

Environment, Health, Safety (EHS)

Community Affairs Policy

Andes Petroleum Ecuador Ltd. and PetroOriental S.A. are fully committed to safeguarding the environment and minimizing the health and safety risks of our employees, contractors and members of the communities in which we do business. The Company pursues a policy of continual improvement of all measures taken to protect the environment, health and safety of those who could be affected by our activities. The protection of the environment and our attention to health and safety rank equally with our primary business objectives.

Andes Petroleum Ecuador Ltd. and PetroOriental S.A. establish social, environmental, health and safety programs and practices and integrate them in a commercially sound manner into each business as an essential element of management. These initiatives are aligned with the Standards, Procedures and Guides of our Company, as well as all relevant Ecuadorian laws, regulations and legislation. To accomplish this, the Company will:

1. Ensure that each employee has the responsibility for carrying out his/her work in accordance with established practices and procedures;
2. Comply with all applicable Environmental, Health and Safety Ecuadorian laws, regulations and environmental guidelines applicable, as well as other requirements of the Company;
3. Assess environment, health, safety and social matters before entering into new activities/areas and re-assess them in case of significant change of circumstances;
4. Require contractors working on our behalf to apply EHSCA and Social standards fully compatible with the Company Policy and recognize their concerns on EHSCA matters;
5. Develop and maintain contingency procedures, in co-operation with authorities and emergency services, in order to minimize harm from any incidents;
6. Recognize the concerns of stakeholders, employees and community members on EHSCA matters through consultation, provide them with relevant information and discuss with them related company policies and practices;
7. Promote and enforce protection of environments which may be affected by the development of our activities and seek continual improvements in efficiency of use of natural resources and energy;

8. Apply relevant standards, environmentally sound engineering practices and risk analysis principles to ensure that the environmental, health and safety activities are conducted responsibly;
9. Assess the innovations for pollution prevention, waste management and new technology aimed at reducing or mitigating the waste generation and the discharge of contaminated liquids and gases to the environment;
10. Develop non-tolerable risk prevention programs to implement remedial action plans based in the implementation of engineering and administrative controls mainly on the source, on the transmission media and finally on the individual, in order to prevent the occurrence of occupational incidents or illnesses related to mechanical, ergonomic, chemical, physical or any other hazard present in the industry;
11. Ensure allocation of necessary resources to control non-tolerable risks and significant environmental and social impacts.
12. Build and strengthen relationships, in co-operation with Government institutions, Non-Governmental Organizations (NGOs) and with the communities who inhabit our areas of operations;
13. Promote awareness of sound EHS and social practices among all employees through regular training programs and activities while supporting the principles of sustainable development and ensure contractors compliance with the intent of the Company's EHSCA Policy;
14. Lead and promote sustainable development activities of communities in and around our areas of operations.

While accountability for a performance-based EHS Best Practices rests with the Management Team, the EHS and Community Affairs Department will draft practices and procedures to support all related activities within the Company and are always available for consultation.

The EHSCA Policy of **Andes Petroleum Ecuador Ltd. and PetroOriental S.A.** are publicly available and will be integral part of our way of doing business.

Zhang Xing, Ph.D.
President