### **Comment**

The inclusion of Scope 3 emissions during 2022 has allowed Canacol to understand the impact of its value chain and to identify potential opportunities for significant GHG emission reductions in the mid- and long-term.

## **C12.2**

### **(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**

### **(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**

---

#### **External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

Yes, we engage directly with policy makers

#### **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)**

 ESG Report 2022 FINAL.pdf

**Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan**

1. Incorporation of climate risks into decision-making and operational processes including critical contractor activities. 2) Systematic control and monitoring: identified and verified 2022 scope 1, 2, and 3 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 cleaner energy in the provinces of Sucre and Cordoba, such as the Gass Massification Project (this project was executed with Canacol's main client). 5) Natural Climate Solutions to increase carbon storage and prevent biodiversity loss.

## C12.3a

**(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?**

---

**Specify the policy, law, or regulation on which your organization is engaging with policy makers**

Colombian national transition plan

**Category of policy, law, or regulation that may impact the climate**

Low-carbon products and services

**Focus area of policy, law, or regulation that may impact the climate**

Alternative fuels

**Policy, law, or regulation geographic coverage**

National

**Country/area/region the policy, law, or regulation applies to**

Colombia

**Your organization's position on the policy, law, or regulation**

Support with minor exceptions

**Description of engagement with policy makers**

1. Incorporation of climate risks into decision-making and operational processes including critical contractor activities. 2) Systematic control and monitoring: identified and verified 2022 scope 1, 2, and 3 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 cleaner energy in the provinces of Sucre and Cordoba, such as the Gass Massification Project (this project was executed with Canacol's main client). 5) Natural Climate Solutions to increase carbon storage and prevent biodiversity loss.

**Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation**

Not applicable

**Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

## C12.4

**(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**

 ESG Report 2022 FINAL.pdf

**Page/Section reference**

A cleaner energy future, page 28.  
Our energy transition roadmap, pages 29, 30, 31,  
32, 33, 34.

**Content elements**

Governance  
Strategy  
Risks & opportunities  
Emissions figures  
Emission targets  
Other metrics

**Comment**



Integrated Report ESG 2022 of Canacol Group .  
A cleaner energy future, page 28.  
Our energy transition roadmap, pages 29, 30, 31,  
32, 33, 34. through the report you will find the rest of the information

## C12.5

**(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.**

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Task Force on Climate-related Financial Disclosures (TCFD) Other, please specify IPIECA, NATURGAS, PACTO GLOBAL ODS	In 2022, Canacol reinforced its commitment by becoming a member of IPIECA, the global oil and gas association for advancing environmental and social performance across the energy transition. In addition, Canacol advanced its alliances with the Colombian Natural Gas Association NATURGAS, the Colombian Ministry for Environment and Sustainable Development, and the Colombian Ministry of Mines and Energy. This consolidates and strengthens the Company's commitments and practices towards carbon neutrality in 2030 and 2050.

## 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
Row 1	Yes, both board-level oversight and executive management-level responsibility	The ESG (Environmental, Social & Governance) Committee was established by a 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 as a material issue.

## 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 impacts and dependencies of its value chain on biodiversity?**

### Impacts on biodiversity

**Indicate whether your organization undertakes this type of assessment**

Yes

**Value chain stage(s) covered**

Direct operations

**Tools and methods to assess impacts and/or dependencies on biodiversity**

Biodiversity indicators for site-based impacts

**Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)**

Canacol is committed to protecting and enhancing biodiversity in the ecosystems where it operates. The Company's goal is to achieve no net loss of biodiversity and to facilitate

positive change. Canacol adheres to strict biodiversity policies and does not conduct operations in designated world heritage or IUCN I-IV protected areas. Prior to commencing operations, environmental assessments are carried out to identify protected and/or sensitive areas to avoid disturbance.

Evaluation of biodiversity impacts and remediation strategies:

In 2022, the Company analyzed the potential effects of its operations on biodiversity considering flora, fauna, ecosystems, and hydrobiological resources. The findings enabled hired specialists in environmental sciences, social investment, and engineering to craft mitigation strategies and implement action plans.

Potential impacts - impacts on flora:

- Alteration of the structure, composition, and fragmentation of the vegetal cover.
- Alteration of the connectivity of natural areas.

Effect of sensitive species - impacts on fauna:

- Modification of wildlife.
- Change in the composition, structure, and/or distribution of faunal communities.
- Effect of sensitive species - impacts on ecosystems:
- Alteration of sensitive ecosystems and ecological corridors.
- Alteration of the ecosystems of environmentally fragile areas.

Impacts on water resources:

- Contamination of fresh water sources such as rivers, lakes, and ponds.
- Alteration of river flow.
- Alteration of groundwater aquifers.

The analysis identified two primary potential biodiversity risks: 1) the alteration of the fauna associated with bodies of water, and 2) the modification of aquatic habitats. Additional minor scale risks were identified for terrestrial fauna and flora. Canacol mitigates these risks with the following actions:

- Executing conservation agreements.
- Taking inventory of flora and fauna before commencing operations.
- Signage identifying protected areas and/or species.
- Rescue and transfer of vascular epiphytes (mosses, lichens, tree orchids).
- Prohibiting the felling of non-inventoried trees during civil works.
- Temporary diversion of terrestrial fauna from immediate operational areas.
- Prohibiting hunting and fishing at operational sites.

## **Dependencies on biodiversity**

---

**Indicate whether your organization undertakes this type of assessment**

No, but we plan to within the next two years

## C15.4

**(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?**

No

## C15.5

**(C15.5) 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

## C15.6

**(C15.6) 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

## C15.7

**(C15.7) 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	Biodiversity strategy	A clear Energy Future, page 28. Protecting Biodiversity, page 35. Scope of biodiversity activities, page 36.

		📎 1
--	--	-----

📎 ESG Report 2022 FINAL.pdf

## 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 maintaining a positive impact on the environment. Through the Corporate Environmental Policy and Integrated Management System, the Company has implemented mechanisms to develop its 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