

Sustainability Report 2011



Sustainability Report 2011

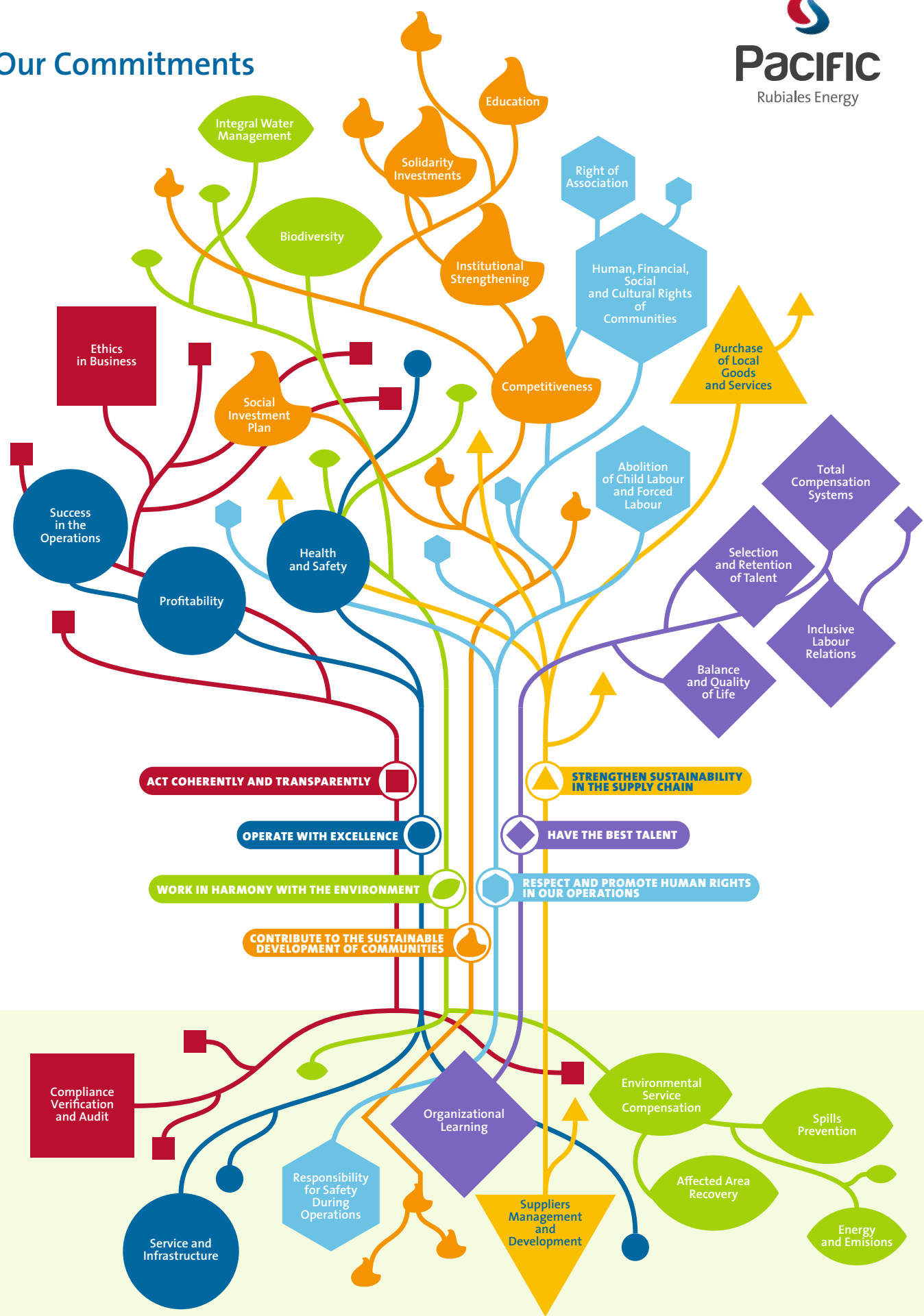




Table of Contents

Message from the President	4
Message from the Vice-President of Corporate Affairs and Sustainability	8
Message from the Social Responsibility Manager	10
OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE AND PRODUCTION HALT AT THE RUBIALES AND QUIFA FIELDS	35
Background	38
Our Response	40
What We Learned	46
WE REMAIN COMMITTED TO:	49
Acting with Coherency and Transparency	50
Operating with Excellence	56
Working in Harmony with the Environment	80
Contribute to Sustainable Development of Communities	94
Respecting and Promoting Human Rights in our Operations	104
Having the Best Talent	108
Strengthening Sustainability in the Supply Chain	120
GLOSSARY	131
Abbreviations Glossary	132
Glossary of Terms	134
GRI CHART	143
GRI	144
Global Compact, COP Advanced	163
INDEPENDENT REVIEW REPORT	171
Independent Review Report	172
Statement of GRI Application Level Check	174

Our Commitments



Message from the President



JOSÉ FRANCISCO ARATA
President

For a third year in a row, we wish to share with our stakeholders the progress we've made regarding our commitment to create economic, social and environmental value in all our activities. We would also like to share the challenges we've faced during this process of continuous improvement, and the challenges we've set ourselves for the future.

Our commitment to sustainability is directly related to the sustainable development and growth of our surroundings and the communities in which we operate. Therefore, we are also committed to continue working as a team with our stakeholders.

2011: ANOTHER YEAR OF GREAT ACHIEVEMENTS

2011 brought two significant events that demonstrate our commitment to labour-related issues. First, we were rewarded by our employees with a 72% score (which rates as "very satisfactory") in their evaluation of the working environment using the Great Place to Work model.

Also, as a clear demonstration of our commitment to respecting freedom of association, we supported the affiliation of 2,430 direct workers and contractors with the National Energy Industry Workers Union, part of the General Labour Confederation (CGT), which is the largest labour union in Colombia. We are confident this initiative will contribute to the well-being and quality of life of all the people with whom we work and to the improvement in labour relations.

In our social initiative, we were able to position the Rubiales Productive Model for working with communities as one of the twelve best sustainable projects in the world. We also made important developments in preserving and promoting cultural traditions, educating children, youths, adults and ethnic communities, and in supporting productive projects with indigenous communities.

2011: ALSO A YEAR OF LESSONS LEARNED

2011 was a particularly special year for Pacific Rubiales. We made great economic strides to secure our position as the second largest producer of oil and gas in the country, and we faced complex situations that reminded us of the importance of continually implementing and reinforcing our sustainability strategy throughout the entire operation.

This year we experienced production stoppages and strikes in the Rubiales and Quifa fields. These events taught us two fundamental lessons: the first, on the importance of promoting spaces for direct dialogue, permanent conflict resolution and collaborative work with our different stakeholders; the second, on the great challenge of expanding our sustainability strategy to include our supply chain and contractors, and on going beyond traditional commercial relations to jointly build sustainable management processes throughout our entire operation and industry.

These and all other results and lessons learned during 2011 are detailed in this report.

A LONG WAY TO GO

We are aware that our task does not end here. We know it is an ongoing process in which, through the efforts of the Sustainability Committee, we must continue to integrate sustainability into our strategic and day-to-day operations.

In 2012 we will increase our effort and focus on consolidating our sustainability model, guaranteeing compliance and monitoring the development of the social and labour commitments we adopted after the events at Puerto Gaitán. We will also capitalize on the lessons we've learned to strengthen relations with our stakeholders.

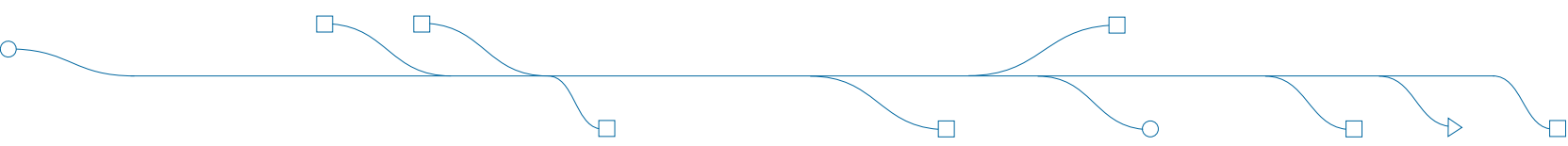
Finally, we have the responsibility of applying the lessons we've learned and replicating our successes in other areas of the operation, not only in Colombia, but also in other countries where we operate. We have the responsibility to expand the core commitments of our sustainability policy: being transparent and coherent, operating with excellence, working in harmony with the environment, contributing to the sustainable development of the communities surrounding our operations, respecting and promoting human rights, having the best human talent and strengthening the sustainability of the supply chain.

Thank you for your interest in our 2011 Sustainability Report. We hope it will increase your understanding of the Company, our progress and our commitments.

Enjoy.



JOSÉ FRANCISCO ARATA
President, Pacific Rubiales Energy



Message from the Vice-President of Corporate Affairs and Sustainability



FEDERICO RESTREPO SOLANO
Vice-President of Corporate Affairs
and Sustainability

2011 was a year full of events and challenges for Pacific Rubiales, and especially, for the Vice-Presidency. The toughest challenges required immediate action and an increased awareness of our strengths and opportunities for improvement in order to provide greater value to our stakeholders.

As a clear example of our belief that generating economic, environmental and social value is key to the success and competitiveness of Pacific Rubiales, we integrated in 2011 the concept of sustainability into the roles and responsibilities of our Corporate Affairs Vice-Presidency.

This important step allowed us to strengthen the sustainability strategy as a key area of focus that affects the entire organization and presented us with the challenge of giving a greater push to the entire management team, so that management will continuously monitor all acquired commitments and involve all responsible areas while, of course, providing support to our Sustainability Committee.

MORE AWARENESS OF OUR STRENGTHS AND OPPORTUNITIES FOR IMPROVEMENT

For part of 2011, media attention was focused on the events that took place in our largest fields in Colombia, Rubiales and Quifa. During these months, Colombians heard many different versions of what was happening and reasons for why they were happening.

This report presents us with the opportunity to inform the public in a clear, transparent and balanced manner about the events as they occurred, how we responded to the situation, and how it impacted our day-to-day operations.

As the head of the crisis management team dealing with the situation, I can say that the most valuable outcome of this process was a greater certainty in the belief in that in order to maintain a sustainable business, we must work together with all our stakeholders.

During 2011 we focused our efforts on strengthening our internal management processes, in both social and labour matters.

In social terms, our greatest work was in providing support for several initiatives in the area of influence of our most important operation, the Rubiales field, where we promoted a more organized, informed and strong local community, including the creation of a Social Assembly and Technical Secretariat to follow-up on negotiated agreements; the creation of the Workers Association Council; and the planning for a Social Responsibility Office in the urban center of Puerto Gaitán, among others.

With regard to labour, we reached several agreements this year: agreements on salaries, work days and local contracting; we created an interdisciplinary management team for suppliers and contractors; we established the Supplier and Contractor Performance Assessment Committee and developed the “2011 Rubiales-Quifa Fields Well-being Plan,” with the purpose of improving living conditions for our personnel. These new initiatives were created in addition to the existing programs that we have been developing over the past three years.

In 2012 we will continue to make good on all our commitments and we will promote innovation on processes that will make our work better every day.



FEDERICO RESTREPO SOLANO
*Vice-President of Corporate Affairs and Sustainability,
Pacific Rubiales Energy*

Message from the Social Responsibility Manager



ALEJANDRO JIMÉNEZ RAMÍREZ
Social Responsibility Manager

After three years of continuous learning in sustainability matters, we would like to present our model and the structure of our 2011 Sustainability Report.

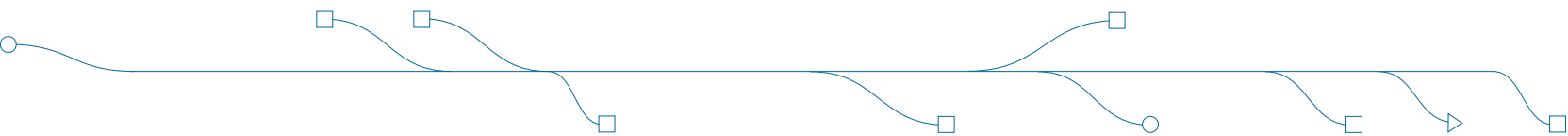
SUSTAINABILITY MODEL

The purpose of the model is to build a good reputation among our stakeholders to ensure synergies and support for our corporate strategy; and, in turn, contribute to the sustainable development of the regions in which we operate. Pacific Rubiales cannot grow in a sustainable manner on its own; it requires the support of its stakeholders and the communities.

A good reputation is built on the strength of the relations with each stakeholder, and is maintained by acquiring new commitments that align with the expectations of our stakeholders and the Company's strategy. The sustainability model consists of all acquired commitments, their management systems and the organizations that implement them.

Our sustainability model is based on seven strategic commitments, which are perceived by each stakeholder according to their expectations. When the Company formally commits to them and acts accordingly, it shows areas where it can deliver with high compliance and areas where there are relative weaknesses. This process creates trust and credibility with our stakeholders, the base on which we build our reputation.

Our model includes a management system to design, maintain and implement compliance. To carry out our model, we have a multi-disciplinary team supported by the leadership of our Sustainability Committee, the coordination of the Sustainability and Social Responsibility areas, and the cooperation from the different areas of the



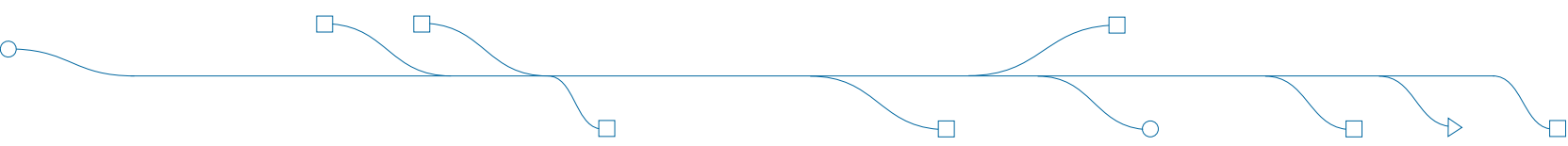
organization, which “champion” a specific cause according to their commitments and stakeholders.

SUSTAINABILITY REPORT

This Sustainability Report is our main mechanism for accountability in terms of the Company’s commitment to sustainable development; it provides information on all our commitments, including achievements and shortcomings during 2011, and information on our commitments and goals for the following year.

This year, we prepared the report according to the G3 (2006) guidelines of the Global Reporting Initiative (GRI), with an A+ application level – which was independently verified by Deloitte – and constitutes our first Advanced Progress Communication. It is a great source of pride for our team to manage this sustainability model, which comes with the responsibility of assuring our stakeholders that the Company implements and internalizes the model, and is increasingly accountable to it while complying with international standards that ensure its veracity, suitability, transparency and relevance.

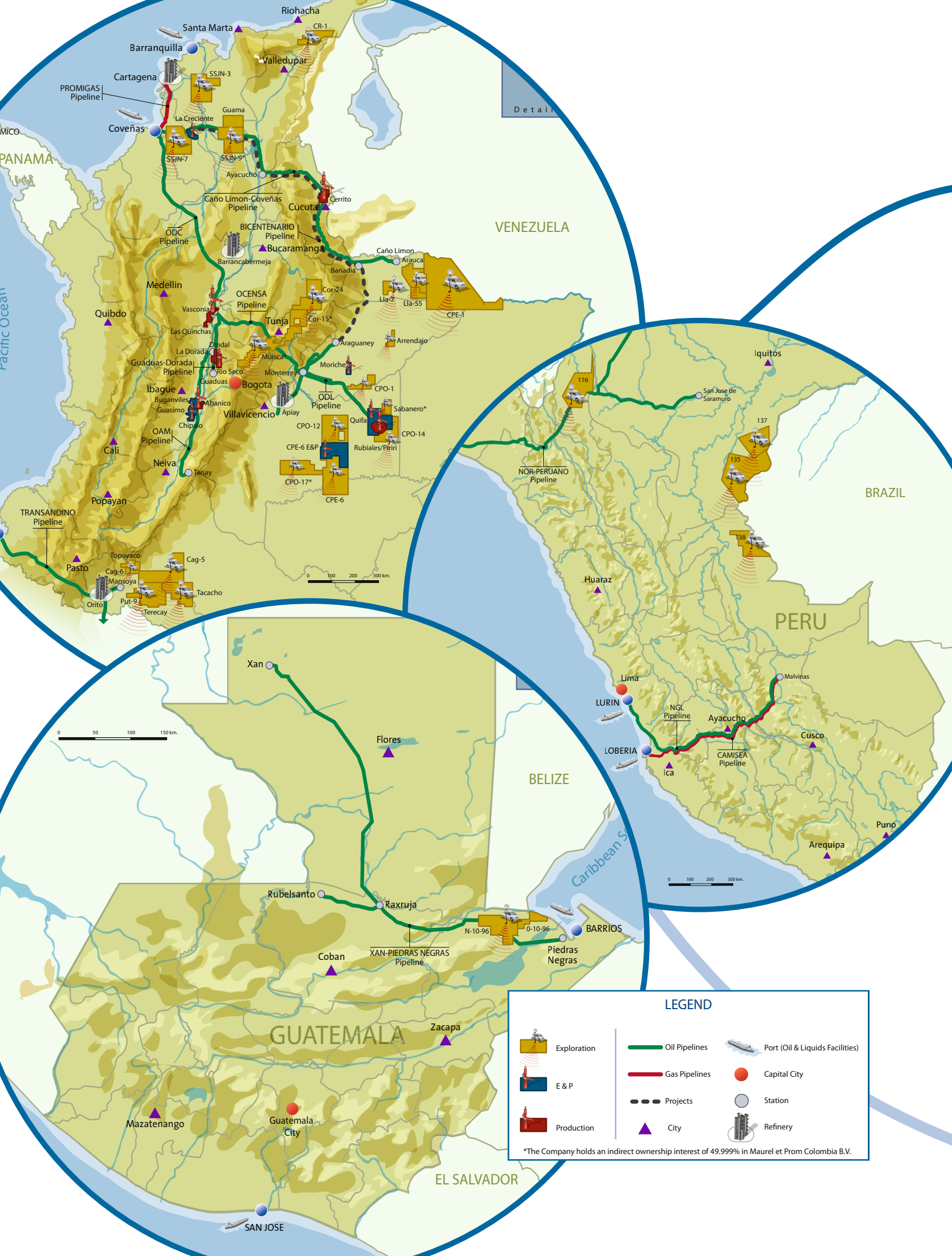

ALEJANDRO JIMÉNEZ RAMÍREZ
*Social Responsibility Manager,
Pacific Rubiales Energy*







Our Organization



Detail

Pacific Ocean

PANAMA

VENEZUELA

BRAZIL












PERU

BELIZE

GUATEMALA

EL SALVADOR

LEGEND

-  Exploration
-  Oil Pipelines
-  Port (Oil & Liquids Facilities)
-  E & P
-  Gas Pipelines
-  Capital City
-  Projects
-  Station
-  Production
-  City
-  Refinery

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

Our Organization

OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	15

Pacific Rubiales Energy Corp. owns 100% of Meta Petroleum Corp., a Colombian oil company that operates the Rubiales and Piriri Blocks in the Eastern Llanos Basin in association with Ecopetrol S.A., and Pacific Stratus Energy Corp., a Colombian company that operates the natural gas field at La Creciente.

We focus on identifying new opportunities, mainly in the Eastern Llanos of Colombia. We participate in the operation of 46 blocks in Colombia, Peru and Guatemala and we have an investment in a company that is exploring the Guyana-Suriname Basin.

During 2011, we employed 1,597 people in four countries; that number includes 1,573 direct employees in Colombia (93 of them expatriates), as well as direct employees from our parent company in Toronto and others in Peru and Guatemala.

In Colombia, we employ an additional 1,545 people through contractor companies.

At the end of the 2011 fiscal year, we were producing an average (gross) of 218,450 boe/d and had achieved a net profit of USD\$554.3 million.

Pacific in figures

1,573
direct employees
in Colombia

In Colombia we have

93

expatriate employees

In Colombia we have

1,545
contractors
and suppliers
companies

1,597
persons
in four countries:
Colombia, Canada,
Peru, Guatemala

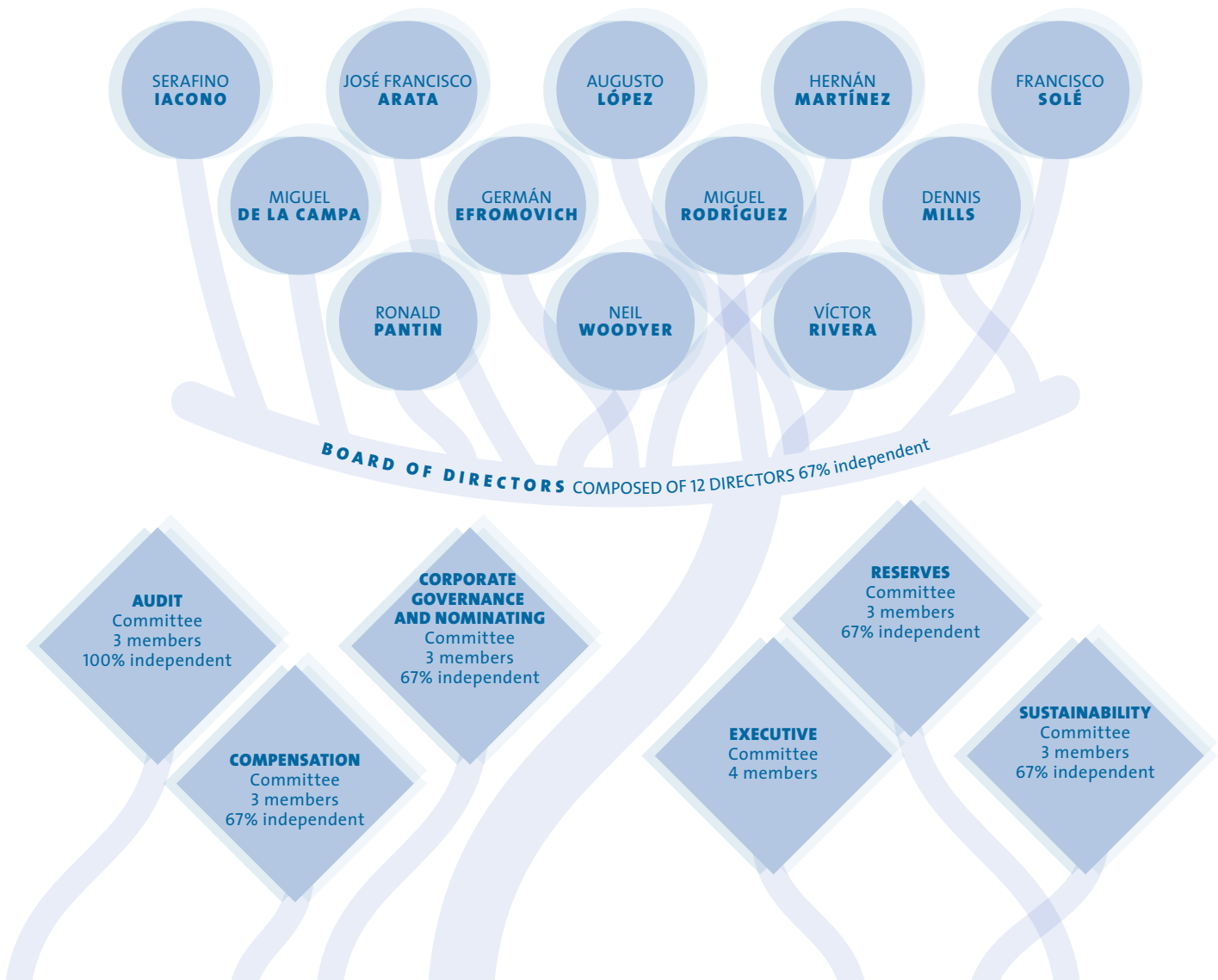
Net profit of
USD\$554.3
million

At the end of the fiscal year,
we achieved an average
(gross) production of
218,450
boe/d

OUR CORPORATE GOVERNANCE

Independent directors make up the majority of the Board of Directors.. However, recognizing the fact that members of the management team are also Co-chairmen of the Board, we appointed a lead independent director who presides over the Board in the absence of the chairmen. He is responsible for conducting board meetings without management present and other duties and responsibilities assigned to him by the board.

Corporate Model



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
CRIC HART	143
INDEPENDENT REVIEW REPORT	171
	17

The charters for these committees and the background of our directors and executives is available on our website at <http://www.pacificrubiales.com/corporate/corporate-governance.html>

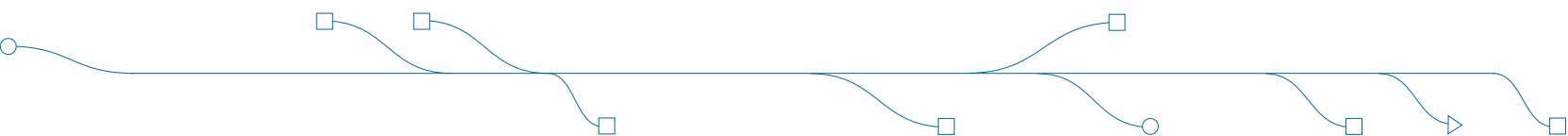
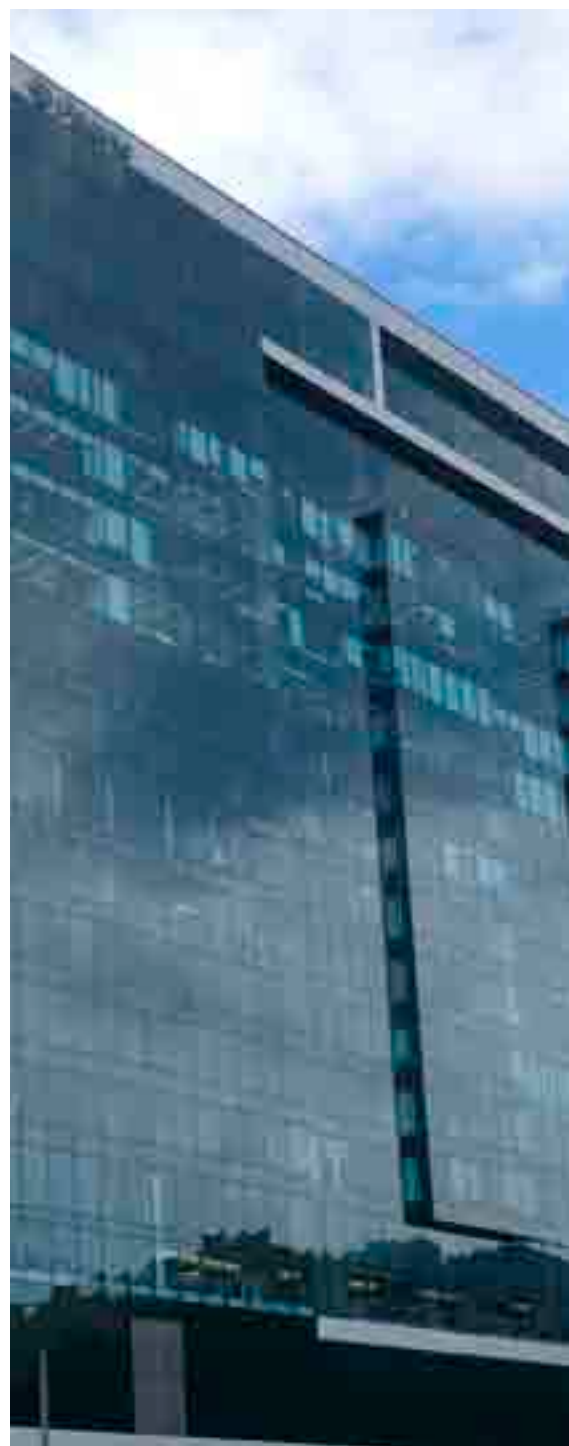
UPDATING OUR CORPORATE GOVERNANCE POLICIES

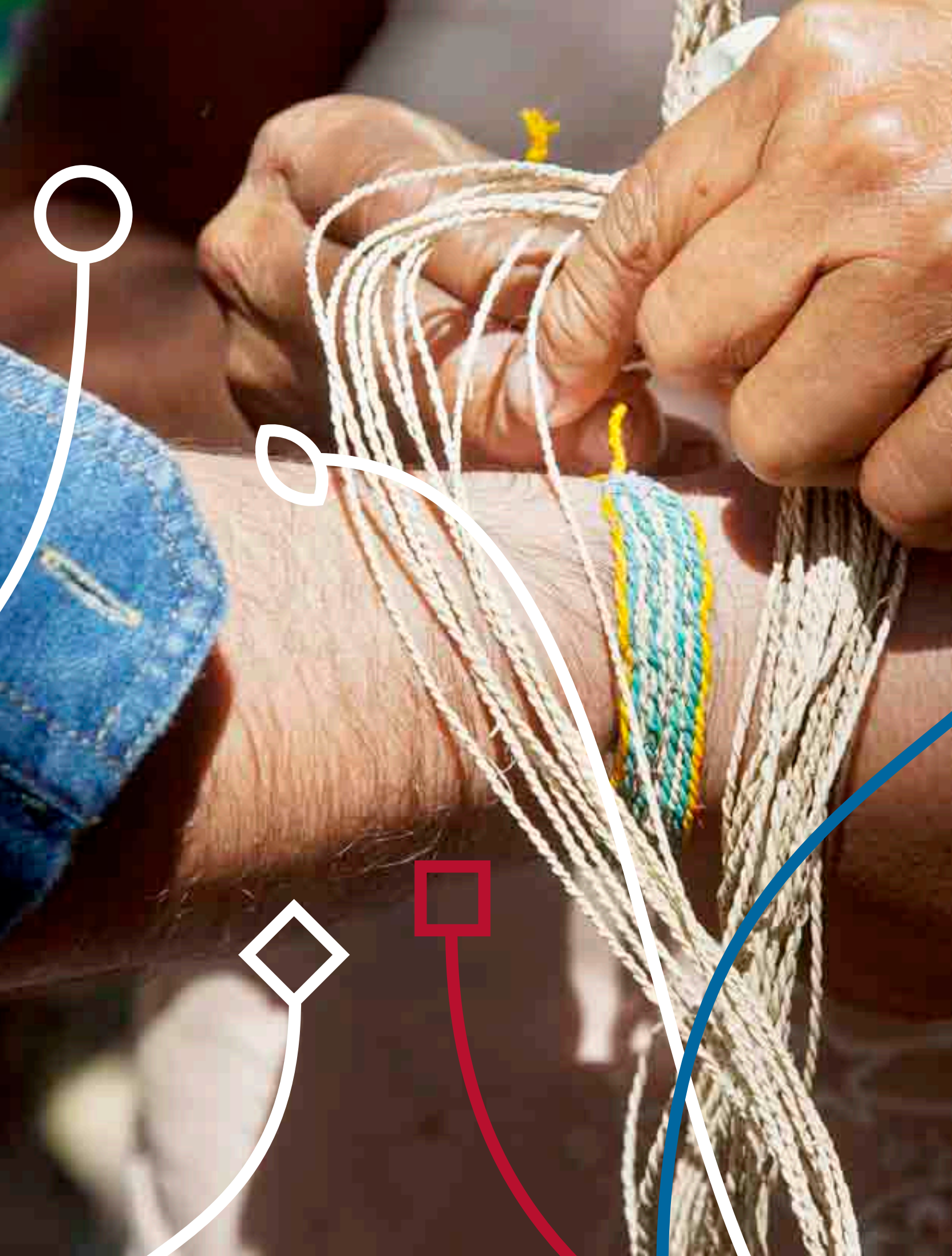
In 2011 we reviewed and updated the manner in which we delegate authority across the organization to ensure that the responsibility for the decisions and activities of each process is clearly defined.

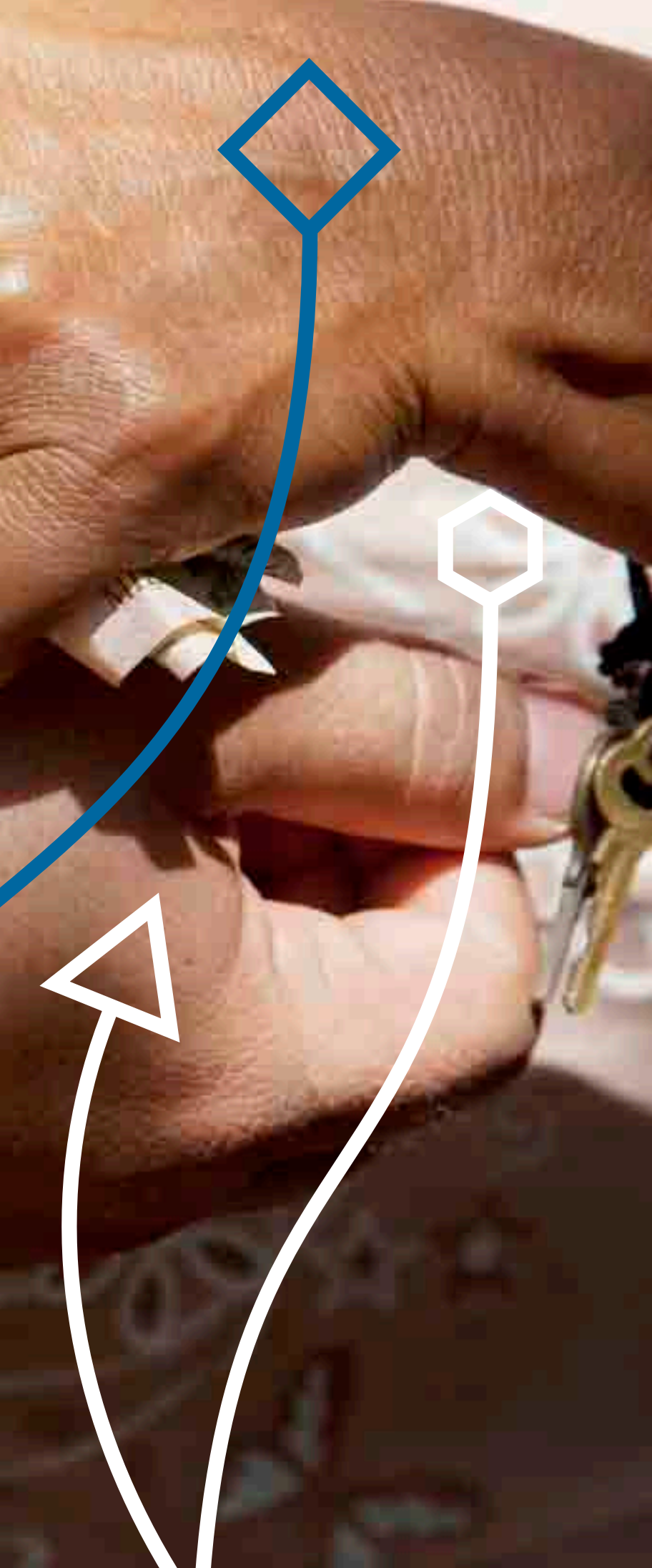
From this process we established the following opportunities for improvement, which were adopted by the Board of Directors:

- Appointment of a lead independent director and of three new independent directors.
- Implementation of in-camera meetings of independent directors.
- Adoption of minimum shareholding requirements for directors.
- Development and implementation of a skills matrix for directors.
- Strengthening of the formal evaluation process and creation of a training program for directors.

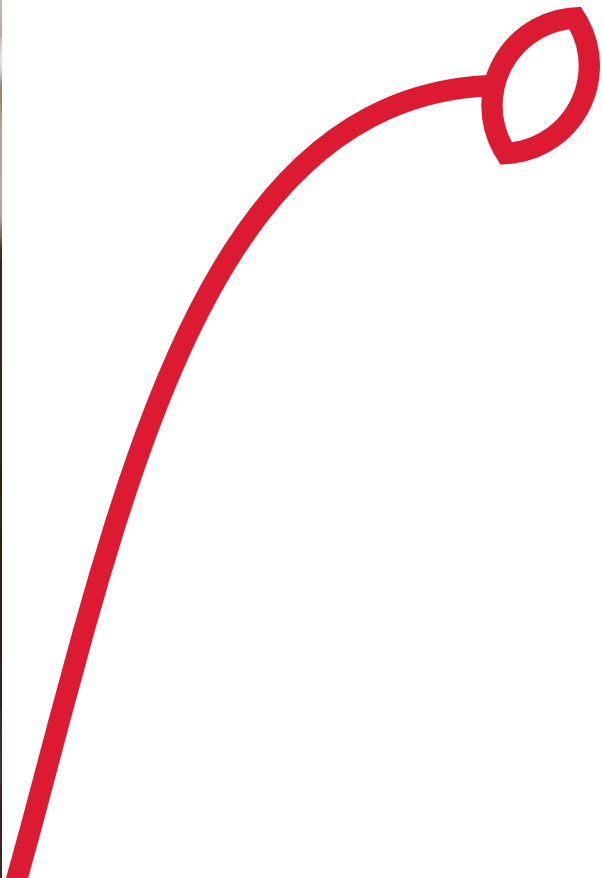
In addition to these new corporate governance initiatives, the Stock Option Plan was amended so that grants of stock options to non-employee directors of the Company are no longer permitted.





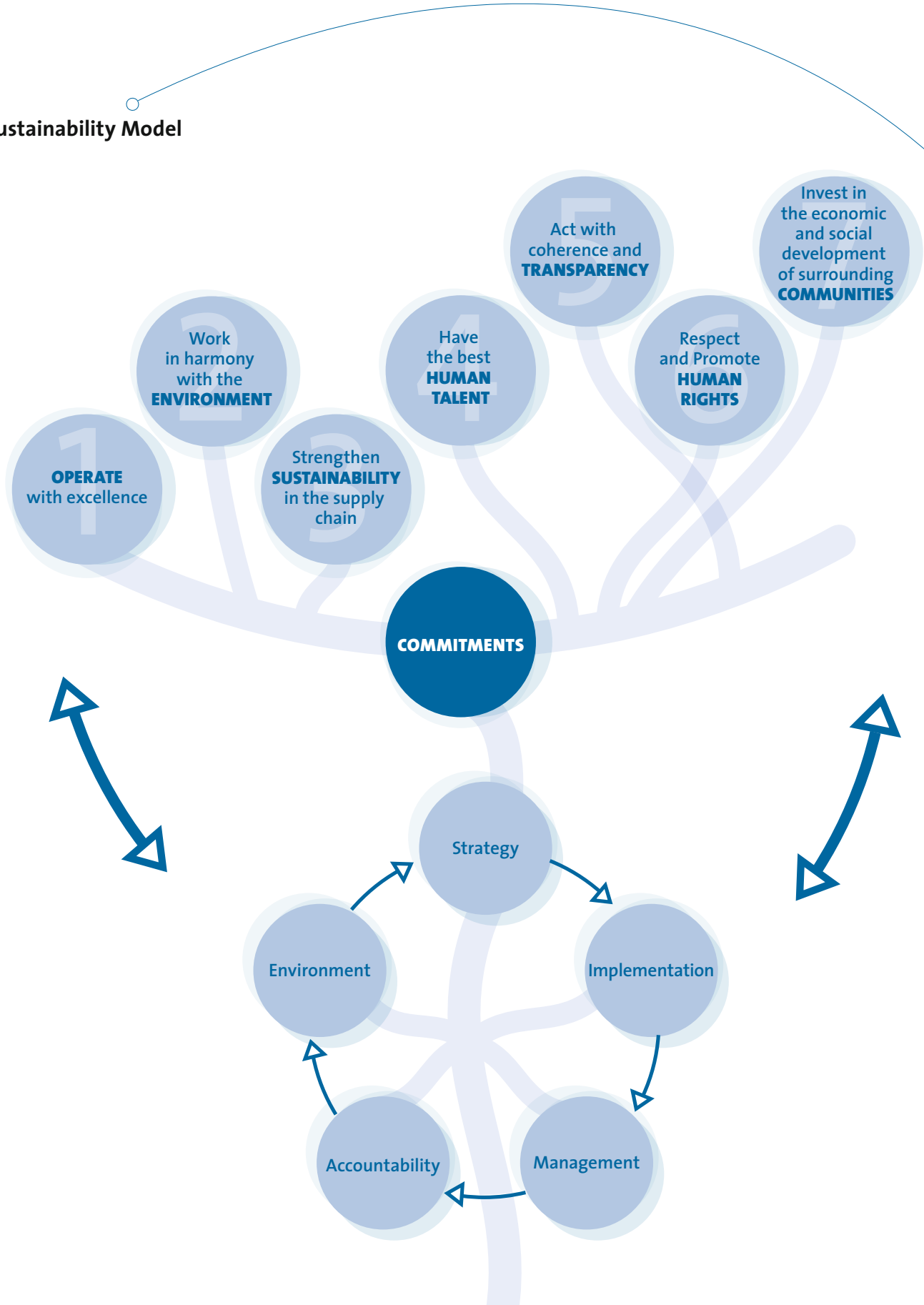


**Our
Sustainability
Model**



Our Sustainability Model

Sustainability Model



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	21

PURPOSE

The purpose of the model is to build a good reputation among our stakeholders to ensure synergies and support for our corporate strategy; and, in turn, contribute to the sustainable development of the regions in which we operate. Pacific Rubiales cannot grow sustainably without the support and sustainable development of these regions.

STRATEGY

Pacific Rubiales will create the maximum possible value for its shareholders, following a strategy that combines operational excellence with effective financial management, including a team of high performance talent and a sustainable commitment to its stakeholders.

GUIDELINES

- ▷ Involve stakeholders in the definition and development of initiatives.
- ▷ Manage complex relationships.
- ▷ Base the relationship on facts and data. Improve information quality and analysis.
- ▷ Coordinate internal efforts.
- ▷ Unify management criteria by implementing a sustainability management system.

SUSTAINABILITY COMMITTEE

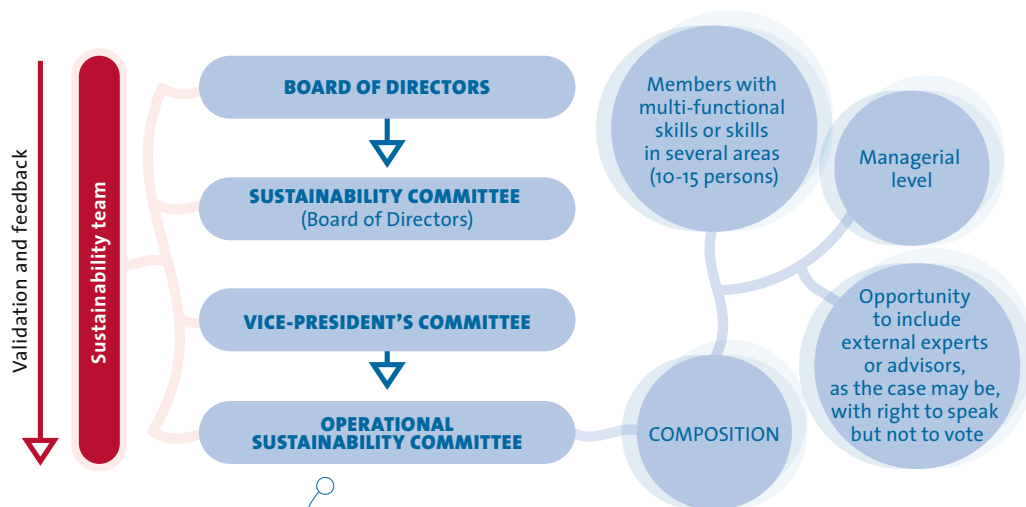
In 2011 we took a major step towards the integration of sustainability into our strategic management, with the creation of the Sustainability Committee as a sub-committee to the Board of Directors.

This committee has the purpose of ensuring the design, implementation and effective deployment of the sustainability strategy from a multi-disciplinary perspective that is aligned with the Company's strategic objectives, thereby contributing to the Company's sustainable growth.

Its main functions are:

- ▷ Define the sustainability strategy and its implementation through annual goals and action programs.
- ▷ Implement best practices for stakeholder relations.
- ▷ Educate on sustainability issues throughout various areas.

Organizational chart of the sustainability committee



- ▷ Identify actions and those responsible for them to perform the relevant matters regarding sustainability.
- ▷ Define key issues for the Sustainability Report.
- ▷ Collect and analyze critical social, environmental and economic risks.
- ▷ Promote risk identification and ensure business is conducted in a responsible manner.

SUSTAINABILITY REPORT

This is the third Sustainability Report from Pacific Rubiales. It covers the Company's performance from January to December 2011 and the information about the operations carried out in Colombia, Canada, Peru and Guatemala by the following business units:

- ▷ Pacific Stratus Energy
- ▷ Meta Petroleum

Based on the principle of transparency with all our stakeholders, we acknowledge in this publication the situation we encountered in Puerto Gaitán (Department of Meta) from July to September 2011.

We have also reviewed and updated the commitments we made in 2009 with a clear focus on the progress made during the past year, and the challenges that we've undertaken in order to continue managing our sustainability strategy.

This report is structured on the seven strategic commitments we updated in 2011. Each of these includes:

- a. Approach: issues handled in 2011.
- b. Progress: challenges set in 2010.
- c. Our challenges for 2012.

MATERIAL ANALYSIS

By aligning our corporate strategy with the sustainability model, we reviewed and updated issues and commitments according to the latest market conditions, progress made in terms of sustainability and input gathered through engaging with stakeholders.

The main changes were:

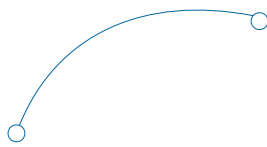
- ▶ Identifying our seven strategic commitments and integrating the principles of "Generate Economic Value" and "Strengthen Health and Safety in our Operations," into one called "Operating with Excellence." At Pacific Rubiales, we recognize that this commitment means increasing business process quality controls, reducing the health and safety risks of our employees and generating greater returns for our investors.
- ▶ Filtering data, leaving only material for Pacific Rubiales according to context and the information gathered in discussions with stakeholders, field visits and discussion forums held by the Company during 2011.
- ▶ Aligning the model with international sustainability standards such as the ISO 26000 Standard on Social Responsibility, SA8000 labour practices and the Voluntary Principles on Security and Human Rights.
- ▶ Aligning the model with corporate risks identified by Pacific Rubiales and identifying new risks related to sustainability.

ENGAGING STAKEHOLDERS

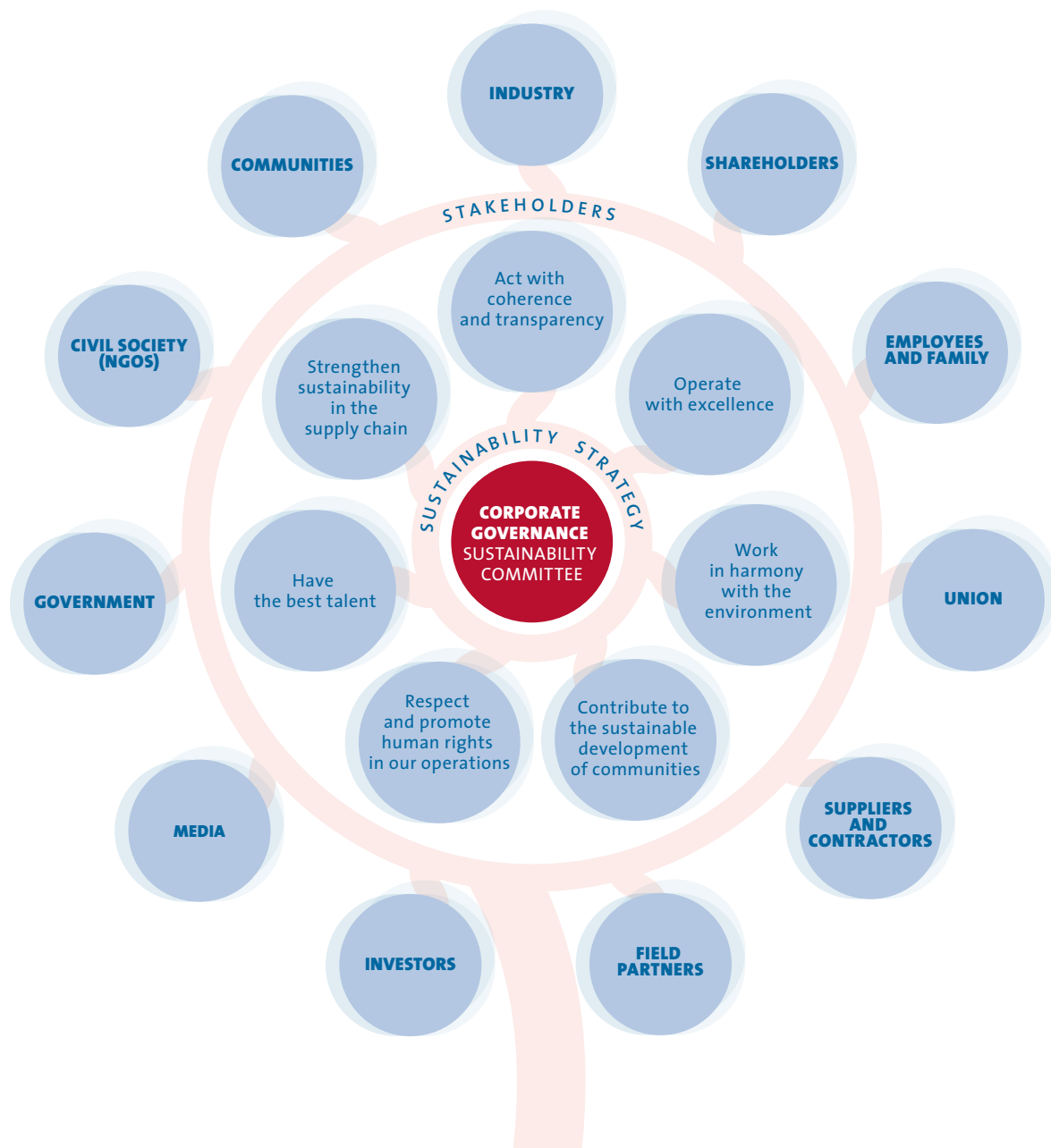
In 2011 we furthered the design of a System for Engaging Stakeholders, based on the GRI guidelines and the principles of the AA1000 standard, and keeping in line with our goals of: day-to-day improvements in the quality of the relations with our stakeholders, understanding their opinions and needs and turning these ideas into input for our management and decision-making processes.



The purpose of this system is to: develop strategic spaces for dialogue and collaborative work with priority stakeholders on issues that are in line with our commitments and mutual interests; systematize input gathering and analysis; and integrate the results analysis with the decision-making processes at the highest levels of our organization.



Objectives of engagement with stakeholders



For 2011, besides maintaining our usual lines of dialogue, which are strictly related to operations, we developed the following strategies for approaching stakeholders:

STAKEHOLDER	OBJECTIVE	MATTERS ADDRESSED	INSTRUMENTS	MAIN RESULTS 2011
Communities	Learn about the expectations and needs of the communities in the areas in which we operate and develop our social investment projects in keeping with our commitment to “Contribute to the sustainable development of the communities.”	<ul style="list-style-type: none"> a. Social investment projects related to education, institutional strengthening and competitiveness. b. Social and labour matters were discussed due to the events that transpired in Puerto Gaitán. 	<ul style="list-style-type: none"> a. Formal meetings on a bi-monthly basis. b. Informal dialogue on a daily basis. c. Meetings with the community and the authorities. d. Educate about the project. e. Negotiation committees. (1) 	<ul style="list-style-type: none"> a. Training sessions for the different communities in our area of influence. b. Negotiation agreements with the discussion committees between employees, community and Pacific Rubiales (includes commitments both for the Company and the community). c. Position the Pacific Rubiales Productive Model as one of the top 12 sustainable projects in the world.
Employees and family	Respond constantly to the needs of our employees in keeping with our commitment to “Having the best talent”.	<ul style="list-style-type: none"> a. Benefits system. b. Career plans. c. Internal processes. 	<ul style="list-style-type: none"> a. Meetings. b. Informational discussions. c. In the field we have daily staff meetings to address relevant matters. d. Training sessions and workshops. 	<ul style="list-style-type: none"> a. Created the understanding of being close to Human Talent. b. Satisfied and peaceful employees. c. Employees with a great sense of belonging, focused on their duties and doing a great job.
Suppliers and contractors	Ensure compliance with the labour and welfare obligations of field employees.	<ul style="list-style-type: none"> a. Labour and welfare matters. b. Personnel, payroll and salary payment templates. c. Fringe benefits issues, etc. 	<ul style="list-style-type: none"> a. Personal meetings. b. Labour impact committee. c. Meetings with contractors and suppliers. d. Training workshops. e. Specific meetings per company. 	<ul style="list-style-type: none"> a. Employee awareness on the importance of complying with employment obligations. b. Improvement of the knowledge contractors have about labour law. c. Correction of labour-related matters. d. Generation of fluid and sincere communication between the management of Labour Relations and the contractors. e. Precise knowledge of labour conditions.
Local government	Convey social investment projects that we develop, in order to involve government agencies and make them participate in these programs.	<ul style="list-style-type: none"> a. Social investment projects. b. Agreements between the two parties for institutional and community strengthening. 	<ul style="list-style-type: none"> a. Convey projects. b. Meetings. 	<ul style="list-style-type: none"> a. Search for a project focused on issues of social investment
Investors	<ul style="list-style-type: none"> a. Disclose clear, concise, accurate and efficient information about our financial, economic, commercial and operational performance to shareholders, investors, risk rating agencies, regulatory bodies and stock exchanges, among others. b. Achieve a closer interaction between investors and the Company. c. Attract greater investment interest in the Company. 	<ul style="list-style-type: none"> a. Status of our shares and the stock market. b. Financial information and meetings with Sell side (analysts and brokers). c. Deal with requests made by Colombian financial regulators. 	<ul style="list-style-type: none"> a. Non-deal road shows b. Teleconferences. c. Personal meetings with Company executives, d. Visits to the Company’s assets (Rubiales Field). e. Investor conferences. 	<ul style="list-style-type: none"> a. Increased number of international bank analysts covering the Company, which increases visibility in the capital markets. b. Becoming the first foreign oil and gas company traded on Brazil’s Stock Exchange. c. Complying with information best practices required by regulatory entities in countries where the Company is traded. d. Development of communication channels with retail shareholders in the Colombian market.

(1) For further information about these committees, please refer to the chapter on Puerto Gaitán.

We adhere to:



Centro Regional de Apoyo para América Latina y el Caribe



Red Pacto Global Colombia

Corporación Red local del Pacto Global en Colombia



Canadian Business for Social Responsibility





PACIFIC
Engineering



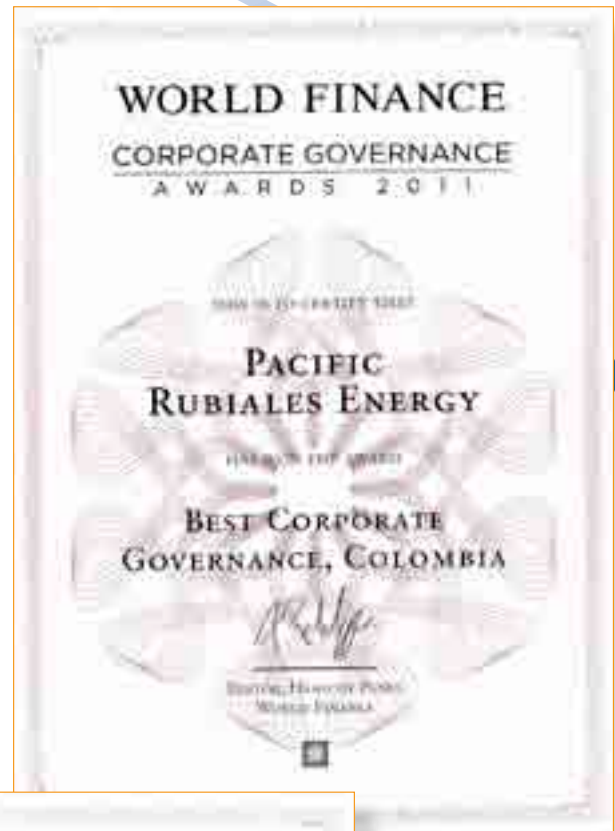


2011
Highlights

2011 Highlights

Awards

- *Best Oil and Gas Exploration Company and Best Oil and Gas Innovation in Exploration Technology, Latin America 2011*, awarded by *World Finance Oil & Gas Awards 2011*.
- Nomination to present the “Rubiales Sustainable Model” at the *20th WPC Social Responsibility Global Village*.



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	31

Acting with Coherence and Transparency

- We are the first company in Colombia committed to the standards of the Extractive Industries Transparency Initiative (EITI).
- We updated our Code of Ethics and Conduct through a process in which several areas of the organization were involved, with our corporate values as starting point: integrity, diversity and inclusion, leadership, excellence and innovation.

Operating with Excellence

- We drilled 69 exploration wells (58 were successful), for a success rate of 83%.
- We are the first foreign oil and gas company to be listed on the São Paulo Stock Market (Bovespa), the largest in Latin America.
- We developed the pilot test of the STAR (Synchronized Thermal Additional Recovery) technology at the Quifa field in the Eastern Llanos, to (i) test efficiency in the application of the technology, (ii) fine-tune the required operational parameters, and (iii) establish improvement in the recovery factor in the heavy crude oil fields that allows implementing the technology at a commercial level.





Working in Harmony with the Environment

- We implemented a daily monitoring system to report all fauna observed in our areas of direct influence in order to register them, establish their location and consolidate information on the variety of species.

Contribute to the Sustainable Development of Communities

- We certified 472 local leaders of the communities surrounding our operations with diplomas in “Social Control and Civic Participation”, “Human Rights and Sustainable Development” and “Entrepreneurship, Business Opportunity and Company Construction”.
- We trained 780 mothers that are leaders of the Families in Action program in the “Coexistence, Childhood and Youth Managers” project, each receiving 208 hours of specialized training.

Respecting and Promoting Human Rights in our Operations

- 2,430 of our direct employees and contractors became affiliated with the Workers Union of the National Energy and Public Utilities Industry.

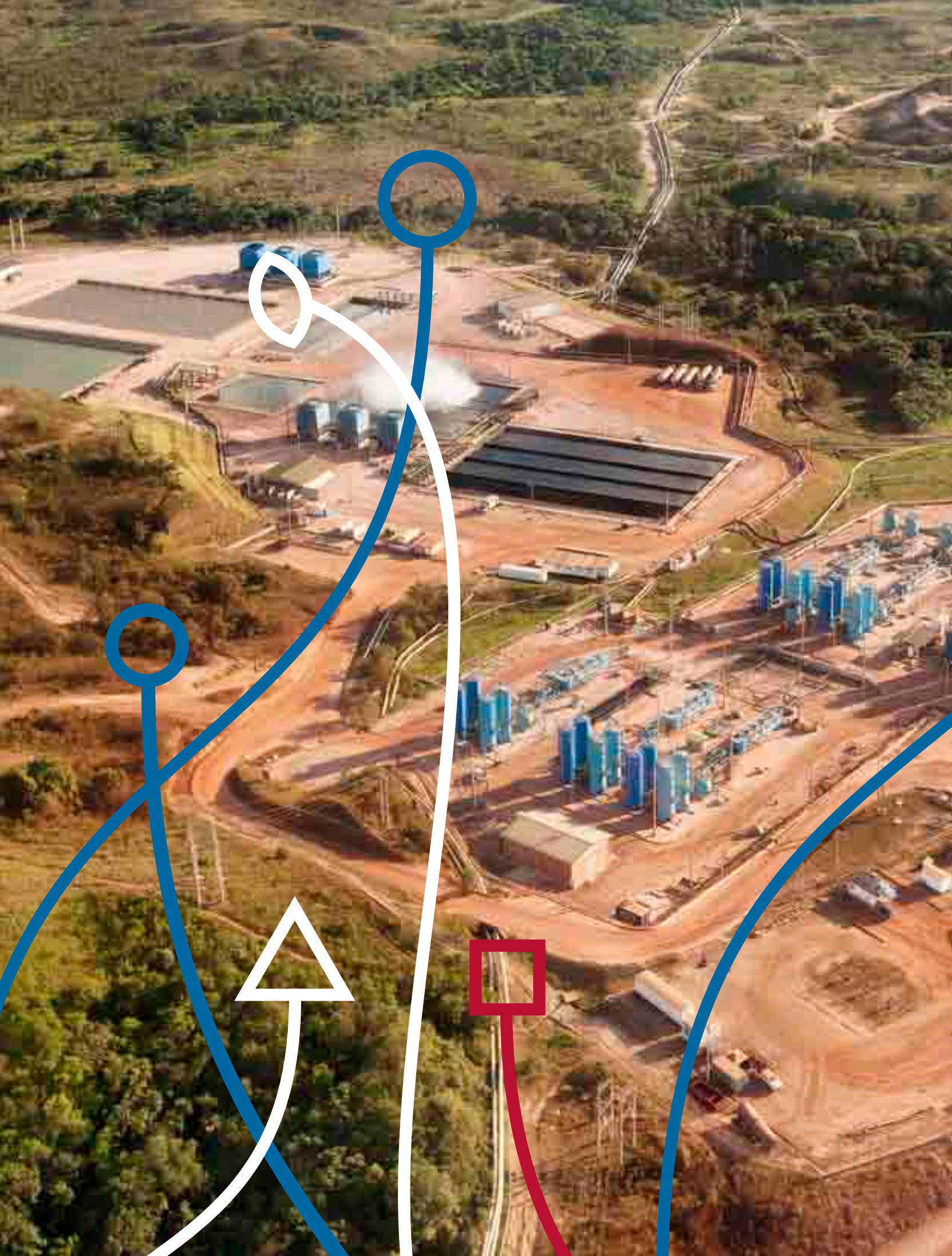
Having the Best Talent

- We ran the first pilot test of the Pacific Rubiales Volunteer Program, with the participation of over forty volunteers.
- We obtained a score of 72.8% (“very satisfactory” level) in the diagnosis of the Company’s work environment developed under the Great Place to Work model.

Strengthening Sustainability in the Supply Chain

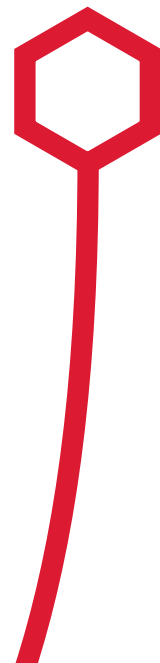
- We included a required labour standards auditing procedure to ensure that our supply chain is aligned with the Principles of the UN Global Compact.







**Operations
Blockade and
Production
Halt at
the Rubiales
and Quita
fields**





TIMELINE

June 20, 2011

Protests against a contractor of a multinational oil company with fields in Puerto Gaitán

July 18, 2011

Employees of Pacific Rubiales contractors and subcontractors declare a Permanent Assembly, aimed at obtaining better labour and quality of life, and improvement of their working conditions, salaries and benefits.

July 19, 2011

A group of people block the internal roads at the Rubiales field, impeding the movement of personnel to their work stations. This same group urges employees to perform violent acts. During the afternoon, two armoured vehicles entered the fields with persons who identified themselves as members of the Workers' Trade Union (USO), breaching the field's security measures. The Esmad (Mobile Anti-Disturbance Squadron) arrives to assure the safety of staff and oil field. Pacific Rubiales management is present to discuss and reach an agreement with the protesters.

OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171

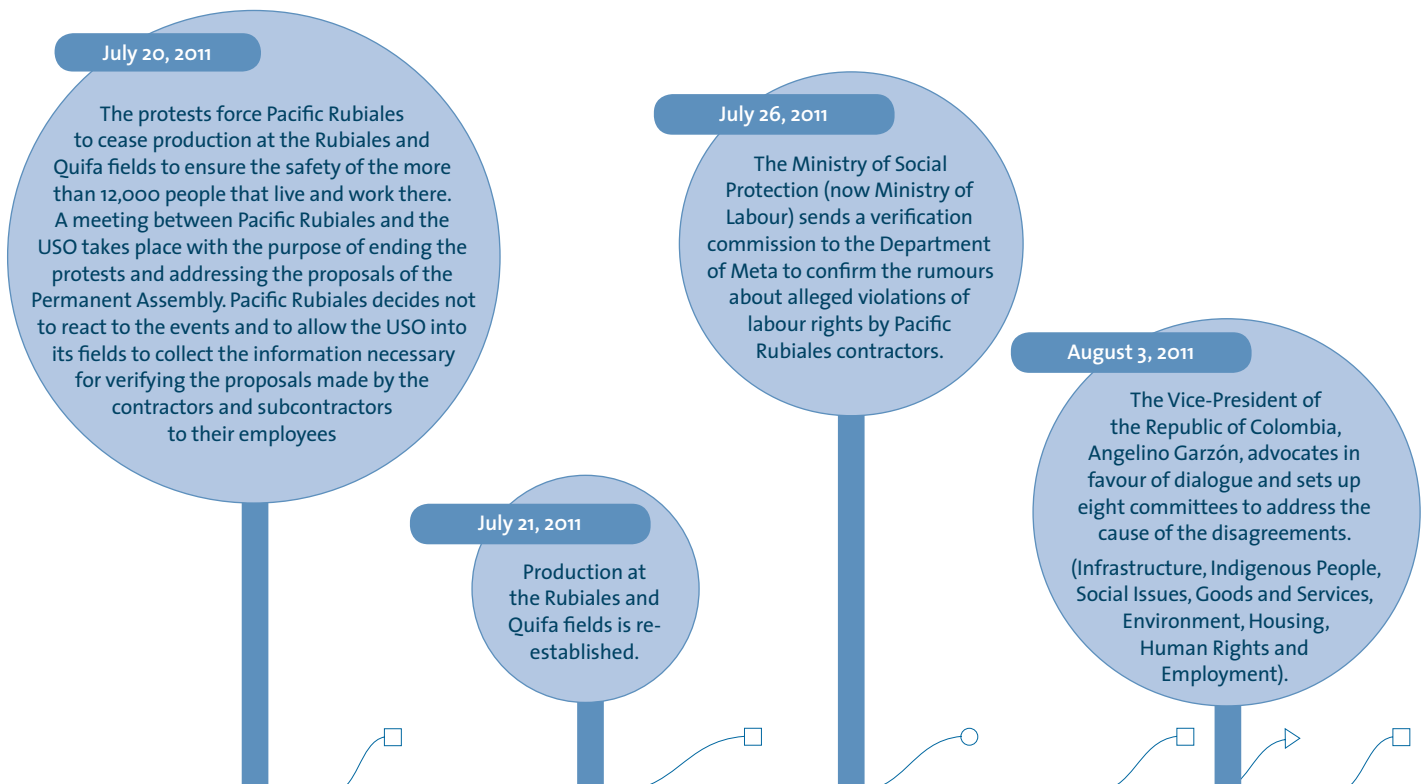
Operations Blockade and Production Halt at the Rubiales and Quifa fields

At Pacific Rubiales we understand that the events that occurred between July and November 2011 in Puerto Gaitán (Department of Meta) generated a significant economic, social and security impact for the community, our employees and Colombia as a whole.

We are aware of measures we can take to improve this situation and are committed to working on them in the short, medium and long-term, along with our suppliers and contractors, the community and the municipal, departmental and national governments.

Between July and November 2011, Pacific Rubiales experienced a series of protests in the Rubiales and Quifa fields, the largest fields in Colombia, which represent 27% of Colombia's national crude oil production, requiring a halt in production for two days. This brought social and economic consequences that affected our operations and the stability of communities.

All of this occurred within a particular context in which internal factors relating to our operations came together with external factors relating to local circumstances.



Background



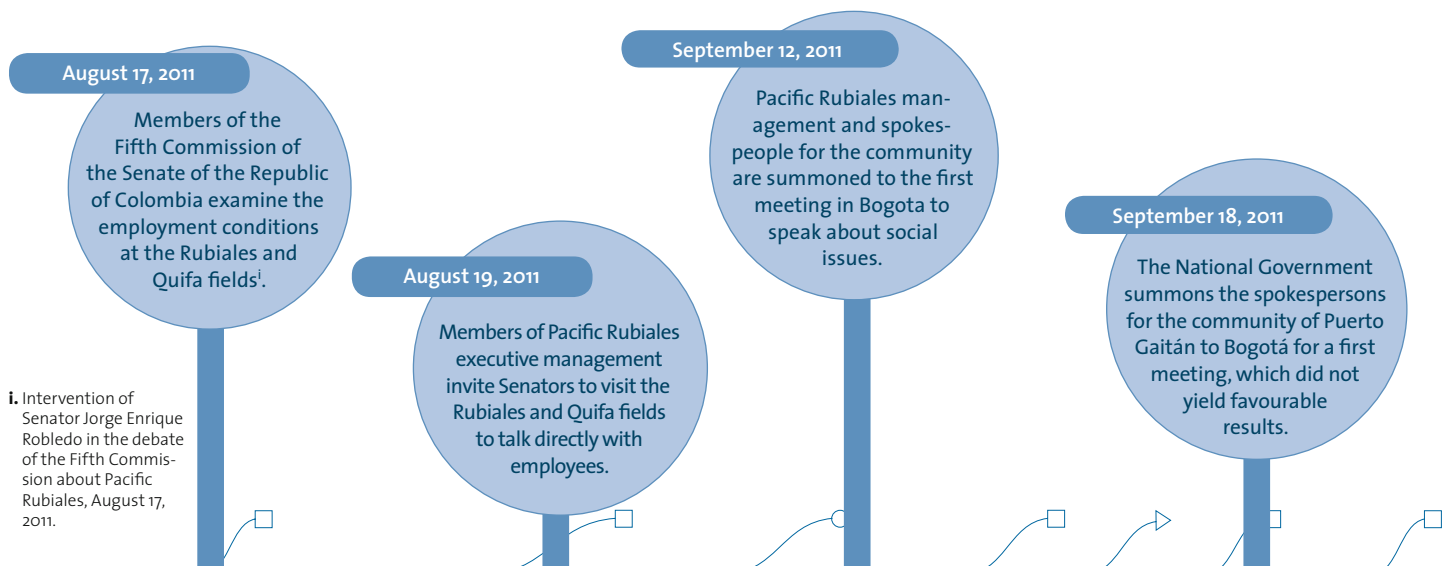
- The accelerated growth of our operations has attracted a great number of workers to the fields, and with that come increased pressures on the capacity to accommodate them and a greater need for our contractors and subcontractors to pay more attention to these issues.
- During the last three years, our operations have grown significantly, leading to an increase in contracts with the local workforce. The ability to audit and respond to labour conditions in the field did not always occur at same speed at which the operations were growing.
- When the events occurred, Pacific Rubiales did not have any direct employees affiliated with any recognized unions.

These events took place in the context of an oil bonanza that has generated a strong migration to Puerto Gaitán, a situation that brings greater security and economic stability and yet inflationary mitigation challenges too, in an area where civil society institutions and organizations are still going through a strengthening process.¹

In this sense, when we refer to the events at Puerto Gaitán, we must distinguish between two different issues. The first is related to the current social situation of the municipality, and the second, concerning labour matters as they directly relate to our Company and our contractors.

The following sections detail the agreements and actions carried out to address these two issues, acknowledge the lessons we learned, and identify the opportunities for improvement where we will focus our efforts in the coming years.

1. The experience in oil municipalities and regions in Colombia shows the accelerated urban growth produced by strong migrations, attracted by the search for a job in the industry, along with the lack of sense of belonging and settlement (Dureau and Goueset, 2011). Historically, oil-related activities have generated disorganized urban growth dynamics due to the absence of planning in the occupation and development of the related territory.





September 19, 2011

A group of approximately 250 people block the internal roads at the Rubiales field. As a result, Pacific Rubiales is forced to suspend crude oil pumping and declares force majeure to safeguard itself against eventual claims for failing to comply with deliveries.

September 20, 2011

The National Government and the USO sign Minutes of Agreement to breakup the protests that began the day before. Likewise, Pacific Rubiales is asked to participate in a work committee with the USO, as guarantor, with the purpose of facilitating a constructive dialogue between contractors, union and workers.

September 21, 2011

A Minute of Guarantees is signed for the negotiations among Pacific Rubiales, the USO and the Colombian Government. In turn, the Minister of Social Protection (now Minister of Health), Mauricio Santamaria, confirms that, as a result of the inspection visits carried out over fifteen days in Puerto Gaitán, forty investigations have been opened due to alleged irregularities in the workers' contracts and working conditions.

September 22, 2011

Pacific Rubiales re-establishes operations at the Rubiales and Quifa fields.

Our Response



We created a crisis management team led by the Company's Vice-President of Sustainability and Corporate Affairs and the Corporate Social Responsibility and Public Affairs Departments in order to address the crisis that began on July 19, 2011 and to avoid its reoccurrence, and for the purpose of facilitating dialogue with the local community and direct employees of contractors and subcontractors.

REACHING THE SOCIAL WORK AGREEMENT WITH THE LOCAL COMMUNITY

Our management team participated in the dialogues sponsored by the Colombian Government and led by the Vice-President of the Republic, Angelino Garzón, from August 3 until the completion of the Social Work Agreement on September 30. The agreement was framed in a process of joint discussions with the community focused on work in the following issues:

- Indigenous People
- Social Sector (health, education, sports, culture, recreation and vulnerable populations)
- Goods and Services
- Environment
- Road Infrastructure
- Housing

To address these matters, the Work Committee was created, comprised of fifteen spokespeople from the community and led by father Eison Barrios, a priest from

September 23 through 30, 2011

Negotiations on labour issues.

September 30, 2011

An agreement is signed between Pacific Rubiales and the community relating to six of the eight committees (Infrastructure, Indigenous People, Social Issues, Goods and Services, Environment and Housing) created on August 3. This agreement establishes a new model for the relations between the Company and the community, defining concrete commitments for each party, as well as monitoring instances and guaranteeing permanent and sustainable joint work. Meanwhile, the Labour Committee continues working under the guidance of the Ministry of Labour.

October 1, 2011

Pacific Rubiales is notified that nearly 850 of its 1,512 direct employees have decided to affiliate with the Union of Workers of the National Energy Industry and Household Utilities (Uten), a union that is affiliated with the General Labour Confederation (CGT), Colombia's largest labour union.

Puerto Gaitán, who were given the task of negotiating agreements with our representatives on behalf of the community.

During the first meeting, held on September 12 between our team and the Work Committee, the community presented their petitions:

- a. More extensive hiring of unskilled local workforce and procurement of local goods and services.
- b. Opening offices and having representatives of the Company in Puerto Gaitán.
- c. Training and information on activities and projects being carried out using Company resources and royalties.
- d. Investment projects agreed upon with the community that will contribute to real and concrete development of the municipality and its inhabitants.

In this first meeting we made progress towards agreeing on solutions and possible commitments for both the Company and the community regarding the above mentioned concerns, on the basis that the oil companies could not be a substitute for the State, and that the aim was to generate technical capacities and long-term impact that will enable the community to be active in its own social, economic and political development.

Despite the progress made in this first meeting, more violent acts and yet another blockade took place on September 19. The members of the community who were part of the committees reacted against the violent acts and expressed their willingness and availability to continue to work directly with our team.



October 5, 2011

Pacific Rubiales receives a visit from the Fifth Commission of the Senate, which is provided with all the information the Company and is given a tour of the Rubiales oil field to see its facilities and talk with the employees.

October 6, 2011

Senator Jose David Name (a member of the Fifth Commission) publicly declares that “the Rubiales field has improved its working environment, and the situation with the employees is normalized following the agreements between the Company and the National Government.” He adds: “I must say I am deeply satisfied with the working environment, the accommodations and the facilities in general.”ⁱⁱ Pacific Rubiales reaches an agreement on working conditions with the Uten, which includes salaries and working days, accommodations, quality of life at work, commitment to a greater control of suppliers and contractors, and contracting 100% of local workforce, among other things. The Minister of Mines and Energy participated in the negotiation process.

October 10 through 14, 2011

The term set by the Colombian Government on September 20 to reach an agreement between the contractors and the USO expires.

ii. Congress of the Republic of Colombia, “Fifth Commission visited Rubiales Field” at: <http://www.senado.gov.co/sala-de-prensa/noticias/item/12502-comision-quinta-visito-campos-rubiales>.



The talks were re-established and in late September the Social Agreement was signed; it established timelines, monitoring mechanisms and permanent dialogue opportunities to ensure joint and long-term working relations, and a commitment to re-building trust between the community and the Company.

The agreement addressed each of the concerns previously presented by the spokespeople of the communities and established a new corporate social responsibility policy, which will structure a win-win relationship between the community and the Company, linking the prosperity of the oil industry to the human development and economic prosperity of the inhabitants of Puerto Gaitán.

Once this first harmonization phase was complete with the signing of the Agreement, an agenda was formalized with the six committees, and so began the process of organizing the different civil institutions in order to strengthen their capacity for work, dialogue and consensus building within the community and with third parties using peaceful methods.

The purpose of this new process with the community is to strengthen its structure and allow it to effectively participate in dialogues and take charge of its social growth.

October 21, 2011

The term set by the Colombian Government on September 20 to reach an agreement between the contractors and the USO expires.

October 22 through November 30, 2011

With the approval of the Ministry of Labour, Pacific Rubiales gets directly involved in the Labour Committee instituted by the Vice-President of the Republic of Colombia, with the purpose of establishing a discussion process and direct negotiation with the employees of the Company and the contractors who are directly represented by this committee.

The main accomplishments during this process were the following:

- The Puerto Gaitán Union Council was created, bringing together eleven economic and commercial sectors from the municipality and over 400 businessmen, professionals, technology graduates, workers from the hotel, restaurant and construction sectors, health care providers and drugstore clerks, among others.
- The Puerto Gaitán Promotion Fund was created in order to promote projects geared towards social, cultural, environmental, sports and recreational development, and as investment means for implementing entrepreneurial-oriented policies and for educating small business owners.
- The Puerto Gaitán 21st Century Foundation was created to carry out social and humanitarian work in the community.
- A commitment from Pacific Rubiales to set up a Social Responsibility Office in the urban area of Puerto Gaitán.

Finally, we needed to reach an agreement with the Labour Committee, where the goal was to establish a work dynamic for continuously improving on labour-related issues and creating a permanent space for negotiations on possible future discrepancies.

SIGNING OF THE SOCIAL WORK AGREEMENT WITH THE COMMUNITY

On Friday, September 30, a final meeting took place in the Puerto Gaitán Cathedral in order to sign the agreement. The meeting was directed by Father Eison Barrios, and all spokesmen and women from the community were in attendance along with our management team. The agreement was signed between the community of Puerto Gaitán, represented by the Committees for Indigenous Populations, Social Sector (health, education, sport, culture, recreation, and vulnerable peoples), Goods and Services, Environment, Road Infrastructure and Housing, and Pacific Rubiales, operator of the Rubiales, Quifa, and Piriri Blocks, in association with Ecopetrol. The agreement included 91 actions and guidelines on social, environmental, indigenous, cultural, commercial and labour matters for the benefit of both the community and the Company, intended to strengthen the development of local human capital, improve the social well-being of Puerto Gaitán and the financial, commercial and productive activities of the municipality's inhabitants. Furthermore, terms, monitoring methods and permanent dialogue committees were established to address possible future discrepancies, ensure long term collaborative work and promote trust between the community and the Company.

October 25, 2011

Pacific Rubiales declares a state of red alert after a group of approximately thirty people entered the facilities at the Rubiales field through the use of force and carry out a series of attacks on the infrastructure.ⁱⁱⁱ

iii. Violent acts triggered the alarms at Rubiales Field," at <http://www.portafolio.co/economia/actos-violencia-encendieron-alarmas-campo-rubiales>, October 26, 2011.

December 1, 2011

Pacific Rubiales signs a closing agreement with the Labour Committee and the Ministry of Labour, which concludes a cycle of negotiations and agreements with the community, direct employees, contractors and subcontractors. The President of the General Labour Confederation, Julio Roberto Gomez, is invited to visit the Rubiales and Quifa fields.





NEGOTIATING WITH DIRECT EMPLOYEES, CONTRACTORS AND SUBCONTRACTORS

At the request of the Colombian Government, the parties agreed that the labour negotiations be conducted under the supervision of the Ministry of Social Protection (now the Ministry of Labour).

As a result of the blockades and the events that occurred during the second half of September, Pacific Rubiales decided to participate as guarantor in a dialogue committee promoted by the Colombian Government in order to address the complaints against the Company by contractors, their employees and the USO union, who represented these employees. The purpose behind our participation in this committee was to reiterate our commitment to the accountability and control procedures of our supply chain, which includes ensuring that contractors and subcontractors comply with union-related rights and responsibilities.

Therefore, on September 20 Pacific Rubiales signed a Minute of Guarantee with the Ministry of Labour and the USO, committing Pacific to supporting contractors from the Rubiales and Quifa fields to affiliate their employees with the USO. The agenda included various items, including: the right of freedom of association, wages and benefits conditions, labour stability, hiring of local workforce and re-hiring of personnel dismissed after July 19, 2011, among others issues. During this process, Pacific Rubiales continued to act as guarantor.

Unfortunately, on October 21, 2011, the term set for this Labour Committee expired without any progress. Some of the more unsatisfied sectors tried to take advantage of the situation to restart protests and violence; but the community, organized under the agreements of September 30, did not allow this and, instead, requested the Company and the Labour Committee to start a direct dialogue to reach an agreement and offered its support for that purpose.

These talks began in mid-October and the process resulted in a successful agreement between the Company and the Labour Committee, which was signed in the presence of the Colombian Government on December 1, 2011.

During the first meeting with the Labour Committee, progress was made on drafting a proposal to settle the following issues:

- Intermediation and labour stability
- Hiring of unskilled personnel
- Review process for dismissals deemed to be unfair
- Term of contracts for unskilled personnel
- Wages and bonus adjustments

In addition to this Agreement, Pacific Rubiales has undertaken complementary actions in terms of labour issues:

- The “Well-being Plan 2011 – Rubiales-Quifa fields” was created and implemented in order to improve the standard of living for our personnel. This plan covers all camps, especially the outlying camps, and includes re-settling some of them and improving nutrition, health, sports, and entertainment.
- A Labour Management Manual was issued and published. Penalties will be established by contract against any breach of the agreements.
- A Coexistence Manual was implemented to provide rules and standards to maintain harmonious coexistence inside the camps based on mutual respect.
- Policies and procedures to hire suppliers and contractors were updated and reviewed. The following annexes are included in all Pacific Rubiales agreements: HSEQ, CSR, Work Relations, Safety, Code of Ethics and Invoicing.

Finally, as a result of the inspections carried out by the Ministry of Labour in July, eight contracting companies were fined for breach of labour conditions in the different fields where they operated. In order to respond to these events and to reiterate our commitment to the entire supply chain, we took contractual action intended to strictly enforce the legal and financial obligations arising from these sanctions and reinforce our management and monitoring procedures to prevent future poor labour practices and undue outsourcing agreements. It is worth noting that Pacific Rubiales was not sanctioned.

For more information on these further actions undertaken by Pacific Rubiales, please refer to our commitment to “Strengthen Sustainability In our Supply Chain”.

SIGNING OF THE LABOUR AGREEMENT

The agreement signed between the Labour Committee and Pacific Rubiales on December 1 included the following points:

- **Labour Stability.** All employment contracts signed between non-qualified personnel and contractors will last for the duration of the project or specific task. Contracts longer than one year are an exception in which personnel will typically be hired for a minimum of six months.
- **Qualified Personnel.** Pacific Rubiales is committed to encouraging its contractors to hire qualified personnel from Puerto Gaitán. In turn, the Labour Committee is committed to submitting a list of people who meet the required profile and have the necessary skills.
- **Labour Guarantees.** 100% of non-qualified labour will come from the town of Puerto Gaitán. The lists of people will be submitted by the Community Action Council and must be approved by the Oversight Committee for Labour Mediation or the indigenous communities.
- **Labour Intermediation.** It was agreed that the Operating Committee for Follow-up on the labour agreement will be the new means for labour intermediation, and that it will be made up by representatives from Puerto Gaitán.
- **Wages.** The new minimum wage for non-qualified personnel was set at COP\$1,238,000, plus a monthly bonus of COP\$50,000 (which is not considered part of the salary). This applies to all employees regardless of the task they perform and the type of employment contract.
- **Operational Stability.** Members of the Labour Committee are committed to relying on government instruments to settle any conflict arising in the future and to strongly reject the use of violence.
- **Operating Committee for Follow-up on the Labour Agreement.** Upon signing the agreement, the Follow-up Committee was created by members from the Labour Committee and representatives from Pacific Rubiales; they will have permanent support from delegates from the local government and from the Coordinator of the other Committees.

1. Amounts reported in COP because this is how they were established in the agreement

What We Learned

Facts and figures

**ECONOMIC
LOSSES**
of approximately
**USD\$140
MILLION**

**PRODUCTION
LOSSES**
of
**1,472,933
BARRELS
OF OIL**

MATERIAL DAMAGES
of approximately
USD\$188,294
and thefts approximately
USD\$687,166

**35
PEOPLE
INJURED**
including
law enforcement
officers and
employees



Starting in 2009, with the drafting of our sustainability strategy, we've identified the issues that are critical to the success of our operations, including: supplier management and development, local procurement and contracting, good working conditions in the field and engaging with stakeholders.

This is why during the last three years we've developed different initiatives aimed at improving on these issues. However, as we said before, the growth of the departments in charge of controlling and auditing our contractors and subcontractors was not proportional to the rapid growth of our Company as a whole.

The events that transpired in Puerto Gaitán showed us that we still had a lot of work to do and provided lessons on the importance of continuing to implement and reinforce our sustainability strategy.

ENGAGING WITH STAKEHOLDERS

These events also showed us that it is important to establish direct dialogue and permanent conflict resolution spaces with our different stakeholders in order to mitigate crisis situations. These spaces should be focused on achievable and measurable commitments that contribute to a clear response capacity by the organization in regard to any matter, and on generating trust.

We also reiterated to the community our commitment to maintaining direct dialogue and, in 2012, we will focus on the need to move from a bilateral dialogue between Pacific Rubiales and the community, to a multilateral dialogue with the participation of all relevant parties, including the national, departmental and municipal governments and any other operators in the area.

Regarding our direct employees, contractors and subcontractors, we put special emphasis on our respect for the right to freedom of association and our approval of their affiliation with unions that contribute positively and significantly to the well-being, quality of life and improvement of labour relations and the environment. In 2012 we will strengthen our relations with these new stakeholders.

MANAGEMENT AND DEVELOPMENT OF OUR SUPPLY CHAIN

Our suppliers and contractors are strategic allies and the visible face of our business in several instances. Due to the recent events, we reinforced our commitment to the development of initiatives and strategies that will allow us to work more effectively with our supply chain.

OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	47

Since 2011, the departments responsible for Auditing, Human Talent, Social Responsibility, HSEQ and Security have been enforcing the strict implementation of internal regulations to guarantee compliance with the commitments established in the Labour Agreement, as well as implementing continuous monitoring of labour conditions of their workers.²

QUALITY OF LIFE OF WORKERS IN THE FIELD AND WORKING ENVIRONMENT

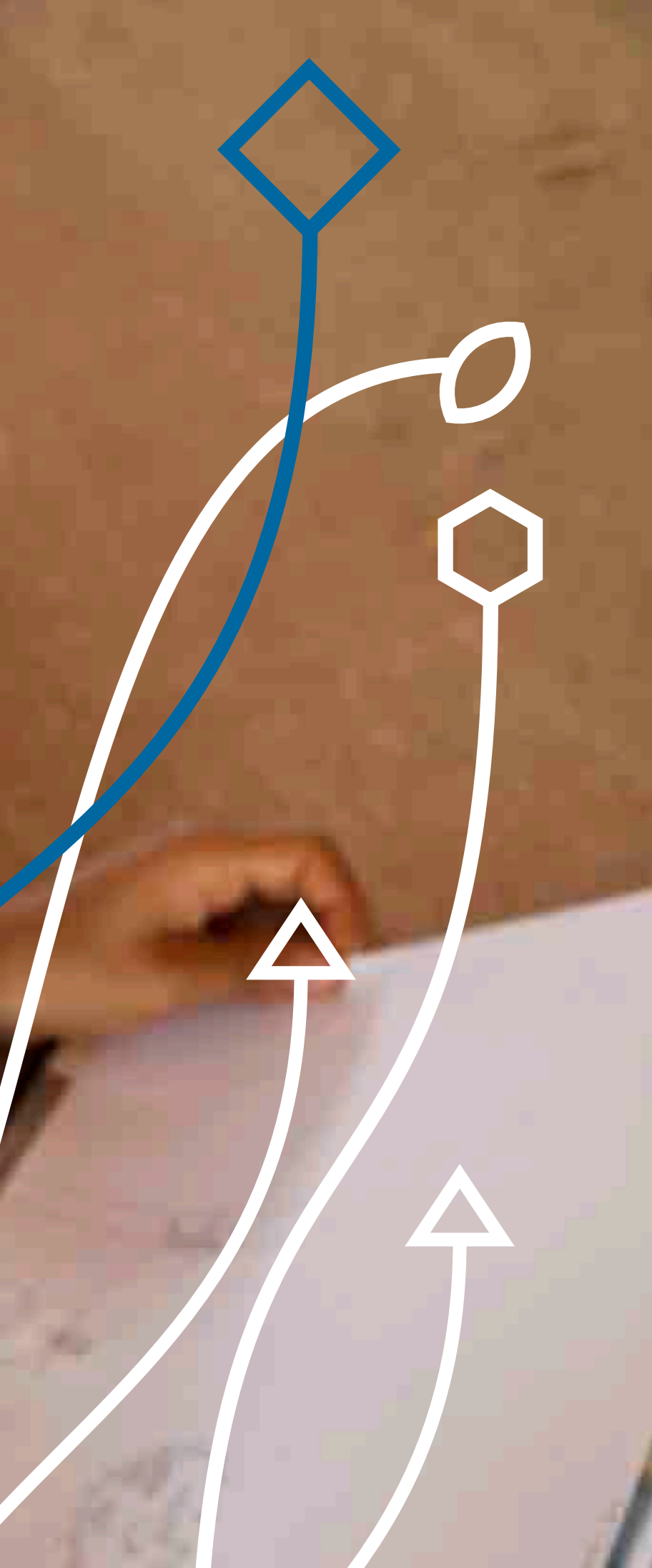
At Pacific Rubiales we are aware of the importance of developing strategies and initiatives that promote the well-being and quality of life of our direct employees, contractors and subcontractors.

Following the events in Puerto Gaitán, we have focused greater technical, human and economic efforts on the development and implementation of initiatives to improve, together with our contractors, the conditions in our camps, including nutrition, health, sports and entertainment. Our aim is to promote a harmonious coexistence based on our ethic and corporate values.

² For more information on the challenges posed by this commitment, please refer to the chapter “Strengthen Sustainability in our Supply Chain.”







**We Remain
Committed to:**

Acting with Coherency and Transparency



At Pacific Rubiales we are committed to conducting our business in a transparent and inclusive way with all our stakeholders. We have updated our Corporate Governance policies and our Code of Ethics and Conduct to ensure coherence between our corporate values and actions.

WE FOCUS ON:

BUSINESS ETHICS

New Code of Conduct Based on Our Values. During 2011, we developed a collaborative work process to update our Code of Ethics and Conduct, having as a starting point our corporate values: integrity, diversity and inclusion, leadership, excellence and innovation.

This exercise was achieved through working groups in which all the different areas of the organization participated.

In order to implement the new Code, all new employees must agree to a statement of compliance on ethics and conflicts of interest. All employees, executives and directors must renew their commitment to this statement annually via intranet.

Ethics Communication Channels. At Pacific Rubiales we have special channels of communication dedicated to reporting and receiving advice on ethical issues as a means to strengthen communication with our employees and stakeholders. These channels, part of the Whistleblower program, allow for the making of anonymous reports about events or situations that are contrary to the Company's policies.

These channels include: specialized telephone line, a website and mailboxes in all of the Company's offices.

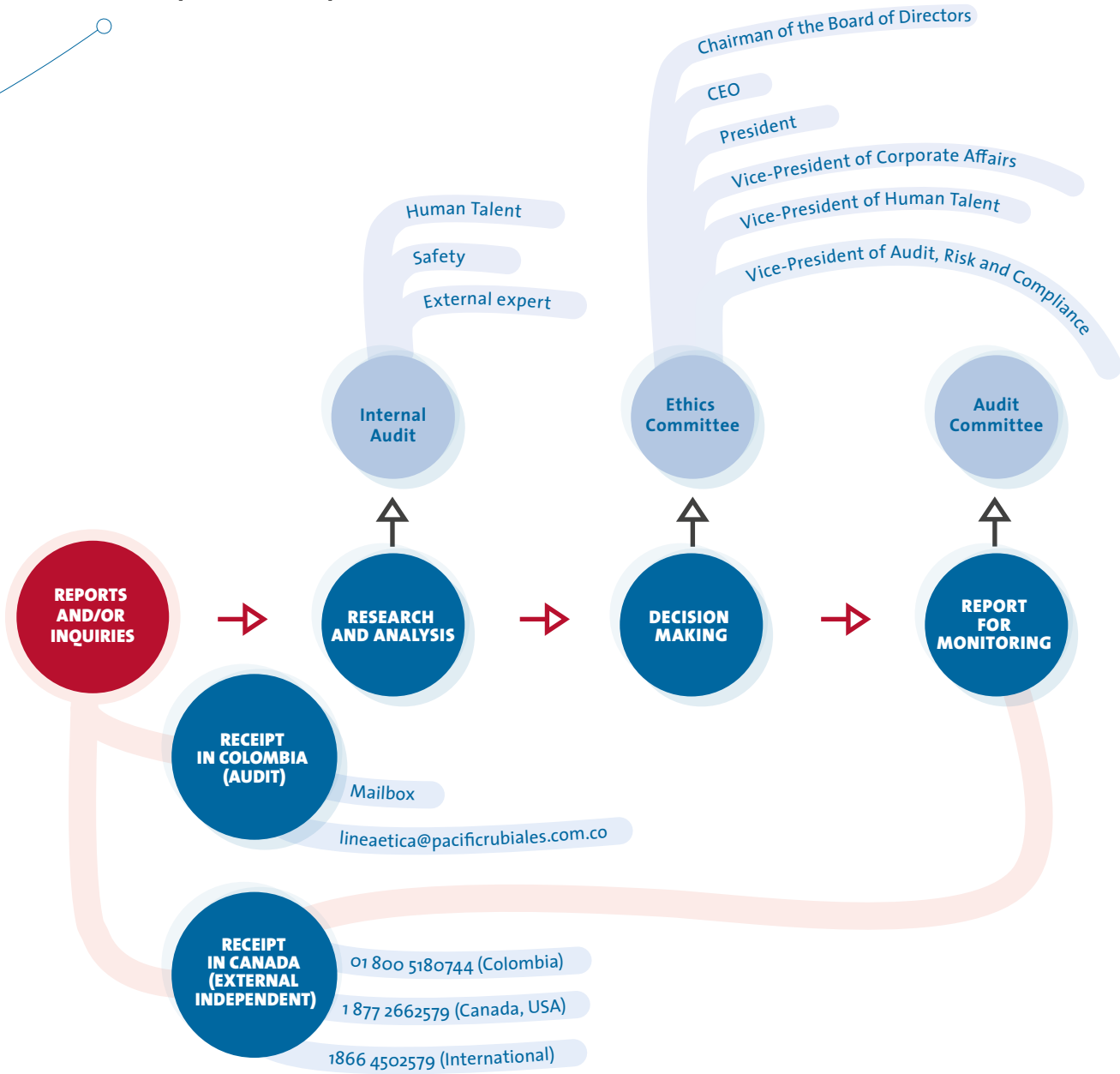
To manage these processes, we have an Ethics Committee to which all reported cases are submitted. This committee consists of the following members:

- ▷ CEO
- ▷ Vice-President of Corporate Affairs
- ▷ Vice-President of Human Resources
- ▷ Corporate Auditor

In 2011, two new members were added to this committee: the Co-chairman of the Board of Directors and the President.

OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	51

Our ethical reports and inquiries



To ensure the proper analysis and investigation of each case, the Committee relies on different instruments according to the issue, such as labour relations, auditing or security, among others. If relevant, an external expert and independent advisor may carry out the appropriate investigation.

Breaches are immediately reported to the Co-chairmen of the Board of Directors and/or the President of the respective committee. Also, all reports received and all implemented processes are submitted quarterly to the Audit Committee of the Board of Directors.

In addition to these channels, our ethics-oriented culture is reinforced through corporate communications, workshops and other activities that seek to strengthen corporate values and performance.

CONFIDENTIAL INFORMATION POLICY

At Pacific Rubiales, we have a Confidential Information Policy due to the fact that sometimes employees, managers and directors may have access to corporate developments, plans or other information before it is made public, which if divulged may affect the price of the Company's stock.

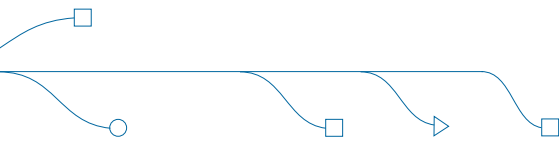
In order to prevent the abuse of this information, the policy applies to all our employees, who must sign a statement of compliance.

For further information about this policy, please visit our website: www.pacificrubiales.com.

COMPLIANCE, VERIFICATION AND AUDITS

At Pacific Rubiales, we have an annual audit plan, approved by the Audit Committee of the Board of Directors, the purpose of which is to provide information on all audit programs to be developed during the year, and advise the Company on risk management, corporate governance and internal control, as well as on regulatory compliance.

Furthermore, we have established quarterly assessment procedures that allow us to comply with the NI 52-109 standard and to identify opportunities for improvement in our internal control processes. The results of the assessments are submitted quarterly to the Audit Committee.



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	53

ENTERPRISE RISK MANAGEMENT (ERM) MODEL

At Pacific Rubiales, we have adopted an enterprise risk management (ERM) model to identify, value, measure, deal with and generate an advanced response for risks that may affect our corporate objectives.

Our ERM model seeks to increase performance and value in the different processes and issue a trustworthy message to the different stakeholders by implementing best practices and aligning our strategy with internal processes. For this reason, the model calls for the following:

- ▶ Annually identifying and assessing corporate risks, meaning those that may have an impact on the development of the specified strategies and/or the fulfillment of set goals.
- ▶ Identifying and assessing the risk of fraud.
- ▶ Identifying mitigation plans for management of these risks.

In 2011, we identified 27 corporate risks that were assessed by impact and probability. They were channelled into four strategic goals that we set for ourselves – growth, infrastructure, talent and sustainability. With teams of experts, consisting of people from the organization who deal with these corporate risks on a daily basis, we identified their causes as well as indicators and plans of action to mitigate them.

To strengthen the organization’s knowledge on fraud prevention, we designed an online course that includes issues related to asset misappropriation, corruption and manipulation of financial reports, among others. Further training in these aspects is among our goals for 2012.



ANTI-CORRUPTION POLICY UPDATE

In 2011, we updated the Anti-Corruption Policy, adjusting it to the industry’s best practices. Through this policy, we implemented procedures that seek to mitigate risks related to money laundering, the financing of terrorism, corruption and other related crimes, which will prevent other parties from using the organization to legitimize capital, goods or assets that come from illegal activities.

Among other practices that are subject to a meticulous review are our supplier affiliation, purchase and contracting processes, where we verify the transparency of all companies and persons associated with our Company.



WE MADE PROGRESS IN:

WHAT WE SAID WE WOULD DO	HOW ARE WE DOING?	WHAT IS LEFT TO DO?
Assess the effectiveness of the Board and its committees.		During next year we will identify opportunities to keep strengthening our corporate governance practices.
Continue assessing corporate risks to understand their behaviour and establish plans of action and monitoring.		See our challenges for 2012.

OUR CHALLENGES FOR 2012+:

- ▷ Convey the Code of Ethics and Conduct to employees and contractors.
- ▷ Effectively manage our relation with the local network of the Global Compact in Colombia and support the development of joint and coordinated actions on Principle No. 10 on Anti-corruption.
- ▷ Integrate sustainability criteria into the current audit system.
- ▷ Raise awareness among employees about the Anti-Corruption Policy through training programs.
- ▷ Develop training programs for our employees in key areas to prevent fraud risks.
- ▷ Evaluate the work of the members of the Board of Directors and its committees.
- ▷ Manage the Sustainability Committee.
- ▷ Implement and convey an enterprise risk policy (ERM) to our employees.
- ▷ Convey corporate risks and challenges to our employees.



HIGHLIGHTED CASE

PACIFIC RUBIALES ENERGY IN THE EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVE (EITI).

We are the first company in Colombia to commit to the EITI (Extractive Industry Transparency Initiative) standard, which demonstrates our commitment to assuming a leading role in implementing this initiative in our country.

The EITI establishes a global standard in order for companies in the extractive sector to publish what they pay in royalties and taxes, and for governments to report what they receive. Currently, more than fifty leading companies in hydrocarbon exploitation have agreed to be part of this network, with the goal of promoting good governance, transparency and accountability. *Transparencia con el mercado*

TRANSPARENCY TOWARDS THE MARKET

During 2011, we worked to improve our relationships with brokers, analysts and investors, and we managed to become one of the Colombian companies most covered by investment analysts.

One of the most noteworthy initiatives in our relationship with the market was the decision to create a Vice-Presidency of Investor Relations, which created a management team exclusively dedicated to these stakeholders.

In addition, we have service offices for investors in Canada, Colombia and Brazil, which channel recommendations and issues to our Board of Directors and management.

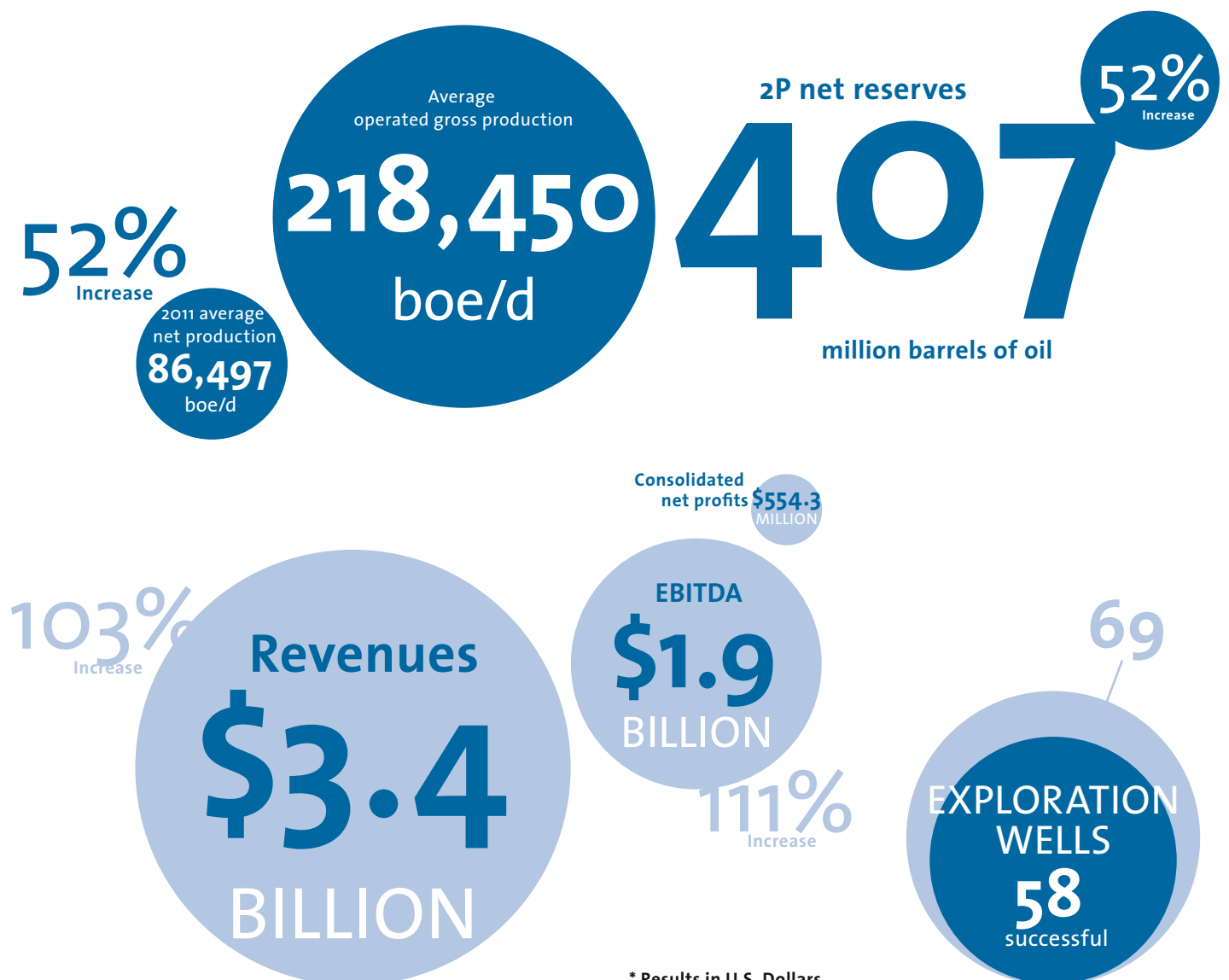
We worked as well on adapting our management reports and improving the quality of the information we deliver to our shareholders, which include approximately 15,000 natural persons in Colombia. We also made progress in the development and delivery of accurate and timely reports.



Operating with Excellence

Our Company strategy is sustainable growth from an economic, social and environmental perspective. Our goal is to increase production and market share and develop our exploration portfolio; remain cost-efficient and profitable; work under the highest health and safety standards and provide the best service to our clients.

Financial results 2011





2010
\$954.3
TOTAL

2011
\$1,096
TOTAL

WE FOCUS ON:

SUCCESSFUL OPERATIONS

During 2011, we continued on our production and exploration success growth trend. This year's results highlight the strength of the Company's assets, operations, ability to increase production, reserves, exploration success rates and ability to deliver solid financial results.

PRODUCTION

In 2011, our average net production after royalties reached 86,497 boe/d (218,450 boe/d gross), which represents a 52% increase from year to year. This increase was driven by more than 180 wells in development, drilled mainly in our Rubiales and Quifa fields.

Pacific Rubiales Investment sectors

Total / Millions USD\$

\$469.7
Expansion and construction of the production's infrastructure

\$267.1
Exploration activities in Colombia, Peru and Guatemala

\$206.7
Development drilling

\$89.1
Other Projects

\$63.4
Acquisition of 49.999% in Maurel et Prom Colombia

These results show the diversification process of our reserve base. The Rubiales field now only accounts for 29% of reserves (previously it was 51%) and Quifa is now the main field in this area, with a 36% share (in 2010, 17%).

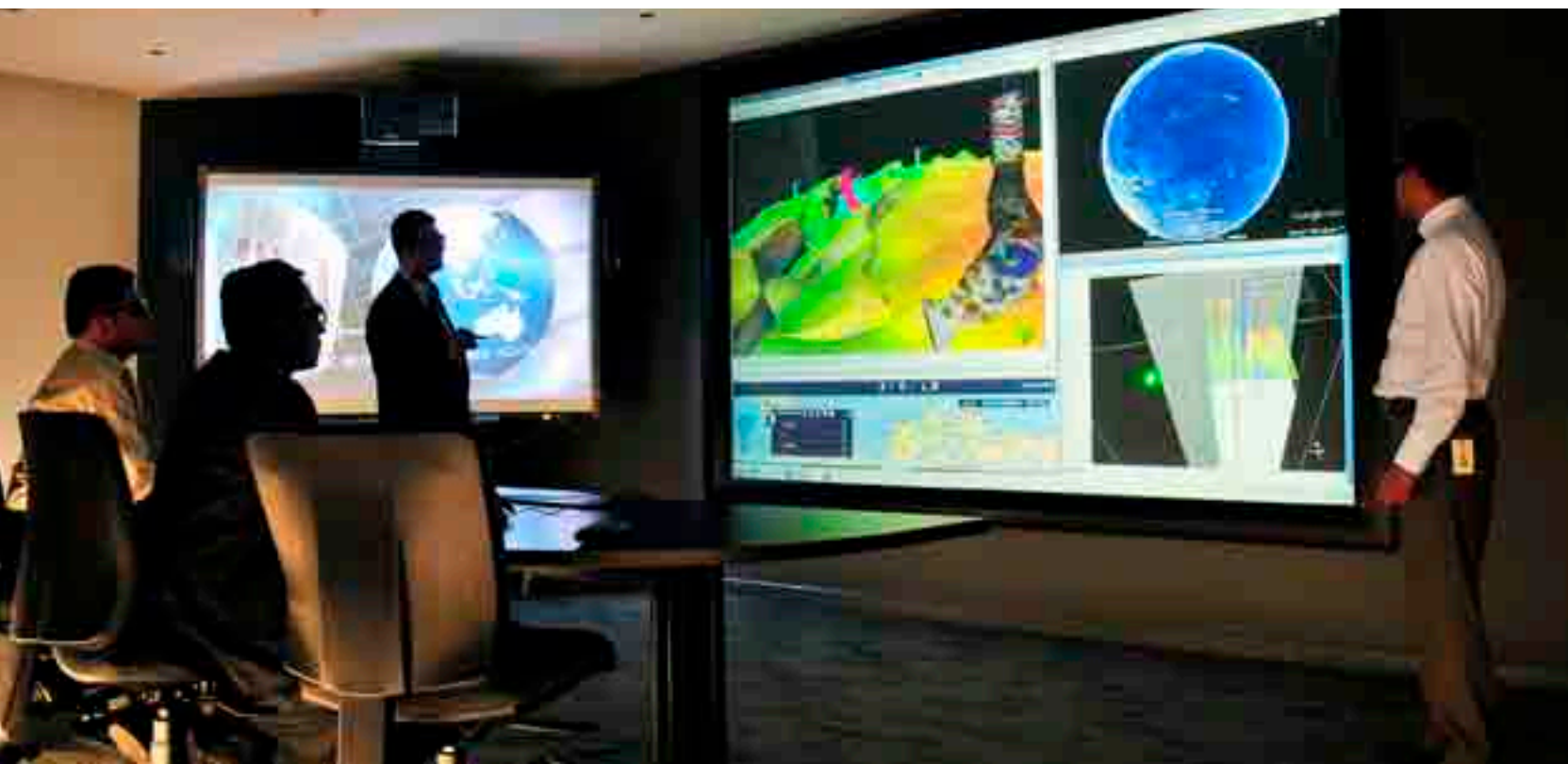
2P net reserves

EVOLUTION OF THE PROVEN AND PROBABLE RESERVES (2P)	QUANTITY MILLION BARRELS OF OIL EQUIVALENT (MMBOE)
2P reserves at December 31, 2010	268.8
Total incorporated reserves in 2011	169.5
Net production 2011	(31.0)
2P reserves at December 31, 2011	407.3

EXPLORATION

During 2011, we achieved an 84% success rate in our exploration activities in Colombia. The total net costs were USD\$267.1 million, which included:

- ▷ The drilling of a total of 69 wells (58 successful).
- ▷ The acquisition of 1,557 km of 2D and 554 km² of 3D seismic.
- ▷ Beginning exploration activities in CPE-6 Block, with six stratigraphic wells drilled successfully during the period.



PROFITABILITY

Improvement in the corporate risk and debt rating. The rating agencies Standard & Poor's, Fitch, and Moody's upgraded our rating from BB-/BB-/Ba3 to BB/BB/Ba2, respectively, due to our continual improvement in our operational and financial results.

All of the above is supported by the recent (and expected) solid growth in production and reserves, our strong liquidity, experienced management team and a strong financial profile. Moody's in particular indicated that the improvement reflects the Company's progress in increasing production from the Rubiales-Piriri and Quifa fields and the increase in our cash flows and cash margins.

For Fitch, the ratings are supported by Pacific Rubiales's leading position as the largest independent oil and gas company in Colombia, and its renowned management experience in exploring and producing heavy crude oil.

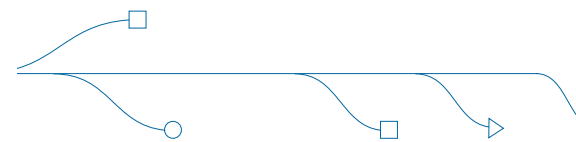
Pacific Rubiales Energy is listed on the Brazil Stock Exchange. In order to diversify our investor base, in October we began the process to list Pacific Rubiales on the Brazil Stock Exchange (Bovespa), the largest in Latin America, through a level II BDR (Brazilian Depositary Receipt).

On December 23, 2011, we were authorized by the Brazilian regulatory authorities to list on Bovepsa, and we became the first foreign oil and gas company on that exchange.

Issuance of bonds and bond exchange offer. Due to the confidence of our fixed debt investors, in 2011 we received financing worth USD\$350 million on a 10 year term, with a lower interest rate compared to our current bonds and with better credit conditions.

This confirms our credibility with new investors in the American, European, Latin American and Canadian markets beyond 2016, from which we had a significantly over-subscribed offering.

During 2011, we also offered an exchange of 2016 bonds, valued at USD\$450 million, for bonds maturing in 2021, with a lower interest rate and better credit conditions. The Company achieved an 80% acceptance rate for the exchange.



HEALTH AND SAFETY

In 2011, the Company consolidated HSEQ into the corporate management structure.

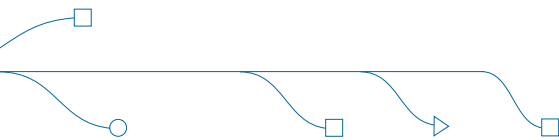
Occupational health. Our HSEQ policy is the guideline for Pacific Rubiales's actions to guarantee employee health and safety, protect the environment and maintain the quality of its operations. The Company is certified according to the OHSAS 18001 international standard.

Preventive medicine. At Pacific Rubiales we go beyond the legal obligations, developing initiatives that seek to improve the health and quality of life for all our employees. Therefore, the organization's commitment extends beyond the workplace and includes employee family members.

In 2011, we conducted campaigns regarding polyparasitism, immunization campaigns (tetanus, yellow fever, hepatitis B, influenza and human papillomavirus vaccination) and dental health campaigns, in which we reached complete coverage (100%) for both workers and beneficiaries. Likewise, in the development of these activities, we saw the active participation of our contractors and suppliers.

Among other preventive medicine activities, we wish to highlight the following:

- ▷ Health monitoring. At Pacific Rubiales we have established preventive medicine and review of work programs to guarantee an early and timely diagnosis of any pathology, either from common or occupational origin. This allows us to keep an updated health diagnosis, establishing follow-ups and controls to high risk personnel, including personnel with chronic diseases and high cardiovascular risks, which require the implementation of specific preventive actions.
- ▷ Periodical occupational health medical exams. 95% of workers were examined for cardiovascular and musculoskeletal risk factors, sensorineural hearing loss due to noise, and chemical exposure and psychosocial risk surveillance programs also were developed.
- ▷ Public health diagnosis. We consolidated all the information from Pacific Rubiales and its contractors, building a continuously updated Public Health Diagnosis that serves as a guide for implementing preventive measures in all operational areas of the Company.



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
CRIC HART	143
INDEPENDENT REVIEW REPORT	171



It is worth noting that, in our commitment to our employees, medical exams go beyond occupational matters, focusing on raising awareness and preventing diseases from common causes that may be aggravated by work.

Self-care and prevention culture. Understanding the importance of having programs focused on promoting a health and prevention culture, we implemented a Health Club, aimed at generating awareness regarding the importance of caring for one's health and that of one's family.

Promoting physical activity. We have established several programs that provide our personnel access to the latest equipment and specialized medical and nutritional counselling. In Bogota, we have an agreement with a fitness center, which signed up over 200 of our employees during 2011. Out in the fields, we have outdoor fitness centers and gyms staffed with personal trainers.



Immunization coverage for apt and at risk personnel

180
persons
HVP
FAMILY

280
persons
HPV

480
persons
TT AND
YELLOW FEVER

750
persons
INFLUENZA

Industrial hygiene and occupational medicine. We developed an industrial hygiene plan for all operational fields and administrative areas in Bogota.

In 2011, we developed and implemented risk management programs to mitigate biomechanical, psychosocial, noise and aromatic solvent risks by monitoring and controlling the “high” and “very high” risks areas, obtaining, in each case, coverage above 92%. We documented the diagnosis of each program in order to create constant monitoring and follow-up with each of our workers.

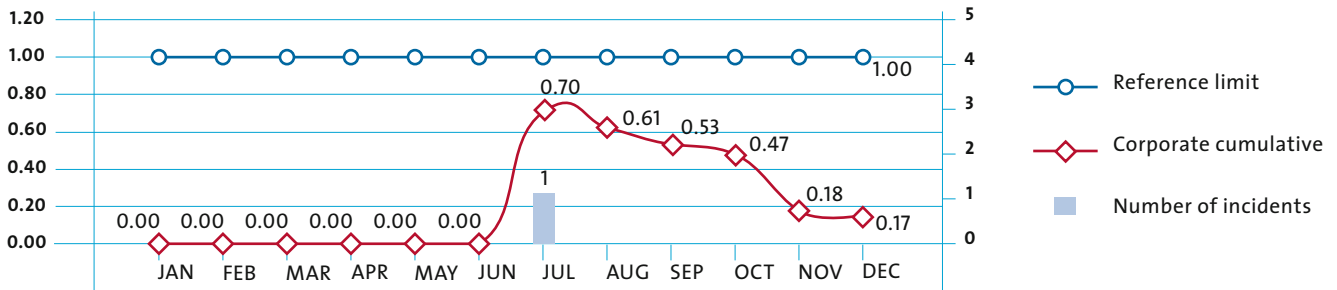


Based on the risk management model, we identified and assessed all employee positions in the Company through our industrial hygiene metrics, such as sonometry, dosimetry, accelerometers, gas and vapor dosimetry and risk analysis per occupation, covering 100% of Company areas and positions.

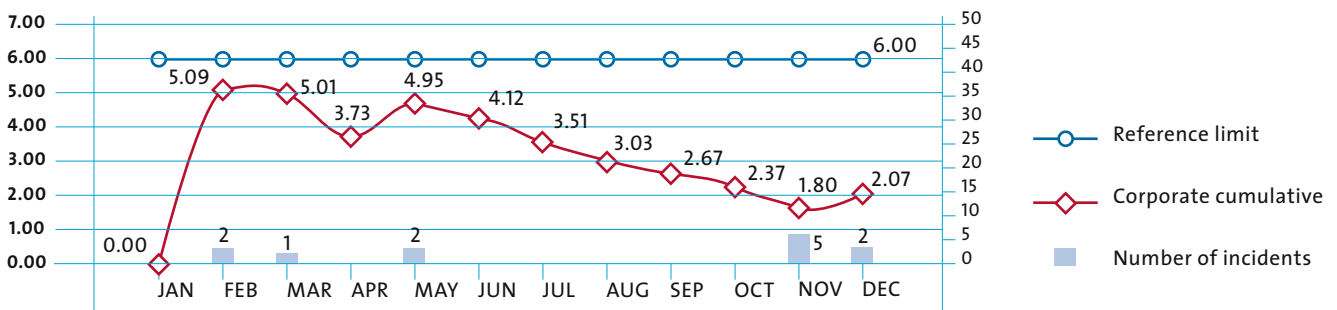
Company performance regarding frequency indicators for disabling and non-disabling injuries for direct employees of Pacific Rubiales

INDICATORS	REFERENCE LIMIT	2011	COMPANY %	
Disabling injury frequency index	1.00	0.17	-83% below	<ul style="list-style-type: none"> The Constant used for this calculation is 1,000,000. This data corresponds to direct employees of Pacific Rubiales.
Non-disabling injury frequency index	6	2.07	-65.5% below	

Disabling injury frequency index (direct employees of Pacific)



Non-disabling injury frequency index (direct employees)



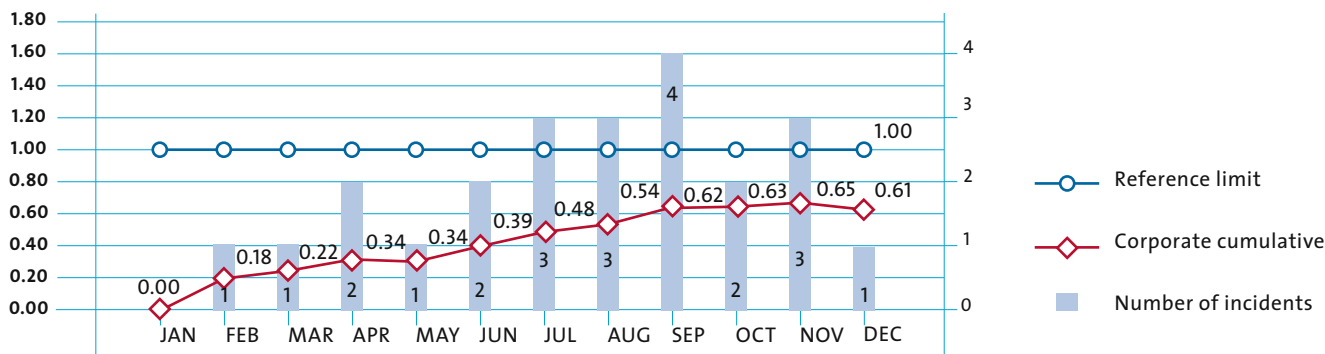
Indicators for absences due to common illness

INDICATORS FOR ABSENCES DUE TO COMMON ILLNESS	
Indicator	2011
Prevalence	24%
Frequency index	20.3
Severity index	204.7

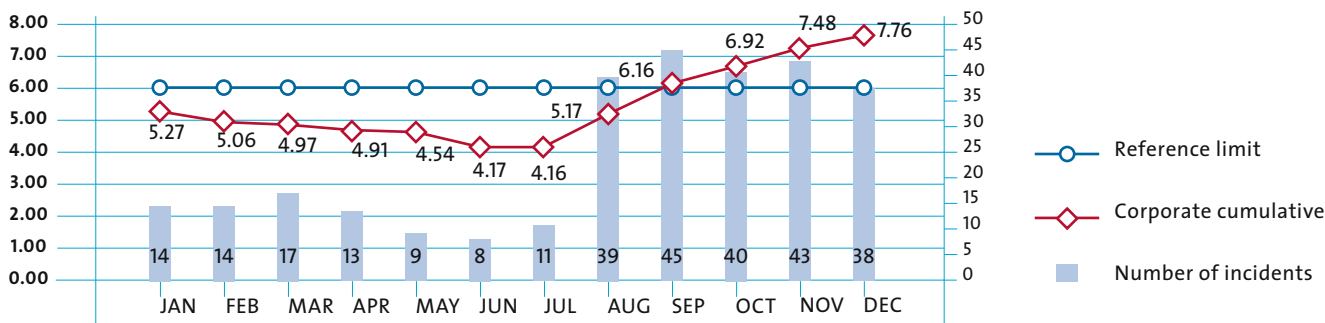
Performance regarding frequency indicators for disabling and non-disabling injuries for Company contractors

INDICATORS	REFERENCE LIMIT	2011	COMPANY %	
Disabling injury frequency index	1	0.61	-39% below	<ul style="list-style-type: none"> The constant used for the calculation is 1,000,000. The data corresponds to contractors of Pacific Rubiales.
Non-disabling injury frequency index	6	7.76	29% over	

Disabling injury frequency rate (contractors)



Non-disabling injury frequency index (contractors)



The non-disabling injury frequency rate was surpassed given that we had implemented a strong campaign on proper reporting and classification of events, which created an increase due to the adequate reporting culture.

This indicator includes all events contractors reported to the professional risk managers (PRM), including first aid cases.

Medical services in our offices. In order to ensure timely and proper attention, we established a medical program in the work place, with three doctors and a nutritionist covering each workday at the offices in Bogota. They provide on-site consultations and medical services, reducing absences and improving quality of life for our employees.

Agreements for immediate medical care with hospitals in Bogota and air ambulance service agreement with the Colombian Air Force. We have agreements with medical institutions to provide medical services whenever needed, and guaranteed vital emergency care.

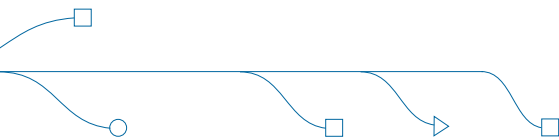
In our fields, given their geographic location and the shortcomings in local health coverage, we have established agreements with private medical air ambulances and the Colombian Air Force, which guarantee care and transfer of any patient to specialized and more complex care centers, available 24 hours a day, 365 days a year.

Certification for the Rubiales Medical Centre. In 2011 our medical care centre at the Rubiales field obtained certification from the Health Secretary of the Department of Meta. The Centre has a room for minor procedures, priority consultations, general medicine consultation and pharmacy services; it is available to the direct labour population of Pacific Rubiales, including contractors, military forces and the community.

INDUSTRIAL SAFETY

Road safety. During 2011, we performed many different activities in our road safety program. We highlight the following:

- ▷ 100% compliance with the road audits scheduled for contractor companies, which generated action plans that were continuously monitored by Pacific Rubiales. In all operating fields, we have HSEQ coordinators that undertake monthly inspec-



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
CRIC CHART	143
INDEPENDENT REVIEW REPORT	171
	69

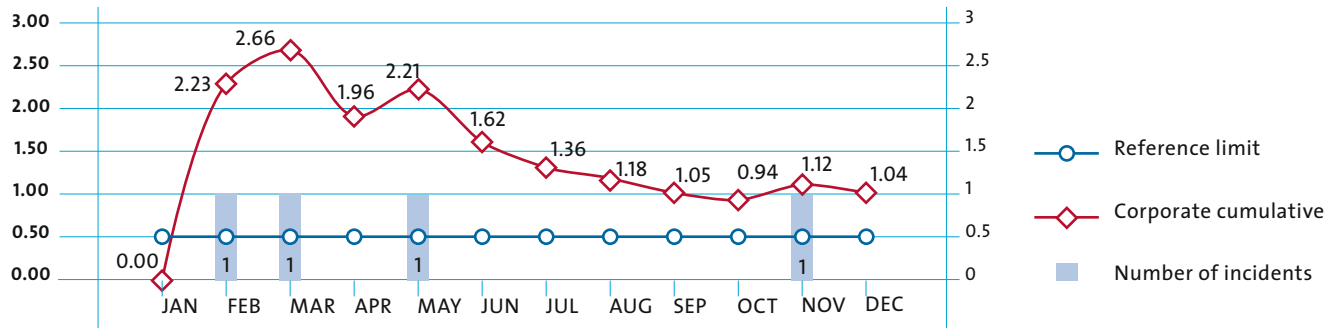
tions of all heavy and light vehicles to create driver awareness on behaviour and performance.

- ▶ More than 440 vehicles were fitted with speed monitors to enforce adherence to speed limits and to verify routes. More than 95% of our vehicles now have monitors installed.
- ▶ Follow-ups on all road events that occurred in the fields through incident research processes and reports on lessons learned.
- ▶ To guarantee the skills of our drivers and their knowledge of the risks associated with driving in our fields, we continued to issue driver permits, certifying 3,888 new drivers this year.

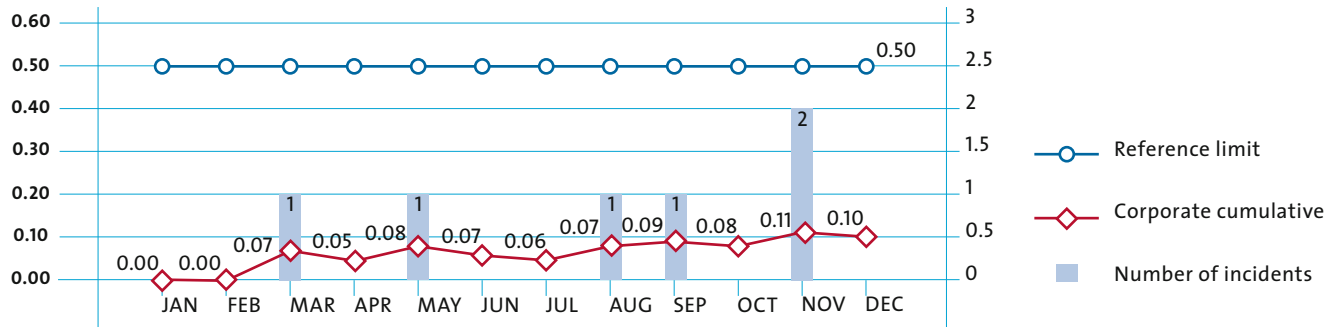
The vehicle accident frequency rate was exceeded due to the four reported vehicle accidents during 2011.



Vehicle accident frequency rate (direct employees)



Vehicle accident frequency rate (contractors)



Emergency plan. In 2011, we began to structure an Integral Crisis Management and Continuity of Business System, designed to establish the philosophy, guidelines and corporate criteria for organizing, planning and responding to events that may significantly affect the Company and its mission.

We also adapted field emergency plans and generated more than fourteen new Standard Operation Plans for specific places within our facilities.

We performed seven emergency drills, which included the following scenarios: evacuation, fire, chemical spills and caring for injured people. We also acquired a new fire firefighting truck to provide support at the Rubiales field and improve our response times, particularly when dealing with forest fires and back-up for high fire risk activities.



During the year we responded to 100% of medical emergencies that occurred in our operating fields.

Safety based on behaviour program. To improve mitigation of risky behaviour at the work site, in 2011 we increased the resources for this program, and put in place a full-time employee to coordinate it. There was also active participation of the operating personnel in undertaking “behavioural interventions”, mainly through the in-field follow-up and reinforcement strategies they had been taught.

Training programs. During 2011, the most relevant training issues that had a direct impact on our personnel and contractors focused on the following issues:

Training table

TRAINING ISSUES	TRAINED WORKERS
Integrated Management System	592
Work Permits	1,271
24/7 Methodology (Safety-based behaviour)	511
Fire Fighting Training	682
Road Safety Standards	3,973

We also built a freestanding practice platform, with the purpose of providing safety training at high altitudes for our workers. The platform was certified by SENA.



WE MADE PROGRESS IN:

WHAT WE SAID WE WOULD DO	HOW ARE WE DOING?
Consolidate the medical emergency plan.	
Conduct a public health diagnosis in the Quifa and Rubiales fields.	
Strengthen the protocol for audits and inspections specialized in occupational health for contractors.	
Develop a plan of action derived from the diagnosis of alcohol and drug use for the entire working population and communities.	
Strengthen a "prevention and self-care culture".	
Fulfill the entire occupational health management program.	
Continue the internal auditor formation process pursuant to the ISO 14001:2004 standard.	
Continue personnel training in safety-based behaviour.	
Increase the equipment and facilities for emergency care, in accordance with the rapidly growing operations.	
Develop an incentive program for contractors.	

SERVICE AND INFRASTRUCTURE

Our service and infrastructure system adheres to the ISO 9001:2010 standard.

PRODUCT QUALITY AND EFFICIENCY

At Pacific Rubiales, our processes and product specifications are based on national and international standards that guarantee the quality of the crude oil from the fields to its export destinations.

Our ODL, OCENSA, ODG and Ecopetrol pipelines are all certified, along with our oil tank cars that transport crude oil from our facilities to the export terminals in Coveñas and Barranquilla.

In 2011, we did not receive complaints on quality issues on any of the following transactions:

- ▷ Sale of Castilla and Vasconia Crude Oil Blend in the international market, for a total of 82,229 bbl/d in 37 shipments delivered through the Coveñas terminal.
- ▷ Sale of 23 Rubiales shipments of 12.5° API crude, for a total of 6,362 bbl/d delivered through the Barranquilla terminal.
- ▷ Sale in the local market (Industrial and bunker) of 961 bbl/d, delivered by oil tank cars.
- ▷ Sale of natural gas at an average of 63 million cubic feet/ day. The natural gas complies with the quality standards of the Gas Pipeline Regulations (RUT, for its Spanish acronym).
- ▷ Delivery of 13,256 bbl/d of diluent, light crude oils and natural gasoline, delivered by oil tank cars.

In terms of efficiency regarding deliveries and shipments, both domestic and for export, there were no complaints due to delays at the Coveñas terminal. It is worth noting that Ecopetrol operates this terminal: however, the supply of crude oil depends on our production.

With regard to exports through the Barranquilla terminal, of the 23 shipments, we received four complaints due to delays, two for low pumping rates at the terminal and two for low availability of crude oil due to the public order situation that occurred in July at the Rubiales field. The value deriving from these complaints was USD\$87,299, which represents 0.039% of sales made through this terminal.



CUSTOMER SATISFACTION

We surveyed both national and international customers with the purpose of finding opportunities for improvement to increase customer satisfaction and improve our processes. In the survey we assessed the following:

- Product quality
- Experience with the transporter
- Service and communication
- Invoicing and account balance

INFRASTRUCTURE

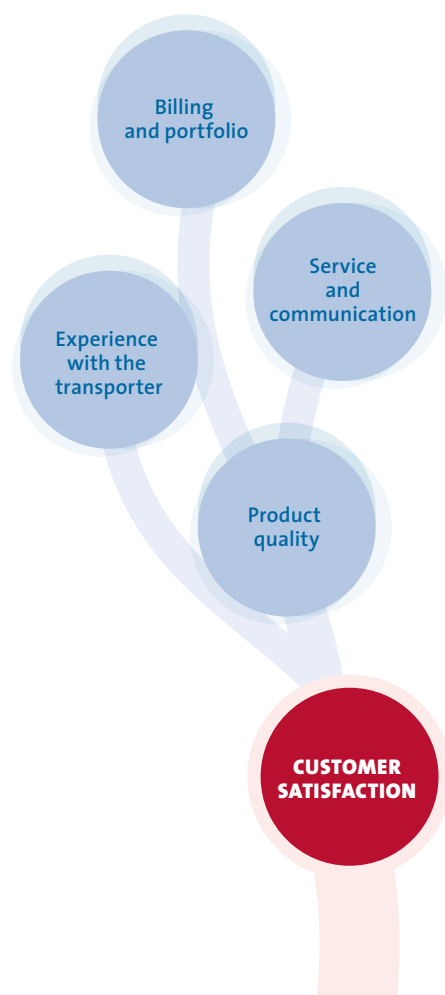
To increase our pipeline capacity and maximize our netback, in 2011 we participated in the following infrastructure projects:

- ▷ Oleoducto Bicentenario pipeline, Phase I of which will begin early operation in July 2012.
- ▷ Cusiana Loading Dock, which will reduce the dilution costs by substantially decreasing transport cost of diluents through tank cars.

We transported a total of 8,800,178 bbl between crude oil and diluents, a total distance of 75,383,374 km. This resulted in:

- ▷ Vehicular frequency rate: there were 0.15 accidents without injury to the drivers for every million traveled kilometres.
- ▷ Spill frequency rate: there were 28 barrels spilt for every million transported barrels.
- ▷ Environmental impact severity rate: there were 0.88 spill incidents in the operation for every million transported barrels.
- ▷ Fatalities: there were zero fatalities in the transport operation during 2011.

In addition, we have unloading and PF2 management facilities at Guaduas and the Guaduas–La Dorada pipeline. During 2011, we unloaded 43,350 vehicles with crude oil, equal to an average of 119 unloads per day in the PF2 facility, with zero operational accidents and zero environmental accidents. As of December 31, 2011 we have a record of 1,346 days without accidents, counted from the beginning of the operation.



OUR CHALLENGES FOR 2012+:

OPERATIONAL SUCCESS

Achieve a growth rate of 15-35% on the net estimate of 86,000 Mboe/d for 2011, driven by greater production at the Quifa, Sabanero and Rubiales fields.

Capital expenditure of USD\$1.2 billion, as follows:

- ▷ Exploration costs for USD\$340 million, drilling approximately 60 gross wells (32 net) of which 14 gross wells have high impact possibilities, including our first well in Peru. We plan to have significant exploration and drilling in the Quifa Norte, Sabanero, CPE-6, and CPO-12 fields.
- ▷ Drilling costs of USD\$285 million for 285 gross development wells.
- ▷ Facility construction costs of USD\$560 million, of which 40% is intended for the Quifa field, 30% for Rubiales-Piriri fields and the rest for the Sabanero field, which is operated by Maurel et Prom Colombia.

HEALTH AND SAFETY

- ▷ Build a system and establish parameters for contractor exploration management through a technological platform.



- ▷ Implement the Integral Crisis and Business Continuity Management System (SGIC&C, in Spanish).
- ▷ Conduct a total review process of all criteria defined in the auditing guide for contractors.
- ▷ Broaden the scope of the public health diagnosis process to new fields and align it with the protocols established by the Ministry of Health.
- ▷ Immunize 100% of our employees and complete the immunized population database.
- ▷ Adapt and supply the Quifa Medical Center
- ▷ Develop a plan of action for communities of interest to promote health and disease prevention.
- ▷ Implement a mechanism to collect input from employees regarding HSEQ issues and to detect and inform progress and follow-up steps.
- ▷ Assess the physical, physiological and psychological conditions of each brigade member and establish the range and responsibilities for each specific activity according to their abilities, skills and limitations.
- ▷ Promote physical activity as a fundamental pillar in the development of brigade member qualities.
- ▷ Establish a dental health prevention and promotion program that goes beyond regular dental care program activities.
- ▷ Provide training and technical knowledge through our medical and technology departments.

SERVICE AND INFRASTRUCTURE

Continue sponsoring projects to transform the Llanos pipeline (ODL) into a "hot line" in order to lower dilution and transport costs through the Magdalena River.

With regard to transport companies, we have the following plan:

- ▷ Establish monthly road safety campaigns and periodic follow-ups to address all issues identified during the campaigns.
- ▷ Establish a training and updating program for safety, health and environmental issues.
- ▷ Develop a work skills program for drivers.
- ▷ Develop a safety program together with transporters.
- ▷ Prepare a contingency plan for our land transport operation.



PROFILE CASES

DRUG AND ALCOHOL ABUSE PREVENTION PLAN

Covers 100% of workers and community

In 2011, we created a control and prevention program which included performing random, periodic tests to identify the use of alcohol and drugs. This prevention program includes awareness and training for all personnel, also establishing case management protocol. During the year, we trained 550 employees from the region on these issues.

Improvement plan for employee accommodations

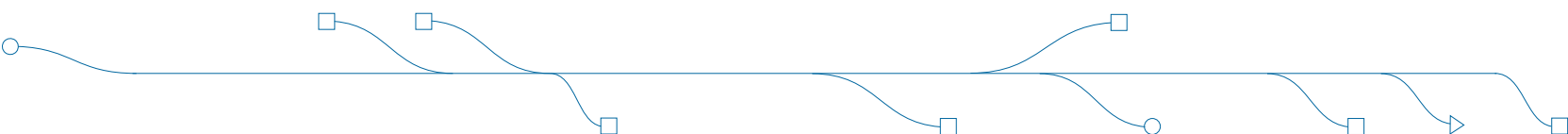
In order to assess the conditions of the accommodations and the food in our fields, in 2011 we implemented a program calling for periodic inspections conducted by specialized personnel. During the year, we established a standard with minimum general guidelines that any facility in the field must comply with that will guarantee both legal compliance and employee well-being.

FOREST FIRE PREVENTION AND CONTROL CAMPAIGNS

In association with Cormacarena, we carried out forest fire prevention and control campaigns that saw the participation of 4,480 people from the communities surrounding the Rubiales and Quifa fields.

The activities carried out during the campaign were the following:

1. Education and prevention campaign in risk management through different means of communication: television, radio (radio slots, interviews, etc.) and the local newspaper.



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171

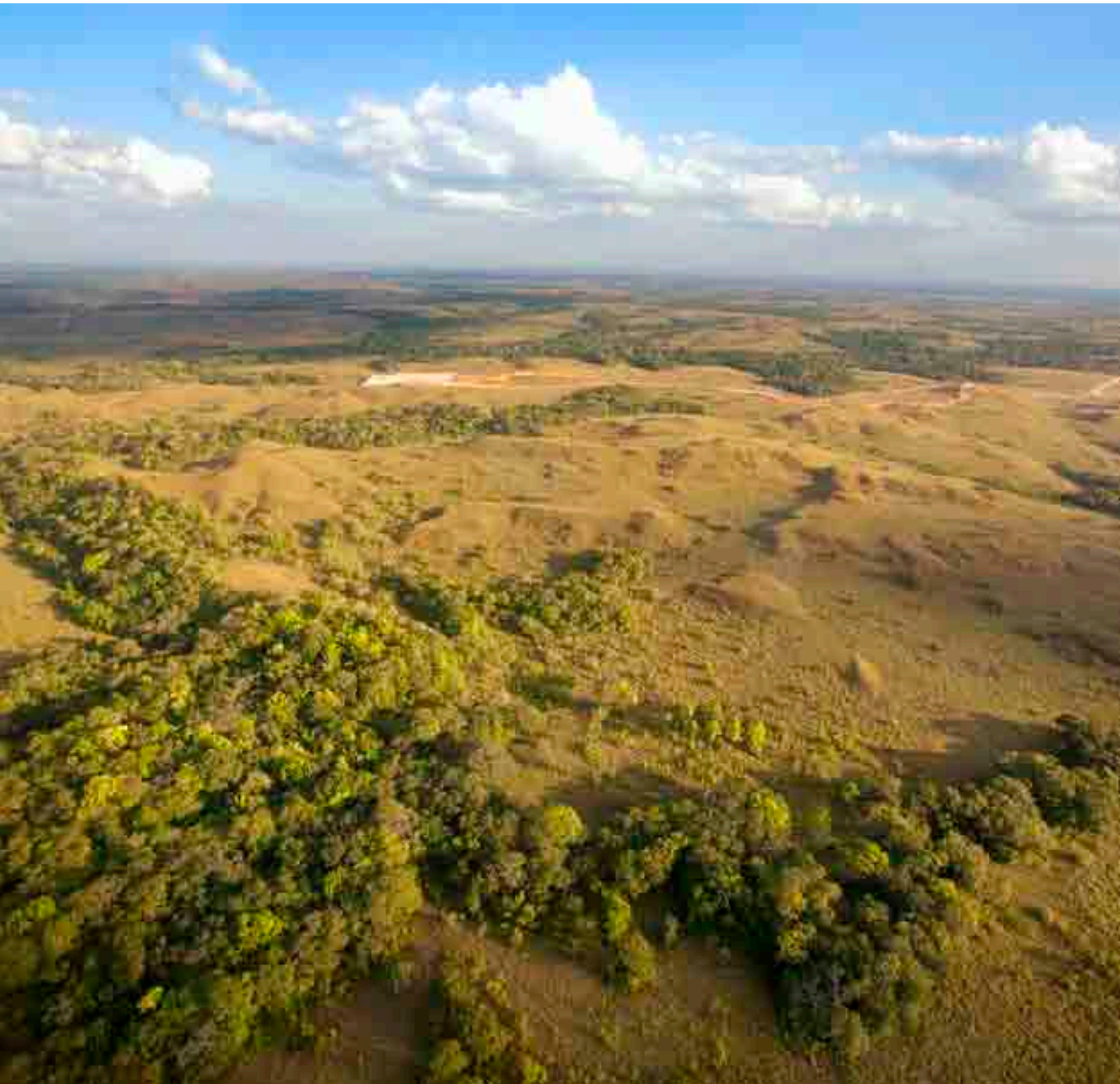
2. Forest Fire Training (FFT) for fire brigades of the Rubiales and Quifa fields, native communities, the Civil Defense of Puerto Gaitán and Villavicencio City firefighters.
3. Showing the documentary “The Misuse of Fire”, presented by local forest fire brigades.

HSEQ INCENTIVE PROGRAM

We implemented an incentive program to encourage compliance with industrial safety, occupational health and environmental requirements and standards, strategically strengthening HSEQ awareness. During 2011, we gave out 1,512 incentive packages to employees of contractor companies in our operational fields.



Working in Harmony with the Environment



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	81

At Pacific Rubiales, we are committed to the efficient use of natural resources, mitigating risks and impacts on the surrounding areas and compensating for any harm to biodiversity.

We are certified in ISO 14001 and we have an HSEQ policy that encompasses environmental issues. It requires we continuously train our employees, suppliers and contractors on the policy. In 2011, we spent a total of USD\$7,728,240 on environmental investment initiatives for our operations in Colombia.

WE FOCUS ON:

ENERGY AND EMISSIONS

In all our processes we seek to produce more while using less energy and generating fewer emissions. For this purpose, we developed the Management and Monitoring Program for Atmospheric Emissions and Air Quality, which is intended to minimize, mitigate or compensate for environmental issues caused by our operations.

During 2011, within the context of this program, we continued the emission measurement process started in 2008 and hired the specialized firm ONF Andina, which calculated the carbon footprint of our operational fields and administrative offices. Our purpose is to determine the impact of our activities and implement projects and strategies for emission reduction and compensation in the future.

Accordingly, we purchase crude oil with low sulphur levels in order to improve the quality of the emissions generated by fixed sources, which yielded positive results, such as a 40% decrease in the concentration of SO₂ emissions generated at the IPP Independent Generation Plant.

In addition, we have a refrigerant gas recovery unit at our Rubiales field, so, if an air conditioner is removed, we temporarily store this gas and reuse it in the new refrigerating device.



Energy emissions

CONCENTRATIONS IN ($\mu\text{G}/\text{M}^3$)					
Category	Rubiales Field	Quifa Field	Moriche Field	Guaduas Field	La Creciente
NOX	1,358	5.29	6.33	6.2	3.8
SO ₂	10,752	7.24	8.67	6.4	23.4

In the Abanico field we finished installing the annular network and the reciprocating compressor connections, which uses gas produced in the field to generate energy. This initiative was complemented by adapting a gas “sweetening” plant, which captures CO₂ and H₂S, eliminating the need for gas flares.

Self-produced energy

AVERAGE ENERGY CONSUMPTION FOR 2011 (MW-H)		
Fields	Local generation	Centralized Generation
Rubiales	15.7	38.3
Quifa	11.6	NA
Abanico	4.09	NA

Also in Abanico, we connected to the region’s power supply. We built a substation and a power line for 34,500 volts that draws power from the national grid, allowing us to forgo use of four electric diesel generators.

Fuel used in power generators

FUEL CONSUMPTION FOR 2011		
Fuel	Unit	Volume
Diesel	BBL	541,210
PRE crude oil	BBL	776,736
Other crude oil	BBL	86,108
Gas	MMSCFD	1,444,463

Our energy and emissions reduction initiative was in line with our equipment upgrading programs to achieve greater energy diversification. This initiative targeted all power generating equipment at the La Creciente and Abanico fields. At the Rubiales field, we generated total annual savings of 18,454,855 KWH from more efficient equipment.

Electricity from external sources

ELECTRIC ENERGY CONSUMPTION FOR 2011	KW/YEAR
Administrative offices in Bogota-PRE	1,493,819
La Creciente Field	36,780
Abanico Field	12,624,777
Guaduas Field	432,850

In addition, we carried out preventive maintenance on our generators, oil treaters and boilers and launched campaigns for efficient energy use aimed at 100% of direct personnel and contractors.

INTEGRAL WATER MANAGEMENT

With the aim of guaranteeing water quality in our processes, we have a water control program that includes the following initiatives: water quality sampling by external and internal labs, studies for alternative ways to reduce water use and for water reuse, follow-up monitoring on consumption indicators including distribution and supply sources, maintenance of disposal systems, awareness campaigns aimed at rational and responsible water use and inspections.

Throughout 2011 we performed periodic controls on industrial and domestic residual waters coming from treatment systems in our fields. We also prepared a water consumption reduction plan for the entire year and installed water-saving devices in administrative areas.

Consumption by water source

USE	QUIFA		RUBIALES	
	Collected vol. (m ³ /year)	Sources	Collected vol. (m ³ /year)	Sources
Domestic	29,502.00	Surface waters	89,331	Surface waters
			168,673	Underground waters
Industrial	296,507.72	Water treatment pools	1,875,564	Water treatment pools
Total	32,009.72		2,133,568	



USE	LA CRECIENTE		MORICHE	
	Collective vol. (m ³ /year)	Source	Collective vol. (m ³ /year)	Source
Domestic	883.6	Water Company	1,603.46	Water Company
Industrial	122.1			
Total	965.7		1,603.46	

USE	GUADUAS		ABANICO	
	Collective vol. (m ³ /year)	Source	Collective vol. (m ³ /year)	Source
Domestic	1,412.26	Water Company	796.6	Water Company
Industrial	7,633.6	Underground well	56.9	Water Company
Total	9,045.86		853.5	

REUSE

Sewage water coming from our fields is treated and a percentage is reused in activities such as road irrigation, hydrostatic tests for pipelines, concrete mixing and drilling mud. Thanks to these activities, in 2011 we increased water reuse in the Rubiales field by 32.26% compared to the previous year.

Water reuse percentage

FIELDS	REUSE VOLUME (m ³ /YEAR)	% REUSED
Quifa	296,507	3.8%
Rubiales	1,875,564	2.8%
La Creciente	907	100%
Abanico	449	0.041%
Guaduas	2,762	100%
Total	2,176,190	

This year we also began the Gray Water and Air Conditioning Water Recirculation Program, which reuses water to wash portable sanitary units and vehicles, green area irrigation and general cleaning activities.



Results from the air conditioning and gray water recirculation program

WATER REUSE	VOLUME (m ³ /YEAR)	ACTIVITY
Gray waters from third cycle of washing machine's	690	Portable sanitary unit and vehicle washing and general cleaning activities
Water recovered from air conditioners	28.9	Green area irrigation

WATER DUMPING

Domestic and industrial sewage water dumping is always carried out at Pacific Rubiales' fields in accordance with the requirements established by the environmental authorities and those defined in the environmental permits, and in compliance with Decree 1594/1984.

Dumping volumes

FIELDS	VOLUME DUMPED (m ³ /YEAR)	TYPE	DESTINATION
Quifa	26,552	Domestic	Internal roads
Rubiales	16,086,510	Industrial	Surface source
	183,555	Domestic	Spray irrigation for infiltration fields
Quifa / Rubiales	51,463,844	Industrial	Injected into PADs
La Creciente	907	Domestic	Green areas
Moriche	148,007	Industrial	Reinjection
	107	Domestic	Spraying
Abanico	1,085,712	Industrial	Reinjection
	449	Domestic	Green areas
Guaduas	1,317	Industrial	Reinjection
	1,444	Domestic	Spraying
Total	69,091,474.48		

SOLID WASTE

Our solid waste management involves the principles of clean production, on-site reduction processes, recovery, treatment and controlled disposal, complying with current legal standards to ensure health and environmental safety.



Materials used

FIELDS	CHEMICAL AND BIOCHEMICAL PRODUCTS	OFFICE SUPPLIES AND ACCESSORIES	MANUFACTURING COMPONENTS	MINING AND WELL DRILLING MACHINES AND ACCESSORIES
Rubiales	64,262 units	51,566 units	300,276 units	940,372 ft
	1,335,672 gallons		52,174 gallons	12,032 units
Quifa	240,213 unit	6,610 unit	14.,399,268 units	213,015,894 units
	2,277,401.23 gallons		38,465 gallons	
La Creciente	119.20 kg	599 units	7,909,11 m	81,991,85 ft
	2.9 gallons		10,788.00 units	55,042.90 gallons
Guaduas	11,279.00 kg	420.00 units	2,126.19 m	68,843.19 ft
	29		88,101.00 units	5,149.00 gallons
Abanico	5,747.28 kg	312.00 units	3,992.92 m	73,575.04 ft
	1.8 gallons		11,600.00 units	31,996.00 gallons
Mauritia			123.00 units	

Types of managed wastes

TYPE OF WASTE	UNIT	QUANTITY
Organic	TON	2,979
Recyclable	TON	1,184
Hazardous waste	TON	361
Inert	TON	1,140
Drill core	BBL	374,143

Pacific Rubiales successfully conducted tests for waste recycling using 51.4 tons of soot from our boilers mixed with drill core to produce a soil enhancer used for green area recovery throughout 6.49 hectares. The resulting waste mixture was subject to lab tests which proved the absence of trace elements that could negatively alter soil conditions.

Also in 2011, we began operational testing on a biodigester to produce organic fertilizer from organic wastes coming from the Rubiales and Quifa fields.

The recyclable waste produced in our fields is handed over to recycling companies. In 2011, following an initiative to recycle Casing plugs, we delivered 66.61 tons of pipeline protectors to the recycling company Recuperar, which works with the female heads of households. The recycled pipeline protectors return to our fields converted into poles, which are used to fence areas and recovering terrains.

Similarly, 589.41 tons of heavy scraps were sold to an ironworks company in Colombia for smelting and new iron elements. And, from the oily sludge coming from the fields, we recovered 133,214 barrels of crude oil, which amounts to 19% of treated oily sludge.

BIODIVERSITY

At our Rubiales and Quifa fields, the landscape is dominated by natural savannahs, gallery forests and swamplands; the latter two are the most biologically diverse, given food availability and richness of the flora. For this reason, in 2011 we continued implementing the highest standards in environmental practices, focusing on protecting the ecosystem. We also implemented a daily follow-up procedure to report observed fauna species in the areas of direct influence, with the purpose of registering them, establishing their location and consolidating the current information on the variety of species.

With this information, we proceeded to perform a census of the birds, mammals, amphibians and reptiles, and we concluded that there were no significant variations in the species report for the first two groups. However, for amphibians, the number of species increased to 33, with three new species, *Trachycephalus venulosus*, *Eleutherodactylus vilarsi* and *Engystomops pustulosus*, increasing the number of registered species to 61% of probable species in the area.:

Regarding reptiles, there were four species reported which had not been registered in previous samplings: *Anolis chrysolepis*, *Bothrops asper*, and *Crotalus durissus*, increasing the number of registered species to 66% of the probable species in the area.

In 2011, the collection of information on flora identified three new species in the ecosystem of our fields:

New species report in the flora

COMMON NAME	SCIENTIFIC NAME	FAMILY
Cagüi	<i>Licania apetala</i>	Burseraceae
Chochito	<i>Ormosia amazonica</i>	Sapindaceae
Guamo loro	<i>Inga thibaudiana</i>	Mimosaceae





Among the activities carried out in 2011, the following are highlighted:

- ▷ Diagnosis for preparing the Recovery Plan of the Trampolin area, located near Puerto Gaitán, and the Reforestation Plan for the Bateas area in the same municipality.
- ▷ Safeguarding of the protected forests in the micro-basins of the Llanada and Las Ventas streams in the village of Chipauta, which contributes 70% of the water flow of the San Francisco River, which is the main water supply of the Guaduas municipality (Cundinamarca).
- ▷ Under the framework agreement entered into with Cormacarena (regional environmental authority) and the municipality of Puerto Gaitán, we began executing an ex-situ reproduction project that standardizes reproductive and neonatal management techniques, with the purpose of repopulating species like the giant otter (*Pteronura brasiliensis*) in the Colombian State of Meta and supporting the Regional Plan of Action for preserving endangered species.
- ▷ Identifying monitoring points in the Tillava River, located in the area of influence of our company, for the sampling of the (*Inia geoffrensis*).



Trachycephalus venulosus
 Source: Julián Medina-G

ENDANGERED SPECIES

Regarding the nine endangered species reported by the International Union for Conservation of Nature (IUCN) living in the areas surrounding our operations, we identified seven in the Rubiales and Quifa fields corresponding to fauna species and two to flora species.

Endangered species

FAUNA		
COMMUNITY	Family	Species
Reptiles	Podocnemididae	Podocnemis unifilis
Birds	Psittacidae	Ara severa
	Dasypodidae	Priodontes maximus
Mammals	Myrmecophagidae	Myrmecophaga tridactyla
	Felidae	Panthera onca
	Mustelidae	Pteronura brasiliensis
	Tapiridae	Tapirus terrestris
FLORA		
	Family	Species
	Meliaceae	Cedrela odorata
	Aracaceae	Mauritia flexuosa



Anolis chrysolepis
Source: Lina Camelo-M



Cnemidophorus lemniscatus
Source: Julián Medina-G.

In our other fields we identified:

Endangered species at the Moriche Block

ORDER	FAMILY	SPECIES	LOCAL NAME
Testudinata	Podocnemidae	Podocnemis unifilis	Terecay turtle
Testudinata	Testudinidae	Geochelone carbonaria	Morrocoy
Artiodactyla	Cervidae	Odocoileus virginianus	White-tailed deer
Carnivora	Felidae	Leopardus wiedii	Ocelot
Xenarthra	Myrmecophagidae	Myrmecophaga tridactyla	Palm bear

Endangered species at the La Creciente field

ORDER	FAMILY	SPECIES	LOCAL NAME
Carnivora	Canidae	Cerdocyon Thous	Common fox
		Bulbucus Ibis	Cattle egret
Pelecaniformes	Ardeidae	Ardea Alba	Royal egret
		Rostrhamus Sociabilis	Snail kite
Accipitriformes	Acciptridae	Buteo Magnirostris	Roadside hawk
		Tyto Alba	Common owl
Strigiformes	Tytonidae	Megascops Choliba	Common screech owl
	Strigidae	Glaucis Hirsutus	Rufous hermit
Apodiformes	Trochilidae	Amazilia Tzacatl	Rufous-tailed hummingbird
		Caiman Crocodilus	Common caiman
Crocodylia	Alligatoridae	Clelia Clelia	Mussurana
	Colubridae	Iguana Iguana	Green iguana

Endangered species at the Abanico field

ORDER	FAMILY	SPECIES	LOCAL NAME
Ciconiiformes	Acciptridae	Buteo magnirostris	Roadside hawk
		Buteo platypterus	Broad-winged hawk
		Gampsonyx swainsonii	Pearl kite
	Falconidae	Falco sparverius	Kestrel
		Milvago chimachima	Yellow-headed Caracara
Carnivora	Canidae	Cerdocyon thous	Common fox
Pilosa	Myrmecophagidae	Tamandua mexicana	Ant-eater
Rodentia	Agoutidae	Dasyprocta punctata	Agouti
Crocodylia	Alligatoridae	Caiman crocodilus	Common caiman
Squamata	Boidae	Epicrates cenchria	Rainbow boa
		Boa constrictor	Boa constrictor

Endangered species at the Guaduas field

ORDER	FAMILY	SPECIES	LOCAL NAME
Pilosa	Bradypodidae	Bradypus variegatus	Sloth
	Megalonychidae	Choloepus hoffmanni	Sloth
Primates	Cebidae	Cebus albifrons versicolor	White-fronted capuchin
	Canidae	Cerdocyon thous	Common fox
Carnivora	Mustelidae	Lontra longicaudis	Otter
	Felidae	Leopardus pardalis	Ocelot
Artiodactyla	Tayassuidae	Pecari tajacu	Collared peccary

RECOVERY OF AFFECTED AREAS

We have a vegetation and landscape recovery program intended to recover the areas affected by Company projects in order to reduce, mitigate and compensate for possible negative environmental impacts. Similarly, we seek to contribute to the protection of the hydrographic basin of the Rubiales river branch through reforestation programs and improve the landscape conditions near the production fields.

During 2011, we began formulating the Environmental Management Plan for Iboto Lake near Puerto Gaitán, in association with Cormacarena, which is intended to protect its ecological diversity and promote goods and services obtained from it.

In addition, we reforested 2 ha around the Agua Blanca stream by planting more than 1,500 seedlings, and we achieved 99.02 ha of reforestation by way of recovery activities, environmental investment and voluntary campaigns, of which 10.23 ha corresponded to reforestation with “moriche” plants and other native species.

The reforestation work was carried out through a technical cooperation agreement with Corpoica.








SPILL PREVENTION AND CONTINGENCY PLANS

Pacific Rubiales has contingency and strategic plans in case of significant or uncontrolled and/or controlled spills. As part of these plans, which we update periodically, we identified the main vulnerable points in the fields that require immediate attention if an incident occurs.

While in 2011 there were no significant spills, we continued reviewing the infrastructure to verify the current control and management measures required to minimize risks. Moreover, we outfitted an emergency warehouse at the Quifa field for controlling spills and optimizing our response times.



WE MADE PROGRESS IN:

WHAT WE SAID WE WOULD DO	HOW ARE WE DOING?	WHAT IS LEFT TO DO?
Update for 2011 the carbon footprint measurement in the Company's fields and in the administrative area, including the headquarters in Bogota.		Design and implement the mitigation and/or reduction plans for GHG which shall allow us to achieve the certification levels 1, 2 and 3 of CLIMATE SYNERGIE® for 2012-2014.
Support the Guaduas community to explore alternatives for ecotourism.		Register the reserve's characteristics, in agreement with Universidad Distrital, and develop the follow-up and monitoring program for the area.
Reduce the carbon footprint through the Chivor – Rubiales field power line interconnection project.		To date, we have 100% of the design for the power line and 40% of the substations. We still have to build the Chivor – Rubiales field power line.
Reduction, reuse and recycling campaigns. Search for more efficient management programs and availability alternatives.		Analyze the life cycle of products used in the operations of Pacific Rubiales fields in order to identify opportunities for minimizing wastes generated by packaging. Restructure the Integral Management Plan for Managing Solid and Hazardous Wastes in the Rubiales and Quifa fields.
Install a biodigester to produce organic fertilizer with the treatment of organic wastes produced in the Rubiales and Quifa fields.		Treat 3 tonnes/day of organic wastes through the biodigester to produce organic fertilizer.
Carry out the recovery of 3.9 km2 of affected areas in Rubiales field.		Meet the reforestation goal of 10 km2 set for the 2010-2012 term, for which we must cover an area of 4.05 km2 for 2012.
Increase and improve water treatment.		Carry out an ichthyologic study of the water sources authorized in Quifa field at different times of the year, in order to project possible sustainability plans for repopulation, if required.

OUR CHALLENGES FOR 2012+:

- ▷ Implement emission concentration reduction alternatives in all areas of the Company where fixed sources exist as defined by Colombian environmental standards.
- ▷ Adapt the area for reclassifying and storing scrap produced at the Quifa field.
- ▷ Expand the solid waste temporary storage and recycling center of the Rubiales field.
- ▷ Consolidate environmental data in accordance with the GRI's technical protocols, performing a follow-up of used product life cycles and the management of wastes generated by these products.

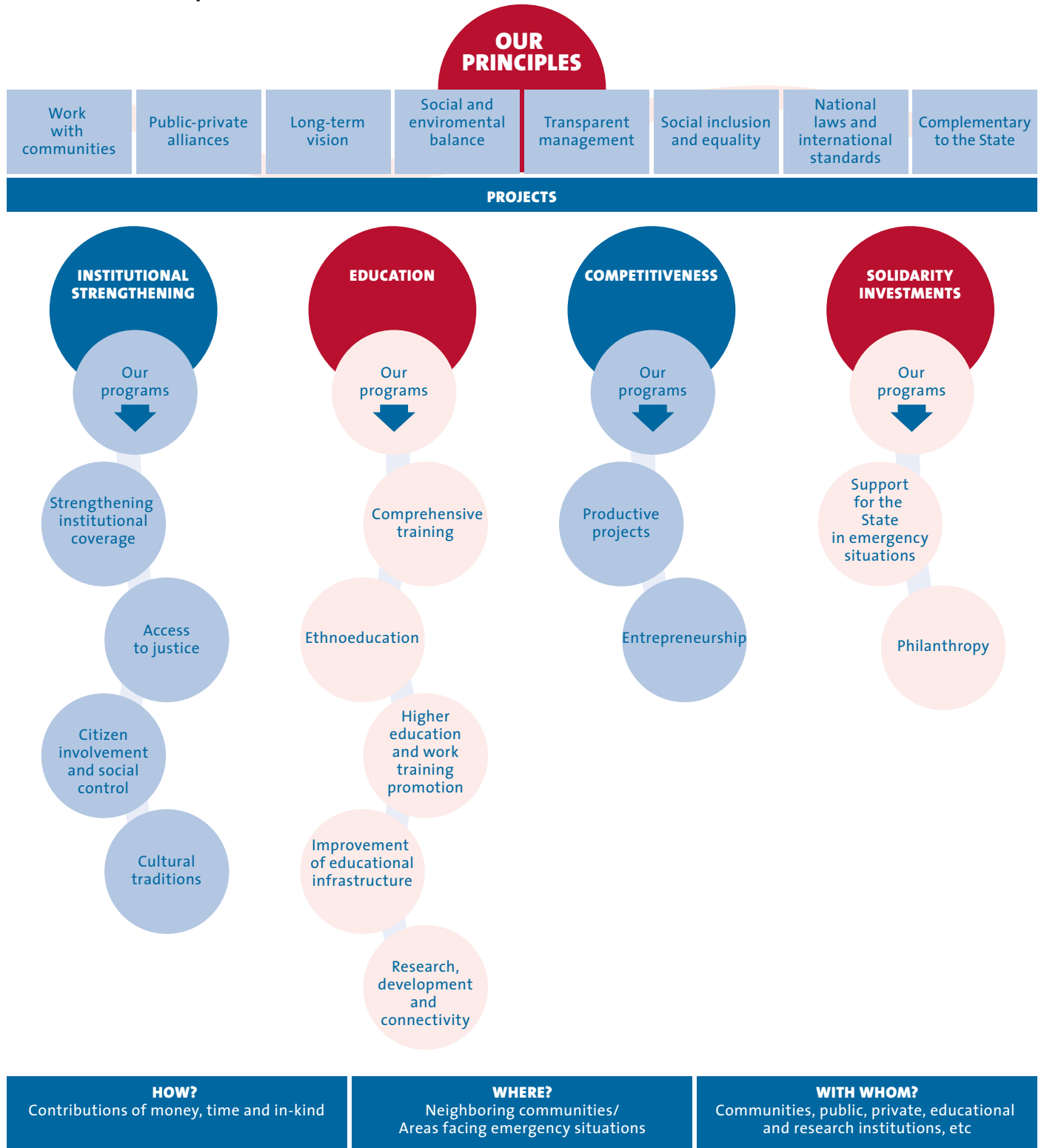
OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	93

- ▷ Run a pilot test to recycle domestic sewage water and mud produced in the treatment process.
- ▷ Standardize techniques and patterns of reproductive management in captivity to preserve the large otter (*Pteronurabraziliensis*).
- ▷ Conduct sampling during the dry and rainy season of the dolphin in the Tillava River, in order to publish the results during the year.
- ▷ Establish a cooperation agreement with the Humboldt Institute in order to include in the Colombia Biodiversity Brochure information on the variety of flora and fauna species from the ecosystems existing in our Rubiales and Quifa fields.
- ▷ Carry out the project to reforest the San Francisco river basin, in collaboration with Universidad Distrital.



Contribute to Sustainable Development of Communities

Social investment plan





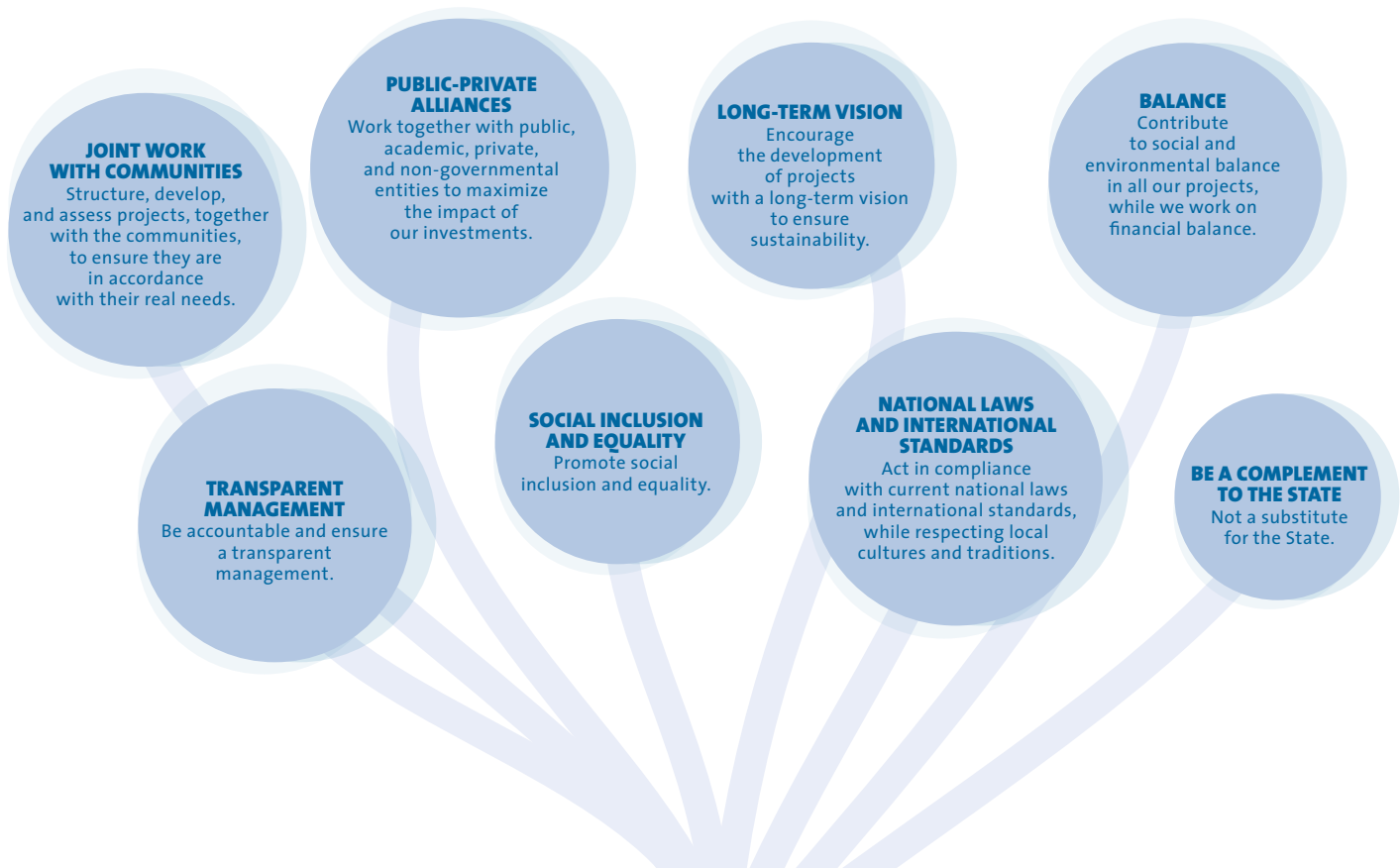
We continue to be committed to finding solutions according to the needs identified at the community level. We have a social investment plan that impacts collective development, aligned with our vision of sustainability and materialized by way of strategic alliances.

WE FOCUSED ON:

SOCIAL INVESTMENT PLAN

In order to go back to our most strategic and systemic investments, in 2011 we began to develop a Social Investment Plan that included programs and projects guided by eight basic principles. The plan is also based on the municipal and departmental development plans, the Millennium Development Goals and the needs perceived within the community.

Principles guiding our management



During 2011, Pacific Rubiales made social investments worth **USD\$20,119,286¹¹**, in line with our social investment framework, in contributions to achieving the Millennium Development Goals.

INSTITUTIONAL STRENGTHENING

At Pacific Rubiales we cooperate with governmental institutions and civil society organizations in order to contribute to managing local affairs, use public properties efficiently and identify priorities for strengthening civil institutions and society.

In 2011 we developed common areas to create a sense of belonging and social unity through community infrastructure. We worked together with local institutions and community councils to build cultural centers, community lounges and other public areas. These included:

The Orinoquia Ecopark in the Puerto Gaitán urban area, the community lounges in the municipalities of Santa Helena and Rubiales in Puerto Gaitán, the cultural center in the town of Sinai, San Jose del Fragua (Caqueta), and the cultural house in the rural area Bahia Honda in the town of Pedraza (Magdalena).

Likewise, in order to contribute to the preservation of cultural traditions in our neighbouring communities, we sponsored teaching local folklore to 155 students in the Rubiales area of Puerto Gaitán.

In keeping with this vision and in order to increase the ability of local institutions to provide inhabitants with the goods and services they require, we instituted a permanent health emergency program in the Puerto Gaitán rural area; we supported the initiative to design and build a water system along with the municipal government in La Fragueta in the town of San Jose del Fragua and a health emergency center in San Pedro (Sucre), which benefited 18,000 people.

With regards to citizen involvement and social control, we strengthened the CSIR Sucre and created the CSIR Meta. Furthermore, based on the education model for sustainable development defined in 2011, we certified 472 local leaders from the communities close to our operations as they completed courses on Social Control and Citizen Involvement, Human Rights and Sustainable Development, Entrepreneurship, Business Opportunities and Incorporation of Companies.



I am happy because, through this diploma, Pacific Rubiales leaves us a great inheritance. Apart from economic matters, social matters and education are the most important. I have always said that what our parents leave is education. Likewise, it is very important that the companies arriving to this community keep in mind that, as a community, we mainly need to receive training to become great leaders, to know that we may make great things as a community, to become good managers, and bring good ideas to this region; thus, learning is the most important thing for us. It is necessary not only to depend on a company but to learn how to manage businesses and lead initiatives for the community, to work together and coexist, which was very necessary in this community.

– NANCY GÓMEZ PEÑA

1. Through the Pacific Rubiales Foundation

I feel very well supported by Pacific Rubiales. I feel kind of lucky because no other institutions have the support we have from Pacific Rubiales. We have support in regard to logistics; they gave us these facilities and this beautiful school, which is one of the best in the Puerto Gaitán rural area. I also feel supported thanks to the support given to the children. They have donated to us computers, books, they have supported us with those great projects around here, such as that of the distillation of oils; we make cleaning and beauty products from that. Along with the children, we have made shampoo, conditioner, body cream, chewing gum and hair gel. First, we make this distillation, we take the oil and then we create the products.

—ANGÉLICA DEL PILAR GUAVITA A.
(teacher at Nueva Rubiales School)

Last, in our Access to Justice Program, we offered training on indigenous-oriented laws to 100 indigenous people, which included issues such as land regulations and coexistence between citizens, the Colombian Constitution and other issues that are especially important to these communities.

EDUCATION

We contribute towards educating boys, girls, youths, adults and ethnic communities, by providing tools essential for acquiring values, competencies, knowledge and technical and personal skills to promote comprehensive development.

In order to meet this goal we implemented a university scholarship program for top students. In 2011, we sponsored 44 scholarships from the towns of Puerto Gaitán (Meta), San Pedro and Los Palmitos (Sucre) and El Espinal (Tolima).

Furthermore, to support and strengthen skills in **ethnic** groups and preserve their ancestral values and traditions, we granted 18 scholarships for indigenous teachers from the reserves of Vencedor Piriri and Unuma in the town of Puerto Gaitán for their specialization in Ethno-education.

Through our Comprehensive Training program, we improved the knowledge base of children through the Mobile Toy Library and educated 3,800 people, and encouraged reading with the support of Fundalectura and in collaboration with the Presidency of the Republic of Colombia.

Based on the same framework, we trained 780 female leaders from the program called Familias en Accion, within the project called Gestoras de Convivencia, Niñez y



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171

Juventud (Leaders of Coexistence, Childhood, and Youth), by completing 208 hours of specialized training in the towns of Los Palmitos and San Pedro. During this project, contact between people from different cultures created solidarity, openness and ties of trust. The presence of children when managing large groups was well received and prompted creativity among participants to achieve set goals.

In reference to healthy habits, we contributed towards the dental health of mothers and infants by treating 351 patients – children, youths, and mothers - in the municipalities of Berlin, el Rosal, Zabaleta, Cerritos, Sinai, El Diviso, and La Fragueta in Caqueta, and by providing 155 children with health care and training in the town of Puerto Gaitán.

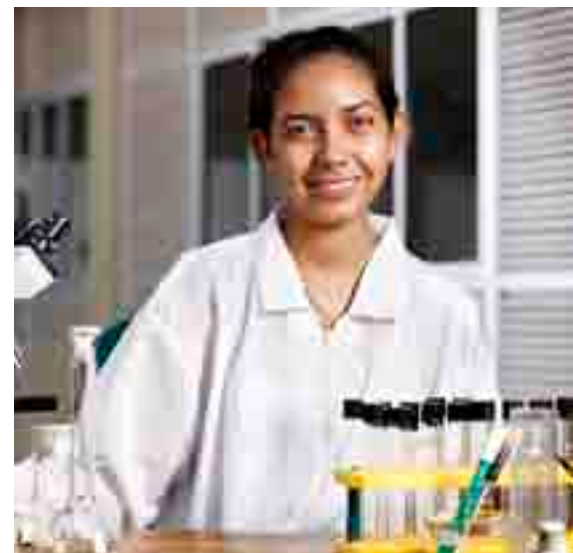
Likewise, we continued to strengthen our biotechnology lab for research on educational needs and increasing productivity for the agro-industrial sector. Based on our commitment to the development of high social impact sustainable projects emphasizing education, we entered into a Scientific and Technical Cooperation Agreement with the Jorge Eliecer Gaitán School, the Institute of Biotechnology of Universidad Nacional, the Government of the Department of Meta and Puerto Gaitán city hall. The first institute for biotechnology in this town was created through this agreement.

Thanks to this lab, students from the Jorge Eliecer Gaitán School will be able to learn and implement new tools to support the sustainable agricultural industry, which is very important for the economy of Puerto Gaitán and the Orinoquia region. In 2011, we created partnerships with 42 agro-industrial companies from the region, where we managed to place 260 student interns.

COMPETITIVENESS

We support productive projects through the Rubiales Productive Model, contributing to sustainable use of biodiversity, freedom of association, making local economies more dynamic, creating income and employment and doing so while complying with legal parameters and creating a culture based on values. We require that the social purpose of the projects benefit those who do the work and we wish they also turn a profit; the aim is meeting all the needs of the society where they develop.

The Rubiales Productive Model consists of sustainable tropical agricultural production systems to ensure the improvement of quality of life and food safety for the communities, using sustainability, equality and competitiveness criteria, and



When we arrived here, we had not planted anything because we had neither seeds nor ploughed land. Pacific Rubiales arrived, assisted, and helped us all; we are so many families involved in these projects. Pacific Rubiales ploughed our lands, gave us seeds and - as I am telling you - the technicians taught us everything. Now, we are starting to learn to take care of the groves and to keep everything properly. Here we have the citronella grove and there we have the vegetable garden. Citronella is to extract oil; we have been doing great with this citronella. Now I am able to cut my own crops and now a large order from Pacific Rubiales is coming to us; they are to buy the oil we obtain from the crops. For the time being, thank God and thank Pacific Rubiales, who has brought the technicians, we are also learning to make organic fertilizers. The idea is that everything is organic...

—JOHANA PEÑALOZA

working towards the comprehensive development of communities and living areas related to the project.

Based on the model, we seek to strengthen the capacity of rural producers, ethnic communities and small entrepreneurs through technical training or supplying raw materials for production, which will be useful for them to improve their competitiveness and become self-sufficient.

In 2011, we offered training courses in collaboration with SENA so that 32 families from the municipalities of Rubiales, Puerto Triunfo and Santa Helena in Puerto Gaitán improve their knowledge of agricultural practices and define productive projects according to the conditions of their properties and the features of their environment.

Furthermore, we created projects for fifteen indigenous communities, which improved the life of these communities and the chances of survival for their tribes, while always respecting this important stakeholder's view of the world.

This model has been repeated in collaboration with SENA and Corinde (Corporation for Research and Investment in Development) in the town of San Pedro and Los Palmitos (Sucre), which is benefiting 821 people. Likewise, in the town of El Espinal (Tolima), the Campo Abanico association has incorporated seven production associations, which have received seed material provided by the association, and training by



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	101

SENA, and they will start an organizational structuring and technical support process through Corinde.

Within the framework of the previous visit, we began a process to implement and develop the Strengthening Project for Wayuu Handicrafts between the Company and the Piedra Amarilla Wayuu indigenous community, located in the town of Albania (Guajira), based on our sustainable development policies and definitions, by sponsoring business opportunities and working to improve quality of life for this community.

SOLIDARITY INVESTMENTS

We support local and national health and educational institutions through philanthropic initiatives and we support the State in emergency aid situations. Our contributions are based on the commitment to the countries where we operate and are included in the strategic vision based on common goals and interests.

In 2011, we contributed to the National Calamity Fund created by the Colombian Government, a fund devoted to meeting needs resulting from disastrous or calamitous situations. The contribution was made to the program called Colombia Humanitaria, which addressed emergencies during the rainy season. Furthermore, we sup-



ported evacuations from flooded areas due to strong rain through the CAR (Regional Autonomous Corporation) of Cundinamarca.

In regards to health, we contributed to improving nutritional and food conditions in the towns of Santa Lucia and Manati (Atlantico), by means of food packs along with health, psychological and psycho-affective support campaigns and oral hygiene and infant care for 544 people (among children and adults). Likewise, we developed dental campaigns by highlighting the importance of good oral hygiene and good eating habits, for child patients younger than 15 living in the Colombian states of Arauca, Caqueta, Cundinamarca, Sucre, Tolima, and Meta, serving 3,270 boys, girls and teenagers.

We supported the Angelitos de Luz Foundation to form health brigades, where different professionals were involved in offering the most vulnerable communities the chance to see a doctor or have access to surgeries and medicine.

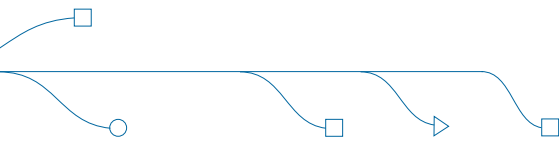
In regard to education, we strengthened and supported sporting activities in Colombia by holding golf, basketball, tennis and rugby tournaments in the cities of Bogota and Barranquilla. Our involvement encourages people to practice sports and, in turn, gives athletes a chance to obtain awards for their performance. For example, we sponsor the Army golf tournament, a professional basketball tournament and the Pan-American wheelchair rugby tournament.

As well, we have joined programs such as the Campaign for the Wounded Soldier, whose purpose is to raise funds for soldiers, policemen and navy infantrymen wounded in combat, and Telethon Colombia, which is a charity event for supporting child rehabilitation.

OUR COMMITMENT TO PERU

In 2011, we reviewed the Master Plan for the Matses National Reserve, which benefits 2,400 inhabitants. Furthermore, we developed a healthcare service program in the Province of Requena, in the Soplín district, for 1,301 boys and girls.





By developing programs for social promotion and strengthening of skills, we supported training programs for mothers, developing sewing workshops that benefited 18 families in the province of Coronel Portillo, in the Calleria district. In the town of Betel, in the same province, we ran a healthcare campaign for 597 inhabitants and, in collaboration with the regional health center, we implemented tem-



porary healthcare centers with enough equipment to service Betel and the smaller town of Abuajo.

In order to promote and preserve the ancient culture of the Shipibo-Conibo from the Shipiba Santa Rosa de Tamaya Tipishca community, an indigenous tribe that lives mostly in the Amazon area of Ucayali in eastern Peru, we collected and recorded part of their cultural heritage for safekeeping.

OUR PROGRESS:

WHAT WE SAID WE WOULD DO	HOW ARE WE DOING?	WHAT IS LEFT TO DO?
Develop a strategic framework for the Pacific Rubiales Foundation.*		Continue to implement the plan and update it by creating a system of indicators and more dynamic and continuous processes that allow us to get more involved with communities and local authorities.
Systematize the performance of social investment projects and create an assessment and management system for social investment projects.		
Strengthen follow-up processes for royalty use in our areas of influence.		Strengthen and promote the EITI initiative in the country and the active involvement of the CSIR.
Design and implement a volunteer program that involves Pacific employees.		Link employees' talents and hobbies with stakeholder needs, and train employees to spend time in volunteer activities benefiting the community.

* In 2011 we developed the Pacific Rubiales Social Investment Plan, which is carried out through our foundation.

OUR CHALLENGES FOR 2012+:

- ▷ Expand our competitiveness programs in all production fields by continuing to implement the Pacific Productive Model.
- ▷ Include strengthening of research and scientific development and connectivity in our social investment initiatives.
- ▷ Ensure dynamic fund management to multiply positive impact on society.
- ▷ Comply with the agreements set out by the negotiation committees in Puerto Gaitán (Department of Meta).
- ▷ Unify the system for engaging stakeholders.

Respecting and Promoting Human Rights in our Operations

At Pacific we continue to promote respect for human rights in all our employees and we select suppliers and contractors who do as well. We exercise due diligence in order to identify, prevent and address real or potential impacts on human rights during our operations.

WE FOCUS ON:

RIGHT TO FREEDOM OF ASSOCIATION

We guarantee the right to freedom of association and collective bargaining for our employees and our contractor's employees by explicitly committing to respecting employee rights and by encouraging strong management in labour unions. Furthermore, we constantly inform employees on the Internal Working Regulations and provide methods for addressing claims and complaints, which are channelled through to the Social Oversight Committee.

In 2011 we witnessed an unprecedented 2,430 workers affiliating with the UTEN (National Energy and Public Utilities Industry Workers Union), which is affiliated with the CGT (General Labour Confederation), the largest labour union in Colombia. Out of the total number, 885 were direct employees of Pacific Rubiales, accounting for 56.7% of our employees, and 1,545 were contract employees. This negotiation process was useful, as it highlighted labour regulations and it established an environment of understanding and coexistence.

Furthermore, we voluntarily asked the Colombian Government to promote dialogues with the most established unions in the industry, in order to establish agreements between them and the Company's union. Among these agreements, it is worth noting the new minimum wage for skilled and non-skilled labour, field bonuses and better work shifts, which apply to direct employees, contractors and subcontractors. We also pledged our commitment to strictly enforce our legal labour obligations.



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	105

To comply with these agreements, we updated the Labour Annex in all our contracts with contractors. It establishes the contractor's obligation to apply the Labour Annex to their subcontractors and enforce it. We expressly included the obligation to comply with regional salaries and extralegal benefits for all personnel; and Pacific Rubiales is now authorized to make direct payments to contractor and subcontractor employees and Social Security and parafiscal entities, in the event the contractor does not pay. Contractors must still assume penalties according to their contracts in the event of such a breach.

We also opened complaint and suggestion offices in the fields, where irregularities can be reported. The complaints submitted and channelled through to the Social Oversight Committee during 2011 were mainly related to wages and default on payments to subcontractors; these accounted for 54% of all claims. At the end of the year, we had settled 78% of all claims.

ABOLITION OF CHILD LABOUR AND FORCED LABOUR

We guarantee that there is no child labour and no forced labour of any kind in our operations and we ensure this practice among our suppliers and contractors by means of social and HSEQ inspections. In order to reinforce this commitment, we adhered to the Local Network of the Global Compact in Colombia and became involved in the Committee for the Abolition of Child Labour.

We demand an explicit commitment to human rights from our suppliers and contractors by signing the Code of Ethics and Conduct of the Company. Under no circumstance may their employees be deprived of their freedom, forced into labour or employ child labour.

This code is posted on the website used by suppliers, which allows the general community of suppliers and contractors to have permanent access to it, and it also requires them to reiterate their commitment to it during every hiring process. This ensures that there is wide coverage, accessibility and knowledge of the code.





RESPONSIBILITY FOR SAFETY DURING OPERATIONS

Respect for human rights is a priority requirement for the security services in our areas of operation. Therefore, we mitigate potential risks of breaches and abuses by providing training and constant monitoring of their actions.

In this regard, we deem it a priority to incorporate and align our security management processes to the initiative known as “Voluntary Principles in Security and Human Rights for Extraction Sector Companies”, which provides guiding principles to ensure protection and security for the operations, by respecting and promoting human rights and fundamental liberties.

To start applying this world initiative, we developed in late 2011 the Guide for the Implementation of Voluntary Principles, in order to strengthen processes and security systems already set out by Pacific Rubiales, with key-considered elements for the Armed Forces and the private security services to better analyze the risks in human rights and also improve security management.

To develop this guide, interviews were conducted with those in charge of the Rural and Urban Security for Pacific Rubiales and those responsible for CSR, as well as visits to the Rubiales field and to Puerto Gaitán to obtain input directly from the operations and get employee, contractor and local community views on security and human rights.

In order to support the implementation of this guide, we carried out three workshops in 2011, during which were trained 60 employees to provide private security services to Pacific. The purpose of these workshops was to teach the importance of respect for and promotion of human rights for the Company and the role that the security service personnel must play while performing their duties.

HUMAN, FINANCIAL, SOCIAL AND CULTURAL RIGHTS OF THE COMMUNITIES

We comply with current laws and international standards on respect for human rights in the communities in which we operate. We focused on preventing conflict situations by holding continuous dialogues with their representatives and performing risk analysis to identify potential violations of these rights.

In acknowledgement of and respect for the rights of ethnic groups, we started fifteen consulting processes in 2011 and completed three of these. This provided a platform for dialogue and negotiations based on national and international laws.

In addition, four diploma courses were carried out in El Espinal (Tolima), Los Palmitos (Sucre), Resguardo Vencedor (Piriri), and Puerto Gaitán (Meta). In 2011, 182 community leaders were trained, 44% of whom were women. The purpose of these courses was to create a culture of respect for and observance of human rights.



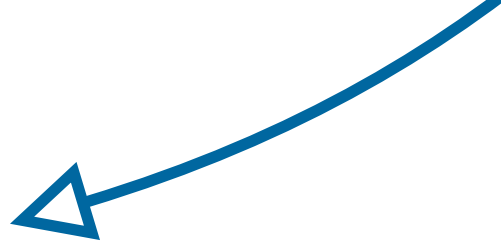
WE MADE PROGRESS ON:

WHAT WE SAID WE WOULD DO	HOW ARE WE DOING?	WHAT IS LEFT TO DO?
Create a code related to human rights for employees, suppliers, contractors to demonstrate our commitment to HR.		Increase knowledge of the Code of Ethics and Conduct and implementation of the Guide for Voluntary Principles.
Carry out a diploma course in human rights for representatives of the communities from areas directly influenced by operations.		Continue with our sustainable education model that includes the diploma courses in human rights.
Restructure and convey our Social Responsibility Annex to all contractors and suppliers.		Strengthen the Social Oversight Committee in all operations where required.

OUR CHALLENGES FOR 2012+:

- ▷ Adhere to the Voluntary Principles on Security and Human Rights.
- ▷ Carry out nine training workshops on security and human rights to private security companies.
- ▷ Complete the twelve ongoing consultation processes with ethnic communities.
- ▷ Further promote access to justice in municipalities and raise more awareness of this particular right among citizens through inter-organization alliances.





Having the Best Talent



Our strategy is focused on ensuring that human talent is available in the short, medium and long-term, along with a competitive policy to ensure hiring, retention, development and quality of life.

We continue to work towards strengthening the corporate culture based on the values defined by the Company and reaching our strategic objectives in such a way that they positively impact all our stakeholders.

WE FOCUS ON:

INCLUSIVE LABOUR RELATIONS

We see good labour relations as one of the pillars of the relationship with our stakeholders and we respect the right to freedom of association. We are committed to ensuring constructive relations are maintained with our human talent.

In 2011, this concept became a strategic issue throughout the Company and we developed a continuous follow-up process with all core business areas. We also developed internal alliances to find effective solutions and control and monitoring methods for conflict situations, crisis and prevention, and we worked to create a permanent relationship with employee representatives, respecting their freedom of association, listening to their expectations and committing to agreements.

We worked towards strengthening our relationships with contractors by creating agreements to support their development and that of their employees in accordance with Colombian labour law. Furthermore, we held systematic meetings where we exchanged better practices and new ways of enforcing their compliance. We held approximately 100 meetings in 2011.

TALENT SELECTION AND RETENTION

We have clear procedures established for hiring in-house staff and for outsourcing. It is a process that focuses on giving specific advice for areas requiring human talent.

In 2011 we designed a tool to track job applications in progress and for placing students in internships and hiring through SENA; in doing so, we contributed to employment in Colombia. We hired over 300 people and assessed an average of 180 people a month through the selection processes.



We are specialized in searching for complex positions and in performing thorough market research intended to hire the most suitable candidates for each position. Job-postings increased by 40% compared to 2010, which facilitated the chance for current employees to develop new roles and responsibilities. 19% of the job offers were made to our current employees.

Likewise, we implemented the concept of a Talent Life Cycle by creating development plans for candidates hired and by strengthening corporate orientation processes. We created a formal employment termination interview in order to detect opportunities to retain talent in the future.

BALANCE AND QUALITY OF LIFE

We retain talent through strategies favouring integration, motivation, awareness and balance between work and family life so that our employees can have a better quality of life.



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	111

Health and integration among employees were two areas of focus for 2011. We continued to promote sports throughout our operation and we identified the need to implement programs like hobby schools to create additional skills and social ties.

In caring for our employee's families and especially their children, we held our first recreational vacation program, implemented a career advice program for children and carried out events and activities related to the environment.

We also held a first meeting with our contractor's Human Talent departments in order to work out joint programs for the well-being of employees. Family Benefit Funds played a very important role in these discussions.

INTEGRAL WAGES

We foster equality among our employees by offering integral wages which are more competitive than other companies in our sector; we offer benefits aimed at their professional, economic and social development. Furthermore, we identified the needs of all our employees and operational sites to design benefits with differential advantages within the market that impact employees and their families. We are working to improve wage conditions for contractor employees by unifying concepts, maintaining equality and minimizing management risks.

We optimized our payroll process by standardizing policies and controls as well as level of service for employees. We held more than thirty talks on taxes and provided advice to close to sixty individuals, achieving approximately COP\$146,520,000 in savings for them.

In regards to benefits, we increased the life insurance coverage by 33%. We increased the transportation allowance for field employees – covering around 450 additional people - and increased coverage of prepaid medical plans. We also held the first Pacific Rubiales automobile sale, which represented savings of COP\$198,746,100 for buyers.

For our employees in Peru, we created policies according to local practices and corporate guidelines. Transportation allowance was an important issue in this country, which covers travel from workplace to home.

Wage equality increased from 90% in 2010 to 94% in 2011, which ensures proper remuneration among positions with the same duties within the Company. The Great Place to Work survey showed that Pacific is 23 points above the standard for the oil sector in this regard (score: 83/100).



Pacific Rubiales savings retirement fund

September 2011 marked three years since the first employees adhered to the savings fund plan and began to save and also receive the same amount they saved from Pacific Rubiales. These employees can withdraw of 30% of the resources deposited by Pacific Rubiales up to the date of withdrawal.

ORGANIZATIONAL LEARNING

At Pacific, we have reached an important milestone in the manner in which the organization learns and teaches by incorporating into its strategic vision the creation of the Pacific Corporate University, PCU.

PCU works constantly to make this model for a Corporate University a leading example of internal development, transforming the Company into an organization that bases its learning strategy on the concepts of “learning how to learn”. The programs will be developed and co-created with world-class learning centers.

INTEGRAL DEVELOPMENT OF OUR PERSONNEL

At Pacific Rubiales, we’ve integrated performance and skills with our corporate strategy, risk management and sustainability program, and we designed career paths that help every worker visualize the horizontal and vertical movements they can make in their professional development.

In 2011, in the “Great Place to Work” evaluation, we obtained a score of 72.8 (“very satisfactory” level).

Based on this information, we designed action plans such as the following:

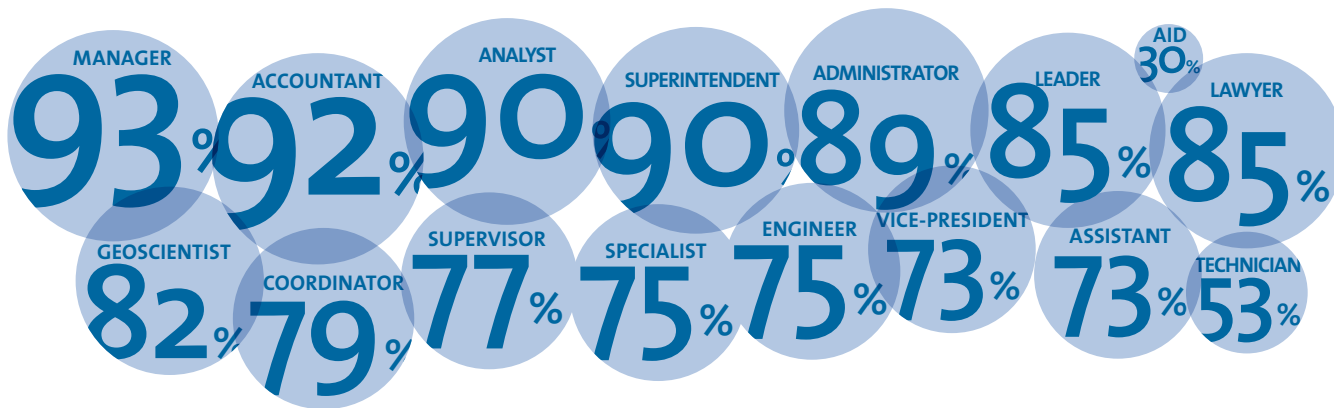
- ▷ Alignment of work teams in 45% of the organization.
- ▷ Development of 100% of career paths for the critical positions in the Company.
- ▷ Training for more than 900 employees in the review of objectives and evaluation models, involving heads of departments and colleagues in the performance and feedback model.
- ▷ Performance evaluation of 95% of employees in regard to their 2011 objectives; 20% more than in 2010 and 300% more than in 2009.

Percentage and number of training sessions

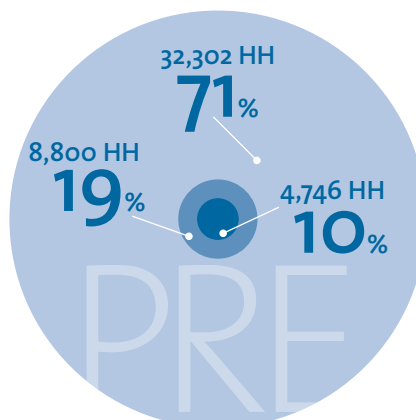


Coverage of training sessions per position

Percentage of employees trained



Skill distribution (business)



- Behavioural
- Executive
- Technical

• HH (Man Hours)



- ▷ Design of the Development Needs Detection Program to identify needs for talent development.
- ▷ Strengthening our program for high potential individuals, which helps acquiring new knowledge and critical skills, movement throughout different positions and development strategies with high-end methodologies.

STRENGTHENING THE PACIFIC RUBIALES CULTURE

We focused on promoting corporate values through interaction, learning and communication. We appreciate the diversity of our employees and contractors, respecting their differences while enhancing their skills.

In 2011, together with employees and contractors, we designed an education program to instil values that included meetings to share experiences based on values and campaigns promoting their everyday use and practice.



WE MADE PROGRESS IN:

WHAT WE SAID WE WOULD DO	HOW ARE WE DOING?	WHAT IS LEFT TO DO?
Develop the corporate culture based on principles and values shared by all our stakeholders, as well as a constructive and participative leadership.		Extend practices related to values into day-to-day work. Convey the Code of Ethics and Conduct of the Company, which is based on values, as a foundation for good behaviour. Extend the training seminars to new audiences and stakeholders.
Strengthen employee development plans through behavioural, technical and executive skills.		Continue to extend the programs of the Corporate University to reach new stakeholders. Link employee development needs with Corporate University learning solutions.
Implement action plans that allow Pacific Rubiales to become a great place to work.		Measure the effectiveness of the action plans implemented as a result of the Great Place to Work survey.
Invigorate policies, processes and information systems to enhance human talent management.		Continue implementing these policies, processes and information systems in the other countries where we operate.

OUR CHALLENGES FOR 2012+:

INCLUSIVE EMPLOYMENT RELATIONS

- ▷ Design the Pacific Rubiales Worker Co-existence Manual.
- ▷ Extend the intensive training sessions, promote further discussion spaces with those responsible for Human Talent in our contractor companies and continue follow-up programs on their work.
- ▷ Build constructive relations with all employee representatives.



SELECTION AND RETENTION OF TALENT

- ▷ Initiate early detection plans with universities to generate opportunities for employees with new skills.
- ▷ Follow external and internal talent and initiate succession and replacement planning.
- ▷ Instil the concept of talent life cycle.
- ▷ Continue to strengthen job offers and emphasize development possibilities.

QUALITY OF LIFE

- ▷ Implement quality of life plans with contractor companies in association with Family Compensation Funds.
- ▷ Link employee talents and hobbies together with stakeholder needs.
- ▷ Support development in employee families, as well as their inclusion in academic and recreational environments.



INTEGRAL WAGES

- ▷ Ensure competitiveness in our wages and benefits programs according to the latest market trends.
- ▷ Prepare a corporate policy on integral wages that provides guidelines for implementation wherever we operate.

ORGANIZATIONAL LEARNING

- ▷ Position the Company as an organization that learns, with a learning solutions portfolio that addresses the strategic orientation of the business.
- ▷ Develop an employee skill certification process in close relationship with SENA.
- ▷ Implement and integrate the use of the Integrated Learning Management System into the Company's talent development processes.
- ▷ Define our Knowledge Management Model while creating a knowledge management team that complements the activities carried out by the Excellence Center.



INTEGRAL DEVELOPMENT OF OUR PERSONNEL

- ▷ Develop a corporate induction project that promotes integration among new and current employees.
- ▷ Articulate career routes between different areas to extend the range of possibilities for employees.
- ▷ Optimize the organizational structure according to growth, business challenges and market best practices.

STRENGTHENING THE PACIFIC RUBIALES CULTURE

- ▷ Continue with our strategy to convey corporate values to our different stakeholders through social development and volunteer programs.
- ▷ Implement action plans resulting from the “Great Place to Work” survey together with all parties involved.
- ▷ Instil the Pacific Rubiales Leadership Model and coordinate with the Corporate University to make any necessary changes so that the actions our leaders take reflect the style of the Company.

HIGHLIGHTED CASE

RUBIALES MANAGEMENT CENTRE: PROGRESS ON THE FIRST HOUSING PROPOSAL

The accelerated growth of our operations in the town of Puerto Gaitán resulted in an exponential increase in the amount of employees working on the Rubiales-Piriri and Quifa fields. In 2011, we created the Rubiales Management Centre, responsible for designing an innovative housing solution with high quality of life and well-being standards for our workers and aiming at breaking the traditional housing schemes used in the oil industry.

Based on these goals, we opened a bidding process in 2011 in which the sustainability model developed in 2010 was the main selection criteria. We selected the pro-



posal submitted by Concreto construction company for the Maural Residential Camp, which fulfilled the technical, social and environmental standards established in our model.

The Mural Camp was conceived as the first residential camp with the capacity for housing a great percentage of all direct and indirect employees working the fields. The project was based on principles aimed at occupying the area intelligently and efficiently, with architectural shapes inspired by the surrounding ecosystems and featuring common areas for employees involved in different operations.

PCU: STRATEGY FOR THE COMPREHENSIVE TRAINING OF PERSONNEL

During 2011 we promoted a strategy for the comprehensive training of personnel, which is based on developing learning models that cover behavioural, executive and technical skills.

It included projects like the following:

- ▷ The acquisition of a Learning Management System for managing learning processes.
- ▷ The implementation of a pilot program for virtual education with the design of custom-made educational applications.
- ▷ Development of the knowledge management model.
- ▷ The co-creation of seminars and courses with the participation of over 65 internal facilitators, winners of the Knowledge Multipliers Award given by the university.

80% of our employees participated in at least one training seminar, which represented an average investment of 44 hours per person, matching the best international practice standards. Almost 50% of personnel take part in the English language program, half of which access it through virtual education applications. In 2011, employees received reimbursements for education amounting to USD\$270,000.

FIRST PILOT RUN OF THE PACIFIC RUBIALES VOLUNTEER PROGRAM

“Getting in touch with the least favoured population in our country is not only an act of kindness but a duty. I think that activities like this bring us closer to the reality of our people and make us aware of the responsibility we have of helping to improve the life of the least favoured persons.”

OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171

This is one of over forty testimonies given by volunteers that participated in the pilot run on December 15, 2011 at Fundación Centro para el Reintegro y la Atención del Niño (CRAN, Foundation Centre for the Reintegration and Attention of Children) in Bogotá, which fosters 140 children who have suffered abuse or abandonment.

Both the children and the volunteers had the chance of sharing a day of leisure and recreational activities. The objectives for the pilot were the following:

- ▷ Emphasize the importance and meaning of volunteer work.
- ▷ Encourage Pacific Rubiales' volunteers.
- ▷ Inform participants on Pacific Rubiales' social investment programs.
- ▷ Promote loyalty among volunteers.

It was an intense day in which companionship, team work and solidarity were present and it established a bond between the volunteers and the community.

We now have a team of leaders committed to encouraging other volunteers to participate in this program. As one of our new community ambassadors said: "I think that the most gratifying thing was discovering that my job, what I do every day, only has a meaning when I am useful to others, and being a volunteer was the best way of seeing that."

This is the beginning of a new series of opportunities that will be made available through our corporate volunteer program, which will be launched in mid-2012, and will provide the opportunity to promote important skills such as leadership, creativity, teamwork and service to the community.

Strengthening Sustainability in the Supply Chain

At Pacific Rubiales, our suppliers and contractors are critical stakeholders in our commitment to sustainability and the success of our business. One of our strategic objectives is the integral management of the supply chain. The strategy calls for us to find responsible partners and jointly develop innovative solutions that promote dynamic processes, business competitiveness, management efficiency and create added value throughout the entire chain.

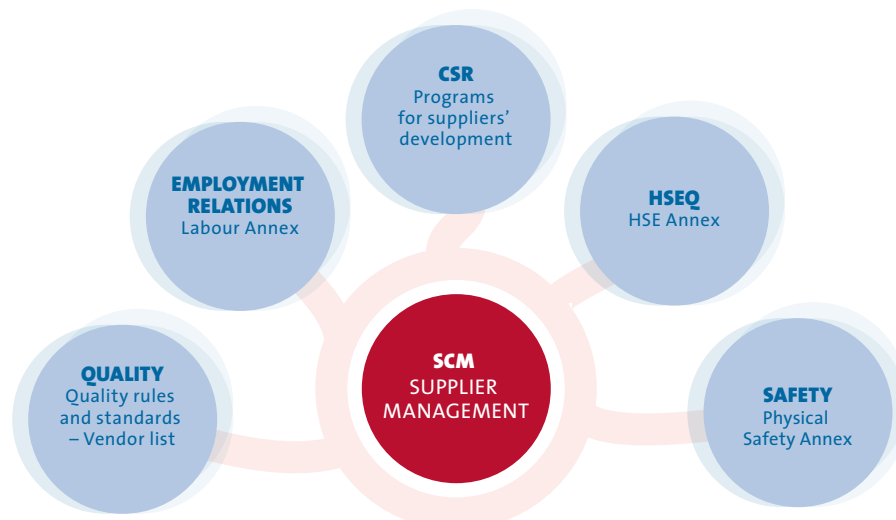
WE FOCUS ON:

MANAGEMENT AND DEVELOPMENT OF SUPPLIERS

During the process of updating our Contracting Policy in 2011, we created a Task Force to review all Annexes in our contracts. The Task Force incorporated all modifications resulting from the negotiation committees with the community of Puerto Gaitán and other relevant updates. To each contract we added the following Annexes:

- ▷ HSEQ Annex
- ▷ CSR Annex
- ▷ Labour Relations Annex

Supplier management team



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	121

- ▷ Physical Safety Annex
- ▷ Code of Ethics Annex
- ▷ Invoicing Annex

This exercise allowed us to align our contracting terms and requirements with the objectives of the Company and the needs of our suppliers and contractors.

NEW SUPPLIER AND CONTRACTOR MANAGEMENT TEAM

In 2011 we structured a supplier and contractor management team with the following duties:

- ▷ Design a supplier management program to services needs and interacts with suppliers.
- ▷ Develop local suppliers.
- ▷ Administer the supplier and contractor registry.
- ▷ Create committees in charge of strengthening our communications methods and our supply chain performance evaluations.





STRUCTURING THE SUPPLIER EVALUATION PROCESSES

During 2011 we implemented our Supplier Evaluation Process, which applies to all our selection and contracting processes.

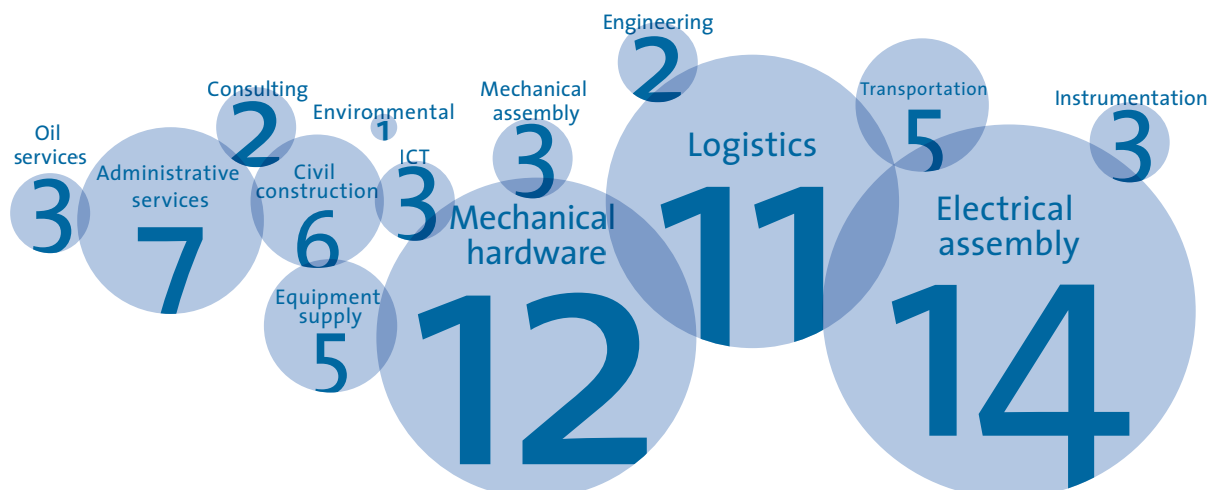
We have an Evaluation Policy and a Supplier and Contractor Performance Evaluation Manual, in which we define the following objectives for every evaluation process we carry out in the supply chain:

- ▷ Identify opportunities to improve.
- ▷ Reduce procurement risks by reducing delays in the supply chain.
- ▷ Provide the necessary tools to managers in charge of contracting so that they can make decisions based on performance, bringing more transparency to the contracting process.
- ▷ Contribute toward strengthening supplier capacities and/or contribute toward improving their motivation.
- ▷ Monitor behaviour and supplier compliance and performance capacity.
- ▷ Ensure that all the suppliers operate within our highest standards.

Based on these criteria, our Evaluation Policy defines the following actions:

- ▷ Only the companies with an excellent score will be invited to participate in competitive bidding processes.

2nd Pacific Rubiales Supplier and Contractor Convention (participation per sector)

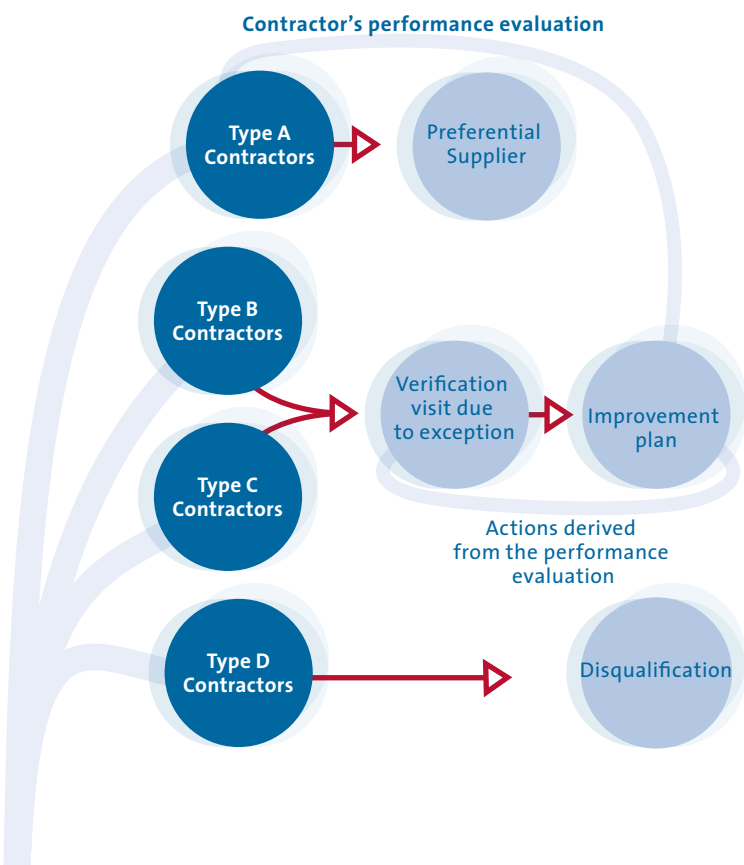


- ▷ In the case of a tie in a bidding process, we will make the selection decision based on the company that has the highest score.
- ▷ Grounds for early termination of a contract include recurring deficient evaluations during the term of the agreement and not delivering on plans to improve performance.
- ▷ To request another contract or the extension of an existing one, the last Partial Performance Evaluation of the supplier must be submitted for review.

According to our policy, contractors evaluated with less than an 85% score must submit, with our guidance, plans for improvement on the aspects that are generating low performance and these must be implemented within a specific time period.



Qualification criteria based on performance



Type A Contractor/Supplier (Excellent).

Contractors that obtained an average equal to or greater than 85% in performance evaluations may apply for Competitiveness Recognition according to the parameters established by this procedure.

Type B Contractor/Supplier (Satisfactory).

Contractors that obtained an average between 70% and 85% in performance evaluations.

Type C Contractor/Supplier (With Reserve).

Contractors that obtained an average between 60% and 70% in performance evaluations.

Type D Contractor/Supplier (Disqualified).

Contractors that obtained an average below 60% in performance evaluations.

Contractors B and C may be subject to auditing visits, as determined by the Company.

CREATION OF THE CONTRACTOR AND SUPPLIER PERFORMANCE EVALUATION COMMITTEE

In September 2011, we created the Contractor and Supplier Performance Evaluation Committee, which is an internal corporate body with the power to recommend to senior management from purchasing and contracting departments penalties for suppliers and contractors who have committed actions defined as “serious non-compliances”.

Duties for this committee are, among others:

- ▷ Centralize, analyze, assess and recommend penalties against contractors and suppliers with serious non-compliances.
- ▷ Analyze different cases related to the performance of suppliers and contractors of the Company.
- ▷ Receive and analyze requests for review and complaints from contractors or suppliers on their score in any given process.

CONTRACTOR AUDITS

During 2011, in addition to the performance evaluation processes, and with the support of Activo Legal (a contractor company that conducts audits to the HSE-QA management systems), we audited 248 contractors and interviewed 1,389 employees on matters related to labour law, HSEQ and social responsibility.

We held about 245 monitoring meetings this year with contractors, where we identified opportunities for improvement, analyzed action plans and followed-up on implementation and impact.

Steps for contractors' improvement plans



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	125

THE VENDOR LIST (BRAND REGISTRY)

At Pacific Rubiales we have a Vendor List, which is a tool for making decisions when buying from suppliers and contractors, eliminating technical obstacles and saving costs. It is the result of a sub-process we have been implementing to standardize our equipment and spare parts in order to make purchasing and storage more efficient. It works by purchasing and classifying only verified and tested brands, which guarantees high quality in our operations.

The Vendor List generates a list of materials and equipment that must be considered in the next procurement order; it is based on the decisions made by the Brand Assessment and Technical Certification Committee and is managed by the supplier management team.

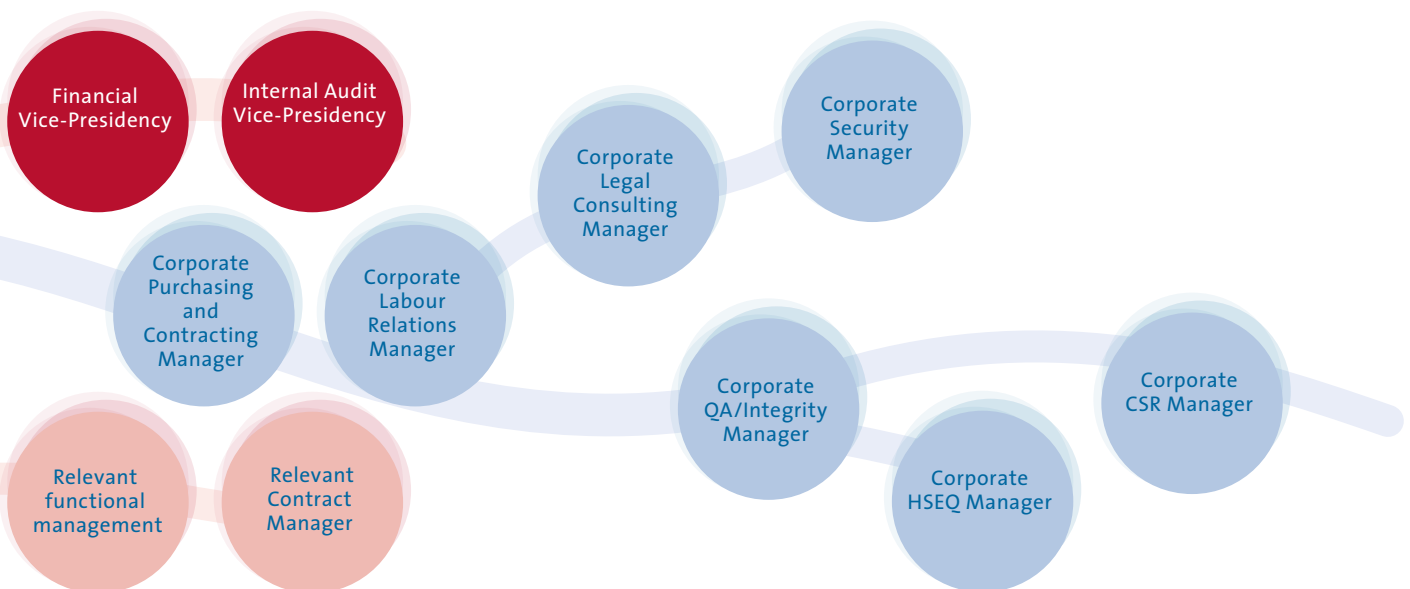


BRAND ASSESSMENT AND TECHNICAL CERTIFICATION COMMITTEE

In October 2011 we created the Brand Assessment and Technical Certification Committee. This committee meets quarterly and is made up of:

- ▷ Corporate SCM Management.
- ▷ Engineering Management.

Performance evaluation committee members



- ▷ Corporate QA and Integrity Management.
- ▷ Corporate Excellence Center Management.
- ▷ Maintenance and Minor Projects Management.
- ▷ Supplier Management.

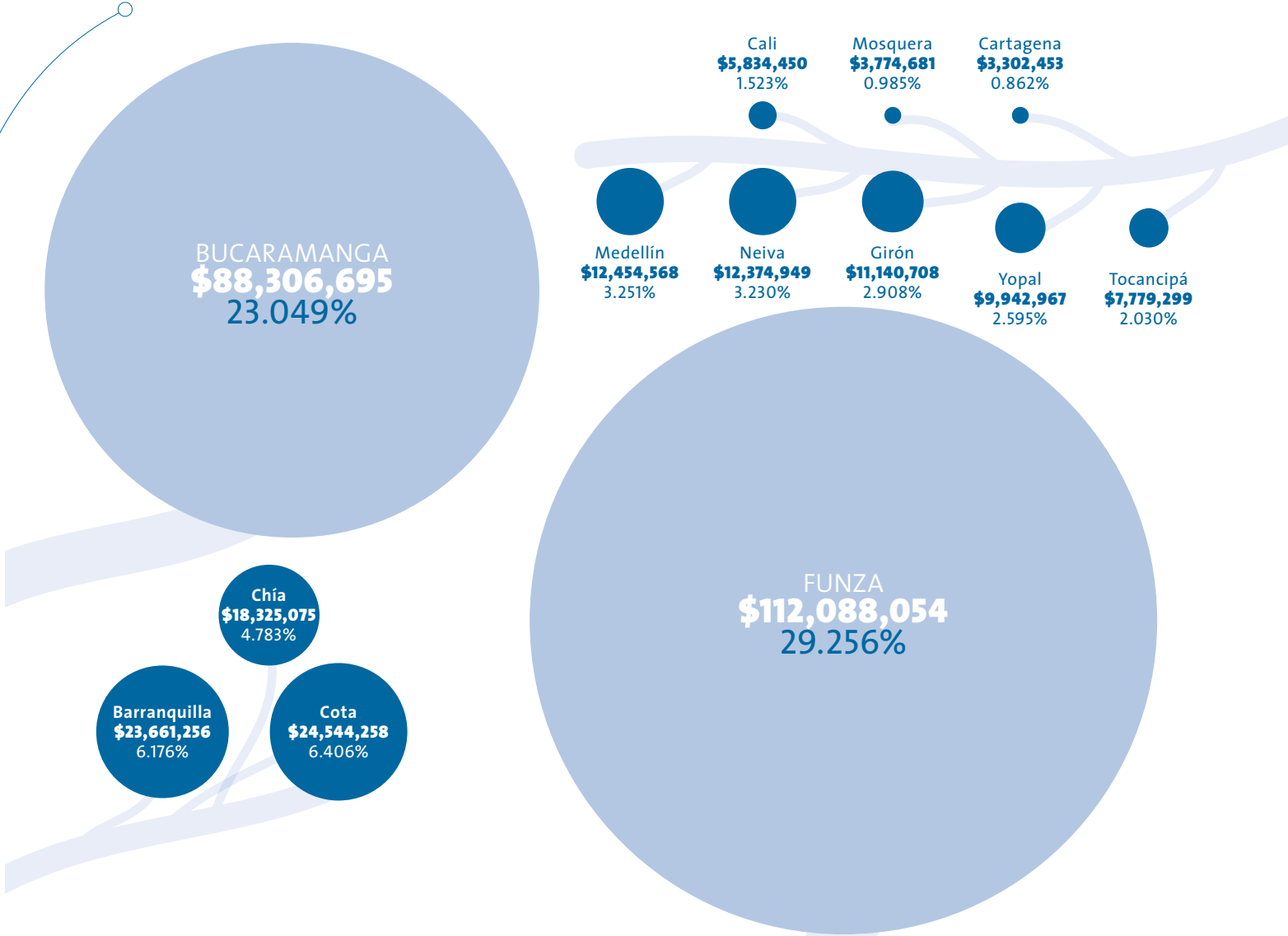
PROCUREMENT OF LOCAL GOODS AND SERVICES

We are aware of the importance of local suppliers in our value chain and are committed to increasing their share by purchasing goods and services in towns within our area of influence.

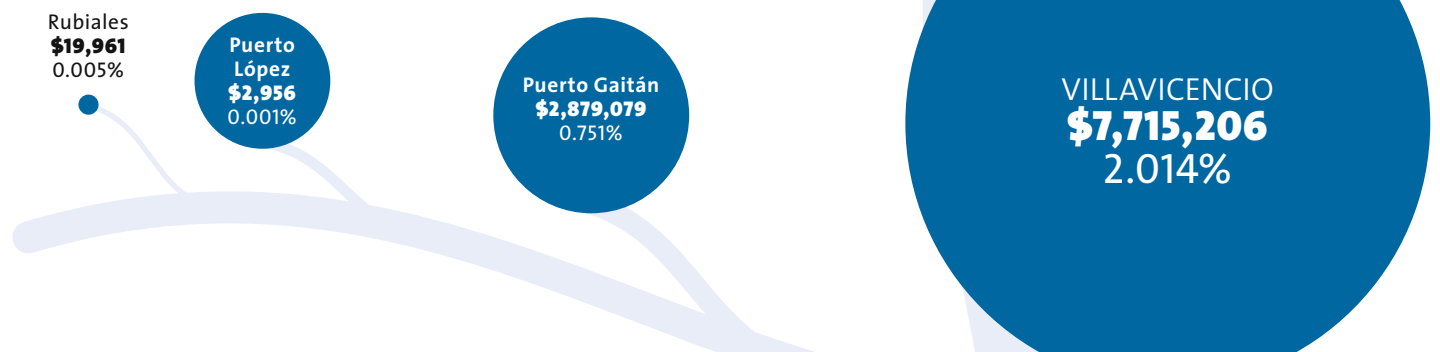
For 2011, we made purchases in the main towns located within the areas of influence of our operations.







Purchase of goods and services outside Bogota



Purchase of local goods and services of influence of the Rubiales-Quifa field



WE MADE PROGRESS ON:

WHAT WE SAID WE WOULD DO	HOW ARE WE DOING?	WHAT IS LEFT TO DO?
Training suppliers and contractors of Pacific Rubiales in the code of conduct for suppliers and contractors.		Training our existing and potential suppliers and contractors on the commitments carried by this code.
Integrate this code in the selection, evaluation and interaction processes with suppliers and contractors with procurement criteria and incentive schemes.		Continue to strengthen the integration of the code in other processes.
Integrate sustainability criteria into the existing internal audit system.		Continue to strengthen these audit processes.
Prepare and strengthen ourselves for the certification of the SA8000 standard in labour practice.		Face-up to the challenge in 2012.

OUR CHALLENGES FOR 2012+:

- ▷ Increase the procurement of applicable local goods and services that comply with the quality standards required for our operation.
- ▷ Start a new campaign to identify and give priority to contracting suppliers whose environmental conduct is appropriate.
- ▷ Design a model for selecting suppliers that incorporates sustainability criteria.
- ▷ Boost a Development Program for Local Suppliers.
- ▷ Support the program led by the Colombian Government to boost a Development Program for Local Suppliers, along with Ecopetrol.
- ▷ Structure and implement an agreement management program with management teams.
- ▷ Structure and implement a pre-evaluation process for suppliers.
- ▷ Continue to strengthen the communication means with suppliers.
- ▷ Strengthen the Unique Register of Suppliers and Contractors so that it becomes a support tool for the purchasing department.



HIGHLIGHTED CASE

INTEGRATION OF GLOBAL COMPACT PRINCIPLES INTO THE AUDIT PROCESS

We included a labour standards verification process to determine whether or not contractors are aligned with Global Compact Principles. Through fifteen informa-

OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	129

tive sessions, with thirty companies in attendance per session, we managed to raise awareness among our suppliers and contractors on the importance of dignified work, good working conditions and compliance with labour obligations.

Furthermore, we created negotiation committees and new union agreements; we incorporated additional clauses to our contracting procedures; a review process for para-fiscal compliance and communication programs. We also started to implement new agreements with contractors to provide their employees with pay increases and better hiring conditions as part of our commitment to upholding human rights and guarantee the right to freedom of association.

DESIGN AND IMPLEMENTATION OF A SUPPLIER MANAGEMENT PROGRAM FOR POTENTIAL SUPPLIERS

We created a program called Discussion Boards with potential suppliers in order to develop communication channels with our potential suppliers and contractors and convey requirements and procedures established by Pacific Rubiales.

During these Discussion Boards, we convey our purchasing and contracting policies and the process for admittance into the Unique Supplier and Contractor Registry. We also gave relevant information on understanding how to participate in our contracting processes. In 2011 we carried out 38 Discussion Boards, serving 610 potential suppliers interested in providing their services to the organization.

2ND PACIFIC RUBIALES SUPPLIER AND CONTRACTOR CONVENTION

In November 2011, we held the 2nd Pacific Rubiales Supplier and Contractor Convention in Bogotá with the slogan “Pacific Rubiales Energy is Responsible Towards Its Suppliers”, with the participation of 77 companies from different sectors of industry and trade.

This Convention was a chance for direct communication with all our active suppliers and contractors in which we presented our projects, development and investment plans for 2012, and we acknowledged outstanding suppliers for their efforts in applying the HSE, Employment Relations and Safety and Quality policies.





Glossary

Abbreviation Glossary

Abbreviations Meaning

ACPM Spanish acronym for Oil Fuel for Motors

BDR Brazilian Depository Receipts

Bbl/d Barrels per day

Bbl Barrels

Boe/d Barrels of oil equivalent per day

BVC Spanish acronym for Colombian Stock Market

CAN Canadian dollars

Ceres Spanish acronym for Higher Education Regional Centers

CEO Chief Executive Officer

CFO Chief Financial Officer

Co2 Carbon dioxide

COL20 Liquidity Equity Index for the Colombian Stock Market

Colcap Spanish acronym for Colombian Capitalization Equity Index

Cormocarena Spanish acronym for Corporation for the Sustainable Development of the Special Management Area La Macarena

Corpoica Colombian Corporation for Agricultural and Livestock Research

CPF Spanish acronym for Processing Central Facility

CSIR Royalty Investment Follow-up Committee

E&P Exploration and Production

EITI Extractive Industries Transparency Initiative

GRI Global Reporting Initiative. A global organization that proposes the most generally accepted framework for preparing CSR reports on an organization's economic, environmental and social performance. The framework consists of the guidelines for preparing Sustainability Reports, the indicator protocols, the technical protocols and the sector supplements. It was developed after consulting with multiple stakeholders at an international level (www.globalreporting.org)

HSE Health, safety, environment and quality

ICBF Spanish acronym for Colombian Institute for Family Welfare

Ideam Spanish acronym for Colombian Institute for Hydrology, Meteorology and Environmental Studies

Iesa Spanish acronym for Management Higher Education Institute

IGBC Spanish acronym for Colombian Stock Market General Index

ISO 9001:2008 A set of standards regarding quality and management prepared by the ISO/TC176 Technical Committee of ISO (International Organization for Standardization). It specifies the requirements for a good quality management system.

Conjunto de normas de gestión ambiental. Requisito con orientación para su uso

ISO 14001:2004 A set of standards regarding environmental management.

A requirement with guidance for use

IUCN International Union for Conservation of Nature

kJ Kilojoule

km² Squared kilometres

MMCFD Millions of cubic feet per day

m³ Cubic meters

MDG Millennium Development Goals

UN United Nations

OSHAS The internationally acknowledged assessment specifications for

18001:2007 Work health and safety management system

PII Pacific Infrastructure Inc.

PCU Pacific Corporate University

SENA Spanish acronym for National Learning Service

STAR Synchronized Thermal Additional Recovery

Tonne A metric ton

TSX Toronto Stock Exchange

2D Two dimensions

3D Three dimensions

1P Proven reserves

2P Proven + probable reserves

3P Proven + probable + possible reserves



Glossary of Terms

- Accountability** An organization's responsibility for its decisions and activities, offering responses regarding these decisions and activities to their governing bodies, legal authorities and, more broadly, their other stakeholders.
- Area of influence** The definition and determination of this area around our operations are supported by the environmental and social considerations that justify the interrelationship of the construction, preservation and exploration and production activities. The direct and indirect areas of influence are determined by environmental and social criteria established by Pacific Rubiales in accordance with the impact we have in a given village, municipality, reserve or territory. They receive preference and benefit from the hiring of unskilled labour and our social investment projects.
- Biodiversity** The variety of life in all its forms, levels and combinations. Includes ecosystem, species and genetic diversity.
- Coherence** Activities developed regarding the normative context defined by the organization.
- Community action committee** Civil organizations that promote civic participation in the management of their communities. They serve as dialogue means with national, departmental and local governments, and seek to create opportunities for participation that aid the development in towns, municipalities and villages. With them, mayors can also set the development plan, define projects and monitor their execution.

Copaso Pursuant to Colombian Resolution 2013/1986, the Joint Committee for Occupational Health (Copaso) is an important means to promote occupational health in all company levels, seek agreements with the Occupational Health Program’s directors and responsible officers in order to achieve specific goals and objectives, disclose and sustain healthy behaviours and encourage the acquisition of safety habits.

Corporate Social Responsibility (CSR) See sustainability.

Responsibility (CSR)

Corruption Is the abuse of a granted power aimed at obtaining a private gain. For example, bribing (request, offer or accept a bribe) public officers or this same behaviour by the latter, bribing in the public sector, conflicts of interests, fraud, money laundering and influence peddling.

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

Environment Natural setting in which an organization operates, including air, water, soil and natural resources, flora, fauna, people and their interrelationships.

Environmental value Value related to the present quality of the environment and natural resources.

Ethics Set of standards defined by PRE which constitutes the performing framework for individuals who are part of the organization.

Exploratory well First well which is drilled to find oil or gas in a space deemed favourable for the existence of hydrocarbons.

Gauge well A well that is drilled as part of a program to determine the size and production of an oil or gas field.



Global Compact International initiative proposed by the United Nations, which purpose is to obtain a voluntary commitment regarding social responsibility from private and public entities by implementing ten principles based on human, labour and environmental rights, and the fight against corruption.

Governance/corporate governance System whereby an organization makes and applies decisions with the purpose of achieving its goals.

Greenhouse gas (GHG) Any of the atmospheric gasses that contribute to the greenhouse effect by absorbing infrared radiation caused by the solar heating of the Earth's surface, including carbon dioxide (CO₂), methane (CH₄), nitrous oxide (NO₂) and water vapor. Although they naturally exist in the atmosphere, the high levels of CO₂ and CH₄ evidenced in recent decades are at least partly directly related to human activities, such as fossil fuel consumption and deforestation of tropical forests.

GRI technical protocol Document which provides specific indicators of some aspects of writing CSR reports, such as the definition of the report's scope.

Horizontal directional drilling It allows installing a pipeline underneath an obstacle, such as a river or road, without disturbing the surroundings. Unlike the horizontal drilling technique, the curved path of a horizontal directional drilling allows the pipeline to pass underneath obstacles on the surface, so no major excavation is required.

Human rights Rights that all people have, by virtue of their common human condition, to live in freedom and with dignity. All people have the right to demand for those rights to be respected, for they are universal, inalienable and indivisible. They reflect the profound commitment of guaranteeing everyone their safety and enjoyment of the necessary goods and freedoms for a dignified life.



Impact Positive or negative change produced in the society, economy or environment, totally or partially caused as a consequence of past and present activities and decisions of an organization.

Inclusiveness The participation of their stakeholders in the development and achievement of a responsible and strategic response towards sustainability. Requires a defined process of involvement and participation that provides a complete and balanced relationship, that therefore generates strategies, plans, actions and consequences and that attends and responds to the issues and impacts from a responsible perspective.

Job posting Internal offer of vacancies.

Materiality The technical term referred to the relevance and need of prioritizing within the management of issues that will influence the decisions, actions and performance of an organization or its stakeholders.

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

Netback The value of the gas sold to the client minus the transportation cost through the pipe system and minus production costs.

Non-deal road shows Visits for informational purposes to current or possible investors.

Possible reserves (3P) The unproven reserves that the geological and engineering data analysis suggested as less certain to be recovered than the probable reserves. In this context, when probabilistic methods are used, there has to be at least a 10% probability that the quantities to be recovered shall be greater than or equal to the sum of the proven reserves plus the probable reserves plus the possible reserves.



- Prior consultation** Law 21/1991, whereby the Covenant 169/1989 of the International Labour Organization is approved, stated that governments are obliged to “consult with the interested towns through proper methods and, particularly, through their representative institutions, whenever legal or administrative measures that may directly affect them are expected.”
- Probable reserves (2P)** The unproven reserves that the geological and engineering data analysis suggested as less certain than the proven ones. In this context, when probabilistic methods are used, there has to be at least a 50% probability that the quantity to be recovered shall be greater than or equal to the sum of the estimate of proven reserves plus probable reserves.
- Progress report** Documents delivered annually to the United Nations by a member entity of the Global Compact, which identifies its progress in matters thereof.
- Proven reserves (1P)** Oil quantities which, by geological and engineering data analysis, may be considered with “reasonable certainty” to be commercially recoverable, as of a given date, from known reservoirs and under the current economic conditions, operation methods and regulations.
- Public-private alliance** The convergence of state, private and civil society actors regarding a shared agenda of public interest (which, by the way, does not exclude each sector’s interest).
- Recovery rate** Percentage of oil extracted from a well.
- Relevance** See materiality.
- Responsiveness** The response of an organization to the issues of the stakeholders that affect their performance regarding CSR. It reflects how an organization responds to its stakeholders and is responsible before them. It is carried out by decisions, actions and performance, as well as by the communication with stakeholders.
- SMBs** Small and medium businesses.



Social investment (private) Planned, monitored and systematic voluntary distribution of private resources from companies or corporate foundations for social, environmental and cultural projects of public interest.

Social license operation license The continuous acceptance and approval within the local communities and other stakeholders. Unlike the legal license to operate, it is granted by the local community, intangible and rooted in the beliefs, perceptions and opinions of the local population and other stakeholders regarding the project.

Social value Value related to the life quality of the people, which cannot be measured in economic terms. The indicators may include social capital, structures, institutions, networks and relationships that allow the individuals to be more productive and to maintain/develop their human capital through cooperation.

Stakeholders Individuals, groups or organizations that influence an organization or that are affected by the decisions made by the latter.

Stakeholders' engagement Activity performed to create dialogue opportunities between an organization and one or more of its stakeholders, with the purpose of providing a solid base for the organization's decisions.

Stratigraphic well A well drilled to determine the stratigraphy of the geologically unknown area.

Sustainability A method of conducting our business in a transparent and inclusive way for all our stakeholders, which generates wealth and contributes to society's sustainable development, in harmony with our environment.



Sustainability report The practice of measuring, reporting and assuming responsibilities regarding the organization's performance while working towards the purpose of sustainable development. Offers a balanced and reasonable image of the reporting organization's sustainability performance, including both positive and negative contributions. It presents the results that have been obtained within the corresponding reporting period, serving the commitments, the strategy and the management approach adopted by the organization.

Sustainable development Development that meets current needs without compromising the ability of future generations of meeting their own needs (Brundtland Commission, 1983).

Sustainable management Management that takes into account the results of the organization in terms of the triple count (economy, environment and society).

Task force A temporary unit established to work in a specific operation or mission.

Transparency A principle that allows those who are affected by administrative decisions, business transactions or philanthropic interventions to not only know the basic facts but also the mechanisms and processes. It is the public officers, managers and trustees' duty to act with visibility, predictability and understandably.



OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	128
GRI CHART	143
INDEPENDENT REVIEW REPORT	171
	141

Upstream Term commonly used to refer to the search, recovery and production of crude oil and natural gas. Also known as the sector's exploration and production (E&P). It includes the search for potential oil underground or underwater and gas fields, exploratory well drilling and, subsequently, well exploitation to recover and extract crude oil and/or crude natural gas to the surface.

Value chain Complete sequence of activities or parts that provide (suppliers, subcontracted workers and others) or receive (clients, consumers and other users) value in the form of products or services.

Verification Proof that something is true, accurate or justified.

Sources

Bogota Mayor's Office, Public-Private Alliance Manual for the District in the context of social responsibility.

Draft of the international standard ISO 26000 on social responsibility (2009).

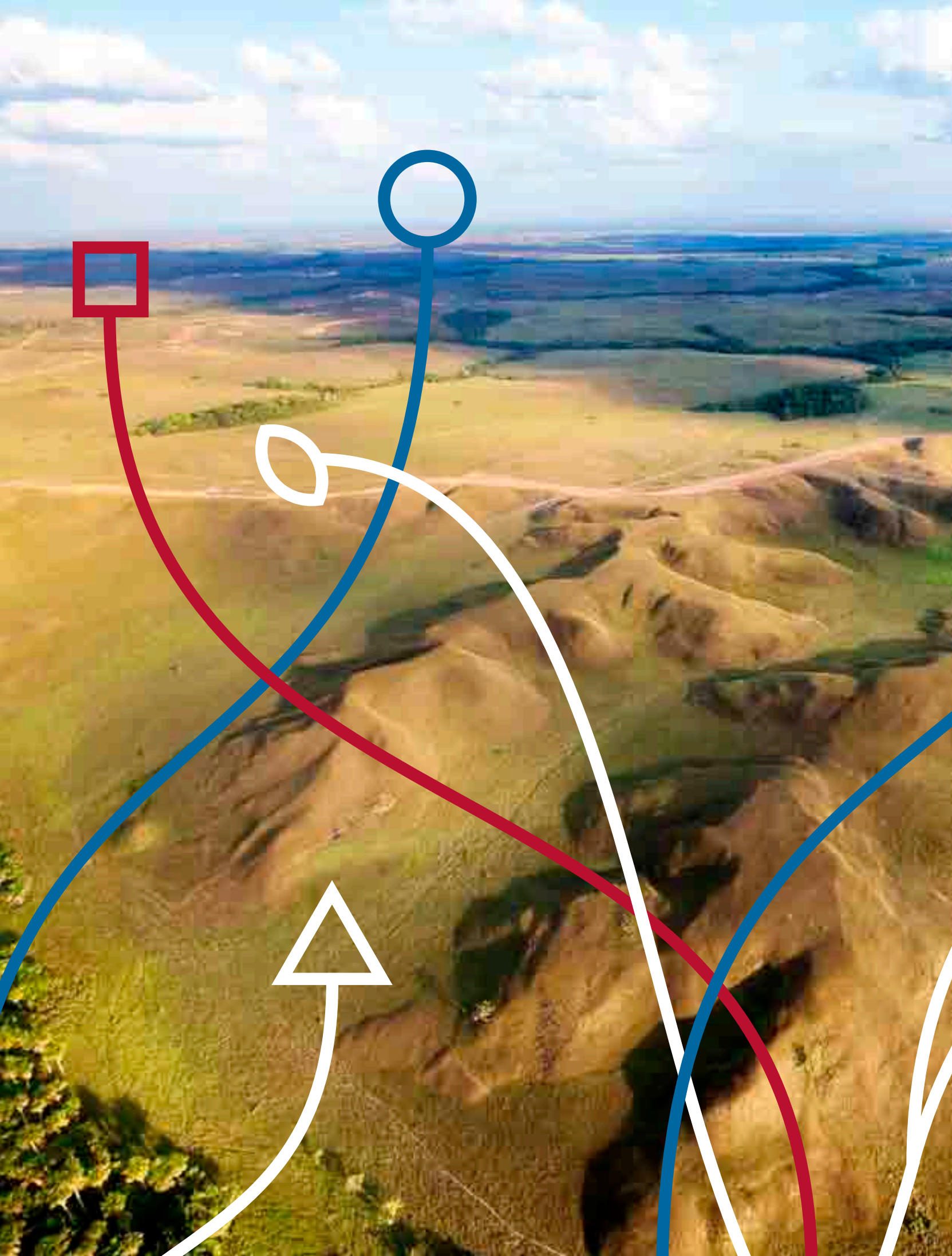
"Guidelines for Preparing Sustainability Reports", Global Reporting Initiative (version G3 - 2006).

Accountability Principles Standard AA1000APS, (2008).

Ministry of Mines and Energy, Republic of Colombia.

Global Compact Network Colombia, What is the Global Compact?







**GRI Chart
and Global
Compact,
COP Advanced**

GRI Chart

GRI	DESCRIPTION	REPORTED	REFERENCE
PROFILE			
1. Strategy and analysis			
1.1	Statement of sustainability relevance.	Yes	Words from the President.
1.2	Main impacts, risks and opportunities.	Yes	Words from the President. Words from the Vice-President of Corporate Affairs and Sustainability Blocking of operations and cease of production in Rubiales and Quifa fields.
2. Organization's profile			
2.1	Organization's name.	Yes	Our Organization.
2.2	Main brands, products and services.	Yes	Our Organization.
2.3	Operative structure.	Yes	The operative structure is available at our website http://www.pacificrubiales.com/corporate/officers-a-management.html
2.4	Location of the organization's main office.	Yes	333 Bay Street, Suite 1100, Toronto, Ontario, M5H 2R2 Canada
2.5	Where it operates.	Yes	Our Organization. Due to its size, our operations in Colombia are especially relevant for the sustainability matters addressed in this report.
2.6	Nature of the property and legal form.	Yes	Our Organization.
2.7	Markets served.	Yes	Our Organization.
2.8	Size of the Company.	Yes	Our Organization.
2.9	Significant changes.	Yes	New investments in exploration of the Guyana/Suriname Basin.
2.10	Awards and distinctions received during the reporting period.	Yes	2011 Highlights Awards.
3. Report parameters			
Report profile			
3.1	Period covered.	Yes	Our Sustainability Model. Our Sustainability Report.
3.2	Date of the most recent previous report.	Yes	2010 Sustainability Report.
3.3	Cycle of report submission.	Yes	Annual report.
3.4	Contact area for the matters related to the report or its contents.	Yes	Valeria Santos, Sustainability Director PBX: +57.1.511.2000, Bogota D.C., Colombia vsantos@pacificrubiales.com.co
Scope and coverage of the report			
3.5	Process for defining the contents of the report.	Yes	Our Sustainability Model. Materiality Analysis. For Pacific Rubiales, materiality is more a means for improving its management, than an end in itself. Thus, the test is a continuous exercise, year after year. Its purpose is analyzing the importance of a matter, both in its internal and external perceptions, for identifying opportunities and risks. Since 2009 we have developed processes for measuring the importance of the matters related to each of our proposed commitments, according to our stakeholders and the maturity of our management in said matters. In 2009 and 2010 we developed an involvement process with external stakeholders to learn of their perception and to give priority to the most relevant matters. In 2011, we made progress in measuring the perception of our managers on the management of the matters identified. As a result of these internal and external materiality processes, changes occurred in the commitments and matters included in the section Our Sustainability Model. Materiality Analysis.
3.6	Report's coverage.	Yes	Our Sustainability Model. Our Sustainability Report.
3.7	Limitations to the scope or coverage.	Yes	This report includes some of the activities that have been started in Peru and Guatemala.
3.8	Basis to include information in the case of joint business, affiliates, leased facilities, subcontracted activities and other entities that may significantly affect comparability between periods.	Yes	Only businesses with 100% participation of Pacific are reported.
3.9	Techniques for data measuring and basis for making calculations.	Yes	Reports are made based on international parameters and parameters built by the company according to the nature of the business.
3.10	Restatement of information from previous documents.	Yes	There is no restatement of previous documents.
3.11	Significant changes in the valuation methods of previous reports.	Yes	There were no significant changes to report in this period.
Index of GRI's contents			
3.12	GRI table of contents.	Yes	Reference to GRI table.
Verification			
3.13	Policy and report's verification.	Yes	Independent verification report. Deloitte & Touche Ltda.
4. Governance, commitments and participation of stakeholders			
Governance			
4.1	Description of the governance structure.	Yes	Our Organization. Our Corporate Governance. For more information on the bylaws of the Committees, please visit our website: http://www.pacificrubiales.com/corporate/corporate-governance.html
4.2	Chairman of the board and his executive position as president of the organization.	Yes	Our Organization. Our Corporate Governance.

GRI	DESCRIPTION	REPORTED	REFERENCE
4.3	Structure of the maximum governance body (Board of Directors).	Yes	Our Organization. Corporate Model.
4.4	Shareholders and employees' mechanisms to communicate recommendations or comments to the maximum governance body.	Yes	Act with coherence and transparency. Ethical channels and transparency in the market. We have ethical channels (telephone and website: www.globalcci.com that can be used by our employees for matters related to compliance with the Code of Ethics). Likewise, we have annual meetings to review the communication strategy with the shareholders and receive feedback from them.
4.5	Link between the retribution from the members of the maximum governance body, the high directors and executives (including removal of duty agreements) and the organization's performance (including its social and environmental performance).	Yes	This information can be found on our website: http://www.pacificrubiales.com/corporate/corporate-governance.html . See Compensation Committee.
4.6	Procedures to avoid conflicts of interest in the maximum governance body.	Yes	This information can be found on the Information Disclosure Policy, in the Corporate Governance section. See: http://www.pacificrubiales.com/corporate/corporate-governance.html
4.7	Procedure for determining the training and experience that can be asked from the members of the maximum governance body to be able to guide the organization's strategy in social, environmental and economic matters.	Yes	This information can be found on our website: http://www.pacificrubiales.com/corporate/corporate-governance.html See Compensation Committee.
4.8	Statement of mission, vision, values, code of conduct and relevant principles.	Yes	Act with coherence and transparency. New Code of Conduct and Corporate Ethics. Our Code of Conduct applies to the entire organization and is in line with international referents such as the Universal Declaration of Human Rights, the Universal Declaration of the ILO regarding the fundamental principles and rights in labour, the United States Declaration on the rights of indigenous people, the principles of the Global Compact, among others. Our Sustainability Model. Strategy. To see our mission and vision, please visit our website: http://www.pacificrubiales.com/corporate/vision-a-strategy.html
4.9	Procedures of the maximum governance body for supervising the identification and management, by the organization, of the economic, environmental and social performance including the related risks and opportunities, as well as the adherence or compliance with the standards agreed at an international level, codes of conduct and principles.	Yes	Our Sustainability Model. Sustainability Committee. The Board of Directors is the maximum governance body, responsible for monitoring the economic, environmental and social performance of the Company, including risks and opportunities, as well as the adherence or compliance with standards at an international scale. Additionally, the controls and risks are identified during our public disclosure process through the Annual Report, the annually audited financial statements and the environmental impact evaluations that allow us to comply with the environmental licenses in our operation areas and keep them in order. Starting in 2012, the Sustainability Committee will be in charge of this supervision, among other activities.
4.10	Self-evaluation mechanisms of the board of directors.	Yes	In 2011 we focused our efforts on improving the annual self-evaluation process by our Board of Directors, committees and independent directors. This evaluation includes a formal Board evaluation survey and a revision process by its peer members.
Commitments with external initiatives			
4.11	Adoption of the precautionary principle.	Yes	Act with coherence and transparency. Risk Management Model.
4.12	Social, economic and environmental programs externally developed.	Yes	Contribute to the sustainable development of communities.
4.13	Main associations to which the organization belongs or national or international entities that receive the organization's support.	Yes	Asociación Colombiana de Petróleos (ACP), Asociación Nacional de Industriales (ANDI-Colombia), Canadian Business for Social Responsibility (CBSR), member of the Global Compact and of the Local Network in Colombia and founding Member of the Local Network of the Global Compact in Latin America and the Caribbean, Royalties Investment Monitoring Committee, EITI (Extractive Industries Transparency Initiative).
Participation of Stakeholders.			
4.14	List of stakeholders that have been included.	Yes	Our Sustainability Model. Involvement with Stakeholders.
4.15	Methodology for selecting stakeholders.	Yes	Our Sustainability Model. Involvement with Stakeholders. The prioritization of stakeholders is made based on the criteria established by regulation AA1000: representativeness, dependency, urgency, responsibility and influence.
4.16	Criteria for selecting stakeholders.	Yes	Our Sustainability Model. Involvement with Stakeholders. Our stakeholders are those institutions, groups or persons that may affect or be affected by Pacific and our activities.
4.17	Concerns gathered of the stakeholders.	Yes	Our Sustainability Model. Involvement with Stakeholders. Blocking of operations and cease of production in Rubiales and Quifa fields. Construction of a Social Labour Agreement with the community. Negotiations with direct employees, contractors and subcontractors.

5. Management approaches and performance indicators

MANAGEMENT APPROACHES

G3EG Description.

EG EC EC Management Approach

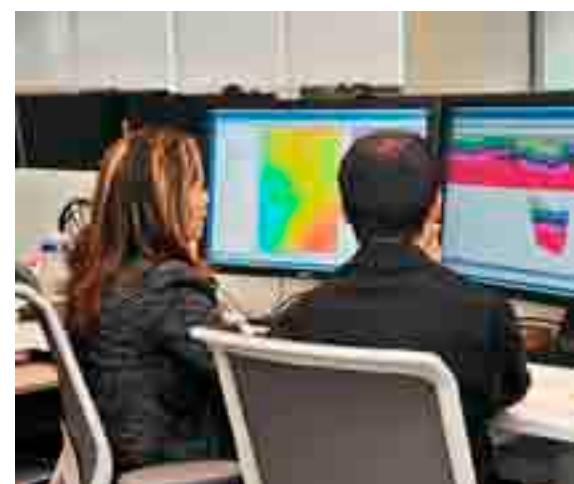
Aspects	Economic Performance.	Yes	Operate with excellence Success in the operation.
	Presence in the market.	Yes	Our Organization. Strengthen sustainability in our supply chain. Purchase of local goods and services.

GRI	DESCRIPTION	REPORTED	REFERENCE
	Indirect economic impacts.	Yes	Contribute to the sustainable development of the communities. Social Investment Plan. Strengthen sustainability in our supply chain. Purchase of local goods and services.
EG EN	EN Management Approach		
Aspects	Materials.	Yes	Work in harmony with the environment. Solid wastes.
	Energy.	Yes	Work in harmony with the environment. Energy and emissions.
	Water.	Yes	Work in harmony with the environment. Integral water management.
	Biodiversity.	Yes	Work in harmony with the environment. Biodiversity.
	Emissions, streams and wastes.	Yes	Work in harmony with the environment. Energy and emissions /Integral water management /Solid wastes.
	Products and services.	Yes	Work in harmony with the environment. Energy and emissions.
	Compliance.	Yes	Work in harmony with the environment.
	Transportation.	Yes	Service and infrastructure. 81% of production of Quifa and Rubiales fields is transported through the ODL pipeline, generating savings in fuel of approximately 883 trucks per day. On the other hand, contractors with more personnel implemented, under our guidance, a bus transportation system with the purpose of minimizing travel in pickup trucks.
	General.	Yes	Work in harmony with the environment.
EG LA	LA Management Approach		
Aspects	Employment.	Yes	Have the best talent.
	Employment relations.	Yes	Respecting and promoting HR in our operations. Right of Association. Have the best talent. Inclusive employment relations.
	Occupational health and safety.	Yes	Operate with excellence. Occupational health / Industrial Safety.
	Training and education.	Yes	Have the best talent. Organizational learning. Integral growth of our people.
	Diversity and equality of opportunities.	Yes	Have the best talent. Strengthening the Pacific Rubiales Culture. Our Code of Conduct applies to the entire organization and is in line with different international instruments such as the Universal Declaration of Human Rights, the ILO's Universal Declaration regarding the principles and fundamental rights in labour, the United Nations declaration on the rights of indigenous people and the Principles of the Global Compact, among others.
EG HR	HR Management Approach		
Aspects	Investment and supply practices.	Yes	Strengthen sustainability in our supply chain. Auditing of contractors. Pacific Rubiales expressly established the commitment with Human Rights in its investment agreements. Among the agreements that contain these clauses are: - Meta Petroleum Corp. / Talisman Colombia Oil & Gas Limited. - Meta Petroleum Corp. / Talisman Colombia Oil & Gas Limited / Cepcolsa. - Meta Petroleum Corp. / Cepcolsa. - Pacific Stratus Energy Colombia Corp. / Petrobras.
	No discrimination.	Yes	Act with coherence and transparency. New Code of Ethics and Corporate Conduct. Have the best talent. Strengthening of the Pacific Culture.
	Freedom of association and negotiation.	Yes	Respect and promote HR in our operation. Right of Association.
	Child labour.	Yes	Respect and promote HR in our operation. Eradication of child and forced labour.
	Forced labour.	Yes	Respect and promote HR in our operation. Eradication of child and forced labour.
	Safety practices.	Yes	Respect and promote HR in our operation. Responsibility in the physical safety of operations.
	Rights of indigenous people.	Yes	Respect and promote HR in our operation. Human, economic, social and cultural rights of the communities.
EG SO	SO Management Approach		
Aspects	Community.	Yes	Contribute to the sustainable development of communities.
	Corruption.	Yes	Act with coherence and transparency. Compliance, verification and auditing. Anti-corruption Policy.
	Public policy.	Yes	Pacific Rubiales does not intervene in the regular performance of public policies. However, when the forums are encouraged by the State looking for comments and participation in the public policies, Pacific submits its observations on the respective regulation.
	Unfair competition behavior.	Yes	There were no actions against Pacific Rubiales Energy in 2011.
	Compliance.	Yes	Act with coherence and transparency. Compliance, verification and auditing. Anti-corruption Policy.
EG PR	PR Management Approach		
Aspects	Consumer's health and safety.	Yes	Operate with excellence. Industrial safety /Service and infrastructure. Product quality and efficiency.
	Labeling of products and services.	Yes	Operate with excellence. Infrastructure service. Client's satisfaction.
	Marketing and communications.	Yes	There were no penalties for marketing communications against Pacific Rubiales in 2011.
	Consumer privacy.	Yes	There were no penalties for leaks of confidential information of clients against Pacific Rubiales in 2011.
	Compliance.	Yes	Operate with excellence. Service and infrastructure. Quality of the product and efficiency.
List of GRI G3 Indicators			

GRI	DESCRIPTION	REPORTED	REFERENCE																																																																												
EC00 ECONOMIC																																																																															
Economic performance																																																																															
EC1	Generated and distributed direct economic value, including income, exploitation costs, retribution to employees, donations and other investments in the community, undistributed benefits and payments to capital suppliers and governments.	Yes	<table border="1"> <thead> <tr> <th colspan="2">Generated and distributed direct economic value</th> <th>2011 (US million dollars)</th> <th>2010 (US million dollars)</th> </tr> </thead> <tbody> <tr> <td>Oil and gas sales income</td> <td></td> <td>3,380.8</td> <td>1,661.5</td> </tr> <tr> <td>Other income</td> <td></td> <td>22.4</td> <td>26.6</td> </tr> <tr> <td>Generated economic value</td> <td></td> <td>3,403.2</td> <td>1,688.2</td> </tr> <tr> <td>Employees salaries and benefits</td> <td>1. Salaries And Benefits (G&A)</td> <td>83.4</td> <td>55.5</td> </tr> <tr> <td></td> <td>2. Interest Loans To Employees (G&A)</td> <td>0.2</td> <td>0.2</td> </tr> <tr> <td></td> <td>3. Personnel Expenses (Cost)</td> <td>20.1</td> <td>19.6</td> </tr> <tr> <td></td> <td>4. Temporary Operational Personnel (Cost)</td> <td>2.4</td> <td>1.0</td> </tr> <tr> <td></td> <td>5. Share-based compensation</td> <td>48.8</td> <td>73.3</td> </tr> <tr> <td></td> <td>Total</td> <td>154.8</td> <td>149.6</td> </tr> <tr> <td>Payments to the government</td> <td>1. Equity Tax</td> <td>68.4</td> <td>2.0</td> </tr> <tr> <td></td> <td>2. Income Tax Expense (paid)</td> <td>513.3</td> <td>171.1</td> </tr> <tr> <td></td> <td>3. Royalties in cash</td> <td>5.7</td> <td>6.3</td> </tr> <tr> <td></td> <td>Total</td> <td>587.4</td> <td>179.4</td> </tr> <tr> <td>Payments to suppliers</td> <td></td> <td>105.1</td> <td>51.4</td> </tr> <tr> <td>Operational costs</td> <td></td> <td>1,870.5</td> <td>995.5</td> </tr> <tr> <td>Investment in communities and environment</td> <td>Communities</td> <td>3.4</td> <td>2.3</td> </tr> <tr> <td>Distributed economic value</td> <td></td> <td>2,721.2</td> <td>1,378.2</td> </tr> <tr> <td>Retained economic value</td> <td></td> <td>682.0</td> <td>310.0</td> </tr> </tbody> </table> <p style="text-align: right;">* Expenses Follows IFRS.</p>	Generated and distributed direct economic value		2011 (US million dollars)	2010 (US million dollars)	Oil and gas sales income		3,380.8	1,661.5	Other income		22.4	26.6	Generated economic value		3,403.2	1,688.2	Employees salaries and benefits	1. Salaries And Benefits (G&A)	83.4	55.5		2. Interest Loans To Employees (G&A)	0.2	0.2		3. Personnel Expenses (Cost)	20.1	19.6		4. Temporary Operational Personnel (Cost)	2.4	1.0		5. Share-based compensation	48.8	73.3		Total	154.8	149.6	Payments to the government	1. Equity Tax	68.4	2.0		2. Income Tax Expense (paid)	513.3	171.1		3. Royalties in cash	5.7	6.3		Total	587.4	179.4	Payments to suppliers		105.1	51.4	Operational costs		1,870.5	995.5	Investment in communities and environment	Communities	3.4	2.3	Distributed economic value		2,721.2	1,378.2	Retained economic value		682.0	310.0
Generated and distributed direct economic value		2011 (US million dollars)	2010 (US million dollars)																																																																												
Oil and gas sales income		3,380.8	1,661.5																																																																												
Other income		22.4	26.6																																																																												
Generated economic value		3,403.2	1,688.2																																																																												
Employees salaries and benefits	1. Salaries And Benefits (G&A)	83.4	55.5																																																																												
	2. Interest Loans To Employees (G&A)	0.2	0.2																																																																												
	3. Personnel Expenses (Cost)	20.1	19.6																																																																												
	4. Temporary Operational Personnel (Cost)	2.4	1.0																																																																												
	5. Share-based compensation	48.8	73.3																																																																												
	Total	154.8	149.6																																																																												
Payments to the government	1. Equity Tax	68.4	2.0																																																																												
	2. Income Tax Expense (paid)	513.3	171.1																																																																												
	3. Royalties in cash	5.7	6.3																																																																												
	Total	587.4	179.4																																																																												
Payments to suppliers		105.1	51.4																																																																												
Operational costs		1,870.5	995.5																																																																												
Investment in communities and environment	Communities	3.4	2.3																																																																												
Distributed economic value		2,721.2	1,378.2																																																																												
Retained economic value		682.0	310.0																																																																												
EC2	Financial consequences and other risks and opportunities for the organization due to climate change.	Partial	Work in harmony with the environment. Energy and emissions.																																																																												
EC3	Coverage of the obligations the organization owes to social benefit programs.	Yes	Have the best talent. Total compensation systems. Pacific Rubiales' Retirement fund plan. Currently Pacific does not have retired personnel since the Company is young and does not have a representative sample of employees that are approaching the retirement age.																																																																												
EC4	Significant financial aid received from governments.	Yes	Due to the nature of the business, Pacific Rubiales does not receive significant financial aid from the Government.																																																																												
Presence in the market																																																																															
EC5	Range of the relations between the standard initial salary and the local minimum salary in places where significant operations take place.	Yes	The legal monthly minimum salary for 2011 was USD\$289.80. The salary of Pacific Rubiales employees was USD\$718.01, that is, 2.48 times more the current legal minimum wage (148% in addition to the SSMLV) The minimum salary of contractors and subcontractors was \$669.85, that is, 2.18 times the current legal minimum wage.																																																																												
EC6	Expense policy, practices and proportion corresponding to local suppliers in places where significant operations take place.	Yes	Strengthen the sustainability of our supply chain: Supplier's management and development. Development and consolidation of the potential supplier attention program. Realization of the Second Encounter of Suppliers and Contractors. Purchase of local goods and services. In Pacific Rubiales, we are carrying out the following actions to support and have a greater control over our supply chain: Strengthen the communication channels with suppliers and contractors. Promote the integration of the support areas (HSEQ, RSC, Employment Relations, Physical Safety, Quality), to strengthen the performance evaluation schemes. Strengthen Pacific Rubiales Single proponent Registry.																																																																												
EC7	Procedures for local contracting and proportion of high directors coming from the local community in places where significant operations take place.	Yes	Have the best talent. Selection and retention of talent. Total local employees: 1,480 Total foreign employees: 93 Of the 100% of our upper management (Vice-Presidents and managers) 63.59% are local and 44.41% are foreign.																																																																												
Indirect economic impacts																																																																															
EC8	Development and impact of the investment in infrastructure and the services provided mainly for the public benefit through commercial, pro bono and in-kind commitments.	Yes	Contribute to the sustainable development of communities. Social Investment Plan. Have the best talent. First pilot experience of the Pacific Rubiales Volunteer Program.																																																																												
EC9	Understanding and description of the significant indirect economic impacts, including their scope.	No																																																																													

GRI	DESCRIPTION	REPORTED	REFERENCE
EN00 ENVIRONMENTAL MODEL			
Materials			
EN1	Materials used, per weight and volume.	Yes	Work in harmony with the environment. Graph: "Materials used".
EN2	Percentage of the materials used that are recovered materials.	Yes	Work in harmony with the environment. Solid Wastes. Casing plugs conversion Case.
Energy			
EN3	Direct energy consumption, listed by primary sources.	Yes	Work in harmony with the environment. Fuel used for energy generation.
EN4	Indirect energy consumption, listed by primary sources.	Yes	Work in harmony with the environment. Energy acquired externally.
EN5	Energy savings due to conservation and improvements in efficiency.	Yes	Work in harmony with the environment. Energy and emissions. Initiatives for reducing energy consumption and emissions during the operations.
EN6	Initiatives to provide products and services that are efficient in energy consumption or based on renewable energies, and the reductions in energy consumption as a result of said initiatives.	No	
EN7	Initiatives to reduce indirect energy consumption and the reductions achieved with said initiatives.	Yes	Work in harmony with the environment. Energy and emissions. Initiatives for reducing energy consumption and emissions in the operation. In our field, the indirect energy consumption refers to the services subcontracted for the performance of specific projects such as civil works, construction of flow lines, electrical and mechanical assemblies, among others; said services were performed by companies that actively participated in the energy savings and efficient use campaigns.
Water			
EN8	Total water collection per sources.	Yes	Work in harmony with the environment. Consumption per water source.
EN9	Water sources that have been significantly affected by water collection.	Yes	In 2011, Pacific did not significantly affect the concession water sources according to the criterion established in GRI technical protocol.
EN10	Percentage and total volume of recycled and reused water.	Yes	Work in harmony with the environment. Percentage of reutilization of water. Results of air conditioning and greywater recirculation program.
Biodiversity			
EN11	Description of lands adjacent to or located within protected natural spaces or in unprotected high biodiversity areas. Please mention the location and size of the own and leased lands, or of those that are considered with a high value in biodiversity in zones outside protected areas.	Yes	Work in harmony with the environment. Biodiversity.
EN12	Description of the most significant impacts to biodiversity in protected natural areas or in unprotected high biodiversity areas; products and services in protected areas with high value in biodiversity and in zones outside the protected areas.	Yes	Work in harmony with the environment. Biodiversity. Compensation of environmental services and recovery of intervened areas. During 2011 we recovered 2.21 km ² of affected areas in addition to the 3.74 km ² recovered during 2010.
EN13	Protected or restored habitat.	Yes	Work in harmony with the environment. Compensation of environmental services and recovery of intervened areas.
EN14	Implemented and planned strategies and actions for the management of impacts to biodiversity.	Yes	Work in harmony with the environment. Biodiversity. Initiatives carried out during 2011.
EN15	Number of species, listed by extension risk, included in the Red List of the IUCN and in national lists and whose habitat is in areas affected by the operations according to the threat degree of the species.	Yes	Work in harmony with the environment. Biodiversity: endangered species.
Emissions, effluents and wastes			
EN16	Total emissions, direct and indirect of greenhouse gas, by weight.	Partial	Work in harmony with the environment. Energy and emissions.
EN17	Other indirect emissions of greenhouse gases, by weight.	Partial	Work in harmony with the environment.
EN18	Initiative for reducing greenhouse gas emissions, and the reductions achieved.	Partial	Work in harmony with the environment. Initiatives for reducing energy consumption and emissions during operations.
EN19	Emissions of substances that destroy the ozone layer, by weight.	Yes	The cooling and air conditioning systems comply with the standards established by the Montreal Protocol.
EN20	NO, SO and other significant emissions into the air, by type and weight.	Yes	Work in harmony with the environment. Energy and emissions (Nox and SO ₂).

IF APPLICABLE, INDICATE THE UNREPORTED PART	REASON FOR THE OMISSION	COMMENTS
	Due to the nature of the business it is not material for Pacific Rubiales.	
Results of the emission measurement.	No results of the emission measurement are reported. We expect to report in 2013.	In 2011, we continued with the emission measurement process and we hired the firm ONIF for calculating the carbon footprint. At the time of this report, we do not have the results of the consultancy.
Results of the emission measurement.	No results of the emission measurement are reported. We expect to report in 2013.	In 2011, we continued with the emission measurement process and we hired the firm ONIF for calculating the carbon footprint. At the time of this report, we do not have the results of the consultancy.
GHG emission reductions achieved.	We do not have this information.	We expect to report in 2013.



GRI	DESCRIPTION	REPORTED	REFERENCE
EN21	Total dumping of waste waters, according to their nature and destination.	Yes	Work in harmony with the environment. Total dumping volume.
EN22	Total weight of treated wastes, per type and treatment method.	Yes	Work in harmony with the environment. Types of treated wastes.
EN23	Total number and volume of the most significant accidental spillages.	Yes	Work in harmony with the environment. Spillage prevention and remediation.
EN24	Weight of the transported, imported, exported or treated wastes that are considered hazardous according to the classification of the Basel Convention, annexes I, II, III and VIII and percentage of wastes transported internationally.	No	
EN25	Identification, size, protection status and biodiversity value of the listed water sources and habitats that are significantly affected by water and runoff water spillage by the reporting organization.	Yes	The performance of the Company's activities is within legal compliance and there have been no penalties from the environmental authority due to its water spillages.
Products and services			
EN26	Initiatives for mitigating the environmental impacts of the products and services, and the reduction degree of said impact.	No	
EN27	Percentage of sold products, and their packaging materials, that are recovered at the end of their useful life, by product categories.	No	
Compliance			
EN28	Cost of significant fines and number of non-monetary penalties due to breach of the environmental regulations.	Yes	No fines or penalties were generated due to this matter during 2011.
Transportation			
EN29	Significant environmental impact of the transportation of products and other goods and materials used for the activities of the organization, as well as for transporting personnel.	Yes	Operate with excellence: Infrastructure. Index of Spillage Frequency. Index of Environmental Affection severity. 81% of the production of Quifa and Rubiales fields is transported through the ODL pipeline, generating savings in the fuel of approximately 883 trucks per day. On the other hand, the contractors that have the largest personnel implemented, under our guidance, a bus transportation system with the purpose of minimizing travelling in pickup trucks.
General			
EN30	List per type of total environmental expenses and investments.	Yes	The total amount of environmental investments was USD\$7,728,240, as follows: - Use and management of water and energy: USD\$498,396. - Management and disposal of solid wastes: USD\$1,227,246. - Plant recovery and landscaping: USD\$2,580,158. - Prevention and attention to contingencies, spillages and fires: USD\$221,365. - Management and monitoring of atmospheric emissions and air quality: USD\$191,065. - Legal procedures to obtain permits, licenses and concessions: USD\$16,221. - Auditing and management, occupational health and social evaluations: USD\$699,882. - Studies and basic investigation, diagnosis, biophysical inventory and plans formulation: USD\$2,293,907.
LA00 SOCIAL: LABOUR PRACTICES AND WORK ETHICS			
Employment			
LA1	List of the group of workers per employment type, agreement and region.	Yes	Total of Pacific Rubiales employees: 1,711. Direct: 1,573 (full-time and permanent). Skilled personnel: 1,223. Ordinary workers: 348. Local: 1,480. Foreign: 93. Field: 787. In Bogota: 786. Temporary: 138.
LA2	Total number of employees and average employee rotation, listed by age group, gender and region.	Partial	Total terminations in Colombia: 49 persons. Average employee rotation in 2011: 3.11%. Women that left: 12. Men that left: 37.

OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171

IF APPLICABLE, INDICATE THE UNREPORTED PART	REASON FOR THE OMISSION	COMMENTS
	It is not material because Pacific Rubiales manages its wastes that are considered hazardous in other countries, the management is done with licensed local companies.	
	It is not material for Pacific Rubiales due to the nature of the business. Pacific does not design or deliver products and services to end consumers. It is not material for Pacific Rubiales due to the nature of the business. Pacific does not design products and containers or packages.	
Per age group.	We did not have this specification at the time of the report.	We expect to report in 2013.



GRI	DESCRIPTION	REPORTED	REFERENCE
LA3	Fringe benefits for the full-time employees that are not offered to temporary or part-time employees, listed by main activity.	Yes	Have the best talent, Balance and Quality of Life. Have the best talent: Total compensation systems. Prepaid medical insurance: USD\$3,833,469. Contributive Retirement Fund Plan: USD\$3,186,906. Field Bonus: USD\$602,788. Field transportation aid: USD\$369,930. Housing interest subsidy: USD\$365,960. Insurance policy: USD\$275,178. Specific purpose loan (house, car, domestic catastrophe and/or education): USD\$271,442. Gymnasium: USD\$113,626. Extralegal transportation aid: USD\$10,112. Total: USD\$9,129,411.
Employment Relations			
LA4	Percentage of employees covered by a collective bargaining agreement.	Yes	Respect and promote HR. Right of Association.
LA5	Minimum periods for preemptive notice regarding organizational changes, including if these notifications are specified in the collective bargaining agreements.	Yes	We do not have a minimum preemptive notice period; however, Pacific Rubiales always notifies all its employees of the changes occurring in the organization in a timely manner.
Occupational health and safety			
LA6	Percentage of the total of employees that is represented in joint directors-employees' health and safety committees established to help control and advise on occupational health and safety programs.	Yes	The joint occupational health committee has the participation of four representatives of the employees and four representatives of the employers with their respective alternates, regulatory members elected through voting by the employees and those appointed by the Company. Additionally, it has the support of delegates of each field, which represent 100% of the employees of the organization.
LA7	Absenteeism and professional disease rates, and number of fatal victims related to the work per region.	Yes	Operate with excellence. Percentage of compliance with disabling and non-disabling injuries frequency. Index of disabling injuries and Index of non-disabling injuries. (Pacific Rubiales' direct employees). Indicators of absenteeism due to common disease. Rate of professional diseases: 0. Deaths related to the work: 0.
LA8	Education, formation, advisory and prevention and control of risks applicable to employees, their families or the members of the community in relation to serious diseases.	Yes	Operate with excellence. Preventive Medicine. Self-care and prevention culture. Training programs.
LA9	Health and safety matters covered in formal agreements with unions.	Yes	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 and 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	Average of formation hours per year per employee, listed by employee category.	Partial	Operate with excellence. Training in health and safety. Have the best talent: Organizational learning. Percentage and number of trainings. Coverage of trainings per position.
LA11	Skill management and continuous formation programs that encourage the employability of the workers and that support them with the efforts for completing their professional careers.	Yes	Have the best talent: Initiative of talent's life cycle. Have the best talent: Organizational learning. Integral development of our personnel. PCU: Strategy of personnel integral formation. The percentage distribution of the total training time between technical, executive and behavioral skills is around 70-20-10, respectively. In the core area the percentage of man hours for technical formation is 80% 133 employees (8.5% of the population) were benefited with aids for formal education. The investment of the Company reached USD\$270,000, averaging \$2,016 per person. 528 persons (34% of the population) currently benefit from the aid given by the Company to learn English. More than 50% of these persons are under the virtual learning scheme. The total investment in organizational learning through PCU was USD\$2,104,845, between executive, behavioral and technical formation and the development of special projects. Of this amount, the expenses associated with the training logistics were of about USD\$258,174 (approx. 13%). The average cost of formation in executive and behavioral skills is USD\$40/hour.
LA12	Percentage of employees that receive regular performance and professional development evaluations.	Yes	Have the best talent. Integral development of our personnel. Percentage of employees trained in Performance Management: 65%. Percentage of employees with an Objective Performance Evaluation during 2011: 95%.
Diversity and equal opportunities			
LA13	Composition of the corporate governance bodies and template, broken down by gender, age range, member of minorities and other diversity indicators.	Yes	Per age range: 18-20: 11 21-30: 465 31-40: 582 41-50: 344 51-60: 149 61+: 22 Age average: 37 years Per gender: Women: 326. Men: 1247 Percentage of women in executive positions (e.g. Vice-Presidents, managers, leaders, coordinators, supervisors): 26% compared to 74% of men.

GRI	DESCRIPTION	REPORTED	REFERENCE
LA14	Relation between the base salaries of men compared to the base salaries of women, listed by professional category.	Partial	Have the best talent. Total compensation systems.
HR00 SOCIAL: HUMAN RIGHTS			
Investment and Supply Practices			
HR1	Percentage and total number of significant investment agreements that include Human Rights clauses or that have been subject to analysis in Human Rights matters.	Yes	Pacific Rubiales has expressly established the commitment with Human Rights in its investment agreements. Among the agreements that contain these clauses are: - Meta Petroleum Corp. / Talisman Colombia Oil & Gas Limited. - Meta Petroleum Corp. / Talisman Colombia Oil & Gas Limited / Cepcolsa. - Meta Petroleum Corp. / Cepcolsa. - Pacific Stratus Energy Colombia Corp. / Petrobras.
HR2	Percentage of the main suppliers and contractors that have been subject to analysis in Human Rights matters, and measures adopted as a consequence.	Yes	Strengthen sustainability of our supply chain. Auditing to contractors/integration of the Global Compact principles in our auditing process. Respect and promote Human Rights in our operations. Eradication of child and forced labour. 100% of our suppliers and contractors are audited at least once a year. In 2011, we terminated an agreement due to breach.
HR3	Total hours of employee training on policies and procedures related with matters of the Human Rights that are relevant to their activities, including the percentage of trained employees.	Partial	Our Code of Ethics is the reference point for guiding the proactive behavior of all the individuals that are part of and/or that act on behalf of Pacific Rubiales Energy. As part of our commitment for ensuring compliance with the provisions of the Code of Ethics and Corporate Conduct, all the employees, executives and directors must update our ethics statement on an annual basis.
No discrimination			
HR4	Total number of discrimination incidents and measures adopted.	Yes	No discrimination incidents were identified through the ethical channels during 2011.
Freedom of association and collective bargaining			
HR5	Activities of the Company in which the rights to freedom of association and of adhering to collective bargaining agreements face important risks, and measures adopted to support said rights.	Yes	Respect and promote HR. Right to Association. There is a fluent and respectful relation between Pacific Rubiales and contracting companies, and it is clear that the companies are committed to labour rights. They have a corporate structure, all the support and respect from the process, and carry out their activity without obstacles. In some contractors, the work has been more difficult, but they have made direct approaches with the directors, convincing them of the importance of strengthening the labour unions.
Child labour			
HR6	Identified activities that imply a potential risk of child exploitation, and measures adopted to contribute to its elimination.	Yes	Respect and promote HR in our operation. Eradication of child and forced labour. No operations with significant risks of child labour were identified in 2011.
Forced labour			
HR7	Operations identified to have a significant risk of originating forced or nonconsensual labour episodes, and the measures adopted to contribute to its elimination.	Yes	Respect and promote HR in our operation. Eradication of child and forced labour. No operations with significant risks or forced labour were identified in 2011.
Safety practices			
HR8	Percentage of the security personnel that has been trained in the organization's policies or procedures concerning the Human Rights relevant for the activities.	Yes	Respect and promote HR in our operation. Responsibility in the physical safety of the operations.
Indigenous people rights			
HR9	Total number of incidents related to violations of the rights of indigenous people and measures adopted.	Yes	There were no incidents with indigenous communities in 2011.
SO00 SOCIETY			
Community			
SO1	Nature, scope and effectiveness of programs and practices for assessing and managing the operation's impact in the communities, including the entrance, operation and exit of the Company.	Yes	Contribute with the sustainable development of the communities.
Corruption			
SO2	Percentage and total number of analyzed business units in regard to risks related to corruption.	Yes	Act with coherence and transparency. Risk Management Model. Updating the Anti-corruption Policy. In Pacific, through the Annual Fraud and Corruption Risk Evaluation, 100% of the areas are analyzed on the main risks they impact. Likewise, through the identification of these risks and their subsequent impact and probability appraisal by the management of the organization, treatment and mitigation plans are identified.

GRI	DESCRIPTION	REPORTED	REFERENCE
SO3	Percentage of employees trained in the organization's anti-corruption policies and procedures.	Partial	100% of our employees declare they know and adopt the Code of Ethics and Corporate Conduct. During August 2011, 14 Vice-Presidents (100%) were notified and updated on the Industry Corruption Risks and the strategies to be taken to update our Anti-Corruption Policy.
SO4	Measures taken to address corruption incidents.	Yes	Act with coherence and transparency. Ethical channels. 100% of complaints for potential fraud or corruption made through the different reporting channels were analyzed and investigated by the Ethics Committee. In 2011 we terminated an agreement with a contracting company due to management problems.
Public policies			
SO5	Position in public policies and participation in their development and in "lobbying" activities.	Yes	Pacific Rubiales does not intervene in the regular performance of public policies. However, when the forums are fostered by the State looking for comments and participation in the public policies, Pacific Rubiales submits its observations to the respective regulation.
SO6	Total value of the financial and in-kind contributions to political parties or to related institutions, by country.	Yes	Our Code of Ethics expressly forbids the financial contribution to political parties or to related institutions. There were no contributions to the regional elections in Colombia in 2011.
Unfair competition Behavior			
SO7	Total number of actions due to causes related to monopolistic and anti-competitive practices and their results.	Yes	There were no penalties due to this matter in 2011.
Compliance			
SO8	Monetary value of the significant penalties and fines and total number of non-monetary penalties that derived from the violation of laws and regulations.	Yes	In 2011, penalties were paid due to corrections in tax returns as follows: Meta Petroleum Corp: USD\$7,698.65 Pacific Stratus Energy: USD\$60,432.93 Total: USD\$68,132
PROO			
Consumer's health and safety			
PR1	Stages of the life cycle of the products and services that evaluate, in the event of being improved, the impact they have in the client's safety and health, and the percentage of significant product and service categories that are subject to these evaluation procedures.	Yes	Operate with excellence. Occupational Health. Industrial Safety.
PR2	Total number of incidents derived from the violation of the legal regulation or of the voluntary codes regarding the impacts of the products and services in health and safety during their life cycles, distributed according to the type of result of said incidents.	No	
Labeling of products and services			
PR3	Types of information on products and services required by the current procedures and regulations and the percentage of products and services subject to these information requirements.	No	
PR4	Total number of violations to the regulations and to the voluntary codes regarding the information and labeling of the products and services, distributed according to the type of result of such incidents.	Yes	There were no violations in this matter during 2011.
PR5	Practices in regard to client's satisfaction, including the result of the client's satisfaction surveys.	Yes	Operate with excellence. Service and infrastructure. Client's satisfaction.
Marketing communications			
PR6	Programs of law compliance or adhesion to standards and voluntary codes mentioned in marketing communications, including advertisement, other promotional activities and sponsorship.	No	
PR7	Total number of incidents as a result of the violation of the regulations related to the marketing communications, including promotion and sponsorship, distributed according to the type of result from said incidents.	Yes	No incidents due to violation of the regulations related to marketing communications were generated during 2011.
Client's privacy			
PR8	Total number of duly substantiated claims related to the respect of privacy and leak of personal information of clients.	Yes	No penalties due to leak of client's confidential information against Pacific Rubiales were generated during 2011.
PR9	Cost of significant fines that are a result of the violation of the regulations related to the supply and use of the organization's products and services.	Yes	During 2011, penalties due to delays in the delivery of products were generated as follows: Meta Petroleum Corp: USD\$125,054.80. Pacific Stratus Energy: USD\$54,159.73. Total: USD\$179,214.53.





Global Compact, COP Advanced

OUR ORGANIZATION 13
 OUR SUSTAINABILITY MODEL 19
 2011 HIGHLIGHTS 29
 OPERATIONS BLOCKADE 35
 WE REMAIN COMMITTED TO 49
 GLOSSARY 131
 GRI CHART 143
 INDEPENDENT REVIEW REPORT 171
163

GC PRINCIPLE	REFERENCE/ COMMENTARY
<p>Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights within their area of influence.</p>	<p>Our Code of Ethics and Conduct is in line with international documents such as the Universal Declaration of Human Rights, the Universal Declaration of the ILO regarding the fundamental principles and rights in labour, the United Nations Declaration on the rights of indigenous people, the Principles of the Global Compact, among others. For more information, see the chapter “Respect and Promote Human Rights in our Operations.”</p>
<p>Principle 2. Businesses should make sure that they are not complicit in human rights abuses.</p>	<p>a. 100% of our suppliers and contractors are audited at least once a year. Our auditing processes include the verification of the labour standards in line with the Principles of the Global Compact. b. We educate our suppliers and contractors on the importance of dignified work, good conditions and compliance with labour obligations. c. We designed a Guide for the Implementation of Voluntary Principles with the purpose of strengthening the security processes and systems established by Pacific Rubiales with elements that are considered critical for a better analysis of risks in HR and a better security management by law enforcement officers and by the private security services. d. We provided human rights training to sixty employees that provide security services to Pacific. For more information, see the chapters “Respect and Promote Human Rights in our Operations” and “Strengthen Sustainability in our Supply Chain.”</p>
<p>Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>	<p>2,430 employees are affiliated with the Union of Workers of the National Energy and Public Utilities Industry (Uten), which is a member of the General Labour Confederation (CGT), the largest union in Colombia. 885 are direct employees, representing 56.7% of our direct employees, and 1,545 are employees of our contractors. For more information, see our commitment “Respecting and Promoting Human Rights in our Operations.”</p>
<p>Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.</p>	<p>We ensure the absence of child labour and any kind of forced labour in our operations. We promote this same conduct with our suppliers and contractors through social auditing and HSEQ auditing. For more information, see our commitment “Respecting and Promoting Human Rights in our Operations.”</p>
<p>Principle 5. Businesses should uphold the effective abolition of child labour.</p>	<p>We ensure the absence of child labour and any kind of forced labour in our operations. We promote this same conduct with our suppliers and contractors through social auditing and HSEQ auditing. To reinforce this commitment, in 2011 we adhered to the Local Network of the Global Compact Colombia, joining the committee for abolishing child labour. For more information, see our commitments “Respecting and promoting human rights in our operations.”</p>
<p>Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>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 channels that allow for making anonymous reports of events or situations that do not comply with the ethics policies of the Company. Our Ethics Committee is in charge of investigating the cases submitted. c. In addition to these channels, our ethical culture is reinforced through corporate communications, workshops and other activities aimed at strengthening the corporate values and actions that are conducive to these values. For more information, see our commitment “Acting with Coherence and Transparency.”</p>
<p>Principle 7: Businesses should support a precautionary approach that favours the environment.</p>	<p>a. We have a HSEQ policy that integrates environmental matters, we are certified with ISO 14001 and we continuously train our employees, suppliers and contractors to comply with them. For more information, see our commitment “Working in Harmony with the Environment.”</p>
<p>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.</p>	<p>a. In all our process, we aim at producing more using less energy and generating fewer emissions. For this, we developed the Program for Managing and Monitoring Atmospheric Emissions and Air Quality, whose purpose is to minimize, mitigate or compensate the environmental impacts caused by operations. b. We have a HSEQ policy that integrates environmental matters, we are certified with ISO 14001 and we constantly train our employees, suppliers and contractors to comply with them. For more information, see our commitment “Working in Harmony with the Environment.”</p>
<p>Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>We have a HSEQ policy that integrates environmental matters, we are certified with ISO 14001 and we continuously train our employees, suppliers and contractors to comply with them. For more information, see our commitment “Working in Harmony with the Environment.”</p>
<p>Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>a. We have an updated Anti-Corruption Policy. Through this, we carry out procedures that aim at mitigating those risks related to money laundering, terrorism funding, corruption and related felonies, ensuring that our counterparties do not use the organization to legitimize capital, goods or assets coming from illegal activities. b. Our hiring processes with suppliers, our purchasing and contracting are subject to an extensive review of the participants, verifying, through a list of more than 140 global risks, the transparency of the companies and the persons that are involved with our organization. c. Our Code of Ethics is the reference framework for guiding the proactive behavior of all the individuals that are part of and/or that act on behalf of Pacific Rubiales. As part of our commitment to ensuring compliance with the provisions of the Code of Ethics and Corporate Conduct, all of our employees, executives and directors must update our ethics statement on an annual basis. For more information, see our commitment “Act with Coherence and Transparency.”</p>

COP AD REQUIREMENTS	REFERENCE / COMMENTARY
STRATEGY, GOVERNANCE AND COMMITMENT.	
CRITERION 1: The COP describes critical aspects of the sustainability strategy for the highest levels of the company, in line with the principles of the GC	
Best practices achieved	
Greater impact of sustainability trends from a long-term perspective and the financial performance of the organization.	The description of the analysis of the impacts of our business' sustainability and the financial performance are included in: "Message from the President" and "Message from the Vice-President of Corporate Affairs and Sustainability."
Main sustainability risks and opportunities in the short and medium-term (3-5 years).	Throughout the report, we have identified risks and opportunities in environmental, social and economic matters. Additionally, we have a Risk Management model that allows identifying, evaluating, measuring, treating and generating an early response to the risks that may affect the achievement of the corporate objectives on an annual basis.
Social and environmental impact of the organization's activities. Global strategy to manage the sustainability impacts, risks and opportunities in the short and medium-term (3-5 years).	We have reported initiatives and indicators of the environmental and social impacts of our operation, and challenges to manage said impacts have been identified.
Key performance indicators to measure progress.	We are in line with the GRI performance indicators and with those of our organization.
Main accomplishments and failures during the period.	We have described our positive progress and recognized our opportunities to improve in the following chapters: "Message from the President", "Message from the Vice-President of Corporate Affairs and Sustainability" and "What Happened in Puerto Gaitan."
CRITERION 2: COP describes the effective decision making process and the governance systems for corporate sustainability.	
Best practices achieved	
Participation and accountability of management and the directors in the corporate sustainability strategy and its implementation in line with the principles of the Global Compact.	We have the approval of the Sustainability Committee, which is a sub-committee of the Board of Directors. The purpose of this committee is ensuring the design, implementation and efficient deployment of the sustainability strategy from a multidisciplinary perspective that is in line with the strategic objectives of the Company and international standards, such as the Global Compact.
Corporate governance structure (Board of Directors or equivalent) and its role in monitoring performance of corporate sustainability in line with the principles of the Global Compact.	We have the approval of the Sustainability Committee, which is a sub-committee of the Board of Directors. The purpose of this committee is ensuring the design, implementation and efficient deployment of the sustainability strategy from a multidisciplinary perspective that is in line with the strategic objectives of the Company and international standards, such as the Global Compact.
Assessment structures and executive incentive that promote the sustainability strategy in line with the principles of the Global Compact.	
CRITERION 3: COP describes the commitment with all the important stakeholders.	
Best practices achieved	
Lists of stakeholders to which the Company is committed.	We have identified our main stakeholders within our sustainability management, and we are structuring our involvement system to allow developing strategic spaces for collective construction with priority stakeholders on matters that are in line with our sustainability and mutual interest commitments, and having input from these spaces for making strategic decisions.
Process for the identification and involvement of stakeholders.	In addition to maintaining our regular dialogues, strictly related to the operation, we developed strategic involvements with the community, collaborators, investors, and local governments, among others. For more information, see chapter "About this Report."
Results of the involvements of stakeholders.	The results obtained in the dialogue committees with the community of Puerto Gaitan are included in this report. For more information, see the chapter "What Happened in Puerto Gaitan."
Process for incorporating contributions from stakeholders into the corporate strategy and the making of corporate decisions.	<ul style="list-style-type: none"> • The results obtained during the dialogue committees in Puerto Gaitan were a critical input for updating Pacific Rubiales' contractual annexes. • We are structuring our involvement system that allows developing strategic spaces for collective construction, with the priority stakeholders, on matters in line with our commitments on sustainability and mutual interest; and having inputs from these spaces for strategic decision making.
UN OBJECTIVES AND MATTERS	
CRITERION 4: COP describes the actions adopted for supporting the most extensive objectives and matters of the United Nations.	
Best practices achieved	
Adoption or amendment of the business strategy and operative procedures to maximize the contribution to the United Nations objectives and matters.	
Development of products, services and business models that contribute to United Nations objectives and matters.	
Social investments and philanthropic contributions that adhere to the basic skills of the organization, the operational context and the sustainability strategy.	Our Social Investment Plan is in line with our sustainability view and materializes through strategic alliances. It is comprised of the following main areas: institutional strengthening, education, competitiveness and supportive investments.
Public support of the importance of one or more UN objectives and matters.	We have a Social Investment Plan that is based on the municipal and departmental development plans within the Millennium Development Goals and the needs of the community.
Collaboration and collective actions projects for supporting the United Nations objectives and matters.	

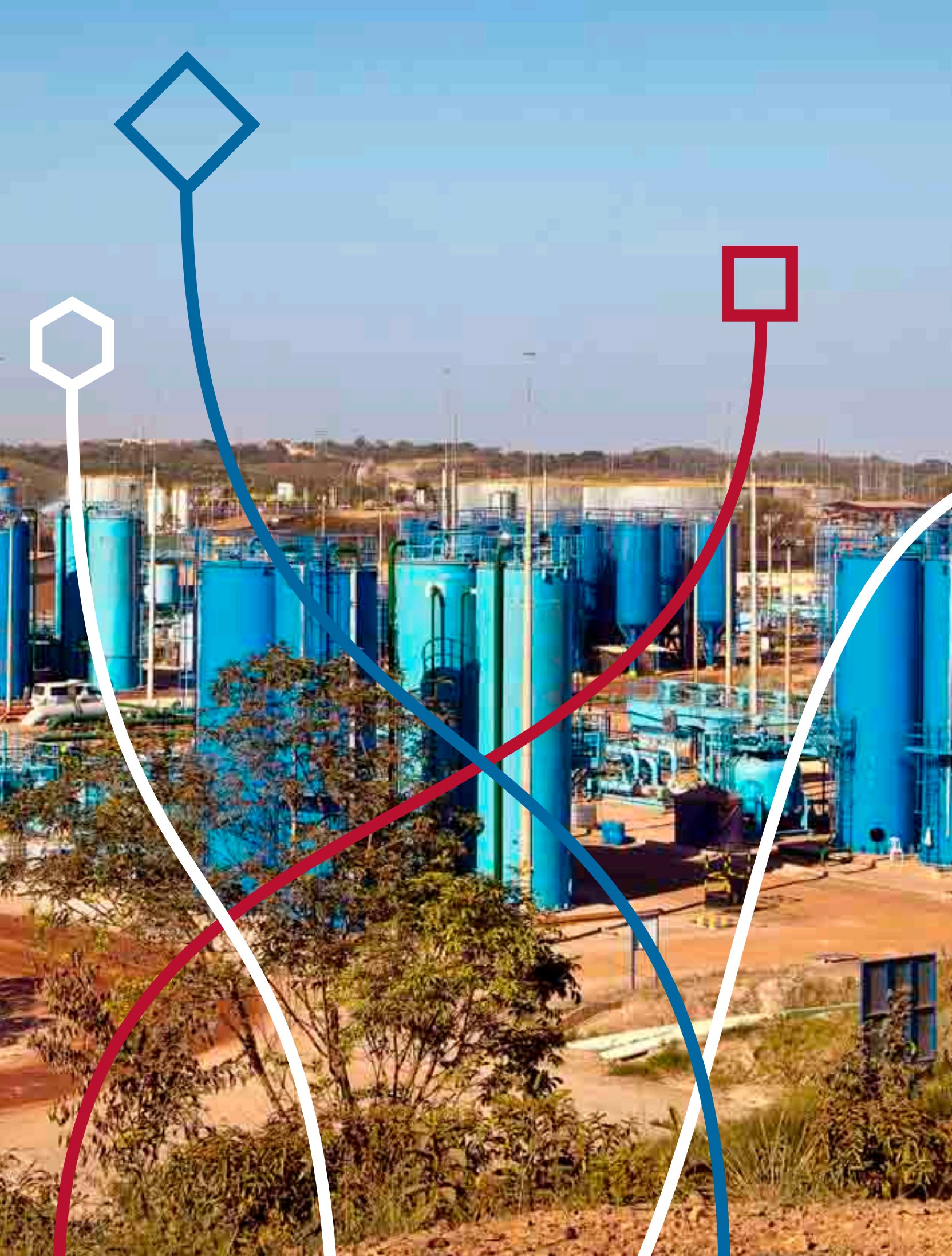
COP AD REQUIREMENTS	REFERENCE / COMMENTARY
IMPLEMENTATION OF HUMAN RIGHTS	
CRITERION 5: COP describes the current commitments, strategies or policies in the Human Rights area.	
Best practices achieved	
Reference to the relevant international covenants and other international instruments (e.g. the Universal Declaration of Human Rights).	Our Code of Ethics and Conduct is in line with international references such as the Universal Declaration of Human Rights, the Universal Declaration of the ILO regarding the fundamental principles and rights in labour, the United Nations Declaration on the rights of indigenous people and the principles of the Global Compact, among others.
Reflection of the importance of Human Rights for the Company.	We have the commitment of “Respecting and Promoting Human Rights in our Operations” and we focus on: The right to association, eradication of child and forced labour, responsibility for the physical safety of the operations and human, economic, social and cultural rights of the communities.
Written corporate policy on Human Rights (e.g. in the code of conduct).	Our Code of Ethics and Conduct is in line with international references such as the Universal Declaration of Human Rights, the Universal Declaration of the ILO regarding the fundamental principles and rights in labour, the United Nations Declaration on the rights of indigenous people and the principles of the Global Compact, among others.
Public statement on the expectations of compliance with Human Rights by its collaborators, commercial partners or actors directly involved in the operations, products or services.	Respecting Human Rights is a critical requirement for the safety services in our operational areas. Thus, we mitigate the potential risks of violation or abuse of Human Rights by these actors through training and constant monitoring of their actions. In addition, we have expressly established the commitment with Human Rights in investment agreements.
Public statement that is available and was notified to all the internal and external personnel, commercial partners and other relevant actors.	The commitment with the support of the Global Compact is detailed in the chapter “Words from the President” and this report is available for all our stakeholders.
CRITERION 6: COP describes the efficient management systems for integrating Human Rights principles.	
Best practices achieved	
Due diligence mechanisms currently implemented, including assessment of the current or potential impact risks in Human Rights matters.	
Internal sensitization and training on Human Rights for management and employees.	We sensitize our suppliers and contractors on the importance of dignified work, good conditions and compliance with labour obligations. We provided human rights training sixty employees that provide security services to Pacific Rubiales.
Claim mechanisms, communication channels and other procedures (e.g. complainants' mechanisms) to report concerns or request advice.	We have reporting and query channels on ethics matters as a means to strengthen the communication with our employees and other stakeholders. These channels allow for the making of anonymous reports on situations or events that go against compliance with the Company's ethics policies. These channels are through a specialized telephone line, the website and mailboxes in every office of the Company.
Appointment of responsibilities and accountability to answer the impacts on Human Rights.	We have an Ethics Committee that is responsible for evaluating all the cases that are considered violations to our Code of Ethics and Conduct.
Making internal decisions, budget and monitoring for the effective supervision of the response to impacts in Human Rights matters.	
Processes to promote or cooperate in the remediation of negative impacts in Human Rights matters that have been caused by the Company, or those in which the Company has collaborated.	
CRITERION 7: COP describes efficient Human Rights' monitoring and evaluation mechanisms	
Best practices achieved	
Monitoring system on the effectiveness of mechanisms aimed at the implementation of policies related to Human Rights, including the supply chain.	100% of our suppliers and contractors are audited at least once a year. Our auditing processes include the verification of labour standards in line with the Principles of the Global Compact.
Monitoring that includes external and internal feedback, including affected stakeholders.	
Review of the monitoring and improvements in the results by management.	
Incident management processes.	
CRITERION 8: COP describes key results of the Human Rights integration.	
Best practices achieved	
Results of the due diligence process.	This report contains data and initiatives that are the result of the process for protecting Human Rights in our operations. For more information, see our commitment “Respecting and Promoting Human Rights in our Operations.”
External and formal reports of operations that represent a severe risk of impacting Human Rights.	
Disclosure of the main incidents involving the Company.	In this report we discuss the main errors of our management during the reported year.
Results of processes for remediating negative impacts in Human Rights.	

COP AD REQUIREMENTS	REFERENCE / COMMENTARY
IMPLEMENTATION OF LABOUR PRINCIPLES	
CRITERION 9: COP describes the binding commitments, strategies or policies in the labour sector.	
Best practices achieved	
Reference to the relevant international covenants and other international instruments (e.g. Principles of the ILO).	
Reflection on the importance of labour principles for the Company.	We are committed to “Having the best talent” and we focus on all the matters related to labour principles such as: inclusive labour relationships, balance and quality of life, and organizational learning, among others.
Written corporate policy on labour principles (e.g the Code of Conduct).	We have a Code of Ethics and Conduct that is the framework for our labour principles.
Inclusion of minimum labour standards in agreements with suppliers and other relevant commercial partners.	100% of our suppliers and contractors are audited at least once a year. Our auditing processes include the verification of the labour standards in line with the Principles of the Global Compact.
Specific commitments and goals for the years specified.	We reported our results and established challenges to continue managing this commitment.
CRITERION 10: COP describes efficient management systems for integrating labour principles.	
Best practices achieved	
Risk and impact assessment in the labour area.	
Appointment of responsibilities and accountability to address the labour standards.	
Sensitization and internal training on labour standards for management and employees.	
Claims mechanisms and communication channels and other procedures for reporting concerns and requesting advice.	We installed complaints and suggestion offices in the field, where irregularities related with labour standards can be reported.
CRITERION 11: COP describes efficient systems for monitoring and evaluating the integration of labour principles.	
Best practices achieved	
Performance monitoring and measuring system based on standardized performance indicators.	We have management systems that include a performance evaluation according to different levels of positions for our collaborators that is applied periodically.
Auditing or other mechanisms for monitoring and improving performance of the companies in the value chain.	We have a Committee for Evaluating Performance of Suppliers and Contractors, which is incorporated as an internal corporate body with power to suggest to higher management levels, represented in the different purchase and contracting committees of the organization, penalties and/or suspensions against suppliers or contractors that took actions defined as Major Nonconformities.
Review by the monitoring managers and improvements in results.	Our Evaluation Committee is comprised of: <ul style="list-style-type: none"> • Financial Vice-Presidency • Internal Auditing Vice-Presidency • The Corporate Purchases and Contracting Manager • The Corporate Labour Affairs Manager • The Corporate Legal Counsel • The Corporate Physical Safety Manager • The Corporate QA/Integrity Manager • The Corporate HSEQ Manager • The Corporate CSR Manager • Guest Functional Management • Contract Manager.
Incident management processes.	
CRITERION 12: COP describes the key results of the labour principles integration	
Best practices achieved	
Result of the due diligence and monitoring efforts to ensure the right to free association and collective bargaining.	Our report notes the affiliation of 2,430 direct and indirect employees with the UTEN.
Result of the due diligence and monitoring efforts to eliminate forced labour.	We have the commitment of “Respecting and Promoting Human Rights in our Operations” and we focus on: right to association, elimination of child and forced labour, responsibility in the physical safety of the operations, and human and economic rights.
Result of the due diligence and monitoring efforts to eliminate child labour.	We have the commitment of “Respecting and Promoting Human Rights in our Operations” and we focus on: right to association, elimination of child and forced labour, responsibility in the physical safety of the operations, and human and economic rights.
Result of the due diligence and monitoring efforts to eliminate discrimination.	One of our corporate values is diversity and inclusion. During the year we did not receive any claim or complaint related to the violation of this principle.
Disclosure of the main incidents involving the Company.	

COP AD REQUIREMENTS	REFERENCE / COMMENTARY
IMPLEMENTATION OF ENVIRONMENTAL MANAGEMENT	
CRITERION 13: COP describes binding commitments, strategies or policies in the environmental management area.	
Best practices achieved	
Reference to relevant international covenants and other international instruments (e.g. the Rio Summit on environment and development).	
Reflection on the importance that the environmental management has for the Company.	We have the commitment of "Working in Harmony with the Environment" and we focus on: energy and emissions, integral management of water, biodiversity, solid wastes, spillage prevention and remediation, compensation of environmental services and recovery of affected areas, among others.
Written corporate policy on environmental management.	We have a HSEQ policy that integrates environmental matters and we are certified with ISO 14001.
Inclusion of minimum environmental standards in the agreements with suppliers or other commercial partners.	
Specific commitments and goals for the years specified.	We reported our results and established challenges for our environmental management.
CRITERION 14: COP describes efficient management systems for integrating the environmental principles.	
Best practices achieved	
Environmental risk and impact assessment	We have the commitment of "Working in Harmony with the Environment" and we focus on: energy and emissions, integral management of water, biodiversity, solid wastes, spillage prevention and remediation, compensation of environmental services and recovery of affected areas, among others.
Evaluation of the products' impact and life cycle, ensuring policies for a responsible management of the end of life cycle process	
Appointment of responsibilities and accountability within the organization.	We have a HSEQ area in charge of all the health, safety and environmental matters.
Sensitization and internal training of administrators and employees for environmental management.	We continuously train our employees, suppliers and contractors in compliance with our HSEQ policy.
Claim mechanisms and communication channels and other procedures for reporting concerns or requesting advice on environmental matters.	
CRITERION 15: COP describes efficient mechanisms for monitoring and evaluating the integration of environmental management.	
Best practices achieved	
System for monitoring and measuring performance based on standardized performance indicators.	We have management indicators that are in line with GRI guidelines.
Revision of the monitoring and improvement of the results by management.	
Incident management processes.	We have contingency plans and strategies in the event of a significant or uncontrolled spill and/or a controlled spill. As part of these plans, which are periodically updated, we identify the main vulnerable points of the operational fields and those that require immediate attention should an event occur.
Auditing or other mechanisms for monitoring and improving performance of the companies in the value chain.	
CRITERION 16: COP describes the key results of the integration of environmental principles.	
Best practices achieved	
Energy and materials use indicators.	The indicators have been included in the report.
Emissions, effluents and wastes indicators.	The indicators have been included in the report.
Indicators of the Company's initiatives to promote environmental responsibility.	
Indicators of the development and diffusion of environmentally friendly technologies.	
Disclosure of the main incidents involving the Company.	There were no significant spills during the reporting period.
IMPLEMENTATION OF ANTI-CORRUPTION MEASURES	
CRITERION 17: COP describes binding commitments, strategies or policies in the anti-corruption area.	
Best practices achieved	
Formal and public statement on zero tolerance against corruption.	We have an Anti-Corruption Policy.
Commitment to comply with all the legal anti-corruption regulations, including the implementation of procedures for knowing the law and monitoring changes.	

COP AD REQUIREMENTS	REFERENCE / COMMENTARY
Statement of adherence to the local and international legal statements such as the UN Covenant Against Corruption.	
Risk assessment in potential corruption areas.	
Detailed policies for areas with high risk of corruption.	<p>We have an updated Anti-Corruption Policy, adjusting it to the best practices of the industry.</p> <p>Through this policy, we carry out procedures aimed at mitigating those risks associated with money laundering, terrorism funding, corruption and related felonies, ensuring that our counterparties do not use the organization to legitimize capital, goods or assets that come from illegal activities.</p> <p>Among other practices, our processes for hiring suppliers, purchases and contracting are subject to an extensive review of its participants, verifying the transparency of the companies and the persons related to our organization through a list of over 140 global risks.</p>
Anti-corruption policy related to commercial partners.	
CRITERION 18: COP describes efficient management systems for integrating anti-corruption principles.	
Best practices achieved	
Support of the organizational leadership for anti-corruption.	Our subscription to the Global Compact constitutes a commitment of corporate leadership to anti-corruption, from where processes and mechanisms to manage this matter derive.
Human Resources procedures to support the anti-corruption commitment or policy, including communications and training for collaborators.	In order to strengthen the organization's knowledge on preventing fraud risks, we designed a virtual course that includes matters related to asset misappropriation, corruption and tampering of financial statements, among others. Training collaborators of the different areas in these matters is one of the challenges for 2012.
Internal power relationships to ensure consistency of the anti-corruption commitment	
Actions taken to promote the implementation of anti-corruption commitments in commercial partners.	Our processes for hiring suppliers, for purchasing and for contracting are subject to an extensive review of their participants, verifying the transparency of the companies and the persons related to our organization through a list of over 140 global risks.
Management of commitment and accountability for the implementation of the anti-corruption commitment or policy.	
Monitoring communications or channels and mechanisms for reporting concerns and requesting advice.	Our report includes the charges related to the management of corruption risks: (Director of the Comptroller's office), financial (Chief of Integral Risk and Insurance Management) and physical safety (Resource Protection Director).
Internal accounting and auditing processes related to anti-corruption.	
CRITERIA 19: COP describes efficient mechanisms for monitoring and evaluating the integration of anti-corruption principles.	
Best practices achieved	
Review of the monitoring and improvements in the results by the direction.	In Pacific Rubiales, we have an annual audit plan, which is approved by the Audit Committee of the Board of Directors, and whose purpose is reporting the work insurance and consultancy programs that will be developed during the year with the purpose of advising the Company in risk management, in strengthening the Corporate Governance and the internal control, as well as regulatory compliance.
Process to address incidents.	
Public-legal cases related with corruption.	
Use of external verification for the anti-corruption programs.	
CRITERION 20: COP describes the key results of the integration of anti-corruption principles.	
Best practices achieved	
Results of the evaluations of potential corruption areas, when appropriate.	
Results of concerns reporting and guidance request mechanisms.	
Indicators of Human Resources procedures that support the anti-corruption policy or procedure.	<p>100% of our employees have represented that they know and adopt the corporate Code of Ethics and Corporate Conduct.</p> <p>During August 2011, fourteen Vice-Presidents were trained and updated on the corruption risks of the industry and of the strategies to be taken to update our Anti-corruption Policy.</p> <p>For 2012 we expect to respond with progress in the implementation of the virtual course that includes matters related to asset misappropriation, corruption and tampering of financial statements, among others.</p>
Disclosure of the main incidents involving the Company.	

COP AD REQUIREMENTS	REFERENCE / COMMENTARY
IMPLEMENTATION IN THE VALUE CHAIN	
CRITERION 21: COP describes the implementation of the Global Compact Principles in the value chain.	
Best practices achieved	
Analysis of the value chain sustainability, opportunity and impact risks in the supply process and in commercialization.	We have the commitment of "Strengthening Sustainability in our Supply Chain" and we focus on the following matters: suppliers and contractors' management and development, and purchases and local services.
Policy for the value chain including policies for suppliers and contractors.	We have described the processes and mechanisms for evaluating our supply chain, which are in line with the Global Compact's principles.
Communication of the policies and expectations of the suppliers and other commercial partners.	
Monitoring and verification mechanisms for compliance with the value chain.	We have described the audits performed in our supply chain. For more information, see the commitment of "Strengthening Sustainability in our Supply Chain."
Training and other kinds of building capacities with suppliers and other commercial partners.	We trained suppliers and contractors on the importance of dignified work, good conditions and compliance with labour obligations. We provided human rights training 60 employees that provide private security services to Pacific Rubiales.
TRANSPARENCY AND VERIFICATION	
CRITERION 22: COP contributes information on the Company's profile and the operative context.	
Best practices achieved	
Legal structure, including the structure of any group and the property.	Described in "Our Organization."
Countries of operation, whether with significant operations or other operations that are specifically relevant for sustainability.	Described in "Our Organization."
Markets served (including the geographic break down, the sectors supplied and the kinds of clients/beneficiaries).	Described in "Our Organization."
Main brands, products and/or services.	Described in "Our Organization."
Direct and indirect economic value produced by several stakeholders (employees, owners, government, lenders, etc.).	Described in "About this Report. Involvement with Stakeholders."
CRITERION 23: COP incorporates a high level of transparency and disclosure.	
Best practices achieved	
COP uses the guidelines of the sustainability report of the Global Reporting Initiative (GRI).	We have aligned our report with the main indicators of the GRI.
COP is qualified for level B or greater of the GRI application levels.	We prepared this report in accordance with the G3 (2006) guidelines by the Global Reporting Initiative (GRI), with an A+ application level that has been verified by the independent firm Deloitte.
COP includes the comparison of the key performance indicators for the last 2-3 years.	
The Board of Directors, when appropriate, approves the COP and other formal methods for corporate sustainability reporting.	
The relevant sustainability information of the COP is included in the annual reports and financial documents.	
CRITERION 24: COP is independently verified by a third party.	
Best practices achieved	
The accuracy of the information in the COP is verified in regard to an assurance standard (e.g AA1000 Assurance Standard, ISAE 3000).	
The accuracy of the information in the COP is verified by an independent auditor.	
The contents of the COP are independently verified in regard to the contents of the GRI (GRI checked).	Our report has been verified by the independent firm Deloitte.
Review by peers (e.g. Global Compact Local Network).	





Independent Review Report



Deloitte & Touche Ltda.
Edificio Corficolombiana
Calle 16 Sur 43 A-49 Piso 9 y 10
A.A 404
Nit 860.005.813-4
Medellín
Colombia

Tel : 57(4) 313 88 99
Fax : 57(4) 313 32 25
www.deloitte.com.co

Independent Review Report

An independent review of the 2011 Pacific Rubiales Sustainability Report.

Scope of our work

We reviewed the 2011 Sustainability Report according to the GRI's G3 Sustainability Reporting Guidelines and the core indicators established therein. We did not review the information from previous years included for comparative purposes.

Verification standards and processes

We conducted this review 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 Standard Board (IAASB)* of the *International Federation of Accountants (IFAC)*.

For this review process we met and asked questions to Management and other departments of Pacific Rubiales Energy that participated in preparing the Sustainability Report, and we applied analytic procedures and independent sample tests, as described below:

- We met with Pacific Rubiales Energy personnel to learn about their management principles, systems and strategies.
- We analyzed the processes for collecting and validating information used for the 2011 Sustainability Report.
- We analyzed contents and indicators from the Sustainability Report according to the GRI's G3 Guidelines.
- We reviewed updates pertaining to stakeholder identification and consideration and stakeholder engaging processes according to internal information and available third party reports.
- We verified GRI indicators through sample testing based on quantitative and qualitative information included in the 2011 Sustainability Report and we verified the information collection processes according to the information provided by Pacific Rubiales.

Conclusions

We did not find any aspect that lead would lead us believe that the 2011 Sustainability Report contains significant errors or that it has not been prepared according to the GRI's G3 Sustainability Reporting Guidelines.

According to our review of its indicators and contents, we consider that the report complies with the requirements for A+ score according to GRI standards.

Responsibilities of the Direction of Pacific Rubiales and Deloitte

- The preparation of the 2011 Sustainability Report, as well as its contents, is the responsibility of the Vice-Presidency of Corporate Affairs, which is also responsible for defining, adapting and maintaining the internal management and control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied during our review.
- This report has been prepared exclusively under Pacific Rubiales interest according to the terms of our services proposal. We do not assume any responsibility with third parties other than Pacific Rubiales Direction.
- We carried out our work according to the rules on independence required by the Code of Ethics of the International Federation of Accountants (IFAC).
- The scope of a limited revision substantially lower to the scope of an audit. Thus, we do not provide an auditing opinion on the 2011 Pacific Rubiales Sustainability Report.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera D.
Partner

Bogotá, March 2012

OUR ORGANIZATION	13
OUR SUSTAINABILITY MODEL	19
2011 HIGHLIGHTS	29
OPERATIONS BLOCKADE	35
WE REMAIN COMMITTED TO	49
GLOSSARY	131
GRI CHART	143
INDEPENDENT REVIEW REPORT	171

Recommendations

We presented our recommendations for consolidating processes, programs and systems linked to sustainability management to the Vice-presidency for Corporate Affairs of Pacific Rubiales Energy. The most important recommendations were the following:

- Establish specific goals on key sustainability management issues; demonstrating to stakeholders that the Company is committed to the long-term management of their potential impact.
- To be able to continue to strengthen management at a social and environmental level, we recommend carrying out semi-annual reviews on some key sustainability indicators. This will ensure more reliable information for future Sustainability Reports.







Statement GRI Application Level Check

GRI hereby states that **Pacific Rubiales Energy** has presented its report "Pacific Rubiales Energy Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfils the requirements of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 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 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, April 10th 2012

Nelvana Arbei
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 assistance. GRI accepts the reporter's own criteria for choosing the relevant assistance 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.gri.org

Disclaimer: Where the relevant sustainability reporting includes external data, including an audit of such material, this statement only covers internal information as of the time of the Check on April 3rd 2012. GRI explicitly excludes the statement being applied to any later changes to such material.







José Francisco Arata Izquier
President

Federico Restrepo Solano
VP, Corporate Affairs & Sustainability

Alejandro Jiménez Ramírez
Corporate Social Responsibility Manager

Valeria Santos Benedetti
Sustainability Director

Ana Eloísa Zúñiga Bonfante
Communications Manager

Peter Volk
General Counsel & Secretary

Pacific Rubiales Energy
Sustainability Report 2011
www.pacificrubiales.com

Consultants
BSD Consulting

Design and layout
Amaral Diseño SAS

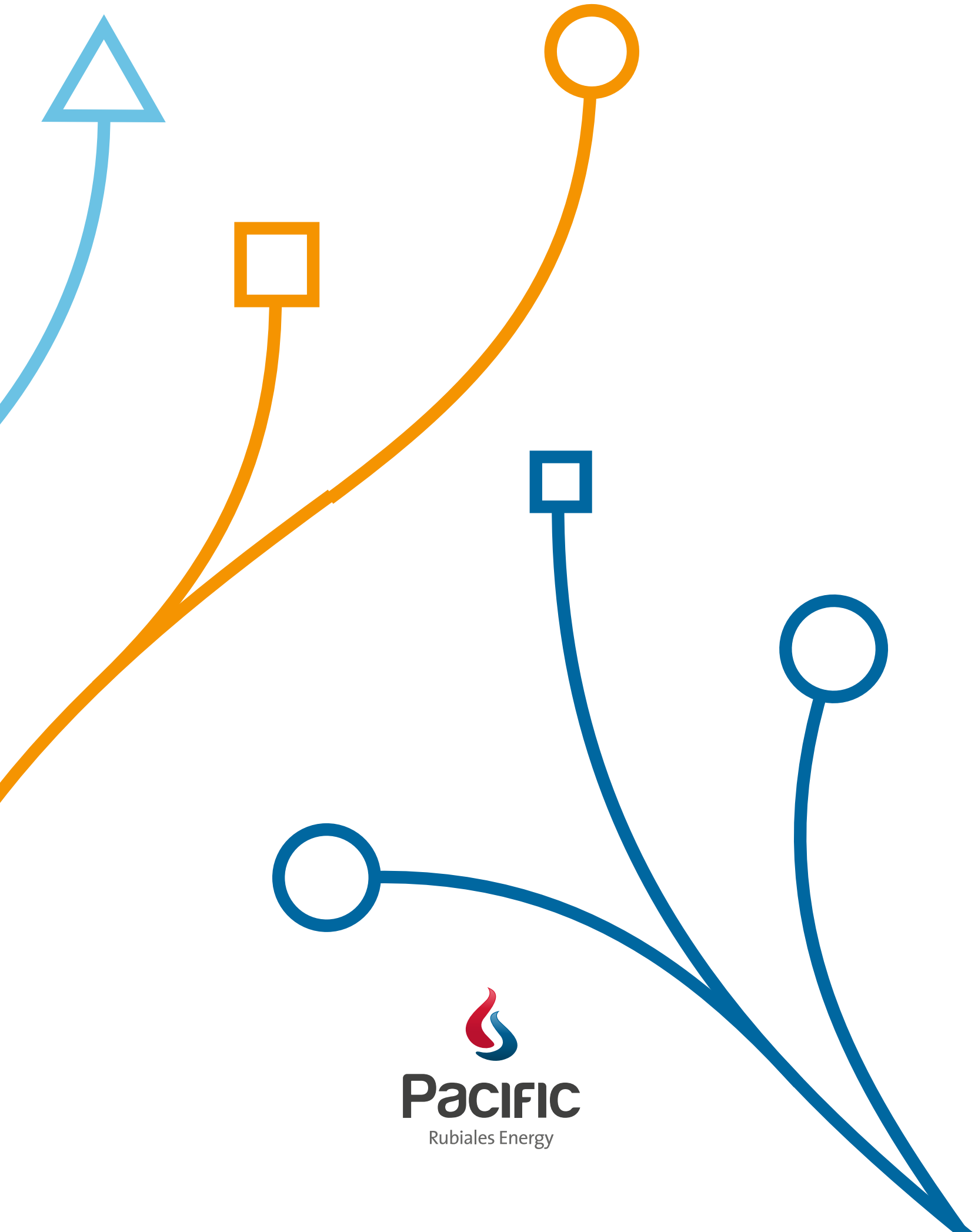
Photography
Victoria Montoro Zamorano, Sandra Robledo, Diego Amaral,
Alliance, CLOC Producciones and corporate photography file

Bogotá, D.C. Colombia
2012

Thanks to:

Andrea Gómez, Angie Hernández,
Carolina Peláez, César Díaz,
Claudia Carolina Ochoa, David Prieto,
Diana Lucía Rojas, Enrique Gotera,
Federico Pérez, Henry Galeano,
Jorge Alfredo Rodríguez,
Jorge Luis González, Juliana Acuña,
Justo Guerrero, María Carolina Afanador,
Martín Castro, Paula Pinto,
Renata Campagnaro,
Rubén Francisco Macías, Greg Di Tomaso,
Belinda Labatte





Pacific
Rubiales Energy