

C0. Introduction

C0.1

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

Parex Resources Inc. (“Parex” or the “Company”) (TSX:PXT) is an international company headquartered in Calgary that focuses on sustainable, profitable, and conventional oil and gas production. The Company holds, through its foreign subsidiaries, interests in several onshore exploration and production blocks in the Magdalena and Llanos Basins of Colombia, where all reserves and production are located. Established in 2009, Parex’ common shares trade on the Toronto Stock Exchange (“TSX”) under the symbol PXT.

The Company’s strategy is to leverage South American and Western Canadian experience and capability in its South American operations to create shareholder value. Parex targets jurisdictions that have stable fiscal regimes coupled with oil-prone hydrocarbon-rich basins in under-explored areas. The Company applies proven technology used in the Western Canadian Sedimentary Basin in basins with large oil-in-place potential. Parex focuses on short cycle time from discovery to bringing new reserves on-stream and uses a portfolio approach to manage surface, subsurface and commercial risks.

Parex aspires to become one of the least GHG emissions intensive exploration and production companies while delivering shareholder value and meeting ongoing global energy demand.

C0.2

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

|                | Start date     | End date         | Indicate if you are providing emissions data for past reporting years | Select the number of past reporting years you will be providing emissions data for |
|----------------|----------------|------------------|---|--|
| Reporting year | January 1 2020 | December 31 2020 | Yes   | 3 years  |

C0.3

**(C0.3) Select the countries/areas for which you will be supplying data.**

- Canada
- Colombia

C0.4

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

USD

C0.5

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

Operational control

C-OG0.7

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

**Row 1**

**Oil and gas value chain**

Upstream

**Other divisions**

C1. Governance

C1.1

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

Yes

C1.1a

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

| Position of individual(s) | Please explain  |
|---------------------------|---|
| Board Chair               | Parex' Board of Directors has the responsibility to, in collaboration with Board committees, the ESG Steering Committee ("ESG Committee") and Management, establish procedures and processes to identify, manage, measure and assess risks and opportunities related to climate change and other environmental and social factors relevant to the Corporation and the conduct of its business in a safe, socially responsible, ethical and transparent manner for the benefit of all stakeholders and the communities in which Parex operates. Relevant factors for consideration throughout this process include plausible future physical and transition climate related macro scenarios, land and water use, human capital management, employee engagement, diversity and inclusion and health and safety. The Board delegates to its committees the responsibility to review and assess the identification and management of enterprise risks pertaining to the applicable committees. The Board has assigned the Health, Safety and Environment and Reserves Committee ("HSE and Reserves Committee") the role of assisting the Board in fulfilling its oversight responsibility related to health, safety and environmental ("HSE") practices and compliance with the applicable laws and regulations, including those related to climate change. In collaboration with the ESG Committee, the HSE and Reserves Committee has the responsibility to identify and assess ESG related issues, trends and opportunities relevant to Parex' production, reserves and exploration and development activities. The HSE and Reserves Committee reports to the Board of Directors following each meeting of the HSE and Reserves Committee. The Audit Committee, in collaboration with the ESG Committee, is responsible for reviewing and assessing all other climate-related risks relevant to the Company, including those identified in the Company's annual ESG report. The Audit Committee is responsible for regularly reviewing the Company's risk management policies, processes and analytical procedures relative to addressing climate risks. |
| Board-level committee     | The Board delegates to its committees the responsibility to review and assess the identification and management of enterprise risks pertaining to the applicable committees. The Board has assigned the Health, Safety and Environment and Reserves Committee ("HSE and Reserves Committee") the role of assisting the Board in fulfilling its oversight responsibility related to health, safety and environmental ("HSE") practices and compliance with the applicable regulations, including those related to climate change. In collaboration with the ESG Committee, the HSE and Reserves Committee has the responsibility to identify and assess ESG related issues, trends and opportunities relevant to Parex' production, reserves and exploration and development activities. The HSE and Reserves Committee reports to the Board of Directors following each meeting of the HSE and Reserves Committee. The Audit Committee, in collaboration with the ESG Committee, is responsible for reviewing and assessing all other climate-related risks relevant to the Company, including those identified in the Company's annual ESG report. The Audit Committee is responsible for regularly reviewing the Company's risk management policies, processes and analytical procedures relative to addressing climate risks.  |

C1.1b

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

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

| Frequency with which climate-related issues are a scheduled agenda item | Governance mechanisms into which climate-related issues are integrated  | Scope of board-level oversight | Please explain  |
|---|---|--------------------------------|---|
| Scheduled – some meetings   | <p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p> | <Not Applicable>               | <p>Parex' Board of Directors has the responsibility to consider ESG related issues, including as identified by Board committees, the ESG Committee and Management when reviewing and approving the Company's strategic plan, risk management policies, annual operating and capital plans and budgets, acquisition and divestiture activities and investor relations activities. Going forward, Parex' corporate strategy and major plans of action will be guided by and reviewed with consideration of the Company's ambition to become one of the least carbon intensive oil and gas producers. The Board is responsible for reviewing ESG-related risks and opportunities relevant to the Company's business and strategic plans and assigning associated management responsibilities, as applicable. Annual operating and capital plans and budgets are reviewed at least quarterly by the Board considering climate-related targets and annual objectives. The HSE and Reserves Committee is responsible for, in collaboration with the ESG Committee, identifying and assessing ESG related risks (including climate change), trends and opportunities relevant to the Company's production, reserves and exploration and development activities. Parex' Controller, through consultation with Management, reviews and updates the enterprise risk register for climate-related risks on a semi-annual basis. The Controller CFO &amp; COO meet with the Board and relevant committees semi-annually to review and validate the risk registers and risk management policies.. The Board considers the financial requirements for initiatives to lower Parex' carbon footprint as part of annual budget development activities. The COO &amp; SVP of Capital Markets present the Board with annual budget forecasts that include dedicated budgets for climate-related initiatives (i.e. acquisitions, investment in emissions reducing technologies, organic capital investment). Going forward, Parex plans to invest annually up to 5% of its annual Capex in initiatives aimed at reducing Parex' operational carbon footprint, at the Board's and Management's discretion. The Board's approach to considering climate related issues when setting organizational performance objectives is to review and sign-off on executive scorecards which include climate-related targets and objectives such as carbon-intensity reduction targets and adoption of the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The Board assesses the Company's climate-related performance against metrics, targets, benchmarks and goals periodically established by Parex to address and monitor climate-related issues. The Board is responsible for overseeing the following public goals and targets: near-term goal to eliminate routine flaring by the end of 2025, medium-term target to reduce operational Scopes 1 and 2 GHG emissions intensity by 50% by 2030 from a 2019 baseline and a long-term ambition to achieve net-zero Scopes 1 and 2 GHG emissions by 2050</p> |

## C1.2

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

| Name of the position(s) and/or committee(s)              | Reporting line   | Responsibility  | Coverage of responsibility | Frequency of reporting to the board on climate-related issues |
|--|------------------|---|----------------------------|---|
| Chief Executive Officer (CEO)                            | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable>           | Quarterly   |
| Chief Financial Officer (CFO)                            | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable>           | Quarterly   |
| Chief Operating Officer (COO)                            | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable>           | Quarterly   |
| Other, please specify (SVP Capital Markets)              | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable>           | Quarterly   |
| Other committee, please specify (ESG Steering Committee) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable>           | Quarterly   |

## C1.2a

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

Parex' CEO chairs the ESG Steering Committee ("ESG SC"); responsible for assessing and managing climate-related risks and opportunities. The SC consists of the CEO, SVP of Capital Markets & Corporate Planning, COO, CFO, SVP Corporate Services, the Controller and a Senior Sustainability Advisor and meets at least twice quarterly. Roles and responsibilities of the ESG SC include assisting and supporting the Board with its identification, management, measurement and assessment of risks and opportunities related to climate change, environmental and social factors relevant to the Corporation and the conduct of its business in a safe, socially responsible, ethical and transparent manner for the benefit of all stakeholders and the communities in which it operates. Further, the ESG SC assists the Board, Board committees and Management with preparing, reviewing and providing oversight over the Corporation's processes and practices used to identify, assess, manage and monitor climate-related risks and opportunities. The ESG SC assists in the preparation of reports on the Corporation's performance against climate-related goals, benchmarks and milestones, including the use of internationally recognized reporting frameworks and standards. To the extent requested by the Board or any Board committee, the ESG SC assists with the development of applicable climate metrics, targets, benchmarks and goals for Parex.

The ESG SC, represented by the COO and SVP of Capital Markets reports quarterly to the Board on initiatives and opportunities to optimize climate performance including processes to reduce GHG emissions and reduce or substitute energy use; climate trends in public debate, public policy, regulation and legislation that impacts or may impact Parex' business, strategy and risk management practices; and performance against established climate targets, goals and milestones.

Parex' Management is responsible for reviewing the Company's HSE strategies and policies, including those related to climate-related risks and opportunities. Management reports to the Board through the HSE and Reserves Committee on a quarterly basis with respect to the following climate matters: (i) compliance with all applicable climate related laws, regulations and policies; (ii) emerging climate-related trends, issues and regulations that are relevant to the Company; (iii) the findings of any significant report by regulatory agencies, external health, safety and environmental consultants or auditors concerning performance related to climate issues; (iv) any necessary corrective measures taken to address issues and risks with regards to the Company's climate-related performance as identified by Management, external auditors or by regulatory agencies; (v) the results of any review with management, outside accountants, external consultants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities or ongoing drilling and testing operations, or decommissioning of facilities; and (vi) all incidents and near misses with respect to the Company's operations, including corrective actions taken as a result thereof. On behalf of Management, the COO is the key contact and liaison with the Board's HSE and Reserves Committee and provides regular updates on operations, reserves and environmental, health and safety performance and issues, including those related to climate change. The COO is the head of operations and is responsible for: (a) the identification of the principal operational risks of the business; (b) ensuring the implementation of appropriate systems to manage risks; (c) managing environmental issues, including climate-related issues; and (d) reporting quarterly to the Board's HSE and Reserves Committee on climate-related performance and issues during the operational and enterprise risk management quarterly updates. Parex' CEO, CFO, COO, VP of Corporate Planning and Senior Sustainability Advisor are responsible and/or accountable for developing and articulating Parex' climate governance structure, strategy, risk management and metrics and targets in line with the recommendations of the TCFD. The ESG SC is supported by a Sustainability Working Group ("SWG") led by the Country Manager & President of Parex Colombia and comprised of employees of the Company in both Colombia and Canada from multiple departments. The SWG provides an operational-level perspective on climate-related risks and opportunities, while the ESG Committee provides a management perspective. Management is primarily informed about climate-related issues through engagement in climate-related conferences, training, internal knowledge sharing, desktop research and consultations with external subject matter specialists. On a semi-annual basis, ERM updates are presented to Management.

**C1.3**

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

|       | Provide incentives for the management of climate-related issues | Comment  |
|-------|---|--|
| Row 1 | Yes   | The Company's annual incentive plan is based on a balanced scorecard and applies to all employees. Included in the 2021 scorecard is a short-term interim target to reduce Scopes 1 and 2 GHG emissions intensity year-over-year to support Parex' achievement of its medium-term target to reduce operated Scopes 1 and 2 GHG emissions intensity by 50% by 2030 from a 2019 baseline. Other goals for 2021 include the completion of an emission reduction project and reporting in alignment with SASB and the recommendations of the TCFD. For the CEO and the executive team, the overall target incentive bonus is 90% and 60% of base salary respectively with a threshold ranging from 50% to 150%; ~18.3% of which is tied, in 2021, to the climate-related targets and milestones outlined above. For all non-executive employees, the annual incentive ranges from approximately 10% to higher percentage of base salary. |

**C1.3a**

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

| Entitled to incentive         | Type of incentive | Activity incentivized                                   | Comment  |
|-------------------------------|-------------------|---|--|
| Corporate executive team      | Monetary reward   | Emissions reduction project<br>Energy reduction project | 30% of the 2021 short-term incentive compensation is tied to ESG metrics, including a year-over-year reduction in GHG emissions (Scopes 1 & 2) intensity from operated assets. |
| Chief Executive Officer (CEO) | Monetary reward   | Emissions reduction project<br>Energy reduction project | 30% of the 2021 short-term incentive compensation is tied to ESG metrics, including a year-over-year reduction in GHG emissions (Scopes 1 & 2) intensity from operated assets. |
| Chief Financial Officer (CFO) | Monetary reward   | Emissions reduction project<br>Energy reduction project | 30% of the 2021 short-term incentive compensation is tied to ESG metrics, including a year-over-year reduction in GHG emissions (Scopes 1 & 2) intensity from operated assets. |
| Chief Operating Officer (COO) | Monetary reward   | Emissions reduction project<br>Energy reduction project | 30% of the 2021 short-term incentive compensation is tied to ESG metrics, including a year-over-year reduction in GHG emissions (Scopes 1 & 2) intensity from operated assets. |
| All employees                 | Monetary reward   | Emissions reduction project<br>Energy reduction project | 30% of the 2021 short-term incentive compensation is tied to ESG metrics, including a year-over-year reduction in GHG emissions (scopes 1 & 2) intensity from operated assets. |

**C2. Risks and opportunities**

**C2.1**

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

Yes

**C2.1a**

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

|             | From (years) | To (years) | Comment  |
|-------------|--------------|------------|--|
| Short-term  | 0            | 5          | This time horizon aligns with Parex' capital allocation, operational planning and impact measurement horizons. The impact of present and near-term climate-related risks and opportunities such as rising carbon taxes and operational efficiency projects are factored into annual capital allocation and operational planning processes. The relative severity of climate-related risks identified through Parex' ERM process is currently assessed based on estimated short-term impact and likelihood. Short-term climate-related opportunities are currently being assessed to support the development of Parex' climate strategy to be completed by the end of calendar year 2022. |
| Medium-term | 5            | 10         | This time horizon considers macro-economic, socio-cultural and geo-political trends and conditions and how they may impact the Company, whether, positively or negatively. For example, in terms of exposure to climate-related litigation risk, access to capital and shifting consumer preferences. Parex is in the process of integrating the assessment of medium and long-term impact and likelihood into climate risk and opportunity assessments. Medium and long-term climate-related opportunities are currently being identified and assessed to support the development of Parex' climate strategy to be completed by the end of calendar year 2022.                          |
| Long-term   | 10           | 20         | The productive horizons of Parex' asset base extend to 2040. As such, Parex defines a long-term time horizon as 10-20 years. Parex is in the process of formally identifying risks to the long-term viability of its assets in the context of escalating climate-related risks, including natural, operational and market risks, and integrating the assessment of medium and long-term impact and likelihood into climate risk and opportunity assessments. Medium and long-term climate-related opportunities are currently being identified and assessed to support the development of Parex' climate strategy to be completed by the end of calendar year 2022.                      |

**C2.1b**

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

Through Parex' Enterprise Risk Management process, Parex evaluates the severity of potential financial impact on market capitalization from minor or 1 (<\$10 million USD financial impact) to severe or 4 (>\$750 million USD financial impact). A financial impact that is affecting or may affect the Company is defined as substantive if it could cause a market capitalization loss of more than \$100 million .

Parex takes a long-term view of strategic impact, acknowledging trends shaping overall societal norms. Factors such as reputation and access to communities where the Company operates as well as other stakeholders such as investors are considered in the assessment of potential strategic impact. A strategic impact that is affecting or may affect the Company is defined as substantive if it:

- Requires an operational shutdown for longer than three months or involves multiple assets
- Results in a loss of license or authority to operate or long-term limitation to access new licenses

To determine the relative significance of climate-related risks compared to other risks faced by Parex, materiality assessments are conducted. Through the latest materiality assessment, Parex determined that risks associated with climate change ranked in the top five most material issues for Parex' as per internal and external stakeholders. Parex materiality assessments incorporate assessments of potential impacts the estimated likelihood that such impacts will materialize.

Parex recognizes the importance of assessing the potential financial and strategic impacts of climate-related risks and opportunities under different future scenarios. By the end of calendar year 2021, Parex plans to conduct qualitative climate scenario analysis using at least 2 different climate-scenarios. Parex plans to conduct quantitative climate scenario analysis in calendar year 2022.

## **C2.2**

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

#### **Value chain stage(s) covered**

Direct operations  
Upstream

#### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

#### **Frequency of assessment**

More than once a year

#### **Time horizon(s) covered**

Short-term  
Medium-term  
Long-term

#### **Description of process**

Parex' ERM process, approved by the Board of Directors, outlines the Company's risk management principles and expectations as well as the respective roles and responsibilities of all staff. The ERM process includes a Risk Management Framework and Risk Assessment Tools including a Risk Matrix. Parex' Risk Management Framework contains the key attributes recommended by the International Standards Organization ("ISO") in its ISO 31000 – Risk Management Guidelines (2017). Parex' ERM process aims to identify all business and operational risks, some of which are climate-related. Parex' Board of Directors understands the profound relationship that exists between corporate performance in terms of sustainability and the viability and permanence of the business. For this reason, climate-related risks and opportunities are analyzed and strategic actions for their management are defined, ensuring compliance with applicable regulations and the highest industry standards. On a bi-annual basis, Managers and VPs update the ERM risk register and where necessary, reassess the risk scores and mitigation strategies. A comprehensive review is then conducted at the executive management level. Risks are assessed in terms of potential impact on market capitalization, the ability to gain access to assets or continue the operation of producing assets, the wellbeing of stakeholders, the way communities, employees, government stakeholders and/or shareholders regard Parex. Management reports to the Board's committees the risks and risk assessments for which each committee has oversight. The committees in turn review the top risks and submit them to the Board of Directors for a full review. For the top four enterprise and business risks, that Management identifies which could include climate-related risks, Management also develops responses and, in some cases, action plans. Managing identified climate-related risks may include identifying and implementing strategies to mitigate, transfer or control the risk. Where no opportunities are identified to mitigate, transfer, or control the risk, the risk is accepted and where possible, organizational processes are adapted to reduce the associated or potential impact. Parex' process for managing climate-related risks aligns with Parex' long-term corporate strategic objective to become one of the least carbon intense oil and gas producers among E&P's. As such, climate-risk management efforts are focused on maximizing carbon intensity reductions in its operations. By the end of calendar year 2021, Parex is planning to perform qualitative climate scenario analysis to support and enhance climate-related risk and opportunity identification, assessment, and management processes. Among the intended outcomes of the scenario analysis is an improved understanding of which components of Parex' value chain are most exposed to climate-related risks, which in turn will enhance Management's ability to develop effective risk mitigation strategies. Additionally, Parex plans to conduct quantitative climate scenario analysis in calendar year 2022 to enhance Parex' ability to measure the effectiveness of climate-related risk and opportunity management strategies. As Parex matures its approach to identifying and managing climate-related risks and opportunities, the Company will strive to reflect the potential impact of such risks and opportunities in its public disclosure documents.

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## **C2.2a**

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

|                     | Relevance & inclusion        | Please explain   |
|---------------------|------------------------------|--|
| Current regulation  | Relevant, always included    | Complying with climate-related laws, regulations and policies is part of Parex' commitment to operate responsibly. As such, risks associated with current and emerging regulations are relevant to Parex and are always considered when making updates to and reviewing the ERM risk register. These types of risks are overseen by the HSE and Reserves Committee and the ESG Committee. Among the climate-related regulatory risks identified in 2020 was the risk that the Company may fail to meet minimum standards of climate change and greenhouse gas disclosures. Colombia has binding regulatory measures on environmental issues such as air quality; however, current regulations related to GHG emissions and reductions are voluntary. Parex' voluntary climate-related strategies and initiatives are informed by and in alignment with Colombia's National Climate Change Policy and the Integrated Climate Change Management Plan for the Energy and Mines Sector. Regarding environmental licensing regulations, the National Environmental Licensing Authority (ANLA) has developed guidelines for new projects requiring an assessment of the generation of GHG emissions to be incorporated within the environmental management measures required to obtain licenses. Parex both participates independently and as a member of energy sector associations such as ANDI (National Business Association of Colombia) and ACP (Colombian Petroleum Association) in processes that review, structure and update current regulations related to climatic aspects. Sessions are regularly convened by government representatives to review laws and regulations, allowing for early identification of potential risks and opportunities that Parex may face as a result of the laws, regulations and policies to which it is subject. Parex engages with external regulatory agencies and experts to ensure that relevant employees stay up to date on current regulations and are aware of upcoming regulatory changes that may impact Parex' operations.  |
| Emerging regulation | Relevant, always included    | Complying with climate-related regulatory requirements is part of Parex' commitment to operate responsibly. As such, risks associated with current and emerging regulations are relevant to Parex and are always considered when making updates to and reviewing the ERM risk register. These types of risks are overseen by the HSE and Reserves Committee and the ESG Committee. Among the climate-related emerging regulatory risks identified in 2020 was the risk of strict climate-related policies or regulations being introduced due to increasing public & government support for the transition to a lower carbon future. Future climate-related regulations requiring additional disclosures, licensing or abatement of operational GHG emissions may impact Parex' operations by increased expenses associated with reducing and/or offsetting emissions and/or restricted ability to maintain or establish new operations. Parex engages with external regulatory agencies and experts to ensure that relevant employees are aware of upcoming regulatory changes that may impact the Company's operations. The Company participates in consultations on the development of public policies and regulatory processes. As a result of this participation, Parex has deemed the following programs and regulations under development applicable to the Company and is currently monitoring them for their potential impacts: 1. The National Program of Greenhouse Gas Tradable Emission Quotas (Programa Nacional de Cupos Transables de Emisión de Gases de Efecto Invernadero – PNCTE) coming into effect in 2022 will require companies to report their GHG emissions. 2. The Colombian Ministry of Environment and Sustainable Development's 2050 climate-related strategy. 3. Structuring of the National Registry of Emissions Reductions, in which companies must register verified reductions to be accounted for in the country's NDC; expected to become operational in 2021. 4. Regulatory processes to reduce fugitive emissions, routine flaring, burning and venting. 5. Changes in carbon tax policy and pricing. Since 2017, Parex has reported GHG emissions and taken actions to reduce its carbon footprint in consideration of national and global climate and emission-related objectives. Monitoring and evaluating related regulations allow Parex to anticipate and minimize the potential financial or strategic impact of regulatory changes as they come into effect, on the Company's operations, facilities and/or procedures. |
| Technology          | Relevant, sometimes included | Access to current and emerging technologies that enable operational efficiencies are considered essential in order for Parex to achieve its aspiration of becoming one of the lowest carbon emitting oil and gas producers among E&P's. Recently, Parex successfully installed a geothermal power generation unit at the Las Maracas Field, contributing meaningfully to Parex' year over year reduction in carbon intensity. Dependence on technology is expected to increase as Parex works toward meeting its medium and long-term GHG emissions intensity reduction targets. The greatest climate-related technology risk Parex faces presently is the availability, scalability and costs of technologies to meet emissions reduction targets and successfully transition to lower emissions technologies. Should the technologies enabling Parex to reduce GHG emissions be unavailable, unaffordable, or inadequate, executing emissions reduction initiatives and meeting the Company's emissions intensity reduction targets could be very costly or impossible. An inability to meet GHG emissions intensity reduction targets could result in major financial implications in the form of carbon taxation. By the end of calendar year 2021, Parex plans to conduct qualitative climate scenario analysis in order to assess, among other things, the scale and scope of impacts associated with various types, rates and extents of technological adoption under different energy transition scenarios.  |
| Legal               | Relevant, sometimes included | The oil and gas industry has been the target of an increasing number of climate-related lawsuits in recent years. Parex currently considers the risk of being named as a defendant in a lawsuit to be unlikely given the jurisdictions in which it operates. However, legal action against key stakeholders such as regulators or partners could have material strategic impacts upon Parex' operations. To date, climate-related legal risks with global or national scope have been identified and assessed primarily for the purpose of informing investment decision-making processes.   |
| Market              | Relevant, sometimes included | Capital markets are adjusting to the risks that climate change poses and as a result, Parex' ability to access capital and secure necessary or prudent insurance coverage may be adversely impacted in the event that institutional investors, credit rating agencies, lenders and/or insurers adopt more restrictive decarbonization mandates and/or policies. The future development of Parex' business may be dependent upon its ability to obtain additional capital, including debt and equity financing. Certain insurance companies have taken action or announced policies to limit available coverage for companies which derive some or all of their revenue from the oil and gas sector. As a result of these policies, premiums and deductibles for some or all of the Parex' insurance policies could increase substantially. In some instances, coverage may be reduced or become unavailable. As a result, Parex may not be able to renew its existing policies, or procure other desirable insurance coverage, either on commercially reasonable terms, or at all. Additionally, new alternatives to and changing demand for petroleum products poses a risk to Parex' in terms of the resulting impact on market price for crude oil and gas, a key determinant of Parex' overall corporate performance. Forecasted demand for fossil fuels ranges substantially under different energy transition scenarios. By the end of calendar year 2021, Parex plans to conduct qualitative climate scenario analysis in order to assess the potential impact of shifts in oil and gas market conditions under different energy transition scenarios.  |
| Reputation          | Relevant, sometimes included | There are growing expectations from stakeholder groups such as NGOs, investors, communities, and industry organizations regarding transparency on measurable commitments and progress of oil and gas companies in support of a global transition to a lower carbon future. Negative public perception of the oil and gas industry may reduce the pool of experienced, skilled people available and willing to work in the industry as well as impact Parex' ability to retain talent with the necessary leadership, professional and technical skills. Parex currently manages this risk by integrating measurable climate-related commitments and targets in executive scorecards and company-wide incentive structures. Consequently, progress against climate-related commitments is monitored and disclosed annually. Membership and participation in international initiatives promoting climate responsibility, such as the UN Global Compact, as well as on-going engagement with key stakeholder groups, also helps Parex mitigate climate-related reputation risks.   |
| Acute physical      | Relevant, sometimes included | Parex is exposed to the risk of severe weather events (flooding, earthquakes) disrupting operations, infrastructure, and/or supply chains. The Company's exploration, production and construction operations, and the operations of major customers and suppliers, can be affected by floods, forest fires, earthquakes, hurricanes, and other extreme weather events. This may result in cessation or diminishment of production, delay of exploration and development activities or delay of plant construction. Parex' licensing processes or environmental impact assessments include the studies of hydrological and climate-related patterns of the areas where the Company operates. Findings from the studies allow prioritization of actions and plans focused on attending to possible events that may affect the normal course of operations. The results obtained are considered into engineering, construction and assembly designs to minimize possible impacts on operating activities. By the end of calendar year 2021, Parex plans to conduct qualitative climate scenario analysis in order to better understand the frequency and assess the potential severity and impacts of extreme weather events under different future climate scenarios.  |
| Chronic physical    | Relevant, sometimes included | Parex is exposed to the risk of changes in long-term weather patterns affecting working conditions and/or the length of drilling seasons. Crude oil and natural gas production activities are subject to chronic physical risks such as a shorter dry season for drilling, changes in the water table and reduced access to water due to drought conditions. A systemic change in temperature or precipitation patterns could result in more challenging conditions for construction and reclamation activities. Parex' licensing processes or environmental impact assessments include the studies of hydrological and climate-related patterns of the areas where the Company operates. Findings from the studies allow prioritization of actions and plans focused on attending to possible events that may affect the normal course of operations. The results obtained are considered into engineering, construction and assembly designs to minimize possible impacts on operating activities. By the end of calendar year 2021, Parex plans to conduct qualitative climate scenario analysis in order to better understand the frequency and assess the potential severity and impacts of extreme weather events under different future climate scenarios.  |

**C2.3**

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

Yes

**C2.3a**

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

**Identifier**

Risk 1

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

Direct operations

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

|                     |  |
|---------------------|--|
| Emerging regulation | Enhanced emissions-reporting obligations |
|---------------------|--|

**Primary potential financial impact**

Increased direct costs

*Parex also views this risk as a Current regulation risk. Parex views this risk as short-term to medium term. An additional potential financial impact is Other - reduced market capitalization, fines.*

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

<Not Applicable>

**Company-specific description**

Risk of failure to meet minimum standards of climate change disclosure and greenhouse emissions standards.

**Time horizon**

Short-term

**Likelihood**

Unlikely

**Magnitude of impact**

Low

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

Yes, a single figure estimate

**Potential financial impact figure (currency)**

10000000

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

<Not Applicable>

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

<Not Applicable>

**Explanation of financial impact figure**

Through the ERM process, Parex evaluates the potential severity of a climate-related risk's financial impact from minor (<\$10 million USD financial impact) to severe (>\$750 million USD financial impact). Potential severity of financial impact is currently based on the estimated impact on Parex' share price and consequent decrease in market capitalization should the risk occur. Parex plans to explore potential financial impacts of climate-related risks and opportunities in more depth via climate scenario analysis and subsequent use of additional financial impact indicators such as impact on asset valuation.

**Cost of response to risk**

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

Parex is in the process of evaluating the cost of responding to identified climate-related risks.

**Comment**

Despite the lack of requirements for minimum climate change disclosure and GHG emissions in Colombia, Parex is taking action to mitigate the potential financial impact and costs that may be associated with this risk in the future. Parex voluntarily reduced the corporate GHG emissions intensity in 2020 and has set voluntary medium and long-term emissions intensity reduction targets. Further, the Company has improved its measurement and disclosure of climate-related performance using rigorous sustainability reporting standards/frameworks, including the CDP. Parex plans to start disclosing in alignment with the TCFD Recommendations in 2021.

**Identifier**

Risk 2

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

Direct operations

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

|                     |                           |
|---------------------|---------------------------|
| Emerging regulation | Carbon pricing mechanisms |
|---------------------|---------------------------|

**Primary potential financial impact**

Increased direct costs

*An additional primary climate-related risk driver is mandates on and regulation of existing products and services. An additional potential financial impact is Other - reduced market capitalization.*

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

<Not Applicable>

**Company-specific description**

Risk of emerging climate & GHG emission regulations – strict climate-related policies introduced due to increasing support for the transition to a lower-carbon future

**Time horizon**

Medium-term

**Likelihood**

About as likely as not

**Magnitude of impact**

Medium

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

100000000

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

500000000

**Explanation of financial impact figure**

Through the ERM process, Parex evaluates the potential severity of a climate-related risk's financial impact from minor (<\$10 million USD financial impact) to severe (>\$750 million USD financial impact). Potential severity of financial impact is currently based on the estimated impact on Parex' share price and consequent decrease in market capitalization should the risk occur. Parex plans to explore potential financial impacts of climate-related risks and opportunities in more depth via climate scenario analysis and subsequent use of additional financial impact indicators such as impact on asset valuation.

**Cost of response to risk**

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

Parex is in the process of evaluating the cost of responding to identified climate-related risks.

**Comment**

In anticipation of emerging GHG regulations in Colombia, Parex is being proactive by taking some steps to reduce its carbon footprint/boe from operated assets. The Company's GHG emissions intensity reduction targets are in line with Colombia's recently announced commitment, under the Paris Agreement, to reduce GHG emissions by 51% by 2030.

**Identifier**

Risk 3

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

Direct operations

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

|        |                            |
|--------|----------------------------|
| Market | Changing customer behavior |
|--------|----------------------------|

**Primary potential financial impact**

Decreased revenues due to reduced demand for products and services

*Parex also views Substitution of existing products and services with lower emission options as a primary climate-related risk driver. Parex also views decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets and Other - reduced market capitalization as a primary potential financial impact.*

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

<Not Applicable>

**Company-specific description**

Risk of new alternatives to and changing demand for petroleum products.

**Time horizon**

Long-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

100000000

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

500000000

**Explanation of financial impact figure**

Through the ERM process, Parex evaluates the potential severity of a climate-related risk's financial impact from minor (<\$10 million USD financial impact) to severe (>\$750 million USD financial impact). Potential severity of financial impact is currently based on the estimated impact on Parex' share price and consequent decrease in market capitalization should the risk occur. Parex plans to explore potential financial impacts of climate-related risks and opportunities in more depth via climate scenario analysis and subsequent use of additional financial impact indicators such as impact on asset valuation. Among the primary intended outcomes of the scenario analysis is an improved understanding of how new alternatives to and changing demand for petroleum products may impact Parex financially.

**Cost of response to risk**

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

Parex is in the process of evaluating the cost of responding to identified climate-related changes to demand for hydrocarbon-based energy supply.

**Comment**

Parex' current asset base of conventional oil and gas tends to produce hydrocarbons with a lower carbon emission intensity and typically has a shorter cycle time to project payout. Given a December 31, 2020, independent reserve auditor report demonstrating a proven plus probable reserve life index of 11 years, it minimizes the likelihood of stranded assets for Parex.

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## C2.4

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

Yes

## C2.4a

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

#### Identifier

Opp1

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

Direct operations

#### Opportunity type

Energy source

#### Primary climate-related opportunity driver

Use of lower-emission sources of energy

#### Primary potential financial impact

Reduced indirect (operating) costs

*Parex views this opportunity time horizon as short-term to medium-term.*

#### Company-specific description

Opportunity to decarbonize power generation in some fields by using renewables (geothermal and solar energy).

#### Time horizon

Short-term

#### Likelihood

Likely

#### Magnitude of impact

Low

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

Yes, an estimated range

#### Potential financial impact figure (currency)

<Not Applicable>

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

10000000

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

20000000

#### Explanation of financial impact figure

Based on energy cost savings (USD/kWh) using renewable energy provided by a photovoltaic solar system according to the energy demand levels estimated during the power purchasing agreement (contract term - 15 years). In addition, impact has included cost savings (USD/kWh) on energy rates because the use of two geothermal power generation units in Maracas and Rumba fields, and the electrical tie-in to the national grid (SIN).

#### Cost to realize opportunity

7000000

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

Signed contracts and agreements with providers and landowners to install the Photovoltaic System at Cabrestero Field. The costs to realize this opportunity include lease, social and environmental support as activities out of the PPA contract scope. (400KUSD) As additional initiatives, Parex signed a PPA contract for solar power purchase and is planning to make an investment of an estimated 5,300,000 USD to connect Parex fields to the national power grid. Parex is currently reviewing the costs related to Geothermal and other renewable energy initiatives seeking to realize climate-related opportunities to support the Company's long-term GHG emission reduction strategy.

#### Comment

Parex installed the first geothermal unit of 2 units planned for the operated fields. The unit is currently operational at the Las Maracas field, producing up to 870 MWh-year of geothermal energy and displacing ~550 tCO<sub>2</sub>e per year. Parex plans to install additional geothermal units in blocks, where generating power from geothermal is conducive. Also, where possible Parex will connect its fields to the electrical grid. In 2021, Parex is under an engineering and construction process of a 3 MWp Photovoltaic System at Cabrestero to add renewable energy sources to meet power demand on the block. The system will produce up to 4,700 MWh-year of solar energy, displacing approximately 3,000 tCO<sub>2</sub>e per year.

---

#### Identifier

Opp2

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

Direct operations

#### Opportunity type

Resource efficiency

#### Primary climate-related opportunity driver

Use of more efficient production and distribution processes

**Primary potential financial impact**

Increased revenues resulting from increased production capacity

*Parex views this opportunity as having a time horizon of medium-term to long-term.*

**Company-specific description**

Construction of pipelines to displace oil or gas trucking and gas treatment plants to avoid flaring.

**Time horizon**

Medium-term

**Likelihood**

Likely

**Magnitude of impact**

Medium-high

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

10000000

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

200000000

**Explanation of financial impact figure**

Estimated revenue over next five years based the average gas price in the Colombian market and taking into account gas production forecast to be processed in new gas plants and avoid flaring.

**Cost to realize opportunity**

1500000

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

Development of a business plan to install facilities for gas treatment and distribution to minimize flaring volumes and take advantage of the different applications of gas to generate energy and recover liquids. Cost to realize opportunity is around \$1,500,000 USD calculated based on investment in facilities and infrastructures necessary to process and compress the projected gas production over the next five years

**Comment**

The risk of a decrease in demand for petroleum products and associated opportunity to increase revenue by capturing a portion of increased demand for lower emissions products and services has prompted Parex to consider increasing the proportion of natural gas in its product mix. Over the last few years, Parex has invested in several emission reduction initiatives, including the construction of a 42-km flowline connecting the Company's largest asset, Block Llanos 34, to the regional pipeline. This project displaced oil transport trucks; in 2020, Parex avoided the release of 2,065 tCO<sub>2</sub>e Scope 3 GHG emissions into the atmosphere. The gas plants built at Capachos and Aguas Blancas to reduce gas flaring resulted in Parex avoiding the release of 67,132 tCO<sub>2</sub>e of direct GHG emissions

---

**Identifier**

Opp3

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

Direct operations

**Opportunity type**

Energy source

**Primary climate-related opportunity driver**

Use of supportive policy incentives

**Primary potential financial impact**

Returns on investment in low-emission technology

**Company-specific description**

Use tax incentives targeting investments in renewable power generation to decarbonize field energy demand as energy efficiency projects.

**Time horizon**

Short-term

**Likelihood**

Very likely

**Magnitude of impact**

Low

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

Yes, an estimated range

**Potential financial impact figure (currency)**

<Not Applicable>

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

300000

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

400000

**Explanation of financial impact figure**

25% of the total investment value associated with renewable projects would be applied as tax reduction credits in annual income tax. This is according to Colombia's regulations promoting the execution of low-carbon projects using renewable energy.

**Cost to realize opportunity**

1450000

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

Cost is calculated based on estimated investments for renewable systems to be installed.

**Comment**

Over the next 5 years, Parex plans to develop new projects in renewable energy (geothermal and solar) power generation as part of meeting the demand for low-carbon power. In 2020, Parex made a substantial investment in the installation of Colombia's first geothermal power generation unit to reduce the carbon intensity of fuel sources at Parex' Las Maracas Field.

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**C3. Business Strategy**

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**C3.1**

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**(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes, and we have developed a low-carbon transition plan

**C3.1a**

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**(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?**

|       | Is your low-carbon transition plan a scheduled resolution item at AGMs?                     | Comment   |
|-------|---|---|
| Row 1 | No, and we do not intend it to become a scheduled resolution item within the next two years | Currently, it is not Parex' practice to submit any operating or strategic plan a resolution at to the AGM |

**C3.2**

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

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

**C3.2b**

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**(C3.2b) Why does your organization not use climate-related scenario analysis to inform its strategy?**

Parex has not performed climate-related scenario analysis as of the date of this report. By the end of calendar year 2021, Parex plans to select at least 2 future climate scenarios and perform qualitative climate-related scenario analysis. Parex plans to conduct quantitative climate-relate scenario analysis in calendar year 2022. Climate scenario planning and analysis will be led by Parex' CFO and supported by the ESG Committee. The outcomes of scenario analysis will be used to inform Parex' climate strategy.

**C3.3**

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

|                                 | Have climate-related risks and opportunities influenced your strategy in this area? | Description of influence   |
|---------------------------------|---|--|
| Products and services           | Yes   | Parex' Management has met several times to discuss long-term corporate strategy in the context of current and emerging climate-related risks and opportunities and Parex' aspiration to become one of the least carbon intense oil and gas producers among E&P's. Parex is continuously exploring and implementing opportunities to reduce the carbon intensity of its product development activities. The risk of a decrease in demand for petroleum products and associated opportunity to increase revenue by capturing a portion of increased demand for lower emissions products and services has prompted Parex to consider increasing the proportion of natural gas in its product mix. By the end of calendar year 2021, Parex plans to conduct qualitative climate scenario analysis in order to assess, among other things, the short, medium and long-term financial impacts of increasing the proportion of natural gas in Parex' product mix, based on current and projected production levels. |
| Supply chain and/or value chain | Evaluation in progress  | Parex is planning to adapt its approach to supply chain management to prioritize collaboration with suppliers and business partners to identify and implement carbon savings/ reduction initiatives throughout the value chain. This includes drilling and transportation partners. An example how Parex has taken initiative on this can be demonstrated in Parex' efforts to reduce trucking activities, having switched to lower emissions pipelines on LLA 34 and in Q4 2021 on Cabrestero.  |
| Investment in R&D               | Yes   | Going forward, Parex plans to invest up to 5% of its annual Capex in activities and implementation of technologies aimed at reducing the Company's operational carbon intensity at the Board's discretion. Investment in climate-related research and developments to date have focused on the identification and implementation of innovative means to reduce Parex' operational GHG footprint to mitigate current and emerging climate-related risks. In 2020, Parex made a substantial investment in the installation of Colombia's first geothermal power generation unit to reduce the carbon intensity of fuel sources at Parex' Las Maracas Field. The outcomes of Parex' qualitative climate scenario analysis to be conducted by the end of calendar year 2021 and quantitative climate scenario analysis in 2022 are intended to help inform the prioritization and strategic direction of Parex' investment in R&D opportunities.   |
| Operations                      | Yes   | All of Parex' operations are located in Colombia. The Company is constantly seeking opportunities to drive operational efficiencies to mitigate climate-related risks. In 2020, four Parex-operated fields of interest were identified for a geothermal co-production pilot and two generation unit installations have been planned for. Other applications of the technology are being investigated for deployment across Parex' assets. This geothermal power co-production project represents several milestones for both Parex and Colombia's progress towards energy diversification. It is the first generation of geothermal power in Colombia and first application of oilfield geothermal co-production in Latin America. With up to 100kW of generation potential as identified in the pilot stage, the project received the 2020 Colombian Petroleum Engineers Association innovation prize for environmental management renewable energy.  |

**C3.4**

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

|       | Financial planning elements that have been influenced     | Description of influence  |
|-------|---|---|
| Row 1 | Direct costs<br>Capital expenditures<br>Access to capital | Climate-related risks and opportunities have influenced financial planning in: 1. The selection of resource developments that generate industry leading Scope 1,2,3 emission intensity. Parex has only developed conventional oil & gas reservoirs and does not have the application of unconventional development – horizontal fracking – in its existing Colombia development plan. This greatly reduces the energy and water requirements of a project. Additionally, Parex is actively increasing its resource portfolio to add natural gas and light oil. 2. The capital design to minimize energy requirements and lower direct costs. New projects are being designed to incorporate high energy efficiencies and low emissions. For example, at the Capachos light oil field, gas processing facilities are being installed to be used as feedstock for on-site power generation. 3. Having short cycle time projects that generate free cash flow and minimize the requirement to access external capital funding. Parex maintains a top tier balance sheet – holding material amounts of USD cash and no long-term debt. Our business model is to build a sustainable free cash flow business that can thrive throughout the commodity cycles and be self-funded, not reliant on external capital sources |

**C3.4a**

**(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).**

No additional information to provide

**C4. Targets and performance**

**C4.1**

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

Intensity target

**C4.1b**

**(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).**

**Target reference number**

Int 1

**Year target was set**

2020

**Target coverage**

Company-wide

**Scope(s) (or Scope 3 category)**

Scope 1+2 (location-based)

**Intensity metric**

Metric tons CO2e per barrel of oil equivalent (BOE)

**Base year**

2019

**Intensity figure in base year (metric tons CO2e per unit of activity)**

0.03

**% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure**

100

**Target year**

2020

**Targeted reduction from base year (%)**

15

**Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]**

0.0255

**% change anticipated in absolute Scope 1+2 emissions**

-26.05

**% change anticipated in absolute Scope 3 emissions**

0

**Intensity figure in reporting year (metric tons CO2e per unit of activity)**

0.0228

**% of target achieved [auto-calculated]**

160

**Target status in reporting year**

Achieved

**Is this a science-based target?**

No, and we do not anticipate setting one in the next 2 years

**Target ambition**

<Not Applicable>

**Please explain (including target coverage)**

Parex is focused on reducing Scope 1 & 2 GHG emissions intensity from operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources, and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated Scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

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**C4.2**

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

No other climate-related targets

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**C-OG4.2d**

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

Parex does not have specific methane reduction targets. However, the conservation of energy and maximization of resources has led the Company in the past to optimize power generation fuels and reduce methane emissions (specifically those associated with gas flaring). In 2020, Parex completed the installation of a pipeline in the Capachos Field as well as a medium voltage line between Capachos and Andina in order to centralize power generation, minimize oil transportation and increase oil production in regions located closer to export hubs. The Company also implemented a project related to gas trucking, switching its trailers' fuel from diesel to gas.

Parex identified gas flaring as the main source of methane emissions during the production process. In 2020, Parex installed additional gensets at the Capachos Field to increase power generation capacity that maximizes the use of available natural gas and avoids flaring and associated methane emissions. In addition, the optimization of the Capachos gas plant has increased the production of products like liquefied petroleum gas (LPG) that the Company can sell local consumers. The Company is continuously seeking to improve gas plants operating at the Capachos and Aguas Blancas Fields to minimize flaring and to take advantage of different applications of natural gas such as generating energy and recovering liquids.

In 2021, the Company completed the installation of a geothermal power generation unit at the Las Maracas Field to reduce fossil fuel emissions and is planning to develop new projects, such as gas plants to reduce flaring and methane emissions on fields with high potential natural gas production. The geothermal unit is now operational and is expected to contribute meaningfully to the achievement of Parex' GHG emissions intensity reduction targets. Parex is also in the process of establishing a 3 MW solar system in the Kitaro/Akira Field to reduce GHG emissions, including the installation of a medium voltage line in the Akira/Kitaro Field to avoid the use of diesel as fuel for power generation.

### C4.3

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

Yes

### C4.3a

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

|                           | Number of initiatives | Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *) |
|---------------------------|-----------------------|--|
| Under investigation       | 4                     | 0  |
| To be implemented*        | 2                     | 0  |
| Implementation commenced* | 2                     | 4853   |
| Implemented*              | 8                     | 69340.41   |
| Not to be implemented     | 1                     | 0  |

### C4.3b

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

**Initiative category & Initiative type**

|                |                                  |
|----------------|----------------------------------|
| Transportation | Company fleet vehicle efficiency |
|----------------|----------------------------------|

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

12.22

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

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

2600

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

0

**Payback period**

No payback

**Estimated lifetime of the initiative**

3-5 years

**Comment**

623 loads were delivered in 2020 with gas-fired trailer units instead of the previously used diesel-fired units.

**Initiative category & Initiative type**

|                |  |
|----------------|--|
| Transportation | Other, please specify (Reduced trucking due to the use of the Azogue-Kananaskis flowline.) |
|----------------|--|

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

47.25

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

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

30000

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

1964605

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Set up of the Azogue–Kananaskis flowline, reducing the trucking of gas.

**Initiative category & Initiative type**

|                |  |
|----------------|--|
| Transportation | Other, please specify (Reduced trucking due to use of the Capachos-Andina flowline.) |
|----------------|--|

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

65.89

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

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

600000

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

4317909

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Set up of the Capachos-Andina flowline, reducing the trucking of gas.

**Initiative category & Initiative type**

|                                |               |
|--------------------------------|---------------|
| Energy efficiency in buildings | Solar shading |
|--------------------------------|---------------|

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

14.96

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

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

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

**Payback period**

No payback

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Use of solar panels in several oilfields at security booths implemented by a contractor during security services. No saving is estimated. Solar systems were installed as a contractor's initiative.

**Initiative category & Initiative type**

|   |  |
|---|--|
| Energy efficiency in production processes | Other, please specify (Construction of gas plant at Capachos.) |
|---|--|

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

55690.04

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

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

7067098

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Construction of the gas plant at the Capachos Field to reduce gas flaring to a minimum. Parex has not yet determined the monetary savings.

**Initiative category & Initiative type**

|   |  |
|---|--|
| Energy efficiency in production processes | Other, please specify (Construction of gas plant at Aguas Blancas) |
|---|--|

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

11442.69

**Scope(s)**

Scope 1

**Voluntary/Mandatory**

Voluntary

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

4023420

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Construction of the gas plant in Aguas Blancas Field to reduce gas flaring to a minimum. Parex has not yet determined the monetary savings.

**Initiative category & Initiative type**

|                |   |
|----------------|---|
| Transportation | Other, please specify (Reduced trucking due to the use of the LLA 32-LLA34 flowline.) |
|----------------|---|

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

2015.22

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

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

18700000

**Payback period**

1-3 years

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Set up of the LLA 32- LLA34 flowline to reduce trucking of crude oil .

**Initiative category & Initiative type**

|                                |          |
|--------------------------------|----------|
| Energy efficiency in buildings | Lighting |
|--------------------------------|----------|

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

52.13

**Scope(s)**

Scope 3

**Voluntary/Mandatory**

Voluntary

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

11000

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

**Payback period**

No payback

**Estimated lifetime of the initiative**

6-10 years

**Comment**

Replaced lighting units powered by diesel with low consumption lamps connected to the central generation system implemented by a contractor during drilling services. Parex has not yet determined the investment required.

**C4.3c**

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

| Method  | Comment   |
|---|---|
| Dedicated budget for energy efficiency                    | Parex has a dedicated budget for its geothermal project aimed at minimizing operational CO2e emissions. The project is a voluntary initiative through which the Company is focusing on generating low-carbon energy for an estimated investment of US \$1 million. One of two geothermal generators has been installed and is now operational at the Las Maracas Field. Parex expects to install the second unit at the Rumba field in 2021. In addition, a dedicated budget was assigned to create a multidisciplinary workgroup as an evaluation mechanism whose purpose is to evaluate internally the alternatives that allow the adoption of initiatives to decarbonize Parex's energy demand. Main objective for this team are: i) Compile ideas (initiatives) for reducing GHG emissions and energy efficiency improvements; and propose them to the sustainability work group for consideration; and (ii) Evaluate/Audit new projects' GHG emissions intensity to estimate their impact on the Company' GHG emissions profile as well as reduction targets (apply an internal carbon price to new projects). |
| Dedicated budget for other emissions reduction activities | The dedicated budgets for the construction of two flowlines and two electrical at a number of Parex' fields will lead to significant GHG emissions reduction by avoiding the use of fossil fuels to generate energy and to transport oil and gas. Parex plans to invest up to 5% of its annual Capex in initiatives aimed at reducing Parex' operational carbon footprint, at the Board's and Management's discretion.  |
| Financial optimization calculations                       | The financial analysis and evaluation that Parex undertakes for new projects aimed at improving energy efficiency and decarbonizing field energy incorporates tax incentives as part of Parex' determination of whether a particular project will be feasible in the medium-term. In 2021, Parex developed initiatives such as developing and operating the first geothermal power unit in Colombia and the first application of oilfield geothermal co-production in Latin America. Similar projects are being evaluated for feasibility at other production fields. This project achieved an income tax reduction of up to 25% of the total investment value, due to tax credits associated with new investments in the renewable energy production. A 15-year term power purchasing agreement with a local power company was signed to provide solar power connected to the local electric grid, saving energy costs and displacing the use of fossil fuels.   |
| Internal price on carbon                                  | Within the next two years, Parex plans to incorporate an internal cost of carbon in long-term planning process and when evaluating investments in new projects.   |
| Internal incentives/recognition programs                  | The Company's annual incentive plan is based on a balanced scorecard and applies to all employees. Included in the 2021 scorecard is a short-term interim target to reduce Scopes 1 & 2 GHG emissions intensity year-over-year to support Parex' achievement of its medium-term target to reduce Scopes 1 and 2 GHG emissions intensity by 50% by 2030 from a 2019 baseline. Other goals 2021 include an emission reduction project and reporting in alignment with SASB and the TCFD Recommendations.  |
| Partnering with governments on technology development     | Parex is currently evaluating with academia and government entities the possibility of participating in projects that have as an objective reducing greenhouse gases. In the last 2 years, Parex has signed agreements with the Universidad Nacional, Medellín, in order to participate in the calls of the Ministry of Science, Technology and Innovation - MINCIENCIAS, on science, technology and innovation projects. One of the most relevant projects executed with the said University is the cogeneration of geothermal energy and oil. This project had among its objectives the evaluation and pursuit of achieving greenhouse gas reductions.  |
| Please select   |   |

**C4.5**

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?**

Yes

**C4.5a**

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.**

**Level of aggregation**

Product

**Description of product/Group of products**

Natural gas – processed and sold to third parties and/or used for power generation

**Are these low-carbon product(s) or do they enable avoided emissions?**

Low-carbon product and avoided emissions

**Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions**

Other, please specify

**% revenue from low carbon product(s) in the reporting year**

3

**% of total portfolio value**

<Not Applicable>

**Asset classes/ product types**

<Not Applicable>

**Comment**

Natural gas revenue in 2020 of US \$17,333,000 from total O&G revenue of \$587,520,000.

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**C-OG4.6**

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

Parex has several initiatives to reduce methane emissions. Methane emission reduction activities are described below:

In 2020,

- Parex installed additional gensets at the main fields to increase power generation capacity that maximizes the use of available natural gas and avoids flaring and associated methane emissions. In addition, Gas Plants optimization and updating has been developed to increase the production of products like LPG that are being sold to local consumers.
- A new project was approved to install solar panels as replacement of power generated from fossil fuels. In its first year, the initiative will displace up to 3,000 tCO<sub>2</sub>e. Construction of a new gas plant is under engineering with the objective to reduce methane emissions by avoiding flaring.
- As disclosed in previous responses to CDP, Parex has implemented vapor recovery units in certain fields where gas is emitted into the atmosphere. These units are installed after the oil and water separation process in the Gun-barrel (tank included in the production process). The purpose of the units is to gather low-pressure gas in order to obtain liquids by gas expansion, keeping this gas in condition to be used for power generation. This type of equipment as well as methane detectors installed through the lines to detect any leakage are considered into engineering processes for new facilities construction. This process reduces the gas emitted into the atmosphere to be used as a fuel in power generation. It is important to emphasize Parex continues to actively work to reduce methane emissions. In the current year, some projects are "to be implemented" and others are under evaluation to be implemented. These projects include but are not limited to the use of new fuels, the construction of new infrastructure in several oil fields to reduce the use of fossil fuels, and a geothermal project.

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**C-OG4.7**

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

Yes

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**C-OG4.7a**

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

As stated in the prior year's response, Parex has a protocol at the production facilities where natural gas is handled for treatment or for consumption using methane detectors installed throughout the lines to detect any leakage; these detectors are calibrated and inspected every six months. The protocol, at oil facilities, includes several also inspections from production staff who conduct regular gas detections with portable equipment to detect possible leakage; these detectors also are calibrated and inspected every six months according to metrological requirements of local regulations and standards.

## C-OG4.8

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

In 2020, Parex installed additional gensets at several the Capachos Field to increase power generation capacity and maximize the use of available natural gas, thereby avoiding flaring. In addition, gas plants have been optimized, increasing production of products as LPG to be sold to local consumers. The gas plants at the Capachos and Aguas Blancas Fields are frequently assessed for improvements intended to minimize flaring and to take advantage of different applications of natural gas such as generating energy and recovering liquids. As an example, in 2021, the Company is currently undertaking a new project to install a 7 MW gas turbine on this field. To evaluate the reduction of flaring in new exploratory wells, Parex has planned production testing processes to obtain oil field information under minimum gas flare. The engineering process to develop a new gas plant at La Belleza field is currently underway and the Company expects construction to start in 2021 to increase gas volume treatment and avoid gas flaring. Capachos was operational in 2020 avoiding 55,690 tCO<sub>2</sub>e of Scope 1 emissions being released to the atmosphere.

## C5. Emissions methodology

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### C5.1

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**(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).**

#### Scope 1

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

140719.81

**Comment**

Activities included: • Gas Flares • Fugitive Emissions (vented emissions of atmospheric tanks, production gas emissions and production oil emissions) • Emissions due to air conditioning in production facilities • Oil & gas consumption for steam generation (Parex' own equipment). • Fuel consumption for power generation (using rental power generators in Parex' facilities).

#### Scope 2 (location-based)

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

149.57

**Comment**

National Interconnected System for Office and Field. (Canada and Columbia)

#### Scope 2 (market-based)

**Base year start**

January 1 2020

**Base year end**

December 31 2020

**Base year emissions (metric tons CO<sub>2</sub>e)**

0

**Comment**

No market-based Scope 2 emissions.

### C5.2

---

**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

IPCC Guidelines for National Greenhouse Gas Inventories, 2006  
ISO 14064-1

## C6. Emissions data

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## C6.1

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

#### Reporting year

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

140719.81

**Start date**

January 1 2020

**End date**

December 31 2020

**Comment**

Direct Sources. fuel combustion (diesel, gas, crude) for power generation, flared gas, refrigeration emissions and fugitive emissions.

#### Past year 1

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

190410

**Start date**

January 1 2019

**End date**

December 31 2019

**Comment**

Direct Sources. Burning fuel (diesel, gas, crude) for power generation, flared gas, refrigeration emissions, and fugitive emissions.

#### Past year 2

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

125352

**Start date**

January 1 2018

**End date**

December 31 2018

**Comment**

Gas flares, fugitive emissions (vented emissions of atmospheric tanks, production gas emissions and production oil emissions), emissions due to air conditioning in production facilities, oil & gas consumption for steam generation (Parex' own equipment), fuel consumption for power generation (using rental power generators in Parex' facilities).

#### Past year 3

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

80781

**Start date**

January 1 2017

**End date**

December 31 2017

**Comment**

Direct Sources. burning fuel (diesel, gas, crude) for power generation, flared gas, refrigeration emissions, and fugitive emissions.

## C6.2

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

#### Row 1

**Scope 2, location-based**

We are reporting a Scope 2, location-based figure

**Scope 2, market-based**

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

**Comment**

Energy acquired by Parex is taken from the national interconnected system for facilities (Kona, Capachos Centro and Aguas Blancas) & offices in Colombia (Bogota, Tauramena, Yopal, and Tame and) from Alberta Interconnected Electric System for the Calgary office.

## C6.3

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

**Reporting year**

**Scope 2, location-based**

149.57

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

<Not Applicable>

**Start date**

January 1 2020

**End date**

December 31 2020

**Comment**

Energy acquired by Parex is taken from the national interconnected system for facilities (Kona, Capachos Centro and Aguas Blancas) & offices in Colombia (Bogota, Tauramena, Yopal, and Tame and) from Alberta Interconnected Electric System for the Calgary office. Scope 2 emissions increased as a result of higher power demand from the grid in Aguas Blancas compared to previous years. There was also a change in accounting methodology for energy consumption in the Bogota offices as specific meters were installed and resulted in more accurate measurement and larger office spaces.

**Past year 1**

**Scope 2, location-based**

82.85

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

<Not Applicable>

**Start date**

January 1 2019

**End date**

December 31 2019

**Comment**

Scope 2, location-based energy acquired by Parex is taken from the national interconnected system for facilities (Kona, Capachos Centro and Aguas Blancas) & offices in Colombia (Bogota, Tauramena, Yopal, Tame) and the Alberta Interconnected Electric System for the Calgary office

**Past year 2**

**Scope 2, location-based**

95.38

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

<Not Applicable>

**Start date**

January 1 2018

**End date**

December 31 2018

**Comment**

Scope 2, location-based.

**Past year 3**

**Scope 2, location-based**

102.52

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

<Not Applicable>

**Start date**

January 1 2017

**End date**

December 31 2017

**Comment**

Scope 2, location-based.

**C6.4**

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

No

**C6.5**

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

## Purchased goods and services

### Evaluation status

Not relevant, calculated

### Metric tonnes CO2e

3.13

### Emissions calculation methodology

GHG emissions from use of paper products were calculated using an emission factor (EF) of 1.05 tCO2e per ton of paper. This is the EF value reported for the pulp and paper manufacturing industry harvesting from managed timberlands (Silva et al, 2015). GHG emissions from cooling and air conditioning systems were estimated based on global warming potentials (GWP) for each gas reported in IPCC guidelines representing the factors by which the amount of gas leak is multiplied to obtain CO2e values.

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

100

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Capital goods

### Evaluation status

Not evaluated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

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

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

11854.16

### Emissions calculation methodology

The emissions calculation from fuel consumption and fugitive emissions. GHG emissions associated with fuel combustion were calculated based on emission factors for CO2, density and caloric values provided by FECOC (Emission Factors for Colombian Fuels) (2016). Emission factors for methane and nitrous oxide were based on IPCC (2006) data for each type of fuel. The international metric system and metrology unit standards from Colombia's Industry and Tourism Superintendence were used for unit conversion. Fugitives emissions were estimated using IPCC (2006) emission factors.

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

50

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Upstream transportation and distribution

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

7182.01

### Emissions calculation methodology

Emissions calculation includes information about GHG emissions associated with transportation, fuel combustion was calculated based on emission factors for CO2, density and caloric values provided by FECOC (Emission Factors for Colombian Fuels) (2016). Emission factors for methane and nitrous oxide were based on IPCC (2006) data for each type of fuel. International metric system and metrology unit standards from Colombia's Industry and Tourism Superintendence were used for unit conversion.

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

0

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Waste generated in operations

### Evaluation status

Not relevant, calculated

### Metric tonnes CO2e

193.39

### Emissions calculation methodology

In the process of estimating GHG emissions by treatment of solid waste of organic origin, emission factors were used for methane (4 g of CH<sub>4</sub> / Kg of treated organic waste) and nitrous oxide (0.3 g of N<sub>2</sub>O / Kg of organic waste) reported by the IPCC (2006). For the elimination and treatment of wastewater, factors provided by the IPCC (2006) were used (Methane: 0.6 kg CH<sub>4</sub> / kg BOD, Nitrogen: 0.005 Kg N<sub>2</sub>O-N / Kg N.) and averages of degradable organic matter - (Biochemical demand of Oxygen - BOD) (38.4 g / person / day) established for Colombia and reported in the national GHG inventory published by the IDEAM et al. (2015). A methane correction factor (MFC: 0.1) corresponding to systems not treated and eliminated in rivers, provided by the IPCC (2006) Emissions from water and solid residues generated in operations which are sent to third party companies for disposal.

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

50

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Business travel

### Evaluation status

Relevant, calculated

### Metric tonnes CO2e

741.36

### Emissions calculation methodology

The process for the estimation of GHG emissions from fuel combustion, factors of CO<sub>2</sub> emissions, density and caloric values of the FECOC (2016) (emission factors of Colombian fuels) were used. Methane and nitrous oxide emission factors were taken from the IPCC (2006) for each type of fuel (gasoline, diesel and aviation fuel).

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

100

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Employee commuting

### Evaluation status

Not evaluated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Upstream leased assets

### Evaluation status

Not evaluated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Downstream transportation and distribution

### Evaluation status

Not evaluated

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Processing of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

215457.64

### Emissions calculation methodology

Scope 3 emissions related to Processing of Sold Products were identified and calculated following the GHG Protocol Guidance regarding Scope 3 emissions. Total GHG emissions do not include biogenic CO<sub>2</sub> emissions. Emissions were calculated according to the following steps: 1) Total annual sold crude volumes to refineries. 2) Specific national refinery process emissions factor was used for crude processing. 3) GHG emissions were calculated by multiplying sold volumes with the refinement emission factor 4) Emissions from refined crude correspond to the sum of the total crude produced and sold to refineries during 2020. Global warming potentials from the 4th IPCC Assessment report were used for the calculations.

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

0

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Use of sold products

### Evaluation status

Relevant, calculated

### Metric tonnes CO<sub>2</sub>e

2460563.51

### Emissions calculation methodology

Scope 3 emissions related to Use of Sold Products were identified and calculated following the GHG Protocol Guidance regarding Scope 3 emissions. Total GHG emissions do not include biogenic CO<sub>2</sub> emissions. Emissions were calculated according to the following steps: 1) Total annual sold volumes were obtained for each customer (refineries or corporates); 2) Specific fuel combustion emission factors were used for each fuel type (sold products); 3) GHG emissions were calculated by multiplying sold volumes with the relevant fuel combustion emission factor; 4) Emissions from each production field were summed to give the total emissions. Global warming potentials from the 4th IPCC Assessment report were used for the calculations.

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

0

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## End of life treatment of sold products

### Evaluation status

Not evaluated

### Metric tonnes CO<sub>2</sub>e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Downstream leased assets

### Evaluation status

Not evaluated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Franchises

### Evaluation status

Not evaluated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Investments

### Evaluation status

Not evaluated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

## Other (upstream)

### Evaluation status

Not evaluated

### Metric tonnes CO2e

<Not Applicable>

### Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

### Please explain

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

**Other (downstream)**

**Evaluation status**

Not evaluated

**Metric tonnes CO2e**

<Not Applicable>

**Emissions calculation methodology**

<Not Applicable>

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

<Not Applicable>

**Please explain**

Parex is focused on reducing Scopes 1 & 2 GHG emissions intensity from its operated assets by optimizing carbon footprint, displacing carbon intensive fuel sources and increasing power generation from renewable sources. In 2021, Parex set an aspirational goal to achieve net zero by 2050. The Company plans to eliminate routine flaring by 2025 and reduce its operated scopes 1 & 2 GHG emissions by 50% by 2030 from a 2019 baseline.

**C6.7**

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

Yes

**C6.7a**

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**(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.**

|       | CO2 emissions from biogenic carbon (metric tons CO2) | Comment  |
|-------|--|--|
| Row 1 | 1901.92  | Carbon dioxide emissions from biogenic carbon are calculated as a 10% of the diesel consumed in the operations. This 10% of the diesel components is biofuel (B-10). |

**C6.10**

---

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

**Intensity figure**

0.0228

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

140869.39

**Metric denominator**

barrel of oil equivalent (BOE)

**Metric denominator: Unit total**

6170801

**Scope 2 figure used**

Location-based

**% change from previous year**

23

**Direction of change**

Decreased

**Reason for change**

Emissions intensity decreased as a result of curtailed exploration and production ("E&P") activities during the COVID-19 pandemic in 2020.

---

**Intensity figure**

0.0002

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

140869.39

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

587520000

**Scope 2 figure used**

Location-based

**% change from previous year**

17.64

**Direction of change**

Increased

**Reason for change**

Based on lower gross revenue compared to 2019.

---

**Intensity figure**

404.8

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

140869.39

**Metric denominator**

full time equivalent (FTE) employee

**Metric denominator: Unit total**

348

**Scope 2 figure used**

Location-based

**% change from previous year**

27

**Direction of change**

Decreased

**Reason for change**

Based on lower emissions number but higher FTE compared to 2019.

---

C-OG6.12

---

**(C-OG6.12) Provide the intensity figures for Scope 1 emissions (metric tons CO2e) per unit of hydrocarbon category.**

**Unit of hydrocarbon category (denominator)**

Thousand barrels of crude oil/ condensate

**Metric tons CO2e from hydrocarbon category per unit specified**

25.64

**% change from previous year**

19

**Direction of change**

Decreased

**Reason for change**

26% decrease is due to curtailed exploration and production activities in response to the restrictions imposed during the COVID-19 pandemic in 2020 and higher gas treatment process to avoid flaring.

**Comment**

Compared to 32.03 ton CO2e/Mbbl in 2019

---

**Unit of hydrocarbon category (denominator)**

Million cubic feet of natural gas

**Metric tons CO2e from hydrocarbon category per unit specified**

25.02

**% change from previous year**

34

**Direction of change**

Decreased

**Reason for change**

26% decreased is due to curtailed exploration and production activities in response to the restrictions imposed during the COVID-19 pandemic in 2020 and higher gas treatment process to avoid flaring.

**Comment**

Compared to 38.43 ton CO2e/MMscf in 2019.

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**C-OG6.13**

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

**Oil and gas business division**

Upstream

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

0.49

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

0.073

**Comment**

In 2020, figure was recalculated to express total methane emitted as percentage (%) of natural gas production and hydrocarbon. Hydrocarbon in 2020 as tons was 957,161 tons (oil and gas), 814,835 tons of oil produced and 142,325 tons of produced gas total CH4 expressed as tons of CH4 was 695.57 tons. In this way 0.49% as % of natural gas production and 0.073% as % of total hydrocarbon. Recalculating figures for year 2019 we obtained 0.74% as % of natural gas production and 0.09% as % of total hydrocarbon. In comparison to 2019 results, in 2020 there was a reduction of 33% in methane emissions as % of natural gas and a reduction of 19% in methane emissions as % of hydrocarbon.

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**C7. Emissions breakdowns**

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**C7.1**

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

Yes

**C7.1a**

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

| Greenhouse gas | Scope 1 emissions (metric tons of CO2e) | GWP Reference                                  |
|----------------|---|--|
| CO2            | 123006.6                                | IPCC Fourth Assessment Report (AR4 - 100 year) |
| CH4            | 17389.13                                | IPCC Fourth Assessment Report (AR4 - 100 year) |
| N2O            | 299.58                                  | IPCC Fourth Assessment Report (AR4 - 100 year) |
| HFCs           | 24.5                                    | IPCC Fourth Assessment Report (AR4 - 100 year) |

## C-OG7.1b

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

**Emissions category**

Combustion (excluding flaring)

**Value chain**

Upstream

**Product**

Unable to disaggregate

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

60305.44

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

2.161

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

60442.22

**Comment**

Includes CO2, CH4, N2O and HFC.

**Emissions category**

Flaring

**Value chain**

Upstream

**Product**

Gas

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

62632.85

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

379.593

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

72339.49

**Comment**

Includes CO2, CH4, N2O and HFC.

**Emissions category**

Venting

**Value chain**

Upstream

**Product**

Gas

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

65.99

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

251.984

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

6365.59

**Comment**

Includes CO2, CH4, N2O and HFC.

**Emissions category**

Fugitives

**Value chain**

Upstream

**Product**

Gas

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

2.33

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

61.827

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

1548

**Comment**

Includes CO2, CH4, N2O and HFC.

**Emissions category**

Other (please specify) (Other emissions)

**Value chain**

Upstream

**Product**

Unable to disaggregate

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

0

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

0

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

24.5

**Comment**

Includes CO2, CH4, N2O and HFC.

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

| Country/Region | Scope 1 emissions (metric tons CO2e) |
|----------------|--------------------------------------|
| Colombia       | 140719.81                            |

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

By facility

By activity

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

| Facility            | Scope 1 emissions (metric tons CO2e) | Latitude | Longitude  |
|---------------------|--------------------------------------|----------|------------|
| Adalia              | 509.09                               | 5.128743 | -71.096349 |
| Begonia             | 1927.55                              | 5.788396 | -71.388413 |
| Carmentea           | 643.54                               | 4.572707 | -72.61621  |
| Kananaskis          | 1647.79                              | 4.519647 | -72.609949 |
| Kitaro/Akira        | 27192.83                             | 4.342332 | -72.715722 |
| Rumba               | 6024.87                              | 4.867884 | -72.419899 |
| Las Maracas         | 6395.84                              | 5.360983 | -71.978597 |
| LLA-32: Gas Plant   | 9288.42                              | 4.534299 | -72.622293 |
| Capachos            | 15869.69                             | 6.570293 | -71.754997 |
| Aguas Blancas       | 5424.4                               | 6.834932 | -73.772107 |
| Kona                | 2298.94                              | 5.609489 | -71.864236 |
| Andina              | 44807.14                             | 6.601167 | -71.746827 |
| Calona              | 28.92                                | 4.531477 | -72.614569 |
| Fortuna             | 404.97                               | 8.160782 | -73.58952  |
| Azogoe              | 1095.84                              | 4.506048 | -72.665456 |
| Estación Tamariniza | 25.41                                | 5.241975 | -71.035773 |
| Boranda             | 1373.14                              | 7.672808 | -73.562465 |
| La Belleza          | 15710.03                             | 9.879532 | -74.627223 |
| Bogota              | 50.59                                | 4.691426 | -74.034776 |

### C7.3c

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

| Activity               | Scope 1 emissions (metric tons CO2e) |
|------------------------|--------------------------------------|
| Oil and gas production | 140719.81                            |

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

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

|  | Gross Scope 1 emissions, metric tons CO2e | Net Scope 1 emissions, metric tons CO2e | Comment   |
|--|---|---|---|
| Cement production activities                   | <Not Applicable>                          | <Not Applicable>                        | <Not Applicable>  |
| Chemicals production activities                | <Not Applicable>                          | <Not Applicable>                        | <Not Applicable>  |
| Coal production activities                     | <Not Applicable>                          | <Not Applicable>                        | <Not Applicable>  |
| Electric utility activities                    | <Not Applicable>                          | <Not Applicable>                        | <Not Applicable>  |
| Metals and mining production activities        | <Not Applicable>                          | <Not Applicable>                        | <Not Applicable>  |
| Oil and gas production activities (upstream)   | 140719.81                                 | <Not Applicable>                        | 100% of activities are in oil and gas, zero midstream or downstream activities. |
| Oil and gas production activities (midstream)  | 0   | <Not Applicable>                        | No midstream activities   |
| Oil and gas production activities (downstream) | 0   | <Not Applicable>                        | No downstream activities  |
| Steel production activities                    | <Not Applicable>                          | <Not Applicable>                        | <Not Applicable>  |
| Transport OEM activities                       | <Not Applicable>                          | <Not Applicable>                        | <Not Applicable>  |
| Transport services activities                  | <Not Applicable>                          | <Not Applicable>                        | <Not Applicable>  |

### C7.5

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

| Country/Region  | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) | Purchased and consumed electricity, heat, steam or cooling (MWh) | Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh) |
|---|--|--|--|--|
| Colombia<br><i>Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh): 241.51 (69.88% hydropower)</i> | 86.94                                      | 0  | 0  | 0  |
| Canada  | 62.64                                      | 0  | 0  | 0  |

### C7.6

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

- By facility
- By activity

### C7.6b

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

| Facility         | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|------------------|--|--|
| Kona             | 3.14                                       | 0  |
| Tauramena office | 1.44                                       | 0  |
| Bogotá office    | 37.03                                      | 0  |
| Yopal office     | 8.51                                       | 0  |
| Tame office      | 4.62                                       | 0  |
| Calgary office   | 62.64                                      | 0  |
| Capachos Centro  | 8.67                                       | 0  |
| Aguas Blancas    | 22.1                                       | 0  |
| Barrancabermeja  | 1.43                                       | 0  |

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

| Activity               | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|------------------------|--|--|
| Oil and Gas production | 149.57                                     | 0  |

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

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

| Activity                                       | Scope 2, location-based, metric tons CO2e | Scope 2, market-based (if applicable), metric tons CO2e | Comment  |
|--|---|---|--|
| Cement production activities                   | <Not Applicable>                          | <Not Applicable>  | <Not Applicable>   |
| Chemicals production activities                | <Not Applicable>                          | <Not Applicable>  | <Not Applicable>   |
| Coal production activities                     | <Not Applicable>                          | <Not Applicable>  | <Not Applicable>   |
| Metals and mining production activities        | <Not Applicable>                          | <Not Applicable>  | <Not Applicable>   |
| Oil and gas production activities (upstream)   | 149.57                                    | 0   | Energy acquired by Parex is taken from the national interconnected system for facilities (Kona, Capachos Centro and Aguas Blancas) & offices (Bogota, Tauramena, Yopal, Tame) in Colombia and from the Alberta Interconnected Electric System for the Calgary office |
| Oil and gas production activities (midstream)  | 0   | 0   | No midstream activities  |
| Oil and gas production activities (downstream) | 0   | 0   | No downstream activities   |
| Steel production activities                    | <Not Applicable>                          | <Not Applicable>  | <Not Applicable>   |
| Transport OEM activities                       | <Not Applicable>                          | <Not Applicable>  | <Not Applicable>   |
| Transport services activities                  | <Not Applicable>                          | <Not Applicable>  | <Not Applicable>   |

C7.9

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

C7.9a

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

|   | Change in emissions (metric tons CO2e) | Direction of change | Emissions value (percentage) | Please explain calculation   |
|---|--|---------------------|------------------------------|--|
| Change in renewable energy consumption  | 0                                      | No change           | 0                            | No emissions from renewable energy consumption in 2020   |
| Other emissions reduction activities    | 0                                      | No change           | 0                            | Not observed   |
| Divestment                              | 0                                      | No change           | 0                            | No divestment activity in 2020   |
| Acquisitions                            | 0                                      | No change           | 0                            | No emissions from acquired assets in 2020  |
| Mergers                                 | 0                                      | No change           | 0                            | No emissions from mergers assets in 2020   |
| Change in output                        | 49689.77                               | Decreased           | 26.05                        | A 26% decline in GHG emissions due to reduced exploration and production activities in response to restrictions during the pandemic and the reduction of flaring emissions because of higher gas treatment process to avoid flaring. |
| Change in methodology                   | 0                                      | No change           | 0                            | No change in methodology   |
| Change in boundary                      | 0                                      | No change           | 0                            | Maintained operating control boundary  |
| Change in physical operating conditions | 0                                      | No change           | 0                            | No change in physical operating conditions observed  |
| Unidentified                            | 0                                      | No change           | 0                            | None   |
| Other                                   | 66.72                                  | Increased           | 0.04                         | Larger office spaces for Calgary and Bogota; improved tracking of energy consumption   |

C7.9b

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

Location-based

## C8. Energy

### C8.1

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

More than 20% but less than or equal to 25%

### C8.2

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

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

### C8.2a

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

|   | Heating value             | MWh from renewable sources | MWh from non-renewable sources | Total (renewable and non-renewable) MWh |
|---|---------------------------|----------------------------|--------------------------------|---|
| Consumption of fuel (excluding feedstock)               | LHV (lower heating value) | 0                          | 316293.09                      | 316293.09                               |
| Consumption of purchased or acquired electricity        | <Not Applicable>          | 967.5                      | 0                              | 967.5                                   |
| Consumption of purchased or acquired heat               | <Not Applicable>          | <Not Applicable>           | <Not Applicable>               | <Not Applicable>                        |
| Consumption of purchased or acquired steam              | <Not Applicable>          | <Not Applicable>           | <Not Applicable>               | <Not Applicable>                        |
| Consumption of purchased or acquired cooling            | <Not Applicable>          | <Not Applicable>           | <Not Applicable>               | <Not Applicable>                        |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable>          | 0                          | <Not Applicable>               | 0                                       |
| Total energy consumption                                | <Not Applicable>          | 967.5                      | 316293.09                      | 317261.58                               |

### C8.2b

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

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

### C8.2c

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

**Fuels (excluding feedstocks)**

Crude Oil

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

18334.07

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

3318.48

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

0

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

15196

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

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Emission factor**

77.956

**Unit**

kg CO2 per GJ

**Emissions factor source**

FECOC – Factor emissions of Colombian fuels - Ministry of energy of Colombia IPCC

**Comment**

Parex took emissions factors from national sources.

---

**Fuels (excluding feedstocks)**

Natural Gas

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

281626.25

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

281626.25

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

0

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

0

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

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Emission factor**

55.539

**Unit**

kg CO2 per GJ

**Emissions factor source**

FECOC – Factor emissions of Colombian fuels - Ministry of energy of Colombia IPCC

**Comment**

Parex took emissions factors from national sources.

---

**Fuels (excluding feedstocks)**

Liquefied Petroleum Gas (LPG)

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

205.1

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

205.1

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

0

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

0

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

&lt;Not Applicable&gt;

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

&lt;Not Applicable&gt;

**Emission factor**

47.289

**Unit**

kg CO2 per GJ

**Emissions factor source**

**Comment**

Parex took emissions factors from national sources.

---

**Fuels (excluding feedstocks)**

Fuel Oil Number 4

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

4596.99

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

4596.99

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

0

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

0

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

<Not Applicable>

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

<Not Applicable>

**Emission factor**

78.281

**Unit**

kg CO2 per GJ

**Emissions factor source**

FECOC – Factor emissions of Colombian fuels - Ministry of energy of Colombia IPCC

**Comment**

Parex took emissions factors from national sources.

---

**Fuels (excluding feedstocks)**

Other, please specify (Diesel (Stationary))

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

8179.99

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

8179.99

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

0

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

0

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

<Not Applicable>

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

<Not Applicable>

**Emission factor**

74.831

**Unit**

kg CO2 per GJ

**Emissions factor source**

FECOC – Factor emissions of Colombian fuels - Ministry of energy of Colombia IPCC

**Comment**

Parex took emissions factors from national sources.

---

**Fuels (excluding feedstocks)**

Other, please specify (Diesel (Mobile))

**Heating value**

LHV (lower heating value)

**Total fuel MWh consumed by the organization**

3350.68

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

0

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

0

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

0

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

<Not Applicable>

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

<Not Applicable>

**Emission factor**

74.831

**Unit**

kg CO2 per GJ

**Emissions factor source**

FECOC – Factor emissions of Colombian fuels - Ministry of energy of Colombia IPCC

**Comment**

Parex took emissions factors from national sources.

**C8.2d**

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

|             | Total Gross generation (MWh) | Generation that is consumed by the organization (MWh) | Gross generation from renewable sources (MWh) | Generation from renewable sources that is consumed by the organization (MWh) |
|-------------|------------------------------|---|---|--|
| Electricity | 298714.3                     | 298714.3  | 0   | 0  |
| Heat        | 0                            | 0   | 0   | 0  |
| Steam       | 15196                        | 15196   | 0   | 0  |
| Cooling     | 0                            | 0   | 0   | 0  |

**C9. Additional metrics**

**C9.1**

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

**Description**

Energy usage

**Metric value**

12.22

**Metric numerator**

75,393,635

**Metric denominator (intensity metric only)**

6,170,801

**% change from previous year**

24

**Direction of change**

Decreased

**Please explain**

The decrease is a result of curtailed exploration and production activities due to the COVID-19 pandemic.

**C-OG9.2a**

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

|   | In-year net production | Comment   |
|---|------------------------|---|
| Crude oil and condensate, million barrels                         | 16.55                  | Based on 2020 average daily production of 45,218 bbls/d of light and medium crude oil |
| Natural gas liquids, million barrels                              | 0                      | No natural gas liquids production   |
| Oil sands, million barrels (includes bitumen and synthetic crude) | 0                      | No natural gas liquids production   |
| Natural gas, billion cubic feet                                   | 2.86                   | Based on 2020 average daily production of 7,800 mcf/d of conventional natural gas     |

C-OG9.2b

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

Parex' reserves evaluation is prepared by GLJ Petroleum Consultants Ltd ("GLJ") and done so in accordance with the procedures and standards contained in the Canadian Oil and Gas Evaluation Handbook. All reserves definitions used to prepare Parex' reserves are those contained in the Canadian Oil and Gas Evaluation Handbook, as well as the Canadian Securities Administrators National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities (NI 51-101). Additional information regarding the Company's reserves, for the year ending December 31, 2020, is available in the Company's Annual Information Form dated March 3, 2021 <https://parexresources.com/wp-content/uploads/2021/03/PXT-12-31-2020-AIF-FINAL.pdf>

C-OG9.2c

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

|       | Estimated total net proved + probable reserves (2P) (million BOE) | Estimated total net proved + probable + possible reserves (3P) (million BOE) | Estimated net total resource base (million BOE) | Comment   |
|-------|---|--|---|---|
| Row 1 | 194.49  | 280.48   | 280.48  | As per the independent reserve report prepared by GLJ effective December 31, 2020 |

C-OG9.2d

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

|  | Net proved + probable reserves (2P) (%) | Net proved + probable + possible reserves (3P) (%) | Net total resource base (%) | Comment   |
|--|---|--|-----------------------------|---|
| Crude oil/ condensate/ natural gas liquids       | 94                                      | 93   | 93                          | Parex' working interest before royalties, as per the independent reserve report prepared by GLJ effective Dec. 31, 2020 |
| Natural gas                                      | 6                                       | 7  | 7                           | Parex' working interest before royalties, as per the independent reserve report prepared by GLJ effective Dec. 31, 2020 |
| Oil sands (includes bitumen and synthetic crude) | 0                                       | 0  | 0                           | Parex' working interest before royalties, as per the independent reserve report prepared by GLJ effective Dec. 31, 2020 |

C-OG9.2e

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

**Development type**

Onshore

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

100

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

100

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

100

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

100

**Net total resource base (%)**

100

**Comment**

All properties are onshore, located in Colombia's Llanos, Lower Magdalena, Middle Magdalena, and Upper Magdalena Basins

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

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

|       | Investment in low-carbon R&D | Comment   |
|-------|------------------------------|---|
| Row 1 | No                           | To date, Parex has not invested in R&D of low-carbon products or services related to its activities |

C-OG9.7

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

45

C10. Verification

C10.1

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

|  | Verification/assurance status                          |
|--|--|
| Scope 1                                  | Third-party verification or assurance process in place |
| Scope 2 (location-based or market-based) | Third-party verification or assurance process in place |
| Scope 3                                  | Third-party verification or assurance process in place |

C10.1a

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

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

Reasonable Assurance Report on the GHG Inventory Report Parex Resources 2020 VF - VALERIA Garbin (CO)SingProt.pdf

PwC\_certification\_letter\_reasonable\_assurance\_GEI 2020.pdf

Limited Assurance Report on the GHG Inventory Report Parex Resources 2019 - 200820JNSingProt.pdf

**Page/ section reference**

3/reasonable assurance conclusion & Appendix 1 p. 1-11/Direct (Scope1) GHG emissions

**Relevant standard**

ISAE 3410

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

100

C10.1b

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

**Scope 2 approach**

Scope 2 location-based

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

Reasonable Assurance Report on the GHG Inventory Report Parex Resources 2020 VF - VALERIA Garbin (CO)SingProt.pdf

PwC\_certification\_letter\_reasonable\_assurance\_GEI 2020.pdf

Limited Assurance Report on the GHG Inventory Report Parex Resources 2019 - 200820JNSingProt.pdf

**Page/ section reference**

3/reasonable assurance conclusion & Appendix 1 p.11-13/Indirect (Scope 2) GHG emissions

**Relevant standard**

ISAE 3410

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

100

---

**C10.1c**

**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

**Scope 3 category**

Scope 3: Purchased goods and services

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Complete

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

10.1c.docx

Reasonable Assurance Report on the GHG Inventory Report Parex Resources 2020 VF - VALERIA Garbin (CO)SingProt.pdf

PwC\_certification\_letter\_reasonable\_assurance\_GEI 2020.pdf

Limited Assurance Report on the GHG Inventory Report Parex Resources 2019 - 200820JNSingProt.pdf

**Page/section reference**

response to this datapoint in attachment "10.1c"

**Relevant standard**

ISAE 3410

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

100

---

**Scope 3 category**

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

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Underway but not complete for reporting year – previous statement of process attached

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

PwC\_certification\_letter\_reasonable\_assurance\_GEI 2020.pdf

Limited Assurance Report on the GHG Inventory Report Parex Resources 2019 - 200820JNSingProt.pdf

**Page/section reference**

Attached PWC's certification letter reasonable assurance for 2020 GHG and Limited Assurance Report from 2019 GHG emissions

**Relevant standard**

ISAE 3410

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

100

---

**Scope 3 category**

Scope 3: Upstream transportation and distribution

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**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Underway but not complete for reporting year – previous statement of process attached

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

PwC\_certification\_letter\_reasonable\_assurance\_GEI 2020.pdf

Limited Assurance Report on the GHG Inventory Report Parex Resources 2019 - 200820JNSingProt.pdf

**Page/section reference**

Attached PWC's certification letter reasonable assurance for 2020 GHG and Limited Assurance Report from 2019 GHG emissions

**Relevant standard**

ISAE 3410

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

100

---

**Scope 3 category**

Scope 3: Waste generated in operations

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Underway but not complete for reporting year – previous statement of process attached

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

PwC\_certification\_letter\_reasonable\_assurance\_GEI 2020.pdf

Limited Assurance Report on the GHG Inventory Report Parex Resources 2019 - 200820JNSingProt.pdf

**Page/section reference**

Attached PWC's certification letter reasonable assurance for 2020 GHG and Limited Assurance Report from 2019 GHG emissions

**Relevant standard**

ISAE 3410

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

100

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**Scope 3 category**

Scope 3: Business travel

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Underway but not complete for reporting year – previous statement of process attached

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

PwC\_certification\_letter\_reasonable\_assurance\_GEI 2020.pdf

Limited Assurance Report on the GHG Inventory Report Parex Resources 2019 - 200820JNSingProt.pdf

**Page/section reference**

Attached PWC's certification letter reasonable assurance for 2020 GHG and Limited Assurance Report from 2019 GHG emissions

**Relevant standard**

ISAE 3410

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

100

---

**Scope 3 category**

Scope 3: Processing of sold products

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Underway but not complete for reporting year – previous statement of process attached

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

PwC\_certification\_letter\_reasonable\_assurance\_GEI 2020.pdf

Limited Assurance Report on the GHG Inventory Report Parex Resources 2019 - 200820JNSingProt.pdf

**Page/section reference**

Proportion of reported emissions verified (%) - TBD

**Relevant standard**

ISAE 3410

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

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**Scope 3 category**

Scope 3: Use of sold products

**Verification or assurance cycle in place**

Annual process

**Status in the current reporting year**

Underway but not complete for reporting year – previous statement of process attached

**Type of verification or assurance**

Reasonable assurance

**Attach the statement**

PwC\_certification\_letter\_reasonable\_assurance\_GEI 2020.pdf

Limited Assurance Report on the GHG Inventory Report Parex Resources 2019 - 200820JNSingProt.pdf

**Page/section reference**

Proportion of reported emissions verified (%) - TBD

**Relevant standard**

ISAE 3410

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

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## C10.2

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

No, we do not verify any other climate-related information reported in our CDP disclosure

## C11. Carbon pricing

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### C11.1

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

Yes

### C11.1a

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**(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.**

Colombia carbon tax

### C11.1c

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**(C11.1c) Complete the following table for each of the tax systems you are regulated by.**

**Colombia carbon tax**

**Period start date**

January 1 2020

**Period end date**

December 31 2020

**% of total Scope 1 emissions covered by tax**

2.4

**Total cost of tax paid**

28000

**Comment**

Carbon tax responsibility is regulated in law 1819 of 2016 section 221, which indicates that "Carbon tax is generated on sales made by producers of fossil fuels" according to that Parex paid the carbon tax values (established in resolution DIAN N° 9/2019) included in the Tariff of fuels acquired for its operation.

## C11.1d

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

Parex engages with external regulatory agencies and experts to ensure that relevant employees are aware of upcoming regulatory changes that may impact the Company's operations. The Company participates in consultations on the development of public policies and regulatory processes. As a result of this participation, Parex has deemed the following programs and regulations under development applicable to the Company and is currently monitoring them for their potential impacts:

- The National Program of Greenhouse Gas Tradable Emission Quotas (Programa Nacional de Cupos Transables de Emisión de Gases de Efecto Invernadero – PNCTE) coming into effect in 2022 will require companies to report their GHG emissions.
- The Colombian Ministry of Environment and Sustainable Development's 2050 climate-related strategy.
- Structuring of the National Registry of Emissions Reductions, in which companies must register verified reductions to be accounted for in the country's NDC; expected to become operational in 2021.
- Changes in carbon tax policy and pricing.

Colombian National Law 1819 of 2016 created the carbon tax as a consumption tax on all fossil fuels, including all oil derivatives and all types of fossil gas (for refining only) that are used for energy purposes, provided they are used for combustion. The tax regulation allows its neutralization through the purchase of verified and certified carbon credits.

Parex monitors the applicability, accounting, and the potential impact of carbon tax on direct operations. Also, the Company always looks into new requirements and changes in the regulations to remain protective and take actions relative to new emissions reduction requirements.

## C11.2

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

No

## C11.3

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

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

## C12. Engagement

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### C12.1

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

Yes, our suppliers

Yes, other partners in the value chain

### C12.1a

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

**Type of engagement**

Information collection (understanding supplier behavior)

**Details of engagement**

Collect climate change and carbon information at least annually from suppliers

**% of suppliers by number**

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

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

**Rationale for the coverage of your engagement**

Parex has been expanding the inventory coverage for Scope 3 emissions, involving its suppliers in order to ensure and improve the emission measurements and control processes involved in the provision of goods & services. As an example, travel agencies and transportation companies have been keeping records of fuel consumption, distances travelled and emissions. Parex' environmental management system makes it possible to involve and commit suppliers towards sustainable management so that material aspects are identified with the objective of reporting GHG emissions. In 2021, Parex expects to involve new contractors in the emission calculation process based on their contractual objectives with main suppliers along the supply chain to include GHG-related provisions.

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

Parex does not have performance indicators for suppliers and contractors in terms of prevention and monitoring of GHG emissions; however, the Company will strive to develop a system within the next few years. In addition, the selection processes currently contemplates suppliers' acceptance to comply with corporate policies on environmental matters and the certification of the environmental management system.

**Comment**

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**C12.1d**

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**(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.**

Parex involves and shares with partners, initiatives, new projects, successful experiences and follow-up management so that actions are jointly defined on material issues that allow emission reductions. An example of this is a conference carried out with partners to share Parex' experience and success with the geothermal power co-production project which represents several milestones for both the Company's and Colombia's progress towards decarbonizing energy.

**C12.3**

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**(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?**

Direct engagement with policy makers

Trade associations

**C12.3a**

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**(C12.3a) On what issues have you been engaging directly with policy makers?**

| Focus of legislation            | Corporate position | Details of engagement  | Proposed legislative solution   |
|---------------------------------|--------------------|--|---|
| Regulation of methane emissions | Support            | Parex engages with external regulatory agencies and experts to ensure that relevant employees are aware of upcoming regulatory changes that may impact the Company's operations. The Company participates in consultations on the development of public policies and regulatory processes as a result of this participation. | Parex was an active participant on fugitive emissions reduction workshop during 2020 in order to implement a methodology for the monitoring and reduction of fugitive emissions in the Colombian Oil & Gas sector. Parex considers this initiative as relevant, in order to report and mitigate fugitive emissions mainly as CH4, the reviewing process of regulations was called by Colombian Ministry of Mines in September 2020. |

**C12.3b**

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**(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?**

No

**C12.3f**

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**(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?**

There are no established processes as Parex' climate change strategy is in the early stages of implementation. Once the Company consolidates its knowledge and internal management of GHG emissions, we may establish processes to guide engagement with policy makers on climate-related matters.

**C12.4**

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

**Publication**

In voluntary sustainability report

**Status**

Complete

**Attach the document**

**Page/Section reference**

**Content elements**

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

**Comment**

The 2020 sustainability is expected to be available early August 2021, at <https://parexresources.com/sustainability/>

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C15. Signoff

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C-FI

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

Our responses may be subject to forward-looking statements, which involve significant risk factors and assumptions; and have been fully described in the Company's continuous disclosure reports, which are available on the Company's website at [www.parexresources.com](http://www.parexresources.com) and on SEDAR.

#### GHG Emissions Information

GHG emissions and emissions savings estimates that are provided herein have been calculated with a third party's assistance, as is further described below. These measures do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Parex quantifies and reports its GHG emissions using the operational control approach. Its organizational boundary includes the Company's Calgary & Bogota offices and all operated oil & gas exploration and production facilities. Parex has elected to report Scope 1, 2 and 3 GHG emissions. For the purposes of the Company's GHG emissions reporting:

- Scope 1 emissions are defined as direct emissions from GHG sources that it owns or controls
- Scope 2 emissions are defined as indirect GHG emissions that result from Parex' consumption of energy in the form of purchased electricity from the Colombian national grid and Canadian power grid
- Scope 3 emissions are defined as Parex' indirect emissions other than those covered in Scope 2. They are from sources not owned or controlled by Parex, but which occur as a result of the Company's activities. Particularly, Parex' drilling and completions activities conducted by third parties are deemed to be Scope 3.

Parex used a third party to help quantify its GHG emissions. For the 2020 reporting year, Parex retained Conservación & Carbono S.A.S to evaluate GHG emissions from all operated facilities located in Colombia in accordance with IPCC (2006) Guidelines for National Greenhouse Gas Inventories and Colombia's Technical Standard ISO 14064-1 ("NTC ISO 14064-1"). Verification of Scope 1, 2 & 3 GHG emissions is currently being conducted by PricewaterhouseCoopers in Colombia in accordance with International Standard on Assurance Engagement 3410, Assurance on Greenhouse Gas Statements ("ISAE3410") issued by the International Auditing and Assurance Standards Board.

#### Oil & Gas Matters Advisory

BOE: The term "BOE" means a barrel of oil equivalent on the basis of 6 Mcf of natural gas to 1 barrel of oil ("bbl"). BOEs may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion ratio at 6:1 may be misleading as an indication of value.

#### Reserves Advisory

The recovery and reserve estimates of crude oil reserves provided in this survey are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual crude oil reserves may eventually prove to be greater than, or less than, the estimates provided herein. All December 31, 2020 reserves presented are based on GLJ's forecast pricing effective January 1, 2021. The 2020 GLJ Report was prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

- Proved" or "1P" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

- "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable" reserves.

- "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10 percent probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. "2P" means Proved Plus Probable reserves. "3P" means Proved Plus Probable Plus Possible reserves.

### C15.1

**(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

|       | Job title | Corresponding job category    |
|-------|-----------|-------------------------------|
| Row 1 | CEO       | Chief Executive Officer (CEO) |

### Submit your response

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

English

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

|                             | I am submitting to | Public or Non-Public Submission |
|-----------------------------|--------------------|---------------------------------|
| I am submitting my response | Investors          | Public                          |

**Please confirm below**

I have read and accept the applicable Terms

