



SierraCol
energy

Sustainability **Report** **2021**

**A year of
sustainable
progress**

How we are creating more
value for our stakeholders



» Caño Limón area
Arauca - Colombia

**A year of sustainable progress:
we are creating more value for
our stakeholders**

Index

Directors letters

- Letter from the Executive Chairman
- Letter from the President and CEO

Highlights of our operation in 2021

About this report

- Our materiality
- External verification

About SierraCol Energy

- Our mission, vision and values
- Memberships and associations
- External initiatives
- Our operations
- Our value chain
- Our ESG Strategy
 - Making progress on our ESG goals

Climate action

- Climate change and greenhouse gases
 - Mitigation: reducing our GHG emissions
 - Adaptation: acting in response to regional climate change
 - Governance: managing decision-making for climate action
- Success story
 - Solidarity with our neighbours
- Our goals

Action for the planet

- Water management
- Biodiversity
 - We manage our impact
 - Success stories
- Circular economy and waste management
 - Cuttings and drilling muds
 - Success stories
- Our goals
 - Water management
 - Biodiversity
 - Circular Economy

Communities and society

- We generate value for our neighbours and stakeholders
 - Social investment

Success stories

- SierraCol Energy and our neighbours
- CREO initiative for youth and Araucan women

Engagement and communication with our stakeholders

- Engagement plans
- Communication strategies
- Concerns Attention System (SAI)

Human Rights in our operations

- Security in our operations

Diversity, equality and inclusion

- We promote the development of our human talent

Our goals

- Engagement and communication
- Human Rights
- Diversity, equality and inclusion

Solid governance

Corporate governance

- Members of the Board of Directors

Compliance, ethics and transparency

- Licenses and permits
- Ethics and transparency policies
- Our goals

Economic performance

Operational excellence

Integrated Operational Management System

Asset integrity and process safety

- Asset integrity
- Process safety

Spill management

Occupational health and safety

- Hazard identification and risk assessment
- Our OHS committees
- Joint emergency drills
- Healthy workforce

Cybersecurity

Responsible supply chain management

Our goals

- Asset integrity and process safety
- Spill management
- Occupational health and safety
- Responsible supply chain

Appendices

- GRI index
- SASB table
- External Assurance

Letter from the Executive Chairman

GRI 102-14, 102-15

An outstanding first year

I am very pleased to present the progress of SierraCol Energy through this 2021 Sustainability Report in which we review the initiatives that were launched during 2021, the goals set for 2022, and the way we aim to shape our business in the years to come to benefit and create sustainable value for all our stakeholders.

At the end of 2020, SierraCol Energy emerged in Colombia as an independent, sustainability-driven exploration and production Company. Our new Environmental, Social and Governance (ESG) strategy, launched in 2020, provided a framework through which we could strive towards our overarching Company goals through a sustainable approach.

Ultimately, our ESG strategy helps us to develop our energy resources and leverage our high-quality assets to create value for all our stakeholders, investors, employees and the communities located in the vicinity of our operations. With the strong leadership of our management team and the commitment of our workforce, we can report that 2021 was a very strong year for sustainability at SierraCol Energy.

Despite market volatility and the challenges arising from climate change, our gross production reached 82 thousand barrels of oil equivalent per day (kboepd). This allowed us to continue to pursue our balanced growth strategy. Additionally, the Company's cash flow generation was higher than the 2019 results that we recorded prior to the Covid-19 pandemic, putting us firmly on the path to growth. We expanded our portfolio by integrating the operating assets of COG Energy Limited (COG), which further broadened our portfolio with short and medium-term options, as well as offering us the opportunity to develop new reserves and increase production.

Our strong governance and focus on environmental and social goals have underpinned our success. A positive reflection of the strength of our results and the confidence that the market has placed in our Company is the successful placement of our maiden bond that attracted a new suite of investors.

“SierraCol Energy is committed to the global energy transition. Although the path to become a sustainable and carbon-neutral Company is full of challenges, we seek to play a relevant role in both mitigating and adapting to climate change.”



This report is designed to share the rapid progress that we have made on our ESG strategy and how it supports our operations. After launching our ESG strategy in 2020, we worked through 2021 to reinforce its key pillars. We adopted higher internal standards, focused on protecting the health and safety of our workers, on enhancing our engagement strategy with our local communities and on defining clear greenhouse gas (GHG) emissions targets. We progressed our Environmental and Social Action Plan (ESAP), through which we align our business model with global ESG standards and aim to contribute to the achievement of the Sustainable Development Goals (SDGs). SierraCol Energy is proud of its long-term alignment with the Colombian government in its efforts to reduce poverty and of the fact that we create opportunities for community development in all the regions where we operate.

SierraCol Energy is committed to the global energy transition. Although the path to become a sustainable and carbon-neutral Company is full of challenges, we seek to play a relevant role in both mitigating and adapting to climate change. For this purpose, our Board of Directors developed a framework to guide and oversee the execution of our climate strategy. We intend to positively contribute

to decarbonisation, using technologies and strategies to achieve a 50% decrease of GHG emissions in 2023, compared to 2020. We are also aware of the urgency of protecting our shared global water resources and the biodiversity of our natural world.

We aim to be a responsible player and promote sustainable approaches in the regions where we are present. Our commitment to improving the living conditions of the communities surrounding our operations is one of the keys to ensuring our continued success. In this reporting year, we invested US\$ 3.2 million in our communities, impacting more than 30,000 people. The promotion and protection of human rights, including the right to a healthy and safe environment for all, is at the heart of SierraCol Energy's social policies.

Tony Hayward
Executive Chairman
SierraCol Energy

Letter from the President and CEO

GRI 102-14, 102-15



I am delighted to present the second Sustainability Report of SierraCol Energy in which we highlight the most relevant aspects of our ESG performance in 2021 and provide an update on our commitment and progress against the challenging goals we have set as an independent Company.

In 2021, thanks to the strong support and commitment of our team, we successfully completed the transition process from being a subsidiary of Occidental Petroleum Corporation to becoming SierraCol Energy. This consolidated our position with the clear objective of becoming the leading independent Company and preferred partner in the Colombian hydrocarbon sector.

We are a modern Company with a new identity that genuinely prioritises close relationships with our stakeholders through a people-oriented approach. We are strengthening our teams, empowering their capabilities through collaborative dialogue with our communities and generating action plans to promote socioeconomic development wherever we work.

An essential part of our transition and consolidation process is the development of our ESG strategic pillars, which have been designed with short, medium and long-term goals. Our purpose is to be recognised as a Company capable of implementing clear and real ESG metrics. As a new Company, our Board of Directors took the decision to create a specific role, Vice-Presidency of Sustainability, with the objective of advancing our ESG strategy.

I am particularly proud of four areas where our team has made progress, our results-driven culture, our climate change commitments, our approach to improving social prosperity and our high-level performance.

A culture of sustainability based on results

Our approach to sustainability is based on setting out clear policies, against which we can measure our results and hold ourselves to the highest standards of progress. During 2021, we updated our compliance policies and procedures to align them with our status as a standalone Company. We implemented an Environmental and Social Action Plan (ESAP), to align our operations with the World Bank's International Finance Corporation standards, the Equator Principles and the SDGs and our ESG roadmap. In addition, we established the basis for a new internal management system, referred to as SIGO, which is our mechanism for systematically managing continuous, responsible and sustainable growth.

Commitment to mitigating climate change

We are committed as a business to mitigating the effects of climate change and to adapting our operations to the impacts that climate change will cause over time. This year, we created our first climate change strategy based on three areas of action: mitigation, adaptation and governance. As part of the mitigation action area, we established our Carbon Footprint Reduction Plan for 2030, reducing GHG emissions by 50% by 2023. To accomplish this ambitious goal, in 2021, our carbon footprint decreased 118 thousand metric tons of carbon dioxide equivalent (ktCO₂e). Our target for 2023 is a reduction of more than 310 ktCO₂e taking 2020 as its base year. We created a focussed team within our organisation looking after Carbon Footprint Reduction opportunities.

As part of the adaptation and governance areas, we undertook activities to explore and quantify our climate-related risks and opportunities, to produce our first Task Force on Climate-related Financial Disclosures (TCFD) report, to show how we are addressing climate-related challenges.

High-level performance

In addition to motivating our employees to reach their full potential, we aim to ensure healthy and safe workspaces as a top priority. In the first half of 2021, we implemented our new Occupational Health and Safety

Strengthening Plan which achieved a 15% reduction in total recordable incident rate (TRIR) compared to 2020.

Social Prosperity

During 2021 we were also able to continue improving the quality of life for those living in the communities where we operate. We worked closely with our communities to invest US\$ 3.2 million in purposeful projects. The El Alcaraván Foundation oversees the design, planning, execution, follow-up and evaluation of the different environmental and social programmes and projects, being our great ally and executor of our social investment.

I highlight the "Connectivity with Purpose" project, which allows us to support 24 villages in accessing the internet. Also, our microcredit programme has been much accessed to support businesses affected by Covid-19 and we have started to work on establishing a baseline to measure the impact of our flagship housing programme.

Meeting a key objective during 2021, we continued to strengthen our performance on human rights. We conducted a human rights risk and impact analysis in Caño Limón area, which will allow us to update our Human Rights Policy in 2021 to align it with United Nations Guiding Principles on human rights and business.

We are also actively working to become a more diverse and inclusive Company. We started this journey by engaging with all our employees to raise their awareness of the importance and value generated by a diverse and inclusive work environment, through workshops, training sessions and feedback cycles, which are the basis to update our Diversity, Equity and Inclusion Policy. All employees will find opportunities for growth and development within the Company.

SierraCol Energy is on the right track

Finally, I would like to thank our team for all their effort and dedication during 2021. It is due to them that we are beginning to tread the path we have been dreaming of. I would also like to highlight the commitment of our contractors who accompany us in the pursuit of excellence, as well as the support received from the communities neighbouring our operations, with whom we are committed to positively transform the regions where we have a presence.

Bernardo Ortiz
President and CEO
SierraCol Energy



» PF2 - Caño Limón area
Arauca - Colombia

Highlights of our operations in 2021

Carbon footprint decreased by 118 ktCO₂e

Gross production of 82 thousand barrels of oil equivalent per day (kboepd)

Largest independent producer in Colombia

More than 80% of our workforce belongs to their local region in our areas of operation

Net average production of 32 thousand barrels of oil equivalent per day (kboepd)

2P reserves of 116.2 million barrels of oil equivalent (mboe)

COG integration to SierraCol Energy

Assets increased from 14 to 20 blocks

First woman in the senior position of District Manager in Caño Limón area operations

About this report

GRI 102-1, 102-5, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

This is our second annual Sustainability Report in which we share the ESG performance results of SierraCol Energy Limited's (SierraCol Energy or "the Company") results for the period from January 1, 2021, to December 31, 2021.

SierraCol Energy's first report was published in 2021 and prepared with information from 2020. Said initial report was developed as a baseline to begin to measure and evaluate the effectiveness of our ESG management and to identify opportunities for improvement related to our material topics. In this second report we disclose the progress we have made against our 2020 goals, reflecting the commitment we have made to all our key stakeholders.

This report has been prepared in accordance with the Core option of the Global Reporting Initiative (GRI) standards and in accordance with the Oil and Gas – Exploration and Production standard of the Sustainability Accounting Standards Board (SASB). It also includes information referenced in our first report submitted under the Task Force on Climate-related Financial Disclosures (TCFD) framework.



» PF1 - Caño Limón area
Arauca - Colombia



See our first TCFD report for 2021

In addition, we have decided to voluntarily align with world-class standards and reporting bodies, including the World Bank's International Finance Corporation (IFC), the Equator Principles, IPIECA and EITI.



Our Materiality

GRI 102-42, 102-44, 102-46, 102-47, 102-49

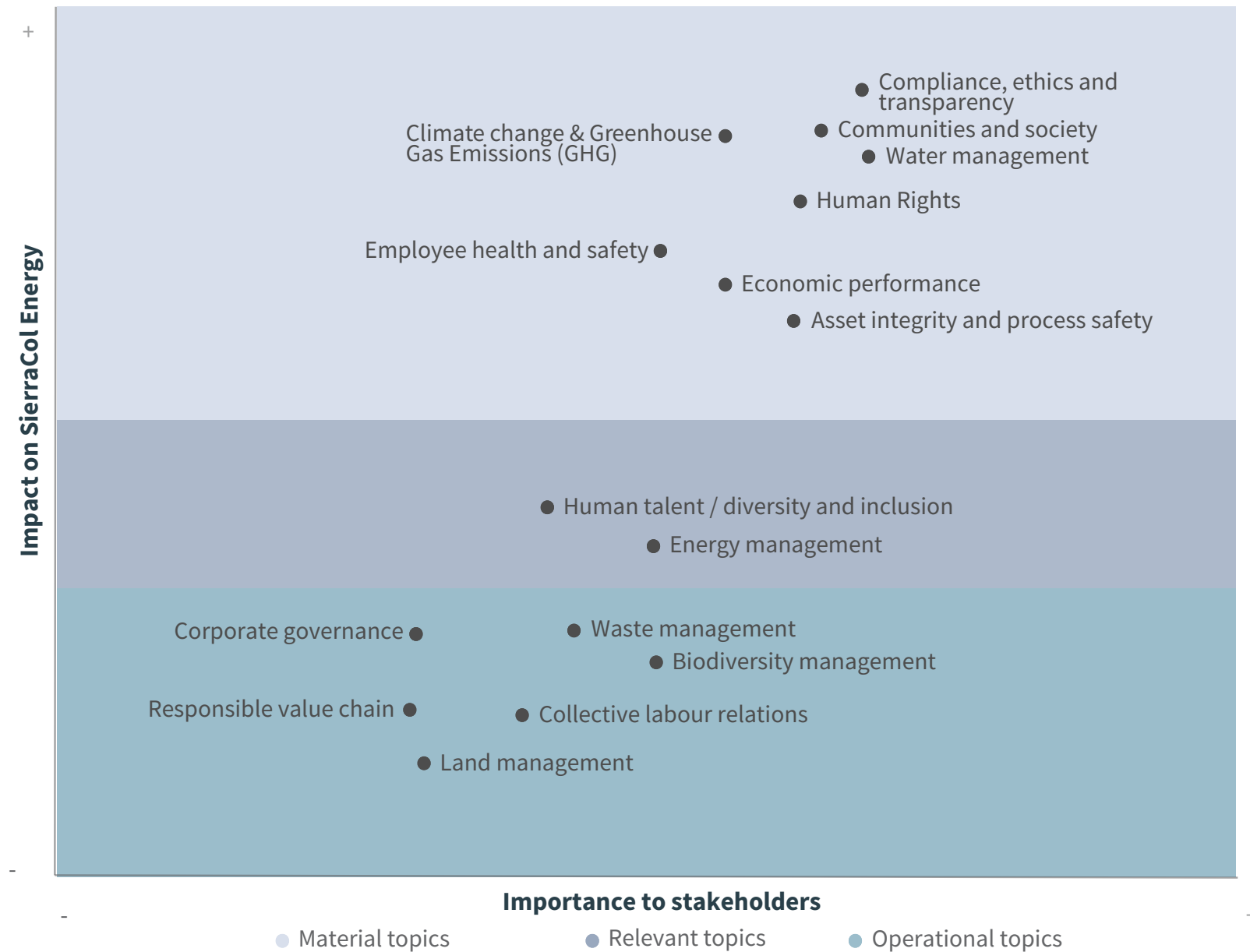
Building further on the materiality analysis that we conducted in 2021¹, we have reviewed our material topics list against a benchmark of hydrocarbon sector companies, the relevant issues defined by IPIECA in 2021 and the results of a comparative exercise assessing the principal risks identified by the World Economic Forum in 2022. This has led to some adjustments of our material topics, which were approved by the President and CEO and by members of the management team.

The changes in materiality are as follows:

“Ethics and transparency” and “Regulatory and environmental compliance” were merged to form the material topic “Compliance, ethics and transparency”.

“Social investment” and “Communication and stakeholder engagement”, “Procurement of local goods and services” and “Local employment” were integrated into the overarching material topic “Communities and society”.

“Asset integrity and process safety” was elevated to become a material issue and material “Spill management” was incorporated into this overarching material issue.

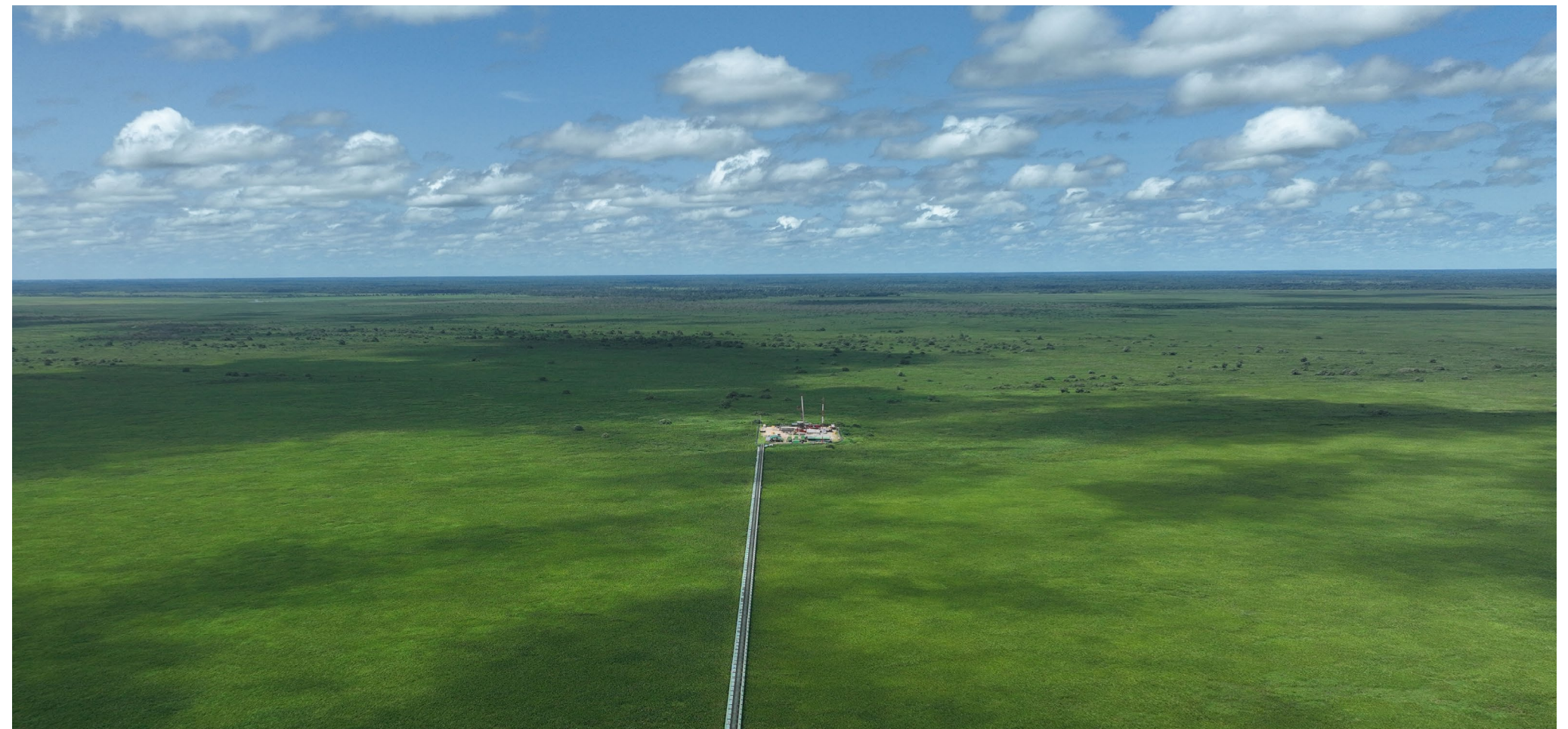


¹See “Our assessment of materiality” at: <https://cdnsierracol.antpack.co/wp-content/uploads/2022/08/18093727/sustainability-report-sierracol-energy-ENG.pdf>

As a result of the update, we have eight materials topics that we report as part of our ESG strategy:

- **Climate change and Greenhouse Gas (GHG) emissions**
- **Communities and society**
- **Compliance, ethics and transparency**
- **Human rights**
- **Economic performance**
- **Water management**
- **Asset integrity and process safety**
- **Employee health and safety**

This report shares information about our eight material topics across the geographical areas under the operational control of SierraCol Energy (Caño Limón area and Central Llanos), in addition to sharing some key information about the asset operated by Ecopetrol S.A. (La Cira Infantas). The scope of the information shared, broken down per asset and per material issue is outlined in the graphic below.



» Chipirón - Caño Limón area Arauca - Colombia

SCOPE OF INFORMATION ACCORDING TO ASSETS	Climate change and greenhouse gas emissions	Communities and society	Compliance, ethics and transparency	Human rights	Economic performance	Water Management	Asset integrity and process safety	Employee health and safety
Caño Limón area	✓	✓	✓	✓	✓	✓	✓	✓
Central Llanos	✓	✓	✓	✓	✓	✓	✓	✓
La Cira Infantas		✓	✓		✓			✓

External verification

GRI 102-53, 102-56

To guarantee the reliability and transparency of the information to our stakeholders, PricewaterhouseCoopers S.A.S independently verified this report.

If you have any concerns about the content of this report, please contact us at comunicaciones@sierracol.com. Our 2021 Sustainability Report can be found on our website at www.sierracolenergy.com.

 Assurance report

About SierraCol Energy

GRI 102-1, 102-2, 102-3, 102-5, 102-10, 102-16
SASB EM-EP-000.A, EM-EP-000.C

SierraCol Energy is the independent Company with the largest gross oil and gas production in Colombia. Our offices are in Bogotá and our operations take place in conventional onshore assets in the Llanos, Magdalena Medio and Putumayo basins.

At the end of 2020, after acquiring the assets and onshore operations of Occidental Petroleum Corporation in Colombia, we consolidated ourselves as a new Company – agile, modern, inclusive and close to the people who make up our workforce. In May 2021, we celebrated another business milestone: SierraCol Energy integrated the operations of COG Energy Limited (COG). As a result of this, we consolidated our presence in the Central Llanos region of Colombia and improved our robustness in the business environment, demonstrating our growth potential.

During 2021, we adjusted our corporate governance to better align ourselves with global standards and frameworks on ESG, realising the urgency and importance of these elements for our stakeholders and our business operations.

We have a long history of stable production, steady reserve replacement and strong cash flow generation with significant potential for additional value creation.

Our mission, vision and values

Within SierraCol Energy we have policies that establish the necessary guidelines to achieve our objectives as a Company, seeking operational excellence, proper management of natural resources and the welfare of our employees, contractors and suppliers².



Mission

SierraCol Energy develops energy resources in a responsible manner to create value for its stakeholders.



Vision

SierraCol Energy will become the leading independent energy Company in Colombia and Latin America.



» Caño Limón area Arauca - Colombia

Values



Integrity

We always do the right thing; we are transparent, honest and ethical.



Sustainability

We provide a safe and healthy workplace; we are committed to protecting the environment and promoting the well-being of our communities.



People

People are our most valuable asset; we value a diverse workforce; everyone has an equal opportunity to learn and succeed.



Results-oriented

We seek excellence in achieving results; we strive to exceed expectations; we leverage our strong technical capabilities and apply new technologies.



Collaboration

We achieve more as a team than as individuals. Working together we are successful; we support our colleagues and proactively communicate with them.



Simplicity:

We work efficiently, focused on what is important; we adapt quickly to change; we try to do things right the first time.

² See <https://sierracolenergy.com/our-culture>

Memberships and associations

GRI 102-13



Colombian Safety Council



Colombian Petroleum Association



Mining and Energy Committee for Security and Human Rights



Colombian Council of American Companies



Extractive Industries Transparency Initiative led by the Ministry of Mines and Energy



» Caño Limón area Arauca - Colombia

External initiatives

GRI 102-12

As of 2020, we voluntarily align ourselves with the standards of the following initiatives:



Sustainable Development Goals (SDGs)

Paris Agreement



Equator Principles



Task Force on Climate-related Financial Disclosures (TCFD)



Global Reporting Initiative (GRI)



Sustainability Accounting Standards Board (SASB)



International Finance Corporation (IFC) standards



International Petroleum Industry Environmental Conservation Association

Our operations

GRI 102-2, 102-4, 102-6, 102-7

Our key assets are Caño Limón area and La Cira Infantas field, two of Colombia's most prolific and long-lived fields. Both have great growth potential, thanks to the exploration and development activities we are conducting.

In 2021, our portfolio consisted of twenty onshore blocks. Eight blocks are in exploration and twelve are in production where 94% of production is high-quality oil with API ranging between 25 and 35 and low sulfur. This represents a diverse portfolio in terms of basins and geological characteristics, as well as in development schemes, as we implement primary and enhanced recovery techniques.

Middle Magdalena

La Cira Infantas is Colombia's oldest oil field. It has been in production since 1918 and has a total cumulative historical production of approximately 900 million barrels of oil. We operate a water injection enhanced oil recovery project with Ecopetrol, under a business collaboration contract. In addition, as part of the COG integration we have two contracts (Bolívar and Bocachico) with 100% participation.

Putumayo

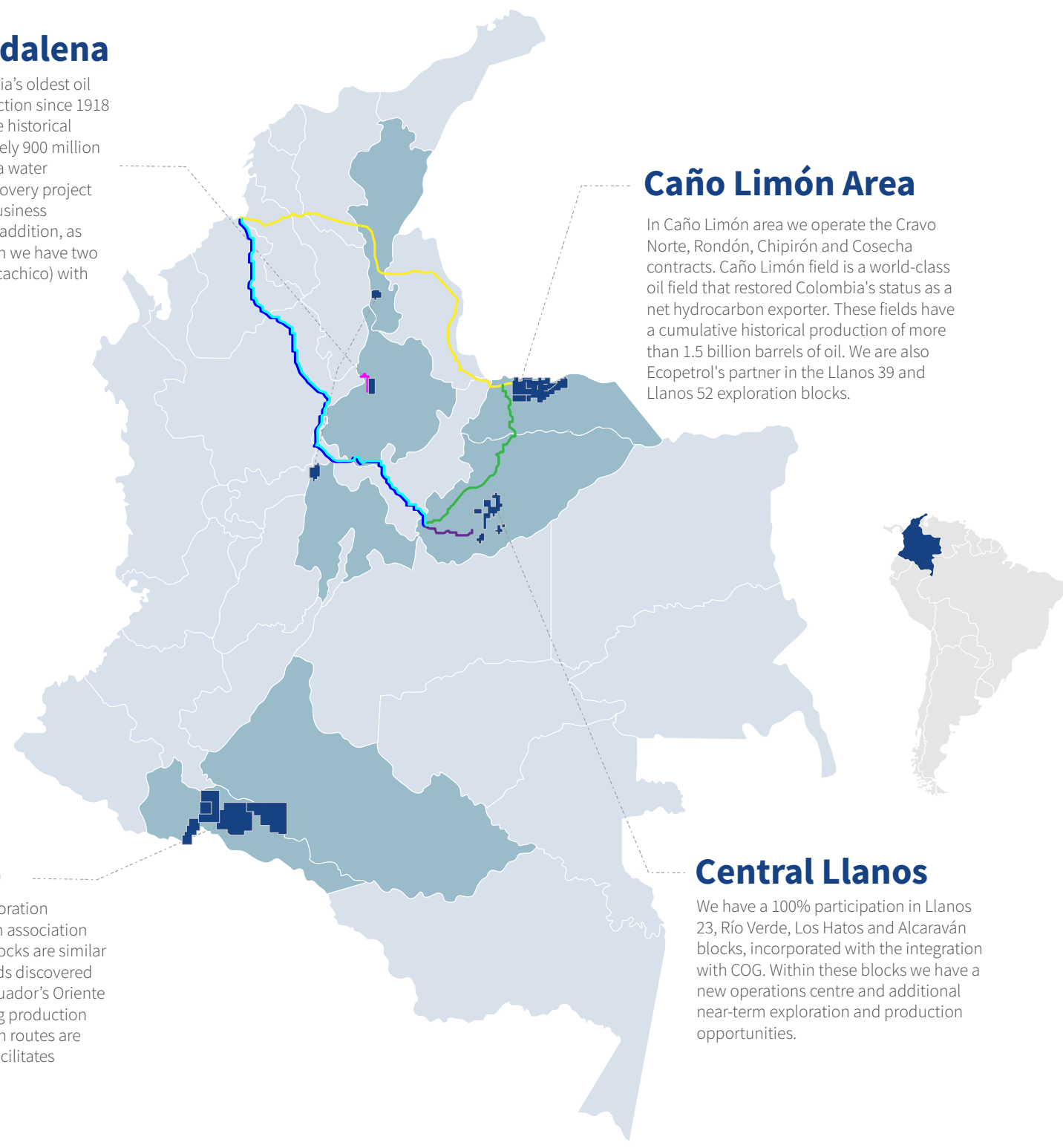
We are involved in exploration activities in six blocks in association with GeoPark. These blocks are similar to the more prolific fields discovered across the border in Ecuador's Oriente Basin. Access to existing production facilities and evacuation routes are relatively easy, which facilitates commercialisation.

Caño Limón Area

In Caño Limón area we operate the Cravo Norte, Rondón, Chipirón and Cosecha contracts. Caño Limón field is a world-class oil field that restored Colombia's status as a net hydrocarbon exporter. These fields have a cumulative historical production of more than 1.5 billion barrels of oil. We are also Ecopetrol's partner in the Llanos 39 and Llanos 52 exploration blocks.

Central Llanos

We have a 100% participation in Llanos 23, Río Verde, Los Hatos and Alcaraván blocks, incorporated with the integration with COG. Within these blocks we have a new operations centre and additional near-term exploration and production opportunities.



Pipelines

- Caño Limón - Coveñas
- Bicentenario
- Ocesa
- ODC
- El Centro-Galán
- Guarimena-Santiago-Porvenir

Our assets are located near strategic processing, storage and transportation infrastructure, which facilitates the commercialisation of projects.

The areas specifically under the operational control of SierraCol Energy are:

- Department of Arauca – Caño Limón area: Caño Limón, where we operate the Cravo Norte, Rondón, Chipirón and Cosecha contracts.
- Department of Casanare – Central Llanos area: Llanos 23, Río Verde, Los Hatos and Alcaraván contracts.
- Department of Cesar: Bolívar contract.
- Department of Cundinamarca: Bocachico contract.

Our value chain

GRI 102-9

The production of oil requires a series of highly complex processes and activities. We rely on our employees and our contractors for their deep technical knowledge, professionalism, responsibility and commitment to sustainability.



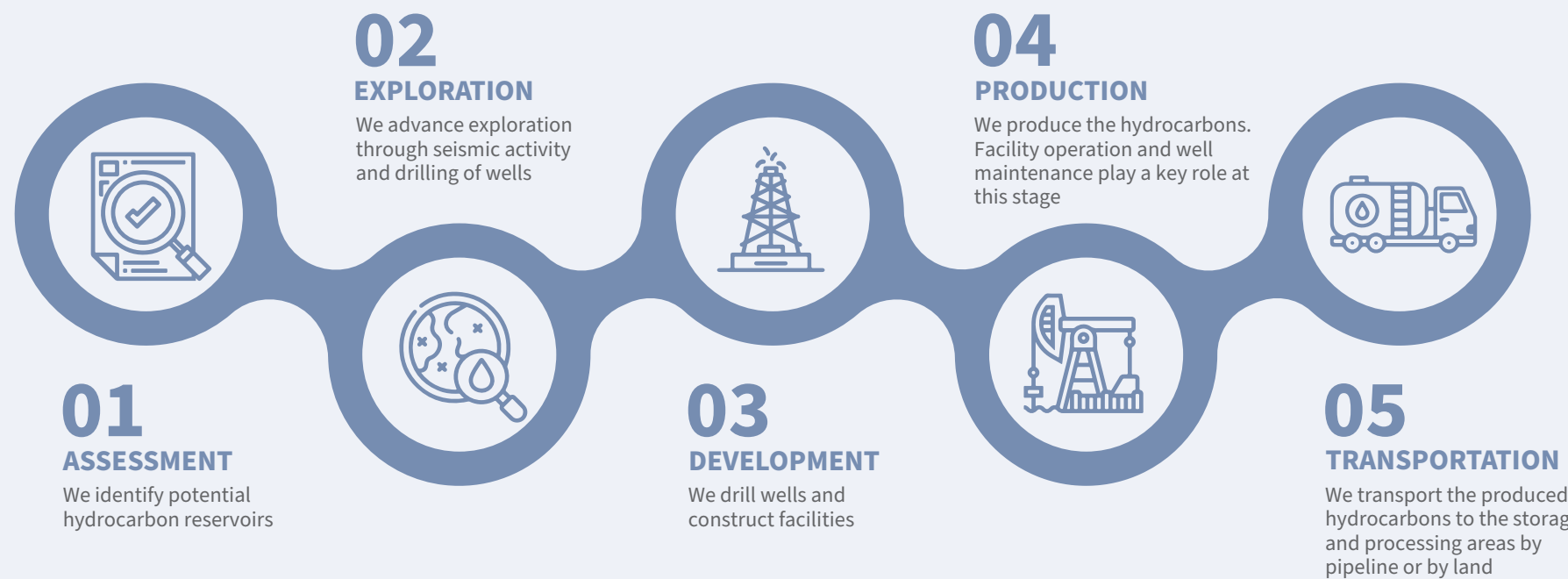
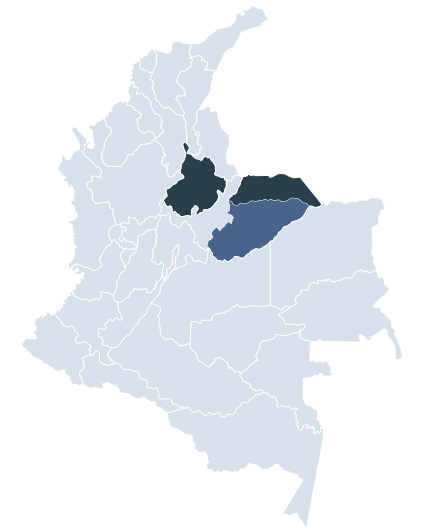
» Caricare - Caño Limón area
Arauca - Colombia

Destination of production


GRI 102-6

Our total production was 30,059,947 barrels. Of these, 12,383,256 barrels comprised net production after royalties including Repsol. The destination of each field's output is detailed below.

Caño limón area Cira Infantas	Ecopetrol
Central Llanos	BP
	Vitol



SASB EM-EP-000.A

Total production
 **30,059,947**
barrels

Our ESG Strategy



“A year of sustainable progress: we are creating more value for our stakeholders”

We are aware of our responsibility with the environment. Our dedication to the well-being of our workforce and wider communities leads us to centre strong social engagement at the heart of our work. In that way, our approach evolved to a more holistic five-pillar model, outlined in the graphic.



» Pointer - Central Llanos Casanare - Colombia

Making progress on our ESG goals

At SierraCol Energy we are proud of being recognised for our ESG performance and our sector-leading ability to consistently deliver economic, social and environmental value to our stakeholders.

To achieve this, we have defined our action framework and ESG pillars with goals and aspirations in each one. In this respect, in 2020 we developed, in collaboration with an external consultancy specialising in sustainability, our Environmental and Social Action Plan (ESAP) enhancing our performance. The work they undertook aimed to review our alignment with the Equator Principles, an international baseline and risk management framework used by financial institutions to assess the impact of long-term infrastructure projects and performance standards of the World Bank and the International Finance Corporation (IFC). Building on this research and analysis the Company set out concrete actions to be executed during 2021 and 2022. Through this result-oriented approach we aim to contribute meaningfully to the fulfilment of Sustainable Development Goals (SDGs) prioritised by the Company.










» Palo Blanco - Central Llanos
Casanare - Colombia

ESG

E

	SDG	WHAT DID WE COMMIT TO DO?	WHAT DID WE DO IN 2021?	WHAT DO WE PLAN TO DO IN THE FUTURE?		
CLIMATE ACTION & ENERGY	 	Implementing alternatives to diversify our energy mix and reduce our energy consumption	Environmental License for the Caño Limón solar park was obtained Optimised the production of Caño Limón wells through the water production management programme, reduced energy consumption and CO ₂ emissions	Operate up to 6.5 MWp generated by the solar farm by 2023 Install battery energy storage systems in Central Llanos to migrate to the National Grid		
		Evaluate additional GHG reduction options	Marginal abatement cost curve upgrade	Evaluate energy efficiency and transition alternatives in Central Llanos operations for GHG reductions by 2022		
			Permanent magnet motors (well's artificial lifting system) were implemented	Reduce operational GHG emissions by 50% by the end of 2023 compared to the base year 2019		
			A technical and economic evaluation of the implementation of permanent magnet and low enthalpy geothermal motors was made	Evaluate reducing gas emissions by injecting production gas in non-economic reservoirs in Caño Limón area		
			Migrated of diesel a drilling rig to electric drilling rig	Explore the generation of energy from production gas in the Labrador, Río Verde and Canacabare operations		
		Complete construction of the Cosechafield flow lines to continue eliminating routine gas flaring	Routine gas flaring in the Cosecha C field was eliminated due to the construction of the gas flow line	Eliminate routine gas flaring to all operated fields by 2025		
		Reduce our GHG emissions by replacing crude oil/diesel auto generators with electric power purchased from the National Power System	37 MW of self-generated crude oil/diesel energy were replaced by electricity purchased from the National Grid	Replace 20 MW with electricity purchased from the National Grid Eliminate the crude oil self-generation in the of Caño Limón operation area and Central Llanos		
		Take steps to align our operations within the TCFD framework	The first TCFD report was issued	Issue the TCFD report of Central Llanos and update it annually		
		ACTION FOR THE PLANET	 	Continue to align our water quality criteria with World Bank guidelines	A diagnosis was made of the following issues: rainwater, noise, discharges (domestic wastewater) and atmospheric emissions, according to World Bank guidelines	Permanent close the gaps by implementing the action plans identified in the diagnosis
				Perform a preliminary calculation of our water footprint	Calculation of the water footprint in Caño Limón area and Central Llanos fields was performed	Publish the first water footprint report for Caño Limón area in Central Llanos
Set water consumption and discharge optimisation targets						
Evaluate alternatives for water reuse						
Update the environmental monitoring programme to include rainwater	Quarterly rainwater monitoring began in Caño Limón area			Keep the rainwater monitoring in Caño Limón area		
Conduct a review of the critical habitats of existing operated areas	Critical habitat screening for Caño Limón, Caricare, Caricare Caño Limón pipeline, Campo Cosecha and Ape Primavera projects was performed	Create a biodiversity monitoring plan in the areas of influence				

ESG	SDG	WHAT DID WE COMMIT TO DO?	WHAT DID WE DO IN 2021?	WHAT DO WE PLAN TO DO IN THE FUTURE?
S	COMMUNITIES AND SOCIETY       	Strengthen our Regional Centers of Hope and Opportunity (CREO) programme	CREO operation began with the adaptation of a physical space for the development of training activities for women, recreational activities for children	Strengthen community outreach through the implementation of education, training and recreational programmes targeting women heads of households and children
		Improve the evaluation of our community investment programmes	Initiated the structuring and application of the tool to develop the baseline for the Social Management Plans 2020-2021 housing programme	Adopt the "Measuring Impact Methodology" for the housing, microcredit, livestock and chocolate workshop programmes
		Continue funding the "Connectivity with Purpose" project, providing Internet connectivity to five additional schools	Internet signal was installed in 6 more villages thanks to the "Connectivity with Purpose" project	Strengthen the provision of internet service in the 24 schools belonging to the project
		Finalise the process of aligning SierraCol Energy with international social responsibility standards, specifically the ISO 26000 Guide and IFC community standards	Gaps were identified based on the ISO 26000 Guide	Gap closure and alignment with the ISO 26000 standard
			A Social Responsibility Culture Plan was structured following best practices in this area	In 2022 and 2023 implement the gap closure action plan resulting from the analysis performed
		Promote the safe economic reactivation and recovery of micro-entrepreneurs through established post-pandemic measures	Measures were implemented to stimulate the reactivation and recovery of Microcredit programme clients' businesses	Restructure obligations and adjust the terms and conditions of current loans in terms of amortisation, term and rate variables
				The maximum loan restructuring term will be extended
		Support local communities and institutions to counteract the effects of the Covid-19 pandemic	Basic health services were provided in health centres	Expand coverage of basic health services through health brigades
				Support for strengthening basic health services provided at Nubes A and La Pesquera medical centres
		Disseminate SierraColEnergy's ESG and operating practices	The Company's voluntary social investment was socialised internally as an ESG good practice	Economic diversification projects were implemented
				A strategy for the disclosure of relevant ESG aspects will be structured in 2023
		Implement comprehensive stakeholder engagement plans	A diagnosis was made of SierraCol Energy's relationship needs with internal and external stakeholders	Implementation and execution of stakeholder engagement plans by 2022-2023
		Maintain the priority of local employment (Colombia)	Review the key aspects of the Local Content strategy	Implement the Local Content strategy
			Inexperienced staff were trained	Implement an evaluation mechanism to measure local workforce participation by 2022
			Informative spaces with contractors were created	Strengthen local labour participation, training processes and career plans
			Incentives were included for contractors who develop inclusive work opportunity practices	
		Maintain the prioritisation of national and regional contractors	Priority was given to the procurement of local and national goods and services	Update the supply of local companies
				Characterise new local businesses
		Implement the Local Content strategy		

ESG	SDG	WHAT DID WE COMMIT TO DO?	WHAT DID WE DO IN 2021?	WHAT DO WE PLAN TO DO IN THE FUTURE?
G	SOLID GOVERNANCE    	Continue to report our ESG performance to all our stakeholders in line with applicable Oil and Gas industry standards	Our first sustainability report was published for the base year 2020	Adjust our report to the standards set out in GRI 11 for the Oil and Gas sector, carry out the double materiality exercise and set up the ESG committee with oversight from the chairman and members of the BoD
		Update our ethics and compliance policies and procedures	Our policies and procedures were updated and training was conducted for 97% of our employees	Develop an online training tool to achieve policy and procedures training for at least 95% of employees
		Ensure training of our employees on our compliance policies		
		Maintain our record of compliance and non-criminalisation of all environmental permits	The process of registering environmental legal requirements in the Bizagi platform continued. During 2021 there were no penalties or fines for environmental issues	Develop and migrate to new platform for monitoring and controlling the management of environmental licenses, permits and authorisations by 2022
		Renew the necessary permits for emissions, forest harvesting and water concession and discharge	The necessary procedures were carried out to continue with the validity of the permits for the use and exploitation of natural resources required by the operation	Maintain approval of applications for renewal of the WSW well water concession permit and non-domestic wastewater discharge permit
		Update the Caño Limón and Caricare-Caño Limón pipeline Risk Management Plans	The process of updating and disseminating the Disaster and Risk Management Plans (PGRD) for the Caño Limón Field and the Environmental Licence for the Caricare Development Field (Campo de Desarrollo Caricare) has begun	Work with the departmental Risk Management Committee on risk management policies for the area of influence and achieve a socially and environmentally sustainable operation in 2023-2024
		Explore cybersecurity enhancements and develop techniques to respond to cybersecurity incidents	NIST (National Institute of Standards and Technology) was selected as the reference framework for implementing cybersecurity services	Finalise the implementation and stabilisation of the security operations centre and consolidate the information security team
		Strengthen our security strategy, based on the results of an internal analysis validated with external experts	A new security strategy was designed, developed and implemented to improve the number and severity indicators of incidents	Continue implementation of the second phase of the security strategy and conduct an internal audit by 2023
		Conduct training of the spill control group with an external specialist in spills in water bodies	Training with an external specialist on the installation of barriers in the La Conquista estuary was carried out	Expand training in Mutual Aid Schemes and contingent contracting and conduct ongoing training for spill control crews and mutual aid scheme personnel
		Maintain Total Recordable Incident Rate (TRIR) below 1.0	A TRIR of 0.9 was achieved at the end of the year	Maintain TRIR below 0.9 in 2022 and implement the Plan of Audits of the Occupational Health and Safety Management System of the contractor companies
		Maintain occupational disease incidence rate below 1%	More than 90% of the high-risk factors and more than 85% of the medium risk factors that, from an ergonomic point of view, could cause a musculoskeletal injury were corrected	Maintain the occupational illness rate below 1% and improve the system of indicators and monitoring of programmed activities
		Strengthen the Company's health registration system	Health indicators were designed	Obtain the Healthy Company certification awarded by the Colombian Society of Cardiology - 2022 / 2023
		Prevent and mitigate the effects of CovidD-19 on the health of our workforce by	Biosafety and medical protocols were updated and we reached 98% of direct employees with full vaccination	Continue to monitor the application of reinforcement doses and the implementation of biosecurity protocols

Climate action

We continue our commitment to carbon neutrality and climate change adaptation goals

Climate change and greenhouse gases

GRI 103-1, 103-2, 305-1, 305-2, 305-5, 11.1.1, 11.1.5, 11.2.1
SASB EM-EP-110a.1, EM-EP-110a.2, EM-EP-110a.3, EM-EP-120a.1,

Internal coverage: Sustainability and operations areas

External coverage: Authorities, investors, communities, civil society and customers

As a Company, we have taken key steps to contribute to the global goal of mitigating the impact of climate change. We are acting to raise awareness and to generate a culture of commitment in all our employees on climate-related issues. For this purpose, we have set an ambitious target to reduce 50% of our greenhouse gas (GHG) emissions by 2023 and achieve carbon neutrality by 2030.



» *Tyrannus melancholicus and Hydrochoerus hydrochaeris*
Caño Limón area / Arauca - Colombia

In 2021, we defined our climate change strategy based on three lines of action: (i) mitigation, (ii) adaptation and (iii) governance. In addition, we established the Carbon Footprint Reduction Plan projected to 2025, in which we contemplated strategic actions such as:

- **The shutdown of crude oil-fired self-generation engines**
- **The elimination of routine gas flaring**
- **The establishment of an energy efficiency programme**



See our TCFD 2021 Report

to learn more about our climate change management programme

Mitigation: reducing our GHG emissions

GRI 103-3, 302-1, 302-2, 11.1.1, 11.1.5, 11.2.1

Substitution of energy sources is one of our objectives to achieve the carbon-neutrality goals set by our board of directors.

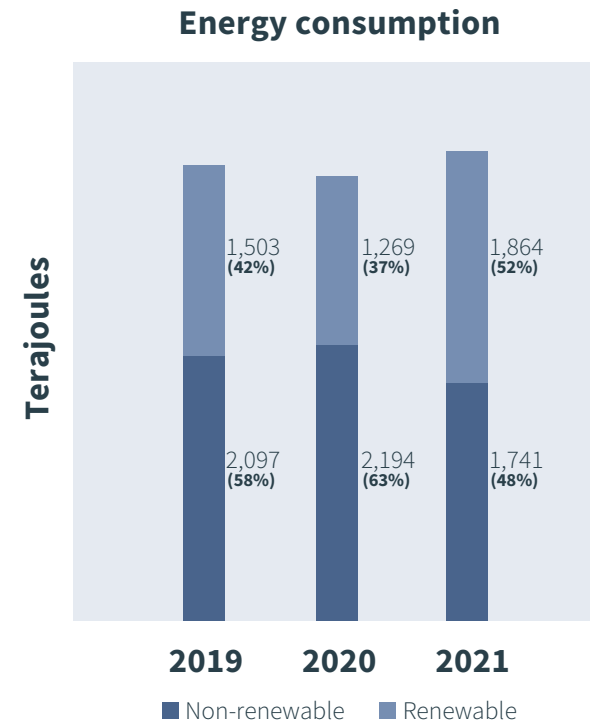
After conducting a comprehensive environmental, operational and economic analysis, we replaced the crude oil source of our self-generation internal combustion equipment through a phased shutdown process. In phases 1 and 2, 18 and 19 MW of self-generation were shutdown respectively, replacing energy by connecting to the National Interconnected System (SIN for its initials in Spanish).

In 2021, we reduced our carbon footprint by shutting down internal combustion

As part of the diversification of our sources of energy and the use of new technologies, we are identifying additional projects, such as:

- **Construction of a solar park**
- **Implementation of permanent magnet motors**
- **The optimisation of oil production processes (e.g., through conformance)**
- **Isolation of non-productive zones in hydrocarbon wells**
- **Generation of electricity from gas flaring**
- **Battery energy storage systems**

For the generation of electricity from gas, we have incorporated more efficient engineering options including gas generation with the plant expansion in the Caricare field, reducing costs associated with electricity consumption from the SIN, which increased the reliability and reduced the emissions previously associated with flaring.



Non-renewable energy includes gas, diesel, fuel oil-diesel and crude oil generation.
Renewable energy includes 100% hydro and solar generation. MW to terajoules conversion factor: 0.0036.



» Caricare - Caño Limón area
Arauca - Colombia

Energy intensity is associated with energy consumption per barrel produced, specifically with the increase of fluid to be handled as part of the hydrocarbon production process, which in 2019 represented 47,4 kW/boe, in 2020 50,4 kW/boe and in 2021 52,9 kW/boe. The calculation for 2021 includes the annual consumption of Central Llanos, Caño Limón area and Bogotá offices.

The management of information associated with GHG emissions calculation is carried out using the SANGEA® tool, developed for specialised emissions in the hydrocarbons sector. The Company's emissions inventory takes 2020 as its base year and is prepared under the methodology of the GHG Protocol and ISO 14064-1:2006 and represents the main source of information for decision-making related to the management and mitigation of emissions. The inventory is consolidated using the operational approach, including all emissions generated in the fields located in the Caño Limón area and Central Llanos, operated by the Company.

Scope 1 and 2 emissions estimated in the different fields operated are based on the emission factors included in the 2009 Compendium of the American Petroleum Institute (API) and include emissions:

- **Associated with stationary combustion sources**
- **Generated by transportation**
- **From routine flaring**
- **From process and venting emissions**
- **Fugitive emissions**
- **From energy purchases**

Our energy transition efforts are based on rigorous regulatory compliance monitoring and close collaboration with the authorities to promote a lower carbon economy

GRI 103-3, 302-3, 305-1, 305-2, 305-5, 11.1.1, 11.1.5, 11.2.1

The gases included in the calculation are CO₂, N₂O, CH₄ and the global warming potentials used correspond to the IPCC Fifth Assessment Report (CO₂ = 1, CH₄ = 28, N₂O = 265). The total uncertainty of the GHG emissions inventory was estimated at 3% according to IPCC guidelines. We also followed the recommendations of the World Resources Institute in its document GHG Protocol Scope 2 Guidance and consolidated the calculation of our emissions from energy purchases (electricity only) as follows:

Location-based approach:

total emissions of 73 ktCO₂e.

Market-based method:

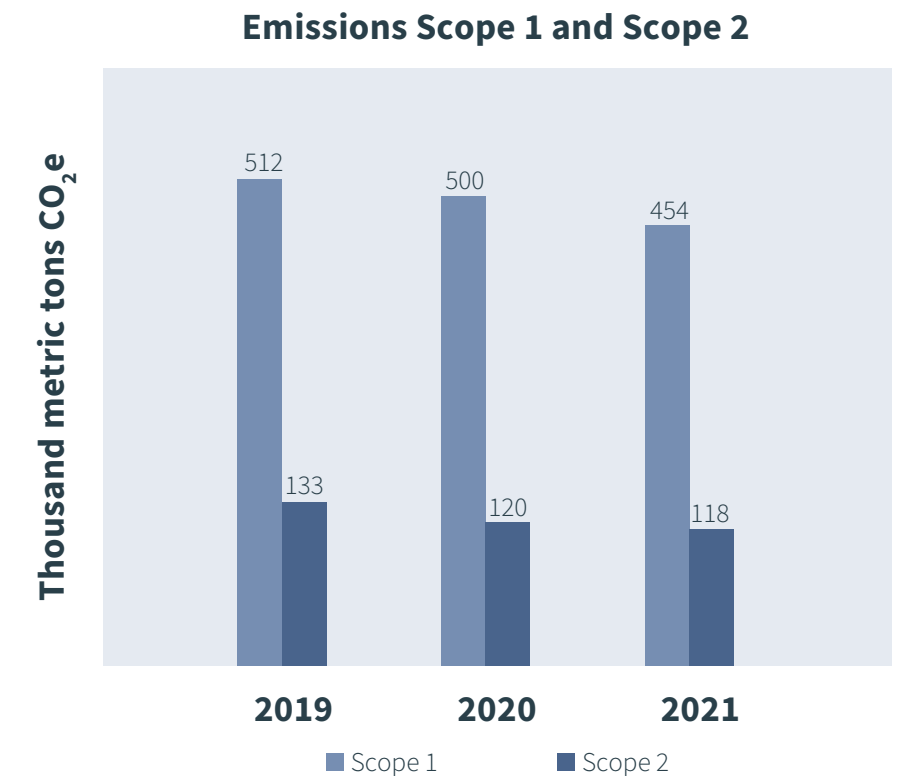
total emissions equivalent to 118 ktCO₂e.

Colombia's electricity generation basket is predominantly hydroelectric, so the emission factors of electricity purchased through the SIN are lower than the factors estimated by local suppliers. Therefore, we used the results obtained through the market-based method as it is the highest quantification recorded for Scope 2 emissions. In addition, Bogota office's energy is not included in scope 2.

We are targeting a reduction of more than 310 ktCO₂e by 2023. In 2021, our carbon footprint decreased 118 ktCO₂e³.

In 2021, we implemented several GHG reduction initiatives including the replacement of 37 MW of self-generation to crude oil in the Caño Limón area field with electricity purchased from the SIN. We also implemented an energy efficiency programme, involving the installation of permanent magnet motors in our Company's artificial lift systems.

Gases included in the calculation of Scope 1 and Scope 2 CO₂, CH₄, N₂O. Base year 2019. Global warming potentials from IPCC Fifth Assessment Report. CO₂ = 1, CH₄ = 28, N₂O = 265. Approach: Operational control. Emissions by Scope 2 represent the results obtained by the market-based approach. Standards Scope 1: Greenhouse Gas Protocol Corporate Standard (2005). Methodologies: API Compendium of Greenhouse Gas Emissions Estimation Methodologies for the Oil and Natural Gas Industry (2009) - IPCC 2006 Volume 2. Energy. Assumptions: The emission factors for the different sources are established in the inventory design document. For domestic fuels the characteristics provided by UPME⁴ are used. Standards Scope 2: GHG Protocol Scope 2 Guidance (2015). Assumptions: For the calculation of emissions from the purchase of energy from the SIN the emission factor provided by UPME is used. For the energy provided by Genser Power, an emission factor is estimated based on the characterisation of the gas, the volume of gas used and the energy supplied.



» Caño Limón area Arauca - Colombia

³Value calculated represent net GHG reductions in Caño Limón area based on emissions inventories. CO₂, CH₄, N₂O gases were included. The carbon footprint reduction includes Caño Limón area and COG Emissions and offsets from LCI operation.

⁴Acronym for Colombia's Mining and Energy Plan Unit.

Restatement of information:

GRI 103-3, 302-4, 302-5, 305-1, 305-2, 11.1.1, 11.1.5, 11.2.1

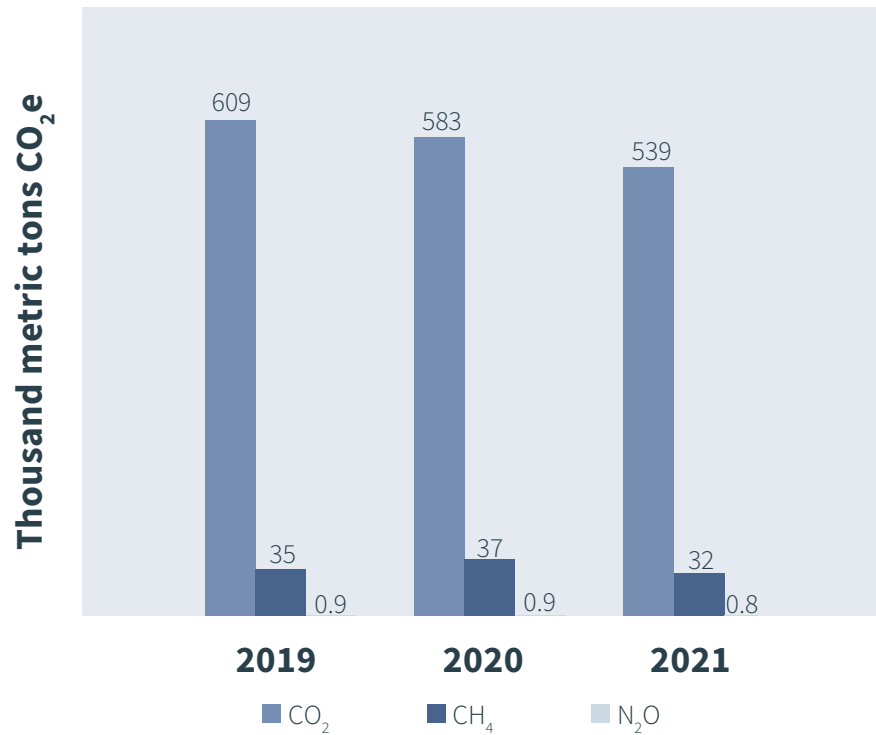
In 2020, the Sustainability Report recorded 107 ktCO₂e of emissions. This was calculated using the emission factor of 0.166 tCO₂e/MWh published in the Resolution 385 of 2020, which was in force at the time of the report preparation (August 2021). We adjusted the 2020 emissions calculation after the national update of the emission factor to 0.203 tCO₂e/MWh in November 2021.

Methane accounts for 7% of total Scope 1 emissions

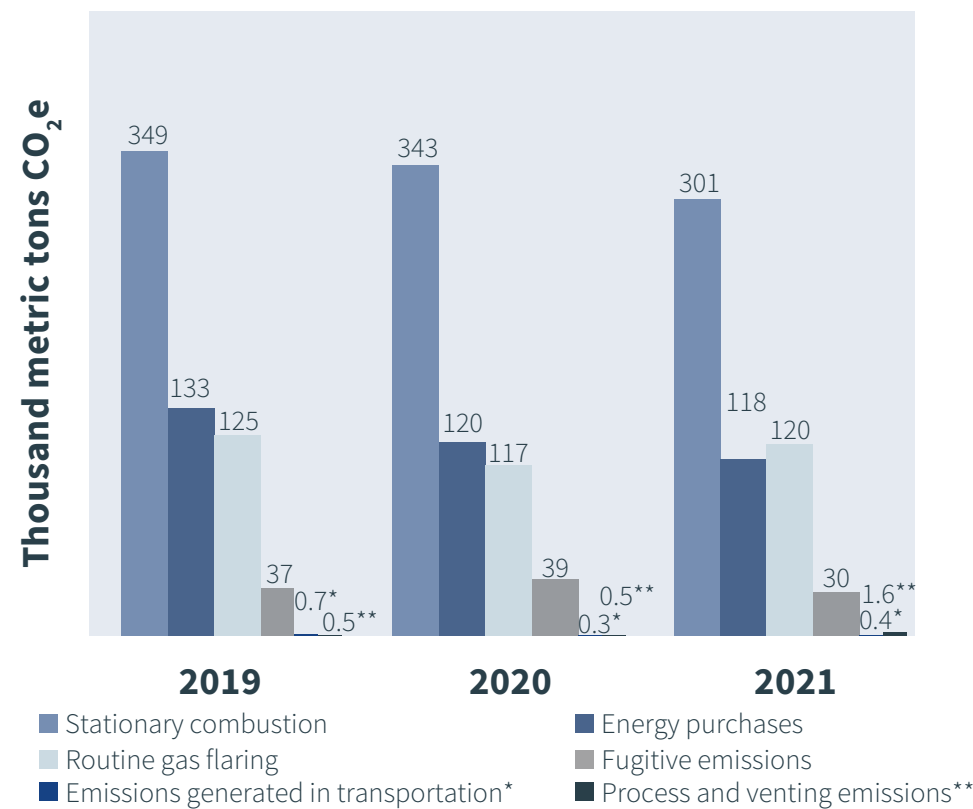


» Caño Limón area Arauca - Colombia

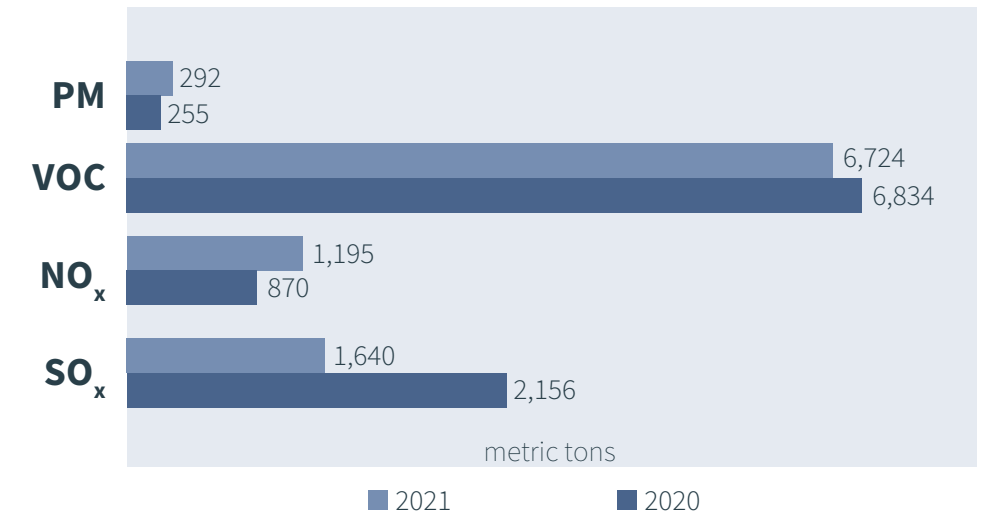
Gross greenhouse gas emissions



Gross GHG Emissions by Source
Emissions values includes scope 1 and scope 2



Other significant air emissions



Gases included in the calculation of Scope 1 and Scope 2 CO₂, CH₄, N₂O. Base year 2020. Global Warming Potentials from IPCC Fifth Assessment Report. CO₂ = 1, CH₄ = 28, N₂O = 265. Approach: Operational control. Standards Scope 1: Greenhouse Gas Protocol Corporate Standard (2005). Methodologies: API Compendium of Greenhouse Gas Emissions Estimation Methodologies for the Oil and Natural Gas Industry (2009) – IPCC 2006 Volume 2. Assumptions: The emission factors for the different sources are established in the inventory design document. For domestic fuels the characteristics provided by UPME are used. Standards Scope 2: GHG Protocol Scope 2 Guidance (2015). Assumptions: For the calculation of emissions from the purchase of energy from the SIN the emission factor provided by UPME is used. For the energy provided by Genser Power, an emission factor is estimated based on the characterisation of the gas, the volume of gas used and the energy supplied.

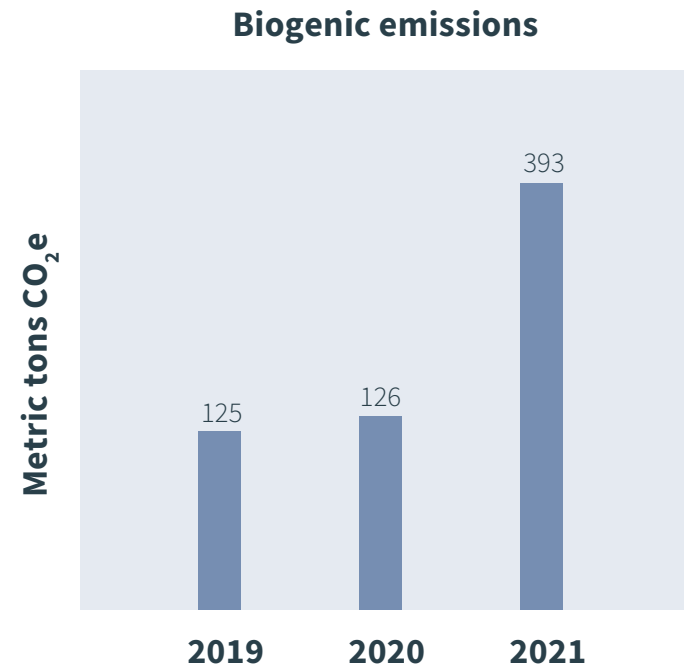


The emission factors are from the API Compendium 2009 and API 42 Compilation of Air Pollutant Emission Factors. The emission factors are contained in the annexes of the inventory design document. The calculation tool used for the estimation is the SANGEA software, distributed by API.

Biogenic emissions

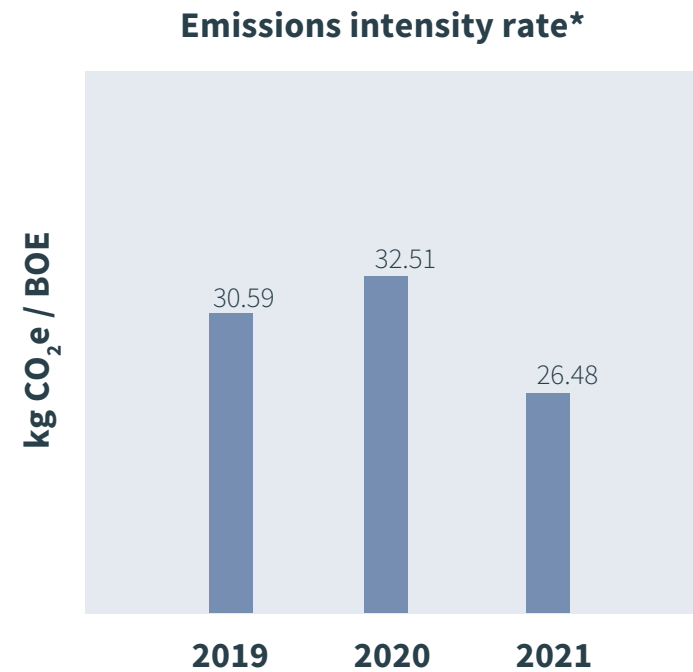
GRI 103-3, 305-1, 305-2, 305-4, 305-5, 11.1.1, 11.1.5, 11.2.1

We also measure our biogenic CO₂ emissions, those released as a result of the combustion or decomposition of organic material, including biomass and biofuel. Our biogenic emissions come from palm oil biofuel, which accounts for 2% and 10% of the total volume of diesel used in the Caño Limón area and Central Llanos operations, respectively.



Carbon intensity

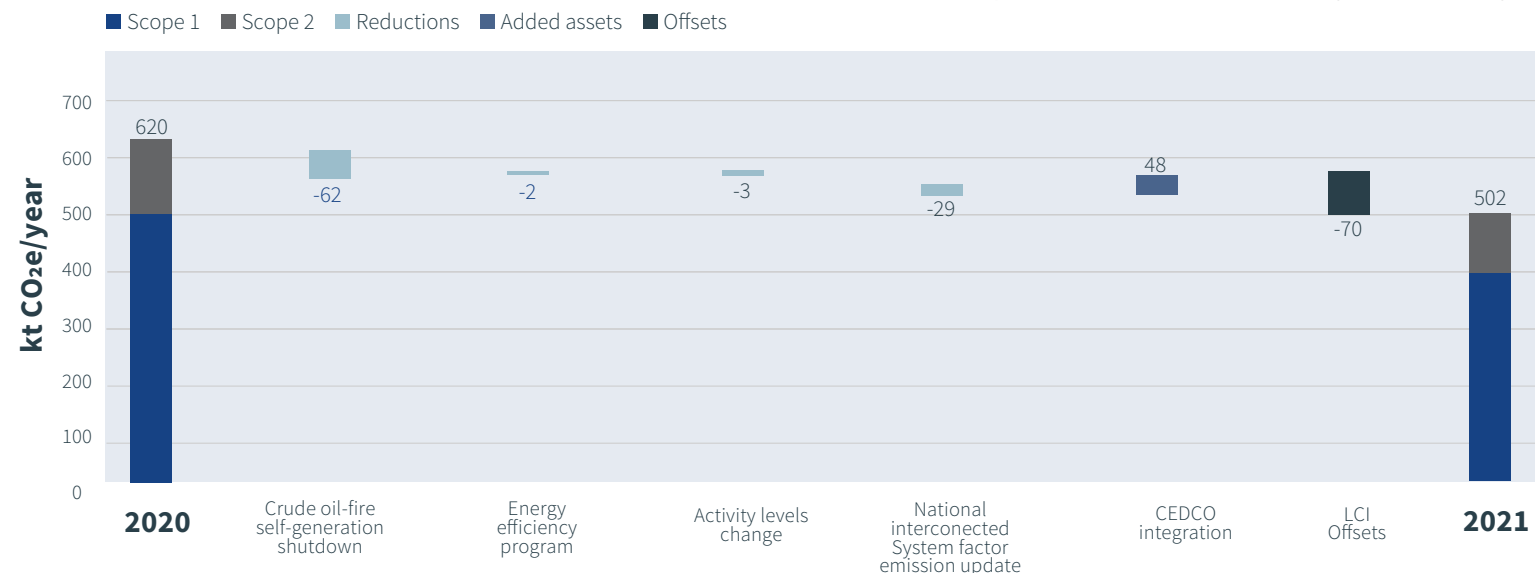
Our carbon intensity calculation for 2021 includes the transfer of 70,298 carbon credits from the La Cira Infantas field annular gas recovery project. We included our production of 18,946,311 boe in this calculation (including Caño Limón area and COG). Scope 1 and 2 emissions were included in the calculation, as well as CO₂, CH₄, N₂O gases.



* The trend has been affected due to the pandemic and the acquisition of new assets

The Company has calculated Scope 1 and 2 emissions by equity, corresponding to 235 and 115 ktCO₂e respectively. Carbon intensity shows a value of 24.7 kg CO₂e/boe, representing a lower value in comparison with carbon intensity estimated by operational control.

Carbon footprint progress



SierraCol Energy has made progress toward carbon emissions reduction. Calculated reductions are based on emissions inventory and latest emission factor published by UPME corresponding to 2021. Emissions progress trend includes added assets and carbon offsets applied.

Adaptation: acting in response to regional climate change

We continue our commitment to carbon neutrality and climate change adaptation goals

We are increasingly experiencing the impact of physical risks from climate change in our own operations. In 2021, we implemented emergency engineering measures due to the flooding of one of our facilities. This prompted us to revise our strategy on the identification and evaluation of climate-related issues. TCFD guidelines helped us to analyse our physical and transition risks. Our intention for 2022 is to include in our TCFD report the Central Llanos operations added with the acquisition of COG.



» PF1 - Caño Limón area Arauca - Colombia

Governance: managing decision-making for climate action

Our Board of Directors has established a governance framework for climate change that involves its members, the President and CEO of SierraCol Energy and the Vice Presidencies. The specific management of climate issues is undertaken by key role-holders within the Vice Presidency role, who oversee the Climate Change Strategy outlined here, including our carbon footprint reduction and climate change management plans.

Success story

Solidarity with our neighbours

In July 2021, heavy rains produced a landslide in the rural area of Toledo- Samoré (Norte de Santander), affecting two power towers and the 230-thousand-volt line that interconnects this border area. This led to a blackout throughout the department of Arauca, leaving more than 260,000 inhabitants without electricity or internet access.

Aware of the magnitude of the event, we immediately started working to meet the most urgent needs of the population of the cities of Arauca and Arauquita. Thanks to the support of our partners, Ecopetrol, ISA Intercolombia and Energy Company of Arauca (ENELAR ESP), we were able to provide free electricity from July 8th to July 16th.

We delivered 1,134,470 kW of electricity throughout 24 hours a day to the population located near our Caño Limón area oil complex. ENELAR ESP oversaw the distribution of the electricity to the areas of most need, both rural and urban. One of the beneficiaries was the San Vicente de Arauca Hospital, from which the emergency services were provided.

For this, we made specific technical adjustments to our interconnected electric system. We used two crude self-generation plants (GPF1 and GPP) to feed the ISA Intercolombia Caño Limón area substation and the ENELAR Arauca and Arauquita circuits at 34.5 kV. After 12 days of service interruption, ISA-Intercolombia, operator of the SIN, managed to recover the Toledo- Samoré line and normalise the energy service.

This support was an opportunity to strengthen local contingency plans while discussing with the national authorities the relevance of accelerating the 2016-2030 expansion plan. This strategic document addresses the planning of generation resources and the expansion of electricity transmission networks, so accelerating the construction of a second interconnection line reaching Arauca from Casanare, which had previously been postponed to 2026.



“We have to thank the willingness of the oil Company to help us solve the crisis we are in due to the lack of electricity. From the very moment that Governor demonstrated his solidarity, we have always received SierraCol Energy’s commitment to help” said Manager of ENELAR ESP, Dumar José Quintero García.

“We have all been impacted by this power shortage. We trust that SierraCol Energy’s effort to deliver energy to the department of Arauca, by working with our partner Ecopetrol, will allow us to alleviate the effects of this incident on the population. SierraCol Energy and Ecopetrol are part of community of Arauca and are in solidarity with their neighbours” said Bernardo Ortiz, President and CEO of SierraCol Energy.

Our goals

- **Reduce 50% of GHG emissions in SierraCol Energy operations by 2023 compared to the 2019 baseline.**
- **Replacing crude-oil-based-self-generation with electricity purchased from the SIN.**
- **Gas flaring elimination by 2025.**
- **Continue with the process of establishing our new solar farm.**
- **Evaluate energy efficiency and alternative energy sources in our Central Llanos operations.**
- **Evaluate the feasibility of power generation from production gas in Central Llanos operations.**
- **Estimate the Company’s Scope 3 emissions for 2023 based on emission factors.**
- **Measure our fugitive methane emissions in Caño Limón area by the end of 2022.**
- **Carbon neutrality for 2030.**

Action for the planet

Water management

GRI 103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 303-4, 303-5, 11.6.5
SASB EM-EP-140a.1, EM-EP-140a.2

Internal coverage: Operations and sustainability areas

External coverage: Authorities, communities and civil society

Water is essential for communities, for the sustainability of local ecosystems and for the viability of our operations. We understand the value of water as a shared resource and its importance as an ecosystem service.

Through the climate risk analysis that we conducted in 2021, we assessed the availability of this resource in periods of scarcity. Even though water scarcity was not categorised as a material risk for our operations, we acknowledge it is vital for our local communities and for that reason, it is one of the issues that demands our greatest attention and management.

Through our Programme for the Integral Management of Water Resources (PGIRH), that sits within our environmental management system, we ensure compliance and guarantee the proper use, treatment, management and disposal of water resources in all our projects. During 2021, we implemented an environmental control programme to include rainwater in our monitoring, aligning with the World Bank's IFC standards. The main source of water supply in our operations is groundwater, whereas the use of surface water is significantly lower.

As part of our water efficient use and saving programmes, we established integral water management activities for each of our fields. We have in place permanent controls to prevent water loss in our distribution systems, while considering the dynamics between water supply and demand.

We have defined water indicators for each field, focused on the conservation of bodies of water; developing a water-saving culture among employees; the maintenance of the water distribution system and the implementation of projects that reduce water use.

Water withdrawal by source

Megaliters/year

Total	123,275
Produced water	122,901
Groundwater	357
Surface water	17

Water discharge by destination

Megaliters/year

Surface water	107,566
Groundwater	15,280
Third-party water	7

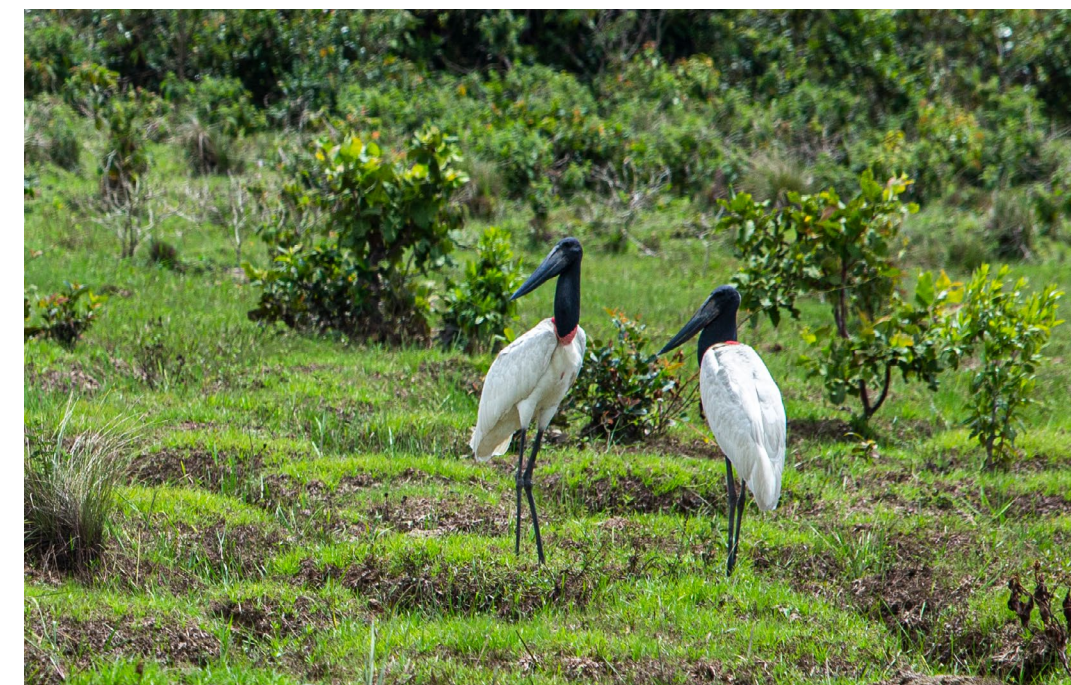
Water withdrawal by type

Megaliters/year

Fresh water (total dissolved solids) ≤1000 mg/l	110,352
Produced water	109,978
Groundwater	357
Surface water	17

Megaliters/year

Produced water	12,922
Non fresh water (total dissolved solids ≥ 1000mg/l)	12,922



» *Jabiru mycteria*
Casanare - Colombia

We do not withdraw water from the sea or from third parties⁵.

We do not operate in water-stressed areas.

We are conscious of the importance of starting from a deep understanding of the amounts of water consumed in our production process to propose reduction and management strategies and goals. Therefore, in 2021, we calculated our water footprint using the methodologies of both the Water Footprint Network and the Multisectoral Assessment of the Water Footprint in Colombia for 2019, 2020 and 2021.

⁵Organisations involved in the provision, transport, treatment, disposal, or use of water and effluents

Biodiversity

GRI 304-1, 304-2, 304-3, 304-4
SASB EM-EP-160a.1

Great respect and management of ecosystem biodiversity guarantees our long-term sustainability vision for the environment

We are aware of the value of ecosystems in the natural environment and the importance of biodiversity to our business. We ensure that we monitor our impact on the environment by developing a mitigation strategy, gathering accurate and consistent information.

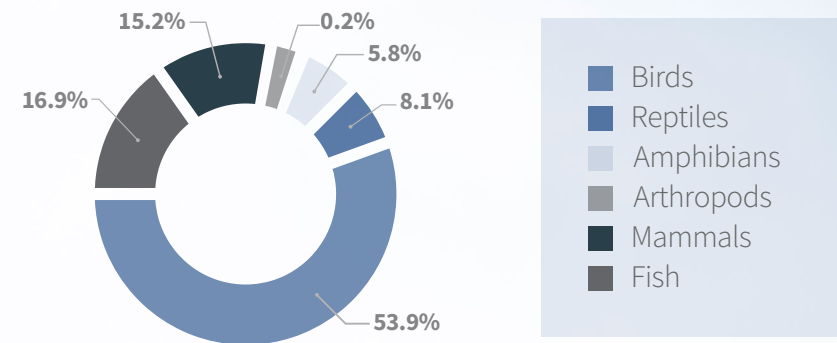
Working collaboratively with our stakeholders and aligning with international standards are key to our biodiversity approach. The corporate guidelines on biodiversity are incorporated in our environmental management plan and the priority actions for this issue are defined in our ESAP.

We seek to prevent and mitigate environmental impact to protect sensitive ecosystems and generate sustainable development practices. We operate in areas of importance for biodiversity in the department of Arauca and Casanare and we strictly follow the applicable regulations. None of our operations in Caño Limón area or Central Llanos take place in protected areas.

We manage our impact

In 2021, we hired an external consultancy to define a plan of activities to strengthen our biodiversity management. As part of this process, we conducted a review of habitats in the Caño Limón area, Caricare and Cosecha fields, Caricare - Caño Limón pipeline and Primavera exploratory drilling area. We also designed a programme for the management of invasive species and contracted studies to research into the identification of species in our areas of operation, in compliance with the ND6 standard of the World Bank's IFC.

Porcentaje de wildlife in or near SierraCol Energy's projects in the Caño Limón area



We aim to produce similar charts for our other operations based on our initial monitoring.



Jabiru mycteria
Casanare - Colombia

In 2021, we also created a procedure for verifying the origin of plant material to be used in reforestation processes with the aim of limiting the introduction of invasive species, pests and pathogens into ecosystems as a result of reforestation efforts. Additionally, we developed a baseline to identify the species found in our Caño Limón area operations.

For our operations in Central Llanos, Casanare, Río Verde, Llanos 23 North, Llanos 23 South and Labrador fields, located in the municipalities of Yopal, Orocué and San Luis de Palenque, we consolidated our periodic fauna

monitoring programme. The chart below shares our findings on wildlife in Caño Limón area.

During the year covered by this report, we promoted projects in collaboration with external organisations, including Orinoquia Biodiversa and Regional Autonomous Corporation of the Orinoquia (Corporinoquia). This is to restore and preserve our ecosystems and raise awareness in our neighbouring communities regarding the importance of conserving and protecting the biodiversity that surrounds them.

Wildlife species by International Union for Conservation of Nature (IUCN) threat category and by National Listing, at or near Caño Limón and Central Llanos areas.

Categoría	Caño Limón Wildlife		Central Llanos Wildlife		Caño Limón Flora	
	IUCN	National ⁶	IUCN	National ⁷	IUCN	National ⁸
Critically endangered	1	2	0	1	0	1
Endangered	3	4	0	0	1	3
Vulnerable	11	13	1	2	4	0
Near threatened	1	0	1	0	4	-
Least concern	0	-	165	0	232	-

⁶As established in Resolution 1912 of 2017 of the Ministry of Environment and Sustainable Development.

⁷ Idem

⁸ Idem

For the drilling of six new wells prioritised by the Company, 28.7 hectares were used, 98% of these correspond to previously intervened areas and 2% to natural cover



» Casanare - Colombia

Success stories

GRI 304-3

Bees: environmental restorers

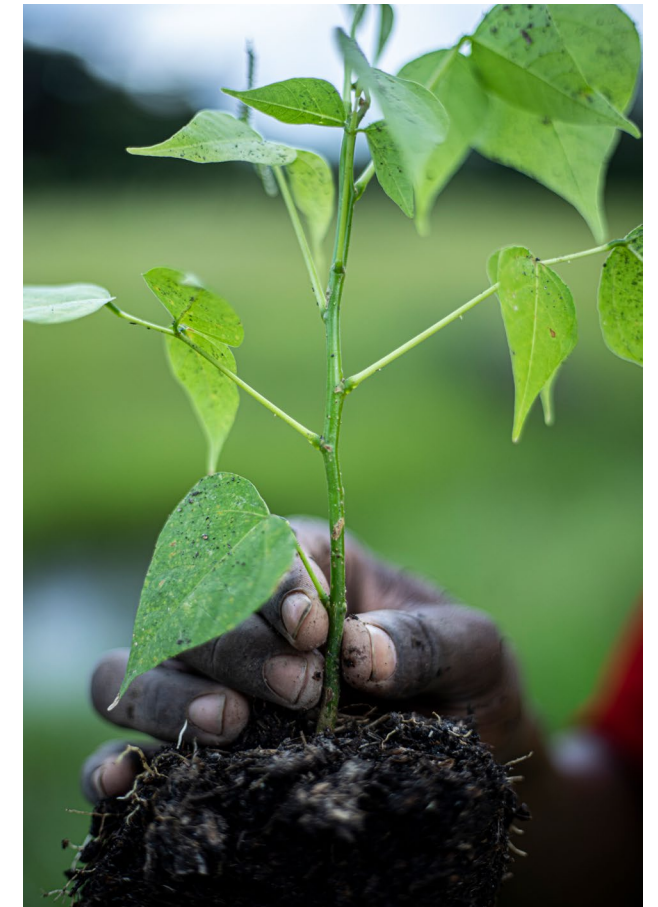
In 2021, together with Orinoquia Diversa Foundation and the community of La Guinea, a rural area in the municipality of Maní, Casanare, we developed an environmental restoration project focused on the protection of bees. This was developed as a compensation measure for our activities in Central Llanos, within the framework of the environmental license of the Alcaraván 3D seismic programme.

Bees are in a critical condition, caused by human activity and the impacts of climate change. Their protection is key to promote the health and wellbeing of people and the planet due to their role in pollination. Our project focused on the construction of three beekeeping hubs, each consisting of 15 beehives located in an area of 400 m² next to a forest area. The initial step was to select three protection areas of two hectares each, which were sufficiently isolated from environmental stressors such as livestock. Training was then provided to community members on managing the bees, to support them in generating income from products such as honey and wax. More than US\$ 37,000 (gross) was invested in this project.

Plan for forest harvesting

During 2021, the compensation plan for forest harvesting and occupation of the riverbed in the Caño Agua Verde, located in the Caño Limón area, was implemented. It consists of compensation to 31 families from two neighbouring villages in return for their stewardship of the riverbed and agreements signed for the conservation of 190 hectares of natural ecosystems.

Among the incentives delivered as part of these conservation agreements, there are rotational systems for livestock, solar panels to power homes, eco-efficient stoves, beekeeping production systems and agroforestry systems. This project was carried out jointly with Corporinoquia.



» *Eritrina poeppigiana*
Casanare - Colombia



We developed an environmental restoration project focused on the protection of bees.
Their protection is key to promote the health and wellbeing of people and the planet due to their role in pollination



» Casanare - Colombia

Project Benefits

ENVIRONMENTAL	Generation of vegetation cover
	Protection of species present in the area through increasing habitat connectivity
	Recovery and increase of biodiversity
	Decreased pressure on land use through conservation agreements
SOCIAL	Development of sustainable ecosystems
	Employment generation
	Improved community livelihoods
ECONOMIC	Community knowledge of conservation strategies
	Income from the sale of honey and wax

Circular economy and waste management

GRI 306-1, 306-2, 306-3, 306-4, 306-5

We are committed to managing natural resources responsibly through circular economy initiatives

In 2020, we prioritised six circular economy initiatives. We are proud to share our progress:

- 1. Purchase of local agricultural products:** we created a database of local suppliers, identified the demand of the food outlets in our operations and established our internal criteria for a circular contracting process.
- 2. Manufacture of products from the extrusion of plastic waste:** we identified local suppliers that could help us to develop this workstream and created the local vendor registry for Arauca local companies.
- 3. Electrical and electronic waste:** we brought reusable equipment out of retirement and worked with Ecopetrol to ensure it was either safely disposed of, or usefully donated.
- 4. Metal waste:** we undertook a feasibility analysis on the reuse of metal pipes from our operations, to build social infrastructure such as bridges, parks, or buildings.
- 5. Oily sludge:** we participated in four technical roundtables with the Ministry of the Environment and Sustainable Development, the National Environmental Licensing Authority and other environmental authorities to discuss the possibility of using oily sludge waste outputs for roads stabilisation.
- 6. Drilling muds (water-based):** we engaged with the environmental authority regarding the approval of regulatory changes to the use of water-based muds as an input in minor civil works.

Our integrated waste management approach is a key part of our circular economy initiatives. We recognise the value of proper separation of waste, reducing waste generation and the appropriate identification, handling and disposal of waste with hazardous characteristics.

Although we have our own sanitary landfill licensed by the environmental authority, we limit its use to contingency activities. Instead, we work through alliances and contracts with waste transportation and management companies to manage our waste strictly following the applicable regulation.

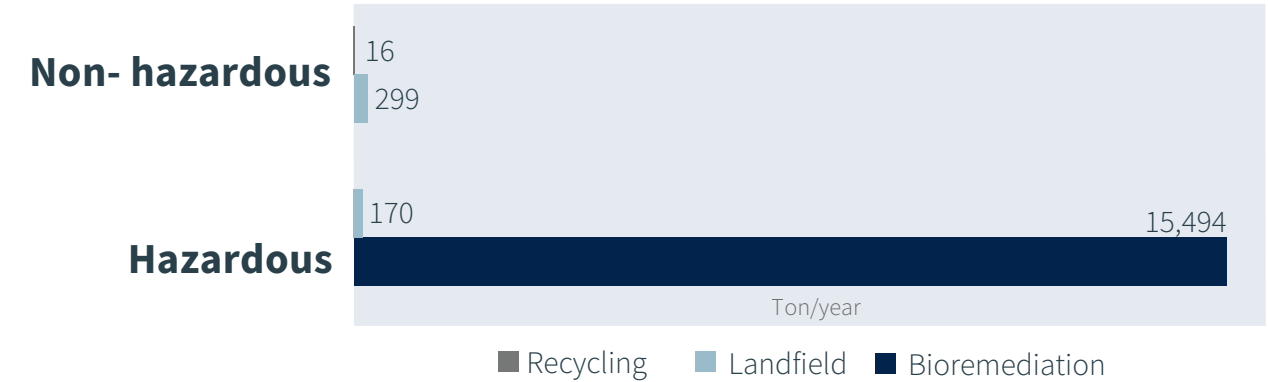
Waste generation is controlled and monitored through audits from generation to final disposal with evidence collected throughout the process including volumetric measuring, detailed records and certificates of disposal or recycling. All information is delivered periodically to the environmental authority.

In 2021, we began to detail the registration of waste generated by each of our contractors, through a single register of contractors, where we control and ensure that the waste generated is managed properly. We also carry out inspections and audits of companies responsible for the collection, transportation and final disposal of solid waste to ensure compliance with regulations and with our environmental standards.

Hazardous waste:
15,665 ton/year

Non-hazardous waste:
299 ton/year

Waste by type and destination



» PF2 - Caño Limón area Arauca - Colombia

Cuttings and drilling muds

GRI 11.5.4, 11.5.6

The cuttings and muds generated during the drilling stage in our operations are managed through a specialised third party authorised by the environmental authority. This third party ensures the correct treatment, reuse and disposal of the cuttings. We control and record the volumes delivered by treatment method and type of disposal and report this information periodically to the environmental authority.

33,177 bbls of drilling cuts were handled in Caño Limón area and Central Llanos operations

Success stories

Circularity: extending the reach of our local purchases

We continuously assess options to increase our food purchases from local suppliers. In 2021, we evaluated more than 100 suppliers in the Arauca region for supplying products such as dairy, fruit, meat and vegetables.

We are evaluating the food quality requirements along with our communities. Our objective is to support our identified local companies to acquire the skills needed to ensure that their products meet all quality standards. To do this, we rely on organisations such as CREAME, a business incubator for the Arauca region and SODEXO, the administrator of our food outlets.

One of the synergistic benefits of this approach is that we hope to increase the traceability of our organic waste from food which can then be used for composting, vermicomposting or in biodigesters for biogas generation.

Rigid plastic recycling

During drilling and oil extraction, plastic casing caps are discarded. These are made from a high-density polyethylene (HDPE) which is contaminated in the process with traces of hydrocarbons. Plastic accounts for the highest volume wastes in our operations, nearly 20,000 kg/year.

Historically, a certified third party has been responsible for transporting and disposing of the waste. However, following circular economy principles and the Colombian government's strategy in this area, we are looking for alternatives to extend the useful life of this material and keep it within the production chain. To explore the potential of this approach, we developed a project

focused on the manufacture of by-products from the extrusion of rigid plastic. The process of by-product development consists of washing, transporting, shredding, extruding and moulding the plastic waste to produce pallets, posts and plastic lumber.

Through this process, circularity processes are implemented, disposal costs are eliminated and industrial symbiosis is created. In addition, we see local business development and the creation of competitive advantage at a local level. In 2021, we conducted a baseline study for the project, evaluated its feasibility with different stakeholders and began the contracting process within Arauca. In the future, we aim to expand the initiative to include different types of plastic.

Donation of pipes for social projects

Another initiative of interest to us is to implement the reuse and recycling of scrap and pipes from drilling and production. We already closely monitor the handling of metal scrap together with the third party who undertakes this on our behalf. We track the amount of material which is being sent on to steel mills to prevent ferrous materials from being disposed of inappropriately.

As part of our social initiatives, we have donated scrap metal piping to our local communities for the construction of civil works such as bridges, fences and flood containment infrastructure. In association with the municipal mayors' offices and the community action boards, in 2021 we donated 200 pipes to the municipalities of Arauquita and Fortul. With this material we plan to build seven bridges that will facilitate the mobility of rural communities to the capital city.



» Caño Limón area
Arauca - Colombia

We are committed to supporting our communities and building a better society

Our goals

Water management

- Continue to meet our water quality criteria in alignment with World Bank guidelines.
- Update our water footprint calculations and our approach to benchmarking against the sector.
- Seek options for the reuse of firefighting water that is expelled during the fire system weekly tests and for the reuse or recirculation of water in the supply wells pumping tests at Caño Limón area.
- Progress the implementation of rainwater monitoring.
- Systematise the monitoring of water usage.

Biodiversity

- Undertake a biodiversity monitoring plan in different areas, helping us to understand flora and fauna relationship in our operations.
- Strengthen our biodiversity management programme in accordance with applicable conservation standards.

Circular Economy

- Consolidate and expand the scope of our circular economy programme.
- Implement new initiatives around material flows to explore new opportunities for circularity.
- Strengthen local producers to increase the food supply in the food outlets.
- Promote circular economy criteria in each of our contracting processes.



» *Dendrocygna sp.*
Caño Limón area / Arauca - Colombia

Communities and society

GRI 103-1, 103-2, 102-33, 203-1, 203-2, SC01 (Own), SC03 (Own)
SASB EM-EP-210b.1

Internal coverage: Social responsibility, sustainability and communications areas

External coverage: Communities, authorities, civil society, collaborators, media, suppliers and contractors.

We focus on investing and working to improve the lives of our employees, contractors and communities



» Arauca - Colombia

We generate value for our neighbours and stakeholders

At SierraCol Energy we are committed to supporting our communities and building a better society. We do this through our involvement in key issues including social investment, employment generation and the acquisition of local goods and services. Our relationships allow us to engage local economic and social dynamics, improve quality of life of our local population and boost the economic development in the regions where we are present.

Social investment

Social investment is one of the pillars of our social responsibility strategy, through which we realise our commitment to positively impact the lives of neighbouring communities. It is developed through five actions relevant to the main needs of the communities:

- **Social and human development:** includes programmes and projects for the benefit of local culture, the promotion of education, public health including specialised campaigns for children with congenital problems, the promotion of sports by supporting the logistics of tournaments, as well as the operation of the internet services network.
- **Family, community and productive infrastructure:** includes the construction and improvement of family housing, the strengthening of community life through the improvement of sports centres, community halls, educational centres, road infrastructure and productive infrastructure mainly for cacao and livestock.
- **Economic diversification:** includes programmes to stimulate and promote entrepreneurship with a focus on strengthening the agricultural and livestock production chain through capacity building with training activities.
- **Financial inclusion:** includes a programme to facilitate small and medium-sized entrepreneurs' access to financial products and services at preferential rates.
- **Environmental sustainability:** infrastructure development to contribute with adequate spaces for the wildlife sanctuary in Arauca.



» El Alcaravan Foundation
Arauca - Colombia

GRI 103-3, 203-1, 203-2, 413-1, 413-2, SC01 (Own), SC03 (Own)

We understand that achieving impact in our social investment projects is only possible if we work in coordination with the community and the support of strategic allies. In Arauca, we work closely with El Alcaraván Foundation, which is responsible for implementing our social development projects, in close coordination with the beneficiaries.

Social Investment



In 2021, we supported the reactivation of the territory by contributing to micro-businesses throughout the year.

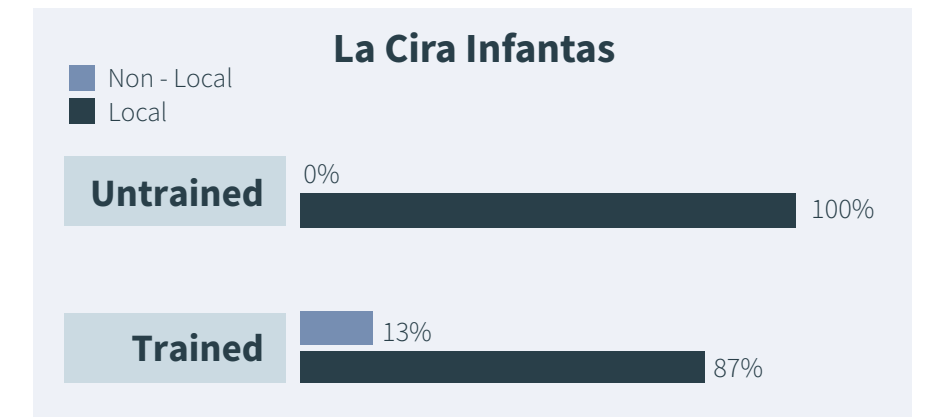
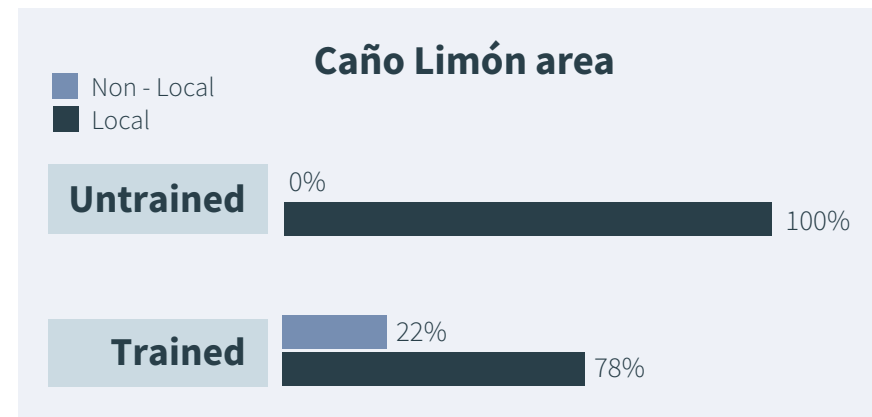
Reactivation support included the provision of micro-credits, training activities to increase competitiveness and the provision of equipment and supplies for their businesses. In addition, we reaffirmed our commitment to promote quality education by providing internet connectivity to 24 schools in 5 villages with the “Connectivity with purpose” project. Our regions and the local people are our priority and that is why we prioritise local employment.

We know that generating employment has a positive impact on developing the quality of life in the communities where we operate. We also value the fact that most of those who are with us in the day-to-day of our operations are people who live locally.

As the participation of local labour grows, so does the commercial dynamism of our regions, indirectly impacting other key sectors for local development. We are dedicated to the principles of decent and dignified work to the promotion of local opportunities and we continuously evaluate our approaches to achieve these outcomes.

We have labour and social audit groups that oversee processes where we prioritise local labour. We also support contractors in developing their local labour participation statistics and in defining the capacity building programmes for the untrained workforce.

Workforce	Caño Limón area ⁹	La Cira Infantas ¹⁰
Local Trained ¹¹	1,069	966
Non-Local Trained	305	149
Local Untrained ¹²	205	156
Non-Local Untrained	0	0



» El Alcaravan Foundation
Arauca - Colombia

⁹Caño Limón area refers to the average number of employees that are residents of the municipalities of Arauca and Arauquita.
¹⁰La Cira Infantas refers to the average number of employees that are residents of the municipality of Barrancabermeja.
¹¹Trained labour is all personnel who require higher education or previous experience in the performance of their duties.
¹²Untrained labour is all personnel who do not require technical, technological, professional training or previous experience in the performance of their tasks.

Success stories

SierraCol Energy and our neighbours

Building the territorial development agenda together

We want to leave a footprint of progress and development in the territories where we are present and we know that this is only possible if we work hand in hand with the communities that live near our operations. For this reason, in 2021, we set out to create a joint work route with the communities in the influential area of Caño Limón, department of Arauca, in order to construct the territorial development agenda.

We undertook a series of conversations with the leaders of 56 territorial units. These conversations were fascinating and involved both consensus and disagreement, leading to a prioritised list of options for local development and the identification of key players needed to achieve these development objectives.

This process of constructive dialogue not only allowed us to create a plan for the Company's social investment but deepened our relationship of trust with our communities. The exercise also supported the development of our stakeholder engagement plan.

One of the main achievements of this dialogue was the definition of cross-cutting criteria for all social projects. We agreed together on principles of inclusivity, sustainability, timely and a human development approach. As an output, we were able to share a report outlining the key interests of our communities and the Company which was widely disseminated to our neighbours.



» Caño Limón area
Arauca - Colombia

CREO initiative for youth and Araucan women

As part of a specific project focused on youth and women, we set out to promote spaces for meeting and social coexistence to promote the empowerment of our neighbouring communities.

In 2021, we were able to work with these groups on learning activities, skills development and social organisation, thanks to the launching of the Centres for the Regionalisation of Education and Opportunities (CREO) in the municipality of Arauquita, department of Arauca.

The CREO's are fixed and mobile spaces where family members can develop professional and social skills through different courses. They operate through alliances with National Learning Service (SENA), in coordination with the community action boards and with the participation of institutions such as the Arauca Family Compensation Fund, migration Colombia, the women's secretariat and the Arauca's health secretary. Over 300 people have accessed these open-door spaces so far.

It is important to highlight that the CREO's have a differentiated approach that seeks to generate a greater impact on the

vulnerable population, with children and female heads of household being the most benefited population groups. Of the 300 people who participated in the different activities developed during 2021, 224 were children and adolescents and 65 were women heads of household. The main themes developed were related to coexistence and family integration, interpersonal relationships, motor skills and the expression of emotions.

We understand that this is a long-term commitment and in 2022 and beyond will continue to work to:

- **Promote participation in the CREO's existing training courses**
- **Launch new complementary training courses**
- **Create a digital zone that allows access to pre-recorded training sessions.**
- **Host a fair to share knowledge, training experiences, dialogues, exhibitions and presentations.**

We are committed to our communities and that is why we are so proud of CREO, an initiative for Araucan youth and women



Engagement and communication with our stakeholders

GRI 102-29, 102-40, 102-43
SASB EM-EP-210b.1

Engagement plans

Engagement plans are our roadmap for building strong and meaningful relationships

Strong and meaningful stakeholder relations are the backbone of our corporate strategy. For this reason, we build relationship plans adjusted to the dynamics of our communities and their environment, based on clear objectives and activities. Our aim is to increasingly deepen our relationships with all key stakeholders, especially in the geographical territories where we operate. We seek to create closeness with our stakeholders both inside and outside SierraCol Energy and to promote positive actions through continuous, transparent and open dialogue.

We have a framework of ten relationship principles that we have built in an engaged harmonious manner with our stakeholders and which guide us in all strategic areas.

» Caño Limón area
Arauca - Colombia

Purpose of stakeholder engagement



Engagement principles

We acknowledge that environment is dynamic, therefore, these engagement plans must be constantly updated. Consequently, in 2021, we built engagement plans for the different areas of interest of our operations, with the following strategic subjects applicable to all areas of our Company:

- Relationship
- Local content
- Social investment
- Responsible behaviour

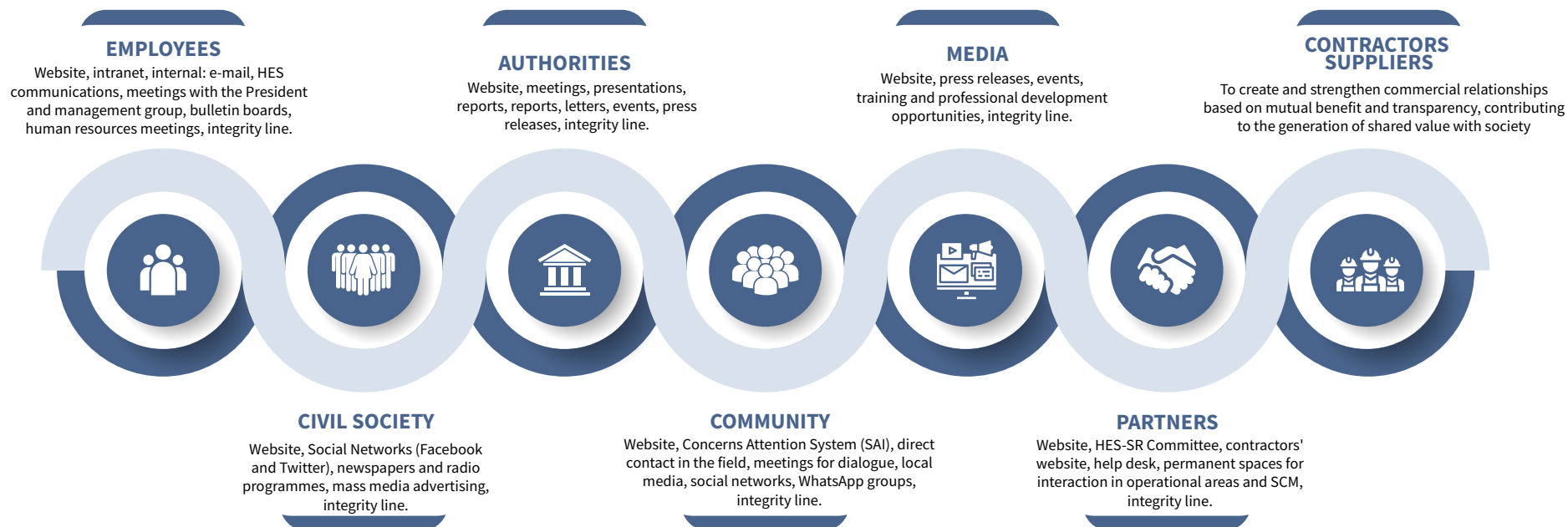


» Caño Limón area Arauca - Colombia

Engagement principles

Respect	Good faith	Search for mutual benefit	Timely and transparent information	Inclusivity
Materiality	Bi-directional dialogue	Compliance with commitments	Peaceful dispute processing	Continuity

Communication channels with our stakeholders



Communication strategies

GRI 102-34

We believe that formalising our communication and engagement channels and tools is the way to generate greater trust. Our goal is for all our stakeholders to be able to express their concerns and expectations to us and for us to understand and respond to them in a timely manner.

Strengthening ties with our partners

To strengthen the connection between all areas of the organisation, regular meetings are held between the President of SierraCol Energy and its management team and all employees. In 2021, four 'Town Halls' were held, where all employees could express ideas and concerns, within a forum of mutual respect and collaboration.

Seeking greater proximity to our communities

In 2021, we carried out a diagnosis of the Company's social engagement plan with all our stakeholders to support our engagement strategy. The diagnosis showed that there are expectations of dialogue on issues in five key areas:

- o Environmental issues
- o Social investment
- o Goods and services
- o Employment and local labour
- o Land management

Our strategy includes managing engagement with multiple areas of the Company. It is vital for all employees and team members to develop strong communication and relationship skills, in order to convey to our stakeholders our approach towards areas such as the environment, local employment, local goods and services, community strengthening and social investment.

Concerns Attention System (SAI)

GRI 102-33, 102-34, 102-44

SierraCol Energy's Concerns Attention System (SAI for its initials in Spanish) is the mechanism through which suggestions, requests, complaints and/or claims from our stakeholders are monitored and managed.

During 2021, we identified opportunities for improvement in the SAI and, in parallel with the process of updating our stakeholder relationship plan, we began to adjust the tool and its related procedures.

We share below a breakdown of the requests received through the SAI this year.



» Caño Limón area
Arauca - Colombia

SAI is a powerful mechanism to attend the expectations of our stakeholders

	Requests	Complaints or claims	Rights to petition	Commitments	Total
Social investment and community contributions	136	5	3	2	146
Private property (real state and personal property)	8	6	3	0	17
Labour and employment	21	25	4	0	50
Road aspects	11	5	0	0	16
Environmental	5	6	2	0	13
Procurement of goods and services	14	26	1	1	42
Security and Human Rights	0	2	2	0	4
Other	10	4	1	0	15
TOTAL	205	79	16	3	303

A total of 303 requests, complaints and petitions were received and processed. The largest number were "Request" typology with the 68%, followed by "Complaints or claims", with 26%.

As of December 31, 2021, 99% of the concerns were resolved and closed.

There was an increase of approximately 28% of general requests, compared to 2020. This is due to the re-opening of several request-enabling activities that had been restricted due to on Covid-19, including the travelling of management to allow face-to-face engagement with stakeholders.

This was an improvement compared to 2020, where 13% of the applications were pending at the end of the year. We attribute this to the follow-up and control strategies implemented in 2021.

In 2021, 752 stakeholder participants joined us in 249 sessions, including committee meetings, informative processes, Environmental Management Plan (PMA) workshops and consultation forums.

Human Rights in our operations

GRI 103-1, 103-2, 103-3, 408-1, 409-1, 410-1, 412-1

Internal coverage: Legal, corporate affairs and sustainability areas.

External coverage: Communities, civil society, collaborators, suppliers and contractors.

Respecting and promoting human rights is fundamental to the fulfilment of our corporate values and will allow us to achieve our purpose of developing energy resources in a responsible manner and creating value for our stakeholders. At SierraCol Energy we firmly believe that our actions can generate a significant positive impact on communities and society. We are committed with our strategic partners at a national and local level to promote human rights and contribute to the global agenda for sustainable development.

Our **Code of Business Conduct** and our new **Human Rights Policy** demonstrates our alignment with multiple international standards and initiatives to respect Human Rights. This policy establishes our commitment with diversity, equity and inclusion; it places special emphasis on the prevention of risks related to child labour, forced labour and modern slavery practices; and it also states our commitment to promoting social dialogue, respecting and recognising the work of community leaders, environmental activists and human rights defenders.

Finally, this Human Rights Policy expresses our Company's responsibility to be attentive to the concerns raised by our different stakeholders (through the SAI) and our commitment to strengthening the due diligence process to identify, prevent and mitigate human rights risks that may arise in our operations and throughout our value chain.



» PF1 - Caño Limón area Arauca - Colombia

In 2021, we update our Human Rights Policy seeking to strengthening our human rights commitments.

Our Human Rights International Standards reference are:

- **ILO Declaration on Fundamental Principles and Rights at Work (ILO 169)**
- **ILO Convention concerning Indigenous and Tribal Peoples (ILO 169)**
- **UN Global Compact Principles**
- **UN Guiding Principles on Business and Human Rights (UNGPs)**
- **Voluntary Principles on Security and Human Rights**
- **Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises**

Human rights are a material issue for the Company, we respect and promote them throughout activities carried out by the Company. In 2021, we continued to align our performance with international standards and participated in initiatives aimed at supporting human rights and promoting transparency, such as the Extractive Industries Transparency Initiative (EITI). SierraCol Energy supports several multi-stakeholder initiatives at the national level that seek to improve good practices in human rights, including as members of the Mining and Energy Committee for Security and Human Rights.

In order to strengthen our human rights due diligence practices, we conducted a Human Rights Impact Assessment over the 100% of the operations in Caño Limón area. This evaluation followed the United Nations Guiding Principles as well as relevant international standards and best practices in human rights and was conducted by an independent external consulting firm.

The Company has not cases identified and/or reported related to child labour, forced labour and modern slavery practices

We assure that our security contractor personnel received training in human rights

Security in our operations

GRI 103-2, 103-3

It is our responsibility to protect people's lives and the integrity of our assets in all our operations, ensuring harmonious coexistence with our neighbouring communities. We carry out rigorous processes to select private security contractors and, within the framework of the collaboration agreements that we have with the Colombian Armed Forces, we support their training process in human rights.

Security management is based on four fundamental aspects: public security, private security and electronic security and information analysis security

During 2021, we developed a new security strategy. To improve our performance in terms of both number and severity of incidents compared with previous years.

We maintained our goal of zero security incidents in our areas of operation.

We manage our security in accordance with our Code of Business Conduct, national legislation and international standards. This entails the implementation of risk analysis assessment of risks and threats to our people and operations, and developing mitigation plans to reduce or eliminate these risks.

We evaluate our security management through:

- **Internal audits of the full security process.**
- **Verification of selected processes with external experts of selected processes.**
- **Continuous updates to security protocols and procedures.**

We are committed to implementing the Voluntary Principles on Security and Human Rights



» PF1 - Caño Limón area
Arauca - Colombia

Diversity, equality and inclusion

GRI 102-16, 401-3, 406-1 407-1

We live and act in accordance with our values, understanding our leaders shape culture through example

We have set out to be a Company in which all our employees feel motivated and respected with growth and permanence opportunities, orienting our actions towards these goals. Talent management at SierraCol Energy is based on our corporate values and the following governance instruments:

- **Code of Business Conduct**
- **Recruitment Policy**
- **Diversity, Equity and Inclusion Policy**
- **Equal Opportunity Policy**
- **Integrity Helpline**
- **Coexistence Committee**
- **Success Factors Platform**

In 2021, the labour coexistence committee did not receive any complaints or cases of harassment or mistreatment at work.



» Control Room PF1
Arauca - Colombia

Our Human Talent management strategy is based on five fundamental aspects are developed:

- **Career and development opportunities**
- **Total compensation**
- **Well-being**
- **Culture**
- **Work environment**

In 2021, 14 employees took parental leave: 7 women and 7 men.

During 2021 we successfully advanced our transition process to SierraCol Energy. In order to encourage our employees' sense of belonging to the new corporate identity, we held open forums, among other actions.

As the challenges of remote work continued due to the Covid-19 pandemic, we restructured our training portfolio through virtual classes led by online instructors.

We are creating an agile, progressive, fast moving, risk tolerant, decisive, innovative and diverse & inclusive culture that will allow us to overcome current and future challenges

We promote the development of our human talent

Professional growth opportunities became available to 63 employees (40% women and 60% men), who took on roles of greater responsibility within the Company. We also capitalised on the potential of some of our employees by assigning them to critical and high-impact positions and projects.

In 2021, we achieved a total of 12,257 training hours

We also designed the “Leading my Career at SierraCol” programme to train employees in the management of their career and development plans, strengthening their personal and professional self-knowledge through cutting-edge tools and maximising their contribution and commitment.

We developed 17 soft skills courses with 389 attendees

To further enhanced the competencies of our employees and improve technical performance, we conducted eight courses on petrotechnical issues with 113 attendees.

Aligned with our cultural transformation process, we relaunched the instant recognition and time for service programmes to highlight the contribution of our employees to the fulfilment of our corporate objectives.

Our “Wellable” wellness platform, was designed to promote healthy behaviours and implement the cloud-based human capital management system “Success Factors”, which allows us to:

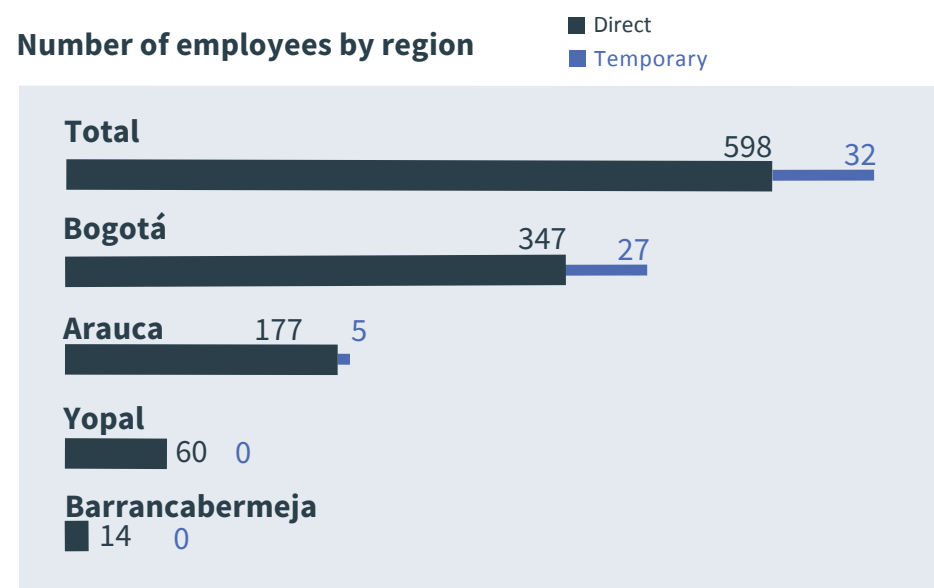
- **Align the contribution of our employees with the Company’s objectives and strategy.**
- **Improve the performance of our employees through continuous feedback and coaching.**
- **Develop our talent.**
- **Identify and manage our best critical talent.**
- **Manage the protection and privacy of our employees’ data.**



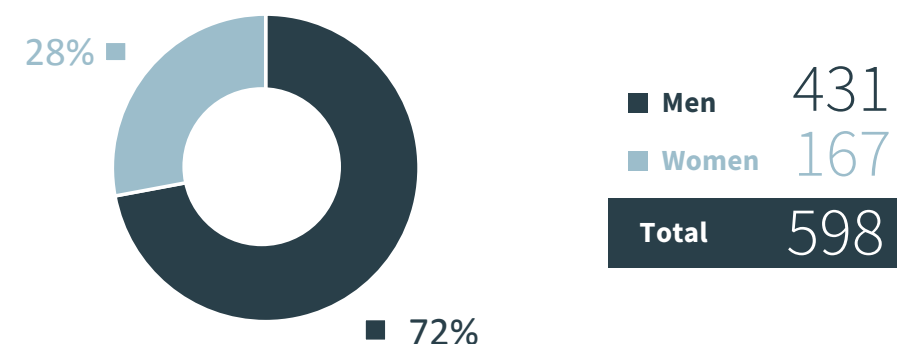
Bogotá Office Colombia

GRI 404-1, 404-2, 404-3

Number of employees by region



Number of employees by gender



In 2021, there were 22 new hires: 36% women and 64% men.

The personnel turnover rate was 6%.

In 2022, we intend to update our **Diversity, Equity and Inclusion Policy** and develop a dedicated project to raise awareness among our employees about the importance and value of creating a diverse and inclusive work environment.

Four workshops on Diversity, Equity and Inclusion were held, with a total of 197 participants

In accordance with our cultural transformation objective, we redesigned our performance evaluation process to better recognise our employees’ contributions to the Company’s results and to establish clear expectations for performance associated with our organisational values. All of eligible employees received regular performance evaluations in 2021.

GRI 102-7, 102-8, 102-41, 401-1, 402-1

We respect the rights to freedom of association and collective bargaining, expressed in our **Human Rights policy**. The notice periods and provisions for consultation and negotiation are established in accordance with Article 478 of the CST and the period of duration of the negotiation talks for the negotiation of the petition lists in accordance with Law 50 of 1990.

11% of the total number of employees are covered by collective bargaining agreements.

Our Goals

Engagement and communication

- Strengthen preventive care processes related to local employment.
- Strengthen training processes and identify opportunities for local skilled labour, together with our contractors.
- By using the “Measuring Impact Methodology” of the World Business Council for Sustainable Development, define the suite of indicators to be measured and establish a baseline. We expect to measure the impact of our programmes in housing, microcredit, livestock and chocolate manufacture.



» Caño Limon area Housing Program Beneficiaries

Human Rights

- Disseminate the new Human Rights Policy to our stakeholders, including training to all our employees.
- Prioritise the actions derived from the analysis of risk and impact on human rights for their respective implementation.
- In coordination with our partner Ecopetrol, conduct a human rights risk and impact analysis for La Cira Infantas fields in Magdalena Medio.
- Strengthen the Company’s internal security and human rights due diligence management, particularly in relation to extortion and kidnapping risks.
- Strengthen, together with the Supply Chain Management area, the human rights due diligence in our supply chain, especially to prevent and mitigate risks related to child labour, forced labour and modern slavery.
- Incorporate the criteria of the United Nations Guiding Principles in the redesign and implementation of the SAI for our stakeholders.



» Social Programs Arauca Colombia



» Cocoa Program Arauca Colombia

Diversity, equality and inclusion

- Establish a matrix of guiding information for the recognition award programme aimed at supervisors.
- Implement a strategy that allows the promotion of career opportunities within the Company (Leading my career).
- Maintain a robust skills improvement programme to enhance our employee competencies.
- Create a Diversity and Inclusion Committee.
- Update the Company’s Diversity, Equity and Inclusion Policy.

Solid governance

Through our governance system, we monitor our activities to ensure compliance with the law in adherence to high international standards

Corporate governance

GRI 102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-26, 102-30, 102-31, 102-32, 102-33, 405-1

The Board of Directors (hereinafter the Board) is our highest governing body. During 2021, it is composed of six highly qualified members; a team that combines diversity, experience and great direction in the energy sector internationally.

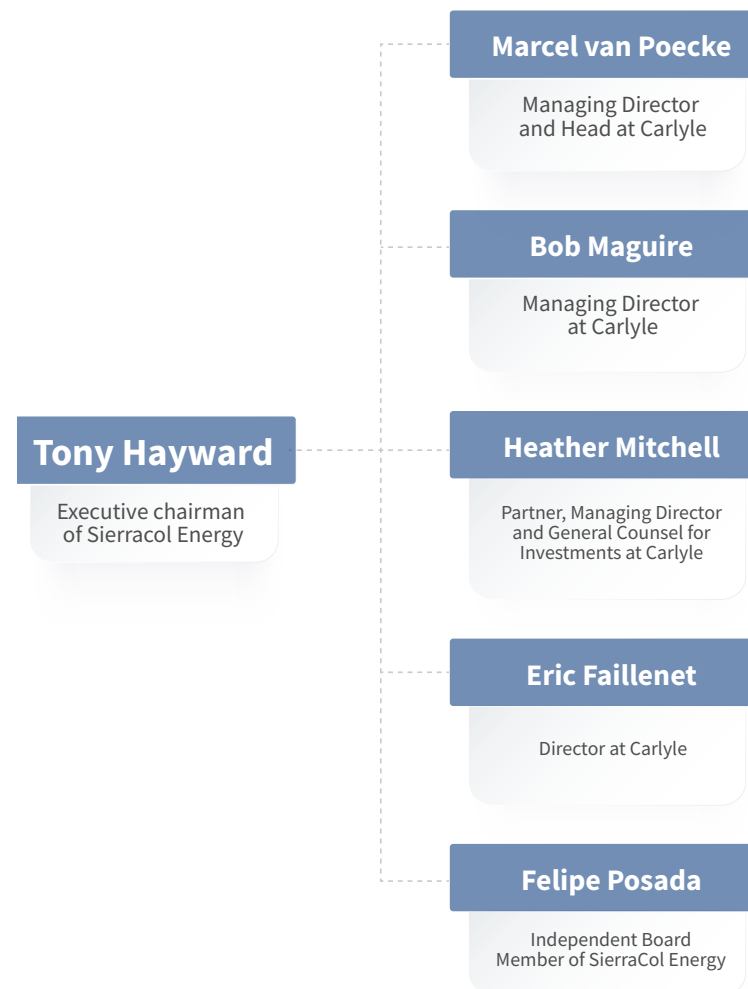
The Board:

- Oversees the development of the business and leads actions to ensure its viability and sustainability
- Sets the Company's ESG objectives annually
- Monitors and evaluates progress
- Leads our management team through active communications and reporting channels

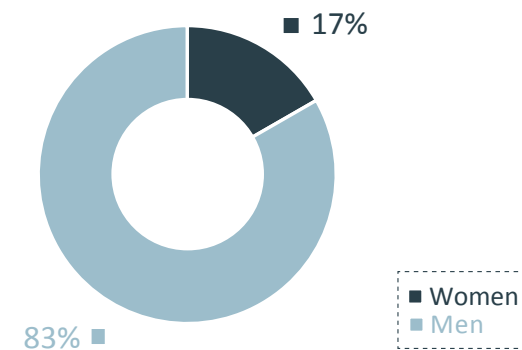


» Middle Magdalena area Cesar - Colombia

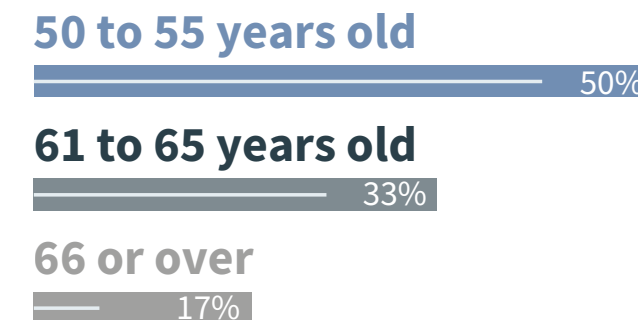
Members of the Board of Directors



Composition of the Board by gender



Composition of the Board by age



During 2021, our Board met on six occasions during which members were informed about environmental, social, economic and governance issues, to define our forward-looking key ESG actions. Under the guidance of the Board, the CEO and Executive President is responsible for leading the management of ESG issues at SierraCol Energy. In 2021, with the purpose of strengthening the governance and management of this key strategic pillar, the new role of Vice-President of Sustainability was created. The current role-holder reports directly to the CEO and Executive President and is responsible for Company-wide performance on all five pillars of our ESG strategy and their underlying policies and initiatives. During 2022, we will establish an internal ESG Committee, as a Board's subcommittee whose function will be to provide strategic guidance on our material topics, considering the identification and assessment of impacts, risks and opportunities.

Compliance, ethics and transparency

GRI 103-1, 103-2, 103-3, 307-1, 415-1, EM-EP-510a.2

Internal coverage: Legal, Corporate affairs, Sustainability and Operations.

External coverage: Authorities, collaborators, community, civil society, customers, suppliers and contractors.

We understand that only through ethical and transparent conduct it is possible to create relationships of trust with our stakeholders. The viability of our projects, the strength of our corporate reputation and the sustainability of the business is built on our strict alignment with Colombian law, applicable national environmental regulations and our dedication to respect the covenants and agreements signed by our country.

In 2021, we updated our compliance programme policies and procedures to reflect our new status and responsibility as an independent Company in the oil and gas sector. In line with such update, we provided training for 97% of our employees on the compliance programme.

SierraCol Energy has not made any contributions to political parties or candidates



» Chipirón - Caño Limón area Arauca - Colombia

Licenses and permits

SASB EM-EP-530a.1

All our activities are carried out in accordance with the environmental licenses and permits granted for the use of natural resources by national and regional authorities.

With the integration of COG into SierraCol Energy in 2021, we increased the number of permits and licenses from 22 to 44.

To monitor and control the requirements of the environmental authority, we have a tracking software which we use to verify compliance. In 2021, we maintained our record of zero penalties and full compliance.

To monitor our compliance of our licenses and permits, we conduct environmental inspections, implement our Monitoring Plan, submit Environmental Compliance Reports (ICA) to the environmental authority and put in place Environmental Management Plan schedules for water management, waste, compensations and air emissions. In 2021, we consolidated the environmental compliance matrix.

We actively participate in environmental committees led by the Colombian Petroleum Association (ACP) and in frequent calls promoted by the environmental entities of the national government. During 2021 was not fined or sanctioned for any non-compliance with environmental laws or regulations related to any of our operations.

To monitor and control the requirements of the environmental authority,
we have a tracking software which we use to verify compliance.



Ethics and transparency policies

GRI 103-2, 103-3, 102-16, 102-17, 102-25, 205-1, 205-2, 205-3
SASB EM-EP-510a.2

SierraCol Energy has a Speak-up and Non-retaliation Policy to encourage our employees and stakeholders to report concerns

Our daily actions and relationships with all our stakeholders are guided by our **Code of Business Conduct**, which is based on our corporate values. This Code is explicit about the prohibition of bribery and of any other type of corrupt conduct.

We also have a **Conflicts of Interest Policy** that establishes guidelines and expectations for the Company's directors, officers and employees as to what constitutes an actual or perceived conflict of interest. The policy also specifies the responsibilities for addressing any actual or potential conflict. The guidelines aim to ensure transparency when entering personal relationships, transactions or other interactions with the Company's customers, business partners, suppliers and other third parties, as well as avoiding any conflict of interest or the perception of such a conflict.

Acting with integrity in all spheres of our operations, we guarantee that SierraCol Energy abides by the highest ethics and transparency standards



» Middle Magdalena area
Cesar - Colombia

We continually encourage our employees to report potential compliance related concerns and or known or potential breaches. Through our **Speak-Up and Non-Retaliation Policy**, individuals are encouraged to report or seek guidance if they identify any possible violation of our corporate guidelines. We have also engaged a third-party independent contractor to manage our anonymous and independent whistle-blower line available 24/7:

Website: <https://www.lighthouse-services.com/sierracol>
Anonymous reporting app: Keyword: SierraCol

Detailed instructions here

- **From Colombia in Spanish: dial 01-800-911-0011, the operator will ask you to dial your number, enter 800-603-2869 and follow the instructions.**
- **From Colombia in English: dial 01-800-911-0010, the operator will ask you to dial your number, enter 800-603-2869 and follow the instructions.**
- **Email: reports@lighthouse-services-com (please include SierraCol's name in the subject line of the report).**

No cases of corruption were identified in 2021

100% of the Board of Directors were informed of the Company's anti-corruption policies and procedures

100% of our operations are assessed for corruption risk

97% of our employees received training and communication on our anti-corruption policies and procedures in 2021

Our goals

Compliance, ethics and transparency

- **Develop a virtual training tool and train more than 95% of SierraCol Energy's employees.**
- **Communicate the Code of Conduct to 100% of our employees.**
- **Conduct training and updating, focused according to the risk levels of the key areas within our organisation.**

Economic performance

GRI 103-1, 103-2, 103-3, 102-7, SC02 (Own)

Internal coverage: Financial area

External coverage: Investors

We base our business model and strategy on the potential of our assets in the country, a solid reserves foundation, stable oil and gas production with long-term prospects and cash generation. Our approach revolves around efficiency and low operating costs, as well as addressing social and environmental challenges to ensure that production is aligned with the highest sustainability standards. In this manner, we aim to respond to our stakeholders' expectations, while adapting to a changing energy market and adding value for our investors.

Strong economic performance overall

- **Certified 2P reserves of 116 million boe, with an R/P ratio of 9.7 years and a reserves replacement ratio of 104%**
- **Net sales volumes decreased by 4.3 kboepd, or 11%, from 37.6 kboepd for the year ended December 31, 2020, compared to 33.3 kboepd year ended December 31, 2021, primarily because of lower production performance in La Cira Infantas and lower share in production from high price adjustment clauses in the Cravo Norte and La Cira Infantas contracts.**
- **Royalties increased from \$69.2 to \$91.2 million, a 31.8% increase mainly as a result of a higher oil price environment. Income tax paid also increased from \$53.8 to \$56.3 millions**



» La Cira Infantas
Middle Magdalena valley / Santander - Colombia

Financial and Operational Results (US\$ million - unless otherwise stated)

	2020 ¹³	2021 ^{14,15}
Net production (kboepd)	37.3	33.9
Oil and gas net sales (kboepd)	37.6	33.3
Income tax paid	53.8	56.3
Royalties ^{16,17}	69.2	91.2

¹³ 2020 results from Combined Financial Statements December audited by KPMG S.A.S.

¹⁴ 2021 results from SierraCol Energy Limited Consolidated Financial Statements audited by PWC LLP

¹⁵ Average market exchange rate of US\$ 1= COP\$ 3,742

¹⁶ For 2020, were 1.8 million barrels paid in kind and estimated at an average price of US\$ 39.1 per barrel this equates to US\$ 69.2 million.

¹⁷ For 2021, were 1.4 million barrels paid in kind and in cash and estimated at an average price of US\$ 64.9 per barrel this equates to US\$ 91.2 million.

Our UK Annual Report was audited by PricewaterhouseCoopers LLP. Previous years' financial statements were audited by KPMG S.A.S.

During 2021 income tax paid, paid royalties and estimated royalties added US\$ 147.5 million

We did not receive financial assistance from the Colombian Government in 2021 and 2020.

Operational excellence

We generate value for our stakeholders while fostering a culture of high performance among SierraCol Energy personnel and our allied companies

Integrated Operational Management System

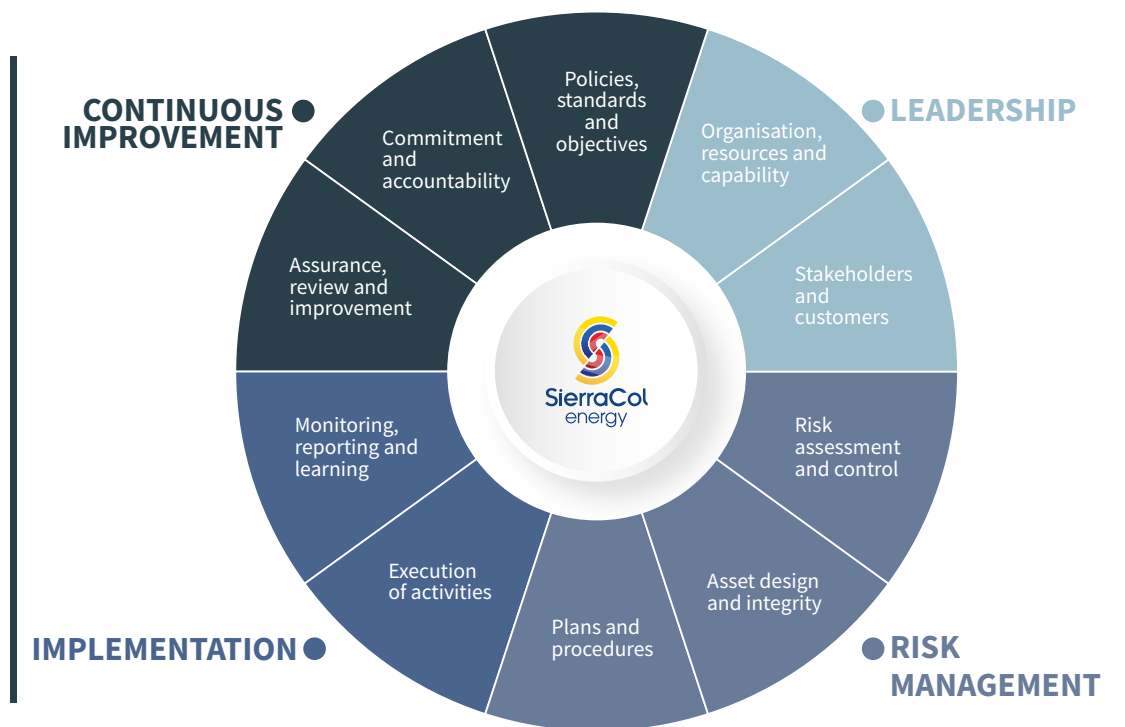
During 2021, we maintained our efforts in the establishment, implementation and unification of the **Integrated Operational Management System (SIGO)**¹⁸, to adjust it to current regulations and respond to the requirements and needs of the organisation. In addition, we focused on consolidating it as a fundamental pillar for our growth, continuous improvement and sustainability.

As part of our efforts to strengthen our operations and comply with corporate policies and objectives, we are in the process of aligning our management with the international standards for occupational health and safety (ISO 45001), environmental management systems (ISO 14001); and risk management and social responsibility (ISO 26000), through our Integrated Safety, Occupational Health, Environment, Risk Management and Social Responsibility Policy which was communicated to all levels of the organisation and is available for consultation.



» PF1 - Caño Limón area Arauca - Colombia

Integrated Operational Management System¹⁹



¹⁸ In 2020 we began our process of migrating from the Health, Environment and Safety Management System (HESMS) to the new Integrated Operational Management System (SIGO).

¹⁹ Based on IOGP 510.

Asset integrity and process safety

GRI 103-1, 103-2, 103-3, 102-11, 11.8.3
SASB EM-EP-540a.1, EM-EP-540a.2

Internal coverage: Operations and sustainability areas

External coverage: Authorities, communities and civil society

By ensuring the integrity of our assets, we contribute to multiple outcomes including business continuity, compliance with production goals and the reduction of costs associated with corrective maintenance and contingencies. By guaranteeing the integrity of our equipment, we prevent risks that could affect the environment, health and societal wellbeing.

We are committed to preventing and responding to emergencies as they arise. We manage the integrity of our assets and the safety of our processes by adopting a precautionary approach, conducting a rigorous analysis of the risks associated with our activities and implementing mitigation controls.

At SierraCol Energy we continually identify opportunities for improvement in our disaster assessment and prevention processes

Our strategy has allowed us to position ourselves as a Company with high reliability and competitive cost structure

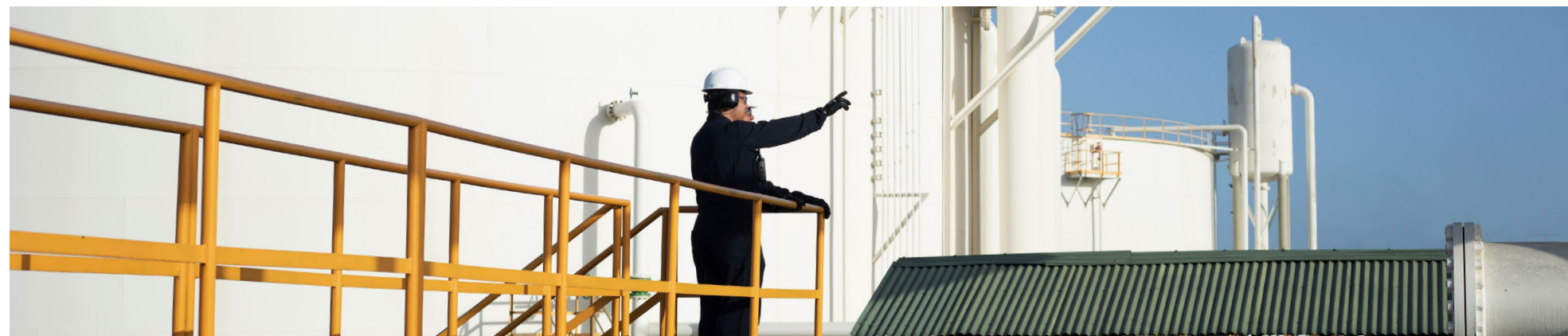
Asset integrity

As part of our transition to becoming independent Company we established new maintenance procedures, guidelines and standards. This was undertaken with the clear objective of working efficiently and streamlining processes in line with our corporate value of “simplicity” without incurring or increasing our exposure to risks.

To increase equipment reliability, we established a programme of maintenance standards which determines the work plan for all equipment in our operations and including the required periodic maintenance routines, prioritised according to critical needs. We use performance indicators to determine the efficiency and effectiveness of our maintenance processes. The backlog indicator allows us to set out and stick to our schedule and to reflect the maintenance costs per barrel of oil produced.

2021 was a challenging year in terms of climate-related risks. In Caño Limón area and Caricare field we experienced a facility flooding that tested our capacity and resiliency. However, thanks to our experience and solid preventive maintenance programmes of our facilities, we were able to overcome the situation successfully.

» PF2 - Caño Limón area Arauca - Colombia



Process safety

We have a risk process programme aligned with our risk management standard. In all areas where we have operational control, we have developed procedures that comply with this standard. These procedures are adapted to the different business lines of the Company and are harmonised with best practices of the oil and gas industry and OSHA standards.

Process risk management procedures

- Risk assessment and response
- Screening hazard review
- Installation technical information
- Management of change
- Production, maintenance and construction procedures
- Pre-start up safety review
- Process hazard review
- Process safety KPIs
- Handling of hazards associated with portable buildings

The risk management programme contains multiple topics and procedures, ranging from change management to facilities’ risk assessment. To minimise all kind of risks, monitoring methods are strictly followed-up through the “Process safety KPIs” procedure. In 2021, we only had a Tier 1²⁰ process safety event in Central Llanos without material impact to neither environment nor persons.

The Company has established minimum notice periods when implementing controlled operational changes to reduce risks:

- **Normal change: is a type of change that must follow a thorough process and be reported at least 48 hours prior to its implementation.**
- **Emergency change: is a change that must be implemented as soon as possible to restore service or to prevent a service failure. Approval must be obtained before it is implemented but it must be implemented no later than 24 hours after service restoration.**

²⁰ A Tier 1 corresponds under API 754 (2nd edition) and under the GRI 11.8.3 criteria for the case analysed, to a loss of primary containment of more than 14 barrels in the case of fuel oil spills.

Spill management

GRI 306-3

We aim to operate without causing adverse effects on the environment associated to loss of containment

We comply strictly with all applicable spill regulations. Our premise is to operate without causing adverse effects on the environment. We work daily to prevent the occurrence of undesirable events and if they do occur, to control their possible effects in a timely and effective manner.

Our Company's management team monitors the safety indicators of our processes, which includes the prevention, avoidance and control of industrial incidents and spill that may affect the continuity of our operations and that have an adverse impact on the natural environment. In addition, we have implemented world-class engineering procedures and mechanical integrity programmes in our safety protocols, which are the basis for the spill control assurance process from the earliest design phases and throughout the execution of all our projects. Risk assessment best practices are also in place to consider different scenarios associated with accidental fluid spill ahead of any occurrence.

No significant spills occurred in 2021²¹



» Spill training - Caño Limón area Arauca - Colombia



» Spill training - Caño Limón area Arauca - Colombia

Through our mechanical integrity programmes, we perform regular reviews of our process flow lines and equipment, which is fundamental to determine any need for replacement or repair. Our safety protocols include inspections to generate action plans linked to a pre-determined 'alarm level'. Examples of mitigating actions include the installation of physical barriers and the activation of alarms in the case of a pressure drop or anomaly detected in the process.

Working in parallel, our emergency attention system group, which involves different areas of SierraCol Energy, oversees the necessary actions to control, contain, recover and clean up any spills that may occur.

During 2021, we started the process of updating our Risk and Disaster Management Plans (PGRD) for Caño Limón area, Cosecha and Caricare fields, as well as for the Caricare – Caño Limón pipeline. We also conducted specialised training with an external expert consultant in barriers deployment, with practical application in La Conquista estuary, nearby one of production facilities.

²¹ For SierraCol Energy, significant spills are those events that occur due to operational failures that affect natural soil or bodies of water and that cannot be addressed with the Company's own resources.

Occupational health and safety

GRI 103-1, 103-2, 103-3, 403-1, 403-2, 403-4, 403-5, 403-10
SASB EM-EP-320a.1, EM-EP-320a.2

Internal coverage: Sustainability area

External coverage: Collaborators, communities, suppliers and contractors.

Occupational health and safety (OHS) is of fundamental importance to the Company. This is a commitment explicit in our **Safety, Occupational Health, Environment, Risk Management and Social Responsibility Integrated Policy** and which we implement through our integrated management system allowing us to effectively manage the risks associated with the safety and health of our employees.

During 2021, after the integration of COG into SierraCol Energy, we focused on unifying standards and updating procedures. This is a task we expect to complete by 2023, seeking a rigorous alignment with the new management system.

We have implemented an Occupational Health and Safety Management System, as required by Colombian regulations (Resolution 312 of 2019), with coverage for all our employees across all work areas.



» PF1 - Caño Limón area Arauca - Colombia

Hazard identification and risk assessment

We prioritise and evaluate the identified risks and hazards and periodically review our performance indicators to adjust the strategy as needed. We have established the following practices to identify occupational hazards and evaluate risks: (i) ongoing

consulting to update our matrix of hazards and risks; (ii) work permits; and (iii) audits and inspections.

The quality assurance of these processes is based on the education and training of people, the definition of competencies of the personnel involved and the follow-up of the annual work plan.

Our fundamentals

Behavior-based safety

In operational areas, by searching for and identifying behaviours that generate risks and raising awareness among employees through observation, correction and reporting

Authorisation to save lives

It is the power of any employee to stop a job if they identify a risky situation; regardless of their position in the Company and without retaliation for doing so

Operational discipline

We work with our contractors on processes, to bring a human focus to some of our more technical processes, in particular critical tasks and reporting

Promotion of self-care

Through campaigns for periodic medical examinations, campaigns around healthy living, healthy eating, exercise and epidemiological monitoring and surveillance programmes

Our employees have the following mechanisms for notifying hazards or dangerous work situations:

- Reporting unsafe conditions.
- Behavioural observations.
- Stop work authority implementation.

In addition, they can comment and report issues related to occupational health and safety through:

- Joint health and safety committee (COPASST).
- Line of command inspections.
- Unsafe conditions report form.
- Direct engagement with supervisors and managers.
- WhatsApp channel for HSE supervisors.
- Hazard and risk matrix periodic update.
- Induction and training processes.

We have a stop work authority standard aligned to our life saving authorisation rationale. In case of a risk of an occupational incident, we have implemented TapRoot® methodology as a corporate standard for reporting and investigation of occupational accidents and occupational illnesses

We continuously implement training programmes to help preventing accidents from occurring

During 2021, we implemented the so-called safety and occupational health strengthening plan, by which we ended the year with 15% reduction in TRIR overall compared to 2020. We also implemented the annual work plan whose basis is a robust set of performance indicators. The most frequent types of occupational injuries were trapped shock, sprains, fractures, electrical burns and falls.

Our OHS committees

GRI 103-3, 403-1, 403-4, 403-7, 403-8, 403-9

- **COPASST:** There are three committees formed (Caño Limón area, Central Llanos and Bogotá) following the legal guidelines. They meet monthly. Concerns and recommendations are submitted to the HSE department.
- **Central HSE Committee:** This committee, chaired by the Vice-President of Operations, deals with all matters related to health, safety, process risks and facilities integrity. It meets every three months and has decision-making authority.
- **HSE Committee of contractor managers:** This committee is chaired by the CEO. It is convened every six months with the purpose of sharing the HSE business strategy, HSE performance indicators, results of field committees and KPIs and awarding contractors with the best HSE performance.
- **Other committees:** Occupational illness committee, electrical committee, labour coexistence committee and bimonthly HSE meetings of contractors in Central Llanos.

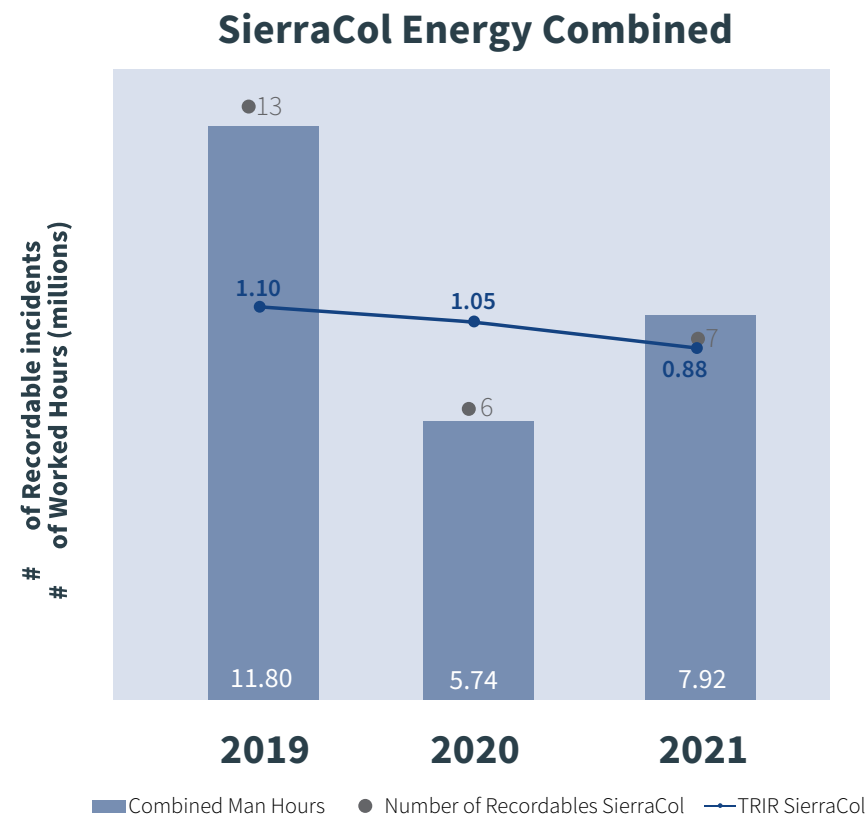
All accidents can be prevented, that is why Safety at Work is a fundamental value for SierraCol Energy



» Middle Magdalena area
Cesar - Colombia



» PF1 - Caño Limón area - Fire fighting training
Arauca - Colombia



100% of our direct employees and employees of contractors are covered by our Occupational Health and Safety System

- 1.7 million-hours worked by employees²²
- 6.2 million-hours worked by contractors²³
- Average of 592 employees based on the number of man-hours worked²⁴
- Average of 2,137 contractors based on the number of man-hours worked²⁵
- One accident with major consequences (Rate 0.161)
- Zero Fatalities
- LTIF²⁶ employees: 0
- LTIF contractors: 0.6
- LTIF combined: 0.5
- TRIR²⁷ employees: 0
- TRIR only contractors: 1.1
- Total TRIR: 0.9

Joint emergency drills

To strengthen our joint work in emergency response with external stakeholders, we conducted a flood drill in the Caño Limón area and the Los Angelitos neighbourhood. This activity was carried out jointly with the Fire Department and a total of 18 families participated from the local community.

We also conducted five training sessions with the Arauca and Arauquita fire departments focused on operational strengthening and industry issues, chemical emergencies, cardiopulmonary resuscitation handling the automated external defibrillator, the incident command system, live fire practice and training citizen instructors.

²²Total man-hours worked by employees.

²³Total man-hours worked by contractors.

²⁴The average number of employees per month was calculated by dividing the total man-hours of the month (240 hours/worker)

²⁵idem.

²⁶LTIF (lost time incident rate) = number of incidents x 1 million hours worked.

²⁷TRIR (recordable accident rate) = number of accidents x 1 million hours worked.

Healthy workforce

GRI 103-3, 403-3, 403-6, 403-7, 403-1

During 2021, we continued implementing preventive programmes and procedures in occupational health in accordance with our commitment to maintaining the incidence rate of occupational illness below 1%. As part of our programme, we assessed body segments to prevent the occurrence of musculoskeletal injuries and conducted a hygiene evaluation of work areas and of demographic groups of similar disease exposure.

Employee illness data is collected through periodic occupational medical examinations and consultations, which are recorded in each employee's medical history. For hearing loss and musculoskeletal injuries, we have epidemiological surveillance programmes through which data are collected and any abnormality in the data is analysed to take the appropriate medical and occupational health actions.

In Bogotá and in our operating areas, employees and contractors have access to medical consultations, where they receive advice and treatment for common illnesses. If there is any need for specialised consultation, the employee is referred to the health Services Provider Institution (IPS) where they are affiliated.

For non-work-related illnesses, the medical department implements healthy lifestyle campaigns to promote healthy habits among direct and contractor employees.



» Sports activities
PF1 - Caño Limón area
Arauca - Colombia

Cybersecurity

GRI 418-1

Protecting information is the responsibility of all our employees, contractors and service providers. For this purpose, we disseminate the **Digital Information Security Policy**. The process of strengthening cybersecurity that we are working towards has the NIST as a reference. We aim to continue strengthening the governance and processes of cybersecurity within the framework of the best practices of reference in the market.

In line with our goals, in 2021, we explored opportunities to improve our cybersecurity approach and techniques to respond to possible incidents. We selected an expert provider to run our security operations centre offering vulnerability management services, and conducted user training and awareness campaigns, brand monitoring, internet portal protection, forensic analysis, ethical hacking and privileged user management.



» Control room - Caño Limón area
Arauca - Colombia

No claims related to the data or privacy of our customers, nor were there any cases of leaks, theft or loss of information identified.

Responsible supply chain management

GRI 102-8, 102-9, 102-10, 308-1

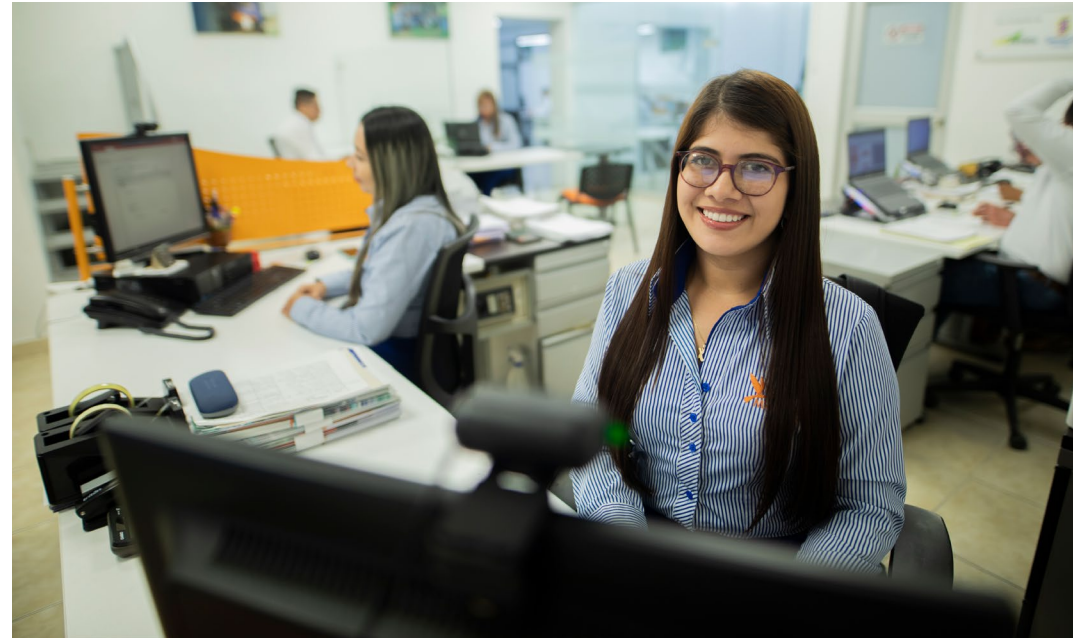
We acknowledge that our suppliers are a fundamental part of the success of our operations, so we manage our supply chain responsibly and promote local development

We are proud to have the support of our suppliers and contractors who provide the goods and services required throughout the life cycle of our exploration and production projects. In 2021, thanks to the integration of COG, we expanded our supply chain in Casanare, contributing to the economic reactivation of the country.

The total number of our suppliers and contractors increased from 664 in 2020 to 1,019 in 2021

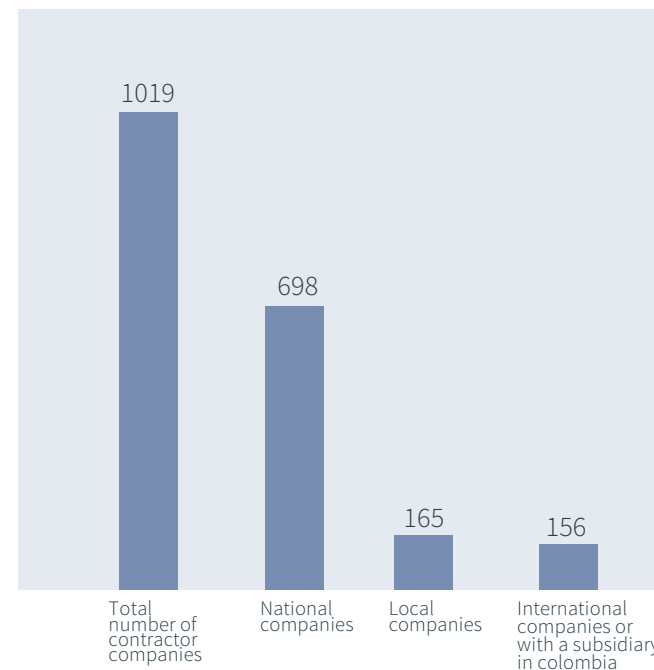


» Warehouse PF1 - Caño Limón area Arauca - Colombia



» El Alcaravan Foundation Arauca - Colombia

SierraCol Energy Suppliers and Contractors in 2021*



*Includes COG suppliers and contractors that are now part of SierraCol Energy. Local companies: in the area of influence

Our supplier and contractor relationship strategy focuses on the following key aspects:

- Promote local development in the vicinity of our operations and identify local contracting opportunities
- Create accompanying processes for development of local companies that support our activity
- Proper contracting of local labour and services based on business ethics
- Due diligence process for all contractors
- Keep an open and constant communication with all our contractors

Our purpose is to identify and strengthen local companies which are our greatest allies for the success of our business. We work closely with them to improve our operations day by day, always seeking to develop activities in a responsible manner and minimising our impact on the environment.

In 2021, in alliance with CREAME Business Incubator, we created opportunities for increased social interaction, inviting companies from the municipalities of Saravena, Arauquita, Arauca and Tame, to receive training to enhance their entrepreneurial skills.

We are committed to local development in Colombia, which is why 64% of our suppliers are from our home country.

As part of our supplier selection and evaluation processes we establish environmental, labour and occupational health and safety criteria, aligned with our ESG strategy. Based on the risk identification and evaluation carried out by the Company this year we have also begun including criteria regarding human rights performance criteria, in relation to the prevention of hiring minors.

Our goals

Asset integrity and process safety

- Prioritise and optimise flow line replacements to prevent leaks associated with mechanical integrity.
- Generate further revenues by participating in the voluntary disconnection demand mechanism²⁸ by keeping stand-by generation units available and in optimal condition.
- Increase the reliability and cost efficiency of our energy supply systems.
- Update the procedure “Process safety KPIs” according to the latest revision (V3 -2021) of API 754 RP.
- Perform an internal audit on the risk management programme.
- Develop a risk management procedure specific to former COG operation.

Spill management

- Implement and share the changes to be made to our PGRD.
- Update of the PGRD for the renewal of the Remolinos and Rio ELE licence and for the Primavera field.
- Advance on contracting an external Company specialised in spill control for cases where SierraCol Energy, due to external issues, cannot attend.
- Implement a continued training programme for the spill control crew and for employees and contractors.
- Conduct an annual spill control drill for the Caricare – Caño Limón pipeline and one for each of our operational main facilities.

²⁸Voluntary disconnection from the grid to reduce demand when the SIN is stressed



» Middle Magdalena area
Cesar - Colombia

Occupational health and safety

- Maintain TRIR below 0.9 in 2022.
- Implement the Plan of Audits of the Occupational Health and Safety Management System of the contractor companies.
- Perform safety culture maturity assessment and implement action plan.
- Conduct comprehensive risk analysis from engineering through field implementation.
- Provide training for communities focused on prevention and attention of emergencies related to the hydrocarbon industry.
- Obtain ‘Healthy Company’ certification from the Colombian Society of Cardiology.

Responsible supply chain

- Strengthen the use of key social, environmental and human rights criteria in the management of our suppliers and partners, aligned with our ESG strategy.

GRI Index

SierraCol Energy - Sustainability Report 2021

GRI content index 2021

Section	Number	Title of disclosure	Page(s)	Disclaimers
102: General disclosures 2016				
Organizational profile	102-1	Name of the organization	6 and 9	
	102-2	Activities, brands, products, and services	9 and 11	
	102-3	Location of headquarters	9	
	102-4	Location of operations	11	
	102-5	Ownership and legal form	6 and 9	
	102-6	Markets served	11 and 12	
	102-7	Scale of the organization	11, 37 and 42	
	102-8	Information on employees and other workers	37 and 49	There is no significant variation in the numbers reported. The data have been compiled from company and contractors' records. All employees are full time
	102-9	Supply chain	12 and 49	
	102-10	Significant changes to the organization and its supply chain	9 and 49	
	102-11	Precautionary Principle or approach	44	
	102-12	External initiatives	10	
	102-13	Membership of associations	10	
Strategy	102-14	Statement from senior decision-maker	3 and 4	
	102-15	Key impacts, risks, and opportunities	3 and 4	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	9, 36 and 41	
	102-17	Mechanisms for advice and concerns about ethics	41	
	102-18	Governance structure	39	
	102-19	Delegating authority	39	
	102-20	Executive-level responsibility for economic, environmental, and social topics	39	
	102-21	Consulting stakeholders on economic, environmental, and social topics	39	

Governance	102-22	Composition of the highest governance body and its committees	39	
	102-23	Chair of the highest governance body	39	
	102-25	Conflicts of interest	41	
	102-26	Role of highest governance body in setting purpose, values, and strategy	39	
	102-29	Identifying and managing economic, environmental, and social impacts	31	
	102-30	Effectiveness of risk management processes	39	
	102-31	Review of economic, environmental, and social topics	39	
	102-32	Highest governance body's role in sustainability reporting	39	
	102-33	Communicating critical concerns	28, 33 and 39	
	102-34	Nature and total number of critical concerns	33 and 34	
Stakeholder engagement	102-40	List of stakeholder groups	31	
	102-41	Collective bargaining agreements	37	
	102-42	Identifying and selecting stakeholders	7	
	102-43	Approach to stakeholder engagement	31	
	102-44	Key topics and concerns raised	7 and 33	
Reporting practice	102-45	Entities included in the consolidated financial statements		Entities included in the organization's consolidated financial statements are: SierraCol Energy Limited that includes SierraCol Energy Andina, LLC, SierraCol Energy Arauca, LLC, SierraCol Energy Condor, LLC, Colombia Energy Development Co., Cinco Ranch Petroleum Colombia Inc., Lagosur Petroleum Colombia Inc. y Global Energy Management Resources Colombia Inc.
	102-46	Defining report content and topic Boundaries	7	
	102-47	List of material topics	7	
	102-48	Restatements of information	19	
	102-49	Changes in reporting	7	
	102-50	Reporting period	6	
	102-51	Date of most recent report	6	
	102-52	Reporting cycle	6	
	102-53	Contact point for questions regarding the report	8	
	102-54	Claims of reporting in accordance with the GRI Standards	6	
	102-55	GRI content index	51-59	
102-56	External assurance	8	Verified indicators GRI 303-3, 305-1, 305-2, 307-1, 403-9, 412-1, 11.8.3, SC01, SC02 (Royalties were not included in the assurance), SC03	

203: Indirect economic impacts (2016)

203-1	Infrastructure investments and services supported	28-29
203-2	Significant indirect economic impacts	28-29

205: Anti-corruption (2016)

Material Topic

	Compliance, ethics and transparency	
103-1	Explanation of the material topic	40
103-2	The management approach and its components	40
103-3	Evaluation of the management approach	40
205-1	Operations assessed for risks related to corruption	41
205-2	Communication and training about anti-corruption policies and procedures	41
205-3	Confirmed incidents of corruption and actions taken	41

302: Energy (2016)

302-1	Energy consumption within the organization	17
302-2	Energy consumption outside of the organization	17
302-3	Energy intensity	18
302-4	Reduction of energy consumption	19
302-5	Reductions in energy requirements of products and services	19

303: Water and effluents (2018)

Material Topic

	Water Management	
103-1	Explanation of the material topic	22
103-2	The management approach and its components	22
103-3	Evaluation of the management approach	22
303-1	Interactions with water as a shared resource	22
303-2	Management of water discharge-related impacts	22
303-3	Water withdrawal	22
303-4	Water discharge	22
303-5	Water consumption	22

11.6.5 (GRI 11)	Report volume in megaliters of produced water and process wastewater discharged	22	
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304: Biodiversity (2016)

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	23	
304-2	Significant impacts of activities, products, and services on biodiversity	23	
304-3	Habitats protected or restored	23-24	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	23	

305: Emissions (2016)

Material Topic	Climate Change & Greenhouse Gas Emissions (GHG)		
103-1	Direct (Scope 1) GHG emissions	16	
103-2	Direct (Scope 1) GHG emissions	16	
103-3	Direct (Scope 1) GHG emissions	18-20	
305-1	Direct (Scope 1) GHG emissions	16, 18-20	
305-2	Energy indirect (Scope 2) GHG emissions	16, 18-20	
305-4	GHG emissions intensity	20	
305-5	Reduction of GHG emissions	16, 18-20	
305-6	Emissions of ozone-depleting substances (ODS)		We do not generate ozone-depleting emissions in our operations.
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	19	
11.1.1	Describe actions taken to manage flaring and venting and the effectiveness of actions taken.	16-20	
11.1.5	Report the percentage of gross direct (Scope 1) GHG emissions from CH ₄ and the breakdown of gross direct (Scope 1) GHG emissions by type of source (stationary, combustion, process, fugitive).	16-20	
11.2.1	Describe policies, commitments, and actions of the organization to prevent or mitigate the impacts of the transition to a low-carbon economy on local communities workers and local communities	16-20	

306: Effluents and Waste (2016)

306-3	Significant spills	45
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306: Waste (2020)

306-1	Waste generation and significant waste-related impacts	25
306-2	Management of significant waste-related impacts	25
306-3	Waste generated	25
306-4	Waste diverted from disposal	25
306-5	Waste directed to disposal	25
11.5.4 11.5.6	Drilling waste generated and disposal	25

307: Environmental compliance (2016)

307-1	Non-compliance with environmental laws and regulations	40
-------	--	----

308: Supplier environmental assesment (2016)

308-1	New suppliers that were screened using environmental criteria	49
-------	---	----

401: Employment (2016)

401-1	New employee hires and employee turnover	37
401-3	Parental leave	36
SC03 (own)	Local employment	29

402: Labor/management relations (2016)

402-1	Minimum notice periods regarding operational changes	37
-------	--	----

403: Occupational health and safety (2018)

Material Topic	Employee health and safety		
103-1	Explanation of the material topic	46	
103-2	The management approach and its components	46	
103-3	Evaluation of the management approach	46-48	
403-1	Occupational health and safety management system	46-47	
403-2	Hazard identification, risk assessment, and incident investigation	46	
403-3	Occupational health services	48	
403-4	Worker participation, consultation, and communication on occupational health and safety	46-47	
403-5	Worker training on occupational health and safety	46	
403-6	Promotion of worker health	48	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47-48	
403-8	Workers covered by an occupational health and safety management system	47	
403-9	Work-related injuries	47	
403-10	Work-related ill health	48	

404: Training and education (2016)

404-1	Average hours of training per year per employee	37	
404-2	Programs for upgrading employee skills and transition assistance programs	37	
404-3	Percentage of employees receiving regular performance and career development reviews	37	

405: Diversity and Equal Opportunity (2016)

405-1	Diversity of governance bodies and employees	39	
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406: Non-discrimination (2016)

406-1	Incidents of discrimination and corrective actions taken	36	
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407: Freedom of Association and Collective Bargaining (2016)

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	36	
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408: Child Labor (2016)

408-1	Operations and suppliers at significant risk for incidents of child labor	34	
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409: Forced or Compulsory Labor (2016)

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	34	
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410: Security Practices (2016)

410-1	Security personnel trained in human rights policies or procedures	34	
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411: Rights of Indigenous Peoples (2016)

411-1	Incidents of violations involving rights of indigenous peoples		There were no incidents of violations involving the rights of indigenous peoples
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412: Human Rights Assessment (2016)

Material Topic	Human rights		
	103-1	Explanation of the material topic	34
	103-2	The management approach and its components	34-35
	103-3	Evaluation of the management approach	34-35
	412-1	Operations that have been subject to human rights reviews or impact assessments	34
			100% of our Caño Limón operations (4 exploration blocks) were assessed against human rights performance targets in 2021

413: Local Communities (2016)

Material Topic	Communities and society		
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	103-1	Explanation of the material topic	28	
	103-2	The management approach and its components	28	
	103-3	Evaluation of the management approach	29	
	413-1	Operations with local community engagement, impact assessments, and development programs	29	
	413-2	Operations with significant actual and potential negative impacts on local communities	29	
	SC01 (own)	Total community investment (Until 31 december 2021)	29	<p>The value of social investment reported in the Caño Limon area (US\$ 3.051.667) corresponds to the amount of the social investment executed during 2021 in social projects for the communities in the area of influence of this operation. The assurance process of this value was conducted from the billing records, invoices, execution reports, and minutes of delivery to the communities of the executed projects in that period.</p> <p>The value of social investment reported in La Cira Infantas and Llanos Central (US\$ 182.319) areas corresponds to the amount of social investment invoiced during 2021 in social projects for the communities in the area of influence of these operations. The assurance process of this value was conducted from the invoices filed for the projects executed in that period.</p>

415: Public policy (2016)

	415-1	Political contributions	40	
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418: Customer Privacy (2016)

	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	48	
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11.8: Asset integrity and critical incident management

Material Topic	Asset integrity and process safety			
	103-1	Explanation of the material topic	44	
	103-2	The management approach and its components	44	
	103-3	Evaluation of the management approach	44	

	11.8.3	Report the total number of Tier 1 and Tier 2 process safety events, and a breakdown of this total by business activity (e.g., exploration, development, production, closure and rehabilitation, refining, processing, transportation, storage).	44	
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SC02: Economic Performance (own)

Material Topic	Economic performance			
	103-1	Explanation of the material topic	42	
	103-2	The management approach and its components	42	
	103-3	Evaluation of the management approach	42	
	SC02 (own)	Representative economic information	42	Entities included in the organization’s consolidated financial statements are: SierraCol Energy Limited that includes SierraCol Energy Andina, LLC, SierraCol Energy Arauca, LLC, SierraCol Energy Condor, LLC, Colombia Energy Development Co., Cinco Ranch Petroleum Colombia Inc., Lagosur Petroleum Colombia Inc. y Global Energy Management Resources Colombia Inc. Royalties were not included in the assurance.

SASB Table

SierraCol Energy - Sustainability Report 2021			
SASB code	Metric	Unit of measure	2021
EM-EP-110a.1	Gross global Scope 1 emissions	Metric tons CO ₂ e	453,664
EM-EP-110a.1	Percentage methane of gross global Scope 1 emissions	Porcentaje (%)	7
EM-EP-110a.1	Percentage covered under emissions-limiting regulations	Porcentaje (%)	0
EM-EP-110a.2	Amount of gross global Scope 1 emissions from:		
	(1) flared hydrocarbons	Metric tons CO ₂ e	120,296
EM-EP-110a.2	(2) other combustion	Metric tons CO ₂ e	366
EM-EP-110a.2	(3) process emissions	Metric tons CO ₂ e	301,437
EM-EP-110a.2	(4) other vented emissions	Metric tons CO ₂ e	1,606
EM-EP-110a.2	(5) fugitive emissions	Metric tons CO ₂ e	29,958
EM-EP-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	n/a	page 16-20
	Air emissions of the following pollutants:		
EM-EP-120a.1	(1) NO _x (excluding N ₂ O)	Metric tons (t)	1,195
EM-EP-120a.1	(2) SO _x	Metric tons (t)	1,640
EM-EP-120a.1	(3) Volatile Organic Compounds (COVs)	Metric tons (t)	6,724
EM-EP-120a.1	(4) Particulate Matter (PM10)	Metric tons (t)	292
EM-EP-140a.1	Total fresh water withdrawn	Thousand cubic meters (m ³)	373
EM-EP-140a.1	Total fresh water consumed	Thousand cubic meters (m ³)	373
EM-EP-140a.1	Percentage of each in regions with High or Extremely High Baseline Water Stress	Porcentaje (%)	0
EM-EP-140a.2	Volume of produced water	Thousand cubic meters (m ³)	122,901
EM-EP-140a.2	Flowback generated	Thousand cubic meters (m ³)	1,656

EM-EP-140a.2	(1) discharged	Porcentaje (%)	86%
EM-EP-140a.2	(2) injected	Porcentaje (%)	12%
EM-EP-140a.2	(3) recycled	Porcentaje (%)	1%
EM-EP-140a.2	Hydrocarbon content in discharged water	Metric tons (t)	54
EM-EP-140a.3	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Porcentaje (%)	n/a
EM-EP-140a.4	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	Porcentaje (%)	n/a
EM-EP-160a.1	Description of environmental management policies and practices for active sites	n/a	page 23
EM-EP-160a.2	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	Number Barrels (bbls)	5 0,1
EM-EP-160a.3	Percentage of (1) proved reserves	Porcentaje (%)	0
EM-EP-160a.3	(2) probable reserves in or near sites with protected conservation status or endangered species habitat	Porcentaje (%)	0
EM-EP-210a.1	Percentage of (1) proved reserves	Porcentaje (%)	0
EM-EP-210a.1	(2) probable reserves in or near areas of conflict	Porcentaje (%)	0
EM-EP-210a.2	Percentage of (1) proved reserves	Porcentaje (%)	0
EM-EP-210a.2	(2) probable reserves in or near indigenous land	Porcentaje (%)	0
EM-EP-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	n/a	n.d.
EM-EP-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	n/a	page 31
EM-EP-210b.2	Number and duration of nontechnical delays	Number, days	32, 37
EM-EP-320a.1	(1) total recordable incident rate (TRIR) contracts / full-time employees	Rate/hours	1 / 0
EM-EP-320a.1	(2) fatality rate contracts / full-time employees	Rate/hours	0 / 0

EM-EP-320a.1	(3) near miss frequency rate (NMFR) contracts / full-time employees	Rate/hours	0.5 / 0.1
EM-EP-320a.1	(4) average hours of health, safety, and emergency response training for (a) full-time employees	hours	n.d.
EM-EP-320a.1	(b) contract employees	hours	n.d.
EM-EP-320a.1	(c) short-service employees	hours	n.d.
EM-EP-320a.2	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	n/a	page 30
EM-EP-420a.1	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	Million barrels (MMbbls), Million standard cubic feet(MMscf)	n.d.
EM-EP-420a.2	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Metric tons CO ₂ e	n.d.
EM-EP-420a.3	Amount invested in renewable energy, revenue generated by renewable energy sales	Reporting currency	n.d.
EM-EP-420a.4	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	n/a	n.d.
EM-EP-510a.1	Percentage of (1) proved reserves	Porcentaje (%)	0
EM-EP-510a.1	(2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Porcentaje (%)	0
EM-EP-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	n/a	page 40
EM-EP-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	n/a	page 40
EM-EP-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Rate	1

EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	n/a	pages 45-47
EM-EP-000.A	Oil	Million barrels (MMbbls)	30
EM-EP-000.A	Natural gas	Million barrels (MMbbls)	0
EM-EP-000.A	Synthetic oil	Million barrels (MMbbls)	0
EM-EP-000.B	Number of offshore sites	Number	0
EM-EP-000.C	Number of terrestrial sites	Number	19