



## 2015 CORPORATE RESPONSIBILITY REPORT

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## ABOUT GRAN TIERRA ENERGY

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Gran Tierra Energy Inc., together with its subsidiaries, is an independent international energy company engaged in oil and gas acquisition, exploration, development and production. We own the rights to oil and gas properties in Colombia, Peru and Brazil. Gran Tierra Energy is headquartered in Calgary, Canada, incorporated in Nevada, United States and traded on the Toronto Stock Exchange and the New York Stock Exchange MKT under the symbol GTE. Gran Tierra had a market capitalization of \$612 million as of December 31, 2015, and approximately 282 million shares outstanding.

Gran Tierra has operated in South America since 2005. More than 95 percent of our production comes from our Colombia business unit.



Our mission is to create value for all our stakeholders through oil & gas exploration and production, capitalizing on the global operating experience of our team, to build a record of success in South America in a transparent, safe, and environmentally and socially responsible manner.

### Significant Operational Notes and Subsequent Events

- In May 2015, Gran Tierra appointed a new CEO, management team and Board of Directors.
- In January 2016, Gran Tierra completed our acquisition of all the issued and outstanding common shares of Petroamerica Oil.
- In January 2016, Gran Tierra completed our acquisition of all the issued and outstanding shares of PetroGranada Colombia Limited.

## OUR CORPORATE SOCIAL RESPONSIBILITY PRINCIPLES

### Stakeholder Engagement

We aim to build trusting and long lasting relationships with the communities in which we operate and our other stakeholders.

### Socio-Economic Development

We strive to contribute to the long-term development of the communities in which we operate.

### Ethics and Transparency

We work to conduct our business activities with rigorous ethical, professional and legal standards.

### Environmental Stewardship

We endeavor to maintain high environmental standards and mitigate our impact on the environment.

### Human Rights

We respect the rights of the communities in which we operate.

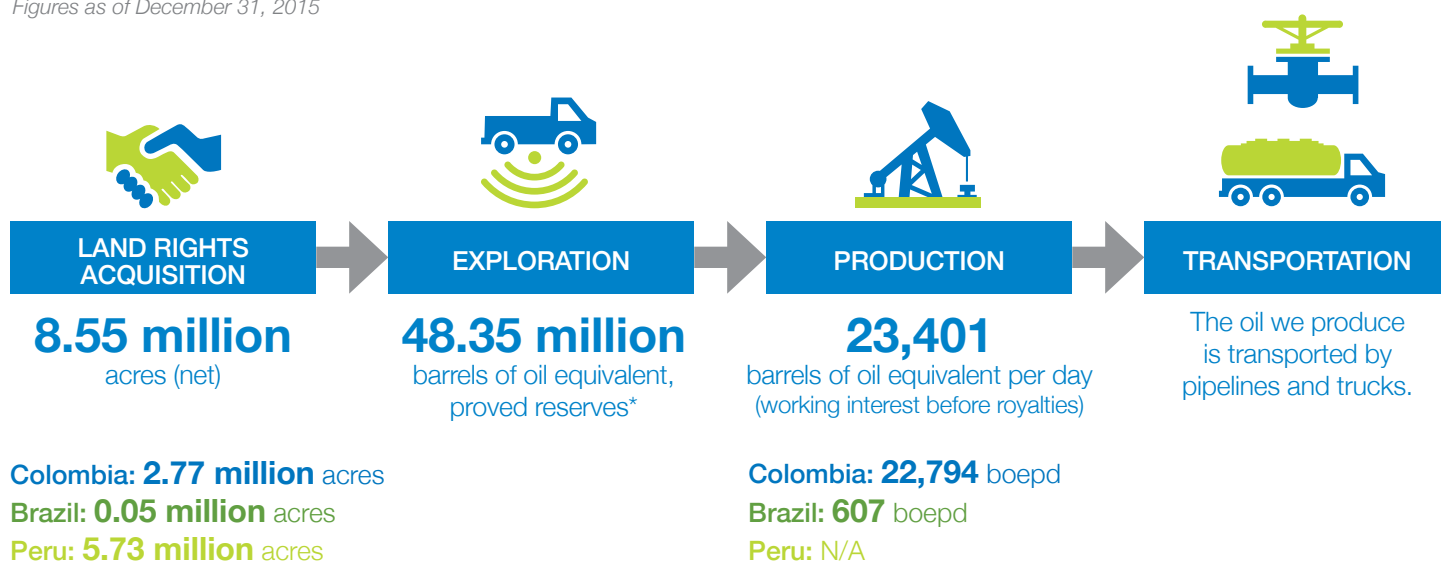
## GRAN TIERRA ENERGY INC.

**\$276 million** sales

**301** full time employees

**>700** suppliers and contractors

Figures as of December 31, 2015



\*Based on an independent evaluation of reserves as at December 31, 2015 prepared by McDaniel & Associates Consultants Ltd. in accordance with NI 51-101 and COGEM.



## ABOUT THIS REPORT

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- This is our second corporate responsibility report and covers performance data for the year 2015, and the three preceding years when available.
- Unless otherwise noted, this report covers performance for Gran Tierra Energy Inc. and its operating subsidiaries.
- We used the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines to help determine report content. The report contains Standard Disclosures from the Guidelines but has not fulfilled all the requirements to be 'in accordance'. The GRI index on page 40 indicates where specific disclosures are addressed.
- We include data for joint ventures for which GTE holds the operating permit, or is identified as the operating entity in the contract, regardless of financial ownership. The treatment of joint ventures may be addressed differently in Gran Tierra Energy's 2015 Annual Report with respect to financial performance.
- Because our operations in Colombia are our most mature and comprise more than 95 percent of our production, most of the report content focuses on our Colombian operations. Data limitations are explicitly noted with the performance figures.
- Performance data about our operations in Argentina (sold in June 2014) is included in spills, safety and human resources through 2013.
- Unless noted, data covers only full-time permanent employees.
- Techniques for data measurements and calculations, if not industry standard, are stated with the data.
- Financial data is in U.S. dollars and environmental data is in metric units.
- The accuracy of this report for our readers is of significant importance. Senior management and relevant staff have reviewed all information and believe it is an accurate representation of our performance. Third-party assurance of our corporate responsibility report was not conducted.
- The terms Gran Tierra, GTE, our, we, us, the company, and the corporation, refer to Gran Tierra Energy Inc. and its subsidiaries as a whole.

### Defining Material Topics

In December 2015, senior Gran Tierra Energy leaders participated in a workshop to determine which sustainability topics are most relevant to stakeholders and to the success of our business. The group discussed each topic, from a list of more than 30 extracted from reporting guidance and industry reports, and agreed to its priority level. An independent consultant facilitated this materiality assessment.

Additionally, a third party carried out a survey of more than 600 external stakeholders near our Colombian operations. The survey, conducted in the last quarter of 2015, was meant to gauge external expectations about our performance and confirm our priorities. It included responses from 153 employees and contractors,

75 suppliers, 20 regional and 30 national leaders (local government, ethnic groups, academia and the media) and 339 members of the general population.

This report focuses on the topics determined to be most relevant for Gran Tierra and our stakeholders, which are:

- spills;
- water management;
- stakeholder engagement;
- our relationship with Ethnic groups;
- local hiring; and
- impacts of oil transportation.



## TO OUR STAKEHOLDERS

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My team and I joined Gran Tierra in 2015 with a clear mandate to grow the company. Doing so requires not only solid operational and financial performance, but also a strong focus on how we interact with communities and protect the environment as we expand our operations into new areas of

growth. We remain committed to operating responsibly regardless of low oil prices.

In 2015, we refocused our exploration and production activities in Colombia, and started the process of expanding and diversifying our growth portfolio into new areas of the country. Colombia provides an excellent opportunity for growth as well as its share of challenges: environmentally sensitive areas, expectations of ethnic communities and security concerns. We are well positioned to face these challenges, but to succeed we can't just show up in communities when we want their approval. Our approach is to have boots on the ground early. We contract people from the community. We train suppliers within the community. We target enhanced economic opportunities in communities rather than simply making charitable donations. Many of the examples in this report demonstrate how we focus on maximizing the benefits and economic opportunities in the communities near our operations.

I am encouraged by the progress being made on peace talks in Colombia between the federal government and the armed groups. We realize that individual, community and corporate wellbeing depends on a safe society. Gran Tierra supports this peace initiative, and will support in any way we can the long-term transitions that the Colombian society and economy need to undergo to ensure prosperity and safety.

Our company highly values transparency in all our relationships. To that end, we share information about our payments to governments, procurement policies, investments in the community and relationships with public forces. Additionally, this year we joined Colombia in their commitment to the *Extractive Industries Transparency Initiative* (EITI) and their goal of a more transparent extractive industry in the country.

This, our second company-wide corporate responsibility report, is another tool for accountability, and details our programs and performance on issues related to business practices, the environment, communities, safety, and human rights.

2015 was a year of disciplined capital allocation and cost reduction. This brings its own challenges in terms of human capital and emphasis on safety. We commit to improving our safety statistics with training and more rigorous management approaches.

To continuously add value for all stakeholders, we are building a predictable business. That means consistent and rigorous management approaches. For example, we are currently developing a company-wide environmental management plan (EMP) that will be finalized in 2016. This new plan will provide a consistent framework for the project-specific EMPs that our regulators require. We are also becoming more resource efficient by using natural gas that was previously flared, to generate electricity on site, and by significantly reducing the amount of fresh water we use to drill wells.

We are committed to not merely trying to survive in the current oil price environment but rather to expand and thrive. Gran Tierra does not have to be the biggest operator in Colombia, but we want to be the best. Our talented team and our commitment to operating responsibly put us well along the path to that objective.

Sincerely,

**Gary Guidry**

*President and CEO*



## BUSINESS PRACTICES

At Gran Tierra, we are committed to maintaining high standards of integrity and ethical behavior. We pursue these values in all of our business practices, starting with our own corporate governance and extending them into our dealings with third parties: governments, suppliers, transportation providers, community members and landowners.



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## LOOKING BACK 2015

### Highlights

- Training 44 local suppliers in the area of human resources and talent management
- Adhering to EITI and disclosing our payments to the Colombian government for the publication of its first report

### Challenge

- Finding local suppliers that meet our technical, safety and other standards
- 

## GOVERNANCE AS A BASIC FOUNDATION

Gran Tierra views effective corporate governance as an essential element of responsibility. Our Board of Directors is comprised of eight directors, one of whom is Gary Guidry, GTE's President and CEO, who is thus not independent. The other seven directors are all independent within the meaning of the NYSE MKT listing standards at the time of publishing.

Our Board has five standing committees: an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, a Health, Safety and Environment Committee, and a Reserves Committee. The entire Board, not a separate committee, addresses corporate responsibility matters.

Some of the policies that support our management of corporate responsibility topics are: Corporate Social Responsibility Policy; Health, Safety and Environment Policy; Code of Business Conduct & Ethics; and Compliance with Foreign Corrupt Practices Act. All of these policies are available on our [website](#) in English; most have already been translated into Spanish and Portuguese as well. In 2015, the Board of Directors approved a new Health, Safety and Environment Policy that states our commitments in this important area.

Gran Tierra's approach to corporate responsibility reflects guidance set out in the Canadian government's publication: "Doing Business the Canadian Way: A Strategy to Advance Corporate Social Responsibility in Canada's Extractive Sector Abroad".

Our management team is responsible for assessing the risks facing Gran Tierra, while the Board provides an oversight role. At each quarterly Board meeting, management makes a presentation regarding higher-level risks, as well as related mitigating actions undertaken. Some risks are environmental or social in nature.

Our shareholders have a "say on pay" and approve, on an advisory basis, the compensation of Gran Tierra's executive officers. For other matters, shareholders are able to participate in our annual general meeting and vote on matters at hand in person or by proxy.

Gran Tierra views effective corporate governance as an essential element of responsibility.



## ETHICS

We work to conduct our business activities within strict ethical, professional and legal standards. Our Code of Business Conduct and Ethics (the Code) applies to all of our Board members, employees, contractors and executive officers; and is available on our [website](#).

The Code sets out our expectations for ethical behaviour. Given that we operate in areas with higher than average indices of corruption, according to Transparency International, we put considerable effort into training our employees to identify and prevent incidents of corruption.

We underwent numerous changes in 2015, including changes in the management team, Board of Directors and the announcement of our acquisition of Petroamerica Oil. These changes delayed our annual ethics training processes, most of which took place in the beginning of 2016.

We also provide more comprehensive training for our employees who deal directly with third parties (e.g., customs officers, government officials) and contractors. In Colombia, we provided in-person anti-corruption training to 117 employees and contractors in 2014, and 48 contractors in 2015. The most recent workshop also covered crisis prevention in situations of extortion or kidnapping.

In addition to our training efforts, we conduct strict due diligence of the companies we acquire or with which we joint venture. We use a third party (Reuters World Check) to assess risks and allegations related to our potential partners. We are also members of TRACE International, a non-profit business association that pools resources to provide members with anti-bribery compliance support.

Gran Tierra has a procedure through which complaints regarding accounting matters and the U.S. Foreign Corrupt Practices Act may be reported anonymously. This service is managed by a third party to enable bypassing a supervisor that an employee believes is engaged in prohibited conduct.

## Transparency in Payments to Governments

Joining the *Extractive Industries Transparency Initiative* (EITI) is a commitment to disclosure of government revenues related to resource extraction (mining, oil and gas). In 2014, Colombia was accepted as a 'candidate' country to the EITI. In December 2015, the country published its first EITI report.

Industry and government report separately. The government reports all of its revenue sources: income taxes, royalties, concessions. Individual companies report those same payments, which are then aggregated. A third party verifies and tries to match both sides of the equation, to identify and reduce incongruences. In the first Colombian report, the difference, after some iteration, was less than 1 percent.

**Companies publish what they pay and governments publish what they receive in EITI reports.**



Gran Tierra, as a contributor to government revenues, is committed to disclosing its contributions and signed an agreement to adhere to this initiative in October 2015. We disclosed our contributions, in terms of taxes and royalties, for the fiscal year 2013, and they are included in the Colombia EITI report.

Over the past two years we have made the following payments to the Colombian government:

	2014	2015
<b>Taxes</b> (\$ million)	216.7	62.5
<b>Royalties</b> (\$ million)	44.1	22.0

## GOVERNMENT RELATIONS

Local and national governments are key stakeholders for Gran Tierra. Our relationship with governments includes our direct economic contributions through taxes and royalties, input on the implications of proposed regulations and policies and partnering to overcome common challenges.

We believe in transparency in our relationships with governments. To this end, we have disclosed our tax and royalty payments to the Colombian government (see story on page 9). We legally participate in formal advocacy and engagement efforts with governments, but do not provide

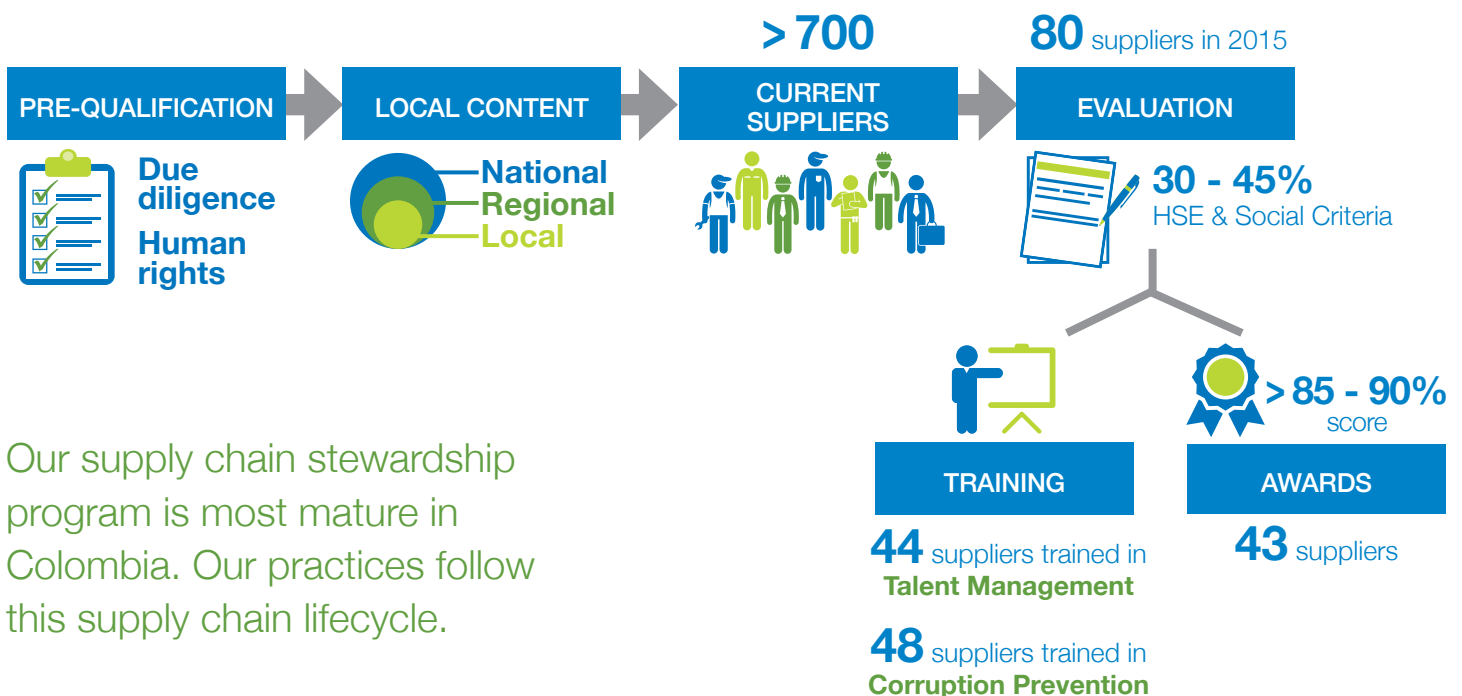
financial contributions to any political parties in Canada or in any of the countries where we operate.

Our stakeholder engagement strategy includes working with multiple stakeholders. Our regular stakeholder meetings usually include community members as well as local government representatives. In 2015, we worked alongside local governments in order to seek resolutions with ethnic communities (read more about how we create spaces for dialogue on page 35).

## ENGAGING SUPPLIERS

Contractors perform a large portion of our work in the field. In 2015, contractors performed 78 percent of our 5 million hours worked. We work to ensure that contractors follow all legal requirements as well as Gran Tierra's policies, while at the same time meeting technical and economic goals.

The size and complexity of our supply chain varies in each country. Our supply chain stewardship program is most mature in Colombia and our practices follow the supply chain lifecycle:



Our supply chain stewardship program is most mature in Colombia. Our practices follow this supply chain lifecycle.

## Pre-qualification/Screening Process

We manage our own supply chain but engage third parties for some screening of potential suppliers. For example, Reuters World Check reviews public information about potential suppliers regarding corruption and other illicit activities, and whether they are blacklisted by international agencies (e.g., banned by the US Department of Justice). Some of our most critical suppliers voluntarily participate in an additional financial and technical review by [ParServicios](#), an effort of the Colombian oil and gas sector to ensure consistent levels of quality of contractors and suppliers.

Human rights is another important part of pre-qualification. All of our new suppliers are screened using human rights criteria. In cases where our supplier provides or sub-contracts security services, or works with the public forces, our contracts include clauses specific to the Voluntary Principles on Security and Human Rights (read about the *Intersection between Human Rights and Security Practices* on page 36 for details).

## Focus on Local Content

We continue to use a spiral procurement strategy that focuses first on hiring local contractors and suppliers. Read more on page 30.

## Supplier Evaluation

Given time and resource constraints, we cannot evaluate every single supplier or contractor. We prioritize which suppliers to review based on two criteria: their impact on our ability to meet our strategy, and contract size. Suppliers who score high on both aspects undergo a detailed review. We reviewed 80 suppliers in 2015, representing about 10 percent of our total number of suppliers.

Our rigorous performance evaluation process combines technical, administrative, financial, health, safety and environment (HSE), and social criteria. HSE and social performance make up from 30 to 45 percent of any supplier evaluation score, depending on whether they are local, national or international suppliers. For national and international contractors, we assign more weight to HSE and social performance, since their technical abilities are relatively high. For local and regional contractors, we assign more weight to their technical abilities.

## Improving Supplier Qualifications

We believe in using the results of our supplier evaluations as a tool for continual improvement. Evaluations are designed as a constructive tool, instead of just a means to screen out suppliers. Our efforts are aimed at increasing the number of qualified contractors we can work with and at strengthening our supply chain, especially locally.

In 2014, based on the previous year's evaluation, we targeted training in safety. After 40 hours of training, 40 of our contractor companies (comprising 70 individuals) obtained certification on best practices from the Colombian Council of Safety.

In 2015, our contractors were struggling in the area of human resources and talent management. In late 2015, we arranged for 44 of our local suppliers to attend continuing

education classes at a post-secondary institution. At the end of the 16-week program (80 hours of training), they obtained a certificate in talent management.



The training provides technical and strategic tools to improve our suppliers' ability to manage human capital and to increase competitiveness and productivity in their companies. The training also enabled suppliers to become familiar with the applicable labor laws and best practices in human resources.

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## Supplier Recognition

We believe that motivating and recognizing our suppliers encourages improved performance. Local suppliers that score higher than 85 percent in our scoring system, and national suppliers that score higher than 90 percent receive a certificate of recognition. In 2015, the president of our Colombian business unit hosted and recognized 43 of our suppliers at a ceremony called *Key Partner Gran Tierra: the best partners make the best operations*.

## Supplier Training and Development

We provide training for suppliers and contractors. Based on evaluation of performance in the preceding year, we target training to the weakest area. In 2015:

- 44 of our local suppliers achieved a certificate in human resources and talent management after 80 hours of training. To read more, see story on page 11.
- 48 of our suppliers participated in a 4-hour training program on corruption prevention and crisis management related to kidnapping and extortion.

## TRANSPORT

The oil we produce, as well as materials, equipment and personnel, is transported via different modes depending on the accessibility of the operating area. In Colombia, our oil is transported using pipelines or trucks. Personnel are transported using automobiles and small planes or helicopters. In Brazil, oil and personnel are transported using roads.

Third parties transport the majority of the oil we produce; however, in some cases we maintain responsibility for the oil until it is delivered to the port. We work closely with our transportation providers to improve their transportation safety practices.

Due to regular outages on third-party pipelines, we regularly truck significant volumes of oil. These trucks travel distances from 40 to 1,500 kilometres. To safeguard the public along transport corridors, we continue to conduct: driver training, truck check-ups, alcohol level testing, driving in convoys, and route monitoring.

In addition to reliability and safety concerns, all product transportation methods present risks to the environment. The most significant risk is spills to soil or water. We have developed emergency response plans specific to each jurisdiction and method of transport, and have arranged private response services beyond those available from governments. One of our ongoing challenges in Colombia is preventing spills due to sabotage of trucks. We foresee this situation improving with the anticipated peace deal.



## LOOKING FORWARD

In 2016, as we evaluate the possibility of entering new areas of operation, we plan to work with potential suppliers in the area of Puerto Asís. Developing suppliers before we need their services is a key strategy in strengthening our supply chain and providing valuable opportunities for local businesses.

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## ENVIRONMENTAL STEWARDSHIP

We endeavor to maintain high environmental standards and minimize our impact on the environment by promoting a culture of environmental stewardship as a priority, respecting and supporting natural resource conservation in our operating areas and monitoring and reporting on our environmental performance.



## LOOKING BACK 2015

### Highlights

- Gas and condensate recovery project in two fields to reduce flaring
- Substantially improved water re-use during drilling activities

### Challenges

- Approval by the local authority of land purchases to meet land compensation requirements
- Ensuring that hazardous waste management by third parties meets Gran Tierra's standards

## ENVIRONMENTAL MANAGEMENT

In 2015, we updated our Health, Safety and Environment Policy and developed a large portion of our company-wide Environmental Management Plan, which we will adopt formally in 2016. The policy states our commitments, and the plan lays out how we will improve our environmental management. The plan addresses training, auditing, documentation, procedures and goal setting. Business units will work toward the plan requirements.

In writing the plan, we considered the highly respected guidelines set out by the International Finance Corporation in its *Environmental and Social Performance Standards*. The eight standards provide guidance on how to identify, mitigate and manage risks and impacts to ensure business is conducted in a sustainable manner.

In 2015, we contracted environmental professionals with global experience to conduct an independent review of our operations and environmental practices. They told us where we perform well and where we need to improve. We will implement improvements during 2016 and beyond.



*Our Environmental Management Plan addresses training, auditing, documentation, procedures and goal setting.*

In 2015, we contracted environmental professionals with global experience to conduct an independent review of our operations and environmental practices.

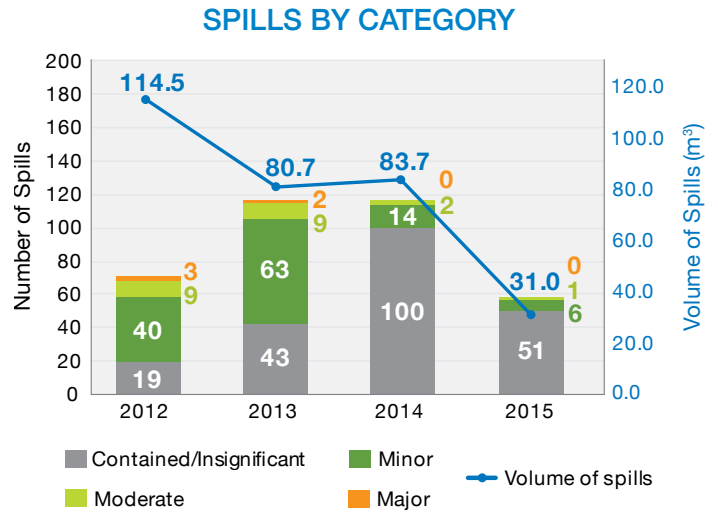
## SPILLS

We have systems and procedures in place to prevent spills during oil production, in storage areas, and during transportation. Although our priority is to prevent spills in the first place, when spills happen, all of our operations have contingency plans that are specific to the regional context (e.g., near waterways, trucking oil).

In 2015 we saw a significant reduction in the number and volume of spills. We had a significant reduction in exploratory and drilling activities, which are more prone to spills than regular operations. At the same time, our operations in Colombia are more stable and mature, and our spills prevention procedures solidified. For 2016, we will measure spill ratio to provide additional understanding of this important issue.

Cleaning up spills creates hazardous waste. Disposing of spill waste responsibly is a critical issue. Although the disposal of this waste is outside of our direct control, we have a “cradle-to-grave” mentality. One of our challenges has been to find hazardous waste management providers who meet all of our technical and environmental requirements. In the next year, we are committed to working with waste management providers to help them improve, and we will begin inspecting their facilities.

In 2015 we saw a significant reduction in the number and volume of spills.



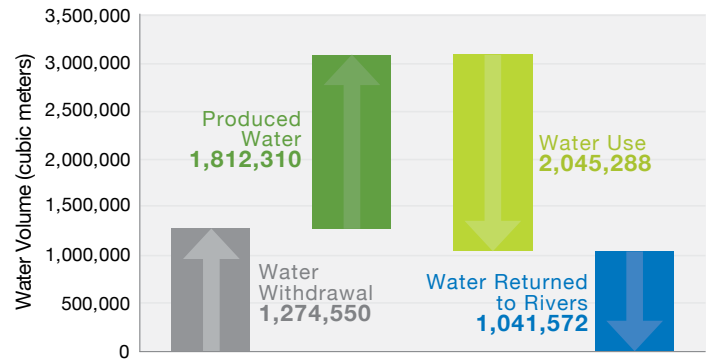
Since 2012, we have significantly reduced the number of minor, moderate and major spills as well as the total volume of crude spilled. In 2015, we had zero major spills and one moderate spill. The moderate spill was domestic wastewater from a worker camp. It was classified as moderate because it reached a creek. Our spill statistics include all spills related to operations, whether they are reportable to the authorities or not, but exclude spills as a result of illegal activities, such as theft.

## WATER MANAGEMENT

Gran Tierra strives to manage water use and disposal responsibly. Although Colombian regulations allow us to withdraw water from rivers and creeks, we try to reduce our water withdrawal whenever possible. In terms of water disposal, we dispose of three types: water associated with oil production (produced water), water used in pressure testing and production (drilling, cleaning, and cooling), and domestic water from workers camps.

The main waterways we affect through water withdrawal or disposal in Colombia are the Costayaco Creek and the Tabaco Creek. We understand the importance of maintaining vegetation in river basins to reduce soil erosion and protect water quality. To protect and improve Costayaco Creek, in 2015 we reforested 12 hectares along its headwaters.

### WATER BALANCE 2015



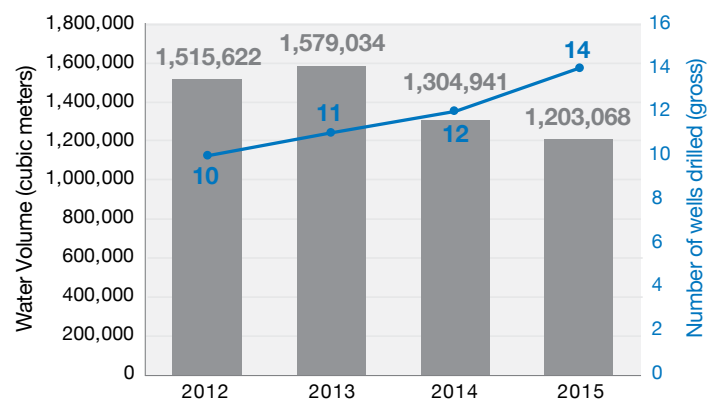
Most of our water use is for injection into active wells. We seek to maximize the re-use of produced water for re-injection. Most of the water we withdraw from rivers and creeks is returned to the same rivers after being treated. Note that these graphics show only our industrial water use. Comparatively speaking, we estimate that domestic water use (e.g., in work camps) is a minor amount.

### Reducing Water Used for Drilling

In 2015 we improved our water re-use program to reduce the amount of water we withdraw and dispose. Through this program, which primarily focuses on water-intensive drilling, we treat and reuse water to prepare drilling mud, which reduces the average amount of fresh water needed to drill a well by 60 percent. Although drilling is mostly managed by contractors, we include the water they use at our operations in our water statistics.



### WATER WITHDRAWAL (COLOMBIA)



We are working to reduce the absolute amount of water we withdraw from freshwater sources (rivers and creeks) as we increase the numbers of wells drilled.



## REGULATORY COMPLIANCE

Our activities are subject to numerous stringent, regional and federal environmental regulations in Colombia, Peru and Brazil. Such regulations relate to environmental impact studies, permissible levels of air and water emissions, hazardous waste control, construction of facilities, recycling requirements, and reclamation standards, among others.

Our goal is to always comply with all regulations. The authorities in the countries where we operate conduct routine inspections, and their findings help us improve our operations. The table below summarizes our standing in terms of compliance:

Compliance Reporting	2012	2013	2014	2015
Number of inspections by authorities	3	6	19	17
Number of findings or non-compliances	4	14	79	310
Number of findings resulting in fines or non-monetary sanctions	0	1	2	2

*The sharp increase in the number of findings in 2015 is related to the type of inspections performed. In 2014, the local authority conducted the majority of inspections. In 2015, the national authority conducted the majority of inspections. The national authority assesses performance against almost five times as many obligations as does the local authority.*

*In 2015 we had two non-compliances that resulted in a fine or sanction. In Peru, we received an administrative action (but no fine) associated with overdue monitoring related to well abandonment activities. We undertook corrective action and await a decision from the regulator. In Brazil, we incurred a monetary fine and suspension of operations due to multiple findings related to management systems documentation. We resolved all the findings and have resumed operations.*

## AIR EMISSIONS AND LOCAL AIR QUALITY

The oil and gas industry generates air emissions with local and global impact. At this point we do not have systems in place to quantify air emissions but we are nonetheless committed to reducing them. Before 2015, we flared all of the natural gas associated with our oil production. In 2015, we started two projects in our Colombian operations to reduce the amount of gas we flare, which in turn reduces greenhouse gas (GHG) emissions and other air emissions

that affect local air quality (see the story on the next page for details).

We are currently working with an environmental consulting firm to establish an estimated baseline of GHG emissions and a methodology to measure on an annual basis going forward.

## Turning Flare Gas into Electricity

In the past two years, we launched two natural gas and condensate recovery projects—one in our Moqueta field, which started operating in 2014, and the other in our Costayaco field, which is still in the initial testing stages.

Although the associated gas that is produced as we extract oil in these two fields is different, the objectives for both projects are similar. First, we recover some liquids (i.e., condensate) from the gas. Then, the resulting lighter gas, which was previously flared in its entirety, is used to produce electricity on site. Some gas is still flared but since much of the heavier liquids have been removed, combustion is cleaner and generates fewer emissions.

These projects have several benefits for the environment and Gran Tierra:

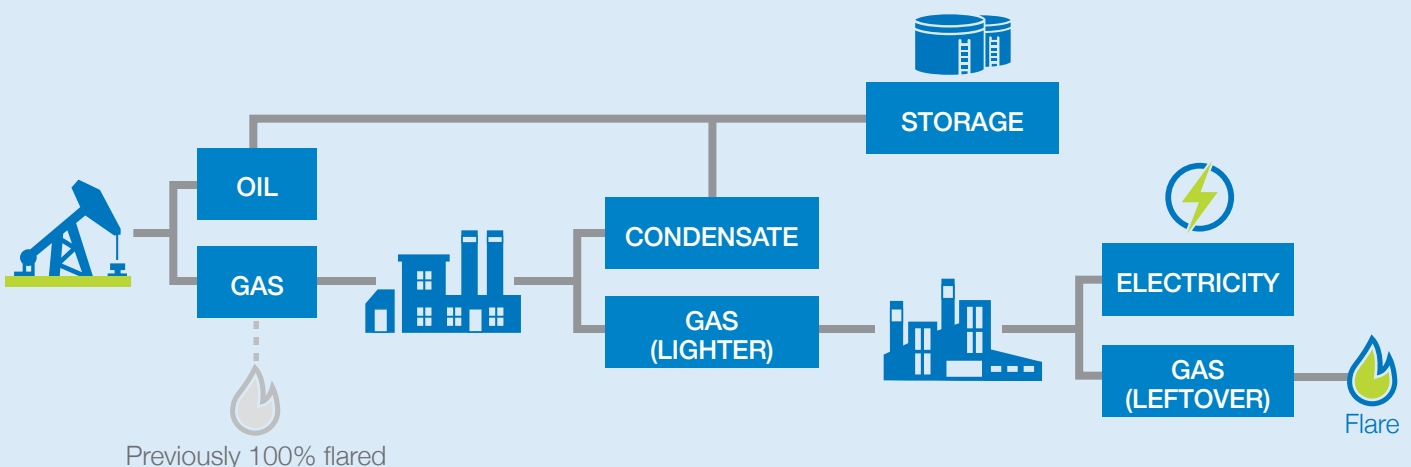
- Flaring is reduced, as are GHG and other emissions;
- We recover a product (liquids/condensate) that has economic value;
- Electricity generated on-site reduces the load on Colombia's hydroelectric system already strained by drought; and
- Emissions are further reduced by improving the quality of the remaining gas that still needs flaring.



Moqueta



Costayaco



## Costayaco Forestry Centre: An Update

As part of our strategy to meet Colombian regulations for land compensation, we have planted more than 152,000 trees, which is equivalent to 145.5 reforested hectares. Throughout the entire Putumayo region, we have 290 hectares of conservation area. A special conservation area is the Costayaco Forestry Centre. Inside the centre, we are reviving a tree nursery, so that the Colombian Agriculture Institute can certify it. Our current tree production ability is 18,000 trees in five months. With the planned improvements to the nursery, we expect to increase that to 25,000 trees. We are currently in the initial stages of the project.



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## BIODIVERSITY AND LAND MANAGEMENT

We operate in areas rich in biodiversity and with stringent environmental regulations. In Colombia, we abide by two special regulations. First, for every project that requires an environmental license and requires water withdrawal from rivers or creeks, we must invest (an amount equivalent to 1 percent of the capital investment required to lease or purchase the land, build infrastructure and lease rigs) into the monitoring, preservation and recovery of the affected watershed. Second, for projects that require a change in land use (e.g., from agricultural land to oil and gas development), we must environmentally compensate for the loss. According to government guidelines, this compensation can take different forms, but often includes the purchase and reforestation of land.

The area where land compensation will take place is determined in conjunction with local authorities, and the land purchased has to be approved by a local government agency. One of our challenges in 2015 was obtaining approvals from these entities for the land purchases necessary to meet our land compensation obligations.

In 2015, we maintained (e.g., pruned, watered, replaced unhealthy seedlings) a total of 123 hectares of planted forest, throughout the Putumayo region. Because of the large amount of forest we maintain, we also help create permanent employment positions. During 2015, our forest management program employed eight skilled staff (e.g., engineers, forestry technicians) and 69 laborers.

Although we contribute to biodiversity conservation in the region, we believe that if we work with other players in the industry and region, we could multiply our impact. We are collaborating with the national business association (ANDI) and several environmental governmental and non-governmental agencies. The idea behind the partnership is to pool the 1 percent investments from many different companies and manage it centrally. This investment could then be directed toward projects that reflect regional and not just local priorities.

In 2015, we maintained a total of 123 hectares of planted forest throughout the Putumayo region.



### LOOKING FORWARD

To continually improve our environmental performance, we plan to:

- formally adopt a company-wide environmental management plan in 2016;
  - put in a place a procedure to inspect the disposal/treatment sites of third-party waste management providers; and
  - set up a baseline measurement of our greenhouse gas emissions.
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## SAFETY AND WORKPLACE

Gran Tierra believes that oil and gas developments can and must be undertaken in a manner that is safe for our employees, our contractors and our neighbors. Gran Tierra has a simple objective with regard to safety: we want to ensure that no one gets hurt as a consequence of our operations. To achieve that goal we will systematically assess risks and take actions to eliminate or reduce areas of safety concern.



## LOOKING BACK 2015

### Highlight

- Starting the safety campaign “What could happen to you?” to increase safety awareness

### Challenge

- Maintaining our safety standards and culture with a large number of temporary workers

## EMPLOYEE AND CONTRACTOR SAFETY

Our philosophy is that safe operations are not the sole responsibility of the health and safety (H&S) experts but a shared responsibility among management, employees, contractors and visitors. We also believe that the more we integrate safety into our everyday thinking and actions, the better we are able to prevent incidents. Our focus for the past years has been integrating safety into our working behavior and becoming proactive in regards to safety matters.

In 2015, to further encourage proactive thinking, we launched a safety initiative called *What could happen to you?* (see story below). This year we also started ‘safety stops’. Our goal with safety stops is to empower employees and contractors, who are not H&S experts, to stop operations if they are concerned about their safety, or the safety of others, company assets, the environment or the neighboring communities. We recorded 816 safety stops in

2015, most of which did not exceed 15 minutes, but were successful in bringing everybody’s attention to the possibility of a safety hazard.

One of our challenges in 2015 was maintaining our safety standards in light of the recently approved local contracting law in Colombia. We have always focused on contracting local community members, especially for construction stages of our projects. However, this year we had to increase the proportion of local contract workers during more technical stages of our operations, like drilling and completion. This situation highlighted the need for increased safety training and awareness since some of these contract workers have never been exposed to industrial safety practices. We remain committed to the highest safety standards for our employees and contractors and continue to work on overcoming this challenge.

### What Could Happen to You?

In 2015, we started a safety initiative called *What could happen to you?* The intent of this initiative is that every employee and contractor ask themselves what could happen during the activity they are about to perform. Our goal is that each person working in the field develops a habit of identifying risks before starting work. This initiative goes beyond safety observations and requires workers to not just observe *what is* but to anticipate different situations of *what could* happen.

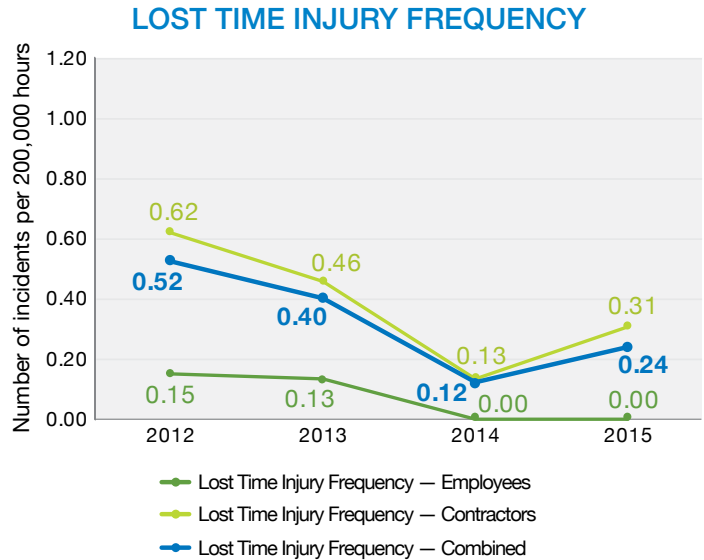
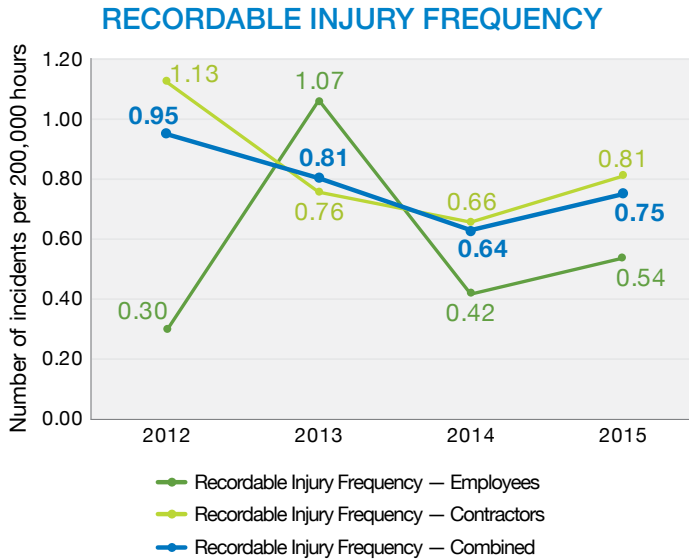
We held on-site workshops for a total of 300 employees and contractors that included *what if* scenarios and role playing to make the situations as real as possible. Role

playing helped us engage our employees and especially our new local contractors into thinking about safety. We anticipate seeing the impact of this program in our safety statistics for 2016.



The injury data we collect is a key tool for continual improvement. Based on 2014 data on safety incidents, we identified the need to address working at heights.

In 2015, we provided targeted training to 34 employees. This intensive week-long training spanned 40 hours.



Our employees did not experience any lost-time injuries for the past two years. However, our employee recordable injury frequency and contractor injury frequencies increased in 2015. We experienced many changes in 2015 that affected our employees' and contractors' ability to fully focus on safety, including: stopping and starting operations, reducing full-time H&S staff, and changes in management.

## PUBLIC SAFETY AND EMERGENCY PREPAREDNESS

Our focus on safety inspections and emergency response simulations helps to ensure public safety. On our sites, we perform three types of inspections. The first line of defense is our operational inspection, which H&S personnel working in that specific operation carry out. The second level is the cross-field inspection, performed by H&S personnel from other fields, since we believe they can look at the operation objectively. And finally, safety managers conduct managerial inspections once a month for nine months a year. Managerial inspections are more structured and focused on procedures in place. In 2015, we conducted more than 1,800 inspections, with operational inspections comprising

the great majority. Details can be found in the Performance Table on page 38.

We also conducted 74 emergency simulations company-wide in 2015. Emergency simulation exercises include medical emergencies, injuries, fires, earthquakes, water rescues, lost persons, and evacuations. Most of the simulations are in-person exercises. Community members sometimes participate in emergency response exercises and we ensure they have the proper information and instructions to remain safe during the course of the exercise.

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## WORKPLACE PRACTICES

2015 was a year of transition for us at Gran Tierra. We have a new management team and Board of Directors. We began to focus our operations heavily in Colombia and put more emphasis on reducing costs. At the end of 2015, we also announced the acquisition of Petroamerica Oil.

All of these changes had an impact on our staff, workplace culture and morale. To establish a strong foundation for communication, we held town halls in every business unit during November and December. These meetings served as an opportunity to gather employee input and to inform them about changes to the budget, training and incentives.

Over the years, we have had a stable workforce with a high retention rate, but in 2015 we pursued numerous reductions to capital expenditures and operating costs, including reducing full-time staffing levels in Peru and Brazil to match operational requirements in those business units. Gran Tierra offered severance packages that met or exceeded legal requirements to employees who were let go. Workplace statistics are provided in the Performance Summary on page 38.

We comply and exceed the required minimum wage levels in all the countries where we operate. In fact, our lowest paid employees in Colombia receive 2.9 times the applicable minimum wage. We benchmark our peers annually to ensure that our salaries and benefits are competitive.

In 2015 we made changes to our compensation structure. Our total compensation package consists of a base salary, benefits and incentive programs. Our benefits programs include health care and other forms of financial or non-financial compensation. In 2015, we restructured our long-



term incentive plan to now offer a mix of stock options and performance share units, which take three years to vest. This structure encourages our employees to share our longer-term philosophy.

We contribute to our employees' professional development through ongoing training specific to competency requirements. In 2015, similar to other cost-cutting measures, we reduced our overall training budget. We plan to return to earlier funding levels in 2016.

Gran Tierra's strategy involves expanding our business, through organic growth or acquisition. Growth brings its own challenges when it comes to ensuring a productive and engaged workforce. We plan to continue strengthening our human resource systems, hiring talent and retaining valued employees, who can help us manage and benefit from this growth.



## LOOKING FORWARD

To improve our safety performance, we will offer safety training specific to high-risk work. This training will include modules on working at heights, working in confined spaces and other high-risk situations. These modules will follow our findings from incident root cause analysis. We also plan to re-launch our safety observations program (Atento).

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## COMMUNITY AND ECONOMY

Gran Tierra is committed to the efficient and responsible development of oil and gas resources to the mutual benefit of the people of the countries where we operate and our employees and investors.



## LOOKING BACK 2015

### Highlight

- Fostering local development and self-reliance through skills development projects

### Challenge

- Meeting expectations for local hiring and purchasing amidst low oil prices

## STAKEHOLDER ENGAGEMENT

We believe in proactive two-way communication about our operations and activities with our stakeholders: local community members, authorities, governments, shareholders, employees, contractors and peers.

Our approach to stakeholder engagement follows three principles: trust, participation and traceability. First of all, we work to build trust. At the outset of projects, we focus on engaging communities early so they become part of the project. Second, we conduct processes that involve stakeholder participation. In early project stages, we identify risks and opportunities with input from the community. During project development, we structure relationships to be less transactional and more mutual. We also focus on early detection of concerns so we can resolve issues before they can negatively impact stakeholders. And finally, our processes are traceable. We have a stakeholder engagement policy that guides and standardizes our efforts and a stakeholder management system where we record our interactions.

In most cases, our stakeholder engagement efforts have enabled timely approval of our activities. Two exploration projects were suspended in 2014, and continue to be suspended, due to disagreements involving ethnic groups



who are concerned about government recognition of prior consultation rights (read more about our relationships with ethnic groups on page 34). We also experienced four incidents that briefly suspended operations during 2015, but each was resolved in less than 24 hours.

The table on the following page describes stakeholder concerns and how we respond.

Our approach to stakeholder engagement follows three principles: trust, participation and traceability.

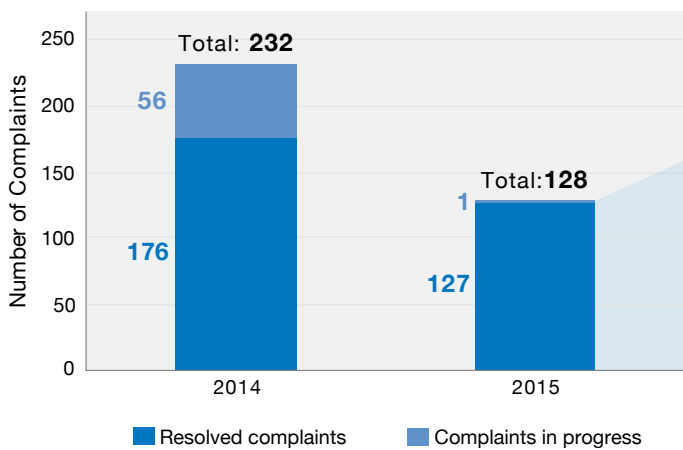
Stakeholder Group	Topics of Interest/Concern	How We Respond
<b>Communities</b>	Local hiring	<ul style="list-style-type: none"> <li>Publish job offers for each project; use the appropriate labor agency; hire skilled local workers</li> <li>Hire unskilled workers through community organizations in a transparent fashion</li> </ul>
	Environmental protection	<ul style="list-style-type: none"> <li>Engage communities in the development of environmental impact assessments; open meetings; compliance with environmental laws</li> <li>Participate in forums with environmental experts</li> <li>Enlist community participation in following up on our environmental management</li> </ul>
	Social investment	<ul style="list-style-type: none"> <li>Prioritize needs and projects for the communities where we work</li> <li>Foster local development, outside the oil industry and beyond donations, through education projects</li> </ul>
	Government reinvesting royalties from oil and gas development	<ul style="list-style-type: none"> <li>Provide frequent reports and explanations on our financial interactions with the national government</li> <li>Participate in multi-stakeholder meetings</li> <li>Partner with government organizations for co-financing</li> </ul>
<b>Local Government and Institutions</b>	Capital projects	<ul style="list-style-type: none"> <li>Communicate project development details</li> </ul>
	Social investment/Co-financing of social projects	<ul style="list-style-type: none"> <li>Meet to develop social investment or co-financing agreements.</li> <li>Set conditions for our investment, (i.e., linked to meeting the development plan)</li> </ul>
	Local hiring and procurement	<ul style="list-style-type: none"> <li>Hold follow-up meetings to inform local hiring and procurement processes</li> <li>Use appropriate government agencies to hire unskilled positions</li> </ul>
	Public order	<ul style="list-style-type: none"> <li>Use social dialogue meetings as a channel for peaceful dispute resolution</li> <li>Partner with government to avoid situations that might alter public order</li> </ul>
<b>Contractors and Suppliers</b>	Local procurement of goods and services	<ul style="list-style-type: none"> <li>Follow a spiral procurement strategy (first priority to local suppliers, then regional, then national and finally international)</li> </ul>
	Compliance with labor laws and environmental regulations	<ul style="list-style-type: none"> <li>Train suppliers (human resources and talent management in 2015)</li> <li>State in an appendix to our contracts that the agreement is based on shared value and local content to ensure proper management of social and labor issues</li> <li>EMP for every project / Orientation in HSE topics</li> </ul>
<b>Shareholders</b>	Production cost and profitability	<ul style="list-style-type: none"> <li>Hold quarterly calls to explain financial statements, costs and profitability</li> </ul>
	New capital project execution	<ul style="list-style-type: none"> <li>Form active committees for budget and new project approval</li> </ul>
<b>Employees</b>	Corporate targets Employee training and development Organizational change	<ul style="list-style-type: none"> <li>Use intranet to keep employees updated</li> <li>Send corporate emails to inform of changes or opportunities</li> <li>Hold frequent meetings by team/unit</li> </ul>
<b>Industry Peers</b>	Labor, social and HSE practices	<ul style="list-style-type: none"> <li>Participate in regional industry associations meetings and committees</li> <li>Share social, environmental and safety programs and practices</li> </ul>
<b>Media</b>	Details about our operations	<ul style="list-style-type: none"> <li>Conduct tours of our facilities for news reporters and other stakeholders so they can see first-hand how we operate</li> </ul>
	Our labor, social and environmental performance	<ul style="list-style-type: none"> <li>Communicate performance details through the visits, our magazine, radio program and this report</li> </ul>

## Formal Grievance Mechanism

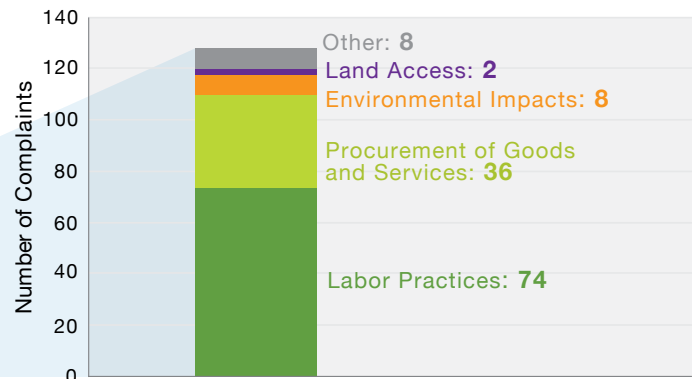
Our formal grievance mechanism continues to be one of our most effective tools for addressing community members' concerns. The process allows us to record and resolve complaints in a systematic and timely manner. Most of the

complaints we receive are related to local procurement and the labor practices of our contractors. The targeted timeframe for us to receive and resolve complaints is 15 days.

### TOTAL COMPLAINTS



### 2015 COMPLAINTS BY TYPE



In 2015, we resolved all but one of the complaints that were presented during the year. The reduction in the number of complaints is related to a reduction in exploratory activities, which generate more interactions and complaints than ongoing operations.

## IMPACT ON THE ECONOMY

Oil and gas development can have a positive impact on local economic development. We contribute to local economies by creating employment, both permanent and temporary, enabling the growth of small companies that become our

suppliers and contractors, and paying taxes and royalties to governments.

Gran Tierra's economic impact in 2015 is shown below.



**PAYMENTS TO SUPPLIERS AND OTHER THIRD PARTIES**

**\$381.7 million**

Services, Goods, Transportation



**PAYMENTS TO GOVERNMENTS**

**\$102.3 million**

Taxes, Royalties



**PAYMENTS TO EMPLOYEES**

**\$36.4 million**

Salaries, Benefits



**SOCIAL INVESTMENT IN COMMUNITIES**

**\$3.5 million**

Donations

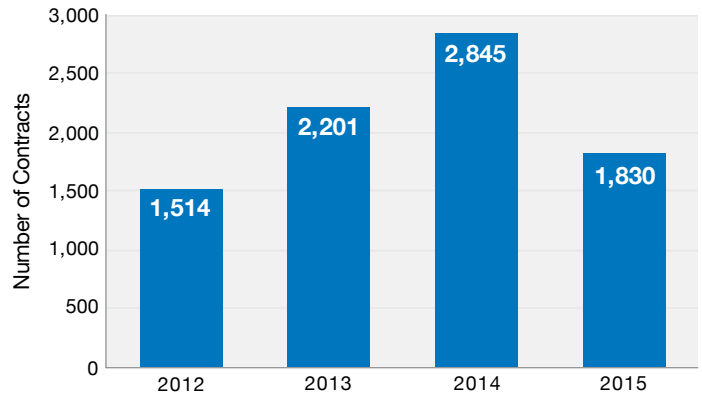
## Local Temporary Employment

Our full-time workforce is in charge of overseeing our operations. However, some labor-intensive aspects of our projects, like seismic, drilling and construction, require that we hire temporary workers.

These workers are hired from the specific communities where development is occurring and for a specific period of time (the average contract length is 28 days). Despite the temporary nature of these positions, these jobs provide work and valuable learning opportunities for local people.

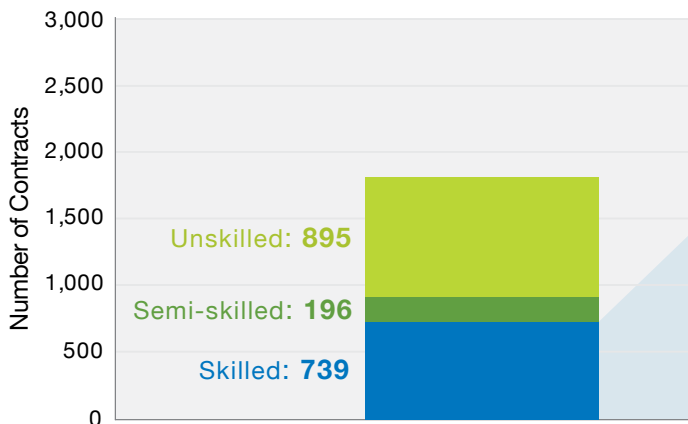
A Colombian law approved in 2014 obligates us to hire 100 percent of the unskilled labor and 30 percent of the skilled labor from the areas of operation, if available. We have taken this approach for many years. In 2015 we surpassed the requirements and hired 78 percent of the skilled labor from the communities where we operate. This, however, brings its own challenges, especially when it comes to maintaining safety standards (read more on page 22).

## TEMPORARY EMPLOYMENT, COLOMBIA

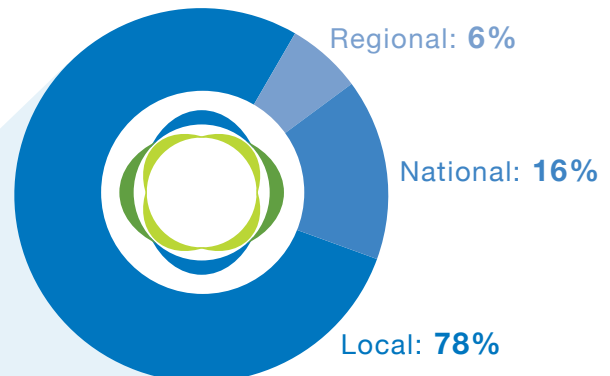


*Low oil prices have translated into fewer projects and therefore fewer opportunities for temporary employment. The increase seen in 2013 and 2014 was due to increased drilling and exploratory activities. Note that these statistics include the number of contracts and not headcount. If the same person works twice in the year, it is counted twice.*

## COLOMBIA 2015, BY SKILL LEVEL



## COLOMBIA 2015, ORIGIN OF SKILLED LABOR



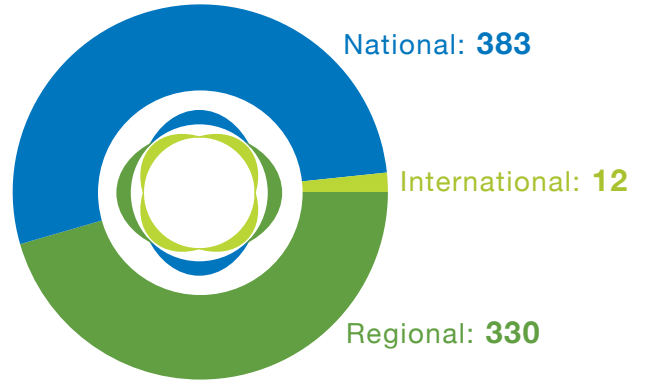
## Local Procurement

Our procurement team follows a 'spiral procurement' strategy. We give first priority to local suppliers then regional, then national, and finally international.

Since 2014, our contracts in Colombia and Peru with third-party service-providers include guidelines on local hiring for skilled and unskilled labor, as well as sub-contracting of local services. Despite low prices and reduced operations overall, we continue to focus on local procurement.

Read more about our supplier development program on pages 10 to 12.

## SUPPLIERS BY TYPE



*We focus on working with local suppliers and contractors but at times it is difficult to find the skills or services we require in the regions where we work. The numbers include individuals and companies for Colombia and Peru.*

## Promoting Skills Development in the Region

We believe that skills enhancement is a crucial element of local economic development. In 2014, we started a partnership with SENA (the regional office of the Colombian Institute for Learning) to provide training in areas such as: topography, agriculture, carpentry, craftsmanship, gastronomy, welding, environment, health and safety.

SENA provides training for small groups of 25-40 people to help them become more self-reliant. Gran Tierra signed an agreement to provide in-kind contributions for this initiative. Our contributions include construction materials for the betterment of one of their locations, salaries for some of the instructors, and teaching materials.



## SOCIAL INVESTMENT

We strengthen communities and build relationships by contributing to social projects. We seek to invest in projects that reflect the needs of our host and neighbouring communities. The majority of our investment goes towards improvements in infrastructure and education. Our investment in education goes mainly to scholarships for outstanding students in the region who cannot afford tuition, to complete their post-secondary education. Our objective is to build capacity in the area, but also to increase the number of available skilled people in the regions where we operate.

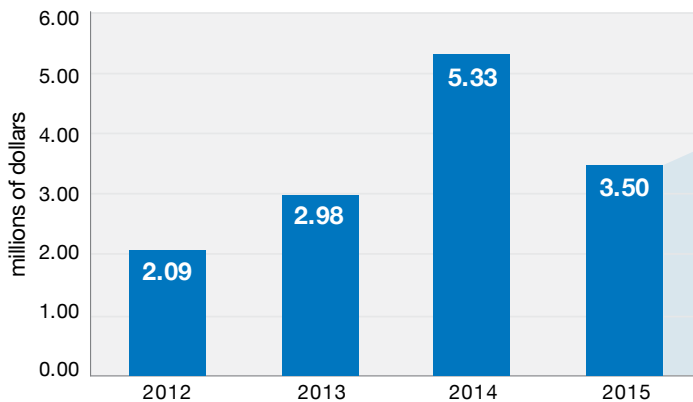
In Brazil, Gran Tierra supports Lobinhos da Nossa Terra (Cub Scouts of our Land). The program uses enriching activities and to develop integrity, respect, care, friendship and collaboration in youth.

To reinforce our long-term commitment with communities, we are starting to focus on multi-year projects instead of one-off contributions (see story on page 32).

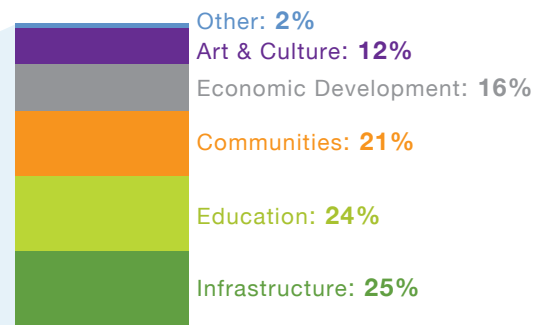


Gran Tierra provides scholarships to post-secondary students in Colombia.

### SOCIAL INVESTMENT



### 2015 SOCIAL INVESTMENT



Our decrease in social investment reflects low oil prices. The majority of our investment goes towards infrastructure projects and education.

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## Fostering Local Development

Part of Gran Tierra's strategy for local development includes funding projects that improve the quality of life of community members and create jobs developing the region's resources beyond oil and gas (e.g., agriculture and animal breeding). Before oil and gas development, the main source of income for many inhabitants of the Putumayo region was illegal coca plantations. Legal agriculture has the potential to improve livelihoods respectfully.

In 2015, we signed an agreement with SOCODEVI, a Canadian NGO, to fund a rural development project for the next four years. The goal of the partnership is to promote sustainable economic growth and strengthen the competitiveness of farmer cooperatives in rural areas of Colombia.

The project focuses on farms that combine crop, livestock production and forestry. It includes components to cover technical, environmental, commercial, business and gender equality aspects. Although the project has a strong focus on training, it also includes financing to set up cooperatives, investment in individual farms and technical support.

The project has a 5-year timeline and plans to benefit 6,000 agricultural producers in 23 Colombian municipalities. In the area where Gran Tierra operates (Villagarzon and Mocoa), the project will focus on cocoa farmers and cattle breeding. In these two municipalities, the project plans to benefit 115 cocoa farmers, members of the Association of Cocoa Producers, and 80 animal breeders, members of the Rancher Association of Villagarzon.

The specific objectives of the project are to:

- strengthen the productive and entrepreneurial abilities of agricultural producers;
- set up and consolidate 25 farmer cooperatives;
- increase the income of supported families by 30 percent;
- integrate women into the local formal economy;
- support municipalities to develop plans to provide technical assistance for agricultural producers; and
- establish sustainable agricultural systems that result in improved livelihoods of supported families.

Our contribution is approximately \$800,000 over the next four years and SOCODEVI will match our funds. The Canadian government, through Global Affairs Canada, and other resource extraction companies in Colombia will finance the remainder of the budget.



## LOOKING FORWARD

For the past 40 years the Colombian government has been engaged in armed conflict with two main guerrilla groups: the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN). The Colombian government has undertaken peace talks with FARC since 2012. In light of a possible peace treaty, Gran Tierra intends to be a constructive stakeholder and play a supportive role to the government in these efforts. We are part of an industry that can provide opportunities and increase national productivity, as well as create lasting relationships with communities subjected to this long conflict.

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## HUMAN RIGHTS

As an international company, we are aware of our role and responsibility in respecting and protecting human rights. We respect the legal rights of ethnic groups to their traditional ways and to their land. And we commit to adhering to the Voluntary Principles on Security and Human Rights in our dealings with public forces and private security providers.



## LOOKING BACK 2015

### Highlight

- Opening ‘spaces for dialogue’ with ethnic communities and other local stakeholders

### Challenge

- Suspended exploration project due to ethnic groups’ legal actions demanding prior consultation

## OUR RELATIONSHIP WITH ETHNIC GROUPS

Colombia recognizes the rights of ethnic groups to prior consultation on development projects or administrative decisions when they affect their cultural or economic livelihoods. These rights are granted to the three recognized ethnic minority groups: Indigenous, Afro-Colombian and Roma. Gran Tierra approaches all projects with respect for ethnic communities. In our areas of influence, we have established dialogue with six of the 14 Indigenous groups in the Putumayo area (Pueblos Inga, Embera, Awa, Nasa, Murui and Pastos) and with 28 Afro-Colombian groups in both the Putumayo and the Cauca area.

The Colombian legal framework requires prior consultation and agreement negotiations with these communities. Government agencies determine which communities we need to consult. The agreements often require environmental studies with community participation and a declaration of agreement or disagreement regarding impact assessments and protection measures. This process is required for the initial phase of projects and only when ethnic communities are affected. The table at right summarizes the status of our 38 ongoing consultation processes.

Although we try to accommodate the rights of ethnic groups, in 2015 we faced two legal actions in which two ethnic groups (the Nasa and the Inga) claimed they were not consulted. These actions resulted in suspension of a seismic project and an exploratory drilling project. The Constitutional Court of Colombia is reviewing both of these actions. Our role in this process has involved promptly following up on requirements set by the court, preparing reports when needed, accompanying government officials during area visits, and monitoring court hearings. The court decision will guide our next actions.

Stage of the Process	Number of Processes
Pre-consultation	4
No Attendance / In Review	5
Impact Assessment / Mitigation Strategies Development	2
Formalized – In Agreement	11
Formalized – Disagreement	9
Formalized – Meeting Commitments	7
<b>Total Number of Processes</b>	<b>38</b>

*Any “Formalized” process means that community participation occurred and that all formal steps of the consultation process were followed. Some formalized processes may end up in disagreement, usually about economic benefits, following consultation. When communities do not participate in the consultation process after several attempts, the Colombian government might decide on impacts and appropriate mitigation strategies. We have five processes in such a state but a decision has not been made for any of those projects.*

Colombia recognizes the rights of ethnic groups to prior consultation on development projects or administrative decisions when they affect their cultural or economic livelihoods.

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## THE INTERSECTION OF HUMAN RIGHTS AND SECURITY PRACTICES

We want to ensure that our employees, contractors and assets are safe, while at the same time ensuring that our security service providers and operations respect human rights.

### Voluntary Principles on Security and Human Rights

We are committed to implementing the Voluntary Principles on Security and Human Rights. These principles promote the implementation of a set of guidelines for extractive industry companies on providing security for operations in a manner that respects human rights.

Our Colombian business unit has started this process by:

- Launching our Human Rights Policy in 2013;
- Identifying our stakeholders and assessing our risks related to human rights;
- Providing human rights training to 118 employees in 2014, including case studies to apply principles in real-life situations; and
- Requiring our security providers, through contract language, to respect human rights and deliver regular human rights training to their employees.

Our next step is to include a human rights addendum in our contracts with the other contractors in our supply chain.

Our formal grievance mechanism (see more on page 28) provides a means for stakeholders to communicate their concerns, including allegations in the area of human rights.

### Spaces for Dialogue

Beyond our duty to consult, we started a proactive engagement program with ethnic communities in 2015. The program's purpose is to provide formal engagement guidelines, and to create spaces for dialogue.

The program is based on international guidelines for engagement with indigenous communities and goes beyond prior consultation. We plan to engage ethnic communities throughout the lifespan of projects and not just during initial stages. We also want to mutually find solutions to avoid disagreements.

As part of this new program, we met with ethnic groups and several other stakeholders in 2015. We hosted six meetings in the Puerto Limon area and three in the Bellavista area. The meetings in Puerto Limon included representatives from the Ministry of Interior, Office of the Mayor, one Indigenous and three Afro-Colombian communities. Representatives of the Awa and Nasa ethnic groups, the city mayor, and the governor attended the Bellavista meetings.

In these spaces for dialogue, we provide a respectful environment for peaceful disagreement resolution and for communities to air their concerns about our operations or about the state of their communities. Since some concerns go beyond our operations and responsibilities, we make sure to include government representatives.

We also provide funding for training programs for ethnic communities to promote their language, indigenous legislation and conflict resolution.



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## Personal Safety and Landmines

Anti-personnel landmines are an issue in the Putumayo area where we operate in Colombia. Landmines are a risk to the safety of everybody—our employees, contractors and community members. In 2014, we established a public-private partnership with the government organization in charge of coordinating the effort to remove landmines (DAICMA). As part of the partnership, DAICMA's expertly trained personnel offered training to our employees and contractors about the dangers of landmines, how to identify them and avoid accidents, and how to respond in the case of an accident.

## Relationship with Private Security

We work with one security company in Brazil, two companies in Peru and two others in Colombia. The role of these private companies is to help protect our assets and employees by providing intelligence and logistics (e.g., to monitor the location and safety of our employees). In keeping with our Human Rights Policy, their employees are unarmed. Our due diligence process requires private security companies to provide Gran Tierra supporting documents that prove they provided human rights training to their staff.

## Relationship with Public Forces

The Putumayo region is known for its guerrilla activity and is central to the armed conflict with FARC. The role of public forces (i.e., military and police) is to ensure the safety of all inhabitants, including our employees. We believe we can support this effort while respecting human rights. Our relationship with the armed forces is strictly framed by Colombian law, our Human Rights Policy and the Voluntary Principles. In 2014, we shared our Human Rights Policy with the armed forces in the area, and started our ongoing conversation about our expectation that they respect human rights in the course of their activities, in compliance with their policies and the Voluntary Principles. To maintain accountability around this relationship, we document any type of support that we provide to the armed forces.

Our Collaboration Agreement with the public forces states that Gran Tierra's support cannot be employed to buy lethal material or equipment. Our support consists of logistics, human rights training and general welfare. In 2014, we allocated resources towards human rights training for soldiers, training materials and human rights simulation spaces. Similar to an obstacle course, these training spaces are built life-size (and include schools, churches, etc.) so that the forces can develop skills in how to act in a way that respects human rights, even in difficult situations.



## LOOKING FORWARD

We are currently creating a baseline about the state of human rights in our other areas of exploration and operation, and updating the baseline for the Putumayo region. This means re-assessing our risks, stakeholders and risk mitigation strategies. We plan to look beyond the Voluntary Principles and advance towards the United Nations Guiding Principles on Business and Human Rights.

Our next step in the implementation of the Voluntary Principles in Colombia is to include a human rights addendum in our contracts with the other contractors in our supply chain.

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## Performance Summary and GRI Index

Reporting our performance holds us accountable to our stakeholders and ourselves. We used the Global Reporting Initiative G4 Sustainability Reporting Guidelines to help determine content for this report.





# PERFORMANCE SUMMARY

Indicator	Units	2012	2013	2014	2015
<b>ENVIRONMENT</b>					
Total Number of Spills	count	71	117	116	58
Contained/Insignificant	count	19	43	100	51
Minor	count	40	63	14	6
Moderate	count	9	9	2	1
Major	count	3	2	0	0
Volume of Spills	m <sup>3</sup>	114.5	80.7	83.7	31.0
Water Withdrawal	m <sup>3</sup>	1,553,766	1,610,949	1,333,195	1,285,698
Water from Rivers and Creeks	m <sup>3</sup>	1,536,856	1,609,296	1,330,622	1,274,550
Water from Municipal Sources	m <sup>3</sup>	16,910	0	2,158	10,689
Water from Trucks	m <sup>3</sup>	0	1,652	415	459
Water Discharged	m <sup>3</sup>	1,240,657	944,922	1,128,558	1,041,572
Other Water-related Measures					
Produced Water	m <sup>3</sup>	1,377,641	1,101,260	1,722,161	1,812,310
Water Injected into Active Wells <sup>1</sup>	m <sup>3</sup>	905,204	1,475,983	1,257,911	1,894,535
Regulatory Compliance					
Number of Inspections by Authorities	count	3	6	19	17
Number of Findings and Non-compliances	count	4	14	79	314
Number of Findings that Resulted in Fines or Non-monetary Sanctions	count	0	1	2	2
Total Waste	kg	3,707,160	4,804,114	461,183	679,232
Hazardous Waste (as defined in the country)	kg	3,622,701	3,131,581	645,976	644,019
Non-hazardous Waste	kg	103,886	2,272,236	457,354	287,330
<b>SAFETY</b>					
Employee and Contractor Safety					
Lost Time Injury Frequency – Combined		0.52	0.40	0.12	0.24
Recordable Injury Frequency – Combined		0.95	0.81	0.64	0.75
Recordable Injury Frequency – Employees	count per 200,000 exposure hours	0.30	1.07	0.42	0.54
Recordable Injury Frequency – Contractors		1.13	0.76	0.66	0.81
Lost time Injury Frequency – Employees		0.15	0.13	0.00	0.00
Lost time Injury Frequency – Contractors		0.62	0.46	0.13	0.31
Fatalities – Employees	count	0	0	0	0
Fatalities – Contractors	count	2	0	0	0
Hours Worked	hours	6,503,884	9,406,974	14,802,438	5,049,839
Public Safety and Emergency Preparedness					
Safety Inspections Conducted <sup>1</sup>	count	n/a	3,243	3,662	1,878
Number of Emergency Simulations (tabletop and in-person)	count	n/a	128	244	74

**Notes:**

1. These numbers have been restated since the publication of our 2014 Report.

Indicator	Units	2012	2013	2014	2015
<b>HUMAN RESOURCES</b>					
Total Number of Employees	count	485	529	477	291
Female	count	n/a	n/a	139	89
Male	count	n/a	n/a	338	202
Employees in each Country					
Canada	count	44	48	52	49
Colombia	count	275	292	295	192
Brazil	count	33	43	42	22
Peru	count	44	60	88	28
Argentina	count	89	86	0	0
Employees Covered by Collective Bargaining Agreements	percent	5	6	0	0
Rate of New Employee Hires	percent	22	16	14	n/a
Voluntary Turnover Rate	percent	13	9	6	n/a
Total Number of Hours of Training in the Year (Colombia only)	hours	n/a	n/a	4,138	823
Average Hours of Training per Year per Employee (Colombia Only)	hours/person	n/a	n/a	14.0	4.3
Female	hours/person	n/a	n/a	15.5	4.2
Male	hours/person	n/a	n/a	13.5	4.3
<b>ECONOMY</b>					
Economic Value Generated and Distributed					
Revenues (includes royalties)	thousands of \$	n/a	n/a	740,436	336,513
Payments to suppliers, contractors and other third parties	thousands of \$	n/a	n/a	505,452	381,717
Payments to governments (taxes, royalties)	thousands of \$	n/a	n/a	282,510	102,324
Payments to employees (salaries and benefits)	thousands of \$	n/a	n/a	60,132	36,358
Investment in Communities	thousands of \$	n/a	n/a	5,326	3,498
Payments to providers of capital (debt, interest, dividends)	thousands of \$	n/a	n/a	0	0
Value Retained at Gran Tierra	thousands of \$	n/a	n/a	-112,984	-187,384
Social Investment	\$	2,092,087	2,976,549	5,326,147	3,498,781
Temporary Local Employment	contracts	1,701	4,173	5,341	1,830
Colombia	contracts	1,514	2,201	2,845	1,830
Brazil	contracts	n/a	952	1,281	n/a
Peru	contracts	187	1,020	1,215	n/a
Spending on Suppliers (only Colombia)	millions of \$	n/a	n/a	616.4	419.9
Regional	millions of \$	n/a	n/a	32.9	27.9
Country	millions of \$	n/a	n/a	580.9	390.1
International	millions of \$	n/a	n/a	2.7	1.9
<b>COMMUNITIES AND HUMAN RIGHTS</b>					
Total Number of Grievances	count	n/a	n/a	232	128
Resolved	count	n/a	n/a	176	127
In progress	count	n/a	n/a	56	1
Grievances by Type/Subject					
Labour Practices	count	n/a	n/a	66	74
Environmental Impacts	count	n/a	n/a	9	8
Procurement of Goods and Services	count	n/a	n/a	85	36
Land Access	count	n/a	n/a	8	2
Human Rights	count	n/a	n/a	0	0
Other Causes (Impacts on Third Parties, Infrastructure)	count	n/a	n/a	64	8
Total number of incidents of violations involving rights of indigenous peoples and actions taken	count	n/a	n/a	0	0

n/a: not available



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**Notes:**

1. All of our new suppliers in Colombia and Peru are screened using HSE and labour criteria.
2. In Colombia, all contracts include human rights clauses. In Peru, only contracts related to the provision of security services include such clauses, and in Brazil we do not yet include such clauses.
3. In Colombia, all operations were subject to human rights risk assessments. In Peru, only Block 95 was subject to a human rights impact assessment.
4. In Colombia, all new suppliers were screened using human rights criteria. In Peru and Brazil this is not currently done.
5. All of our operations in Colombia have community engagement, impact assessment and development programs. These activities are suspended in Peru and not yet developed for our Brazil operations.



## FORWARD-LOOKING INFORMATION ADVISORY

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This presentation contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and financial outlook and forward looking information within the meaning of applicable Canadian securities laws (collectively, “forward-looking statements”). Such forward-looking statements include, but are not limited to, statements about: our ability to grow in both the near and the long term, our corporate strategy including our business plans, initiatives and objectives, new areas of operation, supplier development, environmental stewardship matters, safety matters, local development matters and human rights matters. Statements respecting reserves, contingent resources, and prospective resources are forward-looking statements as they involve the implied assessment, based on estimates and assumptions, that the reserves, contingent resources, and prospective resources described exist in the quantities predicted or estimated and can be profitably produced in the future.

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