



Client: Parex Resources Colombia Ltd. Sucursal

Project: Limited Assurance of the 2021 Sustainability Report (IS21).

Document: Definition of criteria for the 10 indicators subject to assurance and the level of compliance with the GRI Global Reporting Initiative Standards (2016).

Indicators subject to limited assurance	Criteria
	<p>The users of the 2021 Sustainability Report will be the Board of Directors and Management of Parex Resources Inc. and its subsidiaries, who will have access to the criteria as follows:</p> <ol style="list-style-type: none"> 1. For those indicators that were constructed in accordance with the GRI Standards, in the standard and its indicator protocols, which are publicly available, as well as in the Annex to our assurance report. 2. For some indicators that have procedures formally defined by management, in addition to the GRI guidelines, in the Annex to our Assurance Report. <p>This is appropriate, in accordance with the Assessing the Suitability of Criteria section (9702.3.4.1) of the PwC methodology.</p>
<p>GRI 201-1 Direct economic value generated and distributed 2016</p>	<p>The Company's Management included in its Sustainability Report 2021 (hereinafter for all criteria IS21) the result of the GRI 201-1 indicator corresponding to "Direct economic value generated and distributed" for the period from January 1 to December 31, 2021 (hereinafter the year under review) for the companies Parex Resources Colombia Ltd. Sucursal, Verano Energy Ltd. Sucursal and Parex Resources Inc (hereinafter the reporting companies), taking as a basis what is established on page 6 of the GRI 201:Economic Performance Content (2016) (https://www.globalreporting.org/standards/download-the-standards/), as presented below:</p> <p>The direct economic value generated and distributed (VEGD) is composed as determined below:</p> <ol style="list-style-type: none"> a. Direct economic value generated and distributed: <ol style="list-style-type: none"> i. Direct economic value generated - revenues: corresponds to the figure expressed in millions of US dollars (USD), determined by the amount of total sales of crude oil and gas included in the heading "Oil and natural gas sales" (page 8), section "Consolidated Statements of Comprehensive Income" of



the document "Consolidated Financial Statements" which is available at the link:
<https://parexresources.com/wp-content/uploads/2022/03/PXT.12-31-2021.FSMDA-Cobmined-FINAL.pdf>

ii. **Economic value distributed:** results from the sum of the following elements:

1. **Operating costs:** are understood as the costs expressed in millions of US dollars (USD) assumed by the reporting companies, which reflect the costs to produce the volumes of crude oil and gas, and also include the value of transporting said volumes to achieve their commercialization, and finally they include the cost of acquisition of some volumes of crude oil that were used to put the product in the conditions of commercialization, as established in the headings "production", "transportation" and "Purchased oil" of the section "Expenses" (page 8) of the document "Consolidated Financial Statements" (in Spanish, Estados Financieros Consolidados) which is available in the link:
<https://parexresources.com/wp-content/uploads/2022/03/PXT.12-31-2021.FSMDA-Cobmined-FINAL.pdf>.

2. **Employee wages and benefits:** comprises employees salaries, including amounts paid to government institutions (taxes, levies and unemployment funds) on behalf of employees, total social benefits including periodic contributions (social contributions, company cars and private medical insurance), as well as other social benefits in the form of housing, subsidized loans, transport allowances, training subsidies and severance payments, as evidenced in note 20 "Employee Salaries and Benefit Expenses" (page 36) of the "Consolidated Financial Statements" document, which is available at the link: <https://parexresources.com/wp-content/uploads/2022/03/PXT.12-31-2021.FSMDA-Cobmined-FINAL.pdf>. The figure for salaries and benefits is expressed in millions of US dollars (USD).

People who perform tasks in the organization but are not direct employees are not included in this item, nor is the cost of protective equipment or other items of expense directly related to the task performed by the employee.

3. **Payments to providers of capital:** corresponds to the value of the sum of dividends from all shareholders and interest payments made to the various lenders expressed in millions of US dollars, as evidenced in the section "Management's Discussion and Analysis" (MD&A) subsection "Liquidity and Capital Resources" (page 63) of the Consolidated Financial Statements which is available at the link:
<https://parexresources.com/wp-content/uploads/2022/03/PXT.12-31-2021.FSMDA-Cobmined-FINAL.pdf>.

4. **Payments to government by country:** corresponds to all taxes (corporate, profit, activity, etc.), expressed in millions of US dollars (USD), paid at international, national, municipal and local levels, as set out in the document "Extractive Sector Transparency Measures Act - Annual Report", which is available at the following link: <https://parexresources.com/wp-content/uploads/2022/05/ESTMA-2021.pdf>. This figure does not include deferred taxes, as they may not materialize.



5. Community investments: corresponds to the sum of the balances presented in US dollars (USD) of:

i. the following accounting accounts associated with the CSR area, obtained from the following modules:

· OPEX: corresponds to accounts 761917936, 761917937, 761917938, 761917939, 761917940, 761917941, 761917942, 761917943, 761917944, 761917945 related to social investment expenditures.

· CAPEX: corresponds to accounts 715810530, 715810535, 715810540, 715810545, 715810550, 715810555, 715810560, 715810565, 715810570, 715810575 related to social investment expenses.

ii. the following accounting accounts associated with the Sustainability area, obtained from the following modules:

· OPEX: corresponds to accounts 761918000, 761918005, 761918010, 761918015, 761918020 related to social investment expenses.

· CAPEX: corresponds to accounts 715810595, 715810600, 715810605, 715810610, 715810615, 715810155 related to social investment expenses.

· Internal G&A orders in sustainability reporting. The following is a list of the cost elements and documents associated with social investment expenses:

Cost element	Associated document
513595000	4600000197
514515000	5536111162 5536111163
519530000	4300087796



	<p>iii. Economic value retained: corresponds to the 'direct economic value generated' less 'economic value distributed', expressed in millions of U.S. dollars.</p> <p>b. The EVG&D is reported with the consolidated information of the three companies of the scope. The EVG&D was not reported separately at the national, regional or market level as it is not presented in this way in the Financial Statements.</p> <p>The scope of the assurance work was limited to cross-checking the information reported in the IS21 against the sources mentioned in the criteria, provided by Management, validation and recalculation of the formulas established in the criteria based on the information included in those sources, and did not include the evaluation of the reasonableness of the sources mentioned in the criteria, the evaluation of the completeness of the supporting documentation in the year under review, nor the evaluation of the occurrence of the events that gave rise to the report.</p>
<p>GRI 205-3 Confirmed incidents of corruption and actions taken</p>	<p>The Company's Management included in its IS21 the result of the GRI 205-3 indicator corresponding to "Confirmed incidents of corruption and actions taken" for the period from January 1 to December 31, 2021 (hereinafter, the year under review) for the companies Parex Resources Inc, Parex Resources Colombia Ltd. Sucursal and Verano Energy Ltd. Sucursal (hereinafter, the reporting companies), taking as a basis what is established on page 9 of the GRI 205 Content: Anti-Corruption (2016), and in line with the procedures established by the Company's Management, as presented below:</p> <p>a. Total number and nature of confirmed incidents of corruption:</p> <p>Corresponds to the sum of confirmed cases related to corruption (according to the description of the case) received through the PQR (Petitions, Complaints and Claims) system and available for consultation at the close of the period, plus confirmed cases classified as "Corruption and Bribery" recorded in the EthicsPoint system managed by the Calgary office and reviewed live.</p> <p>Corruption cases subject to investigation during the reporting period that have not been confirmed are not included.</p> <p>b. The total number of confirmed cases in which an employee has been dismissed for corruption or disciplinary action has been taken.</p> <p>Corresponds to the number of cases indicated in literal a. of this criterion involving employees in which disciplinary measures were taken on the employees involved. This can be evidenced in the descriptions of the cases and the measures taken.</p> <p>c. The total number of confirmed cases in which contracts with business partners have been terminated or not renewed due to corruption-related violations.</p>



	<p>Corresponds to the number of cases indicated in literal a. of this criterion involving contractors that caused the termination or non-renewal of contracts of business partners as a consequence of the case. The above can be evidenced in the descriptions of the cases and the actions taken.</p> <p>d. Public legal cases related to corruption brought against the organization or its employees during the reporting period and the outcomes of those cases.</p> <p>Corresponds to the number of public legal cases related to corruption brought against reporting companies or their employees, in accordance with the "Certification of absence of corruption cases as of December 31, 2021" provided by the Legal Compliance Management, leaving an individual record for each of the cases of this nature.</p> <p>The scope of the assurance work was limited to cross-checking the information reported in the IS21 against the sources mentioned in the criteria, provided by the Legal Compliance Management, Human Resources Management and the Compliance Officer, and did not include the evaluation of the reasonableness of the sources mentioned in the criteria, the evaluation of the completeness of the supporting documentation in the year under review or the evaluation of the occurrence of the events that gave rise to the report.</p>
<p>GRI 303-3 Water extraction</p>	<p>The Company's Management includes in its IS21, the result of the GRI 303-3 indicator corresponding to "Water withdrawal" for the period from January 01 to December 31, 2021 (hereinafter, the year under review), for the Companies Parex Resources Colombia Ltd. Sucursal and Verano Energy Ltd. Sucursal (hereinafter, the reporting companies), taking as a basis what is established on page 9 of the GRI Thematic Content GRI Standard GRI 303: Water and Effluents (2018), as presented below:</p> <p>a. Total water withdrawal from all areas (in megaliters) and breakdown of that total according to the following sources, if applicable:</p> <p>i. surface water, ii. groundwater, iii. produced water and iv. third party water.</p> <p>The calculation of the total water withdrawal value corresponds to the sum of the catchment data (in megaliters) of each block during the year under review, considering each of the abstraction sources previously mentioned, consolidated in the document "Consolidado agua GRI VF_21.xlsx", which is managed by the Feasibility and Environmental Monitoring Management. The data is recorded internally in cubic meters, but for purposes of reporting this information in IS21, the data is converted to megaliters (ML). The conversion factor used is $1 \text{ m}^3 = 0.001 \text{ ML}$.</p> <p>The indicator reports information on 16 operating areas (extraction blocks) that perform surface water, groundwater, produced water and third-party water extraction activities for domestic and industrial use of the reporting companies during the year under review, as detailed below:</p>



- **Surface water:** corresponds to the sum of the monthly data of water catchment from:
 - i) authorized surface water bodies, whose documentary supports are the daily water collection control records that are consolidated monthly by the coordination of the environmental management system in the file "Consolidado agua GRI VF_21.xlsx", which are presented below:
 - Quebrada La Macaguana, en el bloque Capachos.
 - Río Upía, en el bloque Cabretero.
 - Río Melua, en el bloque CPO11
- **Groundwater:** corresponds to the sum of monthly water withdrawal data from authorized deep wells, whose documentary supports are the daily water withdrawal control records that are consolidated monthly by the environmental management system coordination in the file "Consolidado agua GRI VF_21.xlsx", which are presented below:
 - Pozo profundo Adalia, bloque Llanos 30
 - Pozos profundos Azogue, Kananaskis y Carmentea, bloque Llanos 32
 - Pozo profundo Kona, bloque Llanos 16
 - Pozo profundo Rumba, bloque Llanos 26
- **Produced water:** corresponds to the sum of daily data of water generated as a result of crude oil extraction activities, which are recorded directly in the Corex platform, and are downloaded monthly to a consolidated excel file called "Agua formacion_produ_21.xlsx", by the Operations Management. These data are consolidated monthly by the environmental management system coordination in the file "Consolidado agua GRI VF_21.xlsx". The data comes from the following locations:
 - Bloque Cabretero
 - Bloque Capachos
 - Bloque Fortuna
 - Bloque Llanos 16
 - Bloque Llanos 26
 - Bloque Llanos 32
 - Bloque Llanos 40
 - Bloque Los Ocarros
 - Bloque Playón
 - Bloque Aguas Blancas
 - Bloque Llanos 30

- Bloque VIM-1

- **Third-party water:** corresponds to the sum of the monthly data on water purchased from local and private water suppliers, whose documentary supports are the daily water collection control records consolidated monthly by the coordination of the environmental management system in the document "Consolidado agua GRI VF_21.xlsx", for the blocks presented below:

- Bloque Aguas blancas
- Bloque Cabretero
- Bloque Fortuna
- Bloque Llanos 40
- Bloque Los Ocarros
- Bloque Playón
- Bloque Cerrero
- Bloque CPO11
- Bloque La Rompida
- Bloque Llanos 26
- Bloque Llanos 32
- Bloque Llanos 94 (CPO-4)
- Bloque VIM-1
- Bloque VMM43

The calculation of this indicator does not include water associated with the domestic consumption of the supply network of the administrative offices of the reporting companies.

b. Total water withdrawal from all water-stressed areas (in megaliters) and breakdown of this total according to the following sources, if applicable:

- **Surface water:** corresponds to the total water withdrawal from surface sources in water-stressed areas, as established in the environmental studies of the areas in which the reporting companies mentioned in paragraph a. of this criterion operate, which are submitted to the respective environmental authority.
- **Groundwater:** corresponds to the total extraction of water withdrawn from groundwater sources in water-stressed areas, as established in the environmental studies of the areas where the reporting companies mentioned in paragraph a. of this criterion operate, which are submitted to the respective environmental authority.



- **Produced water:** corresponds to the total water withdrawal generated as a result of crude oil extraction activities in areas with water stress, as established in the environmental studies of the areas in which the reporting companies mentioned in paragraph a. of this criterion operate, which are submitted to the respective environmental authority.
- **Third-party water:** corresponds to the total water withdrawal generated as a result of crude oil extraction activities in areas with water stress, as established in the environmental studies of the areas in which the reporting companies mentioned in paragraph a. of this criterion operate, which are submitted to the respective environmental authority.

c. The breakdown of total freshwater (total dissolved solids \leq 1,000 mg/l) and other water (total dissolved solids $>$ 1,000 mg/l) withdrawals, considering each of the sources i to iv indicated in letters a and b (in megaliters), as described below:

i. fresh water: this category includes water extracted from the sources reported in paragraph a. of this criterion for surface water (rivers), groundwater, produced water and third party water reported in paragraph a. of this criterion, whose dissolved solids value is less than or equal to 1,000 mg/l, as established in the water characterization monitoring reports from the catchment points of surface water sources (rivers), groundwater, produced water and according to the verification of the water supplier's requirements for third party water, as established in the following formula:

$$\text{Dissolved solids} = \text{total solids} - \text{suspended solids}$$

ii. other waters: this category includes surface water (rivers), groundwater, produced water, and waters of third parties, reported in item a of this criterion, that have not been classified as freshwater (item c, i).

If characterization reports are not available, the water characterization monitoring reports of the blocks that have this information available are used as a reference.

d. Any contextual information necessary to understand how the data were collected, as well as any standards, methodologies or assumptions used.

The sustainability report must include the global formula for calculating the total amount of water withdrawn in all areas (in megaliters), which corresponds to:

$$\text{Total water withdrawn ML} = \text{surface water (rivers and rainwater) ML} + \text{groundwater from wells ML} + \text{produced water ML} + \text{third party water (purchased from suppliers) ML}$$

The scope of the assurance work is limited to cross-checking the information reported in the IS21 against the sources mentioned in the criterion, provided by the Feasibility and Environmental Monitoring Management and the Operations Management, to the validation and recalculation of the formulas established in the criterion



	based on the information included in those sources, and does not include the evaluation of the reasonableness of the sources mentioned in the criterion, the evaluation of the integrity of the documentation supports in the year under review, nor the evaluation of the occurrence of the events that gave rise to the report.
GRI 305-1 Direct GHG emissions (Scope 1)	<p>The Company's Management includes in its IS21, the result of the GRI 305-1 indicator corresponding to "Direct GHG emissions (scope 1)" for the period from January 01 to December 31, 2021 (hereinafter, the year under review), for the Companies Parex Resources Colombia Ltd. Sucursal and Verano Energy Ltd. Sucursal (hereinafter, the reporting companies), taking as a basis what is established on page 7 of the GRI Thematic Content GRI Standard GRI 305: Emissions (2016), as presented below:</p> <p>a. The gross value of direct GHG emissions (Scope 1) in metric tons of CO2 equivalent: Scope 1 of the inventory refers to the direct emissions generated by the production and administrative activities of the facilities within the organizational boundaries of the companies, reporting information from the operational areas (extraction blocks) and offices, where activities associated with the emission of Greenhouse Gases (GHG) scope 1 of the reporting companies during the year under review, which are detailed below:</p> <ul style="list-style-type: none">● Oficina Yopal● Oficina Tame● Bloque Cabrestero● Bloque Capachos● Bloque Ocarros● Bloque VIM-1● Bloque Aguas Blancas● Bloque Llanos 16● Bloque Llanos 26● Bloque Llanos 30● Bloque Llanos 32● Bloque Llanos 40● Bloque Playón● Bloque Fortuna <p>This value is obtained by calculating the total direct GHG emissions, generated by the reporting companies, of the gases Carbon Dioxide (CO2), Methane (CH4), Nitrous Oxide (N2O) and Hydrofluorocarbons (HCF), including R-22, R-410a and R4-22d, as established in the document "Informe Parex 2021 09_05_2022_kr.pdf", provided by the Sustainability Area. To calculate the emissions associated with each gas, the method is used which consists of combining the information on the</p>



extent to which a human activity takes place (called activity data or DA) with the coefficients that quantify the emissions or removals per unit activity, called emission factors (EF). Thus, the basic equation is:

$$\text{Emissions} = \text{AD} * \text{FE}$$

According to the above, Scope 1 emissions are calculated according to the following formula:

Direct GHG emissions (Scope 1) in tons of CO₂e = tons of CO₂ equivalent emissions from fuel combustion activities for electricity generation + tons of CO₂ equivalent emissions from emissions associated with gas flaring + tons of CO₂ equivalent emissions from emissions associated with venting + tons of CO₂ equivalent emissions from other fugitive emissions associated with leaks in valves and connection points + tons of CO₂ equivalent emissions from fugitive emissions from stationary refrigeration and air conditioning systems + tons of CO₂ equivalent emissions from fugitive emissions from refrigeration and air conditioning systems + tons of CO₂ equivalent emissions from other fugitive emissions associated with leaks in valves and connection points + Ton of CO₂ equivalent emissions from fugitive emissions from stationary refrigeration and air conditioning systems + Ton of CO₂ equivalent emissions from fugitive emissions from crude oil and gas transportation in flow lines.

The elements included in the above formula are as follows:

- I. **Ton of CO₂ equivalent emissions from fuel burning activities for electricity generation:** corresponds to fuel consumption (diesel, crude oil, COESGEN, LPG and natural gas) used in the aforementioned operating areas, during the period under review, multiplied by the density, calorific value and emission factors included in Tables 2 and 4 presented in this criterion. These values have been defined by the Intergovernmental Panel on Climate Change (hereinafter IPCC, 2006) and the Colombian Fuel Emission Factors FECOC (2016) for each type of fuel. The emission factors are expressed in mass units per volumetric unit and are converted using the International Metric System and the references of the metrology unit of the Superintendence of Industry and Tourism of Colombia. The above information is established as presented in the documents “Informe Parex 2021 09_05_2022_kr.pdf” and “Calculos 2021 20022022.xlsx”, both managed by the Sustainability Area.

The following formula is used to consolidate emissions from fuel combustion activities for energy generation in tons of CO₂:

$$\text{Tons of CO}_2 \text{ equivalent emissions} = \text{Ton CO}_2 + (\text{Ton CH}_4 * \text{PCG}) + (\text{Ton N}_2\text{O} * \text{PCG})$$

- II. **Ton of CO₂ equivalent emissions due to fugitive emissions from refrigeration and air conditioning systems:** corresponds to the values of leaks in refrigeration and air conditioning equipment used in production activities in the block's concessioner to the reporting companies, which are mentioned below:



- Oficina Tame
- Oficina Yopal
- Campo Adalia
- Campo Begonia
- Campo Andina
- PTF Capachos
- Campo Kitaro
- Campo Las Maracas
- Campo Rumba
- Campo Carmentea

For the estimation of emissions associated with refrigeration and air conditioning equipment, the average leakage of refrigerant gas reported by equipment manufacturers is considered, which corresponds to about 3% per year in commercial equipment with capacity between 0.5 and 100 kilograms of refrigerant, according to the IPCC 2016 guidelines. The calculation of emissions includes the number of equipment used in the aforementioned operational areas and corresponds to the leakage of each gas multiplied by the global warming potentials of each gas, as reported by the IPCC 2007, Dupont 2022 and the GHG Protocol, included in Table 4 presented in this criterion.

For the consolidation of emissions in tons of CO₂ equivalent, the following formula is applied:

$$\text{Tons of CO}_2 \text{ equivalent emissions} = \text{Ton CO}_2 + (\text{Ton HFC R-22} * \text{PCG}) + (\text{Ton HFC R-410a} * \text{PCG}) + (\text{Ton HFC R-422d} * \text{PCG})$$

III. **Ton of CO₂ equivalent emissions associated with flaring:** corresponds to the values of emissions from the flaring of the gas generated (in m³) in the extraction of crude oil, recorded in the COREX platform in the following fields:

- Aguas Blancas
- Adalia
- Andina
- Begonia
- Boranda
- PTF Capachos
- Fortuna (Cayena)
- Kananaskis
- Kona



- Las Bellezas
- Las Maracas
- Planta de Gas Llanos 32
- Rumba
- Totumal

The calculation of emissions corresponds to the amount of gas flared multiplied by the emissions factor determined for each gas, included in table 3, provided by the IPCC (2006) for the categories associated with fugitive emissions, as established in the documents "Informe Parex 2021 09_05_2022_kr.pdf" and "Calculos 2021 20022022.xlsx", both managed by the Sustainability Area.

For consolidation in tons of CO₂ equivalent, the following formula is applied, using the global warming potentials established by the IPCC 2007, Dupont 2022 and the GHG Protocol, included in Table 4 presented in this criterion.

$$\text{Tons of CO}_2 \text{ equivalent emissions} = \text{Ton CO}_2 + (\text{Ton CH}_4 * \text{PCG}) + (\text{Ton N}_2\text{O} * \text{PCG})$$

IV. Ton of CO₂ equivalent emissions associated with venting: refers to the values of gas (m³) released into the atmosphere in the following blocks/fields of operation:

- Adalia
- Aguas Blancas
- Bacano
- Begonia
- Boranda
- Capachos
- Las Maracas
- Kona
- Azogue
- Akira
- Kitaro
- La Belleza
- Totumal
- Rumba



- Kananaskis
- Carmentea
- Calona
- Cayena

The calculation of emissions corresponds to the annual values released of natural gas in the aforementioned operating areas, during the period under review, calculated using the API 2009 and EPA 2020 methodologies described in Resolution No. 40066 of February 11, 2022 by the Ministry of Mines and Energy of Colombia. Under these methodologies, only methane (CH₄) emissions are considered as they are the most significant in quantity. The above is established in the documents "Informe Parex 2021 09_05_2022_kr.pdf", "Calculos 2021 20022022.xlsx" and "Cálculo emisiones API 2009 y EPA AP 42 revisión.xlsx", managed by the Sustainability Area.

For consolidation in tons of CO₂ equivalent, the following formula is applied, using the global warming potentials established by the IPCC 2007, Dupont 2022 and the GHG Protocol, included in Table 4 presented in this criterion.

$$\text{Tons of CO}_2 \text{ equivalent emissions} = (\text{Ton CH}_4 * \text{PCG})$$

- V. Ton of CO₂ equivalent emissions associated with leaks in valves and connection points:** refer to leaks that occur in equipment, valves and seals during the production of gas and crude oil. The calculation corresponds to the amount of gas leaked, multiplied by the emissions factor determined for each gas, included in table X of this criterion, as established in the documents "Informe Parex 2021 09_05_2022_kr.pdf" and "Calculos 2021 20022022.xlsx", both managed by the Sustainability Area.

For consolidation in tons of CO₂ equivalent, the following formula is applied, using the global warming potentials established by the IPCC 2007, Dupont 2022 and the GHG Protocol, included in Table 4 presented in this criterion.

$$\text{Tons of CO}_2 \text{ equivalent emissions} = \text{Ton CO}_2 + (\text{Ton CH}_4 * \text{PCG})$$

- VI. Ton of CO₂ equivalent emissions associated with the transportation of crude oil and gas in flow lines:** refers to the values of leaks that occur in vehicles during the transportation of gas and crude oil from the production activities of the reporting companies.

In the estimation of fugitive emissions, the IPCC (2006) emission factors were used for gasses associated with fugitive emissions, which are presented in Table 3 of this criterion.



The calculation of fugitive emissions generated in the transportation of crude oil and gas in flow lines corresponds to the multiplication of the emission factor determined by the amount of gas (m3) or crude oil (barrels) transported. For the consolidation in tons of CO2 equivalent, the following formula is applied, using the global warming potentials established by the IPCC 2007, Dupont 2022 and the GHG Protocol, included in Table 4 presented in this criterion.

$$\text{Tons of CO2 equivalent emissions} = \text{Ton CO2} + (\text{Ton CH4} * \text{PCG})$$

b. Gases included in the calculation: CO₂, CH₄, N₂O, HFC, PFC, SF₆, NF₃ or all.

Considering all the emission sources described above, the gasses included in the calculation correspond to the following:

Emission source	CO ₂	CH ₄	N ₂ O	Refrigerant gases*
Fuel combustion for electricity generation	✓	✓	✓	
Flaring of gas in flares	✓	✓	✓	
Emissions associated with venting		✓		
Fugitive emissions associated with leaks in valves and connection points.	✓	✓		
Fugitive emissions from transport of crude oil and gas in flow lines	✓	✓		
Fugitive emissions from stationary refrigeration and air-conditioning systems				✓

Table 1. Greenhouse gasses included in the calculations by source.

* Refrigerant gasses correspond to HFC M029, R-22 and R410a.



c. Biogenic CO2 emissions in metric tons of CO2 equivalent

Corresponds to tons of CO2 equivalent from the combustion of biofuels. These emissions are also reported separately from the gross value of emissions, as established by the IPCC (2006) and biogenic emissions of other types of GHG (such as CH4 and N2O) are excluded. In this case, diesel and gasoline are marketed in Colombia with an approximate 10% biofuel content, so the calculation of biogenic emissions corresponds to the total emissions from burning CO2 in fuels for energy generation, multiplied by 10% as established in the documents “Informe Parex 2021 09_05_2022_kr.pdf” and “Calculos 2021 20022022.xlsx”, both managed by the Sustainability Area.

d. The base year for the calculation, if applicable, and include:

- i. **the justification for the selection;** the company decided to establish 2017 as the base year, in order to have a reference year for the future.
- ii. **the emissions in the base year;** corresponds to the total emissions in tons of CO2e of the base year.
- iii. **the context of any significant changes in emissions that resulted in recalculations of emissions in the base year;** there were no significant changes that implied recalculations of base year emissions.

e. The source of the emission factors and global warming potential (GWP) rates used or a reference to the source of the GWP.

The emission factors, global warming potentials and conversion factors used in the calculations correspond to those presented in the following tables. These values have been defined by the Intergovernmental Panel on Climate Change (hereinafter IPCC, 2006) and the Colombian Fuel Emission Factors FECOC (2016) for each type of fuel. The emission factors are expressed in mass units per volumetric unit and are converted using the International Metric System and the references of the metrology unit of the Superintendence of Industry and Tourism of Colombia.

Fuel type	Density (Kg/L)	Net calorific value (TJ/Kg)	F.E. CO ₂ (Kg/Gal)	F.E. CH ₄ (g/Gal)	F.E. N ₂ O (g/Gal)
Crude	0.94	0.0000406	11,282	0.030	0.006
Diesel	0.86	0.000042149	10,277	0.010	0.06



Gas	0.78 kg/m ³	0.000035 TJ/m ³	1,980 kg/m ³	0.036 g/m ³	0.004 g/m ³
COESGEN	0.85	0.0000404	10,178	0.027	0.005
GLP	0.54	99,22 MJ/m ³	4,692 kg/m ³	0.009 g/m ³	0.10 g/m ³

Table 2. Emission factors, density and calorific value per fuel for stationary sources.

Category	FE CH ₄	FE CO ₂	FE N ₂ O	Unit
Fugitive gas production	0.00038	0.000014	N/A	Gg per 1,000,000 m ³ of gas production
Fugitive crude oil production	0.0000015	0.00000011	N/A	Gg per 1,000 m ³ of conventional oil production
Pipeline transportation of crude oil	0.0000054	0.00000049	N/A	Gg per 1,000 m ³ of oil transported by pipeline
Pipeline gas transportation	0.0000166	0.00000088	N/A	Gg per 1,000 m ³ of marketable gas

Table 3. Emission factors for fugitive emissions associated with oil and gas production and transportation.

Gas	Global warming potential
CO ₂	1 (IPCC, 2007)
CH ₄	25 (IPCC, 2007)
N ₂ O	295 (IPCC, 2007)
HFC: R-410a	1,725 (GHG Protocol, version 1.0)
HCFC: R-22	1,760 (GHG Protocol)



HFC: M029	2,230 (Dupont, 2022)
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Table 4. Global warming potentials due to greenhouse gases.

Units	Conversion
Gallon to liter	3.78541
KPC to m3	28.31685
Barrel to gallon	42
SPC to m3	0.02831685
Barrel to m3	0.1589873

Table 5. Unit conversion factors used in calculations.

f. The consolidation approach for issuances: shareholding, financial control or operational control.

The reporting company considers operational control as an approach to consolidate emissions. Such operational limits are defined in the table below and are related to the sources of emissions described above, as established in the document "Informe Parex 2021 09_05_2022_kr.pdf", managed by the Sustainability Area.

Activities of the organization	Associated emission source
Administrative activities	Air conditioning in operations
Crude and gas production	Stationary diesel consumption



Gas consumption
Crude oil consumption
COESGEN consumption
LPG consumption
Flaring
Venting
Fugitive emissions from gas and crude production (valves and connection points)
gas and crude oil production (valves and connection points)

Table 6. Activities and emission sources associated with the organization's direct, or Scope 1, emissions.

g. The Standards, methodologies, assumptions, and/or calculation tools used.

Corresponds to the emission factors, densities, calorific value taken by the reporting companies from IPCC (2007) and FECOC (2016), as well as the other sources previously described, the estimation of GHG emissions is carried out following the IPCC (2006) methodology and the GHG inventory report, from which the reported values are obtained, is prepared following the specifications of the Colombian technical standard ISO 14064-1.

Finally, in relation to the calculation of the uncertainty associated with the source, the methodology, or good practices, of the IPCC 2006 according to the Conceptual Basis for Uncertainty Analysis and the uncertainties associated with the values reported for each of the default data (data generated in other investigations) that were used were used. The total uncertainty for the total inventory was estimated according to the following equation (IPIECA 2011):



	$t = \frac{\sqrt{(A \times a)^2 + (B \times b)^2 + \dots + (N \times n)^2}}{T}$ <p>Where:</p> <p>t: Total uncertainty T: Total greenhouse gas emissions. A=category A emissions, a=uncertainty of category A emissions, b=uncertainty of category B emissions. B=category B emissions, b=uncertainty of category B emissions, ... N=category N emissions, n=uncertainty of category N emissions.</p> <p>The scope of the assurance work is limited to cross-checking the information reported in the IS21 and in the GHG Inventory, in relation to the sources mentioned in the criterion, provided by the Sustainability Coordination (which consolidates this information from the records and reports of the other areas of the companies); to the validation, on a sample basis, of the existence of source data for the calculation; and to the recalculation of the final values according to the formulas established in the criterion, for the selected samples; and the recalculation of the final values according to the formulas established in the criterion and based on the information included in said sources, for the selected samples; and does not include the evaluation of the reasonableness or suitability of the sources, emission factors, calorific values, densities and global warming potentials mentioned in the criterion, the evaluation of the integrity of the information sources used for the calculation in the year under review, nor the evaluation of the occurrence of the events that gave rise to the report.</p>
GRI 305-2 Energy indirect (Scope 2) GHG emissions	<p>The Company's Management includes in its IS21 the result of the GRI 305-2 indicator corresponding to "Energy indirect (Scope 2) GHG emissions" for the period from January 1 to December 31, 2021 (hereinafter, the year under review) for the companies Parex Resources Colombia Ltd. Sucursal, Verano Energy Limited Sucursal and Parex Resources Inc. (hereinafter, the reporting companies), taking as a basis what is established on page 9 of the GRI Thematic Content GRI Standard 305: Emissions (2016), as presented below:</p> <p>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.</p> <p>Scope 2 of the inventory refers to indirect emissions from the external generation of electricity that is consumed within the organization, as part of the operational and administrative activities of the facilities within the boundaries of the reporting companies. The following emission sources are identified:</p> <ul style="list-style-type: none"> ● Colombia's National Interconnected System: corresponds to energy consumption in kWh from the electricity grid, which is generated mainly in hydroelectric and thermoelectric plants, for the following locations in Colombian territory. Emissions due to energy losses in the electric power transmission network are not included.



- Oficina Bogotá
- Oficina Yopal
- Oficina Tame
- Oficina Tauramena
- Oficina Barrancabermeja
- Oficina Saravena
- Bloque Aguas Blancas
- Bloque Capachos
- Bloque Llanos 16

- **National Energy System of Canada:** corresponds to energy consumption in kWh from the electricity grid, which is generated mainly in thermoelectric plants, for the following locations in the city of Calgary. Emissions from energy losses in the power transmission grid are not included.
 - Oficina Calgary

The total value of scope 2 GHG emissions corresponds to the sum of the total indirect GHG emissions calculated for each emission source through the application of the following formula:

Indirect GHG emissions (Scope 2) in Tons of CO₂e = *tons of CO2 equivalent emissions from electricity consumption of the National Interconnected System of Colombia + tons of CO2 equivalent emissions from electricity consumption of the National Energy System of Canada*

The calculation of the emissions generated corresponds, then, to the multiplication of the emissions factor determined for each gas (see section c of this indicator) by the value of electric energy consumption. For the consolidation in tons of CO₂ equivalent, the emissions generated for each gas are added once each of these is multiplied by the Global Warming Potential (GWP) of the gas (see section e of this indicator).

The above is presented in accordance with the Greenhouse Gas Inventory 2021 of the reporting companies, which can be found in the document “Informe Parex 2021 09_05_2022_kr.pdf”, as well as the detail of the calculations presented in the file “Calculos 2021 20022022.xlsx”, where the Emission Factors (EF), Global Warming Potentials and consumption data and other data used to estimate emissions can be found. Both documents are managed by the Sustainability Area.

b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.

The company does not report market-based emissions.



c. If available, the gasses included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.

The gasses included in the calculation of direct GHG emissions are: Carbon Dioxide (CO₂) and, additionally, for the case of Canada, Methane (CH₄) and Nitrous Oxide (N₂O).

d. Base year for the calculation, if applicable, including:

- i. the rationale for choosing it;** the company makes the decision to establish 2017 as the base year, in order to have a reference year towards the future.
- ii. emissions in the base year;** corresponds to the total emissions in tons of CO₂e of the base year.
- iii. the context for any significant changes in emissions that triggered recalculations of base year emissions;** there were no significant changes that implied recalculations of base year emissions.

e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.

In the GHG estimation, the emission factors provided by the entities responsible for such information were used. In the case of Colombia, the emission factor corresponds to that reported by the Mining and Energy Planning Unit (UPME) in 2020 for the National Interconnected System. In the case of the Calgary office, the emission factors correspond to those reported by the Canadian Government in the National Greenhouse Gas report. This information is presented in the following table:



	Emission factor CO ₂	Emission factor CH ₄	Emission factor N ₂ O
National Interconnected System of Colombia (UPME)	0.203 kg CO ₂ /kWh	-	-
National Energy System of Canada (Canadian Government)	140 gr CO ₂ /kWh	0.01 gr CH ₄ /kWh	0.003 gr N ₂ O/kWh

Table 7. Emission factors associated with electricity consumption by country used in the calculations.

Gas	Global warming potential
CO ₂	1 (IPCC, 2007)
CH ₄	25 (IPCC, 2007)
N ₂ O	295 (IPCC, 2007)

Table 8. Global warming potentials due to greenhouse gases.

f. Consolidation approach for emissions; whether equity share, financial control, or operational control.

The reporting company considers operational control as the consolidation approach for issuances.

g. Standards, methodologies, assumptions and/or calculation tools used.

Corresponds to the emission factors and global warming potentials from the sources described above. The estimation of GHG emissions is carried out following the IPCC methodology (2006) and the GHG inventory report, from which the reported values are obtained, is prepared following the specifications of the Colombian technical standard ISO 14064-1.



Finally, in relation to the calculation of the uncertainty associated with the source, the methodology, or good practices, of the IPCC 2006 is used according to the Conceptual Basis of Uncertainty Analysis and the uncertainties associated with the values reported for each of the default data (data generated in other investigations) that were used. The total uncertainty for the total inventory was estimated according to the following equation (IPIECA 2011):

$$t = \frac{\sqrt{(A \times a)^2 + (B \times b)^2 + \dots + (N \times n)^2}}{T}$$

Where:

t: Total uncertainty

T: Total greenhouse gas emissions.

A=category A emissions, a=uncertainty of category A emissions, b=uncertainty of category B emissions.

B=category B emissions, b=uncertainty of category B emissions,

...

N=category N emissions, n=uncertainty of category N emissions.

The scope of the assurance work is limited to cross-checking the information reported in the IS21 and in the GHG Inventory, in relation to the sources mentioned in the criterion, provided by the Sustainability Area, to the validation and recalculation of the formulas established in the criterion based on the information included in said sources, and does not include the evaluation of the reasonableness of the recalculation of the sources mentioned in the criterion, nor the evaluation of the occurrence of the events that gave rise to the report.

GRI 306-3 Significant spills

The Company's Management includes in its IS21 the result of the GRI 306-3 indicator corresponding to "Significant spills" for the period from January 01 to December 31, 2021 (hereinafter, the year under review) for the Company(s) Parex Resources Colombia Ltd. Sucursal and Verano Energy Limited Sucursal (hereinafter, the reporting companies), taking as a basis what is established on page 9 of the GRI Thematic Content GRI Standard GRI 306: Effluents and Waste (2016), as presented below:

- a. The number and total volume of significant spills recorded.**



	<p>The calculation of the indicator corresponds to the number of events and quantity of barrels associated with spills of oil, fuel, crude water in which more than one barrel has been spilled, as established by management and for which the following are considered:</p> <ul style="list-style-type: none"> i) the number of events and volume of spills of barrels of oil, crude water or fuel occurred in all production areas within the reporting period, whose documentary record are the preliminary reports of the event consolidated monthly by the SISO professional in the document called "Matriz eventos 2021", which is managed by the Occupational Health and Safety Management. ii) the number of events and volume of spills of barrels of oil and fuel that occurred during the transportation of barrels of crude oil during the reporting period, whose documentary record are the preliminary reports of the event consolidated monthly by the SISO professional in the document called "Matriz eventos 2021", which is managed by the Occupational Health and Safety Management. <p>b. The following additional information for each spill, of those reported by the organization in its financial statements: corresponds to the information of location, date, volume, product, description and classification of the spill for events associated with significant spills, understood as spills larger than one barrel, as evidenced in the document "Matriz eventos 2021", which is managed by the Occupational Health and Safety Management, and which should be included in the financial statements of the company.</p> <p>c. Impacts of significant spills. corresponds to the information of the impact derived from significant spills generated by the reporting companies, as detailed in the document "Reporte preliminar oficial 12 horas" administered by the Occupational Health and Safety Management.</p> <p>The scope of the assurance work is limited to cross-checking the information reported in the IS21 against the sources mentioned in the criterion, provided by the Occupational Health and Safety Management, to validating the values reported based on the information included in those sources, for the samples selected, and does not include the evaluation of the reasonableness of the sources mentioned in the criterion, the evaluation of the completeness of the documentation supports in the year under review, nor the evaluation of the occurrence of the events that gave rise to the report.</p>
<p>GRI 401-1 New employee hires and employee turnover 2016</p>	<p>The Company's Management included in its IS21 the result of the GRI 401-1 indicator corresponding to "New employee hires and employee turnover" for the period from January 01 to December 31, 2021 (hereinafter, the year under review) for the companies Parex Resources Inc, Parex Resources Colombia Ltd Sucursal and Verano Energy Limited Sucursal (hereinafter, the reporting companies), taking as a basis what is established on page 7 of the 2016 GRI 401 Content: Employment, as presented below:</p>



a. **The total number and rate of new employee hires during the reporting period, by age group, gender and region**, as recorded in the file “*Ingresos de Personal 2021.XLSX*”, provided by the company's Human Resources area, following the instructions below:

Total number of new hires: corresponds to the sum of employees hired during the year 2021 in Colombia and Calgary, as evidenced in the files “*Ingresos de Personal 2021.XLSX*” and “*Hires 2021.txt*”

Number of employees hired classified according to age: corresponds to the number of employees hired in Colombia and Calgary during 2021 classified according to the following age ranges, as shown in *column H* of the file “*Ingresos de Personal 2021.XLSX*” in the *Age of employee* of the file “*Hires 2021.txt*”

- Under 30 years of age
- Between 31 and 50 years of age
- Over 51 years of age

Number of employees hired classified according to gender: corresponds to the sum of employees hired in 2021 in Colombia and Calgary classified according to gender (men and women). This classification is made according to the *Gend.* section of the file “*Hires 2021.txt*”

Number of employees hired classified by region: corresponds to the sum of employees hired in 2021 classified by the region in which they work, as referenced in column D “Ubicaciones” of the file “*report_Base_Empleados_Auditoria--parexres01--1020716034--_bb0fd942-1d87-44f7-b603-8bff8c1938f4*” along with the employees hired in Calgary as recorded in column L “Location” of the file “*report_Report_for_PWC_Audit_for_GRI--parexres01--80000000--_f874cc97-2a6c-4cc9-a48e-fcae664b6b8d*”. The corresponding regional classification is presented below:

- Oficina, Bogotá
- Yopal
- Tame
- Barranca
- Canada

Reporting companies, in accordance with GRI Indicator 401-1 “When compiling the information specified in Content 401-1, the reporting organization should use the total number of employees at the end of the reporting period to calculate the rates of new employee hires and employee turnover”.

The new hire rate for each of the above classifications is calculated as follows:



$$\% \text{ New hires} = \frac{\text{Number of new hires}}{(\text{Total employees in Colombia} + \text{Calgary as of Dec 31, 2021})} \times 100$$

b. **The total number and rate of employee turnover during the reporting period, by age group, gender and region**, as indicated in the Excel file “Retiros Colombia 2021.XLSX” provided by the company's Human Resources area, following the instructions below:

Total number of retirements: This is the sum of the employees who retired during 2021 in Colombia and Calgary, as evidenced in the files “Retiros Colombia 2021.XLSX” and “Terminations.txt”

Number of retired employees classified according to age: corresponds to the number of employees retired in Colombia and Calgary during the year 2021 classified according to the following age ranges, as shown in *column L* of the file “Retiros Colombia 2021.XLSX” and in the section *Age of employee* of the file “Terminations.txt”

- Under 30 years of age
- Between 31 and 50 years of age
- Over 51 years of age

Number of retired employees classified by gender: corresponds to the sum of employees hired in 2021 in Colombia and Calgary classified according to gender (men and women). This classification is made according to the *Gend.* section of the file “Hires 2021.txt”

Number of retired employees classified by region: corresponds to the sum of employees hired in 2021 classified by the region in which they work, as referenced in column D “Ubicaciones” of the file “report_Base_Empleados_Auditoria--parexres01--1020716034--_bb0fd942-1d87-44f7-b603-8bff8c1938f4” along with the employees hired in Calgary as recorded in column L “Location” of the file “report_Report_for_PWC_Audit_for_GRI--parexres01--80000000--_f874cc97-2a6c-4cc9-a48e-fcae664b6b8d”. The corresponding regional classification is presented below:

- Oficina, Bogotá
- Yopal
- Tame
- Barranca
- Canada



	<p>Reporting companies, in accordance with GRI Indicator 401-1 "When compiling the information specified in Content 401-1, the reporting organization should use the total number of employees at the end of the reporting period to calculate the rates of new employee hires and employee turnover." calculate the employee turnover rate for each of the above classifications is calculated as follows:</p> $\% \text{ Rotation} = \frac{\text{Number of withdrawals}}{(\text{Total employees in Colombia + Calgary as of Dec 31, 2021})}$ <p>The scope of the assurance work was limited to cross-checking the information reported in the IS21 against the sources mentioned in the criterion, provided by the Human Resources area, validation and recalculation of the formulas established in the criterion based on the information included in those sources, and did not include the evaluation of the reasonableness of the sources mentioned in the criterion nor the evaluation of the completeness of the documentation supports in the year under review, nor the evaluation of the occurrence of the events that gave rise to the report</p>
<p>GRI 403-9 (2018) Work-related injuries 2018</p>	<p>The Company's Management includes in its IS21 the result of the GRI 403-9 indicator "Work-related injuries" for the companies Parex Resources Colombia Ltd. Sucursal, and Verano Energy Limited Sucursal (hereinafter the reporting companies) in the period from January 01 to December 31, 2021 (hereinafter the year under review), taking as a basis what is established on pages 19 and 20 of the section "GRI 403: Occupational Health and Safety" of the Global Reporting Initiative (GRI) Standard (2018), as presented below:</p> <p>a. For all employees: The following are understood as direct employees of the reporting companies.</p> <p>i. The number and rate of fatalities as a result of work-related injury.</p> <p>Number of fatalities resulting from a work-related injury:</p> <p>Corresponds to the sum of employee fatalities resulting from an occupational accident injury in the year under review, as indicated in the "Eventos" tab of the file "GRI Matriz eventos 2021.xlsm", whose source of information is document "Matriz eventos 2021.xlsm", which is operated by the Health and Safety Manager, and the Industrial Safety and Occupational Health Professional.</p> <p>Number of man hours worked by employees:</p> <p>See description below in numeral v.</p> <p>Rate:</p> <p>Corresponds to the application of the following formula:</p>



$$= \frac{\text{Number of deaths resulting from occupational injury of employees} * 200.000}{\text{Number of employee man-hours worked}}$$

The application of this calculation formula depends on the occurrence of fatalities during the year under review. If there are no cases, the rate will correspond to zero (0).

ii. The number and rate of high-consequence work-related injuries (excluding fatalities).

Number of high-consequence work-related injuries (excluding fatalities):

Corresponds to the total number of cases, in the year under review, in which employee injuries result in harm such that the worker is unable to recover or does not fully recover pre-accident health status, or the worker is not expected to fully recover pre-accident health status, within 6 months.

For the calculation of high consequence accidents, the accidents classified by the reporting companies as LTI (Lost Time Incident) that meet the degree of severity of injury and lost time of the definition mentioned above will be considered, as established in the "Eventos" tab of the file "GRI Matriz eventos 2021.xlsm", whose source of information is document "Matriz eventos 2021.xlsm", which is operated by the Health and Safety Manager; and the Industrial Safety and Occupational Health Professional, which is not provided in its entirety due to sensitive information issues. Excel "Matriz eventos 2021.xlsm". LTI accidents that do not comply with the characteristics of the GRI standard will be added to the recordable accidents.

Number of man-hours worked by employees:

See description below in numeral v.

Injury rate due to occupational accidents with major consequences (not including fatalities):

Corresponds to the application of the following formula:

$$= \frac{\text{Number of occupational injuries with major consequences (excluding fatalities) to employees} * 200.000}{\text{Number of employee man-hours worked}}$$

The application of this calculation formula depends on the occurrence of cases during the year under review. If there are no cases, the rate corresponds to zero (0).



iii. The number and rate of recordable work-related injuries.

Number of recordable work-related injuries:

Corresponds to the sum of occupational accidents of employees with some of the following outcomes: death, days off work, work restriction or transfer to other positions, fainting or medical treatment beyond first aid; or serious injury diagnosed by a physician or other health professional, even if it does not result in death, days off work, work restrictions or transfers to other positions, fainting or medical treatment beyond first aid, occurring to employees, during the year under review, as detailed in the Excel file "GRI Matriz eventos 2021. xlsx", managed by the Occupational Health and Safety Management.

All occupational accidents are reported to the ARL, however, only accidents occurring during the performance of work-related activities are considered recordable. Therefore, accidents that take place during the development of the excepted activities described in numeral 3.2 "Definition of Work Related" of the document "COL-HSEQ-PR-052 Procedimiento Reporte Registro y Datos Estadísticos HS.pdf", prepared by the reporting companies, are not considered recordable.

Number of employee man-hours worked:

The source of the number of employee man-hours worked is described below in numeral v.

rate:

Corresponds to the application of the following formula:

$$= \frac{(\text{Number of recordable occupational accidents of employees}) * 200.000}{(\text{Number of employee man-hours worked})}$$

The application of this calculation formula depends on the occurrence of cases during the year under review. If there are no cases, the rate corresponds to zero (0).

iv. The main types of work-related injuries.

Corresponds to the types of injuries that can be suffered by both an employee and a contractor of the reporting companies, described in the column "Tipo de lesión", and classified according to what is established in the column "Clasificación", including fatal incidents (FAT), incapacitating (LTI), restricted work (RWC), requiring medical treatment (MTC) and first aid (FAC), of the file "GRI Matriz eventos 2021. xlsx", whose source of information is the file "Matriz eventos 2021.xlsx" elaborated from the document "COL-HSEQ-PR-052 Procedimiento Reporte Registro y Datos Estadísticos HS.pdf".



v. The number of hours worked.

Corresponds to the record of the total man hours worked by employees during the year under review, consolidated in the Excel file "HHT Directos Contratistas.xlsx" in which the data divided between contractors and employees are expressed, the document is managed by the Management of Health and Safety at Work.

b. For all workers who are not employees but whose work and/or workplace is controlled by the organization

i. The number and rate of fatalities resulting from a work-related injury:

Number of fatalities resulting from an occupational accident injury of contractors:

Corresponds to the sum of deaths of contractors resulting from an occupational accident injury in the year under review, as recorded in the "Eventos" tab of the file "GRI Matriz eventos 2021.xlsm", whose source of information is document "Matriz eventos 2021.xlsm", which is operated by the Health and Safety Manager, and the Industrial Safety and Occupational Health Professional.

Number of man-hours worked by contractors:

See description below in numeral 2.v.

Death rate resulting from an occupational accident injury:

Corresponds to the application of the following formula:

$$= \frac{\text{(Number of fatalities resulting from an occupational accident injury of contractors)} * 200.000}{\text{(Number of man-hours worked by contractors)}}$$

The application of this calculation formula depends on the occurrence of fatalities during the year under review. If there are no cases, the rate corresponds to zero (0).

ii. The number and rate of high-consequence work-related injuries (excluding fatalities).

Number:

Corresponds to the total number of cases, in the year under review, in which contractor injuries result in damage such that the worker is unable to recover or does not fully recover pre-accident health status, or the worker is not expected to fully recover pre-accident health status, within 6 months.



For the calculation of accidents with major consequences, accidents classified by the reporting companies as LTI (Lost Time Incident) that meet the degree of severity of injury and lost time of the definition mentioned above will be considered, as established in the "Events" tab of the file "GRI Matriz eventos 2021. xlsx", whose source of information is document "Matriz eventos 2021.xlsx", which is operated by the Health and Safety Manager and the Industrial Safety and Occupational Health Professional, which is not provided in its entirety due to sensitive information issues. LTI accidents that do not comply with the characteristics of the GRI standard will be added to the recordable accidents.

Number of man-hours worked by contractors:

See description below in numeral 2.v.

Rate:

Corresponds to the application of the following formula:

$$= \frac{\text{Number of occupational injuries with major consequences (not including fatalities) of contractors} * 200,000}{\text{Number of man-hours worked by contractors}}$$

The application of this calculation formula depends on the occurrence of cases during the year under review. If there are no cases, the rate corresponds to zero (0).

iii. The number and rate of recordable work-related injuries.

Number:

Corresponds to the sum of occupational accidents of employees with any of the following outcomes: death, days off work, work restriction or transfer to other positions, fainting or medical treatment beyond first aid; or serious injury diagnosed by a physician or other health professional, even if it does not result in death, days off work, work restrictions or transfers to other positions, fainting or medical treatment beyond first aid, occurring to employees, during the year under review, as detailed in the Excel file "GRI Matriz eventos 2021. xlsx", managed by the Occupational Health and Safety Management.

Only accidents occurring during the performance of work-related activities are considered recordable. Therefore, accidents that take place during the development of the excepted activities described in numeral 3.2 "Definition of Work Related" of the document "COL-HSEQ-PR-052 Procedimiento Reporte Registro y Datos Estadísticos HS.pdf", prepared by the reporting companies, are not considered recordable.

Number of man-hours worked:

The source of the number of man hours worked of employees is described below in numeral 2.v.

Rate:



Corresponds to the application of the following formula:

$$\frac{(\text{Number of recordable occupational accidents of contractors}) * 200.000}{(\text{Number of man-hours worked by contractors})}$$

The application of this calculation formula depends on the occurrence of cases during the year under review. If there are no cases, the rate corresponds to zero (0).

iv. The main types of work-related injury.

Corresponds to the types of injuries that can be suffered by both an employee and a contractor of the reporting companies, described in the column "Tipo de lesión", and classified according to what is established in the column "Clasificación", including fatal incidents (FAT), disabling (LTI), restricted work (RWC), requiring medical treatment (MTC) and first aid (FAC) of the file "GRI Matriz eventos 2021. xlsx", whose source of information is the file "Matriz eventos 2021.xlsx" elaborated from the document "COL-HSEQ-PR-052 Procedimiento Reporte Registro y Datos Estadísticos HS.pdf".

v. The number of hours worked.

Corresponds to the total number of man hours worked by contractors during the year under review. This information is consolidated for both employees and contractors in the Excel file "Matriz eventos 2021.xlsx" and in the Excel document "HHT Directos Contratistas.xlsx" the information is recorded separately for employees and contractors, both documents are managed by the Occupational Health and Safety Management.

The reporting of man hours worked by workers who are not employees, but whose jobs or workplaces are controlled by the organization, is done by contractors in the first five days of the month following the development of the activities in operations of the reporting companies in a web tool designed by Parex (Corex). Subsequently, the respective Parex contract manager approves the reports in the same tool. Additionally, these reports are complemented with the man-hours worked related to crude oil transportation and personnel transportation, which are uploaded to the Corex platform.

Subsequently, the total man-hours worked by employees and contractors are consolidated in the Excel file "Matriz eventos 2021.xlsx", which is the base document of the Excel file "HHT Directos Contratistas.xlsx", where the values are separated by employees and contractors.

c. The work-related hazards that pose a risk of high-consequence injury, including



- i. how these hazards have been determined;
- ii. which of these hazards have caused or contributed to high-consequence injuries during the reporting period; and
- iii. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls

Corresponds to the occupational hazards that present a risk of injury from occupational accidents with major consequences, including details i, ii, and iii above, for the reporting companies, as established in the document "COL-HSEQ-IN-008 Instructivo matriz de identificación de peligros evaluación de riesgos y determinación de controles.pdf" during the reporting period.

d. **Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls.**

Corresponds to the initiatives carried out for each of the risks identified and associated with the hazards of the reporting companies, according to the hierarchy of risk controls. These initiatives are determined in the monthly meetings of the management team, where the Key Performance Indicators associated with occupational health and safety are reviewed.

e. **Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked.**

Rates are calculated per 200,000 hours worked.

f. **Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.**

Corresponds to whether the total number of employees and contractors involved in the operation is included.

g. **Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.**

This corresponds to additional contextual information from the sources mentioned in this criterion, explaining the procedures necessary for the collection and calculation of the information.

The scope of the assurance work was limited to the cross-checking of the information reported in the IS21 against the sources mentioned in the criterion, provided by the Occupational Health and Safety Management, to the validation on a sample basis of the existence of the cases recorded in the source documents and to the recalculation of the formulas established in the criterion based on the information included in those sources, and did not include the evaluation of the occurrence of the events that gave rise to the report, the reasonableness of the sources mentioned in the criterion, the evaluation of the completeness of the supporting documentation in the year under review, nor the evaluation of the occurrence of the events giving rise to the report.



**GRI 412-2
Employee training on
human rights policies or
procedures**

The Company's Management included in its IS21 the result of the GRI 412-2 indicator "Employee training on human rights policies or procedures" for the period from January 1 to December 31, 2021 (hereinafter, the year under review) for the companies Parex Resources Colombia Ltd. Sucursal and Verano Energy Ltd. Sucursal (hereinafter, the reporting companies), based on the provisions of page 8 of GRI Content 412: Human Rights Assessment, of the Global Reporting Initiative (GRI) Standard (2016), and in line with the procedures established by the Company's Management, as presented below:

a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.

Corresponds to the hourly intensity of the Human Rights course given on the virtual platform www.prime-virtual.com (a private campus for the exclusive use of PAREX provided by the company Prime Business SAS), multiplied by the number of direct employees in Colombia of the reporting companies that obtained a certificate of completion of the aforementioned course during the year under review.

Total number of hours of training in Human Rights =

*Number of employees who received a Human Rights course certificate * Number of employees who received a certificate for the Human Rights course*

b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.

Corresponds to the number of direct employees in Colombia who obtained a certificate of completion of the Human Rights course, as stated in the certification issued by Prime Business SAS, divided by the total number of direct employees in Colombia, excluding temporary employees, as of December 31, 2021 according to the *SuccessFactors* platform download provided by the Human Resources area Bogotá.

Percentage of employees trained in Human Rights =

*(Number of employees who received the Human Rights course certificate / Total number of direct employees in Colombia as of December 31, 2021) *100*

The scope of the assurance work was limited to cross-checking the information reported in the IS21 against the sources mentioned in the criteria, provided by the Government Relations area and the Human Resources area, and to recalculating the formulas established in the criteria based on the information included in those sources and did not include the evaluation of the reasonableness of the sources mentioned in the criteria, the evaluation of the integrity of the documentation supports in the year under review, nor the evaluation of the occurrence of the events that gave rise to the report.



**Own indicator
Social investment**

The Company's Management included in its IS21 the result of its own indicator corresponding to "Inversión social" for the companies Parex Resources Colombia Ltd. Sucursal and Verano Energy Limited Sucursal (hereinafter the reporting companies) in the period from January 1 to December 31, 2021 (hereinafter the year under review), taking as source the local audited figures and, as a reference, the information parameterized in SAP, included in the documents "Capex Cuentas RSE Ene-Dic 2021 PWC 10 mayo 2022.xlsx", "Opex Cuentas RSE Ene-Dic 2021 PWC 10 mayo 2022.XLSX", "CAPEX SOSTENIBILIDAD 2021.XLSX" and "sostenibilidad G&A APORTES A BIODIVERSIDAD.XLSX" provided by the Corporate Social Responsibility (CSR) area, as presented below:

Social investment 2021: corresponds to the sum expressed in millions of Colombian pesos (COP) and in millions of US dollars (USD) of the following balances:

i. the following accounting accounts associated with the CSR area, obtained from the following modules:

- OPEX: corresponds to accounts 761917936, 761917937, 761917938, 761917939, 761917940, 761917941, 761917942, 761917943, 761917944, 761917945 related to social investment expenses.
- CAPEX: corresponds to accounts 715810530, 715810535, 715810540, 715810545, 715810550, 715810555, 715810560, 715810565, 715810570, 715810575 related to social investment expenses.

ii. the following accounting accounts associated with the Sustainability area, obtained from the following modules:

- OPEX: corresponds to accounts 761918000, 761918005, 761918010, 761918015, 761918020 related to social investment expenses.
- CAPEX: corresponds to accounts 715810595, 715810600, 715810605, 715810610, 715810615, 715810155 related to social investment expenses.
- G&A internal orders in sustainability reporting. Below is the list of cost elements and documents associated with social investment expenses:

Cost element	Associated document
513595000	4600000197
514515000	5536111162 5536111163



519530000	4300087796
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The scope of the assurance work was limited to cross-checking the figures taken for the calculation of the "Social Investment 2021" indicator with the figures included in the sources cited in this criterion for the year under review and did not include the evaluation of the reasonableness and completeness of the figures provided, nor the evaluation of the occurrence of the events that gave rise to the report.

Presentation of IS21 in accordance with the "Core" option of the Global Reporting Initiative's GRI Standards (2016)

The Company's Management reports in its IS21 the following mandatory general basic contents, applicable for the "Essential" compliance level, defined in the GRI Standards (2016) of Global Reporting Initiative (<https://www.globalreporting.org/standards/gri-standards-translations/gri-standards-spanish-translations-download-center/>) GRI 101, item 3.1 p. 23 Table 1 - Criteria for declaring that a report has been prepared in accordance with the GRI Standards or the corresponding omission justification defined in item 3.2 reasons for omission - p. 24.

General basic contents applicable for the "Essential" level of conformance	No. of the general basic content
Organizational Profile	GRI 102-1 a 102-13
Strategy	GRI 102-14
Ethics and integrity	GRI 102-16
Governance	GRI 102-18
Stakeholder engagement	GRI 102-40 a 102-44
Reporting practices	GRI 102-45 a 102-56

a. The Company's Management reports in its IS21, the information corresponding to the mandatory general management approaches, defined in the GRI Standards (2016) of Global Reporting Initiative (<https://www.globalreporting.org/standards/gri-standards-translations/gri-standards-spanish-translations-download-center/>) GRI



101, item 3.1 p. 23 Table 1 - Criteria for stating that a report has been prepared in accordance with the GRI Standards or the corresponding omission justification defined in item 3.2 reasons for omission - p. 24, for the following material aspects:

Material Aspect	General management approach information to be reported for each material aspect
Economic performance	a. The explanation of why the subject is material.
Corporate governance, ethics and transparency	b. Coverage of the material topic. c. Any particular limitations regarding coverage of the subject matter.
Water management	d. An explanation of how the organization manages the subject matter.
Greenhouse gases (GHG) and climate change	e. A statement of the purpose of the management approach.
Occupational health and safety	f. A description of the following, if the management approach includes this component: policies, commitments, objectives and targets, responsibilities, resources, formal grievance and/or complaint mechanisms, specific actions.
Human rights and indigenous peoples' rights	g. An explanation of how the organization evaluates the stewardship approach.
Human capital	
Social investment	
Critical risk management	



	<p>b. The Company's Management reports in its IS21, for each of the material aspects related in section 1 of this criterion, at least one (1) associated performance indicator or the corresponding omission justification whose options are contemplated in GRI 101, item 3.2 reasons for omission - page 24 of the GRI Standards (2016). These indicators may be defined according to the GRI Thematic Standards (200, 300 and 400 series) of the GRI Standards 2016.</p> <p>The scope of the assurance work is limited to cross-checking the information defined in the criteria with the information reported in the IS21 and does not include the assessment of the reasonableness and completeness of the information reported or the assessment of the occurrence of the events giving rise to the report.</p>
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Annex II

Main assurance procedures performed

GRI 201-1 Direct economic value generated and distributed

The existence of the information reported in the Sustainability Report 2021 (hereinafter IS21, as per its initials in Spanish) and its correspondence with what was presented in the Financial Statements and in the Extractive Sector Transparency Measures Act - Annual Report (ESTMA) of the company in the review period were reviewed. Additionally, it was confirmed that the information was presented in the IS21 as established by the criteria of GRI Disclosure 201-1 Direct economic value generated and distributed.

GRI 205-3 Confirmed incidents of corruption and actions taken

A validation took place to determine that the information presented in the report, in relation to the total number and nature of confirmed cases of corruption, existed, belonged to the company, and corresponded to the period under review. Additionally, it was verified that the information reported in the IS21 corresponds to that recorded in the Consolidated PQR by requesting samples of the PQR source emails, following PwC's methodology for limited assurances. In addition, a live review of the *EthicsPoint* platform was made, which contains detailed tracking of reported cases. Finally, it was confirmed that the information was presented in the IS21 as established by the criteria of GRI Disclosure 205-3 Confirmed cases of corruption and actions taken (2016).

GRI 303-3 Water withdrawal

A validation took place to determine that the information reported in the IS21 regarding water extraction existed, belonged to the company and corresponded to the period under review. It was validated that the values corresponded to the Company's Water Consolidation, through live reviews of the Corex platform and the request for samples of water extraction records selected following PwC's methodology for limited assurances. In addition, the values associated with water extraction were recalculated to test their accuracy.

Additionally, the validation of the environmental permits and concessions of water providers was carried out together with the physicochemical, microbiological and hydrobiological characterization of the selected samples and the location of the extraction areas in relation to areas with hydric stress. Finally, it was confirmed that the information was presented in the IS21 as established by the criteria of GRI Disclosure 303-3 Water withdrawal (2018).

GRI 305-1 Direct (scope 1) GHG emissions

A validation took place to determine that the information on direct GHG emissions reported in the IS21 existed in the sources described in the criteria, that it belonged to the company and that it corresponded to the period under review. To accomplish this, the integrity of the information management controls of the Corex platform was validated, as well as performing live downloads of the fuel consumption, gas burning, production and fugitive emissions reports, recalculating the data based on the observed values. The information was additionally validated with the Production Forms officially filed with the National



Hydrocarbons Agency (ANH). Finally, it was confirmed that the information was presented in the IS21 as established by the criteria of GRI Disclosure 305-1 Direct (scope 1) GHG emissions.

GRI 305-2 Energy indirect (Scope 2) GHG emissions

A validation took place to determine that the information on indirect GHG emissions reported in the IS21 existed in the sources described in the criteria, that it belonged to the company and that it corresponded to the period under review. To accomplish this, the existence and accuracy of the reported values was validated, and the data was recalculated based on the evidenced values. The information was validated through the invoices and collection accounts of the companies providing the electricity service. Finally, it was confirmed that the information was presented in the IS21 as established by the criterion of GRI Disclosure 305-2 Energy indirect (Scope 2) GHG emissions.

GRI 306-3 Significant spills

A validation took place to determine that the information reported in the IS21 regarding significant spills existed in the review period through live reviews of the "2021 Events Matrix" and the request for sample records of events associated with spills following the PwC limited assurance methodology. Additionally, the value associated with the volume of spills was recalculated based on the information obtained to validate the accuracy of the reported data. Finally, it was confirmed that the information was presented in the IS21 as established by the criterion of GRI Disclosure 306-3 Significant Spills (2016).

GRI 401-1 New employee hires and employee turnover

A validation took place to determine that the information reported in the IS21 existed in the sources described in the criteria, that it belonged to the company and that it corresponded to the period under review. Additionally, the total number of new hires during the year, the total number of retirements during the year, the total number of new employees and retired employees classified according to age, gender and region were recalculated to verify the accuracy of the same, and that the calculation formulas included in the indicator criteria have been followed. To prove the above, live downloads and documents later shared by the Company were employed. Finally, it was confirmed that the information was presented in the IS21 in accordance with the criteria established in GRI Disclosure 401-1 New employee hires and employee turnover (2016).

GRI 403-9 Work-related injuries

A validation took place to determine that the information reported in the IS21 existed in the sources described in the criteria, that it belonged to the company and that it corresponded to the period under review. Additionally, for company employees and contractors, the number and rate of: deaths resulting from work accident injuries, injuries with great consequences and recordable work accident injuries, as well as worked man-hours (HHT), were recalculated in a way that they have followed the instructions of the formulas included in the criterion of the indicator. The foregoing, based on the documents obtained through live downloads and official documents issued by third parties, such as the accident certificate from the company's ARL and the unique work accident record forms (FURAT) of the injured contractors. Additionally, samples of the monthly KPIs and HHT performance meetings reported by the human resources area on the *Corex* platform were requested, following PwC's methodology for limited assurances. Finally, it was confirmed that the information was presented in the IS21 as established by the criteria of GRI Disclosure 403-9 Work-related injuries (2018).



GRI 412-2 Employee training on human rights policies or procedures

A validation took place to determine that the information reported in the IS21 existed in the sources described in the criteria, that it belonged to the company and that it corresponded to the period under review. Additionally, the total number of hours, during the reporting period, dedicated to training in policies or procedures on human rights and aspects of human rights relevant to operations, and the percentage of employees who, during the reporting period, received training in policies or procedures on human rights and aspects of human rights relevant to operations, were recalculated to verify that the formulas included in the indicator criteria had been implemented. For the above, the documents obtained through live downloads and official documents issued by third parties, such as the certificate of participation in the course issued by PRIME DIGITAL, were used. Finally, it was confirmed that the information was presented in the IS21 in accordance with the criteria established in GRI Disclosure 412-2 Employee training on human rights policies or procedures (2016).

Parex Indicator: Social investments

A validation took place to verify the existence of the CAPEX and OPEX accounts associated with the social investment expenses of the Corporate Social Responsibility area and the Sustainability area through a live download of the reporting company in the period under review. Additionally, the company's social investment expense was recalculated based on the information downloaded live and it was confirmed that the values reported in the IS21 coincided with the source data. Finally, it was validated that the information was presented in the IS21 as established by the criteria of the Social Investment indicator itself.

GRI essential conformity level

A validation took place to verify that all the general basic contents applicable to the "Essential" conformity level defined in the criterion are reported, as well as the general management approach for each of the material aspects defined in the criterion or the justification for corresponding omission. Additionally, it was verified that at least one performance indicator associated to each of the material aspects defined in the criterion or the corresponding omission justification was reported, and that the information corresponds to the reporting period (2021).