

**Stakeholder Engagement Policy**  
*(Initially adopted by the Board of Directors on May 28, 2014)*  
**PACIFIC EXPLORATION & PRODUCTION CORPORATION**  
**(the “Corporation” or “Pacific E&P”)**

**POLICY**

**Understanding**

The Corporation understands that engagement with stakeholders is a continuous and dynamic process through which trustworthy relationships are built with our surroundings. The purpose of this Policy is to achieve the support of the business strategy, which contributes to sustainable development and to the creation of shared values.

At Pacific E&P we firmly believe that the success of our business is aligned with the success of our surroundings. We know that proper engagement with our stakeholders guarantees the support of our operations and activities. Furthermore, it strengthens our competitive position and ensures the success of our Corporation in the long run.

Through our stakeholder engagement we hope to understand what is important to them and help them understand what is imperative to the Corporation. Our intention is to demonstrate that the objectives of our Corporation are in line with the objectives of our surroundings. It is because of this that we constantly engage with our stakeholders and make an effort to get to know their needs and expectations. We want this to be a part of the decision making process and to be the stepping stone in the search of proactive and innovative solutions that generate social, economic and environmental benefits.

The process of engagement provides us with important inputs to nourish the management of our sustainability commitments as well as to help us take on relevant issues in an appropriate and holistic manner. This process requires the intervention and collaboration of all areas of the Corporation.

We are convinced that to remain as the first privately owned oil and gas Corporation in terms of reserves, production, the generation of value and the contribution to a sustainable development, we need to have an open dialogue, listen and answer accordingly to our stakeholders. This is the only way we can find common goals and build the future we desire. Our long term vision is the generation of collective prosperity and mutual development.

**PRINCIPLES:**

Aside from being faithful to our corporate values and policies, we seek that relationships with our stakeholders be guided by simple and practical guidelines that are a combination of common sense, the best corporate practices, and ethical considerations.

Among these principles are:

- **Respect:** All of our relations must promote mutual respect and understanding. Respect implies having an open dialogue and learning to listen. It alludes to the issue of being respectful of timing, context, agendas and communication channels. The Corporation is also respectful of human rights and is against any form of discrimination.
- **Transparency:** We promote clear and precise dialogue, complemented with accessible information that reaches all of our stakeholders, which is why we encourage standardized

processes in all of our relations. We seek to be honest even when the news or situations are unfavorable to the Corporation and include independent third parties as validators of our processes.

- **Collaboration:** We work with our stakeholders to seek results that are mutually beneficial.
- **Dialogue and Consultation:** We seek to avoid confrontation and/or conflict by solving matters and differences through dialogue and consensus.
- **Inclusiveness:** We recognize, understand and involve our stakeholders from the beginning and throughout the stages. We seek to include all relevant, representative and legitimate actors.
- **Materiality:** We are involved with our stakeholders in topics that are material, (relevant) for stakeholders and our Corporation.
- **Compliance:** We are impeccable in the compliance of national and international law, of the voluntary standards we have adhered to and the agreements and commitments that we have assumed towards our stakeholders.
- **Proactive:** We do not engage with our stakeholders as consequence of a problem arising. We seek to be one step ahead in order to anticipate events and generate the best action plan and response. We are proactive in seeking solutions.
- **Mutual Responsibility:** We propose a collaborative labour and invite other relevant actors to commit to our cause and create synergies. We seek to unite forces, create positive symbiotic relationships, build capabilities and empower. We also set boundaries, and seek that our stakeholders and allies make the effort to commit to comply with what corresponds to them. To sum up, we share responsibilities, failures and success.

## MANAGING OUR STAKEHOLDER ENGAGEMENT

The Corporation applies stakeholder engagement principles in its field operations, its labour and institutional relations, as well as in all of its processes and daily activities.

The engagement process requires identifying, prioritizing and advancing in relevant issues with every applicable stakeholder. It requires a thorough risk analysis, the identification of impacts and opportunities, and the formulation of projects and activities that add economic, social and environmental value.

Stakeholder engagement is done through different channels previously established for each stakeholder; be it socialization, dialogue, accountability, feedback, claims and complaints, commercial and investment spaces, among others.

## FRAMEWORK

Our stakeholder engagement process reflects our commitment to the implementation of the Global Compact Principles, the Millennium Development Goals, the UN Guiding Principles on Business and Human Rights, the Voluntary Principles for Security and human Rights. It also contemplates guidelines given by the UN Women's Empowerment Principles and is aligned to the ISO 26000 norm, the Global Reporting Initiative guidelines and the AA1000 norm that dictates the principles for stakeholder engagement.

## **PURPOSE**

The purpose of this Policy is to unify the language and understanding of stakeholder engagement, as well as to establish principles and rules that the Corporation must follow in the development of its stakeholder engagement process.

With the implementation of this Policy, we expect to:

1. Promote positive and constructive relationships between the Corporation and its applicable stakeholders.
2. Maximize the involvement and comprehension of the shareholders in the Corporation's decision-making process.
3. Take advantage of the opportunities to obtain information and feedback from our applicable stakeholders regarding activities and projects, constantly seeking to improve.
4. Implement frameworks and initiatives that contribute to sustainable development and generate shared value.

## **SCOPE**

This Policy is applicable to our different business units, our directors, officers and employees.

## **MONITORING AND EVALUATION**

The monitoring and evaluation of the stakeholder engagement process is materialized through our Stakeholder Engagement System, which measures our work in pro of the objectives identified with each applicable stakeholder, the development and execution of the diverse instances in which topics are treated and the results obtained in these instances.

Year after year, we measure the progress made in the execution of the commitments and agreements we have come to with every applicable stakeholder in order to ensure compliance.

The Sustainability Committee monitors and evaluates the application of this Policy in all instances described here with the objective of revising its efficiency, adaptability to context, and making the improvements necessary.

## **PENALTIES**

The violation of this Policy can result in a disciplinary action from part of the Corporation including the termination of the contract. Commercial relations with providers, contractors, subcontractors and third parties that act in name of the corporation and violate the aspects of this Policy stated above will be terminated.

## **REPORT**

Anyone that believes the Corporation is about to engage in activities or has engaged in activities that in any way will violate this Policy, must report them immediately to their supervisor or communicate them through the different ethical channels enabled by the Corporation.

Directors, officers and employees should report any violation or suspicion to the Chair of the Sustainability Committee.

**QUESTIONS**

Questions related to this Policy can be directed to [sustainability@pacific.energy](mailto:sustainability@pacific.energy).

**CURRENCY OF THIS POLICY**

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

**ANNEX 1  
DEFINITIONS**

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

The stakeholders identified by Pacific E&P, as applicable, are:

- Communities
- Shareholders
- Employees and families
- Labour Unions
- Providers and contractors
- Investors
- Media
- Government
- Industry
- Civil Society (NGO's)

<b>Stakeholder Engagement</b>	Activities undertaken to create opportunities for dialogue between an organization and one or more of its stakeholders, in order to provide a sound basis for decisions of the organization.
<b>Sustainability</b>	The way we conduct our business in a transparent and inclusive manner of all our stakeholders that creates wealth and contributes to sustainable development of society in harmony with our environment.
<b>Sustainable Development</b>	Development that meets the needs of this project without compromising the ability of future generations to meet their own needs (Source: Brundtland commission, 1983)
<b>Shared Value</b>	Corporate policies and practices that enhance the competitiveness of our Corporation and simultaneously improve social and economic conditions of the communities where it operates.

**ANNEX 2**  
**RELATED DOCUMENTS**

- Sustainability Policy
- Corporate Code of Conduct and Ethics
- Sustainability Model
- Community Engagement Protocol