

# SUSTAINABILITY REPORT

CREATING NEW PATHS







The Part of Manager



# Legal Notice

#### FORWARD LOOKING **INFORMATION AND STATEMENTS**

This Sustainability Report contains forward-looking statements. All statements, other than statements of historical fact that address activities. events or developments that Frontera Energy Corporation (the "Company" or "Frontera") believes, expects or anticipates will or may occur in the future are considered forward - looking statement, such forward-looking statements include, without limitation, the Company's ability to grow in both the near and long-term, the Company's corporate strategy including its business plans, initiatives and objectives, new areas of operations, supplier development, environmental stewardship matters, safety matters, local development matters and human right matters.

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.

These risk factors, among others, are discussed in the Company's Annual Information Form dated March 27, 2018

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. forwardlooking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Furthermore, information contained in or otherwise accessible through the Company's website does not form part of this report and is not incorporated by reference into this report. In addition, reported production levels may not be reflective of sustainable production rates and future production rates may differ materially from the production rates reflected in this report due to, among other factors, difficulties or interruptions encountered during the production of hydrocarbons.

The preparation of financial information is reported in United States dollars and is in accordance with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards

Board, unless otherwise noted. The Company discloses several financia measures in this presentation that do not have any standardized meaning prescribed under IFRS (including Operating and Adjusted EBITDA<sup>1</sup>, Operating Netback and Adjusted FFO). These measures should not be consider in isolation or as a substitute for measur of performance prepared in accordance with IFRS.

For more information please see the Company's 2017 Management's Discussion and Analysis dated March 27 2018 filed on SEDAR at www.sedar.com. comparative percentages are between t years ending December 31, 2016 and 20 unless otherwise noted.

All reserves estimates contained in this presentation were prepared in accordan with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 – Standards Disclosure for Oil and Gas Activities ("NI 51-101") and included in the Form 51-101 F1 Report filed on SEDAR at www sedar.com. Additional reserves informati as required under NI 51-101 can also be found on SEDAR at www.sedar.com, und (i) Form 51-101F2 – Report on Reserves Data by Independent Qualified Reserves Evaluator completed by each of RPS and D&M and (ii) Form 51-101F3 – Report of

<sup>1</sup>Earnings Before Interest, Taxes, Depreciation, and Amortization.

al	Management and Directors on Oil and Gas. All reserves presented are based on forecast pricing and estimated costs effective December 31, 2017 as determined by the Company's independent reserves evaluators.
red res	The Company's net reserves after royalties incorporate all applicable royalties under Colombia and Peru fiscal legislation based on forecast pricing and production rates, including any additional participation interest related to the price of oil applicable to certain Colombian blocks, as at year- end 2017, unless otherwise stated.
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he 17,	Additional information with respect to the Company is available on SEDAR at <u>www.sedar.com</u> and on the Company's website at <u>www.fronteraenergy.ca</u> .
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# CREATING NEW PATHS

2017 Sustainability Report



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ation Report by KPMG Advisory,



## ABOUT **THIS REPORT**

As Frontera Energy Corporation's second Sustainability Report<sup>1</sup>, under the title entitled "Creating New Paths" the Company presents its economic, environmental and social performance during 2017 and includes information on the operations undertaken in the past year in Colombia, Peru and Canada.

The information included in this report is the result of continuous engagement with our internal and external stakeholders and is focused on the material issues for our corporate strategy and our surroundings.

Additionally, this report is based on the standards of the Global Reporting *Initiative* and includes our progress with respect to the implementation of the 10 principles of the Global Compact. The information included in this report has been externally audited by KPMG Advisory, Tax & Legal S.A.S.

The figures presented in this report are in US dollars (USD).

This report was prepared in the Spanish

<sup>1</sup> Frontera Energy was formerly known as Pacific Exploration & Production Corporation.

language and has been subsequently translated into English. In the case of any differences between the English version and its translated counterpart, the Spanish version should be treated as the governing report.

#### Your opinions are welcome

For Frontera, the opinions of our readers and stakeholders are an important priority in order to continually improve our performance, communication, and innovation in Sustainability and Shared Value. We invite you to send comments, suggestions, and new ideas related to the issues presented in this report to:

#### sustainability@fronteraenergy.ca.

For more information about the Company, please visit our website:

#### http://www.fronteraenergy.ca.

# **A MESSAGE FROM THE CEO**

«2017was a year of great challenges in which we had the privilege of witnessing a transformation and resurgence process of a work team with all the potential and talent to reach the highest objectives. ». Richard Herbert

Welcome to our 2017 Sustainability Report "Creating New Paths". This is our second report under our new name Frontera Energy, and proof of our strong belief in continuing operations with a legacy of sustainable growth for our stakeholders, while maintaining our commitment to relevant initiatives such as the Global Compact, the Sustainable Development Objectives, and the Voluntary Principles on Security and Human Rights, among others.

On April 3, 2018, I had the privilege of being appointed as Chief Executive Officer (CEO) by members of the Board of Directors, to continue developing the path we have created, and contribute my knowledge gained through over 40 years in the industry as we enter a growth phase. I feel very proud of the work we have done, and I am sure that we will continue to meet the goals we have set.

For me, as a former member of the Board of Directors and current CEO, it is privilege to have the opportunity to be a part of the birth of this new Company, and I am sure that the path we have developed will be our platform to continue creating the future that our Board of Directors, shareholders and other stakeholders envision: a future of sustainable and



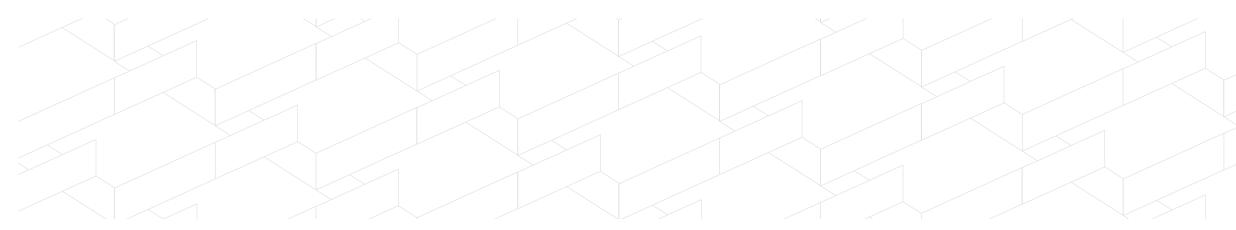
stable growth, focus and efficiency, value for employees, and relationships built on respect, integrity, commitment to commercial allies, partners, government, communities, and the environment.

**2017** was a year of great challenges in which we had the privilege of witnessing a transformation and resurgence process of a work team with all the potential and talent to reach the highest objectives. A year in which we firmly maintained our commitment not only to reaching our operational and financial results, but also to our social and environmental surroundings, given the enormous challenges faced by the natural social dynamics of the region where we operate.

I am very proud to inform you that as proof of our effort to continue with our commitment beyond operational aspects, in 2017 we received several international recognitions that **highlight our** performance in matters of sustainability and provide incentives and challenges to

continue working for the success of our surroundings and maintaining the trust and respect of our stakeholders.

Our strategy of relations with ethnic groups and corporate social investment frameworks received awards from the Global Compact Canada for



their contribution to the Sustainable Development Goals (SDG). In addition, for the fourth consecutive year we were recognized as one of the 50 best Corporate Citizens in Canada, a ranking sponsored by the Canadian Industry Program for Energy Conservation, and were nominated by World Finance as "The best sustainable oil and gas Company".compañía tendrá al menos nueve taladros activos: seis en las áreas de crudo pesado de Quifa, Cajúa y Jaspe, y tres en el bloque Guatiquía de crudo liviano

Thanks to our work with Colombian communities and the implementation of more than 129 social investment projects in our areas of influence, we were recognized by MERCO'S Social Responsibility ranking as one of 15 companies in Colombia with the most effective social investment. These projects focused on competitiveness, education, institutional strengthening, and infrastructure, among other needs identified previously with communities, and are aligned with the Nacional Development Plans.

In terms of environment and health and safety, during 2017 we maintained our certification under the ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 norms, achieving an audit with zero non-conformities by the Bureau Veritas Certification organization. This positive result is a reflection of our firm belief in continuing to improve our processes to achieve the generation of a barrel with a legacy.

Apart from our social and environmental contributions, 2017 was framed by significant internal changes that allowed us to meet our projected goals. One of our most successful projects was the launch of the "Soy Frontera" (We are **Frontera)** corporate culture campaign with the purpose of building a first-class organization that, in all aspects related to business and operations, acts with great professionalism and solid ethics, and aligns itself with corporate values of integrity, respect, commitment and sustainability.

With this project, we achieved the structuring and board approval of a comprehensive package of new corporate policies that reflect the industry's best practices, which includes policies on antibribery and anti-corruption, donations, stakeholder's engagement protocol, Code of Corporate Conduct and Ethics and sustainability. This important step allows us to show our stakeholders our commitment to transparency and the rebuilding of trust in our work.

An important operational milestone in 2017 was the successful merger of four operational business units in Colombia (Meta Petroleum Corp, Pacific Stratus Energy Colombia Corp, Petrominerales Colombia Corp, Grupo C&C Energía) into a single entity (Meta Petroleum Corp). This arduous task is a sample of the Company's commitment to being more efficient, focused and low cost.

In **2018**, we will continue to strengthen our stakeholder relations strategy, focusing on the development and consolidation of adequate involvement with them, based on trust, integrity and humility, which allows us to become partners and thus obtain a competitive advantage to operate in countries such as Colombia and Peru.

This strategy will be framed within three fronts: **1. Generate Alliances** with key government institutions, local authorities and communities to identify development projects that contribute to the regions where we operate in order to overcome poverty, leading processes in Colombia such as those included in Decree 2099 of 2016, which allow the implementation of social projects with resources from the 1% environmental compensation and investment, and the development of social projects with taxes in Colombia and Peru; **2. Become true** partners of the communities where we operate through shared value projects such as the promotion of consortiums between local companies and our largest national and regional contractors and; **3. Develop positive** communication tools that are accessible and proactive, and have a digital focus.

We are aware that this will not be an easy task, understanding that Colombia and Peru are under complex social and political climates, characterized by an ongoing low oil price scenario, institutional uncertainty (in the case of Colombia caused by the increase in popular consultations and the ongoing peace process), upcoming national and municipal elections in both countries, more organized communities, and the strong presence of NGO's. Nevertheless, we will focus our efforts and daily work so our contributions can overcome these variables and we can have a significant impact on these territories, leaving aside the traditional transactional relation that only allows us social licence to operate and focusing on our vision of social success: "Consolidate Competitive Territories through Local Sustainable Development".

2018 will be a great year of consolidation and growth in all aspects of our value chain; for this reason, we invite you to continue with us on this path, and together we will build the future that we envision.

Enjoy the read.

**Richard Herbert** Chief Executive Officer.

# OUR OPERATIONS



# OPERATIONS MAP

# 2 Countries 38 Blocks

# 14 production14 exploration10 E&P

Frontera Energy Corporation is a Canadian public Company and a leading explorer and producer of crude oil and natural gas, with operations focused in Latin America. The Company has a diversified portfolio of assets with interests in more than 30 exploration and production blocks in Colombia and Peru. The Company's strategy is focused on sustainable growth in production and reserves.

Frontera is committed to conducting business safely, in an ethical socially and environmentally responsible manner.

Frontera's common shares trade on the Toronto Stock Exchange under the ticker symbol "FEC".

PERU: 3

COLOMBIA: 35

# VENEZUELA VENEZUELA GUYANA

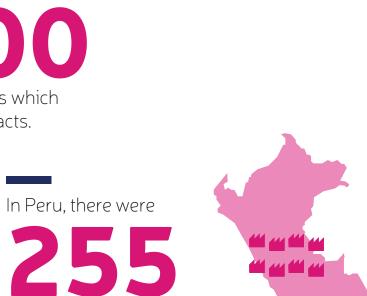
BRASIL

# FRONTERA INNUMBERS









#### **Operational Results**

- For 2017, the Company's net production after royalties was 70,082 boe/d, lower than the 103,532 boe/d in 2016, mainly due to the expiration of the Rubiales-Piriri contract in June 2016, which governed the Company's right to exploit the Rubiales field, the Company's largest producing field in 2016.
- Net production after royalties for the Q4 of 2017 totalled 64,445 boe/d, lower than the previous guarter's volumes of 71,068 boe/d, primarily due to two factors: (i) an indigenous community claim against the Peruvian Government, which resulted in a community blockade on Block 192 that shut down operations between September 18, 2017 and November 9, 2017, and (ii) the natural production decline in the light and medium oil blocks in Colombia.
- Total operating costs (including production, highprice clause ("PAP") and royalties payments, transportation and dilution costs) averaged \$29.65/ boe in the Q4 of 2017, an increase of 22% compared with \$24.32/boe in the third guarter of 2017. Lower net production after royalties, higher transportation costs, higher production costs related to year-end community commitments, well services costs and road maintenance during the dry season meant higher total operating cost. From 2016, operating costs increased 17% to \$26.25/boe in 2017, a result of lower volumes as a consequence of the Rubiales-Piriri contracts expiration in June 2016.
- Operating Netback was \$23.61/boe for the Q4 of 2017, slightly higher than \$23.54/boe in the third quarter of 2017, The Company's 2017 Operating Netback was 23% higher than the \$17.89/boe achieved in 2016, mainly due to stronger realized oil prices.

- Although the Company's drilling campaign was restrained during most of the year and only fully activated during the last guarter, intensive optimization activities allowed the Company to reach a net exit production rate of 71,015 boe/d, within the exit guidance range of 70,000 to 75,000 boe/d.
- In 2017, the Company received \$11.3 million of cost reimbursement from unused take-orpay transportation commitments by reversing the direction of the Bicentenario pipeline and transferring capacity to other shippers.
- 🥒 Due to increased drilling activity, capital expenditures increased to \$111.2 million in the Q4 of 2017 from \$48.6 million in the third quarter of 2017. A total of 36 development wells and three exploration wells were completed in the Q4 of 2017.
- For 2017, capital expenditures were \$236.4 million, higher than the \$169.1 million in 2016, and resulting in a total of 94 completed development wells and three exploratory wells, 2017 capital expenditure spending was below the low end of Frontera's guidance range of \$250 to \$300 million.

#### **Financial Results**

- For the Q4 of 2017, total sales increased 9% to \$335.3 million compared to \$30 million in the third quarter of 2017, primarily due to stronger realized oil prices. The total sales value of \$1,258.5 million in 2017 was lower than the \$1,411.7 million in 2016, mainly due to lower realized gains from oil price risk management activities and lower volumes sold after the expiration of the Rubiales-Piriri contract.
- General and administrative costs ("**G&A**") costs were lower in the Q4 of 2017 at \$24.5 million versus \$26.6 million in the third quarter of 2017. In 2017, the Company continued efforts to reduce unnecessary overhead costs and minimize discretionary spending. Overall. G&A costs decreased 27% to \$104.8 million from \$144.5 million in 2016.
- For 2017, net loss attributable to equity holders of the Company was \$216.7 million (\$4.33/share), compared with a net income of \$2,448.5 million (\$48.97/ share) for 2016 due to the net gain on restructuring of \$3,620.5 million recognized in the Q4 of 2016. Excluding the net gain on restructuring, the net loss for 2016 was \$1,172.0 million higher than 2017.
- In 2017, Operating EBITDA<sup>1</sup> was \$390.2 million, lower than the \$444.6 million in 2016, mainly due to the expiration of the Rubiales-Piriri contracts in June 2016. Operating EBITDA exceeded the upwardly revised 2017 year guidance of \$300 to \$350 million.

<sup>1</sup> Non-IFRS measures. Further information can be found in the Management Discussion & Analysis dated March 27.2018 for the year ended December 31,2017 (the "MD&A).

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Adjusted FFO<sup>1</sup> totalled \$94.7 million (\$1.89/share) for the Q4 of 2017. an increase of 98% compared to the \$47.9 million (\$0.96/share) achieved in the third guarter of 2017. For 2017, Adjusted FFO increased to \$267.5 million from \$257.0 million in 2016, mainly due to stronger realized oil prices.

The Company continued to build cash and the balance sheet remains strong at the end of 2017, with a cash position (including unrestricted cash equivalents) of \$511.7 million, an increase of 32% from the previous year.

On November 2, 2017, Fitch Ratings Inc. raised its corporate credit rating on the Company to "B+" from "B" and the Senior Secured Notes due in 2021 debt rating to "BB-" from "B+"; as such, the rating outlook is stable. On November 29, 2017, Standard & Poor's Financial Services, upgraded its corporate and issue level credit rating to "BB-" from "B+", with a stable outlook.

We completed a corporate reorganization of the Colombian business units. As a result we streamlined operations and eliminated legal entity redundancies, now all operations are held by the Colombian of branch of Frontera Energy Colombia AG.

# OUR CORPORATE GOVERNANCE



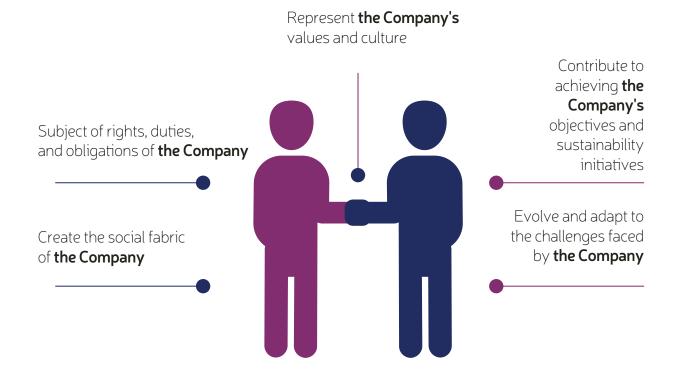
For Frontera, Corporate Governance is a system that aligns decision-making with the Company's strategy. Our governance model is based on the definition of four elements that offer a conceptual framework to delineate its scope of application and the principles that govern our operations: Corporate Values, Policies, Code of Business Conduct and Ethics, and Code of Governance.

The conceptualization of this model is accompanied by its broad understanding throughout the Company, with the purpose of consolidating the corporate governance function as a transversal element that allows active participation and individual contribution of each employee as a subject of rights and duties.

This is the foundation to develop the culture model which in turn allows our corporate identity - the corporate citizen - to efficiently and sustainably meet the Company's objectives. This integrated model contributes greater value in all aspects: i) corporate, in the attainment of the Company's objectives, ii) for employees, given that a universal sense of integrity, responsibility and accountability arises, and iii) our stakeholders, through the search for an economic, social and environmental balance within a trustworthy and transparent surrounding.

Within this framework, our commitment is guided by the continuing development and implementation of the corporate governance model based on the definition and permanent update of all its elements, as well as communication and training on these issues in a global manner throughout the Company, with the ultimate purpose of improving the environment of control and compliance at Frontera.

### **The Corporate Citizen**



Currently, the main resources that exist to manage the corporate governance model and function within the Company, are:

#### Corporate Governance Policy:

- the framework by which the Company seeks to develop and foster an environment of integrity and compliance.
- **Corporate Policies:** provide the minimum standards of conduct for all people working for Frontera.

**Governance Bodies:** establish the governance structure of the Company.

#### Internal Control Model:

a process that assures compliance of the Company's objectives regarding operational efficiency and effectiveness, reliability in financial reporting and compliance with laws, regulations and policies.

In 2017 we achieved the following results:

Frontera's governance bodies, along with their charters and mandates, were updated, to better respond to the Company's needs as part of their annual review process. Currently, these bodies include: i) the Board of Directors as the highest governance body, with its committees: Audit; Compensation and Human Resources; and Corporate Governance, Nominations and Sustainability; and ii) the different internal committees that support senior management: Executive Committee, Contracts Committee, Treasury Committee. Financial Risks Committee, Sales and Transport Committee, Ethics Committee, Economic Evaluations Committee, Technology Committee, Human Talent Committee and Security Committee.

As part of this effort to update the governance bodies, in 2017 the charters of the following committees of the Board of Directors also reviewed and approved: Audit Committee and Corporate Governance, Nominations and Sustainability Committee. In the same manner, the Ethics Committee charter was approved at the senior management level. Regarding the mandates that govern the functions of the governance bodies, the following documents were updated: Mandate of the Board of Directors, Mandate of the Chairman of the Board of Directors, Mandate of a Board Commitee Chair of a Board of Directors Committee and Mandate of the Chief Executive Officer (CEO).

- First level policies were updated, which included: Corporate Governance Policy, Code of Business Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy, Public Disclosure Policy, Ethics Complaints Protocol, Conflicts of Interest Policy, Donations Policy, Gifts, Entertainment and Travel Policy, Whistleblower Policy and Stakeholder Engagement Protocol.
- We continue to take strides that allow us to be more efficient in regulatory compliance, by centralizing information in a tool that facilitates follow-up.
- To keep all of our stakeholders informed we took important steps in the dissemination of our governance model and its elements. We began with the launch of our corporate culture campaign "We are Frontera", followed by the communication of policies by the Chairman of the Board of Directors and the CEO, and the publication of the updated policies and mandates on our website.



2017 Sustainability Report

# Our Challenges for 2018+ Corporate Governance

For 2018, our main challenge is to continue strengthening our Corporate Governance model, particularly following up on the Company's policy update and improving guidelines and processes that support their implementation.

We understand that the Company's stakeholders are subject to various rights and obligations. The review of regulatory framework will also continue to be a priority for the Company, by strenghtening our ongoing analysis of risk and controls associated with our regulatory commitments.

Furthermore, the implementation

of the second phase of the "We are Frontera" campaign will allow the development of a holistic communication and training strategy that will aid in continuing to portray the Company as a first class organization that in our business operations, acts with great

professionalism and ethics. Finally, all these challenges must be correlated with the modernization of technological tools, in order to facilitate

the systematic monitoring and evaluation of the corporate governance function throughout the Company.



# **OUR STRATEGY**

The Company's strategy is focused on sustainable growth in production and reserves. Frontera is committed to conducting business safely, in a socially and environmentally responsible manner.

At Frontera we focus on sustainable production through development drilling and growth through high impact exploration. In order to achieve this, we have created seven goals that will give us resilience in current and future markets.



A balanced portfolio with strong assets that allow better returns on our investments.



Adequate management of our exploration commitments and sufficient investments for organic growth.



Operational excellence and cost-efficiency to generate synergies in our fields, wherever possible.



Strong and close relations with our stakeholders to continue being a part of our value chain and to promote the development of the areas where we operate. This involves respecting others and working collaboratively.







A commitment to financial discipline.

These goals will be fulfilled through the daily teamwork of four key elements: Efficiency, Accountability, Collaboration, and Transparency.

# **OUR CORPORATE VALUES**

In 2017, we successfully launched our our corporate culture campaign "We are Frontera" with the goal of building a first class organization that is aligned with our corporate values and acts with great professionalism and solid ethics

We lead by example with INTEGRITY, acting consistently and transparently, as well as maintaining an open dialogue in our relations.



**RESPECT** means that we value diversity and inclusion, we learn from experience, and appreciate different points of view. We are authentic.



With our **COMMITMENT** we demonstrate that we are responsible for our decisions, we work as a team to reach our business goals, and seek excellence through innovation, adaptation and learning.



long-term value.



Through SUSTAINABILITY we preserve and care for the well-being of our employees and contractors, and encourage safety in our operations. This means that we promote the creation of social, economic and environmental value through positive interaction with our stakeholders. We produce reliable results, understanding that our actions generate

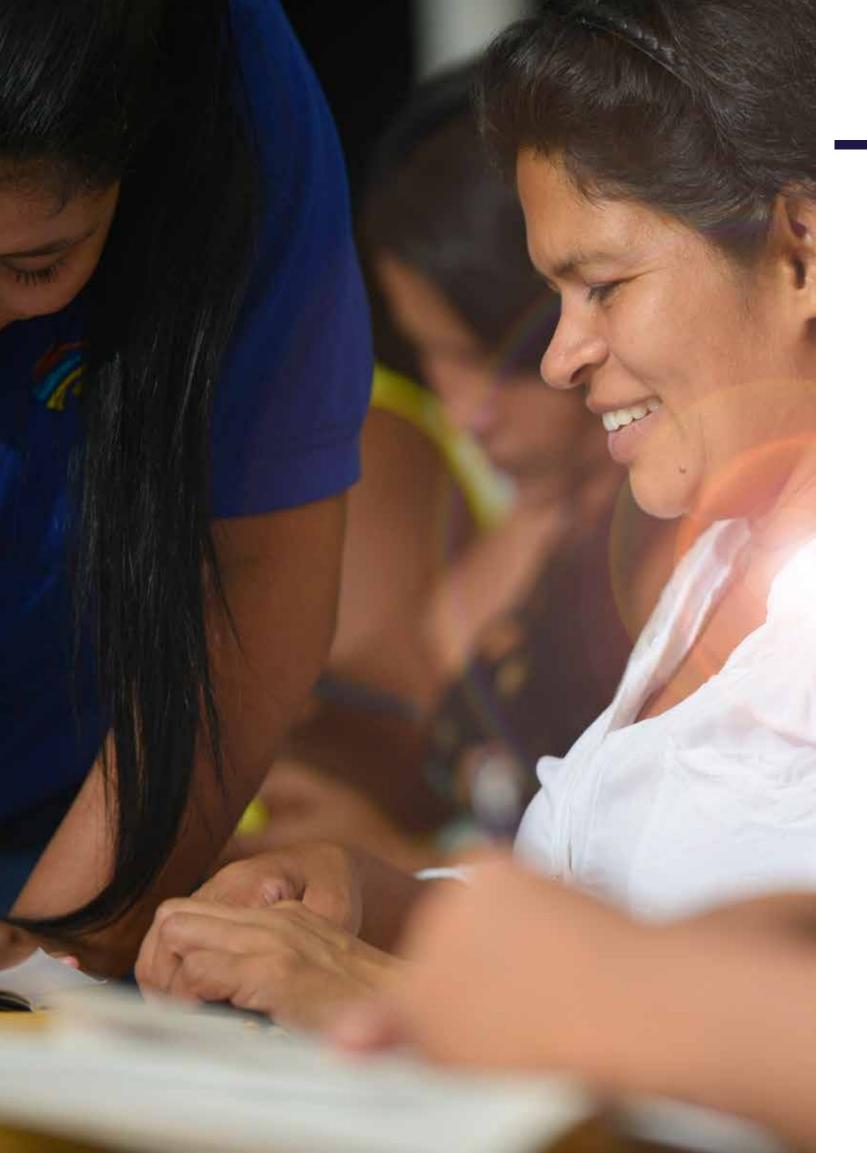
# OUR SUSTAINABILITY AND SHARED VALUE MODEL

Our Sustainability Model, developed in 2009, contains the most relevant issues for our stakeholders while complying with our corporate strategy. This model is updated annually with the ultimate goal of aligning identified expectations in our relationships with the environment and the operational needs of the Company.

In 2013, the Company conducted a perception survey with internal and external stakeholders on the importance and management of the issues defined in the model. This survey tool has been a fundamental source of information for annual updates.

In 2017, taking into account the next stage as Frontera with a new strategy and vision from the Board of Directors, the Company began a new process to analyze and to achieve the following objectives:

- Perform an analysis of the expectations and perceptions of internal and external stakeholders based on available information and specific dialogues regarding our material issues, risks and opportunities generated by operations and business strategy.
- Analyze global and regional trends on matters sustainability with regards to our standards, rules and good practices.





Identify improvement opportunities related to the management of the new sustainability model, the reinterpretation of the material issues and recommending actions to strengthen its management within the framework of the new model.

The results of this strategic process for the Company will be communicated in our 2018 sustainability report.

In this report we present the quantitative and qualitative performance and goals that we have proposed for ourselves, which are in line with our seven sustainability commitments, and its 31 identified issues. They have been prioritized, updated, and validated internally as well as externally. All of these issues were managed by the Company in 2017.



#### We operate with excellence

We seek to generate barrels with a legacy, becoming a focused, low-cost company, maintaining manageable and sustainable growth that allows us to continue to provide society with the energy it needs. We achieve excellence under the highest health and safety standards.



#### We act consistently and transparently

Our stakeholders' trust is essential to the Company's present and future, and for this reason we are constantly accountable for our actions, maintaining constant and open dialogue that meets the expectations of our surroundings and in turn, allows execution of processes for continuous improvement, innovation, and building of our reputation.

Our Sustainability and Shared Value Model



#### We work in harmony with the environment

We are aware of the environmental impact of our operations. Accordingly, we focus on protecting our surroundings, operating without compromising the future, and strengthening our positive impacts.



#### We contribute to the sustainable development of communities

By working jointly and constructively with communities and authorities, we can contribute to the development of competitive territories for local sustainable development.

We know that collaborating with our strategic partners is the key to success. Our strategic partners are the best allies for sustainable and efficient operations.

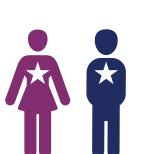
We know it's our duty to respect the integrity of the individuals with whom we interact, and that it is imperative to build trust and legitimacy in those relationships. We respect the customs of ethnic communities within our operations.

#### We respect and promote human rights in our operations

#### We have the best talent

Honesty, integrity, efficiency, and productivity by our human talent are indispensable drivers for our Company's prosperity and well-being.

#### We promote a sustainable supply chain



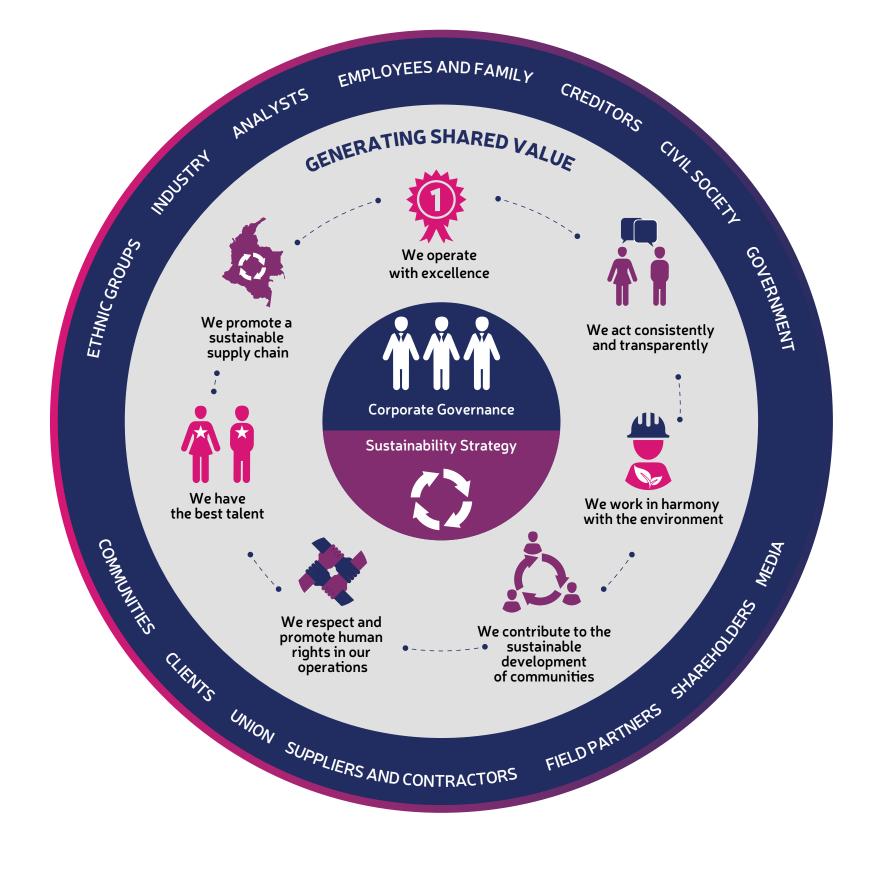




# OUR STAKEHOLDERS

In 2017, as a result of analysis and prioritization of stakeholders and taking into account the definition of stakeholder provided by the AA1000 regulation to include those individuals, groups or organizations that were affected and/or may be affected by an association with an organization, throughout 2017 we maintained the same priority of internal and external stakeholders.

The frequency (monthly, quarterly, bi-annually, or annually) of our engagement with each stakeholder depends on the characteristics of each one, our relationship with them, and the matter at hand; however, at Frontera we maintain constant relationships with each of our stakeholder groups.



# COVERAGE OF OUR MATERIAL ISSUES

Below is the internal and external scope of the impact of our affairs and the information channels used to keep our stakeholders informed.

FRONTERA COMMITMENT	MATERIAL ISSUE	GRI STANDARD	COVERAGE	
We operate with excellence	Operational Results	Not Applicable	Internal: Exploration, Production, Supply, Transport and Trading, Investor Relations External: Shareholders, State, Government, Media Outlets, Analysts, Clients, Creditors, Suppliers and Contractors	Quarterly / Webpag companie / Consol / Periodio
	Financial Results	Not Applicable	<b>Internal:</b> Finance, Investor Relations, Legal <b>External:</b> Shareholders, Creditors, Analysts, State, Government, Suppliers and Contractors	Quarterly / Webpag companie / Consol / Periodia
	Occupational Health and Industrial Safety	Health and Safety in the workplace Environmental evaluation of suppliers Social evaluation of suppliers	Internal: Corporate Affairs (HSEQ) External: Field Partners, Suppliers and Contractors	Frontera' Annual S
	Supply, Transport and Trading	Socio-economic compliance	<b>Internal:</b> Production, Supply, Transport and Trading, Finance <b>External:</b> Field Partners, Suppliers and Contractors, State	Quarterly meetings

#### ENGAGEMENT CHANNELS

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FRONTERA COMMITMENT	MATERIAL ISSUE	GRI STANDARD	COVERAGE	
We act consistently and transparently	Ethics and Business Compliance	Economic Performance Disloyal competition	Internal: Compliance, Finance External: Shareholders. Analysts, State, Media Outlets, Creditors, Suppliers and Contractors, Field Partners	Ethics ch / Annual
	Anti-corruption	Anti-corruption	Internal: Compliance, Legal External: Shareholders, Analysts, State, Media Outlets, Creditors, Suppliers and Contractors, Field Partners	Ethics ch / Annual
	Internal Audit	Not Applicable	Internal: Internal Audit External: Shareholders, Analysts, Field Partners	Frontera
	Risk Management	Not Applicable	Internal: Risk Management External: Shareholders, Field Partners, State	Quarterly / Annual
	Transparency in Royalties	Not Applicable	Internal: Taxes, Finance, Corporate Affairs External: State, Government, Communities	Quarterly Transpar Report
	Relations with the Market	Not Applicable	Internal: Investor Relations, Corporate Affairs External: Shareholders, Analysts, Creditors, State	Events w Annual S
	Corporate Governance	Governance	Internal: Corporate Governance, Legal External: Shareholders, Analysts, Creditors, State, Field Partners, Media Outlets	Quarterly / Webpa www.sec with inve Report

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FRONTERA COMMITMENT	MATERIAL ISSUE	GRI STANDARD	COVERAGE	
We work in harmony with the environment	Biodiversity	Biodiversity Compliance Environmental	Internal: Corporate Affairs (HSEQ), Operations External: Communities, Ethnic groups, Civil Society, Government, State, Media Outlets	Frontera / Enviro
	Waste Management	Effluents and Waste		
	Comprehensive Water Management	Water Effluents and Waste		
	Energy and Emissions	Energy Emissions		
	Prevention and Remediation of Incidents	Effluents and Waste Compliance Environmental		
We contribute to the sustainable development of	Productivity of the Local Economy	Indirect Economic Impact Local Communities	Internal: Corporate Affairs, Operations External: Communities, Government, State, Civil Society, Media Outlets	Annual S Socializa network:
communities	Development of Human Capital			
	Social and Institutional Strengthening			
	Quality Infrastructure			

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FRONTERA COMMITMENT	MATERIAL ISSUE	GRI STANDARD	COVERAGE	
We respect and	Right of Association	Freedom of Association and Collective Bargaining	<b>Internal:</b> Labour Relations, Human Talent, Supply, Employees	Frontera / Period
promote human rights in our operations	Eradication of Child and Forced Labour	Child Labour	<b>External:</b> Suppliers and contractors, State, government, Civil Society, Media Outlets, Communities	
	Security and Human Rights	Security Measures Evaluation of Human Rights	<b>Internal:</b> Security, Supply Chain <b>External:</b> Suppliers and Contractors, State, Government, Civil Society, Media Outlets, Communities	Frontera / Perioc
	Relations with Ethnic Groups	Rights of Indigenous Peoples	<b>Internal:</b> Corporate Affairs, Operations, Exploration <b>External:</b> Communities, Ethnic Groups, Government, State, Civil Society, Media Outlets	Frontera / Period / Registr
	Gender Equity	Diversity and Equal opportunities	<b>Internal:</b> Human Talent, Labour Relations, Corporate Affairs, Communications <b>External:</b> Civil Society, Media outlets, State, Government	Frontera / Period
We have the best talent	Selection and retention of human talent	Presence in the Market Employment	Internal: Human Talent Employees	Frontera / Fronter
	Comprehensive Development of our People	Training	External: Civil Society, Communities	
	Organizational learning			
We promote a	Sustainable Management	Not Applicable	Internal: Supply Chain, Corporate Affairs	Frontera
sustainable	Development of Suppliers and Contractors			/ Fronte
supply chain	Purchase of Local Goods and Services	Proportion of expenses for local suppliers	<b>External:</b> Suppliers and Contractors, Field Partners	

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# OUR 2017 ACKNOWLEDGEMENTS AND HIGHLIGHTS

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Our Relations with Ethnic Groups and Corporate Investment Social Frameworks Strategies were recognized by the Global Compact Canada, which gave us an award for nutrition, health and education initiatives that contribute to the wellbeing and quality of life of indigenous communities; and for compliance with the Sustainable Development Objectives.

For the fourth year in a row, we were selected as one of the 50 best Corporate Citizens in Canada. For 15 years, this ranking has been measuring the performance of companies in 12 sustainability metrics, including greenhouse gas emissions, health and safety, and transparency, among others. In 2017, Frontera was ranked 42 of 50 and the award was sponsored by "Canadian Industry Program for Energy Conservation".

In 2017, we were nominated by World Finance as "The Most Sustainable Oil and Gas Company."







Our sustainability paper on "How companies contribute to the democratization of access to clean energies and promote quality of life," was selected to be presented with over 1,600 works at the 22nd World Petroleum Congress in Turkey. The paper presents our support in bringing clean energy to the communities in Meta and Sucre.

For the third consecutive year, we participated in the Extractive Industries Transparency Initiative (EITI). This is a global standard that promotes the transparent and responsible management of oil, gas and mineral resources. This reflects an effort to strengthen the governance of the Colombian extractive sector.

investment projects in "Spaces for Reconciliation."

#### Frontera Energy



- For our positive impact on society and working closely with communities, we were recognized in MERCO'S Social Responsibility ranking as one of 15 Colombian companies with the most effective social investment.
- We are part of the MERCO Employment list of top 100 Colombian companies with the best employer reputation.
- We are one of the top 100 companies with the best reputation in Colombia, according to the MERCO Companies ranking, which surveys more than 16,000 people in the country.



We were recognized as key participants for our contribution to reconciliation and the peace process in Colombia through social

# CREATING NEW PATHS





# WE OPERATE WITH EXCELLENCE

At Frontera, we continue to work to generate oil and gas with a legacy and to become a more focused, low-cost Company while maintaining manageable and sustainable growth that allows us to continue to provide society with the energy it needs while operating under the highest health and safety standards.

### **Operational Results**

Net production after royalties for the Q4 of 2017 totalled 64,445 boe/d, lower than the previous quarter's volumes of 71,068 boe/d, primarily due to two factors: (i) an indigenous community claim against the Peruvian Government, which resulted in a community blockade on Block 192 that shut down operations between September 18, 2017 and November 9, 2017, and (ii) the natural production decline in the light and medium oil blocks. For 2017, the Company's net production after royalties was 70,082 boe/d, lower than the 103,532 boe/d in 2016, mainly due to the expiration of the Rubiales-Piriri contracts in June 2016.

2017 was a year of stabilization and constant review of our processes, activities, and policies, while meeting all of our proposed goals.

Important operational, financial and health and safety results included:

### **Financial and Operating Summary**

					YEAR ENDED DECEMBER 31	
		Q4 2017	Q3 2017	Q4 2016	2017	201
Financial results						
Total sales	(USD M)	335,346	307,080	269,772	1,258,516	1,411,7
Oil and gas sales and other income	(USD M)	320,868	278,137	260,179	1,163,749	1,399,12
Trading sales	(USD M)	14,478	28,943	9,593	94,767	12,5
Net (loss) income (1)	(USD M)	(32,544)	(141,115)	4,025,194	(216,703)	2,448,52
Per share – basic <sup>(2)</sup>	USD	(0.65)	(2.82)	80.50	(4.33)	48.
Per share – diluted <sup>(2)</sup>	USD	(0.65)	(2.82)	80.47	(4.33)	48.9
General and administrative costs	(USD M)	24,450	26,569	39,640	104,823	144,5
Dperating EBITDA <sup>(3)</sup>	(USD M)	105,010	105,885	44,275	390,194	444,6
Operating EBITDA margin (Operating EBITDA/revenues)	%	31 %	34 %	16 %	31 %	3
Adjusted EBITDA <sup>(3)</sup>	(USD M)	1,999	44,203	(1,967)	248,649	253,6
Adjusted EBITDA margin (Adjusted EBITDA/revenues)	%	1%	14 %	(1) %	20 %	18
Adjusted FFO (4)	(USD M)	94,695	47,889	8,256	267,495	256,9
Per share – basic <sup>(2)</sup>	USD	1.89	0.96	0.17	5.35	5
Per share – diluted <sup>(2)</sup>	USD	1.89	0.96	0.17	5.35	5
Total assets	(USD M)	2,579,651	2,546,631	2,741,719	2,579,651	2,741,7
Fotal cash	(USD M)	644,086	599,891	502,881	644,086	502,8
Cash and cash equivalents – unrestricted	(USD M)	511,685	500,643	389,099	511,685	389,0
Restricted cash short-and long-term	(USD M)	132,401	99,248	113,782	132,401	113,7
Total equity	(USD M)	1,396,381	1,442,431	1,601,035	1,396,381	1,601,0
Debt and obligations under finance lease	(USD M)	269,229	270,222	272,942	269,229	272,9
Operational Results						
Net production after royalties <sup>(5 y 6)</sup>	(boe/d)	64,445	71,068	69,432	70,082	103,5
Oil production	(bbl/d)	59,131	65,641	62,229	64,298	94,7
Natural gas production	(mcf**/d)	30,290	30,934	41,057	32,969	49,9
Combined price (including oil price risk management activities losses/gains)	(USD/boe)	53.26	47.86	41.92	48.32	40
Realized oil and gas price	(USD/boe)	56.19	47.55	43.44	49.20	35.
Realized oil price risk management activities (loss) gain	(USD/boe)	(2.93)	0.31	(1.52)	(0.88)	4.
Dperating cost	(USD/boe)	(29.65)	(24.32)	(27.40)	(26.25)	(22.4
Production cost	(USD/boe)	(13.13) (1.23)	(10.85)	(11.45)	(10.78) (0.87)	(8.
PAP and royalties paid in cash Transportation (trucking and pipeline)	(USD/boe) (USD/boe)	(123)	(0.62) (11.77)	(0.92) (14.52)	(13.54)	(0.) (12
Diluent cost	(USD/boe)	(14.20) (1.01)	(1.08)	(0.51)	(13.34)	(12
Operating Netback <sup>(3)</sup>	(USD/boe)	23.61	23.54	14.52	22.07	17
Adjusted Netback (3)	(USD/boe)	21.83	20.68	13.89	20.09	16.
Adjusted FFO Netback <sup>(4)</sup>	(USD/boe)	15.13	12.64	2.48	13.27	10.1
Capital expenditures <sup>(7)</sup>	(USD/002) (\$M)	111,213	48,563	64,707	236,401	169,1

#### Frontera Energy

1. Net (loss) income attributable to equity holders of the Company

2. Both basic and diluted weighted average numbers of common shares for the year ended December 31, 2017, were 50,005,832 (December 31, 2016: 50,002,363 and 50,018,997, respectively).

3. Refer to Non-IFRS Measures in (MD&A) Management Discussion and Analysis Q4.

4. Adjusted Funds Flow from Operations ("Adjusted FFO") - Adjusted Funds Flow from Operations Netback ("Adjusted FFO Netback").

5. Net production after royalties represents the Company's working interest volumes, net of royalties and internal consumption.

6. BOE has been expressed using the 5.7 to 1 Colombian Mcf/bbl conversion standard required by the Colombian Ministry of Mines & Energy.

7. Capital expenditures includes "Exploration and Evaluation" revenues for the years ended December 31, 2017 and 2016, of \$23.1 million and \$13.7 million, respectively.

### **Production and Development Review**

The following tables highlight the average daily total field production, the gross share before royalties production and the net production after royalties from all of the Company's producing fields in Colombia and Peru, reconciled to volume sold.

Tota	al field productio								
		on	Gross share	e before royalties	<b>5</b> (1)	Net production after royalties			
Q4 2017	Q3 2017	Q4 2016	Q4 2017	Q3 2017	Q4 2016	Q4 2017	Q3 2017	Q4 2016	
34,465	37,545	40,448	32,747	35,996	38,202	30,142	33,105	35,182	
47,798	46,491	44,756	28,972	28,090	27,193	26,451	25,731	24,968	
6,074	6,139	8,248	5,315	5,427	7,203	5,314	5,427	7,203	
88,337	90,175	93,452	67,034	69,513	72,598	61,907	64,263	67,353	
4,175	10,198	5,411	2,538	6,805	2,079	2,538	6,805	2,079	
4,175	10,198	5,411	2,538	6,805	2,079	2,538	6,805	2,079	
92,512	100,373	98,863	69,572	76,318	74,677	64,445	71,068	69,432	
	34,465 47,798 6,074 88,337 4,175 4,175	34,465       37,545         47,798       46,491         6,074       6,139         88,337       90,175         4,175       10,198         4,175       10,198	34,465       37,545       40,448         47,798       46,491       44,756         6,074       6,139       8,248         88,337       90,175       93,452         4,175       10,198       5,411         4,175       10,198       5,411	34,46537,54540,44832,74747,79846,49144,75628,9726,0746,1398,2485,31588,33790,17593,45267,0344,17510,1985,4112,5384,17510,1985,4112,538	34,46537,54540,44832,74735,99647,79846,49144,75628,97228,0906,0746,1398,2485,3155,42788,33790,17593,45267,03469,5134,17510,1985,4112,5386,8054,17510,1985,4112,5386,805	34,465 47,798 6,07437,545 46,491 6,13940,448 44,756 8,24832,747 28,972 5,31535,996 28,090 5,42738,202 27,193 7,20388,33790,17593,45267,03469,51372,5984,17510,1985,4112,5386,8052,0794,17510,1985,4112,5386,8052,079	34,465 47,798 6,07437,545 46,491 6,13940,448 44,756 8,24832,747 28,972 5,31535,996 28,090 5,42738,202 27,193 7,20330,142 26,451 5,31488,33790,17593,45267,03469,51372,59861,9074,17510,1985,4112,5386,8052,0792,5384,17510,1985,4112,5386,8052,0792,538	34,465 47,798 6,07437,545 46,491 6,13940,448 44,756 8,24832,747 28,972 5,31535,996 28,090 5,42738,202 27,193 7,20330,142 26,451 5,31433,105 25,731 5,42788,33790,17593,45267,03469,51372,59861,90764,2634,17510,1985,4112,5386,8052,0792,5386,8054,17510,1985,4112,5386,8052,0792,5386,805	

Average Production (in boe/d)									
	Total field p	roduction	Gross share before	royalties <sup>(1)</sup>	Net production after royalties				
Producing fields in Colombia	2017	2016	2017	2016	2017	2016			
Light and medium <sup>(2)</sup>	37,454	44,378	35,756	41,893	32,888	39,607			
Heavy oil <sup>(3)</sup>	48,413	50,855	29,386	30,847	26,879	28,195			
Gas <sup>(4)</sup>	6,603	9,767	5,784	8,763	5,784	8,763			
Rubiales-Pirirí	_	71,453	_	29,826	_	23,861			
Total production Colombia	92,470	176,453	70,926	111,329	65,551	100,426			
Producing fields in Peru									
Light and medium $^{(5)}$	7,638	6,542	4,530	3,106	4,531	3,106			
Total production Peru	7,638	6,542	4,530	3,106	4,531	3,106			
Total production Colombia and Peru	100,108	182,995	75,456	114,435	70,082	103,532			
Total production excluding Rubiales-Piriri	100,108	111,542	75,456	84,609	70,082	79,671			

#### Frontera Energy

con 	hare before royalties is net of internal sumption at the field and before high-price use high-price clause ("PAP") at the Quifa SW d. The Company's share before royalties in the fa SW field is 60% and decreases in accordance in a PAP that assigns additional production to opetrol.
Can	ncludes Cubiro, Cravo Viejo, Casanare Este, naguaro, Guatiquia, Casimena, Corcel, CPI Neiva, hicamo, Arrendajo, and other producing blocks.
	ncludes Quifa, Cajua, Sabanero, CPE-6. and Rio ari Blocks.
4.	ncludes La Creciente and Guama Blocks.
12, 2 As a	ncludes Block Z1, Block 192 and Block 131, On May 2017, Block 131 was formally transferred to Cepsa. a result, production from this block was included
	il May 19, 2017.

Note: Footnotes refer to those from the quarterly production table above.

# Proved and probable oil and gas reserves

For the year ended December 31, 2017, the Company received independent certified reserves evaluation reports ("Reserves Reports") for all of its assets, with total net 2P reserves of 154.3 MMboe compared with 170.7 MMboe certified reserves for the year ended 2016. The yearover-year decline was mainly caused by annual production, technical revisions in La Creciente field and an updated development plan for the Orito field. Proved net reserves of 114.1 MMboe now represent 74% of the total 2P reserves compared with 69% of the total 2P reserves in 2016.

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.

Concurrently, with the filing of this MD& A, the Company has filed the following: (i) the Statement of Reserves Data and Other Oil and Gas Information on Form 51-101F1, (ii) Report on Reserves Data by Independent Qualified Reserves Evaluator on Form 51-101F2 by each of RPS Energy Canada Ltd. and DeGolyer and MacNaughton, and (iii) the Report of Management and Directors on Oil and Gas Disclosure on Form 51-101F3. These reports have been filed on SEDAR at <u>https://www.sedar.com/homepage\_ en.htm</u>.

Reserves at December 31. 2017 (MMboe <sup>(1)</sup> )										
Country	Field	Proved (P1)		Proba	Probable (P2)		obable (2P)	Hydrocarbon Type		
		Gross	Net	Gross	Net	Gross	Net			
Colombia	Quifa SW	49.0	42.6	1.9	1.6	50.9	44.2	Heavy oil		
	Other heavy oil blocks <sup>(2)</sup>	34.6	30.4	15.1	13.3	49.7	43.6	Heavy oil		
	Light/medium oil blocks (3) <sup>(3)</sup>	38.2	35.1	21.0	19.2	59.1	54.3	Light and medium oil associated natural gas		
	Natural gas blocks <sup>(4)</sup>	1.9	1.9	1.3	1.3	3.2	3.2	Natural gas		
	Sub-total	123.6	109.9	39.2	35.4	162.9	145.3	Oil and natural gas		
Peru	Light/medium oil and natural gas <sup>(5)</sup>	5.1	4.3	4.8	4.7	9.8	9.0	Light and medium oil. associated natural gas		
	Total at Dec. 31. 2017	128.7	114.1	44.0	40.2	172.7	154.3	Oil and natural gas		
	Total at Dec. 31. 2016 Difference	131.8 (3.1)	117.3 <b>(3.2)</b>	58.5 (14.6)	53.4 (13.3)	190.3 <b>(17.7)</b>	170.7 <b>(16.5)</b>			
-	2017 Production	27.4	25.5	Total reserve	es incorporated	9.8	9.0			

1. See "Boe conversion" in the "Further Disclosures" Management Discussion and Analysis - MD&A Q4.

2. Includes Cajua, Jaspe, Quifa North, Sabanero and CPE-6 Blocks.

3. Includes Cubiro, Cravo Viejo, Canaguaro, Guatiquia, Casimena, Corcel, Neiva, Cachicamo, and other producing blocks.

4. Includes La Creciente and Guaduas Blocks.

5. Includes onshore Block 192 and offshore Block Z1.

In the table above, "Gross" refers to working interest before royalties, and "Net" refers to working interest after royalties. Numbers in the table may not add due to rounding differences.

### **Financial results**

	Year Ended December 31			
	2017		2016	
	(\$/boe)	\$M	(\$/boe)	\$M
Oil and natural gas sales price <sup>(1)</sup>	48.32	1,163,749	40.36	1,399,120
Production cost of barrels	(10.78)	(275,717)	(8.27)	(313,496)
PAP and royalties paid in cash	(0.87)	(22,147)	(0.59)	(22,269)
Transportation (trucking and pipeline)	(13.54)	(346,300)	(12.16)	(460,605)
Dilution cost	(1.06)	(27,162)	(1.45)	(55,108)
Total operating cost <sup>(2)</sup>	(26.25)	(671,326)	(22.47)	(851,478)
Operating Netback	22.07	492,423	17.89	547,642
Fees paid on suspended pipeline capacity <sup>(2)</sup>	(4.25)	(108,831)	(2.77)	(105,129)
Share of income from associates – pipelines (3)	2.27	58,150	1.70	64,327
Adjusted Netback	20.09	441,742	16.82	506,840
General and administrative expenses (4)	(4.10)	(104,823)	(3.81)	(144,538)
Cash finance costs <sup>(5)</sup>	(0.98)	(25,000)	(3.27)	(123,779)
Other cash costs <sup>(6)</sup>	(1.74)	(44,423)	0.49	18,449
Adjusted FFO Netback	13.27	267,496	10.23	256,972
Total production volume (boe/d) <sup>(7)</sup>	70,082		103,532	
Sales volume (D&P) (boe/d) <sup>(8)</sup>	65,980		94,716	

Although operating costs were higher in 2017, Operating Netback was \$22.07/boe for 2017, an increase of 23% in comparison with \$17.89/boe in 2016, mainly due to higher realized oil prices in 2017. The main driver of higher operating costs was lower production volume due to the expiration of the Rubiales-Piriri contracts in June 2016.

Adjusted Netback was \$20.09/boe for 2017, 19% higher than \$16.82/boe in 2016. The increase was a result of an improved Operating Netback driven by higher realized oil prices and, higher share of income from associates and offset by higher fees paid on suspended pipeline capacity as the Bicentenario system was not operational for 229 days as compared with 187 days in the previous year.

Adjusted FFO Netback was \$13.27/boe for 2017, higher than \$10.23/boe in 2016, due to higher Adjusted Netback and lower cash finance costs mainly due to the reduction of total debt obligations to \$250.0 million from \$5.8 billion as a result of the comprehensive restructuring transaction undertaken in 2016. Further information on the restructuring transaction can be found in the Company's management and discussion analysis dated March 14, 2017 for the year ended December 31, 2016.

For reconciliation to IFRS figures:

induding realized hedge.

2. Operating costs, Management Discussion and Analysis - MD&A Q4.

3. Share of income from associates - pipelines, Management Discussion and Analysis - MD&A Q4.

4. General and administrative costs, Management Discussion and Analysis - MD&A Q4.

5. Finance costs, Management Discussion and Analysis - MD&A Q4.

6. Mainly includes: dividends from associates, Frontera's share of income (loss) from associates, income tax, equity tax paid, realized foreign exchange, inventory fluctuation, overlift/(settlement) and uses of asset retirement obligation.

7. Production and development review, Management Discussion and Analysis - MD&A Q4.

8. Sales volumes from developmentand and producing assets excludes sales volumes from

1. Per boe price calculated over sales volume D&P, Management Discussion and Analysis - MD&A Q4,





### Occupational Health and Industrial Safety

We focus on highlighting our corporate values of Integrity, Respect, Commitment and Sustainability that promote team work, inclusion, excellence and learning to meet business goals. These goals include the protection of our resources, workers, and contractors, who make our achievements possible.

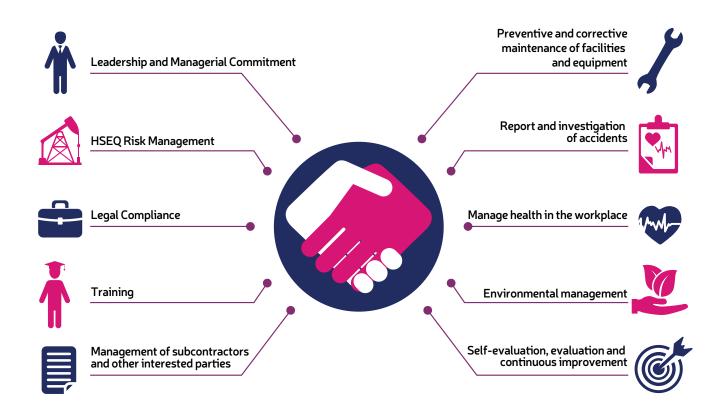
Throughout 2017 we continued to work on improving our processes under the guidance of a Comprehensive Management System certified more than 10 years ago: ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007.

The system provides support to the Company's different areas of planning, execution and control of the activities necessary for the development of business' strategy. **Our management** system was certified by the organization Bureau Veritas on September 8, 2017, effective until September 7, 2018. In 2017, we received the second followup audit to our system, audited by the Bureau Veritas Certification Organization with a result of zero nonconformities.

### We Work Closely with our Contractors In-Line with our Comprehensive Health, Safety, Environment and Quality (HSEQ) Policy

During 2017 we reinforced the requirements in Health, Safety, Environment and Quality (HSEQ) to our contractors, as well as the compliance with the applicable laws in the countries where we operate, in order to adapt to the demands of the business.

**HSEQ Elements in our Contractual Annex** 



Company requires. In 2017, we achieved:



Other government control entities: 2

We achieved the prior elements described in the graph before, through constant audit with our contractors focused on verifying compliance of these elements. and generating action plans for the continuous improvement of the production, drilling services and projects the



2017 Sustainability Report

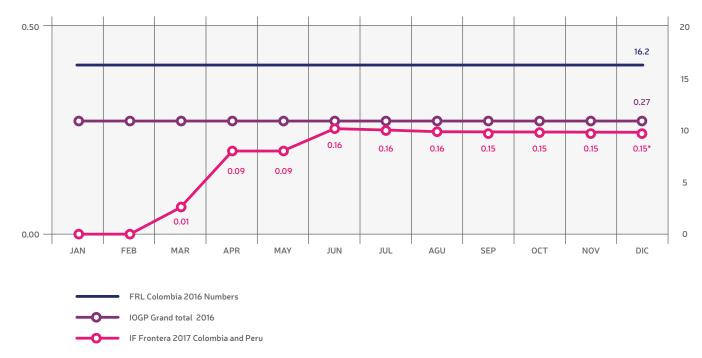
### **Industrial Safety**

At Frontera, the safety of our personnel and the prevention of incidents is paramount. We create a safe work environment and strengthens the execution of our activities.

### **Frequency Index of Disabling Injuries**

In 2017, we obtained positive results by maximizing our efforts on self-care programs for all of our employees and contractors, internalizing our HSEQ culture as a principle lived through prevention. For operations in Colombia and Peru, the Company's Frequency Index of Disabling Injuries was 0.15, 44% below the standard recommended by the International

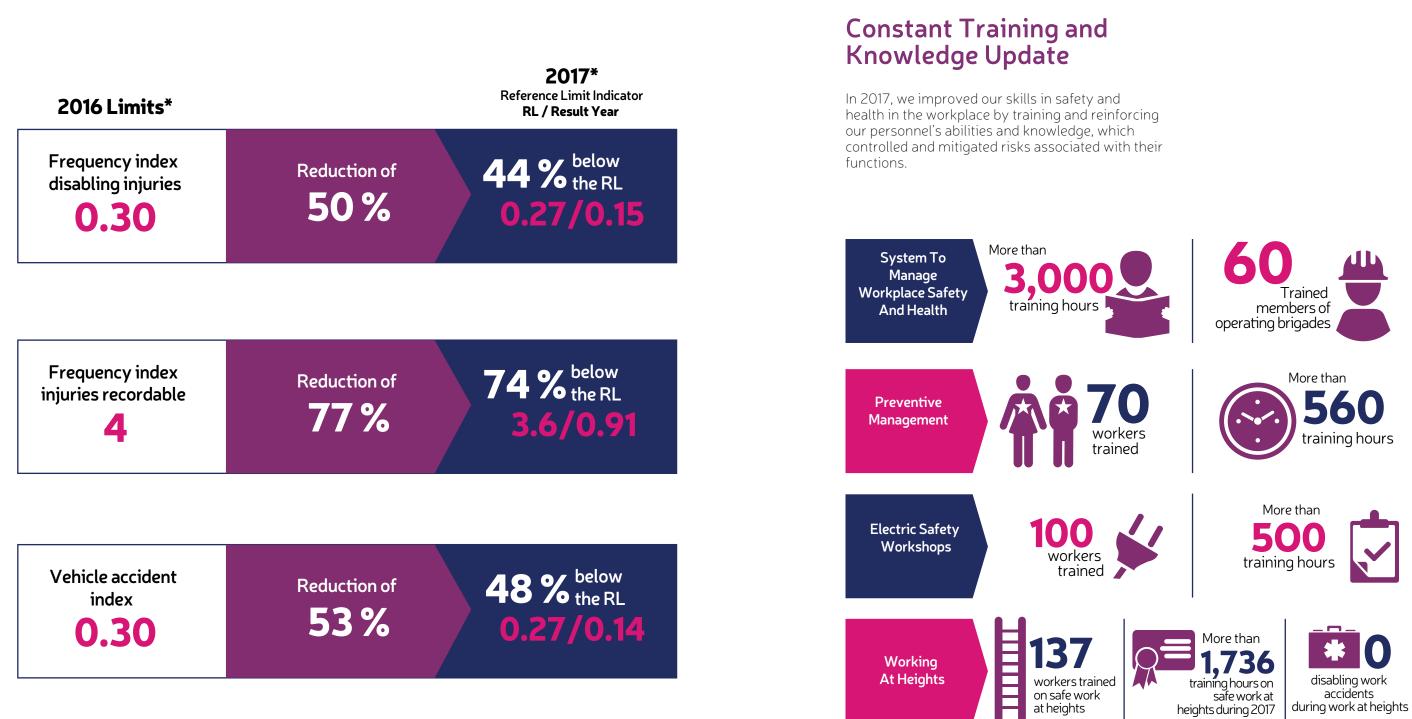
## IF Frontera Energy Vs. IOGP/Colombian Labour Risks Fund reference results



\* In process of audit and validation.



Association of Oil & Gas Producers for onshore operations. In respect to the numbers published by the 2016 Colombian Labour Risks Fund, we were 98% under as evidenced in the graph below.



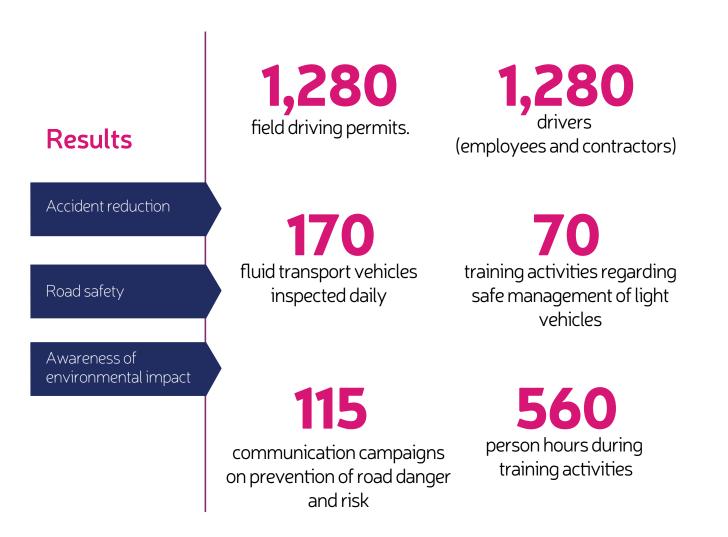
\* In process of audit and validation

Note: the above statistics registered are corporate data that include numbers from Colombia and Peru and include direct employees and contractor personnel.

#### **Committed to Road** Safety

Given that many of our workers routinely use motorized transportation in our fields, we continue to strive to provide our workers with educational programs focused on prevention and application of good practices. To this effect, we have implemented a strategic program for road safety for our internal field operations.

#### In 2017, we achieved the following indicators:



#### Road safety when **Transporting Hydrocarbons**

In 2017, our production material travelled more than 13 million kilometres on operation roads, through third parties contractors, however we ensure the safety of the workers transporting such material is a daily priority. In 2017, we developed:

- 115 road safety sessions with the support of road police.
- 150 training sessions carried out by transport companies at the locations where we have crude loading and unloading operations.

#### **Occupational Health**

At Frontera, we work to improve the health conditions and comprehensive development of our workers, which positively impacts the organization's productivity, and reduces and controls secondary economic losses due to work absenteeism.

#### Focused on the Security and Health of our Work Force

- In 2017 we executed the activities included in the Company's Ocupational Health Management System to comply with legal requirements, with good practices to mantain the physical, mental and social welfare of our workers.
- We carried out vaccination sessions with the Secretariat of Health in the zones of influence for workers. This benefited not only our workers and contractors but also the communities in the region.
- We carried out health campaigns with preventive activities for early detection of critical illnesses.

9 simulation activities to test response capacity of transport companies, specialized hazardous response units, and institutional entities.

Recognition of **500 drivers** for their operational performance.

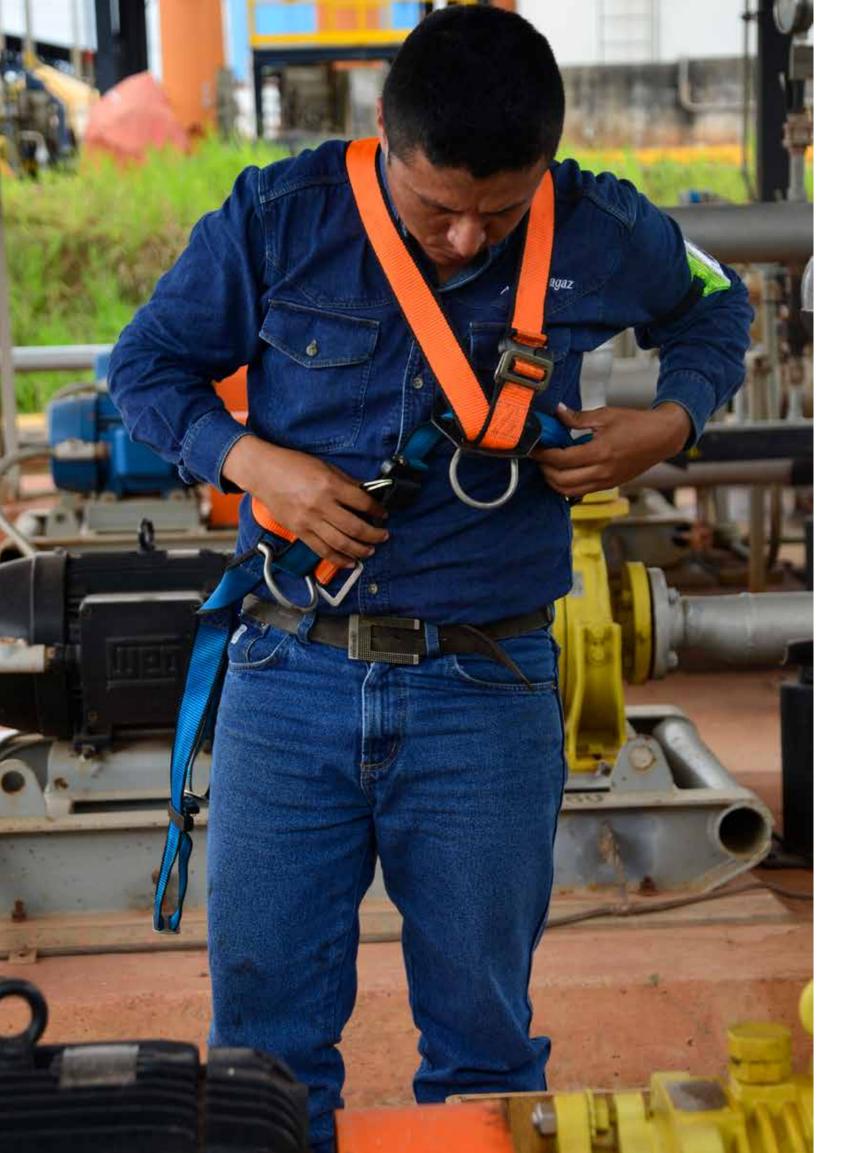


We consolidated the implementation of the Work Reincorporation Program, achieving positive results for the organization in processes to define the origin of disease and control losses due to prolonged disability.

We began the Analysis of Risk by Profession (ARO) in our fields, identifying occupational risks.

#### We Work for the Safety of People and the Operations

We continued strengthening our Vocational Training and Learning Unit (UVAE), complying with all established requirements, and expanding the training program to maximize coverage for personnel, optimize resources and guarantee execution of activities.



2017 Sustainability Report

#### Vocational Training And Learning Unit (UVAE)

#### Primary Training Program from Colombia's Ministry Of Labour Work at Heights

The Company's Vocational Learning Units are learning spaces within the Company created for the purpose of preparing, training, retraining and certifying worker capacity to carry out different technical activities.



# Supply, Transport and Trading

In the hydrocarbons sector, supply, transport and trading of oil and gas activities are integral in the value chain. At Frontera, transport activities are carried out through the Colombian and Peruvian territory. As a result of which we interact with communities located along the routes between our production fields and the pipeline systems and through our management control system are respectful of the environment, and avoide accidents.

Good relationships with these communities helps ensure that the Company's production will continue without interruptions by minimizing difficulties during transportation of production.

In the same manner, the reliable and timely supply of diluents and fuels allows the production fields to continue operating to finish with the export sales.

Annual cost reduction, training with the Company's own resources

Work in line with Policies by the Ministry of Labour

Training according to the Company's needs

Being a pioneer Company in the Hydrocarbons Sector

5	In Colombia and Peru, these activities represent 51% of the 2017 operational cost (US\$13.54/bbl out of US\$26.25/bbl). As a result, we use all possible strategies and processes to generate initiatives aimed towards the reduction of costs and increasing the Company's profits.
n e	During 2017, Supply, Transport and Trading organization, actively contributed to the merger process of the Business Units as part of the corporate reorganization and optimization strategy, as well as providing accurate and timely information for corporate reports, monitoring and control of the budget, as well as identifying and implementing various actions of improvements in its internal processes.

#### Colombia

- In 2017, due to various force maieure events, the Bicentenario and Caño Limon systems were inoperative for 228 days of the year. However, the Company was able to secure transportation for all of its products and met our sales commitiments to our clients, in terms of product quality and timeliness, thereby reinforcing our reliability to our clients.
- In addition, we maintained and developed new collaborative operational schemes and assignments of capacity with other producers and shippers that allowed optimizing the costs of dilution and transportation.
- We continued the reduction of ACPM purchases in all our producing fields, through a processing deal with the Hidrocasanare Refinery, which processed of medium and light crudes, allowing estimated savings of US\$11.6 million in 2017 versus other fuel options.
- Thanks to Bicentenario efforts to reduce operational cost, the tariff was reduced from US\$8.54/bbl to US\$7.56/bbl generating annual savings of US\$10.1 million. Through optimization schemes that include local purchases and the dilution service we continue reducing the cost of dilution by 26% from \$ 1.47 / Bl in 2016 to \$ 1.09 / Bl in 2017, since 2015 the reduction has been 50% (\$ 2.17 / Bl in 2015). We estimate savings of 27 MMUSD compared to last year
- In this continuing search for new cost reduction strategies, we optimized the unused capacity in our pipeline transport contracts. This allowed us to recover about US\$15.5 million in pipeline fees in 2017.

We also promoted projects to reduce carbon emissions through **CO**, the purchase of CO2 bonds, as part of an international initiative (Kvoto Protocol) through which a tax incentive is offered as tax savings in the purchase of fuels. This initiative generated savings of US\$600,000

- We maintained for the second consecutive year close to 0% losses in the transport of crude oil and gas, within the range permitted in the international oil industry. This was achieved through the constant monitoring of the measurement systems, the land transport operations and and the improvement of personnel knowledge.
- We reinforced the quality control system for export cargoes, to comply with the quality agreed in the contracts.

We continued to support and develop of community transportation companies, to increase their participation in our value chain and achieve high operating standards. In 2016, participation was 24%, while in 2017 participation increased to 29%.

- We continued with the reduction of accidents in the operation of land transport of hydrocarbons handle by our contractors, in 2017 we reduced them 55.6% vs 2017 and 76.4 % vs 2015.
- In 2017, the Company have been developing a global client portfolio to handle recent market fundamental fluctuations and regional arbitrages. The Company utilized its Colombian infrastructure assets to focus on crude oil quality to retain premium markets. Hence, between 2016 and 2017, our Vasconia crude oil sales (differential vs. Ice Brent) improved by + 2.12\$/B.

#### Peru

- We continued the reduction of costs and generated savings at Lot Z1 and Lot 192; we estimate overall savings of US\$2.16 million. Marine support vessels cost were reduced 38% compared to 2016, due to tariff reduction and logistic optimizations.
- In 2017, we renegotiated the Norperuano pipeline transportation contract.

## Our challenges 2018+

ASUNTO	
Operational Results	<ol> <li>Generate total c which represents 2017.</li> </ol>
Financial results	<b>1.</b> Transform 2018 excess in our bala 2019 as well as the
Occupational Health and Industrial Safety	<ol> <li>Continue with th entire organization Safety, Occupation</li> <li>Optimize our Sy Cardiovascular Ris</li> </ol>
Supply, Transport and Trading	<ol> <li>Negotiate better obligations.</li> <li>Continue the pugasoline, maximiz the use of our take</li> <li>Continue in the generation to redu</li> <li>Optimize loadir tariffs and continu</li> <li>One of the core possible OPEC's continue this situation, the commercial strate retain its premium</li> </ol>

Due to the contingencies of the Norperuano Pipeline, a temporary Loreto Crude Transport Plan was implemented by trucks to restart the production of Block 192. It is important to highlight that the Plan mentioned was the first project of its kind executed in Peru, overcoming the barriers of distance and complicated logistics from the jungle to the coast.

#### RETOS

capital expenditures between \$450 and \$500 million, an interannual increase of 101% from \$236 million in

into an investment year as we redistribute the cash ance sheet, managing to position ourselves to grow in ne following years.

he Risk Analysis by Profession (ARO) in the on, seeking positive results that contribute to nal Health and Human Talent.

ystem for Epidemiological Supervision of isk in at all levels of the organization.

transport conditions, reducing our ship or pay

urchase light crude to reduce the use of natural ze the use of the PF2-OGD facility and ensure e or pay contracts.

search for fuel and gas substitutes for power uce the cost of energy.

ng and unloading logistics to maintain trucking ue controlling stand-by costs.

e challenges for the rest of the year is the curtailment agreement phase out process and ct on the company's crude oil sales. To mitigate Company have been developing several egies to increase its marketing flexibility and to n markets

# FRONTERA

# WE ACT **CONSISTENTLY** AND **TRANSPARENTLY**

Our main goal as a new Company is to build a first class organization that, in all aspects related to our business and operations, acts with great professionalism and solid ethics, and is aligned with the corporate values of integrity, respect, commitment and sustainability.

## **Business ethics** and compliance

At Frontera, leading by example with integrity, acting consistently and transparently and maintaining an open dialogue in our relations, are fundamental principles that contributed to ensuring social, environmental and economic balance in our operations.

In this sense, our fundamental values - integrity, respect, commitment and sustainability - determine our daily decisions and guide our relations with all our stakeholders.

For this reason, during 2017, the board of Directors initiated a comprehensive review of the Company corporate governance policies an practices. The Company completed a process where it updated the Companý s policies, charts mandates and guidelines to reflect currently practice.

Given the definition of our values, and as a result of revising our Culture Model, in 2017 we updated the Code of Corporate Conduct and Ethics and the policies related to Corporate Governance, Conflict of Interest, Donations, Gifts, Entertainment and Travel, Public Disclosure, Whistleblowing and Stakeholder Engagement, and we assigned additional resources to strengthen the Ethics and Compliance and Corporate Audit departments.

The Company improved its policies and functions related to ethics and compliance to perform our business more efficiently, as well as with better quality but in a manner that is sustainable over time. All of this was done through reinforcing the corporate guidelines for employees to frame not only what is legal, but also what is correct.

Those who act on behalf of Frontera are responsible for setting an example of integrity. Therefore, they are people who don't tolerate behaviour that goes against the fundamental rights of other people and their dignity, or against our own corporate values. We also don't accept the practice, or facilitation of illicit practices, of any kind that risk the integrity of people (employees, contractors, suppliers and other stakeholders), our operations and our reputation.

In respect to the Gifts and Entertainment Policy, the Company implemented an on line reporting tool for personnel to be able to report to the Compliance Officer a detailed list of all gifts and invitations offered to them, including the parties involved, the context, date, description and value of the gift or invitation.

Personnel must obtain written approval from the Compliance Officer before offering or receiving a gift that exceeds the limit established in the policy (US\$100 or its equivalent in Colombian pesos).

At the same time, and in line with this undertaking, updated our (internal) Ethics Committee Charter, including the committee's membership. Currently it comprises the Ethics and Compliance Officer, Internal Auditor, Legal Vice-President, General Counsel and CFO.

In addition, we reaffirmed through the issuance of the Whistleblower Policy: (I) the protocol for the investigations of ethics complaints, (II) the respect for the confidentiality and privacy of any complaint or concern, and (III) a zero tolerance policy for any attempt by any person to impose sanctions or negatively affect someone who reported a genuine concern related to an alleged illegal or dishonest behaviour.

During 2017, we maintained the following reporting and consulting lines for ethical issues open for employees and other stakeholders:

# Members of the Ethics Committee:



## During 2017,

through our various ethics channels, we received

matters, Finally, taking into account that the promotion of ethical performance is a fundamental matter, during 2017 we adhered to initiatives such as that from the Ethics Committee of the Colombian-Canadian Chamber of Commerce and adhered to the Declaration of Transparency of the Prosecutor's Office, with the objective of being at the forefront of these issues and sharing experiences with the Colombian corporate sector.

Telephones

**Colombia:** 01 800 518 0744 **Canada and USA:**1877 266 2579 International: 1866 450 2579

#### Webpage

http://www.wiklow.com 1. Access clicking on the 'Whistleblower login' icon 2. User name: Frontera 3. Password: Frontera

Email lineaetica@fronteraenergy.ca





## Anti-corruption

At Frontera, we maintained our commitment to the execution of business in an ethical and honest manner, compliance with legal requirements, and opposition to any type of public or private corruption.

To strengthen transparency and ethics from a control standpoint, in 2017, our Ethical Orientation Framework was updated. Today, we have updated version of the anti-bribery and anti-corruption, prevention of asset laundering and terrorism financing policies that reflects current best practices.

For the sustainability of the business and the construction of trust with our stakeholders, we constantly reviewing and improving transparency and anti-corruption practices to ensure quality and transparency of the information we publish, the inclusion of compliance clauses in all our contracts with employees, suppliers and contractors, and accountability before authorities.

We are also committed to contributing to the elevation of global transparency standards in the extractive sector we verified compliance with anti-corruption laws (CFPOA) and publicly disclosed payments made to governments in accordance with the provisions of the Extractive Sector Transparency Measures Act (ESTMA).

In addition, we have positioned the culture of compliance and transparency on regulatory issues and the strengthening of ethical standards, through internal communication campaigns such as "the values of a Frontera Star," highlighting messages such as "The values that will guide this new path," "good decisions are the way," "Adequate administration of conflicts of interest is key," "our values are immersed in our day-to-day at Frontera," and "we are all compliance". At the same time, during 2017, we ensured

that 100% of new employees committed to integrity by adhering to the Code of Corporate Conduct and Ethics, the zero tolerance policy on fraud and corruption, and declaring conflicts of interest.

> 1,136 🗐 active employees and members

> of the Board of Directors completed the annual conflict of interest survey

96.7% of the total possible respondents,

In 2017, 232 conflicts of interest were reported, and 191 employees with conflict of interest were identified through the survey.

These results were shared with each of the Company's leaders to evaluate the need to carry out any type of adjustment to the worker's performance or role, Many of the situations of conflict can be managed favourably, and for this reason the transparency of the report that each has made is a very valuable tool for the Company.

## **Internal Audit**

In line with the new objectives presented by the Company, our Internal Audit area was one of the areas where we updated all procedures in accordance with the highest international standards of quality, giving it an enhanced position among employees and the Board of Directors to encourage important changes to the organizational culture, and to strengthen transparency and integrity practices before all our stakeholders.

These were some of the most relevant initiatives in 2017:

Restructuring the Internal Audit team, including constitution of a specialized team, generating savings for the Company and greater efficiency.

Closing of more than 50% of identified quality gaps, measured against international standards.

Establishment of a 3-year strategy that positions the Internal Audit area as a fundamental process to meet business objectives.

Training in Internal Audit for all

Company areas, which allowed improvement of employee knowledge of the regulatory framework to which we are exposed as a Company, and the importance of the Internal Control System - COSO - to avoid reputation business continuity risks.

Update and review risks, controls and action plans with all Company areas.



## Risk management

In this new era at Frontera, we are aware of the risks present in the industry in which we carry out our operations, both in Colombia and Peru. For this reason, yearafter-year, Senior Management, together with the Board of Directors, through the Enterprise Risk Management (ERM) Program, traces a path for the Company through the definition of a strategic plan, with the purpose of reaching corporate goals and objectives in the short, medium and long-term. The analysis of risks within the Company is a constant and permanent activity at all levels in the organization.

This year, we identified of managed 19 corporate risks divided into: Strategic, Operational, Financial, above ground issues (social and environmental), and Control and Compliance. Some of these risks are: ethics, fraud and corruption, retention and attraction of human talent, management of liabilities, stakeholder engagement, HSEQ, and operational production issues, among others.

As a result, in 2017 the risk management

culture was a fundamental pillar for reaching objectives. To achieve this culture we have generated behavioural skills in all collaborators, in part by continuing the training plan inside the Company, providing three training sessions and another involving approximately 60 workers, all supported by the Corporate University for risk awareness.

In the same manner, in 2017, we continued to support risk analysis in all processes core and support - where we analyzed 26 sub-processes. Our ERM team managed the methodology to identify the specific risks each area faces to continue the cause-consequence analysis, establishing and connecting mitigation plans to the causes that generate risks. Also, we followed up on the action plans proposed by process owners on mitigation plans to evaluate their execution, through the Company's Executive Committee.

# Transparency in royalties

For the sixth consecutive year we announced our support for the Extractive Industries Transparency Initiative (EITI), because we firmly believe in the power of the resources generated as royalties and taxes to transform the surroundings of the areas where we operate.



In line with this commitment, we have the firm conviction that the presentation of accounts, regarding tax and royalty payments made in our countries of operation will contribute to governance.



# Relations with the market

The Investor Relations area is fundamental for Frontera, for its main function is to communicate to the market, in a transparent and efficient manner, the history of where the Company comes from and where it is headed.

Throughout 2017, the Investor Relations function focused on outreach to our investors and other stakeholders, sharing our strategy, plans and accomplishments as Frontera. It is the beginning of a new era, where sustainable growth, respect towards our stakeholders, and transparency are key drivers for value creation.

We emerged from restructuring in November 2016 and have many accomplishments since. Beyond the financial restructuring, we completed a cultural restructuring as well, focusing on corporate governance, compliance, and capital efficiency.

We have a sustainable business model to grow from our existing assets for the next three to five years. We have a new philosophy and management team and believe in value creation over volume while we execute on positioning the Company for both reserves and production growth. We have just over 50 million shares outstanding, and 2017 was a year of building cash as we focused on value over volumes. We started 2017 with U.S.\$400 million in the bank and ended the year with over U.S.\$600 million as a result of reducing our capital expenditures guidance by 20% while increasing our EBITDA guidance three times. We met our exit production guidance in 2017 at 71,015 boe/d, and we underspent and over delivered on financial performance.

Throughout 2017 our senior management team spent several weeks on the road sharing our story with investors and stakeholders and we will continue to do so throughout 2018.

## Our challenges 2018+

ISSUE	
Business ethics and compliance	<b>1. Inform our m</b> Corporate Cone
	<ol> <li>Develop coo stakeholders an surroundings.</li> </ol>
	3. Design new : internal stakeh culture.
	4. Develop a na a communicati
Anti-corruption	<ol> <li>Strengthen c integrity, the pr against corrupt</li> </ol>
	<ol> <li>Make people training progra</li> </ol>
Internal Audita	1. Continue the including the a
	<ol> <li>Carry out an of Sponsoring {</li> </ol>
	3. Act as an ad- about the Cana and additional thus promoting about the Com
Risk management	1. Manage a pla accountability, projects planne
Transparency in royalties	<ol> <li>Actively parti that promote a and Colombia.</li> </ol>
Relations with the market	<ol> <li>Strengthen o market.</li> <li>Expand our e</li> </ol>

#### CHALLENGES

nain stakeholders on Frontera's Code of iduct and Ethics and promote its compliance.

ordinated actions with leading and relevant and authorities for compliance and integrity in our

strategies to position before external and holders (web, intranet) the ethics and compliance.

ew integrated and accessible hottine followed by ion campaign on its proper use.

compliance of corporate values, the culture of prevention of conflict of interest and the fight ption.

e aware of the anti-corruption Policy through ams for internal and external stakeholders.

e alignment process within international standards, annual quality assessment.

annual compliance evaluation through the Committee Organizations of the Treadway Commission (COSO).

lvisor in order to provide training to the organization adian regulatory framework, the internal control system ly assist the process owners in updating their controls, g the self-control and responsibility of the Management ipany's control culture.

lan for the 2018 ERM Function which, through , seeks to follow up on each of the activities and ed by the function.

ticipate in national and international initiatives accountability in the hydrocarbons sector in Peru .

our communication with investors and the

coverage of sales analysis.

# **WE WORK IN HARMONY WITH THE ENVIRONMENT**

At Frontera, we value the natural surroundings and the resources they provide us; therefore, our environmental performance has the purpose of preventing, controlling and mitigating potential environmental impacts associated with the operations we carry out in different regions of Colombia.

15

For this reason, the results we obtained in 2017 arise from the environmental feasibility of our projects in Colombia, generating synergy between operational execution and the sustainable use of natural resources, as follows:

Environmental modifications to the licenses were prepared for operational efficiency.

Environmental management plans for producing fields were appoved.

Decisions based on follow-up and environmental control by the ANLA with which we strengthened performance and compliance of obligations in our environmental licences in our operating fields.

## **Biodiversity**

At Frontera, knowing our surroundings and their natural dynamics has helped us to prevent and mitigate the impact of our operation on the areas where we execute our projects.

For this reason, within the environmental studies we prepare at each of our areas of operation, we identify the areas with special importance for the wildlife that inhabit our surroundings, and when executing our activities we focus efforts on their preservation.

The following schematics present the zones deemed strategic ecosystems and some of the species of amphibians, reptiles, birds and mammals registered during monitoring completed in 2017:

DEPARTMENT	NAME	рното		STATU	JS	
Casanare and	Bamboo rat (Dactylomys dactylinus)	South Andrew	Minor concern	NT	LC	
Meta		A CONTRACT	Threatened	CR	EN	VU
			Extinct	EX	EW	
	Lynch's swamp frog (Pseudopaludicola llanera)		Minor concern	NT	LC	
			Threatened	CR	EN	VU
			Extinct	EX	EW	
	Great egret: Ardea (Casmerodius alba)		Minor concern	NT	LC	
			Threatened	CR	EN	VU
Extinct (EX)			Extinct	EX	EW	
Extinct in the Wild (EW)	Giant anteater (Myrmecophga tridactyla)		Minor concern	NT	LC	
Threatened Critical Endangered (CR)			Threatened	CR	EN	VU
Endangered (EN)		Jack Hand	Extinct	EX	EW	
Vulnerable (VU)	Blue-tailed emerald (Clorostilbon mellisugus)		Minor concern	NT	LC	
Nearly Threatened (NT) Least Concerned (LC)			Threatened	CR	EN	VU
			Extinct	EX	EW	



#### WE VALUE **THE NATURAL BIODIVERSITY OF OUR ZONES OF OPERATION**





DEPARTMENT	NAME	рното
Cundinamarca	Frog (Rulyrana adiazeta)	
	Boruga-rodent (Dinomys branicki)	
Tolima	White-footed tamarin (Saguinus leucopus)	
	Rusty-faced parrot (Hapalopsittaca amazonina)	
Sucre	Black-necked screamer (Chauna chavaria)	
Magdalena	Yellow-spotted river turtle (Podocnemis unifilis)	

STATUS				
Minor concern	NT	LC		
Threatened	CR	EN	VU	
Extinct	EX	EW		
Minor concern	NT	LC		
Threatened	CR	EN	VU	
Extinct	EX	EW		
Minor concern	NT	LC		
Threatened	CR	EN	VU	
Extinct	EX	EW		
Minor concern	NT	LC		
Threatened	CR	EN	VU	
Extinct	EX	EW		
Minor concern	NT	LC		
Threatened	CR	EN	VU	
Extinct	EX	EW		
Minor concern	NT	LC		
Threatened	CR	EN	VU	
Extinct	EX	EW		



#### Strategic ecosystems for conservation of biodiversity

The Company carries out its operations in a wide variety of landscapes of the Colombian geography, located in the Orinoguía (Meta and Casanare), the Caribbean Region (Magdalena and Sucre) and the Andean Region (Cundinamarca and Tolima). A summary of the characteristics of the landscape and representative coverage of each departament in the areas is described below, specifically of the Company's operations where we favour protection of biodiversity.



Are several of the Company's blocks are located in the Meta department; these are CPE-6, Quifa, Cajúa, Sabanero, Ariari, Corcel and Guatiquía. These blocks do no overlap with Natural Protected Areas. The predominant coverage is dense unwooded dry grassland. However, the main biodiversity and wildlife niches, habitats and refuges are associated with fountainheads, springs, estuaries, water bodies, gallery forests and Morichal groves. In particular gallery forests and Morichal groves, although they occupy a smaller proportion of the area, their coverage is very important because of their high biodiversity due to, in the case of the Morichal groves, to their structural complexity which provides a wide array of habitats and microclimates.

Other coverage present in some areas of operation are a mosaic of crops and natural spaces (mix of crops, natural grasses, weed growth and crop stubble), high secondary vegetation, dense bushes, oil palm, grasses with and without weed growth.



At the La Creciente Block, located in the department of Sucre, there are no Natural Protected Areas or other conservation schemes. However, there are some areas that have been identified as strategic and sensible ecosystems, which are a secondary vegetation zones, which play crucial eco-systemic functions to maintain the zone's ecological and hydrological equilibrium, and also play a role as refuge for wildlife in the Company's area of operation.

Notwithstanding the artificial origin, conditions, characteristics and distribution of jagüeyes, they are deemed sensible areas, due to a function similar to natural lentic bodies; in consequence, they have significant importance in eco-systemic terms and for wildlife conservation, beyond the service of hydric supply they provide to communities.





The Mapache, Cachicamo, Cravo Viejo, Llanos 19, Cubiro, Arrendajo, Casimena, Casanare Este II and Canaguaro blocks are located in the department of Casanare. Although there is no overlap with public national Natural Protected Areas, they host areas with high biodiversity importance. Within the Cachicamo block's area of influence we find a part of Civil Society's Natural Reserve, catalogued as an exclusion area in the management zoning, and part of a Conservation Area. The Casimena block is located next to the Protective Forest Reserve, a Natural Reserve and Civil Society Natural Reserves, however, they are located outside of the field's area of influence; and the Casanare Este II block with gallery forests declared as municipal Natural Protected Areas.

The most typical coverages in these areas of operation are dense unwooded flooded grasslands, flood plains, gallery forests, Morichal groves, water currents, lagoons, madre vieja wetlands and estuaries, which coincide with the habitats with the most biodiversity, as well as the main refuges for wildlife in the operating areas, among which we find aquatic and semi-aquatic bird species. A special mention is warranted on the gallery forests associated to the Cusiana River and the Guirripa, Guirro, La Piedra and Suarez streams, as well as the wetlands associated to the Tacuy River. There are also patches with coverages of grasses without weeds, agricultural crops and forest plantations.



In Cundinamarca, we find the Guaduas field and part of the Abanico field, which do not overlap with Natural Protected Areas. At the municipality of Guaduas, within the area of influence of the field with the same name, we find the Protective Forest Reserve of the San Francisco River Hydrographic Basin. This reserve is more than 2.800 hectares, is located in an altitude range that exceeds 1,100 MASL (metres above sea level), and is very important from a ecosystem and biodiversity standpoint, as well as to serve as refuge for wildlife the Company's area of operation in the department; its natural richness provides potential for eco-tourism development and nature tourism.

The Abanico field is located within the jurisdiction of the municipalities of Girardot (Cundinamarca) and Flandes y Espinal (Tolima), and does not overlap with Natural Protected Areas. The sites with the most biotic and eco-systemic importance are the mountainous area of the San Lorenzo vereda (Girardot), defined by POTM as a Rural Protection Zone, and the gallery forests of the zone's existing bodies of water, which host the most wildlife.









At the Magdalena department we find the Guama Block, which does not overlap with Natural Protected Areas. Among the predominant coverages we have grasses without weed growth and wooded pastures; also gallery forests, bushes, secondary vegetation (high and low) and jagüeyes, which are the most important in biotic and eco-systemic terms and constitute the main wildlife refuges.

#### Cundinamarca and Tolima

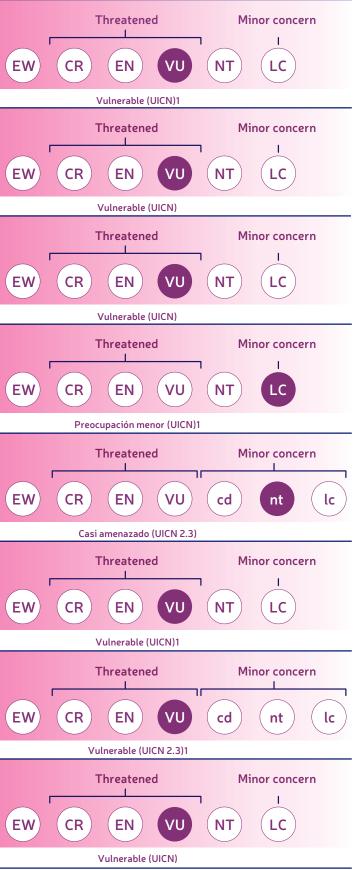


### Evaluation of the impact on biodiversity

Before initiating any project, the Company completes Environmental Impact Studies with the purpose of identifying priority zones for conservation of biodiversity. In the planning phase of the studies, infrastructure is located in accordance with the environmental zoning to set distances for protection of eco-systems that are strategic or have a high impact on conservation. Among the impact we identified and control in the execution of projects we can highlight: modification of vegetation coverage and changes to the composition and distribution of wildlife, centralization of management of this impact on biodiversity with strategies directed to their mitigation, control and elimination.

We report a sample of the species of flora and wildlife typical by operating zone, indicating their status before the UICN (International Union for Conservation of Nature).

DEPARTMEN	NT	NAME	SCIENTIFIC NAME	
Meta		Palma de Moriche	Mauritia Flexuosa L. f	Extinct I EX
Meta		Palma Sarare	Syagrus sancona	Extinct I EX
Casanare	-	Aniba sp.	Aniba sp.	Extinct I EX
Tolima		Mango	Mangifera foetida	Extinct   EX
Cesar		Algarrobo	Prosopis chilensis	Extinct I EX
		Roble andino	Quercus humboldtii	Extinct   EX
Putumayo		Cedro espino	Bombacopsis quinata	Extinct I EX
Huila		Cedro americano	Cedrela odorata	Extinct I EX



# Knowing our surroundings

In addition, we carry out frequent studies and follow-up on the wildlife present in our operations, through:

- Methods for recognition of zones, placing follow up equipment in random locations with the purpose of recognizing and detecting amphibians, reptiles, birds and mammals.
- Technical observation walks with the purpose of recording the abundance and characterization of the species.
- Identification of zones that are important for conservation of biodiversity in the areas where we carry out operations, in line with our environmental permits.

## **Restored zones**

Revitalization of intervened areas:

1,635 ha as of 2017

Zones reforested by the Company



# Zones restored by the Company



Protective Reforestation: 975 ha as of 2017

#### Waste management

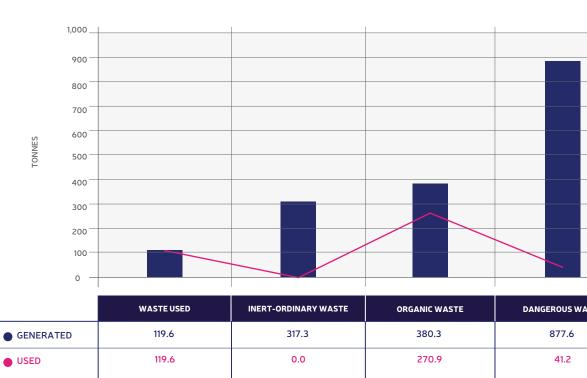
At Frontera, we control the generation of solid and dangerous waste during the execution of our operations, guaranteeing adequate management according to the type of waste. We not only classify waste and dispose it according to its characteristics, but also promote reutilization and recycling actions that reduce its generation. Results of our waste management efforts for 2017 are presented below:



#### Waste generated by type (Tonnes)

The significant reduction in the generation of waste for 2017 compared to the previous year is mainly due to the reduction in the number of projects in our active fields

25% of the total residue generated in -2017 was used in reuse and recycling activities



150 training hours on efficient management of waste for direct personnel and contractors.

Recyclable waste was given to companies that work with female heads of households

We promote our culture of order and cleanliness, During 2017, the execution of an event involving our administrative office generated the following results:



#### Waste generated vs. used - 2017

RYWASTE	ORGANIC WASTE	DANGEROUS WASTE
	380.3	877.6
	270.9	41.2





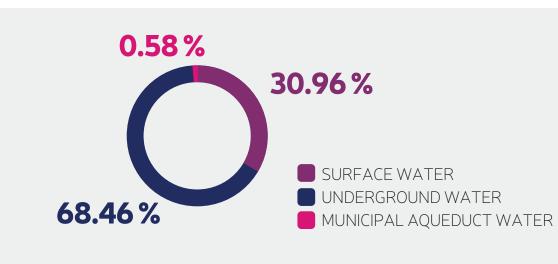


## **Comprehensive water** management

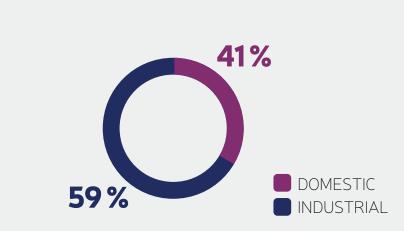
At Frontera, guaranteeing the protection of water resources is fundamental. Therefore, we focus activities around the responsible and efficient management of water. For this purpose, we constantly measure its quality and volumes associated with use and generation arising from our operations and projects.

We measure the use of water resources

#### **Consumption by Supply Source in 2017**



#### Type of Water Consumed in 2017



	VOLL	JMES CO	NSUMED			USE		
	Year	Surface water (m³/year)	Underground water (m³/year)	Municipal aqueduct water (m³/year)	Others (m³/year)	Total water consumed	Domestic (m³/year)	Industrial (m³/year)
-	2017	151,190	334,338	2,814	0	488,342	201,360	286,982
	2016	135,376	436,157	4,564	1,514	577,611	317,101	260,510

## In addition, we seek to optimize water resources through the identification and monitoring

of activities that involve the use of water.

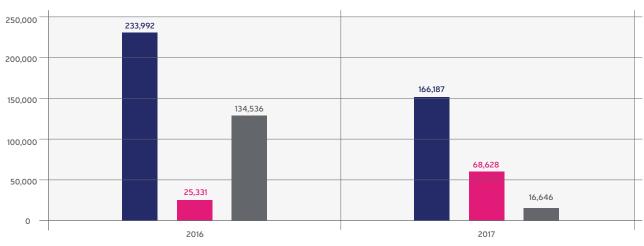
generated

Our water treatment systems allow us to meet the parameters established by our licenses, allowing us the possibility of reusing part of the volume generated.

ln 2017 () we reused

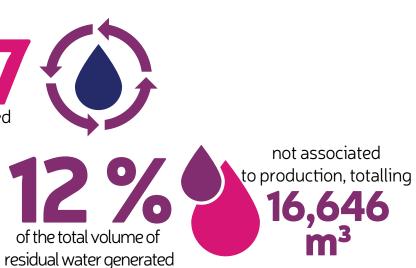


#### Generation and reuse of residual water



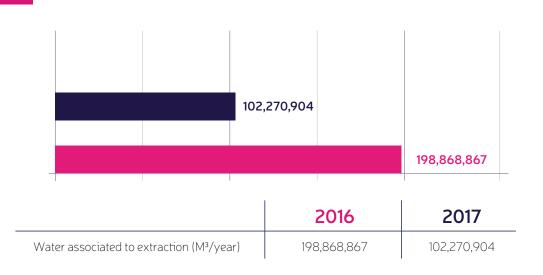
	2016	2017
DOMESTIC (m³/year)	233,992	166,187
<ul> <li>INDUSTRIAL (other activities) (m<sup>3</sup>/year)</li> </ul>	25,331	68,628
REUSE	134,536	16,646

#### We create initiatives for reuse of the residual water



Between 2016 and 2017 we had a **51%** reduction in the generation of industrial residual waters associated with production of crude oil and natual gas, mainly due to the decrease in the Company's development projects. Through injection mechanisms, we disposed of 96% of the water generated by the process.

# Residual water generated associated to production (m3/year)



#### We carried out actions intended to reduce



## **Energy and emissions**

In Frontera we are committed to the optimization of energy usage. During 2017 we continued with the development of our production fields with an efficient use of energy, achieving an important reduction of energy consumption, mainly related with the termination of the Rubiales contract, which demanded close to 50% of the Company's energy needs.

# Fuel consumption for generation electric and thermal power



	BIODIESEL (GAL)	FUEL OIL (GAL)	CRUDE (GAL)	GAS (KPC)
• 2017	208,144	17,405,662	19,313,778	1,463,142







a. Fields: Emp. Energía of Cundinamarca / Electricaribe / Enertolima / Petroelectrica de los Llanos **b.** Administrative Offices: Vatia / Codensa

#### ENERGY INTENSITY

Year	Consumption of	Production	Intensity
	Electric power (MWh)	(BOE)	(MWh/BOE)
2017	905,536	32,532,772	0.028

**Observations:** The indicator was calculated based on consumption of electric power by fields, internally and externally, including the administrative office.

#### Reduction of Greenhouse Gas (GHG) emissions and energy

With the purchase of 229 Giga watt hour (GWh) to the National Interconnected System for the consumption of Quifa, Abanico, La Creciente, and Guaduas fields, in 2017 we avoided the generation of an average of 10.960 tons CO2eq, by reducing the usage of fuel by localized generation. In comparison to the previous year, the purchase of energy for our fields was reduced by 58% due to the termination of the Rubiales field contract, in June 2016.



#### 2014 2015 2016 2017

#### 2017 Sustainability Report



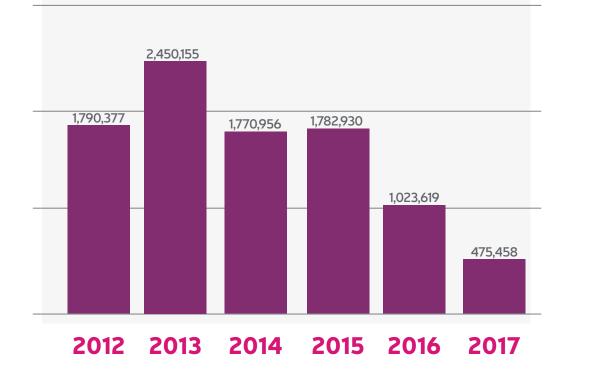
## 

#### Prevention and remediation of incidents

Throughout 2017, we had **17 environmental events** at the operational level at the fields in Colombia, which were controlled by the activation of specific contingency plans designed for the fields where they occurred. Thanks to the timely actions taken, the efforts in training, preparation and the containment systems we have at the fields, **the events did not impact** the natural surroundings.

We have development preventive measures that are constantly being update and disseminated to the appropriate parties. To ensure that all relevant parties are prepared to address, any issue that may affect our natural surrounding in a timely and efficient manner.

#### Total Emissions TONNES CO<sub>2</sub> EQ



Note: Methodology: the carbon footprint calculation was made through an extrapolation based on the Company's 2017 production and the 2015 carbon footprint

Ton CO2eq Intensity of roducing Fields GG emissions					
442,126	0.0136				
SO <sub>2</sub> Nox					
2018.31	6991,5312				
to measurements carried out in a % of the internal Jipment at the Quifa field					

Carrying out drills on the spill of contaminant liquids with direct personnel and contractors.
 Inspecting and carrying out maintenance plans for the alarm systems on content levels, pressure, and temperature, which allow early detection and prevention of incidents.
 Updating the equipment of the emergency service brigades in each of the operating fields.
 Completing training on spill attention issues, preparing our workers to act when necessary.



2017 Sustainability Report

#### Breakdown of environmental expenditures and investments

Actions	Description	Total Investment (USD)
1. Operational investment, consultancy and advisory services.	Investments in environmental advisory, audit and intervention, environmental studies, World Food Program, Environmental Management Plan (EMP), Evaluation of Environmental Impact (EIA), environmental measurements (water, soil, air) and supervision.	\$2,137,822
2. Investment environmental authority procedures.	Cost assumed by the entity regarding requests, evaluation and follow up, all made by environmental authorities; in addition, payment of applicable fees.	\$1,650,561
3. Environmental investment soil, forest resources and biodiversity.	Resources destined for monitoring, preservation, adaptation and conservation of soils, maintenance of green spaces, forests, forest compensation.	\$857,455
4. Investment in basic sanitation/water treatment.	Investment made in activities related to collection, management, treatment and disposition of residual waters and/or rain waters, and adduction, conduction, treatment, storage and distribution of potable water.	\$227,667
5. Investment in basic sanitation/solid waste.	Investment made in activities related to collection, transportation, treatment and final disposition of solid waste.	\$449,928
6. Investment in risk management/ attention and prevention of emergencies.	Investment made in activities related to prevention and attention of disasters, prevention and management of forest fires and contingency plans.	\$186,776
7. Investment in occupational health.	Investment made on activities related to preventive and workplace medicine, epidemiological supervision programs, medical services, provision of nurses and medical personnel.	\$809,455
8. Investment in industrial safety.	Investment made on personal protection elements, signage, measurement and supervision.	\$365,297
		<i><b><i>t</i></b></i> ( <b>0 0 0 ( 0 )</b>

TOTAL (USD)

# Our challenges 2018+

ISSUE	
Biodiversity	<b>1.</b> Strengthen cam zones where we op
Comprehensive water management	<b>1.</b> Promote the efficience operating fields an
Waste management	<b>1.</b> Establish strate <u>c</u> recycling and reus
Energy and emissions	<b>1.</b> Set actions to re measurement of th
Prevention and remediation of incidents	<b>1.</b> Update the emer manage continger

Note: the investment information is associated to the values assumed by Frontera on a 100%

#### \$6,684,964

#### CHALLENGES

npaigns for protection of biodiversity in the operate.

ficient use of water in all the Company's nd in the administrative area.

gies to reduce waste by strengthening se activities.

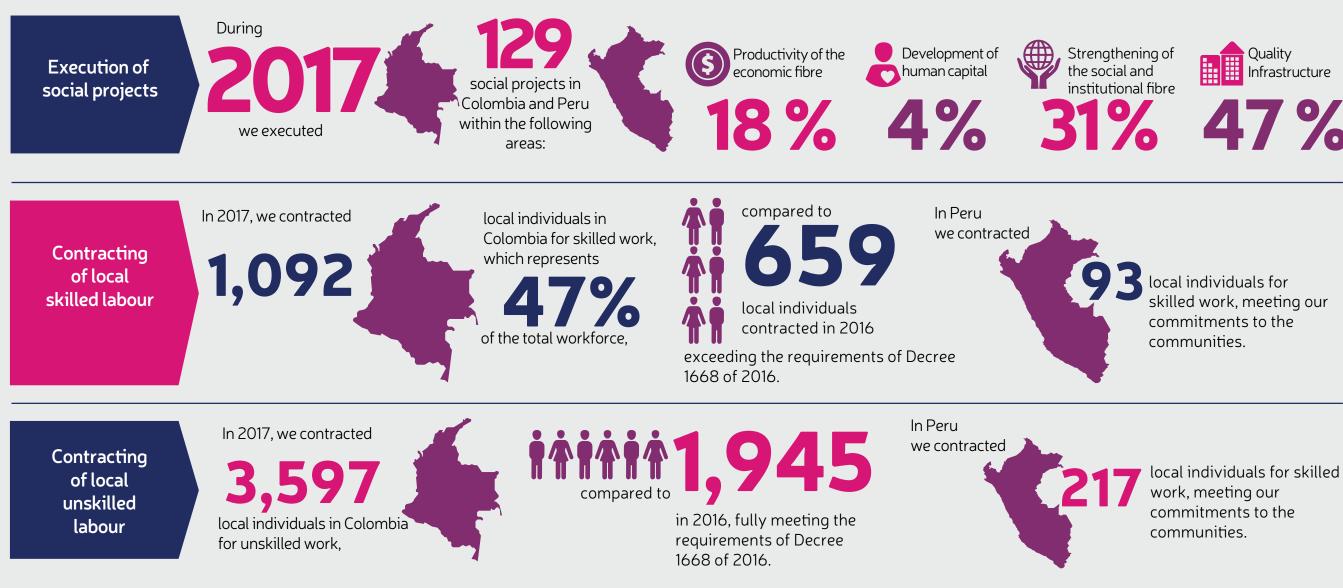
educe emissions based on the results of the the Company's carbon footprint.

ergency prevention strategy and systems to ncies according to field dynamics.

# WE CONTRIBUTE TO THE **SUSTAINABLE DEVELOPMENT OF COMMUNITIES**

During 2017, the strategy for relations with our neighbours was one of the key factors for the consolidation and stabilization of Frontera as a new Company in Colombia and Peru.

Given these circumstances, and notwithstanding the volatility of the communities, framed by the low price of oil, the increased popular consultations, a scenario of upcoming elections, and



the implementation of a peace process, we achieved material results on key indicators, which allowed us to work as partners, and not as a source of conflict, with the territories in which we operate.



With these initiatives and the creation of consortiums between local companies and regional and national contractors, we contributed significantly to the local economic development of these communities, within a scenario of reduced extractive activity.

of the social liabilities acquired by the Company and its prior business units from 2012 on.

That is why in 2017 we had blockades and 32 social incidents

complying with our social obligations and voluntary social investment.



2017 Sustainability Report

these areas:

## Productivity of the local economic fibre

In accordance with our strategic objective of making the areas of influence where we operate competitive territories, the Company continued to work on the implementation of a strategy focused on generating local economic development, consolidating a diversified local Company system that generates revenue and employment for the territory, and creates viable, profitable and sustainable companies in the long-term. This development arises from two perspectives: the promotion of corporate initatives, through the Local Supplier Development Program which supports the creation and strengthening of local companies that provide goods and services to our value chain through the technical assistance and creation of capacity on administrative, financial, productive and operational issues; and implementation of productive projects that allow communities to have other sources of revenue.

# During 2017 implemented

In the Orocué, Tauramena, Monterrey, San Luis de Palenque, Trinidad, Maní (Casanare) Puerto Gaitán y Cabuyaro (Meta) and San Pedro and Los Palmitos (Sucre) municipalities, benefiting close to **38,000 people.** 



Below, we describe the most important projects implemented in Colombia in each of



These projects were intended to support the creation and strengthening of small producers and local competitive companies. Due to the aforementioned, we held workshops on "sensitization and orientation" for the indigenous community in the La Campana sector, regarding the use and management of economic resources, in accordance with the provisions of the management measures of the Quifa Norte Norte production and development project.

With the objective of strengthening agricultural activity at the municipalities. we supplied a Machinery Bank, supporting the Municipality of San Pedro, Sucre. With the supply of this bank, the people have access to equipment to plow their lands, strengthening and returning to their true vocation.

In the same manner, we strengthened the level III dressmaking M.E.G (Mujeres Emprendedoras de Guarupay -"Entrepreneurial Women of Guarupay") project at the San Miguel de Guarupay vereda, municipality of Cabuyaro, Meta, through the delivery of sewing machines, training in design and decoration in high fashion, and other elements that strengthen this activity.

As a result, M.E.G. makes clothing for clients from different companies in the hydrocarbons sector that are connected to the municipality of Cabuyaro – Meta, and for clients that bring their patterns or that are chosen from a magazine or catalogue. With the execution of this project, 14 vulnerable women, victims of armed conflict in the local community council, were benefited.

We also promoted productive projects that disconnect the community from oil industry activities, by sustainable rural production programs, delivering basic elements adapted to the productive conditions of the families' lands, thereby seeking to improve family revenues. In the La Embajada local community council, municipality of Cabuyaro, Meta, we strengthened the productive cores of 40 families (100% of the village), through the delivery of chickens, pigs, multicultural and livestock material.

At the La Culebra local community council, municipality of Orocué, Casanare, we strengthened the poultry cores through delivery of **725 laying** chickens to 25 families (100% of the vereda), thereby enhancing the poultry activities, promoting activities different from the hydrocarbons industry, and generating another source of employment. Also, at the Guafal Pintado local community council, Maní, Casanare, we strengthened the poultry and pork productive cores and improved land conditions for 68 families (100% of the vereda), improving their daily activities and revenue.

## **Development of human** capital

In Colombia's National Development Plan, one of the fundamental pillars is the social equity instrument, given that it not only provides equal opportunities for people, it also opens the doors of progress and improvement of the quality of democracy.

Frontera continues focusing its efforts on the development of the human capital present in the areas where it operates, through programs such as graduate education scholarships, literacy and basic education and training focused towards ethnic groups; all with the purpose of improving the quality of life of citizens. As such, we carried out the following projects:

Quality education

Granting of technical and technological graduate education scholarships

educational institutions

Expansion of coverage and access to education



Education relevant to the socio-economic context



Support for science and its investigation in local and regional

	_		
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	Ξ	=	
L	_	_	

educational institutions

Support or training

of teachers at local

Incorporation and use of technological tools in educational institutions

Subsidies for vulnerable students



Promoting and facilitating means of transport so students can travel to their educational institutions

programs for the



Increase in the number of teachers

Training for work based on local traditional economic activities

At the municipality of Puerto Gaitán, working closely with the Secretariat of Education of the Department, we focused on continuing the eradication of youth and adult illiteracy, for which we implemented the second phase of the adult education program that benefited 130 people of the Rubiales, Puerto Triunfo, and Santa Helena villages community and 120 people from the Vencedor Piriri indigenous reserve. In the areas of influence of the fields where we operate, there are low levels of higher education, which is why we work to encourage the inclusion and social mobility of vulnerable youth through promoting their access to, and remaining in, higher education.



Recognizing that we live in a digital era, we supported the introduction of information and communication technologies into classrooms, promoting quality learning, and for this reason, we supported the execution of the Aulas AMIGAS educational project (Ambientes Integrados para la Gestión de Aprendizaje Significativo) in **seven schools**. This has been a novel program, given that it is a methodology that includes ICT, which did not previously exist in the municipality of Guaduas, Cundinamarca, and that generates a high impact on the education of children and on the expectations of schools. This project, which benefited **352 children** from different local community councils, included both the installation of hardware (equipment) and software (programs), and the training of teachers for their use and implementation, which allowed students access to interactive content that is constantly being updated, not only facilitating learning, but also tailoring its use.

#### Strengthening of the social and institutional fibre

The National Development Plan proposes a territorial structure that deploys in the regions the national pillars and transversal policy strategies. It incorporates a framework for the identification and definition of concrete courses for action to close the development gaps that exist among the regions, departments, municipalities and the the main cities.

As a result Frontera, through its strengthening of the social and institutional fibre axis, carries out programs and projects that contribute to the development and empowerment of the communities that surround the areas of influence.

With this program, we seek the strengthening of the management capacity of projects by local institutions in the areas of influence, with the purpose of executing sustainable projects, maintaining good relations and making the operation viable in the framework of the obligations related to Community Benefiting Program (PBC for its initials in Spanish), The Environmental Management Plan (PMA) and the Voluntary Social Investment (ISV).



Support for schools and sports training processes

Sponsorship of regional and national sporting events



Comprehensive support of local high performance athletes



Support and training for sports trainers

Encouragement of citizen supervision and control

Training support for local authorities to improve public performance and execution of services



Training and assistance on formulation of projects at the OCAD (royalty resources)

Support for historical memory projects

Recovery and documentation of the local traditions and



Restoration and preservation of local cultural and archeological heritage



Through the strengthening management capacity of local authorities program, we have continued on the previous year's path by training the local community council and community in general in governance, protection and preservation of environment, conflict resolution, traffic rules, road safety and human rights, in Meta and Casanare regions. More than 775 people have been benefited within the area of influence.

We completed the strengthening of operational personnel that work in the Secretariat of Public Works and Transport of the Department of Casanare with the donation of elements of protection and industrial safety that guarantee the execution of their daily activities under safe conditions, benefiting the entire community which uses the roads of Casanare.

# Quality infrastructure

Aligned with the objectives set by the Government of Colombia in its National Development Plan regarding the reduction of poverty and contribution to the development of the regions of the area of influence, we continued supporting projects that improve the quality of life of the beneficiaries, joining efforts with local and regional authorities to generate sustainable projects.

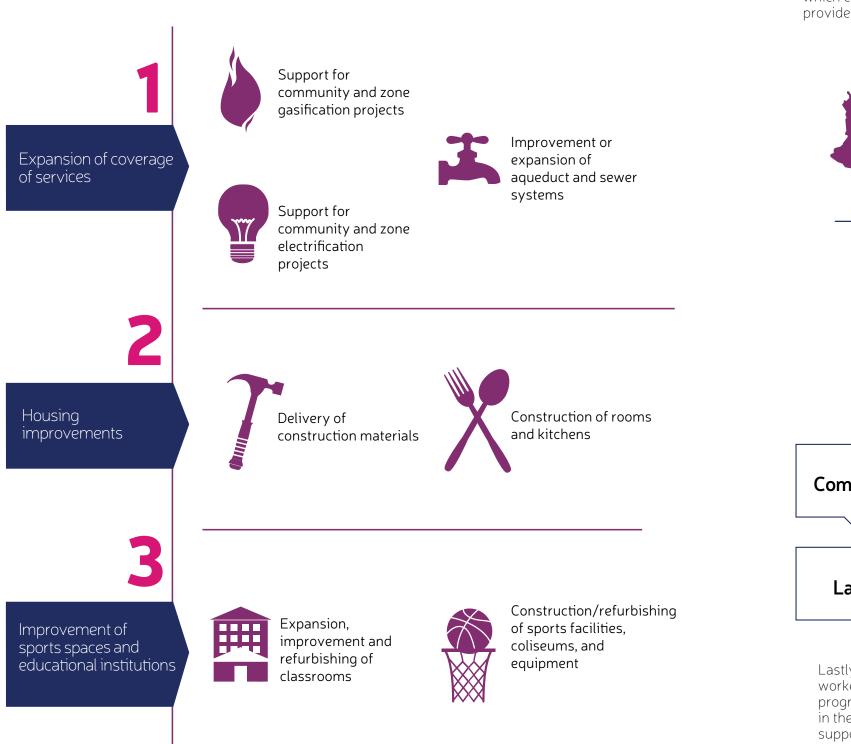
Pursuant to the 2016-2017 Global Competitiveness Index of the World Economic Forum, Colombia ranks 61st out of 138 countries. In the infrastructure pillar, it has advanced by two positions; however, it is necessary to continue to

	We carried out the delivery of
	concrete posts in order to support
	the electrification project lead by the
	Municipality of Ariguani, in the Brillantina
	and El Placer local community council
	of the municipality of Santa Ana,
	Magdalena and the Buena Vista, Año
	Nuevo, Beniteras and Brillantina Ariguani
	local community council, municipality of
2	Ariguani, Magdalena, approximately 852
	people have been benefited from these
	areas.

strengthen this sector in order to help it reach the goal of being the third most competitive country in Latin America by 2032.

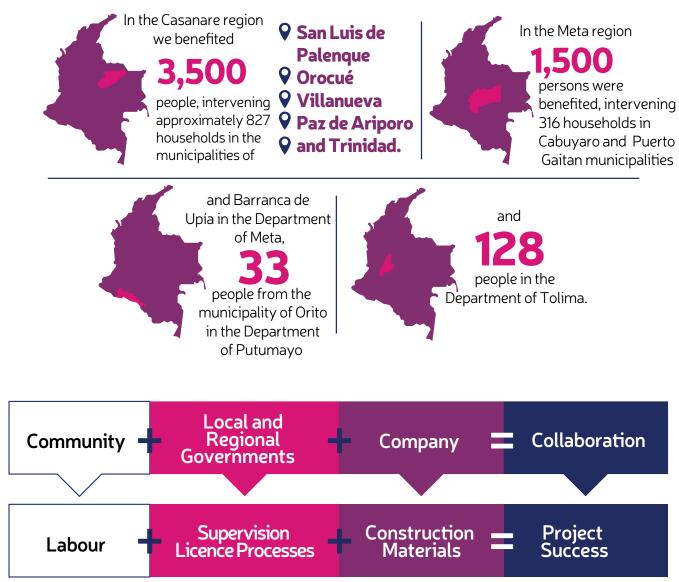
As a result, we continued making investments aligned with the Social Investment Framework, on the Development of Quality Infrastructure axis, where we continue to work on a strategy focused on improving the living conditions of the communities within the areas which we operate.

# Within this framework, during 2017, we focused on three important programs, which are:



Through the expansion of the coverage of services, we have carried out projects in the Department of Meta such as the construction of a deep well in the Puerto Triunfo vereda benefiting, directly and indirectly, 2,000 people and a project for water potability at the municipality of Puerto Gaitán in the indigenous reserve of La Campana and Vencedor Pirirí, providing access to potable water for more than 12 indigenous communities. Currently this project is 90% executed.

In addition, we work on projects related to improvement of housing through a self-construction strategy, which consists of contributing materials so the beneficiaries themselves carry out housing upgrades and provide the labour.



Lastly, in our program for the improvement of sporting spaces and educational institutions, we worked on improving the existing infrastructure of these institutions aligned with the development programs of local governments, where we were able to improve schools in the La Campana reserve in the municipality of Puerto Gaitan, Meta, thereby benefiting **more than 120 students.** We continue supporting projects that complement sporting and cultural scenarios by providing equipment for productivity such as protection for fencing, delivery of equipment, and general improvements, to communal classrooms in the departments of Meta, Casanare, Putumayo, Sucre and Tolima.

#### Our performance in Peru

Although during almost all of 2017, Lot 192 did not operate primarily due to two factors: (i) an indigenous community claim against the Peruvian Government, which resulted in a community blockade on Block 192 that shut down operations between September 18, 2017, and November 9, 2017, and (ii) the natural production decline in the light and medium oil blocks.

We maintained medical campaigns and engagement processes to tend to our indigenous populations, whom at no point were unprotected or unattended. Even emergency air transfers were carried out with escorts to hospitals in the city of lquitos. Additionally, we continued supporting schooling plans and delivered the educational material with which Frontera assists in the instruction of the children at Lot 192.

We closed an agreement with the indigenous communities of Los Jardines and Nueva Alianza de Capahuari, where the Capahuari Sur and Tambo batteries are located, which produce light crude that is essential for blending.

Since we entered Lot 192, these native communities have rejected the execution of a comprehensive agreement with the Company, demanding an easement payment that does not correspond with precedent. At Frontera, by maintaining a clear and constant relationship strategy, we met with these communities and we are able to reach a mutually beneficial agreement. Moreover, with the Los Jardines community, we extended this comprehensive agreement to the end of the current Hydrocarbon Production contract. In addition, we reached important agreements with communities such as José Olaya, Antioquía and Doce de Octubre, projects that perpetuate the cultural heritage of the indigenous communities.

Also, we maintained our presence in, lots 116 and 126. With our partner BPZ, constantly coordinating with them to understand the plans and projects being executed in Lot Z-1.

## Our challenges 2018+

ISSUE	
Productivity of the local economic fibre	<b>1.</b> Structu they are s with oblig guarantee
Development of human capital	investmer <b>2.</b> Generat investmer municipal
Strengthening of the social and institutional fibre	investme in the terr reduction
Quality infrastructure	<b>3.</b> Positior projects th stakeholde



#### CHALLENGES

are and evaluate social project initiatives to ensure sustainable, measurable and have impact, complying gations with regulatory entities and in turn, eing that they are aligned with the corporate social ent framework.

ate strategic alliances aligned with the social ent framework and national, departmental and al development plans that allow execution of ent actions for the benefit of the communities present ritories where the Company operates, allowing cost as and maximizing impact.

on the Company through execution of emblematic hat involve participation of other areas and ders.



# WE RESPECT **AND PROMOTE** HUMAN **RIGHTS IN OUR OPERATIONS**

At Frontera, we reaffirmed the duty we have to respect the integrity of all persons with which he have relations, to thus build relations based on trust and the legitimacy. In addition, we respect the traditions and customs of the ethnic communities with which we have contact with due to our operations.

initiatives:

For these reasons, during 2017 we advanced the following

# Right of association

At Frontera, we are committed to the protection of the rights, and well-being of our workers and of the human capital that provides services to our Company, encouraging and seeking the development of labour relations under conditions and terms of respect and strict compliance with Colombian and Peruvian law.

For our Company, one of the most important stakeholders and the base of its sustainability strategy is its workers, a vital pillar of the growth model and the execution of our activities.

In its commitment to the principles and rights of association, the Company has aligned its policies, standards and actions with faithful compliance to legal and other rules and regulations regarding the right of association.

This ensures an environment that allows our workers or contractors, in an open and transparent manner, to exercise said rights in an active or passive manner through the affiliation, un-affiliation or organization of unions, within a framework of respectful and cordial communication with the Company and its subcontractors.

For this reason, all our workers have the fundamental right to associate with a union, and if they wish to associate to choose which organization to join, as evidenced by the fact that currently in Colombia we have workers affiliated with two industry unions.

The aforementioned unions relations are carried out under rigorous compliance with Colombian labour laws and applicable international treaties, guaranteeing the rights and obligations of the different actors and stakeholders.

The graphics information is in reference to the direct employees in Colombia.

Unión de Trabajadores de la Industria Energética Nacional de Hidrocarburos (UTENH)\*. As of December 31, it had

**2017 698** affiliates

which represents **65%** of total employees.



As of December 31, it had **2017 27** affiliates

which represents **2.5%** of total employees.

In the case of UTENH, we saw an opportunity to negotiate some additional labour conditions, both for the union as well as for its affiliates; The result of which was the Labour Agreement; an agreement that frames respectful and legal relations between the parties and which should allow for normal operations and labour peace at the fields.

Also, we built and maintain respectful channels of communication with the USO union. On January 30, 2017, this union, after completing a negotiation process with the Company and before the Arbitration Tribunal could issue the relevant decision, withdrew the claim that originated the negotiation and filed new petitions restating the process.

At Frontera, upon receiving the labour petition presented by this union, we began negotiating with union representatives and completing a direct engagement stage as per Colombian labour legislation. However, the union and the Company were not able to negotiate a compromise; as a consequence of this failed negotiation, the Company is awaiting the Ministry of Labour to assume management of th conflict and to constitute an Arbitration Tribuna to resolve it.

At the same time, we organized and promoted gatherings with the country's different oil operators, to treat, among other issues, those Ministry of Labour to assume management of the conflict and to constitute an Arbitration Tribunal related to collective union scenarios – national and local - and find improvement opportunities in the relations with union groups. As a Nonetheless, in 2017 we commissioned an result of these encounters, we agreed on the analysis and study of the Company's labour leading role the communities of the areas of strategy to identify improvement opportunities direct influence have in worker-employer relations; and the importance of respecting to implement in the coming years. In this analysis, we built a diagnostic that will serve as and guaranteeing space in order for workers, the base to define opportunities in the current unionized as well as non-unionized, to feel strategy, starting from the Company's mission as the freedom and trust to exercise their right of a Company responsible for and respectful of its association. relationships with its surroundings.

\*Now UTIPEL

As a result of this initiative, we set the following vision statement regarding our labour relations:

#### "At Frontera, we build and lead, with passion, responsibility and innovation, labour relations for sustainable surroundings".

In addition, and in line with this vision, we developed a strategy with our different stakeholders - workers, contractors, employees of contractors, unions, operators and governments - to understand the dynamics of salary compensation and thus make decisions and promote the agreements necessary in search of just remuneration, both for direct workers as well as contractors. Based on the foregoing, we signed different labour agreements with the largest union, UTENH, as well as created salary policies for the regulation of the remuneration of workers that provide services in our value chain.



#### Eradication of child and forced labour

As in previous years, at Frontera, we continue to be committed to guaranteeing the rights of children and teenagers, especially guaranteeing the prevention of child and forced labour, considered by the Company as one of the worst forms of child labour.

For this reason, we reject the hiring and explotation of minors in our operation and supply chain and we declared a position of zero tolerance regarding child labour, through our recognition and compliance with Principles 4 and 5 of the Global Compact, the 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 of the Political Constitution, Law 1098 Code of Code of Infancy and Adolescence and the Guiding Principles on Companies and Human Rights of the United Nations, and internal documents such as the new Sustainability Policy, and the new Code of Corporate Conduct and Ethics, our contracting and labour policies and our CSR and labour contract annexes.

## Security and Human Rights

At Frontera, we are aligned with and committed to the "Voluntary Principles on Security and Human Rights," through which we accept a great responsibility as a Company, which we in turn convey to communities and stakeholders through disclosure and dissemination actions, acting diligently to avoid damage in our relationships.

These principles help the Company identify risks related to the possible violation of these rights and to take immediate measures to eliminate those risks, guaranteeing respect for human rights in its direct or associated operations. The process is subject to a comprehensive evaluation to guarantee its compliance and is complemented by training and guidance for public security forces and private security details, intended to identify human rights risks associated with security.

The foregoing allows us to guarantee that our activities have a positive impact on our surroundings, which establishes "social peace" as a fundamental element in the Company's relations with its surroundings. This scenario only becomes consolidated if the practices and processes have a high content of well-being, follow-up, respect and comprehensive development of communities. This vision guarantees the sustainability of the operation in the long-term, reducing operating costs and generating development and growth in the local context.

During 2017, the Company had 2,977 instances of security support by Public Forces, events that were managed within the framework of respect for human rights and the Voluntary Principles, and in line with our current Corporate Security Policy, which includes two main commitments and applies to Colombia and Peru:

Provide the resources necessary for training on human rights in the operating zones where public forces or private security are present.

Develop mechanisms to monitor alerts and possible complaints on violations of human rights; there were no **reports** during 2017.

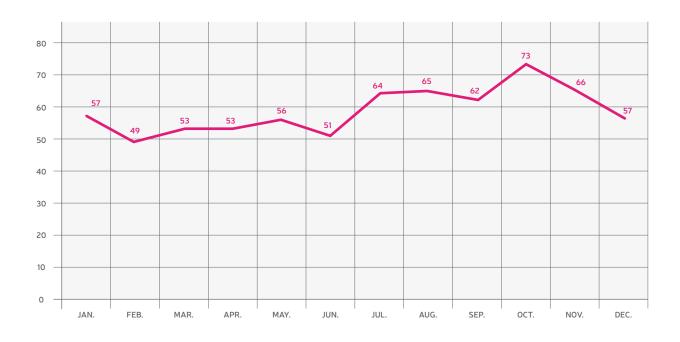
In each operating field we promote the socialization and adoption of human rights and the Voluntary Principles through Local Security Committees (with public forces units installed in the areas operation of each field) and the Internal Security Committees (with employees and contractors of fields and blocks).

In 2017, we maintained constant relations with public forces through these Local Security Committees (as shown in the following graph) and application of cooperation agreements with the Army and National Police, which provide as a mandatory principle that actions taken by these forces to preserve and guarantee the security of the operation be framed by the "Voluntary Principles on Security and human rights" corporate policy.



In addition, we held the Internal Security Committees in each field to socialize with employees and contractors the corporate policy, emphasizing the Voluntary Principles, thereby ensuring they will be respected and that the Company builds good relations with local communities.

#### Internal security committees





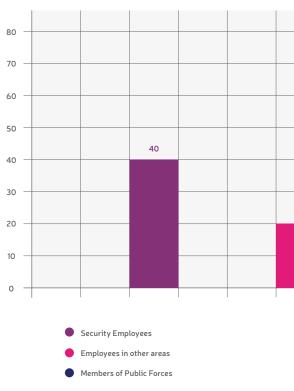


In accordance with the challenges reported in our 2016 Sustainability Report, we held several events for the training on, and promotion of, human rights and the Voluntary Principles in the Company:

# Promotion and dissemination campaign Security and Human Rights 2017

March 2017vulnerable populations, adequate use of force, international protection systems, company and human rightsSETRA – Security – National Army –Physical Security: 110 people21 Nov 2017Frontera Bogotá OfficeTraining on Human Rights, methodology master class and conference – conversation session20 officers from different areas of the Company	DATE	LOCATION	EVENT	ATTENDANCE / TRAINING
2017Officemethodology master class and conference – conversation sessionareas of the Company2017Fields and BlocksLocal or external Security Committees were held with public force units and other operators and Internal committees with field employees and contractor409 Local Committees 706 Internal Committees	28 -29-30 March 2017	Quifa field	vulnerable populations, adequate use of force, international protection systems, company and	SETRA – Security – National Army –Physical
Blocks       Committees were held with public force units and other operators and Internal committees with field employees and contractor       706 Internal Committees	21 Nov 2017		methodology master class and conference –	
	2017		Committees were held with public force units and other operators and Internal committees with field employees and contractor	

#### **Training on Human Rights 2017**



130 people were trained on human rights issues, among Company employees and members of the Public Forces that contribute to the security of the surroundings of the areas of operation.

Finally, with the objective of guaranteeing compliance with the contractual annex to which all contractors must adhere, we performed 132 reviews and 214 support actions with our contractors. These reviews improved the knowledge of the level of implementation of the annex and compliance with the obligations therein provided.

		70	
20			



# Relations with ethnic groups

In Latin America there are around 520 indigenous communities, 83 of these communities (1,392,623 inhabitants) are in Colombia, and 43 in Peru (3,919,314 inhabitants). During 2017, at Frontera, we interacted with 28 indigenous communities in our areas of direct influence in Colombia and Peru.

In can interaction with the communities, we seek to go beyond the minimum legal requirements we actively develop projects that promote their wellbeing, improve their quality of life, and strengthen their capabilities so they may overcome the historic lag they suffered and actively participate in the country's development processes.

Since 2009, we have worked with indigenous communities close to our operations and have developed and implemented a comprehensive strategy that seeks to respond important needs of these communities and to promote their empowerment and social inclusion. Our strategy is focused on the following axes:

Food and economic sovereignty

Infrastructure with a differentiated focus (access to water and housing improvements)

# Strategy



Institutional capabilities with a differentiated focus

<sup>1</sup> UNICEF, Indigenous communities of Latin America, https://www.unicef.org/lac/pueblos\_indigenas.pdf.





## Our contribution in Colombia

these natural resources.



For this reason, we have decided to commit to the search for food solutions for the communities and for this purpose we had implemented a nutritional packages program with which

Additionally, we have implemented productive livestock projects (bovine and porcine), with which we seek to continue to improve the nutritional level of children. adolescents, adults and the elderly that inhabit each community, in addition to improving the social surroundings and the Company's community relations.

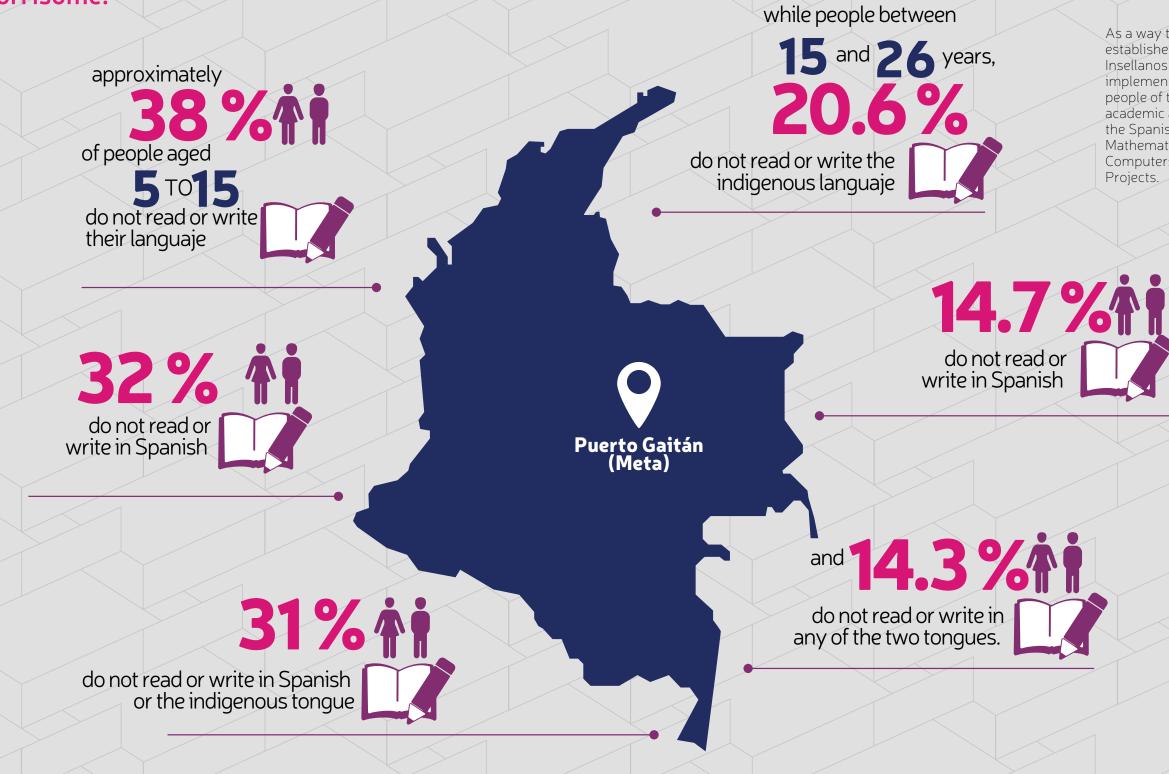
For 2017, and after an exhaustive analysis of their needs, we focused our efforts on a housing improvement project through the delivery of zinc sheets to substitute palm roofs and thus reduce the pressure on

> In total, we benefited 232 families which are completing improvements to their homes and therefore to their quality of life.

Regarding food sovereignty, the indigenous communities have had historic difficulty in guaranteeing food for their families given they don't have the necessary quantity in their ancestral territories and the areas apt for agriculture are reduced when compared to the population. All these factors have caused the increase of cases of morbidity and mortality associated with malnutrition cases.



Regarding access to education, the rates of illiteracy of the indigenous reserves of the municipality of Puerto Gaitán (Colombia) are worrisome:





## All this makes their capacity to selfmanage more difficult.

As a way to mitigate these gaps, we established an agreement with the Insellanos Educational Institution to implement an education program for 120 people of the Vencedor Piriri Reserve, in academic areas such as Natural Sciences, the Spanish language, Social Sciences, Mathematics, the English language, Computers, Ethics and Values and Projects. /75

## **Prior Consultation**

In compliance with the prior consultation legal framework related to the modification of environmental licences for the Quifa block, we defined, among other agreements and management measures, the relations of members of the local indigenous community with Frontera's operation.



# 

in the areas of civil construction, physical security, road safety, and drilling, among others, to strengthen skills and experience and consolidate the community's human capital.

Also, we met all agreements and commitments set in prior consultations. These commitments have materialized into community benefit projects, thereby allowing the strengthening of bonds of trust and relations with these communities, especially with the Villa Catalina community (Mecaya block, in Putumayo), the communities of the Cagúan 6 block (Putumayo), and the Sabanero block (Meta).



# Prior consultation stages completed in 2017, according to our operations in Colombia:

#### INDICATOR

**Number of pre- consultations:** First official meeting of the prior consultation process under Law.

**Number of openings:** Its objective is to share the purpose of the project and the activities to be consulted on.

Number of impact workshops and management measurements: Its objective is to identify project impact and agree on management measures (prevention, mitigation, correction, and compensation).

**Number of pre-agreements:** Meeting, the objective of which is to define in detail and with numbers, the deadlines, amounts, and impact mitigation measures agreed to.

**Number of registries:** Space where pre-agreements and proposals presented by the community and the Company are ratified or validated.

Number of follow up meetings:

Number of closing meetings for prior consultation processes:

2017
1
1
1
1
2
2
1

# Our challenges 2018+

## Our contribution in Peru

At Lot 192, we initiated execution of a nutritional project in the native community of Los Jardines, called "Healthy Child -Niño Sano" (name given by the head of household mothers), which consists of providing fortified breakfast for children between 3 and 11 years old, as well as training the mothers of the community in nutrition and uses of the cooking equipment. This program is aligned with the "Qali Warma" government project and had the participation/promotion of mothers from the community mothers. However, because of the protest let by the communities against the Peruvian State regarding Lot 192 during September and October of 2017, the execution of this project was interrupted. During 2018, we will continue with these activities.

ISSUE	
Right of association	<ol> <li>Elevate the qu their labour relat selection, contra there are indicat with their unions</li> <li>Train adminis obligations, thro strengthens thei with workers and</li> <li>Maintain cons within the legal f</li> </ol>
Eradication of child and forced labour	<b>1.</b> Sensitize our s committing to th monitor operatic child labour case
Security and Human Rights	<ol> <li>Strengthen the Principles throug committees, dist seminars, as wel</li> <li>Training the n cooperation agree</li> </ol>
Relations with ethnic groups	<ol> <li>Contribute to vision of commu of theri tradition</li> <li>Prevent, as m communities, or with applicable of</li> <li>Develop mutu generate the sus communities tow</li> </ol>
Gender equity	<b>1.</b> Strengthen the plan to receive the

# Gender equality

In line with our commitment to promote gender equality at Frontera, and to continue implementing the EQUIPARES Gender Equality Management System, during 2017 after updating our Sustainability Policy and our Code of Business Conduct and Ethics, we reaffirmed our commitment of maintaining an environment free of discrimination and harassment, and promoting opportunities so that both women and men can have access to dignified and productive work under conditions of equality, health and safety, being faithful to our corporate values and Frontera's commitments to the protection of human rights.

In addition, with the update of the Ethics Complaints Protocol, we ratified our commitment to maintain transparent, confidential and true channels to treat any case of labour and sexual discrimination or harassment towards any internal and external stakeholder group.

Finally, and in compliance with regulation issued by the Colombian government in 2017, regarding the obligation to have lactation rooms in companies with more than 50 employees, at Frontera we are pleased to inform that because of our commitment with equality practices, we have already been offering this benefit since 2015.

#### CHALLENGES

e quality our suppliers regarding management of relations, for which we will stipulate that for the ontracting, execution of the service and qualification dicators that show adequate relations by suppliers nions.

ninistration leaders on their labour relations and through a knowledge management strategy that their skills in different surroundings and relations s and unions.

constructive and healthy relations with unions egal framework.

our suppliers and contractors on the importance of to the eradication of forced and child labour, and erations that have significant risks of encoutering cases.

In the awareness on Human Rights and the Voluntary prough the participation on internal and local security , distribution of documents and the promotion of s well as coordinations made with public forces.

the military personnel that supports us through our agreements, on Human Rights.

e to the strengthening of the self - determination mmunities, based on practices related to the respect itions and customs.

as much as possible, potential protests by the es, on the basis of constant dialogue and compliance able commitments.

mutually beneficial community projects that e sustainability and future independence of s towards the industry.

n the implementation of the EQUIPARES action ive the gold Seal.



# WE HAVE THE BEST TALENT

The hydrocarbons sector continues to demand efforts related to the management of human talent. At Frontera, we are aware of the challenge we have to maintain excellence in performance, ensuring the shaping of a culture based on values and coherence with compliance of ethical principles and established policies. We continue with our commitment to build on a healthy organizational capacity, ensuring we have the best talent.

#### **Our Culture Model**

In 2017, as a response to the birth of a new corporate brand and through the leadership of our CEO and board, as well as the participation our employees, we designed and launched the Frontera Values as a reference framework for the behaviour of all our workers, and the new Frontera Culture Model as a platform for leadership development to support the path for a new beginning.

In this new era, the Company seeks to consolidate a homogenous identity that allows boosting and reinforcing the current business strategy where we can feel part of a single Company, empower ourselves and strengthen our leadership to support the transition from the past to the present. With this model we hope to leverage business results, give all collaborators a sense of purpose and facilitate a path that generates adequate spaces and delivers the necessary tools.



# **Selection and** retention of human talent

At Frontera, one of the fundamental pillars of our path to the transformation and evolution into a new Company has been the teamwork, effort, and resilience of our personnel. For this reason, a competitive compensation system, the promotion of a positive and constructive work environment, and the consolidation of a new organizational culture are key tools to attract and retain the best human talent.

Our compensation system is focused the execution of our business strategy, seeking competitiveness with markets in Colombia, Peru and Canada, maintaining internal equality, recognizing individual contribution aligned with strategic objectives, controlling costs, complying with legal provisions and strengthening a culture aimed towards high performance with the purpose of encouraging sustainable growth for Frontera.

Taking into account Frontera's transformation process during 2017, we carried out the following initiatives beginning with the review and update of the Compensation Policy and its subsequent implementation:

Changes to the methodology for compensation of personnel, guaranteeing salary competitiveness but also compliance to efficiency objectives set by the senior management during the year.

Modification of the job positions matrix, in which we reduced to 16 the number of organizational levels and created four job groups.

Changes to the organizational structure by calibrating positions, which generated some cases of promotions and leveling. This process sought to understand the impact of each position and its contribution to the business, taking into account the Company's structural change during the past year.

Design and implementation of short term (performance bonus) and long term (stock-based) incentives aligned with the business' strategic objectives in accordance with employees' level of influence. These incentives were designed taking into account market practices that were evaluated by the Compensation and Human Resources Committee of the Board for later dissemination.

•Measurement of Frontera's position regarding total compensation compared to the market, in order to guarantee internal and external competitiveness. The result is a

position in relation to the market.

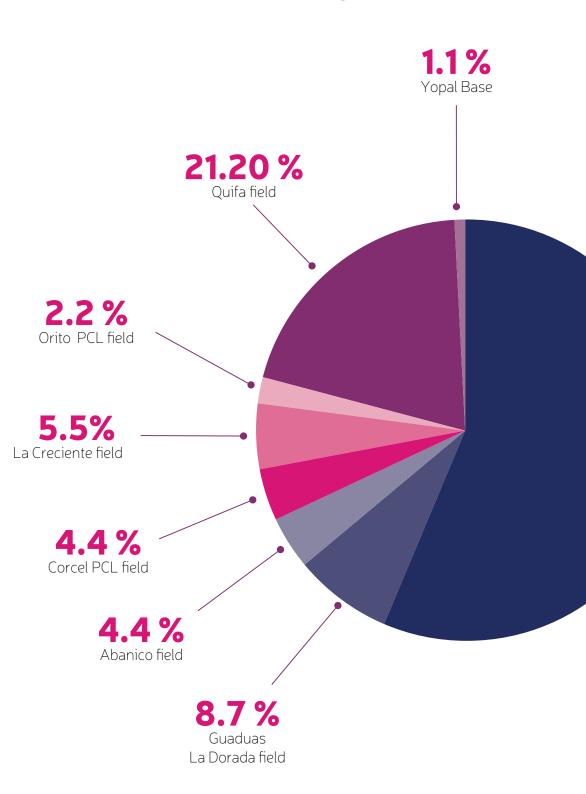
# Comprehensive development of our people

At Frontera, we continuously ensure we have the ideal collaborators for the present and future of the Company through recruitment and selection of the best talent, the comprehensive development of the competencies of our workers, the offering of alternatives that increase their comprehensive wellbeing, management of optimal performance and care for work environment.

In 2017, we assessed more than **700 candidates** and opened the doors to **188 people: 84** of them as direct employees and **104** as interns and apprentices. We complied with Colombian Law 1636 which specifies that "all employers are obliged to register their vacancies at the Employment Public Service", with special attention to Decree **1668** respecting the 100% contracting of local unskilled labour, and 30% of local skilled labour.

In addition, we paid attention to the internal development of our talent, 19 of our employees were promoted to a managerial roles and 93 more to positions of individual contributors in areas with greater technical challenge and of leadership in their development, and four of these promotions were granted to people who were the winners of 9 internal postings made to all of our employees.

With the intention of guaranteeing adaptation to the Company's culture, all new hires, promoted persons, or those transferred between the fields and Bogotá, experienced the new "Welcome Experience and Adaptation to Culture" induction and re-induction program. With the execution of 16 programs in 2017, our main objective was to bring the new workers closer to their work groups and to facilitate their transition.



## **Areas of Activity Execution**



## Performance Management

Performance Management is a central process with clear challenges and open communication throughout the year, where the leader and the employee establish, review, have a follow up and assess their objective's achievement (business challenges) as well as the way in which they were attained (corporate values in practice).

80% **Achievements and** objectives **Performance objectives** 20% based on values

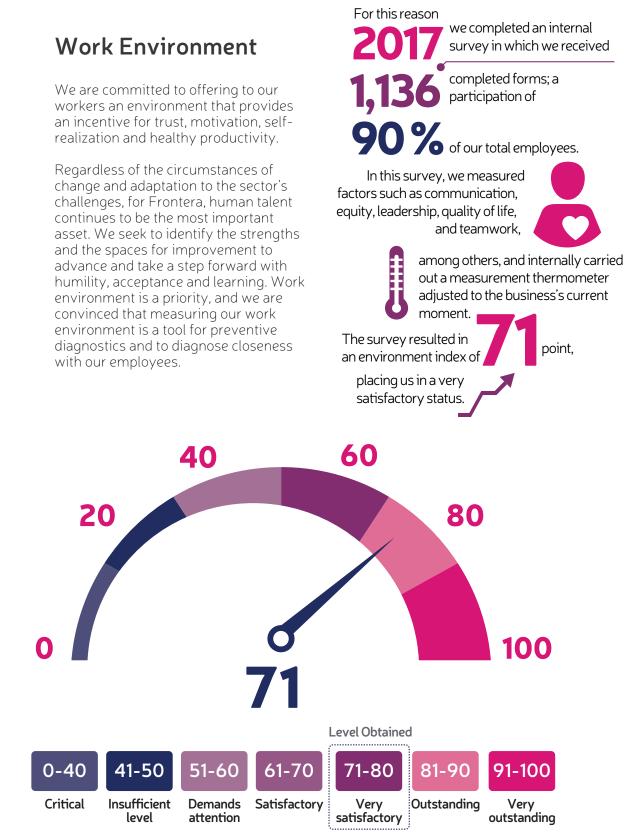
In 2017, we aligned the Performance Management Model to respond to the business needs and to strengthen the new culture. Our objectives were framed along the following premises:

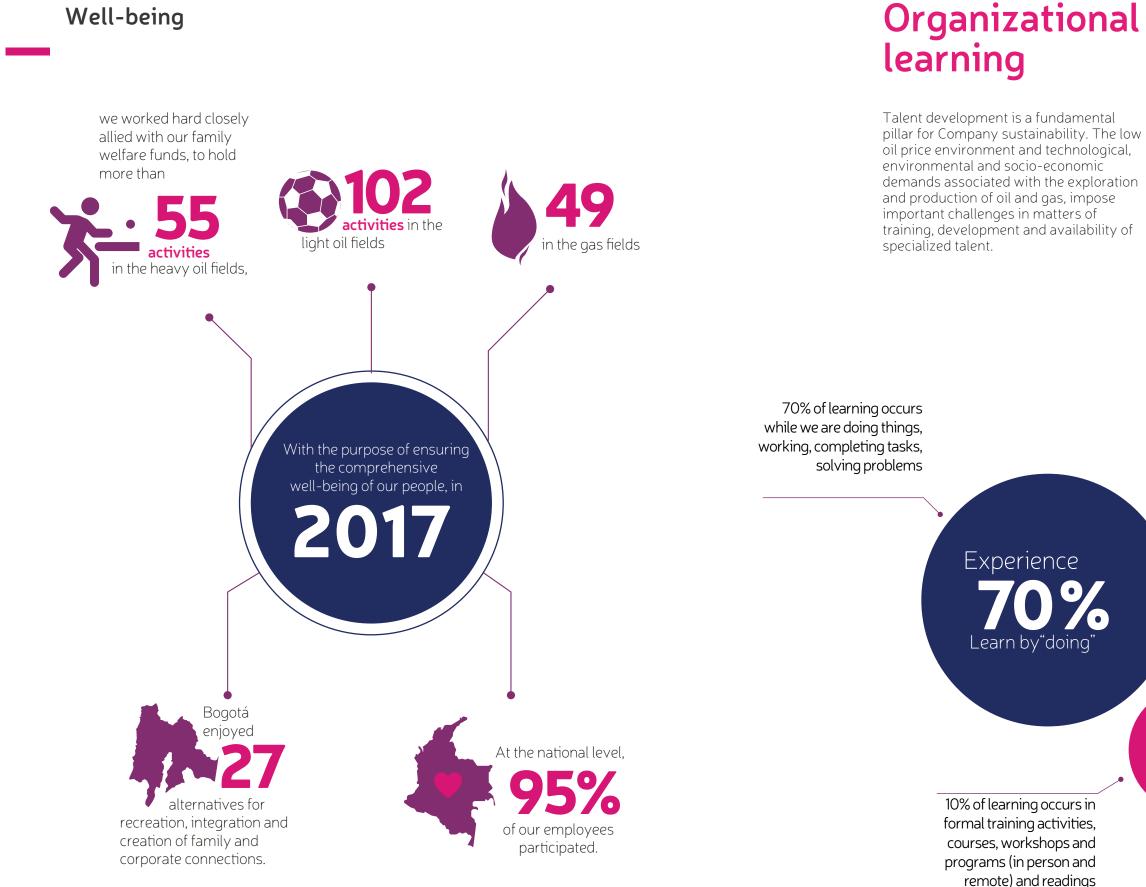
- Guaranteeing the culture of merit in the entire organization in order to support individual growth, the performance of teams and achieving excellence in business results.
- Supporting the alignment of the individual and corporate objectives with a short term incentive compensation program.
- Supporting processes for development, promotion and succession.

Focusing the performance management system on key objectives and simplifying the process for the supervisor and employee.

Recognizing the late establishment of annual objectives in 2017, taking into account it was a transition year.

The model allowed employees to reflect on and share their performance in a year of changes for the sector, the Company and their development; factors that affected adjustments to structure, areas, job positions, superiors and/or responsibilities. Employees, and leaders opened a space for additional opinions and perspectives in order to consider the most accurate evaluation on how they were able to reach their objectives during 2017.





To answer to these challenges, we must continue with an organizational learning strategy structured in accordance with and sustained by best practices that guarantees the proficency of our human talent on a timely basis and an adequate management of key knowledge using a restricted investment budget.

Under this scenario, we implemented the 70/20/10 method whereby we gave great importance to learning at the workplace, inviting people to adquire new knowledge and experiences in their day-to-day life, respectively.

> 20% of learning occurs in collaboration, knowledge exchange, feedback, coaching and mentorship activities



10 %

Learn through courses

/83

We also encouraged training by formal methods both in-person, as well as remotely under the Productive Learning model, based on knowledge management practices, making use of our internal talent and free access to external knowledge.

In an exercise of content curation, we selected and included 52 virtual free courses under MOOC (Massive Open Online Courses), to the LMS (Learning Management System). These courses were developed by world-renowned universities, contribuiting to the training of more than 340 employees.

Through knowledge management, in 2017 we gave great importance to our Production Community, involving personnel from all our fields and Bogota. We also promoted technical workshops, inviting the main service suppliers and operators in order to review new technologies and best practices. We opened spaces for knowledge exchange between areas, thus strengthening technical skills among work teams.

89% of personnel participated in training activities, with an average of 43 hours per person, to strengthen technical, executive and behavioural skills for core areas of the business in key programs, such as: Well Control, Forklift Operation, Workplace Safety and Health Management System SG-SST, Annual Certification on Work at Heights, New ALS Technologies, Measurement of Hydrocarbons, Operation and Maintenance, Training on Law 1668, Economic Evaluations, Development of Accountable Teams, International Negotiation, Management of Incoterms, Project Management, High Impact Presentations, Efficacious Writing and English, among others.

# **2017 Corporate University Indicators**

**46,584** training hours i training actions

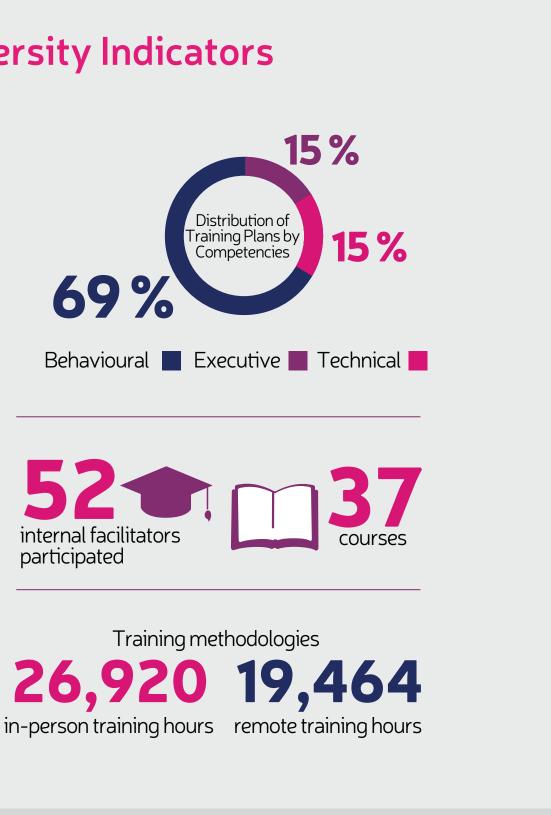
of Frontera

employees covered

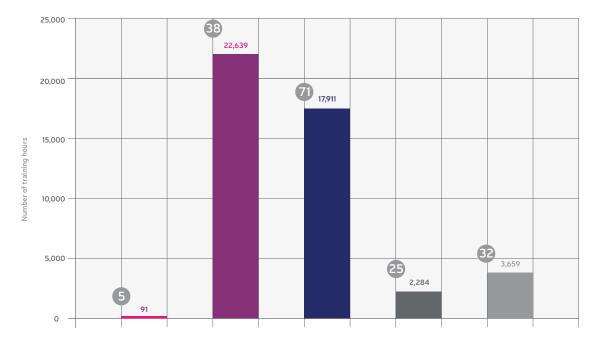
by training actions







## Average training hours by profile 2017



GROUPS	# EMPLOYEES	TRAINING HOURS	AVERAGE MH
• EXECUTIVE / TOP MANAGEMENT	18	91	5
• FIRST LINE MANAGEMENT / SUPERVISOR	599	22,639	38
SPECIALIST GROUPS	251	17,911	71
MIDDLE / GENERAL     MANAGER	93	2,284	25
• OTHER EMPLOYEES	115	3,659	32

# Organizational Learning – Year by Year

INDICATOR	2012+	2013+	2014+	2015	2016	2017+
Coverage	89 %	87 %	99 %	89 %	94 %	89 %
Intensity (average hours / employee)	57	70	65	36	46	43
Total investment on training	US \$4,087,342	US \$4,988,697	US \$6,639,877	US \$610,441*	-US \$40,000*	US \$391,315
Average investment on training per employee	US \$2,107	US \$2,185	US \$2,542	US \$298*	-US \$30*	US \$364

+ Only Colombia

\* Investment replacement (\$) per in-house sessions





# We expanded our scope to External Stakeholders

In 2017, we sought to impact other stakeholders. We developed some pilot projects where we could apply succesful internal practices and lessons learned to enrich de development of contractors, communities, local suppliers etc.

For this purspose, through our Corporate University's Learning Management System (LMS), our external stakeholders can access and learn without having to leave their workplace. This allows them to have direct access to training on specific issues where they can develop their administrative competencies.

# Our challenges 2018+

ISSUE	
Selection and retention of human talent	<b>1.</b> Strength performan
	<b>2.</b> Continue of actions t
	<b>3.</b> Continue equality.
	<b>4.</b> Strength term (stock
Comprehensive development of our people	<b>1.</b> Based or plans that v achieve, in
Organizational learning	<ol> <li>Adapt ar to manage business st identity, in Company's</li> </ol>

With the virtual Safe Operations course developed by the Corporate University, we covered in 2017 more than 65 contracting companies in the Physical Security area, with the participation of **300** of their employees, **covering a total of 80%** of the targeted audience.

#### CHALLENGES

hen the Frontera Energy culture, by aligning the nce process with compensation decisions.

le market measurement that allows the identification to maintain our external competitiveness.

le with proposals aimed towards improving internal

hen the short term (performance bonus) and long k-based) incentives process.

on results, design srategies and articulated action will help us mitigate risks, develop strenghts and an integral manner, the Company's goals.

nd strengthen the Organizational Learning strategy e training and learning models, aligned with the strategy, sustainability commitments and cultural our workers and external stakeholders, to face the 's challenges and contribute to its sustainability.



# SUSTAINABLE **SUPPLY CHAIN**

In our process of transformation and evolving as a new Company, our commercial partners have become the best allies for a sustainable. efficient and low cost operation.

initiatives:

For this reason, during 2017, we focused our efforts on the following

# **Sustainable** management

At Frontera, having a sustainable supply chain is key because, it allows the promotion of good practices and ethical procedures based on our corporate values as well as ensuring the efficient supply of goods and services within the required timeframe and expected quality. In addition, it helps us to uphold the commitment to work closely with all our stakeholders based on interaction and trust, to develop the business in a socially and environmentally responsible manner.

For this reason, we ensure day-to-day that our supply chain reaches sustainable growth which implicates the presence of the shared value principle in our surroundings in order to minimize the risks that are part of this process, and also allows the development of commercial relations with companies that have presence in neighboring regions of our operations, ensuring a nearby supply source that is more efficient in terms of logistical costs.

Currently, at Frontera, we have a Corporate Policy for the Treatment of National offer of Goods and Services, which is intended to ensure the participation of local suppliers and contractor in acquisition processes, if they comply with the conditions on quality, competitiveness and effectiveness

During 2017, our most important results to guarantee a sustainable supply chain were as follows:

Redefinition of processes and procedures: we updated the main supply processes and added procedures that allowed its simplification there of, seeking alignment with 2017's organizational changes.

**Supply Plans:** we developed supply plans in all of the organization's areas, with greater focus on the drilling and projects teams that allow response to the organization's needs, in order to generate value and optimize resources.

Local contracting strategies: we expanded participation and inclusion of local suppliers in the procurement of construction and transport services, provided assistance during registration of these suppliers in our data base, and focused on reducing blockades through the proper previous engagement, with the guidance of local authorities and government entities as well as the communities close to the operation, all resulting in the implementation of strategies that guarantee participation of local companies in operational activities.

**20 local companies** were invited to tenders offers for civil, mechanical, and electrical work. We provided tutorship to register through our Achilles tool, with an option to participate as a consortium and flexible requirements in order to encourage their inclusion.

Optimization of resources in **processes:** Development of transparent supply processes focused on the reduction of the total cost of materials, goods and services contracted, to identify the best supply opportunities, at the lowest total cost and least possible risk, with a clear vision of innovation, and the best quality, all of which supported the selection of ideal and qualified suppliers.

Generation of savings: we implemented optimizations in contracting processes that generated savings of approximately 9% compared to the processes' budgets. This 9% is distributed as follows between Capex, Opex and G&A:

# % savings

26,5% 1,2%





/88

# Supplier and contractor development

Supplier development is a fundamental pillar of Frontera's supply chain, because with it, we not only achieve economic and sustainable development for operations, but also contribute in a significant manner to the progress of communities and areas adjacent to the operations.

Proper management of this issue directly impacts the Company and its surroundings, given that if we have strategic allies in optimal socio-economic conditions, we allow our operations to flow in an efficient manner, with reasonable costs, excellent quality and within the times required.

For this reason, we are committed to managing a sustainable supply chain through effective relations with suppliers and contractors that represent our corporate values of sustainability, integrity, commitment and respect, and build with us harmonious, equitable and mutually beneficial relations to support a responsible supply chain.

During 2017, we managed to do the following activities:

Supplier development through meetings with local suppliers: we held five sessions with local suppliers. In these sessions, we presented the organization's changes and its strategic focus, its objectives and received feedback from the suppliers on the way in which processes for acquisition of goods and services are carried out. In the same way, we socialized the list of preferred supply categories to be acquired locally.

Strengthening requirements for prevention of asset laundering and corruption: this allowed us to adopt a preventive and proactive stance in the processes intended to minimize risks; the main objective was to gather and analyze public and private information from companies with which the organization has contractual agreements.

Performance evaluations: we carried out these evaluations to have ideal and competitive suppliers to provide goods and services, and to build long term relationships; as well as create a method to obtain feedback from suppliers, to know which are the improvement steps required for each party, and to work on them.

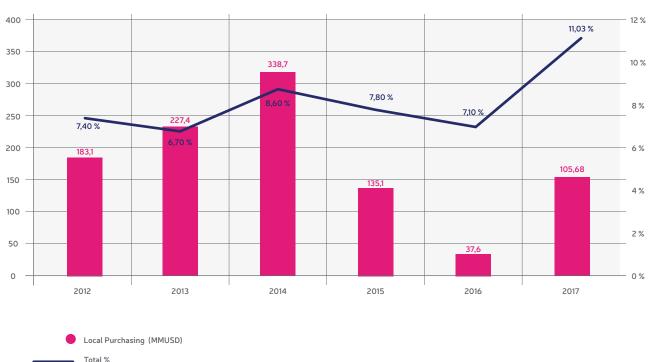
Liquidation of contracts: this allowed us to close contracts and agree to pay pending obligations once our suppliers demonstrated compliance with the requirements provided in the contracts. In total, we liquidated 4,443 contracts with US\$66 million retained under associated collateral.

# Purchase of local goods and services

For Frontera, the local acquisition of goods and services is an important source of shared value generation for the operations. As well, it guarantees a reduction in response times for the projects' needs, and it contributes to the growth and prosperity of the local economies.

By buying and contracting goods and services locally in the areas of influence, we positively impact both the Company as well as the surroundings, given that the unconditional support of our suppliers allows us to efficiently carry out services mitigating blockade risks, among others.





In 2017, the local acquisition of goods and services in Colombia increased significantly compared to the previous year, going from US\$37.6 million to US\$105.68 million. This was mainly due to better market conditions and the Company's commitment to the development of local economies in the regions where we operate.

In addition, we promote the growth of the local economy, by generating employment and strengthening companies.

For this reason, during 2017, we were committed to the design and implementation of contracting strategies that promote participation and inclusion of our local suppliers in contracting processes. These strategies were aimed at strengthening local companies, providing them with the opportunity to grow and expand the offering of services to other sectors of the economy.

# Our challenges 2018+

		ISSU	E			
	Sustair	able Ma	anagem	ent	<ol> <li>Redefi objectiv</li> <li>Updata activities the need</li> </ol>	es. te proc s for a
		pment o itractor		iers	<ol> <li>Identif supplier</li> <li>Imple in order services time ger contract</li> <li>Imple perform</li> </ol>	s. ment to to strest in acconerate cors. ment a
	Purcha and ser	se of loc vices	al good	s	1. Ensur making 2. Revie commit	related w sub

#### CHALLENGES

he Supply Chain according to the organization's

rocesses and procedures to improve control of r acquisition of goods and services, and respond to f final users.

rvice categories for the development of new

nt training programs for employees and contractors strengthen the supply of great quality of goods and accordance with the requirements and at the same ate collaborative relations between the Company and

t a program for recognition of contractor that allow the strengthening of the delivery.

e financial health of local suppliers for decision ted to local contracting.

ubcontracting procedures and compliance of its generated by our contractors.

# GRIDINE CONTROL OF CON



# **GRI DISCLOSURE INDEX**

	Disclosure	Kelefelike	
GRI Standard	Disclosure	Reference	External Verification

### G

GRI Standard	Disclosure	Reference	External Verification		Omission	
				Part Omitted	Reason	Explanation
RI 101: Foundation		•		1		-
RI 101: fundamentos	International problem         Internaternationaproblem         Internationaproblem					
	Organizational profile					
	102-1 Name of the organization	Frontera Energy Corporation	✓			
	102-2 Activities, brands, products, and services	Our operations. Page 8	✓			
	102-3 Location of headquarters	333 Bay Street Suite 1100				
		Calle 110 N° 9 – 25 Piso 14	✓			
	102-4 Location of operations	Colombia, due to its current sociopolitical and economic conditions, and because it's where we have the majority of our production fields, is the main country where our sustainability model is implemented. Peru, due to its economic and sociopolitical conditions, and the presence of ethnic communities	V			
	102-5 Propiedad y forma jurídica	Frontera Energy Colombia Corp., Sucursal Colombia, is a branch of Frontera Energy Colombia Corp incorporated in Zurich, Switzerland. The largest shareholder of Frontera Energy Corporation is The Catalyst Capital Group Inc. with 30.8% the other are minority shareholders with less than				
	102-6 Markets served	Our operations. Page 8	$\checkmark$			
	102-7 Tamaño de la organización	Frontera in numbers. Page 10	$\checkmark$			
		Colombia: 1,076. Women: 332. Men: 744. Peru: 137. Women: 29. Men: 108. Canada: 35. Women: 17. Men: 18. In Colombia (direct employees): Fixed term contract: 7. Women: 1. Men: 6. Indefinite term contract: 1,068. Women: 331. Men: 738.	~			
	102-9 Supply chain	Frontera in numbers. Page 10 We promote a sustainable supply chain. Page 87 Our largest suppliers are related to hydrocarbon services such as drilling, licencing, reforestation,				
	102-10 Significant changes to the organization and its supply chain	During 2017, Frontera completed a successful merger of the four operating business units in Colombia (Meta Petroleum Corp, Pacific Stratus Energy Colombia Corp, Petrominerales Colombia Corp, Grupo C&C Energía) into a single entity (Meta Petroleum Corp).	~			
	102-11 Precautionary principle or approach	Since 2012, we have implemented the cause-effect methodology to analyze corporate risks with participation of the areas involved. Annually, we carry out that analysis for new	~			
	102-12 External initiatives	Initiatives supported by the organization: - Extractive Industry Transparency Initiative - Global Compact - Carbon Disclosure Project	✓			
	102-13 Membership to associations	de Empresarios de Colombia - National Association of Colombian Businesses (ANDI): member				

Strategy			
102-14 Statement from senior decision-maker	Words from our CEO. Page 6	✓	
102-15 Key impacts, risks, and opportunities	We act consistently and transparently. Risk management. Page 44	✓	
Ethics and integrity			
102-14 Statement from senior decision-maker	Our strategy. Page 16	✓	
102-17 Mechanisms for advice and concerns about ethics	We act consistently and transparently. Business ethics and compliance. Page 41	✓	
Governance			
102-18 Governance structure	<ul> <li>a) The highest governance body is the Board of Director which comprises three committees: Compensation and Human Resources; Audit; and Corporate Governance, Nominating and Sustainability Committee. For more information on the Board of Directors and its committees, please refer to our web page: http://www.fronteraenergy.ca/corporate-governance/</li> <li>b) The Corporate Governance, Nominating and Sustainability Committee assists the Board of Directors in reviewing the Company's corporate sustainability policies, including environmental, social, health, safety and ethical matters, and is responsible for advising the Board, committees of the Board and executive management on such matters.</li> </ul>	*	
102-19 Delegation of authority	The Corporate Governance, Nominating and Sustainability Committee Charter: i) delegates to management the responsibility of drafting policies and programs related to corporate sustainability matters, which policies and programs shall be submitted to the Committee for review and subsequently, to the Board for approval, ii) establishes and recommends to the Board for approval, goals, policies and programs related to environmental, social, sustainability, health and safety issues, iii) reviews with management, the Corporation's record of performance on environmental, social, sustainability, health and safety matters, along with any proposed actions based on the record of performance, iv) reviews with management the following items as they relate to environmental, social, sustainability, health and safety matters: a) the Corporation's policies with respect to risk assessment and risk management, b) the Corporation's major financial risk exposures, c) the steps management has taken to monitor and control such exposures, d) the effect of relevant regulatory initiatives and emerging trends, and e) all material claims, demands and legal proceedings against the Corporation.	✓	
102-20 Executive-level responsibility for economic, environmental, and social topics	At Frontera, we have a Corporate Affairs Director responsible for economic, environmental and social matters, who reports directly to our CEO and also to the Corporate Governance, Nominating and Sustainability Committee about the progress on economic, social and environmental topics.	✓	
102-21 Consulting stakeholders on economic, environmental and social topics	According to the Companý s Stakeholder Engagement Protocol, any interested party may communicate directly with the Chairman of the Board and the independent directors. In addition, shareholders may provide feedback directly to any individual director, including the independent directors as a group, the Board or any Board committee. The Board may also reach out to key shareholders, either directly or with the assistance of the Corporation's Investor Relations team. Communication shall be managed in accordance with the Corporation's Public Disclosure Policy and Insider Trading Policy, which includes the obligation to not make selective disclosure of material information.	*	
1102-22 Composition of the highest governance body and its committees	The Company's highest governance body is our Board of Directors. Currently, this Board is comprised on 7 independent directors. For more information on its composition, please see our web page: http://www.fronteraenergy.ca/leadership/	✓	
102-23 Chair of the highest governance body	Gabriel de Alba is the Chairman of the Board of Directors. He is not an executive officer of the Board. There is currently no Lead Independent Director.	√	
102-24 Nominating and selecting the highest governance body	The Corporate Governance, Nominating and Sustainability 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: i) Board size and composition, including the candidate selection process and the orientation of new members, ii) Board compensation, and iii) 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.		
	The Committee shall recruit and consider candidates for nomination as a director, including any candidates recommended by shareholders, having regard to the background, employment and qualifications of possible candidates. In considering new appointments to the Board, the CGNSC also considers the level of diversity, independence and personal qualities being introduced to the Board by such nomination, and whether the candidate's competencies and personal qualities are aligned with the Corporation's needs and any criteria for selecting new directors established by the Board.	4	
102-25 Conflicts of interest	The processes for the highest governance body to ensure conflicts of interest are avoided and managed are included in the Conflicts of Interest Policy which applies to all directors, officers, employees, consultants, contractors, subcontractors, trainees, seconded staff, home workers, olunteers, interns, agents, sponsors or any other person or persons working for the Corporation.		
	During 2017 we ensured that 100% of new employees signed their commitment to integrity, adhering to the Code of Corporate Conduct and Ethics, the zero tolerance policy for fraud and corruption and declaring conflicts of interest. Of active employees and the Board of Directors,		

	1,136 signed the annual conflict of interest survey, with 96,7% total compliance and reporting 232 conflicts and 191 employees with conflicts of interest.	✓
102-26 Role of highest governance body in setting purpose, values, and strategy	The Corporate Governance, Nominating and Sustainability Committee Charter: i) delegates to management the responsibility of drafting policies and programs related to corporate sustainability matters, which policies and programs shall be submitted to the Committee for review and subsequently, to the Board for approval, ii) establishes and recommends to the Board for approval, goals, policies and programs related to environmental, social, sustainability, health and safety issues, iii) reviews with management, the Corporation's record of performance on environmental, social, sustainability, health and safety matters, along with any proposed actions based on the record of performance, iv) reviews with management the following items as they relate to environmental, social, sustainability, health and safety matters: a) the Corporation's policies with respect to risk assessment and risk management, b) the Corporation's major financial risk exposures, c) the steps management has taken to monitor and control such exposures, d) the effect of relevant regulatory initiatives and emerging trends, and e) all material claims, demands and legal proceedings against the Corporation.	V
102-27 Collective knowledge of highest governance body	Board members in order to ensure that the new directors are familiarized with the Corporation's business and the procedures of the Board. Information may include the Corporation's corporate and organizational structure, recent filings and financial information, governance documents, important policies and procedures and knowledge of economic, environmental, and social topics. The Board will ensure that every director possesses the capabilities, expertise, availability and knowledge required to fill his or her position adequately. From time to time, the Corporation will arrange on-site tours of its operations.	
	The Board will ensure that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors). All new directors should also understand the nature and operation of the business.	
	The Board should provide continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current.	$\checkmark$
102-28 Evaluating the highest governance body's performance	The Corporate Governance, Nominating and Sustainability Committee: i) shall conduct annual surveys of directors with respect to their views on the effectiveness of the Board, the chair of the Board, each committee of the Board and its chair and the contribution of individual directors, and ii) The Committee shall also annually assess the effectiveness of the Board as a whole and each committee of the Board, including the Committee, and make recommendations to the Board.	✓
102-29 Identifying and managing economic, environmental, and social impacts	a) The Corporate Governance, Nominating and Sustainability Committee: i) reviews the Corporation's internal control systems in the areas of environmental, health and safety, ii) receives reports on the nature and extent of compliance or any non-compliance with environmental, health and safety policies, programs and applicable legislation and establish plans to correct deficiencies, if any, and to report to the Board on the status of such matters, iii) reviews with management the following items as they relate to environmental, social, sustainability, health and safety matters: the Corporation's policies with respect to risk assessment and risk management, the Corporation's major financial risk exposures, the steps management has taken to monitor and control such exposures, the effect of relevant regulatory initiatives and emerging trends, and all material claims, demands and legal proceedings against the Corporation, and iv) apprise the audit committee of the Board of significant changes in financial risk exposures or potential disclosure issues relating to environmental, social, sustainability, health and safety matters; b) Frontera performs an annual materiality analysis in order to consult internal and external stakeholders on social, economic and environmental impacts. The results of this analysis are presented to the CGNSC, responsible for approving the disclosure of said findings in the sustainability report.	~
102-30 Eficacia de los procesos de gestión del riesgo	The Corporate Governance, Nominating and Sustainability Committee: i) reviews the Corporation's internal control systems in the areas of environmental, health and safety, ii) receives reports on the nature and extent of compliance or any non-compliance with environmental, health and safety policies, programs and applicable legislation and establish plans to correct deficiencies, if any, and to report to the Board on the status of such matters, iii) reviews with management the following items as they relate to environmental, social, sustainability, health and safety matters: the Corporation's policies with respect to risk assessment and risk management, the Corporation's major financial risk exposures, the steps management has taken to monitor and control such exposures, the effect of relevant regulatory initiatives and emerging trends, and all material claims, demands and legal proceedings against the Corporation, and iv) apprises the audit committee of the Board of significant changes in financial risk exposures or potential disclosure issues relating to environmental, social, sustainability, health and safety matters. In 2017, the Executive Committee reviewed the Company's risk profile and performed a close follow-up on corporate risks, including those related to economic, environmental and social topics.	Ý
102-31 Review of economic, environmental, and social topics	Meetings of the Corporate Governance, Nominating and Sustainability Committee shall be held from time-to-time as the Committee or the Chair thereof shall determine as necessary to perform the duties described in its charter.	~
102-32 Highest governance body's role in sustainability reporting	The Corporate Governance, Nominating and Sustainability Committee reviews and approves the report and ensures all material topics are covered according to the materiality analysis performed with stakeholders.	√
102-33 Communicating critical concerns	To communicate complaints or concerns, the Chair of the Audit Committee can be contacted directly in writing by sending an email with the word "Confidential" in the subject line to the following address: AuditCommitteeChair@fronteraenergy.ca	~

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102-34 Nature and total number of critical concerns	Our strategy. Our material issues. Coverage of our material issues. Page 22				
	The Audit Committee will review in the aggregate all complaints and investigations made pursuant to the Whistle Blower Policy on a quarterly basis.				
	Concerns will be investigated as quickly as possible. It should also be kept in mind that it may be necessary to refer a matter to an external agency or advisors, and this may result in an extension of the investigative process. Also, the seriousness and complexity of any complaint may have an impact upon the time taken to investigate a matter. A designated person will indicate at the outset the anticipated time scale for investigating the complaint.	$\checkmark$			
102-35 Remuneration policies	Compensation of non-executive directors has the intention of attracting the best talent with the capacity to meet the demanding responsibilities of being a Board member, and align the interests of non-executive directors with the interests of our shareholders. Compensation of non-executive directors is not incentives-based.				
	Our Compensation and Human Resources Committee annually reviews Board compensation levels to ensure they are competitive and are aligned with the industry's best practices in terms of Corporate Governance.				
	For more information, see the "Directors and Officers" sections of our annual information form, at: http://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00007953	$\checkmark$			
102-36 Process for determining remuneration	Remuneration in our Company is proposed by the Vice-presidency of Human Talent, with the support of an external consultant, Hay Group. This proposal is reviewed and approved by our Compensation and Human Resources Committee.				
	For more information, see the "Directors and Officers" sections of our annual information form, at: http://sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00007953	$\checkmark$			
102-37 Stakeholders involvement in remuneration	At Frontera, our shareholders have no voice or vote regarding remuneration of our executives. However, we consider a best practice in terms of compensation at peer Oil & Gas companies, the perception and guidance of shareholders advisory groups such as ISS and Glass Lewis.	$\checkmark$			
102-38 Annual total compensation ratio		$\checkmark$	Due to security concerns related to our personnel, the Company is not authorized to publicly disclose this information.	Confidentiality Constraints	
102-39 Percentage increase in annual total compensation ratio		✓	Due to security concerns related to our personnel, the Company is not authorized to publicly disclose this information.	Confidentiality Constraints	
Stakeholder engagement					
102-40 List of stakeholder groups	Our strategy. Our stakeholders. Page 21	$\checkmark$			
102-41 Collective bargaining agreements	We respect and promote Human Rights. Right of association. Page 69	$\checkmark$			
102-42 Identifying and selecting stakeholders	Our strategy. Our stakeholders. Page 21 We prioritize stakeholder groups based on criteria set by norm AA1000: representativeness, dependence, urgency, responsibility and influence.	√			
102-43 Approach to stakeholder engagement	Our strategy. Our stakeholders. Page 21 Our material issues. Page 22				
	The frequency with which Frontera interacts with each Stakeholder Group is: Community: Daily State: Quarterly Civil society: Daily Government: Monthly Media outlets: Monthly Shareholders: Daily Field partners: Weekly Suppliers and contractors: Daily/monthly Unions: Monthly Clients: Bi-yearly Ethic groups: Daily Industry: Quarterly Employees: Daily Analysts: Monthly Creditors: Daily/monthly t is important to remember that for each stakeholder group, the Company has an internal champion who, apart from planned interactions, tends to the needs of stakeholder groups when required.	√			

102-44 Key topics and concerns raised	, Our strategy. Our material issues. Coverage of our material issues. Page 22		
	The Audit Committee will review in the aggregate all complaints and investigations made pursuant to the Whistle Blower Policy on a quarterly basis.		
	Concerns will be investigated	~	
Practices for preparation of reports			
102-45 Entities included in the consolidated financial statements	About this report. Page 5 During 2017, Frontera completed a successful merger of the four operating business units in Colombia (Meta Petroleum Corp, Pacific Stratus Energy Colombia Corp, Petrominerales Colombia Corp, Grupo C&C Energia) into a single entity (Meta Petroleum Corp).	~	
102-46 Defining report content and topic boundaries	Our strategy. Our Sustainability and Shared Value Model. Page 19	✓	
102-47 List of material topics	Our strategy. Coverage of our material issues. Page 22	✓	
102-48 Restatements of information	405-2 and 401-1 contain an adjustment of the formula for calculation which shall be clarified in the applicable indicators	<i>√</i>	
102-49 Changes in reporting	There were no significant changes regarding the period object of the previous report in the list of material issues and coverage of issues.	~	
102-50 Reporting period	January 1 – December 31, 2017	✓	
102-51 Date of most recent report	2016	✓	
102-52 Reporting cycle	Annual	×	
102-53 Contact point for questions regarding the report	sustainability@fronteraenergy.ca	~	
102-54 Claims of reporting in accordance with the GRI Standards	This report was prepared in accordance with the comprehensive option.	✓	
102-55 GRI content index	Page 91	✓	
102-56 External assurance	This report has been verified by KPMG Advisory, Tax & Legal S.A.S. Services were approved by Frontera's Purchasing Committee in a tender process.	✓	
Disclosure	Reference	External Verification	
		<u>                                     </u>	Part Omitteda
lard series			
I			
103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	√	
103-2 The management approach and its components		۱ I	
	We operate with excellence. Page 29	✓	
103-3 Evaluation of the management approach	We operate with excellence. Page 29 We act consistently and transparently. Page 41	✓ ✓	
103-3 Evaluation of the management approach 201-4 Financial assistance received from government			
	We act consistently and transparently. Page 41 In 2017, Frontera Energy Colombia Corp., sucursal Colombia, did not receive financial assistance	✓ ✓	
	We act consistently and transparently. Page 41 In 2017, Frontera Energy Colombia Corp., sucursal Colombia, did not receive financial assistance	✓ ✓	
201-4 Financial assistance received from government	We act consistently and transparently. Page 41 In 2017, Frontera Energy Colombia Corp., sucursal Colombia, did not receive financial assistance from the government	✓ ✓	
201-4 Financial assistance received from government 103-1 Explanation of the material topic and its boundary	We act consistently and transparently. Page 41         In 2017, Frontera Energy Colombia Corp., sucursal Colombia, did not receive financial assistance from the government         Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	✓ ✓ ✓	
	Practices for preparation of reports         102-45 Entities included in the consolidated financial statements         102-45 Entities included in the consolidated financial statements         102-46 Defining report content and topic boundaries         102-47 List of material topics         102-48 Restatements of information         102-49 Changes in reporting         102-50 Reporting period         102-51 Date of most recent report         102-52 Reporting cycle         102-53 Contact point for questions regarding the report         102-54 Claims of reporting in accordance with the GRI Standards         102-55 GRI content index         102-56 External assurance	The Audit Committee will review in the aggregate all complaints and investigations made pursuant to the Whistle Blower Policy on a quarterly basis.       Operations of reports     Concerns will be investigated       102-45 Entities included in the consolidated financial statements.     About this report. Page 5 During 2017. Frontera completed a successful merger of the four operating business units in Colombia Corp. Audits Entry Colombia Corp. Petrominerales Colombia Corp. Corp. Petrominerales Colombia Corp. Petrominerales Colombia Corp. Petrominerales       102-45 Entities included in the consolidated financial statements.     Our strategy. Our Sustainability and Shared Value Model. Page 19       102-47 List of material topics     Our strategy. Our Sustainability and Shared Value Model. Page 19       102-48 Restatements of information     405-2 and 401-1 contain an adjustment of the four operating business units in the applicable indicators.       102-49 Changes in reporting     There were no significant changes regarding the period object of the previous report in the list of material lissues and coverage of issues.       102-50 Reporting period     January 1 – December 31, 2017       102-51 Date of most recent report     2016       102-52 Contact point for questions regarding the report.     Page 91       102-53 CRI content index     Page 91       102-54 Claims of reporting in accordance with the CRI Standards     This report was prepared in accordance with the comprehensive option.       102-55 CRI content index     Page 91       102-56 External assurance     This report has been verified by KPM	The Audit Committee will review in the aggregate all complaints and investigations made pursuant to the Whistile Blower Policy on a cuarterly basis.     Image: Concerns will be investigated       Practices for preparation of report     Image: Concerns will be investigated     Image: Concerns will be investigated       102-45 Entities included in the consolidated financial statements     Anout this report. Page: Schools corp. Performmerales Colombia Corp. Chapter School Corp. Corp. Cale Chapter Schools corp. Performmerales Colombia Corp. Chapter School Corp. Corp. Cale Chapter School Corp. Corp. Colombia Corp. Chapter School Corp. Corp. Cale Chaptera Colombia Corp. Corp. Cale Corp. Corp. Cale Chapter Scho

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		FRONTERA CITY MINIMUM SALARY - WOMEN: \$5,416 RATIO OVER LOCAL MINIMUM SALARY - MEN 2.69 RATIO OVER LOCAL MINIMUM SALARY – WOMEN 1.95				
		COLOMBIA LEGAL MINIMUM SALARY COLOMBIA: \$737,717 FRONTERA CITY MINIMUM SALARY - MEN: \$1,763,000 FRONTERA CITY MINIMUM SALARY - WOMEN: \$1,709,000 RATIO OVER LOCAL MINIMUM SALARY - MEN 2,39 RATIO OVER LOCAL MINIMUM SALARY - WOMEN 2,32				
		PERU LEGAL MINIMUM SALARY PERU: \$850 FRONTERA FIELD MINIMUM SALARY - MEN: \$3,250 FRONTERA FIELD MINIMUM SALARY - WOMEN: \$6,720 RATIO OVER LOCAL MINIMUM SALARY - MEN 3.82 RATIO OVER LOCAL MINIMUM SALARY - WOMEN 7.91	✓			
	202-2 Proportion of senior management hired from the local community	The Company's significant operations are: Colombia, Canada, Switzerland and Peru. Senior executives: President and Vice-presidents. Local: Executive employees with the nationality of the country where the operations are carried out Calgary : Total executives: 1. Percentage: 100% Colombia: Total executives: 6. Percentage: 83.3% Toronto: Total executives: 4. Percentage: 100%	√			
Indirect economic impacts				1	1	1
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	✓			
	103-2 The management approach and its components	We contribute to the sustainable development of communities. Page 60	$\checkmark$			
	103-3 Evaluation of the management approach	We contribute to the sustainable development of communities. Quality infrastructure. Page 65	$\checkmark$			
GRI 203: Indirect economic impacts	203-1 Infrastructure investments and services supported	We contribute to the sustainable development of communities. Quality infrastructure. Page 65	$\checkmark$			
	203-2 Significant indirect economic impacts	<ul> <li>We contribute to the sustainable development of communities. Productivity of the local economic fibre. Page 62</li> <li>Within Frontera Energy's industry operations in Colombia, there is significant indirect economic impact which is reflected through the engagement of personnel, goods and services, purchase of lands and/or payment of easements, adaptation and construction of access roads and platforms, generating development for the local economy, given that purchasing power increases taking into account the changes to the labour occupation dynamics, changes to the value of land, change to the offer/demand for local goods and services, as well as the stimulation of the region's agricultural sector considering the changes to the quality of the road infrastructure that is developed within the Company's operations, which facilitate vehicular transit in some zones.</li> </ul>	✓			
Procurement practices				-	•	•
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$			
	103-2 The management approach and its components	We promote sustainability in the supply chain. Purchase of local goods and services. Page 89	$\checkmark$			
	103-3 Evaluation of the management approach	We promote sustainability in the supply chain. Purchase of local goods and services. Page 89	~			
GRI 204 Procurement practices	204-1 Proportion of expenses on local suppliers	We promote sustainability in the supply chain. Purchase of local goods and services. Page 89 To see the location of the operations where goods are purchased, see Our Operations. Operations map operations. Page 9	V			
Anticorruption				-		•
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$			
	103-2 Enfoque de gestión y sus componentes	We act consistently and transparently. Anticorruption. Page 43	$\checkmark$			
	103-3 Evaluación del enfoque de gestión	We act consistently and transparently. Anticorruption. Page 43	$\checkmark$			
GRI 205: Anticorruption	205-1 Operations assessed for risks related to corruption	100% of the business units were analyzed regarding the corporate risks defined by the Company, including those related to corruption.	$\checkmark$			
	205-2 Communication and training about anti-corruption policies and procedures	We act consistently and transparently. Anticorruption. Page 43 100% of Board members were informed of policies and procedures to combat corruption. 100% of new and active employees were informed of policies and procedures to combat corruption.	V			
	205-3 Confirmed incidents of corruption and actions taken	During 2017, through the different options to use our ethics hotlines, senior management received 93 complaints related to compliance and ethics issues, and unfortunately, the most relevant issues where those associated to conflicts of interest, of which we closed 48 cases and deemed that 11 cases did not warrant an investigation. In 2017, we have no confirmed cases of corruption.	4			

Anti-competitive behavi	ior			
•				
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	~	
	103-2 The management approach and its componentss	We act consistently and transparently. Business ethics and compliance. Page 41	$\checkmark$	
	103-3 Evaluation of the management approach	We act consistently and transparently. Business ethics and compliance. Page 41	√	
GRI 206: Anti- competitive behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	O actions due to causes related to monopolistic practices in Colombia and Peru.	1	
GRI 300 Environmental	standards			
Energy				
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	~	
	103-2 The management approach and its components	We work in harmony with the environment. Energy and emissions. Generation of electric power. Page 56	V	
	103-3 Evaluación del enfoque de gestión	We work in harmony with the environment. Energy and emissions. Generation of electric power. Page 56	~	
GRI 302: Energy	302-1 Energy consumption within the organization	We work in harmony with the environment. Energy and emissions. Direct consumption of energy. Page 56	~	
	302-2 Energy consumption outside of the organization	We work in harmony with the environment. Energy and emissions. Generation of electric power. Page 56 2,193,629.04 Gallons, which represent the energy consumption for hydrocarbon transport at national level.		
	302-3 Energy intensity	We work in harmony with the environment. Energy and emissions. Energy intensity. Page 57	$\checkmark$	
	302-4 Reduction of energy consumption	We work in harmony with the environment. Energy and emissions. Page 56	$\checkmark$	
	302-5 Reductions in energy requirements of products and services	Indicator does not apply to the Company	~	Information for this Disclosure does not apply
Water				
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	~	
	103-2 The management approach and its components	We work in harmony with the environment. Comprehensive water management. Page 53	✓	
	103-3 Evaluation of the management approach	We work in harmony with the environment. Comprehensive water management. Page 53	✓	
GRI 303: Water	303-1 Water withdrawal by source	We work in harmony with the environment. Comprehensive water management. Percentage of consumption by source of supply. Percentage of type of use of water consumed. Volume of water consumed. Page 54	~	
	303-2 Water sources significantly affected by withdrawal of water	We work in harmony with the environment. Comprehensive water management. Percentage of consumption by source of supply 2016. Page 53 In 2017, Frontera did not significantly affect any water source, according to the criteria set by the standard.	4	
	303-3 Water recycled and reused	We work in harmony with the environment. Comprehensive water management. Generation and reuse of residual water. Page 54	$\checkmark$	
Biodiversity				
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	~	
		We work in harmony with the environment. Biodiversity. Page 47		
	103-2 The management approach and its components	For more reference on our focus on management of Biodiversity, please see 2015, 2014, 2013 and 2012 sustainability reports at: http://www.fronteraenergy.ca/es/informes-de-sostenibilidad/	✓	
	103-2 The management approach and its components 103-3 Evaluation of the management approach	For more reference on our focus on management of Biodiversity, please see 2015, 2014, 2013 and 2012 sustainability reports at: http://www.fronteraenergy.ca/es/informes-de-sostenibilidad/	✓ ✓	

Information for this Disclosure does not apply	Not applicable	The main product and type of industry that makes up the nature of the Company do not allow reporting of this indicator.
		allow reporting of this indicator.
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	304-2 Significant impacts of activities, products, and services on biodiversity	We work in harmony with the environment. Biodiversity. Page 47	$\checkmark$			
	304-3 Habitats protected or restored	We work in harmony with the environment. Biodiversity. Restored zones. Page 51 Restoration work is contracted but there have been no associations with third parties on this issue for restoration activities	$\checkmark$			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	We work in harmony with the environment. Biodiversity. We value the natural richness of our zones of operation. Page 47	$\checkmark$	Total number of species not reported	Information unavailable	Each year, a different sample of these specie is taken
Emissions						
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$			
	103-2 The management approach and its components	We work in harmony with the environment. Energy and emissions. Page 56	$\checkmark$			
	103-3 Evaluation of the management approach	We work in harmony with the environment. Energy and emissions. Page 56	$\checkmark$			
GRI 305: Emisiones	305-1 Direct (Scope 1) GHG emissions	We work in harmony with the environment. Energy and emissions. Emissions scope 1. Page 57 Between 2012 and 2015 the methodology to calculate the inventory of GG was the GHG Protocol. For emissions factors we considered the UPME factors and the IPCC'S warming indexes. Due to the Company's internal conditions, in 2016 and 2017 it was not possible to use the methodology mentioned for the carbon footprint. For these years, the calculation of this indicator was a mathematical extrapolation method based on production, which for each operating field considers the barrels extracted in each year to update the footprint. In 2018, we shall engage the measurement of GG emissions and we shall update the data reported for 2016 and 2017 if deviations are significant.				
	305-2 Energy indirect (Scope 2) GHG emissions	We work in harmony with the environment. Energy and emissions. Emissions scope 2 Page 57 Between 2012 and 2015 the methodology to calculate the inventory of GG was the GHG Protocol. For emissions factors we considered the UPME factors and the IPCC'S warming indexes. Due to the Company's internal conditions, in 2016 and 2017 it was not possible to use the methodology mentioned for the carbon footprint. For these years, the calculation of this indicator was a mathematical extrapolation method based on production, which for each operating field considers the barrels extracted in each year to update the footprint. In 2018, we shall engage the measurement of GG emissions and we shall update the data reported for 2016 and 2017 if deviations are significant.				
	305-3 Other indirect (Scope 3) GHG emissions	We work in harmony with the environment. Energy and emissions. Emissions scope 2 Page 57 Between 2012 and 2015 the methodology to calculate the inventory of GG was the GHG Protocol. For emissions factors we considered the UPME factors and the IPCC'S warming indexes. Due to the Company's internal conditions, in 2016 and 2017 it was not possible to use the methodology mentioned for the carbon footprint. For these years, the calculation of this indicator was a mathematical extrapolation method based on production, which for each operating field considers the barrels extracted in each year to update the footprint. In 2018, we shall engage the measurement of GG emissions and we shall update the data reported for 2016 and 2017 if deviations are significant.				
	305-4 GHG emissions intensity	We work in harmony with the environment. Energy and emissions. Emissions scope 2 Page 57 Between 2012 and 2015 the methodology to calculate the inventory of GG was the GHG Protocol. For emissions factors we considered the UPME factors and the IPCC'S warming indexes. Due to the Company's internal conditions, in 2016 and 2017 it was not possible to use the methodology mentioned for the carbon footprint. For these years, the calculation of this indicator was a mathematical extrapolation method based on production, which for each operating field considers the barrels extracted in each year to update the footprint. In 2018, we shall engage the measurement of GG emissions and we shall update the data reported for 2016 and 2017 if deviations are significant.				
	305-5 Reduction of GHG emissions	We work in harmony with the environment. Reduction of GG and Energy. Page 57				
	305-6 Emissions of ozone-depleting substances (ODS)	TOTAL R-22 (metric lb) 2,348.50 TOTAL in tonnes CFC-11 eq. 0.059 For the estimation of these emissions we consider the R22 of the maintenance completed to the air conditioners in the camps and use the ozone depletion potential (ODP)	✓			
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions(air quality) carried out in the operations.	We work in harmony with the environment. Energy and emissions. Nox, Sox. Page 58 This information is compiled according to the results of the measurement of isokinetic studies (air quality) carried out in the operations. Does not include emissions generated by generation sources (<1 MV). For the organization these emissions are not considered material.	~			

GRI 103:				
Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$	
	103-2 The management approach and its components	We work in harmony with the environment. Comprehensive water management. Page 53 Waste management. Page 52		
		Prevention and remediation of incidents. Page 58	<b>√</b>	
	103-3 Evaluation of the management approach		$\checkmark$	
GRI 306: Effluents and waste	306-1 Water discharge by quality and destination	We work in harmony with the environment. Comprehensive water management. Residual water generated associated to production of hydrocarbons. Page 54 By type, disposition and use, the Company constantly monitors water quality according to the requirements of national norms.	~	Va di: bu re fra
	306-2 Waste by type and disposal method	We work in harmony with the environment. Waste management. Waste generated by type	$\checkmark$	W tre by
	306-3 Significant spills	We work in harmony with the environment. Prevention and remediation of incidents. Page 58	✓	
	306-4 Transport of hazardous waste	Dangerous waste is fully treated by third parties. No waste is transported internationally.	$\checkmark$	
	306-5 Water bodies affected by water discharges and/or runoff	In 2017, we had zero significant effects on the biodiversity and habitats of the water resources of our operating fields	$\checkmark$	
Environmental complianc	ie			
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$	
	103-2 The management approach and its components	We work in harmony with the environment. Page 46	$\checkmark$	
	103-3 Evaluation of the management approach	We work in harmony with the environment. Page 46	$\checkmark$	
GRI 307: Environmental compliance	307-1 Non-compliance with environmental laws and regulations	17, the cost of the fines paid due to breach of environmental norms in Colombia was US\$ 154,619	$\checkmark$	
Supplier environmental a	ssessment			
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$	
	103-2 The management approach and its components	We work in harmony with the environment. Page 46	$\checkmark$	
	103-3 Evaluation of the management approach	We work in harmony with the environment. Page 46	$\checkmark$	
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	We operate with excellence. Occupational health and industrial safety. We work closely with our contractors in line with our comprehensive HSEQ policy. Page 35 There was no evaluation of the environmental component of new suppliers at the moment of selection; however, during 2017, we reviewed compliance of our HSEQ Annex, which includes environmental criteria.	$\checkmark$	
	308-2 Negative environmental impacts in the supply chain and actions taken	We operate with excellence. Occupational health and industrial safety. We work closely with our contractors in line with our comprehensive HSEQ policy. Page 35 The most significant impact include emissions of GG and particulate material by transportation of personnel, machinery and equipment, water consumption and generation of waste by contractors, among others.	~	
Employment				
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$	
	103-2 The management approach and its components	We have the best talent. Selection and retention of talent. Page 80	✓	
	103-3 Evaluation of the management approach	We have the best talent. Selection and retention of talent. Page 80	✓	+
GRI 401: Employment	401-1 New employee hires and employee turnover	Age ranges are: 21-30, 31-40, 41-50, 51-60, 61-71. Start: in Canada, birthdates are confidential and personal, for this reason not all the information is available. Calgary: 22-30:1 W 41-50:1 M 51-60:1 W		

folume of waters isposed is not reported, ut the percentage of esidual water derived fom crude extraction		
Vaste is not reported by reatment method but y type of waste	Information unavailable	We are working on being able to report the information in this manner in the following reports

	Toronto: 31-40: 1 W 61-70: 11 M Left blank: 2 W, 4 M	
	Colombia: 22-30: 10 W, 8 M 31-40: 0 W, 0 M 41-50: 0 W, 0 M 51-60: 0 W, 0 M	
	Percentage of hires WOMEN: 12% MEN: 6%	
	Terminations: Colombia 21-30: 7 W, 7 M 31-40: 49 W, 66 M 41-50: 17 W, 69 M 51-60: 11 W, 43 M 61-71: 2 W, 15 M Peru: 21-30: 2 W, 2 M 31-40: 1 W, 8 M 41-50: 5 W, 8 M 51-60: 1 W, 6 M 61-71: 6 M Toronto 21-30: 1 W 31-40: 1 W, 3 M 41-50: 1 W, 1 M TURNOVER RATE* Canada: W: 27.58% M: 42.85% Colombia: W: 21.33%	
	Peru: W: 15.51% M: 13.88%	
	*For 2017, Frontera changed the formula for calculation of the turnover rate.	✓
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	COLOMBIA 2017 LIST OF BENEFITS FOR INDEFINITE TERM EMPLOYEES Prepaid medicine Life insurance Savings contributions Field bonus Extralegal transport aid – city Transport aid – field Credit for fixed purpose (new grants suspended) Mortgage interests subsidy (new grants suspended)	
	LIST OF BENEFITS FOR FIXED TERM EMPLOYEES Prepaid medicine Life insurance Field bonus Extralegal transport aid – city Transport aid – field Extralegal vacation days	
	REMUNERATED LEAVE Marriage of worker: 3 calendar days Due to grave accident and/or hospitalization of parents, spouse, partner, children and siblings of worker: 3 calendar days (urban workers) and 5 calendar days (field workers)	
	PERU 2017 LIST OF BENEFITS FOR LOCAL EMPLOYEES INDEFINITE TERM CONTRACT Extralegal transport subsidy Field bonus Extralegal medical coverage Pension contribution plan Credit for fixed purpose (new grants suspended)	
	LIST OF BENEFITS FOR LOCAL EMPLOYEES WITH CONTRACT SUBJECT TO TYPE Extralegal transport subsidy Field bonus	

	401-3 Parental leave	Extralegal medical coverage Life insurance CANADA 2017 Life insurance Health insurance Healthcare spending account Transport aid Additional vacation days RRSP contribution Short-term disability insurance (STD) Long-term disability insurance (LTD)	√		
		Peru: W: 3 Calgary: W: 1 Return from parental leave in 2017: Calgary: W: 1 Colombia: W: 28, H: 36 Peru: W: 3 Rate of return to work parental leave Calgary: W: 100% Colombia: W: 100%, H: 100% Peru: W: 100% Employee's retention rate parental leave Calgary: W: 100% olombia: W: 79%, M: 97% Peru: W: 100%	√		
Occupational Health and	Safety				
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$		
	103-2 The management approach and its components	We operate with excellence. Occupational health and industrial safety. Page 34	$\checkmark$		
	103-3 Evaluation of the management approach	We operate with excellence. Occupational health and industrial safety. Page 34	$\checkmark$		
GRI 403: Occupational health and safety	403-1 Workers representation in formal joint management-worker health and safety committees	Frontera has a Joint Health and Safety Committee defined in accordance with legal parameters, which mission is to ensure the best conditions of health and safety for the Company's personnel. Its members are elected by voting and represent 100% of workers	√		
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	We operate with excellence. Occupational health and industrial safety – Frequency index of disabling and non-disabling injuries In 2017: O professional diseases, and O work related fatalities	$\checkmark$		
	403-3 Workers with high incidence or high risk of diseases related to their occupation	The identification and evaluation of risks is carried out in all our producing fields and administrative offices in accordance with positions and their functions. 9% is the average number of personnel at high occupational risk, which are controlled through their Prevention and Supervision Epidemiological programs - PVE (Biomechanical, Chemical, Noise, Psycho-social)	,		
	403-4 Health and safety topics covered in formal agreements with trade unions	The union does not have formal agreement with Frontera on health matters; however, currently, the union has obtained benefits for its affiliates in matters of health, such as: • Agreement with Garmish Farmacéutica: its affiliates have a especial discount on the purchase of medicines • Agreement with Medplus prepaid medicine	√		
Training and education		•			
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	√		
	103-2 The management approach and its components	We have the best talent. Comprehensive development of our people. Page 81 Organizational learning. Page 83	✓		
	103-3 Evaluation of the management approach	We have the best talent. Comprehensive development of our people. Page 81 Organizational learning. Page 83	$\checkmark$		
GRI 404: Training and education	404-1 Average hours of training per year per employee	We have the best talent. Organizational learning. Corporate University indicators. Page 84	✓		
	404-2 Programs for upgrading employee skills and transition assistance programs	We have the best talent. Organizational learning. Corporate University indicators. Page 84	✓		
	404-3 Percentage of employees receiving regular performance and career development reviews	100% of employees reviewed by performance evaluation	$\checkmark$		

Diversity and equal oppor	tupity			
	tunity			
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$	
-	103-2 The management approach and its components	We respect and promote Human Rights. Gender equality. Page 77	✓	
-	103-3 Evaluation of the management approach	We respect and promote Human Rights. Gender equality. Page 77	✓	
GRI 405: Diversity and equal opportunity	405-2 Ratio of basic salary and remuneration of women to men	Ratio of base salary and remuneration of women vs men in Colombia MIDDLE / GENERAL MANAGEMENT: 0.87 FIRST LINE MANAGEMENT / SUPERVISOR: 0.93 SPECIALIST GROUPS: 0.93 OTHER EMPLOYEES: 1		
		Peru MIDDLE / GENERAL MANAGEMENT: 1.09 FIRST LINE MANAGEMENT / SUPERVISOR: 0.98 SPECIALIST GROUPS: 1.19 Canada		
		MIDDLE / GENERAL MANAGEMENT: 0.87 FIRST LINE MANAGEMENT / SUPERVISOR: 1.13 SPECIALIST GROUPS: 1 For 2017, the formula for calculation of the salary ratio by gender was changed.	$\checkmark$	
Freedom of association a	nd collective bargaining			
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	✓	
-	103-2 The management approach and its components	We respect and promote Human Rights. Right of association. Page 69	✓	
	103-3 Evaluation of the management approach	We respect and promote Human Rights. Right of association. Page 69	√	
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers which right to freedom of association and collective bargaining may be at risk	The Company has taken measures to ensure that contractors, without violating their autonomy and independence, respect the right of association. Measures, among others, are: inclusion within the commercial contract of a labour annex providing as labour obligation, rigorous and strict compliance of the labour legislation, including the right of association. In addition, the corporation hasengaged the services of a union for permanent monitoring of compliance of labour obligations by our contractors.	√	
Child labor				
GRI 103:			✓	
Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	✓	
-	103-2 The management approach and its components	We respect and promote Human Rights. Right of association. Page 69		
GRI 408: Child labor	103-3 Evaluation of the management approach 410-1 Security personnel trained in human rights policies or procedures	We respect and promote Human Rights. Right of association. Page 69 In 2017, no significant activities or suppliers with risks that generated child labour incidents were identified.	✓ ✓	
Security practices				
GRI 103:				
Management approach	103-1 Explanation of the material topic and its boundary		✓	
_	103-2 The management approach and its components	We respect and promote Human Rights. Security and Human Rights. Page 71	✓	
	103-3 Evaluation of the management approach	We respect and promote Human Rights. Security and Human Rights. Page 71	√	
GRI 410: Security practices	410-1 Security personnel trained on human rights policies and procedures	We respect and promote Human Rights. Security and Human Rights. Promotion and dissemination campaigns – Security and Human Rights 2017. Page 71 32% of security personnel (Quifa, Cajúa and Bogotá) trained on Human Rights.	✓	
Rights of indigenous peop	oles			
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	√	
-	103-2 The management approach and its components	We respect and promote Human Rights. Relations with ethnic groups. Page 73	✓	
-	103-3 Evaluation of the management approach	We respect and promote Human Rights. Relations with ethnic groups. Page 73	✓	

GRI 411:						
Rights of indigenous people	411-1 Incidents of violations involving rights of indigenous people	O cases of violation of the rights of indigenous peoples	$\checkmark$			
Local communities						
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$			
	103-2 The management approach and its components	We contribute to the sustainable development communities. Page 60	$\checkmark$			
	103-3 Evaluation of the management approach	We contribute to the sustainable development communities. Page 60	$\checkmark$			
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	At 100% of our operating fields, Frontera implements devlopment, impact evaluations and participation of local communities. For Colombia, Frontera Energy carries out investments within the obligations agreed in the social sections of the Environmental Management Plan (PMA), Community Benefits Program (PBC) and Voluntary Social Investment (ISV). The Company carries out citizen participation programs in which it involves the community in the current context of the industry, carries out education programs on the environment, social issues, generation of local goods and services, access to work opportunities, among others that respond to the current needs of the communities where we operate. In addition, within the framework of Prior Consultations which we carry out with indigenous communities we also carry out programs and projects as a compensation measure to mitigate the impact on cultural issues, citizen participation processes, health brigades, strengthening and consolidation of their customs, among others.	✓			
	413-2 Operations with significant actual and potential negative impacts on local communities	The operating fields located in Colombia and Peru have negative impact given their social and political context. Among the negative impact we have migration processes, loss of sense of belonging regarding the zone's traditional activities, increased cost of living, lifestyle changes, among others. However, to mitigate this impact, the Company carries out programs and/or training intended to promote management measures to minimize impact.	√			
Supplier social assessme	nt					
GRI 103:			✓			
Management approach	103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22 We respect and promote Human Rights. Security and Human Rights. Page 71 We promote a sustainable supply chain. Supplier and contractor development. Page 92	✓ ✓			
	103-3 Evaluación del enfoque de gestión	We respect and promote Human Rights. Security and Human Rights. Page 71 We promote a sustainable supply chain. Supplier and contractor development. Page 92	✓			
GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria 414-2 Negative social impacts in the supply chain and actions taken	We promote a sustainable supply chain. Supplier and contractor development. Page 89 There was no evaluation of social components for new suppliers at the moment of selection. Operate with excellence. Occupational health and industrial safety. We work closely with our contractors in line with our comprehensive HSEQ policy. Page 35 The most significant impact includes generation of conflict in transportation of machinery and equipment, community disruptions due to generation of noise, change to road safet and infrastructure, among others.	✓	Number and % of suppliers identified as having significant impact are not reported	Information unavailable	The Company is working on a process to measure this indicator in subsequent years
Socioeconomic complian	۲۵ ۲۵					
GRI 103:						
Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$			
	103-2 The management approach and its components	We operate with excellence. Supply, Transport and Trading. Page 39	$\checkmark$			
	103-3 Evaluation of the management approach		$\checkmark$			
GRI 419: Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	IIn 2017, the cost of the fines paid due to breach of norms related to the supply and use of products and services in Colombia was US\$ 1,339,850 In Peru, we had 0 fines o sanctions. Fines paid were due to product delivery delays.	✓			
Operational results						•
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	1			

	103-2 The management approach and its components	We operate with excellence. Operational results. Page 29	$\checkmark$		
-	103-3 Evaluation of the management approach	We operate with excellence. Operational results. Page 29	$\checkmark$		 
Own	2017 net production Production and sales volumes Reserves as of Dec 31, 2017 (Mmboe) Sales of oil and gas	We operate with excellence. Operational results. Page 29 Sales of oil and gas 1,163,749 Million USD	√		
Financial results					
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$		
	103-2 The management approach and its components	We operate with excellence. Financial results. Page 33	$\checkmark$		
	103-3 Evaluation of the management approach	We operate with excellence. Financial results. Page 33	$\checkmark$		 
Own	Adjusted EBITDA Profit / Loss from operations Operating costs	We operate with excellence. Financial results. Page 33 Adjusted EBITDA 248,649 Million USD	$\checkmark$		
Internal Audit					
GRI 103:	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 19	√		
-	103-2 The management approach and its components	We act consistently and transparently. Internal Audit. Page 43	$\checkmark$		 
	103-3 Evaluation of the management approach	We act consistently and transparently. Internal Audit. Page 43	✓		
Own	Internal Audit and control projects	We act consistently and transparently. Internal Audit. Page 43	$\checkmark$		
Risk management					
GRI 103:	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	✓		
Management approach	103-2 The management approach and its components	We act consistently and transparently. Risk management. Page 44	•		 
-	103-3 Evaluation of the management approach	We act consistently and transparently. Risk management. Page 44	¥		 
Own	Number of risks identified and their categories	We act consistently and transparently. Risk management. Page 44			 
Transparency	Number of fisks identified and their categories			<u> </u>	
in royalties					
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$		
	103-2 The management approach and its components	We act consistently and transparently. Transparency in royalties. Page 44	$\checkmark$		
	103-3 Evaluation of the management approach	We act consistently and transparently. Transparency in royalties. Page 44	$\checkmark$		
Own	Contribution in taxes and royalties	We act consistently and transparently. Transparency in royalties. Page 44	$\checkmark$		
Market relations					
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	√		
	103-2 The management approach and its components	We act consistently and transparently. Relations with the market. Page 45	√		 
	103-3 Evaluation of the management approach	We act consistently and transparently. Relations with the market. Page 45	✓		 
Own	Market relations initiatives	We act consistently and transparently. Relations with the market. Page 45	✓		 
Sustainable management of the supply chain					
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$		
	103-2 The management approach and its components	We promote sustainability in the supply chain. Sustainable management. Page 88	$\checkmark$		 
	103-3 Evaluation of the management approach	We promote sustainability in the supply chain. Sustainable management. Page 88	$\checkmark$		 
Own	% of corporate savings	We promote sustainability in the supply chain. Sustainable management. Page 88	✓	I I	
Development of suppliers and contractors					
GRI 103: Management approach	103-1 Explanation of the material topic and its boundary	Our Sustainability and Shared Value Model. Coverage of our material issues. Page 22	$\checkmark$		
	103-2 The management approach and its components	We promote sustainability in the supply chain. Development of suppliers and contractors.Page 89	$\checkmark$		
	103-3 Evaluation of the management approach	We promote sustainability in the supply chain. Development of suppliers and contractors.Page 89	√		
Own	Supplier development initiative	We promote sustainability in the supply chain. Development of suppliers and contractors. Page 89	~		

**INDEPENDIENT VERIFICATION REPORT BY** KPMG Advisory. Tax & Legal S. A. S



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#### Informe de Revisión Independiente para la Dirección de Frontera Energy Corp, sucursal Colombia

Hemos sido contratados por la Dirección de Frontera Energy Corp, sucursal Colombia, en adelante Frontera, para proporcionar aseguramiento limitado sobre la información no financiera contenida en el Informe de sostenibilidad para el año terminado el 31 de diciembre de 2017 de Frontera (en adelante "el Informe"). La información revisada se circunscribe al contenido referenciado en el índice de contenido GRI publicado en este informe en las páginas 95 a 108.

#### Responsabilidad de la Dirección

La Dirección es responsable de la preparación y presentación del Informe de conformidad con los Sustainability Reporting Standards de Global Reporting Initiative (GRI Standards), en opción de conformidad exhaustiva, según lo detallado en el punto 102-54 del Índice de contenidos GRI del Informe.

La Dirección también es responsable de la información y las afirmaciones contenidas en el mismo; de la determinación de los objetivos de Frontera, en lo referente al desempeño y presentación de información en materia de desarrollo sostenible, incluyendo la identificación de grupos de interés y asuntos materiales; y del adecuado establecimiento y mantenimiento de los sistemas de control y gestión del desempeño de los que se obtiene la información reportada.

Esta responsabilidad también incluye: diseñar, implementar y mantener el control interno necesario para permitir la preparación de los parámetros e indicadores de sostenibilidad asegurados libres de errores materiales debido a fraude o error.

La Dirección también es responsable de prevenir y detectar el fraude, y de identificar y asegurar que la Compañía cumpla con las leyes y regulaciones aplicables a sus actividades.

La Dirección también es responsable de asegurar que las personas involucradas en la preparación y presentación del reporte están apropiadamente entrenados y los sistemas de información están actualizados.

#### Responsabilidad de KPMG

Nuestra responsabilidad es expresar una conclusión de aseguramiento limitado sobre la preparación y presentación de los parámetros de sostenibilidad incluídos en el Informe anual de Frontera.

Nuestro trabajo ha sido realizado de acuerdo con la norma internacional para trabajos de aseguramiento ISAE 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, emitida por el International Auditing and Assurance Standard Board. Esta norma exige que planifiquemos y realicemos nuestro trabajo de forma que obtengamos una seguridad limitada sobre si el informe está exento de errores materiales.

KPMG aplica el estándar internacional de control de calidad 1 y en este sentido mantiene un sistema integral de control de calidad, incluyendo políticas y procedimientos documentados relacionados con el cumplimiento de requerimientos éticos, estándares profesionales y requerimientos legales y regulatorios aplicables.

Hemos cumplido con los requerimientos de independencia y otros incluidos en el Código Ético de la Federation of Accountants emitido por el Internal Ethics Standards Board for Accountants que establece principios fundamentales en torno a la integridad, objetividad, confidencialidad, conductas y competencias profesionales. Con base en lo anterior confirmamos que hemos ejecutado este encargo para Frontera, de manera independiente y libre de conflictos de interés.

#### Limitaciones Inherentes

Dadas las limitaciones inherentes de cualquier estructura de control interno es posible que errores o irregularidades en la información presentada en el reporte puedan ocurrir y no ser detectadas. Nuestro encargo no está diseñado para detectar todas las debilidades de control interno sobre la preparación y presentación del reporte, dado que el

encargo no ha sido ejecutado continuamente a través del período y los procedimientos fueron llevados a cabo con base en pruebas selectivas.

#### Aseguramiento Limitado de los parámetros e indicadores de sostenibilidad

Un encargo de aseguramiento limitado de información de sostenibilidad consiste en la formulación de preguntas, principalmente a las personas responsables de la preparación de la información presentada en el Informe, y en aplicar procedimientos analíticos y otros dirigidos a recopilar evidencias según proceda. Estos procedimientos incluyeron:

- determinar los temas materiales, así como la participación de los grupos de interés en este proceso.
- Verificación de consistencia de la información que da respuesta a los contenidos generales del estándar GRI 102 con los sistemas o documentación interna.
- estrategia en materia de sostenibilidad, gobierno, ética e integridad.
- parámetros e indicadores objeto de aseguramiento limitado.
- Indagaciones sobre el diseño e implementación de los sistemas y métodos usados para recolectar y reportar los parámetros e indicadores objeto de verificación limitada, incluyendo la agregación de la información reportada.
- documentación interna.
- Comparación de los Parámetros de Sostenibilidad objeto de Aseguramiento Limitado con fuentes subvacentes relevantes con una base de muestra para determinar si toda la información relevante ha sido apropiadamente incluida en el Informe.
- · Comparación de los parámetros e indicadores de sostenibilidad objeto de aseguramiento limitado con las fuentes subyacentes relevantes con base en muestreos, para determinar si la misma ha sido incluida adecuadamente en el Informe.
- Visita a las instalaciones de la sede principal en Colombia ubicada en Bogotá D.C.
- La revisión de la aplicación de los requerimientos establecidos en los Sustainability Reporting Standards de Global Reporting Initiative (GRI Standards), de conformidad con la opción de conformidad exhaustiva.
- · Lectura de los Parámetros e indicadores de Sostenibilidad de aseguramiento Limitado presentados en el Informe para determinar si están en línea con nuestro conocimiento general y experiencia en relación con el desempeño de sostenibilidad del Frontera.
- El contraste de la información financiera con la incluida en las cuentas anuales de Frontera, auditadas por terceros independientes.

Los procedimientos realizados en un trabajo de aseguramiento limitado varían en naturaleza y tiempo y son menores en alcance que un trabajo de aseguramiento razonable, y por lo tanto el nivel de aseguramiento obtenido es sustancialmente menor que el que se hubiera obtenido en un trabajo de aseguramiento razonable. En consecuencia, no expresamos una conclusión de aseguramiento razonable sobre los parámetros e indicadores de sostenibilidad objeto de aseguramiento limitado.

Indagación con la administración para obtener un entendimiento del proceso llevado a cabo por Frontera, para

Entrevistas con la Dirección y personal pertinente de la compañía, sobre la aplicación de las políticas y la

Entrevistas con el personal pertinente de Frontera a nivel corporativo, responsable de la preparación de los

La revisión de la consistencia de la información que responde a los Universal Standards con los sistemas o



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#### Propósito de Nuestro Reporte

De scuerdo con los términos de nuestro trabajo, este informe de aseguramiento ha sido preparado para Frontera con el propósito de asistir a la Dirección en determinar si los parámetros e indicadores de sostenibilidad objeto de aseguramiento limitado están preparados y presentados de acuerdo con los Sustainability Reporting Standards de Global Reporting Initiative (GRI Standards).

#### Restricciones de uso del reporte

Este informe no debe considerarse apropiado para ser usado o basarse en él, por cualquier tercero que quiera adquirir derechos contra KPMG diferente a Frontera, para ningún propósito o en cualquier otro contexto. Cualquier tercero diferente a Frontera que obtenga acceso a nuestro reporte o una copia de este y determine basarse en el mismo, lo hará bajo su propio riesgo. En la mayor medida de lo posible, según lo permitido por ley, no aceptamos ni asumimos responsabilidad ante terceros diferentes a Frontera, por nuestro trabajo, por este informe de aseguramiento limitado, o por las conclusiones a las que hemos llegado.

Nuestro informe se entrega a Frontera sobre la base de que no debe ser copiado, referido o divulgado, en su totalidad (salvo por los fines internos propios de Frontera) o en parte, sin nuestro consentimiento previo escrito.

#### Nuestras Conclusiones

Nuestra conclusión ha sido establecida, basada en y sujeta a los asuntos descritos en este reporte.

Consideramos que la evidencia que hemos obtenido es suficiente y apropiada para proveer la base de nuestras conclusiones que expresamos a continuación:

Con base en los procedimientos realizados y en la evidencia obtenida, descritos anteriormente, nada ha llamado nuestra atención que nos indique que el Informe de sostenibilidad de Frontera Energy Corp, sucursal Colombia, por el año terminado el 31 de diciembre de 2017 no se presente de manera adecuada, en todos los aspectos significativos, de acuerdo a los Sustainability Reporting Standards de Global Reporting Initiative (GRI Standards), en su opción exhaustiva, según lo detallado en el punto G102-54 del Índice de contenidos GRI del Informe, lo que incluye la fiabilidad de los datos, la adecuación de la información presentada y la ausencia de desviaciones y omisiones significativas.

En otro documento, proporcionaremos a la Dirección de Frontera Energy Corp, sucursal Colombia, un informe interno que contiene nuestros hallazgos y áreas de mejora.

Fabian Echeverne Junco KPMG Advisory, Tax & Legal S.A.S. Socio Abril de 2018

