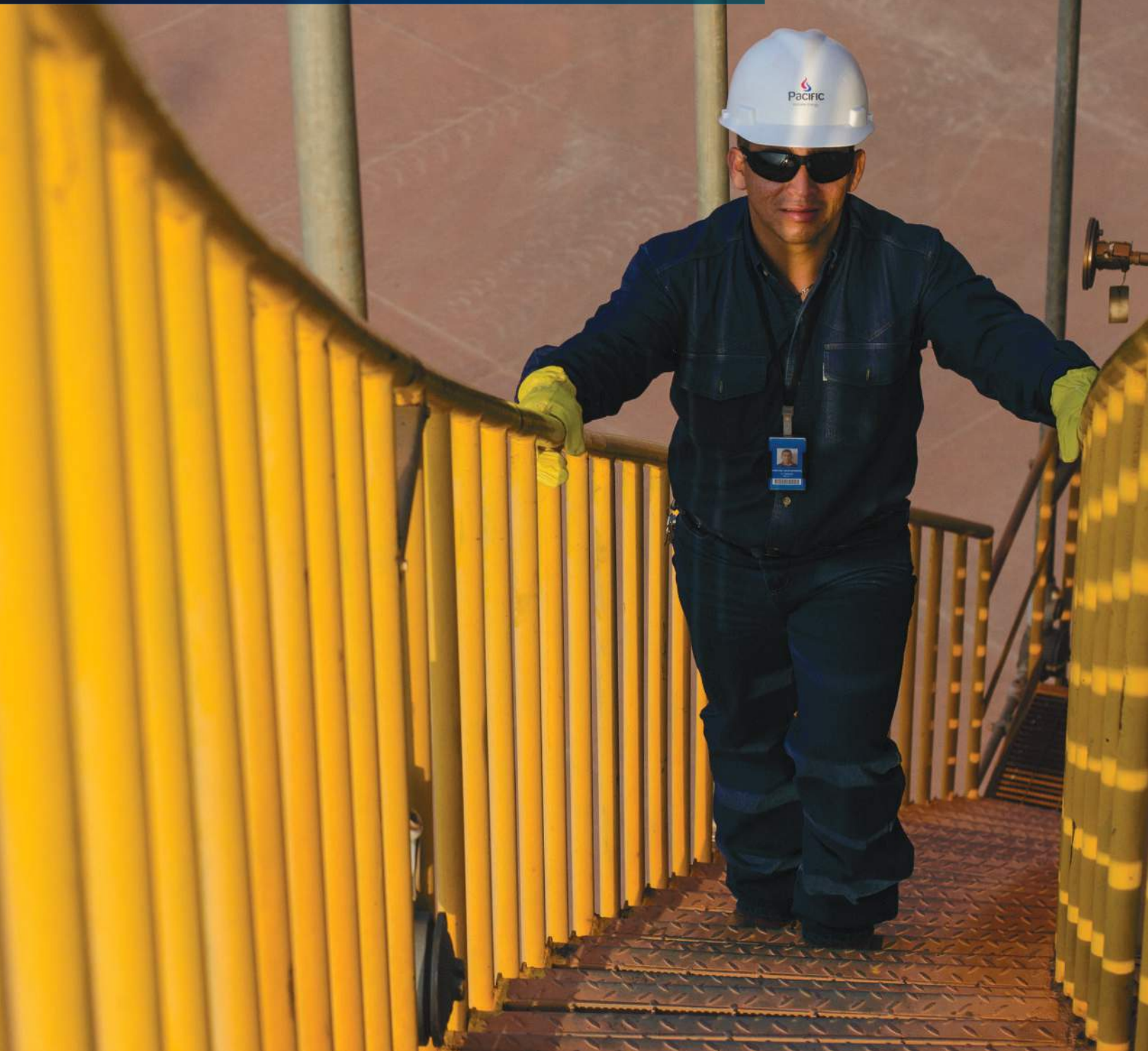


ANNUAL AND SUSTAINABILITY REPORT 2014



The energy that moves us



This report contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that Pacific Rubiales Energy Corp. (the "Company" or "PRE") believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding estimates and/or assumptions in respect of production, revenue, cash flow and costs, reserve and resource estimates, potential resources and reserves and the Company's exploration and development plans and objectives) are forward-looking statements.

These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company.

Factors that could cause actual results or events to differ materially from current expectations include, among other things: uncertainty of estimates of capital and operating costs, production estimates and estimated economic return; the possibility that actual circumstances will differ from the estimates and assumptions; failure to establish estimated resources or reserves; fluctuations in petroleum prices and currency exchange rates; inflation; changes in equity markets; political developments in Colombia, Peru, Guatemala, Brazil, Papua New Guinea or Guyana; changes to regulations affecting the Company's activities; uncertainties relating to the availability and costs of financing needed in the future; the uncertainties involved in interpreting drilling results and other geological data; and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information filed on SEDAR at www.sedar.com.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Statements related to resources are deemed forward-looking statements as they imply, based on certain estimates and assumptions, that the resources will be discovered (in the case of Prospective Resources) and can be profitably produced in the future. Specifically, forward-looking information contained herein regarding "resources" may include: estimated volumes and value of the Company's oil and gas resources; estimated volumes of Contingent and Prospective Resources and the ability to finance future development; and, the conversion of a portion of Contingent Resources into reserves and Prospective Resources into Contingent Resources. Operational Plans are subject to obtaining local permits, other customary regulatory approvals and approvals from our joint venture partners.

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ABOUT THIS REPORT

This is Pacific Rubiales Energy Corp.'s sixth Annual and Sustainability Report: **"The Energy that moves us."** It covers the Company's economic, environmental, and social performance during 2014 and includes information on the operations undertaken in the past year in Colombia, Peru, and Canada by the following business units:



- Pacific Stratus Colombia Energy Corp.
- Pacific Stratus Energy S.A.
- Meta Petroleum Corp.
- C&C Energy.
- Petrominerales.
- Petromagdalena.

GRI G4-17 Material aspects and boundaries

In this report, we have included the financial and operational information sought by our shareholders and other stakeholders as well as the progress we have made on our Sustainability and Shared Value Model. This report includes indicators that measure our performance; it also sets out the challenges we have identified for the coming years. The information included in this report is the result of ongoing engagement with our internal and external stakeholders and is focused on the issues most relevant to our corporate strategy and our surroundings.

Additionally, this report is based on the guidelines of the G4 Global Reporting Initiative and complies with the "in accordance" comprehensive option. It also includes our progress with respect to the

implementation within our organization of the 10 principles of the Global Compact (COP Advanced). The information contained in this report has been externally verified by the firm Deloitte & Touche Ltd. The report has successfully completed the GRI's Materiality Disclosure Service.

All references to dollar amounts in this report are in US dollars.

If you have any questions and/or find inconsistencies between the English and Spanish version, please refer to the Spanish, which is the official version.

Your opinions are welcome

The opinions of our readers and stakeholders are essential to the improvement of our operations, communications, and innovations in sustainability and shared value. We invite you to send your comments, suggestions, and ideas related to the matters presented in this report to the following email address:



sustainability@pacificrubiales.com

For more information about our company, please consult our website:



<http://www.pacificrubiales.com>

LETTER FROM OUR CEO

GRI G4-1, G4-2 Strategy and analysis

Pacific: an adaptable, flexible and growing company.

4

In 2014, we have proved ourselves to be a dynamic and adaptable organization. Our business model, based on producing a low-cost barrel, has helped to position us as an important competitor in the crude and gas market for the past seven years. Our ability to operate at low cost is one of the factors that will allow us to remain an important player in Latin America even in a low price environment.

Our company has a solid foundation, as well as the support of our shareholders and other stakeholders, to continue growing and generating prosperity for our surroundings. Notwithstanding the current challenges, at Pacific we are confident that the expertise we have accumulated will allow us to find new avenues in which to drive our business. We see this juncture as an opportunity to tweak the industry's traditional notions and be true to our core value of being a constantly evolving company.

The measures we have taken to confront the current price situation aim to launch our company to new heights in 2015, as well as in the coming years. We can say with confidence that we will continue to make strong strategic choices for the Company. We will do all of this while also taking into account obligations voluntarily adopted to maintain operational and environmental excellence, and above all continuing to be flag-bearers for sustainable oil and gas exploration and production.

"At Pacific, we are confident that the expertise we have accumulated will allow us to find new avenues in which to drive our business. We see this juncture as an opportunity to tweak the industry's traditional notions."

Our results in 2014

Despite the collapse in oil prices at the end of 2014, results reveal a successful year in both production and revenue. During this year, we saw important growth in production in our light and medium crude assets, and we continued diversifying our production base away from the Rubiales field. We also implemented a flexible investment and capital expenditures program that enables us to adjust expenditures based on the cash flows generated.



This year we generated \$2.5 billion in Adjusted EBITDA and \$2.0 billion in funds flow, as well as sales of crude and gas of \$5.0 billion.

Our earnings were lower compared with the third quarter of 2014, mainly due to an impairment charge of \$1.6 billion against our oil and gas assets and goodwill (including \$193 million in exploration expenses). It is important to understand that these impairments do not imply expenditures and are mainly generated by the fall in the price of crude.

Our operating netback for the year was \$54.84/boe, which was also reduced due to the price decline. We partially mitigated this decline by reducing our operating costs to \$30.51/boe. Since announcing cost reductions in 2013, our operating costs have decreased 25% and we expect additional reductions in 2015.

Also during 2014, we increased our production to 147.4 Mboe/d, a 14% increase compared with 2013 and a number that is at the low end of the annual production goal established by the Company. This is due in part to the fact that production at the Rubiales field was below plan for the year as a consequence of limitations in water handling capabilities and the impact caused by weather conditions on operations.



We reported excellent exploration results, with approximately 15 Mbbl/d of additional production from light and medium crude discoveries, which reduced our dependence on the Rubiales field; today, this field represents only one-third of our total production. We trust that in 2015, production will continue to grow in line with the 152 Mboe/d we achieved in early 2015.

5

Readjustments to guarantee our growth

During the past year, we completed two transactions that were very successful in monetizing part of our infrastructure assets. First was the sale of our 5% interest in the OCENSA Pipeline for \$385 million. Second, we sold part of our interest in Pacific Midstream (which holds interests in pipelines and the PEL electrical transmission line to the Rubiales and Quifa fields) for \$320 million (\$240 million of which was received in 2014). The funds received from these transactions in 2014 were used to pay down short-term bank loans and credit facilities. We expect to sell additional Pacific Midstream assets during 2015.

On other fronts, our debt leverage ratio remains well below debt incurrence covenants in our senior note indentures of 3.5 times 12-month trailing debt to Adjusted EBITDA; the recent successful renegotiation and relaxation of the current covenant on the \$1 billion revolving credit facility and our bank debts to 4.5:1.0 is a testament to the support and confidence provided to us by our long-standing lenders.

Our financial and capital strategy remains focused on maintaining a healthy balance sheet by (1) reducing operating and G&A costs; (2) suspending the dividend; (3) reducing capital expenditures to match cash flow under the prevailing oil price environment; (4) allocating capital to the most material and highest-return projects; (5) maintaining liquidity; and (6) managing debt liability. All of the above are aimed at ensuring funding for future growth and generating strong returns for our shareholders.

In summary, in 2015, Pacific is looking towards a return to a better pricing environment but is prepared and well-positioned to withstand the current low oil price environment. We have a well thought out strategy of repeatable and profitable long-term growth and the experience in executing our operating and capital programs to deliver results. We remain committed to building, for the long-term benefit of our shareholders, employees, and other stakeholders, the leading independent E&P company focused on Latin America.

RONALD PANTIN
CEO



LETTER FROM OUR PRESIDENT

GRI G4-1, G4-2 Strategy and analysis

2014: a successful year that has prepared us for the coming challenges.

The oil industry is dynamic and cyclical. The high price of oil for the last seven years has allowed us to strengthen our position as the premier publicly traded oil company in Latin America. We have excelled in terms of reserves growth, production and generation of value, and we are one of the most recognized oil companies in terms of contributing to the sustainable development of our surroundings.

Thanks to this period of success, Pacific not only grew, but also established a strong foundation that today allows us to be the best, even in times of crisis. Since the latter part of 2014, the oil and gas industry has faced a new array of economic and political challenges; nonetheless, today more than ever, Pacific is prepared to transform these challenges into opportunities.

2014 was a great year for Pacific. Once again, we had record exploration, production and revenue results that placed us among the leading companies in the industry. Solid financial results and an industry-recognized production track record enable us to say that we are well-positioned to cope with 2015, a year that is expected to present many challenges.

In 2014, our adaptability, flexibility and growth were assets that allowed us to demonstrate that our way of doing business is solid. All of the decisions and initiatives that we have made throughout the years to be more cost efficient have better prepared us to face the current fluctuations in the price of oil and able to have a profitable business model. Today, faced with a contracting industry, we can say that at Pacific we intend to rise above the crisis.

Our organization understands the importance of innovation. We know that our competitive advantages lie with our employees' capacity to innovate and find differentiating solutions for problems. Innovation has allowed us to convert the operational problem of excess water into an environmental, social and economic asset, build an eco-efficient power line, and develop oil infrastructure that not only makes us more profitable but also contributes to the economic development of the countries where we operate. It is this innovation that has also allowed us to certify barrels of oil produced from the Rubiales and Quifa fields as the only sustainable barrels in the world under the EO 100 standard.¹

Achieving the successes we have today has not been an easy task, but as an organization,

we understand that being an industry leader is hard work. We have the perseverance and conviction to identify the thousands of hidden possibilities that will help us continue to be a world-class company. All of this is possible thanks to the confidence of our shareholders and communities, as well as the arduous work of every one of Pacific's employees and contractors. I am very proud of their motivation in facing the current challenges, as well as the ones to come.

"As one of the leaders of this company, my role is to identify challenges and guide my team towards our goal with vision and determination. Navigating the Company through these waters is my priority in 2015".

A vote of confidence

In 2014, we established important alliances with the banks and other entities that financed our company's growth. Possibly one of the most significant alliances was between *International Finance Corporation* (IFC) (a member of the World Bank) and Pacific for the sale of shares in Pacific Infrastructure and Pacific Midstream. For Pacific, it was important to receive this funding, which solidifies our reputation not only as a profitable company but also as one of the few companies that has received the IFC's vote of confidence in social and environmental performance. IFC, as a signing entity of the Equator Principles, is committed to conducting demanding due diligence processes with the purpose of evaluating all procedures, policies and action plans that an organization has in place to mitigate and avoid liabilities. After completion of due diligence, IFC gave us its stamp of approval and invested in us. IFC's investment is a declaration to the market and our stakeholders that we successfully conduct our business under the most rigorous international standards, including in terms of social and environmental issues.

¹ The only multiparty certification system that evaluates social responsibility and environmental practices at oil and gas exploration and production sites. For more information please consult: <http://www.equitableorigin.com/home/>



Our presence in Mexico

Although Colombia will continue to be our base, **the Mexican energy reform represents large growth opportunities for our company.** Without a doubt, our joint venture with the Alfa group will lead us towards important new exploration and production landmarks. **We are recognized as a big player in the industry** and, as such, we believe we will play a fundamental role in the success of the privatization of the Mexican hydrocarbon industry.



We enter 2015 with a renewed perspective

Due to the current state of the industry, we envision 2015 as the year in which our competitive advantages will pay off. Being flexible, adaptable and profitable operators with high sustainability standards and a talented group of well-rounded people, we will once again position ourselves as the best. In an environment in which many see the viability of their business under threat, we need to demonstrate that we are credible, competitive and cost-efficient. Now more than ever, we are convinced that managing our business with environmental and social value is non-negotiable and we are determined to weather this storm and guarantee our operational success.

At Pacific, we have not stopped dreaming of being a leading company in the markets. From producing more than 300,000 barrels to employing thousands of Canadians, Colombians, Peruvians, Venezuelans, Mexicans and Guatemalans, among others, we continue to set goals that we will meet as a team.

I am proud to be the president of a company that wants to put forward its best effort and does not give up when faced with difficulties. We are willing to continue to find innovative, sensible, and long-term solutions that deliver social and environmental value while contributing to the growth and preservation of the world's energy supply.

For all this and more, I am convinced that we will be seeing plenty more from Pacific.

Enjoy the read,

JOSE FRANCISCO ARATA
PRESIDENT

LETTER FROM OUR VICE PRESIDENT OF CORPORATE AFFAIRS AND SUSTAINABILITY

GRI G4-1, G4-2 Strategy and analysis



Transforming realities.

Pacific is made up of 2,984 people who work relentlessly towards achieving the Company's goals, including being at the forefront of sustainable practices. Each one of us knows the role the Company can play in the growth of the countries in which it operates.

At Pacific, we transform realities every day. We are a diverse group of people that come from different avenues and experiences that have given us distinct perspectives in overcoming difficulties. Armed with the knowledge of our high-performing teams and management, we are guaranteed to continue to find creative and nuanced solutions.

Pacific is made up of 2,984 people who work relentlessly towards achieving the Company's goals, including being at the forefront of sustainable practices. Each one of us knows the role the Company can play in the growth of the countries in which it operates and the importance of continuing to work alongside the thousands of people that are directly and indirectly connected to Pacific.

We have grown with Colombia and, without a doubt, we would not be the same without the vote of confidence we have received from the country's communities and institutions, and everyone who has written this story with us. For this reason, regardless of the low price of crude, sustainability and shared value will continue to be at the heart of our business. These are non-negotiable, lifetime commitments; the results from our adherence to these values have proven that sustainability is not only an important component when business is booming, but in all stages of the Company's life cycle. It is the promise of value added by the backing from the country and community that keeps us aligned with the expectations of our stakeholders.

During times of success, it is simple to identify opportunities and projects; as soon as the status quo changes, we have to re-define how to invest what the business makes, opening a door to creativity. Recent economic conditions have provided us with an opportunity to adapt without compromising our corporate values, to step out of our comfort zone, and to design new strategies and adopt innovative ideas.



We have grown with Colombia and, without a doubt, we would not be the same without the vote of confidence we have received from the country's communities and institutions, and everyone who has written this story with us. For this reason, regardless of the low price of crude, sustainability and shared value will continue to be at the heart of our business.

The achievements of 2014

In 2014, our Rubiales and Quifa fields were the first in the world to be certified for responsible oil production under the EO100 – Equitable Origin (EO) standard for sustainable barrels.

Today, we are part of a select group of 28 companies that have been admitted to the Voluntary Principles on Security and Human Rights, an international initiative that guides companies operating in zones of conflict or with fragile governance under a framework of respect for human rights.

In the second quarter of 2014, we approved and published on our website our Gender and Human Rights declarations, which stem from our corporate sustainability policy. The Human Rights declaration is based on the proper identification and analysis of potential risks and their adequate management. It also defines action plans in accordance with the areas where we operate, with special emphasis on high-risk zones.

Our Gender declaration is our way of demonstrating that, as a company, we know that equality is a key to progress as it increases competitiveness and adds value to our performance.

Finally, for the second year in a row, we were listed on the Dow Jones North America Sustainability Index² (DJSI) and, according to *Sustainalytics*, we were ranked number one among 167 industry peers thanks to our performance in Sustainability.

Today, we are part of a select group of 28 companies that have been admitted to the Voluntary Principles on Security and Human Rights, an international initiative that guides companies operating in zones of conflict or with fragile governance under a framework of respect for human rights.

Our banner: shared value



This year, the continued generation of shared value is especially important. Today more than ever, we recognize the value of forming alliances to continue solving our environmental and social issues in a profitable manner. We invite our stakeholders to think of and create, alongside us, a new way to conduct inclusive business in this changing industry. Let us evolve so we do not stagnate, so we can continue to be the flag-bearers of change, and so we can contribute to the peace, equality and education that the Colombian government and people want to see. The private sector will be the difference and Pacific will help lead the way.

We are certain that each day is a new opportunity to reach our goals, and with our hard work, we can assure you that each day we are closer to achieving them.

FEDERICO RESTREPO
VICE PRESIDENT
OF CORPORATE AFFAIRS AND SUSTAINABILITY

² The DJSI, created in 1999, is a variant of the New York Stock Exchange (NYSE) that recognizes the largest companies with the best sustainability standards in the world; these companies must meet more than 50 requirements to be included in the index. This index measures corporate practices in three dimensions (economic, environmental and social) and includes specific indicators for the oil and gas sector.

PACIFIC IN THE WORLD

GRI G4-4, G4-7, G4-8 Organizational Profile

Pacific is a Canadian public company and a producer of natural gas and crude oil that owns:

10

100% of

Meta Petroleum Corp., which operates the Rubiales, Piriri and Quifa heavy oil fields in the Llanos Basin in Colombia.

Pacific Stratus Energy Colombia Corp., which operates the La Creciente natural gas field in the northwestern area of Colombia.

Petrominerales Ltd., which owns heavy and light crude assets in Colombia and gas assets in Peru.

PetroMagdalena Energy Corp., which owns light crude assets in Colombia.

C&C Energía Ltd., which owns light crude assets in the Llanos Basin in Colombia.



In addition, the Company has a diversified portfolio of assets beyond Colombia that includes production and exploration assets in Peru, Guatemala, Brazil, Guyana and Papua New Guinea.

The Company's common shares are listed on the Toronto Stock Exchange and the Colombian Stock Exchange under the symbols PRE and PREC, respectively.

OUR OPERATIONS

GRI G4-6 Organizational Profile



COLOMBIA



63 EXPLORATION
AND PRODUCTION ASSETS

BRAZIL



8

EXPLORATION
AND PRODUCTION
ASSETS

PERU



8

EXPLORATION
AND PRODUCTION
ASSETS

GUYANA



3

EXPLORATION
AND PRODUCTION
ASSETS

PAPUA NEW GUINEA



2

EXPLORATION
AND PRODUCTION
ASSETS

GUATEMALA & BELIZE

Note: Information updated until April 2015.



3

EXPLORATION AND
PRODUCTION ASSETS

PACIFIC IN NUMBERS

DURING 2014, WE EMPLOYED
2,984 PEOPLE



**3,582 CONTRACTED
COMPANIES**



**SUSTAIN THE OPERATION
OF OUR OIL FIELDS**

GRI G4-9 Organizational Profile

OPERATIONAL RESULTS



Total field production for the year was 314,947 boe/d, an increase of 1% compared to 2013.



Gross production for the year was 176,235 boe/d, an increase of 12% compared to 2013.



Net production for the year was 147,423 boe/d, an increase of 14% compared to 2013.



Sales volumes for the year were 158,026 boe/d, an increase of 17% compared to 2013.



The volume of crude and natural gas produced totalled 53.8 MMboe compared to 49.1 MMboe in 2013.



Combined operating netback on oil and gas production for the year was \$54.84/boe compared to \$60.77/boe in 2013. The decrease was due to the significant decline in the market prices for crude oil.



A significant reduction in total operating costs was achieved (including over/under lifts and other costs) of \$2.67/boe to \$30.51/boe for the year, mitigating the impact from the lower realized prices.

FINANCIAL RESULTS



1

Revenues for the year were \$5.0 billion, an increase of 7% compared to 2013.

2

Net loss for the year of \$1.3 billion.

3

EBITDA (adjusted) for the year of \$2.5 billion, similar to 2013 and representing a 50% margin on revenue.

4

Cash Flow (funds flow from operations) was \$2.0 billion, an increase of 6% compared to 2013.

5

Total exploration and development capital expenditures of \$2.4 billion, compared to \$2.1 billion in 2013.

GENERAL RESULTS



17% decrease of net 2P reserves, from 613.3 MMboe to 510.9 MMboe. Proven reserves of 315.0 MMboe now represent 62% of 2P reserves compared to 64% in 2013. The decrease in reserves was due to technical and economic revisions, with the economic revisions being the larger of the two.



Exploration during 2014 resulted in new discoveries at Canaguaro, Cubiro, Llanos-19, Corcel, Guatiquia and Quifa in Colombia, in block PPL-475 (formerly PPL-237) in Papua New Guinea, and in Block S-M-1165 in offshore Brazil.



We drilled a total of 56 exploratory wells, of which 43 resulted in discoveries.

This gave us an exploration success rate for the year of 77%, an increase of 9% compared to 2013.

THE IMPACT OF OUR VALUE CHAIN

GRI G4-9, G4-12 Organizational Profile.

Pacific is a premier player within the oil and gas industry in Latin America. We are responsible for the delivery of raw materials that our customers and other companies around the world transform into energy and services every day.

At Pacific, we mainly focus on the larger-scale business segment of the oil and gas industry, for which we have developed specialized teams dedicated to the identification of new opportunities, the creation and implementation of new technologies for the exploration and production of oil and gas, and the development of infrastructure for transportation of our assets to the port from which they are exported.

Conscious of the impact that our value chain has on an economic, social and environmental level, we are committed to ensuring that all of our business segments are aligned with the highest sustainability standards and all activities generate value for the Company and its surroundings.



New business

One of the principal characteristics of our company is growth; we are continuously in search of new business opportunities. Through comprehensive analysis, we determine the viability of an opportunity based not only on net present value and possible commercialization, but also on the compilation of technical, financial, legal and socio-environmental information.

In 2014, we expanded our business opportunities through:



Joint Venture with Alfa to develop projects in Mexico

We entered into a memorandum of understanding with Alfa for the creation of a 50/50 joint venture company in Mexico. This will allow for (1) the joint study and bidding on assets in Mexico's oil and gas bid round in 2015; (2) the acquisition of service contracts with a view to migrating them to exploration and production contracts; (3) the development of petroleum and natural gas assets in Mexico; and (4) the development of any business ancillary to the petroleum business in Mexico, including mid-stream projects.

This *joint venture* remains subject to any applicable regulatory approvals and the determination of the joint venture structure pursuant to a definitive agreement.



Memorandum of Understanding signed with Pemex to jointly explore oil & gas in Mexico

We signed a three-year Memorandum of Understanding and Cooperation with Mexico's state oil company, Pemex, establishing the basis for discussions and analysis of potential oil and gas cooperation in Mexico, including exploration, deep-water projects, revitalization of mature fields, heavy and extra-heavy oil onshore and offshore fields, high-water-production fields, and other upstream activities.

Exploration

At Pacific, we continuously develop new technologies that allow us to explore our assets in a more effective, cost-efficient and high-quality manner.

This process consists of the acquisition of data and seismic interpretation that allows us to evaluate and prioritize opportunities. Once a high-priority opportunity is identified, it is drilled and further analyzed; if the results are good, the process ends with a determination of the amount of reserves and the start of production.

In 2014, we drilled 56 exploration wells (including stratigraphic and appraisal), of which 43 resulted in discoveries, achieving a 77% success rate for the year.

During 2014 we had an average success rate of 77%, representing a total of 56 exploration wells of which 43 were discoveries.

Exploration Opportunities



A large and diversified portfolio that contributes to a promising exploration future.

87 EXPLORATION & PRODUCTION ASSETS	55 ASSETS EXPLORATION ACTIVITY	226 OPPORTUNITIES	143 PROSPECTS* 76 LEADS* 7 CONTINGENT RESOURCES	9,574 MMboe Total Prospective Resources*	TOTAL ACRES PRE 30.9 MM (Gross) 22.8 MM (Net)
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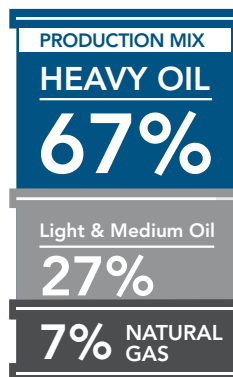
Note: A lead is a prospect that requires greater information and maturation to be defined as an exploration destination. *Management estimates. Information updated until April 2015.

Production

The heart of our business is generating high production levels rapidly, sustainably, and with the highest standards of health and safety; this allow us to maximize windows of opportunity in favourable economic environments.

At Pacific, we have a diverse portfolio of light, medium and heavy oil and gas.

Additionally, in the production process, we focus our efforts on increasing our usage of local skilled and unskilled labour and on working hand in hand with our communities and local and national institutions to bring development and progress to the regions in which we operate.



OUR ASSETS 2014

- Leading E&P in Latin America with diversified geological and country risk.
- 87 E&P blocks in 7 countries.

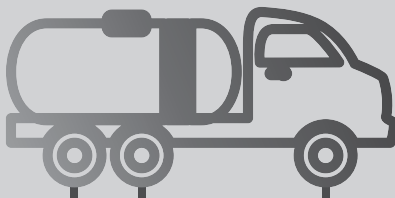
Supply and transportation

Our assets are located in remote locations that require us to develop infrastructure to transport our product in a quick and efficient manner and in compliance with all of our customers' requirements at the respective endpoints. In countries such as Colombia, where we currently have most of our production, we have contributed to the construction of pipelines that have strengthened the country's infrastructure and reduced the Company's operational costs.

With these pipelines in operation, we have significantly reduced our dependence on crude transport tanker trucks, which has also translated into reduced environmental impact and reduced deterioration of public roads; these benefits improve our relationships with communities and local governments.

For 2014, our total cost per barrel (including operational, transport, diluent plus PAP and overlift/underlift costs) was \$30.51/boe, 8% less when compared to \$33.18/boe for 2013. This decrease reaffirms the Company's position as a low-cost producer, and positions us well to successfully confront the recent fall in international crude prices.

With these pipelines in operation, we have significantly reduced our dependence on crude transport tanker trucks.



Pacific Midstream Assets:

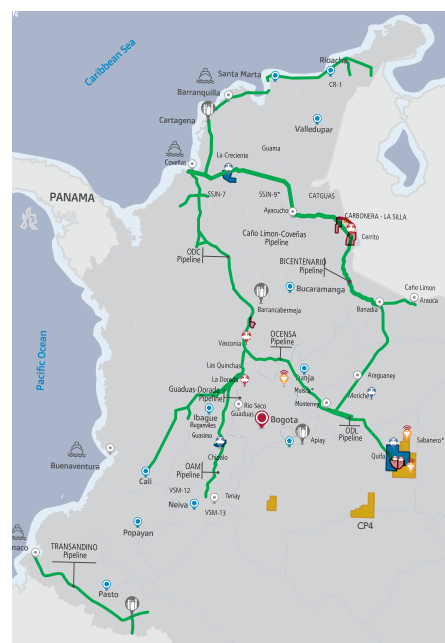
PEL 100%

De Los Llanos Pipeline (ODL) 35%
Bicentenario pipeline 41.5%
La Creciente Gas pipeline 100%

IFC acquisition 43% of Pacific Midstream closed on December 2014 for \$320 million.

Pacific Infrastructure Potential (IPO)-
Puerto Bahia 43%-
Olecar 50%*

*In 2015, the possibility of an IPO will be contemplated for Pacific Infrastructure.



For 2014, our total cost per barrel (including operational, transport, diluent plus PAP and overlift/underlift costs) was \$30.51/boe, 8% less when compared to \$33.18/boe for 2013.

Sales and exports

One of our most important achievements is the positioning of Pacific in international oil markets where we have an excellent reputation and commercial relationships with key principal players. This position is due to our reputation as a reliable and responsible supplier that offers a very high-quality product generated in a sustainable manner.

Our geographical location places us at an advantage when it comes to the distribution of our products to international markets.



Our main destinations are:

- United States 38%
- Asia 28%
- Central America and the Caribbean 17%
- Europe 17%

OUR CORPORATE GOVERNANCE

GRI G4-34 Governance



For more information on our Corporate Governance and subcommittees, please see: <http://www.pacificrubiales.com/corporate/corporate-governance.html>

At Pacific, we believe that there are certain fundamental rights attached to share ownership. We hold ourselves accountable to shareholders and have structured appropriate checks and balances to ensure that the board operates in the best interest of our stakeholders. Our board establishes the Company's strategic objectives within a framework of prudent and effective controls, which enables risk and opportunity to be assessed and managed effectively. Additionally, we ensure that our shareholders receive sufficient and timely information to make knowledgeable decisions.

During 2014, our shareholders voted to re-elect the 12-member board to hold office until the next annual meeting of shareholders. This 12-member board represents a skilled and diverse set of professionals with management and leadership skills, international and board experience, industry knowledge and government experience.

At the annual general meeting held in 2014, the shareholders also re-appointed Ernst & Young LLP as auditors of the Corporation at a remuneration to be fixed by the board. Finally, the shareholders approved unallocated entitlements under the Corporation's Stock Option Plan as required by the TSX. In 2014, the Company moved away from this form of compensation for employees (the non-executive directors were switched to a deferred share unit plan in 2012) and towards a deferred share unit plan as a way to better align our compensation with the interests of our shareholders.

Our company has seven subcommittees: audit, compensation and human resources, corporate governance and nominating, reserves, executive, sustainability, and new business opportunities.

Our sustainability committees

GRI G4-35, G4-42 Governance

At the Board of Directors level

The Sustainability Committee of the Board of Directors met twice in 2014 in accordance with its charter.³ During these meetings we were able to:

1. Approve our Sustainability and Stakeholder Engagement Policies (<http://www.pacificrubiales.com/corporate/corporate-governance.html>) as well as our Gender and Human Rights declarations that stem from the policy; (<http://www.pacificrubiales.com/corporate/corporate-governance.html>).
2. Analyze strategies that allow us to be cost-efficient with respect to our social agenda and take low oil prices into account.
3. Identify and substantiate the progress made by the Company in the implementation of the Sustainability and Shared Value Model in 2014, and establish goals and prioritize initiatives for 2015.
4. Formulate 2015 action plans based on the analysis of opportunities and gaps identified by the DJSI.
5. Review the Company's efforts and approach opportunities with responsible investors.

³ For more details about this charter, please see: <http://www.pacificrubiales.com/corporate/corporate-governance.html>

At the management level

In 2014, our management-level Sustainability Committee continued the work initiated in 2013: executing our sustainability strategy and generating shared value. This committee was able to:

- 1. Analyze the progress to date under the strategy and develop an action plan to close gaps.
- 2. Develop and approve action plans and assign responsibility for each of the strategic objectives established in the strategy.
- 3. Implement initiatives for the analysis of opportunities and gaps identified by the DJSI.
- 4. Discuss critical issues in the following areas: CSR, HSEQ, Labour, and Strategic Affairs.
- 5. Establish goals to strengthen the performance of our environmental, social and labour indicators.

Our Strategy

Our Corporate Objectives

We aspire to make Pacific the leading publicly traded oil company in Latin America in terms of reserves, production, and generation of value. We are working towards having Pacific included amongst the most internationally recognized companies for its contribution to the sustainable development of its surroundings. Our goal is that the Company will be heralded as a global leader for its ability to discover and develop hydrocarbon reserves in a sustainable, responsible and profitable manner.



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Our Strategy

Our strategy for meeting our objectives will focus on (1) strengthening our capacity to foresee and adapt to change, (2) defining strategic objectives to find opportunities and initiatives for growth, and (3) optimizing resources and ensuring long-term sustainability. In 2015, we will remain focused on growth and on striking a balance between efficiency and adaptability by:



- Planning a baseline for the prioritization of various activities.
- Preparing ourselves for a number of different scenarios and developing systems that enable us to have a greater understanding of our needs compared to our potential, which will allow us to prepare a portfolio of strategic options.
- Evaluating all options related to our business model, our capacity, and the current market to allow us to add financial value in the face of uncertainty.
- Pursuing dynamic new strategies while continuously reviewing our assumptions and current strategies.
- Implementing a strategic process that is focused on quick learning and adaptation based on experience and knowledge.

Our Sustainability and Shared Value Model

To guarantee the sustainable and profitable performance of the business, we are continuously working to generate shared value while promoting prosperity in our areas of influence. For the last seven years we have focused our efforts on seven commitments that promote value for all of our internal and external stakeholders.

These commitments demonstrate our continuous engagement⁴ with our stakeholders, allow us to understand their expectations of the Company, give us the ability to analyze the risks and opportunities for the business and its surroundings, and help us understand the industry and the context in which we operate. Also, they demonstrate our alignment with the highest national and international sustainability standards.

GRI G4-25, G4-26 Stakeholder Engagement

Our **7** commitments are:

We operate with excellence



We seek to tie our barrels to a legacy, which is why we have a high rate of exploration and production success. We work under the highest health and safety standards and we enter markets that provide us with high profitability.

We act consistently and transparently



Accountability provides space for continuous improvement and innovation. It increases trust in the Company, allows us to build our reputation, and is a key piece in achieving our results.

We work in harmony with the environment



We are aware of our operations' environmental impact, which is why we always seek to improve and continue our attempts to operate without compromising the future of our natural surroundings.

We contribute to the sustainable development of communities



Through the development of our business, we seek to contribute to the solution of problems in the local economy and to help attain prosperous and sustainable regions even after oil activities have ended there.

We respect and promote human rights in our operations



We are aware of the duty we have to respect the integrity of the individuals with whom we have relationships and to build those relationships based on trust and legitimacy.

We have the best talent



We are an organization of individuals who think about our society and the communities in which we are involved, and we put our whole heart into all of the activities we carry out.

We promote a sustainable supply chain



None of what we do would be possible if we did not act hand in hand with our strategic partners.

⁴ The frequency (monthly, quarterly, biannually or annually) of our engagement depends on the characteristics of the stakeholder, our relationship with them, and the matters discussed. At Pacific, we are constantly available and accessible to our internal and external stakeholders.

Our stakeholders

GRI G4-24 Material aspects and boundaries



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Our material issues

GRI G4-18 Material aspects and boundaries

At Pacific, we have 31 material issues that comprise our Sustainability and Shared Value Model. In 2014, we made the following changes:

- In our “We Operate with Excellence” commitment, we eliminated issues regarding the quality of the product, efficiency, and infrastructure, and created a new issue – “Supply and Transport” – that guarantees efficient, high-quality transportation of our product.
- We moved “Transparency in Royalties” to our “We act Consistently and Transparently” commitment. Our commitment to the stock market is to implement the best corporate governance practices and to disclose material information in a timely and transparent manner while promoting an environment of integrity and compliance.
- “Economic, Social and Cultural Rights of Communities” was replaced by “Relations with Ethnic Groups.” At Pacific, we recognize the existence of ethnic groups in our operations and we understand that they are entitled to special considerations, which we respect and take into account at all times.
- We modified the name of our “We Strengthen the Sustainability of our Supply Chain” commitment so that it has greater alignment with the initiatives that we are currently developing. We have renamed this commitment as “We Promote a Sustainable Supply Chain.”
- We added a new issue entitled “Sustainable Management,” the objective of which is to promote sustainable supply chain actions through the development of tools for our employees and the entire value chain. These tools will transform our manner of conceiving the process for the purchase of goods and services.
- We integrated “Pacific Culture” into “Comprehensive Development of our People.” Management of the work environment is a key element of the process for individual and group development and this change acknowledges that insight.
- We integrated “Total Compensation Systems” into “Selection and Retention of Talent” due to the fact that one manner of attracting and retaining the best talent is through robust compensation in line with the best national and international practices.

At the beginning of each one of our commitments you will find, in detail, the external relevance and coverage of the issues associated with each commitment for both Pacific and our surroundings.

OUR 2014 AWARDS AND HIGHLIGHTS



We were listed for the second year in a row on the Dow Jones North America Sustainability Index.

Rubiales and Quifa fields were certified with sustainable barrels under the EO100 Standard:

- This is the only multiparty certification system that evaluates social responsibility and environmental practices at oil and gas exploration and production sites.
- We obtained the first worldwide certification for responsible oil production under the EO100 – Equitable Origin (EO) standard for sustainable barrels.
- We received a score of 100/100, which indicates that operations at Quifa and Rubiales use the best practices in the industry in terms of social and environmental performance.
- Apart from the certification, the production facilities received a qualification of “EO Leadership Bronze Category” given that the operations exceeded the basic level of performance and demonstrated best practices in the six principles measured by the standard.
- Deloitte Colombia carried out the external audit for this certification.

Member of Voluntary Principles on Security and Human Rights:

We were chosen to be one of the 28 companies that are a part of this international initiative, which offers practical guides for companies that operate in zones of conflict or with fragile governance. These guides ensure that public and private security forces that are responsible for protecting operations act within a framework that is respectful of human rights.

World Finance:

We were chosen as the “Best Sustainable Company in Latin America 2014” by World Finance.

Rio Oil & Gas:

At this leading event in the Latin American oil and gas industry, Pacific was chosen to present our Agrocascada model as a motor for development and shared value in Colombia.

Innovation Prize for Agrocascada:

At the beginning of 2014, we received Accenture’s innovation prize for Agrocascada, which revolutionizes the manner in which the industry disposes of its residual water.

Pacific Corporate University:

CorpU named us as the best corporate university among 100 candidates. We won in three categories: branding, alliances, and leadership development, as well as winning the overall prize.

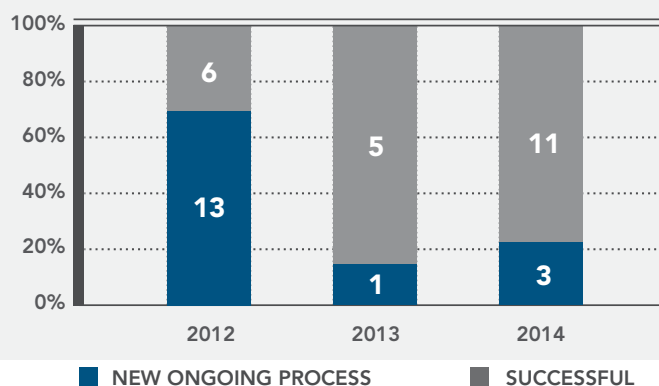
Excellence in health and safety:

We were certified as a Healthy Organization by the Colombian Heart Foundation, which recognizes us as a “Company Free from Alcohol, Drugs and Tobacco.” We also received the Cruz Esmeralda Merit Medal due to the successful management of our occupational health, industrial safety, and environmental programs.

Successful results in environmental licencing processes:

In 2014, we achieved a success rate of 80% in environmental licencing and the approval of management measures, providing viability for the Company’s projects.

LICENCING





Recognition in communications and reputation

- **2014 STEVIES Prize:** Won for internal communication of the year, bronze level, for the **"Shared Value, Building Prosperity Together"** campaign.
- **2014 EIKON Argentina Prize, Category: Internal Event "Pacific – because of you and for you."**
Won for the design and implementation of internal communication strategies focused on the strengthening of our corporate identity through our partners' understanding of our value chain and their participation in activities of interest.
- **Within three years** (2012 to 2014), we became **the second most reputable oil company in Colombia. Merco.**
- **We are #1 in social responsibility** in the ranking of the companies that implement **the most effective social responsibility policies. Cifras & Conceptos.**
- **We are #6 in the ranking of the most sustainable companies in Colombia. Invamer Gallup and Revista Dinero.**
- **We are #9 among the ten most sustainable companies in Colombia. In two years we climbed 40 spots on the ranking. Merco.**
- **We are #12 among the 20 most admired companies in Colombia according to 200 business people. Invamer Gallup.**
- **We are among the top ten companies** in which **Colombians ages 17-26 want to work in. Empleo.com**
- **During 2014, there were 8,000 news stories about Pacific,** 90% of which were positive. **600 were related to sustainability issues.**



Innovation at Pacific

At Pacific, we are constantly in search of innovative business strategies that allow us to promote a legacy of performance with a purpose. The following projects demonstrate our commitment to providing permanent and sustainable solutions to the social and environmental challenges in the surroundings in which we operate, which in turn increase the profitability and viability of our business.

Bringing energy to our fields of operation: Petroeléctrica de los Llanos ("PEL")

Due to the nature of our activities, our operating fields require large amounts of power; using traditional power generation methods is costly and increases the Company's greenhouse gas emissions.

Petroeléctrica de los Llanos was born out of the necessity of satisfying internal demand for energy in Pacific's operations within the Llanos basin. The project represents environmental and economic efficiency.

Petroeléctrica is a 230-kilowatt, 260-mile power line with an authorized transmission capacity of 280 MW/h and a connection point to the National Transmission System ("STN") at a substation in the department of Boyacá, Colombia. With an investment of \$230 million, the power line allows for the replacement of the previous mechanisms, such as burning fossil fuels, that the Company relied on to support internal energy demand at the fields.

The main highlights of this project are:

GRI G4-EN19 Energy and Emissions



Optimization of energy costs associated with water disposal and production of oil. Generating a kilowatt of energy by utilizing the current power line means that we only incur one-quarter of the previous costs. This decrease in costs directly influences the netback per barrel, therefore having a positive impact on the Company's finances.

Generation of an estimated \$219 million in savings per year, which is an impressive return considering the initial investment of \$230 million.



Investment of \$2 million in local communities benefiting more than 37,000 people with a social investment in 3 departments, 7 municipalities and 47 villages.

Hiring of unskilled labour at the local level; recruitment of qualified personnel was also prioritized within the region. 1,251 jobs were created in the construction phase of the line.



Support for the growth of local businesses and a boost for the local economy – PEL contracts the majority of its goods and services in the areas where the project is located.

Reduction of greenhouse gases, which are being calculated by an external party and shall be enumerated in our next report.



Reuse of Residual Water through the Agrocascada Water Irrigation Project

Currently, Pacific extracts 20 barrels of water for each barrel of crude produced, which means that with the current production levels, the Company has to dispose of around 3,280,000 barrels of water per day. With the intention of overcoming this challenge, and given Pacific's interest in leading a profitable and sustainable operation, the company (benefited by new legislation that allowed the reuse of industrial waters) implemented the Agrocascada project. It is authorized under the Rubiales Field's environmental licence which allows Pacific to treat 1,500,000 barrels of water through reverse osmosis in plants.

The treated water will be made available to third parties authorized by Cormacarena to use this resource in the irrigation of industrial crops. This project also results in reduced energy consumption and field emissions given that the energy requirements of the osmosis treatment are less than those required for the injection of the water into the subsoil.

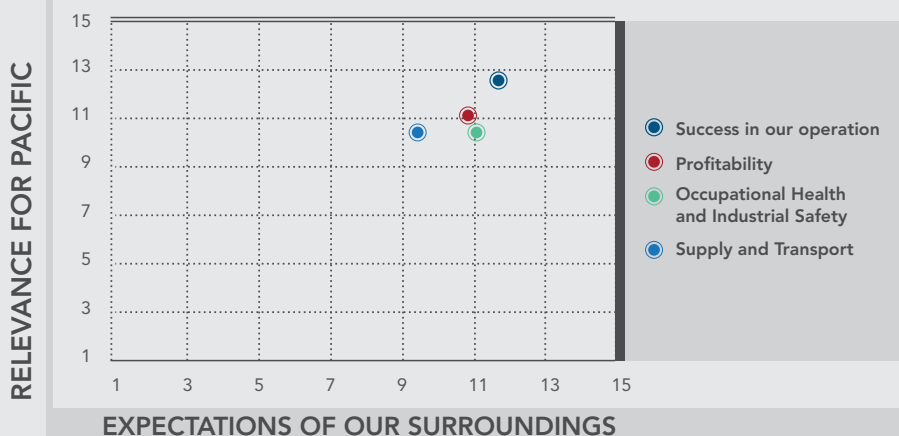
THE ENERGY THAT MOVES US

WE OPERATE WITH EXCELLENCE

To ensure a sustainable operation, we must have a profitable and competitive company that, based on its good performance, has the capacity to contribute to the creation of healthy surroundings.

Our strategy is to constantly increase our exploration, production, and participation in the market while being cost-efficient and profitable. We also work under the highest health and safety standards while providing the best output for our stakeholders.

Below, we present the material issues and the external and internal boundaries with respect to this commitment.



External Stakeholders: field partners, suppliers and contractors, shareholders, state, media, analysts, unions, and clients

Our strategy is to constantly increase our exploration, production, and participation in the market while being cost-efficient and profitable.

GRI G4-19, 4-20, 4-21, 4-27 Material aspects and boundaries

Success in our operation

FINANCIAL AND OPERATING SUMMARY

Expressed in thousands of US dollars except per share amounts or as noted	YEAR ENDING DECEMBER 31		THREE MONTHS ENDING DECEMBER 31	
	2014	2013 ⁽¹⁾	2014	2013 ⁽¹⁾
Financials				
Oil and gas sales (\$)	4,950,022	4,626,859	991,508	1,202,551
Adjusted EBITDA ⁽²⁾	2,484,085	2,566,957	419,276	655,327
Adjusted EBITDA margin (Adjusted EBITDA/Revenues)	50%	55%	42%	54%
Per share - basic (\$) ⁽³⁾	7.87	7.95	1.33	2.02
Funds flow from operations ⁽²⁾	2,021,241	1,913,112	409,769	476,851
Funds flow from operations margin (Funds flow from operations/Revenues)	41%	41%	41%	40%
Per share - basic (\$) ⁽³⁾	6.41	5.92	1.30	1.47
Net earning (loss) from operations before impairment and exploration expenses ⁽⁵⁾	832,265	1,171,880	(40,564)	312,520
Net (loss) earnings ⁽⁴⁾	(1,309,625)	426,082	(1,660,876)	140,412
Per share - basic (\$) ⁽³⁾	(4.15)	1.32	(5.26)	0.43
Cash dividends	207,553	195,780	51,687	53,545
Cash dividends per share	0.66	0.61	0.16	0.17
Sales and Production				
Average sales volumes (boe/d)	158,026	134,621	161,445	143,864
Average oil and gas sales (boe/d)	145,941	130,789	147,208	140,465
Average trading sales (bbl/d)	12,085	3,032	14,237	3,399
Average net production (boe/d)	147,423	129,386	147,075	134,313
Average net production oil (bbl/d)	137,076	118,507	137,019	123,371
Average net production gas (boe/d)	10,347	10,879	10,058	10,942
Combined price (\$/boe)	85.35	93.95	65.64	90.66
Combined netback (\$/boe)	54.84	60.77	38.36	59.43
Operating Activities				
Capital expenditures	2,382,296	2,065,525	757,842	625,398
Capital expenditures for new acquisitions	289,279	1,133,522	-	1,020,475
Successful exploration, appraisal, and stratigraphic drilled wells (gross)	43	23	15	12

1. Net Earnings for 2013 have been restated upon the first-time adoption of IFRS 9 – Financial Instruments. Refer to Note 30 of the Audited Annual Consolidated Financial Statements.
2. See "Additional Financial Measures" on page 36 of the 2014 year-end MD&A.
3. The basic weighted average number of common shares for the years ending December 31, 2014 and 2013 was 315,487,230 and 322,989,949 respectively. The same for the fourth quarter of 2014 and 2013 was 315,854,992 and 324,173,884, respectively.
4. Net (loss) earnings attributable to equity holders of the parent.
5. See additional comments on page 18 of the 2014 year-end MD&A.

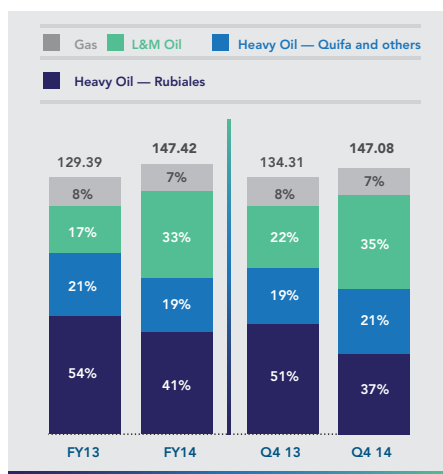
Production and Development Review

During 2014, average net production after royalties and internal consumption totalled 147,423 boe/d, representing an increase of 14% year-over-year. Average net production for the fourth quarter of 2014 reached 147,075 boe/d, 10% higher than the 134,313 boe/d for the same quarter of 2013.



We have significantly increased our light and medium oil production since 2013 through targeted acquisitions and exploration discoveries. Light and medium net oil production increased 123% year-over-year to 48,982 bbl/d from 21,948 bbl/d.

The following tables highlight the average daily production from all of the Company's producing fields located in Colombia and Peru:



FULL YEAR 2014 PRODUCTION

AVERAGE YEAR PRODUCTION (in boe/d)

	Total field production		Gross share before royalties ⁽¹⁾		Net share after royalties	
	2014	2013	2014	2013	2014	2013
PRODUCING FIELDS – COLOMBIA	180,519	208,763	75,460	87,768	60,368	70,214
Rubiales / Piriri	56,573	55,031	33,607	32,754	23,685	23,610
Quifa SW ⁽²⁾	237,092	263,794	109,067	120,522	84,053	93,824
OTHER FIELDS IN COLOMBIA						
Light and medium crude ⁽³⁾	54,521	28,979	49,907	22,179	46,341	20,503
Gas ⁽⁴⁾	11,372	11,183	10,347	10,879	10,347	10,879
Heavy crude ⁽⁵⁾	6,312	4,455	4,273	3,041	4,041	2,735
Total production Colombia	309,297	308,411	173,594	156,621	144,782	128,031
Producing fields in Peru						
Light and medium	5,650	2,766	2,641	1,355	2,641	1,355
	5,650	2,766	2,641	1,355	2,641	1,355
Total production Colombia and Peru	314,947	311,177	176,235	157,976	147,423	129,386

1. Share before royalties is net of internal consumption at the field and before PAP at the Quifa SW Field.

2. The Company's share before royalties in the Quifa SW Field is 60% and decreases in accordance with a high-price clause that assigns additional production to Ecopetrol S.A. ("Ecopetrol").

3. Mainly includes Cubiro, Cravoviejo, Casanare Este, Canaguaro, Guatiquia, Casimena, CPI Neiva, Cachicamo, Arrendajo and other producing fields. Also includes the interest in the Cubiro field acquired from LAEFM Colombia Ltda. ("LAEFM") effective April 1, 2014 pursuant to a transaction that closed on August 12, 2014, which produced at 3,626 bbl/d. Subject to approval from Ecopetrol and the Agencia Nacional de Hidrocarburos ("ANH"), (if applicable), the Company is in the process of divesting its participation in the Moriche, Las Quinchas, Guasimo, Chipalo and Cerrito blocks.

4. Includes La Creciente, Dindal/Rio Seco, Abanico, Cerrito, Carbonera and other producing fields.

5. Includes Cajua, Sabanero, CPE-6, Rio Ariari, Prospecto S and Prospecto D fields.

Exploration

Reserves

RESERVES AS OF DECEMBER 31, 2014 (MMboe⁽¹⁾)

COUNTRY	FIELD	TOTAL PROVED (1P)		PROBABLE (P2)		PROVED + PROBABLE (2P)		HYDROCARBON TYPE
		GROSS	NET	GROSS	NET	GROSS	NET	
Colombia	Rubiales	40.2	32.1	-	-	40.2	32.1	Heavy Oil
	Quifa SW	67.3	54.4	6.4	5.1	73.7	59.5	Heavy Oil
	Other heavy oil blocks ⁽²⁾	58.6	50.7	103.4	90.5	162.0	141.3	Heavy Oil
	Light/Medium oil blocks	62.8	57.8	20.4	18.7	83.2	76.5	Light/Medium Oil, Natural Gas
	Natural gas blocks ⁽³⁾	99.4	99.4	26.4	26.4	125.8	125.8	Natural Gas
	Sub-Total	328.3	294.5	156.6	140.8	484.9	435.3	Oil & Natural Gas
Peru	Light/Medium oil/natural gas ⁽⁴⁾	20.5	20.5	55.1	55.1	75.6	75.6	Oil & Natural Gas
	Total at Dec. 31, 2014	348.8	315.0	211.7	195.9	560.5	510.9	Oil & Natural Gas
	Total at Dec. 31, 2013	455.0	388.6	247.2	224.6	702.2	613.3	
	Difference	(106.1)	(73.6)	(35.6)	(28.8)	(141.7)	(102.4)	
	Production 2014	64.3	53.8	TOTAL RESERVES INCORPORATED		77.4	(48.6)	

1. See "Boe Conversion" in the advisories section on page 41 of the 2014 year-end MD&A.

2. Includes Cajua, Quifa North, Sabanero, CPE-6, and Río Ariari properties.

3. Includes La Creciente and Guama properties.

4. Includes onshore Block 131 and Block 126.

In the table above, gross refers to working interest before royalties, net refers to working interest after royalties; numbers in the table may not add up properly due to rounding differences.

The Reserves Reports were prepared in accordance with the definitions, standards, and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("**COGE Handbook**") and the National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("**NI 51-101**"). Additional reserves information as required under NI 51-101 is included in the Company's Annual Information Form dated March 18, 2015.

Outlook

Despite recent oil price shocks, Pacific enters 2015 in solid standing. We have reduced our capital expenditures to match expected cash flow in a lower oil price environment and have the flexibility and further discretionary components to adjust to the environment. In addition, we continue to reduce costs through efficiency gains and operational adjustments. The outlook for 2015 includes:

- **Net production of 150 to 160 Mboe/d**, a slight decrease from the previous guidance, representing approximately 1% to 8% growth over expected 2014 production levels.
- **Expected oil price realization of \$1 to \$2** above the WTI benchmark price assumption.
- **A significant reduction in 2015 cash costs, with operating costs estimated at \$28/boe**, G&A costs of \$200 million, financing costs of \$250 million and **cash taxes of \$200 million expected**.
- **Generation of Adjusted EBITDA of \$1.5 to \$1.7 billion** (including funds from hedging programs and dividends from affiliates), **and Funds Flow (Cash Flow) of \$1.1 to \$1.3 billion**.
- **Exploration and development capital expenditures of \$1.1 to \$1.3 billion**, the majority directed to development drilling and facilities and a small amount to exploration.



Profitability

Pacific sold an interest in Pacific Midstream to the IFC for \$320 Million

In 2014, we signed several agreements with the International Finance Corporation ("IFC") (a member of the World Bank Group), the IFC Global Infrastructure Fund ("GIF") (a fund managed by IFC Asset Management Company LLC), and a group of investors. Under these agreements, we agreed to sell approximately 43% of our interest in Pacific Midstream Ltd. ("Pacific Midstream"), a company that owns some of our pipelines and other power transmission assets. The price was \$320 million, with cash of \$240 million received in 2014.

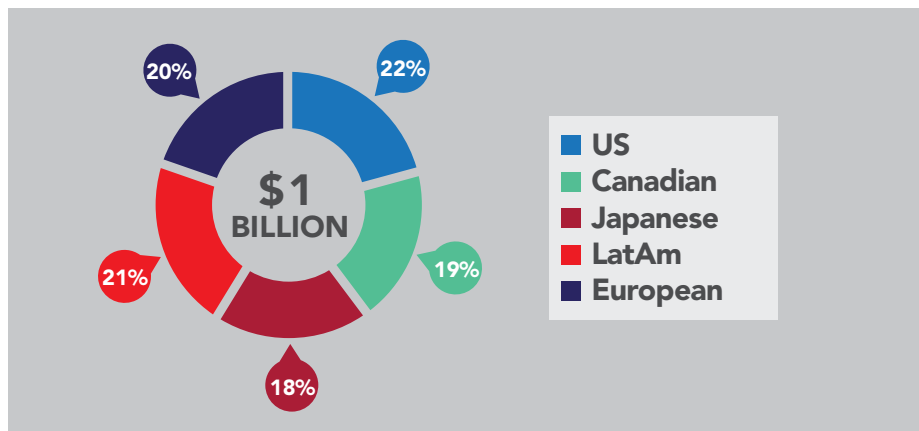
Restructuring of Pacific's Debt: Optimizing the Medium Term and Reducing Cost

During 2014, the Company closed a \$750 million offering of 5.625% senior unsecured notes due in 2025. The Company also closed an exchange offer (the "Exchange Offer") of its 7.25% senior unsecured notes due in 2021 with a 31.24% success rate. The Exchange Offer resulted in a \$364 million aggregate principal amount of 7.25% Senior Notes being validly tendered and accepted for exchange into 5.625% Senior Notes. This exchange offer improved the maturity profile of our existing debt by extending the maturity date of part of our outstanding debt from 2021 to the maturity of the existing notes in 2025. The new notes also resulted in reduced interest expense.

Closing of New \$1 Billion Credit Facility

In April 2014, we paid down the COP Revolving Credit Facility ("RCF") for \$300 million and the USD RCF for \$400 million by structuring a contract with a syndicate of 20 banks for a new credit facility of \$1 billion at a rate of LIBOR + 2.25% and a term of three years. This facility, one of the largest in Latin America (excluding Brazil and Mexico), gave us greater flexibility in the use of funds for new projects and immediate working capital needs, and reduced financing costs compared to our previous RCF arrangements.

Additionally, this facility increased our presence in the international corporate debt markets, including greater diversification with banking entities in different regions as shown below:



New Short- and Medium-Term Financing Agreements

In 2014, we diversified our banking services portfolio with different short-term credit facilities, increasing the availability of immediate funds to \$602.5 million. This resulted in lower financing costs and fewer restrictions for their use.

We also closed two long-term financing contracts with HSBC and the *Banco Latinoamericano de Comercio Exterior* for \$250 million and \$75 million, respectively.

Occupational Health and Industrial Safety

At Pacific we continually strive to improve our standards and align our organizational structure with our Comprehensive Management System. This is ratified every year with our recertification under the ISO 90001, ISO 14001, and OHSAS 180001 standards.

In 2014, we worked diligently on our commitment to promote a culture of safety among our workers. We achieved quite a lot thanks to the participation of suppliers and contractors who actively applied the Company's guidelines.

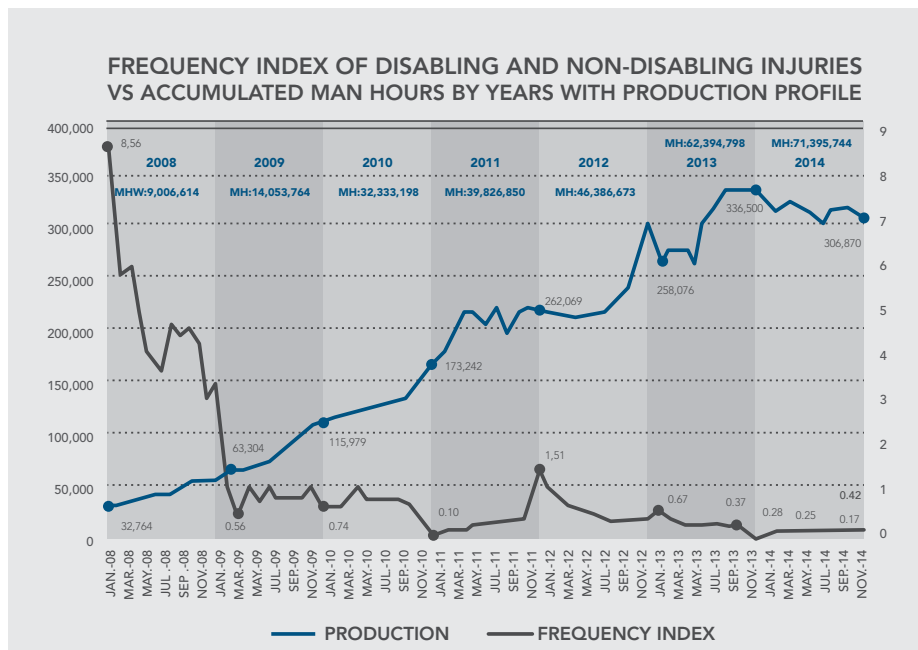
The strengthening of the industrial safety program and the dissemination of an HSEQ culture in 2014 allowed us to reduce the frequency index of disabling and non-disabling injuries by 54% and 81% respectively compared to 2013.



Frequency Index of Disabling and Non-Disabling Injuries

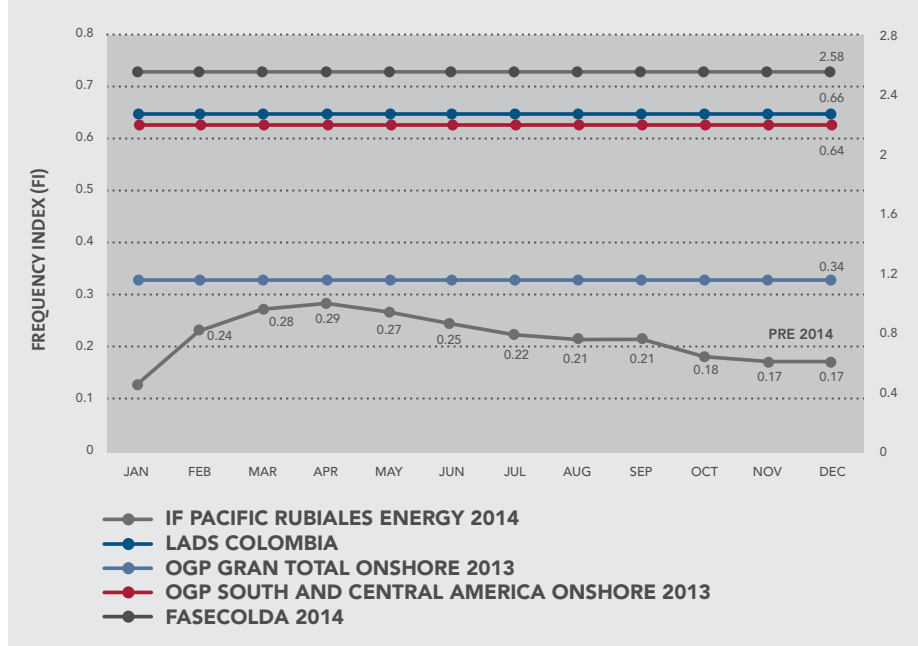
GRI G4 - LA6 Occupational Health and Industrial Safety

The frequency index for disabling injuries is comprised of corporate data from Meta Petroleum, Pacific Stratus Energy, Petrominerales, and Peru's direct personnel and contractors.



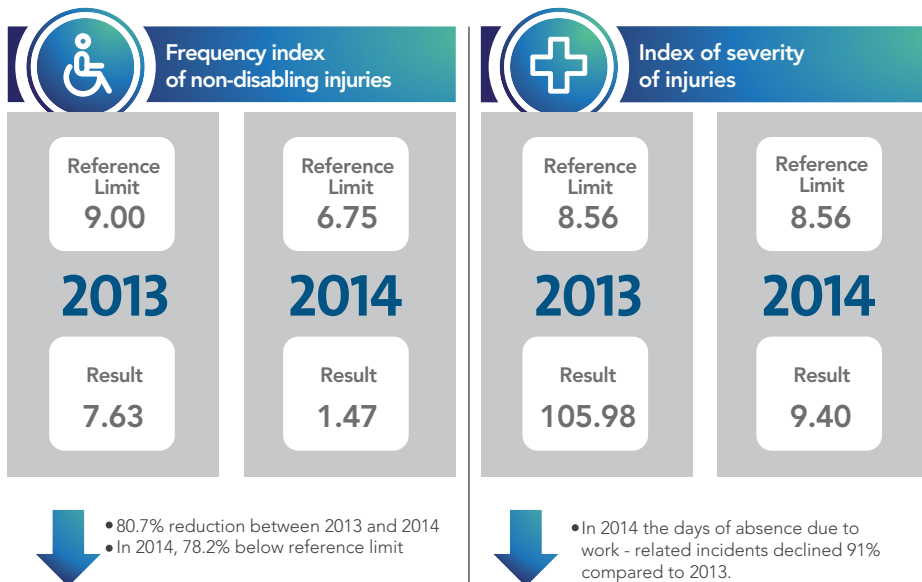
Our production has incrementally increased over time and the effect of this growth is shown in terms of the increase in labour hours. Notwithstanding the foregoing, the relative frequency of disabling injuries has been drastically reduced and continues to trend downwards.

2014 INDEX OF DISABLING INJURIES



Our 2014 results are 93% lower than the results published by Fasescolda according to the data of the Professional Risk Fund Oil Sector; 73% lower than the index set by the International Association of Oil & Gas Producers for South and Central America; and 50% lower than the results from the International Association of Oil & Gas Producers for the onshore industry worldwide.





The severity of injuries index is comprised of corporate data that involves numbers from Meta Petroleum, Pacific Stratus Energy, Petrominerales and Peru's direct personnel and contractors.

HSEQ Audits

Focusing on our contractors' operations, we have developed legal audits and control activities in addition to follow-up and monitoring of operational performance. In these audits, we evaluate issues related to labour, HSEQ, contractual agreement for association, and corporate social responsibility.

In 2014, we audited 100% of the contractors and subcontractors that posed a high risk for our operations.



Stakeholder verification visits to the fields:



1. National Hydrocarbons Agency: **25**
2. National Authority on Environmental Licences: **18**
3. Autonomous regional corporations: **11**
4. Our partners: **9**
5. Communities: **1**

HSEQ Training Actions

With the support of our Corporate University, we implemented the "HSEQ Knowledge Communities" program. This innovative initiative is comprised of internal scenarios used to facilitate the exchange of experiences and practices among associates. As a result, we have updated our approach and provided comprehensive training tools to the participating employees.



The HSEQ Knowledge Communities program facilitated several training activities:

- 25%** of these courses focused on occupational health
- 43.2%** of these courses focused on industrial safety
- 22.7%** of these courses focused on environmental matters
- 9.1%** of these courses focused on quality control

Industrial Safety

In 2014, we carried out continuous training on industrial safety with the following results:

700

workers were certified for working at heights at the basic and advanced levels;

6,543

workers were trained in chemical risk;

961

workers were trained in dangerous atmospheres;

221

workers were trained in behaviour-based safety.

In order to ensure the application of Pacific's safety standards among our contractors, we extended the Management of Operational Excellence ("GEOP") program to the operations processes and projects regarding Working at Heights and Lifting of Cargo. Of the 18 drilling teams that carry out permanent operations in the field, we implemented the program for 14 of them, achieving an average safety score of 8.8 out of 10.

Behaviour-Based Safety and Promoting HSEQ Culture

Together with our area leaders, we provided support through the Personalized Coaching Scheme Training Program and the Behaviour-Based Safety Program. 15.2% of the Company's workers and 39.8% of its contract workers participated in these programs. We achieved a Card Frequency Index ("IFT") of 5.8 and 6.1 respectively, which indicated that for approximately every 10 workers, an average of six behaviour intervention cards were registered.

This program has achieved positive results for HSEQ. Highlights include:



15,535 field follow-up procedures conducted by direct Pacific personnel on the interventions registered;



14,467 follow-up procedures by allied officers of other companies;



50,441 interventions with respect to unsafe actions or behaviours that were corrected or subjected to an improvement action.

Road Safety

In 2014, we continued to ensure the safety of our workers while driving, as well as the users of transportation services in all of our work activities, by implementing educational activities focused on prevention, application of good practices, and cooperative coexistence, such as:

- **445 training sessions** related to road safety standards.
- **7,079 permits** granted for on-field driving.
- **3,059 vehicles inspected** by the road safety department.
- **97% implementation** of the driving monitoring system.
- **9 road safety campaigns** covering 100% of the field drivers.



Frequency index of vehicle accidents

Reference Limit
0.32

2013

Result
0.17

Reference Limit
0.24

2014

Result
0.09



- 47% reduction between 2013 and 2014
- In 2014, 62.5% below reference limit

Strengthening the management of this program in 2014 contributed to a 47% reduction in the vehicle accident index compared to 2013.

Occupational Health

We extended the following benefits to our communities:



- Supply of medical services for approximately 342 cases (including transportation).
- Support for health events held in the region, including more than 40,000 consultations, from which more than 350 medical evacuations to more complex health entities occurred.
- Provision of the *Telemedicina* service, which was provided to support on-field medical personnel who provide service during medical emergencies. With this service, we carried out 184 tele-assisted requests to support medical emergencies, as well as support in the following specializations: internal medicine (94%), ophthalmology (4%), psychiatry (1%), and dermatology (1%).

Contingency Plan

The complexity of Pacific's operations and their high-risk nature demand the availability of specialized and sufficient resources among employees to promote prevention and provide timely attention to emergencies that may occur.



During 2014, we trained 4,903 workers (direct employees and contractors) on matters related to fire systems and control, first aid, rescue at heights, emergency response, and handling of injured individuals. We received 781 emergency calls that involved forest fires, structural fires, prevention activities, rescue and attention to the wounded, and activities that involved responding to community emergencies.

Supply and Transportation

Supply and transportation are vital processes in our value chain given that they guarantee the timely distribution of production for subsequent placement in the market. They also assure the steady supply of diluents required to dilute heavy crudes that we produce so that they may be moved through different pipeline systems, which in turn minimizes costs and maximizes revenue.

During 2014, we advanced the following initiatives:

- We developed shared value projects focused on strengthening local transportation companies in the Casanare region. We provided them with the necessary support to meet HSEQ and administrative standards, which has allowed them to compete for the execution of water and hydrocarbon transport services. Today we have

seven companies from the community working within our operations.

- We implemented a permanent evaluation process for transporter performance and detection that is carried out monthly and involves

logistical, administrative, and HSEQ aspects. These processes are the basis for allocating new contracts and have contributed to raising the performance and quality standards of the companies we work with, including those from local communities.

- Compared to 2013, we reduced idling time by 59% for tanker trucks at the loading and unloading points. This represents a cost saving of \$9.6 million.
- We initiated a driver professionalization program with SENA⁶ and our Corporate University that involves certification

in two areas: technical skills and behavioural/soft skills.







- We implemented the Strategic Road Safety Plan for fields located in the Casanare Department through comprehensive work with contractors, users of the road, and the community.
- We significantly reduced our accident index as a result of the implementation and effective application of control points, as well as the creation of protocols for imposing sanctions that did not previously exist for transport companies and drivers.

⁶ The National Training Service (Servicio Nacional de Aprendizaje – SENA) is a national public institution responsible to the Ministry of Labour of Colombia for training and educational activities.

YEAR	ACCIDENTS	% Accident Reduction compared to the previous year	KM	BARRELS TRANSPORTED
2012	34	–	107,142,958.00	11,787,061.00
2013	24	29	128,540,433.00	19,743,854.00
2014	13	54	43,479,661.74	21,853,335.50





Optimization and Cost Reduction Initiatives

During 2014, we concentrated on improving our processes:

-  We optimized the Company's measurement processes, thereby reducing loss of hydrocarbons in each producing field by **0.37%**. **This represented savings of more than \$1 million from May to December of 2014.**
-  We trained 380 direct employees and contractors on how to reduce equipment damage due to improper use and how to control the volume of crude transferred. **As a result, we reduced unidentifiable losses of crude and saved approximately \$800,000.**
-  We updated and standardized the documents for hydrocarbon measurement processes. We prepared a manual aligned with the regulations of the National Hydrocarbons Agency ("ANH") and we now have traceability of operations in case of a claim.
-  We implemented a business model whereby we will be able to optimize transportation and valuation of our crudes by using greater volumes of natural gasoline for dilution. **The transportation cost savings generated by this operational model are calculated to be \$1.68 per barrel, which translates to \$6.7 million monthly. This business model is aligned with our goal of keeping the cost of dilution under \$2.50 per barrel.**
-  We reached a collaboration agreement to exchange Ecopetrol's dilution capacity in Araguaey and Monterrey for volumes of heavy crude, optimizing the gross dilution cost per barrel (when Bicentenario is operating) to between \$1.00 and \$1.50.
-  We obtained an average operational capacity of 14.6 MMbbl/d in OCENSA, OAM (Oleoducto Altos de Magdalena) and ODC (Oleoducto de Colombia) during interruptions to Bicentenario's operations, by which **we avoided higher costs for transporting volumes to the Atlantic Coast while Bicentenario was in force majeure. In 2014, transport cost savings were \$63.3 million.**

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WHERE ARE WE HEADED?

ISSUE	CHALLENGE	DEADLINE
SUCCESS IN OUR OPERATIONS 	Reduce capital expenditures in order to adjust expected funds flow due to reduced international crude prices and have the flexibility to allow adjustment to exogenous factors.	2015
 PROFITABILITY	Reduce individual production costs as well as exploration and development capital expenditures.	
OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY 	<p>Strengthen work safety culture of our employees to maintain and improve injury indices as an indicator of performance.</p> <p>Maintain our healthy company scheme by creating a culture of prevention and promotion of health.</p> <p>Obtain recertification of ISO 90001, ISO 14001, and OHSAS 18001 norms.</p>	
 SUPPLY AND TRANSPORT	<p>Continue with the reduction of logistics costs and maximize the Company's profits from sales.</p> <p>Continue the development of operational worker schemes for the optimization of the Company's transportation, dilution, and sales.</p> <p>Strengthen the program for driver professionalization and continue with our shared value project for local transportation.</p>	



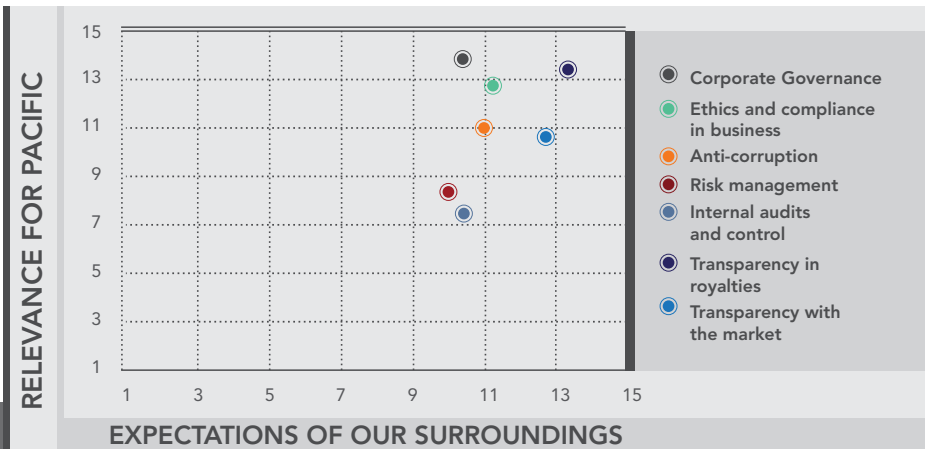
WE ACT CONSISTENTLY AND TRANSPARENTLY

For Pacific, it is essential to have robust processes and systems that allow us to carry out our business in a transparent and consistent manner with all of our stakeholders.

Our commitment to the energy sector and to our host countries is to ensure that our policies, guidelines and actions are consistent with our Code of Conduct and Corporate Ethics, guarantee day-to-day respect for individuals and our surroundings, and continually build a sustainable organization based on relationships of trust.

Below, we present the material issues and the external and internal boundaries for this commitment.

GRI G4-19, G4-20, G4-21, G4-27
Material aspects and boundaries



External Stakeholders: state, shareholders, analysts, media, government, suppliers and contractors, clients, field partners, unions, civil society, and community

Ethics and Business Compliance

For Pacific, acting ethically and with transparency is a fundamental principle for the proper execution of our activities. Working in a transparent and inclusive manner and respecting our surroundings and stakeholders enriches us and increases our value.

Training Sessions on Values and Code of Conduct

In 2014 we had a goal to train 1,000 field and head office employees in our Values, Code of Conduct, Corporate Ethics, and Transparency and Anti-Corruption workshops. Employees actively participated in workshops held in Colombia, Peru, Houston, Calgary, and Toronto; we trained a record number of 1,349 workers.

A record number of 1,349 employees were effectively trained in our Values and Code of Conduct.

Updating the Code of Conduct and Corporate Ethics

We also initiated a process to update our Code of Conduct and Corporate Ethics. Its evolution and application will provide us the opportunity to ensure the development of our operations under conditions of respect, reliability, safety, and sustainability regardless of where activities are carried out. In the updated version, we will include issues such as gender, business transparency, and third-party liability.

Culture of Compliance and Ethics

This year, we strengthened the culture of compliance and ethics through communication campaigns with the motto, "Being Transparent Has Value." With these campaigns, we educated 100% of our field and administrative employees.



Petitions received through our ethics channels by category:

CATEGORY	2013	2014
Relations with Employees	31	11
Relations with Contractors and Suppliers	45	26
Consultation	17	27
Conflict of Interest	39	46
Potential Fraud	13	8
Relations with Communities	8	5
TOTAL	153	123
GRI G4-58 Ethics and Integrity		

Anti-Corruption

GRI G4 - SO4 Anti-Corruption

We executed our online program in anti-corruption and fraud to better serve field and Bogotá-based employees. Our goal was to train 700 employees and we successfully trained 1,068.

Also, with the objective of ensuring standards of transparency and consistency of standards regarding the design and execution of institutional agreements with military forces and the National Police, we verified compliance of these agreements with Canadian anti-corruption laws and the U.S. Foreign Corrupt Practices Act. In 2015, we will execute a risk mitigation plan and seek opportunities for improvement according to the findings of this verification.

Our goal was to train 700 employees and we successfully trained 1,068.

Internal Audit and Controls

Internal audit and controls have a vital role at Pacific, ensuring that our processes are carried out economically (less time – less cost), efficiently (best use of resources), and effectively (compliance with objectives).

In 2014, we achieved 100% of our internal audit plan and focused on:

1. Supporting the achievement of corporate objectives by identifying, updating, and evaluating risks at the processes level.
2. Developing initiatives that support the strengthening of the Company's governance practices, business units, subsidiaries, and processes.
3. Supporting the process owners in assuring manual and automatic controls.
4. Strengthening the control environment through the evaluation of policies and procedures.
5. Promoting effective compliance of control norms and standards such as: NI 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings) and COSO (Committee of Sponsoring Organizations of the Treadway Commission).
6. Updating and monitoring the effectiveness of controls in line with changes in the business.

Aligned with the Company's strategy, we developed the following projects:

GROWTH	EFFICIENCY	ADAPTABILITY
<ol style="list-style-type: none"> 1. Evaluation of the reserves process. 2. Strengthening internal control in: <ul style="list-style-type: none"> • Agrocascada • PEL • ProAgrollanos • Pacific Midstream • Overseas Offices (Toronto, Houston, Calgary) 	<ol style="list-style-type: none"> 1. Efficiency in production costs by revising the processes for: <ul style="list-style-type: none"> • Drilling • Maintenance • Field Logistics • Fuel Control 2. Efficiency in the management of our contracts with partners at: <ul style="list-style-type: none"> • Rubiales • Quifa • Orito • Neiva • Dindal 3. Efficiency in the management of our expenses in the following areas and functions: <ul style="list-style-type: none"> • G&A • Inter-Company Transactions • Catering 4. Efficiency in the processes of: <ul style="list-style-type: none"> • RSC • Transport • Legal • AIT 	<ol style="list-style-type: none"> 1. Reviewing and updating contractual annexes. 2. Analysis for protection of cash/liquidity risk by reviewing the processes for: <ul style="list-style-type: none"> • Treasury • Taxes

Risk Management

At Pacific, we are conscious of risks in the industry in which we develop and carry out our operations, and for this reason our risk analysis is continuously carried out at all levels.

We annually develop an analysis of the principal risks that can affect the achievement of our business objectives, both at the corporate and business unit levels. These risks are disclosed in our regulatory reports such as our Management Discussion & Analysis ("MD&A") and Annual Information Form ("AIF"), and are categorized into four axes: strategic, operational, control and compliance, and surrounding issues.

In 2014, we worked on organizing identified scenarios associated with corporate risks with the intention of quantifying them. We brought the current Enterprise Risk Management ("ERM") model to the next step of Quantitative ERM ("Q-ERM"). Through this method and based on categories used internally, we quantified operational risks with input from various process owners who weighed the possible risk scenarios by impact and probability. Afterwards, the analysis of scenarios was modeled to identify the risks by large categories and establish the possible economic impact of the event. In 2015, we will begin working on the results of this quantification.

Finally, we continued to hold risk workshops with process owners and their teams. The objective of these workshops was to update them on operational realities including the risk and control matrix and the mitigation plans associated with each of the process risks.



Transparency in Royalties



COLOMBIAN TAXES ⁷	\$247,510,261
District Taxes	\$9,357,575
Social Security	\$31,197,060
Royalties	\$729,258,611
Other contributions	\$919,820
TOTAL	\$ 1,018,243,327

Our tax strategy consists of supporting the Company's sustainable growth by making efficient decisions, optimizing costs, and complying with applicable tax legislation.

Our strategy is aligned with our business vision, our Sustainability Policy, and our Code of Conduct. It also:



- Complies with tax obligations towards its stakeholders and competent authorities in each country of operation.
- Establishes policies and procedures to guarantee a comprehensive tax strategy that provides proper management of the associated risk.
- Promotes engagement processes with tax authorities in our countries of operations based on corporate policies.

As illustrated above, we continuously contribute to the development of fair, clear and coherent practices that are in line with our corporate goals and support the well-being of our countries of operation.

Additionally, we comply with the promise made to our stakeholders under our commitment to adhere to the Extractive Industries Transparency Initiative ("EITI"), which commits us to disclose financial reports in a timely and transparent manner including detailed information of all payments made in each country of operation.

Transparency with the Market

Our commitment to the stock market is to implement sound corporate governance practices and ensure compliance with shareholder rights. We believe it is a priority to disclose the Company's material information in a timely and transparent manner to the securities market and to foster an environment of compliance and integrity.

For this reason, we fully comply with the legislation of the stock exchanges in Canada and Colombia, where our shares are listed.

⁷ Values are expressed in USD using an exchange rate of COP 2,000. Our tax and royalty contributions were reduced for 2014 due to the reduction in the price of oil, which caused payment of less tax per barrel. The contributions reflected are payments made in Colombia by the following business units: Meta Petroleum, Pacific Stratus, Petrominerales, C&C and Petroeléctrica de los Llanos.

Our investors count on sustainability

The Principles for Responsible Investing ("PRI") guide institutional investors to integrate environmental, social and corporate governance issues in their decision-making processes and asset management practices. These United Nations principles aim to inform investors of the importance of investing in organizations committed to generating added value and managing those intangibles that can provide incremental long-term economic returns.



70 of the 250 principal institutional investors in Pacific, who hold around 70% of the Company's shares, are signatories to the PRI. This motivates us to strictly comply with our sustainability commitments.

In 2014, at least one investor per month requested additional information regarding environmental, social and corporate governance issues. All of these requests were fulfilled.

Strengthening our relations with investors and analysts

In 2014, we strengthened our shareholder relations through more field visits, events directed to the market where we promoted our sustainability strategy, a non-deal roadshow, congresses, one-on-one meetings, phone conferences, precise and timely press releases, and the provision of technological tools to relay information in real time to ensure even distribution to all shareholders.

Additionally, we carried out surveys that measured the expectations and projections that analysts have regarding the Company's quarterly results. The results of these surveys will influence the planning of subsequent activities.

WHERE ARE WE HEADED?

ISSUE	CHALLENGE	DATE
ETHICS AND COMPLIANCE OF THE BUSINESS 	Update the regulatory compliance system of the Code of Conduct and Corporate Ethics.	2015 – 2016
ANTI-CORRUPTION 	Train our personnel through e-learning workshops on fraud and corruption, Code of Conduct and Corporate Ethics, and corporate governance.	2015
INTERNAL AUDITS AND CONTROL 	Develop control projects that guarantee assurance of financial reports, efficiency in contractor management, efficiency in contractor management of operational expenditures and administrative expenses, and efficient management of operating costs and capital expenditures.	
RISK MANAGEMENT 	Continue strengthening the risk management culture to identify risks that may affect achievement of objectives given the junctures of the business, international markets, and the Company's strategy.	
TRANSPARENCY IN ROYALTIES 	Continue supporting the Extractive Industries Transparency Initiative ("EITI") in Colombia and Peru, and strengthen our tax policy based on the recommendations of this initiative. Comply with Canada's new Extractive Sector Transparency Measures Act, which is expected to come into effect in April 2015.	2015 – 2016
TRANSPARENCY WITH THE MARKET 	Continue with our commitment to having a closer relationship with our shareholders, analysts, regulatory entities, and the securities market at large.	

WE WORK IN HARMONY WITH THE ENVIRONMENT

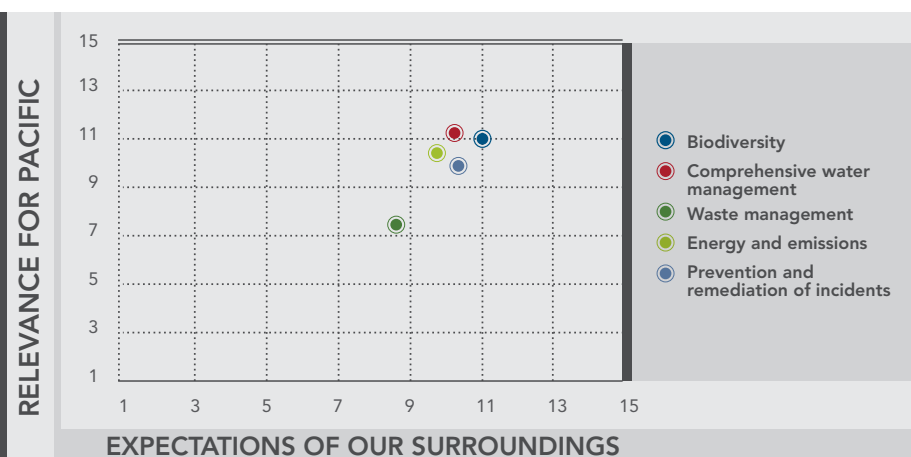


It is a priority at Pacific to ensure efficient use of natural resources and mitigate risks and impacts to the environment in which we operate.

We are focused on guaranteeing the development of our operations, ensuring sustainable use of the natural resources in our areas of influence, and leading and strengthening relationships with government entities and environmental authorities.

Below, we present the material issues and the external and internal boundaries for this commitment.

GRI G4-19, G4-20, G4-21, G4-27
Material aspects and boundaries



External Stakeholders: Ethnic groups, community, civil society, government, state, shareholders, and media

Biodiversity

In line with our comprehensive HSEQ (health, safety, environment and quality) policy, we have continued to support the protection of the biodiversity at our fields of operation through actions such as the exclusion of forest areas from operations, the exercise of sound environmental practices, reforestation with native species, and forest enrichment.

We value the natural richness of our zones of operation

In 2014, we participated actively in environmental protection and in the prevention and mitigation of impacts on biodiversity in our areas of influence.

In order to contribute to taking care of the environment in the Meta department, we joined the Cormacarena local environmental authority in the implementation of the following programs:

Adaptation to climate change:

Improved response mechanisms of local and regional authorities for adapting to climate change, and focused on preventing the recurrence of forest fires in the municipalities of the Meta department.

Sustainable projects:

Focused on validating and translating environmental technologies to improve livestock, agriculture, and productive forest systems in the Mapiripan, San Martin, and Puerto Gaitán municipalities.

Environmental observatory:

Created observatory to accompany hydrocarbon projects (environmental licencing, follow up, and execution stages) in the municipalities of Mapiripan, San Martin, and Puerto Gaitán.

Forest organization in basins:

Focused on supporting the design of the forest organization plan and defining environmental recovery areas, as well as areas to develop commercial forest projects in the Planas River's hydrographic basin.

Together with the community and the contractors of the Rubiales field, we produced 25,000 forest species seedlings in the field's nursery. One of the highlights is our production of Moriche palm, which is a native species and will be used in environmental reforestation campaigns in waterways and areas where water sources originate.

Additionally in 2014, we initiated the execution of the "Ecological restoration as a strategy for social construction in the municipality of Guaduas - Cundinamarca" agreement with the District University. We also joined *Cortolima* and the *Nuevo Día* newspaper to produce the Tolima department's first environmental atlas.



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Protection of Species

GRI G4 - EN14 Biodiversity

The characterization of the components of biodiversity at different levels (ecosystemic, population, species, and genetic) facilitates the design and implementation of programs for the use, management, and conservation of resources. For this reason, in 2014 we continued monitoring biodiversity in our zones of operation, and we established the greatest probable number of species present in our areas of influence. Conjointly, we carried out fragmentation studies of vegetation coverage and found high regional connectivity among the vegetation bands, which reveals low pressure on biodiversity from our operations.

The monitoring of fauna in the Rubiales and Quifa fields during 2014 allowed for the identification of species of interest, which are classified according to the categories of the International Union for the Conservation of Nature ("UICN"). According to their status, these species generate conservation and protection opportunities. The results were **10 new fauna protection registrations** (*Tersina viridis*, *Nyctiprogne leucopyga*, *Circus buffoni*, *Cairina moschata*, *Buteogallus anthracinus*, *Ammodramus aurifrons*, *Egretta thula*, *Leptodeira annulata*, *Lithobates palmipes* and *Rhinella granulosa*), as well as **68 species birds, 10 mammals, 9 reptiles, and 4 amphibians registered as protected.**

This monitoring has also been carried out in our exploration phase of certain areas and has produced important findings. For example, at the Caguan 5 block in the Caquetá department, we identified a new species of monkey - *Callicebus caquetensis*. Motivated by this finding, we initiated an investigation project with the National University that discovered the state of the population of this species and established the basis to prepare a Conservation Plan.

We also trained employees, contractors, and the national army in the protection and proper relocation of fauna from the areas where activities will be carried out. **In total, we trained 630 people from our Quifa and Rubiales fields.**

As a complement to this strategy, we reinforced the signage related to the prohibition of hunting and capturing animal species in the fields of operation, including transit signage regarding the presence of wild fauna on the roads.



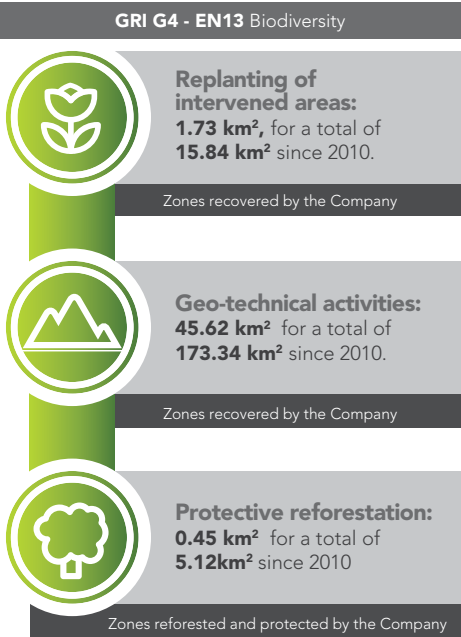
Evaluation of impact on biodiversity and mitigation strategies

GRI G4 - EN12 Biodiversity

We have integrated biodiversity into the environmental impact evaluation during the planning phase of projects. This is achieved by establishing exclusion areas for each ecosystem that are a priority for the conservation of biodiversity, and by prioritizing the identification of risks associated with the operation that generate pressure on natural capital. As a result, we have achieved a reduction in moderate to minor risks and in loss of biodiversity, and we have avoided fragmentation of strategic habitats.

The priority locations identified for the conservation of biodiversity at the fields include gallery forests, secondary forests, Morichal groves, pools, reservoirs, sources of water, lentic and lotic bodies of water, and heron sanctuaries.

With regards to designated intervention areas, we have implemented environmental management measures focused on prevention, mitigation, and compensation of impacts due to the use of natural resources in the phases of each project.



Environmental Characteristics of our Surroundings

GRI G4 - EN11 Biodiversity

The areas of the Rubiales, CPE 6, and Quifa fields in the Municipality of Puerto Gaitán (Meta) do not overlap with national parks, registered natural reserves, or map information in the Sole Registry of Protected Areas ("RUNAP"). The dominant vegetation is dense grassed or un-wooded mainland (pastures and natural savannah occupy 74.9%, 64.3%, and 81.9% respectively of the field areas). We also have Morichal groves that represent 0.8%, 31.6%, and 17.4% respectively of the listed fields. According to the Alexander Von Humboldt Institute of Investigation of Biological Resources ("IAVH"), the Morichal groves house high biological diversity due to their structural complexity, which translates to an ample variety of habitats and microclimates.

In the La Creciente field area where the production facilities are located, we have undulating plains comprised of savannah landscapes and hilly zones. This geomorphology is characterized by a dendritic drainage network of medium density with creeks that form low-depth boxed beds due to the constitution of the rocks of the Betulia Formation. Since there are no permanent currents that run for the entire year, the creeks dry up during the dry season.

The Cachicamo block is predominantly covered by dense flooded unwooded grasslands (49.57%) followed by clean grass areas (20.58%) and gallery forests (8.56%). In this block's area of influence, 356 ha are within the *Sociedad Civil Palmarito Casanare* Natural Reserve, which is defined as an exclusion zone for our operations.

Within the area of influence of our Guaduas field, the Protective Forest Reserve of the Hydrographic Basin of the San Francisco River is located within the jurisdiction of the Guaduas municipality on the western side of the Cundinamarca department. This protected reserve has a surface area of approximately 2,850.5 ha and an altitude range of 1,100 to 2,100 metres above sea level, and has been selected for protection activities that will mitigate the effects of deforestation caused by the region's inhabitants.

One kilometre from the access road (and the location of the Mauritía Este 1 well in our Moriche Block, which is located in the Surimena Vereda village under the jurisdiction of the Orocué municipality), we find El Garcero, a 23-ha area where we have established a protection area for an estuary (lentic body of water). Despite the fact that it has not been declared as a protection area by the authorities, its ecological condition is important as a refuge for fauna, particularly aquatic and semi-aquatic birds.

The Llanos Block 19, located in Casanare, has predominant coverage of grasslands (88.54%), followed by 5.85% gallery forests, 5.36% rice crops, and 0.25% forest plantations.

In our exploration contracts with the ANH for the Llanos 7 and Llanos 55 Blocks in the jurisdiction of the Hatocorozal, Puerto Rondón, Tame, and Cravo Norte municipalities, we carefully carried out an analysis of the existing ecosystems. In the case of Llanos 7 and Llanos 55, 52.3% and 95.1% of the blocks respectively have very high biotic importance; they have vegetation coverage of floodable plains and gallery forests, and they are repositories of a high diversity of flora and fauna that seek refuge and nourishment during the entire year. This type of ecosystem is defined by Corporinoquia as "fragile" in terms of the threat posed by the pressure on diversity. **Given this, we opted not to proceed with operations in these blocks and we informed the ANH of this decision.**

Comprehensive Water Management

Pacific understands that water is vital for the preservation of life and also constitutes a basic component in the industry's operations. Our management of this resource focuses on establishing improvements to reduce consumption and generating strategies for the reuse of residual water.

Total water consumption by source (m³/year)

TOTAL WATER CONSUMPTION IN OUR PRODUCTION FIELDS (m ³ /year)				
	SOURCE OF SUPERFICIAL WATER	UNDERGROUND WELL	PURCHASED FROM THIRD PARTIES	TOTAL
2014	333,157	1,015,449	21,138	1,369,744
2013	294,105	359,921	11,563	665,589
2012	93,301	142,506	2,710	238,517

Note: Water consumption is regulated by environmental authorities.

GRI G4 - EN8 Water

TOTAL WATER CONSUMPTION PER YEAR (m ³ /year)		
USE m ³ /year	DOMESTIC	INDUSTRIAL
2014	778,326	591,417
2013	637,932	27,657
2012	238,517	0

The increments in the consumption of water are caused by the increase in field production and the acquisition of new assets. In 2013, the increment is explained by the C&C and PetroMagdalena transaction and in 2014, by the acquisition and operation of the Petrominerales assets.

From residue to resource

In 2014, we initiated the installation and commissioning phase of the production water treatment plant at the Rubiales field, which will allow for the reuse of production water. This plant can treat 1,500,000 BWPD⁸ that can then be reused in agricultural irrigation activities. The impact of this project has crossed over into academic spaces such as the International Environmental Fair ("FIMA"), the VI International Environmental Congress, the IFC Sustainability Exchange, Rio Oil and Gas 2014, and was also presented as a case study by FSG Consulting.

Recovery of backwash waters and rainwater

In our Sabanero field, we reused 85% of the water from backwash plants for construction and operational activities and in the cleaning of external areas.

In this field, we also increased the use of rainwater by running a pilot water collection. As a result, we collected 500 litres of rainwater for every 30 minutes of rainfall. This project covers domestic and industrial water needs within the facilities.

Another successful implementation was the use of rainwater in our washrooms. This consisted of installing a piping system that collects water and redistributes it to the washrooms.

Residual Waters

The operational processes in our various producing fields generate liquid residue from domestic and industrial sources. It is then treated in order to be redelivered to the environment meeting adequate quality standards, or to be reused in production systems.

WATER DISPOSAL		GRI G4 - EN22 Effluents and Waste		
YEAR	(m ³ /year)		TOTAL	
	DOMESTIC	INDUSTRIAL		
2014	514,668	101,311	615,979	
2013	496,175	3,410	499,585	
2012	174,757	0	174,757	

Of the residual water generated by the use of the resources acquired or extracted from ground and underground sources, we reuse 16%, mainly in road irrigation to control dust, irrigation of gardens, and laundry.





INDUSTRIAL WATER ASSOCIATED WITH OIL PRODUCTION

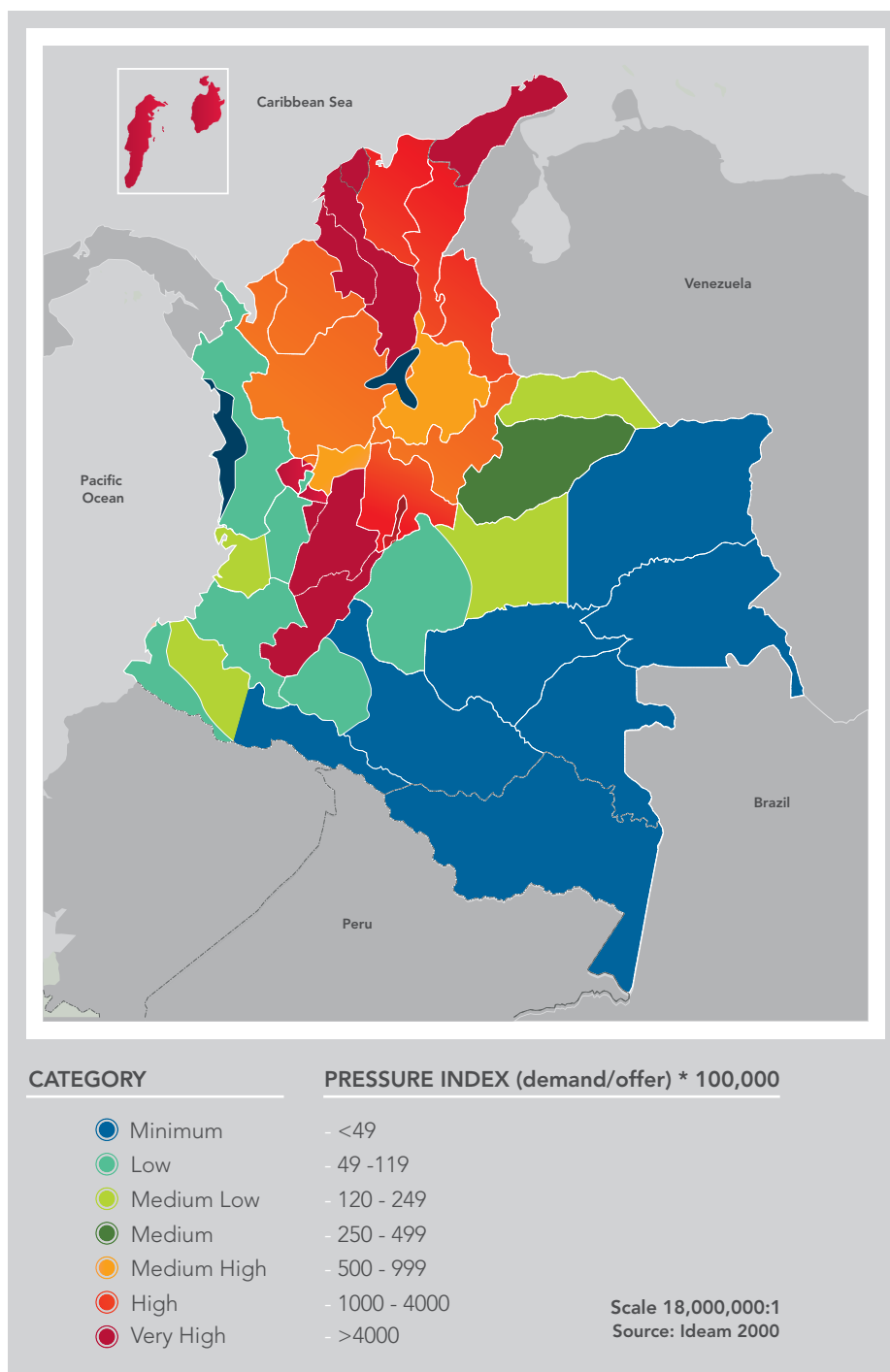
YEAR	TOTAL (m ³ /year)
2014	275,280,388
2013	194,647,237
2012	139,372,576

Of the residual industrial water produced in the dehydration of crude, in our fields we reuse around 5% in the following activities: preparation of concrete, preparation of drilling muds, water to fight fires, and hydrostatic tests.

The final disposal of residual water generated in our processes is carried out after verification of compliance with the physicochemical characteristics demanded by the environmental authorities. Disposal then consists of dispersion or irrigation in authorized areas, reinjection to the reservoir, delivery to an authorized party, and/or direct dumping into authorized bodies of water.



EXPOSURE TO HYDRIC STRESS



At Pacific, we evaluate the hydrology of the zones where we expect to operate to ensure that we will not affect the ecological capacity of surface sources, and to define the availability of this resource. To begin to delineate the expected demand for water, we start with the amount available under the hydrological conditions of a typical dry year. As a reference, we use the Water Use Index ("WUI") from the National Water Study prepared by the IDEAM in 2010.


Pacific's exploration blocks and production fields cover an area of approximately 64,000 km²; 74% of the territory has a **low to very low** WUI hydrological condition in a dry year. **Only 16% of the areas where we operate have a water use demand of very high to high.** These areas are concentrated in the Sinú – San Jacinto, Cesar Ranchería, and Valle Medio regions, and the Superior Magdalena River basins.

Waste Management

At Pacific, we consider the management of solid waste to be an articulated process between technical, social, economic, and legal factors. During 2014, hand in hand with employees and strategic allies, we actively promoted the generation of spaces for good practices and proactive waste management.

For this year, we generated the following amount of residue:

GRI G4 - EN23 Effluents and waste

	TOTAL WEIGHT OF RESIDUE BY TYPE ⁹			
	TYPE OF RESIDUE	UNIT	QUANTITY 2013	QUANTITY 2014
	Recyclable residue	TONNE	903	1,155
	Non-recyclable residue	TONNE	2,049	3,776
	Organic residue	TONNE	4,427	4,345
	Dangerous residue	TONNE	1,519	1,643
Note: data reported includes information from Petrominerales assets acquired by Pacific at the end of 2013.				

Among the varied actions that contributed to the use and evaluation of over 30 tonnes of solid residue, a highlight was the improvement of the “Vivero Ecorubiales” (Rubiales Field). We reutilized 11.7 tonnes of metallic residue for the construction of infrastructure, 6 tonnes of pipe protectors in the construction of pedestrian walkways, around 3 tonnes of tires for ornamentation and installation of ecological stations, 9 tonnes of wood for the construction of planters and chairs, and we collected around 3 tonnes of plastic lids for the Sanar Foundation.

We also delivered more than 3,000 tonnes of metallic residue to third parties for recycling and use. Other residue was managed through specialized third parties for final disposal.


Energy and Emissions

During 2014, we focused on reducing sources of localized energy (which work by burning fossil fuels) and on stabilizing the operation of Petroeléctrica de los Llanos (“PEL”).¹⁰

For the year, our consumption of energy was as follows:


Direct Consumption of Energy

GRI G4 - EN 3 Energy and Emissions

				CONSUMPTION OF FUEL FOR GENERATION OF OWN ENERGY	
COMBUSTIBLE		UNIT		CONSUMPTION 2014	
BIODIESEL		BARRELS		775,546	
FUEL OIL				722,209	
CRUDE		KPC		718,102	
GAS				493,375	
AVERAGE CONSUMPTION OF ENERGY GENERATED IN OUR FIELDS (MWh)					
CONSUMPTION			GENERATION		
Localized Generation			1,661,991		
<i>Note: data reported includes information from Petrominerales assets acquired by Pacific at the end of 2013.</i>					

Energy consumption outside of the organization

GRI G4 - EN 4 Energy and Emissions

	ENERGY ACQUIRED EXTERNALLY DURING THE YEAR (MWh)	
	OPERATIONAL FIELDS	MANAGEMENT BOGOTÁ
CONSUMPTION	718,955	6,467
ORIGIN	CODENSA / ELECTRICARIBE / ENERTOLIMA / PETROELECTRICA DE LOS LLANOS	DICEL / CODENSA / ELECTRIFICADORA DEL META

⁹ This chart is a correction of the residue chart published in the 2013 report.

¹⁰ For more information on the electric network, please see the Innovation at Pacific chapter.

Energy Savings

GRI G4 - EN6 Energy and Emissions

During 2014, strategies for reducing our carbon footprint were mainly framed around the optimization of energy. We implemented an energy management system to monitor our energy consumption and we prioritized the water reinjection process to reduce energy demand.

With the implementation of PEL,¹¹ we substituted an average power demand of 77.34 MW for the Rubiales and Quifa production fields, which represented a total of 644.05 GWh of energy over PEL's time of operation (347 days). This energy substitution strategy generated savings of 50% per kWh and provided a 21% reduction in the use of fossil fuels in the operation of these fields.

With the implementation of the ISO 50001 standard in the treated industrial water injection pads, we obtained the following savings: at Rubiales, which receives power supply from the National Interconnected System, a reduction of 7% below the goal of 0.628 kWh/BW and at Quifa a reduction of 20% at Injection Pad 3, saving 32,750 barrels of oil.

ENERGY SAVINGS INITIATIVES AT LA CRECIENTE FIELD

Installation of control panel at LC11X wellhead	Generation of solar power (renewable energy) that replaces the sources of traditional power generation.
LED light installation at San Mateo municipality and facilities (10 in total)	Energy savings due to reduced consumption from 400 W to 200 W while maintaining light intensity.
Glycol recovery system control	98% reduction in energy consumption in the glycol recovery system by maintaining uniform temperatures in the process, and avoiding consumption peaks and additional consumption of energy.

Total Emissions, Direct and Indirect, and Emissions of Greenhouse Gases

In 2014, we began an audit process with ICONTEC to improve our carbon footprint calculation procedure, which began in 2008. Additionally, we initiated an emissions inventory for assets acquired by the Company in order to include them in the carbon footprint measuring process. Emissions data reported includes information on Metapetroleum Corp.'s Quifa and Rubiales fields and Pacific Stratus Energy's Abanico, Guaduas, and La Creciente fields.

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GRI G4 - EN15 Energy and Emissions



DIRECT EMISSIONS (Scope 1) Tonnes CO₂ eq.

Direct emission of greenhouse gases from all sources owned or controlled by the reporting organization including generation of electricity, heat, or vapour.

Reference Year	TOTAL Pacific	OBSERVATIONS
2009	249,317	Scope 1 emissions for the Meta business unit increased mainly due to the production of fluids in the Rubiales and Quifa fields, which in 2012 and 2013 increased by 33%.
2010	462,295	
2011	608,501	
2012	1,183,490	
2013	1,781,229	

GRI G4 - EN16 Energy and Emissions



INDIRECT EMISSIONS (Scope 2) Tonnes CO₂ eq.

Indirect emissions of green house gases from the generation of acquired electricity, heat, or vapour.

Reference Year	TOTAL Pacific	OBSERVATIONS
2009	5,856	The change in the trend of these emissions is influenced by the behaviour of the Abanico field. The increase of emissions between 2010 and 2012 in this field is due to the construction of facilities and installation of new equipment. For 2013, this trend changes due to the development of strategies that reduce the consumption of electric power.
2010	2,421	
2011	4,272	
2012	4,701	
2013	2,753	

The results for 2008 and 2009 are the product of regressions made from 2011 data. The year-to-year data are calibrated in accordance with the adjustment of emission factors given by updating the calculation method and the adjustment of the activities considered.



EMISSIONS (Scope 1+2) Tonnes CO₂ eq.


Reference Year	TOTAL Pacific
2009	255,173
2010	464,716
2011	612,773
2012	1,188,190
2013	1,783,982

¹¹ For more information on the electrical network, please see the Innovation at Pacific chapter.


Other Indirect Emissions of Greenhouse Gases

In defining the Company's activities, we included those performed by subcontracted services, which combine the consumption of fuel for mobilization in subcontracted vehicles, the consumption of hydrocarbon fuels (diesel) in drilling and workover activities, the use of oils and lubricants during their useful life, and the final disposal of recyclable, ordinary, and dangerous solid waste.

GRI G4 - EN17 Energy and Emissions

	SCOPE 3 EMISSIONS TONNES CO ₂ eq.		
	Year of Reference	TOTAL Pacific	OBSERVATIONS
	2009	13,178	From 2009 to 2012, the Scope 3 emissions trend increased until a small reduction in 2013, due in part to the greater strength and detail of the information reported.
	2010	22,434	
	2011	107,430	
	2012	378,570	
	2013	344,730	


GRI G4 - EN21 Energy and Emissions

	NO _x , SO _x AND OTHER SIGNIFICANT EMISSIONS INTO THE AIR BY TYPE AND WEIGHT.		
	Contaminant	Tonne/h	OBSERVATIONS
	SO _x	0.84644	This information includes emissions data generated by the most important fixed sources installed at Rubiales and Quifa.
	NO _x	2.07398	

Note: These calculations do not include emissions from the activities of PSE.

Scope 3 Emissions Tonnes CO₂ eq

GRI G4 - EN18 Energy and Emissions

 PACIFIC - EMISSIONS BY PRODUCT UNIT (Tonne CO₂/BOE)					
YEAR	META PETROLEUM CORPORATION		PACIFIC STRATUS ENERGY		
	RUBIALES FIELD (Crude)	QUIFA FIELD (Crude)	LA CRECIENTE FIELD (Gas)	ABANICO FIELD (Crude and Gas)	GUADUAS FIELD (Crude and Gas)
2009	0.006	0.005	0.007	0.035	0.090
2010	0.008	0.005	0.005	0.024	0.127
2011	0.009	0.005	0.007	0.035	0.090
2012	0.019	0.015	0.007	0.035	0.064
2013	0.019	0.027	0.008	0.027	0.073

Prevention and Remediation of Incidents

In 2014, we maintained, updated, and disseminated contingency plans applicable to each operational activity that involve risks due to fuel spills or contamination from liquids. Within the actions that comprise the contingency plans, we carried out the following:



- Review, adjustment, and dissemination of operational procedures and communication protocols for activities that have generated environmental incidents.
- Development of behaviour-based safety programs, empowerment of leaders, and other actions for improving the technical profile.
- Constant monitoring of operational areas to avoid incidents due to sabotage, presence of livestock, or third-party actions.
- Strict compliance with protocol for delivery and due testing of facilities and structures.
- Installation of level alarm systems in areas that, due to their contents (liquid or gas), may cause some incident.
- Implementation of the Emergency Brigade Training Program in case of spills, and dissemination of the Hydrocarbon Spills Contingency Plan.

GRI G4 - EN24 Effluents and Waste

During the year we had no spills that exceeded the limits of the containment infrastructure or the operational facilities.



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ISSUE	CHALLENGE	DATE
 BIODIVERSITY	Achieve 270 Ha of new reforestation.	2015
 COMPREHENSIVE WATER MANAGEMENT	Achieve the reuse of industrial residual waters for irrigation of crops destined for bio fuel production.	
 WASTE MANAGEMENT	Promote strategies of reduction, reuse, and recycling of solid waste within our new operational assets.	
 ENERGY AND EMISSIONS	Involve the new operational assets in the Company's carbon footprint strategy.	
 PREVENTION AND REMEDIATION OF INCIDENTS	Continue with the actions directed towards strengthening emergency prevention strategies and contingency management systems.	

WE CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF COMMUNITIES

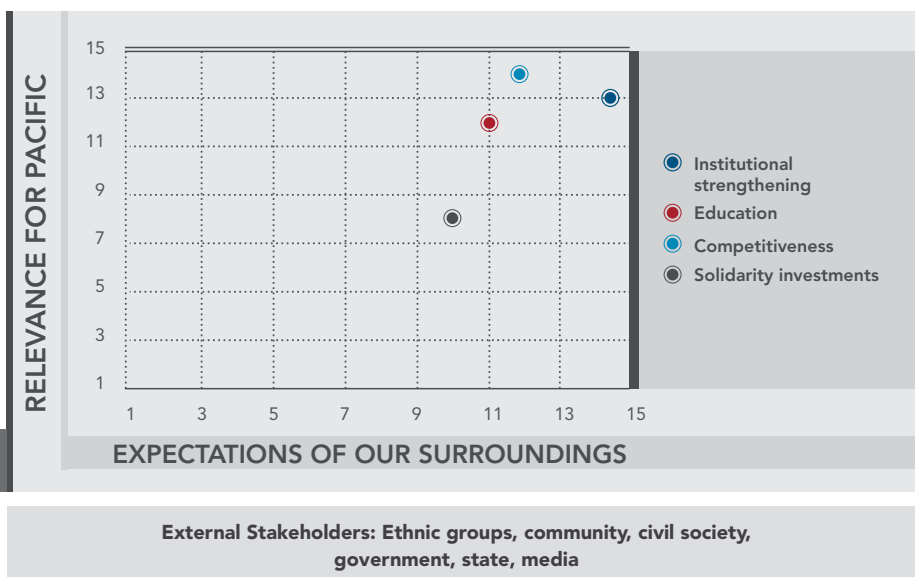


Pacific is committed to developing solutions to meet the needs identified in the communities where we operate by implementing our Social Investment Plan and working in conjunction with government institutions.

We first establish a direct dialogue with the communities to encourage discussion and consensus. Because of these efforts, we are establishing commitments and a joint agenda whereby government institutions, communities, and the Company work collaboratively to improve our surroundings.

Below, we present the material issues and the external and internal boundaries for this commitment.

GRI G4-19, G4-20, G4-21, G4-27
Material aspects and boundaries



Institutional Strengthening

At Pacific, we are committed to the improvement of our areas of influence, making us an ally of local institutions that foster the development of a strong and articulate civil society. Our collaboration with state entities, especially at the regional and local levels, has resulted in greater availability of institutional programs for populations that are now benefiting from initiatives aimed towards development, citizen participation, and the exercise of their political and civil rights.

In 2014, we worked together with Surtigas S.A. ESP to design and build the infrastructure necessary to satisfy the demand for natural gas for homes in the San Mateo and Rovira Veredas areas in the municipality of San Pedro, Sucre. This project has benefited 479 families by eliminating wood as the primary fuel, which reduced gas emissions and the risk of fire.

Also during the year, in order to address poverty issues through our Pacific Foundation, we joined efforts with the National Agency to Overcome Extreme Poverty ("ANSPE"), the Mayoralty of Puerto Lopez, and the Catalina Muñoz Foundation to benefit 150 families from the Preferred Intervention Zone ("ZIP") of the municipality of Puerto López. Thanks to this collaboration, the beneficiary families received home improvements that allowed them to rise above the extreme poverty line.¹² These families now have dignified homes and greater health indices, and therefore have experienced a substantial improvement in their quality of life.

¹² Families whose income is less than the minimum amount required to cover basic needs such as access to potable water and sanitation and to continue on to the path to more prosperous conditions, as defined by the Colombian government.

Furthermore, in conjunction with Ecopetrol S.A., we initiated the preparation of studies, designs, and the formulation of a methodology for a project to build 608 priority-housing units in the Puerto Gaitán municipality. These studies will also be presented by the municipal administration in order to have access to funding from royalties for the execution of projects.

In furthering health and accessibility initiatives and under an agreement with the *Parque Museo Army Foundation*, Pacific carried out 11 sessions to support development that mainly focused on health services. **8,196 people in the Meta and Casanare departments were beneficiaries of these sessions** and were able to access general medicine, odontology, pediatrics and optometry services, as well as other services sponsored by national institutions, as detailed below.



BLOCK/FIELD	DEPARTMENT	LOCATION OF SSD	# OF PEOPLE BENEFITED
Cajua	Meta	Resguardo Vencedor Piriri	393
Quifa Exp	Meta	Resguardo Awaliba	371
Cravoviejo / Cachicamo	Casanare	Vereda Algarrobo	785
Cubiro	Casanare	San Luis - Vereda la Venturosa	277
CPO 14	Meta	Resguardo El Tigre	508
Quifa Exp	Meta	Resguardo Willianae	313
Quifa	Meta	Vereda Puerto Triunfo	752
Rubiales Quifa	Meta	Puerto Gaitán	1,538
Cubiro	Casanare	Vereda El Convento	1,174
Sabanero	Meta	Veredas Planas Resguardo Domo Planas	1,250
CPO 15	Meta	Resguardo Unuma	835

Education

For Pacific, education is the catalyst for development and the method through which quality of life can be significantly improved. We have continued working with institutions at different educational levels, which all play a role in the formation of future leaders, professionals, mothers and fathers in our current and future communities.

Together with the Mayorality of Puerto Gaitan and the *Universidad del Norte*, we participated in the execution of the *Pisoton* program in the Meta department. This program seeks to qualify teachers and educational agents, who work with children up to age 6, in psycho-affective education and development, which enables them to provide quality early childhood education.

Through this initiative, we trained 95 new educational agents in Meta who will participate in the development of 590 young children and their families.

Together with the Colombian Ministry of Culture and the *Universidad de Antioquia*, we continued with a cultural entrepreneurship training strategy to strengthen the processes for cultural association and production in different regions of Colombia. This program benefited 151 participants and 84 initiatives, of which 74% (62) were business ideas and 26% (22) were cultural projects.



In 2014, we granted 151 higher education scholarships to at-risk youth; we carried out infrastructure improvements at 8 schools and 1 educational institution, benefiting 770 children in the Casanare department; and we carried out the technical cooperation program with the National Learning Service ("SENA"). 345 people were trained in programs about food and hygienic handling, construction of cooperatives, occupational health, and other topics.

Competitiveness

The strengthening of the socioeconomic fibre through our competitiveness-focused programs is an opportunity to create prosperity through corporate education and to create entrepreneurs.

During 2014, our projects connected different family groups with productive activities, sponsoring organizations and collective work for the benefit of the community. In addition, our programs introduced families to the availability of more diverse, affordable, and healthier agricultural and livestock products, thereby reducing family food costs and improving their diet. This year, we benefited 2,185 people in the Meta department and more than 1,627 people in the Sucre department.

Moreover, our initiatives generated significant benefits due to planting trees and caring for the environment through reforestation and conservation of Moriches, planting nurseries, promoting reduced use of pesticides, and sponsoring the production of organic manure.

A highlight of this program was the excellent result produced by the *Conucos en Sabana* project. It creates a sustainable tropical production system at the economic, environmental, and social level to promote food security for the indigenous communities of the Vencedor Piriri reservation and the *La Campana* indigenous community.

This year, we benefited more than
2,185 PEOPLE
in the Meta department
AND MORE THAN 1,627
people in the Sucre
department.



Solidarity Investments

As part of our commitment to the sustainable development of communities and to promote well-being in our society, we continue reinforcing initiatives in and out of our areas of influence, as detailed below.

In 2014, we joined efforts with a Colombian government institution and the National Association of Industries ("**ANDI**") to mitigate the effects of a drought that occurred in the *Paz de Ariporo* municipality, Casanare department. Contributions included daily transportation of 384,000 gallons of water to the municipality, the provision of two units for deep well drilling, the construction of two additional water reservoirs, and the creation of an emergency fund for food, medicine, and supplies.





In the social spectrum, we reiterated our commitment to the Teen Mother Program of the Juan Felipe Gómez Escobar Foundation, which trains teen mothers in Cartagena in 200 different competencies. We also reiterated our support for the *Teleton Foundation* by contributing to the construction of a rehabilitation centre with the capacity to serve 2,500 people. We will also continue working with PD Care in providing odontology sessions and educational workshops for 254 people in our areas of influence.

We contributed to the construction of a Recreational Centre in Monteria to carry out activities that engage 500 children and keep them away from violence. We were part of the construction of an orphanage, carried out by the Maestro Cares Foundation, which benefited more than 100 children in Barranquilla, and we also supported the Child Cardio Foundation in helping more than 3,594 children with heart disease.

Furthermore, we participated in the visual health brigades led by the *Angelitos de Luz Foundation* which benefit more than 200 children and young adults, and we contributed to the Fundown Foundation, benefiting 520 people with Down Syndrome. In addition, together with the Matamoros Corporation, we provided help to 319 soldiers wounded in combat, participated in the Walk for Peace, and supported the 10k for Heroes sports race.

Finally, together with the Clinton Giustra Foundation, the Lewis Energy Group, and the Acceso Training Centre for Work and Human Development, we carried out cooperation efforts to execute the Labour Training and Connection project for youth from the poorest segments in Cartagena and its areas of influence. This project seeks to train, over the course of two years, 700 people in hospitality and tourism, port operations, logistics, and customs, thereby contributing to the reduction of poverty and improvement of youth income.



ISSUE	CHALLENGE	DATE
 <p>INSTITUTIONAL STRENGTHENING</p>	Strengthen management capacity of community action boards through training processes in issues such as public finance, project design, and anti-corruption, with the aim of improving the leadership capacity of these communities and the communities' relationship with private and public institutions.	2015 – 2016
 <p>EDUCATION</p>	<p>Collaborate with the national government for the zero illiteracy goal of the Meta and Casanare departments through an adult education program that promotes training spaces where adults can finish their mid-level studies.</p> <p>Promote higher and mid-level education through programs that strengthen the presence of higher education institutions in the region's schools and improve the level of academic competency.</p>	2015
 <p>COMPETITIVENESS</p>	Promote the value of basic agricultural productive chains through training and methodological redefinition to increase profitability, marketing, and commercialization of products.	
 <p>SOLIDARITY INVESTMENTS</p>	Define efforts with institutions of the central government for the joint development of initiatives that promote social inclusion with the support of the Colombian Agency for Reintegration ("ACR") and the National Agency to Overcome Extreme Poverty ("ANSPE").	

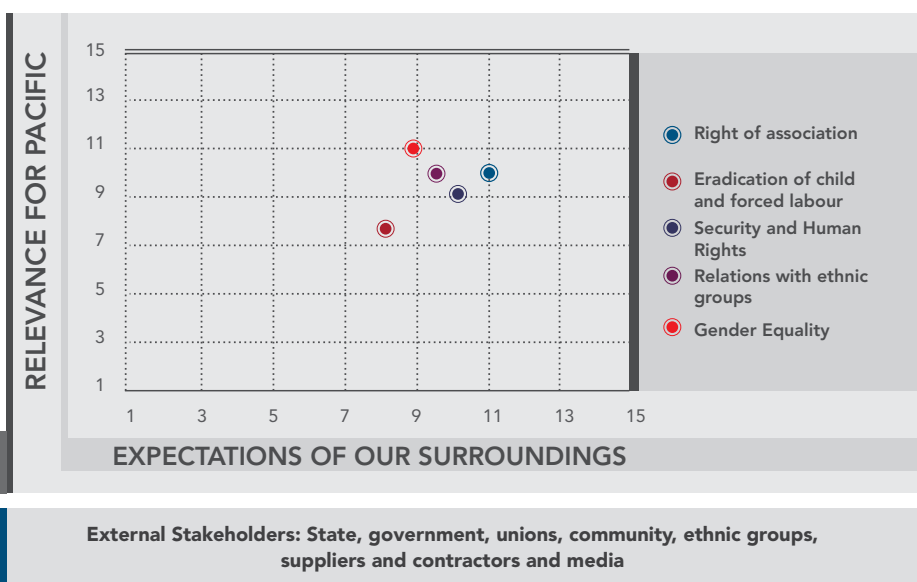
WE RESPECT AND PROMOTE HUMAN RIGHTS IN OUR OPERATIONS



For Pacific, it is crucial to identify, prevent and address real or potential impacts on the dignity, well-being, and rights of our employees, their families and the communities where we operate, as well as those of other stakeholders impacted by our operations. In 2014, we published our Declaration of Human Rights (<http://www.pacificrubiales.com/corporate/corporategovernance.html>).

We also promote and monitor respect for human rights among our suppliers and contractors to preempt situations that may be interpreted as acceptance on our part of human rights violations.

Below, we present the material issues and the external and internal boundaries for this commitment.



GRI G4-19, G4-20, G4-21, G4-27
Material aspects and coverage

Internal Stakeholders:
Employees and their families

External Stakeholders: State, government, unions, community, ethnic groups, suppliers and contractors and media

Right of association

At Pacific, we strive each day to ensure that the right of association is universal within the Company, and to promote this practice among our contractors. Our objective is to ensure that all of our employees and contractors are made aware of the right of association so that they can decide whether or not to exercise this right.

At the end of 2011, the **UTEN (Union of the National Energy Sector)** had only 2,340 members within our operations; at the end of 2014, it had 13,389 members (paying and non-paying), which demonstrates the growing awareness of the right of association amongst the direct employees of the Company and its contractors.

GRI G4-11 Organizational profile

At the end of 2014, there were 1,757 direct employees affiliated with the UTEN, which represents 13% of UTEN'S total affiliates and 67% of the Company's total employees.

With the objective of promoting the right of association, in 2014 we carried out:



Joint meetings (UTEN-PRE) for dissemination of agreements. Work was carried out to disseminate and initiate new joint provisions and policies, both for the union as well as the Company, and to provide information to contractors regarding measures for the protection of labourers or other matters.



Operational follow-up on employees' activities in our fields of operation. With the purpose of monitoring employees' and contractors' labour and quality of life in the field and compliance with legal and extralegal agreements, we implemented random management visits to all the locations where we operate.

During 2014, we held three compliance follow-up sessions to discuss the UTEN-PRE labour agreements for contractors. During these meetings, the UTEN participated by promoting the right of association and respect for contractor companies, discussing pending claims from workers, and providing support for the audit and review of the contractors' labour conditions.



Meetings to report monitoring. We regularly host meetings to allow UTEN to discuss new initiatives for seeking benefits for affiliates and workers in general. At the meetings, decisions are made regarding actions to be carried out to correct deficiencies and concerns raised by UTEN.



System for petitions, complaints, and claims. According to a report presented by UTEN, since its entry into Pacific's operations it has received different concerns, petitions, complaints, and/or claims from workers in our operations.

Below we have recorded the trend regarding written petitions received, resolved, and pending:

ITEM	OCT-DEC 2012	%	TOTAL (+) 2013	%	TOTAL (+) 2014	%
Petitions, complaints, and claims filed regarding Meta Petroleum Corp.	983	100%	1,812	100%	2,310	100%
Resolved	633	64%	1,387	77%	1,916	83%
In Process by the end of this publication	350	36%	4,25	23%	394	17%

Pacific Stratus Energy (PSE) Fields (Guaduas, Abanico, La Creciente, Dorada and Cucuta) and Casanare (2014)

	PSE FIELDS	CASANARE
In process by the end of this publication	15	31
Resolved	51	57
Total filed in PSE	66	88

Petrominerales Fields (Rio Ariari) and Barranca de Upia (Sur del Casanare and Villanueva) (2014 Closing)

	RIO ARIARI	BARRANCA DE UPIA
In process by the end of this publication	34	27
Resolved	19	65
Total filed in Petrominerales	53	92



Eradication of child and forced labour

GRI G4 - HR5 Child Labour

As in previous years, Pacific remains committed to protecting the rights of children and teenagers, especially through the prevention of child and forced labour, deemed by the Company as one of the worst types of abuse against the rights of children.

Pacific rejects the hiring and exploitation of minors in our operations and supply chain, and we strictly impose zero tolerance for child labour through our recognition and compliance with Principles 4 and 5 of the Global Compact; Agreements 29, C105, 138 and 182 of the ILO, the International Convention on the Rights of the Child of the United Nations; Articles 44 and 53 and Law 1098 – Code of Infancy and Adolescence of the Political Constitution of Colombia; and the United Nations Guiding Principles on Businesses and Human Rights. This is also documented internally through our Declaration of Human Rights, the Code of Business Conduct and Ethics, our labour and contracting policies, and our CSR and labour contract annexes.

Pacific in the Local Network against Child Labour in Colombia

In 2014, we led the creation of the Local Network against Child Labour in Colombia, an initiative where we are founding members and where we participate actively with the Ministry of Labour, the private sector, civil society, and multilateral organizations to eradicate child labour.

The objective of this network is to contribute to the prevention and eradication of these practices in companies in Colombia, as well as in their supply chains and areas of influence, by protecting teenage workers under a special protection regime.

As active members of this network, we are committed to:

- Continuing to ensure compliance with national norms and international agreements.
- Promoting the rights of children and adolescents.
- Identifying and processing risks and impacts of child labour within the Company and its supply chain.
- Creating awareness and training on the importance of not hiring children or teenagers.
- Promoting a zero-tolerance culture regarding child labour and communicating these commitments and action plans to our stakeholders.



Our support for the Committees for the Eradication of Child Labour

In order to support public policy created by the Colombian Ministry of Labour, Pacific has carried out efforts to reactivate or strengthen the Committees for the Eradication of Child Labour ("CETI")¹³ that are operating within our areas of influence. This support has created a link between the Ministry and these committees, which provide logistical support and accompaniment in the development of their activities.

To date, we have supported the reactivation and strengthening of the municipal committees that are within our direct and indirect areas of influence, such as in Puerto Gaitán, Corozal, Florencia and Yopal, which has allowed them to continue working actively to defend the rights of children and adolescents.

Training on Public Policy for the Prevention and Eradication of Child Labour

In 2014, the Ministry of Labour supported us with personnel to carry out three training sessions on Public Policy for the Prevention and Eradication of Child Labour, which trained 55 representatives from our contractors located in the municipalities of Puerto Gaitán, Ariguani, and Yopal. Through this training, we sought to generate awareness of and create sensitivity towards this issue, emphasize our zero-tolerance policy, and promote good practices amongst our contractors.

¹³ CETIs are the bodies in charge of working for the prevention and eradication of child labour at the municipal, departmental, and national levels through joint work between government institutions, unions, the private sector, and civil society.

Security and Human Rights

Member of the Voluntary Principles on Security and Human Rights

In 2014, we were accepted as a member of the Voluntary Principles on Security and Human Rights, an international initiative that provides guiding principles for protection and security in extractive operations under a framework of respect for and promotion of human rights and fundamental freedoms.

These Principles were created in 2000 by several stakeholders including multinational companies in the extractive sector; the governments of the USA, the United Kingdom, Holland, Norway, and Colombia; and expert NGOs. The Principles cover three elements deemed key for the proper management of security for operations in the extractive industry:



- **Risk analysis:** Identify and analyze potential risks regarding security and human rights.
- **Public forces:** Interact with public forces (police and military) in a way that promotes human rights.
- **Private security:** Manage relations with suppliers of private security to achieve respect and promotion of human rights and fundamental freedoms.

Today Pacific is part of the Corporate Pillar, which is a group of only 28 companies world-wide in the extractive sector that, based on their experience, seek to keep these principles current and ensure their relevance and efficacy.

Today Pacific is part of the Corporate Pillar, which is a group of only 28 companies world-wide in the extractive sector that, based on their experience, seek to keep these principles current and ensure their relevance and efficacy. This group of companies includes Chevron, Repsol, Shell, Exxon Mobil, and Total, among others.

Commitment to the above principles is clear evidence that Pacific's processes are aligned with the highest international standards to guarantee the protection of human rights in its operations.

Active participation in the CME

In 2014, Pacific continued its membership in the Energy Mining Committee on Security and Human Rights in Colombia, participating actively in work sessions and adopting recommendations issued by this body. This was done with the objective of providing an incentive for better performance by our industry, civil society, and the Colombian state with respect to human rights and security.

Human Rights Training

GRI G4 - HR7 Security and Human Rights

2014 was the fourth consecutive year in which we trained security personnel on Human Rights. We used theoretical-practical workshops in order to create awareness about the importance of respecting and promoting human rights, to share knowledge of what these rights mean, and the national and international legislation related to them.

This year, for the first time, we had the opportunity to train members of the public forces that are present in the zones that surround our fields of operation. In total, we trained 449 members of private and public security forces in the following areas: Villavicencio (Meta department), Guaduas (Cundinamarca department), CPE-6 and Rio Ariari blocks (Meta department), and Bogotá (Colombia). This represents 93% of our direct personnel and security contractors.

Compared to previous years, we increased our training of personnel by 50%.





Relations with Ethnic Groups

At Pacific, we recognize the existence of ethnic groups in our direct areas of influence, and we also understand that in the framework of our relationships with our stakeholders, ethnic groups have special considerations that must be taken into account at all stages of our engagement.

We set ourselves up every day to strengthen our relationships with ethnic communities. Below we present the guiding principles, objectives, and management phases that differentiate these relationships from other dynamics with local communities.

In order to effectively manage our relationships with ethnic groups, we strictly comply with our obligation to carry out prior consultation. We abide by the protocol that we have established for ethnic group engagement, which also sets out the principles that the Company must follow with this priority stakeholder. These processes are within the framework of Decree 1320 of 1998 and Agreement 169/1989 of the ILO, ratified in Colombia by Law 21 of 1991.

In the intercultural dialogue typical of the prior consultation, Pacific strictly adheres to the following stages of the process:

1. APPROACH:

This stage is not required in the legal framework of prior consultation. However, at the outset we carry out an approach to identify the indigenous communities and build trust that guarantees transparency of the activity, construction, or project to be performed.

2. PRE-CONSULTATION:

This is the first official meeting prior to the consultation process required by law, jurisprudence, and presidential guidelines 001 of 2010 and 0010 of 2013 from the Ministry of the Interior. In this stage, the methodology for the development of this process is presented.

3. OPENING:

The formal initiation of the process occurs and the Ministry of the Interior provides an explanation of the legal framework of the consultation. The Company carries out a detailed presentation of the project, construction, or activity to be carried out within the territory being consulted.

4. WORKSHOP FOR IDENTIFICATION OF IMPACTS, ANALYSIS, AND CONSENSUS ON MANAGEMENT MEASURES:

The project is publicly discussed and focus groups are established around the base guidelines of the project to determine the impacts it or its activity may generate. An analysis of the contingency measures is carried out and a consensus is reached.

5. PRE-AGREEMENTS:

Upon consensus, possible agreements are defined and commitments are established between the ethnic group and the Company, accompanied by the Ministry of the Interior and national authorities.

6. FORMALIZATION:

Depending on the activity to carry out or project to develop - with or without a licence - this is the stage where the agreements reached in the previous stages become official.

7. FOLLOW-UP:

Follow-up on the agreement and commitments reached.

8. CLOSING:

Achieved when there is 100% compliance with the agreements.

In 2014, we managed the following stages in Sucre, Meta, Caqueta, and Vichada:

STAGE	NUMBER
Number of pre-consultations and openings	37
Number of impact workshops	80
Number of contingency measures consensus workshops	76
Number of pre-agreements	77
Number of formalizations	76
Number of follow-up proceedings	7
Number of closings	2



Gender Equality

Launching of our gender declaration and committee

In 2014, we officially launched our Gender declaration, which stems from our Sustainability Policy and is aligned with one of our corporate values: “Diversity and Inclusion.”

The objective of this launch was to create awareness for all of our employees of the importance of promoting gender equality and the full exercise of the rights of men and women. It also aimed to generate an appreciation of the positive impact this conduct has on the Company’s competitiveness and efficiency.

Through an internal event in which the Labour Equality Group of the Colombian Ministry of Labour participated, our managers had the opportunity to meet with the members of the Company’s gender committee and get to know our declaration and the action plan proposed by the Company to fulfill this commitment.

Through an internal campaign known as “Our differences make us stronger,” we educated all of our employees in the different operational fields and in the corporate offices in Colombia and Peru on this global trend and its relevance to the Company.

At Pacific we're working towards gender equality

Because we know that promoting equality and respect for others will make us a better company

NOVEMBER

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Countries such as Iceland, Norway and Germany have implemented measures that help guarantee gender equality.

[CLICK HERE TO LEARN MORE.](#)

Defending the equality of women and men's rights is a global tendency.

OTHER COUNTRIES ARE DOING IT

IN THE US

Almost half of the 3,900 jobs created in the oil & gas sector during the first trimester of 2013 were occupied by women.

http://www.rigzone.com/news/oil_gas/12/2452/Women_Fill_40_of_Vacancies_in_Oil_Gas

THE UK

Has put forward an initiative so that companies voluntarily increase the representation of women at the highest management levels.

The goal is to achieve a representation of 25% of women sitting in the board of directors by 2015.

UK Department of Business, Innovation and Skills, Women on Boards (2011, updated 2013).

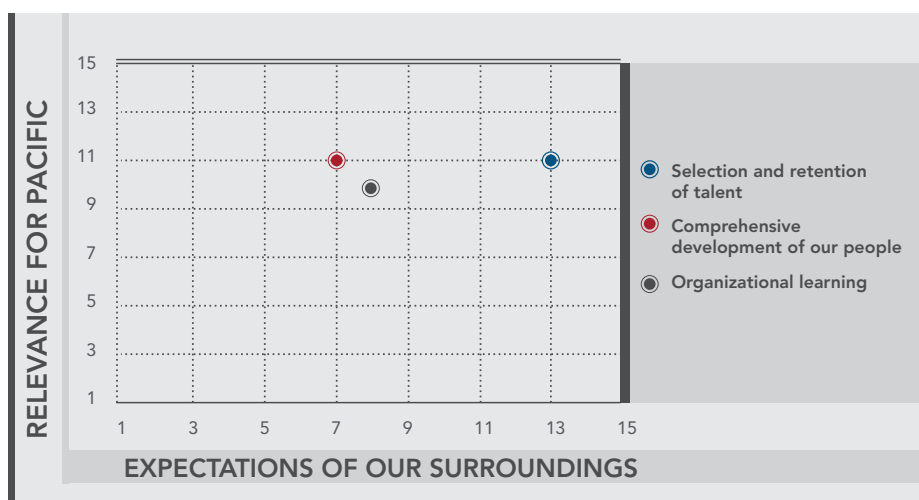
WHERE ARE WE HEADED?

ISSUE	CHALLENGE	DATE
RIGHT OF ASSOCIATION 	<p>Continue supervising compliance with commitments agreed to with the UTEN union.</p> <hr/> <p>Continue providing support to UTEN as it promotes its "alternative union project" philosophy, especially in matters of peaceful resolution of conflicts.</p>	2015
SECURITY AND HUMAN RIGHTS 	<p>Continue with training on Human Rights for our private and public security services.</p>	2015 – 2016
 GENDER EQUALITY	<p>Implement our action plan to promote gender equality in our operations and administrative locations.</p>	
ERADICATION OF CHILD AND FORCED LABOUR 	<p>Promote the Local Network Against Child Labour in Colombia at an internal and external level and comply with our commitment.</p> <hr/> <p>Continue strengthening the Committees for the Eradication of Child Labour ("CETI") in alliance with the Ministry of Labour.</p> <hr/> <p>Continue with the program to train employees and value chain (suppliers and contractors) on child labour in alliance with the Ministry of Labour.</p>	2015 2015 2016 2015

WE HAVE THE BEST TALENT

It is a high priority of Pacific to promote the professional growth of our employees. We are committed to maximizing their performance, which allows us to strengthen their sense of belonging, facilitate compliance with the objectives we set for ourselves in the short and medium term, and mobilize our talent in the implementation of our corporate strategy.

Below, we present the material issues and the external and internal boundaries for this commitment.



GRI G4-19, G4-20, G4-21, G4-27
Material aspects and boundaries

External Stakeholders: Unions

Internal Stakeholders: Employees and their families

Selection and retention of human talent

Internal and external sources of talent provide business continuity, guarantee development of knowledge, and facilitate the creation of a legacy in our work teams and stakeholders. Equality and competitiveness in compensation are key elements in attracting, retaining, and motivating human talent. The Company's focus on these elements has contributed to the successful achievement of its stated objectives and the successful development of its operations.

Our commitment is to contribute to improving the quality of life of our employees and their families; for this reason we are effectively managing compensation, closing equality gaps and guaranteeing competitiveness in remuneration levels.

In line with this commitment, during 2014:

- **Our salary equality indicator remained above 90%**, which provides a guarantee of fair and objective treatment in matters of salary for all of the Company's employees in any of the countries where we operate, as compared to peers.
- In Colombia, we evaluated around 600 people to fill more than 200 vacancies in the Company. We selected 25 people from the area of influence to work in the Quifa and Rubiales fields.
- We defined our selection processes and organizational development, promoting the internal growth of talent and participation in internal job postings. We hired 13 people from within the organization for new positions, equal to 6.5% of the total selected.



Thanks to our endeavours in this area, we received important recognitions internally and externally that have validated our efforts to select and retain the best talent:

- The results of the 2014 Great Place to Work survey indicated that one of the factors most appreciated and valued by our employees is our compensation system.
- During the last four years, the compensation system has maintained very high acceptance and satisfaction levels with employees, which demonstrates consistency in human talent management and a positive and constant impact on personnel company-wide.
- **According to a survey carried out by Invamer Gallup and Dinero Magazine, the salary equality index within the organization is high.** Pacific is the number 9 company in which Colombians would like to work; this recognition helps reinforce the goal of attracting and retaining qualified talent for the development of the Company's operations.



OUR SUSTAINABLE MOBILITY PROGRAM

In 2014, we continued promoting the bike loan system for employees' office-home commutes at Torre Pacific in Bogotá. The 115 employees registered in the program were able to change their commute to a healthier alternative, and offered them the incentive to buy their own bikes.

The highlights of this program for 2014 are:

- Total emissions saved: **14,567 kg CO₂**
- Total time saved: **864 hours = 36 days**
- Average time per user/year saved: **27.56 minutes**
- Potential accumulated monetary savings: **\$17,290.15**
- Accumulated distance covered: **28,467 km**



Additionally, we implemented a car-pooling system using a virtual platform, which has allowed our employees to create routes and get to know different members of the Company. We currently have 301 users registered, 733 routes published, 42,785 total kilometres of routes, and 1,554 kilometres driven.

The purpose of leading initiatives such as these is to motivate a change at the internal level that will have an impact on society. We are convinced that ease of mobility is a key element in Colombia's development. Therefore, the principal objective is to be an active agent in improving mobility within the city in order to help the environment and also contribute to the quality of life of our employees by formulating efficient and safe solutions.

Comprehensive development of our people

The identification of potential, performance management, succession, and employee career development opportunities prepare the Company to assume the challenges brought on by the oil sector's business cycle. Essential to this preparation are the quality of work teams, the exercise of inspiring leadership, and personal development through our corporate values.

To achieve this, in 2014 we developed the following:



- Based on the Company's three strategic axes (growth, adaptability, and efficiency), we developed the objectives of all the vice-presidents. In total, we held 142 workshops to set objectives and 137 advisory meetings with the vice-presidents in which our leaders and employees aligned their goals to the Company's strategy.



- Our High-Potential Program has proven to be a crucial source of training for leadership positions in view of the business growth and internationalization strategies.** It has produced two business unit presidents and four vice-presidents. 66% of the participating high-potential employees have had some type of position movement, promotion, and/or international assignment to countries such as Mexico and Peru. **100% of them have received high-level coaching and training in languages as well as technical, executive, and behavioural competencies** that strengthen their abilities as inspiring leaders and place a high emphasis on business vision.



- We were recognized as the 9th best place to work in Colombia among companies with more than 500 employees**, achieving a Labour Environment Index of "outstanding." This recognition is proof of our evolution and the importance we have given to measurement and management of the labour environment, as well as to individual and team responsibility.



- Constant renewal is part of our DNA, and for this reason we have a Change Management Office that is in charge of managing and mitigating the effects of the Company's transformation processes.** Their work seeks to generate knowledge, commitment, and credibility, and is aligned with the corporate strategy. **In 2014, we developed processes for change with 2,700 employees and 4,366 workers from allied companies** within Colombia, Peru, Calgary, Toronto, and Houston.

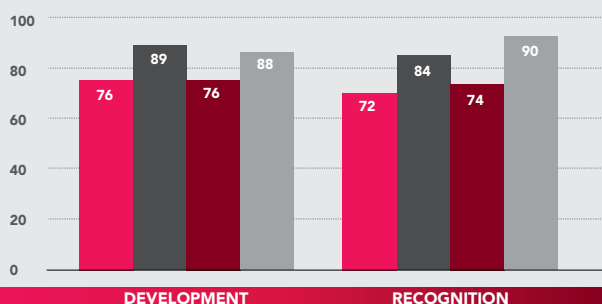
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RESULTS OF THE 2014 LABOUR ENVIRONMENT INDEX

INDICATOR	PACIFIC RUBIALES	DIMENSION	COMPLIANCE
Labour Environment Index (LEI)	83.7%	Credibility	135.3%
		Respect	145.2%
Advance	41.8%	Impartiality	178.5%
		Camaraderie	138.4%
Compliance	132.2%	Pride	109.8%
		General Appreciation	120.2%

MEASUREMENT OF THE DEVELOPMENT VARIABLE IN THE LABOUR ENVIRONMENT INDEX



In 2014, we had substantial growth in the development variable; **we increased our score from 76 in 2013 to 89 in 2014, surpassing other companies** in the Colombian oil and gas sector and the best companies in the market.



Organizational learning

GRI G4 - LA10 Training and education

Pacific has a history of success based on the talent of its employees in both technical and managerial roles. The growing demands of the markets, together with the unprecedented volatility of oil prices and the ever more complex socioeconomic surroundings, makes having an organizational learning process based on international best practices indispensable. This is a process which can foster talent that is technically skilled and managerially proficient.

To achieve this objective, a systematic and sustained effort regarding training and management of knowledge on business sustainability is necessary. In 2014, we advanced on:



- **Implementation of an "Annual Training Plan" for all employees**, which ensures that the investment in training to be carried out by the Company is aligned with the business objectives, and tends to individual needs in order to close competency gaps. **Compliance with this plan was 82% and focused on strategic technical business competencies** and strengthening Pacific's leadership model, ethics, practices in transparency, and management of change.
- **Development of 35 Knowledge Communities that gathered more than 500 employees**. Our communities of knowledge are voluntary groups that come together based on the initiative of employees and are supported by the Corporate University's processes and technological platform.
- **Initiation of a training program for key audiences outside of the Company, such as contracted companies and members of the UTEN union**. This is essential given the importance of having contractors of the highest level in terms of commitment, efficiency, and performance.

"Agents of Change" Corporate Volunteer Program

Entrepreneurship with Head-of-Household Mothers:

In the Entrepreneurship with Head-of-Household Mothers program, we trained 28 head-of-household mothers over the course of six months and mobilized 37 of Pacific's employees to lead these transfer of knowledge sessions. This consolidated the aptitudes necessary for these mothers to start their own businesses. The themes on which the group were trained included a life plan to determine the entrepreneurship profile, marketing and sales, administration, production, and finance.

Among the most significant achievements of the program was the fact that there were zero dropouts - all 28 women completed the program.

In total, we accumulated 228 volunteer hours.

We estimate that based on the profile of the volunteers, the value of those hours exceeds \$20,000.

In the final evaluation, we determined that 71% of the women increased their income by at least \$600 per month compared to records prior to the program.



A Litre of Light:

In 2014, we brought public lighting to El Codito, the area of influence of our administrative offices in Bogota. The technology developed by the *Un Litro de Luz* (A Litre of Light) foundation is a post with a lighting system that uses a solar panel, a charge accumulator (battery), an electronic charge control, LED light bulbs, and a plastic 1-litre bottle. Each post has a light range of 20 metres and a useful life of 16 years.

With the support of the community and over 100 employees from Pacific, we installed 50 posts to illuminate a children's park that, at night, had become a space for the consumption of drugs. We also put up two stairways that connect people with a public transportation stop. The project's total investment was \$12,000 and it has impacted the lives of approximately 4,000 people.



WHERE ARE WE HEADED?

ISSUE	CHALLENGE	DATE
SELECTION AND RETENTION OF TALENT 	Consolidate and assure internal offers, increasing coverage of vacancies from within our employees.	2015
	Continue development of talent intelligence initiatives to develop and integrate talent for the business's different needs and challenges.	
	Maintain equality and competitiveness indices in regards to compensation.	
	Create awareness about the importance of optimizing personal finances, and provide basic concepts and tools that help maintain the quality of life of the family group.	
ORGANIZATIONAL LEARNING 	Position and consolidate a Productive Learning scheme with low cost and high impact based on knowledge management practices that facilitate the maximum use of our internal talent and freely accessed external knowledge to support the Company's strategy.	2016
	Adjust and maintain the execution of Performance Management processes by establishing performance focus and strategies in regards to risk planning and mitigation.	2015
COMPREHENSIVE DEVELOPMENT OF OUR PEOPLE 	Improve our work environment index as a lever that promotes our capacity to create value, as well as our commitment to the organization and the countries where we operate, thus continuing to be a Great Place to Work.	
	Design and implement plans to manage change in order to efficiently face the organizational transformation processes to mitigate eventual risks for the business.	

WE PROMOTE A SUSTAINABLE SUPPLY CHAIN

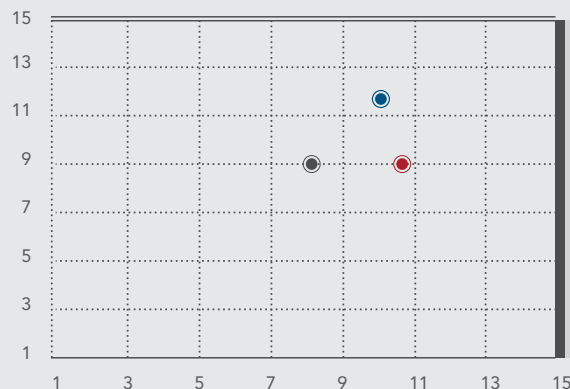
In line with our strategic intent, we must highlight the importance of sustainable development, which translates into leveraging open and efficient collaboration throughout the value chain to ensure transparency, quality, optimization of time, compliance with high standards, and implementation of innovative methodologies in line with our Shared Value strategy.

Below, we present the material issues and the external and internal boundaries for this commitment.

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RELEVANCE FOR PACIFIC



- Supplier management and development
- Purchase of local goods and services
- Sustainable Supply Chain Management

EXPECTATIONS OF OUR SURROUNDINGS

GRI G4-19, G4-20, G4-21, G4-27
Material aspects and boundaries

External stakeholders: Contractors, suppliers and community

Sustainable Supply Chain Management

For Pacific, development of sustainability in its supply chain is key, given that it:



- Generates shared value for the Company and its surroundings.
- Ensures that the purchasing and contracts policies and processes are carried out with the best sustainable practices.
- Provides opportunities for small and medium enterprises and non-governmental organizations, and for the development of sustainability.
- Reduces to a minimum the negative impacts of goods, construction, and services through their life cycle in the supply chain.
- Reduces the demand for resources and energy.
- Reduces risks of shortage.

Achievement of these goals allows us to structure solid and long-term relations with stakeholders in a just, adequate, and respectful manner. Therefore, in 2014:



- We developed a methodology for measuring the level of maturity in sustainability for the critical supply categories – Construction and Installation, Service to Wells, Piping, and Transport.
- We carried out benchmarking sessions with companies in these sectors, which allowed us to formulate challenges in: training, processes, green purchases, calculation of environmental footprint, analysis of life cycle, and elements for measurement and monitoring of sustainability in the supply chain.
- We reviewed and updated our contractual annexes, incorporating key elements of our sustainability policy, stakeholder engagement policy, and our human rights and gender declarations to promote ownership by our contractors of these tools in the development of their activities. This will align them to the highest social, environmental, economic, and corporate governance standards.

Pacific's Best Ally Recognition: an appreciation of the strengthening of sustainability in our supply chain.

In 2014, we recognized the labour of our suppliers and contractors. Apart from the excellent performance of their contracted duties, they have gone above and beyond at the local and national level in the implementation of projects and initiatives that contribute to the sustainable and competitive growth of the Company and Colombia's hydrocarbon sector.

These initiatives demonstrated the commitment of our suppliers and contractors to promoting innovative solutions to economic, social, and environmental conditions, and they allow us to jointly contribute to the country's development, consolidate our commitment to sustainability, and ensure - in addition to the success of our business - the maximum benefit for our surroundings.

In total, **we highlighted 20 initiatives presented by our contractors and developed in our areas of operation and regions of influence.** Among those that stood out were **Moreno Vargas, RH Ingecon, ST Ingenieros, ANTEK, Montajes J&M, Duflo, MTS Administración total, Petroworks and Jorge Saravia.** These projects generated benefits in terms of the optimization of processes and costs, as well as the use of technology in the development of the contractual relationship.

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Development of suppliers and contractors

Pacific selects suppliers and contractors that are aligned with our policies. To do so, we carry out continuous evaluations and audits that qualify their performance and allow for implementation of improvement plans, including alignment with our policies and processes related to sustainability.

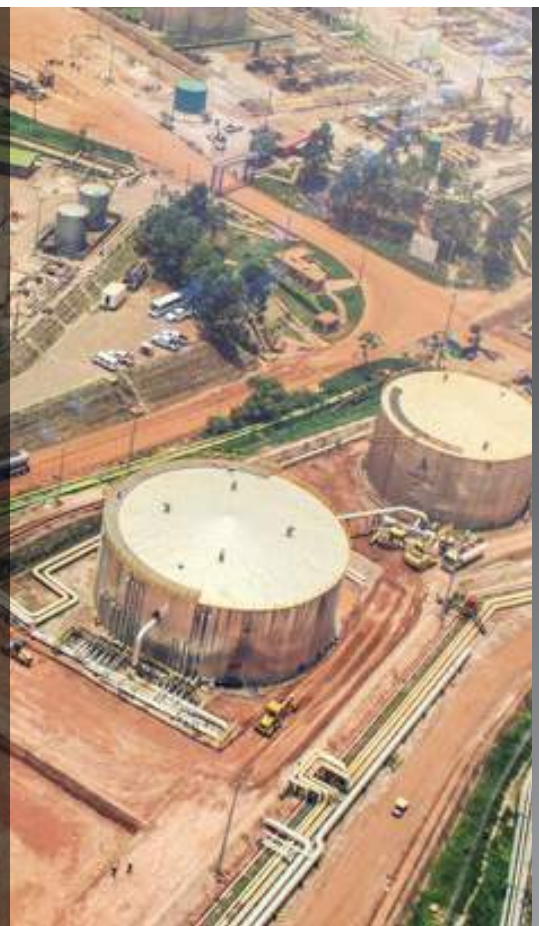
Corporate Evaluation and Registration of Trademarks Committee

Our Corporate Evaluation and Registration of Trademarks Committee's objective is to ensure maximum availability of equipment and the correct use of materials and suppliers in order to add value to the business plan. Tools used include the simplification of the acquisition of materials and equipment; control of contractors and engineering firms; improved control of inventory levels; better use of the experience of Pacific's technicians and professionals; and a focus on personnel training. Currently, the registration of the trademarks system has five categories with 1,057 registered trademarks.

Conversation sessions with suppliers

In order to educate potential suppliers through structured talks about Pacific and its purchasing and contracting processes, **throughout 2014 we held 24 conversation sessions for potential suppliers with attendance by 638 companies.**

In addition, during October and November of 2014 we put forth registration campaigns for suppliers located in Pacific's areas of influence that were accompanied by three regional conversation sessions in Yopal, Vista Hermosa, and Villavicencio.



Purchase of local goods and services

GRI G4 - EC9 Procurement practices

In line with our corporate strategic framework, our supply chain must ensure that we can achieve sustainable growth; this growth must involve shared value in terms of the environment and a minimization of risks inherent to supply. Therefore, when developing commercial relationships with companies located in the local regions of our operations, we seek to identify supply sources that are closer in proximity in order to reduce logistical costs.

We currently have a Corporate Policy for Treatment of the National Offer for Goods and Services, which promotes the participation of local suppliers and contractors in the purchasing and contracting processes of the Company, keeping in mind suitability, competitiveness, and efficacy.

During 2014, local purchases totalled \$338,724,842.¹⁴

Local suppliers in the Unified Supplier Registry (USR)

We designed a strategy for the registration of local suppliers in the Unified Supplier Registry as the first step in generating opportunities for participation by local suppliers in contract processes, while also strengthening relationships. In the Meta and Casanare departments, we were present at eight locations (Trinidad, Paz de Ariporo, Vista Hermosa, Puerto Gaitán, Orocué, Yopal, Barranca de Upía, and Villavicencio) that cover 21 municipalities. From this campaign, 350 new local suppliers were identified, of which 146 are micro-enterprises that have been registered, and 204 are SMBs (Small and Medium Businesses) that can potentially be registered.

Local Chain Procurement Program

We expanded our Local Chain Procurement Program ("LCPP") to 12 municipalities in the Meta and Casanare departments, and connected 343 companies between those already developed and those in the process of development. We prioritized 17 contracting guidelines for local goods and services and initiated three technology transfer processes.

This program allows for local and regional entrepreneurs to access our value chain with the goal of strengthening local economies. In 2014, three local companies became our suppliers.

ENGAGEMENT OF LOCAL COMPANIES




Municipality	Accompaniment in corporate development	Certification in USR or Management System
Puerto Gaitán	101	2
Villavicencio	1	1
Trinidad	38	0
Paz de ariporo	12	0
Barranca de Upía	30	10
Cabuyaro	19	5
Maní	25	21
Monterrey	20	0
Tauramena	5	0
Vista Hermosa	20	0
Orocué	46	0
San Luis de Palenque	26	0
Total	343	39

With the objective of extending the market vision beyond the extractive sector, we promoted participation by the companies in the LCPP in multiple commercial opportunities offered by other economic sectors in the region. We highlight the case of the company INTES, which after being part of the LCPP, was able to participate in the tender process held by the Governorship of Casanare, and was selected for drilling deep wells, which significantly increased its revenue. Additionally, we implemented 12 business plans in the Monterrey and Tauramena municipalities of the Casanare department.

¹⁴ Figures from local purchases made to suppliers in 2014 are not comparable with figures from previous years, given that in 2014, the concept of local purchases was redefined, local areas were updated based on the regions of influence of the different business units and information was synchronized with the National Register of Providers (Registro Único de Proveedores).



WHERE ARE WE HEADED?

ISSUE	CHALLENGE	DATE
SUSTAINABLE SUPPLY CHAIN MANAGEMENT 	Implement the Sustainability Policy in the supply chain and include it in our selection and evaluation procedures; train employees, suppliers, and key contractors in these issues.	2016
SUPPLIER MANAGEMENT AND DEVELOPMENT 	Implement a SAP-Sourcing system in the purchasing and contracts process, which will allow for the unification of tools, follow-up, and reports generation to strengthen timely decision making and the strategic development of the process.	2015
PURCHASE OF LOCAL GOODS AND SERVICES 	Promote purchasing and contracting processes that provide opportunities for local suppliers to provide goods and services required in our operations.	2015 +

GRI G4 TABLE



MATERIALITY DISCLOSURES
MAY 2015
SERVICE

GENERAL REPORTING ASPECTS	PAGE/RESPONSE	OMISSION	EXTERNAL AUDIT
Strategy and analysis			
G4.1 Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Letter from our CEO. Pages 4 - 5 Letter from our President. Pages 6 - 7 Letter from our Vice President for Corporate Affairs and Sustainability. Pages 8 - 9	Not applicable	Pg. 85-87 ✓
G4.2 Provide a description of key impacts, risks, and opportunities.	Letter from our CEO. Pages 4 - 5 Letter from our President. Pages 6 - 7 Letter from our Vice President for Corporate Affairs and Sustainability. Pages 8 - 9	Not applicable	Pg. 85-87 ✓
Organizational profile			
G4.3 Report the name of the organization.	Pacific Rubiales Energy Corp.	Not applicable	Pg. 85-87 ✓
G4.4 Report the primary brands, products, and services.	Pacific in the world. Page 10	Not applicable	Pg. 85-87 ✓
G4.5 Report the location of the organization's headquarters.	333 Bay Street Suite 1100 Toronto, Ontario, Canada M5H 2R2	Not applicable	Pg. 85-87 ✓
G4.6 Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Pacific in the world. Our operations. Page 11	Not applicable	Pg. 85-87 ✓
G4.7 Report the nature of ownership and legal form.	Pacific in the world. Page. 10	Not applicable	Pg. 85-87 ✓
G4.8 Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	Pacific in the world. Pages 10 - 11	Not applicable	Pg. 85-87 ✓
G4.9 Report the scale of the organization, including: - Total number of employees - Total number of operations - Net sales (for private sector organizations) or net revenues (for public sector organizations) - Total capitalization broken down in terms of debt and equity (for private sector organizations) - Quantity of products or services provided	Pacific in the world. Pacific in numbers. Page 12 The impact on our value chain. Pages 13 - 15	Not applicable	Pg. 85-87 ✓
G4.10 Report the following labour information: - Report the total number of employees by contract and gender. - Report the total number of employees by region and gender.	2014 total employees: 2,984 Women 742 Men 2,242 Fixed-term contract Women 85 Men 434 Undefined-term contract Women 657 Men 1,808 COLOMBIA Bogotá: Women: 535; Men: 848 Meta: Women: 64; Men: 864 Casanare: Women: 28; Men: 137 Cundinamarca: Women: 2; Men: 79 Bolívar: Women: 0; Men: 6 Huila: Women: 1; Men: 7 Putumayo: Women: 4; Men: 4 Sucre: Women: 4; Men: 26 Tolima: Women: 0; Men: 26 Norte de Santander: Women: 1; Men: 1 PERU Lima: Women: 53; Men: 91	Not applicable	Pg. 85-87 ✓



GENERAL REPORTING ASPECTS	PAGE/RESPONSE	OMISSION	EXTERNAL AUDIT
G4.10 Report the following labour information: - Report the total number of employees by contract and gender. - Report the total number of employees by region and gender.	Tumbes: Women: 6; Men: 87 Pucallpa: Women: 1; Men: 3 CANADA Calgary: Women: 12; Men: 14 Toronto: Women: 19; Men: 15 PANAMA: Women: 2; Men: 16 USA: Women: 7; Men: 14 SWITZERLAND: Women: 1; Men: 1 SPAIN: Women: 1; Men: 1 MEXICO: Women: 1; Men: 2	Not applicable	Pg. 85-87
G4.11 Report the percentage of employees covered by a collective bargaining agreement.	At the end of 2014, there were 1,757 direct affiliated employees reported, which represented 13% of the total UTEN affiliates and 67% of all Company employees.	Not applicable	Pg. 85-87
G4.12 Describe the organization's supply chain.	The impact on our value chain. Pages 13 - 15	Not applicable	Pg. 85-87
G4.13 Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	There are no significant changes.	Not applicable	Pg. 85-87
G4.14 Report whether and how the precautionary approach or principle is addressed by the organization.	We act consistently and transparently. Risk Management. Page 35 Since 2012, we have implemented the cause-effect methodology for corporate risk analysis with the participation of the areas involved. This evaluation is carried out annually.	Not applicable	Pg. 85-87
G4.15 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	We contribute to the sustainable development of communities. Pages 46 - 49 Innovation at Pacific. Page 22 Initiatives that the organization supports: Extractive Industries Transparency Initiative Global Compact Carbon Disclosure Project	Not applicable	Pg. 85-87
G4.16 List memberships in associations (such as industry associations) and national or international advocacy organizations.	Members of the Colombian Petroleum Association (Asociación Colombiana de Petróleos - ACP), the National Business Association of Colombia (Asociación Nacional de Empresarios de Colombia - ANDI-Colombia), the Regional Association of Oil, Gas and Biofuels Sector Companies in Latin America and the Caribbean, the Canadian Business for Social Responsibility (CBSR), the Global Compact and of the Local Network in Colombia and founding member of the Regional Center of the Global Compact in Latin America and the Caribbean; adherence to the Global Compact's Business for Peace initiative, the Royalty Investment Monitoring Committee, the EITI (Extractive Industries Transparency Initiative), the Mining and Energy Committee for Human Rights and Security and the Voluntary Principles for Human Rights and Security.	Not applicable	Pg. 85-87
Identification of material aspects and boundaries			
G4.17 List all entities included in the organization's consolidated financial statements or equivalent documents.	<ul style="list-style-type: none"> • Pacific Stratus Colombia Energy Corp. • Pacific Stratus Energy S.A. • Meta Petroleum Corp. • C&C Energy • Petrominerales • Petromagdalena 	Not applicable	Pg. 85-87
G4.18 Explain the process for deciding the content of the report and the aspects to be reported.	Our strategy. Our material issues. Page 19	Not applicable	Pg. 85-87
G4.19 List all the material Aspects identified in the process for defining report content.	The energy that moves us. We operate with excellence. Page 23	Not applicable	Pg. 85-87

GENERAL REPORTING ASPECTS	PAGE/RESPONSE	OMISSION	EXTERNAL AUDIT
	We act consistently and transparently. Page 33 We work in harmony with the environment. Page 37 We contribute to the sustainable development of communities. Page 46 We respect and promote human rights in our operations. Page 50 We have the best talent. Page 57 We promote a sustainable supply chain. Page 62	Not applicable	Pg. 85-87 ✓
G4.20 For each material Aspect, report the Aspect Boundary within the organization as follows: • Report whether the Aspect is material within the organization. • If the Aspect is not material for all entities within the organization (as described in G4-17).	Inspiring Energy. We operate with excellence. Page 23 We act consistently and transparently. Page 33 We work in harmony with the environment. Page 37 We contribute to the sustainable development of communities. Page 46 We respect and promote human rights in our operations. Page 50 We have the best talent. Page 57 We promote a sustainable supply chain. Page 62	Not applicable	Pg. 85-87 ✓
G4.21 For each material Aspect, report the Aspect Boundary outside the organization as follows: • Report whether the Aspect is material outside of the organization. • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified.	The energy that moves us. We operate with excellence. Page 23 We act consistently and transparently. Page 33 We work in harmony with the environment. Page 37 We contribute to the sustainable development of communities. Page 46 We respect and promote human rights in our operations. Page 50 We have the best talent. Page 57 We promote a sustainable supply chain. Page 62	Not applicable	Pg. 85-87 ✓
G4.22 Report the effect of any restatements of information provided in previous reports and the reasons for such restatements.	In this report there are no restatements of information from the 2013 report.	Not applicable	Pg. 85-87 ✓
G4.23 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	For this year we included the activities performed by Petrominerales (acquisition was completed at the end of 2013).	Not applicable	Pg. 85-87 ✓
Stakeholders			
G4.24 Provide a list of stakeholder groups engaged by the organization.	Our strategy. Our stakeholders. Page 19	Not applicable	Pg. 85-87 ✓
G4.25 Report the basis for identification and selection of stakeholders with whom to engage.	Our strategy. Our Sustainability and Shared Value Model. Page 18 Stakeholders are prioritized based on the criteria established by the AA1000 standard: representativeness, dependency, urgency, responsibility and influence.	Not applicable	Pg. 85-87 ✓
G4.26 Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Our strategy. Our Sustainability and Shared Value Model. Page 18 In 2014, we conducted a survey on the perceived importance and management of the issues in our Sustainability model both for both internal and external stakeholders. The results of this survey are reflected in the prioritization of the 31 issues and in the construction of our materiality matrix.	Not applicable	Pg. 85-87 ✓
G4.27 Report key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	The energy that moves us. We operate with excellence. Page 23 We act consistently and transparently. Page 33 We work in harmony with the environment. Page 37 We contribute to the sustainable development of communities. Page 46 We respect and promote human rights in our operations. Page 50 We have the best talent. Page 57 We promote a sustainable supply chain. Page 62	Not applicable	Pg. 85-87 ✓
Report profile			
G4.28 Reporting period (such as fiscal or calendar year) for information provided.	About this report. Page 3	Not applicable	Pg. 85-87 ✓
G4.29 Date of most recent previous report (if any).	2013	Not applicable	Pg. 85-87 ✓
G4.30 Reporting cycle (Annual-Biannual).	Annual	Not applicable	Pg. 85-87 ✓
G4.31 Provide the contact point for questions regarding the report or its contents.	sustainability@pacificrubiales.com.co	Not applicable	Pg. 85-87 ✓

GENERAL REPORTING ASPECTS	PAGE/RESPONSE	OMISSION	EXTERNAL AUDIT
G4.32 Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	This report was prepared in accordance to the GRI G4 guidelines and complies with the "in accordance" comprehensive option.	Not applicable	Pg. 85-87 ✓
G4.33 Report the organization's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.	Independent audit report. Deloitte & Touche Ltda. Pages 85-87	Not applicable	Pg. 85-87 ✓
Governance			
G4.34 Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Our Corporate Governance. Page 16 Our Sustainability Committees. Pages 16 - 17 For more information on Committee bylaws, please refer to our web page: http://www.pacificrubiales.com/corporate/corporate-governance.html	Not applicable	Pg. 85-87 ✓
G4.35 Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Our Corporate Governance. Our Sustainability Committees. Pages 16 - 17 Our Board of Directors' Sustainability Committee was created on December 9, 2011, with the objective of supporting the Board of Directors in addressing sustainability commitments, including social, environmental, ethical and corporate governance, human rights, and health and safety matters, among others. This Committee is responsible for advising and making recommendations to the Board, the Board committees, and top executives on the handling of these matters. The Board implements these recommendations through our management-level Sustainability Committee, which is made up of 31 company leaders (including three vice presidents) and which focuses its working sessions on material aspects in environmental, social and economic terms.	Not applicable	Pg. 85-87 ✓
G4.36 Report whether the organization has selected an executive position or positions with responsibility for economic, environmental and social matters, and whether this position reports directly to top management.	At Pacific Rubiales, we have a Vice President for Corporate Affairs and Sustainability responsible for economic, environmental and social matters who reports directly to our President and CEO. In addition, our management-level to the Board Directors' Sustainability Committee reports on the progress achieved on these matters twice a year.	Not applicable	Pg. 85-87 ✓
G4.37 Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Consultations are delegated to the departments responsible for the relationship with each stakeholder. Specifically: a. Communities: CSR department b. Suppliers: Supply Chain Management c. Employees: Human Resources d. Union: Labour Relations In 2014, we conducted a survey on the importance and management of the affairs of our model of sustainability for both internal and external stakeholders. The results of this survey are reflected in the prioritization of the 31 issues and in the construction of our materiality matrix.	Not applicable	Pg. 85-87 ✓
G4.38 Report the composition of the highest governance body and its committees by: • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation	The Company's top governance body is our Board of Directors. This Board is made up of 8 independent directors out of a total of 12 directors. For more information about its composition, please refer to our web page: http://www.pacificrubiales.com.co/corporate/board-of-directors.html	Not applicable	Pg. 85-87 ✓

GENERAL REPORTING ASPECTS

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G4.39 Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).

The company's Co-Chairmen hold executive positions. However, in 2010, the Company elected a Lead Independent Director to the Board. Currently, it is Mr. Miguel Rodríguez.

Not applicable

Pg. 85-87

The functions of the Lead Independent Director are:
a. Act as Chairman of the *in camera* meetings of the independent directors.
b. Assume the responsibilities delegated to him by the independent directors.



G4.40 Report the nomination and selection processes for the highest governance body and its committees and the criteria used for nominating and selecting the highest governance body members, including:

- Whether and how diversity is considered
- Whether and how independence is considered
- Whether and how expertise and experience relating to economic, environmental and social topics are considered
- Whether and how stakeholders (including shareholders) are involved

The Corporate Governance and Nominating Committee is a committee of the Board which assists the Board by providing it with recommendations relating to corporate governance in general, including, without limitation: (a) all matters relating to the stewardship role of the Board in respect of the management of the Corporation; (b) Board size and composition, including the candidate selection process and the orientation of new members; (c) Board compensation; and (d) such procedures as may be necessary to allow the Board to function independently of management. The Committee also oversees compliance with policies associated with an efficient and effective system of corporate governance.

In considering new appointments to the Board, the CGNC considers the level of diversity, independence, relevant expertise and experience being introduced to the Board by such nominations. Finally, each year the shareholders of the Corporation vote on the proposed incoming members of the Board.

Not applicable

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G4.41 Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.

Directors are required to provide the Company with details of any other board memberships as part of the annual director questionnaire process led by the Lead Independent Director. Directors are also required to complete a related-party questionnaire on a quarterly basis to help identify any related-party issues or concerns.

Under Canadian securities laws, shareholders owning more than 10% of the issued and outstanding shares in the capital of the Corporation must publicly disclose their share ownership.

On May 31, 2012, the Board created the New Business Opportunities Committee to review and approve related-party transactions. The committee is comprised of the following independent directors: Miguel Rodríguez (Chair), Dennis Mills, Victor Rivera and Hernan Martinez. The committee is apprised of related-party transactions prior to implementation, engages independent legal counsel as needed and meets *in camera* to deliberate. This committee also reviews the business rationale for the transaction and ensures that the transaction is in compliance with applicable securities laws and the Corporation's debt covenants.

In consultation with the New Business Opportunities Committee, the Corporation's internal audit and legal compliance departments also monitor related party transactions. The audit and legal compliance teams work together to compose a list of potential related parties. This list is cross-checked against the Corporation's list of suppliers and other creditors. Information about any transactions with related parties is disclosed on a quarterly basis in the Corporation's MD&A. Our Corporate Governance. Our Sustainability Committees. Pages 16-17.

Not applicable

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GENERAL REPORTING ASPECTS	PAGE/RESPONSE	OMISSION	EXTERNAL AUDIT
G4.42 Report the highest governance body and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	In order to be a part of the Board of Directors for a publicly held company, directors must participate in ongoing training opportunities with the objective of remaining up to date on best practices in the oil and gas industry, business management, and other relevant topics.	Not applicable	Pg. 85-87 ✓
G4.43 Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	Our directors took advantage of the following training opportunities in 2014, all of which are offered on an ongoing basis: a. Presentations by top managers at Board of Directors meetings on topics relevant to the Company's business plan, risk analysis, and environmental, economic, and social matters, with the objective of keeping the directors up to date on the Company's activities, industry best practices, corporate governance, and other developments. b. Presentations by outside experts on subjects pertinent to the business and of interest to Board members. c. Field Visits: board members should visit an operation or project under development at least once a year. d. Professional development opportunities: conferences, seminars, or courses developed for directors of public companies or which are relevant for persons serving on Boards of Directors. Our directors are members of the Institute of Corporate Directors. Since 2011, we have carried out "The Education Program for Directors at Pacific Rubiales," in which our Board members typically attend a one-day seminar in Bogotá, Colombia, focused on different subjects related to the business and its strategy. This program features participation by industry experts and has an online component that must also be completed by participants. The most recurrent subjects include production, exploration, finances, the environment, corporate governance, government relations, public policy, etc.	Not applicable	Pg. 85-87 ✓
G4.44 Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	a. Annual Board evaluation process - self-evaluation by each director, evaluation of one another, and evaluation of all committees. b. Board evaluation results are reviewed by the Lead Independent Director and presented to the Corporate Governance and Nominating Committee and then to the full Board. c. In addition, the Canadian national newspaper, The Globe and Mail, ranks the Company for its corporate governance efforts, providing an independent avenue for evaluation.	In this self-assessment we do not evaluate the knowledge on social and environmental issues of our Board of Directors' members.	Pg. 85-87 ✓
G4.45 Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	Twice a year our Board of Directors' Sustainability Committee is responsible for evaluating the Company's progress in implementing the Sustainability and Shared Value Model. Furthermore, it is responsible for formulating action plans based on an analysis of opportunities and risks in economic, social and environmental terms. For an in-depth look at our Sustainability Committee's charter, please refer to: http://www.pacificrubiales.com.co/images/stories/pacificrubiales/PDF/corporate/2013/ingles/Sustainability%20Committee%20Charter.pdf	Not applicable	Pg. 85-87 ✓

GENERAL REPORTING ASPECTS	PAGE/RESPONSE	OMISSION	EXTERNAL AUDIT
G4.46 Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Twice a year our Board of Directors' Sustainability Committee is responsible for evaluating the progress achieved by the Company in implementing the Sustainability and Shared Value model. Furthermore, it is responsible for formulating action plans based on an analysis of opportunities and risks in economic, social and environmental terms. For an in-depth look at our Sustainability Committee's charter, please refer to: http://www.pacificrubiales.com.co/images/stories/pacificrubiales/PDF/corporate/2013/ingles/Sustainability%20Committee%20Charter.pdf	Not applicable	Pg. 85-87 ✓
G4.47 Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Our management-level Sustainability Committee is responsible for reviewing and updating economic, environmental and social impacts, risks and opportunities in keeping with daily company management. These reviews are delivered when requested by the Board-level Committee, which meets twice a year.	Not applicable	Pg. 85-87 ✓
G4.48 Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	Our Sustainability Report is developed by the Sustainability Department and is reviewed and validated by our Vice President for Corporate Affairs and Sustainability, Chairman, and Board of Directors' Sustainability Committee.	Not applicable	Pg. 85-87 ✓
G4.49 Report the process for communicating critical concerns to the highest governance body.	We have ethics channels (telephone, mailboxes at our offices and fields of operation, and a web page: www.globalcci.com), which can be used by our internal and external stakeholders for whistleblowing to our Board of Directors. Cases reported through these ethics channels are analyzed and resolved by our Ethics Committee, which includes our CEO and Vice Presidents for Human Talent, Corporate Affairs and Sustainability, and Auditing, among others.	Not applicable	Pg. 85-87 ✓
G4.50 Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	The highest authority in the Company is the Board, and through the various committees, which are listed below, the members of the board participate on specific topics based on the type of issue to be addressed. These committees are extensions of the board and therefore are the highest organs of government; they meet regularly (monthly, quarterly, semi-annually) depending on the type of committee to which they belong. At different points each committee discusses and approves guidelines and recommendations to be executed within the Corporation and to improve its management, seeking to meet the set corporate strategy and minimizing the risks and impacts that affect long-term sustainability. I. Audit Committee II. Compensation and Human Resources Committee III. Corporate Governance and Nominating Committee IV. Reserves Committee V. Executive Committee VI. Sustainability Committee VII. New Business Opportunities Committee	We do not have information about the nature and total number of critical issues.	Pg. 85-87 ✓
G4.51 Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none">• Fixed pay and variable pay:<ul style="list-style-type: none">– Performance-based pay– Equity-based pay– Bonuses– Deferred or vested shares• Sign-on bonuses or recruitment incentive payments• Termination payments• Clawbacks• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.	Compensation for non-executive directors is set to attract the best talent in terms of ability to meet the demanding responsibilities of being a Board member as well as to bring the interests of non-executive directors in line with the interests of our shareholders. Compensation for non-executive directors is not incentive-based. Our Compensation and Human Resources Committee reviews Board compensation levels annually to ensure that they are competitive and in line with industry best practices in terms of Corporate Governance. For more information, refer to our Annual Information Form under the section "Directors & Officers" on the following website http://www.pacificrubiales.com.co/investorrelations/reports.html	Our compensation policies do not include severance pay, and they are not aligned with the achievement of social and environmental goals.	Pg. 85-87 ✓

GENERAL REPORTING ASPECTS	PAGE/RESPONSE	OMISSION	EXTERNAL AUDIT
Report how performance criteria in the remuneration policy relate to the highest governance body and senior executives' economic, environmental and social objectives.			Pg. 85-87 ✓
G4.52 Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	The compensation structure at our company is proposed by the Vice President of Human Talent with the support of our outside consultant, Hay Group. This proposal is reviewed and approved by our Compensation and Human Resources Committee. For more information, see "Directors and Officers" section of our annual information form, which can be found at: http://www.pacificrubiales.com.co/investor-relations/reports.html	Not applicable	Pg. 85-87 ✓
G4.53 Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	At Pacific Rubiales, our shareholders have no say or vote regarding our executive compensation. However, we do take into account best practices in terms of compensation by peer companies in the oil and gas industry and the perception and guidance of shareholder consulting groups such as ISS and Glass Lewis.	Not applicable	Pg. 85-87 ✓
G4.54 Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.		We do not report this indicator because it is considered confidential.	Pg. 85-87 ✓
G4.55 Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.		We do not report this indicator because it is considered confidential.	Pg. 85-87 ✓
G4.56 Describe the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	For details on our Code of Ethics and Business Conduct, please refer to our website: http://www.pacificrubiales.com.co/images/stories/pacificrubiales/PDF/corporate/Code_of_Conduct_and_Corporate_Ethics_2011.pdf	Not applicable	Pg. 85-87 ✓
G4.57 Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines.	We have ethical channels (phone, mail boxes in our offices and fields of operation, and a website: www.globalcci.com) that can be used for our internal and external stakeholders to report critical issues to our Board. The cases reported by these ethical channels are analyzed and solved by our Ethics Committee with the participation of our CEO and the Vice Presidents of Human Resources, Corporate Affairs and Sustainability, and Auditing, among others. For details on this process, please refer to our website: http://www.pacificrubiales.com.co/images/stories/pacificrubiales/PDF/corporate/Code_of_Conduct_and_Corporate_Ethics_2011.pdf	Not applicable	Pg. 85-87 ✓
G4.58 Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	We have ethical channels (phone, mail boxes in our offices and fields of operation and a website: www.globalcci.com) that can be used for our internal and external stakeholders to report to our Board critical issues. The cases reported by these ethical channels are analyzed and solved by our Ethics Committee with the participation of our CEO and the Vice Presidents of Human Resources, Corporate Affairs and Sustainability, and Auditing, among others. For details on this process, please refer to our website: http://www.pacificrubiales.com.co/images/stories/pacificrubiales/PDF/corporate/Code_of_Conduct_and_Corporate_Ethics_2011.pdf	Not applicable	Pg. 85-87 ✓

RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
WE OPERATE WITH EXCELLENCE						
Success in our operation	N/A	We operate with excellence. Success in our operation. Pages 24 - 26	Company. Net production in 2014 Company. Production and sales volumes Company. Success rate Company. Reserves as of December 31, 2014 (Mmboe) Company. Sales of oil and gas Company. Adjusted EBITDA Company. Funds flows from operations Company. Net operational profit Company. Net profit Company. Adjusted net profit Company. Capital expenditures Company. Capital expenditures for new acquisitions and farm-in interests	Success in our operations. Pages 24 - 26	N/A	No
Profitability	N/A	We operate with excellence. Profitability. Page 27	Company. Corporate negotiation and financing processes	Profitability. Page 27	N/A	No
Occupational health and industrial safety	Occupational health and safety	We operate with excellence. Occupational Health and Industrial Safety. Pages 27 - 31	Company. Percentage of high-risk contractors audited in 2014	Occupational Health and Industrial Safety. HSEQ Audits. Page 29	N/A	Pg. 85-87 ✓
			Company. Number of contractors and subcontractors audited	Occupational Health and Industrial Safety. HSEQ Audits. Page 29	N/A	Pg. 85-87 ✓
			Company. Description of technical HSEQ courses given	Occupational Health and Industrial Safety. HSEQ Training Actions. Pages 29 - 30	N/A	Pg. 85-87 ✓
			LA5. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Pacific Rubiales has a Joint Health and Safety Committee whose mission is to ensure the best health and safety conditions for the Company's workers. Its members are chosen by voting and represent 100% of the Company's workers. The current election of the committee was carried out in 2014 and shall be in effect until 2016. The committee is comprised of employee representatives at different levels of the organization with corresponding deputies, and includes participation from senior management representatives with the authority and responsibility to support the resulting initiatives.	N/A	No
			LA6. Type of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities, by region and by gender.	Occupational Health and Industrial Safety - Frequency Index of Disabling and Non-Disabling Injuries. Page. 28 Rate of professional sickness: 2013: 0 2014: 0 Frequency of index of Disabling occupational and Non Disabling injuries (employees and contractors). Frequency rate of sickness in company (OIFR) for employees: 2013: 0 2014: 0 Number of professional sickness cases: 2013: 0 2014: 0	We do not present the information by region and gender. We do not present information related to fatalities. N/A	Pg. 85-87 ✓

RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Occupational health and industrial safety	Occupational health and safety	We operate with excellence. Occupational Health and Industrial Safety. Pages 27 - 31	LA7. Workers with high incidence or high risk of diseases related to their occupation	Workers with absenteeism related to conditions mentioned in the System for Epidemiological Supervision and very high classification or in chemical, biomechanical, noise and psychosocial programs + workers diagnosed with labour disease/ total workers: 5.3%. Note: Calculation of the indicator includes direct workers and excludes cases generated before the acquisition of assets currently operated by the Company.	N/A	No
			LA8. Health and safety topics covered in formal agreements with trade unions	Within the framework of the monitoring contract and in compliance with the framework agreement between PRE and UTEN, the latter monitors compliance with best practices in industrial safety and occupational health in the different work fronts. In the case of identifying non-conformities or findings, the UTEN prepares reports through the affiliate attention system and sends them directly to the organization through the Labour Relations Office, acting as a validating entity of the Company's HSEQ processes. Additionally, it has a PQR system through which it channels requests from affiliates and field workers, which include HSEQ issues.	N/A	Pg. 85-87

RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Business ethics and compliance	Compliance	We act consistently and transparently. Business ethics and compliance. Page 33	trust, and monopoly practices and their outcomes	monopolistic or anti-competitive practices.	N/A	No
			SO8. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	In 2014, the cost of fines paid due to breach of laws and regulations was US\$140,648.	N/A	Pg. 85-87 ✓
			Company. # of employees trained in the Code of Conduct and Corporate Ethics	Ethics and Compliance in Business. Training in Values and Code of Conduct. Page 33	N/A	Pg. 85-87 ✓
Anti-corruption	Anti-corruption	We act consistently and transparently. Anti-corruption. Page 34	SO3. Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	100% of the business units were analyzed with respect to the corporate risks defined by the Company, including those related to corruption.	N/A	Pg. 85-87 ✓
			SO4. Communications and training in anti-corruption procedures and policies	Anti-corruption.	N/A	Pg. 85-87 ✓
			SO5. Confirmed incidents of corruption and actions taken	In 2014, eight incidents related to Fraud and Corruption were investigated. Of those, one involved the District Attorney to prosecute the alleged perpetrators; in the second, the internal collusion of two employees and one contractor to commit fraud through overbilling in the service contract was determined. In conclusion, eight cases were investigated and two involved decisive action.	N/A	No
			Company. # of employees trained on prevention of fraud and corruption	Anti-corruption. Page 34	N/A	Pg. 85-87 ✓
Audits and internal control	N/A	We act consistently and transparently. Audits and control. Page 34	Company. % fulfillment of Auditing Plans	Audits and internal control. Page 34	N/A	Pg. 85-87 ✓
Risk management	N/A	We act consistently and transparently. Risk management. Page 35	Company. Initiatives for risk management strengthening	Risk management. Page 35	N/A	Pg. 85-87 ✓
Transparency in royalties	N/A	We act consistently and transparently. Transparency in royalties. Page 35	Company. Number of municipal taxes, national taxes, royalties and social security in Colombia	Transparency in royalties. Page 35	N/A	Pg. 85-87 ✓
Transparency with the market	N/A	We act consistently and transparently. Transparency with the market. Page 35 - 36	Company. Initiatives that promote transparency with the market	Transparency with the market. Pages 35 - 36	N/A	Pg. 85-87 ✓
WE WORK IN HARMONY WITH THE ENVIRONMENT						
Biodiversity	Biodiversity	We work in harmony with the environment. Biodiversity. Pages 37 - 39	EN11. Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity. Environmental characteristics of our surroundings. Page 39	N/A	Pg. 85-87 ✓
			Company. Environmental Investment	\$45,964,325	N/A	No

RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION																																							
Biodiversity	Biodiversity	We work in harmony with the environment. Biodiversity. Pages 37 - 39	EN12. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Biodiversity. Evaluation of impact on biodiversity and mitigation strategies. Page 39	N/A	Pg. 85-87 <div>✓</div>																																							
			EN13 Habitats protected or restored	Biodiversity. Evaluation of impact on biodiversity biodiversity and mitigation strategies. Page 39	N/A	Pg. 85-87 <div>✓</div>																																							
			EN14. Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	<div>Biodiversity. Protection of species. Page 38</div> <table><thead><tr><th colspan="3">SPECIES</th></tr><tr><th>COMMON NAME SCIENTIFIC NAME</th><th>QUAN.</th><th>IUCN STATE OF CONSERVATION</th></tr></thead><tbody><tr><td>TAPIR (tapirus bairdii)</td><td>2</td><td>EN</td></tr><tr><td>TAPIR (tapirus terrestris)</td><td>56</td><td>VU</td></tr><tr><td>GIANT ARMA-DILLO (Priodontes maximus)</td><td>11</td><td>VU</td></tr><tr><td>ANTEATER (Myrmecophaga tri-dactyla)</td><td>14</td><td>VU</td></tr><tr><td>NEO-TROPICAL OTTER (Lontra longicaudis)</td><td>15</td><td>DD</td></tr><tr><td>GIANT OTTER (Pteronura brasiliensis)</td><td>4</td><td>EN</td></tr><tr><td>POSSIBLE YELLOW BELLIED SPIDER MONKEY (Ateles belzebuth)</td><td>1</td><td>EN</td></tr><tr><td>WHITE TAILED DEER (Odocoileus virginianus)</td><td>269</td><td>LC</td></tr><tr><td>YELLOW-FOOTED TORTOISE (Chelonoides denticulata)</td><td>1</td><td>VU</td></tr><tr><td>YELLOW-SPOTTED RIVER TURTLE (Podocnemis Unifilis)</td><td>26</td><td>VU</td></tr><tr><td>JAGUAR (Panthera Onca)</td><td>19</td><td>NT</td></tr><tr><td>NIGHT MONKEY (Aotus brun-backi)</td><td>1</td><td>VU</td></tr></tbody></table> <div>EW: Extinct in the wild; CR: in critical danger; EN: Endangered VU: Vulnerable; NT: Nearly threatened; LC: Low concern; DD: Deficient data.</div>	SPECIES			COMMON NAME SCIENTIFIC NAME	QUAN.	IUCN STATE OF CONSERVATION	TAPIR (tapirus bairdii)	2	EN	TAPIR (tapirus terrestris)	56	VU	GIANT ARMA-DILLO (Priodontes maximus)	11	VU	ANTEATER (Myrmecophaga tri-dactyla)	14	VU	NEO-TROPICAL OTTER (Lontra longicaudis)	15	DD	GIANT OTTER (Pteronura brasiliensis)	4	EN	POSSIBLE YELLOW BELLIED SPIDER MONKEY (Ateles belzebuth)	1	EN	WHITE TAILED DEER (Odocoileus virginianus)	269	LC	YELLOW-FOOTED TORTOISE (Chelonoides denticulata)	1	VU	YELLOW-SPOTTED RIVER TURTLE (Podocnemis Unifilis)	26	VU	JAGUAR (Panthera Onca)	19	NT	NIGHT MONKEY (Aotus brun-backi)	1
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RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Comprehensive water management	Water Effluents and wastes	We work in harmony with the environment. Comprehensive water management. Pages 40 - 41	EN8. Total water withdrawal by source	Comprehensive water management. Total water uptake by source. Page 40 Consumption reported includes operations of the producing fields of the Meta Petroleum and Pacific Stratus Energy business units. MPC: Rubiales, Quifa, CPE6, Sabanero. PSE: Moriche, Abanico, La Creciente, Guaduas, Cravoviejo, Cachicamo, Cubiro, Llanos 19, Casimena, Mapache, Casanare ElI, Corcel, Guatiquia and Canaguaro.	N/A	Pg. 85-87 ✓
			EN9. Water sources significantly affected by withdrawal of water	In 2014, we had zero material impact on water sources under concession in our fields of operation.	N/A	Pg. 85-87 ✓
			EN10. Percentage and total volume of water recycled and reused	Comprehensive water management. From residue to resource. Page 40	N/A	Pg. 85-87 ✓
			EN22. Total water discharge by quality and destination	Comprehensive water management. From residue to resource. Page 40	N/A	Pg. 85-87 ✓
			EN26. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	In 2014, we had zero negative impact on the biodiversity and habitats of the hydric resources of our operating fields.	N/A	Pg. 85-87 ✓
Waste management	Effluents and wastes	We work in harmony with the environment. Waste management. Page 42	EN23. Total weight of waste by type and disposal method	Waste management. Total weight of waste and type. Page 42	We do not report this indicator by disposal method	Pg. 85-87 ✓
			EN25. Weight of transported, imported, exported, or treated waste that is deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Dangerous residue is treated entirely by third parties. No residue is transported internationally.	N/A	No
Energy and emissions	Energy Emissions	We work in harmony with the environment. Energy and emissions. Pages 42 - 44	EN3. Energy consumption within the organization	Energy and emissions. Direct consumption of energy. Page 42	We do not report this indicator in joules or multiples	Pg. 85-87 ✓
			EN4. Energy consumption outside of the organization	Energy and emissions. Indirect consumption of energy. Page 42	We do not report this indicator in joules or multiples	Pg. 85-87 ✓
			EN5. Energy intensity	2014: 2,387,413 MWH/ 108,345,352.2 boe = 0.02 MWh/ boe.	N/A	No
			EN6. Reduction of energy consumption	Energy and emissions. Energy savings. Page 43	N/A	Pg. 85-87 ✓



RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Energy and emissions	Energy Emissions	We work in harmony with the environment. Energy and emissions. Pages 42 - 44	EN7. Reductions in energy requirements of products and services	Not applicable	N/A	No
			EN15. Direct greenhouse gas (GHG) emissions (Scope 1)	Energy and emissions. Total direct and indirect emissions and greenhouse gases. Page 43	N/A	Pg. 85-87 ✓
			EN16. Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Energy and emissions. Total direct and indirect emissions and greenhouse gases. Page 43	N/A	Pg. 85-87 ✓
			EN17. Other indirect greenhouse gas (GHG) emissions (Scope 3)	Energy and emissions. Total direct and indirect emissions and greenhouse gases. Page 44	N/A	Pg. 85-87 ✓
			EN18. Greenhouse gas (GHG) emissions intensity	Energy and emissions. CO ₂ emissions due to oil production. Page 44	N/A	Pg. 85-87 ✓
			EN19. Reduction of greenhouse gas (GHG) emissions	Innovation at Pacific Rubiales. Taking energy to our fields of operation. Page 22	Information not reported due to ongoing updating process. 2014 measurement results, duly audited, shall be delivered in May 2015.	Pg. 85-87 ✓
			EN20. Emissions of ozone-depleting substances (ODS)	During 2014, there were no emissions of substances that destroy the ozone layer registered (the information reported is for the main administrative location).	N/A	Pg. 85-87 ✓
			EN21. NOx, SOx and other significant air emissions	Energy and emissions. NOx, SOx and other significant emissions into the air by type and weight. Page 44	N/A	Pg. 85-87 ✓
Incident prevention and remediation	Effluents and wastes	We work in harmony with the environment. Incident prevention and remediation. Page 45	EN24. Total number and volume of significant spills.	Incident prevention and remediation. Page 45	N/A	Pg. 85-87 ✓

WE CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF COMMUNITIES

Institutional strengthening	N/A	We contribute to the sustainable development of communities. Pages 46 - 49	Company. Number of beneficiaries/ participants by social initiative	Institutional strengthening. Pages 46 - 47	N/A	Pg. 85-87 ✓
Education	N/A		Company. Number of beneficiaries/ participants by social initiative	Education. Page 47	N/A	Pg. 85-87 ✓
Competitiveness	N/A		Company. Number of beneficiaries/ participants by social initiative	Competitiveness. Page 48	N/A	Pg. 85-87 ✓
Solidarity investments	N/A		Company. Social investment	\$39,038,813	N/A	Pg. 85-87 ✓
			Company. Community investment by: % Charitable donations % Community investment % Commercial initiatives	Charitable Donations: 6% Community investments: 94%	N/A	Pg. 85-87 ✓

RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
WE RESPECT AND PROMOTE HUMAN RIGHTS						
Right of association	Freedom of association and collective bargaining	We respect and promote human rights in our operations. Right of Association. Page 50 - 51	HR4. Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	In 2014, we did not identify material activities or suppliers posing a risk for the right of association.	N/A	Pg. 85-87
			Company. Union membership index and total number of union members	Right of association. Page 50	N/A	Pg. 85-87
			Company. Number of written petitions resolved	Right of Association. System for petitions, complaints and claims. Pages 50 - 51	N/A	No
Eradication of child and forced labour.	Child Labour	We respect and promote human rights in our operations. Eradication of child and forced labour. Page 52	HR5. Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	In 2014, we did not identify material activities or suppliers posing a risk for child labour incidents.	N/A	Pg. 85-87
Security and Human Rights	Security Practices	We respect and promote human rights in our operations. Security and Human Rights. Page 53	HR7. Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Security and Human Rights. Human Rights trainings. Page 53	N/A	Pg. 85-87
Relations with ethnic groups	Social impact grievance mechanisms	We respect and promote human rights in our operations. Relations with ethnic groups. Page 54	Company. # of pre-consultations	Relations with ethnic groups. Page 55	N/A	Pg. 85-87
			Company. Number of processes started	Relations with ethnic groups. Page 55	N/A	Pg. 85-87
			Company. Number of impact workshops and management measures	Relations with ethnic groups. Page 55	N/A	Pg. 85-87
			Company. Number of pre- agreements	Relations with ethnic groups. Page 55	N/A	Pg. 85-87
			Company. Number of registrations	Relations with ethnic groups. Page 55	N/A	Pg. 85-87
			Company. Number of follow-up procedures	Relations with ethnic groups. Page 55	N/A	Pg. 85-87
			Company. Number of processes closed	Relations with ethnic groups. Page 55	N/A	Pg. 85-87
Gender equality	Equal pay for men and women	We respect and promote human rights in our operations. Gender equality. Page 55	Company. . % of women in positions of power	21% Women who are heads of departments within total heads of departments	N/A	Pg. 85-87
			Company. % of women in low-level positions of power	Women in low-level management: 14%	N/A	Pg. 85-87
			Company. % of women in high-level positions of power	Women in senior-level management: 20% Women in mid-level management: 35%	N/A	No

RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
WE HAVE THE BEST TALENT						
Selection and retention of talent	*Employment *Market presence *Equal pay for men and women	We have the best talent. Selection and Retention of Talent. Pages 57 - 58	EC6. Proportion of senior management hired from the local community at significant locations of operation	66% of our senior directors are Colombian by birth or nationalization. 34% have other nationalities.	N/A	Pg. 85-87 
			LA1. Total number and rates of new employee hires and employee turnover by age group, gender and region	Data solely for Colombia Total Colombia: 2,637 Total hiring during 2014: 210 Women: 53 (25%) and Men: 157 (75%) Less than 30 years of age: 91 30-50 years of age: 100 Older than 50 years of age: 19 Egresses: 113 persons Rotation: 4.29% Women: 31 (27%) and Men: 82 (73%) Less than 30 years of age: 19 30-50 years of age: 72 Older than 50 years of age: 22	Hiring and rotation by region	No
			LA2. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	For fixed-term employees in Colombia: prepaid medicine, life insurance, gym, field bonus, transportation benefits (city: travel expenses; field: extralegal vacation days). For undefined-term employees in Colombia: prepaid medicine, life insurance, gym, # salary credit, subsidy of housing interest, contribution payment, field bonus, transportation benefits (city: travel expenses; field: extralegal vacation days). For term - contract employees in Peru, subject to type: subsidy of extralegal transport, field bonus, medical coverage, life insurance, gym For undefined-term employees in Peru: credit of 3 salaries, extralegal transport subsidy, field bonus, medical coverage, pension contribution plan, life insurance, gym. In Canada: life insurance, health insurance, gym, health care spending account, transport aid, extra vacation days, retirement savings plan contribution (GRRSP), short term disability insurance (STD), long term disability insurance (LTD). In the USA: health insurance, life insurance, (401k) savings plan, gym, short-term disability insurance (STD), long-term disability insurance (LTD), health care spending account, extra vacation days, sick days.	N/A	No

RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Selection and retention of talent	*Employment *Market presence *Equal pay for men and women	We have the best talent. Selection and Retention of Talent. Pages 57 - 58	LA3. Return to work and retention rates after parental leave, by gender	Maternity leave: 44 Paternity leave: 33 Total: 77 Reincorporation after maternity leave: 42 Reincorporation after paternity leave: 33 Total reincorporation: 75 Reincorporation 12 months after maternity leave: 42 Reincorporation 12 months after paternity leave: 33 Total: 75 Retention and reincorporation index Women: 95% Men: 100% Total: 97%	N/A	Pg. 85-87 
			EC5. Ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation	% standard initial salary over minimum salary in Colombia - corporate offices and fields: % Men: 139% % Women: 130% % over minimum salary in Peru - corporate offices and fields: % Men: 347% % Woman: 256% % Over minimum salary in Canada: % Men: 166% % Women: 129%	N/A	No
			LA13. Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	COLOMBIA Mid-Level/General Management: Women: \$14,761 - Men: \$14,723 First-line management/ Supervisors: Women: \$6,746 - Men: \$6,754 Specialist groups: Women: \$4,090 - Men: \$4,082 Other employees: Women: \$910 - Men: \$971 PERU Mid-Level/General Management: Women: \$10,824 - Men: \$10,912 First-line management/ Supervisors: Women: \$4,405 - Men: \$4,282 Specialist groups: Women: \$3,464 - Men: \$3,327 Other employees: Women: \$1,611 - Men: \$1,737 CANADA Mid-Level/General Management: Women: \$12,808 - Men: \$15,336 First-line management/ Supervisors: Women: \$7,543 - Men: \$7,095 Specialist groups: Women: \$6,977 - Men: \$7,696 Other employees: Women: \$5,144 - Men: \$5,037	N/A	Pg. 85-87 
			Company. Salary equality index	Selection and retention of talent. Pages 57 - 58	N/A	No

RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
Organizational learning	Training and education	We have the best talent. Organizational Learning. Pages 60 - 61	LA9. Average hours of training per year per employee by gender and employee category	Gender: Female: 53 hrs./person Male: 68 hrs./person Employment category: Senior executives: 31 hrs./ person Mid-level and top management: 73 hrs./person Supervisors: 69 hrs./person Specialist groups: 57 hrs./ person Other employees: 67 hrs./ person Total: 65 hours/employee yearly Best practices: 40 hours/year Data is solely for Colombia.	N/A	Pg. 85-87 
			LA10. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	We held training sessions for all personnel for development of Behavioural, Executive and Technical competencies based on our comprehensive training model. The distribution of training hours in these three categories in 2014 was: Behavioural (8%), Executive (23%) and Technical (69%). We covered 99% of personnel in Colombia.	N/A	Pg. 85-87 
			Company. Cost of training per employee	Policy to help employees complete formal education (basic schooling, university, higher studies and English). 156 persons benefited with a total investment of USD\$389,467, which represents an average investment of USD\$2,497 per person.	N/A	Pg. 85-87 
			Company. Compliance with the training plan	Organizational learning. Page. 60	N/A	No
			LA11. Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Senior executives: 94% Specialist: 99% Mid and high-level management: 98% Other employees: 97% Supervisors: 97% Total: 97% - women: 24% and men: 76%	N/A	Pg. 85-87 
Comprehensive development of our people		We have the best talent. Comprehensive Development of Our People. Page 59	Company. Labour Environment Index	Labour environment index: 83.7% We had an 8.3% increase compared to 2013, which was at 75.4%. General participation PRE: 95.3% Participation men: 76% Participation women: 24% Level of satisfaction men: 91% Level of satisfaction women: 89% Level of pride men: 93% Level of pride women: 90%	N/A	Pg. 85-87 

RELEVANT ISSUE/ COMPANY	GRI ASPECT	MANAGEMENT FOCUS (WHY IT IS IMPORTANT/HOW IT IS MANAGED)	GRI/COMPANY INDICATORS	PAGE / RESPONSE	OMISSION	EXTERNAL VERIFICATION
WE PROMOTE A SUSTAINABLE SUPPLY CHAIN						
Sustainable supply chain management	N/A	We promote a sustainable supply chain. Sustainable Management. Pages 62 - 63	Company. Description of initiatives that allow structuring of solid and long-term relationships with stakeholders	Sustainable Supply Chain Management. Pacific Rubiales's Best Ally. Page 63	N/A	Pg. 85-87 ✓
Supplier and contractor development	Evaluation of suppliers	We promote a sustainable supply chain. Supplier and contractor development. Page 63	Company. Number of suppliers in the Supplier Registry (RUP)	1,603 companies of which 151 are local.	N/A	Pg. 85-87 ✓
			Company. Number of companies attending conversation sessions	During 2014, we invited 835 companies that requested assistance in this area, 638 of which attended, or 76% of the total.	N/A	No
			Company. Number of cases analyzed in Major Technical Non-Conformities and Major Ethical Non-Conformities for suppliers/contractors	19 cases, of which 4 cases are related to ethics and 15 are technical issues.	N/A	No
Purchases of local goods and services	Procurement practices	We promote a sustainable supply chain. Purchase of local goods and services. Page 64	EC9. Proportion of spending on local suppliers at significant locations of operation	<p>1. We carried out purchases and contracts with suppliers from the regions of influence in the amount of US\$338,724,842. In addition, with regards to national content, the proportion of purchases and contracts with suppliers registered in Colombia was 92% of the total.</p> <p>2. Local contracts: The supply of goods and/or services with suppliers and/or contractors that, as per their certificate of existence and legal representation, have their main office in the local areas of influence where the Company's operations are carried out (production, exploration and development).</p> <p>NOTE: 2014 numbers are not comparable with results from previous years given that in 2014 we redefined the concept of local purchase, we updated the supplier sample based on information obtained directly from the supplier registry and we added the "local" regions of the emerging business units.</p>	N/A	Pg. 85-87 ✓
			Company. Number of suppliers connected to the program for development of local suppliers	Purchase of local goods and services. Local supplier program. Page 64	N/A	No

Independent and External Review Report

Independent Review of the Annual and Sustainability Report 2014 for Pacific Rubiales Energy Corp ("Pacific").

Scope of our work

We conducted our review of the adaptation of the contents of the Annual and Sustainability Report 2014, taking into account the Guide lines for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI) version 4.0 (G4).

Standards and verification processes

We conducted our work in accordance with ISAE 3000 - *International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC)*.

Our review work has consisted in formulating questions to the Directors and the various departments of Pacific who have participated in the development of the Annual and Sustainability Report as well as the application of certain analytical procedures and review testing by sampling, as follows:

- Interviews with staff members of Pacific to understand the principles, systems and management approaches used to elaborate the report.
- Analysis of how, from the materiality process, the contents, structure and indicators of the report were defined, according to the methodology suggested by GRI G4.
- Evaluation of the data collection and validation process presented in the report.
- Review of screening tests, based on the selection of a sample corresponding to the GRI indicators and own quantitative and qualitative information included in the Annual and Sustainability Report and its proper compilation from the data supplied by Pacific.

Confirmation that the Annual and Sustainability Report is prepared in accordance with GRI methodology G4 in its "Comprehensive version."

General Standard Disclosure

It was confirmed that the report meets the requirements of the Comprehensive option of the general aspects of the GRI G4 version: indicators G4-1 to G4-58 were reported.

Specific Standard Disclosure

We reviewed the management approach and GRI and proper indicators of the material issues (see Annex 1).

Conclusions

As a result of our review, nothing has revealed to our attention to indicated that Annual and Sustainability report contains significant errors or has not been prepared in accordance with the Global Reporting Initiative (G4) Guide lines for the preparation of Sustainability Reports, in its Comprehensive version.

Responsibilities of Pacific Senior Management and Deloitte

The preparation of the 2014 Annual Sustainability Report and its contents are the responsibility of the audited organization which is responsible for defining, adapting and maintaining management systems and internal control, where information is obtained.

Our responsibility is to issue an independent report based on the application of our review procedures.

This report has been prepared exclusively the audited organization's in accordance with the terms of our proposed services. We do not assume any liability to third parties other than the company's direction.

- We have performed our work in accordance with the Independence regulations required by the ethics code of the International Federation of Accountants (IFAC).
- The scope of a limited review is substantially less than an audit. Therefore, we don't provide an audit opinion about the sustainability report.

DELOITTE & TOUCHE LTDA.
Jorge Enrique Múnera D.
Socio

Bogotá, April 2015

Member of
Deloitte Touche Tohmatsu

Recommendations

Additionally, we have presented to Pacific our recommendations regarding areas for improvement to strengthen processes, programs and related sustainability management systems. The most important recommendations refer to:

- Positioning the relevant issues within the organization as mechanisms that help to strengthen and mobilize the sustainability management of the organization.

ANNEX 1

Material aspects	GRI or own Pacific specific disclosure
Occupational health and industrial safety	Company. % of contractors with high risk, audited in 2014. Company. Number of contractors and sub-contractors audited. Company. Description of technical courses of HSEQ performed. Company. % of implementation of the monitoring system. GRI LA6 – LA8
Supply and transportation	GRI PR9
Ethics and business compliance	Company. # of trained employees on the corporate code of conduct and ethics. GRI EN29 – SO8
Anti-corruption	Company. # trained employees about fraud and corruption. GRI SO3 – SO4
Internal Audit and control	Company. % of compliance with audit plans.
Risk Management	Company. Efforts to strengthen risk management.
Transparency in royalties	Company. Data of municipal and national taxes, royalties and social security.
Transparency with the market	Company. Efforts promoting transparency in the market.
Biodiversity	GRI EN11 – EN12 – EN13 – EN14
Integral water management	GRI EN8 – EN9 – EN10 – EN22 – EN26
Waste management	GRI EN23
Energy and emissions	GRI EN3 – EN4 – EN6 – EN15 – EN16 – EN17 – EN18 – EN19 – EN20 – EN21
Incident prevention and remediation	GRI EN24
Institutional Strengthening	Company. #. Of beneficiaries / participants per social initiative.
Education	Company. #. Of beneficiaries / participants per social initiative.
Competitiveness	Company. #. Of beneficiaries / participants per social initiative.
Solidarity Investment	Company. Social Investment. Company. Community investment disaggregated by: % of charity donations; % of community investment; % of commercial initiatives
Right of association	GRI HR4
Eradication of child and forced labour	GRI HR5
Safety and human rights	GRI HR7
Relations with ethnic groups	Company. #. Of pre consultations. Company. #. Of process openings. Company. #. Of impact workshops and management measures. Company. #. Of pre-agreements. Company. #. Of pre-quotations Company. #. Of follow ups. Company. #. Of process closings.
Gender Equality	Company. % of women in leading positions. Company. % of women in middle management positions.
Talent recruitment and selection	Company. Indices of salary equality. GRI EC6 – LA3 – LA13
Organizational Learning	Company. Price of training per employee. GRI LA9 – LA10
Comprehensive development of our people	Company. Indices of working environment and level of participation in the IAL survey. GRI LA11
Sustainable management	Company. Description of efforts that support the structuring of solid and long term relationships with stakeholders.
Development of suppliers and contractors	Own. # Of suppliers listed in the « Unified Supplier Registry » (RUP)
Purchases of local goods and services	GRI EC9

ANNEX 2 Independence Statement

Deloitte is one of the largest companies in the provision of professional services in Audit, Tax, Consulting, Financial and Sustainability advice to public and private clients in multiple industries. With a globally connected network of member firms in more than 185 countries, Deloitte brings world-class capabilities and high-quality service to its customers. Approximately 210,000 professionals are committed to applying the standard of excellence.

We confirm our independence from Pacific. All our employees perform annual updates to the Ethics Policy, which declares that we have no conflicts of interest with Pacific, its subsidiaries and its stakeholders.



Ronald Pantin
CEO

José Francisco Arata
President

Federico Restrepo Solano
Vice - President of Corporate Affairs and Sustainability

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