
Social Welfare Policy

The Social Welfare Policy (the “Policy”) is Canacol Energy Ltd’s (hereinafter the “Company” or “Canacol”) commitment towards society for the benefit of sustainable and inclusive development and the generation of shared value. Through this Policy, the framework of social action is defined, which must ensure the economic and social growth of the prioritized communities and the protection of the environment of the territories where operations are carried out. To achieve the above, projects must be formulated using dynamic and transparent participatory strategies, leaving installed capacity in accordance with the vocation of each territory, and making important alliances to allow their continuity over time.

This Policy aims to comply with the Sustainable Development Goals (“SDGs”) that are part of the 2030 agenda within the framework of global action, and to generate trust amongst the different stakeholders as a contribution to the recognition and legitimacy of the social intervention that the Company carries out.

Subject to higher standards, respect for diversity, human rights and cultural identity, we work proactively to maintain and strengthen positive, transparent and relevant links with stakeholders, to favor a relationship of mutual benefit between the Company and society and, in turn, to contribute to institutional strengthening and respect for the environment.

1. Objective

The objective of this Policy includes the establishment of goals to contribute to economic and social performance and to achieve sustainable and inclusive development in the Company’s area of influence. In order to achieve this, it is essential to:

- Manage the social activities developed by the Company ensuring compliance with the highest standards of the industry, as well as compliance with national and international regulations to guarantee respect for the communities and the environment.
- Achieve the strategic objectives defined by the Company respecting the cultural diversity and the diversity of flora and fauna in the territory.
- Establish stable, equitable and transparent relationships between the stakeholders present in the areas of influence (communities, local and departmental authorities) and the Company’s internal work groups, ensuring compliance with the higher order and promoting the sustainable development of the area.
- Develop long-term sustainable social investment projects that generate development and competitiveness in the territory, and that are aligned with the corporate strategy and with the Sustainable Development Goals promoted by the United Nations.

2. Scope

The scope of this Policy includes the following:

- Workers, contractors, collaborators, and suppliers
- Communities in the area of influence
- Stakeholders

3. Social Welfare Plan

For the fulfillment of the objectives of this Policy, the following Social Responsibility Plan has been defined, representing the management and evaluation framework in which the general guidelines to be followed by the organization are defined. The Social Responsibility Plan is composed of the following strategic lines:

3.1. Information and Communication

In accordance with the environmental guidelines and the management sheets of the PMA and/or MMA, strict compliance must be given to the information and communication processes with local authorities and communities in the area of influence of the Company. Likewise, a communication plan must be generated before, during and after each activity, to comply with the contractual commitment stipulated by the ANH in Circular 04 of 2010.

3.2. Attention to Concerns, Complaints and Claims

The main objective of the Petitions, Complaints, Claims and Suggestions (“PCCS”) platform is to achieve a fluid and effective communication between Canacol and its stakeholders. In this vein, the Company has created several channels for the PCCS including e-mail and face-to-face reception. In addition, the Company centralizes registration and ensures the response to citizens is done in a timely and effective manner. The attention to PCCS not only allows the direct attention to the concerns of citizens, but also feeds the monitoring process that allows for the improvement of the processes within the Company.

3.3. Job Opportunity

The Company may hire skilled or unskilled labor in the region, as required. The labor contracting process must be framed within the provisions of Colombian legislation and the agreements established with local authorities and communities in the area of influence. The above must be done through the public or private agencies of the Public Employment Service authorized in the region.

3.4. Procurement of Goods and Services

In the development of its operations, the Company aims to generate shared value with stakeholders, seeking the sustainable development of the communities in the area of influence, and promoting local, regional and national competitiveness. To this end it favors the acquisition of local goods and services, ensuring the participation of suppliers from the communities in the area of influence.

3.5. Social Investment Strategy

Social investment is consolidated through the following guidelines:

- Prioritization of social investments that respond to commitments acquired under current regulations.
- Alignment with the departmental and municipal development plans of the areas where the Company carries out its operations.
- All social investment projects must respond to the most pressing needs of the communities in the area of influence, documented in social, economic and demographic diagnoses carried out by the Company or by a competent third party.
- Social programs are focused on the development of capacities to allow communities to meet

their own needs, without depending on the activities carried out by the Company.

- All social investment projects must include the terms and conditions defined by the National Hydrocarbons Agency and other guidelines established by current regulation.
- The Company's social investment strategy has a long-term vision and a sustained community impact over time.
- Projects must respond to the Company's corporate strategy and to the objectives set by senior management.
- The Company has an indicator management system that allows for the measurement of results and management of the projects in the short, medium, and long-term. This is a key input for the evaluation of investment lines.
- The Company has an SROI measurement system that quantifies the social, economic, and environmental value generated for the Company by the execution of social projects resulting from mandatory or voluntary social investment.
- The strategic focus will be defined through a Corporate Social Investment Committee, which will be composed of executives and managers of the Company and will seek to ensure a comprehensive perspective between social practices, compliance with contractual obligations and corporate objectives. This committee will be the competent authority to authorize strategic projects financed with voluntary investment resources.
- All social investment projects must be structured taking as reference the highest international standards of corporate social responsibility and sustainability, such as the Goals of Sustainable Development and IPIECA (International Petroleum Industry Environmental Conservation Association).

All the social projects of the Company are framed within the following lines of investment that were consolidated with the alignment of the corporate strategy and the analyses of the local needs in the areas of influence:

- **Productive and Business Development:** Generate development opportunities for the rural sector, through the implementation of productive, entrepreneurial, and social promotion initiatives, the strengthening of competencies, access to capital and specialized advice.
- **Human Development:** Contribute to the improvement of educational quality and the reduction of school lag and illiteracy through support to educational institutions and consolidation of training programs.
- **Community and Institutional Strengthening:** Support government institutions and civil society organizations in order to contribute to the improvement of community assets, the identification of priorities to strengthen the institutional framework and the social fabric at the local and regional level, coordinated with development plans established by government entities. Likewise, develop strategies and initiatives seeking to improve the quality of life of the communities through projects aimed at improving health services, public services and basic sanitation.
- **Strengthening Ethnic Minorities:** Strengthen the development, survival and cultural reproduction of ethnic communities related to the activities of the Company.
- **Environment:** Develop environmental investment projects to contribute to the protection and

conservation of the natural resources of the Company's areas of influence.

Through the definition of the comprehensive Social Welfare Policy, the Company expresses its voluntary commitment to comply with it.

4. Principles

To achieve sustainable and inclusive development, we adhere to the following principles:

- **Honesty:** Create communication mechanisms with our stakeholders in a consistent and coherent manner, generating credibility and trust.
- **Transparency:** Ensure transparent management in all Company actions before our stakeholders.
- **Participation:** Teamwork between the Company, communities and local governments to jointly structure, develop and evaluate projects aligned with their real needs.
- **Respect:** Ensure compliance with the law and human rights with a differential approach, giving due value to each culture and local tradition, applying the good neighbor policy.
- **Governance:** Work in alliance with public, academic, private and non-governmental entities, to maximize the impact of our actions, without replacing the functions of the State.
- **Sustainability:** Maintain a balance between economic growth and social and environmental well-being. Sustainable social investment is one area that continues to generate long-term positive impacts even after the Company's investment has ended.
- **Innovation:** Create and disseminate new social practices, generating alternatives that are more effective, efficient, sustainable, and fair, and whose added value contributes mainly to society.
- **Gender equity:** Promote equitable relations between men and women based on their differences, promote equal rights, the recognition of their dignity as human beings and the equitable valuation of women's contributions to society.
- **Promotion of human rights:** Powers, prerogatives, and fundamental freedoms inherent to all human beings, which are characterized by being indivisible, irrevocable, inalienable, non-transferable, and non-waivable, and whose effective exercise is indispensable for the integral development of every person.