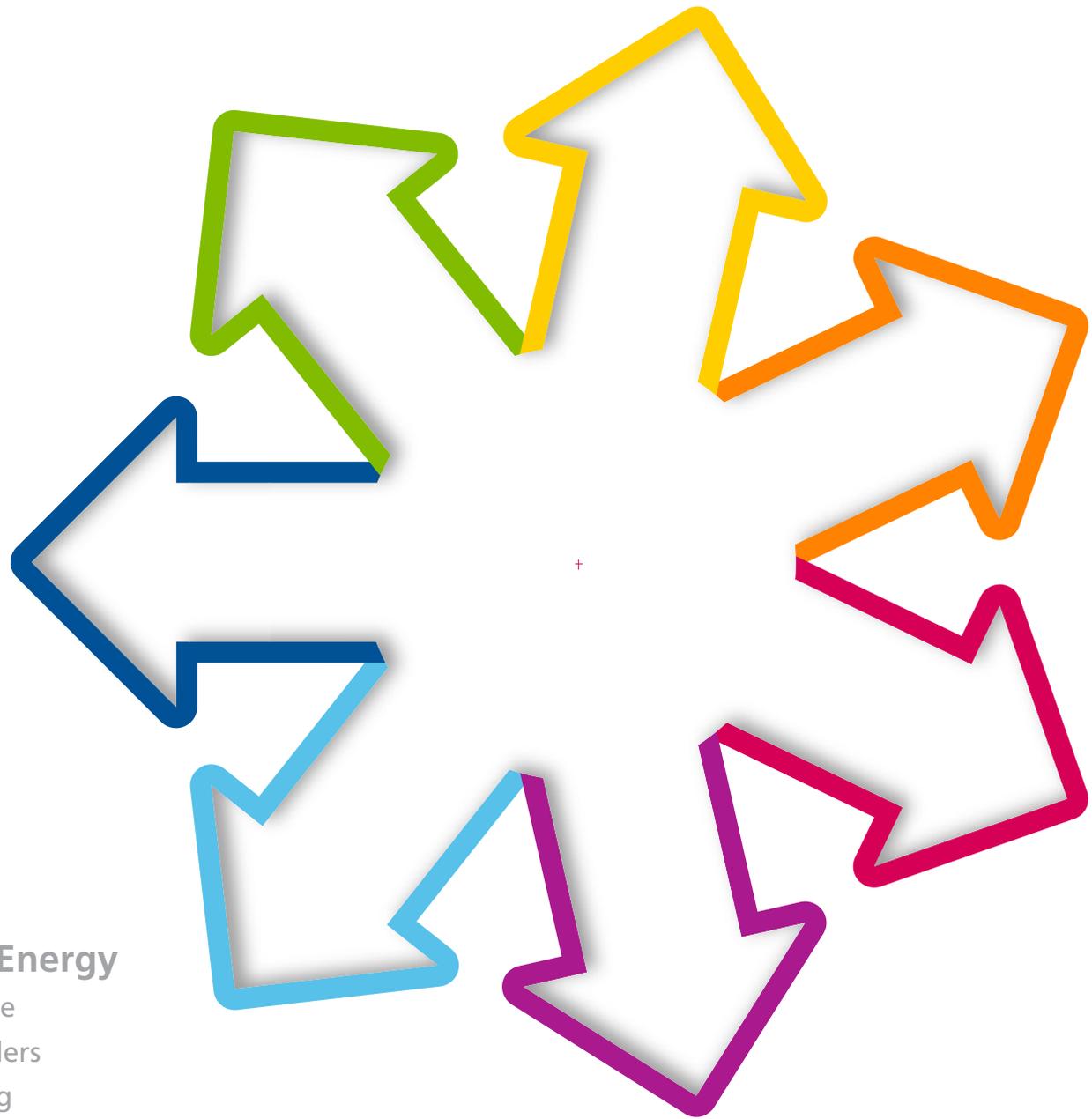


SUSTAINABILITY REPORT 2012



Pacific
Rubiales Energy



“At Pacific Rubiales Energy
we firmly believe that the
support of our stakeholders
is a key factor in ensuring
**our future success and
sustainable growth.** »

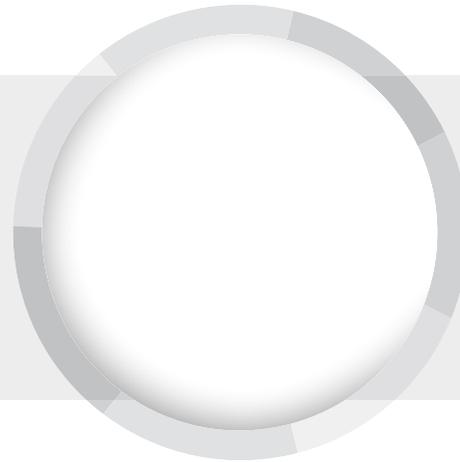


» We work daily, developing initiatives that allow us to **work alongside our stakeholders** to add economic, social and environmental value to all of our activities.”



We are
CONSISTENT
and **TRANSPARENT.**

“Through the integration of **our sustainability commitments** into our business strategy, **we contribute to sustainable development** and generate **shared value.**”



We Promote
a Sustainable
SUPPLY
CHAIN.

We Operate
With **EXCELLENCE.**

We Work
Harmoniously
with the
ENVIRONMENT.

We Contribute
to the **SUSTAINABLE**
DEVELOPMENT of
COMMUNITIES.

We Have
the **Finest**
TALENT.

We Respect
and Promote
HUMAN RIGHTS
in our Operations.

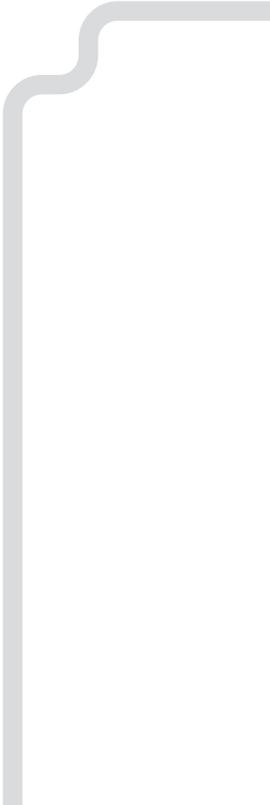


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MESSAGE FROM THE PRESIDENT

At Pacific Rubiales we have identified an opportunity for innovation and a competitive advantage, in the creation of shared value¹ – in which we share responsibility and success with all our stakeholders. Under this shared value concept, we are committed to accountability and to ensuring that our long-term corporate vision is aligned with the needs of our surroundings. At Pacific Rubiales we do not wish to be viewed exclusively for our oil and gas production and value growth. We aim to make our commitment to sustainable growth the principal complement of our productivity.

Our company is privileged to have the capability of creating benefits for our stakeholders. We are aware that our success is intrinsically linked to the wellbeing and education of the society we form a part of; one where there is equal opportunity for all. This is the only way that we can have a productive workforce, the pillar of our corporation and engine of our growth. Through this commitment to success our Company aims to create a symbiotic relationship between itself and its surroundings. This way, our triumphs are shared with the communities around us ensuring their interests prevail. Ultimately our Company's goal is to use its business to create prosperity for all.

At Pacific Rubiales, we are committed to honoring the principles set forth in the Global Compact, the Colombian Local Network, and the Latin American and Caribbean Regional Center. In 2012, in partnership with the local Global Compact Network, we set up the labour standards roundtable, which seeks to share experiences and good practices with other companies. We also continue with our commitment and support for the Extractive Industries Transparency Initiative.

Throughout the years, we have believed, and will continue to believe, in meeting our operational objectives without compromising resources for future generations. This is why we are proud to report that due to the efforts we have made to remain transparent, implement best practices and be leaders in environmental, social and corporate governance issues, we entered the Jantzi Social Index as one of the sixty Canadian companies with the highest standards of sustainability. This past year Pacific Rubiales also became part of the STOXX Global ESG² Leaders in which a total of 1,800 global companies were evaluated on sustainability and 307 companies chosen.

¹ This concept involves creating economic value in a way that also creates value for society by addressing its needs and challenges. Businesses must reconnect company success with social progress. Shared value is a new way to achieve economic success. Michael Porter. Creating Shared Value. Harvard Business Review January 2011.

² Environmental, Social and Corporate Governance issues.

2012 was a year of achievements for our Company. The London-based firm World Finance recognized Pacific Rubiales as “Best Sustainable Oil & Gas Company in Latin America for 2012”. We received the National Award for Social Responsibility and Sustainability from RS Magazine and Corporación Calidad, for our contribution to sustainable development by means of a comprehensive management methodology. We were also winners of the Gold and Silver Seals for Environmental Responsibility, granted by the Fundación Siembra Colombia.

Pacific Rubiales was one of the two companies in Latin America chosen to receive the “Pioneer Award for Social Investment” for 2012, launched by the Secretariat of Social Investment Principles during the Corporate Sustainability Forum 2012 - Río+20.

We were awarded the prize for “Best Oil & Gas Producer in Corporate Social Responsibility 2012”, granted by Capital Finance International. We also obtained the “Excellence and Innovation Award in Corporate Learning”, granted by the international organization Corporate University Xchange (CorpU).

What is next for Pacific Rubiales?

As a company, we have been expanding our operations in Latin America and around the world. Although expansion is a key area of focus for us, we remain committed to our home, Colombia - the country where we continue

to grow and to which we remain loyal. Going forward, we would like to promote the fundamentals of our sustainability model. These fundamentals have become part of our DNA, and they mainly consist of sharing value with our stakeholders. This model will travel with Pacific Rubiales wherever it goes, as the single cultural element that we may transfer from one country to another - the culture of corporate sustainability.

Our role as an energy company is constantly growing and ever more prominent. With countries consuming more energy to develop and a fast growing world population, there is a significant but exclusive market for companies that can meet the demand for energy in a responsible and sustainable manner, the way Pacific Rubiales has done thus far.

As a company, we are always in search of innovative and state-of-the-art ideas, which will put us at the vanguard of the global oil & gas industry. We are aware that in order to achieve this status, it is critical to keep mitigating and compensating for social and environmental impacts and this is why we have undertaken major efforts to reach these goals.

Lastly, we are confident that Pacific Rubiales is capable of utilizing its resources, experience and talent to reach a comprehensive understanding of the problems that affect Colombia and to become an ally of the national government in the country’s development. We work every day to develop initiatives which benefit our society, along with the competitiveness of our Company. We strive to maintain our long-term

positive impact, in a measurable manner, in the attainment of the pillars of Colombia's economic growth, based on the National Development Plan. This is focused on integrating innovation and productivity in the mining and energy sectors, in order to obtain higher social, regional and inter-generational equality.

Thank you for your interest in our 2012 Sustainability Report. We hope this report will help improve your understanding of Pacific Rubiales and the important advancements we have made over the course of this year, based on our seven sustainability commitments.

Enjoy your reading!



JOSÉ FRANCISCO ARATA
President, Pacific Rubiales Energy





MESSAGE FROM THE VICE-PRESIDENT OF CORPORATE AFFAIRS AND SUSTAINABILITY

2011 was a year full of challenges for Pacific Rubiales, and it was a time when we faced many issues. Starting in 2012 we had the opportunity to build on the lessons learned during the previous year and focus on creating innovative solutions that allow us to move forward through these challenges. Today we can proudly say that Pacific Rubiales is comprised of people who are committed to building a sustainable company which offers greater social, economic and environmental value to its stakeholders - we are moving forward and strengthening our relationship with our stakeholders. We are improving the quality and comfort of our fields for our employees and also we are strengthening our value chain. Similarly, we understand that our management's abilities extend beyond where we are today and our firm commitment to coherence and transparency is what allows us to plan for the future.

At Pacific Rubiales we are team players, which gives us a competitive advantage. We recognize that energy companies have the ability to be social transformation agents and this is why our goals strive to transcend. We are ready to demonstrate, through our actions, that the objectives of our Company are in line with the interests of our stakeholders, allowing us to lead our business effectively. Similarly, we reaffirm that we are an ally of the Colombian state and under our management we have strengthened institutions in remote locations where we operate, always seeking to connect the needs of our communities to the local and national government's obligations.

This report allows us the opportunity to report transparently our progress and achievements, as well as the challenges that we have faced on key issues for both our internal management and our stakeholders.

We promote responsible and accountable relationships with our stakeholders

Since signing the Social Agreements in September 2011, the Company has engaged in constant productive dialogue with our communities, which resulted in a harmonious relationship throughout 2012. This has strengthened our bond and helped us to maintain our commitments, with 95% completed thus far. The remaining 5% is related to programs which are currently underway.

What sets Pacific Rubiales apart from our peers is a sustainable management model based on Direct Stakeholder Engagement. We use a stewardship approach to promote dialogue, we promote joint effort and we invite other stakeholders to join initiatives and commit to creating alliances to materialize lasting commitments.

We improved the quality of our fields and the welfare of our workers

We are constantly striving for perfection and seeking ways to improve our high quality corporate culture. We proudly hosted a range of events, including the 'Pacific Olympic Games', which generated positive social awareness and promoted the value of family and culture within the Company.

When signing the collective agreements this year, the Company aimed to benefit all employees, contractors and subcontractors, whether union members or not. These agreements include: establishing a workers' salary

roundtable for contractors and subcontractors, as well as operational bonuses; monitoring compliance with the labor obligations of contractors and the quality of life in the fields; additional benefits and paid union leave.

During 2012, our percentage of operating downtime was 0.003% compared to the previous year, in which the Company reported downtime of 3.835%. This shows a commitment to constant production, while promoting an important message - no violence. This demonstrates the existence of an environment of cooperation and dialogue to resolve issues and ensure productivity.

We remain committed to sustainability in our value chain

For Pacific Rubiales, sustaining our competitive advantages is strictly related to our commitment to implement the highest standards of social, environmental, economic and corporate governance in the communities in which we operate. We are inspired to work tirelessly to create opportunities now and for future generations, and produce extraordinary results focusing on proactive and innovative solutions to meet the needs of our stakeholders, the ones that every day help us to be what we are. All this would be impossible without the strong support of all of our employees and business partners who daily engage the name of Pacific Rubiales.

Today we believe that rather than a rigid and structured organization, we are a group of people with a great opportunity to shift paradigms, to rethink the traditional way of doing business and build business relationships based on the co-creation of long-term shared value. That's why we work constantly to extend our corporate commitments to the value chain and to ensure that everyone who wants to be a part of our business development makes a formal commitment to the issues that are important to us, and this is why we invite all to be part of our sustainability culture.

In order to encourage this behavior, we developed several initiatives for our business partners so they could align their activities with our sustainability commitments. While establishing a high standard for our suppliers and contractors and providing assistance and tools to facilitate their compliance, we ensure that best practices spread throughout the hydrocarbon industry.

A way forward

We know that we still have a way to go and many challenges to overcome, but with dedication and hard work we at Pacific Rubiales believe that we can utilize our resources in a sustainable manner to maximize efficiency, respect and promote human rights, create equitable and inclusive industries, and produce tangible results to help improve the quality of life for our stakeholders. Again, this is not a job we can do alone - we shall continue to strengthen the channels of communication with our stakeholders to prioritize their interests, so that we can work together to build the reality we all dream of.

Happy reading,



FEDERICO RESTREPO SOLANO

Vice-President of Corporate Affairs and Sustainability,
Pacific Rubiales Energy







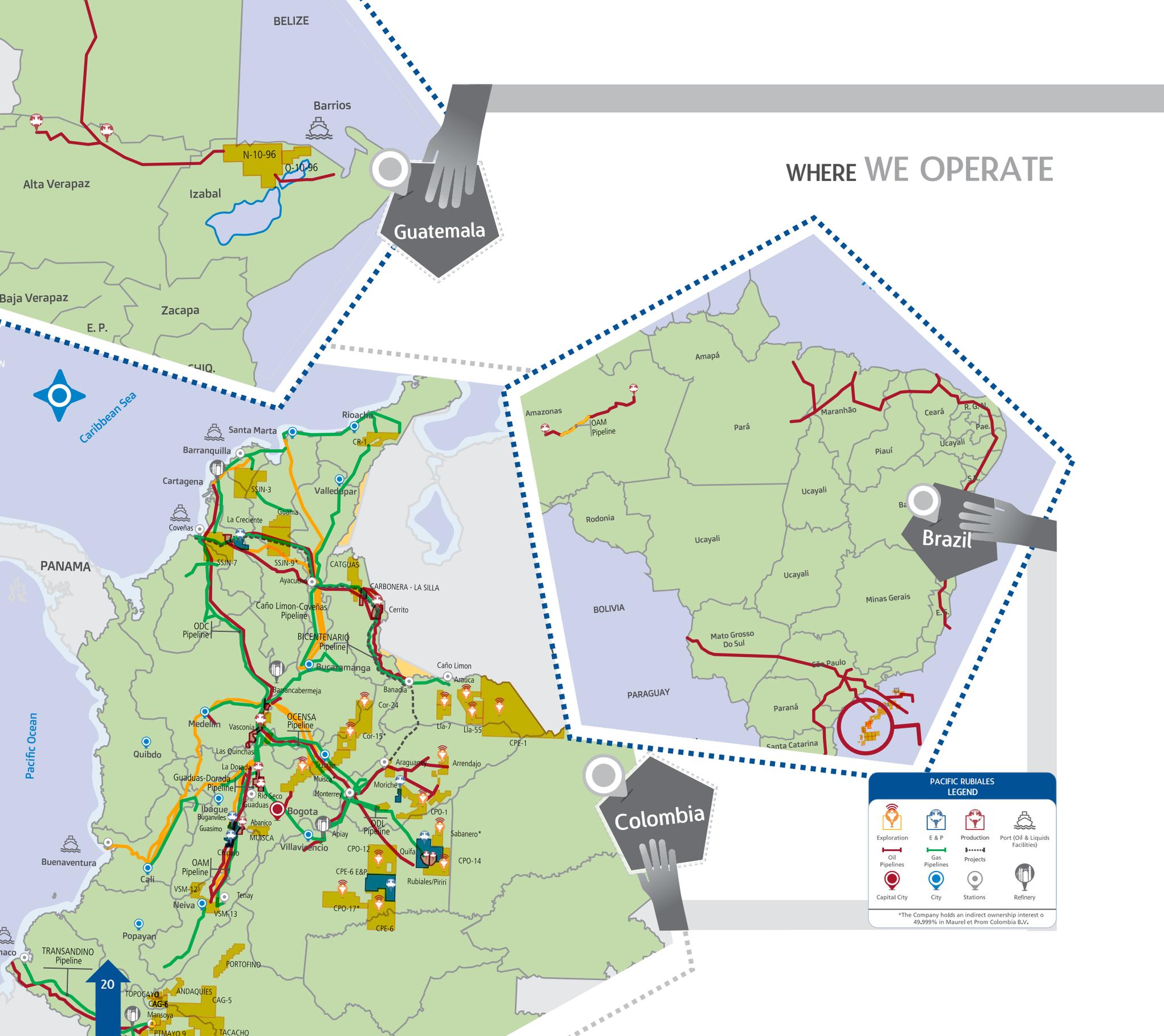




OUR ORGANIZATION

ORGANIZATION

WHERE WE OPERATE



Guatemala

Brazil

Colombia

PACIFIC RUBIALES LEGEND

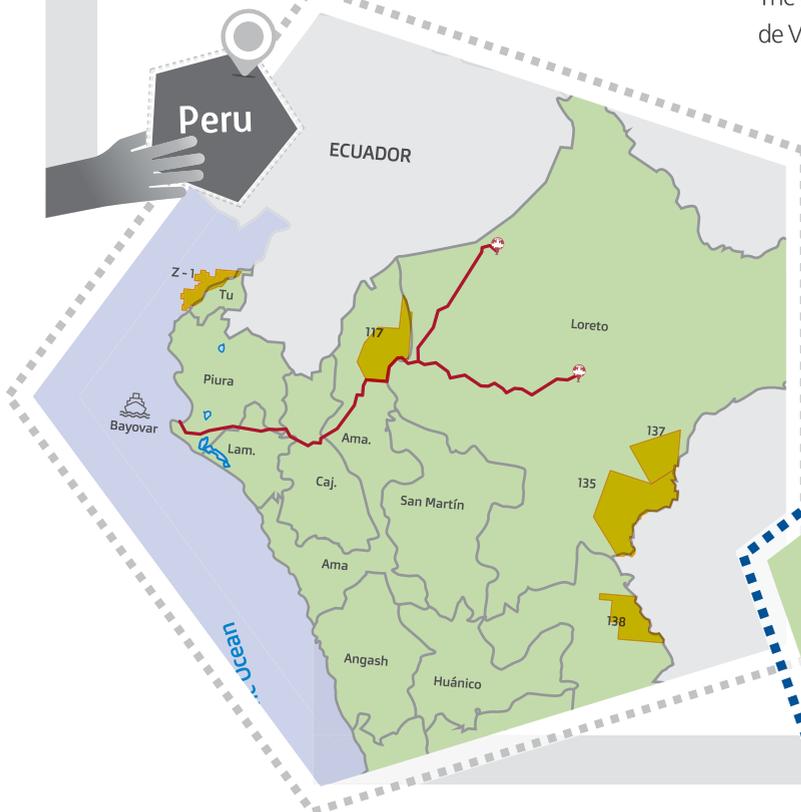
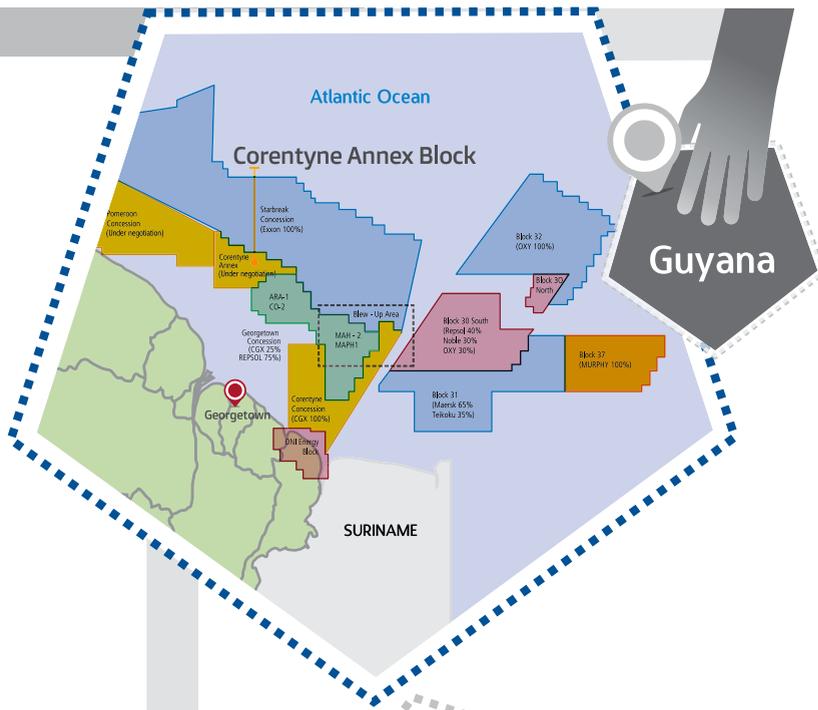
*The Company holds an indirect ownership interest of 49.999% in Maurel et Prom Colombia B.V.

OUR ORGANIZATION

WHO ARE WE?

Pacific Rubiales, a Canadian company and producer of natural gas and crude oil, owns 100% of Meta Petroleum Corp., which operates the Rubiales, Piriri and Quifa heavy oil fields in the Llanos Basin, and 100% of Pacific Stratus Energy Colombia Corp., which operates the La Creciente natural gas field in the northwestern area of Colombia. Pacific Rubiales has also acquired 100% of PetroMagdalena Energy Corp., which owns light oil assets in Colombia, and 100% of C&C Energia Ltd., which owns light oil assets in the Llanos Basin. In addition, the Company has a diversified portfolio of assets beyond Colombia, which includes producing and exploration assets in Peru, Guatemala, Brazil, Guyana and Papua New Guinea.

The Company's common shares trade on the TSX and the BVC and as BDRs on Brazil's Bolsa de Valores Mercadorias e Futuros under the ticker symbols PRE, PREC, and PREB, respectively.





As we have remained focused on our strategy, a new and more robust Company has emerged, not only through recognizing the challenges of growing production from its existing fields in Colombia and building on the success of its exploratory program, but also as a result of the strategic acquisition of highly prolific assets in other countries. During 2012, the Company completed the acquisition of PetroMagdalena Energy Corp. and C&C Energia Ltd. in Colombia, and also acquired interests in offshore Brazilian assets from Karoon Gas Australia Ltd., Peruvian assets from BPZ Resources, Inc., Guyana assets through an equity investment in CGX Energy Inc., and Papua New Guinea assets from InterOil Corporation.

1,500
CONTRACTORS



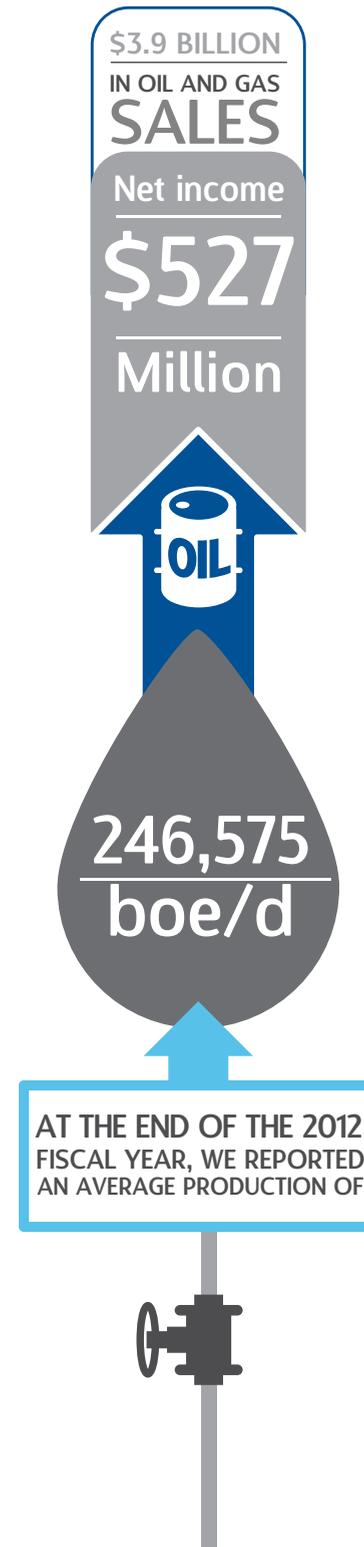
SUPPORT
DAILY OPERATIONS
IN THE OIL
FIELDS

GENERATING
14,000
DIRECT
JOBS

PACIFIC RUBIALES IN FIGURES

Total employees in 2012 were 2,273 compared to 1,713 in 2011, a 33% increase.

At the end of the 2012 fiscal year, we reported an average production of 246,575 boe/d and a net income of US\$527 million. We generated US\$3.9 billion in oil and gas sales.





WHAT DO WE DO?

OUR PROCESSES



EXPLORATION

MORE
THAN
60

EXPLORATION BLOCKS
IN COLOMBIA, PERÚ, BRAZIL,
GUATEMALA, GUYANA AND
PAPUA NEW GUINEA.



PRODUCTION

APROXIMATELY

17
FIELDS

IN EXPLORATION AND
PRODUCTION IN
COLOMBIA.



COMERCIALIZACION

PACIFIC RUBIALES
SELLS CASTILLA,
VASCONIA AND
RUBIALES BLENDS ON
THE INTERNATIONAL MARKET.

IT IS DEVELOPING A
LIQUEFIED NATURAL
**GAS EXPORT
PROJECT TO
CENTRAL AMERICA
AND THE CARIBBEAN.**



TRANSPORT

PACIFIC RUBIALES HAS

35 % OF THE ODL PIPELINE.
33 % OF THE BICENTENARIO PIPELINE.
\$ 190 MILLIONS OF INVESTMENT IN OCENSA.
44 % OF PUERTO BAHIA (UNDER CONSTRUCTION).

OUR CORPORATE GOVERNANCE

Due to the fact that two members of our management team are also the Executive Co-Chairmen of the Board of Directors, the Board appointed an Independent Lead Director who is responsible for representing the interests of the independent members of the Board, and chairing the Board when the Co-Chairmen are not present, as well as fulfilling other duties and responsibilities in their absence.

Corporate Model

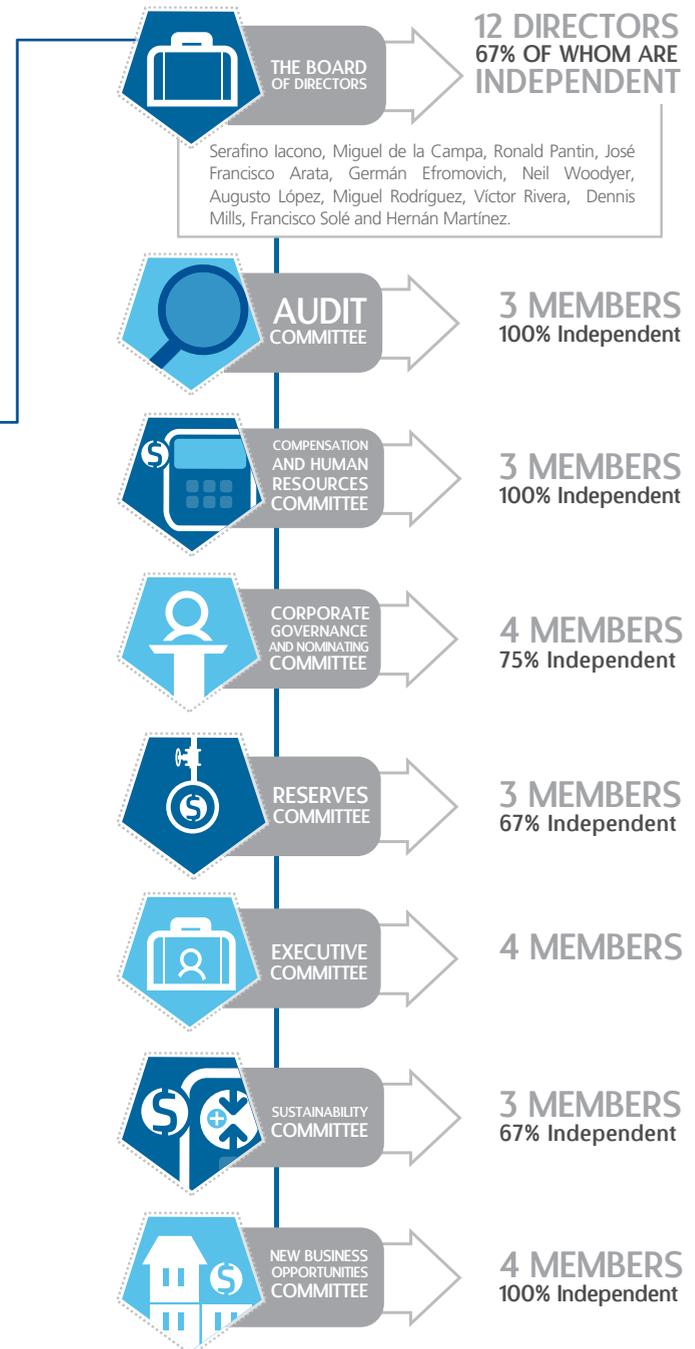
The mandates of these committees, as well as an experience-based profile of our directors and executive officers, are available on our website.

ADVANCES IN OUR CORPORATE GOVERNANCE

Our Human Talent department has developed the following activities with the aim of continual monitoring and evaluating our Executive Compensation Program, and strengthening the bond between payroll and performance:

- ▶ Implementation of a completely independent Compensation and Human Resources Committee.
- ▶ The adoption of a deferred share unit plan for non-employee directors.
- ▶ The amendment of the employment agreements of executive officers to eliminate "double trigger" change of control provisions.

In addition to these initiatives, our Compensation and Human Resources Committee continued to monitor and evaluate our executive compensation program to ensure alignment between our compensation philosophy, our strategic objectives and the implementation of the best practices in the industry.



OUR SUSTAINABILITY COMMITTEES





1. Federico Restrepo Solano. Vice President, Corporate Affairs and Sustainability.
2. Carlos Alberto Gómez. Vice President of Audit, Risks and Compliance.
3. Valeria Santos Benedetti. Sustainability Director.
4. Alejandro Jiménez Ramírez. Corporate Social Responsibility Manager.
5. María Jimena Ochoa. Legal Manager.
6. Alfredo Enrique Gómez Montero. Domestic Market Comercialization Manager.
7. Rocío Gaviria. Major Project Manager.
8. Justo Francisco Guerrero Cogollo. Corporate Risk Leader.
9. Aileen Grace Gelvez. Corporate Manager of Management Support to Exploration.
10. Martín Castro. Corporate HSEQ Manager.
11. Leonardo García Suárez. Strategic Affairs Manager.
12. Rossana María Pantin Schmidli. Strategic Marketing Leader.
13. Angie Hernández. Corporate Treasury Manager.
14. César Augusto Díaz Cruz. Planning Manager.
15. Migdalia Fernández Jiménez. Budget and Financial Planning Manager.
16. Renata Campagnaro. Vice President of Supply and Transport.
17. Armando Díaz. Corporate Contoller.
18. Javier Rodríguez. Investor Relations Manager.
19. Héctor Armando Sánchez González. Supply Chain Corporate Manager.
20. Alejandro Ospina Angarita. Exploration Operations Manager .
21. Roberto Puente. Investor Relations Manager.
22. Orlando Rangel. Operations Manager.
23. Jorge Rodríguez. Public Affairs and Rubiales Center Manager.
24. Juan Carlos del Valle Díaz. Corporate-Labor Relations Manager.
25. Andrea Gómez. Corporate Organizational Development Manager.
26. Óscar Cañón. General Services Manager.
27. Ana Elvia Suárez Porras. Asset Manager.
28. Diana Lucía Rojas Arbeláez. Internal Audit Leader.

In order to continuously ensure the purpose, implementation and effective execution of our sustainability model, our Board Sustainability Committee held two sessions during 2012, in accordance with its mandate. In conducting regular meetings, committee members reviewed the progress made during 2011 and 2012, and focused on lessons learned and opportunities for improvement, generated from the unrest in 2011 at the Rubiales and Quifa fields. Also, they had the opportunity to analyze and discuss the potential environmental, social and economic challenges for the coming years³.

In support of the work done by this committee, our managerial committee met twice during 2012. During these meetings, members had the opportunity to meet and approve the roles and responsibilities assigned to this task force. Management's main objective is the promotion of the sustainability model in their respective areas. This will help ensure the effective implementation of public commitments to our stakeholders, the contribution to the achievement of the strategic vision of the Company, and the integration of the triple bottom line in all our activities and decision-making processes.

Similarly, members of the committee met and discussed the work developed over the course of 2012 from each of our commitments⁴, and developed new ideas about the needs identified from the perspectives of each of the areas represented on this committee. Aside from these needs, our committee members stressed the importance of continuing to strengthen engagement with stakeholders in a strategic and proactive manner - focused on trust, transparency and responsiveness.

Finally, these sessions led to the establishment of activities and goals during 2013 and the coming years, in order to convert our employees, suppliers and contractors into change-makers. This will, in turn, create daily opportunities now and for future generations to produce extraordinary results focusing on proactive solutions and strengthened relationships to address the needs of our stakeholders.

³ For more information on the proposed challenges for 2013, please refer to each of the sustainability commitments in this report.

⁴ Progress reports for each of our seven sustainability commitments are included in this report.









ABOUT THIS REPORT



ABOUT THIS REPORT

This is Pacific Rubiales Energy's fourth Sustainability Report. It contains information with regard to the performance of the Company for the period from January to December 2012, as well as information on the operations carried out in Colombia, Guatemala and Peru on behalf of the following entities:

- ▶ **Pacific Stratus Energy Colombia Corp.**
- ▶ **Pacific Stratus Energy S.A.**
- ▶ **Meta Petroleum Corp.**
- ▶ **PetroMagdalena.**

In line with the principles of transparency and consistency with our stakeholders, this publication discusses the progress made during 2012 in regards to the situation that occurred in Puerto Gaitán (Meta) from July to September 2011.

In this report we refer to the seven commitments made in 2009, which were reviewed and updated in 2011. With a clear focus on the progress and initiatives undertaken during the past year, we have used indicators to measure our performance and identify the challenges that we intend to continue managing in our sustainability model.

At Pacific Rubiales, we believe it is essential to identify challenges and work through them in order to continuously improve, find job and innovation opportunities, and communicate to our stakeholders where the organization is heading. These challenges are relevant to the nature of our business, are measurable, transparent, achievable and flexible.

MATERIALITY ANALYSIS

For Pacific Rubiales, materiality serves the purpose of improving our management. Therefore, updating our material issues is an ongoing exercise that we develop year after year. Its aim is analyzing the importance of the social, environmental, economic and corporate governance criteria that comprise our sustainability model, from an internal and external perspective, allowing us to identify workspaces, opportunities and risks.

Since 2009, in line with the GRI guidelines, we have developed methods to measure the importance of the issues related to each of our sustainability commitments, as defined by our stakeholders, and the maturity of our management in understanding these issues.

In 2010, we developed a process of engaging with external stakeholders to understand their perceptions and prioritize the most important issues. In 2011 we improved by measuring our managers' perception of how to deal with the identified issues.

During 2012 and after analyzing a market study prepared by Sustainalytics, a leading environmental, social and corporate governance (ESG) research and analysis firm, we identified in our Sustainability Model issues of greater opportunity and

risk exposure for the oil and gas industry, given the inherent characteristics of the sector. Based on these issues, we developed internal workshops with managers from different areas, which allowed us to gather inputs to feed our materiality matrix, which is shown in Figure 3.1:



Figure 3.1

In order to evaluate our performance, this market research was focused on the following criteria:

- ▶ What are the most relevant ESG issues for this sector and its stakeholders?
- ▶ How does Pacific Rubiales manage these issues?
- ▶ How do Pacific Rubiales' peers manage these issues?
- ▶ How should Pacific Rubiales prioritize these issues to improve performance?

The results obtained allowed us to not only measure ourselves with respect to our peer companies and best industry practices but also to identify our current performance level for each one of the ESG issues, such as success factors, improvement opportunities, and potential initiatives to be among the great leaders furthering global sustainability.

Similarly, the results of this study allowed us to crosscheck what our internal and external stakeholders have defined as material to them in past years, with the best practices of our industry. This contributed to developing a much deeper prioritization of issues in our Sustainability Model, both what we are reporting on now and what we will focus on in the coming years.



ENGAGING WITH OUR STAKEHOLDERS

OUR STAKEHOLDERS

Our stakeholders

At Pacific Rubiales, we firmly believe that the support of our stakeholders is the key factor in ensuring our future success and sustainable growth. We work daily, developing initiatives that allow us to work alongside our stakeholders to add economic, social and environmental value to all of our activities.

We continue to work at strengthening the quality of relationships with our stakeholders. We strive to better understand their needs and expectations, to develop strategic spaces for creating innovative processes and ideas, and to integrate these inputs into our management and decision-making. In 2012, we implemented an internal initiative to visualize our processes and the relationship of each process with our external stakeholder's needs and expectations.



The main activities in this initiative were:

- 

1 Implementing assessment workshops in all areas of the Company, which allow us to gather input on relations with our stakeholders and identify their most important needs.
- 

2 Developing a corporate map of our stakeholders, together with the people responsible for our internal relations, and the state of these relations.
- 

3 Identifying the gaps in the expectations and needs of our stakeholders and the Company's interests.
- 

4 Prioritizing our stakeholders and aspects in our relationship with them which require review.
- 

5 Designing a strategy in order to engage with our stakeholders and create action plans for each of the areas responsible for relationships with our stakeholder groups.

The results, opportunities for improvement, and success of these activities will be disseminated during 2013 to all areas of the organization, in order to feed our Engagement System.

This year, in addition to maintaining frequent dialogues, strictly related to operations, we developed the following approaches (Chart 3.2):

Chart 3.2

STAKEHOLDER ENGAGEMENTS	
INTEREST GROUP	OBJECTIVE
INVESTORS	<p>Create effective channels and processes to facilitate and improve direct communication between the executives of the Company and its investors.</p> <p>Communicate accurate and timely information on the financial and economic, commercial and operational performance of the Company.</p> <p>Attracting deeper and broader investment interest in the Company.</p>
ANALYSTS	<p>Generate positive and expanded investment interest in Pacific Rubiales in the marketplace.</p> <p>Provide accurate and timely information about the Company's operations and performance, to positively manage expectations about its future results.</p>
SUPPLIERS AND CONTRACTORS	<p>Knowing the market, in order to pre-select those suppliers and contractors to ensure better value in our contractual relationship.</p> <p>With our potential suppliers, to publicize policies and processes to become active suppliers.</p> <p>With our active suppliers, monitor and ensure compliance with contractual obligations and welfare of workers in the field.</p> <p>Ensure their HSEQ performance, and keep track of the implementation of risk management strategies.</p>
AUTONOMOUS REGIONAL CORPORATIONS IN OUR AREAS OF INFLUENCE	<p>Comply with the guidelines for the use and exploitation of natural resources</p>
REGIONAL GOVERNMENT	<p>Ensure support and assistance in the management of the communities where we operate catchment areas.</p>
MINISTRY OF LABOR MINISTRY OF HEALTH AND SOCIAL WELFARE	<p>Accompany the work monitoring processes of the Company.</p>
COMMUNITY	<p>Maintain harmonious relations in the catchment areas of the organization to expedite the development of our organization, while maintaining economic, social and environmental balance.</p> <p>Consequently, we address issues such as: a) regional development, b) social development, and c) conservation and fostering of vocations and local traditions.</p>
LOCAL GOVERNMENT	<p>Build partnerships with local authorities for the development of our Social Investment Plan.</p>
EMPLOYEES AND FAMILY	<p>Our commitment is having the best talent. This is achieved by making Pacific Rubiales the best place to work. In order to achieve it, we must engage all of our time with our partners to meet their needs.</p>



ISSUES DISCUSSED



RESOURCES USED



MAIN RESULTS

<p>Overview of the assets, operations, business strategy and future prospects of the Company.</p> <p>Behavior of shares and the stock market.</p> <p>Financial results of the Company and sell-side operation (analysts and brokers).</p>	<p>Non-Deal Road Shows. Conference calls. Face to face meetings with the management of the Company. Events designed for investors. Visits to Company operations. Relevant information uploaded on Pacific Rubiales' and regulators' websites. Shareholder email: ir@pacificrubiales.com Receiving and responding to questions via telephone and email.</p>	<p>Expanded investor base. Compliance with "best investor relations practices". Continued development of communication channels with retail shareholders in the Colombian and Canadian markets.</p>
<p>Financial, economic, commercial and operational performance of the Company.</p>	<p>Non-Deal Road Shows. Conference calls. Face-to-face meetings with management of the Company. Events designed for analysts Visits to the Company's operations. Relevant information uploaded on Pacific Rubiales' and regulators' websites. Shareholder email: ir@pacificrubiales.com Receiving and responding to inquiries via telephone and email. Telephone interaction. Quarterly surveys.</p>	<p>Increase in the number of analysts and international banks, covering the Company, increasing visibility in the capital markets.</p>
<p>The most important issues are delivery times, quality, brands and prices.</p> <p>HSEQ, assurance, reports, audits, emergency response plans.</p>	<p>Through discussion roundtables with potential suppliers and Annual Suppliers Meetings.</p> <p>Relationship with health personnel, regular meetings with health coordinators, HSEQ management meetings.</p>	<p>Knowledge of the conditions and policies of Pacific Rubiales regarding recruitment and registration. Adjustments to new relations. Adjusting labor issues and recruitment content. Awareness of the importance of compliance with contractual obligations. Improving the level of knowledge of contractors on labor law and contractual annexes of Pacific Rubiales. Specialized occupational health inspections at 100% of high-risk companies in the field.</p>
<p>Monitoring environmental compliance projects. Observing formalities for environmental permits.</p>	<p>Written communications. Project presentation meetings. Monitoring and evaluation visits.</p>	<p>Working together for approach with communities. Environmental permitting for seismic activities.</p>
<p>Description of project implementation. Socialization of environmental management plans. Socialization of studies developed and designed in our projects.</p>	<p>Written communications. Project presentation meetings.</p>	<p>Support and backup before the area's communities directly affected by the project.</p>
<p>Progress reports. Support for welfare projects. Improvement plans for the fields.</p>	<p>Management relations, meetings and training meetings.</p>	<p>Completing the research related to conditions in the Quifa and Rubiales camps.</p>
<p>Matters relating to the exploration and production of crude oil (operating company). Development of social investment projects, focusing on issues of: a) institutional strengthening, b) education and c) competitiveness. Compliance with environmental permits and environmental management plans. Local chain. Careers.</p>	<p>Socialization, training on different topics for communities, monitoring visits to each of the operating activities. Follow-up meetings. PQRs. Direct Engagement System.</p>	<p>Strengthening the community. Strengthening the relationship between interest groups and the Company. Peace and social balance. Projects developed in response to the perceived needs of the community. Strengthening local providers Empowerment of women. Productive projects.</p>
<p>Environmental licenses. Socialization of industrial activities. Development of social projects. Development of the region.</p>	<p>Meetings. Written communications. Socialization. Committees.</p>	<p>Development of Company operations. Transparency in our processes. Leveraging resources, strategic alliances, strengthening local mayor's offices.</p>
<p>System benefits. Career plans. Processes.</p>	<p>Selection processes. Hiring. Meetings. Informative talks. In field staff's daily meetings to discuss relevant issues. Training and workshops.</p>	<p>Image of affinity with Human Talent. Employees are happy and peaceful. They have a great sense of belonging and are focused on their work and doing a great job.</p>

PACIFIC RUBIALES, A PATH TOWARDS SUSTAINABILITY

2004

Creation of Pacific Stratus Energy.



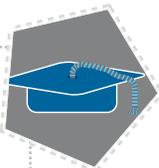
2005

Creation of the coordination of communities in META Petroleum Limited, in charge of Corporate Social Responsibility activities in the Rubiales Field (Meta).



2006

Initiates activities in the area of Social management with scholarships to outstanding students in Puerto Gaitan to benefit more than 2,200 children.



2007

The Corporate Social Responsibility Department engages in all projects.

Scholarships for the youth in Puerto Gaitan with an investment of **COP 39,104,666.**



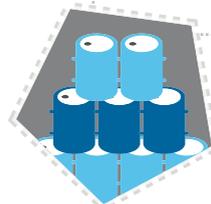
Delivery of the first phase of Nueva Rubiales school with an investment of **COP 686,000,000.**



COP 117,400,000 For the productive project in the Chaporro community in Víctor Piriri shelter.

Petro Rubiales Energy Corp. acquires Meta Petroleum Limited.

24,784 boe/d.*
*Barrels of oil equivalent per day.



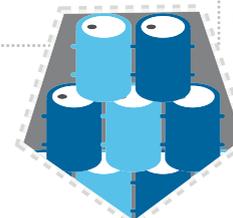
2008

Merger of Pacific Stratus Energy and Petro Rubiales Corp. Pacific Rubiales Energy (PRE) is created and acquires Kappa Energy.

Creation of the Corporate Social Responsibility Management.

Definition of the Corporate Social Responsibility Policy (CSR)

61,105 boe/d.*
*Barrels of oil equivalent per day.



2009



Publication of the first Sustainability Report for Pacific Rubiales.

Presentation of the mobile game library project in Puerto Gaitan and Guaduas.



Dialogues with stakeholders groups which served as input for the creation of the Sustainability Model In 2010.

Pacific Rubiales becomes a member of the Canadian Business for Social Responsibility based in Toronto, Canada.

Pacific Rubiales is associated with The Regional Centre for Latin America and the Caribbean in support of the UN Global Pact.



Pacific Rubiales is certified in the areas of quality management, environment, occupational health and industrial safety under ISO 9001, ISO 14001 and OSHAS 18001 thanks to the efforts of contractors and subcontractors.

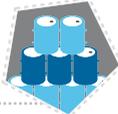
Pacific Rubiales begins to operate as a single company.



Pacific Rubiales becomes the first international company listed on the Colombian Stock Exchange.

140,190 boe/d.*

*Barrels of oil equivalent per day.



2010



Creation of the Sustainability Model of Pacific Rubiales.

Through the mobile toy library we informed

6,000 children,

teenagers and parents on human rights.



Recovery of 2 km² and acquisition of 1.98 km² for conservation and protection of hydrography of Siete Quebradas (Cundinamarca) and reforestation of 1,74 km² with species that complement 86,248 planted trees.



61,105 boe/d.*

*Barrels of oil equivalent per day.

2011

Pacific Rubiales adheres to the UN Global Compact.

Pacific Rubiales is linked to the Local Network of the Global Compact in Colombia.

The Company receives an award at the 20th WCP Social Responsibility Global Village.

The Sustainability Report 2011 receives an A + certification (GRI Checked).

Pacific Rubiales is the first company listed on the BVC to commit to the norms of the Extractive Industries Transparency Initiative (EITI).

We developed our Social Investment Framework, aligned with the Sustainability Model.

2,430 direct workers and contractors join the Union of Workers of the National Energy Industry of Public Services.



implementation of the first pilot of the Pacific Rubiales Volunteer Program, with the participation of more than forty volunteer leaders.

Pacific Rubiales obtains a score of 72.8% ("very satisfactory" level) from Great Place to Work.

Our audit processes include the verification of labor standards aligned to the Global Compact principles.

Implementation of a daily monitoring system for reporting wildlife species that are in the areas of influence of Pacific Rubiales.

Certification of 472 local leaders from communities surrounding our operations in the diplomas of Social Control and Citizen Participation, Human Rights and Sustainable Development and Entrepreneurship, and Business Opportunities.



Pacific Rubiales is the first international oil and gas company to list BDRs on the São Paulo stock exchange (BOVESPA), the largest in Latin America.

251,000 boe/d.*

*Barrels of oil equivalent per day.

2012

Our policies, processes and procedures for purchases were internationally certified by the CIPS (Chartered Institute of Purchasing & Supply) in the UK.

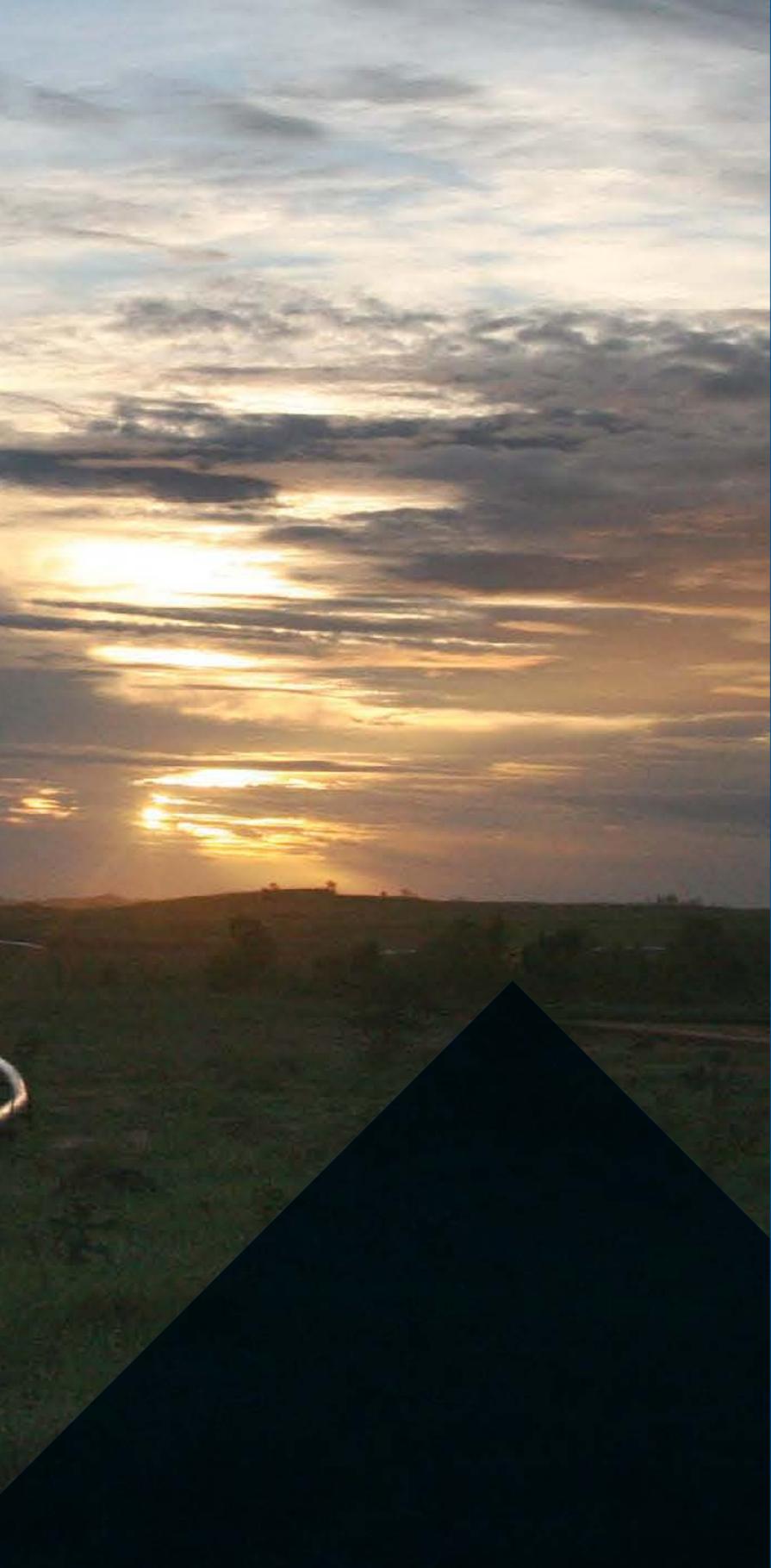


In line with our commitment to fight climate change, we begin the diagnostic process for the implementation of the Energy Management System (EMS) in our operations, under the requirements of ISO 50001.

We trained 160 staff from our private security company on Human Rights.







OUR AWARDS AND 2012 HIGHLIGHTS

OUR AWARDS AND 2012 HIGHLIGHTS

AWARDS

World Finance: Best Company Award for Sustainable Oil and Gas in Latin America, given by the London-based World Finance and submitted to the London Stock Exchange.



National Award for Social Responsibility and Sustainability (RS and Corporation Calidad Magazine): Recognition of the contribution to sustainable development through integrated management, with positive impacts on the economic, social and environmental aspects.



Pioneering Awards of Social Investment 2012: Global Compact, delivered in Melbourne (Australia). Pacific Rubiales was one of two Latin American companies selected as winners of this award due to its excellent management in socially responsible projects.



Best oil and gas company in CSR - Global recognition: Awarded by Capital Finance International, print and online magazine on business and emerging financial markets. Pacific Rubiales was recognized as an organization that generates added value in the areas where we operate.



AWARDS

Award for Excellence and Innovation in Corporate Learning:

Awarded by the International Corporate University Xchange (CorpU), in recognition of the work done by our Corporate University (PCU), in the development of an innovative training model at the national and international levels of organizational learning.



Environmental Responsibility Awards - Colombia Sostenible:

Organized by the Fundacion Siembra Colombia, with the support of the Aqueduct Company of Bogotá (Acodal) and International Preservation. Pacific Rubiales was:

- ▶ Silver Seal Winner for Cormocarena, Mayor's Office of Puerto Gaitán (Meta) and Meta Petroleum, by the Environmental Management Project Maicina Laguna.
- ▶ Gold Seal Award for the Community Action Committee of Chipautá Trail, Township Guaduas (Cundinamarca) and Pacific Stratus Energy on the "Project recovery and forest conservation, ecotourism project in the San Francisco River basin."



2012 highlights



WE ARE CONSISTENT AND TRANSPARENT

- ▶ We entered the Jantzi Social Index of the Toronto Stock Exchange and positioned ourselves as one of the ten companies in the oil industry with the highest, globally recognized standards and requirements in environmental, social, ethical and corporate governance.
- ▶ We joined the global indexes of environmental, social and corporate governance (STOXX) leaders, in which 1,800 companies are worldwide leaders in sustainability.



WE WORK HARMONIOUSLY WITH THE ENVIRONMENT

- ▶ In line with our commitment to combat climate change, we began the diagnostic process for implementation of an Energy Management System (EMS) for our operations, under the requirements of ISO 50001.
- ▶ We measured our carbon footprint in Bogotá and at our operations, characterizing the activities of the Company, and studying the processes involved and their efficiency in using energy resources.



WE OPERATE WITH EXCELLENCE

- ▶ We drilled 55 exploration wells in total, of which 44 were successful, representing an 80% success rate.
- ▶ We focused our efforts on generating greater prosperity and comfort in the workplace with the objective of improving the work environment for our employees and contractors, by ensuring their physical, mental and social wellbeing. In 2012, we completed more than 150 inspections, covering 100% of the existing camps in our operations.



WE CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF COMMUNITIES

- ▶ We strengthened the CSIR in Meta, Sucre and Magdalena, as citizen participation bodies representing civil society organizations and private entities engaged in developing a comprehensive exercise of social control of public investment of resources earned from royalties.



WE RESPECT AND PROMOTE HUMAN RIGHTS IN OUR OPERATIONS

- ▶ We trained 160 private security staff members of the Company on Human Rights, working at Rubiales, Quifa, Abanico, Guaduas, La Creciente and in our offices in Bogotá.
- ▶ We formed a Gender and Multidisciplinary Management Committee to lead initiatives that contribute to gender equality and women's rights, inside the Company as well as in the communities in which we operate.



WE HAVE THE FINEST TALENT

- ▶ In partnership with the Cofrem compensation company, we set up a mobile office for the Quifa and Rubiales fields where our employees, contractors and subcontractors may inquire about their benefits, health benefits and vacations.
- ▶ We began our "Change Makers" Volunteer Program, in line with the targets set by the ANSPE (National Agency for Overcoming Extreme Poverty), with the aim of working with families in extreme poverty in the El Codito barrio, developing entrepreneurial projects.



WE PROMOTE A SUSTAINABLE SUPPLY CHAIN

- ▶ Our policies, purchasing processes and procedures were internationally certified by the CIPS (Chartered Institute of Purchasing & Supply), from the United Kingdom.



- ▶ We started our Local Community Procurement Program, that aims to contribute to the local development of the regions where we operate by integrating units or strengthened small companies in our value chain, and building long-term business relationships with them.

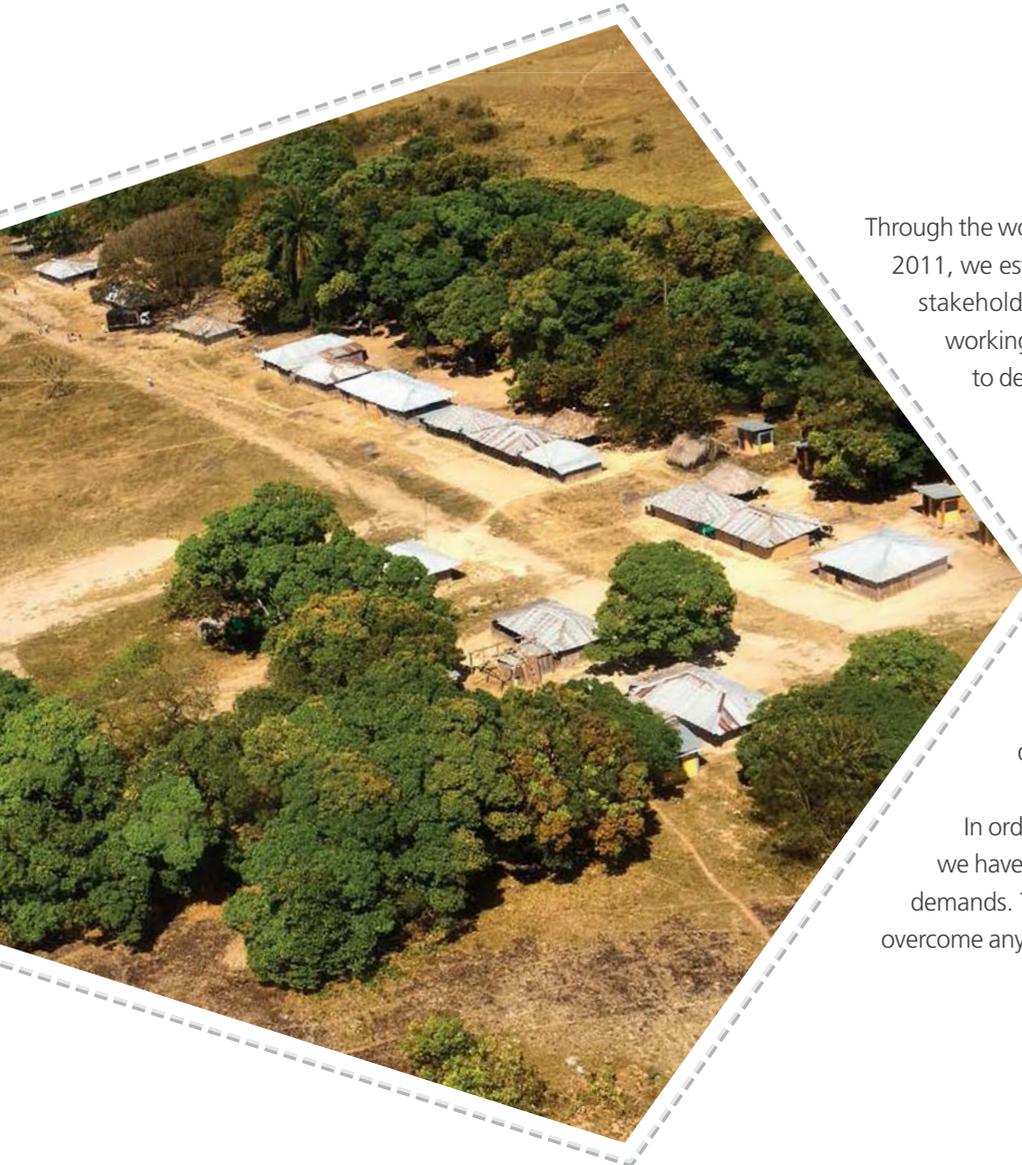




DIRECT DIALOGUE
TO CREATE HARMONY
WITH OUR
STAKEHOLDERS

DIRECT DIALOGUE TO CREATE HARMONY WITH OUR STAKEHOLDERS

ENGAGING WITH STAKEHOLDERS

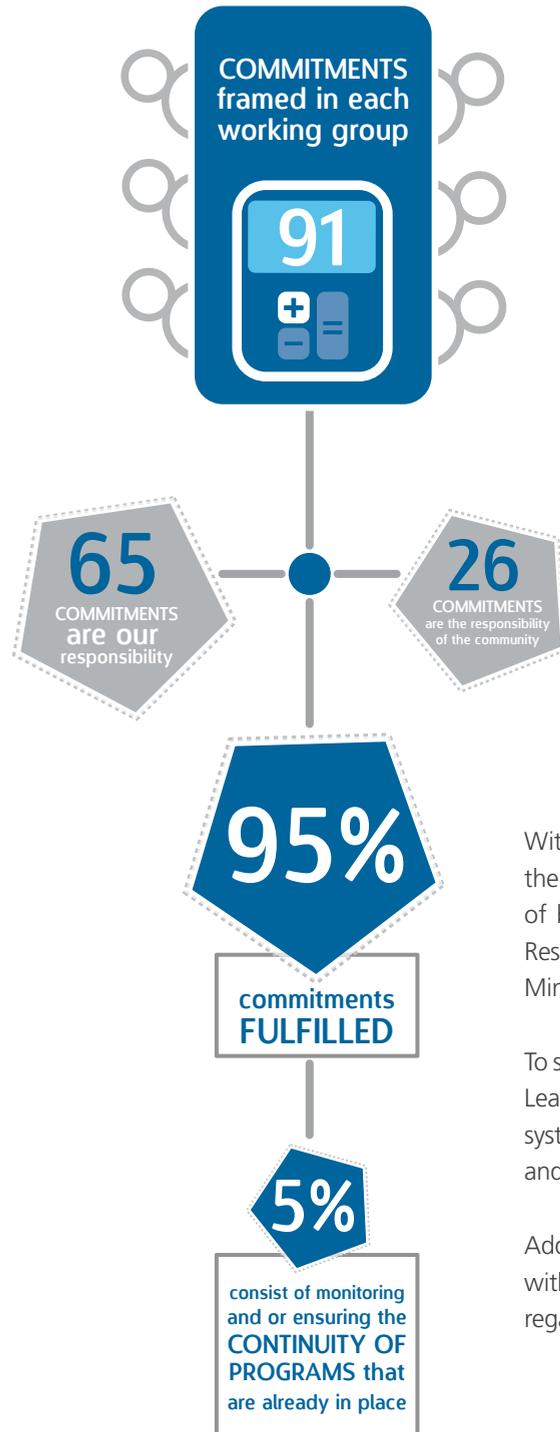


Through the working roundtables created under the Social Agreement signed on September 30, 2011, we established and strengthened a mechanism to engage in direct dialogue with our stakeholders. The roundtables covered eight social topics resulting in the creation of working groups with whom we have established close relationships. This has allowed us to develop strategies and action plans to meet the expectations of our stakeholders.

Considering the need to give special attention to the issue of human rights, we have created a special human rights working group to interact with the other seven groups in a transversal manner to ensure that this topic is fully covered along the entire Social Agreement.

The active participation of the community and a direct and constant dialogue with the Company resulted in a successful year. The harmony between the Company and the community during the year demonstrated the development and evolution of relations with our stakeholders.

In order to ensure the effective and transparent communication with our stakeholders, we have established a team, based in Puerto Gaitán, to address all complaints, claims and demands. This team is responsible for ensuring that proper measures are taken in order to overcome any problems in our relationship with the community.



FACING THE CHALLENGES REPORTED IN 2012: WHAT PROGRESS HAVE WE MADE?

The main advancements outlined below resulted from the various working roundtables held with the community:

Labour Relations Roundtable

From requests received through this roundtable, the Company discerned a need to set guidelines in the workplace, through formalizing policies and procedures, to ensure the employment and social welfare of workers who are part of our operations in the region. In response to this commitment, our contractors must accept our standards for working conditions when engaged by us.

Likewise, we actively continue to enforce the CSR, security, HSEQ, labour relations, code of ethics and invoicing appendices attached to all of our contracts.

With respect to the recruitment of labour, 100% of the unskilled labour force consists of locals from the region and priority is given to indigenous people when hiring the skilled labor force. With the aim of being transparent in our recruitment, we publish our process through our Corporate Social Responsibility office, the Municipal Attorney and the Municipal and Local Labor Inspectorate of the Ministry of Labor.

To support the process of hiring local labour, the Company is working in partnership with the National Learning Service (SENA), the local mayor's office and the Governor's Office to maintain a procurement system. At the same time, we are systemizing recruitment processes in order to become more efficient and to further the commitment to transparency by generating reliable data.

Additionally, in an effort to promote greater benefits for workers, we signed agreements⁵ in 2012 with the UTEN union, which agreements apply to all employees, contractors and subcontractors, regardless of whether or not they are members of, or enrolled with, the union.

⁵ For more details on these agreements, please refer to the chapter "We Respect and Promote Human Rights in our Operations."

Indigenous Peoples' Roundtable

We committed to strengthening the knowledge of the indigenous people and their representatives through training programs to enable them to assess their social, economic and cultural needs. We defined the framework model for structuring proposals for evaluation, approval and implementation of productive projects. We also conducted a baseline study to determine training requirements with indigenous communities on five reserves. Using the results of the study, we plan to develop training programs to meet the identified needs.

Additionally, we offer the Entrepreneurship and Business Opportunities diploma, and also provide a teacher training program on ethnic education. This program conveys multicultural knowledge to all communities with emphasis placed on children. In conjunction with Meta Department (the department or state in which the Rubiales field is located), we also provided training on the Colombian Royalties Act (which benefits indigenous communities) to assist in the proper interpretation and best use of this resource.

Housing Roundtable

As part of our commitment to the development of housing projects at the national and local levels, the Company, in partnership with other

institutions, created a trust whose sole purpose is to oversee the acquisition of land for the construction of 1,000 social housing units. This is a project led by the Mayor's Office of Puerto Gaitán, which guarantees the resources available through the trust. To date, the Company has provided five acres of land for housing.

Social Roundtable (Health, Education, Sports, Culture, Recreation and Vulnerable Population)

We have developed procedures with the Meta Department Social State Enterprise (SSE) to obtain the necessary permits to evaluate local hospital conditions. The purpose of the evaluation would be to determine the requirements needed to upgrade the hospital from its current state into a level 2 designation with the hospital standardization board. At the same time, we formed a trust for the community with an initial deposit of US\$278,000⁶ to be allocated for the appropriate endowment of a hospital. A total contribution in the amount of US\$1.1 million has been promised over three years, starting with 2012.

In 2012, we donated to the municipality a dome cinema with a capacity for 200 people. Additionally, we donated US\$111,000 for the constitution and administration of the Puerto Gaitán Promotion of Culture and Sports Fund.

⁶To convert Colombian Pesos to US dollars, we use the average 2012 exchange rate provided by the Bank of the Republic of Colombia of COP1798.23/US\$1.00.









We successfully established the Corporate Social Responsibility diploma program for the Puerto Gaitán community. These courses provide tools for the development of social programs for the benefit of the community, thus allowing us to not only improve the quality of life of its inhabitants, but also to strengthen the bond between Pacific Rubiales and the community.

Goods and Services Roundtable

In 2012, the Local Community Procurement Program⁷ identified 54 companies with high potential to provide goods and services to the community. The Gaitán Pass Bonds program, an initiative that promotes and drives the purchase of goods and services exclusively in the municipality of Puerto Gaitán, successfully revitalized the local economy. This initiative achieved a year-end impact of US\$2.5 million in purchases of local goods and services by workers from the Quifa and Rubiales fields.

Farms, Roads and Easements Roundtable

Meta Department's Road Paving for Competitiveness project seeks to strengthen all economic sectors of the region. The Company has committed to a route, which includes the Puerto Gaitán - Rubiales field road and La Virgen - Puerto Rico Crossing (with a length of 143 km), and has invested US\$5 million on studies and designs. In addition, the Company is committed to its maintenance and has spent US\$28.2 million to date.

⁷ For more information on this program, please refer to the chapter "We Strengthen Sustainability in our Supply Chain."

Environmental Roundtable

Among the projects already planned for execution are the solid waste management project, the environmental recovery of Caño Trampolin (in partnership with the Mayor's Office and Cormacarena), and a reforestation project of over 1,000 trees. The Company, together with the Ministry of Environment, developed an environmental compensation manual, which will be used in decision-making processes geared for the improvement of the Company's environmental performance.

Pacific Rubiales, together with the Environmental Management Department at the Universidad de los Llanos, initiated a training practice project, aimed at the senior students of Jorge Eliecer Gaitán school. This school specializes in environmental technology and the training is used to supplement the students' academic training with theoretical and practical activities in managing air emissions and dumping.

Additionally, we engaged in environmentally-friendly work, such as the building and repairing of fences (ex. cattle fences), the cleaning of basins, the planting of gardens, and pasture recovery.

QUALITY OF LIFE OF THE WORKERS IN THE FIELDS AND A HEALTHY WORK ENVIRONMENT

Our welfare strategy consists of giving equal weight to three aspects: intellectual; social; and physical. Each consists of components that meet the needs and expectations of workers and their families.



In 2012, our employees and contractors enjoyed various activities promoting sports and physical activities, such as our 'Olympics'. These events are aimed at generating social awareness and promoting the value of family and celebrations of important national holidays. We also introduced a mobile office in all of our fields to provide access for our employees to information relating to subsidies, health, travel and benefits.

Co-Existence Regulations

We introduced our co-existence manual, which provides the rules and regulations to promote harmonious co-existence, based on respect, in our operated fields. We implemented a comprehensive strategy to create awareness of this manual so that each employee experienced the tenets of the manual in such a way that it will remind them of the key messages of the handbook and the appropriate, related behavior. To ensure a sustainable model, we use communication tools, such as screens and posters, to promote messages in common areas at events.

We rely on videos demonstrating potential scenarios to raise awareness and provide supportive messages to achieve conflict resolution and awareness.

As part of our culture generation model, as outlined in the co-existence manual, we created teams to promote the idea of *"carry it in your heart and in your mind"*. The employees on these teams received awards and incentives for participating in this project.

OUR VALUES MAKE US TRANSPARENT

Diversity, Leadership, Excellence,
Integrity, Innovation, Respect.
Make us stronger and more united every day.

**TRANSPARENCY
is our ENERGY.**



MANAGEMENT AND DEVELOPMENT OF OUR SUPPLY CHAIN

Today, 19 of our largest service providers have established their social responsibility offices in the urban municipality of Puerto Gaitán with the aim of providing timely responses to requests made by the Company, the municipality and the community. Together, we completed the implementation of strategies to track issues relating to contractors and subcontractors, to identify non-compliance issues, and to ensure the adoption of necessary actions for closing gaps in compliance.

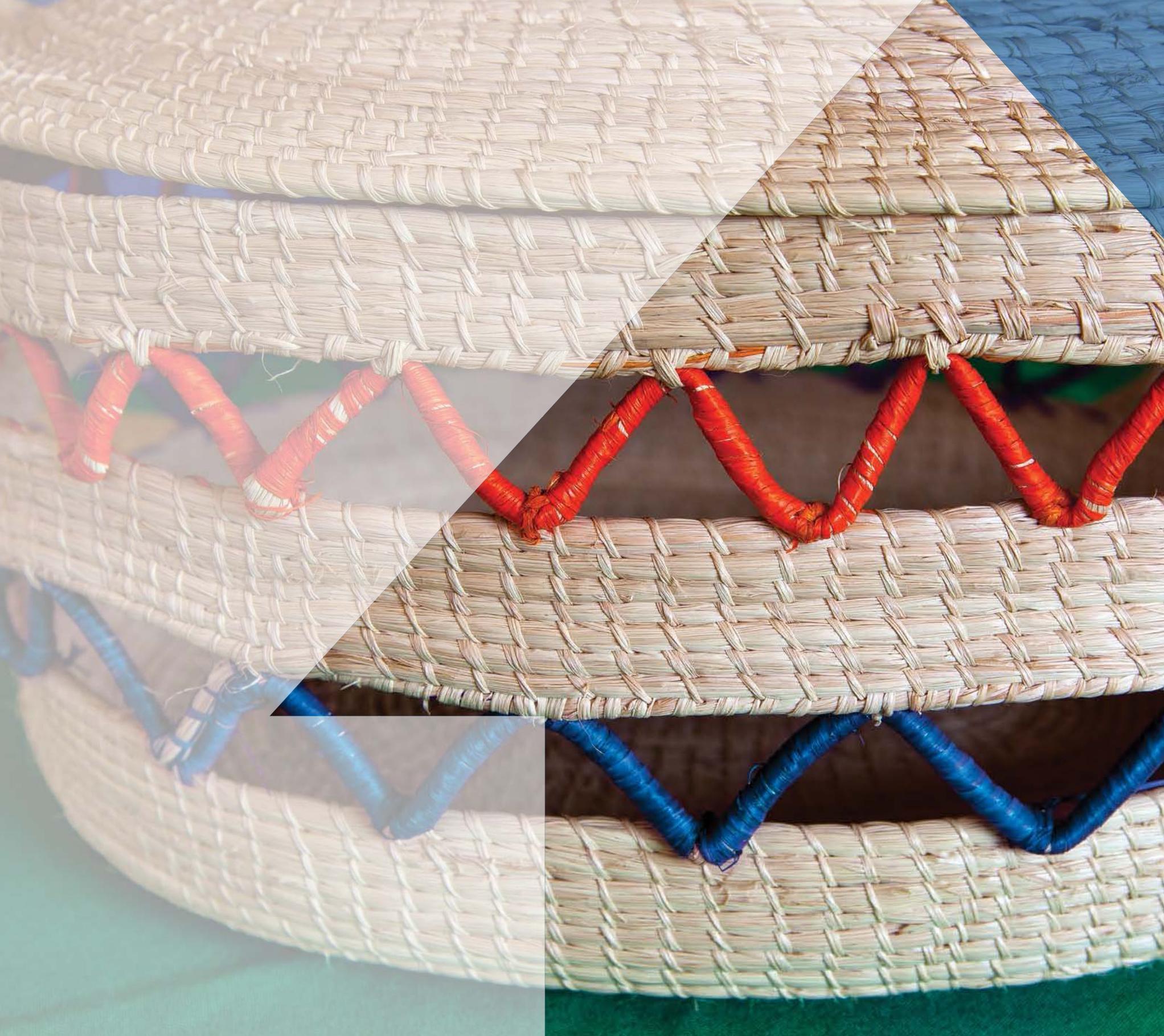
In 2012, we processed several complaints and claims relating to labor issues and made planned visits to the various worksites in our operations. Likewise, we analyzed information generated from other sources to produce relevant reports on the evaluation of contractors and to support the decision-making process by management.

Additionally, we faced new challenges in implementing the sustainability model of the Company and consolidating its leadership through teaching, training and regular meetings with suppliers and contractors.

Finally, in partnership with the Universidad Externado de Colombia and the local Global Compact Network, the Company aims to develop a program to train our contracting companies on issues of sustainability and social responsibility. We are always seeking to prepare and design guidelines to integrate actions in alignment with the principles of the UN Global Compact.









OUR SUSTAINABILITY COMMITMENTS



We are consistent and transparent	60
We operate with excellence	66
We work harmoniously with the environment	86
We contribute to the sustainable development of communities	104
We respect and promote human rights in our operations	116
We have the finest talent	130
We promote a sustainable supply chain	146



WE ARE CONSISTENT AND TRANSPARENT

At Pacific Rubiales, we remain committed to conducting our business in a transparent and inclusive way with all of our stakeholders. We have updated our corporate governance, anti-corruption, and code of conduct and business ethics policies to ensure consistency between our corporate values and our actions.

Ethics and Compliance in Business

In 2012, in an effort to ensure that our processes comply with national laws and international standards, to which we have adhered voluntarily, we have worked on the design, construction and implementation of a regulatory compliance matrix.

The purpose of this matrix, initially developed for Colombia, is to ensure full and effective implementation of our Company's procedures in compliance with regulations. The matrix identifies and systematizes the requirements and obligations imposed by the jurisdictions in which we have operations, as well as identifies the internal champions overseeing them.

In 2012, we identified approximately 300 regulatory reports. Within the matrix, we appointed responsible parties for each of the regulatory reports and managed the various deadlines for compliance purposes. Also, to ensure an ongoing monitoring and control system, we applied the Governance, Risk and Compliance (GRC) tool to our matrix.

In 2011, we reported on updating our anti-corruption policy⁸, and in the second phase of this initiative we commenced the implementation process through communication and awareness campaigns with our directors and employees, aimed at reinforcing our obligation to avoid breaches and to understand the possible impacts caused by a breach.

Additionally, we included questions focused on the relationship of our employees with government officials in our annual Company-wide conflict of interest survey.

⁸For more details, please refer to page 53 of the 2011 Sustainability Report in the chapter "Act with Coherency and Transparency".

OUR CONTROL SYSTEM



FINANCIAL

INTERNAL CONTROL SYSTEM

COMPLIANCE





Internal Audits and Control

In 2012, we focused our efforts on developing continuous improvement initiatives and implementation of best practices to ensure that the Company's processes comply with corporate policies and procedures to maintain an effective system of internal control and strengthen the effectiveness and efficiency in all of our operations, including the reliability of our financial reporting. These efforts are further reinforced by the standards put in place in accordance with Canadian NI 52-109 standards (Certification of Disclosure in Issuers' Annual and Interim Filings).

So far, in 2013, we have worked on the design and implementation of a control system, based on risks for processes at the corporate and business levels, for areas such as internal and external communications, CSR, well abandonment and operational efficiency in asset management. This system allows us to map out the processes with flowcharts and financial, operational, compliance and sustainability control matrices (Figure 6.1).

Similarly, in the course of 2012 we updated and implemented the Corporate Authority matrix in our business units, in order to formalize the delegation of authority in all areas of the organization. The policies and procedures were designed to facilitate the management and achievement of goals and objectives in line with our vision, mission and corporate values.

For the implementation of this matrix, we identified the business model, organizational structure, information systems, and process analysis for each of the units. We further examined the level of activity or transactions, where applicable, and the culture that supports these processes.

As a result, each of our vice-presidents' departments has a RACI matrix (responsible, assisted, consulted and informed) that is reviewed annually. The matrix is broken down by major processes and activities, identifying responsibilities in order to give structure and clarity to the allocation of roles for the positions within each of the units.



Figure 6.1



Risks

Pacific Rubiales has adopted a risk management model (ERM) to identify, assess, measure, process and generate early responses to risks that may affect the achievement of objectives for the organization.

In 2012 we continued with this exercise in order to identify, evaluate and analyze 23 corporate risks, which arose from workshops with different areas using a cause-effect methodology. Through this process, we developed 240 mitigation plans with responsible and respective deadlines and have defined four indicators to measure the development trend for each of the identified risks.

As a supplement to this initiative, we developed and applied a unique methodology to measure the risk of fraud and corruption in the Company, which involved senior management, the managerial level and all business units. As a result of this analysis and assessment developed by 160 senior executives, we managed to categorize this risk at a medium risk level and will work on establishing mitigation plans, reports and monitoring indicators.

In line with this analysis, and in order to work on the prevention of fraud, we developed ten workshops, involving approximately 300 employees, concerning ethical dilemmas and the understanding and use of the Code of Business Conduct and Ethics. We further extended these workshops to our suppliers and contractors. Additionally, through internal and external media campaigns, we promoted fraud and corruption prevention.

Furthermore, we designed an educational program relating to fraud and corruption, which aims to strengthen the knowledge about the basic concepts and ethical dilemmas related to these issues and to ensure a culture of transparency in the Company. This program, designed for all employees of the Company, will be implemented through an e-learning tool accessible to all.



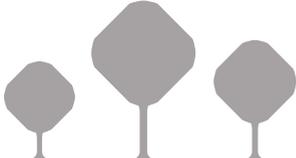
Transparency with Financial Markets

In 2012, we focused on implementing a number of investor relations “best practices” for the benefit of our investor and analyst coverage stakeholders. The mission of the investor relations team is to act as the main channel of communication between the Company and the financial and investment community by building strong relationships to ensure a complete and deep understanding of the Company’s assets, operations, business strategy and future prospects.

Its main objectives are:

- 
- a) Transmitting timely and accurate information about the Company to the financial markets and investor community.
 - b) Providing information as well as the opportunity to investors and the financial markets to learn more about the assets and attributes of the Company.
 - c) Communicating the opinions, concerns and expectations of investors and analysts to senior management.

In 2012, the addition of more resources to the investor relations team has allowed greater interaction with the financial markets, by attracting new investors and permitting us to be more effective and timely in the resolution of questions raised by stakeholders. It has also generated expanded interest from current and potential investors in the Company and an increased understanding in the reports published by coverage analysts.



PACIFIC RUBIALES and the BVC SEAL OF QUALITY

The Colombian Stock Exchange (BVC) has decided to promote among its registered issuers the adoption of best practices for investor relations, in an effort to increase domestic and foreign investment in the Colombian market.

In 2012, Pacific Rubiales joined this initiative, which seeks to:

- Recognize and award issuers that adopt best market practices regarding investor relations, disclosure of information, and corporate governance.
- Facilitate identification of issuers adopting best practices for investors.
- Increase the volume of trades by foreign investors on the BVC.

The Investor Relations Issuer Award (the “IR Issuer Award”) will be awarded to those who meet the requirements of the BVC’s program. The issuers so recognized will be given a symbol that will allow the general public and investors to easily identify them as issuers with best practices in investor relations and disclosure. The BVC will publicly disclose the list of companies that have earned the IR Issuer Award.

After a thorough review of our website and our corporate governance practices, we are in compliance with almost all of the requirements of this program offered by the BVC. We have updated the Company’s website and we are currently in the process of a final review by the BVC in order to advance to the final phase of earning the IR Issuer Award.

A photograph of an investor open house event. A man in a suit is speaking at a podium on a stage. Behind him is a large screen displaying the Pacific Rubiales Energy logo. To the right, another screen shows financial data: 'Future = profitable repeatable GROWTH', '52% Growth YoY', '2P Net reserves', and a donut chart with 'Total 407 MMbbl'. The audience is seated at tables in the foreground, facing the stage.

INVESTOR OPEN HOUSE 2012

First Investor Open House (IOH)

In 2012, we organized our first IOH in Toronto, New York and Bogotá. The event was a success with over 200 attendees, including investors, senior management of investment funds, equity managers, portfolio managers and senior analysts from the North American, South American and European markets.

These events are designed to strengthen relations with investors and the market and to showcase the Company as an attractive investment. They allow us to communicate first-hand information about our performance and management during the year. They also provide the opportunity for senior management to interact with the market and investors and to respond to the particular concerns of the attendees.

Given the success of these events, **we have organized Investor Open Houses in New York and Bogotá for 2013.**

OUR CHALLENGES 2013 +



Strengthen our culture of ethics and transparency through media campaigns.



Train employees on anti-corruption topics under Canada's Corruption of Foreign Public Officials Act (CFPOA) by developing workshops and online courses.



Extend the range of regulatory compliance in countries where we operate today: Brazil and Peru.



Implement internal control models in Peru and major subsidiaries, such as: Pacific Infrastructure, Agrocascada, Proelectrica, Petro Rubiales.



Include land acquisition and easement management processes, general services, and the legal department into our internal control model.



Align mitigation plans to the risks identified and assessed.



Implement tools to provide new and current information through webinars, events, field trips, etc.



WE OPERATE WITH EXCELLENCE

At Pacific Rubiales, our strategy is to implement sustainable growth from an economic, social and environmental perspective. Our goals are to increase our production, exploration portfolio and market share, to be cost-efficient and profitable, to provide the highest standards of health and safety for our employees, and to provide the best service to our customers.

SUCCESSFUL OPERATION

Production

Production Continues to Grow in 2012

During 2012, the average net production after royalties and internal consumption in Colombia and Peru totaled 97,657 boe/d (246,575 boe/d total field production), representing an increase of 13% year-over-year. In Colombia, the average net production reached 96,084 boe/d (243,264 boe/d total field production), produced by more than 246 development wells, drilled mainly in the Rubiales and Quifa SW fields, and from production from new acquisitions. In Peru, the average net production for 2012 reached 1,573 bbl/d (3,311 bbl/d total field production) coming from the acquisition of a 49% participating interest in Block Z-1, which closed on December 12, 2012.

TOTAL AVERAGE
GROSS OPERATED
PRODUCTION WAS
246,575 BOE/D

2012 TOTAL AVERAGE
NET PRODUCTION:
97,657 BOE/D,
AN INCREASE OF 13%
OVER 2011.

Exploration

Resource Assessment of 35 Exploration Blocks

The Company received independent resource assessment reports for some of the Company's exploration blocks in Colombia (23), Peru (4), Brazil (4), Papua New Guinea (2) and Guatemala (2), resulting in a best estimate (P50) for contingent and prospective resources of 3,793 Mmboe as of September 30, 2012.

Exploration wells:



EXPLORATION
OF 55 WELLS
IN TOTAL

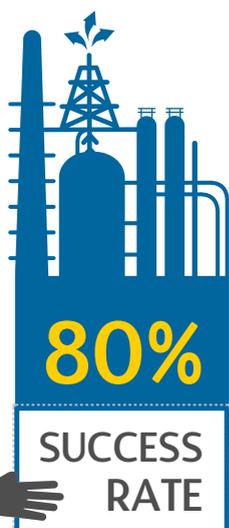


44
SUCCESSFUL
WELLS

PRODUCTION RESULTS 2012

FULL YEAR 2012 

PRODUCTION AND SALES VOLUMES (BOE/DAY) (1)	YEAR ENDED DECEMBER			
	OIL	GAS	COMBINED	2011 COMBINED
AVERAGE TOTAL FIELD PRODUCTION	234,826	11,749	246,575	218,450
SHARE BEFORE ROYALTIES	107,700	10,963	118,663	102,190
AVERAGE NET PRODUCTION (AFTER ROYALTIES AND FIELD CONSUMPTION) COLOMBIA	85,123	10,961	96,084	86,497
AVERAGE NET PRODUCTION (AFTER ROYALTIES)	1,573	-	1,573	-
BEGINNING INVENTORY (ENDING INVENTORY DECEMBER 31)	6,664	-	6,664	3,299
AVERAGE NET PRODUCTION COLOMBIA (AFTER ROYALTIES AND FIELD CONSUMPTION)	85,123	10,961	96,084	86,497
AVERAGE NET PRODUCTION PERU SINCE ACQUISITION DATE (3)	95	-	95	-
NEW ACQUISITIONS (BEGINNING INVENTORY ON THE CLOSING DATE OF TRANSACTION) (2)	102	-	102	-
PURCHASES OF DILUENTS AND OIL FOR TRADING (1)	12,863	-	12,863	19,480
OTHER INVENTORY MOVEMENTS (1)	(2,433)	(59)	(2,492)	(2,148)
ENDING INVENTORY DECEMBER 31	(4,336)	-	(4,336)	(6,682)
AVERAGE DAILY VOLUME SOLD (BOE/DAY)	98,078	10,902	108,980	100,446
BREAKDOWN AVERAGE DAILY VOLUME SOLD (BOE/DAY)				
OIL AND GAS SOLD	93,141	10,902	104,043	96,997
CRUDE OIL TRADING SOLD	4,937	-	4,937	3,449
TOTAL AVERAGE DAILY VOLUME SOLD	98,078	10,902	108,980	100,446



- 1 See additional detail in "Inventory Movements" on page 15 from our last MD&A. <http://www.pacificrubiales.com.co/images/stories/pacificrubiales/archivos/reports/2012/financial%20reports/q4/MD&A%202012.pdf>
- 2 During 2012, the Company acquired producing assets from C&C and Petro Magdalena, and Block Z-1.
- 3 Net income associated to the volume of production and sales from January 1, 2012 through the completion date of the Block Z-1 acquisition on December 12, 2012 was accounted as lower amount of the future carry investment in Peru. Production and sales of 34,868 bbl from December 13, through December 31, 2012 were reflected in the Company's results, as the Company had legal entitlement of the 49% over the assets, reserves and production



Reserves

In 2012, our net 2P reserves grew by 26%, demonstrating the robustness of our exploration and development portfolio and the business strategy of the Company. Also contributing to this growth was the solid performance of exploration discoveries and a number of acquisitions during the year.

The most important achievements in respect of reserves during the year were:

- ▶ At the end of 2012, the net 2P reserves totaled 513.7 MMboe, which represented a growth of 26% compared to 407.3 MMboe recorded at the end of 2011. Of the 2012 total, 92.0 MMboe are attributed to acquisitions (64.6 MMboe for Block Z-1 in Peru and 33.5 MMboe of additional reserves from the acquisitions of PetroMagdalena and C&C Energia). Proved reserves ("1P") represented 65% of the total net 2P reserves.
- ▶ The reserve replacement ratio was 398%, which means that for every barrel of oil equivalent produced, 3.98 barrels were added to the category of proven reserves. The reserves/production ratio, assuming that the same level of extraction is maintained, amounts to 14 years for 2012, in contrast to 13 years as reported for 2011. These results demonstrate the diversification of our reserves base; for instance, reserves from the Rubiales field now make up 19% (29% in 2011) of our total reserves estimate.

NET 2P RESERVES

RESERVES 2012
AT DECEMBER 31

COUNTRY	FIELD	TOTAL PROVED (1P)			PROBABLE (2P)			PROVED PLUS PROBABLE (2P)			HYDROCARON TYPE
		100%	GROSS	NET	100%	GROSS	NET	100%	GROSS	NET	
COLOMBIA	RUBIALES	277.1	117.0	93.6	6.2	2.8	2.2	283.3	119.8	95.8	HEAVY OIL
	QUIFA SW	115.4	69.2	58.0	29.7	17.8	15.1	145.1	87.0	73.1	HEAVY OIL
	CAJUA	64.8	38.9	32.9	51.3	30.8	24.4	116.0	69.6	57.3	HEAVY OIL
	QUIFA NORTE	11.3	6.8	6.0	36.3	21.8	18.1	47.6	28.6	24.1	HEAVY OIL
	CPE-6	-	-	-	114.2	57.1	44.5	114.2	57.1	44.5	HEAVY OIL
	SABANERO (2)	20.0	10.0	9.0	-	-	-	20.0	10.0	9.0	HEAVY OIL
	LA CRECIENTE	79.1	79.1	73.6	-	-	-	79.1	79.1	73.6	NATURAL GAS
	GUAMA	16.2	16.2	15.2	20.3	20.3	19.0	36.5	36.5	34.2	NATURAL GAS & CONDENSATE
	OTHER MINOR BLOCKS	7.1	3.0	2.7	2.5	1.5	1.2	9.6	4.5	3.9	OIL & ASSOCIATED NATURAL GAS
	PMD BLOCKS	19.3	10.9	10.1	12.2	7.1	6.6	31.5	18.1	16.6	LIGHT & MEDIUM OIL
	C&C BLOCKS	18.0	18.0	15.1	2.0	2.0	1.8	20.0	20.0	16.9	LIGHT & MEDIUM OIL
SUB-TOTAL	628.4	369.8	316.2	274.5	161.1	132.9	902.9	530.2	449.1	OIL & NATURAL GAS	
PERÚ	BLOCK Z-1	42.0	20.6	19.3	99.6	48.8	45.3	141.4	69.3	64.6	LIGHT & MEDIUM OIL, NATURAL GAS
TOTAL AT DEC. 31, 2012		670.4	389.8	335.5	374.1	209.9	178.2	1,044.3	599.5	513.7	OIL & NATURAL GAS
TOTAL AT DEC. 31, 2011		686.6	383.9	318.8	206.5	110.1	88.5	893.2	493.9	407.3	
DIFFERENCE		(16.2)	5.9	16.7	167.6	99.8	89.7	151.1	105.6	106.4	
2012 PRODUCTION (3)		90.2	43.4	35.7	TOTAL RESERVES INCORPORATED			241.3	149.0	142.1	

1 The term "boe" is expressed herein using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Colombian Ministry of Mines and Energy and 6 Mcf: 1bbl for the Company's Peru reserves.

2 The Company indirectly owns 49.999% of Maurel and Prom Colombia B.V., which owns the Sabanero Block.

3 Includes production attributed from the acquisition of the 49% interest in Block Z-1, Peru effective as of January 1, 2012.

In the table above, 100% refers to total 100% field interest; Gross refers to WI before royalties; Net refers to WI after royalties; Numbers in table may not add due to rounding differences.

PROFITABILITY



FINANCIAL RESULTS FOR 2012

FINANCIAL SUMMARY

YEAR ENDED
DECEMBER 31

	2012	2011
OIL AND GAS SALES	\$ 3,884,762	\$ 3,380,819
EBITDA ⁽¹⁾	\$ 2,018,395	\$ 1,959,092
EBITDA MARGIN (EBITDA/REVENUES)	52%	58%
PER SHARE - BASIC (\$) ⁽²⁾	\$ 6.85	\$ 7.20
- DILUTED (\$)	\$ 6.67	\$ 6.57
NET EARNINGS	\$ 527,729	\$ 554,336
PER SHARE - BASIC (\$) ⁽²⁾	\$ 1.79	\$ 2.04
- DILUTED (\$)	\$ 1.74	\$ 1.97
CASH FLOW FROM OPERATIONS	\$ 1,802,736	\$ 1,219,057
PER SHARE - BASIC (\$) ⁽²⁾	\$ 6.12	\$ 4.48
- DILUTED (\$)	\$ 5.95	\$ 4.09
ADJUSTED NET EARNINGS FROM OPERATIONS	\$ 652,857	\$ 742,288
PER SHARE - BASIC (\$) ⁽²⁾	\$ 2.22	\$ 2.73
- DILUTED (\$)	\$ 2.16	\$ 2.49
NON - OPERATING ITEMS	\$ 125,128	\$ 187,952
FUNDS FLOW FROM OPERATIONS ⁽¹⁾	\$ 1,387,544	\$ 1,368,599
PER SHARE - BASIC (\$) ⁽²⁾	\$ 4.71	\$ 5.03
- DILUTED (\$)	\$ 4.58	\$ 4.59

¹ See "Additional Financial Measures" in the Company's 2012 annual financial statements

² The basic weighted average number of common shares outstanding for the year ended December 31, 2012 and 2011 was 294,576,424 (fully diluted - 302,823,299) and 271,985,534 (fully diluted - 298,271,197), respectively.

THREE MONTHS ENDED
DECEMBER 31

2011	2012
\$ 1,046,689	\$ 1,011,476
\$ 429,041	\$ 566,671
41%	56%
\$ 1.45	\$ 2.02
\$ 1.41	\$ 1.97
(\$ 23,777)	\$ 80,834
(\$ 0.08)	\$ 0.29
(\$ 0.08)	\$ 0.28
\$ 676,938	\$ 477,530
\$ 2.28	\$ 1.70
\$ 2.23	\$ 1.66
\$ 38,169	\$ 167,091
\$ 0.13	\$ 0.60
\$ 0.13	\$ 0.58
\$ 61,946	\$ 86,257
\$ 231,532	\$ 351,760
\$ 0.78	\$ 1.26
\$ 0.76	\$ 1.22

Improved Corporate Credit Rating and Debt

In 2012, Fitch Ratings raised its corporate credit rating of the Company to “BB+” from “BB”. They also raised their rating on the Company’s senior unsecured notes to “BB+”. Fitch Ratings also indicated that the Company’s outlook is stable, citing the Company’s continued production and reserves diversification, its proven track record of increasing production, its maintenance of adequate reserve replacement ratios, and the lower business risk as a result of the completion of key infrastructure projects.

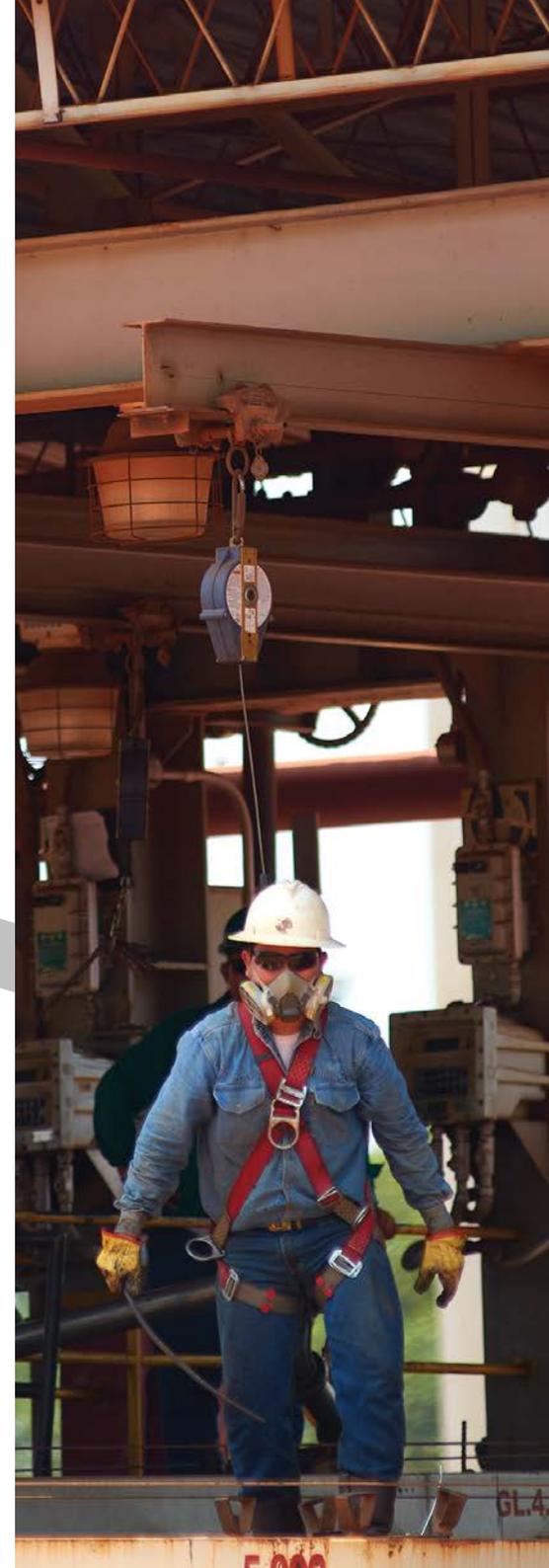
Health and safety

*“ We Recognize Life and the Environment
as the Most Valuable Resource and
We Protect Them ”*
Pacific is life

Our administrative process has been consolidated and entrenched over the years, through a robust and growing system, which has been validated by obtaining the ISO 9001 certification six years ago, and the ISO 14001 and OHSAS 18001 certifications three years ago.

All of our employees must follow our commitment to follow and strengthen HSEQ practices, thereby ensuring that all of the activities of the Company maintain its integrity and the environment.

During 2012, we integrated into our policies the HSEQ guideline of zero tolerance for actions and behaviors that can cause damage to the environment and the integrity of individuals, highlighting our commitment to implement a legal framework, adopting best practices in an integrated manner with our collaborators.



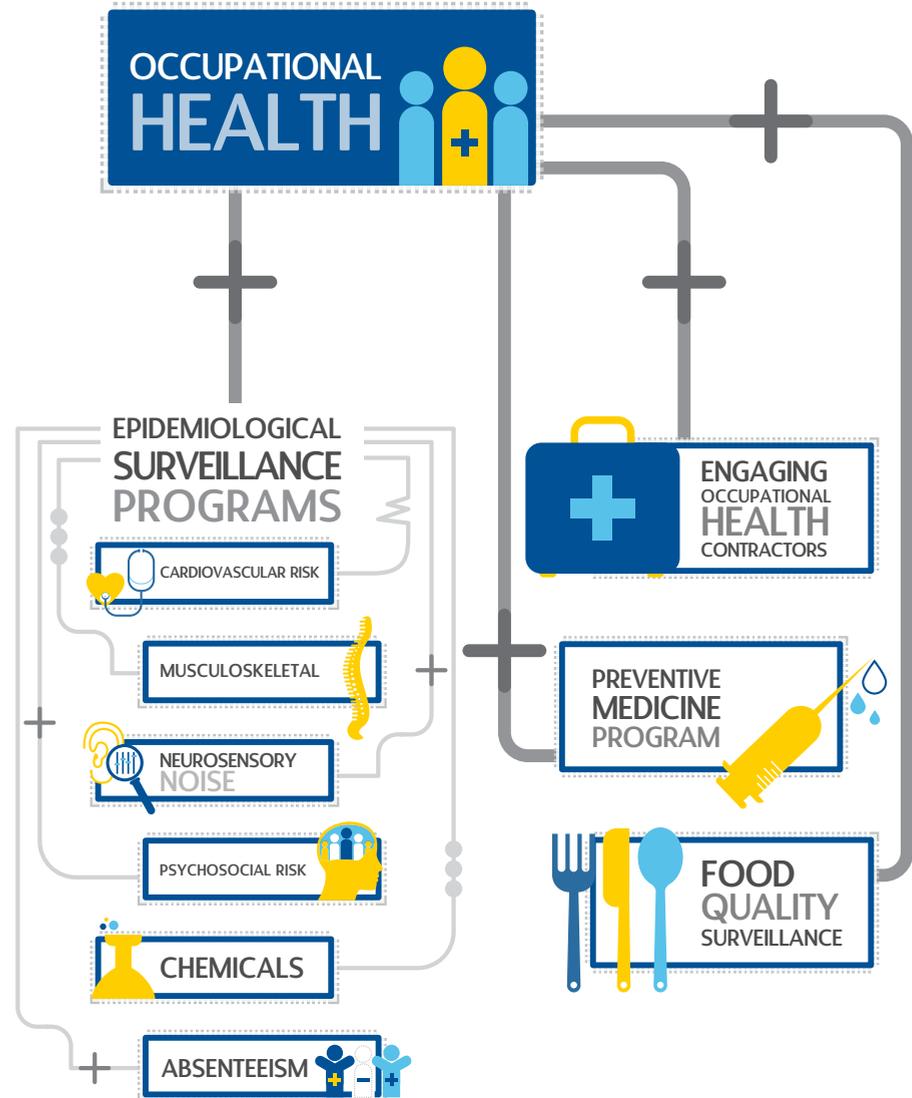
Occupational Health

At Pacific Rubiales, we look after the welfare of our employees and the communities in the areas in which we operate, taking initiatives in order to maintain and promote their health, to improve the work environment, and to prevent injury and disease caused by working conditions. As a result, we work continuously on the following areas:

- ▶ Epidemiological surveillance programs: cardiovascular risk, musculoskeletal, neurosensory, noise (hypoacusia), psychosocial risk, chemicals, and absenteeism.
- ▶ Engaging occupational health contractors.
- ▶ Preventive medicine program.
Food quality surveillance.

In 2012, we focused our efforts on generating greater prosperity and comfort in the workplace with the objectives of improving the work environment for our employees and contractors ensuring their physical, mental and social wellbeing.

Decreased rates of absenteeism due to illness is the result of the implementation and strengthening of control strategies such as immunizations, training, updated public health diagnosis, as well as strategies to support early recovery and the job procedure to return to work activities (Chart 6.2).

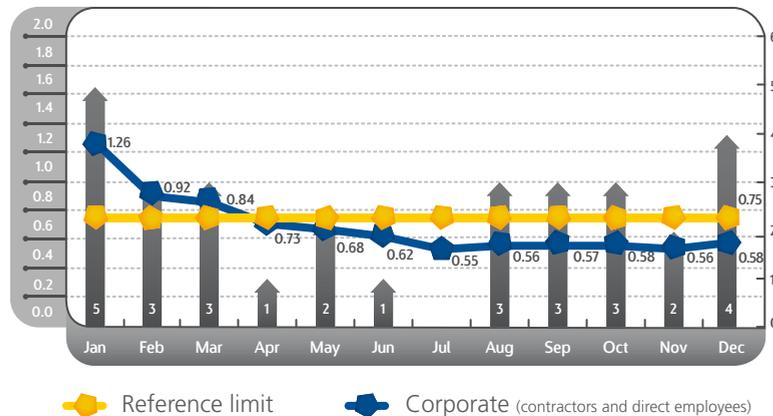


In 2012, the disabling accident frequency rate was 0.58, 22.6% below the reference limit of 0.75. A total of 51,488,135 man-hours were logged, which is an increase of 22.6% over the previous year. (Figure 6.3)

During 2012, there were no fatalities among our direct employees and contractors.

FREQUENCY INDEX OF DISABLING WORKPLACE INJURIES

Figure 6.3

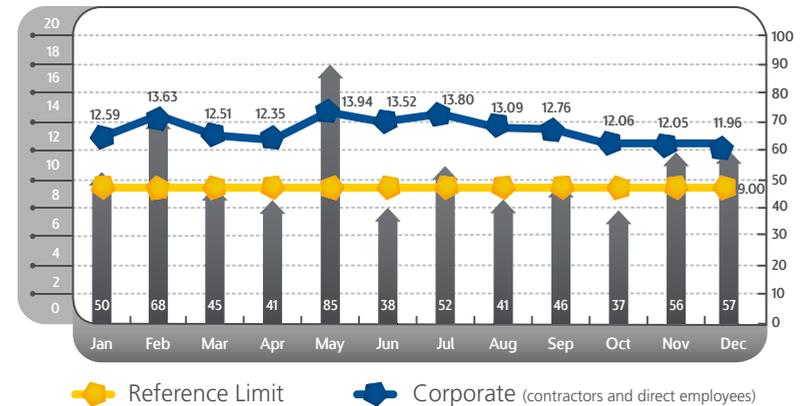


The non-disabling accident frequency rate was 11.96 during 2012, 24.7% above the reference limit for the year of 9.00. (Figure 6.4). 90% of these non-disabling accidents were first aid cases reported by our contractors; as well, the large number of events reported this year is due to the efforts we made to ensure that every event, no matter what, must be reported by the contractor.

These figures include all events, including first aid cases, which were reported to Professional Risk Managing Companies.

FREQUENCY RATE OF MINOR ACCIDENTS

Figure 6.4



The frequency rate for vehicular accidents in 2012 was 0.22, which is 48.6% below the reference limit for the year of 0.43. (Figure 6.5)

FREQUENCY RATE OF VEHICULAR ACCIDENTS

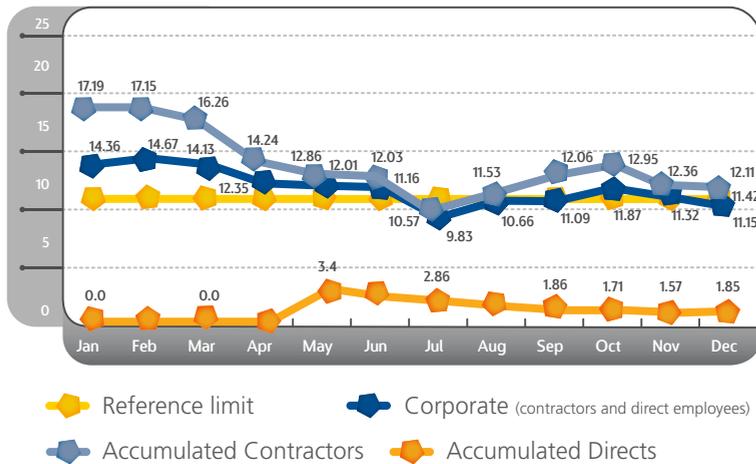
Figure 6.8



The severity of injuries in 2012 was an average of 11.15 at the Company level, 2.3% below the reference limit of 11.42. At the contractor level, the severity of injuries was reported at 12.11 and 1.85 direct. (Figure 6.6)

SEVERITY OF INJURIES INDEX

Figure 6.6



Improving Workers' Accommodations

Committed to the welfare of our employees, we strengthened the quality of living conditions in our fields, reinforcing the implementation and application of standards for camps and further developing our regular inspection program during the year.

In 2012, we conducted more than 150 inspections covering 100% of the existing camps at our operations. At each visit, we verified the condition of the accommodations, like the cafeteria and dorms, and we followed up to resolve any issues found. The standards for camps now include installation of gyms and areas for relaxation, recreation, camping, dining, and more.





Preventive Medicine

At Pacific Rubiales, we continued our commitment to ensuring the good health and quality of life of our employees, which is why we conduct scheduled preventive medical activities, including:

- ▶ Periodic occupational exams ensuring early detection of work-related diseases and monitoring the occurrence of other common and chronic diseases, such as hypertension, diabetes, cardiovascular disease and cancer, among others. We achieved a 97% participation rate for the periodic occupational exams and 100% for the executive and monitoring tests.
- ▶ We achieved 100% participation in epidemiological monitoring program activities (cardiovascular risk prevention, prevention of sensorineural hearing loss due to noise, and prevention of musculoskeletal injuries).
- ▶ Consolidation of morbidity reports from all of the health workers in the field, fulfilling the first phase of a field entomological study.

Industrial Hygiene

In 2012, we carried out the following activities:

- ▶ Business risk analysis to identify the basic steps in tasks performed by our employees in order to determine the risk factors associated with each step and establish preventive measures to eliminate or control those risks.
- ▶ Gas and vapor dosimetry, and a BTEX (benzene, toluene, ethylbenzene and xylene) study, in order to evaluate potentially hazardous or explosive working environments.
- ▶ A lighting study to measure light levels in workplaces in order to compare them with the ranges established by applicable Colombian law.
- ▶ Sound level measurements and noise dosimetry to determine the noise dose experienced by employees during the working day.
- ▶ Air quality study.
- ▶ Vibration study.

In-House Office Doctors

With more than 900 employees in our corporate offices, we have strengthened our medical service program, benefitting our staff by markedly reducing absenteeism for mild and priority cases, as well as facilitating the employee's use of health benefits offered by Pacific Rubiales.

Industrial Safety

Every day our workers give their best efforts in pursuing and achieving our joint goals, which is why, for Pacific Rubiales, life is considered to be our most valuable asset. We are committed to providing preventive safety, an effective tool in protecting the health, integrity and welfare of our employees and their families.

For this reason, we have established the following risk management programs:

- ▶ Road safety.
- ▶ Confined spaces.
- ▶ Flame cutting and welding.
- ▶ Working with chemicals, heights and electricity.
- ▶ Mechanical lifting of loads.

In 2012, we focused our efforts on creating an environment free of accidents and ensuring the integrity of the people involved in our operations, based on the following objectives:

- ▶ Managing risk and health and safety hazards.
- ▶ Promoting incentive programs and awards to people for their commitment to safety.
- ▶ Making essential safety practices become standards of behavior.





Road Safety

Given the large number of vehicles and drivers we have in our fields, road traffic provides a high risk of exposure in our operations and environment. Therefore, we continuously look to improve our road safety procedures in order to protect the life and safety of our employees.

During this past year we accomplished the following:

- ▶ Established road safety standards and licensing of 7,554 field drivers.
- ▶ Inspection and approval of 2,676 vehicles at our fields, representing 85.5% of a total of 3,131 vehicles identified by our contractors.
- ▶ Monitoring the driving of 98% of the vehicles that move personnel in our fields, helping reduce the severity and number of road incidents.
- ▶ Conducted road safety campaigns with contractors.
- ▶ Investigated all potentially high-risk road events in 2012.

Emergency Plan

In an effort to handle and respond to emergencies, we have facilities and resources to train our staff and contractors. To date, we have achieved the following:

- ▶ Expansion of training facilities that focus on fire, working at dangerous heights, and in confined spaces.
- ▶ Emergency procedures training for 4,156 people, out of which 39% (1,625) are the Company's workers and 61% (2,531) are contractors. Provided training on different topics, such as: fire prevention, first aid, emergency planning, and incident command, among others.
- ▶ During the year there were a total of 1,263 emergency events, including: prevention, fire control, bee control, snake control, traffic accidents, trauma care, bailouts, and simulations of different scenarios.
- ▶ As well, we continuously train our emergency response personnel in the following activities:
 - Fifth national mobilization of forest fire brigades.
 - Emergency bee management course.
 - External training (Texas Fire School) for personnel responding to fire emergencies related to oil infrastructure.

Training

We ensure compliance with best practice in the daily exercise of our mission, according to the training needs identified within the organization. The most important issues, with a direct impact on staff and contractors, focus on:

- ▶ Theoretical and practical training of working at dangerous heights.
- ▶ Work permits.
- ▶ Road safety standards.
Safe lifting of loads.

We trained 976 people, between staff and contractors, for a total of 11,612 hours of theoretical and practical training towards a certificate in working at dangerous heights. As well, we trained 3,697 workers in hydrogen sulfide (H₂S) emergencies.

We ensure a safe workplace environment for, and with, our workers. Creating this environment involves interaction between the Company, our employees, our policies and procedures, and the community. This is why we created and strengthened the HSEQ culture for unskilled labour and personnel in the region, to promote the security and integrity of all those involved in the process. (Chart 6.7)

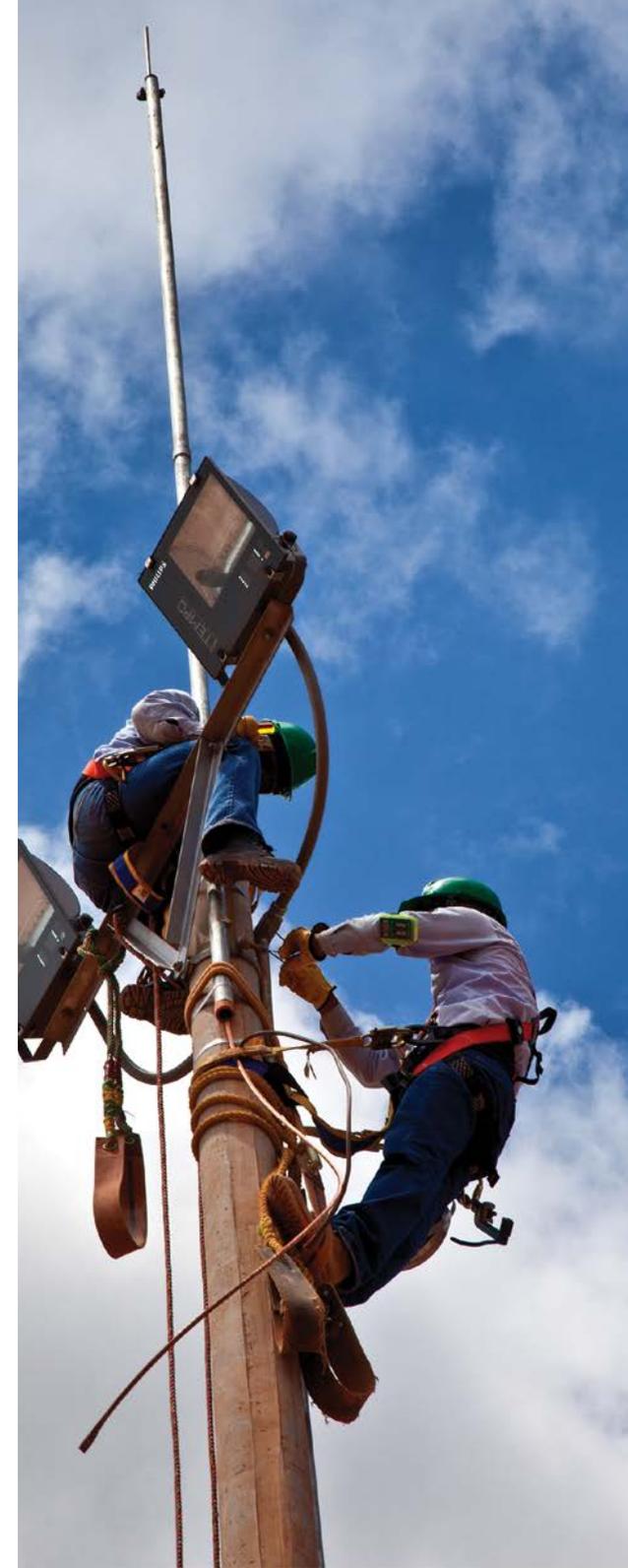
TRAINING PLAN OF UNSKILLED LABOUR



Figure 6.7



SURA and MERCER: Insurance companies in Colombia.
SACS: Industrial security consulting company.





The Culture of Care

In line with our commitment made in 2011, we implemented a training plan, certified by SENA and prepared by SURA, a risk management company, to support the development of technical, social and administrative staff in order to improve their performance, safety and productivity.

In 2012, 268 workers were certified by SENA on topics such as: management of high-risk tasks for working at dangerous heights and confined spaces; assurance of hazardous materials; safe lifting of loads; and prevention of hand injuries.

If You Take Care of Yourself, You Take Care of Us

Families are a major factor in the development of our lives, perhaps the only reason why we work, why we assume responsibilities and commitments, and they are the ones who elicit our greatest emotions. This is the basis of the program "If you take care of yourself, you take care of us", which, through recorded messages from families, we promote in our workers and their peers self-care activities.

This strategy has been extended to our contractors, thereby reaching 80% of the workplaces in our fields and strengthening HSE standards and programs for workers in a non-traditional way.



LEADERSHIP EMPOWERMENT PROGRAM

In 2012, we developed a leadership empowerment program with our employees and contractors, which works together with the behavior-based safety (SBC) program, and focuses on creating a culture free of incidents in our workplaces through behavioral interventions by all workers and comprehensive monitoring (HSEQ) by employees who are in charge of staff. This program allowed us to improve communications to address risk behaviors and reinforce safe behavior so that we can fulfill our target for 2013 of focusing on establishing the scope of, and the program to measure, all variables.

MENTORING HSEQ PLAN CONTRACTORS

As a result of the analysis of accidents, we provided support to contractors who had the most incidents or accidents in their operations. This support involved the designation of a person dedicated to strengthening HSEQ for the contractors and to develop joint strategies to generate better results.

In 2013, we will focus on providing support for 100% of the contractors known to have high accident rates.



Service and Infrastructure

We seek to satisfy our customers by offering the best quality and efficient service. To accomplish this goal, we have a management system in place under the framework of ISO 9001:2010.

Product Quality and Efficiency

At Pacific Rubiales, we have processes and specifications in place based on national and international standards to ensure the quality of the crude, from our operated fields all the way to its export.

We rely on the certifications held by the ODL, Ocesa, ODC, OGD, and Ecopetrol pipelines and tanker companies for crude oil transportation from our facilities to the export terminals at Coveñas, Barranquilla and Cartagena.

We also have independent international certifiers that monitor our daily points of collection and quality of products, as well as delivery to pipelines.

Within the Colombian market, we received no complaints on the quality of our crude. One complaint was recorded for late delivery of a CTK (tank truck or tractor-trailer capable of carrying between 205 and 220 barrels) to an industrial customer.

As well, there were no claims concerning the quality of our exports. We received thirteen complaints from customers relating to delays of tankers or volumetric differences, out of which only three were substantiated, and of these three, two have been paid and one involved recovery of the difference from the terminal.

Additionally, we have two claims from customers which are in the process of negotiation and recovery.

Infrastructure

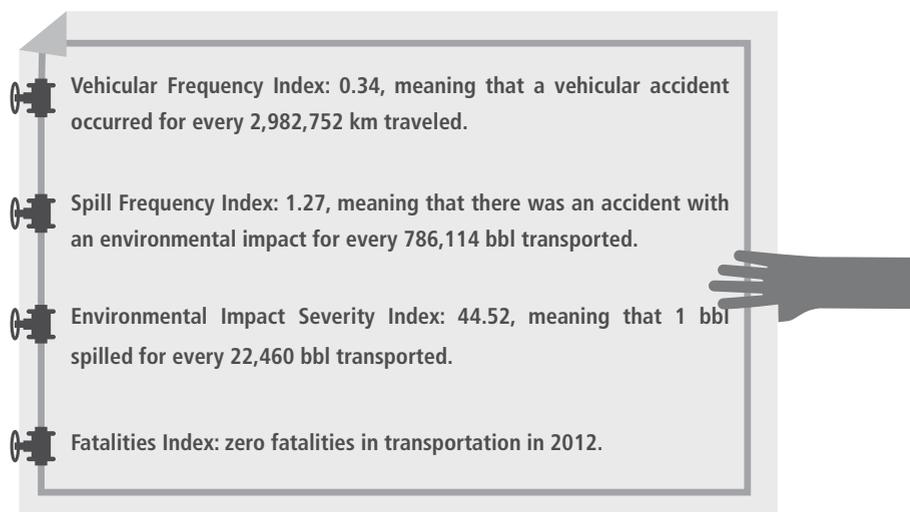
In order to continue with our strategy to increase our capacity in the pipeline system and maximize our netback in 2012, we participated in:

- ▶ The construction of the Bicentennial pipeline, of which Phase I was initiated in early July, 2012.
- ▶ The unloading site at the Cusiana facilities is 100% complete, and the dilution facilities are advanced to 80%. This initiative will reduce the dilution costs by substantially decreasing transport cost of diluents through tank cars.

Our 2012 pipeline volume was as follows:

- ▶ Total volume: 31,134,300 bbl.
- ▶ Volume per day: 85,299 bbl/d.

We transported 11,791,711 bbl (32,218 bbl/d) by tanker, between oil and thinner, for a total distance of 107,139,911 km. The indices related to the control and management of tanker transportation are as follows:

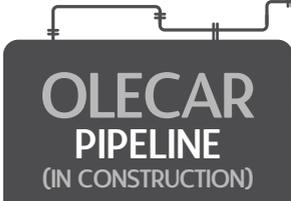


A hand is shown holding a rectangular sign with a grey background and a white border. The sign contains four bullet points, each preceded by a small icon of a valve or pipe fitting. The text on the sign is as follows:

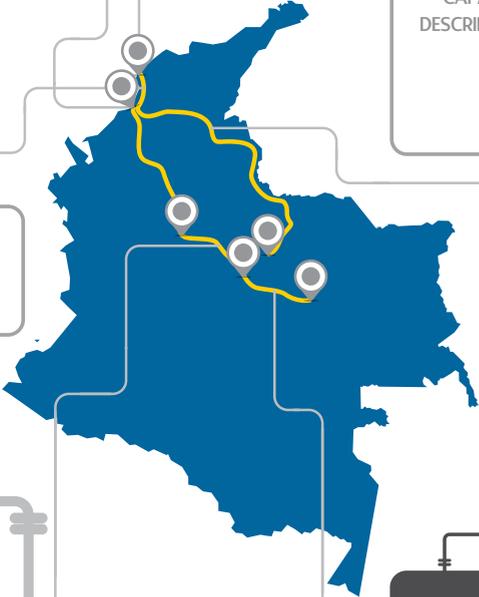
- ▶ **Vehicular Frequency Index: 0.34, meaning that a vehicular accident occurred for every 2,982,752 km traveled.**
- ▶ **Spill Frequency Index: 1.27, meaning that there was an accident with an environmental impact for every 786,114 bbl transported.**
- ▶ **Environmental Impact Severity Index: 44.52, meaning that 1 bbl spilled for every 22,460 bbl transported.**
- ▶ **Fatalities Index: zero fatalities in transportation in 2012.**



AREA	110 HECTARES
DIAMETER	42 INCH
CAPACITY	3.3 MMBL/D STORAGE
DESCRIPTION	Infrastructure specializes in the handling and storage of crude oil and its derivatives. Interconnection to Covenas Pipeline - Cartagena and local refineries.



LENGTH	130 KILOMETERS
DIAMETER	30 INCH
CAPACITY	300 MMBL/D



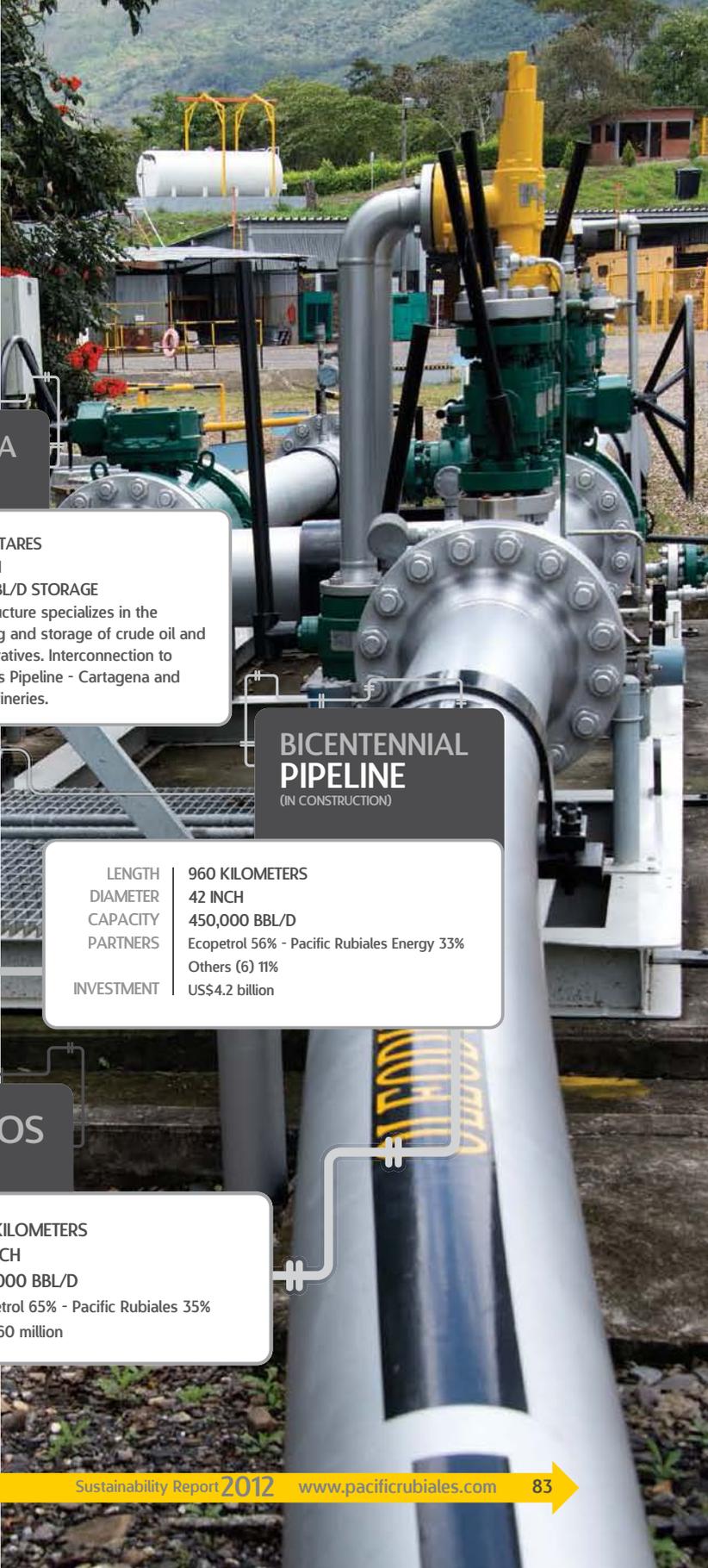
LENGTH	960 KILOMETERS
DIAMETER	42 INCH
CAPACITY	450,000 BBL/D
PARTNERS	Ecopetrol 56% - Pacific Rubiales Energy 33% Others (6) 11%
INVESTMENT	US\$4.2 billion



LENGTH	837 KILOMETERS
DIAMETER	36 INCH
CAPACITY	UP TO 560,000 BBL/D
PARTNER	Ecopetrol 72% - Total 15.2% - Talismán 12.8%



LENGTH	235 KILOMETERS
DIAMETER	24 INCH
CAPACITY	340,000 BBL/D
PARTNERS	Ecopetrol 65% - Pacific Rubiales 35%
INVESTMENT	US\$560 million



OUR CHALLENGES 2013 +

Increase the performance of contractors in different HSEQ areas in order to minimize corporate risk and extend this performance to subcontractors and suppliers.



Conduct training for key personnel responsible for the design and operation of local emergency plans and recovery in our facilities.



Develop and implement an assistance program for communities in the areas of influence of our fields with a deficiency in regional medical service, which guarantees a primary level of assistance for people.



Implement a system to support physicians with telemedicine from remote regions to urban centers.

Design and implement changes and enhancements to the current pumping system of PF2 to take it to an average of 40,000 bbl/d, which results in approximately 191 tankers per day on average.







WE WORK HARMONIOUSLY
WITH THE ENVIRONMENT



PACIFIC RUBIALES IS GREEN AND IS LIFE

We remain committed to ensure the efficient use of natural resources, and mitigate risks and impacts on the natural environment in which we operate. In order to achieve this, our total environmental investment was **\$39,902,712** in conducting the series of initiatives outlined below.



NATURAL RESOURCES INTEGRATED MANAGEMENT

We are focused on a green concept, giving priority to the importance of protecting our natural environment. We strengthen the management and conservation of strategic ecosystems in which we operate, for biodiversity protection and proper management of natural resources.

That is why in 2012, as part of a continuous improvement strategy to establish institutional links with the scientific community, we developed a communication system with environmental authorities, local government, community associations and community action boards, in order to promote research and gain a deeper understanding of the areas in which we operate.

ENVIRONMENTAL OBSERVATORY

In partnership with Cormacarena and the Mayor's Office of Puerto Gaitan, we built the **Environmental Observatory**, a useful **instrument for learning about the area of influence on the Tillava river basin**. The project was aimed to establish a baseline of the natural resources found in the basin. **Through the collection, analysis and validation of environmental tests in the area, indicators were established to evaluate performance over time and to understand the effects of surrounding communities** and our local operations.



BIODIVERSITY

Prior to the development of our activities in a particular natural environment, we analyze all impacts and potential risks involved through an Impact Assessment Study. The Impact Assessment Study involves biodiversity risk evaluation and helps to establish management measures to be taken. This study is used to set the environmental baseline for each area in which operations will occur. All natural and highly bio-diverse areas are protected through their classification as "exclusion zones", identified as priority ecosystems for conservation and protected from our activities.

We also engage in follow-up studies of the protected exclusion zones to ensure ongoing maintenance of our objectives.





The following examples highlight our influence in terms of biodiversity.

REGION OF META

The predominant vegetation found in Meta was grassland, occupying 74.88% of the area, and riparian forest, representing 0.77%, with the remaining being swampland. The latter two areas host the greatest biological diversity and are considered to be the most favorable environment for the development and reproduction of wildlife in the Eastern Colombian Plains.

TOWNSHIP GUADUAS REGION OF CUNDINAMARCA

This region includes the Protective Forest Reserve from the San Francisco River Watershed, with an approximate area of 2,850.5 ha, in an altitude ranging between 1,100 and 2,100 m above sea level. It was selected for protection activities in order to mitigate the effects of deforestation by settlers of the region. *Golden Seals - Sustainable Colombia Award.*

REGION OF CASANARE

In the savannahs of this region, stream systems are a critical part of the ecosystem as they regulate the water system throughout the seasons. This creates a natural conservation shelter for wildlife.

Since 2009, we have worked on the recovery and protection of the Moriche palm plant. We targeted 3,500 Moriche plants in the area of our operations, for its protection, maintenance and restoration.

At the same time, we continue collecting information about the pink dolphin, conducting the collection of samples with coverage in all hydro-climatic periods to get to know their population.



By planting vegetation that is adapted to the environmental conditions of the region and conducting geotechnical studies that help to control erosion, we establish an environmental and compensation program for overall vegetation recovery and slope stabilization.

The identification of the ecological importance of wildlife conservation is being done initially through biological inventories in order to document the diversity of the areas in which we operate. This identification will allow us to narrow down the species of interest, such as those classified in the International Union for Conservation of Nature (IUCN) as migratory and indiscriminately hunted species.

In 2012, we followed on the 2011 wildlife species report concerning our Rubiales and Quifa fields in the South Western Eastern Plains, an area of 139,644.5 hectares and the largest production site we have in Colombia. According to the results, 18 species of amphibians, 129 species of mammals, 588 species of birds, and 77 species of reptiles were identified, all of which were duly registered in IUCN categories. The increase in the number of species identified is part of the work to establish the most probable number of individuals within each species at different times of the year.



VULNERABLE FLORA SPECIES IDENTIFIED IN THE QUIFA DEVELOPMENT AREA	
COMMON NAME	SCIENTIFIC NAME
 TOLUA CEDAR	<i>Pachira Quinata</i>
 CUMIN LAUREL	<i>Aniba Perulitis</i>
 MELCOCHO	<i>Eschweilera Bogotensis</i>
 NR	<i>Eschweilera Pachyderma</i>

Charts 6.9

Based on the biological inventory found in the 2012 IUCN categories report, we identified three species of fauna classified as vulnerable, and four species of flora reported as endangered or critically endangered (Charts 6.8 and 6.9).

VULNERABLE FAUNA SPECIES IDENTIFIED IN THE QUIFA DEVELOPMENT AREA			
COMMON NAME	SCIENTIFIC NAME	ORDER	FAMILY
 ANTEATER	<i>Myrmecophaga Tridactyla</i>	PILOSA	MYRMECOPHAGIDAE
 TAPIR	<i>Tapirus Terrestris</i>	PERISSODACTYLA	TAPIRIDAE
 ARMADILLO	<i>Priodontes Maximus</i>	CINGULATA	DASYPODIDAE

Charts 6.8

COMPENSATION FOR ENVIRONMENTAL SERVICES AND RECOVERY OF AREAS AFFECTED BY OUR PRODUCTION

We harmonize the development of our operations by implementing projects for revegetation, reforestation and planting extended forests. This ensures an improved quality of soil, air, and landscape in the affected areas.

We perform reforestation of native species in line with environmental guidelines, leading to the recovery of the areas where we conduct our operations. We focus on establishment and management of core forest safeguards, a concept that focuses on recovery as a first step of restoration of forest at the direct influence area, benefiting basins or watersheds where they are located.



WATER MANAGEMENT

Additionally, we intend to have a positive impact that is better than traditional reforestation. Through consistent tracking and monitoring of vegetation and water bodies we can understand the impact that we have on overall ecosystem recovery. For example, we establish plantation zones for various forest species, and plant fruit-bearing species including those that are used as nests for breeding or shelter or that assist in the creation of biological corridors for migration.

In order to meet these objectives in our fields, we have nurseries for the production of native species, which are used in reforestation projects and other activities. Since inception, 25,410 plants were grown in these nurseries and were mostly donated to communities or used in environmental campaigns. Approximately eight farms and six indigenous communities benefited from these nurseries, with the aim of contributing to the protection of springs and river corridors.

We implement programs and projects focused on being efficient in resource use, including preservation of water sources as well as the promotion of initiatives to recycle, and overall resource management. In 2012 we had zero impacts on water resources.

For the best use of this valuable resource, we developed a pilot project to treat water from hydrocarbon production, using a pre-filtration and reverse osmosis system that results in water quality that meets the acceptable criteria for agricultural use according to Colombian environmental regulations and international quality specifications for agricultural irrigation, with a low risk of iodization and salinity in soils. These results have been supported by the Colombian Corporation of Agricultural Research (Corpoica), which is responsible for generating scientific knowledge and technological solutions through research, innovation, technology transfer and training of researchers, all for the benefit of the Colombian agricultural sector.



We also conduct industrial water treatment using tanks to apply air micro-bubbles and fine bubbles to the water which promotes separation. The advantages of these are:

- ▶ Reduction in chemical consumption. Only a tenth of the traditional system is required.
- ▶ Reduction in energy consumption.
- ▶ Reduction in sludge generation.
- ▶ The need for pools is reduced as the system moves from an open to a closed system.
- ▶ Risk of spills reduced by the closed pool system.

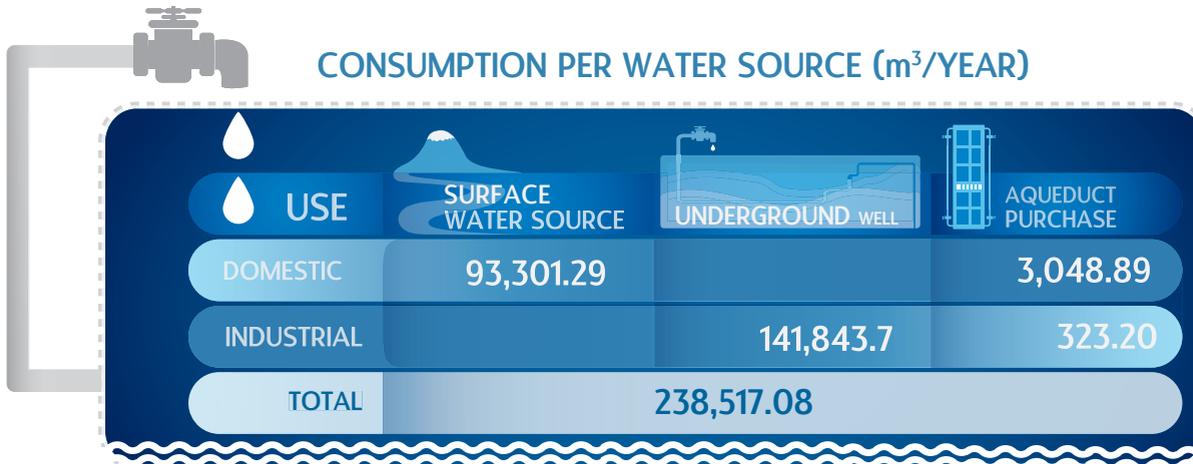
We also have groundwater monitoring networks in the production facilities' areas of influence, in order to monitor and control the quality and pollution level of groundwater and subsurface water. This monitoring network was complemented by an analysis of vulnerability to pollution of aquifers by a parametric method for the evaluation of intrinsic or natural vulnerability to pollution. Using the criteria of the World Bank (2002) we determined that the areas of influence for camps, facilities, and production wells, among others, have a low vulnerability to pollution. *(2.8.2 Tools, processes, systems, standards and frameworks used for water management)*

At the same time, we strengthened plans to reduce consumption of water by reusing treated industrial water in activities such as maintenance of portable toilets, concrete preparation, hydrostatic testing and preparation of drilling mud. We established reduction targets in our fields from baselines determined in the first half of 2012.

Since 2009, the Rubiales field has had a weather station which is used to accurately track climate behavior in order to strengthen our environmental baseline where we operate. The information collected at the station is used to:

- ▶ Adjust the hydrological models by determining the water supply from surface sources and to establish the flow thereof, among others.
- ▶ Perform emission dispersion models in the area, in order to establish their behavior and project the air quality of the area where we operate.

Chart 6.10 shows the consolidated data of water consumption in our producing fields, which are within the volumes authorized by the environmental authority.



Charts 6.10

It is worth noting that our fields generate 211,153 m³/year of domestic wastewater and 139,372,576 m³/year of industrial waste water, produced in the dehydration of crude oil, for a total of 139,583,729 m³/year. Of this total, an average of 2.9% is reused, corresponding to 4,047,928.15 m³/year, in the following activities:

- ▶ Irrigation of sugarcane, koronivia grass, elephant grass, yopo, fistol cane and palm oil plots.
- ▶ Irrigation channels for dust mitigation.
- ▶ Hydrostatic testing of lines.
- ▶ Preparation of concrete.
- ▶ Preparation of drilling sludge

The disposal of wastewater generated in our process is done only after compliance with environmental regulations has been verified. It is then disposed of in the following ways:

- ▶ Sprinkling or irrigation in authorized areas.
- ▶ Re-injection into the reservoir.
- ▶ Delivery to an authorized agent.
- ▶ Authorized direct discharge into water bodies.



Industrial water is disposed through injection, sprinkling in established areas, irrigation on roads or through authorized third parties who have permission from the environmental authority to perform this service. Injection disposal has a lower impact than dumping in surface sources in the sense that no environmental conditions are altered in any way. Domestic water dumping is done by spraying or sprinkling, in compliance with water physicochemical parameters.

At the same time, gray and sewage water is collected independently by having the water filter through a grease trap and fine mesh filter. Once filtered, the fluid is processed, in compliance with regulations, into the storage system to be mixed with the effluent from the plant-activated sludge.

Treatment of the sewage water is done in Red Fox-type treatment plants or an activated sludge plant, once it is stabilized and confirmed to be compliant with regulatory limits. It is sprayed in areas authorized by the environmental authority or through irrigation on access roads.

Industrial and domestic wastewater is disposed of after verifying compliance with the parameters set by environmental regulations and other guidelines established in the environmental licensing of our fields.

The water associated with drilling mud is treated by a dewatering system in which the solids are separated from the water and physicochemical parameters are stabilized prior to pouring. Water associated with crude oil is incorporated into the physicochemical treatment system at the production facility.

WASTE MANAGEMENT

We establish the basic guidelines for the management of solid and hazardous waste generated from our activities in order to prevent incidents, occupational diseases, minimize environmental impact and ensure compliance with the law.

We efficiently and effectively manage the handling of waste generated in our different activities, including using clean production processes principles, source reduction, recovery, treatment and disposal of controlled waste, complying with the laws in effect and ensuring the protection of health and the environment. (Chart 6.11)

In order to achieve this, we promote initiatives with a positive social and environmental impact. We work in a strategic alliance with a local pioneering firm in recyclable waste management through a project that began by encouraging and teaching people to recycle from the source. This project

AMOUNT OF WASTE BY TYPE

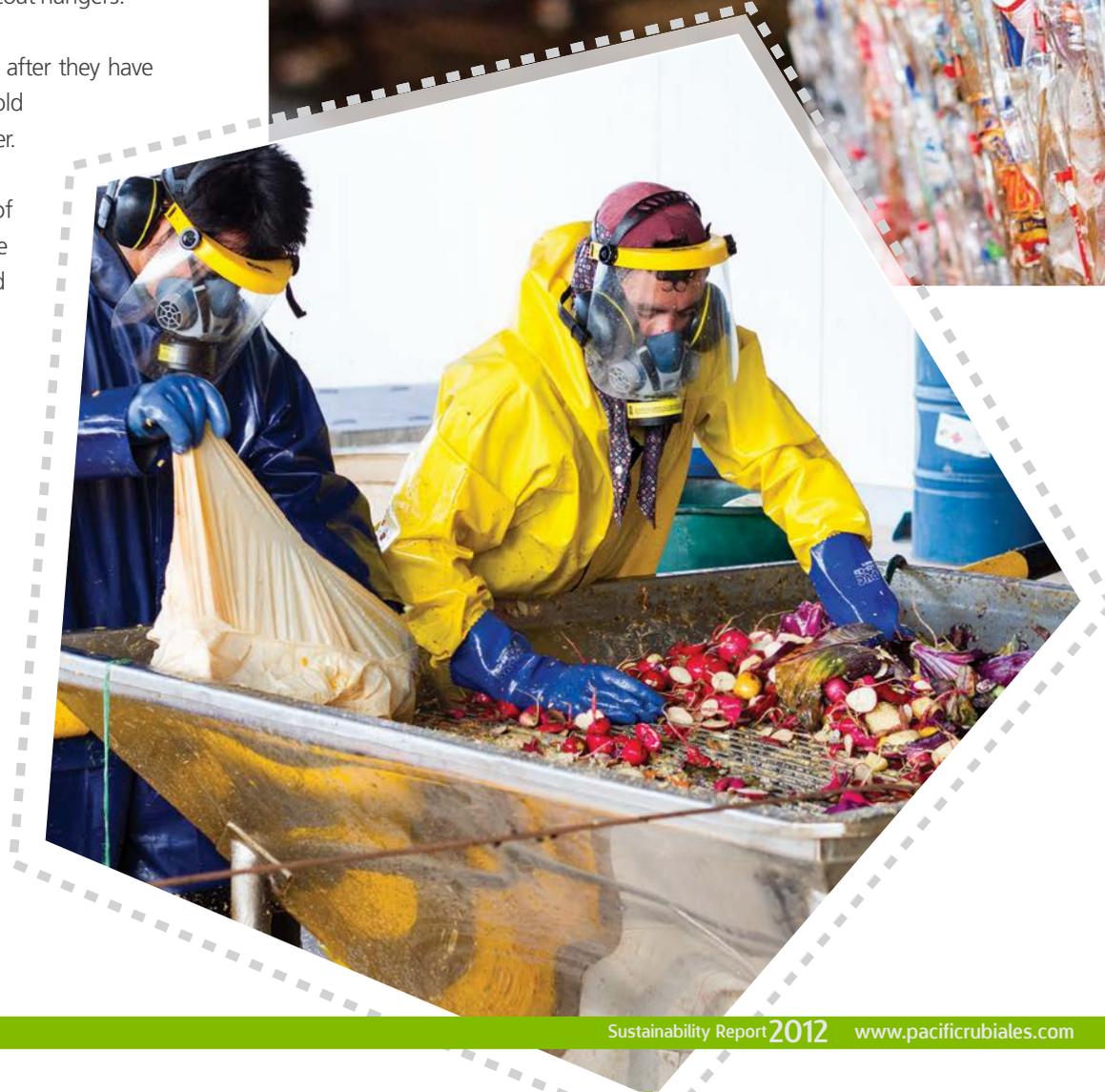
TYPE OF WASTE	UNIT	AMOUNT
ORGANIC 	TONNES	4,679
RECYCLABLE 	TONNES	764
HAZARDOUS WASTE 	TONNES	1,034
ORDINARY AND INERT 	TONNES	1,566

Chart 6.11

also generated additional employment for over a hundred people in the area. The recyclables are delivered to the local firm and converted into new plastic products. We also work hand in hand with recycling companies that recruit female heads of households to deliver recyclables collected from the home and eventually are used in the production of new objects, such as coat hangers.

At the same time we recover metallic materials after they have completed their life cycle. So far we have sold 1,574.73 tonnes of scrap through a steel mill partner.

In addition, we generated 158,997 barrels of water-based drill cuttings used in the revegetation of areas. These cuttings are mixed with the virgin soil of the region in a 2-1 proportion, 2 from cutting per 1 of earth, to stabilize the pH and thus promote soil fertility. It should be noted that the Company does not manage waste that is considered hazardous in other countries; such management is performed by licensed local companies.





ENERGY AND EMISSIONS

Climate change is a current reality. The effect of that reality on society forces us to change our lifestyles, to find different ways to interact with nature, and most importantly, to adapt ourselves. Because of this global scenario, we are developing initiatives and strategies to mitigate and control the impacts of our activities. We are taking action to sensitize our employees and communities in our areas of influence, and to design and implement projects with the aim of optimizing our processes through the application of best practices. It is important to note that in 2012 we became a member of the Caring for Climate Initiative in Colombia and beginning in 2013 we are working towards completion of the Carbon Disclosure Project survey.

Moreover, we minimize emissions of air pollutants by applying clean technologies and practices, and work to generate and strengthen environmental awareness and positive habits through joint education and the participation of employees and contractors. To that end we began an educational awareness campaign in 2010 for employees and contractors working in the Rubiales field to reduce their carbon footprint through efforts focused on four basic themes: water waste, forestry, energy and biodiversity.

WE WORK TO REDUCE OUR CARBON FOOTPRINT

In line with our commitment to combat climate change, we have begun the diagnostic process to implement our Energy Management System (EMS) in all operations of the Company. Pursuant to the requirements of ISO 50001 to identify the tools or techniques to plan a system of energy management, we are seeking to optimize the processes and resources of the Company by conducting systematic continuous improvement and energy efficiency.

In 2012, we began a phase of staff training on energy efficiency and the structure of ISO 50001. A high level of commitment has been demonstrated through the active participation of workers in different divisions of the Company.

In order to reduce our energy consumption, adjustments were implemented in the TAPs of SUT booster transformers in eighty wells, which yielded savings on average of 3.5% in energy and an average increase of 1.5% in production per well. The achievement created an increase in production of 2,700 barrels of oil per day with the same energy demand. An equivalent of energy required to increase that production would be 5,306,603 kW-H/year.

We also improved the air-tightness of the electrical rooms, electrical and shelter units at production facilities, saving up to 23,803 kW-H/year in energy losses due to cooling systems. This was complemented by preventive maintenance on computers.

Furthermore, in system optimization of industrial water treatment, we generated savings of 477,712.512 kW in a year.



FUEL USED FOR POWER GENERATION BY THE COMPANY ITSELF		
FUEL	UNIT	FIELDS
DIESEL	BBL	1,025,447
CRUDE	BBL	1,174,979
GAS	MMSCFD	2

Chart 6.12



AVERAGE POWER CONSUMPTION - PRODUCED BY THE COMPANY ITSELF M-W	
GENERATION	FIELD
LOCAL	66
CENTRALIZED	57

Chart 6.13



ENERGY PURCHASED EXTERNALLY IN THE YEAR MW - h		
	OPERATED FIELDS	ADMINISTRATION BOGOTA
CONSUMPTION	13,144	288.8
PROVIDER	ELECTRICARIBE ENERTOLIMA CODENSA	ENERMONT

Chart 6.14

In our fields, indirect energy consumption refers to outsourced services for development projects such as civil works, construction of flow lines, and electrical and mechanical assemblies, among others. These services are performed by contracted companies that participated actively in our campaigns to save and make efficient use of energy. Additionally, contractors with many employees implemented a transportation system of small buses to the sites in order to minimize truck routes.

The measurements of greenhouse gases (GHG) that we are conducting have been developed under the international standard ISO14064-1 first edition. 2006; 30p (Distributed by the Colombian Institute of Technical Standards, Icontec).

This selected methodology is based on the selection of IPCC emission factors, Tier 1 and 2 (calculations based on data by default). Carbon footprints are calculated by the quantification of the consumption of fuels and activities (identification of energy sources, transport, process, waste, etc.). From internationally recognized methodologies for measuring and reporting GHG, the following standards for the carbon footprint of the Company were selected:

- ▶ Ademe. Bilan Carbone ®. Version - 6
- ▶ WBCSD, WRI. Greenhouse Gases Protocol: Corporate Accounting and Reporting Standard.

Our carbon footprint measurement was conducted by a specialized consulting firm, in which the characterization of the activities of the Company were assessed and the processes and their efficiency in using energy resources were studied. Each production field where we measured the carbon footprint was verified and certified by the Climate Synergie ® brand, which certifies the "good work" of the carbon strategy of the Company.

GHG emissions were measured annually from comparison to our carbon footprint in 2008 at the Rubiales field. In 2010, measurements in three of our producing fields and administrative offices began and the last field was included in 2011, using extrapolations to 2008 from its production index⁹. In characterizing the Company's activities, those that were the responsibility of outsourced service providers were included. Some of these services include: fuel consumption in subcontracted vehicles, hydrocarbon fuel consumption (diesel) in drilling works and workovers that are subcontracted by Pacific Rubiales, the use of oils and grease during their lifetime, and final disposal of recyclable, hazardous and ordinary solid waste.

At our administrative headquarters, the emissions corresponding to scope 3 are high compared to scope 1 and 2 (charts 6.15, 6.16 and 6.17). This is due to the nature of the activities taking place in offices, where we outsource our transportation needs for our employees' business trips. Thus, any measure to reduce scope 3 (chart 6.18) emissions from our Company, both in productive fields and in administrative offices, shall entail working together with related interest groups and be framed within a sustainable procurement policy for our value network, and our special subcontracting. It is important to note that we observed a significant reduction in emissions from 2009, generated mainly by the commissioning of the pipeline and the subsequent decrease in crude oil transportation through trailer trucks.

We are working on initiatives to reduce GHG emissions in order to demonstrate the reductions achieved. To attain this, we calculated the annual carbon stock correspondent to the plantations we made in 2012, following our compliance to the commitments with the environmental authorities and the investment of 1%, led us to obtain 400,76 Tonnes of CO₂ of accumulated carbon. In 2013, we aim to reduce our carbon footprint through the development of several projects and through the implementation energy efficiency strategies and the specific reduction of each of.

⁹The data presented may change once the definitive information is available.



PACIFIC RUBIALES EMISSIONS (scope 1+2) t CO₂ eq.

REFERENCE YEAR	TOTAL PACIFIC RUBIALES
2008	199,660.2
2009	267,294.0
2010	475,989.8
2011	622,512.9

Chart 6.15

Direct emissions (Scope 1) t CO₂ eq.

Direct emissions of greenhouse gases from all sources owned or controlled by the reporting organization, including:
Generation of electricity, heat or steam.



DIRECT EMISSIONS (Scope 1) t CO₂ eq.

REFERENCE YEAR	TOTAL PACIFIC RUBIALES
2008	192,836.0
2009	261,283.1
2010	473,568.8
2011	618,241.2

OBSERVATIONS

The increase in emissions is mainly and directly related with the beginning of operations in a new producing field and its respective annual increase in production.

Chart 6.16

Indirect emissions (Scope 2) t CO₂ eq.

Indirect emissions of greenhouse gases from the generation of electricity, heat or steam purchased.



INDIRECT EMISSIONS (Scope 2) t CO₂ eq.

REFERENCE YEAR	TOTAL PACIFIC RUBIALES
2008	6,824.1
2009	5,855.9
2010	2,421.0
2011	4,271.6

OBSERVATIONS

The change in the trend of emissions from electricity purchase is more strongly influenced by the behavior of emissions from one of our fields, which showed an increase in construction activities and installation of new equipment.

Additionally, in this field, the highest power purchase peak occurs when there is low oil and gas production in the field.

Chart 6.17



INDIRECT EMISSIONS (Scope 3) t CO₂ eq.

REFERENCE YEAR	TOTAL PACIFIC RUBIALES
2008	404,673.75
2009	512,757.46
2010	21,293.37
2011	26,227.94

Chart 6.18

Within our facilities, the refrigerant gas R-22 is used (difluorochloromethane HCFC-22) and regulated under the Montreal Protocol framework for the use of air conditioning in offices and camps. The gas emitted is due to recharging the air conditioning system which we use to maintain our recovery unit of refrigerant gases and which prevents leaks in non-operational equipment in order to reduce the use of virgin refrigerants. In 2012, 381.5 pounds of refrigerant gas was recovered through this practice (Chart 6.19).

Furthermore, the staff responsible for performing maintenance on the refrigeration units in the fields has a certificate issued by SENA - Ozone Technical Unit and by the Ministry of Environment and Sustainable Development, which supports them as maintenance technicians and demonstrates good practices according to the "Environmental management of cooling substances" standard.

Emissions = production + imports - exports substances = substances produced in production - substances destroyed by technology - substances used in its entirety as elements for the manufacture of other chemicals.



GREENHOUSE GAS R-22 (t CFC-11 eq.)

REFERENCE OF YEAR	TOTAL CPF Ton - 11 eq.
2008	0.006
2009	0.008
2010	0.011
2011	0.016

Chart 6.19

All emissions reflect regulatory compliance for air quality. Concentrations of volatile organic compounds reported values below the analytical detection limit equal to $0.2 \mu\text{g}$, thus showing the absence of any concentration that might affect air quality in the area of influence (Chart 6.20).



NO, SO AND OTHER SIGNIFICANT EMISSIONS

POLLUTANT	CONCENTRATIONS ($\mu\text{g}/\text{m}^3$)
SO ₂	7.4
NOX	5.8

Chart 6.20

Finally the ratio between the volume of hydrocarbons burnt and vented to the volume of oil produced is shown in Chart 6.21.

RATIO BETWEEN BURNED AND VENTED HYDROCARBON/VOLUME

	MPC		PSE		
	Rubiales FIELD	QUIFA FIELD	CRECIENTE FIELD	ARRECIFE FIELD	GUADUAS FIELD
TOTAL HYDROCARBONS BURNED AND VENTED 2011 (BOE)	504,746.7	162,260.4	77,631.4	81,236.4	119,054.6
PRODUCTION 2011 (BOE)	60,387,899.7	13,308,534.5	3,930,387.2	802,370.1	494,362.2
RATIO	0.008	0.012	0.020	0.101	0.241
RATIO %	0.8	1.2	2.0	10.1	24.1

Chart 6.21

SPILL PREVENTION AND REMEDIATION

We have specific contingency plans for our activities, where we execute specific strategies in the event of a significant spill or uncontrolled or controlled spill. The Company has identified all major vulnerabilities in our operated fields so that immediate attention can be taken if an event occurs.

We continuously perform a follow-up on the status and functionality of the spill control measures where the risk is identified.

During 2012 there were no significant spills.



OUR CHALLENGES 2013 +

Start the recovery of 1.96 km² of intervened areas and stabilization of 9.66 km² of slopes with geotechnical works.



Maintain 464 ha of reforested areas and establish 1,605 ha of reforestation in different stages.



Develop and approve 11 new reforestation plans for approximately 600 ha under the core concept of protecting forest wildlife.



Implement and select technological alternatives for treatment and disposal of produced water in industrial projects.



Automate domestic wastewater and drinkable water facilities.



Strengthen fertilizer production activities through organic waste treatment.







WE CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF COMMUNITIES

At Pacific Rubiales, we remain committed to building solutions according to the needs identified by the communities. Therefore, we have a social investment plan which focuses on collective development, aligned with our vision of sustainability and materialized through strategic alliances. In 2012 we made a social investment of **\$37,787,801**.

SOCIAL INVESTMENT PLAN

In order to continue increasing our investments in a more strategic manner, we have created the Social Investment Plan.

We implemented a system of indicators for the follow-up on, and evaluation of, social investment projects at Pacific Rubiales and in a framework of timely and reliable information intended to guide decision-making.

Through this initiative, we seek to transform the measures of social investment in order to increase our impact in the direct areas of influence, generate greater efficiency, ensure monitoring and control of projects, facilitate processes, and strengthen trust relationships with our stakeholders.

As a result of this initiative, we have built the baseline for social investment projects. We strengthened the accountability processes and quantified public-private partnerships and the contribution of our projects to fulfill the Millennium Development Goals. Currently, the system is in operation, accounting for the results and processes in the execution of our social investment.



INSTITUTIONAL STRENGTHENING

Through our commitment to the Extractive Industries Transparency Initiative (EITI), we continue to strengthen our transparency on royalties and citizen oversight through the bolstering of the Monitoring Committees for Investment Royalties (MCIR) from the Departments (States) of Meta, Sucre and Magdalena. Citizen participation bodies representing civil society organizations and private entities in these regions are committed to developing a broad exercise of social control public investment through resources royalties received in these Departments.

Through this work, important results have been obtained, such as participation in the formulation of development local plans, and the active participation of national and international organizations in the CSIR Meta, such as “Strategic alliance for democracy, development and peace building” (CORDEPAZ), Humanitarian Committee, Observatory of Land, the Regional Social Pastoral, the European Union, the National Conciliation Commission, the United Nations Program for Development (UNDP), the Electoral Observation Mission (EOM) in the Southeast, the Civic Committee, the Women’s UN, the United Nations Population Fund (UNFPA), the Coexistence Promotion Program, the Chamber of Commerce of Villavicencio, ISA, Ecopetrol, Departmental Planning Council of Meta, and the Regional Committee for Victim.

We also strengthened citizen accountability committees on issues of social control over the projects using resources from royalties, we built the CSIR Network Colombia that promotes and discloses all actions undertaken by the CSIR in the Departments of Arauca, Huila, Córdoba, Sucre, Magdalena Medio and Meta (the latter being the national coordinator), and lastly we consolidated interagency partnerships between the CSIR and different controlling entities and international cooperation organizations.

WE WORK TOWARDS INSTITUTIONAL STRENGTHENING



CITIZEN TRANSPARENCY ON ROYALTIES



CITIZEN OVERSIGHT ON ROYALTIES



ADVICE FOR THE FORMULATION AND PRESENTATION OF PROJECTS FUNDED THROUGH ROYALTIES

AREAS OF INFLUENCE



COMMUNICATIONS AND INFORMATION DISSEMINATION



We obtained significant results on how to track investment of royalties in the Department of Meta and its municipalities. We supported the formalization of the memorandum of understanding between the CSIR and the local entities of Meta for proper management of royalties, and participated in events of public accountability on royalty investment.

We continue to work with government institutions and civil society organizations to contribute to the management of local affairs, ensure the efficient use of public assets, and to identify priorities which will strengthen institutions and the overall social tissue of the community.



**DURING
2012**

WE ALSO WORKED ON THE FOLLOWING PROJECTS AND INITIATIVES



Cultural entrepreneurship project, led by the Ministry of Culture of Colombia to promote the training and technical support to organizations in the cultural sector, and to provide input for sustainability and consolidation initiatives. This process is the first step of a multidisciplinary work leading to the structuring of proposals for achieving cultural enterprises that are managed or chosen.

Furthermore, we also strengthened the synergistic future of our projects by achieving dynamic cultural management of the regions and at the same time coordination with local and national law enforcement agencies.

FROM THIS PROJECT 452 INITIATIVES WERE IDENTIFIED **40% BUSINESS IDEAS**
60% CULTURAL PROJECT IDEAS

In total, this comprehensive training strategy benefited 1,591 individuals, of which 59% were male and 41% female.



We worked on the recovery of the Caño Trampolin watershed. We developed an organizational and management plan which enabled us to properly manage water resources and other natural resources associated with the watershed. In order to achieve this, we formulated the "Zoning and management plan for the watershed of Caño Trampolin", and achieved significant environmental and social outcomes, while contributing to the fulfillment of one of the development goals of the township of Puerto Gaitan.



We provided training to eight leaders throughout La Creciente, Guaduas and Abanico fields on community leadership and participation. This was done in partnership with the National Federation of Community Action Committees.



Starting in September 2012 in the Cubiro Block (Casanare), we conducted, together with the National Community Action Confederation, training for 120 community leaders from the jurisdictional divisions of El Tigre, La Venturosa, Arenitas, La Nevera, Platanales, San Vicente, La Morita, El Palmar, Mata Vaquero and El Convento. **The training covered community legislation and participation mechanisms and citizens' control.**



EDUCATION

We contributed to education by providing tools that promote comprehensive development.

In order to fulfill this purpose we built rural schools in the villages of Puerto Triunfo and Sta. Helena in the municipality of Puerto Gaitan, Meta in 2012. These schools, offered through the Department of Education and the Governorship of Meta, provide students with the opportunity for a high quality education. These educational spaces provide for the basic education needs in rural communities, and were created in response to a felt need of the community to implement an educational, inclusive and socially relevant space.

These new rural schools represent the possibility of ensuring basic quality education for all students in the villages, while establishing a major center for energizing the community and improving their quality of life. The school provides access to primary education for ninety children from the jurisdictional divisions of Puerto Triunfo and Santa Helena.

In this same way, we strengthened the ethnic educational programs and created the CEP (Community Educational Project) for the Sikuani people, assisted by the Indigenous Organization Unuma and the National Open and Distance University (UNAD). 27 communities, 16 indigenous teachers and 30 leaders and indigenous authorities (2,334 individuals in total) received the benefit of this initiative.

By working together with indigenous organizations and academic institutions, we had a positive impact on generating a model of education

itself, which takes into account the construction of the conceptual, political and pedagogical view of the indigenous Sikuani tribe. We also aided in the empowerment and contribution of indigenous authorities, ethnic educators and indigenous leaders towards the educational model.

Significantly, we extended support to the best students graduating from schools in neighboring municipalities to our operations so that they can advance their professional education in the best universities in the country. This year we were able to offer 117 scholarships.

We also conducted two educational campaigns on environment and recycling issues, called "For a greener and cleaner Colombia", in the municipality of San Pedro (Sucre) and Guaduas (Cundinamarca), and their surrounding jurisdictional divisions. These projects seek to train students from different ages on management and environmental care. Between both campaigns we benefited a total of 7,141 children and young adults, and their families, all of whom are still involved due to the self-sustainability of the projects.

Additionally, through a partnership with the Sincelejo Conservatory of Music and an agreement with the Municipality, a branch of the conservatory was opened in San Pedro Sucre, in order to strengthen and promote music among the teenagers in the municipality. Today, this music school has over 160 students.

In terms of educational infrastructure, we managed the improvement of dining rooms, multiple rooms and kitchens, at schools in four villages in the municipality of El Espinal (Tolima). This benefited more than two hundred students.

Also, in partnership with the American Museum of Natural History in New York, we brought to Colombia the Darwin exhibition. This exhibit is one with huge cultural value and represents the life and work of the scientist Charles Darwin, who revolutionized thinking about the origin of species. This exhibit features more than 180 objects, interactive material, live animals and graphs, allowing for a close experience of the history of biology. This project reflects our own vision of promoting innovation and fostering the drive for achievement.





COMPETITIVENESS

We continue to support projects that increase competitiveness in regions where we operate.

To that end, we continue to strengthen and expand our Pacific Rubiales production model as a multipurpose project which includes livestock and agriculture initiatives and which plans to generate development in different regions of Colombia. Through the criteria of sustainability, equity and competitiveness, tending to the development of communities and life areas that make up the projects, we have strengthened our strategies of a sustainable farming model in order to ensure an improvement in the quality of life for the beneficiary communities. With this model, we have benefited 1,054 people and 225 families. Some successful examples are: (a) home gardens in the jurisdictional division of Centro Gaitan in the Township of Paz de Ariporo (Casanare), (b) integrated farms developed in the municipality of Puerto Gaitan (Meta), and (c) double purpose cattle in the town of Albania (La Guajira).

In order to bring welfare to the communities of our indirect areas of influence at La Creciente and Abanico fields, we have developed the initiative “Sustainability for All”, which involves the implementation of a continuous social and corporate strengthening process through productive agricultural businesses.

The Sustainability for All initiative is based on two aspects of development in any rural community. First is the implementation of initiatives in order to improve the income of communities in our direct influence areas (DIA). Second is the optimization of entrepreneurial benefits and the subsequent promotion of associative business awareness in order to improve the quality of life in the beneficiary communities.

Under this priority, we created the project to strengthen local production units, currently in its first phase¹⁰.

¹⁰ For more information refer to the commitment “We strengthen sustainability in the supply chain.”

SOLIDARITY INVESTMENTS

We continue to support local and national institutions through philanthropic initiatives.

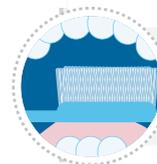
In 2012, we formed dental brigades and gave educational workshops to 5,959 patients under 15 years of age in the Departments of Sucre, Cundinamarca, Tolima, Arauca and Meta.

At the same time, we provided medical equipment to the municipal hospital of Trinidad Casanare, directly benefiting the population living in the villages of El Convento, El Palmar, Mata Vaquero, La Morita and San Vicente. We also supported the improvement of housing for 43 families in the jurisdictions of Arenitas and Neveras in the municipality of San Luis de Palenque. Finally we administered two health brigades in the villages of El Convento, and Venturosa, benefiting 1,500 people in the region.

Moreover, in order to promote cultural integration activities and traditional festivals in the region, we supported the community in the municipality of San Luis de Palenque, the school of El Convento and the municipal Mayor's Office of San Luis de Palenque in the performance of the Copa Convento tournament and the Gavan Festival.

We also made voluntary investments outside our direct influence areas (DIA). Alongside the Semana Foundation, we supported the reconstruction and intervention of the municipality of El Salado and San Basilio de Palenque, by building a football school where 260 children and young people are enrolled. In turn, the Company has decided to support the most recent intervention from the Inter-American Development Bank (IDB) in its pilot rebuilding project for local economies in post-conflict areas. This commitment will be developed

IN 2012



WE FORMED DENTAL BRIGADES AND GAVE EDUCATIONAL WORKSHOPS

5,959
PATIENTS UNDER

15 YEARS
OF AGE



AVERAGE AGE IN THE DEPARTMENTS OF SUCRE, CUNDINAMARCA, TOLIMA, ARAUCA AND META.

over the next four years at El Salado. Approximately 786 people from two municipalities have benefited from these initiatives.

Similarly, we supported the Teleton Foundation with \$166,852 for the promotion of all activities towards social inclusion, treatment and rehabilitation of disabled people.

We also supported the program for teenage mothers from The Juan Felipe Gomez Escobar Foundation with an investment of \$161,290 to directly benefit 346 vulnerable teenage mothers in Cartagena. Likewise, we contributed \$175,689 to the Angelitos de Luz Foundation through mobile Visual Health Brigades which give the country's most vulnerable communities the opportunity to access consultations, surgeries and drugs in order to improve their quality of life.

Furthermore, we supported the National Unit for Disaster Risk Management in social programs, with \$281,423 to be allocated to the construction of amphibious homes for twenty vulnerable families in the village of Orejero.

We also contributed funds to improve the nutritional and feeding status in the municipalities of Santa Lucia and Manati (Atlantico), through food packages accompanied by health campaigns, psychological and psycho-emotional support, oral hygiene courses, and early childhood care.

Finally, we implemented campaigns for processing identity documents as part of an inclusive process to serve the need for communities to have the Peruvian national identity card and to begin to exercise their rights as citizens. From this, 212 people were benefited including children, women and men. We also developed initiatives to promote animal health in the community and to develop vaccination campaigns.

OUR COMMITMENT TO GUATEMALA

During 2012, our initiatives in Guatemala covered various issues including education, health, infrastructure, environment, culture and sports. In the communities of Cerro Blanco, El Rosario and San Juan, we built two schools, while in the Cienega community we renewed the Basic Distance High School Institute. In the towns of San Antonio Seja, Buena Vista, Montecarmelo Chocón, Chains, Semox, Tierra Colorada, Sahila, and others, we provided ambulance service and medical assistance for sixteen emergencies from childbirth to common diseases. We also renovated the Sahila Health Center.

In terms of environmental, cultural and sporting issues, we conducted a community program with the municipality for selective collection of solid and liquid waste. Five hundred trees were also replanted and the "Race for Water" and the thirtieth master games were supported. We are always putting a great effort into strengthening relations with the community and municipal and departmental authorities in order to align our initiatives with municipal and departmental policies.



OUR CHALLENGES 2013 +

Institutional Strengthening



Continue to articulate our education and cultural projects with regional and national programs of public institutions that strive for cultural promotion.

Strengthen programs for citizen participation and social control by expanding coverage.



Education



Strengthen regional educational institutions by transferring knowledge between higher education institutions through processes led by the national, regional and local government.

Increase the implementation of research, development and connectivity projects in 10% through processes led by the government.



Competitiveness



Strengthen an entrepreneurship culture by expanding the Local Supplier Development Project in three production fields.

Articulate the goals and objectives of the production projects of the Company with local and/or regional development plans already in place.







WE RESPECT AND PROMOTE HUMAN RIGHTS IN OUR OPERATIONS

At Pacific Rubiales, we continue to promote and respect human rights among all our employees and our many suppliers and contractors. We are continuously monitoring in order to prevent, identify and address actual or potential violations of human rights in our operations.

RIGHT OF ASSOCIATION

We work continuously to protect the rights of all of our employees and the employees of our contractors, through initiatives developed through speaking with the various trades and associations existing across the different areas of influence. We work closely with the Union of Workers from the National Energy Industry (UTEN), which is the union representing the majority of our employees.

In an effort to support freedom of association and to effectively recognize the right to collective bargaining for both employees of Pacific Rubiales and our contractors and subcontractors, in 2012 we spoke with the management and human resources departments of our contractors and subcontractors to increase support for labor relations.

At the end of 2012, the UTEN had over 5,400¹¹ active members in more than one hundred companies operating in Puerto Gaitán. This increase compared to 2011, was mainly due to employees of our contractors and subcontractors joining the union as a result of the benefits available to them in the union, achieved through an organized, open and constructive dialogue between UTEN and Pacific Rubiales.

With the joint goals of ensuring respect for labor rights and continuously improving the quality of life of our employees, agreements were signed between Pacific Rubiales and UTEN in 2012 which broaden the scope of any agreements beyond union members to all of Pacific Rubiales' employees, contractors and subcontractors.

These agreements¹² include, among other things: (i) establishing a wage chart for employees of contractors and subcontractors; (ii) paying operational bonuses; (iii) monitoring compliance with the labor

¹¹ Out of these 5,400 members, 987 are direct employees of the Company. This represents 18.27% of the total membership in UTEN as of December 31, 2012.

¹² Which are not collective agreements.





obligations of contractors and quality of life standards in the fields; (iv) developing additional benefits, such as life insurance; (v) providing an allowance upon an employee's or relatives' death; (vi) paying premiums beyond what is required by the law for 2013; and (vii) providing paid union leaves.

In addition to these agreements, in 2012 we have supported UTEN initiatives that promote the right of association, such as the consolidation of service systems for members through the installation of service points in the Rubiales and Quifa fields and in the municipalities of Puerto Gaitán (Meta) and Trinidad (Casanare). These points, supported by an interdisciplinary group of officials, monitor compliance with the agreements and address the concerns and complaints of workers with responsibility, transparency and fairness, creating effective and fast communication channels between employees and Pacific Rubiales.

At Pacific Rubiales' other fields, such as La Creciente (Sucre), Guaduas (Cundinamarca), Abanico (Tolima) and Cerrito (Santander), the monitoring process for the work environment was facilitated by the implementation of agreements and through visits by UTEN, which provided assistance to employees from the Company, contractors and subcontractors.

During the past year, UTEN achieved favorable resolutions for workers in 67% of the cases received from the different fields, by requiring companies to comply with the law and to adhere to the Labor Code and the agreements made between Pacific Rubiales and UTEN.

After completing the necessary investigations, it was determined that there was no breach by the subject of the legal complaint or in any additional aspects of the agreements. The remaining processes are underway.

These resolution procedures have ensured that both Pacific Rubiales and its contractors and subcontractors maintain a consistent disciplinary process that satisfies legal requirements and ensures every action is focused on worker protection.

Finally, UTEN created an indicator named Operational Downtime Percentage Due to Labor Disputes. This indicator demonstrates, through comparison, the positive impact that promoting the right of association has made in effectively resolving labor problems without resort to measures that would impact bottom line operations for Pacific Rubiales, its employees and society overall.

COMPARISON 2011 TO 2012

OPERATIONAL DOWNTIME AT THE RUBIALES AND QUIFA FIELDS

2011	2012
3.835%	0.003%

This demonstrates a decrease to almost zero downtime during 2012 and, most significantly, reflects an absence of violent incidents.

The trend of this indicator toward zero does not necessarily represent the absence of labor disputes or differences. In 2012, 10,733¹³ written requests or complaints were received; however, the existing atmosphere of cooperation and open dialogue helped avoid prolonged interruption of activities. This is of vital importance in assessing the quality of the relations between workers and firms represented by UTEN.



ELIMINATION OF CHILD LABOR AND FORCED LABOR

In line with our commitment to ensure there is no child labor or any manner of forced labor in our operations, both in Pacific Rubiales and within our contractors and subcontractors, we have constant monitoring and auditing activities that allow us to verify that policies on recruitment, labor and respect for human rights are followed.

At present, all contractors and subcontractors are in the process of developing and implementing social responsibility policies based upon internal and external best practices, but always factoring in and prioritizing Pacific Rubiales' policies.

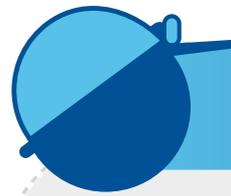
In conjunction with the municipal government, in 2012 we supported the permanent installation of an office of the Ministry of Labor in the municipality of Puerto Gaitán (Meta), meaning that workers will now have the opportunity to directly lodge complaints or report possible violations of labor rights by their employer. Thirty requests were received over the year and were dealt with promptly and resolved.

¹³ This corresponds to submitted in writing; verbal requests are resolved in the field and therefore are not submitted in writing.

We also work closely with the Colombian government and Fundacion Ideas para la Paz (the *"Ideas Foundation for Peace"*, which holds the Technical Secretariat of the Mining and Energy Committee on Security and Human Rights) to develop Colombia Guides on Human Rights and International Humanitarian Law. This was a collaborative initiative by companies, civil society organizations and the Colombian government to provide guidelines on human rights and international humanitarian law for companies operating in Colombia.

Our participation in this initiative has been to assist in building minimum guidelines that provide insight to the Colombian business community, specifically in the extraction sector, on issues of labor rights and freedom of association, land use, eradication of child labor and gender equality.

In line with this initiative, at Pacific Rubiales, we are also taking part in a pilot project to implement in Colombia the UN's Ruggie Principles, generating inputs for the development of public policy from a Colombian perspective on business and human rights.



TRAINING FOR THE ERADICATION OF CHILD LABOR

Under the **"Project for interdisciplinary strategies for social skills training, sex education and creation of citizenship in the students of junior and senior high school from Jorge Eliecer Gaitan school in the municipality of Puerto Gaitan (Meta)"**, we conducted talks with students to promote a cultural paradigm shift when addressing child labor.

This project was developed by psychology students at the Universidad Cooperativa de Colombia - Villavicencio Branch, who performed their internship period supporting our CSR office in Puerto Gaitan.

Following initial observations made by high school students from the Jorge Eliecer Gaitan school, some needs and problems to be addressed were identified. The objectives that were determined were:

- ▶ Encouraging the development of social skills in students from the Jorge Eliecer Gaitan school, alongside their teachers.
- ▶ Teaching awareness for students, teachers and parents about what social skills are and their fundamental purpose.
- ▶ Developing workshops to reflect on the importance of responsible sexual behavior, and provide knowledge of the law and its consequences.

The workshop developed on the issue of child labor was attended by 806 students from the Jorge Eliecer Gaitan school - 420 females and 386 males. In addition, awareness among students regarding this problem was achieved and workshops were conducted with themes such as: social skills, sexual abuse and other forms of abuse, sexuality and conflict resolution.



RESPONSIBILITY FOR THE SECURITY OF OPERATIONS

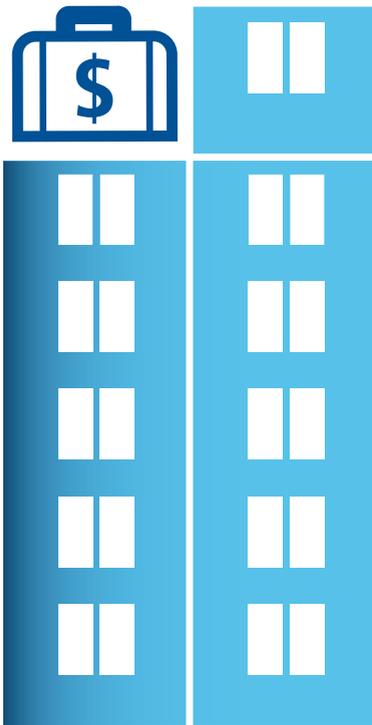
In 2012 we continued our security training program, complying with our commitment to respect and promote human rights in our security services and to implement the Global Compact Office's Voluntary Principles in our security processes. This training program included nine development workshops for the 160 members of Pacific Rubiales' private security personnel, responsible for the Rubiales and Quifa (Meta), Abanico (Tolima), Guaduas (Cundinamarca), and La Creciente (Sucre) fields, and the offices in Bogotá.

The aim of these workshops is to emphasize the importance of respect and to promote human rights. They outline the standards that security personnel must meet while carrying out their daily functions.

Additionally, as part of the work to ensure compliance with our Code of Ethics, we have updated and aligned procedures for contracting with suppliers and contractors so that they meet the standards and commitments of Pacific Rubiales. This includes including standards for corporate social responsibility, the Code of Ethics, labor relations and physical safety in all contracts with the Company.

A physical security schedule was incorporated into Pacific Rubiales' contracts with private security service providers, through which the Company encourages its contractors to provide services within a framework of respect for human rights and compliance with the Voluntary Principles.

PACIFIC RUBIALES GUIDELINES ON CORPORATE RESPONSIBILITY IN HIGH RISK AREAS AFFECTED BY CONFLICT: RESOURCES FOR COMPANIES AND INVESTORS



In conjunction with the Global Compact Office of the United Nations, the Principles for Responsible Investment (PRI) and a group of experts comprising representatives of the private sector, investors, civil society leaders, representatives of The United Nations (UN) and other stakeholders, Pacific Rubiales helped develop a guide to support companies implementing responsible business practices in high-risk areas affected by conflict, that is consistent with the Ten Principles of the Global Compact Office.

This guide provides a useful resource to help reduce corporate risk and increase the ability of firms to make decisions in order to make a lasting contribution to peace and development.

In addition to contributing to the development of the guidelines, we participated in the first global pilot project, developed by the Global Compact Office in New York, to validate the effectiveness of the guidelines. This project was conducted in our Rubiales field, located in the department of Meta, an area with a history of acute conflict.



HUMAN, ECONOMIC, SOCIAL AND CULTURAL RIGHTS OF THE COMMUNITIES

In line with our duty to comply with existing laws and international standards regarding respect for human rights within the communities in which we operate, and in recognition of, and respect for, the rights of ethnic groups, in 2012 we began sixteen new prior consultation processes. In total we have commenced 22 protocols, as follows: three processes that began in 2010, fourteen processes that began in 2011, and five processes that began in 2012.

Summarized below are the consultation processes developed to date:

CR -1 BLOCK (GUAJIRA)

BLOCK	BUSINESS UNIT	ACTIVITY	INDIGENOUS/ ETHNIC COMMUNITY	PLACE	PRIOR STAGE CONSULTATION	DURATION	START	DATE OF COMPLETION
CR1	PSE	2D SEISMIC SURVEY	LA ORQUETA (1)	ALBANIA, GUAJIRA	CLOSURE	4 MONTHS	JULY 27, 2010	SEPTEMBER 21, 2012
			SANTA CRUZ DE LA SIERRA (1)	ALBANIA, GUAJIRA	CLOSURE	5 MONTHS	NOVEMBER 29, 2010	AUGUST 24, 2012
			TRUPIOGACHO (1)	BARRANCAS, GUAJIRA	PRE-CONSULTATION		DECEMBER 4, 2010	
			PROVINCIAL (1)	BARRANCAS, GUAJIRA	OPENING	CLOSURE	MAY 10, 2010	JULY 26, 2012
			SAN FRANCISCO (1)	BARRANCAS, GUAJIRA	LOGGING	24 MONTHS	MAY 7, 2010	MAY 16, 2012
			ZAHINO (1)	BARRANCAS, GUAJIRA	CLOSURE	18 MONTHS	JUNE 18, 2011	DECEMBER 5, 2012
			LOMAMATO (1)	HATONUEVO, GUAJIRA	CLOSURE	22 MONTHS	SEPTEMBER 2, 2010	JULY 24, 2012
			YOURUNACHÓN (1)	MAICAO, GUAJIRA	LOGGING	1.5 MONTHS	JUNE 17, 2012	AUGUST 23, 2012
			LOS MANANTIALES, MAÑATUY Y CAÑO SECO (1)	MAICAO, GUAJIRA	LOGGING	9 MONTHS	AUGUST 8, 2011	APRIL 20, 2012

SSJN -3 BLOCK (MAGDALENA)

BLOCK	BUSINESS UNIT	ACTIVITY	INDIGENOUS/ ETHNIC COMMUNITY	PLACE	PRIOR STAGE CONSULTATION	DURATION	START	DATE OF COMPLETION
SSJN3	PSE	2D SEISMIC SURVEY	AFRO COMMUNITIES COMMUNITY COUNCIL OF BAHIA HONDA (N)	PEDRAZA, MAGDALENA	CLOSURE	2.5 MONTHS	MARCH 26, 2010	DECEMBER 4, 2012

TERECAY BLOCK (CAQUETÁ)

BLOCK	BUSINESS UNIT	ACTIVITY	INDIGENOUS/ ETHNIC COMMUNITY	PLACE	PRIOR STAGE CONSULTATION	DURATION	START	DATE OF COMPLETION
TERECAY	PSE	2D SEISMIC STUDY	EL PORVENIR, LA BARRIALOSA (1)	PUERTO GUZMÁN, CAQUETÁ	CLOSURE	9 MONTHS	NOVEMBER 9, 2011	AUGUST 15, 2012

TACACHO BLOCK (CAQUETÁ)

BLOCK	BUSINESS UNIT	ACTIVITY	INDIGENOUS/ ETHNIC COMMUNITY	PLACE	PRIOR STAGE CONSULTATION	DURATION	START	DATE OF COMPLETION
TACACHO	PSE	2D SEISMIC SURVEY	JEIRCO - CONSAYA (1)	SOLANO - CAQUETÁ	PROTOCOLIZED	6 MONTHS	AUGUST 26, 2011	FEBRUARY 23, 2012
			BUENA VISTA	SOLANO - CAQUETÁ	PROTOCOLIZED	6 MONTHS	AUGUST 26, 2011	FEBRUARY 23, 2012
			EL QUINCE (1)	SOLANO - CAQUETÁ	PROTOCOLIZED	6 MONTHS	AUGUST 26, 2011	FEBRUARY 23, 2012
			NIÑERAS (1)	SOLANO - CAQUETÁ	PROTOCOLIZED	8 MONTHS	AUGUST 26, 2011	APRIL 27, 2012
			LÍBANO	SOLANO - CAQUETÁ	PROTOCOLIZED	4 MONTHS	AUGUST 28, 2012	OCTOBER 18, 2012
			GUAYABAL	SOLANO - CAQUETÁ	PROTOCOLIZED	4 MONTHS	JUNE 28, 2012	OCTOBER 18, 2012

CAG-5 BLOCK (CAQUETÁ)

BLOCK	BUSINESS UNIT	ACTIVITY	INDIGENOUS/ ETHNIC COMMUNITY	PLACE	PRIOR STAGE CONSULTATION	DURATION	START	DATE OF COMPLETION
TACACHO	PSE	2D SEISMIC SURVEY	PUERTO NARANJO	MILÁN Y SOLANO - COQUETÁ	OPENING		DECEMBER 11, 2012	
			PEÑAS ROJAS	MILÁN Y SOLANO - COQUETÁ	OPENING		DECEMBER 11, 2012	
			CUERAZO	MILÁN Y SOLANO - COQUETÁ	OPENING		DECEMBER 11, 2012	
			EL DIAMANTE	MILÁN Y SOLANO - COQUETÁ	OPENING		DECEMBER 11, 2012	
			MATICURU	MILÁN - COQUETÁ	OPENING		DECEMBER 11, 2012	
			HERICHA	MILÁN Y VALPARAISO - COQUETÁ	OPENING		DECEMBER 11, 2012	
			EL TRIUNFO	SOLANO - COQUETÁ	OPENING		DECEMBER 11, 2012	
			EL CEDRITO	MONTAÑITA - COQUETÁ	OPENING		DECEMBER 12, 2012	
			CUSUMBE - AGUA BLANCA	SOLITA - COQUETÁ	OPENING		DECEMBER 12, 2012	

CPO - 14 BLOCK (META)

BLOCK	BUSINESS UNIT	ACTIVITY	INDIGENOUS/ ETHNIC COMMUNITY	PLACE	PRIOR STAGE CONSULTATION	DURATION	START	DATE OF COMPLETION
TACACHO	PSE	2D SEISMIC SURVEY	UUMA META (1)	PUERTO GAITÁN - SUCRE	PROTOCOLIZED	1 MONTH	FEBRUARY 14, 2012	MAY 16, 2012
			UNUMA VICHADA (1)	PUERTO GAITÁN - META	PROTOCOLIZED	26 MONTHS	FEBRUARY 28, 2010	APRIL 26, 2012

SSJN-7 BLOCK (SUCRE)

BLOCK	BUSINESS UNIT	ACTIVITY	INDIGENOUS/ ETHNIC COMMUNITY	PLACE	PRIOR STAGE CONSULTATION	DURATION	START	DATE OF COMPLETION
TACACHO	PSE	2D SEISMIC SURVEY	INDIGENOUS COMMUNITY CARACOLES	TOLUVIEJO - SUCRE	PROTOCOLIZED	8 MONTHS	OCTOBER 5, 2011	MAY 4, 2011
			INDIGENOUS COMMUNITY LOS ALTOS	TOLUVIEJO - SUCRE	PROTOCOLIZED	8 MONTHS	OCTOBER 6, 2011	MAY 3, 2012
			COMUNITY UNIÓN FLORESTA	TOLUVIEJO - SUCRE	PROTOCOLIZED	8 MONTHS	OCTOBER 7, 2011	APRIL 30, 2012
			COMUNITY VARSOVIA	TOLUVIEJO - SUCRE	PROTOCOLIZED	8 MONTHS	OCTOBER 8, 2011	MAY 2, 2012
			COMUNITY LA PALMIRA	TOLUVIEJO - SUCRE	PROTOCOLIZED	8 MONTHS	OCTOBER 9, 2011	MAY 1, 2012
			COMUNITY LA QUEVADA	TOLUVIEJO - SUCRE	PROTOCOLIZED	8 MONTHS	OCTOBER 10, 2011	MAY 4, 2012
			COMUNITY MANICA	TOLUVIEJO - SUCRE	PROTOCOLIZED	8 MONTHS	OCTOBER 11, 2011	MAY 2, 2012
			COMUNITY LA VENTA LA ESPERANZA	TOLUVIEJO - SUCRE	PROTOCOLIZED	8 MONTHS	OCTOBER 12, 2011	MAY 1, 2012
			COMUNITY LAS PIEDRAS	TOLUVIEJO - COLOSO - SUCRE	PROTOCOLIZED	2 MONTHS	JUNE 4, 2011	MAY 25, 2012

QUIFA BLOCK (META)

BLOCK	BUSINESS UNIT	ACTIVITY	INDIGENOUS/ ETHNIC COMMUNITY	PLACE	PRIOR STAGE CONSULTATION	DURATION	START	DATE OF COMPLETION
TACACHO	PSE	3D SEISMIC SURVEY	AWALIBA	PUERTO GAITÁN - META	PROTOCOLIZED	3 MONTHS	AUGUST 12, 2011	DECEMBER 26, 2012



Prior Consultation - Awareness

At Pacific Rubiales, we are committed to conducting prior consultations in which we seek to build bonds of trust with ethnic groups. This stage is led by a team of experts in the field, seeks to conduct meetings with leaders of organizations representing ethnic groups and to consult with municipal and regional authorities.

In order to achieve this, we have a database of maps, from the Agustín Codazzi Geographic Institute (IGAC). These identify the locations of indigenous and Afro communities that overlap Pacific Rubiales' projects in Colombia. This information is then supplemented and consolidated according to information gathered through contact with these communities and holding explanatory meetings, as well as through the development of consultation processes in the country.

These prior consultation meetings involve:

- ▶ Providing an explanation of the type of project that is proposed and clearly outlining the areas affected by the project using available maps.
- ▶ Conducting social mapping, whereby community representatives provide information that allows for an initial characterization of territorial ethnic groups and the possible presence of other ethnic groups that do not appear in the available databases.
- ▶ Identifying the internal organization of the community and the means by which representatives of the Company and communities will communicate.
- ▶ Setting a date and location for the consultation.

This practice has allowed us to identify the areas of influence for some projects, and for some communities and reservations to be initially certified and included, allowing for a timely consultation on any fundamental rights affected.

These meetings have also allowed us to learn about issues affecting these ethnic groups, such as language, interests, internal organization, needs, economic, and social and political aspects, thus providing a more comprehensive understanding of these communities.

In order to build and strengthen peaceful relationships and to generate a culture of respect and the observance of human rights in the communities where we operate, we continued offering the Diploma Course on Human Rights and Sustainable Development. We completed this training initiative with 42 community leaders in 2012 and 182 leaders in 2011, in San Pedro, Sucre.

We have also continued with the Diploma Course on Social Control and Citizenship, through which we trained 46 leaders from the municipality of Puerto Gaitan (Meta). The aim of this program was to help develop knowledge about the role of local authorities, the importance of citizen participation and the obligations of organizations, in order to enhance municipal development.



PACIFIC RUBIALES SUPPORTS GENDER EQUITY AND THE PROMOTION OF WOMEN'S RIGHTS

At Pacific Rubiales we firmly believe that gender equality promotes progress, and provides competitiveness and added value to the Company. We consider it essential to act with respect and to promote the rights of women working for Pacific Rubiales as well as women belonging to ethnic communities surrounding our areas of operation.

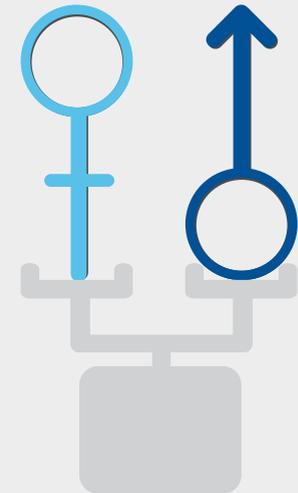
As a commitment to the respect and promotion of human rights in our operations, and in accordance with our corporate values of diversity and inclusion, in 2012 we started a process to help achieve gender equality and the human rights of women, both within Pacific Rubiales and our surroundings.

First, in order to ensure the effective implementation of this initiative within our company, we created a Committee on Gender Equality at the multidisciplinary and management levels. This committee has been operating since early 2012. It aims to lead the development and

implementation of action plans that will promote opportunities for both women and men to obtain decent working conditions, equality, health, safety and professional growth.

Secondly, we initiated a survey on the needs and interests of the women in Pacific Rubiales, as well as the women who work for our suppliers and contractors and who are members of the communities in the areas where we operate. This survey was completed through ten focus groups, each with male and female participants, conducted in our Bogota offices and at the Rubiales and La Creciente fields.

Inputs and suggestions collected from these focus groups and monthly meetings will be developed by our committee, and will provide the roadmap for the work that will continue to develop during 2013 and the coming years.



OUR CHALLENGES FOR 2013 +

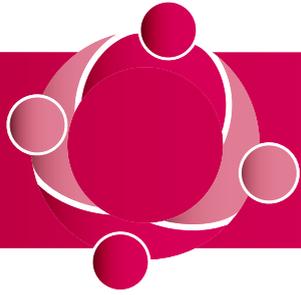
Build a model of human rights management that reaches across the entire Company and to all of our different business areas.

Develop training sessions for our contractors on on child labor and forced labor.

Design and implement an action plan in all our operations to promote women's human rights and to prevent discrimination.







WE HAVE THE FINEST TALENT

Our strategy focuses on ensuring the availability of qualified personnel in the short, medium and long term, by using competitive policies to attract, retain and develop employees and provide them with a good quality of life.

We continue to work to provide a corporate culture that draws on values emphasized by the Company and facilitates achievement of our strategic objectives, so as to positively impact all of our stakeholders.



INCLUSIVE LABOR RELATIONS

Positive relationships with unions are established through a series of activities that ensure respect and open, honest communication. At Pacific Rubiales we conduct monthly and weekly working committee meetings that report on situations as they arise and seek to find solutions through working cooperatively.

Through our internal communications we facilitate the interaction of all employees with the unions and we provide timely information in each union newsletter. We ensure that freedom of association is explained to all employees when they are hired by the Company.

Relationships with the unions are based on permanent, continuous and respectful communication where each party is able to state their position and work together to reach agreements that benefit employees, the union and the Company.

Labour relations are handled collectively in an environment of respect and communication with UTEN. Through negotiations we work jointly to generate agreements that benefit not only the Company's employees but also the employees of our contractors and authorized subcontractors¹⁴.

¹⁴For more information on the right of association in Pacific Rubiales, please refer to the chapter "We respect and promote human rights in our operations."



Our mobile office

In partnership with the Cofrem Compensation Fund, we have set up a mobile office for the Quifa and Rubiales fields where our employees, contractors and subcontractors are able to inquire about their health and other benefits and travel arrangements. To enable our workers to spend more of their free time relaxing and being with their families, we have worked to make life easier for employees by bringing the office to them and not have it the other way round.

This initiative will be extended to all areas of our operations and mobile offices for human talent will be created by all our contractors.

Coexistence Committee

In line with our desire to comply with the law and our corporate policies, we created a Coexistence Committee which operates in the field. The Committee functions to provide confidential management of internal procedures and deals with issues arising out of workplace harassment within the Company. The mandates of the Committee include:



Meeting and making decisions only when a quorum (50% plus one) of its members are present.



Holding special sessions whenever the situation warrants and also regularly every three months.



If workers are involved in workplace harassment issues, each individual's story will be heard separately. Once these accounts are heard and analyzed, evidence will be provided regarding the claim. Following this, the Committee will decide if the claim warrants further proceedings under workplace harassment, whether the case should be handled as a disciplinary procedure, or whether it should even proceed.



If it is determined that the case constitutes workplace harassment, the parties will be called to develop solutions to the claim, through developing binding commitments between the parties.



In cases of workplace harassment where the conduct warrants, Human Resource and Industrial Relations management shall be formally apprised of the claim and will undertake disciplinary proceedings.

The Committee governs all workers hired by the Company, and includes representatives of both workers and the Company to ensure objectivity, confidentiality and management of workplace harassment issues as they arise.

SELECTING AND RETAINING TALENT

At Pacific Rubiales, we have clear procedures for the internal promotion and external recruitment of qualified individuals and strategically advising in areas that require talent. Selection is completed through integrating evaluators from different areas and disciplines. Internally, we facilitate the movement and development of talent within the Company.

Inclusive Procedures

In 2012, we signed the Productivity Agreement, an initiative supported by Colombian and international institutions that promote the inclusion of individuals with disabilities in the Pacific Rubiales workforce.

This initiative reaffirms our commitment to value diversity and inclusion, and generates physically and psychologically suitable spaces for the development of employees.

Currently, we have an evaluation process for the physical and psychological environment and have conducted an initial review of potential positions. By 2013, we hope to implement all phases of the process and closely follow-up with people who have been recruited to gain feedback and encourage their development.

Efficient Systematization of Selection Procedures

We suggest candidates to different internal departments using the Pacific Selection Tool. This is a database of more than 80 technical surveys and more than 1,500 potential candidates that allows for internal and external management of the entire selection process. We have successfully recruited over six hundred new people to the Company, including external candidates and talent from other companies.

This initiative allowed us to compile all recruitment information into one system that organizes timeframes, candidates and status. This supports our

AUTOMATED SELECTION PROCESS

STAGES IN THE PROCESS OF CANDIDATE SELECTION	SELECTION RESOURCE REQUIRED BY THE PROCESS			
	ASISSTANT	PROFESSIONAL	MANAGER H.T.	SELECTION LEADER
Open vacancy			X	X
Reception and analysis of requisition	X	X		X
Internal and external bid publication	X	X		X
Recruitment	X	X		
Shortlist	X	X		
Citation of candidates for evaluation process	X	X		
Technical and management poll	X	X		
Elaboration and analysis of performance results		X	X	
Citation of candidates for psychometric test	X			
Psychometric test	X	X		
Analysis of results of psychometric test		X	X	
Citation of candidates for interviews	X			
Interviews		X	X	
Socio-economic study / Safety	X			
Hiring		X	X	
Consolidation and analysis of indicators				

Current time spent in operative system selection activities.

Percentage of operative activities that decreased with Pacific Selection.

internal customers in the search and selection of candidates who have the most suitable profile through an organized system that can be accessed at any time (Figure 6.22).

Intelligence Strategies and Talent Mobility

With the acquisition of new businesses, we are working toward forming a standardized evaluation process that will find the best employment options for new workers. At the same time, workers that join the Company will be ensured

PERCENTAGE OF CURRENT TIME UTILIZED IN OPERATIVE ACTIVITIES OF SELECTION.			
% ASSISTANT	% PROFESSIONAL	% MANAGER	% LEADER
		3%	3%
	5%	3%	3%
5%	5%		
10%	15%		
	5%		
5%	5%		
10%	10%		
	5%		5%
5%			
10%	10%		
5%	10%		
5%			
	15%		15%
5%	3%		
	10%		10%
25%			10%
85%	98%	6%	46%
70%	70%	3%	33%

Figure 6.22

of continuity within changing functions that promote development. We have designed a talent strategy plan that is aimed at identifying replacements, finding temporary assignments and creating smooth transitions between positions based on a methodology that correlates performance, skills, career interests, equipment characteristics and business opportunities.

We have focused this strategy on employees at newly acquired companies with a high potential for working in alternative areas across the organization. Upon successfully incorporating new talent into Pacific Rubiales, we also have procedures that enable the growth of employees with transitioning or horizontal responsibilities.

The opportunities we provide to our talent are in line with the importance we place on the internal growth of our employees. Internal growth will work to maintain consistency and improve mobility practices in talent planning.

Employer Branding

We provide opportunities for candidates from all different educational levels to stay informed about opportunities in the Company. We encourage participation in virtual and in-person job fairs, provide job postings, and communicate directly with interns, recent graduates and professionals. This provides a strong recruitment database to draw from in the future.

In 2012, to generate a greater understanding of the Company and provide information about employment opportunities for potential candidates, we initiated programs to approach the public through unconventional networks, geared particularly toward interns, students and recent graduates.

These initiatives were carried out across Colombia, with over 49,000 attendees, who now understand Pacific Rubiales' vision, principles and corporate values.

Talent development seminar

We have designed an intensive development program, with each phase focused on the strategic development of talent across disciplines within the Company, in order to recruit and integrate newly graduated students who are beginning their working lives at Pacific Rubiales.

Our aim through this strategy is to contribute to the employment of young professionals and provide opportunities for growth.

LIFE BALANCE AND QUALITY

At Pacific Rubiales we have developed strategies to foster the integration and recognition of the important balance between work and family life, in the hopes of improving the quality of life for our employees.

EMPLOYEE WELFARE STRATEGY

We have developed a strategy for employee welfare, three dimensions of which are included below with examples of the initiatives provided:

INTELLECTUAL



Collective Cultural Events: this year, an exclusive session of the Darwin exhibition was offered for employees and their families.



The Colombian National Theatre visits our offices monthly and sells tickets at a corporate discount to employees. The Hispanic American Theater Festival also offers a similar discount.



Access to various **Cultural Events** or discounts on admission.



Career Guidance for the children of employees.



Talent Groups.



Art and Music Courses.



Cultural Information.



Knowledge **Communities.**

SOCIAL



Outdoor Activities.



Birthday Celebrations: at the beginning of the month, a jar with cookies and a birthday message is given to all employees who have birthdays during the month.



Celebrations of special occasions: including women's day, assistant's day, and children's day.



Family day: focusing on awareness of social and ecological issues.



Children's day.



Corporate events.



Recreational vacations for worker's children.



Workshops on hobbies and talents.



Participation in **volunteering activities.**



PHYSICAL



Sports training.



Periodical **medical examinations.**



Doctor's offices on-site.



Gym.



Prepaid **medicine.**



Pacific Runners.



Internal sports tournaments: in Bogota these tournaments last about six months and all employees have the opportunity to participate, either individually or by forming teams. The first three places in each discipline receive awards.



External sports tournaments (national and international).



Psychosocial analysis.



Active breaks.



Sponsorship of internal teams.

These initiatives allowed us to build a comprehensive strategy that addresses the needs of all of our employees and their families as a whole, as well as incorporate groups from across the Company into a single entity.



Vacations, leaves and hobbies

In accordance with our commitment to promoting the welfare and quality of life of employees, in 2012 we granted one day of vacation for each year of service, up to a maximum of ten days, in addition to the fifteen holiday days provided by Colombian law.

We also provide a three-day additional leave for employees getting married or for those whose parents, spouse, partner, children or siblings have been hospitalized (Figure 6.23).

We have developed procedures to improve welfare through the recognition of the hobbies and interests of our talent as a key part of their overall development. This is why we now offer activities such as cooking schools (in Spanish and English), Pacific Runners for athletes, and guitar schools. These activities work to reinforce the links between individuals and provide a different atmosphere for socialization and achievement. We focus on structuring action plans based on these initiatives and the real needs of our employees.



Figure 6.23

TOTAL COMPENSATION SYSTEMS

At Pacific Rubiales we maintain wage equity among our employees and maintain competitive rates in comparison to other companies in the industry. We also offer benefits that encourage the professional, economic and social development of employees.

We aim for employees to be paid according to their skills, responsibilities and merits. We attempt to ensure our Compensation and Benefits Policy is linked to personal performance and achievement of the Company's goals and objectives.

Wage Equity

At Pacific Rubiales, every year we make an effort to maintain wage equity across the entire organization. We seek to have similar salaries for similar positions, based on size and scope within the Company. In 2012, the Equity Index reached levels above 85% in Colombia, Canada and Peru. This indicates that nine out of ten employees are being paid at a similar level to others with equal responsibility and scope.

Most significantly, despite the many acquisitions in 2012, we managed to maintain the internal equity of the organization and will continue to work toward reducing any differences in positions that have not yet reached equitable levels.

Wage Chart of Contractors

During 2012, we designed the wage chart for contractors, which provides clear guidance for the allocation of wages in fields operated by Pacific

Rubiales in Colombia, using objective, publicly published rules. The aim of the chart was to improve the wages of our field contractors' employees, to unify concepts, to maintain equity and to minimize risks.

The Committee regarding Impact on Labor Agreements manages the review and approval of adjustments resulting from the implementation of the wage chart for contractors and the implementation of agreements with UTEN.

This initiative allowed us to clearly identify areas of improvement for contractors when they submit a proposal to the Company.

Pension Plan

Through this benefit, the Company encourages in its employees (with indefinite term contracts) a culture of savings and pension. In seeking this goal of increasing the future capital of each member of the Pacific Rubiales family, we pay up to 7% of the salary of the employee into a voluntary pension fund account, provided that the employee in turn makes the same contribution.

The plan allows contributors to gain access to the contributions the Company has made on his/her behalf after three years. Since the program began, 229 people have received voluntary contributions from the Company, for a total of US\$2,749,393.

SOME INDICATORS

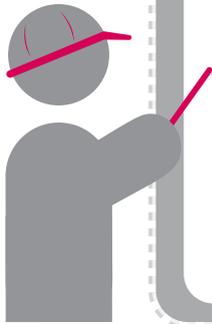
90% Of our employees have participated in at least one training program, compared to **78%** in 2011.

The average training per person is **62 HOURS**.

Overall, 110,000 hours have been devoted to training compared to **45,622 HOURS** in 2011.

133 EMPLOYEES have benefited from our tuition refund policy.

416 WORKERS OVER A TOTAL OF 17,418 HOURS have participated in programs teaching English.



ORGANIZATIONAL LEARNING

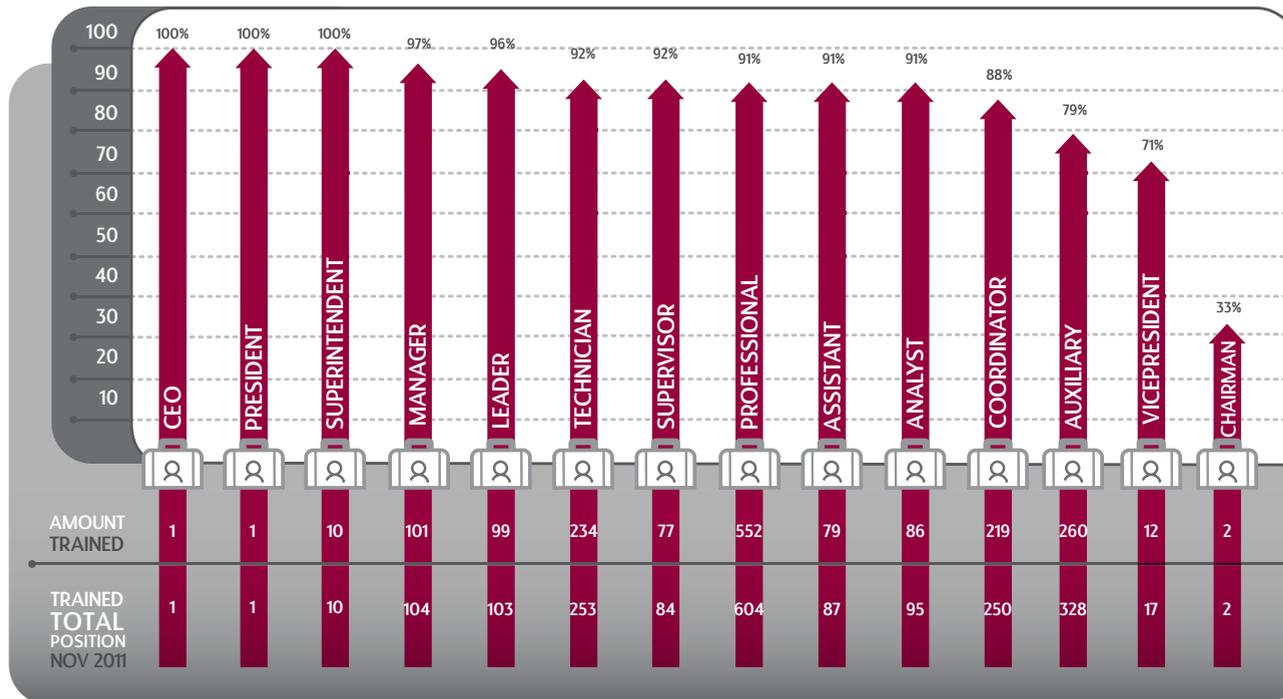
We consider Pacific Rubiales to be a company that learns. We have identified knowledge sharing as one of the key requirements for future business sustainability.

We have extensive staff participation in training and education models for organizational learning and we provide learning spaces and classrooms at the Rubiales and Quifa fields (Figure 6.24).



POSITION COVERAGE

Figure 6.24



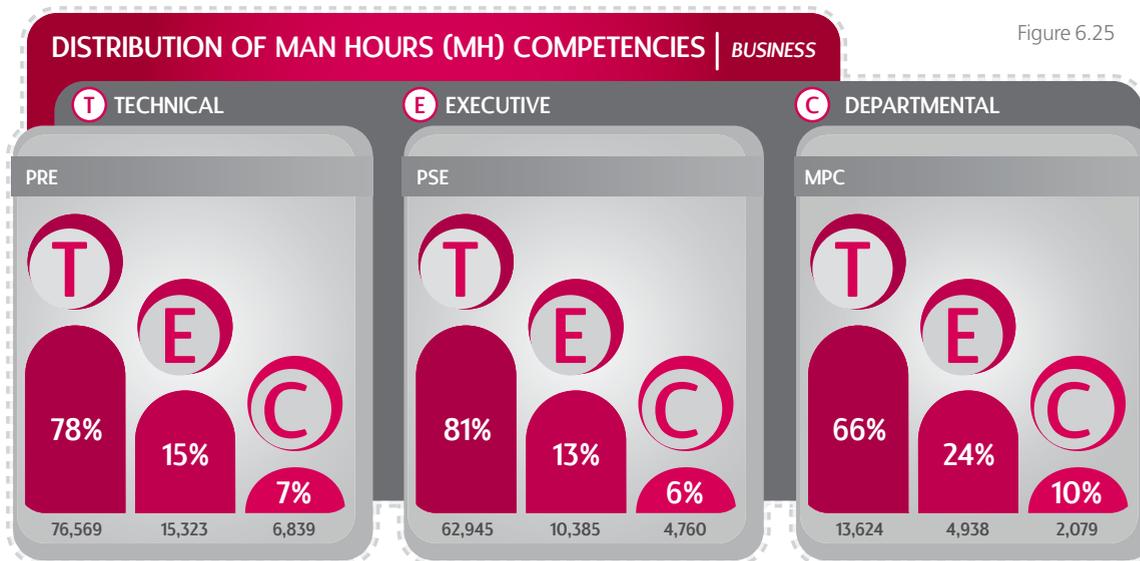


Knowledge Management Model

We created and implemented a knowledge community to promote a corporate model of Pacific Rubiales Knowledge Management. We have designed and developed this model based on best practices and the Company's culture to acquire, share and preserve knowledge. We feel this is one of the main assets that ensures the competitiveness and sustainability of the Company. Significantly, the proactive participation of managers and technical staff within the Company helped to incorporate the sixteen Pacific Rubiales Talent knowledge communities.

Technical, executive and behavioral skills

We tailored and applied the development model to technical, executive and behavioral skills by measuring the respective gaps and creating plans for closure of the gaps. This allowed us to identify 62 items for the Center of Excellence: 40 technical skills, 6 in Automation, Information Technology and Telecommunications (AIT) and 16 in geosciences. Additionally, four were identified for corresponding advances in behavioral skills and executive leadership, mentoring, business vision, and supervisory expertise, which allowed us to design and incorporate a parametric model for measuring competencies in the Pacific Rubiales Talent system (Figure 6.25).



COMPREHENSIVE DEVELOPMENT OF OUR PEOPLE

We have identified the development needs of individuals and teams in the Company so that they can maximize their potential as comprehensive human beings.

In addition, we integrated their performance and skills into our corporate strategy, risk management and sustainability approaches. We have designed career paths that allow all workers to visualize horizontal and vertical movements they can make in their professional development.

High Potential Program

In 2012 we added new candidates to the High Potential Program. It now has a total of 42 people from different areas, levels and locations. Included in this are two participants from Peru and two from PetroMagdalena. The training programs are based on some of the following topics: behavioral and executive development, strengthening business vision, leadership of self and others, talent management and work environment, and sustainability and voluntary practices.

We have formed a training assessment process for new candidates and training procedures, including coaching and mentoring, for people already involved. This has allowed for the development of high potential individuals and the allocation of their skills to a wide variety of positions within the organization, thus furthering their level of development.

Talent Oriented Tools

During 2012 we completed the implementation of the development needs detection (DND) process for identifying what people need in terms of

knowledge, skills and experience to meet their goals and build effective training plans.

The process was applied across the organization by specific training for managers to coordinate the diffusion process and through the use of Synergy, a human resources information system. This system includes explanatory videos that foster a broad knowledge of the process and its application and use in the decision-making required in the talent and training plan.

We managed to raise awareness about the importance of creating training plans grounded on the needs of the position and the future projection of those needs, and with leaders on strengthening their motivational leadership (listening and recognizing the needs of your team).

Alignment of teams

We created approximately thirty team alignments, aimed at improving communication needs, teamwork, interactions, agreements and roles for teams in the organization, and aligned with workplace strategies. We began the process by developing networks, providing support to the Company's technology projects and supporting internal and external leaders in the project.

This allowed us to coordinate the development of work teams and programs for strengthening leadership through the Pacific Corporate University (PCU). This resulted in certain actions, such as creating operating agreements, providing individual or team coaching, and following-up to improve the workplace environment.

We also raised awareness of the strengths and opportunities available across different areas, working toward the vision of a common goal. We improved communication processes and awareness within team areas and provided essential inputs to the PCU team for developing educational plans.



STRENGTHENING PACIFIC RUBIALES' CULTURE

We focus on the growth of corporate values through interaction, learning and communication spaces that facilitate internalization and application.

Performance Culture

Performance management is a core process of Pacific Rubiales' culture, by which supervisors and supervised employees establish, review and evaluate the implementation of the objectives and conduct of the employee, as they align with corporate goals, risks and sustainability commitments.

We strengthened the performance process through working on joint planning objectives, review and evaluation. We offered personalized advice to more than 160 leaders in the Company to build on objectives for risks and sustainability. These advisories were held in Bogotá, in the fields, Peru and with collaborators from PetroMagdalena, all trained in performance culture.

We achieved 97.5% satisfaction in the processes conducted in performance workshops. We provide models for feedback and monitoring performance and have a more robust and personalized online process that now aligns with corporate strategy.

In addition, we obtained 95.16% completion of the Company's performance evaluation form, and 80.23% of the employees were trained in the performance culture, including individuals from Peru and PetroMagdalena.

Work Environment

We increased the Work Environment Index, and continue to maintain a status of "Very Satisfactory". We managed to measure the effectiveness of cross-coverage plans across the Company and as a result, implemented the Great Place to Work survey (GPTW).

We assisted leaders in eighteen areas on the management of the work environment, guiding the leaders and providing observations on topics like job posting, welcoming processes, and Coffe's Integration.

We improved in categories such as the hospitality of people, wage equity and pride in the job. 91% participated, compared to 86% in 2011, achieving a 73.4% WEI, very satisfactory level. With 93.7% participation we ranked as the highest level of participation in the range. The Pacific Rubiales work environment ranked above other companies assessed by GPTW.





PACIFIC TALENT

Our Company is constantly evolving and we always maintain that our human talent must evolve with the same speed and effectiveness. This is why, in 2012, Human Talent gave access to Pacific Corporate University to every employee in the Company. This platform was created and designed for employees to take active control of their educational process and provided the means to manage their professional and personal development.

Pacific Talent is a technological tool that enables employees to manage Pacific Corporate University staff training activities and allows each employee to track their performance and upcoming training. Pacific Talent will now be the vehicle to enroll in virtual classrooms directly related to our Annual Training Plan. In addition, this platform includes the feature "Knowledge Communities" which helps us to manage the knowledge management process that is being implemented within the Company.

In the learning portal, there are three main and two supplementary functions. My training plan, my skills, and knowledge communities serve as the main functions and video tutorials and my virtual library make up the supplementary functions.

We are implementing and educating employees on the use of the learning management system for the integrated talent development processes in the Company. Overall, 1,500 certificates were issued and 1,300 workers were involved in the education process.

In 2012, Pacific Corporate University organized twenty networking events between the Bogota office and the fields. These events serve to promote the importance of the new Pacific Talent technology platform and its functions, roles and commitments to all employees and supervisors.



PACIFIC VOLUNTEERING PROGRAM

This strategy seeks to involve our employees with social causes where we can incorporate our corporate values while learning from others. We hope that the Pacific Volunteering Program will achieve the same objectives as other activities promoted and facilitated by the Company, including providing financial, human and technological opportunities for participation. We hope employees, as volunteers, will devote their time, goods or money to social and environmental projects that contribute to the development of communities where Pacific Rubiales operates. Our volunteering strategy is aligned with the ANSPE's goals, to help families emerge out of extreme poverty. Last year our employees acted as "social workers", learning about the realities of families living in El Codito, a depressed sector of Bogotá, within our area of influence. This year, we will work with the same families to develop entrepreneurial projects in addition to the quarterly activities that enhance an organizational culture of sustainability.

In 2012, 46 employees participated in this program.

CHALLENGES 2013 +



Increase the presence of Pacific Corporate University in our fields through specific training programs and the our creation or improvement of learning spaces.



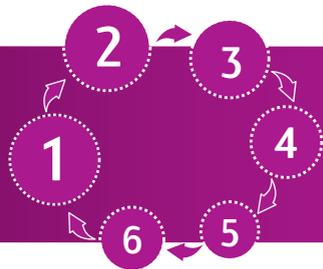
Interact with national universities and institutions in Colombia to strengthen the technical and executive education in the oil sector and promote innovation.



Increase the WEI (Workplace Environment Index) for relevant areas of the Company.







WE PROMOTE A SUSTAINABLE SUPPLY CHAIN

At Pacific Rubiales our suppliers and contractors are essential to strengthening our commitments to sustainability and ensuring the success of our business. One of our strategic priorities is the comprehensive management of our supply chain. This will allow us to work with responsible partners and jointly develop innovative solutions that promote dynamic procedures, business competitiveness, improved management capacity and generate added value throughout our chain.

MANAGEMENT AND SUPPLIER DEVELOPMENT

We select suppliers and contractors whose operations are aligned with our Code of Ethics, our sustainability policies and HSEQ. We conduct assessments and audits to qualify performance and enable the implementation of improvement plans while defining consequences for noncompliance.

In addition, we encourage and reward good management of economic, social, and environmental innovations contributing to sustainable development related to a supplier's core business.

Strengthening the Suppliers Classification System Tool (Siclar)

In 2012 we focused on improving the Siclar tool, provided and managed by Achilles Colombia. Currently, Achilles has a Pacific Rubiales database of 876 suppliers registered with validated information - data and documentation that has been verified by Achilles personnel.

This tool is intended to provide our buyers with basic information on the financial, technical and legal suppliers who have registered to become part of our Unified Register of Suppliers. This register has been used since 2010 as is the primary source for the selection of suppliers by buyers.



Today, through a process of adjustments, we developed the following features within the tool:

FACILITIES

SCORING

The prequalification model allows providers to be categorized based on the documentation submitted in connection with management systems and financial capacity.



ONLINE DOCUMENTATION

This feature allows for supporting documentation to be provided electronically and can be accessed at any time.



FINANCIAL RISK ANALYSIS

Allows for a closer look at the financial realities of inviting firms into competitive processes. This has been designed to meet the requirements of the Financial Vice President's Office in Pacific Rubiales.



In addition, we implemented the following actions to further improve this tool:

- ▶ Incorporating the results of statutory audits conducted by the HSEQ area, providing for a new element of analysis for purchasers when selecting a firm.
- ▶ Eliminating self-registration as an enrollment mechanism for suppliers due to the fact that the information provided is not validated.

Performance Evaluation of Suppliers

In 2012 we executed a series of actions, seeking to develop a more robust corporate model. These actions included:

- ▶ Establishing the Performance Evaluation of Suppliers Committee, bringing in Vice Presidents from various business units or their delegates as permanent members.
- ▶ Beginning an Evaluation Model Design in SAP, using the resources that ERP-SAP provides in order to achieve a comprehensive performance evaluation.

The Performance Evaluation of Suppliers and Contractors Committee is an internal corporate body created in September of 2011 that has the power to advise senior management levels, communicate with the various procurement committees, and the contracting organization and to issue sanctions on providers or contractors who have engaged in activities defined as *major non-conformities*.

The Performance Evaluation Committee is an alternative to the contract administrator and is required when other recourses have been exhausted or are no longer possible. In the normal case (administrative failures in delivery, quality or others), the contract administrator generates a *minor non-conformity* and manages it in the first instance by resorting to the clauses of the contract, purchase order or

service order, which is sent along with the purchasing documents issued by the purchasing coordinators, and which the contract managers should be aware of for proper administration.

The permanent committee meets on a quarterly basis or whenever it is called by the Supplier Management Area to address specific issues.

Registration of Brands (*Brand List*)

Pacific Rubiales has an Evaluation and Technical Brands Certification Committee, which is intended to establish guidelines and procedures in line with corporate strategy, enabling a Brand List that adds value to the project management and business units of the Company.

In 2012 we enhanced this committee as follows:

- ▶ We incorporated as a permanent member the Commissioning Management of Equipment and Plants (Commissioning), which provides the experience of the area responsible for closing the project construction processes.
- ▶ We created the Standardization Commission, which functions to generate a policy of regulation, codification and standardization of brands and equipment.

This committee includes the following members and functions, figure 6.26:

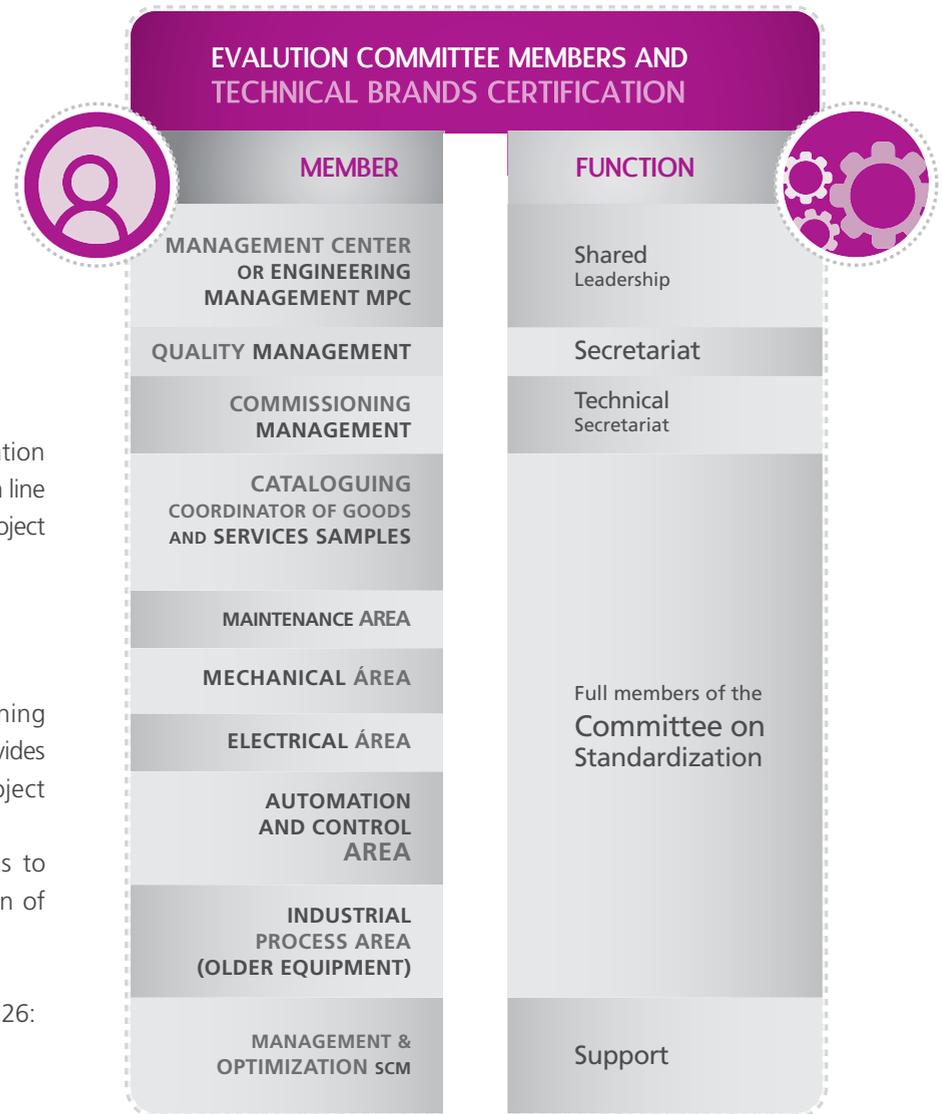


Figure 6.26



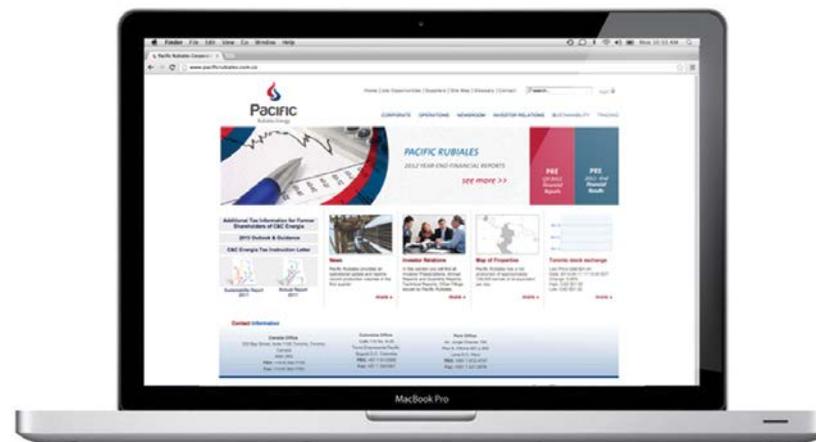
Discussion Boards for New Suppliers

Our policy provides assistance for suppliers interested in providing goods or services to the Company. The goal is to provide an overview of Pacific Rubiales and clearly disclose our procurement methods so as to maintain transparency from the beginning and allow the supplier or contractor to be fully aware when making the decision to join our Register of Bidders.

With this approach, we are developing discussion boards that are based on a technical business advisory visit where any interested bidder will have the opportunity to see our procedures first hand.

These spaces are an important tool for communicating with potential suppliers and will familiarize them with our recruitment methods. Based on this information they can make a conscious decision whether or not to register in our SRB (Single Register of Bidders). Additionally, the discussion board allows participants to find potential contract opportunities through the main contractors.

With the aim of strengthening communication channels, in 2012 we developed about forty discussion boards that included participants from 746 domestic (Colombia) companies.



Suppliers' Web Portal

We have had a supplier portal since 2010 and it can currently be accessed directly at www.pacificrubiales.com.co in the Suppliers section. On this site you will find the following information:

- ▶ Step by step registration instructions for new suppliers.
- ▶ Access channels for new providers.
- ▶ How to participate in the discussion boards of potential suppliers.
- ▶ Information on the Local Supplier Development Program.
- ▶ Local contracting figures.
- ▶ Information on suppliers' meetings.
- ▶ Information on the Performance Evaluation Process at Pacific Rubiales.
- ▶ Documents related to contractual regulations.
- ▶ Our Code of Ethics and Conflicts of Interest policies.
- ▶ Reporting and consultation channels.

By 2013 we hope to have an interactive website that facilitates consultation with our suppliers on topics of interest.



Suppliers' Meetings

In line with our commitment to create economic, social and environmental value throughout our supply chain, for the third year in a row we held the Pacific Rubiales' Suppliers and Contractors Meeting. This event is aimed at recognizing the efforts of suppliers of goods and services to adhere to our policies for recruitment generated by HSEQ, CSR, physical security, labor relations and purchasing. During this event we highlight the excellent performance of both major suppliers (purchases over 500 Colombian minimum statutory wages) as well as minor suppliers (purchases under 500 Colombian minimum statutory wages), considering factors such as quality, timeliness of delivery and other selection criteria.

In 2012 over 270 companies participated, represented by about 600 attendees. We gave awards to six companies, as shown in Chart 6.27:

Chart 6.27

AWARD-WINNING COMPANIES IN THE THIRD MEETING OF SUPPLIERS AND CONTRACTORS	
CORPORATE SOCIAL RESPONSIBILITY	CONSORCIO PIL-PROCTEK
INDUSTRIAL RELATIONS	MORENO VARGAS SOCIEDAD ANÓNIMA
PHYSICAL SECURITY IN FIELD	SERVISIÓN DE COLOMBIA Y CÍA LTDA
PHYSICAL SECURITY IN BOGOTA	ALL SECURITY SERVICES SAS
PURCHASES OVER 500 MSW	SULZER PUMPS INC.
PURCHASES UNDER 500 MSW	DIESELECTROS

Additionally, we recognized the work of our suppliers and contractors in the Local Supplier Development Program, under which we highlighted the following companies: Neblinas Agua Pura, Cecoin, Soga, Serviseg and Duflo. The company Moreno Vargas Sociedad Anonima was recognized for the implementation of initiatives that promote gender equity within the Supplier Development Program.

INTERNATIONAL CERTIFICATION PPP
(PURCHASING POLICIES, PROCESSES AND PROCEDURES)
FOR PROCEDURES OUR SUPPLY CHAIN

In September 2012, our policies, processes and procurement procedures were certified by the Chartered Institute of Purchasing and Supply (CIPS), a United Kingdom organization established in 1932 and member of the Royal Charter that has more than 66,000 members in 150 different countries.

Since 2009, Pacific Rubiales has been working on a structural transformation process of our purchasing area, which aimed to design and implement a Comprehensive Supply Model (CSM) that will frame all activities that directly and indirectly affect the functions of the area (Figure 6.32).

This model is based on a planning strategies approach, and supported by the best practices: strategic sourcing, contract management, materials logistics management, inventory management, supplier management, information management, optimization, improvement, development and participation of human talent as the primary keys to success.

Our management is oriented under the Category Management scheme, which has proposed focus groups or categories of supplies for the development of strategic thinking and value addition in our activities, contributing to the strengthening of the management of knowledge and opportunity detection by specialists in each category.

In addition, we consolidated the role of logistics for management of supplies purchased internationally. This consists of air or sea transportation and customs requirements, and nationally from receiving, through load consolidation (cross-docking) to the office and final delivery to the user (field) or warehouses. This ensures quality and timely delivery.

Our efforts to improve came through centralizing the management of warehouses and inventory control, and integrating information systems. We go through a process of cataloging that supports the planning, optimization and standardization of inventory.

As support for the development of different initiatives and projects to implement the CSM, we have created a function for managing and optimizing BPO (Business Process Optimization). This includes the structuring and implementation of manuals and procedures, measurement of performance indicators, the identification of opportunities for improvement and process automation, report generation and development of complementary activities required along the chain.

After an extensive planning and preparation process, in 2012 we were visited by a representative of CIPS. The representative reviewed over four hundred issues and identified some gaps in the process. After five months of joint efforts and with the assistance of certifiers, these gaps were gradually closed and improvements were made that allowed us to achieve International PPP Certification.

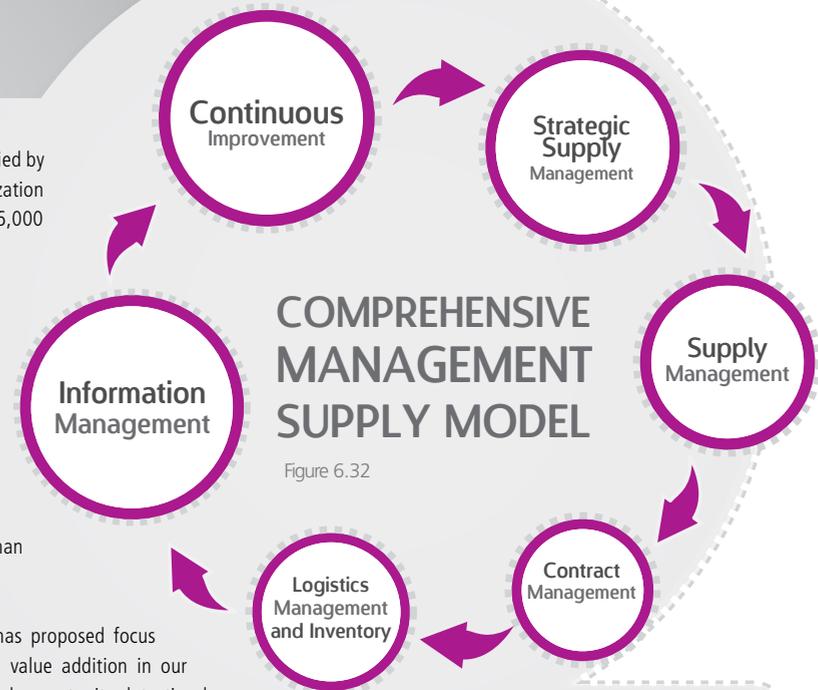


Figure 6.32

PURCHASE OF LOCAL GOODS AND SERVICES

Provided that a supplier first meets the requirements of quality and quantity, we attempt to purchase goods and services locally, with special emphasis on opportunities for women.

Through the CSR appendix to contracts, we also encourage contractors and sub-contractors to purchase locally.

Our Policy for the Treatment of Domestic Supply of Goods and Services

At Pacific Rubiales, we consider it essential for our development and for adding value to our stakeholders to have policies, systems and procedures that ensure a strong supply chain and minimize the risks of supply.

During 2012 we focused on creating a policy that promotes the innovation and development of products and services in Colombia that contribute to operational excellence and sustainable development in ways that are still timely, competitive and high quality.

This policy seeks to support the existing government and institutional efforts to develop and strengthen national industry, promoting institutionalization and joint efforts to develop a competitive local supply base.

Some of the strategies that we have proposed in the implementation of this policy are:

- ▶ Promoting economic growth and improving the quality of life in our areas of operation by using Local Suppliers Development Programs (LSDP).
- ▶ Having an official disclosure strategy for plans and programs.
- ▶ Strengthening our evaluation system and suppliers information.
- ▶ Rating complementary services from local suppliers.

In 2012, we entered into contracts totalling \$33 million with suppliers from locales where we conduct our operations (Figure 6.28).



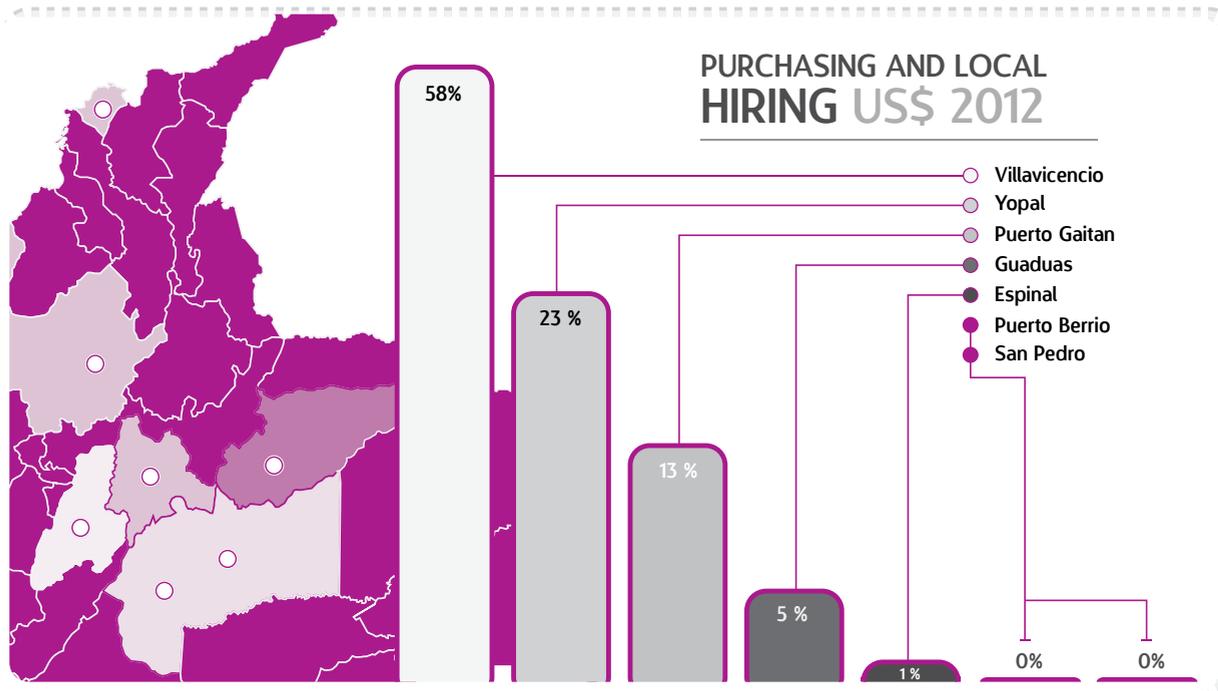


Figure 6.28

SOURCE SAP 14 JANUARY 2013

Local Community Procurement Program (LCPP)

This program was designed by the Company in conjunction with the local communities to encourage a supplier development strategy. The strategy allows for local and regional entrepreneurs to access our value chain with the goal of strengthening local economies, where we are directly able to provide development opportunities.

In order to meet this challenge, we set the following goals:

- ▶ Identify and evaluate the provision of goods and services from local and regional companies with potential to articulate the value chain of the Company.
- ▶ Prioritize recruitment lines that allow effective coordination with the value chain.

- ▶ Coordinate with local and regional development agencies, for example the Competitiveness Commission of Meta.
- ▶ Involve local and regional entrepreneurs.
- ▶ Define the parameters and rules of participation.
- ▶ Accountability for results.
- ▶ Develop clusters and associations for production processes.
- ▶ Promote technical and financial support.
- ▶ Promote public-private partnerships.

Among the main objectives of the program, we highlight the following:

- ▶ Implement a local and regional factor in the purchasing process, both for Pacific Rubiales and its strategic contractors.
- ▶ Streamline the local and regional economy by including small companies in Pacific Rubiales' value chain, with our strategic contractors and other companies in the extraction sector.



Development Plan

The LCPP was conceived as a project with three phases to ensure sustainability and positive results.

Phase I: Analysis and diagnosis of potential supply and demand for goods and services.

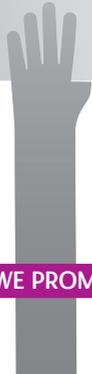
Surveying a business map of the area to identify the type of entrepreneurs that are present, their maturity levels and any gaps in their organizational or operational levels.

Phase II: Strengthening business and technical support

Provide technical support that seeks to use the analysis of the previous phase to form an action plan for improving any competition issues of individual employers in the area. Similarly, achieve the creation of clusters with the potential of increasing productivity in the different sectors through support for partnership and cooperation.

Phase III: Effective market linkage (Pacific Rubiales, contractors, other companies or other business sectors)

On the basis of competitiveness generated in each company in the previous phase, we seek to establish contact and interaction with its target market. To achieve this, the survey on supply and demand made in the first phase is used to provide the space for further negotiations and agreements between sellers and buyers.



Results in 2012

- ▶ This program began Phase II. Effective connections were obtained in the value chain of our contractors, where purchases of approximately US\$100,000 a month have been achieved. This translates into a projected annual increment of approximately US\$1,200,000 as a result of negotiations within the LCPP (Figure 6.29).
- ▶ Surveys were conducted at a total of 368 companies in the urban centers of Puerto Gaitan and Villavicencio. Out of the companies surveyed, 54 that had the potential to enter into agreements were selected according to criteria established by the program.
- ▶ Roadmaps and action plans for these 54 companies will be executed and implemented by the Company in the second phase.

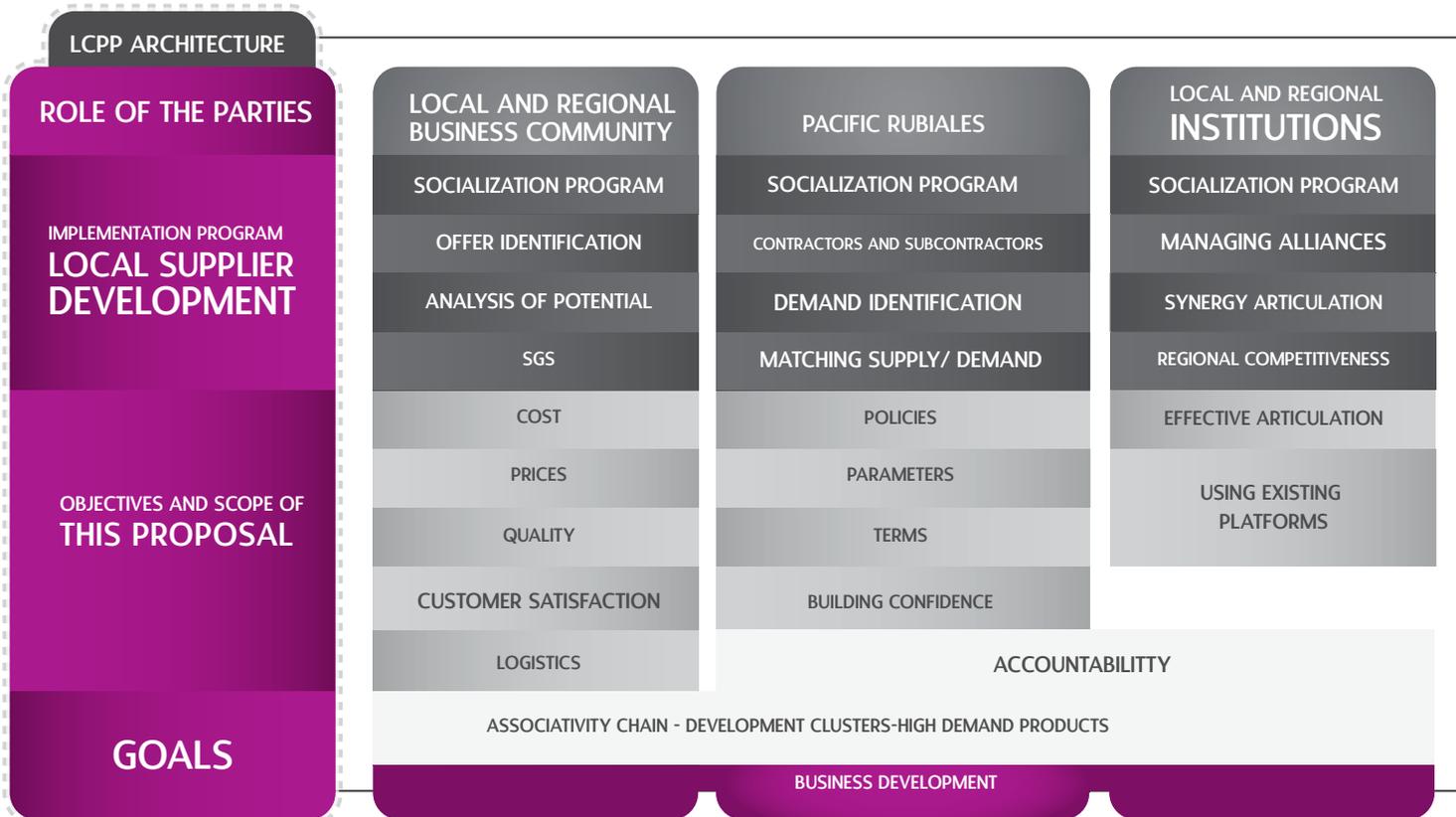


Figure 6.29

OUR CHALLENGES 2013 +







GLOSSARIES

GLOSSARY OF TERMS

ACCOUNTABILITY

Responsibility of an organization for its decisions and activities, and the ability to offer answers to their governing bodies, legal authorities and, more broadly, to its other stakeholders regarding these decisions and activities.

APPRAISAL WELL

A hole drilled as part of a program to determine the size and the production of an oil or gas field.

BIODIVERSITY

The variety of life in all its forms, levels and combinations. It includes ecosystem diversity, species diversity and genetic diversity.

COHERENCE

Activities developed in relation to the policy framework defined by the organization.

COMMUNICATION ON PROGRESS

Paper presented annually to the United Nations by a signatory from the Global Compact, which marks its progress thereon.

COMMUNITY ACTION COMMITTEES

Civil organizations which promote citizen participation in the management of their communities.

They serve as a means of communication with the national, departmental and municipal governments and seek to create opportunities for participation to help develop neighborhoods, districts and villages. With them, municipal officials can also set the development plan, schedule projects and monitor their implementation.

COPASO

According to Resolution 2013 of 1986 in Colombia, the Joint Occupational Health Committee is an important means to promote occupational health at all levels of a company, to seek agreements with responsible actors and establish an Occupational Health Program based on the achievement of goals and objectives, dissemination and sustaining healthy behaviors and encouraging the development of safe habits.

CORPORATE SOCIAL RESPONSIBILITY

See "Sustainability".

CORRUPTION

Abuse of a power, with the aim of private gain; e.g. bribery (soliciting, offering or accepting a bribe) of public officials or part thereof, private sector bribery, conflict of interest, fraud, laundering of money and influence peddling.*

DOWNSTREAM

A term commonly used to refer to the refining of crude oil, and the sale and distribution of natural gas and crude oil products. These products include liquefied petroleum gas (LPG), gasoline, jet fuel, diesel, other fuel oils, asphalt and petroleum coke.

ENGAGEMENT (STAKE HOLDERS)

Activity undertaken to create opportunities for dialogue between an organization and one or more of its stakeholders, in order to provide a sound basis for decisions of the organization.

ENVIRONMENT

Natural environment in which an organization operates, including air, water, land, natural resources, flora, fauna, people and their interrelationships.

ENVIRONMENT VALUE

Value related to the quality of the environment and natural resources available.

ESG

Environmental, social and corporate governance.

ETHICS

Joint pre-defined rules that constitute the framework of action for individuals who are part of the organization.

EXPLORATION WELL

First well drilled to find oil or gas or considered favorable for the existence of hydrocarbons.

GENDER

It is a category of social analysis that helps us understand, in part, the relationship between men and women, in particular, how they operate in multiple fields including through symbolic representations, normative concepts, institutions, social organizations and subjective identities.

The category of gender helps to understand the cultural processes shaping a male's and a female's being, and the social and sexual division of labor.

GOVERNANCE CORPORATE GOVERNANCE

System by which an organization makes and implements decisions in order to achieve their objectives.

GLOBAL COMPACT

An international initiative by the United Nations which aims to achieve a voluntary commitment of public and private social responsibility by implementing ten principles based on human rights, labor, environment and anti-corruption.

GREENHOUSE GAS (GHG)

Any of the atmospheric gases that contribute to the greenhouse effect by absorbing infrared radiation caused by solar heating of the earth's surface, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (NO₂) and water vapor. While naturally existing in the atmosphere, elevated levels of CO₂ and CH₄ in particular that have occurred in recent decades are directly related, at least in part, to human activities such as burning fossil fuels and deforestation of tropical forests.

HORIZONTAL DIRECTIONAL DRILLING

Allows you to install a drill under an obstacle such as a river or road, without disturbing the environment. Unlike the technique of horizontal drilling, the curve trajectory of a horizontal directional drill allows you to pass the drill bit under obstacles from the surface so that substantial excavation is not required.

INCLUSIVENESS

The participation of stakeholders in the development and achievement of a responsible and strategic response towards sustainability. Requires a defined process of involvement and participation to provide a complete and balanced relationship, that generates results, strategies, plans, actions and consequences that address and respond to issues and impacts from a responsible perspective.

**INFLUENCE ZONE /
AREA OF INFLUENCE**

The definition and determination of the area around our operations, supported by environmental considerations and social interaction, including construction, maintenance and exploration and production activities. The direct and indirect influence areas of environmental and social criteria determined by the Company are set according to the level of impact we have on a given jurisdictional division, village, reserve or land. Receives preference and benefits in terms of recruitment of unskilled labor and in our social investment projects.

IMPACT

Positive or negative change generated in society, the economy or the environment, caused in whole or in part as a result of the activities and decisions of past and present organizations.

JOB POSTING

An in-organization notification of job vacancies.

MATERIALITY

Technical term that refers to the relevance and the need to prioritize the management issues that influence decisions, actions and performance of organizations and its stakeholders.

MIDSTREAM

The oil industry is usually divided into three main components: Upstream, midstream and downstream. Midstream operations are included in the downstream category. See downstream.

NETBACK

The value of gas sold to the customer minus the cost of transportation through the pipeline system and minus the production cost.

NI 59-109

National Instrument promulgated by Canadian Securities Administrators relating to "Certification of Disclosure in Issuers' Annual and Interim Filings".

**NON-DEAL
ROAD SHOWS**

Informational trips to current or potential investors, to provide information on the Company.

**POSSIBLE
RESERVES(3P)**

These are unproved reserves which as suggested by the geological and engineering data, are less certain to be recovered than probable reserves. In this context, when probabilistic methods are used, there should be at least a 10% probability that the quantities to be recovered will be equal or higher than the sum of more probable proved reserves plus probable reserves.

**PUBLIC - PRIVATE
PARTNERSHIPS**

The confluence of stakeholders from state, private and civil society, in a shared agenda of public interest (which incidentally does not exclude the interests of each sector).

**PROBABLE
RESERVES(2P)**

These are unproved reserves which, as suggested by the geological and engineering analysis, are less certain than those tested. In this context, when probabilistic methods are used, there must be at least a 50% probability that the amount to be recovered will be equal or higher than the sum of estimated proved reserves plus probable reserves.

PROVED RESERVES(1P)

Quantities of petroleum which, by analysis of geological and engineering data, can be estimated with “reasonable certainty” to be commercially recoverable, from a given date, from known reservoirs and under current economic conditions, operating methods and regulations.

RECOVERY RATE

Percentage of oil extracted from a well.

RELEVANCE

See “Materiality”.

RESPONSIVENESS

An organization’s response to interest groups’ issues that affect its performance on CSR matters. It reflects how an organization responds to its stakeholders and is accountable to them. This is done through decisions, actions and performance and through communication with the stakeholders.

SMES

See “Materiality”

SOCIAL INVESTMENT (PRIVATE)

Voluntary distribution of private resources from companies or corporate foundations, in a planned, monitored and systematic manner to social, environmental and cultural public interest projects.

SOCIAL LICENSE, LICENSE TO OPERATE

The acceptance and adoption to operate within the local community and with other stakeholders. Unlike the legal license to operate, it is granted by the local community, is intangible and rooted in the beliefs, perceptions and opinions of local people and other stakeholders of a project.

SOCIAL VALUE

Value associated with the quality of life of individuals that can not be measured in economic terms. Indicators can include capital, structures, institutions, networks and relationships that allow individuals to be more productive and maintain/develop their human capital through collaboration.

STAKE HOLDER

Individuals, groups or organizations that influence an organization or are affected by decisions made by the organization (a.k.a. stakeholders)

STRATIGRAPHIC WELL

One that is drilled in order to determine the stratigraphy of a geologically unknown zone.

SUSTAINABILITY REPORT

The practice of measuring, reporting and taking responsibility for the performance of the organization while working towards the goal of sustainable development. It offers a balanced and reasonable analysis of the sustainability performance of the reporting organization, including both positive and negative contributions. It shows the results that have been obtained in the corresponding reporting period, based on the commitments, strategy and directive approach adopted by the organization.

SUSTAINABLE DEVELOPMENT

Development that meets the needs of this project without compromising the ability of future generations to meet their own needs (Source: Brundt and Commission, 1983).

SUSTAINABLE MANAGEMENT

Management that takes into account the results of the organization in terms of the triple (economic, environmental, social) bottom line.

SUSTAINABILITY

One way to conduct our business in a transparent and inclusive manner of all our stakeholders, that creates wealth and contributes to sustainable development of society in harmony with our environment.

SHARED VALUE

Corporate policies and practices that enhance the competitiveness of our Company and simultaneously social and economic conditions of the communities where we operate.
Creating economic value while generating value to the environment.

TASK FORCE

A temporary unit established to work on a specific operation or mission.

TECHNICAL GRI PROTOCOL

A document that provides specific indicators on aspects of CSR reporting, such as the delimitation of the scope of the report.

TRANSPARENCY

A principle that allows those affected by administrative decisions, business transactions or philanthropic intervention of knowing not only the basic facts but also the mechanisms and processes. It is the duty of civil servants, managers and trustees to act with visibility, predictability, and understandability.

UPSTREAM

A term commonly used to refer to the search and recovery and production of crude oil and natural gas. Also known as exploration and production (E & P) in the sector. It includes finding potential oil underground or under water and gas fields, drilling of exploratory wells, and subsequently operating the wells to recover and bring the crude oil and/or raw natural gas to the surface.

VALUE CHAIN

Complete sequence of activities or parties providing (suppliers, subcontractors and other workers) or receiving (customers, consumers, other users) value in the form of products or services.

VERIFICATION

Establishment or proof that something is true, accurate or justified.

SOURCES

- Mayor's Office of Bogota. Manual of Public-Private Partnerships for the District as part of social responsibility.
- Draft International Standard ISO 26000 on social responsibility (2009).
- "Guide for the preparation of sustainability reports" of the Global Reporting Initiative (G3 version - 2006).
- "Accountability Principles Standard AA1000APS" (2008).
- Ministry of Mines and Energy, Republic of Colombia.
- Global Compact Network Colombia.
"What is the Global Compact?".
- Adapted from Michael E. Porter "Creating shared value: Redefining capitalism and the role of business in society." Harvard Business School (2011).



GLOSSARY OF ACRONYMS

ACRONYM	MEANING
ACPM	Engine Fuel Oil.
BDR	<i>Brazilian Depositary Receipts.</i>
bb/d	Barrels per day.
bbbl	Barrels.
boe	Barrels of oil equivalent.
boe/d	Barrels of oil equivalent per day.
BVC	Colombia Stock Exchange.
BOVESPA	Sao Paulo stock exchange.
C\$	Canadian Dollars.
RHEC	Regional Higher Education Centers.
CEO	<i>Chief Executive Officer.</i>
CFO	<i>Chief Financial Officer.</i>
CO ₂	Carbon dioxide.
COL20	Liquidity stock index of the Colombia Stock Exchange.
COLCAP	Capitalization Equity Index of Colombia Stock Exchange.

ACRONYM	MEANING
CORMACARENA	Sustainable Development Corporation of the Special Management Area from La Macarena.
CORPOICA	Colombian Agricultural Research Corporation.
CPF	Central Processing Facility.
MCRI	Monitoring Committee for Royalties Investment.
E&P	Exploration and production.
EITI	Extraction Industries Transparency Initiative.
GRI	Global Reporting Initiative. Global organization that proposed the most widely accepted framework for sustainability reporting on the economic, environmental and social organization. The framework consists of a preparation guide for sustainability reporting, indicator protocols, technical protocols and sector supplements. It was developed after consultation with multiple stakeholders internationally (www.globalreporting.org).
ha	Hectares.
HSEQ	Health, safety, environment and quality.
ICBF	Colombian Family Welfare Institute.
IDEAM	Institute of Hydrology, Meteorology and Environmental Studies of Colombia
IESA	Institute of Advanced Management Studies.
IGBC	General Index of the Colombia Stock Exchange.

ACRONYM	MEANING
ISO 9001:2008	A set of quality standards and the efforts made by the Technical Committee ISO/TC176 ISO (International Organization for Standardization). It specifies requirements for a good quality management system.
ISO 14001:2004	Set of environmental management standards. Includes requirements and guidance for use.
IUCN	International Union for Conservation of Nature.
kJ	Kilojoule.
km ²	Square kilometers.
MMCFD	Million cubic feet per day.
m ³	Cubic meters.
MW	Megawatt.
MWh	Megawatts per hour.
OAM	Oleoducto Alto Magdalena pipeline.
OCENSA	Oleoducto Central S.A. pipeline.
ODC	Oleoducto de Colombia pipeline.
ODL	Llanos Orientales pipeline.
OGD	Guaduas - La Dorada pipeline (Spanish acronym).

ACRONYM	MEANING
ODM	Millennium Development Goals.
UN	United Nations.
OSHAS 18001:2007	The internationally recognized specification for evaluation systems for the management of health and safety at work.
PACIFIC RUBIALES	Pacific Rubiales Energy Corp.
PII	Pacific Infrastructure Inc.
PCU	Pacific Corporate University.
SENA	National Learning Service.
T	Tonne.
TSX	Toronto Stock Exchange.
UTEN	Union of Workers of the National Energy Industry.
2D	Two dimensional.
3D	Three dimensional.
1P	Proved Reserves.
2P	Proved + Probable Reserves.
3P	Proved + Probable + Possible Reserves.





GRI AND COP ADVANCED

GRI

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
PROFILE			
1 STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decision-maker of the organization.	Yes	Message from the President. Page 8-11 Message from the Vice President of Corporate Affairs and Sustainability. Page 12-15
1.2	Description of key impacts, risks, and opportunities.	Yes	Message from the President. Page 8-11 Message from the Vice President of Corporate Affairs and Sustainability. Page 12-15 Direct dialogue to create harmony with our stakeholders. Page 47-55
2 COMPANY PROFILE			
2.1	Name of the organization.	Yes	Our organization. Page 19-29
2.2	Primary brands, products and services.	Yes	Our organization. Page 19-29
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Yes	Operational structure available on our website http://www.pacificrubiales.com/corporate/officers-a-management.html
2.4	Location of organization's headquarters.	Yes	333 Bay Street Suite 1100 Toronto, Ontario, Canada M5H 2R2
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Yes	Our organization. Page 19-29 Our operations in Colombia are very relevant for the sustainability issues included in this report.
2.6	Nature of ownership and legal form.	Yes	Our organization. Page 19-29
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Yes	Our organization. Page 19-29 Our operations in Colombia are very relevant for the sustainability issues included in this report.
2.8	Scale of the reporting organization.	Partially	Our organization. Page 19-29
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Yes	We acquired 100% of both companies - PetroMagdalena and C&C Energia
2.10	Awards received in the reporting period.	Yes	Our awards and 2012 highlights. Page 41-45
3 REPORT PARAMETERS			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Yes	About this report. Page 31-39
3.2	Date of most recent previous report (if any).	Yes	Sustainability Report 2011
3.3	Reporting cycle (annual, biennial, etc.)	Yes	Annual Report
3.4	Contact point for questions regarding the report or its contents.	Yes	Valeria Santos Corporate Affairs PBX: +57 1 6467179 ext. 2208 - Bogotá D.C., Colombia / vsantos@pacificrubiales.com.co
SCOPE AND COVERAGE OF THE REPORT			
3.5	Process for defining report content.	Yes	About this report. Materiality Analysis. Materiality matrix. Page 33 Since 2009 we have applied the GRI guidelines and their respective protocols in our materiality analysis. For this year we included version 3.1 and the corresponding Sector Supplement to Oil & Gas. Commitments and issues reported in this report are the intersection between GRI guidelines and other international standards, and expectations of internal and external groups.

FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

Total capitalization broken
down in terms of debt .

We do not have this information.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Yes	About this report. Page 31-39
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Yes	This report includes some activities that have been initiated in Peru and Guatemala.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Yes	We only report on businesses 100% owned by Pacific Rubiales. We acquired 100% of C&C Energía in December 2012, therefore their performance in the context of our commitments will be reported next year.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Yes	We report on the basis of international standards and parameters adopted by the Company in accordance with the nature of business.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Yes	In this report we restate social investment figures because we change the measurement methods
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Yes	We acquired 100% of C&C Energía in December 2012, therefore their performance in the context of our commitments will be reported next year.
3.12	Table identifying the location of the Standard Disclosures in the report.	Yes	GRI Reference Table
3.13	Policy and current practice with regard to seeking external assurance for the report.	Yes	Independent Assurance Report. Deloitte & Touche Ltda. Page 233-235
4	GOVERNANCE, COMMITMENT AND ENGAGEMENT		
	GOVERNANCE		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Yes	Our organization. Our Corporate Governance .Page 25 Our Sustainability Committees. Page 26-28 For more information on the rules governing the committees, please refer to our website: http://www.pacificrubiales.com/corporate/corporate-governance.html
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Yes	Our organization. Our corporate governance. Page 25
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Yes	

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Yes	<p>We have ethical channels (telephone and website: www.globalcci.com) that can be used by our employees for issues related to compliance with the Code of Ethics.</p> <p>In the case of shareholders, we have the following mechanisms:</p> <ol style="list-style-type: none"> Shareholders may participate annually in the Annual General Meeting of Shareholders, which typically takes place in late May each year. The Shareholders may attend the Meeting in person or may be represented by proxy. A shareholder may vote for or withhold regarding the determination of the number of Directors appointed, the appointment of audit firm, and other resolutions. Through our e-mail ir@pacificrubiales.com the shareholder has the option to make recommendations or direction to the highest governance body, which must be answered by the Investor Relations area in a reasonable time.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Yes	<p>This information is on our website: http://www.pacificrubiales.com/corporate/corporate-governance.html. See Compensation Committee.</p> <p>Also found on SEDAR, the official public website for access to documents and information filed by public companies and investment funds with the Canadian Securities Administrators (CSA): http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00007953</p>
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Yes	We are consistent and transparent. Ethics and compliance in business. Annual company-wide conflict of interest survey. Page 60
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Yes	<p>This information is on our website: http://www.pacificrubiales.com/corporate/corporate-governance.html. See Compensation Committee.</p> <p>Also found on SEDAR, the official public website for access to documents and information filed by public companies and investment funds with the Canadian Securities Administrators (CSA): http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00007953</p>
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Yes	<p>Our Code of Conduct applies to the entire organization and is aligned with international standards such as the Universal Declaration of Human Rights, the Universal Declaration on Fundamental Principles and Rights at Work, the United Nations Declaration on indigenous peoples' rights, and the principles of the Global Compact, among others.</p> <p>For details on our code, please refer to our website: http://www.pacificrubiales.com.co/corporate/corporate-governance.html To see our mission and vision, please refer to our website: http://www.pacificrubiales.com/corporate/vision-a-strategy.html</p>
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Yes	<p>Our organization. Our Sustainability Committees. Page 26-28</p> <p>The Board is the highest governing body responsible for overseeing the economic, environmental and social development of the Company, including risks and opportunities, and adherence or compliance with international standards.</p> <p>Additionally, the controls and the risks identified in our public disclosure process through the Annual Report, the annual audited financial statements, and environmental impact assessments that allow us to comply with environmental permits in our areas of operation and maintain these in order.</p>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Yes	At Pacific Rubiales we have an annual self-assessment of Board, committees and independent directors. This survey includes a formal evaluation of the Board and a process of review by peer members.
COMMITMENTS WITH EXTERNAL INITIATIVES			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Yes	<p>We are consistent and transparent. Risks. Page 62</p> <p>In 2012 we adopted the cause-effect methodology for analyzing corporate risks involving all the areas of the company. We performed about 40 analyses.</p>

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Yes	We contribute to the sustainable development of communities. Page 104-114 We work harmoniously with the environment. Environmental Observatory. Page 87
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Yes	Colombian Petroleum Association (ACP), National Business Association of Colombia (ANDI-Colombia), Canadian Business for Social Responsibility (CBSR), and member of the Global Compact Local Network in Colombia and a founding member of the Regional Centre for Latin America and the Caribbean in support of the United Nations Global Compact, Committee for Investment Monitoring Royalties (CSIR), EITI (Extractive Industries Transparency Initiative), Regional Association of oil companies, gas and biofuels in Latin America and the Caribbean.
4.14	List of stakeholder groups engaged by the organization.	Yes	About this report. Engaging with our stakeholders. Page 35-37 Direct dialogue to create harmony with our stakeholders. Page 47 We respect and promote human rights in our operations. Human, economic, social and cultural rights of the communities. Prior Consultation Processes at Pacific Rubiales Energy. Page 121-127
4.15	Basis for identification and selection of stakeholders with whom to engage.	Yes	About this report. Engaging with our stakeholders. Page 35-37 We prioritize our stakeholders based on the criteria established by the AA1000.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Yes	About this report. Engaging with our stakeholders. Page 35-37 Our stakeholders are those institutions, groups or individuals who can affect or be affected by Pacific Rubiales and our activities.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. ENFOQUES DE GESTIÓN	Yes	About this report. Engaging with our stakeholders. Page 35-37 Chart stakeholder engagement. Page 36-37 Direct dialogue to create harmony with our stakeholders. Page 48-55

5

MANAGEMENT APPROACHES AND PERFORMANCE INDICATORS DMA

G3.1 OGSS DMA

DMA EC

MANAGEMENT APPROACH EC

Economic performance	Yes	We operate with excellence. Successful operation. Page 66-71
Market presence, including local content	Yes	Our organization. Page 20-25 We promote a sustainable supply chain. Purchase of local Goods and Services Page 152-153 Local Community Procurement Program. Page 153-155
Indirect economic impacts	Yes	We contribute to the sustainable development of communities. Social Investment Plan. Page 104-114 We promote a sustainable supply chain. Purchase of local Goods and Services. Page 152-153
Reserves	Yes	We operate with excellence. Successful operation. Production / reserves.

DMA EN

DISCLOSURE ON MANAGEMENT APPROACH EN

Materials	Yes	We work harmoniously with the environment. Waste management. Page 94
Energy COMM	Yes	We work harmoniously with the environment. Energy and emissions. Page 96

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE	
	Water Agua	Yes	We work harmoniously with the environment. Water management. Page 91	
	SEcosystem services including biodiversity	Yes	We work harmoniously with the environment. Biodiversity. Page 87	
Aspects	Emissions, effluents and waste	Yes	Compensation for environmental services and recovery of areas affected by production sites. Page 90 We work harmoniously with the environment. Energy and emissions. Page 96 Water management. Page 91 Waste management. Page 94	
	Products and services	Yes	We work harmoniously with the environment. Energy and emissions. Page 96	
	Compliance	Yes	We work harmoniously with the environment. Page 86	
	Transport	Yes	We operate with excellence. Service and infrastructure. Transportation Map. Page 81-83	
	Overall	Yes	We work harmoniously with the environment. Page 86	
	DMA LA MANAGEMENT APPROACH LA			
		Employment	Yes	We have the finest talent. Selecting and retaining talent. Page 132 Life balance and quality. Page 134-135
Aspects	Labor/management relations	Yes	We respect and promote human rights in our operations. Right of Association. Page 116-117 We have the finest talent. Inclusive labor relations. Page 130	
	Occupational Health and Safety COMM	Yes	We operate with excellence. Occupational Health. Page 72 Industrial Safety. Page 77	
	Training and education	Yes	We have the finest talent. Organizational Learning. Page 140 Comprehensive development of our people. Page 140	
	Diversity and equal opportunity	Yes	We have the finest talent. Inclusive procedures. Page 132 We respect and promote human rights in our operations. Pacific Rubiales supports gender equity and the promotion of women's rights. Page 128 Our Code of Conduct applies to the entire organization and is aligned with international standards such as the Universal Declaration of Human Rights, the Universal Declaration on Fundamental Principles and Rights at Work, the United Nations Declaration on the Rights of indigenous peoples, and the Global Compact principles, among others	
	Equal remuneration for women and men	Yes	We have the finest talent. Total compensation systems. Wage Equity. Page 137 The pay system of Pacific Rubiales Energy ignores the gender of the person who holds the position to set their compensation, but is fixed in the relative weight of the position within the operations of the Company. All wages are set under a methodology established by the consulting firm Hay Group and is the same for women and men and in all our operations.	
DMA HR MANAGEMENT APPROACH HR				
	Investment and procurement practices	Yes	In Colombia there were no signed investment agreements during 2012.	
Aspects	Non-discrimination	Yes	Pacific Rubiales for gender equity and the promotion of women's rights. Page 128 We have the finest talent. Inclusive procedures. Page 132	
	Freedom of association and collective bargaining	Yes	We respect and promote human rights in our operations. Right of Association. Page 116-117	
	Child labor	Yes	We respect and promote human rights in our operations. Elimination of child labor and forced labor. Page 118-119	
	Prevention of forced and compulsory labor	Yes	We respect and promote human rights in our operations. Elimination of child labor and forced labor. Page 118-119	

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
Aspects	Security Practices COMM	Yes	We respect and promote human rights in our operations. Responsibility for the security operations. Page 120
	Indigenous rights COMM	Yes	We respect and promote human rights in our operations. Human, economic, social and cultural rights of the communities. Page 121-127
	Assessment	Yes	We respect and promote human rights in our operations. Elimination of child labor and forced labor. Page 118-119 Pacific Rubiales for gender equity and the promotion of women's rights. Page 128
	Remediation	Yes	In Pacific Rubiales we have a process for the management and control of the FAQs by the community (including ethnic communities) according to our Corporate Social Responsibility annex, in which our contractors and their subcontractors must: Inform the CSR office of Pacific Rubiales of all communications, requests or complaints from the community and local authorities. a. Identify a person responsible for dealing with complaints that may arise, who must be in constant contact with professionals in the CSR office of Pacific Rubiales, to work together proactively and to prevent situations from getting out of control and escalate into more serious conflicts that affect the development of the contract. b. Know the specific communications strategy for the socialization of the contract, in order to proceed with clear guidelines on the information meetings to be scheduled in each of the areas of influence. The contractor and its subcontractors may not perform any kind of socialization of the contract without the prior permission and/or accompaniment of Pacific Rubiales.
DMA SO		MANAGEMENT APPROACH SO	
Aspects	Local communities COMM	Yes	We contribute to the sustainable development of communities. Page 104-114 Direct dialogue to create harmony with our stakeholders. Page 48-55
	Corruption COMM	Yes	We are consistent and transparent. Ethics and compliance in business. Anti-corruption policy. Page 60
	Public policy	Yes	We contribute to the sustainable development of communities. Institutional strengthening. Page 105
	Anti-competitive behavior	Yes	No sanctions were imposed relating to this issue.
	Compliance	Yes	We are consistent and transparent. Ethics and compliance in business. Page 60
	Emergency preparedness	Yes	We operate with excellence. Industrial Safety. Emergency Plan. Page 78 The Integrated Crisis Management and Business Continuity Plan is how Pacific Rubiales can deal with events of various types and severity with the best chances of success. This strategy combines and articulates the emergency and contingency plans, recovery plans and crisis management in order to obtain the least impact on their operations from any event.
	Involuntary resettlement	Yes	In 2012 there were no involuntary resettlements caused by our operations.
	Asset integrity and process safety	Yes	We operate with excellence. Health and Safety. Page 71-80
DMA PR		MANAGEMENT APPROACH PR	
Aspects	Customer health and safety	Yes	We operate with excellence. Health and Safety. Page 71-80 Service and infrastructure. Product Quality and Efficiency. Page 81-83
	Product and service labelling	Yes	We operate with excellence. Service and infrastructure. Page 81-83
	Marketing communications	Yes	There were no penalties for marketing communications against Pacific Rubiales in 2012.
	Customer privacy	Yes	There were no penalties against Pacific Rubiales for leaking confidential information of clients in 2012.
	Compliance	Yes	We operate with excellence. Service and infrastructure. Product Quality and Efficiency. Page 81-83
	Fossil fuel substitutes	Yes	Currently, Pacific Rubiales does not produce biofuel.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
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LIST OF GRI G3 INDICATORS

Economic

Economic Performance

EC00			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Yes	<p>This table is reported in millions of US\$</p> <p>Economic value generated: US\$3,884.76</p> <p>Net sales: US\$3,660.42</p> <p>Other income: US\$224.34</p> <p>Economic value distributed: US\$2,673.95</p> <p>Salaries and employee benefits: US\$191.45</p> <p>Payments to Government: US\$831.37</p> <p>Payments to suppliers / Operating Costs: US\$1,573.44</p> <p>Community Investment: US\$37.79</p> <p>Environmental investment: US\$39.90</p> <p>Economic value retained: US\$1,210.81</p> <p>Starting in 2011, Pacific Rubiales committed to the Extractive Industry Transparency Initiative and has been promoting Colombia's adherence to it. Also, since 2012 we have operated in Peru, which is a member country and we are committed to provide information on payments in late 2013.</p>
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	<p>We work harmoniously with the environment. Energy and Emissions. Page. 96</p> <p>To show our commitment we adhered to the Caring for Climate initiative Colombia and answered the survey from the 2012 Carbon Disclosure Project.</p>
EC3	Coverage of the organization's defined benefit plan obligations.	Yes	<p>We have the finest talent. Total compensation systems. Pension plan. Page 137</p> <p>We have no retired staff, as the Company is young and does not have a representative sample of employees close to retirement age.</p>
EC4	Significant financial assistance received from government.	Yes	<p>By the nature of our business, the Company does not receive significant financial aid from the government.</p>

MARKET PRESENCE

EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Yes	<p>The current monthly minimum wage in Colombia for 2012 was US\$314.83 (COP \$ 566,700)</p> <p>The direct employee minimum salary for men and women in Pacific Rubiales was US\$756.29 (COP \$ 1,360,000) , which is 2.31 times the statutory minimum wage.</p>
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Yes	<p>The minimum wage for contractors and subcontractors, both men and women, was US\$688.54 (COP \$ 1,238,000), which is 2.18 times the statutory minimum wage.</p> <p>We promote a sustainable supply chain Page 146-155:</p> <p>Management and Supplier Development. Discussion Boards for new suppliers. Page 149</p> <p>Suppliers' Web Portal. Page 149</p> <p>Suppliers' meetings. Page 150</p> <p>Purchase local goods and services. Our policy for the treatment of domestic supply goods and services. Page 152</p> <p>Local Community Procurement Program. Page 153-155</p>

FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

We dont present financial
consequences due to
climate change.

Currently, we do not have this information, We have not raised this information in
detail. 2014

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
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EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.

Yes

CHARGE LEVEL	COLOMBIANS	FOREIGN	TOTAL	% COLOMBIANS	% FOREIGN
MANAGERS	53	22	75	71%	29%
SENIOR MANAGERS	13	21	34	38%	62%
VICE-PRESIDENTS	6	18	24	25%	75%
TOTAL	72	61	133		

INDIRECT ECONOMIC IMPACTS

EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

Yes

Direct dialogue to create harmony with our stakeholders. Page 48-55
 We contribute to the sustainable development of communities. Social Investment Plan. Page 104
 We have the finest talent. Pacific Rubiales Volunteer Program. Page 143
 During 2012, social investment was US\$37,787,801.95.
 We increase a 41.81% of our investment compared to last year.

EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.

Yes

The number of jobs dependent on our value chain to the Business Unit, Meta Petroleum Corp., are:
 Employees dependent on the supply chain: 29,982

OG.1 Volume and type of estimated proved reserves and production.

Yes

We operate with excellence. Successful operation. Production / reserves. Page 68-69

EN00

ENVIRONMENTAL

MATERIALS

EN1 Materials used by weight or volume.

Yes

FIELDS	CHEMICAL BIOCHEMICALS PRODUCTS	ACCESSORIES AND OFFICE SUPPLIES	MANUFACTURING COMPONENTS AND SUPPLIES	MINING MACHINERY AND WELL DRILLING AND ACCESSORIES
GALLONS	106,651.6	2,584	73	
KILOGRAMS	22,668.6	7,349.6	1,345	4,600
UNITS	2,698	50,933	34,351	240,983
METERS			320,914.1	665,055.6
PEER				4,720

EN2 Percentage of materials used that are recycled input materials.

Yes

In 2012 we delivered 63.42 tonnes of pipe protectors for recycling to a recycling company that works with single mothers. Recycled pipe protectors returned to our fields as posts that will be used to fence vegetation recovery and reforestation areas.

ENERGY

EN3 Direct energy consumption by primary energy source.

Partially

We work harmoniously with the environment. We work to reduce our carbon footprint. Fuel used for power generation by the company itself. Page 96-100
 Average power consumption - produced by the company itself. Page 96-100

EN4 Indirect energy consumption by primary source.

Partially

We work harmoniously with the environment. Energy purchased externally in the year. Page 96-100

OG2 Total amount invested in renewable energy.

Yes

The investment in solar panels in 2012 was US\$816,000.

FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

The information is not
presented in
(multiples of) Joules.

It is not applicable because the organization measures its performance
for the topic in a different way to the measurement that is requested by the
GRI disclosure item.

The information is not
presented in (multiples
of) Joules.

It is not applicable because the organization measures its performance
for the topic in a different way to the measurement that is requested by the
GRI disclosure item.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
OG3	Total amount of renewable energy generated by source.	Partially	During 2012, we implemented solar panels for alternative energy generation in our operated fields.
EN5	Energy saved due to conservation and efficiency improvements.	Yes	We work harmoniously with the environment. Energy and emissions. We work to reduce our carbon footprints. Page 96-100
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	No	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Yes	In our fields, indirect energy consumption refers to outsourced services for the development of specific projects such as civil works, construction of flow lines, electrical and mechanical assemblies, among others contracted for. Such services were performed by companies that participated actively in campaigns related with energy efficiency. Additionally contractors with large staff implemented a system under our guideline to use transport vans to minimize trucks on route.
WATER			
EN8	Total water withdrawal by source.	Yes	We work harmoniously with the environment. Water management. Consumption per water source. Page 93
EN9	Water sources significantly affected by withdrawal of water.	Yes	In 2012, Pacific Rubiales did not significantly affected water sources according to the criteria in the GRI technical protocol.
EN10	Percentage and total volume of water recycled and reused.	Yes	An average of 2.9% was reused (4,047,928.15 m3/year) for the following activities: Irrigation of sugar cane fields, dampened grass, elephant grass, yopo, fistol cane and palm oil. Irrigation channels for dust mitigation. Hydrostatic testing of lines. Preparation of concrete. Preparation of drilling muds.
BIODIVERSITY			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Yes	We work harmoniously with the environment. Biodiversity. Region of Meta, Region of Cundinamarca, Region of Casanare. Page 87-90
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Yes	Pacific does not operate in areas of high biodiversity value, because our operating permits do not allow it.
EN13	Habitats protected or restored.	Yes	We work harmoniously with the environment. Compensation for environmental services and recovery of areas affected by production sites. Page 90
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Yes	We work harmoniously with the environment. Natural Resources Integrated Management. Page Environmental Observatory. Page 87 Biodiversity. Page 87

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.	Yes	100% of our operation has impact assessments and risk analysis related to biodiversity. These include environmental management measures.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Yes	We work harmoniously with the environment. Biodiversity. Vulnerable fauna species identified in the operation and development in the Quifa development area. Page 90-91
EMISSION, EFFLUENTS AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Yes	We work harmoniously with the environment. Energy and emissions. We work to reduce our carbon footprints. Emissions (Scope 1 +2). Page 99
EN17	Other relevant indirect greenhouse gas emissions by weight.	Yes	We work harmoniously with the environment. Energy and Emissions. We work to reduce our carbon footprints. Emissions Scope 3. Page 99-100 There was a significant reduction in emissions since 2009, generated mainly by the entry into operation of the pipeline that generated a considerable decrease in crude oil transportation via trucks.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Yes	We work harmoniously with the environment. Energy and Emissions. We work to reduce our carbon footprints. Page 97
EN19	Emissions of ozone-depleting substances by weight.	Yes	Refrigeration systems and air conditioners meet the standards set by the Montreal Protocol. In 2012 was recovered 381.5 pounds of refrigerant gas through this practice. At the same time, the staff in charge of its maintenance are certified by SENA - Ozone Technical Unit and Ministry of Environment and Sustainable Development.
EN20	NOx, SOx, and other significant air emissions by type and weight.	Yes	We work harmoniously with the environment. Energy and emissions. NO, SO and other significant emissions. Page 100
EN21	Total water discharge by quality and destination.	Yes	We work harmoniously with the environment. Water management. Page 91
OG.5	Volume of formation or produced water.	Yes	In our fields, we generate 211,153 m3/year of domestic wastewater and 139,372,576 m3/year of industrial wastewater produced in the dehydration of crude oil, for a total of 139,583,729 m3/year.
EN22	Total weight of waste by type and disposal method.	Yes	We work harmoniously with the environment. Waste Management. Amount of waste by type. Page 94
EN23	Total number and volume of significant spills.	Partially	We work harmoniously with the environment. Spill prevention and Remediation. Page 101 Pacific Rubiales has specific contingency plan in the event of a significant spill or an uncontrolled and/or a controlled spill, identifying key vulnerabilities and the requirement for immediate attention if an event occurs. Continuously monitored the status and functionality of the spill control measures where a risk has been identified. During 2012 there were NO significant spills.
OG.6	Volume of flared and vented hydrocarbon.	Yes	We work harmoniously with the environment. Ratio between burned and vented hydrocarbon volume. Page 100
OG.7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal.	Yes	We generated 158,997 barrels of water-based drill cuttings, which were used in the revegetation of areas, after verification of environmental compliance. The cuts are mixed with the virgin soil of the region in a 2-1 proportion, 2 of cuttings to 1 of earth for the purpose of stabilizing pH, due to the acidity of the soil in the areas, thus promoting soil fertility.

FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

We dont report spills of
third parties with whom
we have contractual
obligations.

Currently we do not have this information.

Is expected to be
reported in 2014.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	No	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. a	Yes	No biodiversity or habitats affected by discharges of water. During 2012 no fines or penalties were received about this issue.
PRODUCTS AND SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Yes	* Some environmental initiatives that are reported in the chapter. We work harmoniously with the environment - Recyclable waste management. Page 94-95 - Awareness campaign and environmental education. Page 96 - Pilot project to treat water from hydrocarbon production. Page 91: - Industrial water treatment using tanks to apply air micro-bubbles and fine bubbles to the water which promotes separation. Page 92 - Environmental Observatory. Page 87
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	No	
OG.8	Benzene, Lead and Sulfur content in fuels.	No	
COMPLIANCE			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Yes	During 2012 no fines or penalties were imposed relating to this topic.
TRANSPORT			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Yes	We work harmoniously with the environment. Emissions scope 3. Page 99-100 There was a significant reduction in emissions from the year 2009, generated mainly by the entry into operation of the pipeline that generated a considerable decrease in crude oil transportation via trucks.
OVERALL			
EN30	Total environmental protection expenditures and investments by type.	Yes	Operational Education Investment and HSE Development : US\$701,346.16 Operating Investment Consulting, Environmental Studies and Counseling: US\$18,953,574.80 Environmental Authorities Procedure Investment: US\$286,068.40 Investment Environmental Soil Resources, Forests and Biodiversity: US\$6,097,545.93 Investment in Basic Sanitation / Water Treatment: US\$4,916,241.41 Investment in Basic Sanitation / Solid Waste: US\$2,750,760.56 Investment Risk Management / Emergency Care and Prevention: US\$2,782,538.19 Environmental investments in drilling: US\$3,414,637.53 Total: US\$39,902,712.98

FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
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THE REASON FOR
OMISSION

It is not material, because Pacific Rubiales does not manage its waste that is considered hazardous in other countries; management is done by local licensed companies.

Is not material to the nature of the business of Pacific Rubiales. Pacific Rubiales does not design products and packaging or deliver products and services to end consumers.

For our business this indicator is not material.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
LA00	SOCIAL: LABOUR PRACTICES AND DECENT WORK		
	EMPLOYMENT		
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Yes	Direct: 2102 (full-time and permanent) Men: 1,619 Women: 483 In field: 1,026 In Bogotá: 1,059 Other locations: 17 Temporary: 38 (part time) 35 men 3 women Local: 2,005 Foreigners: 135 Qualified: 1,633 Ordinary employees: 469 Pacific Rubiales total employees in Peru: 59 Canada total employees: 23
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	Total employment withdrawals in Colombia: 74 people Women unlinked: 17 Men unlinked: 57 Average employee turnover in 2012: 3.52% New hires: 493 Women hired: 136 Men hired: 357
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Yes	We have the finest talent. Employee Welfare Strategy. Page 134-135 Prepaid Medical US\$5,462,182 Contributory Pension Plan US\$4,808,068 Field Bonus US\$864,192 Field Bearing Relief US\$649,757 Interest Subsidy for Housing US\$569,260 Insurance Policy US\$640,069 Purpose Credit US\$893,365 Gym US\$313,200 Optional transportation aid US\$226,942 Total US\$14,427,035
LA15	Return to work and retention rates after parental leave, by gender.	Yes	We have the finest talent. Life Balance and Quality. Vacations, leaves and hobbies. Parental leaves Page 136 100% of people licensed for leave returned to work.
	LABOR/MANAGEMENT RELATIONS		
LA4	Percentage of employees covered by collective bargaining agreements.	Yes	Of the 5,400 active members of the union, 987 are direct employees of the Company. This number (987) corresponds to 18.27% of total affiliated to UTEN hydrocarbons union.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Yes	Pacific Rubiales always notifies all its employees of the changes occurring in the organization in a timely manner.

FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

By age group and region

Currently we do not have this information.

Is expected to be
reported in 2014.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
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OCCUPATIONAL HEALTH AND SAFETY

LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Yes	Pacific Rubiales has a Joint Occupational Health Committee representing 100% of the employees of the Company, and it is been chosen by a vote of all employees. Each was elected in 2012, election is effective until 2014, and the Committee is made up of four representatives of the workers and four management representatives, and their alternates. This Committee is responsible for ensuring the best possible health and safety of workers and to have direct interaction with senior levels of the Company.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Yes	We operate with excellence. Health and Safety. Occupational Health. Rates of absenteeism, occupational diseases. Page 73 Frequency Index of Disabling Workplace Injuries. Page 74 Frequency Rate of Minor Accidents. Page 74 Frequency Rate of Vehicular Accidents . Page 74 Severity of Injuries Index. Page 75 During 2012, we did not have any fatalities.
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Yes	We operate with excellence. Health and Safety. Occupational Health. Preventive Medicine. Page 76 Industrial Hygiene. Page 76 Industrial Safety. Emergency Plan / Training / The Culture of Care / Training Plan of unskilled labour. Page 79
LA9	Health and safety topics covered in formal agreements with trade unions.	Yes	"We respect and promote human rights in our operations. Right of association. Page 116-117 There is an affiliate attention system for the union. The purpose of the system is to be in permanent contact with the employees, as close as possible to their work site, so that any infringement can be timely identified. It has presence in the fields ad is direct evidence that the environment is healthy and safe. These matters are also addressed in the auditing report and are subject to evaluation by the union.

TRAINING AND EDUCATION

LA10	PAverage hours of training per year per employee, desagregated by gender and employee category.	Yes	We have the finest talent: Organizational Learning. Knowledge Management Model. Page 139 Percentage of training by position. Page 138 Man hours per skill. Page 138 Average training per employee: 62 hours. 110,000 hours dedicated to training compared to 45,622 hours in 2011.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing the end of their careers.	Yes	We have the finest talent: Knowledge Management Model. Page 139 Technical, Executive and Behavioral Skills. Page 139 High Potential Program. Page 140 Talent oriented tools . Page 140
LA12	Percentage of employees receiving regular performance and career development by gender.	Yes	We have the finest talent. Strengthening Pacific Rubiales Culture. Page 142 Percentage of people receiving a Performance Evaluation in 2012: 95.16%.

DIVERSITY AND EQUAL OPPORTUNITY

LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Yes	<p>By age ranges: 18 ~ 20: 8 21 ~ 30: 615 31 ~ 40: 813 41 ~ 50: 420 51 ~ 60: 206 61 +: 40 Average age: 37 years Women: 483 Men: 1619</p> <table border="1"> <thead> <tr> <th>CHARGE LEVEL</th> <th>COLOMBIANS</th> <th>FOREIGN</th> <th>TOTAL</th> <th>% COLOMBIANS</th> <th>% EXTRANJEROS</th> </tr> </thead> <tbody> <tr> <td>MANAGERS</td> <td>61</td> <td>14</td> <td>75</td> <td>81%</td> <td>19%</td> </tr> <tr> <td>SENIOR MANAGERS</td> <td>29</td> <td>5</td> <td>34</td> <td>85%</td> <td>15%</td> </tr> <tr> <td>PROFESSIONALS II</td> <td>244</td> <td>61</td> <td>305</td> <td>80%</td> <td>20%</td> </tr> <tr> <td>SUPERVISORS</td> <td>76</td> <td>10</td> <td>86</td> <td>88%</td> <td>12%</td> </tr> <tr> <td>VICE PRESIDENTS</td> <td>22</td> <td>2</td> <td>24</td> <td>92%</td> <td>8%</td> </tr> <tr> <td>TOTAL</td> <td>989</td> <td>384</td> <td>1373</td> <td></td> <td></td> </tr> </tbody> </table>	CHARGE LEVEL	COLOMBIANS	FOREIGN	TOTAL	% COLOMBIANS	% EXTRANJEROS	MANAGERS	61	14	75	81%	19%	SENIOR MANAGERS	29	5	34	85%	15%	PROFESSIONALS II	244	61	305	80%	20%	SUPERVISORS	76	10	86	88%	12%	VICE PRESIDENTS	22	2	24	92%	8%	TOTAL	989	384	1373		
CHARGE LEVEL	COLOMBIANS	FOREIGN	TOTAL	% COLOMBIANS	% EXTRANJEROS																																								
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FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
EQUAL REMUNERATION FOR WOMEN AND MEN			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Partially	<p>We have the finest talent. Total Compensation Systems. Wage Equity. Page 137</p> <p>The pay scale of Pacific Rubiales ignores the gender of the person who holds the position to set their compensation, but the weight is set to the relative position within the Company's operations. All wages are set under a methodology established by the Hay Group consulting firm and is the same for women and men and in all our operations.</p> <p>The current monthly minimum wage in Colombia for 2012 was US\$314.83 (COP\$566,700).</p> <p>Pacific Rubiales direct employees wages started at US\$756.29 (COP\$1,360,000), which is 2.31 times the statutory minimum wage.</p> <p>Note: To see the benefits received by our employees in their remuneration, refer to the indicator LA3.</p>
HR00 SOCIAL: HUMAN RIGHTS			
INVESTMENT AND PROCUREMENT PRACTICES			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Yes	In Colombia we have not signed investment agreements during 2012.
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Yes	<p>We promote a sustainable supply chain. Performance Evaluation of Suppliers. Page 147</p> <p>We respect and promote human rights in our operations. Elimination of child and forced labor. Page 118-119</p> <p>For PSE, we conducted 29 audits.</p> <p>For MPC, we conducted 909 audits of 155 contractors.</p> <p>In our audit, we evaluate the performance of the CSR, HSEQ, and labor contractual annexes and include in them the principles of the Global Compact with respect to human rights and labor issues. In cases where non-conformity is found, the contractor is requested to formulate an action plan to resolve the non-conformities.</p> <p>Corporate HSEQ Management conducts regular legal audits of contractors.</p> <p>During 2012, in the Suppliers Performance Evaluation Committee, 13 cases of non-compliance were analyzed, and 8 resulted in a finding against the contractor. "</p>
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partially	<p>Our code of ethics is the guiding framework for proactive behavior of all individuals who are part and / or act on behalf of Pacific Rubiales.</p> <p>In 2012, we conducted eight activities on ethics and corporate values reaching an audience of 246 employees.</p> <p>All employees, officers and directors of Pacific Rubiales adopted the new Code of Conduct and Ethics of the Company.</p>
NON-DISCRIMINATION			
HR4	Total number of incidents of discrimination and corrective actions taken.	Yes	In 2012 no ethical discrimination incidents were identified or reported. Additionally, we have a Coexistence Committee which may consider such cases if they arise.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Yes	We respect and promote human rights. Right of Association. Page 116-117

FOR PARTIALLY REPORTED DISCLOSURES, INDICATE THE PART NOT REPORTED	REASON FOR OMISSION	EXPLANATION OR THE REASON FOR OMISSION
Details of the relation between base salary and comparison of women and men.	Confidential information, for security reasons and because it is an asset of the Company's strategy for selecting and retaining talent.	Is expected to be reported in 2014.
Total hours of training.	No specific courses are reported on human rights issues for employees, because currently we dont have this information.	Is expected to be reported in 2014.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
CHILD LABOR			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Yes	We respect and promote the human rights in our operations. Elimination of child and forced labor. Page 118-119 In 2012, no operations or significant suppliers were identified with significant risk for incidents of child labor.
PREVENTION OF FORCED AND COMPULSORY LABOR			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Yes	We respect and promote human rights in our operation. Elimination of child labor and forced labor. Page 118-119 In 2012, we found no significant operations or suppliers with significant risks for forced labor.
SECURITY PRACTICES			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Partially	We respect and promote human rights in our operation. Responsibility for the security of operations . Page 120 In our operations in Colombia we have contractors for the provision of private security services, with the support of the security forces.
INDIGENOUS RIGHTS			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Yes	We had no incidents that would constitute a violation of human rights of indigenous communities in 2012.
ASSESSMENT			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Partially	All exploration projects include an assessment of the social impact in communities directly affected.
OG.9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.	Yes	We respect and promote human rights in our operations. Human, economic, social and cultural rights of the communities. Page 121-127 Quifa Block: seismic acquisition activities and exploration of hydrocarbons. (Meta, Colombia) Block CR-1: seismic acquisition activities. (Guajira, Colombia)
REMEDATION			
HR 11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Yes	In 2012, no complaints related to human rights were reported through our ethical channels.
SOCIAL: SOCIETY			
LOCAL COMMUNITIES			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Yes	We contribute to the sustainable development of communities. Social investment Plan. Page 104 Institutional strengthening. Page 105 Education. Page 108 Competitiveness. Page 110 Solidarity Investments. Page 111 Our commitment with Peru. Page 112 Our commitment with Guatemala. Page 113
SO9	Operations with significant potential or actual negative impacts on local communities.	Yes	The potential or actual impact will depend on the stage in which the operation is (seismic exploration, production, transportation, etc.) With communities, we have identified potential or actual impact on physical components, biotic and socio-cultural.

FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

Percentage of security personnel
trained in policies or procedures
concerning aspects of human
rights relevant to operations.

This information is not available.

Is expected to be reported
in 2014.

Porcentaje de evaluaciones en
derechos humanos .

There is not a punctually evaluation in Human Rights.

Is expected to be reported
in 2014.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Yes	<p>Prevention: Road signs in the area where the activities take place, environmental signage for wildlife protection (prohibition of hunting and fishing), demarcation of mulched crop areas that should not be tampered with, timely socialization with communities. Speed restrictions according to characteristics of the roads.</p> <p>Mitigation: Irrigation to mitigate emissions of particulate matter in the process, sediment barriers, installation of technology for emission mitigation.</p> <p>Control: Technical analyses are performed and compared with national legislation such as laboratory analysis to water leaving the treatment and is contrasted with Decree 1594 of 84 prior to dumping.</p> <p>Compensate: Reforestation and revegetation of disturbed areas.</p>
OG.10	Number and description of significant disputes with local communities and indigenous peoples.	Yes	<p>During 2012 we had two situations that affected the normal course of prior consultations affecting blocks CPO-14, Tacacho, Terecay, Cag5 and Cag6. These situations, without any violence, were resolved during the year.</p> <p>1. Unuma Vichada, 2D seismic program, CPO-14 block: in the workshop meeting regarding impacts under the consultation process, the indigenous people of this reservation requested payment to attend consultation meetings, to which the Company responded that because it is a fundamental right and a legal and constitutional obligation of ethnic groups to participate in the consultation process, no disbursement can be made to any ethnic group, the same position held by the Ministry of Interior. After this the normal consultation process continued.</p> <p>2. - The Tacacho, Terecay, and Cag6 Cag blocks have had trouble with seismic program activities under the prior consultation process due to order problems in areas where the ethnic communities are located, thus preventing the entry of the Company into the territories in order to conduct the respective processes. To solve this problem, the consultation process meetings have been developed in the urban areas of the municipalities where they are situated, forming working groups with the ethnic groups and indigenous organizations with which they are affiliated.</p>
OG.11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned.	Yes	<p>Percentage of active sites that have decommissioning plans: 100% of the infrastructure has been built and operated with restoration plans in place.</p> <p>Number of sites that have been closed: 2 (Quifa 1 and 2 Wells)</p> <p>Number of sites that are in the process of closing: 1 (Quifa 4 Well)</p>
CORRUPTION			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Yes	In Pacific Rubiales, through the annual assessment of Risk of Fraud and Corruption, 100% of the areas are analyzed on the major risks that may impact the organization. Also, through the identification of these risks and their subsequent impact and assessment of likelihood by management of the organization, treatment and mitigation plans are identified.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Partially	<p>We are consistent and transparent. Ethics and compliance in Business. Ant-corruption Policy. Page 60</p> <p>We developed 10 sessions, with the participation of approximately 300 employee, on ethical dilemmas and the understanding and use of the Code of Conduct and Ethics.</p> <p>We disseminated the Anti-corruption Policy through communication and awareness campaigns with our directors and employees.</p> <p>We designed an educational program on Fraud and Corruption.</p>
SO4	Actions taken in response to incidents of corruption.	Yes	<p>We are consistent and transparent. Ethics and compliance in Business. Page 60</p> <p>100% of complaints of potential fraud or corruption made through different reporting channels were analyzed and investigated by the Ethics Committee.</p>

FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

Percentage of employees
trained in anti-corruption
policies and procedures.

This information is not available.

In 2014 we expect to report on
our advances in establishing a
virtual platform for e-learning
regarding anti-fraud and
anti-corruption, with a range of
approximately 700 employees.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
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PUBLIC POLICY

SO5	Public policy positions and participation in public policy development and lobbying.	Yes	We contribute to the sustainable development of communities. Institutional strengthening. Page 105
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Yes	"Our Code of Ethics explicitly prohibits the financial support of political parties or related institutions. No contributions were made to political parties in 2012."

ANTI COMPETITIVE BEHAVIOR

SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Yes	In 2012, no sanctions were imposed relating to this issue.
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COMPLIANCE

SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Yes	<table border="1"> <thead> <tr> <th>SOC.</th> <th>HIGHER LIB.</th> <th>ACCOUNT DESCRIPTION</th> <th>CONCEPT</th> <th>SUM AMOUNT IN ML</th> <th>SUM AMOUNT IN ML2</th> </tr> </thead> <tbody> <tr> <td>MP20</td> <td>5395200501</td> <td>FINES PENALTIES AND LITIGATION</td> <td rowspan="2">Monetary value of significant fines and penalties and total number of non-monetary sanctions for non-compliance with laws and regulations.</td> <td>445,962,620,00</td> <td>247,617,56</td> </tr> <tr> <td>PS20</td> <td>5395200501</td> <td>FINES PENALTIES AND LITIGATION</td> <td>18,831,535,00</td> <td>10,473,82</td> </tr> </tbody> </table>	SOC.	HIGHER LIB.	ACCOUNT DESCRIPTION	CONCEPT	SUM AMOUNT IN ML	SUM AMOUNT IN ML2	MP20	5395200501	FINES PENALTIES AND LITIGATION	Monetary value of significant fines and penalties and total number of non-monetary sanctions for non-compliance with laws and regulations.	445,962,620,00	247,617,56	PS20	5395200501	FINES PENALTIES AND LITIGATION	18,831,535,00	10,473,82
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INVOLUNTARY RESETTLEMENT

OG.12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.	Yes	In 2012 there were no involuntary resettlements caused by our operations.
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INVOLUNTARY RESETTLEMENT

OG.13	Number of process safety events, by business activity.	Yes	In 2012 there were no safety incidents.
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PR00

RESPONSIBILITY FOR PRODUCTS

CUSTOMER HEALTH AND SAFETY

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Yes	We operate with excellence. Health and Safety. Page 71-80
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	No	

FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

Is not material for Pacific Rubiales, because of the nature of the business.

GRI	DISCLOSURE	REPORTED	LOCATION OF DISCLOSURE
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PRODUCT AND SERVICE LABELLING

PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	No	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Yes	In 2012, no defaults were generated with regard to this topic.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Partially	Customer satisfaction surveys were conducted on both domestic and international customers, with the goal of finding opportunities for improvement to raise the level of customer satisfaction and process improvement. Evaluated in the survey were: <ul style="list-style-type: none"> • Product Quality • Experience with provider • Service and communication • Billing and portfolio”

MARKETING COMMUNICATIONS

PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	No	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Yes	In 2012 no incidents were reported regarding breaches of regulations relating to marketing communications.

CUSTOMER PRIVACY

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Yes	In 2012 there were no penalties regarding breaches of customer privacy and losses of customer data.
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COMPLIANCE

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Yes	<table border="1"> <thead> <tr> <th>SOC.</th> <th>HIGHER LIB.</th> <th>ACCOUNT DESCRIPTION</th> <th>CONCEPT</th> <th>SUM AMOUNT IN ML</th> <th>SUM AMOUNT IN ML 2</th> </tr> </thead> <tbody> <tr> <td>MP20</td> <td>5395200501</td> <td>FINES PENALTIES AND LITIGATION</td> <td rowspan="2">Penalties for non-compliance in the supply and use of products-</td> <td>5.747.706,00</td> <td>14,380,01</td> </tr> <tr> <td>PS20</td> <td>5395200501</td> <td>MULTAS SANCIONES Y LITIGIOS</td> <td>-10.629.602,00</td> <td>1.000,00</td> </tr> </tbody> </table>	SOC.	HIGHER LIB.	ACCOUNT DESCRIPTION	CONCEPT	SUM AMOUNT IN ML	SUM AMOUNT IN ML 2	MP20	5395200501	FINES PENALTIES AND LITIGATION	Penalties for non-compliance in the supply and use of products-	5.747.706,00	14,380,01	PS20	5395200501	MULTAS SANCIONES Y LITIGIOS	-10.629.602,00	1.000,00
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PS20	5395200501	MULTAS SANCIONES Y LITIGIOS		-10.629.602,00	1.000,00															

BIOFUELS

OG.14	Volume of biofuels produced and purchased meeting sustainability criteria.		Currently, Pacific Rubiales has no activities related to biofuels production.
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FOR PARTIALLY REPORTED
DISCLOSURES, INDICATE THE
PART NOT REPORTED

REASON FOR OMISSION

EXPLANATION OR
THE REASON FOR
OMISSION

Is not material for Pacific Rubiales, because of the nature of the business.

We do not include results. Currently we do not have this information.

Is expected to be reported in 2014.

Is not material for Pacific Rubiales, because of the nature of the business.





COP ADVANCED

REPORT FOR PACIFIC RUBIALES ENERGY 2012

GLOBAL COMPACT PRINCIPLE

REFERENCE/COMMENT

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Our Code of Ethics and Conduct is aligned with international references such as the Universal Declaration of Human Rights, the ILO Universal Declaration relative to the principles and fundamental rights at work, the Declaration of the United Nations on the rights of the indigenous peoples, and the principles of the Global Compact, among others.

For further information, see the chapter "We respect and promote Human Rights in our operations"

Principle 2. Businesses should make sure they are not complicit in human rights abuses.

a. In our audits, we evaluate the compliance to the contractual annexes concerning CSR, HSEQ, labor and include in them the principles of the Global Compact in relation to labor issues and human rights.

In 2012, we carried out 938 audits on 155 contractors.

The Supplier Performance Evaluation Committee analyzed 13 cases of major non-conformity, of which 8 resulted in the conclusion that the contractor was not in compliance.

In these cases the contractor is required to formulate an action plan in order to resolve the non-conformities.

b. We designed a Voluntary Principles Implementation Guide, with the objective of reinforcing the processes and security systems already established by Pacific Rubiales, with elements considered to be key for a better human rights risk analysis, and better security management on the part of Public Forces and private security services.

c. We trained 160 employees, who provide private security services to Pacific Rubiales, on human rights.

For further information, see the chapters "We respect and promote human rights in our operations" and "We strengthen the sustainability in our supply chain"

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

,400 active members in more than 100 companies with the Union of Workers of the National Power Industry and Public Utilities - UTEN, and at the same time affiliated with the General Confederation of Labor - CGT, the biggest union in Colombia.

Of the 5,400 active members with the union, 987 are direct workers of the Company. This represents 18.27% of the total members with UTEN Hydrocarbons as of December 31, 2012.

In 2012, we began a Monitoring Contract between the UTEN and Pacific Rubiales, operated from service points at the Rubiales and Quifa fields and the offices in Puerto Gaitán, Trinidad Casanare and Bogota, in order to assure compliance with labor regulations and to permanently monitor compliance with the UTEN - PRE agreements by the contractors and subcontractors, which the Company extends to all their workers.

Also, the UTEN agreed with Pacific Rubiales, by means of the labor agreement signed in July 2012, that the Company would support union training and education of true union leaders, not only to reinforce and consolidate the right to freedom of association, but also in recognition of UTEN's fundamental task to enhance the Colombian union movement.

For further information, see our commitment "We respect and promote human rights in our operations"

REPORT FOR PACIFIC RUBIALES ENERGY 2012

GLOBAL COMPACT PRINCIPLE

REFERENCE/COMMENT

Principle 4. Businesses should guarantee the elimination of all forms of forced and compulsory labor.

a. We guarantee that there will be no child labor or any form of forced labor in our operations, and promote this same conduct on the part of our suppliers and contractors, by means of social audits and HSEQ.

For further information, see our commitments in "We respect and promote human rights in our operations".

Principle 5. Businesses should support the elimination of all forms of forced and compulsory labor.

a. We guarantee that there will be no child labor or any form of forced labor in our operations, and promote this same conduct on the part of our suppliers and contractors, by means of social audits and HSEQ.

For further information, see our commitments in "We respect and promote human rights in our operations".

Principle 6. businesses should support the elimination of discrimination in respect of employment and occupation.

a. Our Code of Ethics and Corporate Conduct is based on our corporate values: Integrity, Diversity and Inclusion, Leadership, Excellence and Innovation.

b. We have ethical channels that allow making anonymous and responsible reports of situations or events that do not comply with the ethics policies of the Company.

REPORT FOR PACIFIC RUBIALES ENERGY 2012

GLOBAL COMPACT PRINCIPLE

REFERENCE/COMMENT

Our Ethics Committee is responsible for examining all cases raised.

c. In addition to these channels, our ethical culture is reinforced through corporate communications, workshops or other activities that aim to strengthen corporate values and coherent behavior in line with these values.

d. In 2012, we created the labor standards roundtable with an emphasis on diversity and inclusion in order to share experiences, lessons learnt and best practices with other companies regarding principles 4 and 6. Pacific Rubiales, together with ANDI and the Global Compact form the technical secretariat of the roundtable.

e. We formed a gender committee at the management and multidisciplinary level. This committee has been operating since early 2012, and seeks to lead the development of action plans that promote opportunities so that women as well as men have access to a decent job under conditions of equality, health, security, growth and professional development.

For further information, see our commitment in "We respect and promote human rights in our operations"

Principle 7. Businesses are asked to support a precautionary approach to environmental challenges.

a. We have a HSEQ policy that integrates environmental issues. We are certified in ISO 14001, ISO 9001, OSHAS 18001 and continuously train our employees, suppliers and contractors on complying with such standards.

b. We have been part of the environmental roundtable since 2012. We are also part of Caring for Climate. This is a platform of the Global Compact aimed at advancing the role of companies in the visibility of climate change issues. Caring for Climate acts as a framework so that the leaders of companies implement goals and develop strategies and practices concerning climate change, beyond committing themselves to disclosing emissions.

For further information, see our commitment "We work in harmony with environment".

Principle 8. Businesses must undertake initiatives to promote greater environmental responsibility

a. In all our processes we try to produce more by using a smaller amount of energy and generating less emissions. This is why we developed the Program for Atmospheric Emissions Management and Monitoring and Air Quality, which aims to minimize, mitigate or compensate the environmental impact of operations.

b. We have a HSEQ policy that integrates environmental issues. We are certified in ISO 14001, ISO 9001, OSHAS 18001, and continuously train our employees, suppliers and contractors in complying with such standards.

c. We have been part of the environmental roundtable since 2012. We are also part of Caring for Climate. This is a platform of the Global Compact aimed at advancing the role of companies in the visibility of climate change issues. Caring for Climate acts as a framework so that the leaders of companies implement goals and develop strategies and practices concerning climate change, beyond committing themselves to disclosing emissions.

For further information, see our commitment "We work in harmony with the environment" and our motto "Pacific is Green, Pacific is Life".

REPORT FOR PACIFIC RUBIALES ENERGY 2012

GLOBAL COMPACT PRINCIPLE

REFERENCE/COMMENT

Principle 9. Businesses must encourage the development and diffusion of environmentally friendly technologies

a. We have a HSEQ policy that integrates environmental issues. We are certified in ISO 14001, ISO 9001, OSHAS 18001, and continuously train our employees, suppliers and contractors in complying with such standards.

b. We have been part of the environmental roundtable since 2012. We are also part of Caring for Climate. This is a platform of the Global Compact aimed at advancing the role of companies in the visibility of climate change issues. Caring for Climate acts as a framework so that the leaders of companies implement goals and develop strategies and practices concerning climate change, beyond committing themselves to disclosing emissions.

For further information, see our commitment "We work in harmony with the environment".

Principle 10. Businesses should work against corruption in all its forms including extortion and bribery.

a. We have an updated anticorruption policy. Through this policy, we conduct procedures that aim to mitigate those risks associated with money laundering, financing of terrorism, corruption and underlying crimes, eliminating the ability of our counterparts to use the organization to legitimize capital, goods or assets originating from illegal activities.

b. Our processes of supplier registration, purchases and hiring are subjected to a meticulous review of all participants, verifying through more than 140 lists of global risks the transparency of the companies and people who deal with our organization.

c. Our Code of Conduct and Corporate Ethics is the frame of reference to guide the proactive conduct of all the individuals who are part of and/or act in name of Pacific Rubiales.

As part of our commitment to ensure compliance with the Code of Conduct and Corporate Ethics, all employees, executives and directors must annually update their declaration of ethics.

d. We are part of the Global Compact anti-corruption roundtable with the ANDI, sharing our practices and learning from the models of other companies.

For further information, see our commitment "We act with coherence and transparency".

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

TO IMPLEMENT THE TEN PRINCIPLES IN THE STRATEGY AND OPERATIONS

CRITERION 1: The COP describes mainstreaming into corporate functions and business units

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

In Pacific Rubiales, we have a policy and a model of sustainability aligned with international standards such as the GRI, Global Compact, ISO 26000, Voluntary Principles, etc. Our model is composed of 7 commitments with material issues evaluated with our internal and external stakeholders, and with indicators that allow us to measure the performance in each one of these. Each one of the commitments has a champion area responsible for its management and performance.

Also, our sustainability area is in charge of monitoring the compliance and performance of such commitments.

Place responsibility for the execution of the sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) ensuring that no function is in conflict with the commitments and objectives of sustainability of the Company.

We have a sustainability committee at the board of directors level and another one at management level. The latter comprises the different areas of the Company.

The objective of these committees is to assure the design, implementation, and effective deployment of the sustainability strategy in all areas of the Company. The committee has a multidisciplinary perspective aligned with the strategic goals of the Company and international standards like the Global Compact.

Align strategies, goals and incentive structures for all the business units and subsidiaries with corporate sustainability strategy.

All business units and subsidiaries of Pacific Rubiales Energy, in addition to companies of which the Company owns more than 50%, must integrate our sustainability commitments in their management and organizational strategy.

Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.

The responsibility for the implementation of the corporate sustainability strategy falls on the members of the Sustainability Committee at the board of directors level, composed of three members, of whom 67% are independent, and on the management level sustainability committee.

Design corporate sustainability strategy to leverage synergies between and among issue areas of interest to deal adequately with trade-offs.

In 2012 we updated our strategic vision: Pacific Rubiales Energy will be by 2015, the largest non-state oil company in Latin America in terms of reserves, production, and value generation and will be recognized for its contribution to the sustainable development of its interests.

This renewed vision demonstrates the deep influence of the Company's commitment to social responsibility and sustainability, and our strategic vision was updated to make more explicit our convictions regarding these issues. This demonstrates that the vision is not based only on economic factors, but on being recognized for our contribution to the sustainable development of our interests.

Ensure that different corporate functions closely coordinate to maximize performance and to avoid unintended negative impacts.

We have identified risks and opportunities in each one of the corporate functions. In addition we have a Risk Management Model that allows us to annually identify, assess, measure, treat, and generate an anticipated answer to, the risks that can affect the achievement of the corporate objectives.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

TO IMPLEMENT THE TEN PRINCIPLES IN THE STRATEGY AND OPERATIONS

CRITERION 2: The COP describes the implementation in the value chain.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We have a Code of Ethics and Conduct that is the frame for our labor principles, and that must be complied by all our contractors and suppliers.

In addition and as part of the work to comply with our Code of Ethics, we have updated and aligned the procedures for the hiring of suppliers and contractors, so that these comply with the standards and commitments acquired by Pacific Rubiales. This includes, among others, annexes of Corporate Social Responsibility, Code of Ethics, labor relations and physical safety to all contracts of the company.

Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.

Communicate policies and expectations to suppliers and other relevant business partners.

We create awareness in our suppliers and contractors on the importance of decent work, good conditions and compliance of labor obligations.

Implement monitoring and analysis mechanisms (for example, audits or screenings) to comply with the scope of the company.

All of our suppliers and contractors are audited at least once a year. In our audit processes we included the verification of labor standards aligned with the principles of the Global Pact.
Our processes of supplier registration, purchases and hirings are object of a meticulous revision of all their participants, verifying through more than 140 lists of global risks, the transparency of the companies and people who are related to our organization.

Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners.

We create awareness in our suppliers and contractors on the importance of decent work, good conditions and compliance of labor obligations.

We train contractors, who provide private security services to Pacific Rubiales, in Human Rights.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 3: The COP describes commitments, strategies or policies in the area of human rights.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We are in the process of creating a Human Rights Policy, a bidirectional risk analysis on human rights, and an action plan.

Commitment to comply with all the applicable laws and respect internationally recognized human rights, regardless of where the Company operates (for example, the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights) (BRE1 - ARE1).

Our Code of Ethics and Conduct is aligned with international references such as the Universal Declaration of Human Rights, the Universal Declaration of the ILO relative to the principles and fundamental rights at work, the Declaration of the United Nations on the rights of indigenous peoples, and the principles of the Global Compact, among others.

Integrated or stand alone statement of policy expressing commitment to respect and to support human rights approved at the highest level of the Company (BRE 1 + BRE5 + ARE 1 + ARE 5).

1) We have made the commitment of "respecting and promoting human rights in our operations" and we focus on: freedom of association, elimination of child and forced labor, responsibility for the physical safety of the operations and the human, economic, social and cultural rights of the communities where we operate.

2) Since 2012 we have had a Committee of Gender that aims to lead the development of action plans which promote opportunities so that women as well as men can have access to a decent job in conditions of equality, health, security, growth and professional development. Supported on the committee, we developed a data and interests collection that will translate into an action plan that will be implemented the following years.

Statement of policy stipulating human rights expectations of personnel, business partners and other parties related directly to the operations, products or services (BRE 1).

Respect for human rights is a high-priority requirement for the security services in our operated fields. Through this we mitigate the potential risks of violations or abuses of human rights by these forces through training and constant monitoring of their actions.

In addition we have explicitly established the human rights commitment in our investment agreements.

Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties (BRE 1 + BRE 5 + ARE 1 + ARE 5).

Our commitment of support to the Global Compact has been detailed in the chapter "Message from the President", and this report is available for all our stakeholders.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 4: The COP describes efficient management systems in the integration of human rights principles.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We are in the process of creating a Human Rights Policy, a bidirectional risk analysis on human rights, and an action plan.

Process to ensure that internationally recognized human rights are respected.

On going due diligence that includes an assesment of actual and potential impacts on human rights (BRE 2 + BRE 3 +ARE 2 + ARE 3).

Internal awareness-raising and training on human rights for management and employees.

Internally we promote our commitment "We respect and promote human rights" with campaigns and by means of communication like the sustainability report.

We create awareness among our suppliers and contractors on the importance of decent work, good conditions and compliance with labor obligations.

We developed awareness workshops with our employees focused on our Code of Ethics and Conduct.

We trained 160 contractors, who provide private security services to Pacific Rubiales, in human rights.

Operational level grivance mechanisms for those potentially affected by the company's activities (BRE 4 +ARE 4).

We have report and consultation channels for ethical issues as a means to strengthen the communication with our employees and other stakeholders. These channels allow for anonymous and responsible reports on situations or events that do not comply with the ethics policies of the Company.

These channels are: a dedicated telephone line, a web site, and mailboxes located at each office and field of the Company.

Allocation of responsibilities and accountability for addressing human rights impacts.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 4: The COP describes efficient management systems in the integration of human rights principles.

Compliance with best practices

Internal decision-making process, budget and monitoring for effective responses to impacts on human rights

We have an Ethics Committee responsible for the evaluation of all cases that are considered violations of our Code of Ethics and Conduct. Starting in 2012, we have had a Gender Committee that aims to lead the development of action plans which promote opportunities so that women as well as men can access a decent job under conditions of equality, health, security, growth and professional development.

Procedimientos para proveer o cooperar en la remediación de impactos adversos en derechos humanos a los que la compañía ha contribuido o ha causado (BRE 3+ BRE 4 + ARE3 + ARE 4).

We have an Ethics Committee responsible for the evaluation of all cases that are considered violations of our Code of Ethics and Conduct.

Process and programas in place to support human rights through: core business, strategic philanthropic/ social investment, public policy engagement/advocacy, partnerships and/ or other forms of collective actions (BRE 6 + ARE 6).

CRITERION 5: The COP describes effective monitoring and evaluation mechanisms for the integration of human rights.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We are in the process of creating a corporate policy of Human Rights, a bidirectional risk analysis on Human Rights and action plan.

System to monitor the effectiveness of the human rights policies and their implementation with qualitative and quantitative metrics, including value chain (BR3+ARE3).

We have human rights management indicators, aligned with the GRI, to monitor the compliance of our commitment "We respect and promote the human rights in our operations".

Monitoring drawn from internal and external feedback, including affected stakeholders.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 5: The COP describes effective monitoring and evaluation mechanisms for the integration of human rights.

Compliance with best practices

Leadership review of monitoring and improvement results.

The Ethics Committee reviews complaints of human rights violations and the Board's Sustainability Committee reviews the progress made on the compliance of our commitment "We respect and promote human rights in our operations".

Process to deal with incidents the company has caused or contributed to for internal and external stakeholders (BRE 4 + ARE 4).

Grievance mechanisms are legitimate, accessible, predictable, equitable, transparent, rights compatible, a source of continuous learning and based on engagement and dialogue (BRE4 + ARE4).

We have report and consultation channels for ethical issues as a means to strengthen the communication with our employees and other stakeholders. These channels allow for anonymous and responsible reports on situations or events that do not comply with the ethics policies of the Company. The reports are then reviewed and the necessary corrective actions are taken.

Outcomes of integration of the human rights principles.

We reinforce sustainability in our supply chain through audits of the contractors. Pg.

We respect and promote human rights in our operations and are committed to the elimination of child and forced labor. Pg.

For Pacific Stratus Energy, we conducted 29 audits.
For Meta Petroleum Corp., we conducted 909 audits on 155 contractors.

In our audits, we evaluate compliance with CSR, HSEQ, and annexes and we include the principles of the Global Compact relating to labor issues and human rights. In these cases the contractor is required to implement an action plan in order to resolve any non-conformities found.

Corporate HSEQ management conducts periodic legal audits of contractors.

During 2012, the committee for supplier performance evaluation analyzed 13 cases of purported major non-conformity, of which 8 resulted in a finding against the contractor.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 6: The COP has strong commitments, strategies or policies in the area of labor standards.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

Reference to the principles of relevant international labor standards (ILO Convention) and other normative international instruments in Company policies.

Reflection on the relevance of the labor principles for the Company.

Written company policy to obey national labor law on labor principles, respect principles of international labor standards in company operations worldwide, and engage in dialogue with representative organization of the workers (international, sectorial, national).

Inclusion of references to the principles contained in the relevant international labor standards in contracts with suppliers and other important partners.

Specific commitments and human resources policies in line with national development priorities or decent work in the country of operation.

Our Code of Ethics and Conduct is aligned with international references such as the Universal Declaration of Human Rights, the Universal Declaration of the ILO relative to the principles and fundamental rights at work, the Declaration of the United Nations on the rights of indigenous peoples, and the principles of the Global Compact, among others.

We have the commitment of "We have the best talent" and we focus on all issues related to labor principles such as: inclusive labor relations, balance and quality of life, and organizational learning, among others.

In addition, our Code of Ethics and Conduct is aligned with international references such as the Universal Declaration of Human Rights, the Universal Declaration of the ILO relative to the principles and fundamental rights at work, the Declaration of the United Nations on the rights of indigenous peoples, and the principles of the Global Compact, among others.

We have updated and aligned the procedures for the hiring of suppliers and contractors, so that they comply with the standards and commitments adopted by Pacific Rubiales. This includes, among others, contractual annexes relating to Corporate Social Responsibility, Code of Ethics, labor relations and physical safety.

We evaluate the compliance with such annexes through our audits.

We have the commitment of "We have the best talent" and "We respect and promote human rights in our operations". We focus on all issues related to labor principles, such as: inclusive labor relations, balance and quality of life, organizational learning, elimination of child and forced labor, and freedom of association, among others.

In addition to this we have a Code of Conduct and Corporate Ethics and a Coexistence Manual.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 6: The COP has strong commitments, strategies or policies in the area of labor standards.

Compliance with best practices

Participation and leadership in wider efforts by employers organizations (international and national levels) to jointly address challenges related to the labor standards in the countries of operation, possibly with a three-part approach (businesses - unions - government).

This year we reported the affiliation of 5,400 direct workers and contractors to the UTEN, a national union.

Involucramiento estructurado con un sindicato global, posiblemente via un Marco Global de Entendimiento (Global Framework Agreement).

CRITERION 7: The COP describes effective management systems for the integration of labor principles

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

Risk and impact assessmesnts in the area of labor.

We have a risk management model in which we include risks related to labor standards both Pacific Rubiales as well as contractors and subcontractors.

Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labor standards.

We have commitments that were agreed to at the Puerto Gaitán negotiation roundtable among our company, unions and other stakeholders. These commitments are monitored and we also have periodic meetings.

Allocation of responsibilities and accountability within the organization.

Human Talent conducts campaigns promoting the code of ethics, the coexistence manual and the corporate values for direct workers as well as contractors.

Active engagement with suppliers to adress labor related challenges.

We have offices of our major suppliers in the fields in order to monitor their performance. We have spaces in the field and in Bogota to be in permanent contact with them.

For further information see the chapter "Direct dialogue to create harmony with our stakeholders: the year after the crisis"

Grievance mechanisms, communication channels and other procedures (for example, whistleblower mechanisms) available for workers to report concerns, to make suggestions or seek advice, designed and operated in agreement with the representative of the organization of workers.

We have an ethics line and a whistleblower program by means of which people can make complaints confidentially. Claims are received by the Ethics Committee or the committee of supplier and contractor performance evaluation, which is constituted as an internal corporate body enabled to recommend, at the highest levels of management represented in the different purchasing and hiring committees, sanctions and/or suspensions for suppliers or contractors who have been found to have committed actions defined as major non-conformities.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 8: The COP describes effective monitoring and evaluation mechanisms for the integration of labor principles.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We have our commitment "We have the best talent" the aim of which is: Our strategy is ensuring the well-being and the integral development of our people. We have corporate policies for human resources and selection that allow us to have a package of great technical and human capacities, and management with experience and know-how that contributes to achieving our corporate vision.

System to track and measure performance based on standardized performance metrics.

We have management indicators aligned with GRI guidelines.

Dialogue with the representative organization of workers to regularly review progress made and jointly identify priorities for the future.

Audits or other steps to monitor and to improve the working conditions of companies in the supply chain in line with international labor principles and standards

We reinforce sustainability in our supply chain through audits of our contractors. Pg.

We respect and promote human rights in our operations. and support the elimination of child and forced labor. Pg.

In Pacific Stratus Energy, we conducted 29 audits.
In Meta Petroleum Corp., we conducted 909 audits on 155 contractors.

In our audits, we evaluate the compliance with the CSR, HSEQ, and labor contractual annexes and we include the principles of the Global Compact in relation to labor issues and human rights. Contractors are required to formulate an action plan in order to resolve any non-conformities found.

Corporate HSEQ management conducts periodic legal audits of contractors.

During 2012, the committee of supplier performance evaluation analyzed 13 cases of major non-conformity, of which 8 resulted in a finding against the contractor.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

ROBUST POLICIES AND PROCEDURES FOR ENVIRONMENTAL MANAGEMENT

CRITERION 9: The COP describes strong commitments, strategies or policies in the area of environmental management.

Compliance with best practices

<p>Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.</p>	<p>We have a HSEQ policy that integrates environmental issues. We are certified in ISO 14001, ISO 9001, OSHAS 18001, and continuously train our employees, suppliers and contractors in the compliance with such standards.</p> <p>In addition we have our commitment "we work in harmony the environment" which is aligned with international standards like GRI guidelines.</p>
<p>Reference to relevant international conventions and other international instruments (e.g Rio Declaration on Environment and Development.).</p>	<p>We are part of the Carbon Disclosure Project and Caring for Climate.</p>
<p>Reflection on the relevance of environmental stewardship for the Company. When making this determination the Company should consider (1) if it has potentially significant environmental impacts and (2) if that impact can substantially influence the analyses and decisions of decision-makers of the Company.</p>	<p>We have the commitment "We work in harmony with the environment" and we focus on: energy and emissions, integral water management, biodiversity, solid wastes, spill prevention and correction, compensation of environmental services and recovery of intervened areas, among others.</p>
<p>Written Company policy on environmental stewardship.</p>	<p>We have a HSEQ policy that integrates environmental issues. We are certified in ISO 14001, ISO 9001, OSHAS 18001, and continuously train our employees, suppliers and contractors in complying with such standards.</p>
<p>Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners.</p>	<p>We have a HSEQ annex which is attached to our contracts and compliance with it is evaluated in our audit process.</p>
<p>Specific commitments and goals for specified years.</p>	

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 10: The COP describes efficient management systems in the integration of environmental management principles.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff

We have a HSEQ policy that integrates environmental issues. We are certified in ISO 14001, ISO 9001, OSHAS 18001, and continuously train our employees, suppliers and contractors in complying with such standards.
In addition we have our commitment "We work in harmony the environment", which is aligned with international standards like the GRI guidelines.

Environmental risk and impact assessments.

We have the commitment "We work in harmony with the environment" and we focus on: energy and emissions, integral water management, biodiversity, solid wastes, spill prevention and correction, compensation of environmental services and recovery of intervened areas, among others.

Assessments of lifecycle impact of products, ensuring environmentally sound management policies.

We conduct a periodic analysis of the products' lifecycle and foster recycling projects to increase product lifecycles, such as with piping.

Allocation of responsibilities and accountability within the organization.

The HSEQ area and its management are responsible for environmental issues and industrial safety.

Internal awareness raising and training on environmental stewardship for management and employees.

We continuously train our workers, suppliers and contractors in complying with our HSEQ policy.

Grievance mechanisms, communication channels and other procedures (e.g whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts.

We have an ethics line and a whistleblower program by means of which people can report confidentially.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 11: The COP describes effective monitoring and evaluation mechanisms for the integration of environmental management principles.

Compliance with best practices

<p>Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.</p>	<p>We have a HSEQ policy that integrates environmental issues. We are certified in ISO 14001, ISO 9001, OSHAS 18001, and continuously train our employees, suppliers and contractors in complying with such standards.</p> <p>In addition we have our commitment "we work in harmony the environment" which is aligned with international standards like GRI guidelines.</p>
<p>System to track and measure performance based on standardized performance metrics.</p>	<p>We have management indicators aligned with GRI guidelines.</p>
<p>Leadership review of monitoring and improvement results</p>	
<p>Process to deal with incidents.</p>	<p>We have contingency plans and strategies in case of a significant spill or an uncontrolled and/or a controlled spill. As part of these plans, which are updated periodically, we identify the main weak points in the operated fields that require immediate attention if an event occurs.</p>
<p>Audits or other steps to monitor and improve the environmental performance of the companies in the supply chain.</p>	<p>We have a HSEQ annex which is appended to our contracts and compliance with it is evaluated in our audit process.</p>
<p>Outcomes of integration of the environmental principles</p>	<p>Pacific Rubiales has specific Contingency Plans for its activities in which strategies are outlined in case of a significant spill or an uncontrolled and/or controlled spill; the Company has identified the main weak points in the operated fields that require immediate attention if an event occurs. We continuously monitor the condition and functionality of the control measures for spills where the risk has been identified.</p> <p>During 2012 no significant spills were reported.</p> <p>* Some of the environmental initiatives that are reported in the chapter "We work in harmony with the environment":</p> <ul style="list-style-type: none"> - Recycling with social value - Environmental education and awareness campaign - Pilot project for water treatment in hydrocarbon production. - Industrial water treatment with tanks through the application of air in micro-bubbles and fine bubbles encourages separation. <p>During 2012 no fines or sanctions were imposed for breaches of environmental regulations.</p>

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

ROBUST MANAGEMENT PROCEDURES AND ANTI-CORRUPTION POLICIES

CRITERION 12: The COP describes strong commitments, strategies or policies in the area of anti-corruption.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We have an updated anti-corruption policy which complies with industry best practices.

Through this policy, we conduct procedures that aim to mitigate those risks associated with money-laundering, financing of terrorism, corruption and underlying crimes, and preventing our counterparts from using the organization to legitimize capitals, goods or assets originating from illegal activities.

Among other practices, our processes of supplier registration, purchases and hiring are subject to a meticulous review of all participants, verifying through more than 140 lists of global risks the transparency of the companies and people who are related to our organization.

Our audit department is in charge of the compliance with, and management of, this policy.

We have the commitment "We act with coherence and transparency" aligned with GRI guidelines, Global Compact, EITI.

Publicly stated formal policy of zero-tolerance of corruption (D1).

Our signature of the Global Compact constitutes an organizational leadership commitment to anti-corruption, where processes and mechanisms to manage this issue derive from.

Establecer públicamente una política formal de cero tolerancia ante la corrupción (D1).

Publicly stated formal policy of zero-tolerance of corruption (D1).

Commitment to be in compliance with all applicable anti-corruption laws, including the implementation of procedures to know the law and monitor changes (B2).

Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption (D2).

Detailed policies for high risk areas of corruption (D4).

Policy on anti-corruption regarding business partners (D5).

Our processes of supplier registration, purchases and hiring are subject to a thorough review of all participants, verifying through more than 140 lists of global risks the transparency of the companies and people related to our organization.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 13: The COP describes efficient management systems in the integration of anti-corruption principles.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We have an updated anti-corruption policy which follows industry best practices.

Through this policy, we conduct procedures that aim to mitigate those risks associated with money-laundering and the financing of terrorism.

We develop prevention and awareness campaigns for employees in order to prevent corruption.

We have a Committee of Ethics who is in charge of investigating and processing all cases related to corruption.

Carrying out risk assesment of potential areas of corruption (D3).

In Pacific Rubiales we have adopted an enterprise risk management model (ERM) to identify, assess, measure, treat and generate an anticipated response to those risks that can affect the achievement of the corporate objectives as well as the processes in the organization.

In 2012 we continued with this exercise and we identified, evaluated and analyzed 23 corporate risks, which were constructed by means of risks workshops in the different areas, under a cause-effect methodology.

Human resources procedures supporting the anti-corruption commitment or policy, including communication and education to all employees (B5 + D8).

In order to reinforce the knowledge of our organization in issues of fraud risk prevention, we designed a virtual course that includes topics related to illegal appropriation of assets, corruption, and manipulation of financial reports, among others. Training of personnel from different areas in these subjects is one of the challenges for 2012.

In addition we develop communication and awareness campaigns with our directors and collaborators, in which we reinforce our obligation to understand and avoid the possible impact generated by the breach of this policy.

Also, in our annual survey of Conflict of Interest we include questions focused on the relationships of our employees with government officials

Internal checks and balances to assure the consistency with the anti-corruption commitment (B6).

In Pacific Rubiales, we have an annual internal audit plan that is approved by the Audit Committee of the Board, the objective of which is to inform the assurance work programs and consulting that will be developed during the year with the purpose of advising the Company on risk management, in the strengthening of corporate governance and internal control, as well as in regulatory compliance.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 13: The COP describes efficient management systems in the integration of anti-corruption principles.

Compliance with best practices

Actions taken to encourage business partners to implement anti-corruption commitments (D6).

The scope of our anti-corruption policy includes partners.

Management responsibility and accountability management for implementation of the anti-corruption commitments or policy (D7).

The Ethics Committee reviews cases of alleged anti-corruption policy non-compliance and takes the appropriate actions.

Communication (whistleblowing) channels and follow up mechanisms for reporting concerns or seeking advice (D9).

We established positions related to corruption risk management: (Accounting Director), finance (Head of Risk and Integral Insurance Management) and physical safety (Head of Resources Protection).

Internal accounting and auditing procedures related to anticorruption (D10).

In Pacific Rubiales, we have an annual internal audit plan that is approved by the Audit Committee of the Board, the objective of which is to inform the assurance work programs and consulting that will be developed during the year with the purpose of advising the Company on risk management, in the strengthening of corporate governance and internal control, as well as in regulatory compliance.

CRITERION 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption principles.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We have an updated anti-corruption policy which follows industry best practices.

Through this policy, we conduct procedures that aim to mitigate those risks associated with money-laundering and the financing of terrorism.

We develop prevention and awareness campaigns for employees in order to prevent corruption.

Leadership review of monitoring and improvement results (D12).

In Pacific Rubiales, we have an annual internal audit plan that is approved by the Audit Committee of the Board, the objective of which is to inform the assurance work programs and consulting that will be developed during the year with the purpose of advising the Company on risk management, in the strengthening of corporate governance and internal control, as well as in regulatory compliance.

Process to deal with incidents (D13).

We have ethics channels so that our stakeholders can raise cases related to the potential for corruption.

Also, we have an Ethics Committee, which is in charge of investigating and processing all cases related to corruption.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

POLICIES AND ROBUST PROCEDURES FOR HUMAN RIGHTS MANAGEMENT.

CRITERION 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption principles.

Compliance with best practices

Public legal cases regarding corruption.

Use of independent external assurance of anti-corruption programs.

Outcomes of integration of the anti-corruption principle.

We have the commitment "We act with coherence and transparency". In Pacific Rubiales, through the Annual Fraud and Corruption Risk Assessment, all of the areas are analyzed on the main risks that impact them. Also, through the identification of these risks, their subsequent impact assessment, and probability by the organization's management, treatment and mitigation plans are identified. All directors and employees have adopted the new Code of Conduct and Ethics and reported the potential of conflicts of interest. The anti-corruption policy was approved by the board of directors. During 2012 induction workshops were conducted to inform new employees about the scope of the law and the corporate anti-corruption policy. 100% of the cases on potential fraud or corruption raised through the different reporting channels were analyzed and investigated by the Ethics Committee.

TO TAKE ACTIONS TO SUPPORT THE OBJECTIVES AND ISSUES OF THE UN.

CRITERION 15: The COP describes the contributions of the business to objectives and issues of the UN.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We have the commitment "We respect and promote human rights in our operations", which is aligned with the GRI guidelines, Global Compact and the objectives and issues of the UN.

Align core business strategy with one or more relevant UN goals/issues.

Our social investment plan is aligned with our vision of sustainability and it is materialized through strategic alliances. It is composed of the following axes: institutional reinforcement, education, competitiveness and solidarity investments.

Develop relevant products and services or to design business models that contribute to UN goals/ issues.

Adopt and modify operating procedures to maximize its contribution to UN goals/ issues.

We have a social investment plan which is based on the municipal and local government development plans, on the Millennium Development Objectives and on the requirements of the community.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

TO TAKE ACTIONS TO SUPPORT THE OBJECTIVES AND ISSUES OF THE UN

CRITERION 16: The COP describes philanthropy and strategic social investments.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

Our social investment plan is aligned with our vision of sustainability and it is materialized through strategic alliances. It is composed of the following axes: institutional strengthening, education, competitiveness and shared investments.

Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the Company as an integrated part of its sustainability strategy.

In 2012 we invested US\$37 million in social investment in initiatives. To learn further details of these investments please see our commitment "We contribute to the sustainable development of communities".

Coordinate efforts with other organizations and initiatives to amplify - and not to negate or unnecessarily duplicate - the efforts of other contributors.

All our social investments must comply with our principle to work in alliance with public, academic, private and non-government organizations in order to maximize the impact of our investments.

In 2012 we developed diverse initiatives of alliances to materialize projects such as the Local Supplier Development.

Take responsibility for the intentional and unintentional effects of funding and have due regard for the local customs, traditions, religions, and priorities of pertinent individuals and groups.

We have a rigorous process of informed prior consultation and hold periodic meetings to minimize the impact of the deliberate or non-deliberate effects of our operation.

CRITERION 17: The COP describes advocacy and participation in public policies.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

Publicly advocate the importance of action in relation to one or more UN goals/issues.

Since 2010 our President has been communicating publicly our commitment to the implementation of the principles of the Global Compact.

Our Code of Ethics and Conduct is publicly available to all our stakeholders and is aligned with international references such as the Universal Declaration of Human Rights, the Universal Declaration of the ILO relative to the principles and fundamental rights at work, the Declaration of the United Nations on the rights of indigenous peoples, and the principles of the Global Compact, among others.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

TO TAKE ACTIONS TO SUPPORT THE OBJECTIVES AND ISSUES OF THE UN

CRITERION 17: The COP describes advocacy and participation in public policies.

Compliance with best practices

Commit Company leaders to participate in key summits, conferences, and other important public interactions in relation to one or more UN goals/issues.

Since 2010 our President has been communicating publicly our commitment to the implementation of the principles of the Global Compact. At the moment we are participating in the roundtables for the 10 principles, and we are leading the labor standards.

CRITERION 18: The COP describes alliances and collective actions.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

All our social investments must comply with our principle to work in alliance with public, academic, private and non-government organizations in order to maximize the impact of our investments.

Develop and implement partnership projects with public or private organizations (UN entities, governments, NGOs, or other groups) on core business, social investments and/or advocacy.

In 2012 we developed diverse alliance initiatives to materialize projects such as the Local Supplier Development.

Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/ or local levels with emphasis on initiatives extending the Company's a positive impact on its value chain.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

LEADERSHIP AND GOVERNANCE OF CORPORATE SUSTAINABILITY

CRITERION 19: The COP describes the commitment and leadership of the CEO.

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We have a Sustainability Policy that guides our actions and includes the seven commitments assumed publicly by the Company since 2009.

CEO publicly delivers explicit statements demonstrates personal leadership on sustainability and commitment to the UN Global Compact.

The President guarantees our commitment with the Global Compact in sustainability communications, like the present report..

The CEO promotes initiatives to improve the sustainability of the sector and leads the development of industry standards.

In the Sustainability Report, our President invites industry to apply the principles of shared value and to develop their businesses in a sustainable manner and with a positive impact on the environment.

CEO leads the executive management in development of corporate sustainability strategy, defining objectives and overseeing implementation.

The President is the most important spokesman of sustainability and is part of the Sustainability Committee of the board of directors.

Make sustainability criteria and the UN Global Compact principles part of goals and incentive schemes for CEO and executive management team.

The principles of the Global Compact are a strategic part of our sustainability strategy, which is promoted by the highest echelons of the Company, including the President and the CEO.

CRITERION 20: The COP describes the adoption and supervision of the Board of directors

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

We have a sustainability committee at the board level and another one at the managerial level; the latter comprises the different areas of the Company.

The objective of these committees is to assure the design, implementation, and the effective deployment of the strategy of sustainability, cross-sectional to the entire Company. The committee has a multi-disciplinary perspective aligned with the strategic goals of the Company and international standards like the Global Compact.

Board of Directors (or equivalent) assumes responsibility and oversight for long term corporate sustainability strategy and performance.

Our Sustainability Committee at the board level assumes responsibility for, and supervision of, the sustainability strategy.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

LEADERSHIP AND GOVERNANCE OF CORPORATE SUSTAINABILITY

CRITERION 20: The COP describes the adoption and supervision of the Board of directors

Compliance with best practices

Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.

In addition to the Sustainability Committees, we have a sustainability department that is part of our Vice-presidency of Corporate Affairs and Sustainability, which is in charge of working jointly with all the areas of the Company to guarantee and guide the sustainability of the business and its operational surroundings. This area aims to coordinate, monitor, catalyze and measure sustainability management all across the Company.

Board (or committee), where permissible approves the formal report of corporate sustainability (Communication on Progress).

The contents of our sustainability report were approved by the Sustainability Committee of the board of directors.

CRITERION 21: The COP describes the participation of stakeholders

Compliance with best practices

Any relevant policies, procedures, and activities that the Company plans to undertake in order to complete this criterion, including goals, timelines, metrics and responsible staff.

With the objective of continuing to reinforce the quality of our relations with our surrounding communities, to understand their necessities and expectations, to develop strategic areas for the construction and joint innovation, and to integrate these aspects in our management and decision-making, in 2012 we implemented an initiative focused on the internal and integral visualization of our stakeholders and their relationships with our internal processes, which we worked on with all the areas of the Company.

Through this initiative, we identified our interest sub-groups, the internal people in charge of these relationships, their integration with our processes, a diagnosis of the state of these relationships, and to find the success factors and the opportunities for improvement.

Publicly recognize responsibility for the company's impacts on internal and external stakeholders.

We recognize publicly the importance of maintaining coherent and transparent communications with our stakeholders. In addition, we believe in the importance of keeping them informed and bear their views in mind at the time of making decisions.

Define sustainability strategies, goals and policies in consultation with key stakeholders.

We are in the process of developing a relationship strategy with each high-priority stakeholder and a communication system to regulate the relevant issues with each one.

TABLE COP ADVANCED

REQUIREMENTS COP ADVANCED

REFERENCE/COMMENT

LEADERSHIP AND GOVERNANCE OF CORPORATE SUSTAINABILITY

CRITERION 21: The COP describes the participation of stakeholders

Compliance with best practices

Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance. To establish channels to commit to employees and other stakeholders to listen to their ideas and to direct their concerns, and to protect the informers.

Our annual sustainability report is one of the accountability mechanisms with our stakeholders. We take their views into account and listen to their ideas in order to include them in our corporate strategy. Additionally, to strengthen effective communications with our employees and other stakeholders, we have report channels and consultations channels for ethical issues. These channels allow for anonymous and responsible reports on situations or events that are allegedly not in compliance with the ethics policies of the Company.

The seven commitments on which we reported are the result of processes of relationships with internal and external stakeholders which have been developing since 2009.

Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect "whistleblowers".

We have report and consultation channels for ethical issues as a means to strengthen the communication with our employees and other stakeholders. These channels allow for anonymous and responsible reports on situations or events that do not comply with the ethics policies of the Company.

These channels are: a dedicated telephone line, a web site, and mailboxes located at each office and field of the Company.







**INDEPENDENT
ASSURANCE REPORT
BY DELOITTE & TOUCHE LTDA**

Independent review report

Independent review of the 2012 Sustainability Report of Pacific Rubiales Energy.

Scope of our work

We conducted our review of the adaptation of the contents of the 2012 sustainability report to the Guidelines for the Preparation of Sustainability Reports of the Global Reporting Initiative (GRI) version 3.1 (G3.1) as well as sectoral indicators Oil Supplement Gas proposed in this Guide. Therefore, in our review were not verified prior year data have been included for comparison purposes.

Standards and verification processes

We conducted our work in accordance with the ISAE 3000 - International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accounts (IFAC).

Our review work has been the formulation of questions to the Administration, as well as to the various units of Pacific Rubiales Energy who participated in preparing the sustainability report and the application of certain analytical procedures and testing review for sampling as describe below:

- Meetings with Pacific Rubiales Energy staff to learn the principles, systems and management approaches applied.
- Analysis of processes to collect and validate the data presented in the Sustainability Report 2012.
- Analysis of the adaptation of content and indicators of sustainability report recommended in the GRI G3.1 guide.
- Review of the actions taken in relation to the identification and consideration of stakeholders throughout the exercise and participatory processes of interest groups through the analysis of internal and third-party reports available.
- Checking, by evidence-based review of a sample selection of quantitative and qualitative information corresponding to the GRI indicators included in the 2012 sustainability report and appropriate compilation from the data supplied by information sources of Pacific Rubiales Energy.

Conclusions

As a result of our review has not revealed any aspect that makes us believe that the Sustainability Report 2012 contains significant errors or has not been prepared in accordance with the Guide for the preparation of Sustainability Reports of the Global Reporting Initiative version 3.1 (G3.1).

According to our review of indicators and contents, we consider the report meets the qualification requirements of level A + according to GRI standards.

Responsibilities of the Directorate of Pacific Rubiales and Deloitte

- The preparation of the Sustainability Report 2012, as well as its content is the responsibility of the Vice President of Corporate Affairs for Pacific Rubiales, which also is responsible for identifying, adapting and maintaining management systems and internal control obtained the information.
- Our responsibility is to express an independent report based on our review procedures applied.
- This report has been prepared solely in the interest of Pacific Rubiales agree to the terms of our proposed services. We do not assume any liability to third parties other than the headquarters of Pacific Rubiales.
- We conducted our work in accordance with the standards of independence required by the Code of Ethics of the International Federation of Accountants (IFAC).
- The scope of a review is substantially less than that of an audit. Therefore we do not provide audit review on the Sustainability Report 2012 of Pacific Rubiales

DELOITTE & TOUCHE LTDA
Jorge Enrique Munera D.
Partner

[SIGNATURE ILLEGIBLE]
Bogota, April 2013

Recommendations

Additionally, we submitted to the Vice President of Corporate Affairs for Pacific Rubiales Energy our recommendations to consolidate the processes, programs and management systems related to sustainability. The most relevant recommendations relate to:

- Set specific goals on some key issues sustainable management, so showing the interest groups, the commitment of the company to manage its impacts effectively over time.
- Pacific should assess the relevance of migrating to the new GRI G4 methodology for sustainability reporting, which will be available from May 2013.







Statement GRI Application Level Check

GRI hereby states that **Pacific Rubiales Energy** has presented its report "Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 10 April 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Pacific Rubiales Energy has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 3 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.



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Graphic concept and art direction

MKT Solutions

Photo Direction

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For clarification on the information provided in this report, please refer to our sustainability report in Spanish, which is the original version.

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Pacific
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