

SUSTAINABILITY POLICY

(Initially adopted by the Board of Directors on May 28, 2014)

PACIFIC EXPLORATION & PRODUCTION CORPORATION (the “Corporation” or “Pacific E&P”)

POLICY

At Pacific E&P, we firmly believe we have the opportunity to utilize our business as a catalyst for the creation of wealth in countries where we operate. We recognize we are called to generate sustainable growth and greater regional and inter-generational social equity; which is why we continuously seek to create value hand in hand with our stakeholders. Through our business strategy, we look to build a win-win vision that transcends the conventional and promote a long term vision that makes our company, our stakeholders and our surroundings more competitive. Under this approach we work tirelessly to create opportunities now and for future generations, producing extraordinary results and focusing on proactive and innovative solutions that answer to the needs of our surroundings.

At Pacific E&P, sustainability is in our corporate “DNA”, our directors, officers and employees understand it is a way of conducting our business in a transparent and inclusive way and strive to uphold those principles on a daily basis. Through continuous engagement with our stakeholders, we build proactive relationships based on confidence, ensuring support to our business strategy, creating shared value and contributing to the sustainable development of society in harmony with the environment.

For our Corporation it is essential to act in line with our corporate values and our strategic intent, in which the approach to sustainable development is a core value that drives us to achieve corporate results. To preserve these core values, it is fundamental that our suppliers, contractors, subcontractors, consultants, agents, representatives and other third parties acting on behalf of the Corporation act in accordance with this Policy.

Finally, it is of outmost importance to mention that our sustainability framework reflects our commitments to the implementation of the principles of the Global Compact, the Millennium Development Goals, the Guiding Principles on Business and Human Rights as well as the United Nations Voluntary Principles on Security and Human Rights. We also promote the Women’s Empowerment Principles of the United Nations Entity for gender equality and the empowerment of women, as well as the alignment of our model to national and international standards such as ISO 26000, and the Global Reporting Initiative.

PURPOSE

The purpose of this Policy is to establish the sustainability commitments that the corporation has assumed with its stakeholders, which are managed daily and in conjunction with all areas of the organization. This includes the creation of shared value and sustainable competitive performance balanced between the creation of economic, social and environmental value, allowing us to better develop our business.

At Pacific E&P we want to develop our business in a transparent way, operating with excellence, working in harmony with the environment, contributing to the sustainable development of communities, respecting and promoting human rights in our operations, having the best talent and promoting a sustainable supply chain.

SCOPE

This Policy applies to Pacific E&P and its various business units and will permeate the work of our directors, employees and businesses where Pacific E&P has control. The application of this Policy is also encouraged in companies where Pacific E&P does not have control, such as trading partners, including suppliers, contractors and other third parties acting on behalf of the Corporation.

This Policy should be implemented in line with our strategic intent, and our corporate values.

WE ARE CONSISTENT AND TRANSPARENT

We are committed to conducting our business in a transparent and inclusive way with all our stakeholders. We have a Corporate Governance Policy and Code of Conduct and Ethics that set the standard in the daily management of the company and ensure consistency between our corporate values and our actions. Our internal audit processes ensure transparency and reliability of the financial information that we publish.

We also have a risk management model to identify, assess, measure, process and generate an anticipated response to those who can affect the achievement of our corporate goals.

To ensure we have a strong stance against corruption, we have a policy of Corruption and Money Laundering, which is the framework that guides the behavior of our directors and employees and third parties held by the same name.

WE OPERATE WITH EXCELLENCE

Our overall strategy consists in sustainable economic, social and environmental growth. We intend to increase our production and exploration portfolio market share by being cost-efficient, profitable and by operating under the highest standards of excellence.

To accomplish this task we have a comprehensive HSEQ policy that ensures the health and safety of our employees, protects the environment and certifies the quality of our services. We are currently certified to ISO 9001 and OSHAS 18001.

WE WORK HARMONIOUSLY WITH THE ENVIRONMENT

We are aware of the environmental impact of our operations, which is why we ensure the efficient use of natural resources, the mitigation of the risks and impacts on the environment, and the compensation for damage caused to biodiversity within our areas of operation.

Our HSEQ policy integrates environmental issues and the OHSAS 18001 binds us to do so. We are fully committed to continuously train our employees, suppliers and contractors to fulfill them.

WE CONTRIBUTE TO THE SUSTAINABLE DEVELOPMENT OF COMMUNITIES

We are committed to building solutions in accordance to the needs identified with the communities. To accomplish this commitment, we have a social investment plan that impacts collective development, which is aligned with our sustainability vision and is executed through strategic alliances.

WE RESPECT AND PROMOTE HUMAN RIGHTS IN OUR OPERATIONS

We ensure the respect and promotion of human rights of all our employees and extend this commitment to our suppliers and contractors. We exercise due diligence in order to identify, prevent and address actual or potential impacts on human rights in our operations.

WE HAVE THE FINEST TALENT

Our strategy is centered in guaranteeing the welfare and holistic development of our people. We have corporate policies and selection of human talent that allow us to have a large team of technical and human capacities, leadership experience and know-how to help materialize our corporate vision.

WE PROMOTE A SUSTAINABLE SUPPLY CHAIN

We are aware that our suppliers and contractors make an essential part of the success of our business, which is why we demand that they all act in line with our Code of Business Ethics, our Sustainability Policy and related annexes.

These include CSR, HSEQ, Industrial Relations, Security, Code of Ethics and billing annexes. Likewise, we encourage management to the highest social environmental and corporate governance standards that contribute to greater competitiveness for all.

STAKEHOLDER ENGAGEMENT

Our commitment to sustainable development is directly related to the well-being of our surroundings which help us become what we want to be. We are aware that we cannot grow sustainably without the support and development of our environment, which is why stakeholder engagement becomes the core value that ensures successful and sustainable results over time.

We understand stakeholder engagement to be a constant and dynamic process characterized by relationships built on quality and trust with our stakeholders. Doing so helps us achieve a business strategy aligned to the contribution of a sustainable development that generates shared value.

Our primary goal is to improve the quality and trustworthiness of relationships with our stakeholders on a day to day basis. We feel it is of our utmost importance to understand their views and needs, and turn their expectations into inputs for management and decision making. To accomplish this, we have a Stakeholder Engagement Policy, aligned with international standards such as the Global Reporting Initiative guidelines and principles of the AA1000. These standards aim to unify the language and understanding of the engagement with stakeholders, and to establish principles and rules the Corporation must follow throughout its relationships.

TRAINING AND COMMUNICATION

We encourage a continued formation on the Sustainability Policy and its related topics by all employees of the Corporation, as well as our suppliers, contractors, subcontractors and third parties acting on behalf of the Corporation.

We also communicate and orient constantly on the implementation of this Policy through our internal and external communication channels.

MONITORING AND EVALUATION

Each commitment in the Sustainability Model has a champion in charge of its progress and relevance in the daily operation of the company. This performance is continuously measured and reported annually through GRI indicators and the Dow Jones Sustainability Index. This constant monitoring generates progress and challenges to be met year after year.

We have a Sustainability Committee at the management level that aims to ensure the effective deployment of the Sustainability Policy, from a multi-disciplinary perspective aligned to the strategic objectives of the company, and the creation of shared value.

The Sustainability Committee at the Board level consequently monitors and evaluates the implementation of this Policy in all areas described above, in order to check its effectiveness and adaptability to the context, as well as to propose the necessary improvements. This process is based primarily on the results presented by the Management Committee level.

PENALTIES

A violation of this Policy may result in disciplinary action by the Corporation, including termination of the contract. Business relations with suppliers, contractors, subcontractors and third parties acting on behalf of the Corporation, will be affected if it found they are violating the implementation of this Policy in all areas mentioned above.

REPORTS

Any person who believes that the Corporation is about to engage in, or has engaged in any activity that somehow violates national and international sustainability standards disclosed in this Policy should report them immediately to his or her supervisor. Likewise, the person may contact the Sustainability Committee at managerial level, and / or use ethical channels established by the Corporation.

Directors and others should report any violation or suspected violation to the Chairman of the Board or the Chairman of the Board Sustainability.

The Corporation will not impose sanctions or take retaliation against individuals who report violations of this Policy.

CURRENCY OF THIS POLICY

This Policy was approved by the Board on May 28, 2014.

ANNEX - DEFINITIONS

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| Environmental Value | Value related to the quality of the environment and the natural resources available. |
| Human rights | Rights that all people have, by virtue of their common human condition, to live in freedom and with dignity. All people have the right to demand that those rights be respected, for they are universal, inalienable and indivisible. They reflect the profound commitment of guaranteeing everyone their safety and the enjoyment of the necessary goods and freedoms for a dignified life |
| Influence zone/area of influence | The definition and determination of the area around our operations, supported by environmental considerations and social interaction, including construction, maintenance and exploration and production activities. The direct and indirect influence areas of environmental and social criteria determined by the Company are set according to the level of impact we have on a given jurisdictional division, village, reserve or land. This given area receives priority and benefits in terms of recruitment of unskilled labor as well as in the Company's social investment projects. |
| Shared value | Policies and corporate practices that increase a Company's competitiveness, all the while addressing societal needs and challenges. This is done through the improvement of social, environmental and economic conditions of its primary stakeholders. |
| Social Investment | Voluntary distribution of private resources from companies or corporate foundations, in a planned, monitored and systematic manner to social, environmental and cultural public interest projects. |
| Social Value | Value associated with the quality of life of individuals that cannot be measured in economic terms. Indicators can include capital, infrastructure, institutions, networks and relationships that allow individuals to be more productive and maintain/develop their human capital through collaboration. |