
Transparency and Business Ethics Program

Objective

In compliance with the applicable legislation, Canacol Energy LTD (hereinafter the “Company” or “Canacol”) adopts the Transparency and Business Ethics Program (“TBEP”) to which they are exposed in the development of their operations and activities.

Scope

The TBEP is applicable to all areas and processes of the Company, their shareholders and investors, administrators and, in general, to all their employees. Likewise, its scope extends to their allies, associates, contractors and other entities and persons with which the Company has a commercial link.

Formal Sources

In order to combat the crimes of Corruption and Transnational Bribery, the Company has adopted the following international standards: the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the Inter-American Convention against Corruption of the Organization of American States - OAS, the United Nations Convention against Corruption (UNCAC), ratified by Law 970 of 2005 and the OECD Anti-Bribery Convention of 1997: Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

On a voluntary basis, the Company has also embraced other regulations such as: the FCPA Act of 1977 – American Foreign Corrupt Practices Act, and the United Kingdom Bribery Act of 2010.

Materialization of the TBEP Manual

Since 2018, the Company has adopted a business ethics program, as a good business practice.

Design and approval of the TBEP

For the design of the TBEP Manual, the Company considered the materiality, their own characteristics, and their Risk Factors. Likewise, the design stages included the evaluation, individualization, identification, and segmentation of the risk of Acts of Corruption. Both the shareholders and the legal representatives of the Company made available to the Compliance Officer all the operational, technological, economic, and physical tools and other resources necessary for the Compliance Officer to carry out the update of the TBEP and to be able to implement it properly. Likewise, this Manual is based on their Risk Matrix of Acts of Corruption, which was built according to the reality of the operation of the Company, to comply with the identification, detection, management, and control of such risks.

Corporate Governance and TBEP

To ensure an adequate operation of the TBEP in the Company, an organizational structure has been defined in accordance with the regulatory requirements, in relation to the fight against the risks of acts of corruption and bribery, made up of the Company’ shareholders’ meeting, their legal representatives

or administrators, Compliance Officer, the Ethics and Compliance Committee, the statutory auditor and their internal auditors.

Each one has specific functions, which are interrelated, according to their powers, so that the TBEP may be implemented, fulfilled, and monitored, thus achieving that all areas, employees and counterparties of the Company may know and comply with these policies.

Obligations of the Company with respect to the TBEP - Implemented Controls

Due to the dynamism of the content of the TBEP, the Company will be responsible for maintaining an internal audit on the TBEP to verify any noncompliance and opportunities for improvement.

Likewise, the Company contemplates a sanctioning regime, which is in accordance with their disciplinary regime. To legitimize it, employment contracts contemplate the fulfillment of this Manual as part of the functions of each employee, and its violation entails to understand it as a serious misconduct.

Similarly, to validate such sanctioning regime, the Company has implemented a system of dissemination of anti-corruption and anti-bribery policies, both massive and personalized, in such a way that the areas that are most involved with the Counterparties have been trained individually, according to their tasks, and all the employees of the Company often receive massive trainings so that they may know all the TBEP policies, their updates and changes.

Simple and intensified due diligence

In relation to the control and management of risk related to acts of corruption and bribery, our policies have simple and intensified due diligence as their central axis. Its purpose is to provide information to the Company to identify the necessary elements to evidence and evaluate the Risks of Acts of Corruption to which they, their subordinates, their related parties, and their Counterparties are exposed.

The Company's due diligence is segmented according to the area interested in linking with a third party. It must be carried out on a regular basis; each time Canacol is to engage with a Counterparty, either voluntarily or because of its own operation. Our due diligence focuses on: (i) being oriented, in an exclusive manner, to the identification and evaluation of Risks of Acts of Corruption related to the activity carried out by each Subsidiary, its subordinate companies, its customers and suppliers, which must include, in particular, the adequate review of the specific capacities of each Counterparty mentioned, its reputation and relations with third parties; and (ii) providing elements of judgment to rule out that a payment to a supplier conceals indirect payments of corruption and bribery.

Denunciations through the Ethics Hotline

The Company has implemented a virtual Ethics Hotline through which any counterparty, whether internal or external, may report possible acts of corruption and bribery. These reports are anonymous to prevent people from being singled out or threatened in the event that they wish to confidentially disclose the facts that may constitute a risk of corruption and bribery. It has been constantly disseminated among the Canacol community, as well as to its contractors and customers.

This service was implemented through a leading company in this type of services: Resguarda, which oversees the infrastructure and organization of the messages delivered, so that it may in turn forward them to the areas or persons in charge of receiving this type of reports and, if necessary, start the corresponding internal investigations. Once it is accurately identified that a case of corruption or bribery is being addressed, confidentially and in compliance with Colombian anti-corruption law, the respective denunciations will be made to the intelligence authorities and the Office of the Attorney General in Colombia, so that they may continue with the investigation.

Transparency policy with respect to PEP management

As part of the update that our TBEP policies underwent, the special management of Publicly Exposed Persons, in accordance with the applicable legislation.

Thus, the Company has a due diligence process with which they may know which of their Counterparties have a PEP status and, therefore, will be subject to rigorous due diligence.

Conflict of interest

The Company have always sought to work with transparency, so that all our counterparties may have the same opportunity to establish links with them. This is why we are aware that the risks of conflicts of interest will always be present. Thus, the TBEP has set a guide for the employees of the Company, so that each possibility or materialization of the Conflict of Interest, whether internal or external, may be identified, to prevent, manage and mitigate risks due to acts of corruption.

TBEP compliance mechanisms

The Company has implemented a series of mechanisms so that the TBEP and the fight against crimes of corruption and bribery, both national and transnational, may become a generalized culture and describe the bases on which the operation of the Company is founded.

In the first place, there is the mechanism of development of compliance policies in a transversal manner, thus ensuring that the Company may operate at all levels, minimizing risks of acts of corruption and bribery, gaining the trust of our counterparties.

On the other hand, to inform and communicate in an accurate and effective manner the compliance policies, not only to the employees who are directly affected by the implementation of processes, but to all employees and collaborators of the Company.