



Integrated
sustainable
management
report
2012

Ecopetrol S.A.

Corporate Communications Unit
Corporate Social Responsibility Unit

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Printing:

OP Gráficas
www.grupoopgraficas.com

Photographs:

Ecopetrol Photo Bank
National Biodiversity Call Photo Bank
Clemencia Báez
CME - Security and Human Rights

Bogotá, March 2013

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MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM



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Ecopetrol in figures

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Board of Directors

Standing, from left to right:

Jorge Gabino Pinzón Sánchez
Roberto Steiner Sampetro
Mauricio Santamaría Salamanca
Amilcar Acosta Medina
Luis Carlos Villegas Echeverri

Seated, from left to right:

Joaquín Moreno Uribe
Federico Rengifo Vélez
Fabio Echeverri Correa
Mauricio Cárdenas Santamaría



Steering Committee

Standing, from left to right:

Jaime Pineda Durán
Strategic Supply Department

Carlos Eduardo Zamudio Rojas
Shared Service Center Department

Hernando Zerda Noriega
Vice Presidency of Strategy and Growth (e)

Alvaro Castañeda Caro
Vice Presidency of Transportation and Logistics

Héctor Manosalva Rojas
Executive Vice Presidency of Exploration and Production

Mauricio Echeverry Gutiérrez
Legal Vice Presidency

Javier Genaro Gutiérrez Pemberthy
Presidency

Enrique Velásquez Covers
Vice Presidency of Exploration

Édgar Eduardo Rey Velandia
Internal Audit Department

Óscar Alfredo Villadiego Medina
Vice Presidency of HSE and Operational Sustainability

Héctor Castaño Aristizábal
Vice Presidency of Production

Rafael Ernesto Guzmán Ayala
Technical Vice Presidency of Exploration and Production Development

Seated, from left to right:

Adriana Marcela Neira Londoño
Disciplinary Control Office

Federico Maya Molina
Vice Presidency of Refining and Petrochemicals

Néstor Fernando Saavedra Trujillo
Vice Presidency of Innovation and Technology

Claudia Castellanos Rodríguez
Vice Presidency of Supply and Marketing

Margarita Obregón Triana
Secretary General

Pedro Alfonso Rosales Navarro
Executive Vice Presidency of Downstream

Juan Felipe Múnera Yepes
Vice Presidency of Corporate Finance (e)

Martha Cecilia Castaño Gutiérrez
Vice Presidency of Human Talent

Main developments 2012

1

Standing out were the discoveries in Tisquirama East-1, Embrujo 1 in the Caño Sur block, and the presence of hydrocarbons in the Aullador well in Magdalena Medio. Two discoveries were made in the in the Gulf of Mexico of the United States: Parmer and Dalmatian South.

2

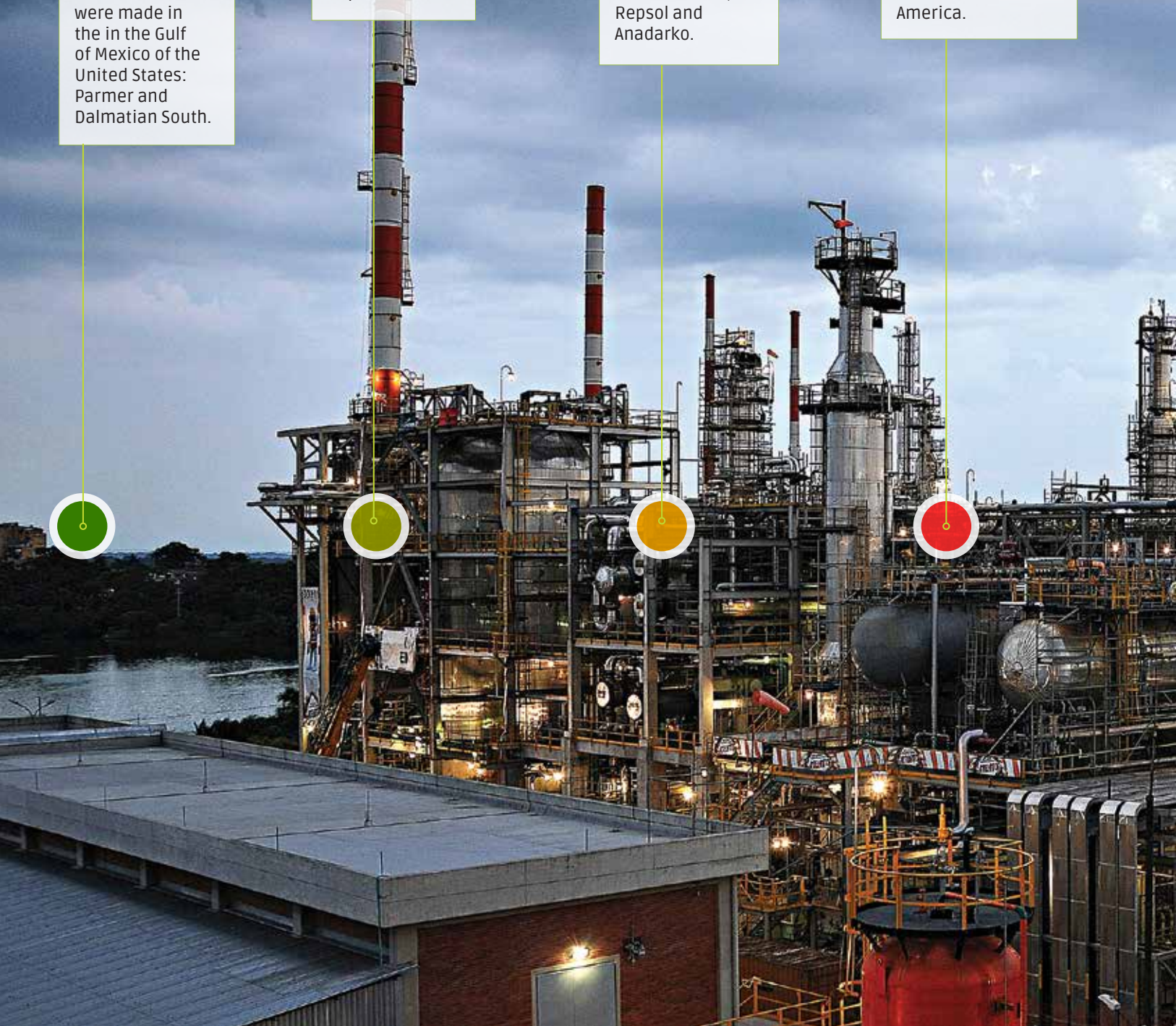
The oil and gas production of Ecopetrol and its affiliates increased by 4.1% and reached 754,000 barrels of oil equivalent per day.

3

The ANH awarded us 12 exploration blocks in Colombia, in the 2012 round, and partnerships were sealed with world-class companies such as ExxonMobil, Repsol and Anadarko.

4

The process was completed to ensure the delivery of diesel with less than 50 parts per million of sulfur to 100% of the country from January 2013. This milestone makes us leaders in clean fuels in Latin America.



5

We expanded our commercial borders. We signed a contract to export 12 million barrels of Castilla crude to India for one year.

6

Cenit was born, a company that will provide transport and logistics services for hydrocarbons and refined products throughout the country.

7

Ecopetrol was ratified for the second year running in the Dow Jones Sustainability World Index. We won the Make-America award for knowledge management and achieved 21 patents for new technological developments.

8

We continue sustained improvement of HSE indicators (health, safety and environment). The accident frequency rate (accidents / million man-hours) fell to 0.79 compared with 1.02 recorded in 2011.

9

We occupy first place in the ranking of the most reputable companies in the country, according to Corporate Reputation Monitor (Merco) and are ranked 14th among the best performing energy companies in the world according to Platts.



Ecopetrol in figures 2012

Finance

Operating income
Billion \$

Operating profit
Billion \$

Ebitda
Billion \$

Net profit
Billion \$

2008	32.7
2009	27.6
2010	36.6
2011	56.4
2012	
	59.5

Source: Ecopetrol S.A.

2008	12.8
2009	8.1
2010	13.2
2011	24.3
2012	
	23.0

Source: Ecopetrol S.A.

2008	14.7
2009	10.4
2010	16.4
2011	28.1
2012	
	27.5

2008	11.6
2009	5.2
2010	8.3
2011	15.4
2012	
	15.0

Exploration

Ecopetrol Seismic
Figures in Equivalent Km

A3 Wells
Quantity

2008	5,633
2009	9,543*
2010	15,961*
2011	5,516*
2012	
	1,655

* Corporate Group

2008	15
2009	16
2010	19
2011	21
2012	
	32*

* Corporate Group, Wells A3 and A2

Exports

Volume
Figures in Kbcd

Value
Figures in MUS\$

Fuels

Gasoline sales
Figures in Bod

Diesel sales
Figures in Bod

Refining (includes Cartagena)

Loads to refineries
Kbcd

Gross refining
margin
US\$/bl

2008	216
2009	302
2010	370
2011	493
2012	
	521

2008	6,004
2009	5,825
2010	11,420
2011	16,062
2012	
	19,127

Final MER 2012: \$1,797

2008	71,530
2009	68,990
2010	72,940*
2011	74,500*
2012	
	76,974*

* Includes Reficar

2008	97,330
2009	99,730
2010	100,580*
2011	109,000*
2012	
	110,746*

* Includes Reficar

2008	310.1
2009	295.9
2010	293.0
2011	302.8
2012	
	294.0

2008	4.47
2009	4.39
2010	7.55
2011	8.92
2012	
	9.47

Production

Crude and gas
owned by Ecopetrol
Figures in Kboed

2008	447
2009	520
2010	616
2011	724
2012	
754*	

* Corporate Group

Total crude
owned by Ecopetrol
Kbod

2008	362
2009	426
2010	482
2011	569
2012	
591	

Reserves

Crude and gas
Under SEC methodology and prices*
Cifras en Mbpe

2008	1,137
2009	1,538
2010	1,714
2011	1,857
2012	
1,877	

*Does not include royalties

Replacement rate
Ecopetrol Reserves
Figures in %

2008	46
2009	351
2010	193
2011	164
2012	
109	

Abbreviations

Mboe. Million barrels of oil equivalent

Kbode. Thousands of barrels of oil a day equivalent

Kbod. Thousands of barrels of oil a day

Mcf. Million cubic feet per day

Transport

Volumes of crude
transported
Kbcd

2008	542.3
2009	576.2
2010	770.9
2011	1,204.0
2012	
1,218.0	

Volumes of refined
products transported
Kbcd

2008	209.5
2009	223.3
2010	264.9
2011	289.0
2012	
302.0	

Environmental investment

Environmental investment
Ecopetrol Total
Million \$

2008	507,821
2009	611,775
2010	988,284
2011	1,310,000
2012	
1,160,771	

Source: Ecopetrol S.A.

Social investment

Social investment
Ecopetrol Total
Million \$

2008	125,803
2009	135,638
2010	159,053
2011	214,123
2012	
304,500	

Contracting

Ecopetrol
contracting
Billion \$

2008	7.2
2009	9.6
2010	11.1
2011	14.5
2012	
15.2	

Message to our stakeholders

It gives us great pleasure to share with you the main economic, operational and social results obtained in 2012, which once again reflect that Ecopetrol is a solid company that continues to keep the value promise to its shareholders and other stakeholders to grow in a profitable and sustainable manner.

The growth in production, growth in transport capacity, advances in offshore exploration, the addition of reserves, the record volume of exports, social investment and local contracting, as well as reduced accident rates and environmental incidents, are examples of achievements amidst a complex domestic environment.

In spite of the changes inherent to an industry like this, the efforts of each and every one of the company's employees was key to achieving our goals, along with the leadership of the Board and the support of our contractors. This teamwork is reflected in every chapter of this report, the second produced in an integrated manner and the fourth under the G3.1 methodology of the Global Reporting Initiative (GRI).

Our value chain

In 2012 we continued to increase exploratory work. Ecopetrol and its affiliates drilled 23 exploratory wells of which 11 were successful and two of them are in the Gulf of Mexico, United States. Our reserves grew 1% and stood at 1,877 million barrels of oil equivalent (Mboe). We added 252 Mboe with a replacement rate of 109%.

The oil and gas production of Ecopetrol and its affiliates increased by 4.1% and reached 754,000 boe per day, thus contributing to the achievement of Colombia's target to extract one million barrels of oil.

The volume of crude and products transported rose 1.2%, to 1.2 million barrels per day compared to the previous year, and we increased the capacity of our pipelines by 91,000 barrels per day. Construction of the first phase of Oleoducto Bicentenario (Bicentennial Pipeline) advanced 61%

The transport systems integrity program strengthened the risk management model and incorporated improvements in the identification, assessment and management of risks arising from factors such as climate and damage by third parties.

2012 will be remembered as the year Cent Transporte y Logística



Javier G. Gutiérrez Pemberthy, president of Ecopetrol S.A., and Fabio Echeverri Correa, chairman of the Board of Directors

de Hidrocarburos (hydrocarbon transportation and logistics) was born.

In terms of refining, since the end of 2012 we began to deliver clean diesel with less than 50 ppm of sulfur to the entire country, making Colombia one of Latin America's standard bearing nations in high quality fuels. The Cartagena Refinery expansion project progressed 74% and the Barrancabermeja Refinery modernization project progressed 14%.

The Cupiagua gas plant in Casanare and the Sardinata gas plant in Norte de Santander were opened. With these two plants, plus the work done in the fields in La Guajira, gas production capacity was increased by more than 200 MCFD.

Our sales increased 5.4%, reaching \$ 59.5 billion, and diversification of exports to destinations such as the Far

East stood out, to where 20% of foreign sales of crude were destined.

While net income recorded a decrease of 3.1%, they bordered \$ 15 billion, the second highest in our history, after those obtained in 2011 when a record \$ 15.4 billion was reached.

The consolidated results for the Corporate Group yielded a net profit of \$ 14.7 billion, with the contributions of Hocol, Equión and Propilco S.A. standing out

The execution of our projects energized the regional and national economy. The procurement of goods and services totaled \$ 15.2 billion, of which \$ 2.47 billion corresponded to regional procurement.

Investments made by Ecopetrol totaled US\$ 6,316 million, with an emphasis on production and transportation activities. However, they were 12.4% lower compared

For 2013 we aim to achieve production of 798,000 boe per day, the drilling of 56 wells, an increase in oil transport capacity of 170,000 barrels per day, as well as progress in our refineries' modernization and expansion projects

to 2011 due to delays in projects, and social, environmental, public policy and operational issues, and also because of lower contributions to affiliates and non-acquisition of assets, which did occur in 2011.

Social investment and organizational consolidation

In terms social investment, we reached a milestone in 2012. The resources allocated for this purpose increased 42% compared to 2011 and totaled \$304,500 million. In the education and culture line, we contributed \$ 74,300 million, in Regional Competitiveness \$188,100 million, and in citizenship and democracy \$42,100 million.

The Dosquebradas program was created as a comprehensive response to the emergency that occurred on December 23, 2011, caused by the rupture of the Salgar-Cartago pipeline as a result of a natural phenomenon amid the rainy season that hit Colombia in that year.

In terms of the environment, Ecopetrol directly invested \$ 1.16 billion last year in various programs for the protection and recovery of renewable natural resources, risk management and protection projects for water and air resources.

Our commitment to the country's development and the welfare of Colombians was reflected in transfers to the Nation and local authorities of \$ 27.2 billion in taxes, dividends and royalties.

HSE (health, safety and environment) indicators continue to improve. The accident frequency rate (accidents / million man-hours) fell to 0.79 compared with 1.02 recorded in 2011.

Another aspect that marked our agenda in 2012 was the development of our human talent to take on the challenges facing the global oil and gas industry, which is why we allocated \$33,000 million to development and training plans.

In addition to this, is the achievement of having kept ourselves on the Dow Jones Sustainability World Index, as well as obtaining 21 new patents, and receiving recognition as one of the continent's most innovative companies.

Ecopetrol reaffirmed its commitment to the Global Compact initiative, which it joined in 2009, and carried out a series of actions to ensure the analysis and management of human rights risks.

The challenge: to continue to grow sustainably

These achievements that we present to you today are the best incentive to continue on the path of growth in 2013 and regain pace in those areas where we have not achieved the established targets.

For 2013 we aim to achieve a production of 798,000 boe per day, the drilling of 56 wells, an increase in oil transport capacity of 170,000 barrels per day, as well as progress in our refineries' modernization and expansion projects. All leveraged in an investment of US\$ 9,550 million.

Finally, we wish to thank every person who contributed to the achievement of the results, led by our direct employees and contractors, and share them with all our stakeholders.

These results are valuable as they create value for all of them; our suppliers, customers, communities, partners, the State and Colombians that benefit from Ecopetrol's activities, including nearly 460,000 minority shareholders.

We are confident that with God's guidance we can successfully meet the challenges of a 2013 in which we will spare no effort to continue on Ecopetrol's path of growth and consolidation, for the good of our country and the Colombian people.



Fabio Echeverri Correa,
Chairman of the Board



Javier Genaro Gutiérrez Pemberthy,
President of Ecopetrol S.A.



About
Ecopetrol

01



Profile



Corporate
Governance



Annual
Corporate
Governance Report



Transparency
and
Anti-Corruption



Corporate
Responsibility

Profile

With 61 years of history, **Ecopetrol** is the largest company in Colombia and is an integrated oil and gas sector company, and is involved in all stages of the hydrocarbon chain: exploration, production, marketing and processing into fuels and higher value-added products such as petrochemicals.

Teca Field



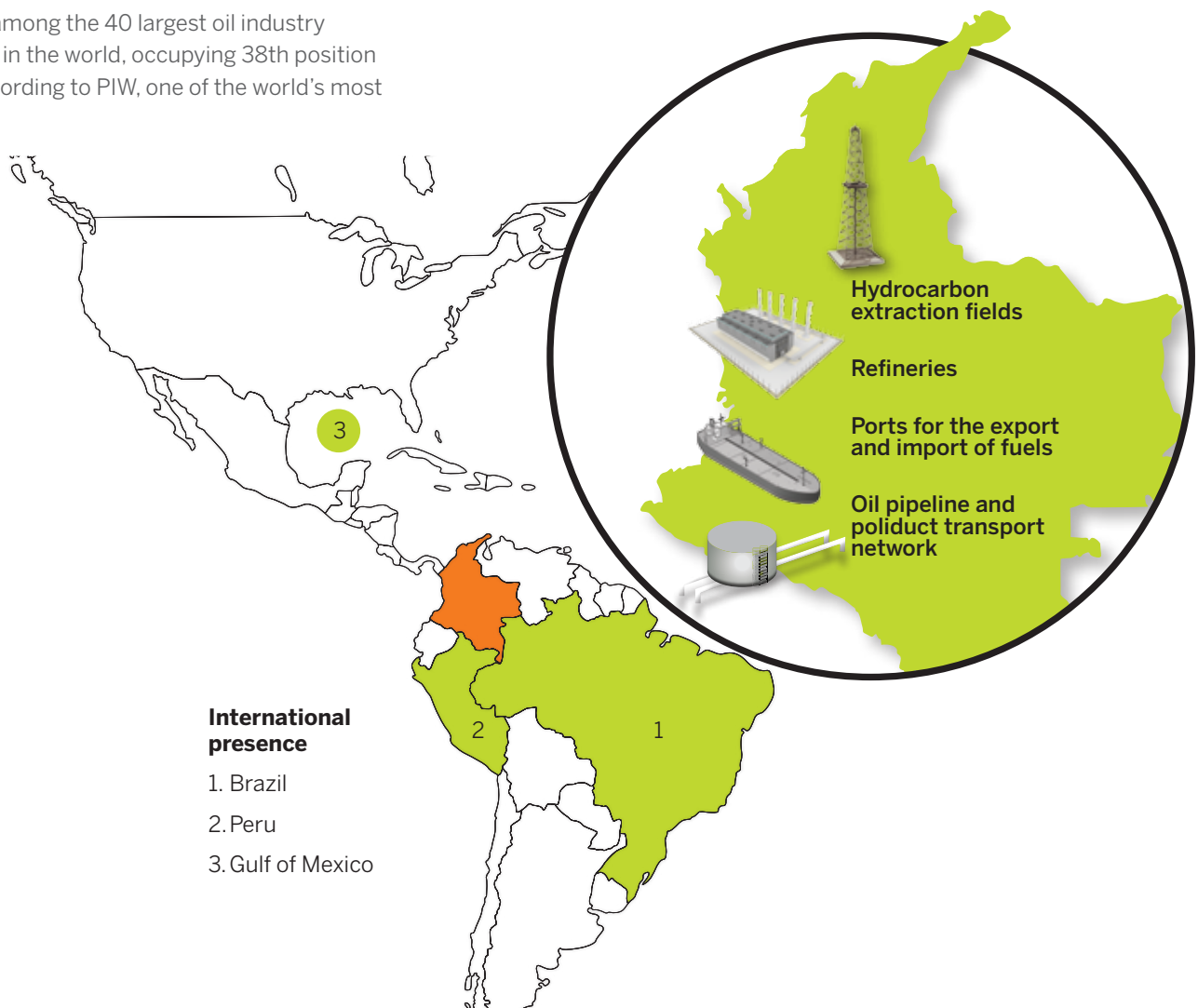
The company has hydrocarbon extraction fields in central, southern, eastern and northern Colombia, two refineries, ports for the export and import of fuels and crude on both coasts, and a transport network of pipelines and polducts throughout the national territory, which connect the production systems with major consumption centers and marine terminals.

It has an significant stake in the biofuels business and through its international investments made in recent years, has a presence in Brazil, Peru and the Gulf of Mexico (USA).

It is today among the 40 largest oil industry companies in the world, occupying 38th position in 2012 according to PIW, one of the world's most

important rankings. Also, according to the 2012 ranking by Platts, it holds 14th place among the best performing energy companies in the world, and fourth place in the Americas.

Ecopetrol is a mixed economy company, of a commercial nature, organized as a corporation, is national, linked to the Ministry of Mines and Energy in accordance with the provisions of Law 1118 of 2006, and governed by the Bylaws contained in Public Deed No. 5314 of December 14, 2007, granted in the Notary Two of the Notary Circle of Bogotá D.C.



- International presence**
1. Brazil
 2. Peru
 3. Gulf of Mexico

Associations, Societies and Voluntary Initiatives

The various associations, societies and voluntary initiatives that Ecopetrol supports are related to both the core business, as well as those that support its sustainability.

Regional Association of Oil and Natural Gas Companies in Latin America and the Caribbean (ARPEL, for its acronym in Spanish)

COCME – Colombian WEC Committee (World Energy Council)

Colombian Association of Natural Gas (Naturgas)

Society of Petroleum Engineers (SPE)

Colombian Association of Petroleum Engineers (ACIPET, for its acronym in Spanish)

National Federation of Biofuels (Fedebiocombustibles)

Clean Caribbean & Americas

Professional Council of Petroleum Engineering

Colombian Safety Council

Registered Education Provider (REP) del PMI® (Project Management Institute)

Colombian Society of Engineers

Colombian Institute of Technical Standards (ICONTEC)



Energy and Gas Regulatory Commission (CREG, for its acronym in Spanish)

Mining and Energy Committee (CME, for its acronym in Spanish)

Global Reporting Initiative (GRI) – OS Category (Organization Stakeholders)

Oil Companies International Marine Forum (OCIMF)

Guías Colombia for Human Rights and International Humanitarian Law

Association of Certified Fraud Examiners (ACFE)

Association for Safety and Corporate Risk Management in Mansilla (ASGREM, for its acronym in Spanish)

Colombian Business Council for Sustainable Development Association (CECODES)

Ethics & Compliance Officer Association (ECO)

Constructors with Organizational Responsibility and Ethics (CREO, for its acronym in Spanish)

Local Global Compact Network in Colombia Corporation

Association of Certified Anti-Money Laundering Specialists (ACAMS)



Awards and recognition 2012

The seven main distinctions received by
Ecopetrol in 2012 were:

Dow Jones Sustainability Index

(DJSI): for the second consecutive year Ecopetrol was included in the DJSI, among the 5% of the companies with the best sustainability performance.

Merco Award 2012

For the fifth consecutive year Ecopetrol took first place in corporate reputation in Colombia, and the company president, Javier Gutiérrez, was honored as the leader with the best reputation.

Special Recognition - UNODC, Ministry of Justice and Law, British Embassy, CCB:

Ecopetrol was declared above the competition for the best pieces of communication on the Prevention of Money Laundering and the Financing of Terrorism.

Accenture Award:

Ecopetrol won the first edition of the Accenture Innovation Award Colombia in two forms, both by jury selection and by public vote. The work that won the award was the organization's contribution to the "Strategy for hydrocarbon seizure control."

Award for the Best Technical Work during Enhanced Oil Recovery Workshops:

This award was presented to Ecopetrol by the Argentine Institute of Oil and Gas. The theme of the work that received the award was the design, implementation, monitoring and expansion of an enhanced oil recovery process, through the injection of colloidal dispersion gels.

MAKE Americas Award (Most Admired Knowledge Enterprises):

Ecopetrol became the first Colombian company and one of the first Latin American companies to obtain this award, which recognizes the ability of organizations to transfer knowledge in order to improve performance in their operational, administrative and management areas.

A jury composed of senior executives from the 500 largest companies in the world according to Fortune magazine, as well as recognized leaders in knowledge management and intellectual capital, rated the nominated organizations.

Global Compact Recognition:

Ecopetrol's Anticorruption Strategy was recognized as best practice by the Global Compact Regional Centre for Latin America and the Caribbean, and was chosen from more than 45 cases from eight Local Networks.

Latin America's Investor Relations Awards (Lira) 2011:

Ecopetrol won five awards, as well as the highest honor within this award, which recognizes excellence in investor relations and the communication of corporate governance by companies with a market presence.

The awards, which are given to companies and executives, are organized by the BOARD Institute for Corporate Governance & Strategy alongside Acclaro, an English consultant specializing in investor relations.

Ecopetrol won in five of the 10 categories: Best communication of corporate governance; Best communication of financial results; Best investor relations department; Best investor relations manager; Best general manager in investor relations.

The company also won the top award, in other words the Grand Prix of Investor Relations & Corporate Governance Communications, for its outstanding performance and best practices.

Certifications and accreditations 2012

Continuing the search for the highest global standards of sustainability, in 2012 Ecopetrol was certified, recertified or accredited in the following:

ISO 9001, ISO 14000, ISO 14001, GP 1000 and OHSAS 18001

Recertification API 653 / AWS / API 510

International Risk Management Certification – IRM

Historical perspective

1951

Empresa Colombiana de Petróleos (Ecopetrol) is born

Reversion of the De Mares concession to the Colombian State

1970

Ratifies its nature as a State industrial and commercial company

Adoption of the first organic bylaw

1983

Discovers the Caño Limón field (Arauca), in partnership with OXY

1989

Discovers the Cusiana field (Casanare) in partnership with BP

1961

Assumes direct management of the Barrancabermeja refinery

1974

Buys the Cartagena refinery

1986

Colombia again becomes and oil-exporting country

1993

Discovers the Cupiagua field (Casanare)



Certification in HOTTAP – TDW

Certification in Physical Asset Management PASS 55

Certification in cost engineering from the Association for the Advancement of Cost Engineering (AACE)

SMRP Certification in reliability and maintenance

Certification for instrumentation design from the International Society of Automation (ISA)

CKMO certification – Certified Knowledge Manager Officer

2003

Becomes a public stock company (Decree 1760) called Ecopetrol S.A.

The National Hydrocarbons Agency (ANH), is created, which assumes the functions as administrator of oil resources.

2007

Carries out the first capitalization process.

482,941 Colombians purchase shares

The State retains 89.9% of the shares.

Renews its brand and Corporate identity: logo changed from the Tunjo to the iguana.

2009/10

Buys Hocol and Reficar, and acquires holdings in Savia (Perú), Ocesa and BP in Colombia.

Expands its exploratory presence in the United States, Brazil and Peru, and enters the Asian and African markets.

The Barrancabermeja Hydrotreatment Plant comes into operation.

Listed on the stock exchanges of New York, Toronto and Lima.

2012

Creates Cenit Transporte y Logística de Hidrocarburos S.A.S, an affiliate 100% owned by Ecopetrol.

2008

Buys Propilco and establishes the Ecopetrol Corporate Group.

2011

Celebrates its sixtieth anniversary

Carries out the second share issue round

Enters the Dow Jones Sustainability Index.



Corporate governance

Barranca Bermeja Refinery



Strategic framework

In 2012, Ecopetrol reviewed its strategic framework in order to improve the strategy for Upstream, petrochemicals and organizational consolidation issues such as the environmental, safety and human talent strategies.

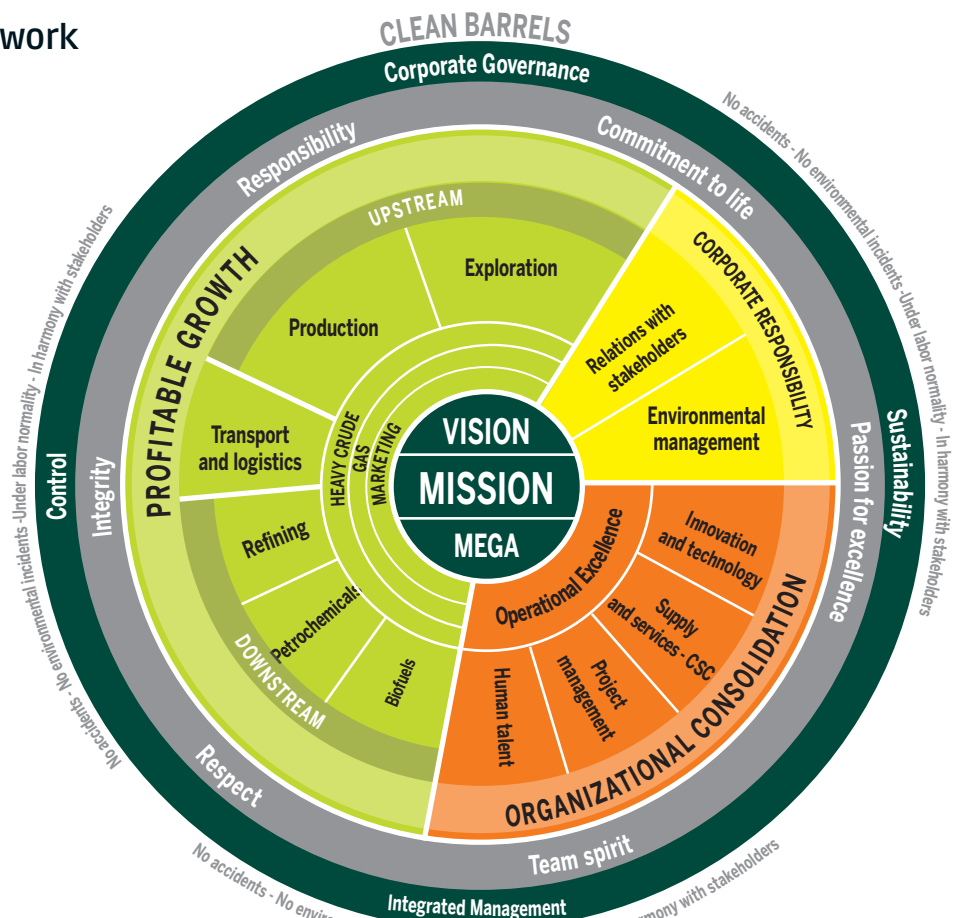
This process kept the guiding principles that the Corporate Group has been working on for several years and reaffirmed the Mega-targets of reaching a production of one million barrels per day in 2015 and one million three hundred thousand in 2020.

The business plan to meet these challenges showed that there are paths in which uncertainty is lower, such as increased infill drilling and water injection activity, strengthening the exploratory process in Colombia with basins of greater materiality, and the contribution of overseas affiliates.

This review also showed that unconventional hydrocarbons have transformative potential, therefore becoming more significant in the strategy.

The Corporate Group's annual strategy review cycle has made it possible to improve the definition, direction and in particular, the focus of the organization in achieving the objectives.

Strategic framework 2012-2020



Corporate Group Mission

We find and convert sources of energy into value for our customers and shareholders, ensuring the integrity of people, the safety of processes and care for the environment, contributing to the welfare of the areas where we operate, with committed personnel that seek excellence, their integral development and the building of long-term relationships with our stakeholders.

2020 Vision

Ecopetrol, a corporate group focused on oil, gas, petrochemicals and alternative fuels, will be one of the 30 leading companies in the oil industry, recognized for its international positioning, its innovation and its commitment to sustainable development.

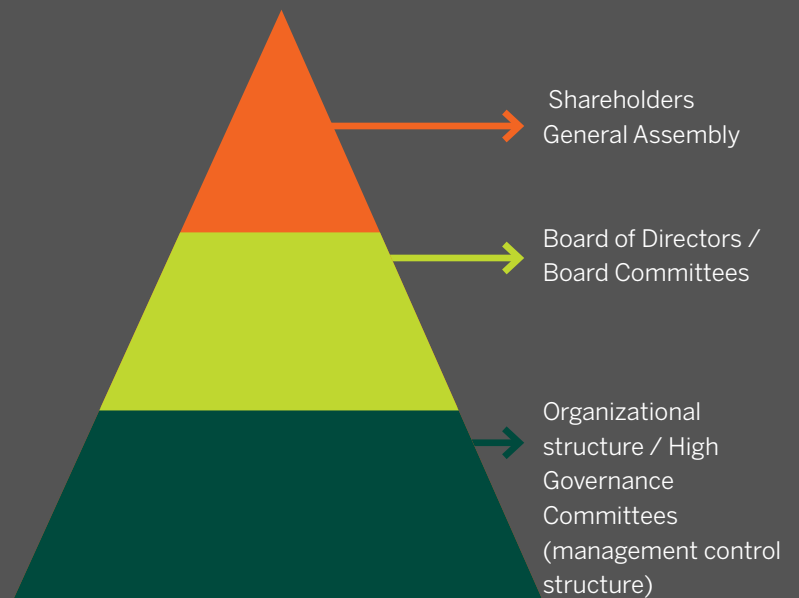
Corporate governance

Corporate Governance is part of Ecopetrol's corporate strategy and determines its framework for action.



Governance

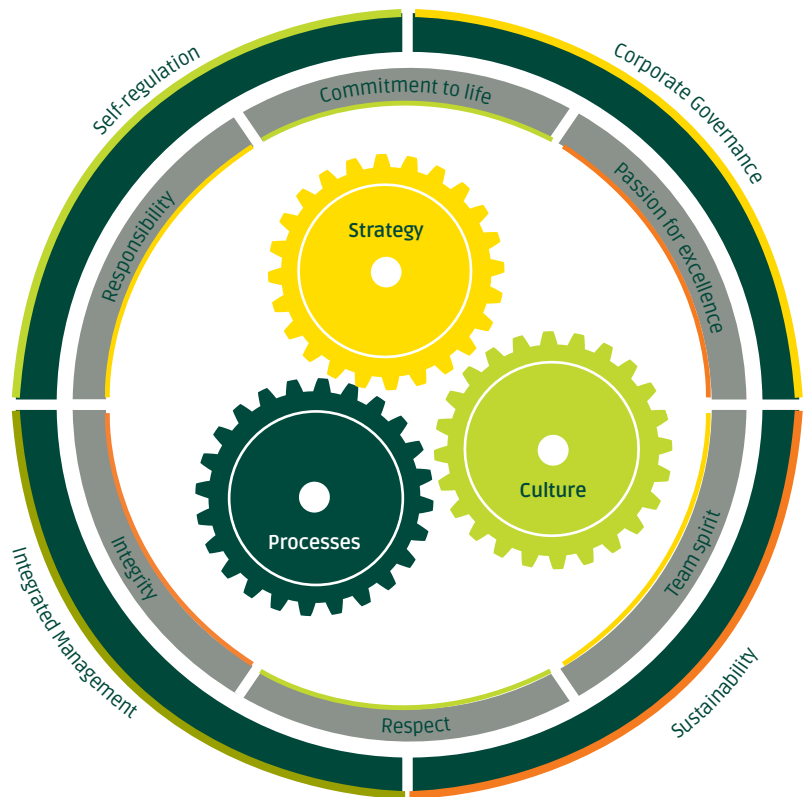
Ecopetrol has a clearly defined governance structure that ensures appropriate decision-making:



Ecopetrol Corporate Group Strategic Framework
2011-2020

Integrated Management System

Ecopetrol has an integrated management model, focused on processes and supported by a culture that enables the fulfillment of strategic objectives and continuous improvement, facilitating the deployment and alignment of the strategy at all levels of the organization.



The company has clear rules that ensure the proper functioning of governance bodies:

- Corporate Governance Code
- Internal Regulations of the Assembly
- Internal Regulations of the Board of Directors
- Internal Regulations of the four Board Committees (Audit, Corporate Governance and Sustainability, Compensation and Nomination, and Business)
- Corporate Governance Guidelines applicable to the Corporate Group
- Steering Committee Instructions
- Evaluation Mechanisms for the Board of Directors, Board Committees and Steering Committee
- Evaluation Mechanisms for Senior Executives

It has measures to ensure the protection of the rights of minority shareholders, such as the Declaration of the Nation, issued by the Ministry of Finance and Public Credit, which in its capacity as majority shareholder undertakes to:

- Include within its list of candidates for the Board of Directors, the representative of the hydrocarbon producing departments operated in by Ecopetrol, as well as the representative of minority shareholders.
- Ensure the right of shareholders to receive dividends; to support the initiatives of minority shareholders to include items additional to those provided in the agenda of special meetings of the Assembly.
- Discuss and decide on the disposal of assets within the Assembly, when the amount is equal to or above 15% of the market capitalization of Ecopetrol.

Ethics

The company's ethics process strengthens a culture based on the values of respect, integrity and responsibility.

The process guidelines are enshrined in the following documents: Code of Ethics, Manual for the Prevention of Money Laundering, the Anti-Fraud Manual and the Anti-Corruption Manual.

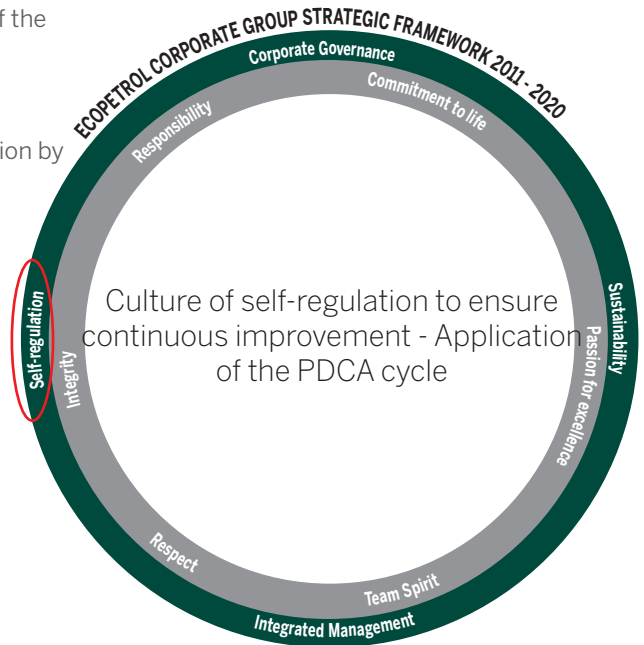
Additionally, there are confidential channels for reporting ethical misconduct and there are instructions for the declaration and disclosure of conflicts of interest.

Control – prevention system

Ecopetrol promotes a culture of self-regulation that ensures continuous improvement in the performance of employees and contributes to the growth of the company, through:

- Adoption of Enterprise Risk Management for the management of risks
- Audit Committee of the Board of Directors
- Incorporation of international practices for Internal Audit
- Systematic evaluation by third parties
- Regular reporting to the Securities and Exchange Commission (SEC)

All of these Corporate Governance practices create an environment of transparency based on coherent behaviors that enable the opening up and flow of internal information, in order for it to be reliable and accessible to all stakeholders.



External measurement

During 2012, Ecopetrol received the highest recognition in Latin America's Investor Relations Awards (LIRA) for its outstanding performance and best practices in corporate governance communication.

The event recognized excellence in investor relations and corporate governance communication

by companies with a market presence. The award was organized by the BOARD Institute for Corporate Governance & Strategy alongside Acclaro, a British consultant specializing in investor relations.

Corporate governance code

The Corporate Governance Code compiles the best practices in corporate governance that create confidence for stakeholders and the market in general.

The Code is framed within the principles of transparency, governance and control within corporate management. It is aimed at members of the Board of Directors, the President of Ecopetrol, employees, contractors and their employees, shareholders and investors.

The Corporate governance practices established in the Code are set out in ten chapters:

1

Rights and equal treatment of shareholders: Recognizes the importance of shareholders and investors and respects the exercise of their rights so that they receive the same treatment, regardless of the number of shares they hold or the value of their investment.

2

Shareholders General Assembly: Ensures and promotes shareholder participation in the deliberations and decisions made at meetings of the Assembly.

3

Board of Directors: Promotes the professionalization of members of the Board of Directors and ensures the independence of at least three of its nine members.

4

CEO and other executives: Establish clear rules for the election, compensation and evaluation of the President and senior executives.

5

Corporate social responsibility: Recognizes the rights of Ecopetrol's stakeholders and establishes the commitments towards them.

6

Transparency, fluidity and integrity of communication and information: Considers that communication is an integral and strategic process for corporate management that should be guided by the principles of transparency, clarity and timeliness.

7

Control: Defines the external and internal control mechanisms that audit corporate management.

8

Conflicts of interest: Establishes the specific mechanisms that enable the prevention, management and disclosure of conflicts of interest.

9

Dispute resolution mechanisms: Establishes the alternative mechanisms for dispute resolution in order to promote foreign investment, trade relations and facilitate coexistence between shareholders, stakeholders and corporate administration.

10

Securities trading: Establishes an internal procedure for the purchase or sale of shares in the company by its managers, in order to prevent the transaction being made for speculative purposes or making improper use of privileged information.

Governance structure

Shareholders General Assembly:

This is the highest company management body and is composed of the owners and/or agents of the subscribed capital shares, gathered in accordance with standards established by Law and the Bylaws.

Board of Directors:

Is the senior management body and acts in function of the rights of shareholders, and also ensures the sustainability and growth of the company.

President

Is responsible for directing and managing the company. They execute and ensure the execution of all operations and activities comprising the corporate purpose, and it falls to them to legally represent the company.

The President is elected by the Board of Directors, as are their alternates, in accordance with the provisions of the By-laws. The election of President is made addressing criteria of suitability, knowledge, experience and leadership, and they may be reappointed or removed at any time by the Board of Directors.

High Governance Committees

Ecopetrol has 10 High Governance committees, composed of employees from management level, integrated support, and business processes. The President or their alternate must necessarily attend these committees.

Steering Committee



Corporate
Management
Committee



Business
Committee



Project Committee



Finance
Committee



Affiliates and
Equity Interests
Committee



Compensation
& Nomination
Committee



Internal Audit Committee



Judicial Defense
and Conciliation
Committee



Ethics
Committee



Ecopetrol organizational structure

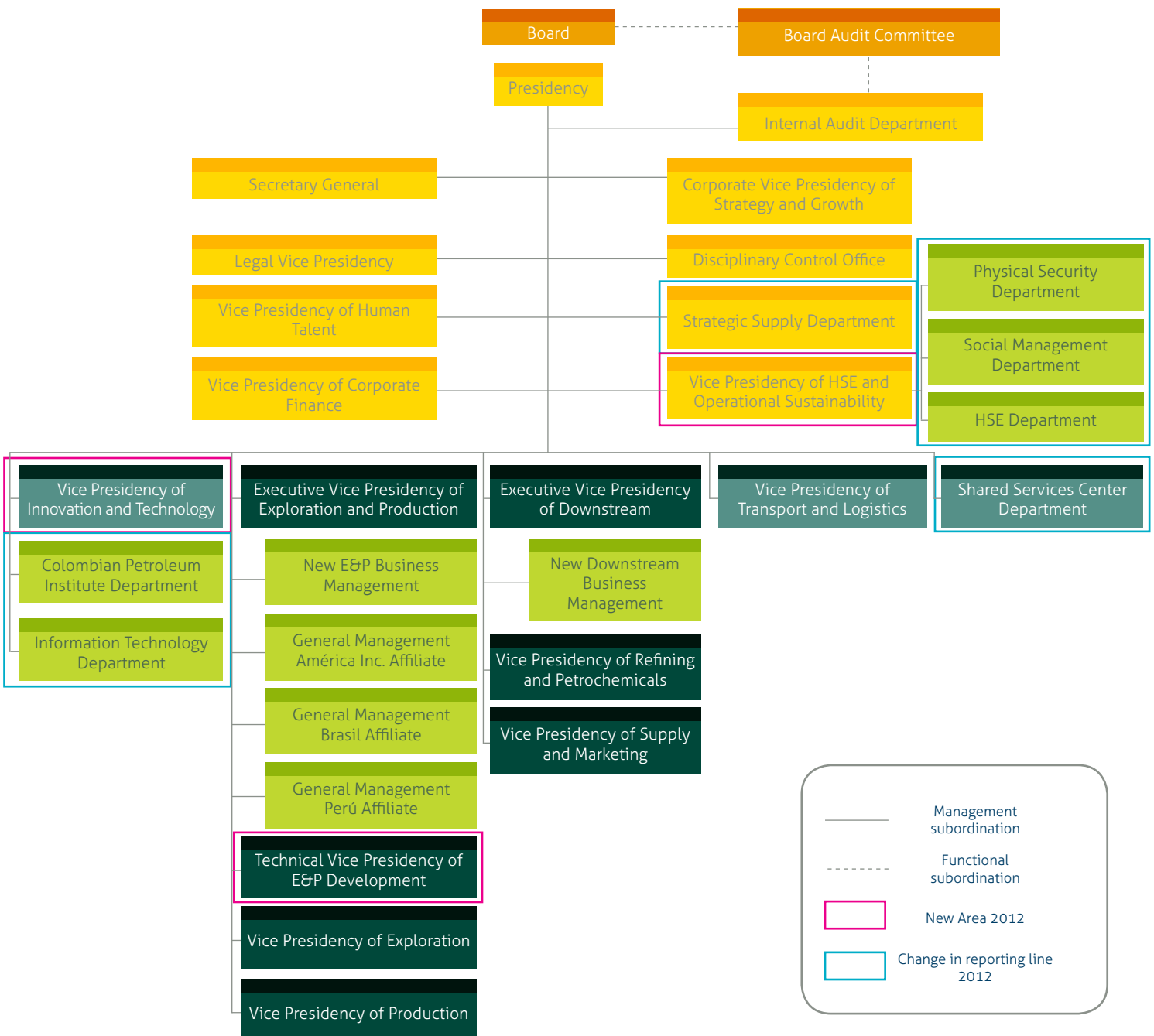
During 2012 there were three major changes to the structure of the company:

- The creation of the Vice Presidency of Innovation and Technology, which leads the existing Colombian Petroleum Institute (ICP) Department and the Information Technology Department.
- The creation of the Vice Presidency of HSE and Operational Sustainability, which leads the existing HSE Department, Social Management Department and Physical Security Department.

- The creation of the Technical Vice Presidency of Exploration and Production Development.

Similarly, reporting levels have also changed for the following areas:

- Shared Services Center Department
- Strategic Supply Department
















Ecopetrol Corporate Group

During 2012 Ecopetrol continued the process of developing its investment strategy and the consolidation of the Corporate Group. Currently it has 25 subsidiary companies and has an ownership

stake in seven other companies. The results of the Corporate Group's 2012 Management are detailed on page 138 of Chapter 3 - Economic Dimension, in this report.

Structure of the Ecopetrol Corporate Group

		Affiliate	
	Exploration and production	 Energía para la vida	51%
	Transport	 TRANSPORTE Y LOGÍSTICA INTEGRADA	100%
	Refining and petrochemicals		
	Alternative energy		
	Financial and investment vehicles and others	Black Gold Re Andean Chemicals Limited Hocol Petroleum Limited EPI Limited Ecopetrol Capital A.G. Ecopetrol Global Energy SLU Ecopetrol Global Capital SLU	100%

Subsidiary		Shareholding	
 100%	 100%	 50%	
 100%	 100%		
 72.65%	 73%	 49%	
 55.97%	 65%		
 100%	 100%		
 91.43%		 50%	
Santiago Oil Co 51%		 43.35%	 7.19%
Colombia Pipelines Limited 65%		 6.87%	 5.32%
COL Finance S.A. 100%			

Includes direct and indirect ownership

Annual corporate governance report

In accordance with the provisions of section 21, Article 26 of the Bylaws, and Section 5 of Chapter III of the Corporate Governance Code, the Board of Directors of Ecopetrol, in its own name and representing the President of the company, presents the Shareholders General Assembly the following Report on compliance with the Corporate Governance Code, corresponding to the management of 2012

Shareholders General Assembly 2012



2

VERIFI
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1. Amendments to the Corporate Governance Code

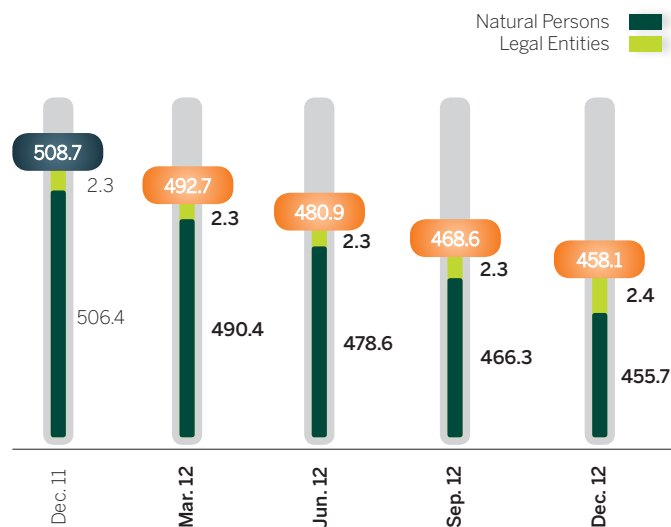
During 2012 there were no amendments to Ecopetrol's Corporate Governance Code.

2. Important changes in Ecopetrol

Structure of share ownership

At December 31, 2012 Ecopetrol had 458,117 shareholders, representing a decrease of 9.94% compared with the 508,000 shareholders that it had in December 2011. Of the 458,117 shareholders, 455,764 are natural persons and 2,353 are legal entities. Below is the variation in Ecopetrol's shareholder database (see Figure 1 and Table 1).

Figure 1. Variation in Ecopetrol S.A. shareholders



Source: Ecopetrol, Vice Presidency of Corporate Finance

Table 1.
Shareholding structure of Ecopetrol S.A.

Components	Dec 2011		Dec 2012	
	Share	No. of shares	Share	No. of shares
Nation	88.49%	36,384,788,817	88.49%	36,384,788,817
Pension Funds	4.09%	1,682,894,076	4.15%	1,707,325,546
Natural Persons	4.24%	1,742,141,391	3.56%	1,465,210,044
Funds and foreign companies	0.40%	164,479,609	0.74%	303,942,722
Legal Entities	1.36%	559,312,923	1.63%	671,837,367
Ecopetrol Fund ADR Program	1.42%	583,081,640	1.42%	583,593,960
Total	100%	41,116,698,456	100%	41,116,698,456

Source: Ecopetrol, Vice Presidency of Corporate Finance

Ecopetrol Corporate Group

In order to ensure the good governance of the Corporate Group, its strategic alignment with the parent (Ecopetrol), the fulfillment of its targets of growth and organizational consolidation, and to support the investment tracking and monitoring process, during 2012 Ecopetrol continued the strengthening process for the Subsidiaries and Equity Investments Management Model.

This model is designed under a system of centralized planning and decentralized execution, using transactional and operational synergies, in which the subsidiary companies retain their autonomy in decision-making, supported by their governance bodies, but are subject to the guidelines established by Ecopetrol in its capacity as parent.

3. Important changes in the corporate reference framework

Ethics and compliance

During 2012, Ecopetrol continued strengthening the ethics and compliance process through different mechanisms, such as:

- Ongoing dissemination of the Code of Ethics, seeking to motivate employees toward choosing ethical behaviors based on principles and values as pillars of coexistence, thus contributing to the prevention of compliance risks (fraud, corruption, money laundering and financing of terrorism).
- Development of the Transparency Pact, as a self-declaration completed by direct employees, under standards of confidentiality and security of the information, in order to measure the ethical environment of the company.
- Design and implementation of the Anti-corruption Strategy in order to: (i) build a culture

Table 2.
People trained in ethical issues in 2012

Direct Employees	Contractors	Direct and Contractors	Retirees	Legal representatives	Corporate Group	Total
2,403	1,170	1,194	16	291	388	5,462

Source: Ecopetrol, Ethics and Compliance Unit

based on ethical values, (ii) ensure compliance with Anti-corruption Standards (local and international), (iii) develop inter-institutional synergies to mitigate corruption risk and strengthen the visibility of consequences, thus reducing the perception of impunity and, (iv) develop a comprehensive program to combat corruption in Ecopetrol for the long-term.

- Working in synergy with the United Nations in the Responsible and Safe Business Program for the project on inter-institutional action, policy initiatives and self-regulation measures to strengthen supervision, control and regulation against money laundering and terrorist financing in the real sector.
- Signing of a contract with the firm Global Compliance (pioneer in complaints lines), in order to strengthen the management process for complaints in Ecopetrol and six subsidiaries comprising the Corporate Group.

Through workshops, training and lectures, awareness was raised among 5,462 direct employees and contractors in 2012, thus contributing to the great challenge of providing the country with citizens that are ethical by conviction, rather than by imposition (see Table 2).

4. Compliance with the corporate governance code

4.1. Rights and equal treatment of shareholders

■ Political and economic rights

During the regular session of the Shareholders General Assembly held on March 22, 2012, the shareholders present were able to exercise their political right to participate in the deliberations of the highest company body and approved a dividend of \$300 per share (equivalent to US\$ 0.17), consisting of an ordinary dividend of \$263 per share (equivalent to US\$ 0.15) and a special dividend of \$37 per share (equivalent to US\$ 0.02), for a total distribution of 79.85% of the net profit generated during 2011.

It is important to note that the Shareholders General Assembly approved payment of the entire \$300 of dividends to minority shareholders in a single payment from April 25, 2012, an obligation that has been now fulfilled by Ecopetrol.

The level of timely service to shareholder requirements in 2012 was 99.98%.

■ Identification of the main shareholders

In compliance with corporate governance practices, the shareholding structure of the company was reported on Ecopetrol's website, indicating the 20 shareholders with the highest number of shares: <http://www.ecopetrol.com.co/contenido.aspx?catID=542&conID=39684>

■ Shareholder and investor relations

During 2012, a total of 327,688 petitions, complaints, claims and requests were received from shareholders through the service channels made available by Ecopetrol. This volume represents an increase of 8.15% compared with 2011. The level of timely service to shareholder requirements in 2012 was 99.98%.

Additionally, it is noteworthy that a result of 97% was achieved in the shareholder satisfaction level for the service, information and solutions provided to their queries and requests. Shareholders who were not satisfied, had problems regarding the payment of dividends by the brokerage firms and a lack of knowledge of the stock market.

To improve the quality of service, the following actions were carried out: (i) meetings with brokerage firms to report the status of dividends paid and payable, (ii) campaigns to encourage shareholders to collect their dividends and (iii) an educational plan regarding the stock market.

■ Economic relations with the majority shareholder

Ecopetrol's economic relations with the nation, its majority shareholder, and with subsidiary companies, consolidated in 2012 through

agreements or contracts, were conducted within the limitations established by law, regulations on conflicts of interest and under market conditions.

It is important to highlight that these relationships do not seek to benefit the Nation or the subsidiary companies, nor are they detrimental to the interests of minority shareholders. On the contrary, with these contractual relations, Ecopetrol leverages the fulfillment of its corporate objectives, contributes to the creation of a Social State based on the Rule of Law, and strengthens its Corporate Responsibility model.

4.2. Shareholders General Assembly

■ Regular meeting

On February 21, 2012, in newspapers of extensive national circulation and through the website, Ecopetrol published the notice convening the regular meeting of the Shareholders General Assembly that was held on March 22. Additionally, and in furtherance of the corporate governance practices adopted by the company, on Sunday March 18, 2012 the administration reminded the shareholders, through the same means, of the date of the meeting of the Assembly and the mechanisms for representation within it.

During the legal and statutory term of 15 business days before the meeting of the highest corporate body, the relevant papers and documents were made available to shareholders in order for them to exercise the right of inspection.

In order to ensure greater transparency, the company used its website to publish all supporting documents for the meeting of the Assembly such as the notice of convention, reminder for the meeting,



Shareholders General Assembly, Bogotá, March 22, 2012

agenda, proposals from the administration, and candidates of the Nation (in its capacity as majority shareholder) to join the Board of Directors, as well as their respective résumés.

The regular meeting of the Assembly had the deliberative and decision-making quorum required under Law and by Article 22 of the Bylaws. The shareholders exercised their right to vote and the issues on the agenda that were subject to a vote were approved. The realization of the Assembly was broadcast live on television (canal institucional) and on Ecopetrol's website. Four of the nine members of the company's Board of Directors attended the regular meeting.

The Minutes were signed by the President of the Assembly, the Secretary and members of the

Main Minutes Review and Approval Committee appointed by the shareholders. The Minutes contain a record of the issues presented, approvals and authorizations granted by the Assembly and the comments made by shareholders.

In compliance with the securities market standards applicable to Ecopetrol, within 15 business days following the meeting of the Assembly, a copy of the Minutes was sent to the Financial Superintendence of Colombia. The full text of the Minutes was made available to shareholders on the company website.

The decisions contained in the Minutes and that are subject to registration were duly registered with the Chamber of Commerce.

With a cut-off at December 31, 2012, the Board of Directors was composed of six independent members and three non-independent members.

Special meeting

On December 6, 2012 a special meeting of Ecopetrol's Shareholders General Assembly was held arising from a vacancy in the fourth rung of Ecopetrol's Board of Directors due to the appointment of Dr. Federico Rengifo Vélez as Minister of Mines and Energy. With the issues submitted for consideration by the shareholders, the Assembly appointed Dr. Jorge G. Pinzón Sánchez as an independent member of the Board of Directors.

4.3. Board of Directors

In accordance with the provisions of the Bylaws and the Corporate Governance Code, the Board of Directors of Ecopetrol is composed of nine members, without alternates, elected by the Shareholders General Assembly for periods of one year by means of the electoral quotient system.

The Board of Directors elects its Chairman and Vice Chairman from among its members for periods of one year, who should preside over and lead the regular and special meetings.

Composition of the Board of Directors

With a cut-off at December 31, 2012, the Board of Directors was composed of six independent members and three non-independent members. The composition of the Board of Directors of Ecopetrol in 2012 is shown in Tables 3 and 4.

Table 3.

Board of Directors elected at the ordinary meeting of the Shareholders General Assembly of March 22, 2012

Board Member	Status	Age	Sex
Minister of Finance and Public Credit, Juan Carlos Echeverry	Non-independent	49	M
Minister of Mines and Energy, Mauricio Cárdenas Santamaría	Non-independent	49	M
National Director of Planning, Mauricio Santamaría Salamanca	Non-independent	45	M
Federico Rengifo Vélez	Non-independent	58	M
Fabio Echeverri Correa, Chairman of the Board of Directors	Independent	78	M
Joaquín Moreno Uribe	Independent	62	M
Luis Carlos Villegas Echeverri	Independent	54	M
Amílcar Acosta Medina	Independent - Representative of the hydrocarbon producing departments	61	M
Roberto Steiner Sampedro	Independent – Representative of the minority shareholders	52	M

Source: Ecopetrol, Secretary General.



Table 4.
Board of Directors elected at a special meeting of the Shareholders
General Assembly of December 6, 2012

Board Member	Status	Age	Sex
Minister of Finance and Public Credit, Mauricio Cárdenas Santamaría	Non-independent	50	M
Minister of Mines and Energy, Federico Rengifo Vélez	Non-independent	59	M
National Director of Planning, Mauricio Santamaría Salamanca	Non-independent	46	M
Jorge G. Pinzón Sánchez	Independent	54	M
Fabio Echeverri Correa , Chairman of the Board of Directors	Independent	79	M
Joaquín Moreno Uribe	Independent	63	M
Luis Carlos Villegas Echeverri	Independent	55	M
Amílcar Acosta Medina	Independent - Representative of the hydrocarbon producing departments	62	M
Roberto Steiner Sampedro	Independent – Representative of the minority shareholders	53	M

Source: Ecopetrol, Secretary General.

Profile of the members of the Board of Directors

The candidates for joining the Board of Directors must comply with the profile defined in Article 24 of the Ecopetrol Bylaws:

“Members of the Board of Directors must be committed to the corporate vision of the company and must meet at least the following requirements: (i) have knowledge and experience in the activities pertaining to the corporate purpose of the Company and/or have knowledge and experience in the field of industrial/commercial, financial, securities, administrative, legal or related sciences activities, (ii) have a good reputation and recognition for their professional competence and integrity, and (iii) not simultaneously belong to more than five (5) boards of directors including that of Ecopetrol S.A.”

Election of the independent members of the Board of Directors

At least three members must be independent in accordance with the provisions of the securities market law in Colombia (Law 964 of 2005). In accordance with the provisions of paragraph two of Article 44 of Law 964 of 2005, an independent member is understood as a person who in no case shall be:

1

An employee or manager of Ecopetrol or any of its affiliates, subsidiaries or controlling companies, including those who have had such status during the year immediately preceding the appointment, except in the case of the re-election of an independent person.

2

Shareholders who directly or in virtue of an agreement, direct or control the majority of the voting rights of the entity or that determine the majority composition of the administrative, management or control bodies thereof.

3

Partners or employees of associations or companies that provide consultancy or advisory services to the issuer or to the companies belonging to the same holding company it belongs to, when revenues from this represent, to them, 20% or more of Ecopetrol's operating costs or the operating income of the adviser, consultant or supplier.

4

An employee or director of a foundation, association or corporation that receives significant donations from Ecopetrol. Significant donations are considered those that represent more than 20% of the total donations received by the respective institution.

5

A manager of an entity on whose board a legal representative of Ecopetrol participates.

6

People who receive any remuneration from Ecopetrol other than the fees as a member of the Board of Directors, the Audit Committee or any committee of the Board.

The Board members that are elected as independents will commit in writing to accept the position, and to maintain their independent status during the course of their duties. If for some reason they lose such status, they should resign from the position and the President of the company may convene a special meeting of the Shareholders General Assembly in order for them to be replaced.

In accordance with the procedure laid down in Decree 3923 of 2006, the election of independent members of the Board of Directors is carried out through a vote by the Shareholders General Assembly from a list of candidates that includes the minimum number of independent members as required legally and statutorily.

Board Committees

To directly address its responsibilities, the Board of Directors has four support committees made up of members of the Board that it appoints.

Table 5 sets out the work of these Committees with a cut-off at December 31, 2012.

Table 5.
Board Committees

	Corporate Governance and Sustainability Committee	Audit Committee
Main functions	<p>It is a management support body that the Board undertakes for the company's corporate governance and sustainability. Its objective is to make recommendations to the Board on systems for the adoption, monitoring and improvement of corporate governance and sustainability practices</p>	<p>It is the Company's highest control body, responsible for supervising the management and effectiveness of the internal control system. Supports the Board in overseeing the internal control system, compliance with the internal audit program, compliance with auditing process on the part of the statutory auditor and/or external auditors, and in monitoring that the internal control procedures meet the requirements, objectives, targets and financial, administrative and operational strategies determined by the Company, and in knowing, analyzing and giving its opinion in relation to the annual report presented by the Reserves Committee on the Company's oil reserves</p>
Members and requirements	<p><i>Amílcar Acosta Medina</i> (Chairman of the Committee) <i>Joaquín Moreno Uribe</i> <i>Jorge G. Pinzón Sánchez</i> Minister of Finance and Public Credit Minister of Mines and Energy <i>Roberto Steiner Sampedro</i> At least one of its members must be independent</p>	<p><i>Joaquín Moreno Uribe</i> (Chairman of the Committee) <i>Roberto Steiner Sampedro</i> (financial expert) <i>Amílcar Acosta Medina</i> <i>Luis Carlos Villegas Echeverri</i> <i>Jorge G. Pinzón Sánchez</i> All Committee members must be independent and have knowledge on matters related to its functions. At least one must be an expert in financial and accounting issues</p>
2012 work	<ul style="list-style-type: none"> Review and monitoring of social management projects related to secondary roads. Monitoring the management of HSE, Industrial Safety and Environment. Evaluation process for the President of the company. Monitoring of the Corporate Governance practices implemented in Ecopetrol and the Corporate Group. Monitoring of the Corporate Social Responsibility model. Update of the management model for the Ecopetrol Corporate Group. 	<ul style="list-style-type: none"> Detailed monthly review of the Financial Statements. Analysis and comments on the company's information contained in Form 20F bound for the Securities and Exchange Commission (SEC). Review of Ecopetrol's Contracting Manual and Administrative Delegations Manual. Discussion and comments on the process of Ethical Management, monitoring of activities for the prevention of fraud, money laundering and terrorist financing, and corruption. Analysis and recommendations in relation to the Corporate Risk Map 2012-2013. Monitoring of the results of audits performed on different company processes. Analysis and comments on the Process and Balance of Reserves 2012. Review and comments on the result of the Internal Control System's maturation. Monitoring of issues from Internal Audit and the Statutory Auditor.

Compensation and Nomination Committee

Reviews and makes recommendation to the Board on compensation schemes and selection criteria for senior managers, as well for other key employees of the organization

Fabio Echeverri Correa (Chairman of the Committee)

Minister of Finance and Public Credit

Joaquín Moreno Uribe

Amílcar Acosta Medina

At least one of its members must be independent.

- Review and comments on the Compensation and Promotion Policy for Ecopetrol staff.
- Analysis and recommendations on the Wage Policy of the Corporate Group's subsidiaries.
- Monitoring of selection processes for Senior Executives in Ecopetrol Corporate Group companies.
- Situation analysis of the work and union environment for corrective action.

Source: Ecopetrol, Secretary General.

Business Committee

It is a support body for the work carried out by the Board in relation to the definition of the Company's investment strategy, portfolio analysis and investment projects that require the approval of the Board of Directors, as well as the evaluation and monitoring of the investment portfolio and the results of such investments.

Minister of Mines and Energy, *Federico Rengifo Vélez* (Chairman of the Committee)

Minister of Finance and Public Credit

Roberto Steiner Sampredo

Joaquín Moreno Uribe

Luis Carlos Villegas E.

At least one of its members must be independent.

- Analysis and comments on the Cartagena Refinery Modernization Project.
- Analysis and recommendations for the structuring of the Business Plan and the Investment Portfolio of the Company.
- Authorization and monitoring of the release and restructuring of investment portfolios of the Company's various businesses.
- Review and comments on the Corporate Group Strategy 2012-2020.
- Analysis and recommendations on new business for the Company, on a national and international level.
- Monitoring of the management and outcome of the Group's affiliates, through ex post assessment.

Remuneration of members of the Board of Directors

In accordance with the approval provided by the Shareholders General Assembly on March 22, 2012, the value of the fees paid to members of the company's Board of Directors is the sum of six minimum monthly wages (MMW) per session of the Board of Directors and/or internal Committee requiring personal attendance. For sessions not requiring personal attendance, half of the fee is paid, i.e. Three MMW.

This payment to directors is subject to withholding tax of 10%, for those under simplified tax system, and 11% for those under the general tax system. Similarly, the percentage for the Industry and Commerce (ICA) tax is deducted. See details of remuneration in Table 6.

Table 6
Remuneration of Board members (figures in pesos)

Item	Cut at December 31, 2011	Cut at December 31, 2012
Fees for attending Board meetings	276,369,600	494,729,100
Fees for attending Board meetings	316,003,000	542,898,600
Total (*)	592,372,600	1,037,627,700

(*) In the regular session of the Shareholders General Assembly held on March 21, 2012, an increase in fees was approved for Directors, from 4 to 6 MMW.
Source: Ecopetrol, Secretary General

Average attendance at meetings by Board members

During the period April 2012 to March 2013, there were 20 meetings of the Board of Directors. Average attendance to the meetings can be seen in Table 7.

Table 7.
Attendance to meetings of the Board of Directors

Member of the Board of Directors	2011		2012	
	Sessions attended	Average attendance	Sessions attended	Average attendance
Minister of Finance and Public Credit	11	69%	20	100%
Minister of Mines and Energy	15	94%	19	95%
National Director of Planning	15	94%	14	70%
Jorge G. Pinzón Sánchez (*)	NA	NA	05	100%
Fabio Echeverri Correa	13	72%	18	90%
Joaquín Moreno Uribe	18	100%	20	100%
Luis Carlos Villegas E.	NA	NA	12	60%
Representative of the minority shareholders	16	100%	20	100%
Representative of the hydrocarbons producing departments	16	100%	19	95%

(*) Elected at the special meeting of the Shareholders Assembly of December 6, 2012.
All absences were duly justified to the Secretary General
Source: Ecopetrol, Secretary General.

■ Shareholding of members of the Board of Directors

Table 8 lists the number of Ecopetrol shares, with a cut-off at December 31, 2011, held by members of the Board of Directors.

In 2012, the average value of the company shares held by four members of the Board, amounts to the sum of \$ 635,592,000, taking an average value of \$4,000 per share.

Table 8.
Ecopetrol shares held by members of the Board

Mauricio Cárdenas Santamaría

2,000
No. of shares 2011

2,000
No. of shares 2012

Fabio Echeverri Correa

81,081
No. of shares 2011

20,311
No. of shares 2012

Luis Carlos Villegas Echeverri

N.A.
No. of shares 2011

86,587
No. of shares 2012

Joaquín Moreno Uribe

50,000
No. of shares 2011

50,000
No. of shares 2012

Source: Ecopetrol, Secretary General

■ Assessment of the Board of Directors

In compliance with best corporate governance practices, an annual qualitative and quantitative assessment of the Board of Directors is carried out. Additionally, and in accordance with the highest standards of corporate governance, in 2012 an external evaluation or diagnostic on the management of the Board and its Committees was hired. The results of these assessments are available in the Report on the Functioning of the Board of Directors, which is posted on Ecopetrol's website.

4.4. CEO and other executives

Despite the complexities of the environment and its impact on some of the company's indicators, Ecopetrol proved its strength and ability to maintain competitive results in the industry, supported by higher production, the development of marketing strategies to increase sales, the execution of a robust investment plan and organizational consolidation.

Senior executives contributed to the achievement of business objectives through strategic management of their respective areas and the undertaking of the different activities. Their professional skills and career paths can be found on Ecopetrol's website.

They are assessed in accordance with the indicators established in the Balanced Management Scorecard of their area and within the terms established in the individual performance agreement signed with their line manager.

In 2012, merit-based reward was implemented for the first time in the company, which makes it possible to award a selection of the high-performing population with a salary increase or bonus that promotes good individual performance.

In the specific case of Ecopetrol's President, his 2012 Management Agreement was characterized by the majority of its component indicators being focused on the production and addition of reserves. The assessment result was 80.8%.

In 2013, Ecopetrol reaffirmed its commitment to advance on the path of strong and sustained growth, and established new management agreements for the President and other members of the management team, consistent with the challenges demanded by the industry and its environment.

The results of the evaluations of senior executives are available on the company's website.

Senior executive selection process and compensation policy

The selection policy for senior management in Ecopetrol is the same process that applies to all human talent selection, which comprises the stages of searching, screening, evaluation, selection and hiring or promotion of the most suitable person that meets the profile for the role, i.e., training, experience, organizational and leadership skills associated with the requirements of the role, regardless of race, sex, age, religion, nationality, geographical location, disability, and political or philosophical opinion.

This policy seeks to ensure that the processes are conducted in accordance with the guidelines derived from Ecopetrol's strategic framework and Code of Ethics.

In order to provide opportunities for development, it is a process that usually takes place through internal selection where Ecopetrol staff participate. Only in cases of very specific profiles that are not found within the company will there be an external selection process involving people who have no links with the company.

The compensation policy for senior executives in Ecopetrol is the same as that defined for all the employees of the company. All positions are valued using the HAY® methodology and remuneration is referenced to the oil sector. The application of this policy seeks internal fairness and competitiveness in relation to the sector, for which there is a salary structure based on monetary income (fixed payments) and is between -20% and +10% relative to the oil sector median.

In 2012, after Board approval, merit-based reward was implemented for the first time in the company, which makes it possible to award a selection of the high-performing population with a salary increase or bonus that promotes good individual performance. This policy covered senior managers.

It should be noted that the compensation policy does not include special payment or remuneration mechanisms in company shares for its employees and managers. The remuneration of the company's senior executives is outlined on the company's website.

4.5. Corporate Social Responsibility

Ecopetrol understands Corporate Social Responsibility as “the responsibility of an organization for the impacts that its decisions and activities have on society and the environment, through transparent and ethical behavior that:



Accountability

During 2012, stakeholders were able to approach Ecopetrol through the Citizen Participation Offices. For this, the company had the following mechanisms available to serve the public:



<p>Email:</p> <p>participacion.ciudadana@ecopetrol.com.co,</p> <p>codigodeetica@ecopetrol.com.co</p> <p>quejasysoluciones@ecopetrol.com.co</p>	<p>3 Public Audiences on Accountability (Bogotá, Tibú and Cartagena)</p>	<p>Teleiguanas (free phones available in remote areas where there are no public relations offices), in Apiay, Castilla, Manizales, Cartago, Cali, Yumbo, Buenaventura, Cicuco, Coveñas, Pozos Colorados, Retiro, Saravena, Tibú, Vasconia, Casabe, Sebastopol, Sabana de Torres, San Martín and Banadía.</p>
<p>Call Center: Nationwide toll free number: 01-8000 918-418</p>	<p>Personal service offices in Apiay, Barrancabermeja, Bogotá, Cartagena, Castilla, Cúcuta, El Centro, Neiva, Orito, Villavicencio and Yopal.</p>	
<p>Service teams in various municipalities around the country.</p>		

In 2012, 19,858 citizen requests were received among rights of petition, information requests, and complaints and claims. 99.72% of requests were answered within the time frames set.

4.6. Transparency, fluidity and integrity of the information provided to the public

Publication of information on the website

Through this channel, and throughout the year, shareholders and investors had access to financial information, the credit rating, corporate governance practices, the shareholding structure of the company, stock market performance, dividends policy, payment date for dividends, projects underway and the composition of the Board of Directors, among others.

During 2012, the Ecopetrol website received an average of 15,401 visits per day, 34.9% more than in 2011 when 11,415 visits were recorded; the content most requested by users were current job openings, and the page for contractors and shareholders.

On March 22, 7,723 people logged on to watch the live broadcast of the regular session of the Shareholders General Assembly, 52.77% more than last year when 5,055 people logged on.

Moreover, towards the end of September 2012, Ecopetrol launched a new version of the website with a modern design and structure based on the concept of sustainability. In this way, its contents are intended to communicate how the company has incorporated a set of economic, social and environmental criteria within its corporate management, which seek to generate long-term value and respond effectively to the challenges posed in this field today.

Users find a design rich in images, with drop-down menus that offer a wider range of information, with the aim of reducing the

number of clicks that the user must make.

The new page has three navigation menus: the first, bringing together the citizen information services, the second located under the page's title banner, which includes cross-cutting issues regarding the company, and the third, located under the keynote area, which is dedicated to stakeholders.

This new site strengthens the provision of information on issues such as the environment, the prevention of risks such as corruption, human rights, and relations with stakeholders.

In terms of social networks, at the end of 2012, Ecopetrol had 98,396 and 49,963 followers on Facebook and Twitter, respectively.

Disclosure of relevant information to the Financial Superintendence of Colombia and foreign regulatory authorities

During 2012, 68 Relevant Information releases were published in the Financial Superintendence of Colombia. In the United States 36 press releases were published, as well as 27 documents under Form 6-K that is required by the Securities and Exchange Commission (SEC), and in Canada 36 press releases were published.

All press releases were disclosed to the market in a timely manner and are available in the Integrated Stock Exchange Information System (SIMEV in Spanish), on the SEC webpage www.sec.gov, on the TSX webpage (Toronto Stock Exchange) www.tmx.com, as well as on Ecopetrol's website www.ecopetrol.com.co

Roundtables with Stakeholders in the municipalities of Aguazul, Monterrey, Tibú, Cartagena, Cicuco, Yondó, Cantagallo, Orito, La Hormiga, Puerto Caicedo, Acacias, Castilla La Nueva, Villavicencio and Bolívar (Districts of Berbeo, La Hermosura and Santa Rosa).

Internet:
www.ecopetrol.com.co

4.4. Control structure

External controls

Statutory Auditor

The Shareholders General Assembly, during its meeting on March 22, 2012, approved the hiring of KPMG Ltda. as statutory auditor of Ecopetrol S.A. for the 2012 term, for a value of \$ 4,492 million pesos plus VAT, and authorized the Audit Committee of the Board of Directors to assign it additional work during the year, related to aspects relevant to the company, which not being included within the object of the contract and not generating ineligibilities for the performance of their role, can be performed by KPMG Ltda.

The Audit Committee's recommendation on the appointment of the Statutory Auditor was based on the classification of the firm's work team, its knowledge of the industry and the company, and its methodology tailored to the needs of the company. Also, it certified its independence in relation to conflicts interest, ineligibilities and incompatibilities.

The responsibilities and duties of the Statutory Auditor are described in the company's internal rules and the contract minute. The results of the assessments made by the Statutory Auditor and the progress within Improvement Plans arising from their audit were released periodically through reports to senior management and the Audit Committee of the Board of Directors.

Inspection, supervision and control bodies

Colombia's main authorities for regulating the activities related to Ecopetrol's corporate purpose are the Ministry of Mines and Energy, the National Hydrocarbons Agency (ANH) and the Gas and Energy Regulatory Commission (CREG).

Additionally, five different superintendencies oversee specific company activities: The Superintendence of Domestic Public Services, the Financial Superintendence of Colombia, the Superintendence of Companies, the Superintendence of Ports and Transport, and the Superintendence of Health. It is important to note that Ecopetrol, as an intermediary on the stock market, is supervised by the Securities Market Self-regulator (AMV, for its acronym in Spanish).

Moreover, because Ecopetrol has listed its shares on the stock exchanges of New York and Toronto, its activity in these markets is subject to regulation by the Securities and Exchange Commission (SEC), Toronto Stock Exchange (TSX), the Alberta Exchange Commission, the Ontario Exchange Commission and the Investment Industry Regulatory Organization of Canada (IIROC).

Comptroller General of the Republic:

Ecopetrol, as the subject of passive control by the Comptroller General of the Republic (CGR), implemented in 2012 the improvement plans corresponding to such period, based on the tax audits for the 2009, 2010 and 2011 periods, consisting of 241, 323 and 342 actions, respectively, with a compliance level of 100% for the three plans at the end 2012.

The assessment report issued by the Comptroller General in 2012 for the 2011 period was "Favorable," both for Ecopetrol's management and results, with a score of 93.005.

Credit Rating Agencies

Fitch Ratings Colombia S.A. maintained Ecopetrol's long-term national rating at AAA (col), as well as for its debt securities in the local market. According to the definitions used by this local agency, the obligations rated in this category are of the highest credit quality, as risk factors are virtually nonexistent.

Also, international agencies Fitch Ratings and Moody's maintained Ecopetrol's foreign currency debt rating at investment grade (BBB-), with their reports highlighting the good financial risk profile, the strength of its indicators, the diversification its sources of income and its leadership position in the oil and gas industry in Colombia.

Similarly, Standard & Poor's decided to allocate a positive outlook to its "BBB-" rating, an action based on the close link between the Republic of Colombia and the company.

Internal control

Internal audit department

Compliance with the General Audit Plan was 100%. Audit work was conducted on processes with a risk assessment significant to the fulfillment of the company's strategic objectives and some projects that are of high-impact due to their level of investment and their significance in relation to the fulfillment of the corporate strategy.

In 2012, the General Audit Plan approved by the Audit Committee of the Board of Directors, covered 9 of the company's 18 existing macro-processes (Refining, Transportation, Production, Projects, Supply, Operations and Financial Services, Institutional Relationships, Information Management and Comprehensive Responsibility). The audits included projects on assurance, consultancy, evaluation of process controls and financial reporting for compliance with the Sarbanes Oxley (SOX) Law, as well as activities for compliance with existing external and internal standards applicable to the function.

As a result of implementing the General Audit Plan, the responsible areas devised improvement plans aimed at mitigating the observations made by the Internal Audit Department.

Additionally, and as part of the model approved by the Audit Committee of the Board of Directors, in 2012 the Department developed procedures in subsidiary companies Equion, Reficar and Bicentenario, aimed at ensuring the implementation of best audit practices and for advice on the design of general audit plans.

Internal Control System

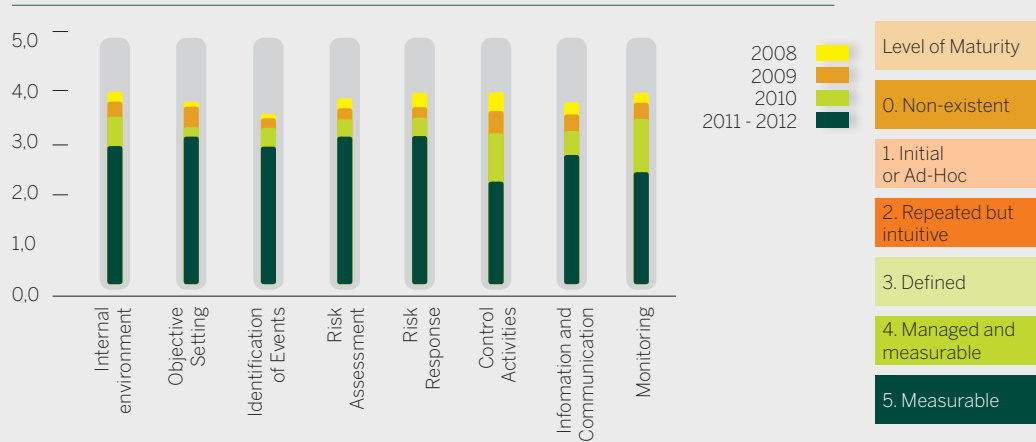
During the past five years, Ecopetrol has been working hard on implementing its Internal Control System (ICS), in order to provide reasonable assurance in achieving its corporate targets, fulfilling demanding regulatory compliance, trading on international stock exchanges and generally improving its management processes.

Continuing the incorporation of the internal control system within the framework of the Integrated Control and Management System, and to verify that Ecopetrol's ICS continues to strengthen, an evaluation was conducted on the degree of maturity reached by 2012, considering the support actions executed during 2011 and 2012.

As a result of the evaluation, Deloitte & Touche has been able to conclude that Ecopetrol is progressing satisfactorily in the maturation of its internal control, and that it maintains a "defined" level in all components of the ICS, with a maturity rate of 3.6, two points above the last score given in 2010.

Figure 2 shows the evolution of the level of maturity of Ecopetrol's Internal Control System from 2008 to date.

Figure 2. Level of maturity of ICS components



Risk management:

Ecopetrol has a Risk Management System aimed at contributing to the fulfillment of objectives, the preservation and creation of value for the company, and response to unexpected events.

During the past two years, work has been done on the maturation of comprehensive risk system (CRS), through the development of initiatives such as enterprise risk quantification, optimizing the use of the B Wise software for risk management and the controls of Ecopetrol's Internal Control System and strengthening the training program in risk management for leaders who support the process within the company.

Specifically in 2012, the alignment of the Risk Management Cycle with the Comprehensive Planning, Management and Improvement Cycle was consolidated. In addition, KRIs (Key Risk Indicators) were designed for monitoring business risks in order to generate timely alerts for the control and suitable management of the risks identified.

4.8. Conflicts of interest

Ecopetrol has specific mechanisms that enable the prevention, management and disclosure of conflicts of interest that may arise among shareholders (majority and minority), managers and staff in general, between their own interests and those of the company.

To avoid incurring in a conflict of interest, during the reporting period 16 people made use of the procedure established by the company and revealed situations that could give rise to these and, therefore, were declared precluded from knowing or performing a certain action.

The information on conflicts of interest revealed in 2012 is available on the company's website.

4.9. Dispute resolution mechanisms

Ecopetrol has alternative mechanisms for dispute resolution in order to promote foreign investment and trade relations, and facilitate coexistence between shareholders, stakeholders and the company's management. These mechanisms, such as direct settlement, amiables compositeurs, conciliators and arbitration tribunals, become an alternative, different from the regular channels of ordinary justice, to resolve contractual disputes in a more timely, specialized and in certain cases, more economical manner.

Information on contractual disputes settled in 2012 through alternative mechanisms can be found on the company's website.

4.10. Securities trading

In accordance with the Bylaws, the Corporate Governance Code and internal instructions on securities trading, in 2012 Ecopetrol managers requested authorization to the Board of Directors to dispose of or acquire shares in the company, stating that the respective transaction was non-speculative and did not make use of privileged information.

4.11. Complaints from shareholders and investors

During 2012, there were no complaints regarding compliance with the Corporate Governance Code through the phone lines and mailboxes available to shareholders and the general public.

The Board of Directors expresses its appreciation to Ecopetrol and all its employees for their continued commitment to the implementation of good corporate governance practices that ensure the governance, transparency and control of the company.

Transparency and anti-corruption

Since 2009, Ecopetrol has been strengthening its risk management processes with a focus on preventing fraud, corruption, money laundering and terrorist financing (compliance risks).



The objective, therefore, has not only been to seek the application of the Code of Ethics and compliance risk prevention manuals, but rather through a preventive and awareness raising function, for employees to act more by conviction (from within), than by imposition (what ought to be).

Ethics and anti-corruption strategy

The strategy is based on strengthening stakeholders, binding them in their commitment to fight this scourge.

The objectives of the strategy are:

Consolidate an ethical culture based on values.

Ensure compliance with anti-corruption standards (local and international).

Develop inter-institutional synergies to mitigate the risks of corruption and strengthen the visibility of consequences, thereby decreasing the perception of impunity.

Develop a comprehensive program to combat corruption in Ecopetrol for the long-term.

The vision of ethics and compliance management is based on building among workers, contractors and other Ecopetrol stakeholders, a profile of ethical citizenship to such an extent that they always project transparent behavior in their work. This has converted Ecopetrol into a model of compliance risk management based on prevention, which is what sets it apart in comparison with other anti-corruption strategies.

The commitment of senior management and the leaders of the organization is one of the first steps that will allow the consolidation of a culture of legality. It is also necessary to have the assistance of some State agencies that enable the company to consolidate synergies and achieve the prosecution of offenses and the imposition of penalties that reduce the perception of impunity for acts of corruption.

In 2012, through workshops, training and lectures, awareness was raised among 5,462 direct employees and contractors.

Thus, the anticorruption strategy includes 3 fronts:



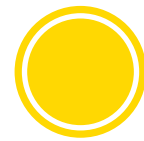
Prevention front

Seeks to raise awareness and create a culture of zero tolerance towards corruption. It is aimed specifically at direct employees and contractors' legal representatives. It is performed through training focused on identifying situations or behaviors that may be acts of corruption, communicating what the applicable regulation is, what can be done to prevent this risk and what to do if an event of corruption is identified.



Tracking and monitoring

Makes it possible to identify where the main vulnerabilities are in terms of fraud and corruption; a root cause analysis is performed to identify processes vulnerable to the risks identified, and based on this, specific work plans are developed.



Strategic alliances

Seeks to consolidate alliances with various State authorities and institutions that make it possible to leverage the implementation of the strategy, work towards the prevention of unlawful damage, the prosecution of crimes related to fraud and corruption, and the strengthening of monitoring on compliance issues brought to competent authorities.

Prevention mechanisms

One of the cornerstones of anticorruption management has been to foster a culture of transparency and zero tolerance towards this risk. Thus, in 2012, through workshops, training and lectures, awareness was raised among 5,462 direct employees and contractors.

The awareness raising strategy aims that staff from the company and various stakeholders understand

when they may be in the presence of an act of fraud or corruption, and what they should do to prevent or report them.

To support this objective, several internal communication campaigns were implemented in 2012. Table 9 describes the most important campaigns.

Table 9.
Awareness raising campaigns in internal channels

Channel	Details
Ethical People page in Iris	A space was enabled on the Intranet, Iris, wherein users can find information on prevention processes in ethics and compliance, the publication of the Code of Ethics, dilemmas, radio dramas, monitoring reports and a form for users to communicate their complaints online.
Ethical dilemmas	Are publications that present the main concerns related to the ethics and compliance process based on cases and complaints that arise in the Organization.
Ethics radio dramas	Characters like Agapito and Úrsula present, through everyday stories, certain types of risks such as fraud, corruption and money laundering. These stories can be found on the Ethical People page in IRIS, so that work teams can use them as material for reflection.
Inserts for the prevention of fraud, corruption, money laundering and terrorist financing	Through these inserts, employees found out what these risks are about, what the main types are and how to identify them. In addition to being published on the Iris page, they were physically provided along with payroll receipts.
Contests and surveys	As a measurement tool, contests and surveys were conducted to assess the positioning of the issues addressed in the communication strategy.
Ethics thermostat	It is a semi-annual report which provides an analysis of complaints received each month, classified by types and areas, which makes it possible to establish how the organization is doing in ethical issues and the use of complaints channels.
Ethics messages in Vice President Communicates	This is the regular newsletter from the vice presidents and directors that targets their work groups. Through this instrument, awareness raising and motivational messages are spread in order to create commitment to the ethics and compliance actions plans in the different areas.
Bulletin Messages from Transformational Leaders	Through bulletins used by leaders, ethical messages are disseminated to motivate their work teams to act with responsibility, integrity and respect.
eNewsletters for contractors and contract managers	Through these newsletters, this population is informed of prevention mechanisms for unethical behavior and risks such as money laundering, fraud and corruption.

According to the measurement made by the National Consultancy Center, the Communications Strategy on the Ethics and Compliance Process was the second most memorable for Ecopetrol staff during 2012.

Reporting mechanisms

When an employee, contractor, shareholder or citizen is aware of or suspects a situation that violates the Code of Ethics, they should make use of the reporting channels so that the situation can be reviewed by the Secretary General's Ethics and Compliance Unit.

Ecopetrol has the following reporting channels:

Ethics line

(571) 234 3900

in Bogotá

01 800 912 1013

nationwide toll free number

Web form

www.ecopetrol.com.co/contactenos

All complaints received through these channels are analyzed according to the management procedure for ethical issues and in accordance with the principles and values of the Code of Ethics; it is guaranteed to complainants that:

Their complaint will be analyzed objectively by an independent team

Reprisals will not be tolerated

Their identity will be kept confidential

They will receive a response on the handling of their complaint

In 2012, a contract was signed with the firm Global Compliance, a pioneer in complaints lines since 1981. Today, it is the largest company of its kind with more than 25 million end users worldwide. They have the largest market share with about 4,300 customers from different types of industries, 50% of the Fortune 100 and 30% of the Fortune 1,000. Annually, they address and process about half a million calls to reporting lines. With this new operator, complaints can be received for both Ecopetrol S.A. and six subsidiaries from the Corporate Group.

Risk analysis

In compliance with Article 73 of Law 1474 (Anti-Corruption Statute) that provides that public bodies must generate an anti-corruption strategy that follows its risk map, in 2012 Ecopetrol conducted several compliance risk assessment workshops (fraud, corruption and money laundering) that enabled it identify the critical issues in which risk is perceived.

Based on the above result, the controls associated with these risks were identified (Internal Control System - ICS), the results of tests performed by

Internal Audit were analyzed, and the matters received through the reporting channels were taken into account. With these inputs, it was possible to determine the residual risk; in cases where the assessment identified high and very high risk, recommendations to the areas and processes were generated.

Ecopetrol has a Risk Management Manual that contains the methodology under which risks are managed (see diagram with the methodology used).



Recommendations for control and monitoring

Identify how events of fraud / corruption / MLTF can arise

Assess the inherent risks ** with relevant staff

Summarize and present the Workshop results

Identify the controls (financial, non-financial and process) that mitigate critical risk scenarios

Determine the level of risk mitigation

Determine the residual risk level for the risks considered as critical

Generate and discuss recommendations with areas / processes

**The assessment was conducted using the risk assessment matrix - RAM

In order to generate the risk map, 25 workshops assessment were conducted involving 500 employees from the company's various departments.

Based on the assessment sessions, in 2012 the risk map was obtained, which made it possible to identify those events considered most critical and on which

Ecopetrol should focus the Anticorruption Strategy (roadmap).

In conjunction with the different areas, action plans were identified to close the gaps identified in the Risk Map. At December 2012, the implementation of these recommendations was 92%.

At the end of 2012, 119 complaints were closed and 40 were in the process of verification.

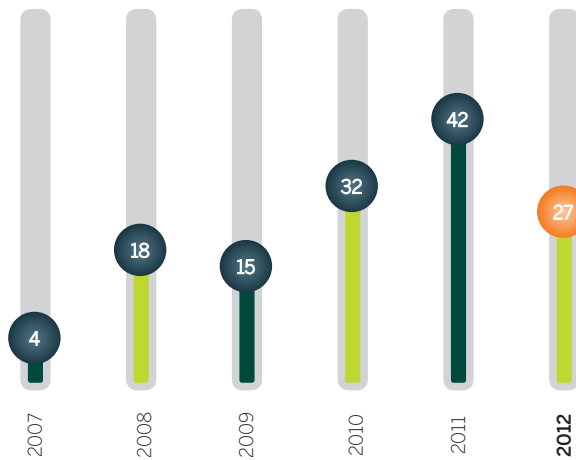
Suspicious transaction reports relating to money laundering or terrorist financing

Ecopetrol has Manuals for the Prevention of fraud, corruption, money laundering and terrorist financing; these set out the types and forms under which these events can materialize.

To comply with due diligence, in 2012 the companies or people related to Ecopetrol were reported that had suspicious transactions or profiles, and that should be analyzed by the relevant authorities.

During 2012, 27 Suspicious Transaction Reports (STRs) were made to the Financial Analysis and Information Unit of the Ministry of Finance. Figure 3 presents statistics on the reports made by Ecopetrol.

Figure 3. Number of reports of suspicious transactions



Source: Ecopetrol, Secretary General

Measures taken in response to incidents of corruption

At December 31, 2012, 159 complaints were received related to types of corruption. Of that total, at the end of 2012, 119 complaints were closed and 40 were in the process of verification.

Of the 119 complaints that have passed through the ethics management process, it was possible to fully or partially evidence that 53 cases matched the hypothesis put forward. On the other hand, 66 complaints did not match the hypothesis put forward; this means that after the analysis process, no elements were found to enable the corroboration of the allegations (see details in Table 10).

Table 10. Corruption complaints received

Corruption complaints received	Hypothesis matched	Hypothesis did not mach	In the process of verification
159	53	66	40

Source: Ecopetrol, Secretary General

Table 11 details the different types of closing actions for cases where hypotheses matched, as well as some recommendations on processes.

Table 11.
Closing actions and process recommendations

30	<p>Workshops on Strengthening Principles and Values</p> <p>For situations that do not involve the possible perpetration of crimes or disciplinary offenses, there are workshops aimed at strengthening principles and values in people. In this way, it is sought to diminish perceptions of poor transparency.</p>
15	<p>Handing Over to the Disciplinary Control Office</p> <p>After analyzing the situation reported, behaviors are identified that could constitute disciplinary offenses, thus handing over to the competent body for investigation.</p>
5	<p>Handing over to the competent area</p> <p>As result of the analysis, it was identified that there are failures that should be addressed by the responsible areas. These gaps can be opportunities to engage in acts of corruption. The recommendations seek to close the existing gaps.</p>
1	<p>Handing over to the Attorney General's Office</p> <p>After analyzing the situation reported, behaviors that could constitute crimes are identified, thus handing over to the competent authority for investigation.</p>
1	<p>Individual conversation</p> <p>For situations that do not involve the possible perpetration of crimes or disciplinary offenses, individual conversations are held that seek to strengthen principles and values in people.</p>



From left to right Herbert Stegemann, Siemens; Marco A. Padilla Merigo, Ethics & Compliance Group - Weatherford International; John M. Benson, Schlumberger; Carlos Fernando Galán, Transparency Secretary of the Presidency of the Republic; Javier G. Gutiérrez Pemberthy, President of Ecopetrol.

First Forum on Ethics and Transparency in the Hydrocarbon Sector

Ethics and compliance experts from Latin America gathered at the First Forum on Ethics and Transparency in the Hydrocarbon Sector, held on October 4, 2012 in Bogotá. The event was held between Ecopetrol, Halliburton, Independence, Lupatech, Schlumberger, Siemens, Weatherford and Transparency Secretary of the Presidency of the Republic.

The day included four panels: the first panel addressed the challenges of regulation applicable to both national and international anti-corruption law; the second addressed best practices in compliance risk prevention; the third panel was devoted to the impact of money laundering in the hydrocarbon sector and the fourth dealt with the importance of ethics in business.

In 2012 the company registered no breaches, penalties or complaints related to issues of marketing communications, advertising or other promotional and sponsorship activities.

Communication and sponsorship

Marketing communications, advertising and sponsorships are a component of Ecopetrol's corporate communication strategy, which aims to strengthen the reputation of the company through better positioning of the brand, building trust among its stakeholders and the delivery of information in a transparent and timely manner.

As part of the transparency measures adopted by the company, all requests for sponsorship and advertising that arrive are analyzed and potentially approved by the Committee on Sponsoring, Promotion and Advertising, based on the Sponsorships Procedure, a document that objectively defines the requirements to be met for an activity sponsored by the company.

According to the guidelines of the Procedure, the activities or events must meet a series of requirements in order to be sponsored, among which stand out the relationship with the company strategy, Corporate Responsibility initiatives and the promotion of products and services that must, in addition, achieve extensive brand exposure and the involvement of Ecopetrol stakeholders. Since 2010, the procedure has allowed the sponsoring of certain cultural activities.

The procedure also determines which events or activities are prohibited for sponsorship, which include political activities, religious activities or those that generate confrontation between groups in society.

Based on the above guidelines, in 2012, 102 sponsorship agreements were signed.

In terms of advertising, in 2012 a campaign was undertaken to promote the arrival of clean diesel throughout the country, a fuel that meets strict international standards of containing less than 50 parts per million of sulfur.

In 2012 the company registered no breaches, penalties or complaints related to issues of marketing communications, advertising or other promotional and sponsorship activities.

Relations with the Congress of the Republic

Ecopetrol, as a mixed economy company belonging to the decentralized sector for national services and by constitutional mandate, is expressly forbidden from making any donations or contribution to parties, movements or political candidates (articles 110 and 355 of the Constitution of Colombia). With regard to this, Ecopetrol did not make any donations to political parties in 2012.

Furthermore, Ecopetrol cannot conduct lobbying activities, defined as activities designed to influence the public policy decisions of decision-making bodies. Nevertheless, it is important to note the company can formalize comments to Colombia's Congress and other government bodies regarding the various legislative and regulatory initiatives that may affect the oil and gas sector in Colombia.

Additionally, the company has a procedure for relations with Congress in which the internal procedure is indicated for:



Table 12 describes the main activities carried out during 2012 with Congress.

Table 12.
Activities with Congress 2012

Activity	Total 2011	Total 2012
Attending appointments requested by congressmen	58	93
Information requests submitted by Congressmen	31	40
Political control debates attended by Ecopetrol	11	13
Invitations from Congress	3	1

Following up and monitoring bills of interest to Ecopetrol during 2012

- Green procurement
- Royalties reconciliation
- Transparency and access to national public information
- Registration of public instruments
- Border zones
- ICA in the oil industry LPG
- Monetary compensation resulting from the exploitation of hydrocarbons
- Contracting of labor, goods and services in territorial entities by oil companies
- Stamps, highlighting the Universidad Nacional Stamp
- Abolition and prohibition of hiring through worker cooperatives
- Limitation on the acquisition of land and operating titles for renewable and non-renewable natural resources by foreign investors
- Code on Natural and Environmental Resources in Colombia
- Rules relating to administrative and criminal liability for environmental damage
- Tax Reform

Corporate Responsibility

Teca Field



Corporate Responsibility in Ecopetrol

In Ecopetrol, corporate responsibility is seen as a strategy that seeks to ensure that the company's operation is in harmony and balance with its stakeholders and the environment.

It is a central component of the strategic framework, which is explicitly referred to in the corporate mission and vision. It includes two central guiding principles: stakeholder relations and environmental management.

Stakeholder relations

In alignment with ISO 26000, Ecopetrol understands Corporate Social Responsibility as the responsibility of an organization for the impacts that its decisions and activities have on society and the environment, through transparent and ethical behavior that:

Ecopetrol's Corporate Social Responsibility (CSR) Guide, provides guidelines to ensure responsible management of the company's relations with its stakeholders, based on the recognition of their expectations and the adoption of practices and behaviors that seek mutual benefit. This is in order to leverage the achievement of business objectives, contribute to the sustainable development of the environment, promote respect for human rights and ensure the long-term sustainability of the business.

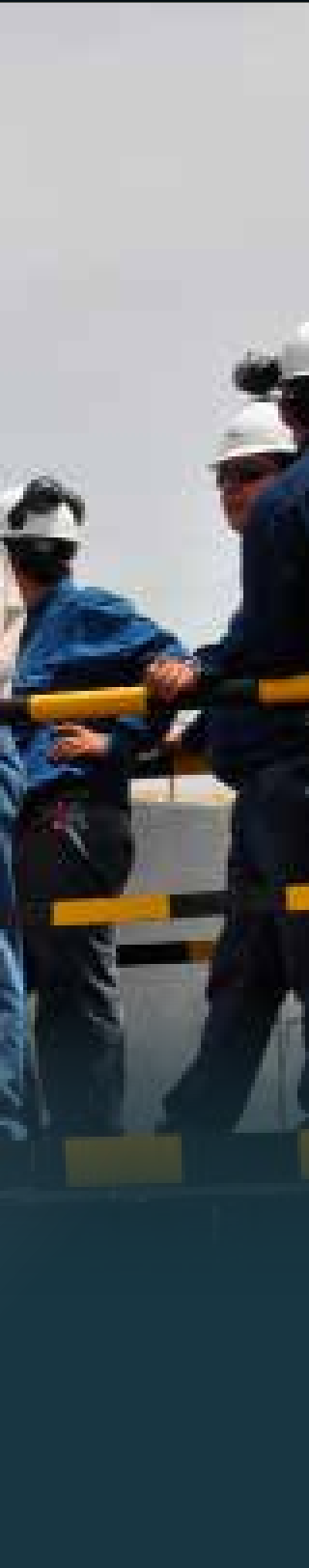
In 2012, a detailed review exercise for the CSR Guide began, in order to identify improvement opportunities to strengthen the integration of CSR in Ecopetrol's management and ensure the incorporation of the principles and elements set out in ISO 26000.

Contributes to sustainable development, including the health and welfare of society.

Takes into consideration the expectations of its stakeholders.

Complies with applicable law and is consistent with international standards of behavior.

Is integrated across the entire organization and is put into practice in its relations.



The update specified the key elements that should be considered in the management of relationships with stakeholders, in order to ensure sustainable and socially responsible management. These elements are described below:

Principles for relations with stakeholders:

in managing relationships with its stakeholders, Ecopetrol adopts the principles established by ISO 26000: i) accountability, ii) transparency, iii) ethical behavior, iv) respect for the interests of stakeholders, v) respect for the principle of legality and international norms of behavior, and vi) respect for human rights. These principles are focused toward action, which implies the cross-cutting application thereof in relations with stakeholders.

Identification of stakeholders:

Ecopetrol's relations model identifies seven stakeholders. Each of these groups can affect or be affected by Ecopetrol's decisions and activities. All areas of Ecopetrol must recognize the existence of the seven stakeholders identified by the company. They must also ensure the responsible management of their relations with these groups.

Review and verification of the relations strategy:

the review and verification of the strategy aims to monitor progress in meeting the commitments made, communicating the main achievements and impacts, understanding the views of stakeholders on key issues, and obtaining inputs that enable continuous improvement of relations strategy. It is carried out, among others, through the following instruments: CSR Commitments Compliance Level Indicator, Stakeholder Monitoring Reports, Public Audiences on Accountability, Sustainable Management Report, self-assessments and review of senior management.

Action plans to ensure adequate relations:

all areas of the company implementing the relations strategy with each stakeholder and those that manage cross-cutting issues, should have an action plan detailing the specific actions to be performed in a period of time (a year) to ensure adequate relations.

Consultation on stakeholder expectations:

Ecopetrol must regularly review the expectations of its stakeholders and take them into account for defining the relations model with each of them. In order to consult the expectations of its stakeholders, Ecopetrol uses, among others, the following instruments: direct consultations, dialogue opportunities and the analysis of requests, complaints and claims. The results of these consultations should allow Ecopetrol to recognize the interests and expectations of its stakeholders and incorporate them into its relations model.

Cross-cutting issues: for its implementation, the CSR Guide takes into account the existence of cross-cutting issues that are highly valued and associated by stakeholders as an expression of corporate social responsibility. Such is the case with:

- Governance of the organization
- Human Rights
- Labor Practices
- Environment
- Fair operating practices
- Consumer Affairs
- Active participation and community development

These issues are key in terms of reputation and trust; they must be expressed in the daily management of the company and incorporated into the CSR strategy in a crosscutting manner. This includes ensuring that following elements exist for each issue:

- Guidelines, guides or practices that ensure their incorporation into stakeholder relations.
- Specific skills and knowledge within Ecopetrol's departments to ensure proper management.
- Communication spaces and mechanisms through which the company can report its management in such matters to its stakeholders, in a timely and accurate manner.

Definition of the stakeholder relations model: the consultation of expectations serves as a key input to define the relations model with each stakeholder, as it allows Ecopetrol to identify the most important issues around which to build or strengthen a mutually beneficial relationship with these groups. Ecopetrol's relations model consists of four key elements:

- **Commitment:** assertion or statement that sets out the principles or value promises that the company offers to a particular stakeholder. It is created by taking into account the expectations of stakeholders, as well as the company's strategic options and interests..

- **Relations aim:** a clear and precise statement of achievements and aims expected to be achieved in order to fulfill a commitment with a particular stakeholder.

- **Initiative:** the set of actions to be undertaken by the different areas of Ecopetrol to ensure compliance with the objectives and the commitment to each stakeholder.

- **Indicators:** are measurements of changes or results that make it possible to verify and monitor the achievement of the relations objectives.

Stakeholders and commitments to them

In accordance with the provisions of the Corporate Social Responsibility Guide, Ecopetrol identifies seven stakeholders. The relations commitments and objectives with each are presented in Table 13.

Table 13.
Commitments and objectives by stakeholder



COMMITMENT

Participate in the sustainable development of the country, within a framework of shared responsibility and respect for human rights

Society and Community

Strengthen relationships of mutual responsibility based on dialogue and participation.

Carry out all activities with social and environmental responsibility.

RELATIONS OBJECTIVES

Promote collective processes of regional development.

Act within a framework of respect and promotion of Human Rights.

COMMITMENT

Ensure customer satisfaction through service excellence

Customers

Maximize the value of products and services for customers

Mega-target for stakeholder relations

To ensure that Ecopetrol is recognized for its commitment to sustainable development and building long-term relationships with its stakeholders, a set of Mega-targets are defined around four main areas that act as catalyzers for the achievement of the corporate targets. These Mega-targets and their results in 2012 are presented in Table 14.

Table 14. Results of the mega-target for stakeholder relations

Area	Instrument	Target	Result 2011	Result 2012
Sustainability	Dow Jones Sustainability Index (DJSI)	Remain in the Top 10%	Top 9%	Top 5%
Corporate reputation and trust	MERCO	First three places	First place	First place
Transparent management and respect for human rights	GRI Standard – Global Compact Communication on Progress	Category A +	A Checked	A+ Checked
Support behaviors for stakeholders	Commitments compliance level	>90%	81.4%	87.5%

Source: Ecopetrol, Secretary General

2012 consultation of stakeholders expectations and proposed adjustment to the relations model

In accordance with the provisions of the Corporate Social Responsibility Guide, Ecopetrol should periodically review the relations model to ensure that it incorporates the expectations of different stakeholders, and identify the most important issues to build and strengthen a mutually beneficial relationship.

Since its initial definition in 2008, there have been two expectations consultations: the first was carried out in 2009 and the results were used as a starting point for setting the relationship model for the 2010 to 2012 period. The second was carried out in the second half of 2012. The consultation's methodology was divided into three stages, as described below:

Based on the results of the 2012 expectations consultation, the proposed adjustment to the Corporate Social Responsibility Model was prepared.

The development of this proposed adjustment enjoyed the participation of the different areas of the company that manage relations with each stakeholder. The relationship commitments and objectives were validated by such teams. The monitoring of this new model will start from January 2013.

The new proposed relations commitments and objectives are presented in Table 15.

Stage 1

Consultation on stakeholder expectations: aimed to identify issues of common interest to Ecopetrol and its stakeholders that are key in terms of relations. It involved the use of three techniques for collecting and managing information, through which 18,000 consultations were made available.

Stage 2

Establishment of the adjustment proposal: aimed to develop and propose adjustments to the relations model in terms of commitments, objectives and indicators, and the identification of relevant initiatives for their materialization.

To this end, seven workshops were conducted with those directly responsible for relations with each stakeholder group as well as representatives of other areas involved in the process, in which the results of the consultation were analyzed in-depth, the current relations model was revised, was compared with the results obtained, and the adjustment proposals for the relations model with each stakeholder were created.

Stage 3

Validation and approval of the adjustment proposal with each area: aimed to achieve ratification from the areas responsible for managing relations with each stakeholder, for the proposed adjustments to the relations commitments, objectives, indicators and initiatives.

Specifically, internal meetings were held in each of the areas to review and analyze the proposal and, in appropriate cases, the necessary adjustments were made. This last step made it possible to confirm the commitment of each area with the relationship model as a whole, and set the stage for its subsequent deployment throughout the management structure.

Table 15.
CSR Model adjusted for 2013





Ecopetrol on the Dow Jones Sustainability Index (DJSI)

Through its Corporate Responsibility strategy, Ecopetrol seeks for its operation to be in balance and harmony with its stakeholders and the environment. Therefore, it incorporates sustainable practices in economic, social and environmental matters, among which stands out the promotion and development of human capital, work with communities, relations with stakeholders, customer management and initiatives to cleaner produce fuels.

In recognition of its work, Ecopetrol was ratified within the Dow Jones Sustainability World Index. The DJSI is one of the leading global indicators that monitors the financial performance of leading companies in terms of corporate sustainability in the economic, social and environmental dimensions. Due to its impact, it is an obligatory reference for analysts, institutional investors, sector-specialized institutions, and portfolio investors who believe in the potential and results of sustainable companies when making investment decisions.

With this achievement, for the second year running Ecopetrol remains in the group comprising the 10% of companies with the best sustainability performance in a universe of 2,500 publicly traded companies forming part of the Dow Jones global indicator.

The achievement was the result of work done by Ecopetrol to ensure sustainable management and reach the target of producing one million clean barrels in 2015 and 1.3 million in 2020. Clean barrels represent an integral concept that involves an operation with no accidents, no environmental incidents, under labor normality, in harmony with stakeholders and with a ROCE of 17%.

CSR results in 2012

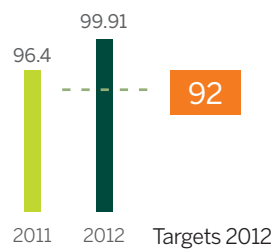
Society and community

Commitment | Participate in the sustainable development of the country, within a framework of shared responsibility and respect for human rights

Objective

Strengthen relations of shared responsibility based on dialogue and participation

Timely response to citizens %

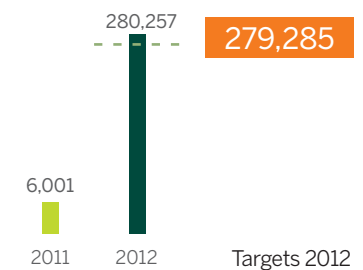


Objective

Carry out all activities with social and environmental responsibility

Reduction in greenhouse gas emissions

Ton-CO₂/Year

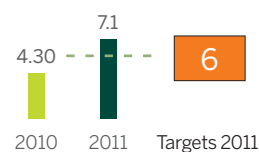


Objective

Promote collective processes of regional development

Management index of re-sources for social investment

Natural number



Generation of production capabilities

%

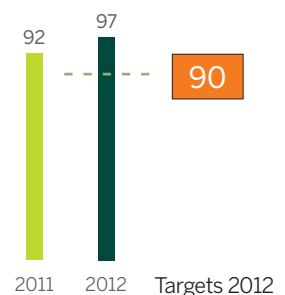


Objective

Act within a framework of respect and promotion of Human Rights

Compliance with Ecopetrol's tactical plan on human rights

%



Contractors and their employees

Commitment | Transparency and clear rules within a mutually beneficial relationship

Objective

Ensure transparency in the supply chain

Supplier satisfaction

%



Objective

Ensure international standards of HSE in the contracted operation

Frequency of accidents due to contractor responsibility

Accidents / Million Man Hours (MH)

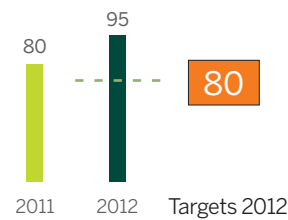


Objective

Ensure compliance with the parties' contractual terms

Performance of Ecopetrol contractors

%

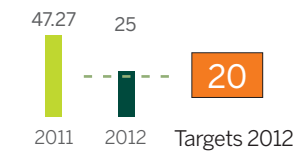


Objective

Promote responsible practices from our contractors

Local contracting of goods and services

%



Shareholders and investors

Commitment | Ensure the sustainability of the business through ethical, transparent and responsible management

Objective

Ensure corporate governance and promote ethical and transparent behaviors

Dow Jones Sustainability Index

%

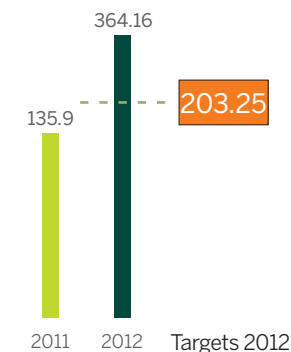


Objective

Maximize shareholder value in a sustained manner

Net earnings per share

Pesos

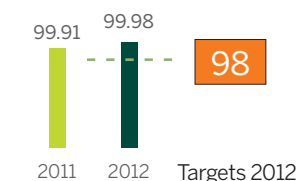


Objective

Strengthen relations with shareholders and investors

Shareholder satisfaction level

%



State

Commitment | Help build a Social State based on the rule of Law by fulfilling our obligations and supporting institutional strengthening

Objective

Ensure and promote compliance with the obligations to State institutions

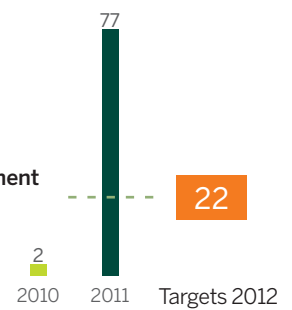
Compliance with improvement plans - Control entities (Comptroller General of the Republic)
%



Objective

Support the strengthening of local authorities in order for them to properly manage their obligations through public participation

Strengthening of public management
Natural number



Employees, retirees and their families

Commitment | Build a great place to work within a framework based on relationships of trust, transparency and productivity

Objective

Ensure fair compensation within a framework of corporate competitiveness

Fairness in employee compensation
%



Objective

Have leadership that leverages the development of employees and the company's work environment

Work environment index (Great Place To Work)
Points



Objective

Act within a framework of respect and promotion of labor and union rights

Fulfillment of labor relations projects
%



Customers

Commitment | Ensure customer satisfaction through service excellence

Objective

Maximize the value of products and services for customers

Customer satisfaction index
%



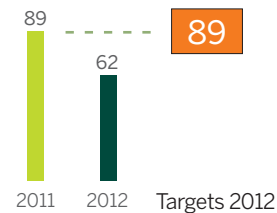
Partners

Commitment | Ensure sustainable business within an action framework that is transparent, reliable and of shared leadership

Objective

Ensure sustainable business

Partner satisfaction
%



Objective

Ensure international standards of HSE for employees

Accident frequency due to direct responsibility
Accidents / Million Man-Hours



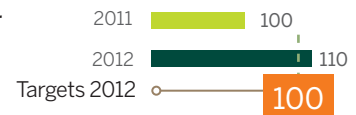
Frequency index of absence due to occupational disease
Events / Million Man-Hours



Objective

Contribute to the quality of life of employees, retirees and their families

Effectiveness index for comprehensive staff well-being program
%



Absenteeism index due to common disease
Events / Million Man-Hours



Contribution to the comprehensive health well-being of employees, retirees and their families
%



Third Ecopetrol Forum on Corporate Responsibility



How to operate responsibly in difficult environments, is the name of the Third Corporate Responsibility Forum organized by Ecopetrol and attended by 450 leaders from the company's different operating areas and from all regions of the country.

This forum, which was held on September 4, 2012 in Bogotá, aimed to analyze the different methodologies used to establish strong and successful relationships with communities that ensure the viability of the projects and their uninterrupted operation.

The Forum was attended by renowned panelists such as Bernardo Kliksberg, an international guest known as the "father of social management;" Luis Fernando Rico, president of Isagen, and Horacio Serpa Uribe, former governor of Santander, among others.

Dialogue with stakeholders

Ecopetrol's Citizen Participation Office (CPO) guarantees citizens' right to information and beyond that, it becomes a space for dialogue with all the company's stakeholders.

Timely response to citizens

The receipt and response to requests, complaints and claims, has as its main objective to achieve smooth and effective communication between Ecopetrol and its stakeholders.

To this end, the Citizen Participation Office has provided the following channels:

Personal service offices in Acacías, Barrancabermeja, Bogotá, Cartagena, Cúcuta, El Centro, Neiva, Orito, Villavicencio and Yopal.

Email:
participacion.ciudadana@ecopetrol.com.co

quejasysoluciones@ecopetrol.com.co

Call Center: toll free number 01-8000-918-418

Internet:
www.ecopetrol.com.co

Teleiguanas

Mobile services teams in several of the country's municipalities

Table 16 shows the results of the indicator for timely response to citizens during the last 4 years.

Table 16
Timely response to citizens

Type of request managed	2010		2011		2012	
	Total	Fulfillment managed	Total	Fulfillment managed	Total	Fulfillment
Rights of petition	8,232	99%	5,104	99.75%	12,329	99.89%
Information requests	6,841	97%	6,171	99.68%	Incorporated into the Petitions indicator	
Complaints and claims	5,947	84%	6,632	97.95%	7,529	99.48%
Cumulative general indicator	21,020	96.42%	17,907	99.28%	19,858	99.72%

Source: Ecopetrol, Secretary General

Public Audiences on Accountability

Voluntarily and in addition to the Shareholders General Assembly, the Citizen Participation Office conducts Ecopetrol's annual Public Audiences on Accountability. This exercise is carried out annually in the country's regions where the company operates.

During 2012 there were three regional audiences for a total of 19 audiences in the last 8 years.

As a strategy to ensure attendance and ensure the greatest coverage of stakeholders in the region where the audiences are conducted, various communication mechanisms were used to make a direct and open invitation, including:

- CPO teams in the municipalities of direct influence
- Radio ads on local stations
- Press releases
- Live invitation on local television channels

- Promotional posters in strategic areas of the municipalities
- Personal invitations sent by registered mail to representatives of all stakeholders
- Convocation through the chairpersons of Community Action Boards and Local Authorities
- Parish notices in municipal churches

Additionally, stakeholders are offered bus routes from strategic points. Also, for those unable to participate in person, there is an online transmission via streaming.

In 2012, the two regional Public Audiences were attended by 1,397 participants, as follows:

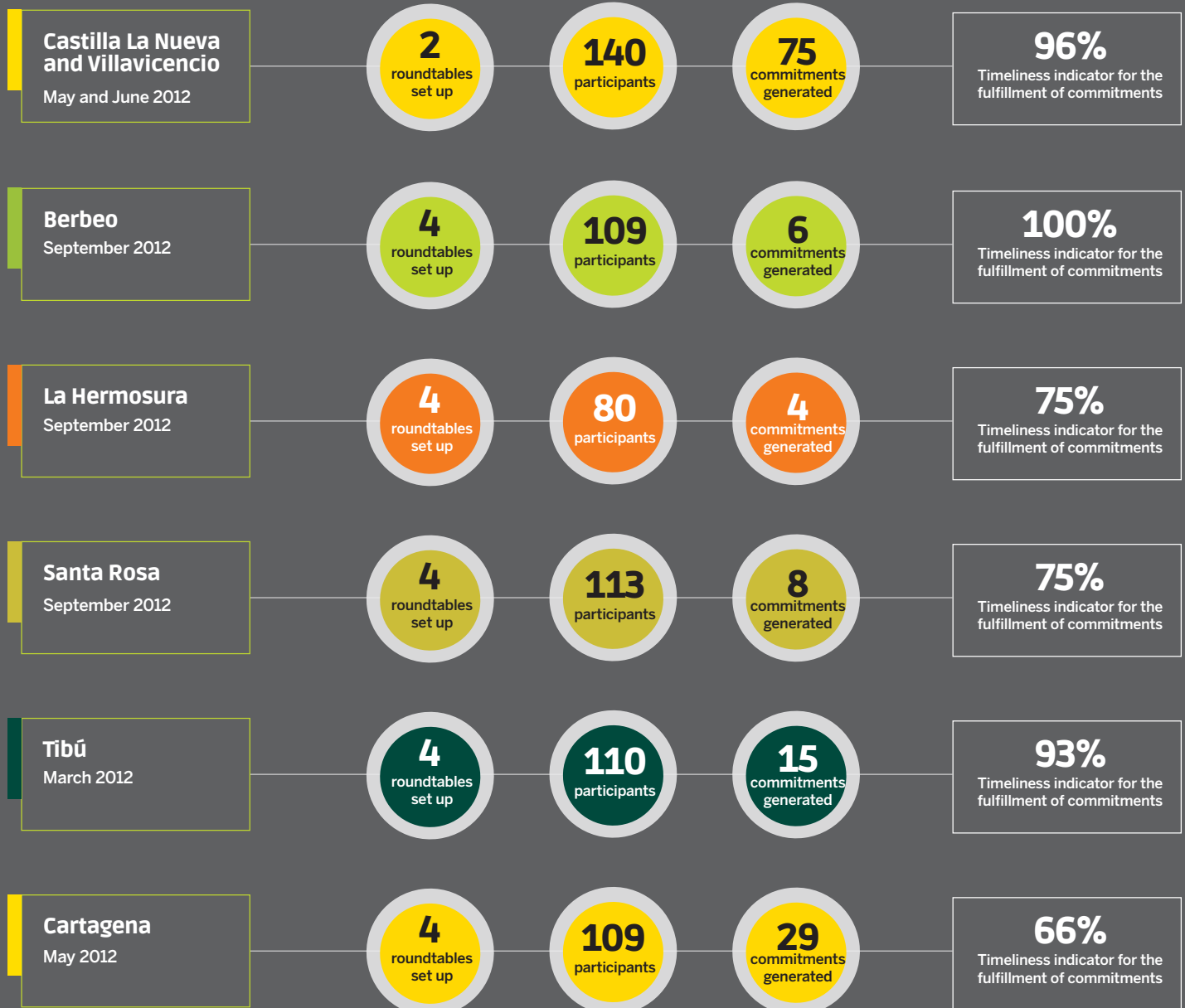
- Regional audience held in Tibú, on June 22, 2012: 480 attendees.
- Regional audience held in Cartagena, on August 24, 2012: 917 attendees.

Regional roundtables:

Continuing with this initiative, in 2012 roundtables were conducted around issues that are relevant to the stakeholders in each region, according to the information gathered by the environmental monitoring exercises carried out by the Citizen Participation Offices.

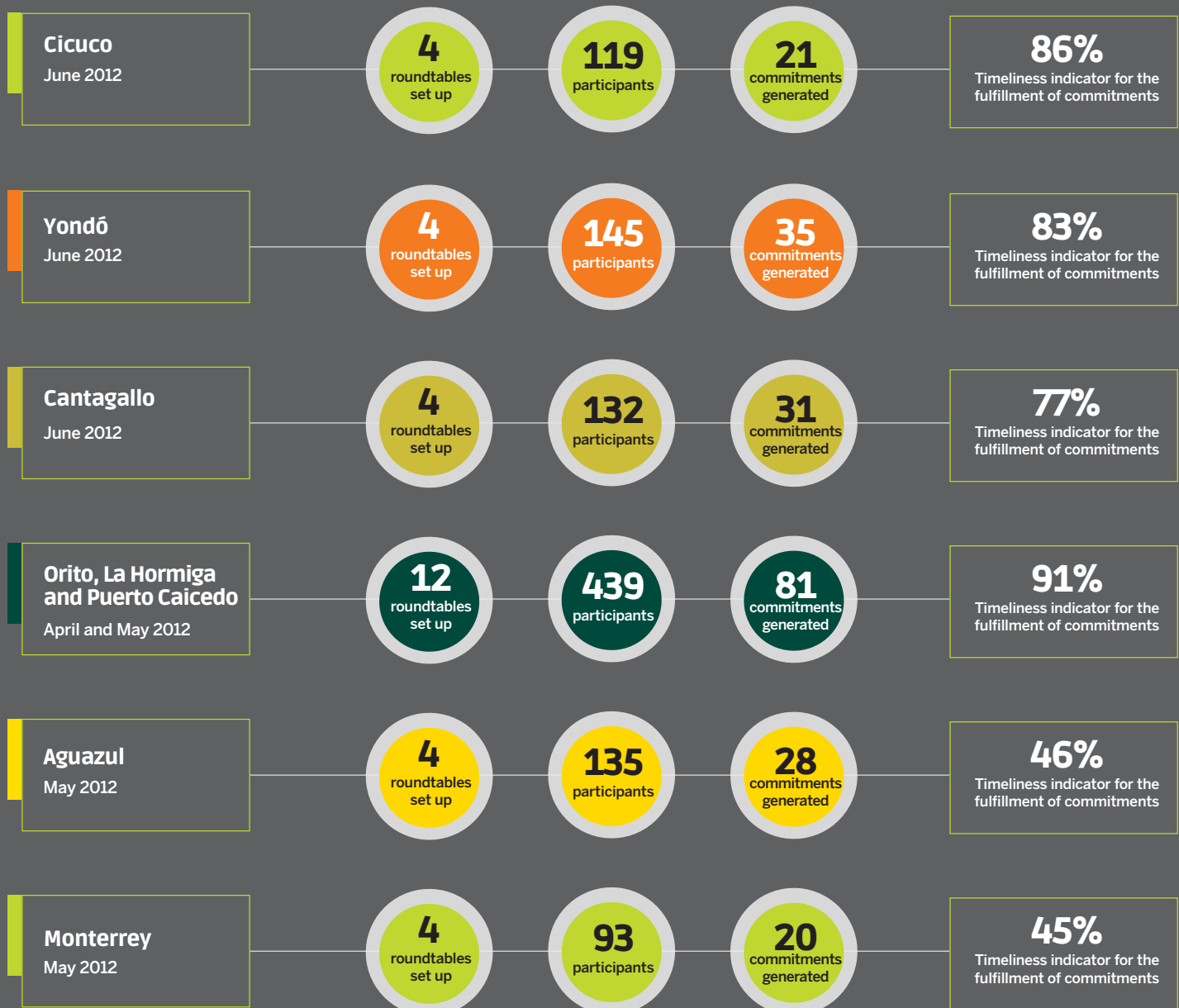
For the carrying out of each roundtable, the Citizen Participation Office in each region openly convenes the community that comprises the various stakeholders and Ecopetrol process leaders, in order to build solutions around these issues, generating commitments from both parties.

Table 17.
Roundtables 2012



These commitments and the progress in their implementation, are presented in the Public Audiences on Accountability and the follow-up Roundtables. The CPO is responsible for following up on the commitments in order to ensure continuous improvement of the relationship between Ecopetrol and its stakeholders.

Table 17 presents the roundtables conducted in 2012.



Mobile teams for citizen relations

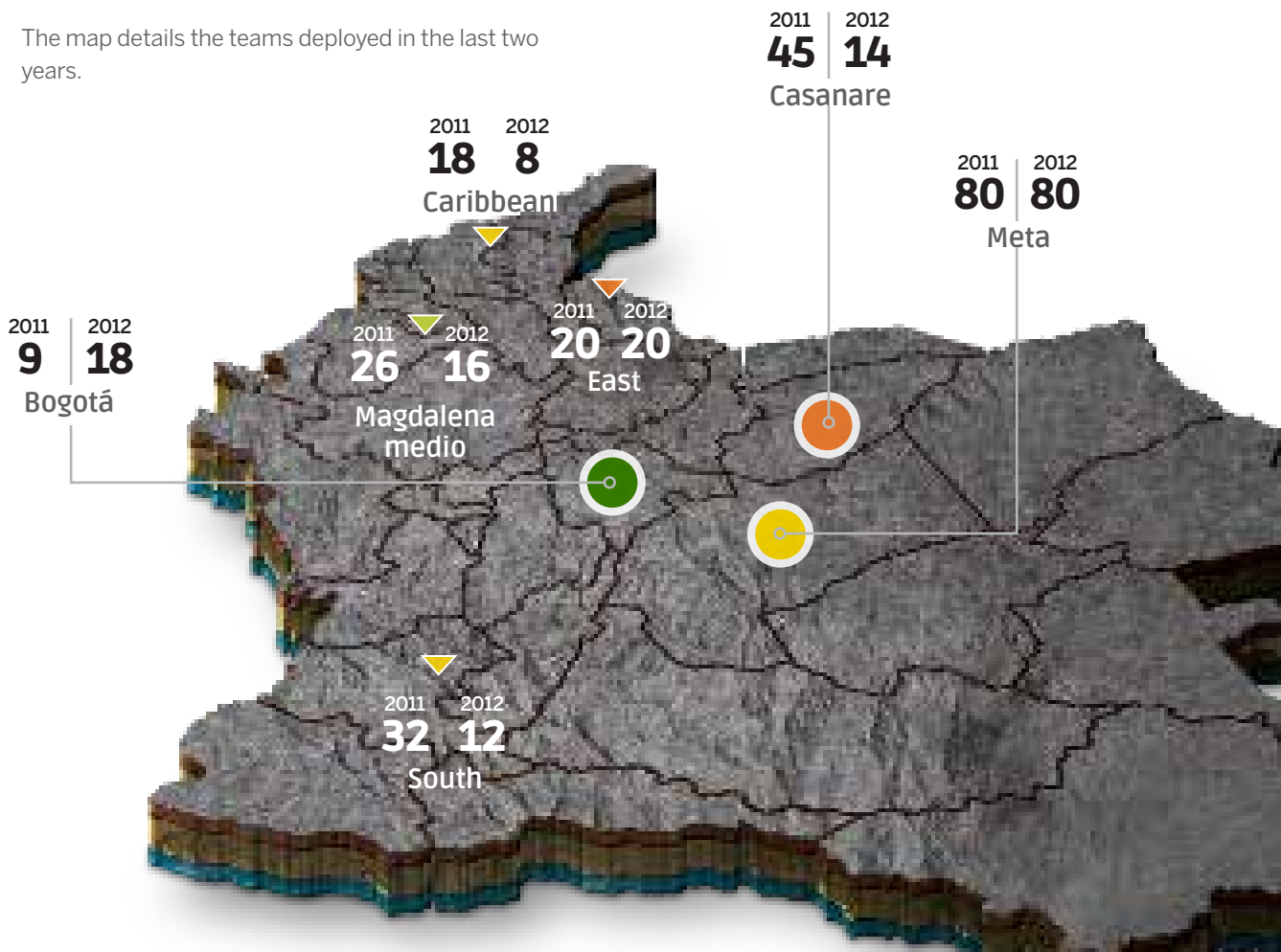
The mobile teams for citizen relations are opportunities for dialogue that are open to the various stakeholders, which are deployed through visits by professionals from the Citizen Participation Office to the various municipalities, villages or fields where Ecopetrol operates.

In these spaces, in addition to providing information to attendees about the company's guidelines on CSR, and the citizen participation model and its various channels, the complaints, requests and claims of stakeholders are received, ensuring that they enter the response process and are resolved in accordance with the criteria of timeliness and quality required by these.

The map details the teams deployed in the last two years.

Stakeholder monitoring

The Citizen Participation Office is responsible for monitoring the company's relations with its stakeholders, for which it uses sources of information such as the petitions, complaints and claims filed by all Ecopetrol stakeholders, as well as the information received by mobile teams, in regional roundtables and in the Public Audiences on Accountability.



Under these guidelines, in 2012, 12 national monitoring reports were produced, as well as 54 bimonthly monitoring reports pertaining to the following regions: Caribbean, Casanare, Central, Huila-Tolima, Magdalena Medio, Meta, West, East and Orito (Putumayo).

The information contained within the reports made it possible to identify improvement opportunities for Ecopetrol's processes, products or services, which are reflected in the improvement plans defined and implemented by the areas responsible for relations, providing solutions to the causes of the problems identified.

For 2012, improvement plans were generated for the following issues:

- Educational benefit
- Inconsistency in the settlement of payroll
- Dissatisfaction with health services
- Lack of timeliness in the payment of dividends
- Additional damage caused by the operation
- Contracting of local goods and services
- Easement rights
- Dissatisfaction from customers regarding products
- Complaints from subcontractors and employees regarding alleged breach of obligations by contractors



Community in Tibú

Result for KRI

In order to control issues of dissatisfaction that can negatively impact relations with stakeholders, from March 2012 the calculation of the Key Risk Indicator (KRI) began, in order to alert the organization on the behavior of issues that represent risk, seeking that such dissatisfactions tend to zero, by solving the root causes thereof.

Using the traffic lights methodology, during the year regular reports were prepared for each issue and were delivered to the respective areas in order to generate the corrective and preventive actions required.

Integrated sustainability report

Scope of the Report

Since 2006 Ecopetrol has been publishing annual reports addressing its economic, social and environmental management. In 2009 it took the decision to migrate its reports to the GRI G3 methodology.

Following the full years 2009 and 2010, the company decided to integrate its Annual Management Report and Sustainability Report into a single document, thus progressing towards the more modern trend of integrated reports on sustainable management.

This fourth report under the GRI 3.1 standard, and the second of the integrated type, reports on the economic, social and environmental management of the company for the fiscal period from January 1 to December 31, 2012, and includes information from 2009, 2010 and 2011, which displays the context, traceability and results of the initiatives described.

The 2011 Sustainability Report, which was comparative to 2010, was presented at the Shareholders General Assembly on March 22, 2012 and then, on June 8 it was presented publicly and widely distributed among its stakeholders in an event held in Bogotá.

Boundary of the Report

This second integrated sustainable management report and the fourth developed under GRI 3.1 methodology, covers the operation of Ecopetrol S.A.

In the event that for better understanding, the information that is being provided requires data from partner or subsidiary companies, within or outside Colombia, this situation will be made explicit.

Additionally, this report corresponds with the communication requirements established by the United Nations Global Compact, since it includes the matrix of indicators required by GRI and its alignment with the Compact's ten principles. Thus, this report is equivalent to the Communication on Progress (COP) required by this initiative.

Materiality process

In addition to the concerns identified by the Citizen Participation Office recounted in this document, due to its extensive territorial presence, its shareholding complexity and the multiplicity of stakeholders that are impacted by Ecopetrol S.A. through its work, the internal team trained in GRI methodology, consisting of 48 professionals, in June 2012 reviewed all the indicators established by the G3.1 methodology and the Oil&Gas Sector Supplement, antecedents which it crossed with information from the various sources through which it maintains an active dialogue with its stakeholders.

This process made it possible to establish that both the general and sectoral indicators are of interest to some of its many stakeholders, and thus it was decided to cover them as widely as possible, indicating web links where more detailed information can be obtained.

In respect of this, it is necessary to add the results of the following studies and evaluations carried out on the company:

- Study conducted by the company Goodwill Comunicaciones S.A., representative in Colombia of The Reputation Institute, through the registered RepTrak methodology.
- Second measurement by the Dow Jones Sustainability Index.
- Work environment measurement conducted by Great Place to Work.
- Feedback study on the Integrated Sustainable Management Report 2011, conducted by Centro Vincular, from Pontificia Universidad Católica, Chile.
- Recommendations from the independent verification of the preparation process of Integrated Sustainable Management Report 2011, under the principles of standard AA1000AS2008, conducted by the firm BSD Consulting.

This report describes the detail of the defined materiality at the beginning of each chapter or dimension.

Report preparation process

The process of preparing this second integrated report on sustainable management and fourth Sustainability Report under GRI G3.1

methodology was coordinated by the Corporate Social Responsibility Unit and the Corporate Communications Unit, which fall under the Secretary General of Ecopetrol.

Any concerns, questions or requests for additional information regarding this report should be sent to the email address reportedesostenibilidad@ecopetrol.com.co

Similarly, the Report is available to the general public on the website www.ecopetrol.com.co

External assurance of the Report

This integrated sustainable management report has been submitted to a double process of external assurance, in addition to those to which it is subject to by law.

In matters concerning the economic dimension and the Financial Statements, the audit was conducted by KPMG whose certificate is found in the annexes to this document.

In terms of international sustainability standards, BSD Consulting was the company responsible for independent verification of the preparation process for the 2012 Ecopetrol Sustainability Report. This verification included a thorough review of the level of application of the Global Reporting Initiative (GRI) guidelines and methodology, as well as a review of the integration of AA1000AS 2008 principles into the management processes in Ecopetrol.

Finally, Ecopetrol made the appropriate arrangements with the GRI for the granting of authorization for use of the GRI Checked Seal, at level A+.

Our value chain

02

Barrancabermeja Refinery

Ecopetrol participates in all stages of the hydrocarbon chain, from the exploration and production of oil and gas, to their processing into higher value-added products, and their subsequent marketing in national and international markets.

Each of the steps undertaken in this area involve risks and opportunities for both the company and the regions where the activities are carried out, as well as for the country, which thanks to the presence of Ecopetrol is able to undertake new social initiatives aimed at improving the standard of living for Colombians.



Exploration



Production



Transport



Refining and
petrochemicals



Supply and
marketing



Innovation
and technology

New projects: Cupiagua Gas Plant (Casanare): capacity up to 210 Mcfd.
Sardinata Gas Plant (Norte de Santander): capacity 1.5 Mcfd.

Exploration

11 hydrocarbon discoveries:
9 in Colombia and 2 in the Gulf of Mexico (USA).

Best tenders, as a Group, **in 16 blocks within Ronda Colombia 2012 and 6 blocks within lease 216/222 (USA).**

Strategy for offshore exploration in the Caribbean with world-class partners.

Progress in the program for unconventional hydrocarbons.

Production

Production by Ecopetrol and affiliates increased **4.1% to 754,000 barrels of oil equivalent** daily average.

9.1% increase in the production of heavy crude to **303.6 Kbod**, compared with 2011.

Equión's growth in production was **25.2%**.

Reserves

Reserves increased 1% to **1,877 Mboe**.

Reserves Replacement Index of 109% and reserves additions of **252 Mboe**.

Refining

Provision of **low sulfur diesel** throughout Colombia.

Start of operations at the Optimization Center of the **Barrancabermeja Refinery**.

74% progress in the modernization of the Cartagena refinery. Progress for Barrancabermeja was 14%.

Supply and marketing

Sales volume increased **3%** compared to 2011 and reached **880.5 Kboed**.

5.6% increase in export volume, reaching **521 kbd**.

Ecopetrol participates in all stages of the hydrocarbon chain, from the exploration and production of oil and gas, to their processing into higher value-added products, and their subsequent marketing in national and international markets.

Transport

The volume of crude and products transported increased **1.2% to 1.2 million barrels per day**.

61% progress for Oleoducto Bicentenario. Pipeline capacity increased to **91,000 barrels per day**.

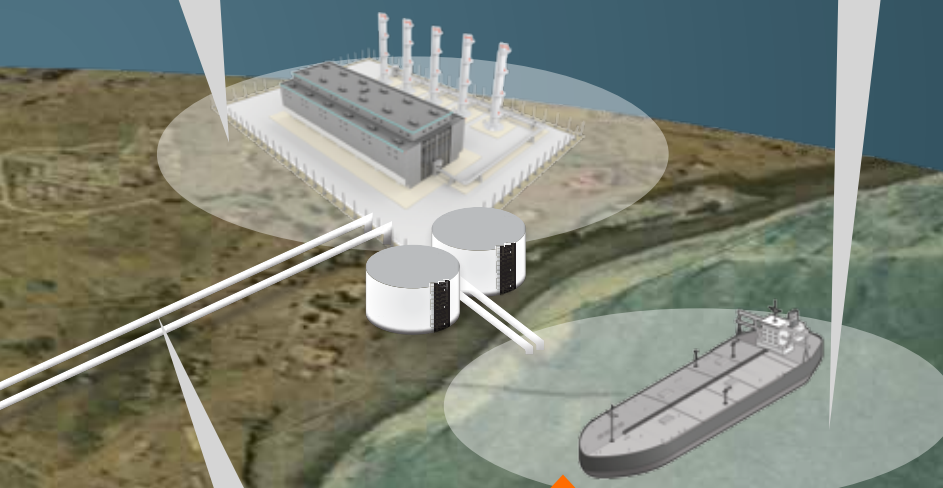
The integrity and contingency programs were strengthened.

Cenit was created, an affiliate specializing in hydrocarbon transportation and logistics.

Innovation and technology

Colciencias certified research in Ecopetrol in 2012 of **US\$ 86.15 million**.

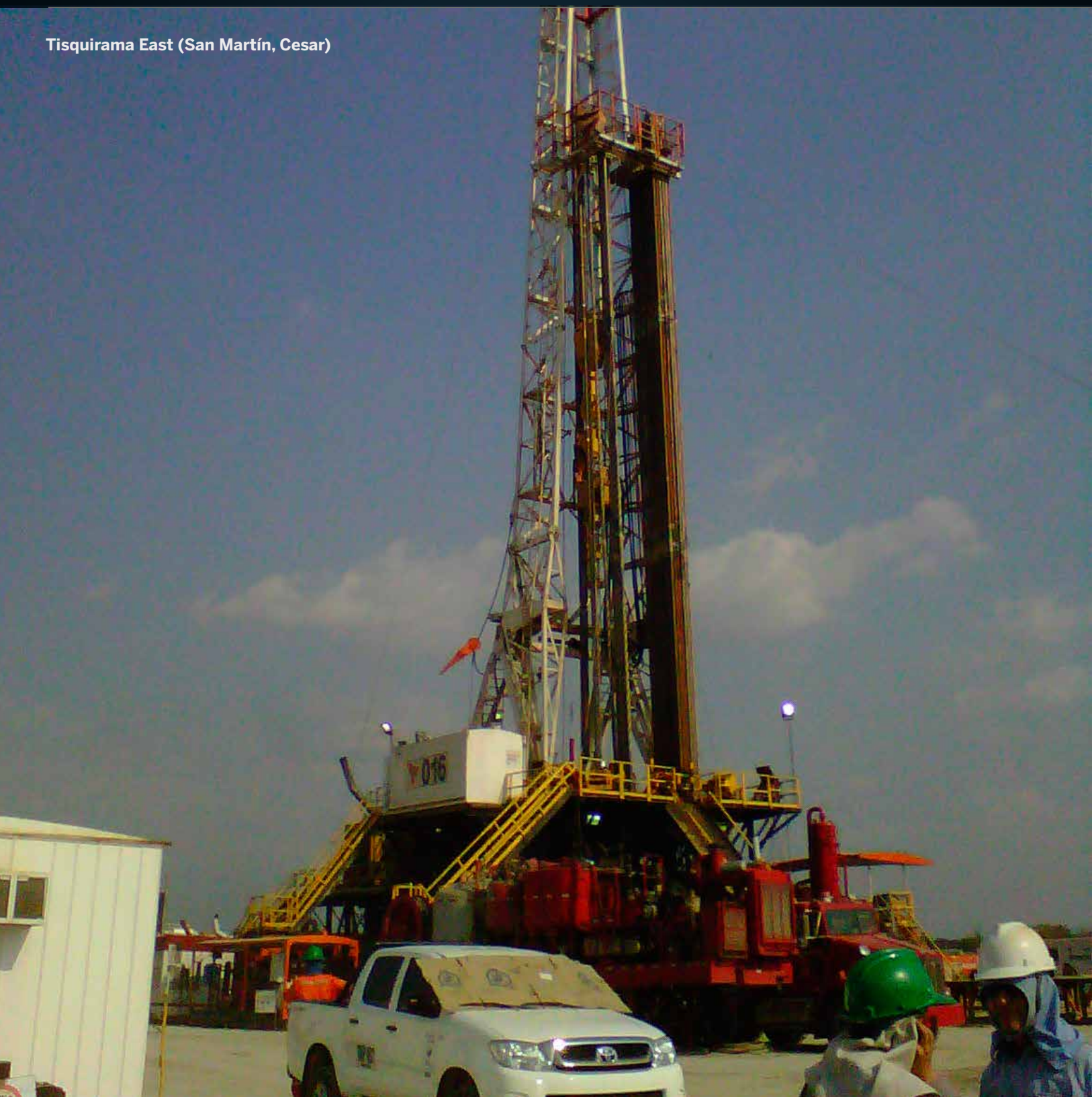
21 new patents were granted (13 in Colombia, four in Mexico, two in Russia, one in Peru and one in the United States).



Exploration

The first link in the hydrocarbon chain is exploration, which basically consists in carrying out activities aimed at finding new reserves of hydrocarbons, including specific aspects such as seismic, its interpretation and the drilling of exploratory wells.

Tisquirama East (San Martín, Cesar)



Among the main exploratory activities that were conducted in 2012 are the following:

Activity 1

■ Maturation and generation of technically and economically viable prospects that added to and strengthened the exploration portfolio.

Activity 2

■ Addition of new blocks resulting from Ronda Colombia 2012.

Activity 3

■ Discoveries in blocks: Caño Sur, Quifa, Playón, Tisquirama and RC 5.

Seismic

In 2012, 1655.4 kilometers equivalent of seismic were recorded, which were acquired in the region of Valle Medio Magdalena and in the Colombian Caribbean offshore. Of the total number of kilometers, 748.6 were acquired with Ecopetrol as operator, and the remaining 906.9 with it as a non-operator.

Drilling

In terms of well drilling, in 2012 Ecopetrol drilled 32 A3/A2 and stratigraphic wells. The five successful A3/A2 wells were: Tisquirama Este-1, Caronte, Aullador-1, Embrujo-1 ST-2 and Mapalé. Meanwhile, there were 18 successful stratigraphic wells (see Table 18).

Table 18.

A3/A1 and stratigraphic wells drilled by Ecopetrol – 2012

Quarter	Type of well	Basin	Block	Name
1	A3/A2	VMM	Tisquirama	Tisquirama Este-1
2	A3/A2	VMM	Tisquirama	Caronte
3	A3/A2	VMM	Playón	Aullador-1
3	A3/A2	LLA	Caño Sur	Embrujo-1 ST2
3	A3/A2	OFF	RC5	Mapalé
1	Stratigraphic	VMM	VMM	La Luna-1
2	Stratigraphic	LLA	CPO-9	Akacías EST-1
3	Stratigraphic	LLA	Caño Sur	Cumanday-1
3	Stratigraphic	LLA	Caño Sur	CSE-X-12
3	Stratigraphic	LLA	Caño Sur	CSE-X-3
3	Stratigraphic	LLA	Caño Sur	CSE-X-4
3	Stratigraphic	LLA	Caño Sur	CSE-X-14
3	Stratigraphic	LLA	Caño Sur	CSE-X-11
3	Stratigraphic	LLA	Caño Sur	CSE-X-9A
4	Stratigraphic	LLA	Caño Sur	CSE-X-7
4	Stratigraphic	LLA	Caño Sur	CSE-X-10
4	Stratigraphic	LLA	Caño Sur	CSE-X-15
4	Stratigraphic	LLA	Caño Sur	CSE X-13
4	Stratigraphic	LLA	Caño Sur	CSE X-8
4	Stratigraphic	LLA	Caño Sur	CSE X-1
4	Stratigraphic	LLA	Caño Sur	CSE X-2
4	Stratigraphic	LLA	Caño Sur	CSE X-5

Source: Ecopetrol, Vice Presidency of Exploration



The heavy crude strategy within the exploratory activity performed in 2012, focused on the drilling of A3 and A1 well and the search for stratigraphic information in the Llanos Orientales blocks (Caño Sur, Quifa, CPE-2, CPE -8, CPO-9 and CPO-11).

At the end of 2012, there were four exploratory A3 wells , 5 stratigraphic wells and 1 A1 boundary well in progress.

As for the exploratory results of affiliates, Hocol S.A. drilled eight A3/A2 and 13 stratigraphic wells. Four A3/A2 and six stratigraphic wells were successful .

Meanwhile, in the third quarter of 2012, Equión S.A. drilled the Mapalé exploratory well. Analyses performed in the fourth quarter revealed the presence of gas in the well.

Ecopetrol America Inc. drilled three exploratory wells in the Gulf of Mexico (USA), of which two: Parmer and Damatian, showed the presence of hydrocarbons.

Savia Perú drilled two exploratory wells: Colan-1 and Pelusa-1, which revealed the presence of hydrocarbons, but were not considered commercial successes.

Finally, Ecopetrol Oleo e Gas do Brasil, drilled the boundary well Latuna 2 and three exploratory wells were drilled, of which two were declared dry: Sabiá and Canario, while the third, Jandaia, was under assessment at the end of the 2012.

Heavy crude

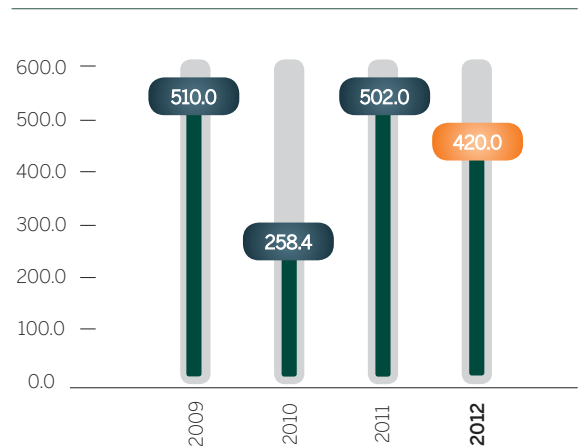
The heavy crude strategy within the exploratory activity performed in 2012, focused on the drilling of A3 and A1 wells and the search for stratigraphic information in the Llanos Orientales blocks (Caño

Sur, Quifa, CPE-2, CPE -8, CPO-9 and CPO-11). Additionally, a seismic program was implemented, which recorded a total of 365.5 kilometers equivalent of information.

52 wells were drilled in the aforementioned blocks: three A3, 26 A1 and 23 stratigraphic wells.

Ecopetrol's investments in exploration, both direct and under shared risk, totaled US\$ 420 million in 2012, representing a decrease of 16.3% compared to 2011 (see Figure 4).

Figure 4.
Exploratory investment
(Figures in millions of dollars)



Source: Ecopetrol, Vice Presidency of Exploration

Proven reserves

Net proven reserves of hydrocarbons owned by Ecopetrol, including its participation in subsidiaries and affiliates, amounted to 1,877 million barrels of oil equivalent (Mboe) at the end of 2012, representing an increase of 1.1% compared to the 1,857 Mboe in 2011.



In 2012, 252 Mboe were added to proven reserves and net production was 232 Mboe. The reserves replacement index in 2012 was 109%.

The reserves / production ratio, assuming the same level of production in 2012 is maintained, is 8.1 years. The increase in proven reserves came mainly from expansions in proven area, improved recovery, and revisions of previous estimates in some fields.

These reserves were calculated based on the standards and methodology of the Securities and Exchange Commission of the United States (SEC, which does not include royalties) and were audited at 99% by three different independent specialized companies (Gaffney, Cline & Associates, Ryder Scott Company and DeGolyer and McNaughton).

Ronda Colombia 2012

Ecopetrol submitted the best bids for 12 exploration blocks in Ronda Colombia 2012 held by the National Hydrocarbons Agency.

Of the 12 blocks, Ecopetrol has a 100% share in six of these, and in the remaining six, bids were submitted in joint ventures with Anadarko, ExxonMobil, Repsol and Hocol.

The total area of these blocks is 3.1 million hectares and are located in the following basins: Llanos, Valle Medio del Magdalena, Caguán-Putumayo, Caguán-Putumayo, Catatumbo, Cordillera and the Colombian Caribbean Offshore.

Work with partners

In 2012, Ecopetrol continued its strategy of strengthening its partnerships with world-class companies. Standing out are Repsol, Anadarko and ExxonMobil, among others. It has sought to generate long-term relationships of mutual benefit to leverage growth and the fulfillment of future targets.

At December 31, 2012, Ecopetrol had 12 partners for exploration activity in Colombia, which are listed in Table 19.

Repsol

Shell

Talisman

ONGC

SK Innovation

Hocol

Anadarko

Metapetroleum

Equion

Hess

Petrobras

Exxon Mobil

Production

The **second link** in Ecopetrol's value chain is oil and gas production, which is carried out directly or in partnership with other companies (see Table 19).



Table 19.
Production partners

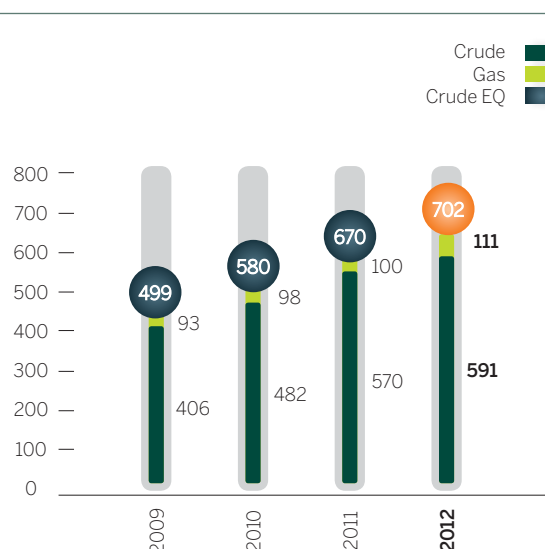
Type of agreement	Country	Name	Field	Type of hydrocarbon	Companies
Extension Agreement	Colombia	Caracara Agreement Extension	Torosentado West	Medium Crude	Cepcolsa
		Carare Las Monas Agreement Extension	Corazón West	Medium Crude	Petrosantander
		Rubiales Agreement Extension	Rubiales	Heavy Crude	Metapetroleum
		Pirirí Agreement Extension	Rubiales	Heavy Crude	Metapetroleum
		Nare Agreement Extension	Under River	Heavy Crude	Mansarovar
		Piedemonte Agreement Extension	Pauto	Light Crude	Equión
		Espinal RSA Agreement Extension	Matachín Norte	Medium Crude	Petrobras
		Nare Agreement Extension	Abarco	Heavy Crude	Mansarovar
		Nare Agreement Extension	Moriche	Heavy Crude	Mansarovar
		Rondón Agreement Extension	Caño Rondón	Medium Crude	Occidental de Colombia
New Commercial Areas Agreement	Colombia	Tisquirama Agreement Commercial Viability	Querubín	Heavy Crude	Petroleos del Norte
		Chipiron Agreement Commercial Viability	Chipiron	Medium Crude	Occidental de Colombia
		Tisquirama Agreement Commercial Viability	Serafín	Gas	Petroleos del Norte
		Quifa Agreement Commercial Viability	Cajua	Heavy Crude	Metapetroleum
Addendum to CPI Palagua Agreement	Colombia	Addendum to Palagua IPA Agreement	Palagua	Heavy Crude	Insmocol, Joshi and Parko

Source: Ecopetrol, Vice Presidency of Production

2012 Production

The equivalent production of oil and gas by Ecopetrol S.A. in 2012 was 702 Kboed (591 Kboed of oil and 111 Kboed of gas), representing growth of 5% compared to the result in 2011. (see Figure 5).

Figure 5.
Equivalent production of oil and gas (Ecopetrol Participation), in Kboed



Source: Ecopetrol, Vice Presidency of Production

When calculating Ecopetrol's production including its participation in subsidiaries and affiliates, oil and gas production in 2012 was 754 Kboed, 4.1% higher than in 2011. Of the total production 634.7 Kboed was crude and 119.3 was gas.

Of Ecopetrol's total production, 53% (372 Kboed) corresponded to fields under joint operation, and 47% (330 Kboed) to direct operation fields.

During 2012, heavy crude accounted for 51% of total crude production.

Breaking down crude production, it is seen that the direct production exceeds joint production (see Figure 6).

During 2012, Ecopetrol's production of heavy crude was 303.6 Kboed, representing an increase of 9.1% compared to 2011 when it totaled 278.3 Kboed.

Production fields that are currently in the company's heavy crude program via direct operation are: Castilla, Caño Sur, reservoirs K1 and K2 in Chichimene; fields LLA 37, Chichimene, Apiay and Suria in the T2 reservoir, which contains extra heavy crude (less than 10° API).

The following fields are under joint operation: Rubiales, Quifa, CPO9 and Camoa, in the department of Meta, and Chicalá, Jazmín, Moriche, Girasol, Under River, Nare Sur, Teca, Cocorná and Abarco, in Valle del Magdalena Medio.

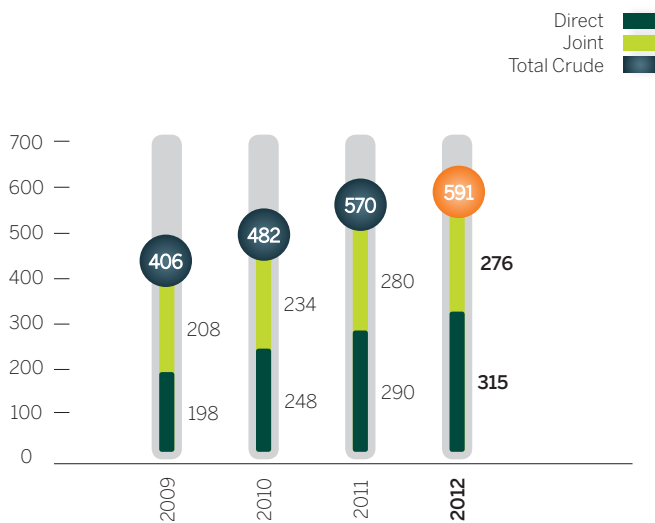
Investments and commercial viability

In 2012 the production investments budget totaled \$8.07 billion, of which 64% corresponded to direct operation and 36% to investments in joint operation. At December 2012, the execution of this budget was 78% and 849 wells had been drilled.

Moreover, four new declarations of commercial viability were issued, as well as 11 commercial area extensions. This new commercial viability corresponds to: Cajua (department of Meta); Querubín and Serafín (Valle del Magdalena Medio), and Chipirón T (Catatumbo).

An addendum to the Palagua incremental production agreement was signed, allowing Ecopetrol increase its activity and reserves in this area.

Figure 6. Production of crude, Ecopetrol's direct and joint participation (Figures in Kboed)



Source: Ecopetrol, Vice Presidency of Production

Natural Gas Projects

During 2012, projects were introduced that leverage the growth strategy in natural gas production in three plants:

Cupiagua Gas Plant

On December 14, 2012 the Cupiagua gas plant came into operation, which has the capacity to deliver 210 MCFD of gas under RUT conditions to market.



Additionally, this system consists of a transfer line between the Cupiagua field and Cusiana, which ensures the entry of Cupiagua Gas to the National Transportation System in Cusiana. From there, there is capacity to evacuate 140 MCFD of Cupiagua Gas, and in the medium term its expansion to 210 MCFD will be carried out.

Sardinata Gas Plant

The Sardinata gas plant, located in Norte de Santander, became operational in November 2012. Currently the plant has a delivery capacity of 1.5 MCFD of gas for sales.



Currently the maximum delivery of gas to sales is 110 MCFD.



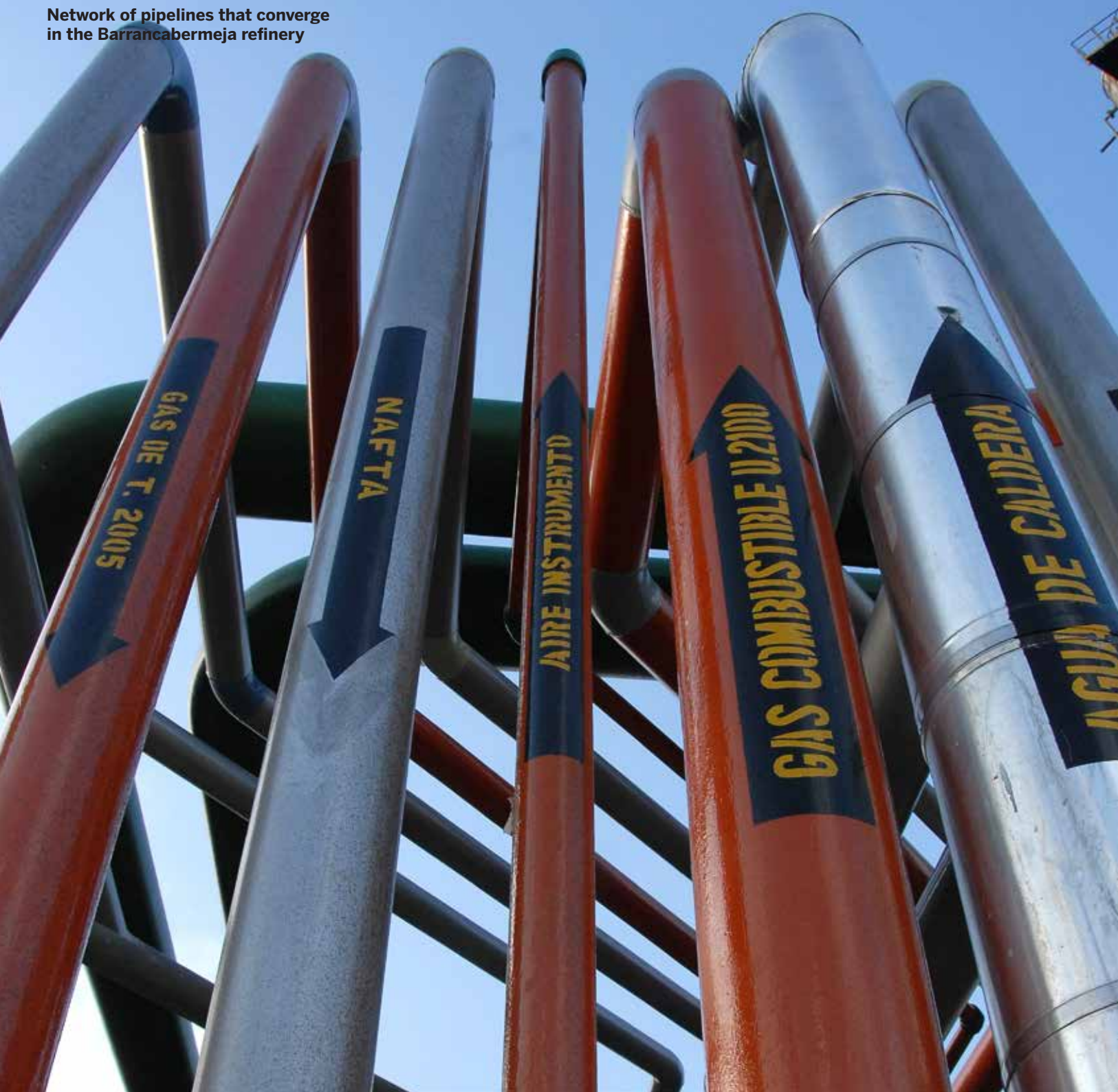
Gibraltar Gas Plant

The Gibraltar Gas Plant started operations in 2011 with a maximum capacity of 36 MCFD. During 2012, between 28-30 MCFD on average were sold, and work is currently being done towards deliveries of 36 MCFD.

Transport

The **third link** in Ecopetrol's value chain is the transportation business, which is carried out through a system of pipelines and poliducts that carry crude from the production fields to the refineries or export ports.

Network of pipelines that converge
in the Barrancabermeja refinery



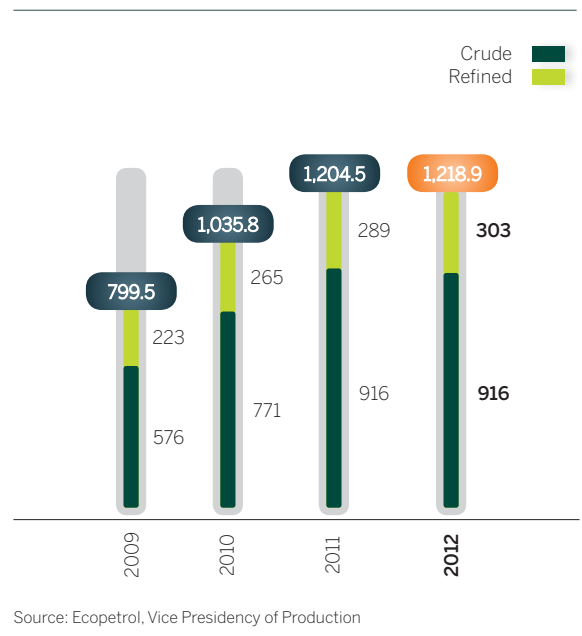
2012 was a year of significant change for the transportation business. In order to further consolidate the transport model within the corporate group, the company Cenit Transporte y Logística de Hidrocarburos S.A.S was established, an affiliate 100% owned by Ecopetrol.

The objectives that motivated the creation this affiliate were to meet the transportation needs of the country's producers in a comprehensive manner; give a greater sign transparency to the market, upon separating the roles of owner, planner, operator and shipper in the transportation systems; ensure equitable treatment in the transport system for all oil producers now operating in Colombia, and promote the participation of non-producer investors in the transport business.

Since the second half of 2012, Ecopetrol S.A. and Cenit have been undertaking the transition process in order to start its operation and functioning from the first half of 2013.

As for the operation, in 2012 a volume of 1,218 Kbod was transported, representing an increase of 1.2% over 2011. Of the total volume transported, 916.2 Kbod corresponded to crude and 302.7 Kbod corresponded to refined products (see Figure 7).

Figure 7. Transported volumes of refined products and crude (Kbod) - Annual Average



New business

Through the rounds for firm transportation capacity, in 2012 agreements were signed with Cepsa and Petrominerales Colombia Limited for the Santiago Porvenir Pipeline, as well as with Mansarovar Energy Colombia, for the Galán-Ayacucho-Coveñas pipeline.

Moreover, Ship or Pay and Ship and Pay contracted capacity was signed with Occidental de Colombia

on the Galán – Ayachucho – Coveñas system, in addition to capacity contracted on the Araguaney - Porvenir system with Equión.

Additionally, Ship or Pay agreements were signed for the Araguaney Plant's unloader with Petrominerales and Metapetroleum, as well as firm capacity agreements with Metapetroleum Corp - Colombian branch and Petrominerales.

Capacity increases

In 2012 Ecopetrol achieved capacity increases in main oil pipelines, afferent pipelines, loaders and unloaders, poliducts and gas pipelines.

The main oil pipeline systems went from having a nominal capacity of 1,109.5 Kbod in 2011, to 1200 Kbod in 2012.

While the main poliduct systems went from having a capacity of 423.4 Kbod in 2011, to 426.0 Kbod in 2012.

Increases in the Poliduct Network

40 Kbod increase in the transport of diluent by pipeline from Apiay to the Acacias, Chichimene and Castilla production fields.

15 Kbod capacity increase in the Pozos Colorados - Galán system, which went from 90 to 105 Kbod.

Increases in the Main Oil Pipeline Network

Increase in transport capacity in the Vasconia-GRB-Galán system of 12 Kbod. The nominal capacity went from 168 to 180 Kbod.

Increase in the capacity of the Transandino Pipeline of 12 Kbod. Went from 48 to 60 Kbod.

Increase in the pumping capacity in the Ayacucho - Coveñas corridor of 14.5 Kbod. It was increased from 60.5 to 75 Kbod (16" line).

Increases in the Afferent Pipeline Network

Increase in pumping capacity from 36 to 54 Kbod in the Monterrey-Porvenir system (12" line).

Increase of 19 Kbod, from 16 Kbod to 35 Kbod. This is due to the commissioning of the Galán - Ayacucho system, which enables the evacuation of production from the La Cira and Isla VI fields, through a 14" line.

Increase in the Gas Pipeline Network

Commissioning of the Cupiagua - Cusiana pipeline with a capacity of 1.1 million cubic feet.



Integrity program

The integrity program, which aims to strengthen the current system for the management of operating risk that impacts the integrity of the transport systems and the environment operated in, has strengthened the risk management model and incorporated improvements in the identification, assessment and management of risks from different threats, particularly in relation to weather and damage by third parties.

To obtain these improvements, new technologies to monitor the infrastructure, right of way and the environment have been introduced; the inspection and maintenance routines have been reviewed and adjusted, and pipe replacement projects have been structured and executed in areas where their level of susceptibility may cause incidents with major consequences. For more information on Ecopetrol's Risk Management System, please consult Chapter 5 *Economic and Financial Dimension*, in this report.

Storage:

The arrival of the TK 142 tanks in the Puerto Salgar plant with a rehabilitated capacity of 56 Kb and tank 403 with a capacity of 50 Kb in the Apiay Plant, completing their maintenance activities without impacting increased nominal capacity.

Entry into operation of the Ayacucho II refined products pumping and storage station, to improve capacity and reliability in the transportation of diluent and refined products from the Pozos Colorados-Galán system, reaching a capacity of 300 KBLS.

Increases in Loaders and Unloaders

Increase from 20 to 30 Kbod in the capacity of the tank truck crude loader in Castilla.



Refining and petrochemicals

The fourth link in the value chain is the refining and petrochemicals activity, which has its origin in the Barrancabermeja and Cartagena refineries, where crude arrives from the fields and is transformed into value-added products, creating jobs and boosting regional economies.

Barrancabermeja Refinery



The Cartagena refinery achieved the consolidation of accumulated benefits of US\$ 13.5 million, through optimizing the use of naphtha and butane streams in the blending (mixing) of products, the delivery of 217 Kb of naphtha for the dilution of heavy crude, commencing the delivery of diesel with 50 ppm of sulfur to the northern coast, and the fourth consecutive year of certification in ISO 14001, 9001 and OHSAS 18001.

The Barrancabermeja refinery also contributed to compliance with the new specification of 50 ppm sulfur diesel for the country since October. It reached record levels in polyethylene production of 4,900 tons during the month of July, in addition to recertification of the management system for the Barrancabermeja refinery in standards ISO 9001 and NTCGP 1000.

Gross margin

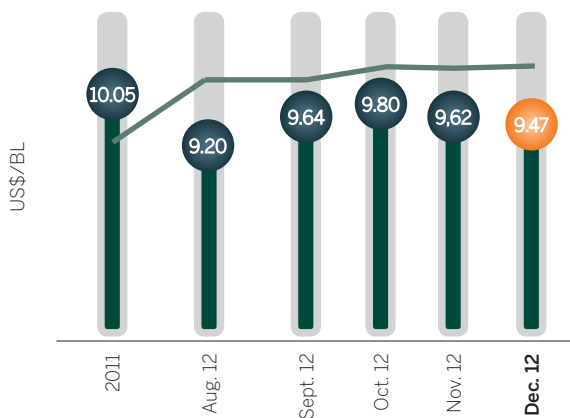
The cumulative gross refining margin in 2012 was US\$ 9.47 per barrel, which represented US\$ 0.58 per barrel less compared to the previous year. Although loaded crude showed a decrease in its price, the basket of products showed a larger decrease, affecting the margin compared to 2011 (see Figure 8).

Loads to refineries

The volumetric compliance of crude oil loads for the business was 98% against the target set for 2012.

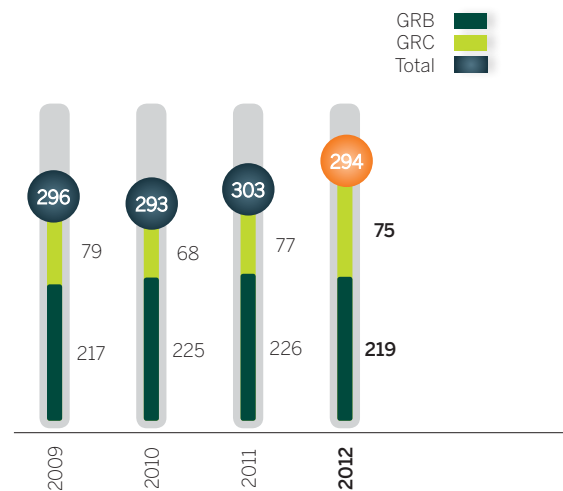
The result for the Barrancabermeja refinery was impacted compared to 2011 due to the extension of the major maintenance of units that process vacuum bottoms and the U2000 crude unit, while the results of the Cartagena refinery were also impacted by the reduced availability of light crude during the first half of the year, due to the public order situation on the Caño Limón-Coveñas Pipeline (see Figure 9).

Figure 8.
Cumulative gross refining margin 2012



Source: Ecopetrol, Vice Presidency of Refining and Petrochemicals

Figure 9.
Crude loads (Figures in Kbcd)



Source: Ecopetrol, Vice Presidency of Refining and Petrochemicals

Refineries modernization plan

During 2012 work was done on various modernization projects to upgrade refineries to meet new industry challenges.

The result for the refinery utilization factor was 75.7%, lower than in 2011 mainly due to the extension of the cracking unit shutdown for work emerging other than that planned, which occurred during the first half of the year in the Cartagena refinery, and the prolongation of the Orthoflow unit shutdown in the Barrancabermeja Refinery.

Direct investment in 2012 in the refining business was US\$ 406.2 million, corresponding to the execution of 45 projects.

Direct refining investment

US\$406.2
million

45
projects

Barrancabermeja Refinery Modernization Project (PMRB)

This project seeks to adapt the infrastructure of the Barrancabermeja refinery to process heavy crudes and update its configuration to take it from medium to high conversion.

During 2012, progress was made in the planning of the main contracts, construction activities for the modification of the U-250 crude unit were initiated, and forest use activities and wildlife relocation activities were carried out within the parameters established by the Regional Autonomous Corporation of Santander.

Detailed engineering achieved progress of 5.67%, while the purchasing of materials and the contracting of services reached 5.15%, for an overall project progress of 13.81%

Cartagena Master Development Plan (PMDC)

Seeks to expand the refinery's capacity from 80 Kbd to 160 Kbd.

In 2012, the project's construction stage continued, which recorded physical progress of 76.7% with 17.8 million man-hours worked in 2012.

Assembly was successfully performed for the cracking unit's main equipment, with the plant in operation, without incident.

Industrial Services Master Plan (PMSI)

The aim of this project, which in 2012 recorded a progress percentage of 61.44%, is to increase reliability and efficiency in the generation of industrial services for the operation of the Barrancabermeja refinery, reducing environmental impact.

Petrochemical infrastructure growth project

A plan was structured and executed to review and update the business, as a result of structural changes in the petrochemical industry during the last year due to the increased availability of low-cost raw materials derived from the development of shale gas in North America.

Fuel quality improvement program

In line with international developments and identifying future quality scenarios for fuels produced Ecopetrol (both diesel and gasoline), in 2012 conceptual designs were progressed for the adjustments required in the refining and transportation infrastructure, and the pre-feasibility of the program's implementation was approved.

With the modernization and expansion of the refineries, Ecopetrol will be able to deliver value-added and environmentally friendly products to the market

Conceptual engineering is currently being developed so as to guarantee the production and distribution of fuels with better quality specifications, taking into account the synergies with fuels produced in the Cartagena Refinery, once the modernization project comes into operation.

Supply and marketing

The fifth link in the value chain is the sale of crude oil produced in the fields, as well as the products coming out of the refineries to meet domestic and international demand.

It is also related to imports that must be made, such as naphtha used in the transportation of heavy crude.



During 2012 sales revenue totaled \$ 59.5 billion, representing an increase of 5.4% compared to 2011 (see Figure 10).

The previous year saw a 3% increase in sales volume compared to 2011. This increase is explained by a 5.6% increase in exports, particularly crude oil exports, which increased 7.5%.

Exports

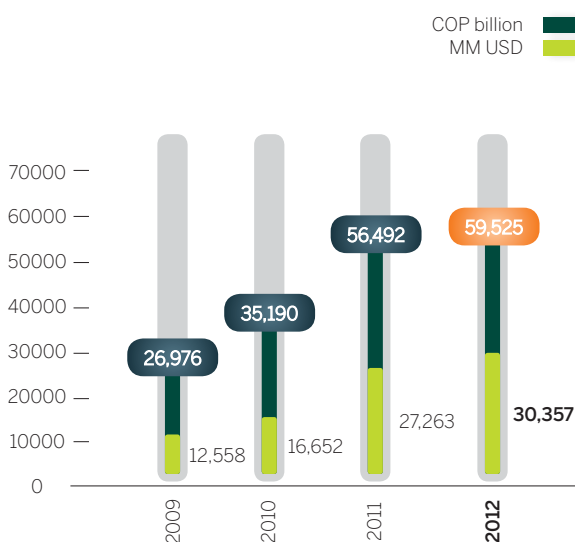
The value of exports was US\$ 19,127 million, which represented an increase of 19% compared to 2011, when they totaled US\$ 16,072 million.

The increase in exports was due to the increase in the volume exported, which rose from 494 Kbed in 2011 to 521 Kbed in 2012.

Standing out were foreign sales of Vasconia and Magdalena crude, which offset lower exports of Castilla crude, South Blend crude and fuel oil (see Figure 11).

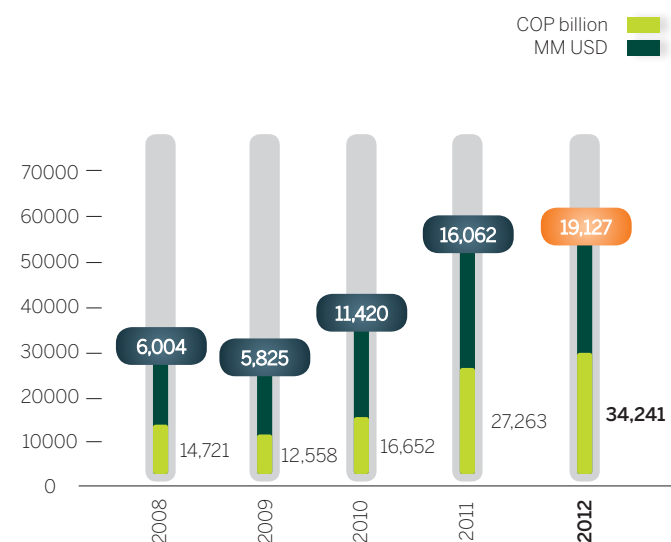
The export basket's price rose by US\$ 4.85 per barrel compared to 2011, mainly due to the higher price of Maya crude (US\$ 0.97 per barrel) and Brent (US\$ 0.82 per barrel) and the strengthening experienced by Castilla (US\$ 5.37 per barrel) and South Blend crudes (US\$ 5.41 per barrel).

Figure 10. Sales revenue



Source: Ecopetrol, Vice Presidency of Supply and Marketing

Figure 11. Exports



Source: Ecopetrol, Vice Presidency of Supply and Marketing

Gasoline sales**76,974**
Bdp**Diesel sales****110,746**
Bdp

The price of Castilla was supported by demand from Asian refiners, while the price of South Blend saw the best price levels obtained in loads exported to South America.

One reason that explains the strength of these spreads is the commercial management undertaken to increase the use of markers such as Brent and Maya, replacing WTI, whose price became disconnected from the international market, becoming a more volatile and less reliable marker in the current conditions.

The strategy of geographical diversification made it possible to continue the deconcentration of oil exports to the United States' Gulf of Mexico Coast, which passed from a share of 52.4% to 43.5%.

Standing out, meanwhile, is the growth of sales to the Far East which rose from 13.2% to 20.3%. Other destinations that saw increases in sales during 2012 were: Europe, the West Coast of the United States and Central America, passing from 5.2% to 8.3%, from 7.7% to 8%, and from 1.6% to 4.3%, respectively.

It has also been possible to diversify product exports. The main destinations in order of importance are:

the Caribbean (56%), the Far East (16.4%) and the Atlantic Coast of the United States (12.9%). Meanwhile, the share of product exports to the United States' Gulf of Mexico Coast between 2011 and 2012, went from 32.9% to 7.1%.

In turn, imports grew 13.8% in 2012 compared to 2011, and increased from 80.1 Kbed to 91.1 Kbed due the purchase of greater volumes of naphtha diluent for heavy crude pumping and greater petrol and diesel requirements.

National sales

Standing out in national sales is the increase recorded in the volume of crude oil (150%) and fuel oil (233%) thanks to the strategy implemented in the fuel market for boats.

Gasoline sales reached 76,974 Bpd, which represented an increase of 3.3% compared to the previous year. Meanwhile, diesel sales rose 1.6%, corresponding to 110,746 Bpd compared with 2011, due to the growth of the mining industry and demand from the thermal sector for new uses.

In terms of petrochemical and industrial products, including the Free Trade Zone, there was a decrease of 11% in volume and 14% in revenues compared to 2011, due to lower product availability that necessitated the import of RGP (Refinery Grade Propylene), base oils and paraffin to meet commercial commitments.

Natural gas

In 2012, national and export demand for natural gas reached a record of 1,090 Gbtud year average, 2.6% more than in 2011. Ecopetrol served 614 Gbtud of this demand, including its own consumption, representing a total market share of 56.3%.

New projects

During 2012, progress was made in maturing three business initiatives that are summarized below:

This year, the national market required 904 Gbtud, which represented an increase of 5% compared to 2011, primarily due to increased thermal demand, both on the Coast and inland. Exports during the same period were 186 Gbtud, representing a decrease of 9% compared to that reported in 2011.

During 2012, Ecopetrol sold 498 Gbtud of natural gas, which represented a decrease of 14% compared to 2011 in total sales to third parties (national and export market, not including own consumption).

Ecopetrol's own consumption showed an increase of 3 Gbtud, 2.6% higher than that consumed in 2011, mainly attributable to increased demand from the Barrancabermeja Refinery.

The reduction of 14% in Ecopetrol's sales of natural gas was caused by a change in the management of royalties, resulting from regulatory definitions stipulated in Decree 2100 of 2011.

These definitions forced that a significant portion of the royalties that Ecopetrol previously bought from the ANH and which it subsequently marketed as part the gas it owned, now be marketed in the ANH's name, through a mandate agreement, and be sold by other producers from 2012.

Initiative 1

Expansion of production capacity in the Ecodiesel biodiesel plant, which moved forward in Stage 2.

Initiative 2

Co-processing of palm oil with fossil diesel streams within the hydrotreating units in the Barrancabermeja Refinery (Biocetano): a project that moved forward in Stage 2 and in technical, policy and regulatory definitions, and incorporated the Refining and Petrochemicals Development Department into its team to continue its maturation.

Activity 3

Production of biofuel feedstock from the use of the production waters from the Caño Sur Este field, which is in Phase 1.

More information on these new projects is contained on page 174, Chapter 4 *Environmental Dimension*, in this report.



The further, the better

For the first time since 1986, when Colombia reactivated its oil exports, the Far East has taken the place of the Gulf of Mexico's coast, United States, as the main destination for Ecopetrol crude.

Colombian Oil has always had a privileged position in the North American market, as due to the deep conversion capacity of its refineries, the various types of crude exported by Ecopetrol are well suited to their refining system and it allows them to produce highly appreciated middle distillates, such as diesel.

In 2009 Ecopetrol designed a destination diversification strategy and began exploring new markets, whose first results led to shipments of one million barrels of oil to various destinations in the middle and far East.

Later, emerging economies such as China and Singapore, as well as Japan, entered the list of buyers of the heavy crudes offered by Ecopetrol, especially Castilla and Vasconia crude, from the Llanos and Magdalena Medio basins, respectively.

Contract with India

Also playing a leading role within the diversification strategy in the international marketing area, was the trade agreement made in July 2012 between Ecopetrol and a major private refining company in India to supply them with 12 million barrels of Castilla crude for a year, in shipments of 2 million barrels.

The contract value was US\$ 1,200 million and for Ecopetrol it signified the strengthening of its business strategy to supply crude to end users. This export contract offers advantages to Ecopetrol because it ensures the systematic sale of crude with a prior price agreement.

Additionally, direct delivery to the buyer's country generates more control over the final destination of the oil and gives Ecopetrol flexibility in terms of logistics for the shipment of oil.

With this contract, Ecopetrol is not only diversifying its export destinations, which during the first half of 2012 grew by 23.3%, but it is also building experience in the transportation of its crude in ships on long routes, which opens the door to new business in the Middle and Far East.

For the first delivery under this agreement, Ecopetrol hired one of the world's most modern tankers within the category of VLCC (Very Large Crude Carriers), built in 2010. So, this last July 29, the tanker departed for India with the first 2 million barrels of Castilla crude on a journey that, port to port, took 35 days.

Historic turning point

Thus, according to the company's official statistics, in the fourth quarter of 2012, 30.4% of Ecopetrol's

oil volume was exported to the Far East, followed by 28.6% to the Gulf of Mexico's Coast, which represents a historic turning point in the export map, shifting the main focus of its destination market after 26 years of international operations.

The rest of the oil exported by Colombia corresponds to 8.2% to Europe, 7.1% to South America and 5.4% to the West Coast of the United States.

This continuing trend of exporting greater volumes to Asia than to the Gulf of Mexico has arisen due to two factors: North America's reduced dependence on foreign crude, given the increase in its domestic production, and the ability of Ecopetrol experts and analysts to create a picture of threats and opportunities, within which it was possible to anticipate the fall in demand from the Gulf market and the emergence of new players such as the Far East.

Additionally, Ecopetrol has obtained economic benefits from the market diversification strategy, since each barrel of the company's oil has better returns when sold to customers in Asia.

Innovation and technology

In 2012 **Ecopetrol** created the Vice Presidency of Innovation and Technology in order to direct and drive the company towards adding value to the business chain by managing innovation, technology, knowledge, as well as developing competitive advantages..

Colombian Petroleum Institute
Laboratory, ICP



Economic benefits**424.8**

Million dollars

Falling under this Vice Presidency is the Colombian Petroleum Institute (ICP), a research and development center for the oil industry, located in Piedecuesta (Santander), created on June 11, 1985.

As a result of the application of technological solutions in the company's operating areas, in 2012 economic benefits were generated, certified by the businesses, for a value of US\$ 424.8 million.

The application of these solutions represented benefits of US\$ 328.4 million for the operating businesses, and US\$ 96.4 million for the Colombian Petroleum Institute.

On average, in the last five years, the benefits of applying technological solutions have exceeded the annual budget executed by the ICP by more than six times.

ICP Technological solutions

Some of the results of greatest impact for Ecopetrol and its companies in 2012 were:

In the exploration of terrestrial basins in Colombia, models were established that made it possible to differentiate the petroleum systems of the basins in eastern Colombia and that confirm that the Orinoco Belt is an independent oil system.

In synergy with Hocol, static geological models were made for two Hocol blocks and one for the western sector of the Caño Sur block, based on which

the volume of prospective oil sands resources was estimated in the former, and heavy crude in the latter.

A contribution was made to the understanding of the Caribbean region with comprehensive maps of geological and geochemical information on the San Jacinto-Sinú Basin.

In the Caribbean offshore, the distribution of methane hydrates present in the Colombian Caribbean was honed, which serves as an input for geotechnical risk assessment of the areas where offshore facilities are to be located.

Ecopetrol's first pilot on enhanced recovery through chemical injection was completed, with an initial increase in production of 130 Bopd and a projection for 2020 of 202,000 accumulated barrels.

Through integrated petrophysical characterization, potential areas of Shale Gas were identified in the Luna-1 Well.

The development of a catalyst was completed for the fluidized catalytic cracking process, FCC, which is capable of producing high yields of diesel.

In biofuels, the experimentation phase began for lignocellulosic ethanol production with the definition of methodologies for the characterization of biomass (sugarcane bagasse, banana rachis and palm rachis) and pre-treatment and enzymatic hydrolysis for banana rachis.

Knowledge management and intellectual capital

During 2012, progress was made in securing more than 44 key operational practices across the organization, as well as four technological strengths.

In terms of intellectual capital, Ecopetrol is the national company with the most patents granted and requested in Colombia.

In 2012, nine new patent applications were filed, completing 126 in the last seven years, and closing the year with 21 new patents granted: 13 in Colombia, four in Mexico, two in Russia, one in Peru and one in the United States, for a total of 44 patents in force.

Laboratories and pilot plants

In 2012, international quality standards were maintained, with scores above 95% in the repeatability and reproducibility programs undertaken with about two thousand ASTM international laboratories (American Society for Testing and Materials), the Petroleum Institute in the United Kingdom (PI) and Shell, among others.

Standing out is the set-up and implementation of methodologies in exploration laboratories to support the Unconventional Reservoirs area, particularly on the issue of Shale Gas.

Support for science and technology in the country

The ICP ended 2012 with 62 technological cooperation agreements: 27 with national universities, 18 with national entities and 11 with international entities.

Through these agreements, resources were allocated to support 450 students from research incubators, 150 of them in graduate programs. The management of these agreements in 2012 signified a contribution by Ecopetrol of \$36,459 million, of which \$30,540 million was executed.



Also standing out was the company's support to the training of high-level human talent by strengthening strategic alliances with Colfuturo to grant 36 partial scholarships for Colombian professionals from oil regions.

Similarly, a program was taken forward with the Fulbright Foundation, which made it possible for 10 Colombians to undertake postgraduate studies in the United States, and a contribution of \$690 million was made to Colciencias to support tuition for national doctoral training in innovation, within the field of energy for the future.

Recognition from Colciencias

In 2012, Colciencias awarded Ecopetrol's Colombian Petroleum Institute (ICP) recognition as a research center.

This formalization is valid for three years and is part of a new provision from Colciencias so that Research and Development (R&D) centers or research groups can take part in calls for tax deductions for R&D projects or participate in other mechanisms for the promotion of science and technology, offered by that institution.

During 2012, Colciencias certified research in Ecopetrol of \$86.15 million in 2011, focused on advances and innovations for the hydrocarbon industry. Ecopetrol established itself as the national company with the most projects certified by Colciencias, in both total number and the value thereof.




Personnel from the Colombian Petroleum Institute, at ICP facilities.



Economic
dimension

03



The background of the page is a photograph of an oil drilling rig in a mountainous landscape. The rig is a tall, lattice-structured tower with a yellow top section, situated on a grassy field. In the foreground, there are several white cylindrical storage tanks. The background consists of rolling green and brown mountains under a clear sky. A semi-transparent grey box with an orange vertical bar on the left side is overlaid on the right half of the image, containing text.

Despite the complexities of the environment, the financial results of Ecopetrol S.A. in 2012 mark the second highest record in the company's history.

In this period, the company demonstrated its strength and ability to maintain competitive indicators in the industry, supported by increased production, the improvement in international reference prices, the execution of commercial strategies that made it possible to increase sales, and a robust investment plan.

At year end, Ecopetrol S.A.'s total sales grew 5.4% to reach \$59.5 billion, mainly due to a 2.7% increase in sales volume and a 5.8% increase in the crude export basket.

The diversification of export destinations was relevant to these results, especially the Far East where 20% of foreign sales of crude were bound.

Profits in turn, were consolidated as the second highest in the company's 61 year history, reaching \$14.9 billion. In 2011 this result was \$15.4 billion.



Income statement

During 2012, cost of sales experienced an increase of 13.5% (\$4,030 billion) explained by the behavior of variable costs that saw a net change of 11% (\$ 2,551 billion) and fixed costs whose net change was 21.6% (\$1,480 billion).

The change in variable costs was due to purchases of hydrocarbons from the National Hydrocarbons Agency (ANH) and third parties of \$ 753 billion, imports of \$ 597 billion, amortization and depletion of \$ 324 billion, and hydrocarbon transportation services of \$ 363 billion.

The change in fixed costs is explained by the increased execution of contracted services (\$ 479 billion), the increased subsoil activity, maintenance and field support, higher treatment costs due to high unexpected water cut and BSW (Basic sediment and water), increased workover, and repair and replacement of transfer lines.

This was also due to the increase maintenance and repairs (\$ 384 billion), mainly for the maintenance and repair of lines (\$ 238 billion), scheduling shutdowns of \$ 43 billion (Viscosity Reducer II, Demex, Bottom Train), reconditioning, well service and rodding (\$ 130 billion, labor costs of \$ 205 billion due to an increase in the workforce and update to the actuarial calculation.

Operating expenses grew by \$ 498 billion, mainly due to the \$ 414 billion increase in operating and marketing expenses, and exploration expenditure estimated at \$ 84 billion.

With these results, the operating margin in 2012 was 38.4% compared to 43.1% in 2011.

The non-operating loss decreased by \$ 206 billion compared to the previous year. This change was

caused by the net effect between a lower financial loss of \$ 492 billion (hedges and devaluation effect in 2011), a loss of \$ 211 billion due in particular to higher health costs for retirees, and a loss in the net income of subsidiaries of \$ 75 billion.

The decrease in income tax expense compared to 2011 is mainly due to the decrease in income before taxes of 5.7% and the deferred tax adjustment in respect of the valuation of fixed income investments.

Earnings per share amounted to \$ 364.16 compared to \$ 379.97 in 2011. The net margin was 25% versus 27% last year.

EBITDA, amounting to \$ 27,573 billion, showed a decrease of 2%, and the EBITDA margin passed from 49.8% to 46.3% in 2012.

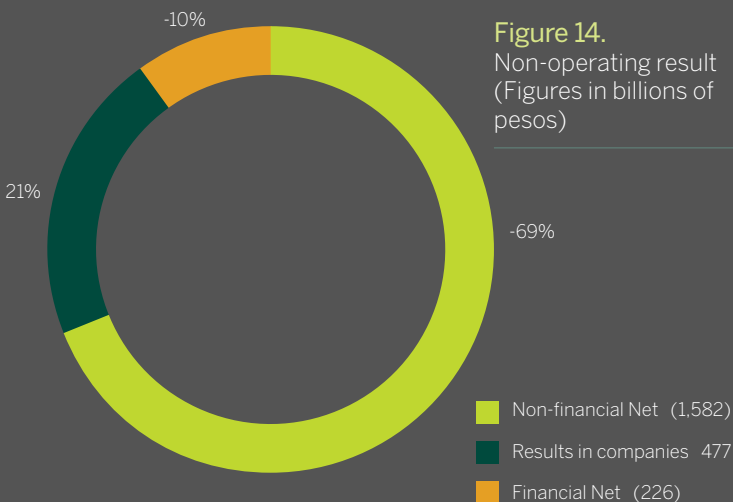
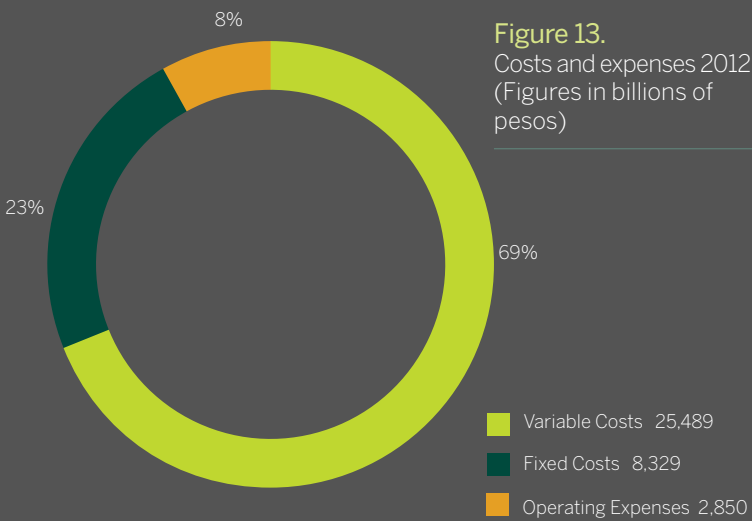
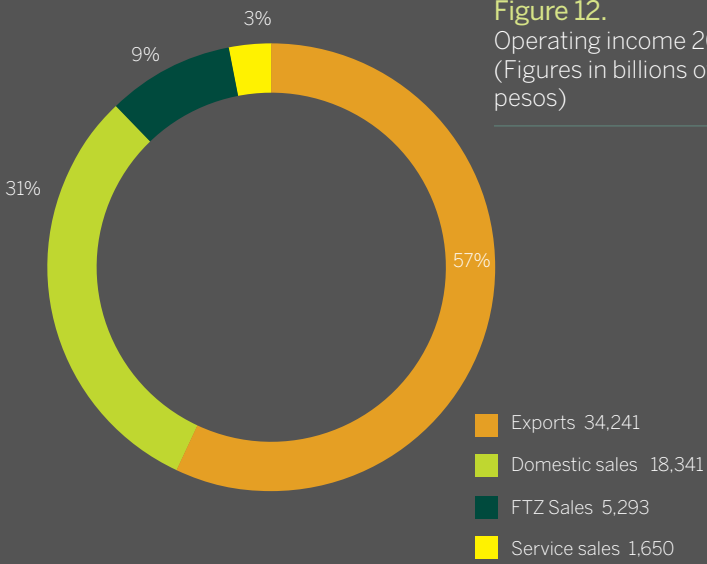
Balance sheet

The balance sheet at the end of 2012 showed an increase of 18% in assets over the previous year, i.e. they grew \$ 15.3 billion and ended 2012 at \$ 100.6 billion.

Current assets increased by \$ 2 billion due to increased surplus cash and temporary investments for dividend payments in January 2013 and increased prepayments and advances to official agencies on account of income tax for the 2012 tax year.

In accounts receivable, the fuel price differential was \$ 1.08 billion, of which Q4 2011 and 2012 are pending payment.

Total liabilities closed at \$ 35.3 billion, 17% higher than in 2011, mainly due to the account payable for dividends to the Nation of \$ 3.9 billion and the increased amount payable to suppliers of \$ 2.02



billion, 71% higher than 2011, due to changes in the guideline set.

At the end of 2012, financial obligations were comprised of \$ 2.2 billion of syndicated loans with Colombian banks, of which \$ 621,000 million has been amortized, and \$440,000 million of capital is expected to be amortized in 2013.

Also outstanding is the 2009 US\$ 1,500 million bond issue, the Internal Public Debt Bond Issue of \$ 1 billion, and the Gibraltar Gas Plant Contract (BOMT), with a balance of \$ 100,000 million since November 2012.

Also part of this group are liabilities and provisions, both short and long term, which increased by \$ 178,000 million for litigation, commutable pension obligations, provision for abandonment costs and provision for emergencies.

Equity totaled \$ 65.2 billion, 19% more than in the previous year and at the end of the period it accounted for 65% of the company's total assets.

Figures 12, 13 and 14 show Ecopetrol's operating income, costs, expenses and non-operating results.

Results in costs

The cost results for 2012 in the company's main businesses compared to 2011 are summarized as follows:

Exploration and production

Notwithstanding the greater equivalent production of 6.9 million barrels compared with 2011, operating costs increased by 13%.

This was due to the high levels of water production, which stood at 2.3 million barrels per day, which required increased efforts in the treatment, management and disposal of fluids, consistent with the commitment to not affect the environment.

Also, there were higher costs associated with shutdowns of major pipelines in the country due to public order problems, which impacted production targets.

Transport

This segment showed an increase of 38% compared to 2011, of which 80% corresponds to the pipeline and tank integrity strategy, which seeks to reduce operational risk and increase quality standards to ensure an environmentally and socially responsible operation.

There were also higher costs associated with the remediation of conditions that public order situations generated on the transport infrastructure.

Downstream

The operating cost of the Barrancabermeja Refinery showed a decrease of 3% compared to 2011, mainly due to the optimization of refining processes and greater efficiency in the maintenance of facilities.

Cost optimizations

Continuing the operational excellence strategies undertaken by Ecopetrol in all business areas, cost optimizations were of US\$ 244.9 million, which made it possible to partially offset the costs that greater operational and environmental complexity generated on the company's operations.

Financial indicators

The main financial indicators are liquidity, debt, profitability, activity, solvency and cost of sales, which make it possible to observe the financial health of the company.

Table 20.
Unconsolidated financial indicators
(Figures in millions of pesos)

Liquidity indicators	2012	2011	2010	2009
Working capital in millions of pesos (Current assets / Current liabilities)	(1,586,579)	2,006,464	208,567	3,003,117
Current Ratio (Current Asset / Current Liability)	0.9	1.1	1.0	1.5
Quick ratio ratio (Current assets - Inventories) / Current liabilities	0.8	1.0	0.8	1.2

Source: Ecopetrol, Vice Presidency of Corporate Finance

Liquidity

This represents the safety margin that the company maintains to cover fluctuations in cash as a result of asset and liability operations.

At year-end, current assets showed a variation of 13% compared to the previous year. The concentration within assets is non-current, i.e. 82% compared to current assets of 18% .

The decreasing variation in the indicator is due to the effect of current liabilities arising from the payment of dividends to the Nation, of \$ 3.91 billion, which will be paid in January 2013.

Debt

This indicator represents the proportion of the company's investment that has been financed with debt, i.e. third-party resources (see Table 21).

Total liabilities increased by \$ 5.14 billion, 17% compared to 2011.

Ecopetrol has split long term borrowing to finance its investment plan through internal public bonds, foreign currency debt and loans with domestic banks.

Profitability

Profitability indicators showed a decrease relative to the previous year, arising from lower operating income (5% less than 2011) due to a 16% increase in costs, mainly in crude and product purchases at international prices, transportation costs, as well as maintenance and supplies, among others, which generated an operating margin of 38%.

Meanwhile, in terms of the net margin, there was an increase in sales of \$3,032,264 and a decrease of 3% in profit relative to the previous year (see Table 22).

The company's ability to generate profits through the use of invested capital (ROE) stood at 23% as a result of the increase in equity of \$ 10,247,474, primarily through the appropriation of reserves and the surplus from the appreciation of fixed assets.

Table 21.
Unconsolidated financial indicators

Debt Indicator	2012	2011	2010	2009
Level of indebtedness (Total liabilities / Total assets)	35%	35%	36%	38%
Total financial leveraging (Total liabilities / Equity)	0.5	0.5	0.6	0.6
Short-term concentration (Current Liabilities / Total Liabilities)	55%	46%	39%	32%
Long-term concentration (Current Liabilities / Total Liabilities)	45%	54%	61%	68%

Source: Ecopetrol, Vice Presidency of Corporate Finance

Table 22.
Profitability Indicator

Profitability indicator	2012	2011	2010	2009
Operating margin (Operating profit / Sales)	38%	43%	36%	28%
Net margin (Net profit / Sales)	25%	27%	23%	19%
Return on assets - ROA (Net profit / Total assets)	15%	18%	13%	10%
Return on equity - ROE (Net profit / Equity)	23%	28%	20%	16%
EBITDA	27,572,592	28,130,326	16,479,882	10,448,034
EBITDA margin	46%	50%	45%	38%
ROA (Return on assets)	15%	18%	13%	10%
ROE (Return on equity)	23%	28%	20%	16%

Source: Ecopetrol, Vice Presidency of Corporate Finance

Activity indicator

This is the sales volume generated by working capital and total assets (see Tables 23, 24 and 25).

Table 23.
Unconsolidated financial indicators

Activity indicators	2012	2011	2010	2009
Total asset turnover (Net Sales / Total Assets)	0.6	0.7	0.6	0.5

Source: Ecopetrol, Vice Presidency of Corporate Finance

Table 24.
Unconsolidated financial indicators
(Figures in millions of pesos)

Cost of sales	2012	2011	2010	2009
	33,817,770	29,257,190	21,622,382	17,809,194

Source: Ecopetrol, Vice Presidency of Corporate Finance

Table 25.
Unconsolidated financial indicators
(Figures in pesos)

Profit indicator	2012	2011	2010	2009
Earnings per share	364.16	379.97	206.22	129.87

Source: Ecopetrol, Vice Presidency of Corporate Finance

Investment portfolio

At the end of 2012, Ecopetrol's financial investment portfolio totaled \$ 10,634 billion equivalent, characterized by suitable diversification across economic sectors, its high liquidity and high credit quality.

Investment returns

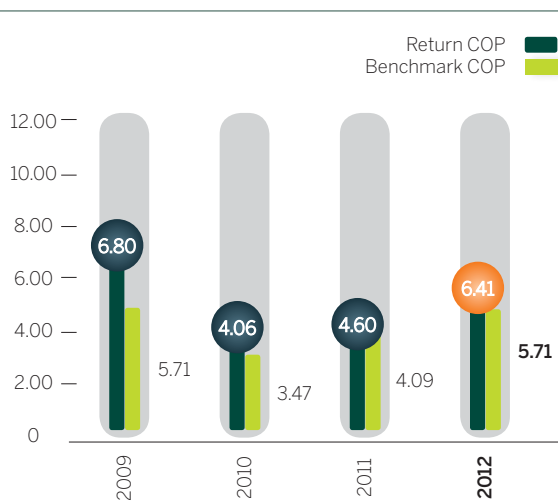
Returns on resources in pesos and dollars, both remained above their benchmarks at year-end, responding to the company's different liquidity needs through a diversified portfolio (see Figures 15 and 16).



Budget execution

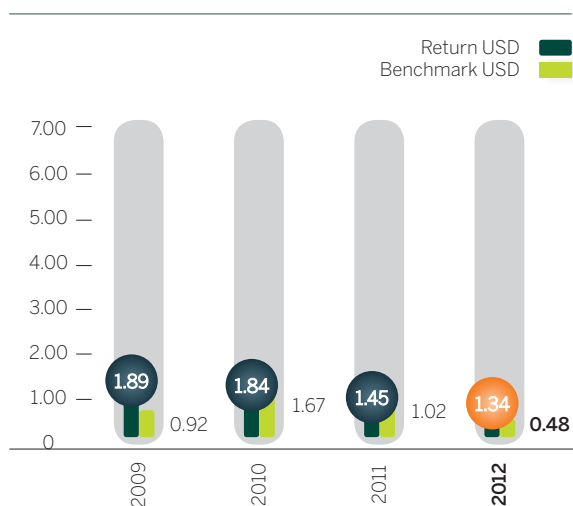
During the session held on November 18, 2011, Ecopetrol's Board of Directors approved the budget for the year 2012, with a reference WTI of US \$70 per barrel and an average exchange rate for the year estimated at \$1,780.

Figure 15.
Investments (pesos)



Source: Ecopetrol, Vice Presidency of Corporate Finance

Figure 16.
Investments (dollars)



Source: Ecopetrol, Vice Presidency of Corporate Finance

At year-end, the benchmark WTI closed at US\$ 94.2 per barrel and the representative market exchange rate ended at \$1,797. These variations and the increase in Ecopetrol's production positively impacted on the company's income, resulting in greater income, more transfers to the Nation, and higher dividends for shareholders.

The company began operations in 2012 with available resources of \$ 9.2 billion and received cash income during the year of \$ 61.7 billion, for a total of \$ 70.9 billion.

Collection from current income, domestic sales and exports mainly, was \$ 60 billion, an increase of 14% compared to 2011. Additional to the above, an account receivable from the Nation of \$ 1.1 billion was paid on account of subsidies on gasoline and diesel generated in Q4 2011 and 2012.

The variation in current income is mainly due to the growth of oil exports caused by price and volume, which went from 490 Kbcd to 516 Kbcd in 2012, representing a 5% increase.

Domestic sales of gasoline, middle distillates, crude oil, gas and products accounted for 32% of total operating income.

Regular motor gasoline, and diesel, constituted 73% of total domestic sales. The demand for these products increased 2% due primarily to the growth of the country's vehicle fleet.

In total, 63 Kbd of gasoline and 92 Kbd of diesel were sold (not including Reficar's production).

In terms of Capital Income, \$ 1.5 billion was collected primarily from revenues corresponding



Employee services corresponding to payroll costs, benefits and parafiscals accounted for 8%, and overhead 7% , with regard to total execution. In other words, the execution of the company's own, direct operating costs was \$ 3.2 billion.

As for resources executed for investment, \$ 8.6 billion, i.e. 74%, was allocated to the optimization of production curves and the search for upstream reserves; \$ 2.8 billion, i.e. 23%, to the recovery of availability factors and the improvement of transportation systems in the downstream; the remaining 3% to the Cooperative; and \$ 1.1 billion between contributions and loans to subsidiaries.

The cash flow closed with a final balance of \$ 10.7 billion, of which \$ 6.4 billion are accounts payable that remained at the end of the budget year and pass to accrual and / or payment in the following year. Of this amount, \$ 3.9 billion corresponds to dividends pending payment to the National Government and that will be paid in January 2013. The remaining balance is mainly applied as working capital for the start of the new year.

to financial returns and dividends from companies in which Ecopetrol has a shareholding.

In expenditure, in terms of the execution of commitments including running, commercial operations, debt and investment servicing, \$ 67.5 billion was committed, equivalent to 92% of the total budget allocated for expenses and investments, and a total accrual level of 84%.

Operating expenses showed an execution of \$ 22.6 billion, with a compliance level of 98% with regard to the budgeted amount.

Share price on the Colombian Stock Exchange

Ecopetrol's year-end share price was \$ 5,460, with a 30% increase in 2012. On May 3 it reached the year's maximum price of \$ 5,850.

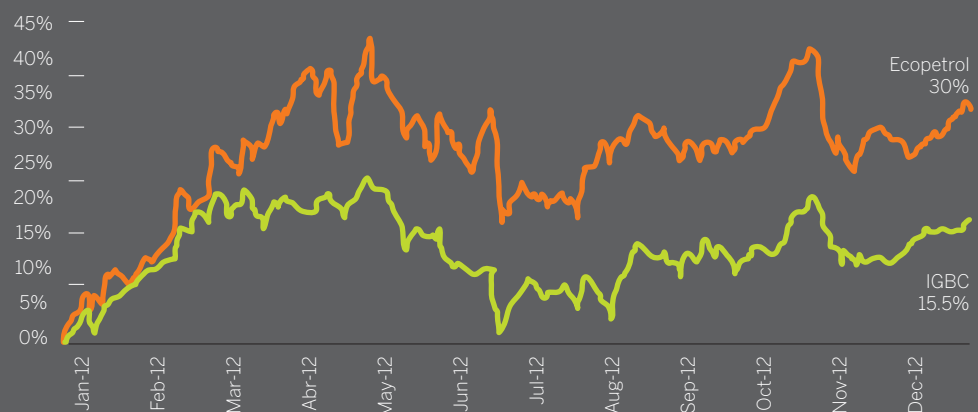
Despite the difficult global economic environment and the liquidation of one of the largest Colombian stock brokers in November, the share price performed positively and exceeded the benchmark of the Colombian Stock Exchange (IGBC), which experienced appreciation of 15.5% in 2012 (see Figures 17 and 18).

Figure 17.
Ecopetrol share price on the Colombian Stock Exchange



Source: Ecopetrol, Vice Presidency of Corporate Finance

Figure 18.
Appreciation of Ecopetrol Shares vs. IGBC



Source: Ecopetrol, Vice Presidency of Corporate Finance

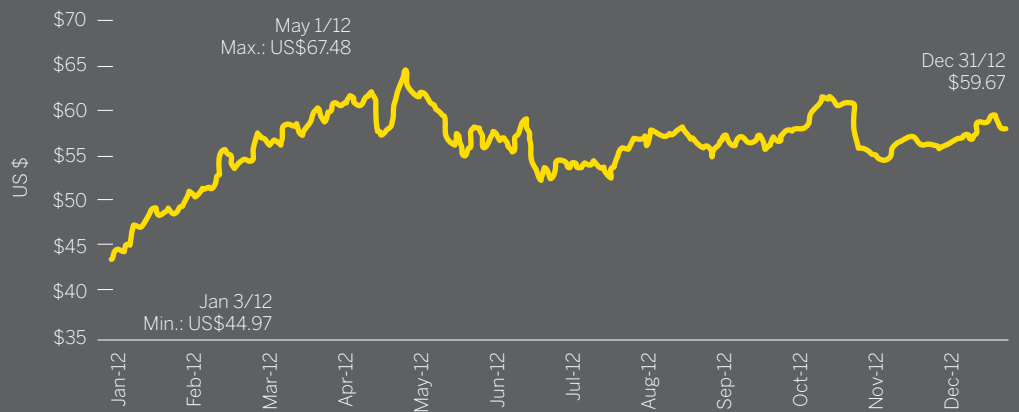
ADR Price on the New York Stock Exchange

The number of international institutional investors with ADRs increased by 31% compared to 2011.

Ecopetrol's ADR year-end price was US\$ 59.67, rising 32.7%. The highest price during the year was US\$ 67.48 on May 1, 2012 (see Figures 19 and 20).

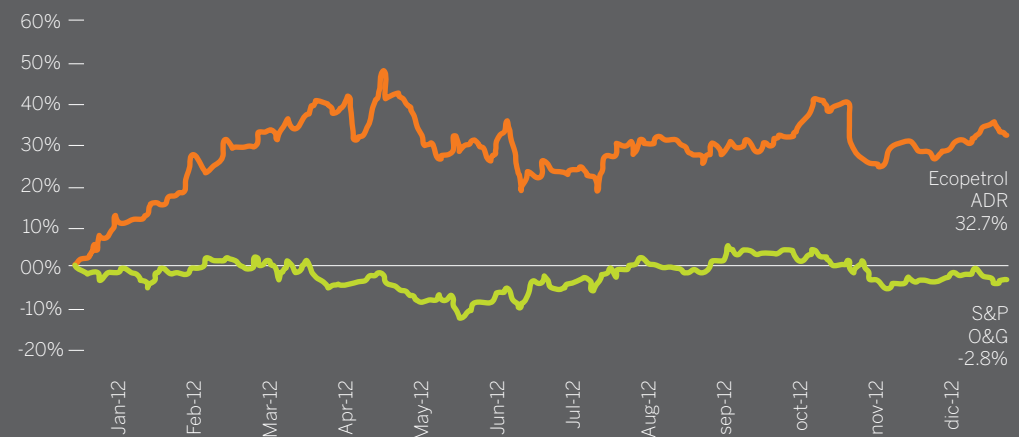
The number of outstanding ADRs was 29 million at year-end.

Figure 19.
Ecopetrol ADR price on the NYSE



Source: NYSE

Figure 20.
Appreciation of Ecopetrol ADR vs. S&P, Oil & Gas Index



Source: Ecopetrol, Vice Presidency of Corporate Finance

Compliance with domestic and international regulations

In 2012 Ecopetrol complied with all its obligations as an issuer of securities with the Colombian Stock Exchange (BVC), the New York Stock Exchange (NYSE) and the Toronto Stock Exchange (TSX).

Obligations are classified into the categories for the publication of relevant information, and compliance with the Sarbanes-Oxley (SOX) Act.

In relation to the first category, there were 68 relevant information press releases in the Financial Superintendence of Colombia, 36 press releases and 27 documents under Form

6-K required by the Securities and Exchange Commission - SEC, in the United States, and 36 press releases on the Toronto Stock Exchange in Canada.

All releases were reported in a timely manner to the market and are available from the following sources:

Colombia

on the website of the Financial Superintendence of Colombia:
www.superfinanciera.gov.co,
 Integrated Stock Exchange Information System (SIMEV, for its acronym in Spanish) and Ecopetrol's website
www.ecopetrol.com.co.

United States

on the SEC's website:
www.sec.gov, section "search for Company Filings", "Company or Fund name", "Company Name": ECOPETROL S.A., "Ticker Symbol": EC, "Find Companies"

Canada

on the TSX website (Toronto Stock Exchange):
www.tmx.com, section "Get quote on TMXmoney.com", through the "ECP" symbol, section "News Headlines for Ecopetrol S.A."

In relation to compliance with the Sarbanes-Oxley (SOX) Act, Ecopetrol has a structured process that enables management to provide its opinion on the effectiveness of financial disclosure controls and procedures, as well as on the internal control of financial reporting, complying with the requirements of this Act.

During 2012, the activities required for the issuance of that opinion have been undertaken, which will be submitted to the Securities and Exchange Commission (SEC) no later than April 30, 2013.

Evaluation of the performance of disclosure and control systems (Compliance with Law 964 / 2005)

For the process of Disclosing Information to the Stock Market, the effectiveness of controls defined for SOX was verified, and the initiatives to strengthen the Internal Control System were fulfilled.

Taxes and transfers to the Nation

Ecopetrol S.A. is currently one of the largest payers of national and territorial taxes in Colombia. Its tax policy seeks to fulfill its statutory obligations under existing regulations and obtain as many tax benefits as possible for the company.

The taxes payable by Ecopetrol S.A. are summarized below:

National Tax

- Income and complementary taxes
- VAT under the regular tax system
- Income and VAT withholding Agent
- Domestic surcharge on Diesel
- Flat-rate tax
- Tax on Equity

Territorial Tax

- Industry & Commerce, and Advertising Tax
- Industry and Commerce Withholding Agent
- Public lighting
- Vehicles
- Property
- Surcharge on gasoline
- Transport tax

The value paid by Ecopetrol S.A. includes taxes borne by the company and tax withholdings or collections made from third parties, which it then transfers to the different tax authorities in its capacity as a withholding agent.

In 2012, total taxes and transfers to the Nation amounted to \$ 27.2 billion, which is 40.66% higher than 2011 (see Tables 26 and 27 and Figure 21).



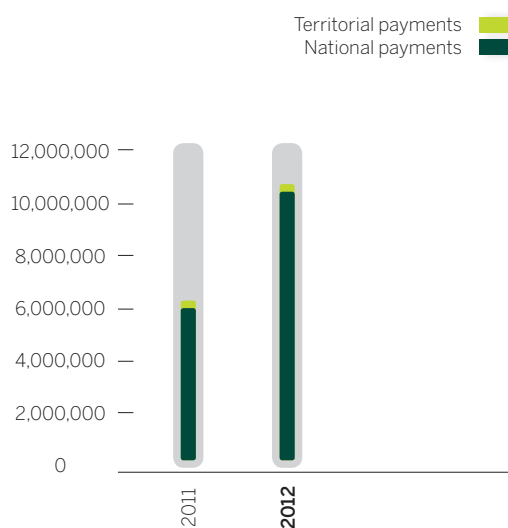
Table 26.
Taxes and transfers to the State (Figures in billions)

Taxes and transfers to the State	2012	2011	2010	2009
Purchases from ANH - Ecopetrol and third-party royalties	8,564,053	8,048,981	5,335,946	4,358,406
Dividends on previous year profits	6,615,436	5,275,794	3,311,016	8,004,653
Flat-rate Tax	1,450,559	1,379,701	1,241,653	1,123,679
Income Tax and others	*10,044,653	3,650,373	1,178,446	4,393,924
Tax on Equity	476,494	476,494	207,111	207,111
Sales tax	127,998	561,498	490,452	573,130
Total	27,279,193	19,392,841	11,764,624	18,660,905

* The variation is due primarily to the income tax of \$ 4.7 billion.
Source: Ecopetrol, Vice Presidency of Corporate Finance



Figure 21.
Comparative Summary Chart
Payment of Taxes by Territorial Entity
(Figures in millions of pesos)



Source: Ecopetrol, Vice Presidency of Corporate Finance

Table 27.
Taxes paid by Ecopetrol in 2012 (Figures in millions of pesos)

Type of tax	2011	2012	Variation	%	Notes
Income Tax	3,155,803	7,913,516	4,757,714	151%	1
Tax on Equity	476,494	476,494	0	0%	2
Flat-rate Tax	1,379,701	1,450,559	70,859	5%	3
Sales Tax	561,498	127,998	(433,500)	-77%	4
Industry and Commerce Tax	155,599	171,479	15,880	10%	5
Property Tax	7,606	10,879	3,273	43%	6
Transportation Tax	7,414	14,880	7,466	101%	7
Withholding at the source for Income / VAT / Stamp Tax	1,372,102	1,565,685	193,583	14%	8
National surcharge on diesel	36,688	41,242	4,554	12%	9
Withholding at the source for Industry and Commerce Tax	54,95	62,540	7,635	14%	8
Surcharge on Gasoline	105	3	(102)	-98%	9
Vehicle Tax	446	361	(85)	-19%	10
Lighting Tax	5,876	13,591	7,715	131%	11
Total 2011 and 2012	7,214,236	11,849,226	4,634,990		

Source: Ecopetrol, Vice Presidency of Corporate Finance

Taxes to territorial entities

In 2012, Ecopetrol S.A. paid territorial entities [1] \$ 171,479 million on account of Industry and Commerce Tax (ICA). Similarly, it paid \$ 10,879 million in property tax. The ongoing review of financial information ensures timely compliance with these obligations.

1. Territorial authorities or entities are legal entities governed under public law, which make up the political-administrative division of the Colombian state and are autonomous in managing their interests. Territorial entities are: departments, municipalities, districts, indigenous territories and, potentially, regions and provinces.

Tax Reform

Law 1607 of December 26, 2012 reduced the income tax rate to 25% and created a new tax called Income Tax for Equity (CREE, for its acronym in Spanish) whose rate is 8%. Also, it unified VAT rates at 0%, 5% and 16%.

In relation to diesel and gasoline, it eliminated Flat-rate tax and VAT and created a new national tax called the National Tax on Gasoline and diesel.

Explanatory notes

Income tax levies all income earned by a taxpayer in the year, which is likely to produce an increase in net equity at the time of collection, provided it has not been expressly excluded, and considering the costs and expenses that are incurred to produce it.

1

Tax on Equity is a national tax, calculated based on the equity value of Ecopetrol on January 1, 2011 and applies to the years 2011, 2012, 2013 and 2014.

2

Flat-rate tax is administered by the Treasury Department of the Ministry of Finance and originates from the sale or own-consumption of Standard Gasoline, Premium Gasoline and diesel, as well as other fuels. Its variation is due to the reference price set by the Government and the volume of sales or own-consumption in each period.

3

Sales tax is a national tax and originates from the purchase and sale of goods and/or services taxed according to existing standards. The value paid corresponds to the net between the VAT generated in sales transactions and the deducatable VAT originating in the purchase of goods and services.

4

Industry and Commerce Tax corresponds to a territorial tax that levies the carrying out of industrial, commercial and service activities in each municipality. Ecopetrol S.A. pays industry and commerce tax in the municipalities where it undertakes some of the above activities, provided that royalties are not being paid in the case of industrial activity.

5



Labor costs

The wage increase for Ecopetrol employees that became effective from July 2012 was 4.35%, corresponding to the CPI in June, plus an additional 1.15%.

From that date, the other items and benefits agreed upon in the Collective Labor Agreement were adjusted to the CPI and the terms of the collective agreement provisions in force.

During the year, the merit-based compensation system was applied, supported by an individual performance classification model.

The variation in labor costs between 2011 and 2012, was 16% (see Table 28).

Pension costs

Costs for retired personnel reflect an increase compared to 2011, brought about by a change in the assumptions for the update of pension reserves both for health and education.

Medical services saw an increase of 5.5% for the first year, then decreasing linearly until, for the fifth year onwards, reaching a value equal to inflation plus 1.5%.

Regarding education aid, an annual increase equal to inflation plus 1.5% was considered, which in 2012 amounts to 4.75%.

In 2012 only health and education actuarial amortization was recognized (see Table 29).

The pension obligation, as a result of the commutation process that took place on December 31, 2008, is controlled through memorandum accounts.

Table 28.
Active employee labor costs

Labor costs	Dec 2011	Dec 2012	Variation
Wages and salaries	463,838	548,951	18%
Social benefits	186,357	226,856	22%
Benefits	249,302	269,900	8%
Health	136,668	152,186	11%
Education	64,759	74,050	14%
Non-fiscal Contributions	110,237	128,262	16%
Others	42,879	49,984	17%
Total	1,254,039	1,450,190	16%

Source: Ecopetrol, Vice Presidency of Corporate Finance

Table 29.
Ecopetrol Pension Costs

Pension costs	Dec 2011	Dec 2012	Variation
Retiree Actuarial Amortization	443,890	688,693	55%
Retiree Health	205,929	204,269	-1%
Retiree Education	56,480	55,493	-2%
Total	706,298	948,455	34%

Source: Ecopetrol, Vice Presidency of Corporate Finance

Risk management

Since 2003, Ecopetrol has had an ERM (Enterprise Risk Management) system, which is framed within the Internal Control System, is aligned with the organization's strategic framework (updated to 2020) and is regularly monitored by senior management.

Additionally, the ERM system has been designed considering the needs of the company, establishing as a focus of implementation the identification, assessment, management and monitoring of the main events (risks) that may affect the achievement of the company's strategic objectives.

Each of the risks identified has an analysis of associated causes and consequences, is assessed within five different dimensions (People, Economic, Environment,

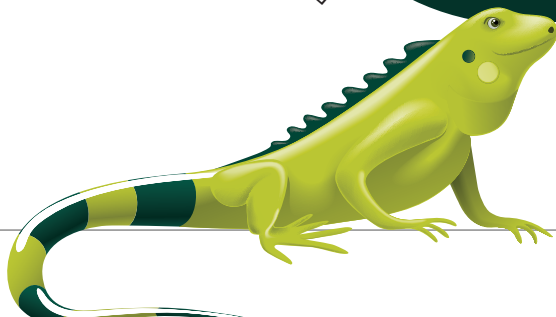
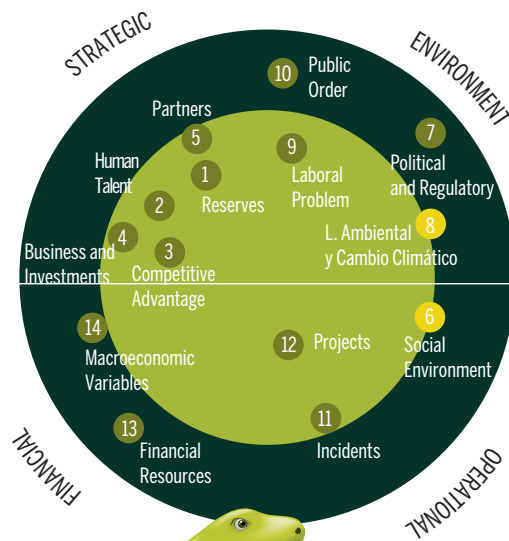
Reputation and Customers) and hence are classified as Very High, High, Medium, Low or Null risk.

For risks assessed as Very High, High and Medium, management plans are defined aimed at reducing the occurrence probability or impact level for Ecopetrol.

Currently, all information related to the company's strategic risks is contained in the official tool for risk management and controls, B Wise, implemented since 2011.

Ecopetrol risk map

- 2012 Map
- New



STRATEGIC

- (1) Failure to secure the incorporation of new reserves within the time and volumes required.
- (2) Not having competent human talent available.
- (3) Failure to incorporate a competitive advantage in heavy and extra heavy crude oil for Ecopetrol.
- (4) Carrying out business and investments that do not meet the value promise of the corporate group.
- (5) Inadequate relations with partners.

ENVIRONMENT

- (6) Impact on operations from changes in the social environment.
- (7) Impact on investments from changes in the political environment.
- (8) Impact on operations and projects due to environmental licensing and climate change.
- (9) Labor problems that affect Ecopetrol's operations.
- (10) Public order problems.

OPERATIONAL

- (11) Incidents that affect people, the environment and infrastructure.
- (12) Inadequate project management.

FINANCIAL

- (13) Not having the necessary resources to execute the investment plan.
- (14) Changes in macroeconomic variables and prices that affect the liquidity position.

Legal affairs

In 2012 Ecopetrol's Legal Vice Presidency focused on legal support for the Dosquebradas Project, Ronda Colombia 2012, general legal advice for the undertaking of the company's corporate purpose and the addressing of litigation issues.



Results in litigation

The 2012 period began with a total of 2,418 active lawsuits, of which claims of \$420,845,093,191 were resolved in a definitive manner² equivalent to US\$ 238,003,5933³.

In the case of legal proceedings against Ecopetrol, claims in the order of \$410,396,079,625 were ruled on (US\$ 232,094,286), of which \$284,459,296,911 (US\$ 160,872,339) were ruled in favor of the company.

It is important to highlight that in the contractual process of Latinamerican Hydrocarbon Corporation S.A. against Ecopetrol regarding condensate supply in Apiay, the Cundinamarca Administrative Court revoked the order that granted the appeal against the first instance judgment, due to having been substantiated extemporaneously. Consequently, the first instance judgment remains firm, which denied the claims of the lawsuit whose amount totaled \$162,100,000,000 (US\$ 91,673,595).

With regard to cases in which Ecopetrol was the plaintiff, without including criminal proceedings, claims for a total of \$8,475,458.521 (US\$ 4,793,187) were ruled on, and settlements in favor of the Company amounted to \$4,683,536,794 (US\$2,648,714).

2. This involves court proceedings in respect of which there is no appeal.

3. For the purposes of presenting the information in dollars, the official rate at December 31, 2011 was used in this document, which corresponds to \$1,768.23 per dollar.

Results in legal advice

The task of advising the company's various departments was performed under criteria of timeliness and quality in 2012.

Within the upstream environment, there was active participation in the ANH's Ronda Colombia 2012 process, where 12 blocks were acquired. Also, legal support was given in bringing Anadarko onboard as an Ecopetrol strategic partner (Fuerte North and South, Purple Angel), with which increased value to existing blocks was achieved (Fuerte North and South).

In the area of downstream legal advice, active support was provided for the Firm Capacity Round 2012, the development and signing of the contract with the India Essar company to sell 12 million barrels of oil during one year, the signing of firm gas contracts for 2012-2013 and the legal structuring necessary for the Barrancabermeja Refinery Modernization Project, among others.

Regarding Ecopetrol's shareholders, the full protection of dividends was achieved for shareholders associated with Proyectar Valores S.A. (broker in liquidation) and a protocol was developed in the event of other brokerage firms entering liquidation.

With regard to social and environmental issues, there was a joint development of corporate procedures and / or guidelines aimed at the environmental compliance of operations, taking into account recent regulatory updates for applications for the certification of the presence of ethnic communities with Incofer and the Ministry of the Interior, among others.

The company's legal defense strategy in relation to the environmental authorities was structured as a result of incidents in Dosquebradas and Cúcuta, as well as for the the sanction process opened by the National Environmental Licensing Authority in the Rancho Hermoso field, achieving in the latter case, the closing of the administrative investigation by this Authority without sanction.

There was participation in the negotiation of the Free Trade Agreement with the United States, achieving Ecopetrol's exclusion from the government procurement chapter.

Compliance with domestic and international regulations

The Investor Relations Department of the Vice Presidency of Corporate Finance did not report any breaches and clarified that Ecopetrol is no longer part of the Lima Stock Exchange.

Legal restrictions to operate

Given the legal nature and corporate purpose of Ecopetrol S.A., there are no legal restrictions to operate other than those that, by virtue of the Constitution and the Colombian legal system, apply to any other company in the hydrocarbon industry.

Main contingencies

Of the 659 processes that have an accounting provision for 2012, 85.4% of provisioned values are concentrated in the following three processes:

Class action by Luis Enrique Olivera Petro against Ecopetrol (ACON02634), the Nation, Ministry of Mines and others, due to the extension Cusiana Partnership Contract.

The claims amount to \$155,183,611,517 (US\$ 87,762,119.9). The case is currently in the process of appeal through the Council of State against the ruling in the first instance, which declared the invalidity of the Amendment to the Garcero extension contract.

Class Action filed by Jairo Baron Caballero against Ecopetrol, BP and others, for the alleged failure to make the solidarity payment for the generation of energy on the part of BP, as an operator, for its own use in the Cusiana and Cupiagua CPFs and payment of the transfers from the electricity sector regulated by Law 99 of 1993.

The amount totals \$220,043,836,100 (US\$124,442,994).

Class Action filed by Álvaro Vivas against Occidental de Colombia (a company that together with Ecopetrol, forms part of the Cravo Norte partnership contract) due to the failure to make the solidarity payment discussed in Section 4, Article 89, Law 142 of 1994.

The claims amount to \$283,010,088,725 (US\$160,052,758).

The ruling in the second instance from the Administrative Court of Arauca, which was unfavorable, will be reviewed by the Council of State.

Monopolistic and anti-competitive practices, and their results

In 2012, there were no actions or rulings against Ecopetrol S.A. involving practices against free and fair competition or restrictive business practices.

Claims regarding health, safety and customer privacy

There were no incidents of non-compliance with legal regulations and voluntary codes related to the impact of products and services on health and safety during their life cycle.

Similarly, there were no duly substantiated claims regarding breaches of privacy and losses of customer's personal data.

Sanctions and fines

According to that reported by the competent agencies, significant fines and non-monetary sanctions imposed on Ecopetrol in 2012 originate from environmental regulations.

Environmental authorities confirmed and imposed ten monetary sanctions on Ecopetrol whose amount varies from eleven to sixty million pesos, some of them as a result of the oil spill caused by terrorist attacks on the Caño Limón-Coveñas pipelines, against which the Company filed the relevant legal appeals.

On the balance sheet, only one of the sanctions is significant and it corresponds to that imposed by the Regional Autonomous Corporation for the Macarena Special Management Area, which through Resolution PS.GJ.1.2.6.12 0026 of January 27, 2012, ruled on the motion for reconsideration filed by Ecopetrol S.A., against the fine imposed by resolution PS-GJ.1.2.6.11 1849 of November 21, 2011, ruling to amend the contested resolution and adjusted the

value of the sanction from \$5,125,078,112 (US\$ 2,898,422.77) to \$ 3,427,283,168 (US\$ 1,938,256.43).

According to reports from the relevant areas, for 2012 only one non-monetary sanction was imposed originating from environmental issues, which consisted of the following:

Through Resolution 0935 of 1 June 2012, the Regional Autonomous Corporation, in relation to the Macarena Special Management Area, ruled on the motion for reconsideration filed against resolution 270 of February 13, 2012, through which Ecopetrol was sanctioned with the restoration of 15,005 forest seedlings along with their respective maintenance for one year, as well as the maintenance of those already established for one year or more, or the period determined by the CAM technician.

According to that reported by the competent departments, in 2012 there were no fines or non-monetary sanctions for noncompliance with laws and regulations concerning the provision, use and labeling of the organization's products and services.

Compliance with full disclosure obligations

According to the information provided by the Investor Relations Department of the Vice Presidency of Corporate Finance, the obligations to reveal relevant information as a securities issuer on the Colombian, New York and Toronto Stock Exchanges, were fulfilled in 2012.

Corporate group Special report

In addition to the information provided in this chapter and the attached financial statements, the following special report has been provided on the existing economic relations in 2012 between Ecopetrol S.A., its affiliates, subsidiaries and associated companies. This is done in compliance with Article 29, Law 222 of 1995.



In 2012, Ecopetrol progressed in its strategy to consolidate the corporate group through the strengthening of its operations, the focusing of business and the increased efficiency of financial resources.

Companies that are part of the exploration and production segment obtained a production of 51.9 kboed equivalent and drilled 20 exploratory wells, with 16 completed, six of which reported the presence of hydrocarbons, representing a success rate of 37.5%.

The company also made progress in the specialization of the transport business with the creation of Cenit Transporte y Logística de Hidrocarburos S.A.S., a company 100% owned by Ecopetrol, specializing in the transportation of hydrocarbons, whose focus will be on meeting the transport needs of the country's producers.

Furthermore and in order to develop the transport infrastructure needed to support the increase in the level of production and ensure the export of crude produced in the country,

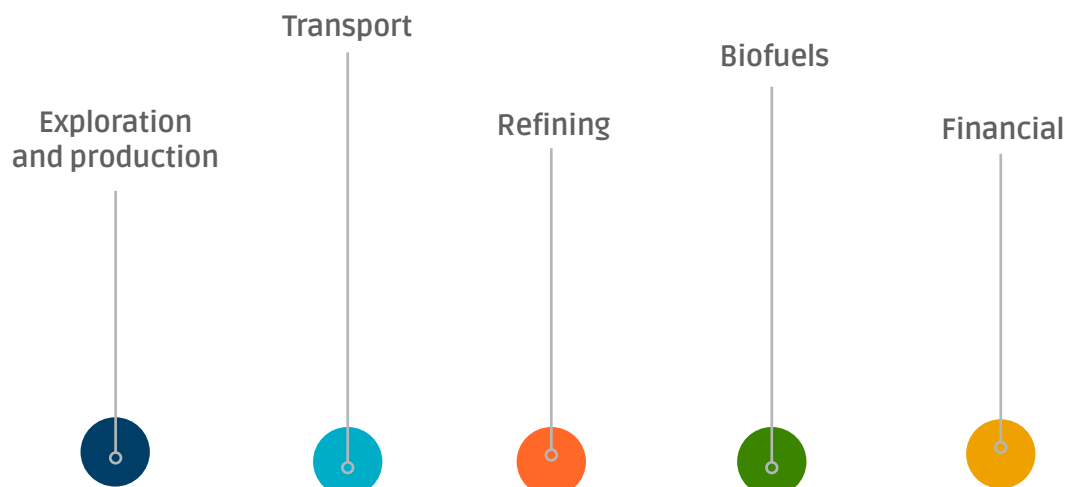
construction of the Bicentenario Pipeline continued, and the maintenance and integrity of the pipeline network intensified.

In the downstream segment, the expansion and modernization project for Refinería de Cartagena S.A. (Cartagena Refinery) - REFICAR made progress, which aims to increase the plant's capacity to 165 kbod, while Propilco made progress in its strategy of pursuing new markets and ensuring improved margins.

In Biofuels, Bioenergy continued undertaking the project for the construction of a plant for the production of ethanol from sugarcane, with a capacity 480,000 liters per day, in the department of Meta. Ecodiesel Colombia S.A., in turn, increased the production of biodiesel.

Ecopetrol currently has 25 subsidiary companies and has shareholding in another 7 companies.

Below is a brief summary of the main results of some of the subsidiary companies of Ecopetrol S.A.



Exploration and Production

Hocol S.A

Hocol is an oil exploration and production company, 100% owned by Ecopetrol S.A., which is present in fields in the Upper and Lower Magdalena Valley and the Llanos Orientales in Colombia.

It has a diversified exploration portfolio in heavy oil and gas. The most significant contracts for its prospectivity are found in Block CPO17 (heavy oil) in the Llanos Orientales, and Bonga and Samán (gas) in the Lower Magdalena Valley.

Production in 2012, including royalties, was 24.9 (kboed) from the Ocelote and La Hocha fields located in the department of Meta and the Upper Magdalena Valley, respectively.

In May 2012, the Palermo Partnership Contract reverted to Ecopetrol and during the year, four of the seven prospects drilled and completed reported the presence of hydrocarbons, as is the case of the Mamey well in the Samán Block, the Dorcas well in Block CPO17, well Pintado 1 in the Guarrojo Block and well Merlín 6 in CPO17.

Equion Energía Limited

Equion is an oil exploration and production company in which Ecopetrol has a 51% stake. Its investments have focused primarily on the development of the reserves of current Piedemonte contracts and offshore positioning on the Atlantic coast.

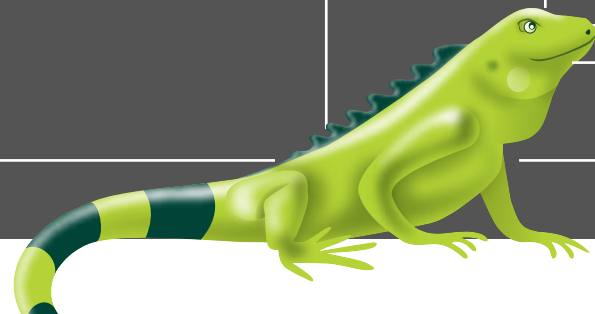
The company has four partnership contracts in place with a production before deducting royalties, of approximately 35 kboed. Most of the production comes from the Piedemonte contracts that are characterized by the generation of crude, gas and condensate.

In 2012 three development wells and one exploratory well were drilled in Colombian Caribbean waters, which reported the presence of dry natural gas. Additionally, as a result of the reorganization of its shareholders, Equion assigned its direct participation in Ocesa to its shareholders (Ecopetrol and Talisman) and signed a transportation agreement to evacuate the expected volumes in its business plan.

Ecopetrol Oleo e Gas Do Brasil Ltda.

It is a subsidiary 100% owned by Ecopetrol S.A., through its affiliate Ecopetrol Global Energy, which was established in December 2006 in order to start the internationalization strategy. Currently, it has interests in eleven offshore exploration blocks in the Para-Maranhao, Campos and Santos basins in Brazil.

In 2012 it drilled four exploratory wells of which three reported unsuccessful results, and the remaining one is under evaluation.



Ecopetrol del Perú S.A.

It was founded in 2007 to advance the internationalization strategy. It is a subsidiary 100% owned by Ecopetrol S.A., through its subsidiary Ecopetrol Global Energy.

It currently has blocks in the Marañon basin of which the 180, the 182 and the 184 are pending signing of the Supreme Decree. Also pending is approval from local authorities of the Farmout Agreement on block 109 signed with Repsol in January 2012.

Blocks 101, 134, 117, 90, 158 and 179 are in the process of returning to PeruPetro.

Ecopetrol America Inc.

In 2007 this company was established with the objective of having a presence in the Gulf of Mexico in the United States, one of the most prospective areas in the world, to develop a long term strategy that makes it possible to increase reserves and expand the investments portfolio. Ecopetrol S.A. indirectly holds 100% through Ecopetrol Global Energy.

Its presence covers a total area of 1,131 km² and it has a stake in 130 blocks. Its current strategy is focused on the development of exploratory potential and participation in discovered fields.

It has a producing asset with a share of 9.21% in K2, with net average volumes in 2012 of 1.6 kboepd.

In 2012 three exploratory wells were drilled, of which two showed the presence of hydrocarbons; Parmer, operated by Apache with a 30% stake and Dalmatian operated by Murphy with a 30% stake.

Offshore International Group Inc.

Offshore International Group is the Holding company for the shares of companies domiciled in Peru, in which Ecopetrol has a 50% stake. Its main asset is Savia Peru, a company engaged in the exploration, development, production and processing of hydrocarbons on the Peruvian coast.

Currently it has eleven blocks (one in production and ten in exploration), which represents one of the largest offshore areas in South America (8.6 million hectares). Block Z2B, located in the north, in the Talara area, is the only asset in production with 14 kboed net before royalties.

In 2012, twenty development wells were drilled in block Z2B and two exploratory wells in the formations of Santa Catalina and Colán, with potential estimated resources of 12 mboe.

Transport

Cenit, Transporte y Logística de Hidrocarburos S.A.S.

In June 2012 Cenit was incorporated, a company 100% owned by Ecopetrol S.A., specializing in transportation and logistics for hydrocarbons, which will meet the needs of this segment of the oil industry in Colombia.

The new company owns interests in companies specializing in the transportation of hydrocarbons such as Ocesa with 35.29%, Bicentenario with 54.8%, ODL with 65%, ODC with 43.85% and Serviport with 49%.

Oleoducto de los Llanos S.A. – ODL

Oleoducto de los Llanos Orientales - ODL, in which Ecopetrol S.A. has a 65% stake through Cenit S.A.S. started operation in September 2009 and currently has a length of 262 kilometers of pipeline, which enables the transport of crude oil from the Rubiales field to the Monterrey and Cusiana stations in Casanare, where it can be carried to the export port and refinery.

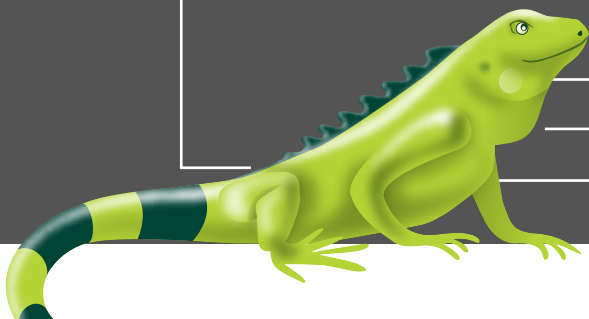
During the course of 2012, it transported 217 KBOD of crude from the Rubiales field.

Oleoducto Central S.A. - OCENSA

Oleoducto Central S.A. - OCENSA, is a system consisting of seven stations and an 830 kilometer pipeline, which connects the Cusiana and Cupiagua fields in the Piedemonte Llanero with the Coveñas marine terminal.

At December 31, 2012, Ecopetrol S.A. has a 72.6% indirect interest in Ocesa. It holds 35.3% through Cenit and 37.4% through Ecopetrol Pipelines International Ltd. - EPI.

Ocesa increased its volume transported by 4.4%, from 563 kboed in 2011 to 591 kboed in 2012.



Oleoducto de Colombia S.A. – ODC

Oleoducto de Colombia - ODC, commenced operations on July 4, 1992 and since then has provided services for the receipt, storage, transportation, transfer and shipment of oil from Magdalena Medio to Coveñas on the border of the departments of Sucre and Córdoba. The system consists of 481 kilometers of pipeline that connects Vasconia Station in Puerto Boyacá with the Coveñas Marine Terminal.

Ecopetrol has a 73% stake in ODC, 21.7% through Hocol, 7.4% through Equion and 43.85% through Cenit.

In 2012, the project began that will expand its capacity to 236 kboed. It currently transports 203 kboed.

Oleoducto Bicentenario de Colombia S.A.S.

In August 2010 the company Oleoducto Bicentenario de Colombia S.A.S. was incorporated with the aim of building a transportation infrastructure that enables the transportation of crude from the Llanos Orientales basins, from Casanare to Coveñas. Ecopetrol has a 56% indirect stake in the Company as follows: 54.8% through Cenit, 0.97% through Hocol, and 0.20% through Ecopetrol Pipelines International Ltd.

During 2012, construction continued of the Banadía unloader and the oil storage facilities, as well as construction of the 230 km long and 42" diameter pipeline between the Banadía and Araguaney station, with a capacity of 600 kboed.

In 2012 a syndicated bank loan under a project finance structure, was signed with local banks, for a total amount of \$ 2.1 billion, equivalent to US\$ 1,167 million.

Refining

Refinería de Cartagena S.A – REFICAR

Reficar moved forward in the Cartagena Refinery Master Plan, a strategic project that aims to expand the refinery's capacity to 165 kbod under the highest international standards.

At the close of the year, the project achieved physical progress of 74.3%. The current refinery continued supplying products to the north of the country, as well as international markets with sales of 35.9 million barrels of refined products and bottom residue.

Polipropileno del Caribe S.A – PROPILCO

This company that belongs to the petrochemical sector, became part of the Ecopetrol Corporate Group in 2008, with Ecopetrol having a direct interest of 49.9% and a 50.1% indirect interest. Located in the city of Cartagena, Propilco is the polypropylene market's leading producer in Colombia.

Dedicated to the production and sale of different varieties of polypropylene, it has a production capacity of 500,000 tons / year.

In 2012 the company achieved the opening of new markets abroad and consolidated itself as a national leader in the production and sale of resin. Its sales totaled 430,000 tons, of which 240,000 tons were exported and the remaining 189,000 were sold in the domestic market.

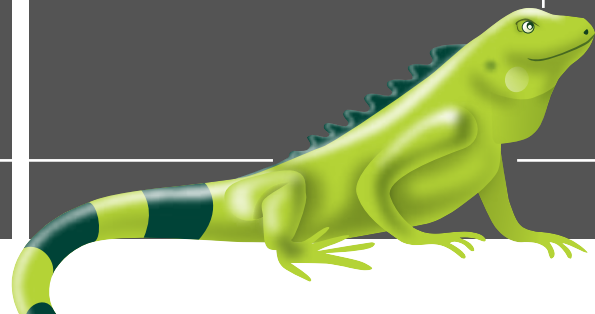
Biofuels

Bioenergy S.A

The company is a subsidiary acquired by Ecopetrol in 2008, through its affiliate Andean Chemicals Limited, which owns 91.43% of the shares.

The objective of Bioenergy S.A. is to build an industrial plant for the production of ethanol from sugar cane, with a capacity of 480,000 liters per day. The operation of the plant will require the planting and cultivation of 14,400 hectares of sugarcane for its supply and a total investment of US\$ 344 million is estimated.

At the close of year, the project attained progress of 59.33%. 10,196 hectares of land have been acquired, of which 6,237 hectares has been planted with sugar cane, 3,303 hectares in 2012.





Financial

Ecodiesel Colombia S.A.

A company created in 2007 in which Ecopetrol has a 50% shareholding. It has a biodiesel production plant in the city of Barrancabermeja with a theoretical capacity of 100,000 tons per year.

In 2012 it reached a sales total of 111,765 tons of biodiesel, of which it delivered 80,162 to the Barrancabermeja Refinery for its 2% blending process with regular diesel, and 31,603 tons to wholesalers, which positions it as a major player in its area of influence and within the country's biodiesel industry.

Black Gold Re

Captive reinsurance company formed for the purpose of managing all business associated, in whole or in part, directly or indirectly, with the signing of insurance and reinsurance for the risks of Ecopetrol S.A. and its subsidiary companies.

Among the main risks that the captive addresses are Material Damage, Sabotage and Terrorism, Transportation, Well Control, Infidelity and Financial Risks, and Performance Bonds (Policies) that Ecopetrol S.A. must submit to third parties, whether public or private.

During 2012, it continued to assure the insurance strategy for Ecopetrol S.A. and its companies, through the optimization of the terms and conditions of coverage and the rate for the various insurance signed within its main Umbrella Matrix (PMS) and Global Energy (GEP) programs, reaching a written premium level of US\$ 41.3 million, i.e. 11% more compared to 2011.

Ecopetrol Capital AG

Established in late 2011, Ecopetrol Capital AG is the captive financial vehicle of the Corporate Group. Domiciled in Switzerland and with a direct holding from Ecopetrol S.A. of 100%, it has been operating to provide liquidity to Corporate Group companies with financial deficits, with funds from companies with surpluses. Currently it has transactions of US\$ 720 million with related parties to finance part of the Corporate Group's projects.

Relevant transactions of the companies in the Corporate Group

To complement the information presented in this chapter and the annexes to the financial statements, the following special report is disclosed on the economic relationships in 2012 between Ecopetrol, its affiliates, subsidiaries and related companies. The above, in order to comply with Article 29, Law 222 of 1995.

During 2012 the following significant transactions were made between companies in the Corporate Group:

Significant transactions between companies

Source company	Destination company	Item	Value in thousands	Value in million
ECOPETROL	BIOENERGY	SERVICES	498,947,525	499
ECOPETROL	ECOPETROL OLEO GAS DO BRASIL	SERVICES	201,946,469	202
ECOPETROL	ECOPETROL CAPITAL AG	SERVICES	517,060,384	517
ECOPETROL	COMAL	PRODUCT SALES - PROPYLENE	125,887,615,232	125,868
ECOPETROL	EQUION	SERVICES	23,876,913,346	23,877
ECOPETROL	EQUION	PRODUCTS SALES - NATURAL GAS	1,497,567,193	1,498
ECOPETROL	HOCOL	SERVICES	20,787,887,507	20,788
ECOPETROL	HOCOL	PRODUCTS SALES - NATURAL GAS	727,259,294	727
ECOPETROL	OLEODUCTO BICENTENARIO	SERVICES	13,512,692,598	1,353
ECOPETROL	OLEODUCTO CENTRAL	SERVICES	27,775,591,427	27,776
ECOPETROL	OLEODUCTO CENTRAL	PRODUCTS SALES - NATURAL GAS	2,025,239,601	2,025
ECOPETROL	OLEODUCTO DE COLOMBIA	SERVICES	8,979,967,209	8,980
ECOPETROL	OLEODUCTO DE LOS LLANOS	PRODUCT SALES - CRUDE	19,872,050,565	19,872
ECOPETROL	OLEODUCTO DE LOS LLANOS	SERVICES	11,581,054,995	11,581
ECOPETROL	ECOPETROL PERÚ	SERVICES	1,151,106,030	1,151
ECOPETROL	REFINERIA DE CARTAGENA	PRODUCT SALES - CRUDE	5,129,137,860,902	5,129,136
ECOPETROL	REFINERIA DE CARTAGENA	SERVICES	112,066,943,265	112,067
ECOPETROL	REFINERIA DE CARTAGENA	PRODUCTS SALES - NATURAL GAS	42,599,365,136	42,599
ECOPETROL	REFINERIA DE CARTAGENA	PRODUCT SALES - PROPANE AND LPG	6,893,489,831	6,893
ECOPETROL	ECOPETROL CAPITAL AG	INTEREST	2,952,752,115	2,953
ECOPETROL	REFINERIA DE CARTAGENA	INTEREST	55,969,596,778	55,970
ECOPETROL	REFINERIA DE CARTAGENA	SALE OF MATERIALS	12,908,436	13
ECOPETROL	OLEODUCTO DE LOS LLANOS	OTHER MINOR INCOME	73,644,163	74
COMAI	PROPILCO	PRODUCT SALES - PLASTIC AND RUBBER	48,149,342,210	48,149
COMAI	PROPILCO	PRODUCT SALES - PROPYLENE	251,245,418,212	251,245
COMAI	ECOPETROL S.A.	COMPENSATION	5,389,604,798	5,390
COMAI	PROPILCO	OTHER MINOR INCOME	80,287,100	80
ECOPETROL CAPITAL AG	ECOPETROL OLEO GAS DO BRASIL	INTEREST ON LOANS	6,204,130,397	6,204
ECOPETROL CAPITAL AG	OLEODUCTO BICENTENARIO	INTEREST ON LOANS	21,341,255,645	21,341
ECOPETROL CAPITAL AG	REFINERIA DE CARTAGENA	INTEREST ON LOANS	42,578,041,911	42,578
EQUION	ECOPETROL S.A.	PRODUCTS SALES - NATURAL GAS	577,805,361	5,776
EQUION	ECOPETROL S.A.	PRODUCT SALES - PROPANE AND LPG	19,408,601,376	19,409

EQUION	HOCOL	PRODUCTS SALES - NATURAL GAS	831,623,078	832
EQUION	REFINERIA DE CARTAGENA	PRODUCT SALES - CRUDE	101,776,302,262	101,776
EQUION	ECOPETROL CAPITAL AG	INTEREST ON LOANS	1,376,735,752	1,377
EQUION	OLEODUCTO CENTRAL	OTHER MINOR INCOME	147,876,838	148
EQUION	OLEODUCTO CENTRAL	COST RECOVERY	28,133,343,370	28,133
EQUION	ECOPETROL S.A.	OTHER SERVICES	4,593,333,344	4,593
EQUION	ECOPETROL S.A.	SALE OF MATERIALS	326,467,649	326
EQUION	ECOPETROL S.A.	OTHER MINOR INCOME	6,307,471,743	6,307
HOCOL	ECOPETROL S.A.	PRODUCTS SALES - NATURAL GAS	363,263,802	363
HOCOL	ECOPETROL CAPITAL AG	INTEREST ON LOANS	488,349,051	488
HOCOL	OLEODUCTO BICENTENARIO	INTEREST ON LOANS	316,673,212	317
HOCOL	ECOPETROL S.A.	OTHER SERVICES	56,956,793,396	56,957
OLEODUCTO BICENTENARIO	ECOPETROL S.A.	OTHER SERVICES	191,968,403	192
OLEODUCTO CENTRAL	ECOPETROL S.A.	SERVICES	522,074,013,018	522,074
OLEODUCTO CENTRAL	HOCOL	SERVICES	33,222,512,501	33,223
OLEODUCTO CENTRAL	ECOPETROL S.A.	OTHER SERVICES	349,261,134	349
OLEODUCTO CENTRAL	OLEODUCTO DE LOS LLANOS	OTHER SERVICES	17,357,796	17
OLEODUCTO CENTRAL	OLEODUCTO BICENTENARIO	OTHER SERVICES	551,493,585	651
OLEODUCTO CENTRAL	OLEODUCTO DE COLOMBIA	OTHER SERVICES	5,054,988,945	5,055
OLEODUCTO DE COLOMBIA	ECOPETROL S.A.	SERVICES	71,668,657,966	71,669
OLEODUCTO DE COLOMBIA	EQUION	SERVICES	12,722,037,989	12,722
OLEODUCTO DE COLOMBIA	HOCOL	SERVICES	29,655,557,807	29,656
OLEODUCTO DE COLOMBIA	OLEODUCTO CENTRAL	SERVICES	2,840,334,992	2,840
OLEODUCTO DE LOS LLANOS	ECOPETROL S.A.	SERVICES	275,198,020,711	275,198
OLEODUCTO DE LOS LLANOS	OLEODUCTO BICENTENARIO	OTHER SERVICES	409,866,957	410
OLEODUCTO DE LOS LLANOS	ECOPETROL S.A.	TRANSPORT SERVICES	109,217,077,509	109,217
PROPILCO	COMAI	PRODUCT SALES - PLASTIC AND RUBBER	22,497,893,742	22,498
PROPILCO	COMAI	OTHER MINOR INCOME	17,677,426,298	17,677
REFINERIA DE CARTAGENA	ECOPETROL S.A.	PRODUCT SALES - MIDDLE DISTILLATES	226,406,575,242	226,407
REFINERIA DE CARTAGENA	ECOPETROL S.A.	PRODUCT SALES - GASOLINE	358,750,661,448	358,751
REFINERIA DE CARTAGENA	ECOPETROL S.A.	PRODUCT SALES - PROPANE AND LPG	1,200,144,596	1,200
REFINERIA DE CARTAGENA	ECOPETROL S.A.	OTHER INCOME	806,292,054	806
REFINERIA DE CARTAGENA	COMAI	PRODUCT SALES - PROPYLENE	58,948,208,755	58,948

To comply with the provisions of Circular 002 of 1998, the employees hired directly by Ecopetrol S.A. subsidiaries during the year are listed:

Employees directly employed by subsidiaries

Subsidiary	Management employees, and those maintaining confidentiality		Others		Total	
	No. of Employees	Personnel Costs	No. of Employees	Personnel Costs	No. of Employees	Personnel Costs
Ecopetrol America Inc.	NA	NA	NA	NA	28	USD 6,435,719
Ecopetrol del Perú S.A.	12	USD 1,705,491	0	0	12	USD 1,705,491
Ecopetrol Oleo e Gas do Brasil Ltda	14	USD 2,004,620	0	0	14	USD 2,004,620
Hocol S.A.	194	\$65,484,167,382	0	0	194	\$65,484,167,382
Equion	489	\$83,241,100,848	0	0	489	\$83,241,100,848
Ocensa	191	\$30,107,362,085	0	0	191	\$30,107,362,085
ODC S.A.	1	\$680,004,348	0	0	1	\$680,004,348
ODL	16	\$5,967,374,179	3	\$14,611,466	19	\$5,981,985,645
Oleoducto Bicentenario de Colombia	25	\$6,745,616,323	2	\$78,901,712	27	\$6,824,518,035
Refinería de Cartagena S.A.	106	\$20,037,824,932	50	\$2,099,222,118	156	\$22,137,047,050
Propilco S.A.	214	\$19,456,804,362	102	\$6,596,541,635	316	\$26,053,345,997
Bioenergy S.A.	15	\$ 2,969,606,210	128	\$ 3,853,617,639	143	\$6,823,223,849
Bioenergy Zona Franca S.A.S	10	\$ 2,113,488,017	25	\$ 1,458,716,347	35	\$3,572,204,364
Black Gold Re Ltd.	0	0	0	0	0	0
Ecopetrol Capital AG	0	0	0	0	0	0
Ecopetrol Global Energy S.L.	1	24,487 €	0	0	1	24,487 €
CENIT	20	USD 332.035,85	0	0	20	USD 332.035,85

Source: Ecopetrol S.A.



Judicial proceeding provisions

	Number of proceedings	Value of Provisions
Initial balance December 2011	784	688,191
Additions (new provisions)	313	412,176
Adjustments to existing provisions	(410)	(310,150)
Recovery from forwarding of proceedings	(5)	(6,526)
Final balance December 2012	682	783,691

Ecopetrol		Hocol		Equion		Ocensa	
Cases	Value	Cases	Value	Cases	Value	Cases	Value
771	682,158	10	5,640	3	393		
309	402,044	1	2,089	2	1	1	8,042
(405)	(307,789)	(6)	(2,420)	1	59		
(2)	(5,491)	(2)	(680)	(1)	(355)		
673	770,922	3	4,629	5	98	1	8,042

Contingencies

The following summarizes the most significant processes with claims over \$ 10,000 million on which provisions have been recognized, in accordance with the assessments of the company's internal and external attorneys, at December:

Process	Action	Provision Amount December 2012	Provision Amount December 2011
Garcero Partnership Contract	Class action against Ecopetrol S.A., the Nation, Ministry of Mines and others, due to the extension of the Garcero Partnership Contract.	155,184	204,189
Municipalities of Aguazul and Tauramena	Class Action. Contributions to the solidarity fund and income redistribution as a result of power generation, according to Law 142 of 1994.	220,044	139,688
Municipality of Arauca	Class Action. Contributions to the solidarity fund and income redistribution as a result of power generation, according to Law 142 of 1994.	283,010	121,051
Department of Tolima (*)	Class action for the reassessment of royalties with the 20% stipulated by Law 141 of 1994.	-	82,287
Lawsuit. Salary Effect - savings incentive	Apply salary effect to monies paid under the savings incentive model and consequently reassess social benefits (legal and extralegal) and monthly pension from the date that Ecopetrol S.A. began to recognize it.	18,689	79,504

Note: the report by segment is calculated based on transfer prices between business units, with reference to export parity prices. Due to a change in methodology in the transport segment, a reclassification was performed for comparative purposes with regard to the figures for 2011, taking into account that the transportation services provided by third parties are allocated directly to the corresponding segment, without being regarded as income for the transport segment. Some other figures for 2011 were also reclassified for presentation purposes.

Segment results

Results by segment (billion COL\$)

Billion COL\$	E&P		Refining		Transport		Supply and Marketing	
	Q4 12	Q4 11	Q4 12	Q4 11	Q4 12	Q4 11	Q4 12	Q4 11
Local Sales	3,818.5	4,038.8	4,220.2	4,526.0	631.8	693.7	264.6	301.2
Exports	6,059.7	6,516.8	818.8	844.2	0.0	0.0	3,024.3	3,436.1
Total Sales	9,878.2	10,555.6	5,038.9	5,370.3	631.8	693.7	3,288.9	3,737.3
Operating Income	5,570.5	7,036.5	(336.1)	(243.5)	(275.0)	112.3	78.4	140.1
Operating Margin	56.4%	66.7%	(6.7%)	(4.5%)	(43.5%)	16.2%	2.4%	3.7%
Net Income	4,215.0	4,812.5	(315.2)	(392.2)	(246.4)	(54.0)	53.5	66.3
Net Margin	42.7%	45.6%	(6.3%)	(7.3%)	(39.0%)	(7.8%)	1.6%	1.8%
EBITDA	6,358.8	7,233.4	(187.0)	(105.2)	(89.2)	204.1	82.4	141.6
Ebitda Margin	64.4%	68.5%	(3.7%)	(2.0%)	(14.1%)	29.4%	2.5%	3.8%

Cumulative results by segment (billion COL\$)

Billion COL\$	E&P		Refining		Transport		Supply and Marketing	
	2012	2011	2012	2011	2012	2011	2012	2011
Local Sales	15,219.7	15,179.9	16,877.6	16,968.4	2,533.4	2,363.1	1,128.1	1,130.8
Exports	23,564.1	21,352.0	3,300.3	3,470.5	0.0	0.0	12,669.2	12,266.4
Total Sales	38,783.8	36,531.9	20,177.9	20,438.9	2,533.4	2,363.1	13,797.3	13,397.2
Operating Income	22,858.8	22,984.5	(397.3)	10.3	134.1	657.4	260.8	699.6
Operating Margin	58.9%	62.9%	(2.0%)	0.1%	5.3%	27.8%	1.9%	5.2%
Net Income	15,664.8	15,468.9	(768.1)	(601.1)	5.6	354.9	70.8	225.7
Net Margin	40.4%	42.3%	(3.8%)	(2.9%)	0.2%	15.0%	0.5%	1.7%
EBITDA	26,559.9	25,945.2	131.0	494.5	607.3	984.8	274.4	705.8
Ebitda Margin	68.5%	71.0%	0.6%	2.4%	24.0%	41.7%	2.0%	5.3%



Exploration and production

The segment's income in the fourth quarter of 2012 was lower than sales income in the same period of 2011, due to lower sales prices for the crudes basket. Costs were higher compared to the fourth quarter of 2011, mainly in partnership services, maintenance and project costs, generating lower operating and net results.

The cumulative results show higher net profit compared to the previous year as a result of the increased production achieved and the better average price for the crudes basket.

Refining

The segment's financial results for the fourth quarter of 2012 were lower than those achieved in the same period of 2011, mainly due to: 1) higher maintenance costs and 2) higher operating and marketing expenses.

These events affected the cumulative result for 2012, in addition to the scheduled maintenance in the Barrancabermeja refinery during the first quarter, which affected the refining margin upon reducing loads and increasing fuel import requirements to ensure supply.

Transport

The financial results for the fourth quarter of the year, and during 2012, were lower than those achieved during the same periods of 2011.

The segment was affected by increased costs for maintenance and safety activities for the transport infrastructure.

Finally, the segment allocated new resources for accelerated implementation of maintenance work within the framework of the integrity program.

Supply and marketing

The segment's results for the fourth quarter of 2012 decreased compared to the same period last year mainly due to: 1) lower gas sales volumes (see explanation on page 4), 2) lower oil and gas sales margins, and 3) increased costs for the transport of crude oil purchased and diluent.

These effects are also reflected in the cumulative result for 2012, coupled with increased costs for purchases of imported diluent compared with the previous year.



Environmental
dimension

04



Environmental
Management



Strategic
environmental
focus



Environmental
management
of energy





Environmental management of solids



Emergency management



Environmental management of water



Biodiversity

Environmental management

Aware that its operation must be in harmony and in balance with its stakeholders and the environment, Ecopetrol includes environmental management within its Corporate Policy and Strategic Framework 2011-2020 as an explicit guiding principle for generating value to the organization through processes and products that, thanks to a minimal environmental impact, contribute to the sustainable development of the company, the areas where it operates and the country as a whole.



New corporate environmental guidelines

Thus, during 2012 Ecopetrol developed new environmental guidelines at the corporate level, within which the following are highlighted:



Guideline 1

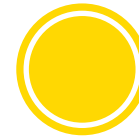
■ Procedure for the Environmental Assessment of New Business Opportunities, whose aim is to have guidelines on environmental assessment for due diligence, acquisitions or mergers for projects or business opportunities.



Guideline 2

■ Guide for the Management of Polychlorinated Biphenyls (PCBs) in Ecopetrol and the respective PCB inventory implementation instructions for the company.

This guideline seeks to determine the company's current situation regarding the use of PCBs, or items contaminated with these compounds, and ensure compliance with the obligations under national regulations and international agreements signed by the country.



Guideline 3

■ Guide for the delivery of Ecopetrol's annual environmental information to the Comptroller General of the Republic, whose objective is to have a procedure for the completion and delivery of environmental information that is requested annually by the control body from State entities.

Environmental materiality

The determination of the materiality of environmental indicators considers, among other sources, the concerns expressed by Ecopetrol stakeholders through its normal practices and channels such as public audiences on accountability; requests for information; rights of petition, complaints and claims received through the Citizen Participation Office; concerns expressed through the form on the website; conversations with peer companies; expert

opinion; participation in specialist events and sectoral committees, as well as regional roundtables, which specifically address the issue of the environment.

In addition to the above are results offered by certain specific studies undertaken by external parties such as Corporate Benchmarking conducted by Sustainability Investing (SAM), by Centro Vincular and by The Reputation Institute (RI).

DJSI Ranking

For SAM, the company that annually produces the ranking for the Dow Jones Sustainability Index (DJSI) (an essential tool for companies like Ecopetrol that trade ADRs on foreign stock exchanges such as the New York Stock Exchange (NYSE) and the Toronto Stock Exchange, Canada) the environmental dimension has a specific weight of 27%, with eight highly representative criteria for actions in categories like oil.

The SAM study results for the period August 2011 to August 2012, show that in terms of the environment, Ecopetrol performs better than 80% of all oil companies analyzed.

Ecopetrol's environmental aspects that were most positively assessed by SAM are: Clean Fuels, with the highest score (100 points), followed by Environmental Reporting (83), Biodiversity (82), Climate Change Strategy (75) and Discharges into the Environment (70).

The main challenges that can be drawn from this study are the need for further progress in Operational Eco-efficiency, which scored 55

points, and Water-Related Risks, which scored 50 points, although in terms of Water there has been significant progress in relation to the above process, represented by an increase of 38 points in a single year.

Centro Vincular

The study prepared by Centro Vincular takes into account the views of seven Ecopetrol stakeholders, in accordance with what it has established in its relations model: Shareholders and Investors, Employees, Retirees and their families, Contractors and their employees, Customers, Communities, State and Partners.

For this work, 70 people from five regions were interviewed: North (Cartagena), Magdalena Medio (Barrancabermeja), South (Neiva), Llanos (Villavicencio) and Bogota.

Regarding environmental issues, this study gathered the views of the community, which expressed that the company should "Take responsibility for social impacts and deepen respect for the environment."



Turtle conservation project. Llanero wetlands.

The Reputation Institute

The study by the Reputation Institute is conducted every two years, such that the values for 2011 are still valid. In this regard, the reputation of Ecopetrol is at 76.2 points, 12 points higher than the industry average (64.2 points) and 14.81 points higher than the energy sector (61.39).

The score obtained by the environmental dimension in this study is similar to that of the other attributes considered, but according to this methodology it is the dimension that least contributes to the reputation of the company.

Materiality

Thus, considering all the views expressed, in addition to the methodology established by GRI G3.1 and the Oil & Gas supplement, a specific analysis was performed of the materiality, relevance or pertinence of environmental management, which established that the main issues to be developed in this chapter are:



The SAM study results show that in terms of the environment, Ecopetrol performs better than 80% of all oil companies analyzed.

Strategic environmental approach

- Strategy
- Control structure
- Environmental investments

Environmental energy management:

- Energy
- Eco-efficiency
- Biofuels
- Climate change
- Emissions

Environmental management of solids

- Materials
- Solid waste
- Process of abandonment, recovery and final delivery of wells

Environmental management of water

- Water withdrawal
- Risks associated with water
- Initiatives for good water management
- Discharge
- Environmental emergency response

Biodiversity

- Strategies for managing impacts
- Management of high-diversity areas
- Protected species
- National call to biodiversity



Strategic environmental focus

Male iguana. Barrancabermeja



Management strategy

In order to ensure the sustainability of Ecopetrol in the 2012 - 2020 period, in 2012 the focus of the environmental management strategy was revised and adjusted, taking into account the new

challenges facing the organization in environmental matters, relating to greater regulatory requirements, international commitments and stakeholder expectations.

Greater environmental requirements

Greater regulatory requirements from the authorities

- Regulation on environmental licenses.
- Discharge and emissions standards.
- Manual on compensation for loss of biodiversity.
- Use and quality of water resources.
- Recognition of new parks, wetlands, paramos and reefs.
- Environmental sanctions and criminal code on environmental issues.
- More stakeholders in environmental permit processes.

International requirements and commitments

- International protocols and agreements (Rio+20, Kyoto, Biodiversity).
- Market restrictions.
- Rates or taxes on carbon emissions.

Greater expectations from communities and other stakeholders

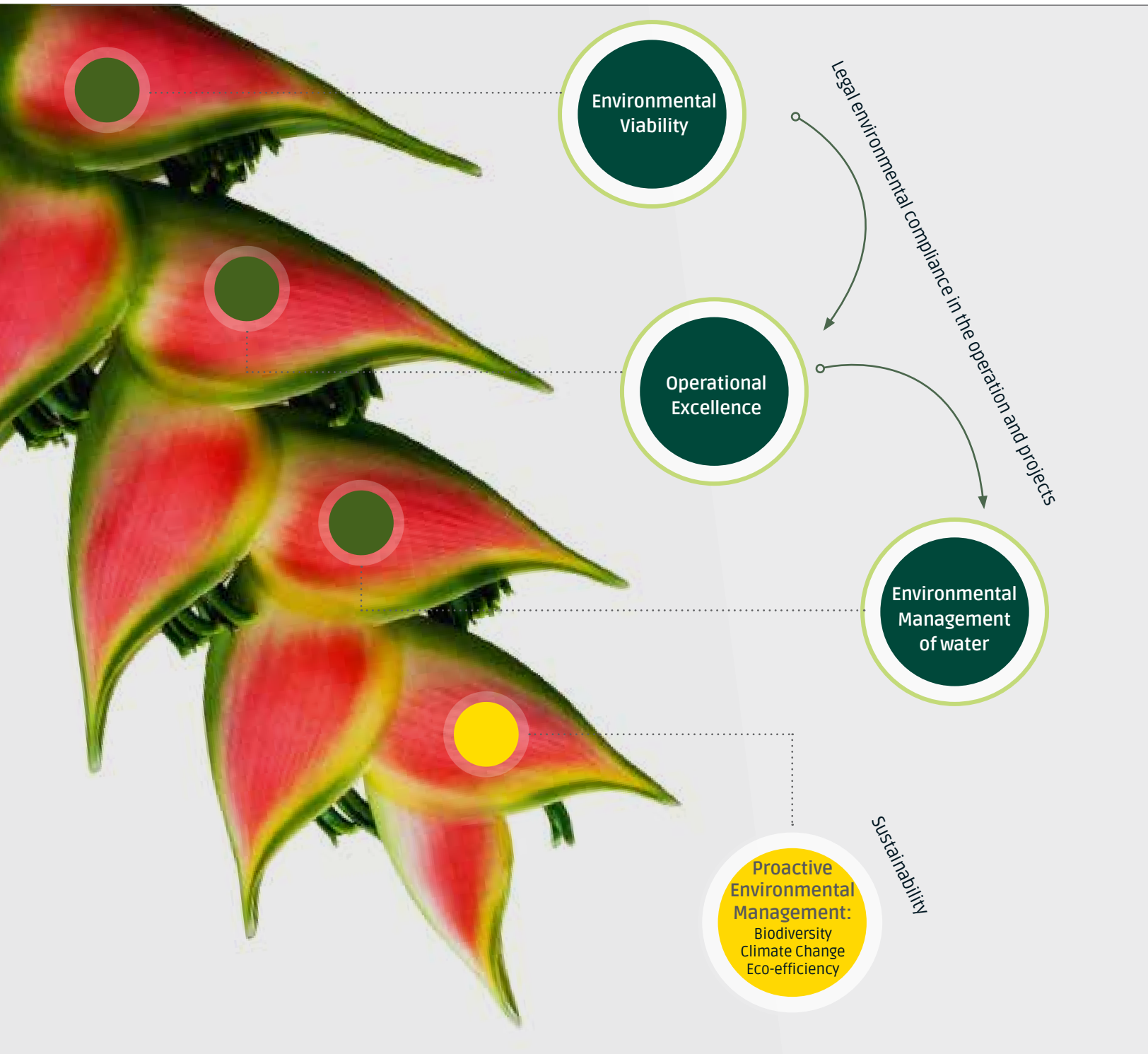
- Increased use of mechanisms for citizen participation by stakeholders in the development of oil projects in terms of environmental impacts and the improvement of living conditions.



Strategic environmental focus

To address these external conditions and continue contributing to the sustainability of the company, Ecopetrol defined a new environmental strategic focus to ensure high environmental standards in operations and projects.

This new environmental strategic focus has four lines of action:





Environmental viability

This strategic line aims to enable the company's projects and operations in a timely manner, to which end it is sought to improve the process of obtaining environmental permits, as well as to implement specific actions to strengthen environmental inter-institutional relations.

The main activities of this line are the implementation of the early action project, improvement in the definition and development of project designs, and quality assurance for studies presented to the environmental authorities.

Also in place are the projects for institutional and technical strengthening with environmental authorities, as well as joint work with them.

Operational excellence

This strategic line aims to achieve an operation with minimal environmental impact through the assurance of legal compliance, the implementation of projects and programs to reduce emissions, discharges and waste, the improvement and diversification of energy, and the implementation of programs for operational integrity, contingency plans and emergency response.

Environmental management of water

Ecopetrol is aware that the natural resource of water is fundamental to the sustainability of its operations.

With this in mind, this strategic line was defined to seek efficient options for the management of the resource, in order to reduce conflicts regarding water use and discharge generation, as well as to ensure legal compliance in water management.

Proactive environmental management

This strategic line aims to make an environmental contribution to the country that goes beyond the regulatory compliance of operations, and fulfill the objectives of the National Development Plan in environmental matters.

This line seeks to leverage corporate sustainability through programs and projects for the conservation, preservation and sustainable use of biodiversity, the implementation of projects and initiatives that reduce greenhouse gas emissions by aiming for a low level of carbon emissions, and the generation of eco-efficiency standards.

Ecopetrol defined a new environmental strategic focus to ensure high environmental standards in operations and projects.

Control structure

This environmental strategy is based on the assurance of the process and the differentiation of roles between management and execution, as follows:

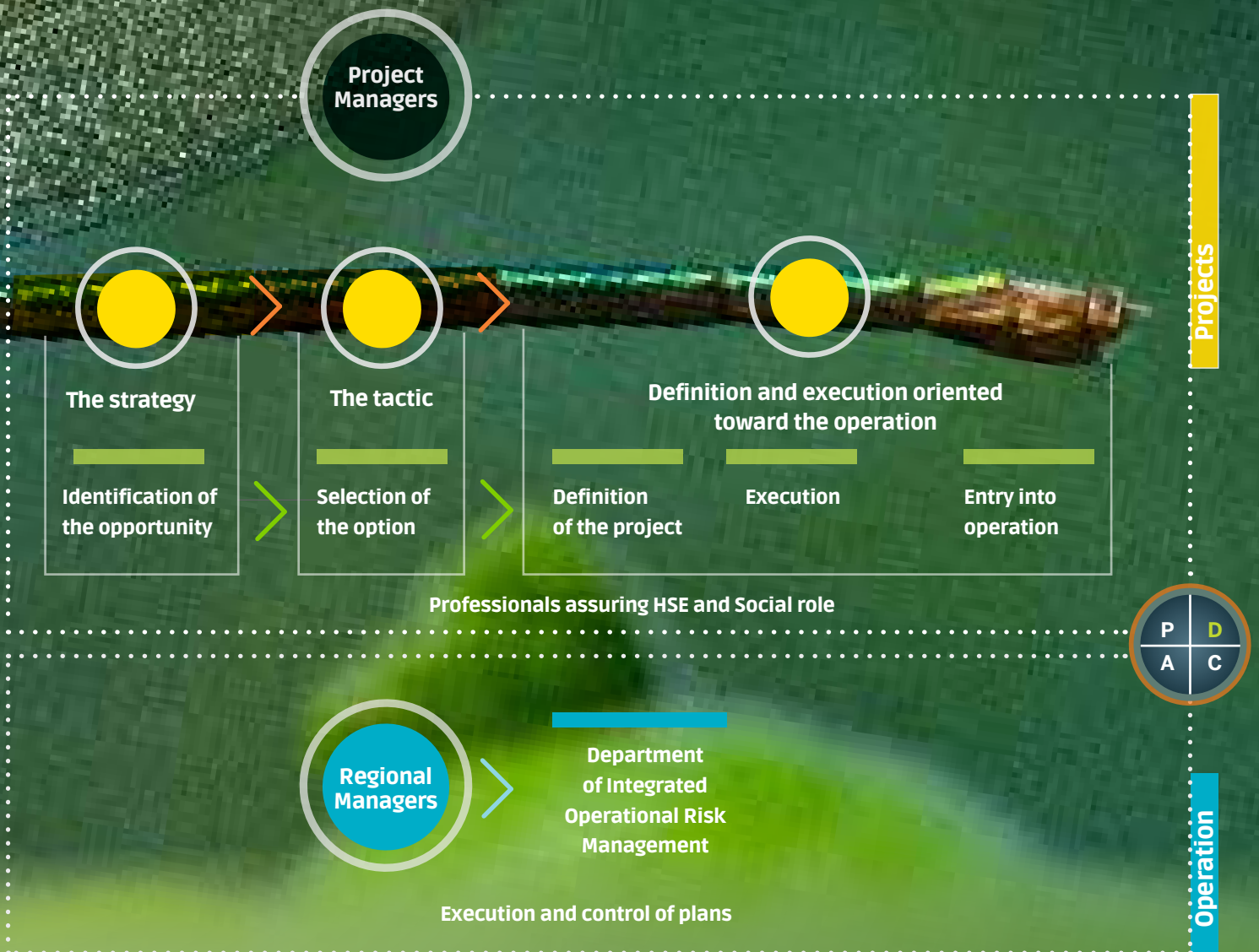
Environmental governance

An Environmental Management Unit responsible for environmental management, the assurance of the environmental viability of operations and projects, and the monitoring of the organization's environmental management performance, and which forms part of the HSE Department.



Environmental operation

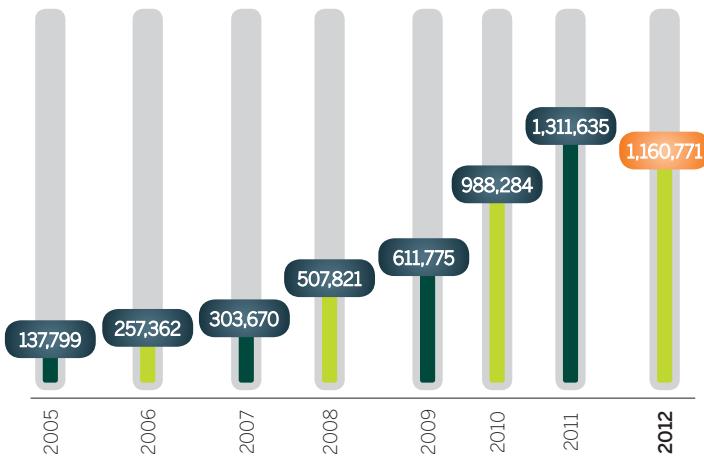
An environmental operation under the responsibility of project departments and regional departments, which are responsible for implementing their own environmental plans and the control thereof.



Environmental investment

These investments are broken down as follows:

Figure 22.
Environmental expenditure and investments
(Figures in millions of pesos)



Source: Ecopetrol, Vice Presidency of HSE and Sustainability

These figures correspond to the information that is submitted to the Comptroller General of the Republic, in accordance with reports that come from each vice presidency.

\$270,477 million

for environmental investment in risk management, represented by disaster prevention programs, disaster response support and post-disaster activities.

\$37,059 million

for environmental investment aimed at forest restoration and protection programs.

\$2,039 million

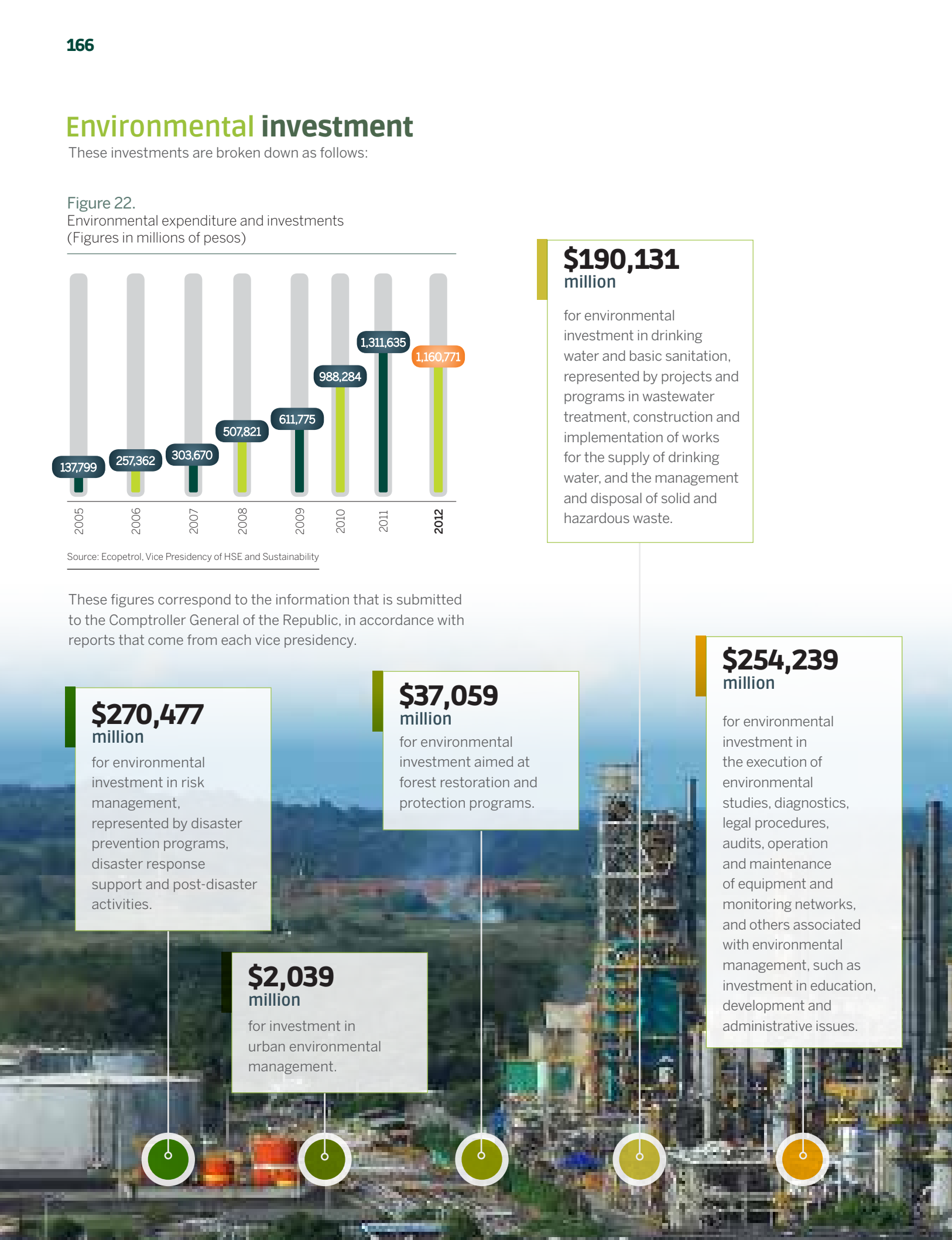
for investment in urban environmental management.

\$190,131 million

for environmental investment in drinking water and basic sanitation, represented by projects and programs in wastewater treatment, construction and implementation of works for the supply of drinking water, and the management and disposal of solid and hazardous waste.

\$254,239 million

for environmental investment in the execution of environmental studies, diagnostics, legal procedures, audits, operation and maintenance of equipment and monitoring networks, and others associated with environmental management, such as investment in education, development and administrative issues.



\$59,929 million

for recovery and protection programs for the natural resource of air, represented by equipment acquisition or the development of production technologies for reducing emissions.

\$45,201 million

for environmental investment aimed at the natural resource of water, consisting of programs for the recovery and protection of this natural resource, as well as the purchase and installation of equipment for control and monitoring of the quantity and quality of surface and ground water resources.

\$10,218 million

for environmental investment in biodiversity, highlighting investments in programs and projects for the preservation, conservation and rational use of biodiversity both at the corporate level, and in the company's operating areas.

\$291,478 million

for recovery and protection programs for the natural resource of soil, represented by management and physical protection works for soil (geotechnical protection programs).

In 2012, Ecopetrol invested \$ 1,160,771 million in various environmental programs (see Table 30).

Expenditures and investments made in 2012 were 11.5% lower than those executed in 2011 (see Figure 22), and represented a value of \$1,311,635,000 (one billion three hundred and eleven thousand six hundred thirty-five million pesos).

This decrease is because environmental compensation projects in some areas of the country were implemented on a large scale during 2011. Likewise, the reduction in the number of drilling rigs in 2012 resulted in a decrease in environmental expenditures (investments in water treatment and solid waste disposal, monitoring, among other activities).

Table 30. Environmental investment 2012

Description	Millions of pesos
Investment in protection and recovery programs for renewable natural resources (water - air - soil - forests - biodiversity)	443,885
Environmental investment in risk management	270,477
Environmental investment related to the company's operation (environmental studies, legal procedures, audits, maintenance, monitoring, education and development activities)	254,239
Investment in drinking water and basic sanitation	190,131
Investment in urban environmental management	2,039
TOTAL	1,160,771

Source: Ecopetrol, Vice Presidency of HSE and Sustainability

Balanced management scorecard

In its balanced management scorecard, Ecopetrol includes three environmental indicators (KPI), which are monitored quarterly. They are:

Indicator 1

Environmental incidents
due to operational
causes

Indicator 2

Barrels spilled in
environmental incidents
due to operational
causes

Indicator 3

Reduction in
greenhouse gas
emissions



Turtles, ATSAANI project, Llanero Wetlands.

For each one of these, information is presented regarding the targets or maximum limits set for 2012, the achievements in each of the indicators and the targets set for 2013 (see Table 31).



Table 31.
Environmental indicators

Indicator	Unit	Target 2012	Actual value 2012	Target 2013
Environmental incidents due to operational causes	Number	31	27	31
Barrels spilled in environmental incidents due to operational causes	Barrels	710	2,050	710
Reduction in greenhouse gas emissions, relative to the <i>business as usual</i> scenario	Tons reduced	279,085	280,257	133,518

Source: Ecopetrol, Vice Presidency of HSE and Sustainability

Environmental management of energy

In order to achieve the **MEGA-TARGET** of reaching one million three hundred thousand clean barrels in 2020, the company makes significant efforts in terms of energy, optimizing and rationalizing the energy sources used in the production process by reducing consumption, costs, CO2 emissions and risk in the use of sources, thereby increasing operational efficiency, reliability, process competitiveness and diversifying energy sources.



Rubiales Field

Thus, this section addresses the issues related to environmental management in energy, eco-efficiency, biofuels, climate change and atmospheric emissions, so as to understand the comprehensive work undertaken by the company, from the origin of the energy sources to the greenhouse gases emitted, covering the measures aimed at reducing energy consumption, improving its fuels and producing alternative fuels.

Energy

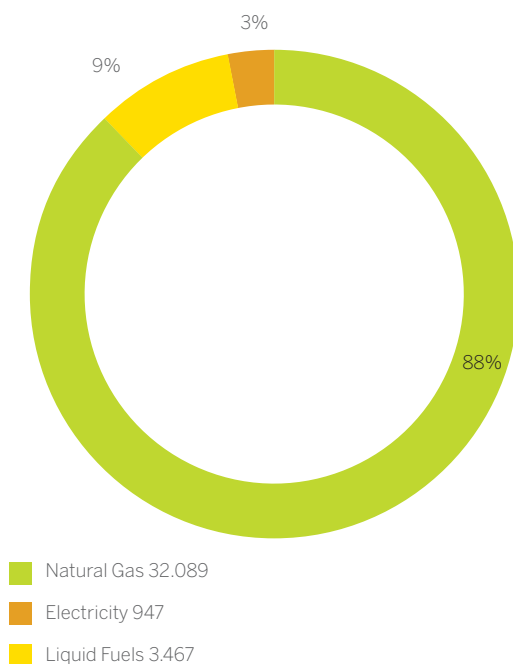
The energy matrix for 2012 shows no significant variations in the use of sources, i.e. natural gas, liquid fuels and electricity.

Energy consumption

Energy consumption for 2012 was 37,090 barrels of oil equivalent per day (BOED), i.e. 14.1% more than the consumption in 2011, year in which 32,503 BOED was reached (see Figures 23, 24 and 25).

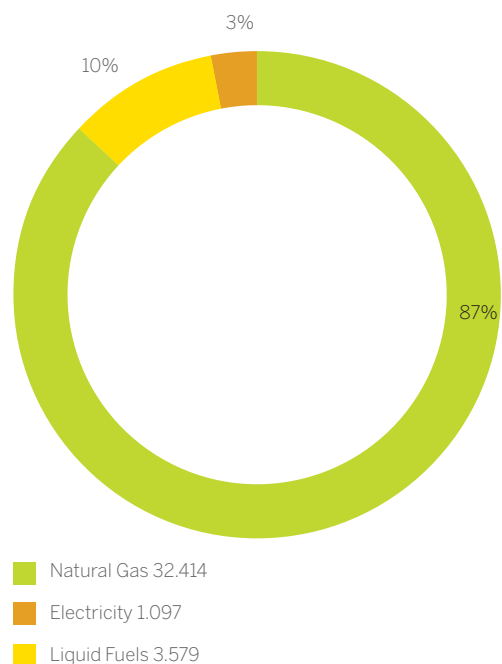
Natural gas consumption decreased from 88 to 87%, while liquid fuels increased from 9 to 10%, and electricity remained at 3%.

Figure 23.
Energy consumption of Ecopetrol and associated companies in 2011



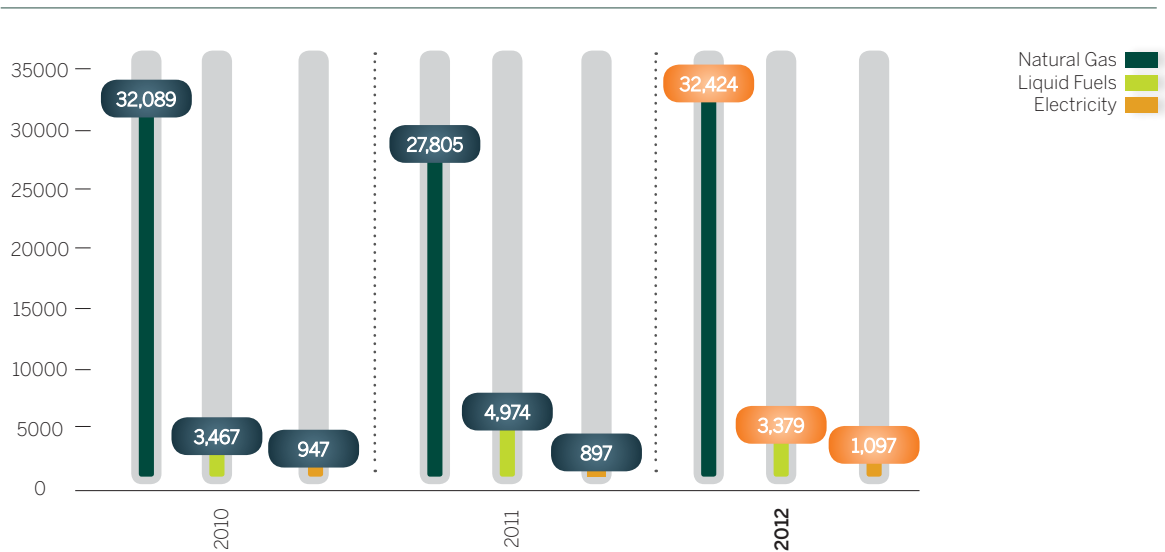
Source: Ecopetrol, Vice Presidency of Supply and Marketing

Figure 24.
Energy consumption of Ecopetrol and associated companies in 2012



Source: Ecopetrol, Vice Presidency of Supply and Marketing

Figure 25.
Ecopetrol's energy consumption (BOED)



Source: Ecopetrol, Vice Presidency of Supply and Marketing

Standing out is the saving of 4.7 million dollars per year in energy consumption due to the entry into operation of two new projects (Termocoa LM6000 Conversion and electrification of the San Roque - Tisquirama fields), which decreased energy consumption by 449 BOED.

Energy processes

In 2012, the assurance of the energy processes in Ecopetrol continued, through the following projects: Integrated Project Management (Genome) and Integrated Supply Chain Management (GICS).

Moreover, 90% was achieved in the implementation of Energy Management Key Practice, for which 30 staff were trained from different operating areas.

Efficiency

In 2012 the buildings energy audit for Bogota was completed, resulting in potential energy savings of 497,000 kWh / year, equivalent to 124 MCOP / year and 145 tons of CO₂ / year.

Also, a review was commenced on the feasibility of energy recovery in Vasconia station and La Belleza reducing station.

Reliability

Within the framework of the safety assessment for electrical installations and the topological survey for systems associated with energy sources, during 2012 the baseline indicator for the reliability of Ecopetrol's energy supply was created.



Energy diversification

In 2012 work was done for energy recovery in pipelines, geothermal energy, solar and wind potential, as well as Small Hydro Power (SHP).

Energy recovery in pipelines

The survey and analysis of information was conducted, such that in 2013 a feasibility assessment will be performed for the undertaking of a project to optimize energy use, reducing costs, the carbon footprint and improving the reliability of the Vasconia system.

Geothermal energy

The strategy's definition phase was commenced for the potential development of this resource.

Study of solar and wind potential

Relevant meteorological information was obtained that identified six potential wind power generation projects.

Additionally, 14 points were identified with solar energy potential for thermal application.

Small Hydro Power (SHP)

and viability for Small Hydro Power (SHP) plants were completed, and the feasibility stage for Ecopetrol's operation in the departments of Tolima, Huila and Putumayo is underway.

Biofuels

Ecopetrol, certain of the opportunity presented by biofuels for sustainable development, during 2012 continued researching alternative feedstocks and maturing business initiatives, following international best practice for project analysis.

Progress in research on alternative feedstocks

The company has continued progressing research, based on three focuses:

Focus 1

Obtaining inexpensive feedstocks that are not affected by market speculation, as with the case of food.

Focus 2

Finding new uses for the byproducts of the process, minimizing environmental risks and maximizing the profitability of projects.

Focus 3

Taking advantage of underutilized or degraded land, generating employment and rural development.

Inexpensive feedstocks

In this first aspect, research has been further developed through collaboration agreements with public and private entities, initiated in 2008, and which focus on the *Jatropha Curcas* species, one of the most promising feedstocks in the production of oil for Biodiesel. With this species, conclusive results have been obtained that will enable the study to be directed towards similar areas where the crop performed better.

In this same regard, work is being done with the Solazyme company, which is a leader in algae oil extraction technology, with a view to using this in the production of biodiesel, for which Colombian feedstock such as crude glycerin and cane juice are being tested as feed for algae crops.

New uses for the byproducts of the process

Under this second focus, which has been worked on since 2008, concrete results have been achieved. The 2009 Colciencias - Ecopetrol call awarded \$1,000 million for research into the use of by-products as a feed supplement for poultry and pigs through the Corpoica research center.

In 2012, research was concluded with favorable results for the use of crude glycerin in the diet of laying hens of up to 15% and in pigs up to 10%, recording digestibility greater than 87% and a high energy intake. The result of this research has already benefited many biodiesel plants in the country and concentrated food manufacturers that have begun to replace imported high-cost feedstock, particularly yellow corn.

Ecopetrol is researching alternative uses for vinasse, the main by-product of the ethanol industry, which has great potential as a fertilizer on land in high plains

For its part, Ecopetrol's Colombian Petroleum Institute (ICP) is researching alternative uses for vinasse, the main by-product of the ethanol industry, which has great potential as a fertilizer on land in high plains, where the company's alcohol fuel project is located.

In 2010 the first analyses were completed, in 2011 development continued, while in 2012 the ICP achieved solidification of the vinasse through thermochemical processes, making it possible to develop a solid material with porous characteristics, which is very stable, improves the soil's structural conditions, provides elements such as potassium and hosts microbiota beneficial to crops.

This product is being patented under the Ecocarbovin name and in 2013, larger scale testing will commence on sugarcane crops in the Colombian high plains area.

Use of underutilized or degraded land

While under the third focus (which is the use of underutilized or degraded land, generating employment and rural development), in partnership with Corpoica and Incoder, work has been done since 2008 on the feasibility of a project for Ethanol from sugar cane or sweet sorghum, in high plains lands in Meta. In 2011 it was found that although the results were not favorable, this land is suitable for the cultivation of other products traded in the region.

Progress in research for the production of biofuels

In terms of the biofuels production project, initiatives have been generated that seek to leverage long-term biofuels, which in 2012 experienced the following progress:

Pyrolysis

- The milestone was reached of adapting the reactor at Universidad Nacional de Medellín (UNALMED) to conduct runs for the controlled, repeatable and reproducible fast pyrolysis of biomass to obtain bio-oil.
- Construction began of the hydrocracking pilot plant for upgrading pyrolysis oil.
- An approach to Dynamotive began, a world leader in the production of pyrolysis oil, with the aim of testing the lignocellulosic biomasses that are of interest to Ecopetrol, using their technology.



The Superintendence of Industry and Commerce awarded Ecopetrol the patent for the Process technology for production of diesel from vegetable or animal oils through hydrotreating.

Lignocellulosic ethanol

In this line of second-generation biofuels, all milestones were met concerning the testing of pretreatment for the selected biomass, such as sugarcane bagasse, palm rachis and plantain rachis.

The results obtained will be examined and compared with the analyzes to be carried out in the National Renewable Energy Laboratory (NREL), a strategic partner of Ecopetrol in this research.

Biojet

An agreement was signed with the French firm Axens to develop the characterization and testing for production from crude palm oil and palm kernel in a pilot plant.

These tests will provide information on the yields achieved for biojet, renewable diesel and other by-products, as well as the consumption of raw materials such as hydrogen and catalysts.

The information collected will make it possible to analyze the economic and operational feasibility of setting up a plant dedicated to this fuel.

Blends of ethanol and gasoline

After four years of work, we reached the end of the research project in partnership between the Ministry of Mines and Energy, Universidad Tecnológica de Pereira and Ecopetrol, for 400,000 kilometers of performance tests comparing the behavior of the blend of 20% ethanol and 80%

fossil fuel gasoline (E20) to the mixture of 10% ethanol and 90% gasoline (E-10).

This work showed that it is technically possible to go from E10 blends to E20 blends in the vehicles studied (Aveo injection and Sprint carburetion), which are considered as representative of the Colombian vehicle fleet.

Also, as a result of this agreement, Universidad Tecnológica de Pereira was left with a laboratory infrastructure that is set up and in operation for road tests, which will facilitate the undertaking of pre and post graduate theses, the basis for the formation of an incubator for new Biofuels research groups.

Removal of pollutants from Biodiesel

Laboratory tests conducted by the research project developed in partnership between Ecopetrol and Ecodiesel, which seeks to remove pollutants (HAZE) from biodiesel produced from crude palm oil, show significant HAZE mitigation performance and will be taken to pilot scale in a plant that was assembled and put into operation in December 2012 in Ecodiesel.

In parallel to these tests, according to the performance demonstrated in 2013, a patent will be filed to license the process. Once this license has been obtained, Ecopetrol and Ecodiesel will be in a position to market it at an industrial scale.

New business

In addition to research, following international best practices in project analysis and Ecopetrol's project maturation and management model, during 2012 progress has continued in the maturation of three business initiatives:

Expansion of the production capacity of Ecodiesel's biodiesel plant, which advanced in phase II.

Progress in Phase II of the project for the co-processing of palm oil with fossil diesel streams (Biocetano) in Hydrotreating Units in the Barrancabermeja Refinery, a project that moved forward in phase II and in technical, legal and regulatory terms, and brought GDR onboard to continue its maturation.

Implementation of Phase I of the production of feedstock for biofuels based on the use of produced water from the Caño Sur Este field.

Opportunities discarded

Analysis was performed of two other business opportunities in biofuels: Canta Claro and renewable diesel production in the Apiay refinery, which were discarded due to not complying with the company's minimum profitability requirements.

With the first, it was sought to give life to a project initiated by the GPC group, which aimed to produce 20,000 liters a day of ethanol from cassava, and the second, to make use of available services infrastructure in the Apiay refinery, for the production of renewable diesel from crude palm oil.

Biocetano

Progress was made in Phase II of the project for the Co-processing of palm oil with fossil diesel streams in Hydrotreating Units in the Barrancabermeja Refinery, within which progress was made in technical, policy and regulatory definitions.

At the same time that Ecopetrol continues to advance in the technical analyses that will allow the production of Biocetano® in its refineries in the medium term, the country is making progress in the regulatory work required for renewable diesel (as this biofuel is known worldwide) to become part of the Colombian energy mix.

In 2012, the Superintendence of Industry and Commerce awarded Ecopetrol the patent for the Process technology for production of diesel from vegetable or animal oils through hydrotreating, with reduced residence times and products obtained therefrom, developed in the laboratories of the Colombian Petroleum Institute. With this patent, Ecopetrol has the ability to make exclusive use of the technology to produce Biocetano® for a period of 20 years in the country (2007-2027).

History

Since entering operations the Biodiesel Plant has produced 1,795,915 barrels. Of these, 804,133 barrels correspond to the production in 2012 and 718,149 in 2011, an increase in production that shows an improvement in the efficiency of the plant's production, the result of Phase II of the project coming into operation.

Production

For the production of biodiesel, 25,000 hectares of palm crop are used, which has generated 1,500 agriculture jobs and 6,100 indirect jobs. Additionally, the plant generates 50 direct jobs, four internships and 23 jobs through outsourcing.

Shareholding

Ecodiesel Colombia S.A., a company in which Ecopetrol has a 50% shareholding, began operations in June 2010.

Income

The biofuels traded by Ecodiesel in 2012 were 106,445 tons, with an income of \$277,976 million and an EBITDA of 12.8%.

Volume of biofuels produced in 2012:

112,826

tons of biodiesel

Volume of biofuels sold in 2012:

111,765

tons of biodiesel

Capacity

The plant has a production capacity of 100,000 tons of biodiesel obtained from refining crude palm oil (CPO) per year, with an average of 2,000 Barrels per Calendar Day (BCD).



Objectives

Given the nature of clean energy, this project will have a positive impact in environmental terms: agricultural development will include 100% mechanized harvesting, avoiding the burning of leaves; an adequate biofertilization process with industrial waste; biological control of pests and diseases; use of agricultural process waste to produce the energy required by the industrial process, and sale of surplus to the country's electricity interconnection system.

Shareholding

Ecopetrol has a 91.43% shareholding in the BioEnergy company, which is an ethanol production project expected to produce 115 million liters per year from the second half of 2013, from when it will enter into commercial operation. It is currently in Phase I for the production of feedstock for biofuels from the use of produced waters from the Caño Sur Este field.

Employment generation

Once BioEnergy is fully operational, it will generate 406 direct jobs and 2,030 indirect jobs.

Infrastructure

It has eight water reservoirs for crop irrigation in the dry season, 25 kilometers of secondary and tertiary passages, and a forest recovery reserve of 100 hectares, in which species native to the region will be planted.

Capacity

The project includes both industrial development and agricultural development. In 2011, construction of the plant began, which already has a progress level of 50%, while agricultural development includes 14,500 hectares of sugarcane, of which 5,514 hectares have already been planted.



Climate change

During 2012, progress was made in implementing the action lines set out in the climate strategy, with achievements in the greenhouse gases inventory; implementation of projects to reduce GHG emissions; construction of portfolios of projects with emissions reduction potential and

offsetting projects through forest conservation and restoration activities; identification of areas vulnerable to climate change impacts; research on carbon sequestration and storage; international strategic alliances, and participation in the creation of policy documents at the national level.

In 2012, 13 projects were implemented in process optimization, energy efficiency and gas use, representing a reduction over one year of operation of 280,257 tons, meeting the target set for 2012 (279,000 tons).

For 2013, new projects were identified with potential emission reductions over one year of operation of 133,500 tons.

This target is part of the Balanced Management Scorecard (BMS) for 2013, through which senior management monitors targets quarterly.

Emissions reduction portfolio

In order to have an organized portfolio of projects with potential to reduce GHG emissions that enables the identification of priority investments related to climate change mitigation in the coming years, a methodology for managing this portfolio was created.

As a result of this methodology, there is a first portfolio that includes 47 projects in energy efficiency, the development and use of gas, and fuel switching, in different stages of development, which will be implemented over the next eight years.

Emissions offset portfolio

A methodology was also developed for the creation of a portfolio of carbon offset projects through forest conservation and restoration activities, potentially financed from voluntary resources, generating results of impact in carbon sequestration, biodiversity gains and improvement in the quantity and quality of water, and contributing to meeting the targets set by the

government in the National Development Plan and in international agreements signed and ratified by the country, such as the Convention on Biological Diversity (CBD).

The creation of this first portfolio of carbon offset projects involved 24 national and regional public bodies, including the Ministry of Environment and Territorial Development, National Parks, Regional Autonomous Corporations, Universities and environmental NGOs, identifying 20 projects with potential for implementation in the next five years.

Early warnings

In order to progress in the identification of areas vulnerable to climate change impacts and have early warnings that make it possible to decrease the risk of landslides due to rain in areas of high geotechnical susceptibility, monitoring is being carried out on the vulnerability of the transport infrastructure with regard to this climatic phenomenon.

As a basis, this monitoring uses daily precipitation forecast information obtained by applying GFS, WRF and MM5 probabilistic models, and cumulative daily precipitation information using GOES weather satellite images, provided by the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM).

The target for the coming years is to have climatic zoning for all the rights-of-way of Ecopetrol's infrastructure and perform real-time monitoring of climate variables in infrastructure sectors considered critical due to geomorphological, geological and land use conditions.

GHG emissions
reduction:

2012 target
279,000
Tons

target met
280,257
Tons

CO₂e Sequestration

Ecopetrol formulated a project to identify the potential for the sequestration of carbon dioxide equivalent (CO₂e) in its operations, as well as the storage potential in reservoirs and geological formations studied and characterized in Colombia.

This project includes the participation of several universities from the United States, Canada and Europe, with the aim of establishing synergies between the sequestration, storage and potential use of CO₂e, for which between 2013 and 2015 a study will be undertaken in the Barrancabermeja refinery and its surrounding fields.



During 2012, Ecopetrol took part in the development of the Colombian Strategy for Low Carbon Development, established by the Government, forming part of high-level and expert committees and providing technical information on emissions, carbon intensity indicators and sectoral projections.

With the Ministry of Environment, work is being done on identifying international funding options through bilateral and multilateral cooperation, international funds and carbon markets, to attract financial and technical resources to enable the development of projects that reduce the company's GHG emissions.



Improvement of fuels

In 2012 Ecopetrol initiated a series of actions to unify the sulfur content in diesel and so, as of 1 January 2013, distribute clean diesel of 50 parts per million sulfur (ppm) throughout the country, a fuel

that since 2010 was already being delivered in Bogota, the Aburrá Valley and the country's mass transit systems.

Texaco Service Station in Bogota. Clean Diesel Campaign



content and coverage rate), thus entering the era of clean fuels to improve air quality. This is a new milestone in the development of Ecopetrol's corporate strategy to improve the quality of the air Colombians breathe, as part of its corporate social responsibility.

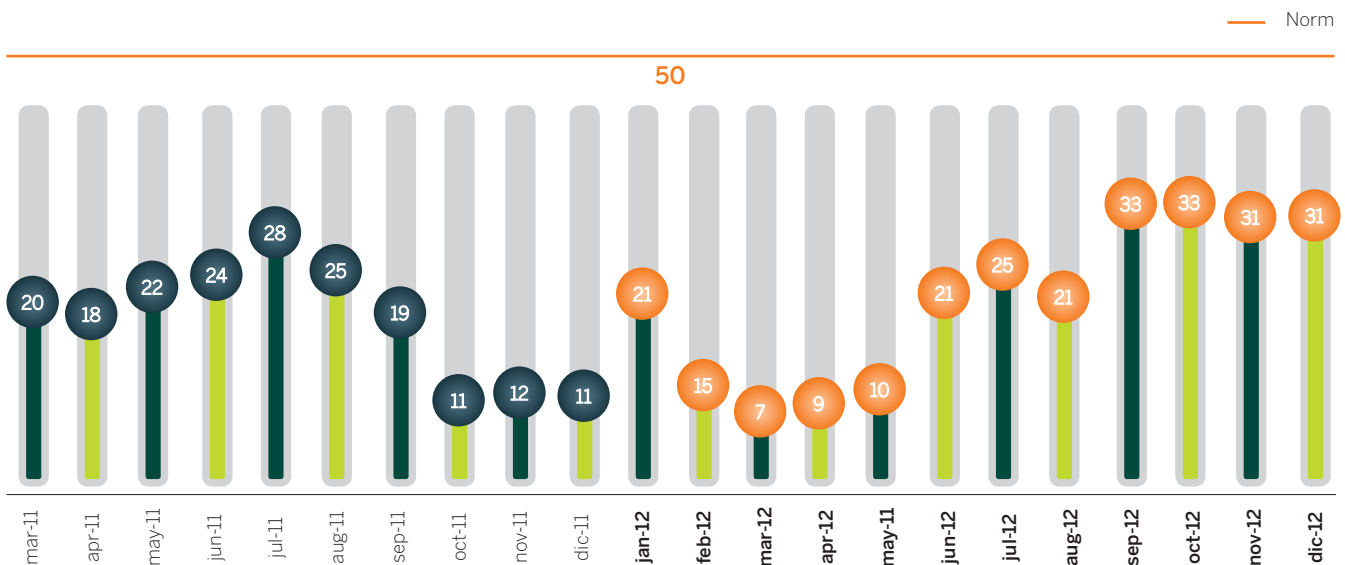
The reduction of sulfur in diesel becomes more important if one considers that in the last five years Colombia has gone from consuming 95,000 to 110,000 barrels per day, and projected demand continues to rise.

With the distribution of diesel with lower sulfur content to the whole country, Colombia ranks second in South America, second only to Chile in the quality of its diesel fuel (considering sulfur

Diesel

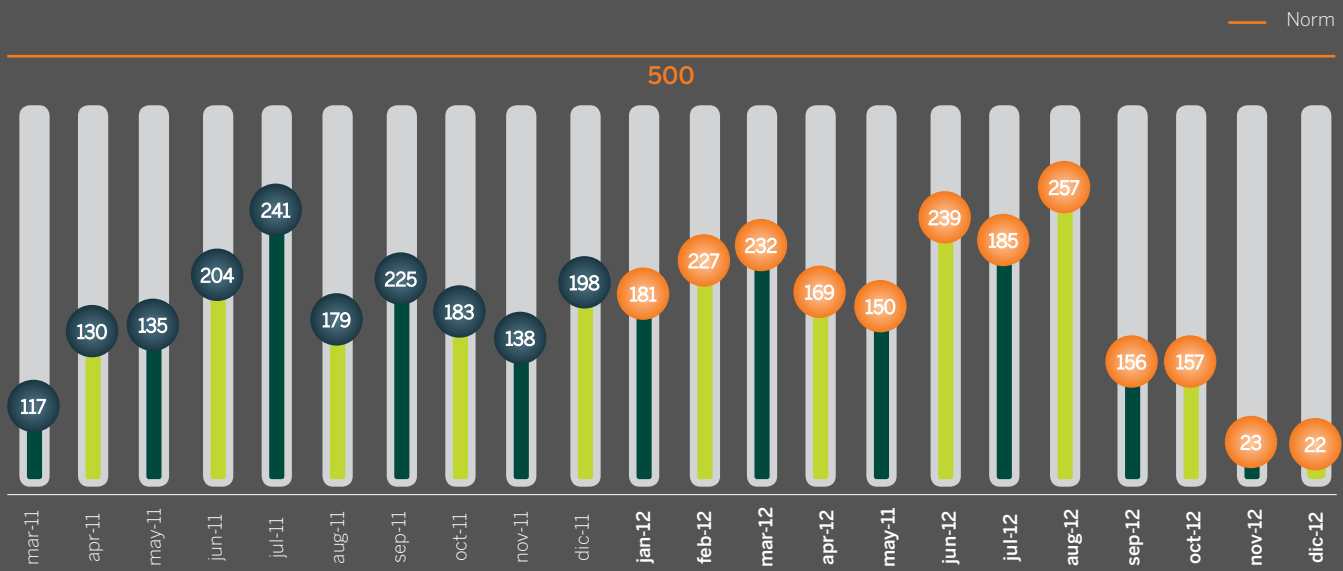
Below is the performance of diesel quality compared to current regulations (see Figures 26 and 27).

Figure 26. Sulfur content in diesel in Bogotá (Figures in parts per million - ppm)



Source: Ecopetrol, Vice Presidency of Supply and Marketing

Figure 27.
Sulfur content in diesel in the rest of the country
(Figures in parts per million - ppm)

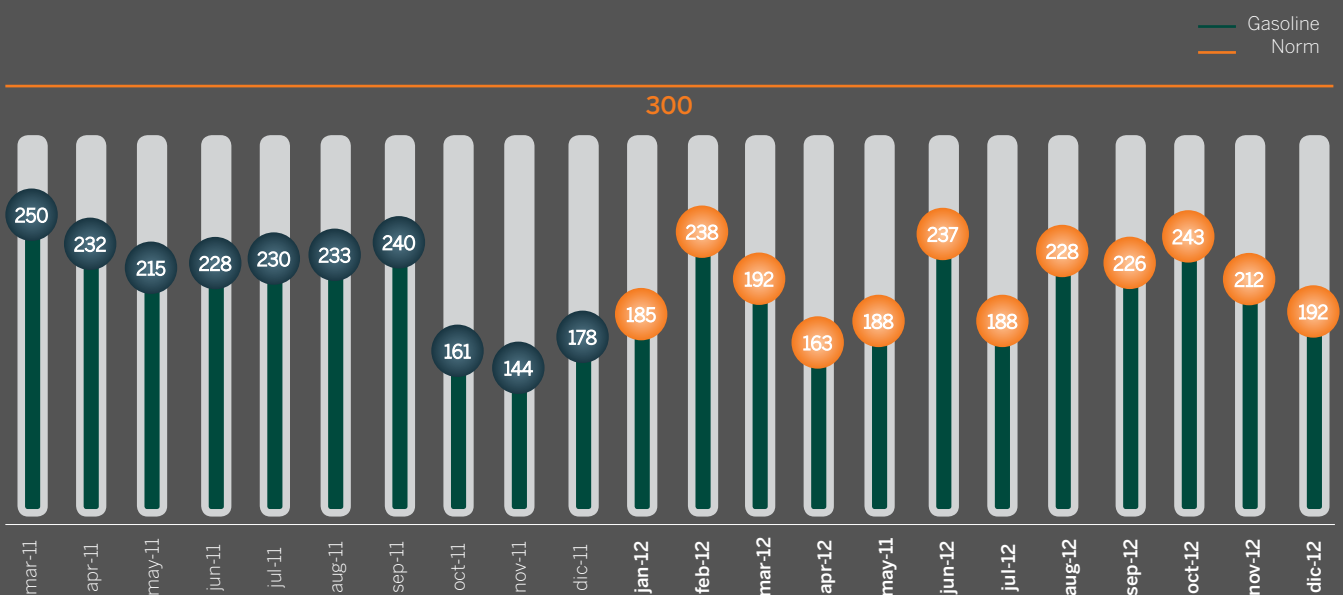


Source: Ecopetrol, Vice Presidency of Supply and Marketing

Gasoline

In the case of gasoline, sulfur content is identical across the country, with levels below the maximum allowed by the environmental standard (see Figure 28).

Figure 28.
Sulfur content in gasoline in the country
(Figures in parts per million - ppm)



Source: Ecopetrol, Vice Presidency of Supply and Marketing

Atmospheric emissions inventory

In 2012 the following activities were carried out, among others:



Activity 1

Standardization and update of the methodological guide for estimating emissions, according to the recommendations of the pre audit by international experts under the principles of ISO14064.



Activity 2

Inclusion of new operations in the 2012 estimate.



Activity 3

Review and update of emission models.



Atmospheric emissions of Greenhouse Gases (GHG)

Ecopetrol’s estimated GHG emissions for 2012 totaled 7,122 kilotons of CO₂e (see Table 32), similar to the 7,129 kilotons recorded in 2011. In the 2011 management report, 6,722 kilotons were reported because the fourth quarter is estimated in relation to the first three quarters and, subsequently, it is adjusted to the actual figures.

Moreover, Figure 29 shows the results of the emission source inventory: combustion, mobile sources, venting / process, fugitive, flares and electricity consumption. Also, in Figures 30 and 31, direct and indirect emissions are broken down by process.

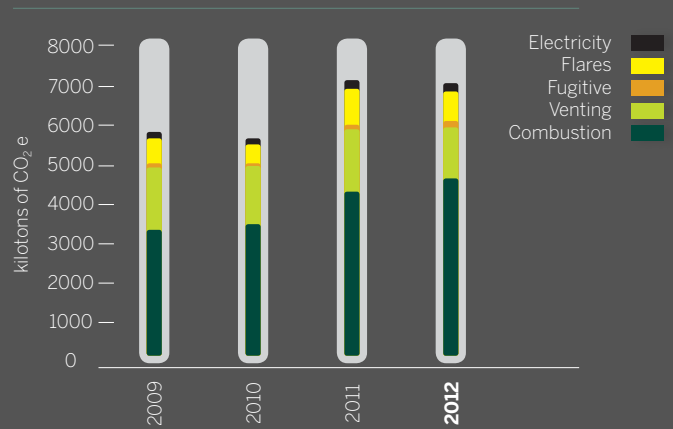
Table 32.
Annual Emission of CO₂, in Kilotons

Scope	2009	2010	2011*	2012**
Direct/Scope 1	5,714	5,540	6,919	6,871
Indirect/Scope 2	167	188	210	251
Total	5,881	5,728	7,129	7,122

* Data adjusted based on information validation.
 ** Corresponds to information inventoried for the first three quarters and averaged for the fourth quarter. This data may change once the definitive information is obtained.

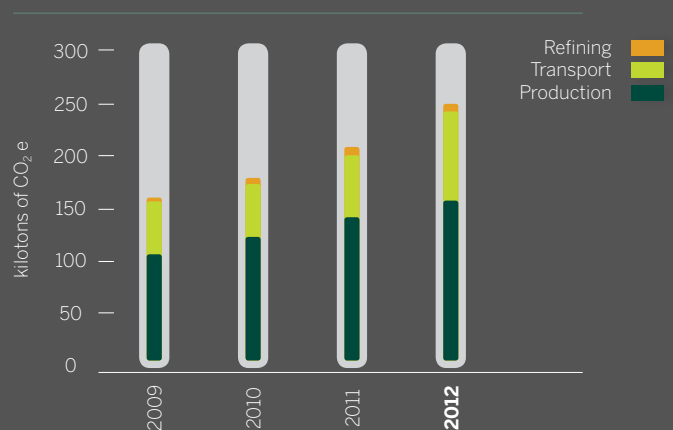
Source: Ecopetrol, Vice Presidency of Innovation and Technology

Figure 29.
Total GHG emissions by source type



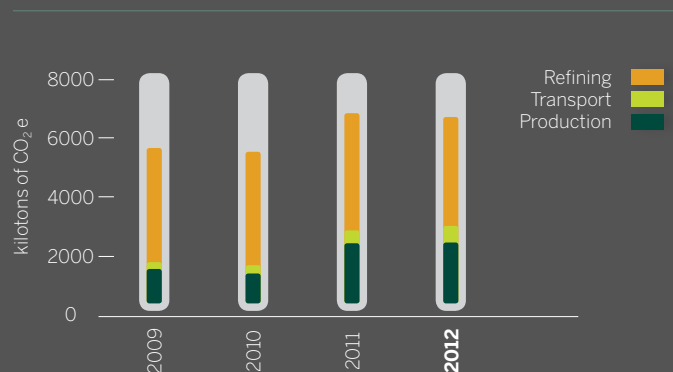
Source: Ecopetrol, Vice Presidency of Innovation and Technology

Figure 30.
Indirect GHG emissions by process



Source: Ecopetrol, Vice Presidency of Innovation and Technology

Figure 31.
Direct GHG emissions by Vice Presidency



Source: Ecopetrol, Vice Presidency of Innovation and Technology

Carbon intensity

The carbon intensity indicators for the activities of production, refining and petrochemicals, calculated for 2012, were as follows (*):

Production

22,8
kgCO₂e/BEP

Refining and Petrochemicals

32,8
kgCO₂e/Barrel Loaded

* Corresponds to information inventoried for the first three quarters and averaged for the fourth quarter. This data may change once the definitive information is obtained. Source: Ecopetrol, Vice Presidency of Innovation and Technology.

Global Methane Initiative

Continuing the work begun in 2011, in March 2012 cooperation agreements were signed with the United States Environmental Protection Agency (EPA) and Canada's Ministry of Environment, in order to strengthen the technical capacity of the company in the management of GHG emissions through the Global Methane Initiative and the development of Nationally Appropriate Mitigation Actions (NAMA) for improvement opportunities in energy efficiency.

Within the framework of these agreements, measurement and pre-feasibility studies were conducted for the recovery of methane leaks and venting, in the De Mares Operations Superintendence in Magdalena Medio.

Thus, by installing vapor recovery units, in addition to leak inspection and maintenance activities, and the recovery and adjustment of compressor components, the aim is to recover 100 million cubic feet of methane gas per year, corresponding to a reduction 40,000 tons / year of CO₂ equivalent.

Additionally, in the stations Acacías, Castilla 1, Castilla 2 and Chichimene, measurements were performed on the flow and composition of gas sent to flares in order to evaluate the potential for gas recovery and energy use, as well as to identify and quantify emissions in separation and storage tanks. Emissions of associated gas were also quantified in wells from the Castilla and Chichimene fields for its recovery and reduced venting into the atmosphere.

In order to identify the initiatives to be included in the measurement and pre-feasibility studies that will be conducted during the first quarter of 2013, survey and preparation visits were made to the facilities of the Barrancabermeja refinery and the Monterrey transport station.

CO₂, CH₄ y N₂O

Tables 33 to 35 show the evolution of emissions by pollutant type: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

Table 33.
Emission of CO₂ in Kilotons

Scope	2009	2010	2011	2012
Direct/Scope 1	5,280	5,091	6,295	6,356
Indirect/Scope 2	166	187	209	250

Source: Ecopetrol, Vice Presidency of Innovation and Technology

Table 34.
Emission of CH₄ in Kilotons

Scope	2009	2010	2011	2012
Direct/Scope 1	20	21	24	19
Indirect/Scope 2	0	0	0	0

Source: Ecopetrol, Vice Presidency of Innovation and Technology

Table 35.
Emission of N₂O, in Kilotons

Scope	2009	2010	2011	2012
Direct/Scope 1	0.06	0.06	0.11	0.11
Indirect/Scope 2	0	0	0	0

Source: Ecopetrol, Vice Presidency of Innovation and Technology

Emissions of criteria pollutants

In 2012, under the continuous improvement process for the emissions inventory, the IT solution for the Atmospheric Emissions Management System was

delivered, a process that will enter operation from January 2013 in each of the areas and with which the following will be done:



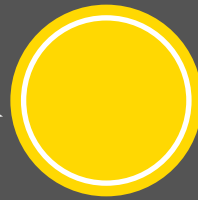
Display and monthly monitoring of atmospheric emissions from the company's daily or usual operations.



Attainment of standardized indicators to enable comparison of atmospheric emissions with other oil companies, in order to analyze our management.



Query and report the emissions profile for each business.



Enable the identification of potential emissions reduction projects.

Table 36.
Criteria Pollutant Emissions
(Figures in kilotons)

Pollutant	2009	2010	2011	2012
NOx	16.6	18.5	18.8	19.1
SOx	15.2	18.3	14.1	13.5
CO	253.0	223.5	252.1	226.1
MP	4.3	3.8	4.4	2.8
VOC	18.7	14.7	73.8	64.3

Table 36 presents the criteria pollutant emissions generated by the company in the last four years.

Source: Ecopetrol, Vice Presidency of Innovation and Technology

Environmental management of solids

Within the planning to achieve the Mega-target of one million three hundred thousand clean barrels in 2020, another key issue for the company is to rationalize and optimize the consumption of materials, manage its waste efficiently and mitigate its impact on the environment.

Barrancabermeja Refinery



Thus, this section addresses the issues related to the environmental management of materials used during operations, the disposal of hazardous and non-hazardous solid waste generated in the different production processes, as well as the process of abandonment, recovery and final delivery of wells in order to understand the traceability that Ecopetrol exercises on sources and solid supplies, from their origin to their final disposal.

Materials

The purchase of goods and services nationally in Ecopetrol is regulated by the procurement manual, which is available publicly on the following link <http://www.Ecopetrol.com.co/contenido.aspx?catID=395&conID=39547>

The company has adopted a Supply Methodology as a systematic model for the strategic sourcing of goods and services required by the organization. The process starts with the planning of these, identifying those that have a high impact on the organization and a high level of spending.

Additionally, there are methodologies for market benchmarking, to thus be able to define the best supply strategy, leading to better business; it is then implemented and monitored in execution.

Although Ecopetrol does not quantify the total weight and volume of materials used due to the

range of measurements that this implies, the total amount purchased is quantified as well as the number of processes, purchases and contracts through which their supply is ensured.

In 2012, business was conducted with 4,544 contractors for a value of \$18,158 million, through 16,265 processes: 9,815 purchases and 6,450 contracts by means of which 98,923 materials were acquired. This represents an increase of 16% in comparison with 2011, when 82,466 materials were acquired within 14,870 processes: 8,172 purchases and 6,698 contracts.

According to cataloging based on UNSPSC codes, Table 37 describes the purchases made during 2009, 2010, 2011 and 2012, taking into account such coding.



Table 37.
Purchases according to category (Figures in pesos)

<p>Manufacturing components and supplies</p> <p>2012 557,238,901,085</p> <hr/> <p>204,725,675,020 541,643,129,625 2010 2011</p>	<p>Fuels, fuel additives, lubricants and corrosion resistant materials</p> <p>2012 148,055,601,619</p> <hr/> <p>84,857,539,008 52,214,570,586 2010 2011</p>	<p>Systems, equipment and components for distribution and packaging</p> <p>2012 260,298,574,582</p> <hr/> <p>6,280,068,663 20,637,028,266 2010 2011</p>
<p>Machinery for mining, well drilling and accessories</p> <p>2012 126,955,015,707</p> <hr/> <p>319,125,261,053 40,792,290,699 2010 2011</p>	<p>Furniture and furnishings</p> <p>2012 4,095,969,086</p> <hr/> <p>16,797,358,979 8,665,639,496 2010 2011</p>	<p>Tools and machinery in general</p> <p>2012 12,427,077,735</p> <hr/> <p>3,972,605,981 66,694,018,708 2010 2011</p>
<p>Office equipment, fixtures and supplies</p> <p>2012 21,117,945,828</p> <hr/> <p>263,490,893,503 9,625,229,304 2010 2011</p>	<p>Telecommunications and information technology broadcasting</p> <p>2012 93,598,004,370</p> <hr/> <p>14,695,217,376 10,093,391,081 2010 2011</p>	<p>Drilling services for mining, oil and gas</p> <p>2012 N/A</p> <hr/> <p>5,316,423,893 N/A 2010 2011</p>
<p>Chemical products including biochemicals and industrial gases</p> <p>2012 77,370,034,299</p> <hr/> <p>28,762,900,236 223,315,619,967 2010 2011</p>	<p>Management services, business and administrative professionals</p> <p>2012 N/A</p> <hr/> <p>61,016,890,740 1,518,528,026 2010 2011</p>	<p>Services based on engineering, research and technology</p> <p>2012 19,587,055,501</p> <hr/> <p>1,895,497,292 N/A 2010 2011</p>
	<p>Machinery and equipment for power generation and distribution</p> <p>2012 108,458,046,636</p> <hr/> <p>10,686,494,214 790,999,053,051 2010 2011</p>	<p>Laboratory measurement, observation and verification equipment</p> <p>2012 42,140,032,116</p> <hr/> <p>7,748,460 21,178,391,832 2010 2011</p>

Supplies, components and electrical accessories and lighting

2012
105,019,192,246

1,483,683,333	16,253,050,191
2010	2011

Environmental services

2012
22,035,499,358

N/A	80,263,609,724
2010	2011

Published products

2012
620,129,594

89,318,500	N/A
2010	2011

Civic Affairs

2012
N/A

26,376,350	N/A
2010	2011

Health services

2012
0

504,002,771	37,152,600,575
2010	2011

Security services

2012
30,351,499,295

50,267,500	70,000
2010	2011

Equipment and supplies for defense, protection and security

2012
5,171,944,271

197,188,109	N/A
2010	2011

Medical equipment, accessories and supplies

2012
2,925,078,512

242,000	N/A
2010	2011

Direct Charge

2012
17,823,474,930

N/A	83,082,736,949
2010	2011

Transport, storage and mail services

2012
N/A

N/A	29,439,746,579
2010	2011

Cleaning equipment and supplies

2012
1,081,509,693

4,721,017,511	3,113,201,642
2010	2011

Overall total

2012
\$1,656,443,672,772

\$1,712,366,189,527
2011

\$1,365,862,161,688
2010

Industrial manufacturing and production services

2012
N/A

85,637,482	9,936,901,978
2010	2011

Editorial, design, graphics and fine arts services

2012
73,086,310

156,399,109	2,664,853,852
2010	2011

Source: Ecopetrol, Strategic Supply Department

Green procurement

As of 2011, Ecopetrol incorporated the Green Procurement Strategy into the company's sustainability vision and business strategy. This strategy is based on the European Union's Green Public Procurement (GPP), which indicates that

the company should orient its supply chain (contractors and suppliers) towards having a lower environmental impact, while implementing measures for its reduction and mitigation for increased competitiveness.



Green contracts 2012

\$ 928,017
million

Green contracts 2011

\$ 859,275
million

To this end, it conducted an analysis of the goods and services with Green Procurement potential, which made it possible to give priority to goods and services with high environmental and operational impact for the organization. In this context, we introduced the Green Clause in 23 types of master contract, requiring better environmental practices from contractors, making it possible to observe their environmental traceability through specific indicators.

At the close of this report, a total of 83 contracts had a Green Clause, representing \$ 928,017,000 of green contracts managed, which is 8% higher than 2011, when green contracts totaled \$ 859,275,000.



Positioning and disclosure of Green Contracts

In 2012 various activities were conducted in order to position the issue both among Ecopetrol's contractors and suppliers, as well as in the national and international arena in general.

Among these actions, a long-term work plan was structured (2012 - 2016) with suppliers and contractors, including concepts such as eco-labeling, product life cycle, sustainable development, carbon footprint and water sustainability, all under the framework of the Eco-Efficiency Forum 2012, held by the company.

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Draft Bill No. 170 of 2011 continues its regular processing in Senate. The rapporteur thereof is Dr. Félix Valera, whose preamble highlights the role that the company has had in the field.

"Ecopetrol, the largest company in the country, and whose shareholding mostly corresponds to the Colombian State, a few years ago began a pilot program for green procurement, which today represents an example to be followed by all national public entities (...).

Ecopetrol is a pioneer in Colombia in the procurement of environmentally-friendly products and services, and to that extent should be an example for the other national public entities or companies."

Anyone interested in the issue can ask questions or make suggestions by accessing the webpage <http://portal.Ecopetrol.com.co/contenido.aspx?catID=422&conID=47840> or by sending an email to CVerde@Ecopetrol.com.co

Going forward, Ecopetrol will continue to work on incorporating and meeting international standards in the documentation model, the impact and costing analysis for the introduction of environmental requirements in the life cycle of goods and services, and the creation and methodology of economic, environmental and social impact indicators.

Waste

In 2012 the generation of hazardous and non-hazardous waste was 205,018 tons, compared to 129,987.1 tons in 2011, representing an increase of 58%.

Total waste (tons)

205,018.0

2012

129,987.1

2011

169,613.7

2010

Source: Ecopetrol, Strategic Supply Department



Table 38.

Generation of solid waste (tons)

Hazardous waste

95,555.4

2012

36,958.14

2011

52,118.7

2010

Source: Ecopetrol, Strategic Supply Department



Non-hazardous waste

The generation of non-hazardous waste was 18% higher compared to 2011. Of this total, 21% is managed through utilization (recycling, reuse) and the remaining 76% is taken to a landfill or dump.

The production and transportation areas generate significant volumes of metal waste and debris, making these nonhazardous wastes the most representative of these areas.

Drilling sludge and waste

The cuttings generated during drilling are carried by the flow line to the sand traps where part of the fluid and the resulting solids from the drilling are separated. Solids from the catch tanks are taken to the centrifugation process to reduce moisture by removing the fluids still present.

The solid waste from centrifugation is transferred to the disposal area or pools, where it is mixed



Non-hazardous waste

109,462.5
2012

93,028.96
2011

117,494.8
2010



Source: Ecopetrol, Strategic Supply Department

The increase in the generation of waste is mainly due to non-hazardous waste, due to the change in frequency of maintenance activities and the inclusion, for the first time, of dehydrated sludge generated by refining treatment plants (see Table 38).

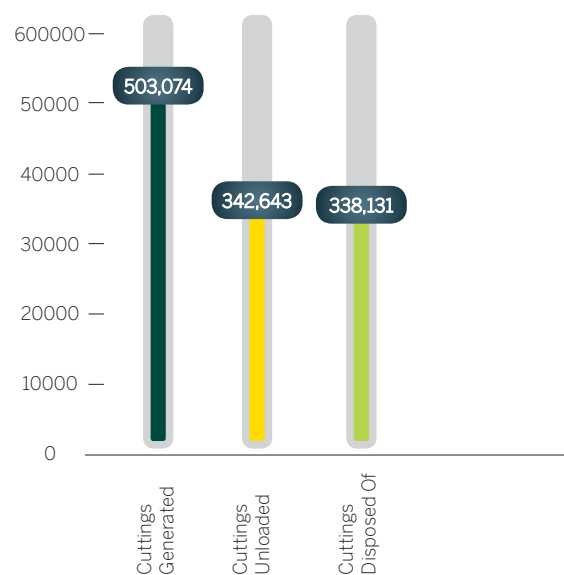
with material that reduces the water content and native soil. This mixture is homogenized with the aid of mechanical equipment, in order to then perform the compaction thereof.

During this process, retort testing is conducted to verify moisture and dispose of this material to be reformed during the location's environmental recovery phase.

Figure 32 shows the number of cuttings (sludge and waste derived from drilling) for 2012.

The volume of wet cuttings, i.e. with moisture greater than 60%, produced in 2012 was 503,074 barrels (Bbl), while those subject to treatment, i.e. centrifuged and mixed with environmentally-friendly drying and stabilization agents, obtained a volume of 342,643 Bbl. At year-end 2012, 338,131 Bbl had been disposed of.

Figure 32.
Total drill cuttings 2012



Source: Ecopetrol, Executive Vice Presidency of Exploration and Production



Mandalay, an example in waste management

Within the Coveñas oil terminal is Mandalay, a management center where all the operation's waste is made use of, generating environmental benefits.

During the first years of the nineties the port of Coveñas, Colombia's main oil terminal, had a historic guest. It was the FSU (Floating Stationary Unit), a steel giant that Ecopetrol had hired to streamline crude export operations to international tankers during a time when the shipments had grown because of the production bonanza in the Cusiana and Caño Limón fields.

As part of its operation, the FSU generated large volumes of industrial, domestic and hazardous waste

in the Gulf of Morrosquillo region. In the early years, Ecopetrol made sure that the waste was deposited in the landfills of the nearby town, Tolú, and in that of Chochón in the city of Sincelejo.

Nevertheless, as this waste was difficult to handle, there were complaints from environmental authorities. To provide a fundamental solution to the issue, Ecopetrol made a nearby lot available to sort the waste and perform separation at the source.

Thus was born the Mandalay Waste Management Centre, 10 hectares in size, located in the jurisdiction of the Coveñas terminal. "Here, all hazardous waste, domestic waste and process lines are handled and processed. The idea behind Mandalay is that there's no waste that's not useful. It always has a use in the production process," explained Fernando Delgado, Ecopetrol's integrated risk management professional, in Coveñas.

In Mandalay, waste is separated according to type: organics, to be used to generate compost; recyclables, such as paper, plastics, glass, cardboard and metal; industrial, such as solid oily waste, and deposits, which are left over from the cleaning of tanks and used for biodegradation.

In 1998 the construction required by the project was completed: a biodegradation strip and three temporary oily water storage pools. These facilities occupy 1.8 hectares and the remaining 8.2 hectares correspond to the forest protection area where native forest grows.

The pools meet a requirement of the International Maritime Organization (IMO), as due to Coveñas being an international oil port, it must have special sites to receive oily water and leachate pools exiting the biodegradation strip.

“We’ve learned a lot from recycling. Firstly, all the oily material is treated and used on fertilizable ground that serves to fertilize forest areas. Moreover, what’s produced from the biodegradation strip is focused on the recovery of timberland or meadows. It’s normally requested by Marines for the creation of retaining walls or meadow areas,” says Delgado.

A landfill cell was also created, protected by geomembrane, which specializes in the creation of compost. Deposited here, for its decomposition, is pruning material, food waste and deposits resulting from the cleaning of storage tanks. This compost material is dedicated to plantations.

In this sense, the Mandalay project has had such an impact in the region that some schools in the area

ask for a lot of compost for the cultivation and production of plantations. “From the moment compost started being produced in Mandalay, no other fertilizer was purchased, and all the gardens in this area are fertilized with our compost because it is a great fertilizer without side effects,” he adds.

One of the most recent challenges in Mandalay was coal tar; the material that is used to coat the piping of oil pipelines and poliducts. This waste began to be stored in large quantities and a productive use for it was not found because, due to its hardness, no degradation process could be carried out on it.

Taking advantage of his passion for knowledge, Delgado discovered that this tar can be used for airport runways and in clinker-producing kilns. Therefore, in 2011 an agreement was signed with the Holcim cement company, which removes the tar from Mandalay and gives it a productive use as an alternative fuel or co-processed material, such that it becomes an alternative energy source that does not produce polluting emissions.

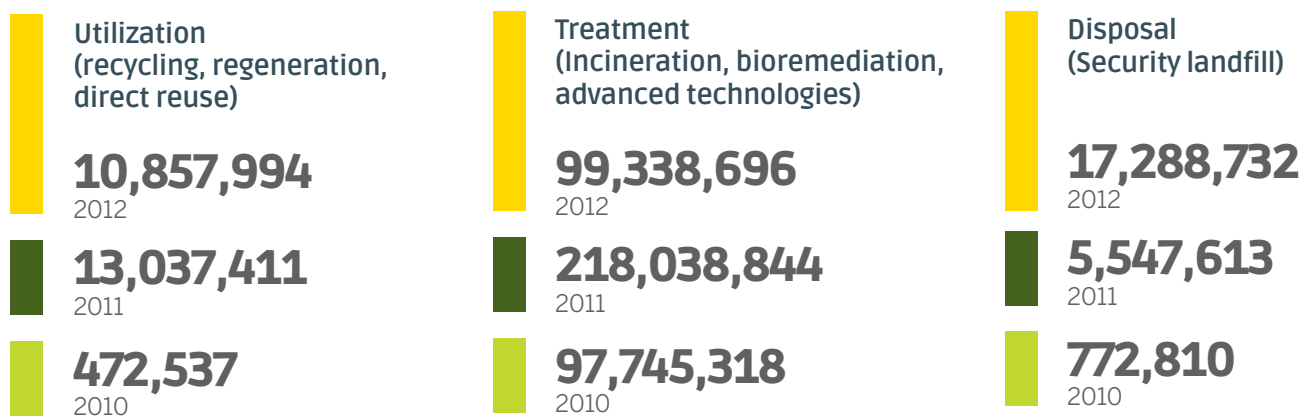
Mandalay also represents an important economic component, as it is operated by a contractor of Ecopetrol, and it sells the recycled products. “We try to generate maximum profit and to that end, recyclables are sorted in detail, which allows for a better sale price,” says Juan Carlos Garcés, representative of the company of the same name that is in charge of that operation. In order to keep up-to-date on the issue, Garcés and his staff undergo regular training at Universidad de Córdoba and Ecopetrol’s Colombian Petroleum Institute.

Hazardous waste

In terms of volumes of hazardous waste generated, the production area is that which generates the greatest volume of waste. The volumes are represented by: Oiled items such as

bags, cloths, rags, gloves, paper, absorbents, filter cartridges, etc., clays, sands, oil impregnated catalysts, tank sludges, ceramic balls (ceramic material, catalysts or other toxic substances), and waste resulting from the production or processing of petroleum and asphalt.

Table 39.
Management of hazardous solid waste
(Figures in kilos)



Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Note: The data reported here corresponds to the internal work carried out by Ecopetrol as a generator and through third parties for the management of hazardous waste, following the provisions of Decree 4741 of 2005.

The generation of this waste saw a significant increase from 2011 to 2012 due to the increase in the activities that generate such waste and maintenance frequencies, as well as the increase in contingencies and attacks that occurred during the year.

Through the work done with third-parties, about 36% of the hazardous waste was treated through bioremediation and incineration. Additionally, 11% of the hazardous waste generated was exploited through reuse or direct recycling (see Table xx).

Advances in Reverse Logistics

In 2012, Ecopetrol continued to develop strategies to optimize the disposal of materials and assets not required for the company's operation and the use of these by others, in a manner consistent with the legal system, obtaining economic benefits and generating sustainable development, mitigating environmental impact or generating social welfare with potential benefits in corporate reputation (see Table 40).

Table 40.
Disposal of materials and assets not required for the operation

Income from sale of assets and materials not required for Ecopetrol S.A.'s operation (movable property and waste)

5,945,066,915

Figures in pesos

Oily waste dispatched

9,502,350

Figures in pesos

11,075 gallons

Volume

Sale of power transformers with PCB oils <50 ppm

69,363,330

Figures in pesos

68,070 Kg

Weight

Dispatches of scrap metal for steel casting

4,838,656,390

Figures in pesos

13,981,250 Kg

Weight

Used oils dispatched

39,714,950

Figures in pesos

48,730 gallons

Volume

Sales of inactive file paper

27,462,000

Figures in pesos

68,655 Kg

Weight

Electrical and electronic scrap dispatched for breakdown and metal recovery

20,800,000

Figures in pesos

40,000 Kg

Weight

Asphalt-type waste dispatched for sale

1,078,560

Figures in pesos

14,980 Kg

Weight

Sale by Banco Popular auction (operator for the sale of materials and assets not required for Ecopetrol's operation)

938,489,335

Figures in pesos

11 auctions

Work was done on the review of specifications that will serve to support procurement processes for waste disposal, budgets and market intelligence, and progress was also made in shaping waste disposal strategies for fluorescent tubes, batteries, tires and toner.

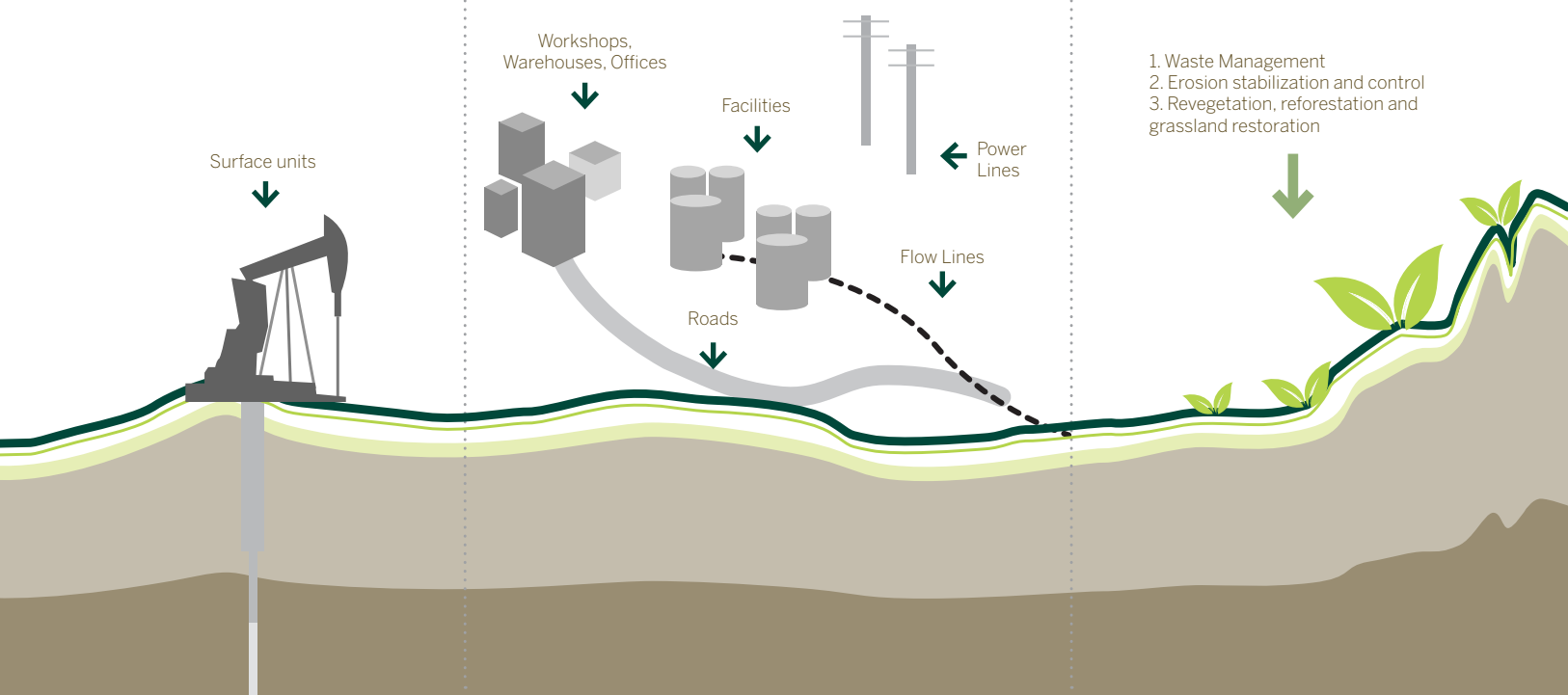
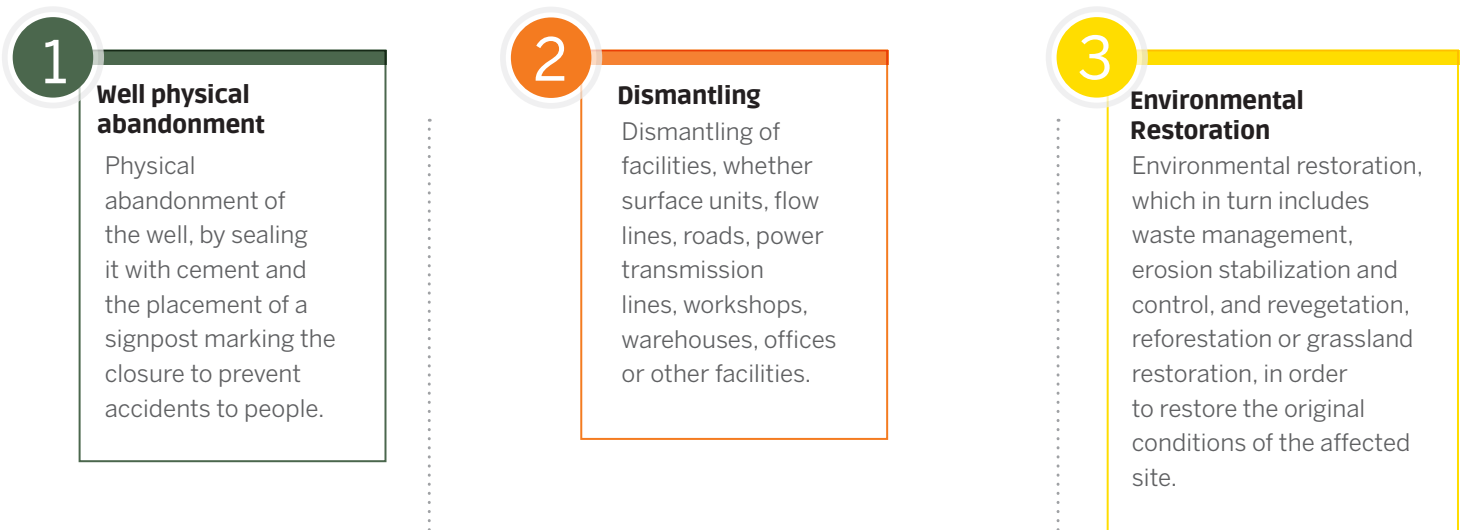
Abandonment, recovery and final delivery of wells

As a company committed to producing clean barrels, in 2000 Ecopetrol began creating protocols to address the dismantling of facilities and the closing of wells that turned out to be dry or that have ceased operations.

The main risks involved if the formal abandonment of these reservoirs is not carried out, are accidents to people entering the premises without being aware of their characteristics, and the use of the

lands by owners other than the company, who choose to use these for agricultural activities requiring land without native flora, deteriorating Colombia's rich biodiversity.

The process consists of three components:



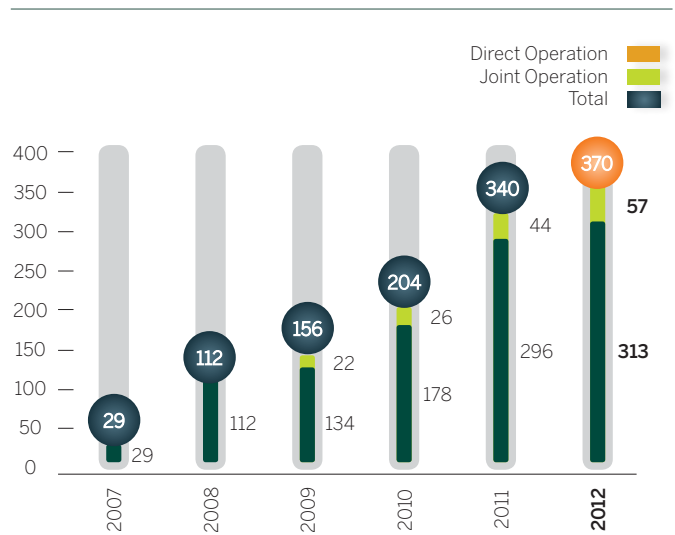
The current legislation in this area dates from 2009, when the Ministry of Mines and Energy issued Resolution No. 181495, which is supplemented by Decree 2810 of 2010. This regulation made it possible to sign a Memorandum of Agreement with the Ministry, in which Ecopetrol pledged to close the accumulated inactive wells between that date and 2014, which in 2011 totaled 1,900 wells.

The abandonment activities began in 2007, and have been increasing thanks to the monitoring of inactive wells in the different fields under direct and joint operation. Figure 33 shows the historical behavior of the physical abandonment of wells.

From 2012 onwards, there is more comprehensive information that makes it possible to distinguish between the wells that have been abandoned, those in which facilities have been dismantled and sites where environmental restoration has been completed, i.e., which have completed the abandonment cycle.

In this regard, in 2012 under direct and joint operation, the physical abandonment of 370 wells was carried out, as well as the dismantling of 668 facilities and the environmental restoration of 137 sites (see Table 41).

Figure 33.
Historical behavior – Well abandonment



Source: Ecopetrol, Executive Vice Presidency of Exploration and Production

Table 41.
Complete abandonment cycle 2012

	Physical Abandonment	Dismantling	Environmental restoration
Direct operation	313	632	136
Joint operation	57	32	1
Total	370	668	137

Source: Ecopetrol, Executive Vice Presidency of Exploration and Production

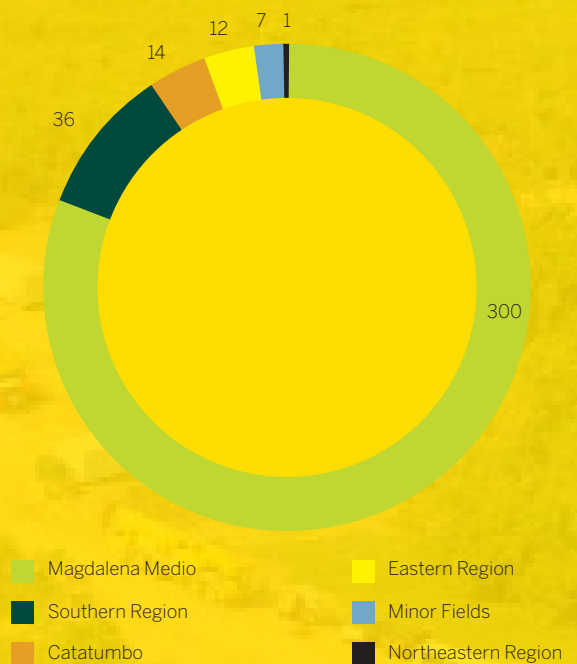
In 2012, 668 dismantling activities were performed, of which 632 corresponded to direct operation and 36 to joint operation



Physical abandonment of wells

Physical abandonment is considered to be the technical sealing of wells. In 2012, 370 wells were abandoned. Figure 34 details the wells by Department.

Figure 34.
Number of wells abandoned, by Department



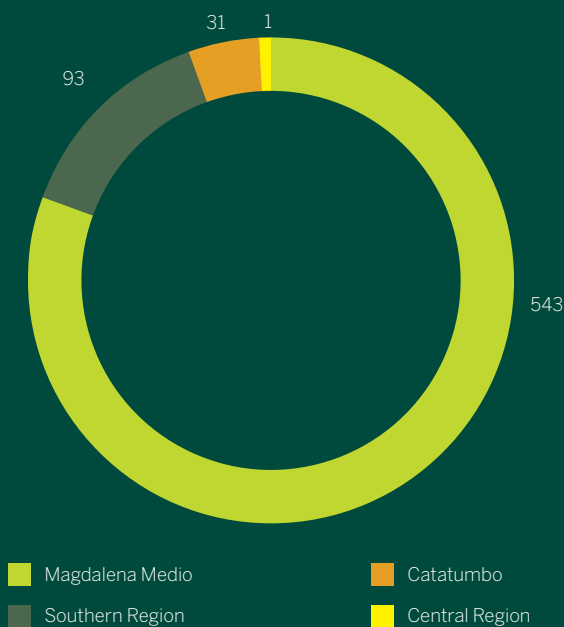
Source: Ecopetrol, Executive Vice Presidency of Exploration and Production

Dismantling of facilities

The dismantling of facilities is considered to be those activities aimed at decommissioning flow lines, electrical systems and civil works associated with the wells and, specifically, process plants are taken out of operation.

In 2012, 668 dismantling activities were performed, of which 632 corresponded to direct operation and 36 to joint operation (see Figure 35).

Figure 35.
Number of dismantling activities



Source: Ecopetrol, Executive Vice Presidency of Exploration and Production

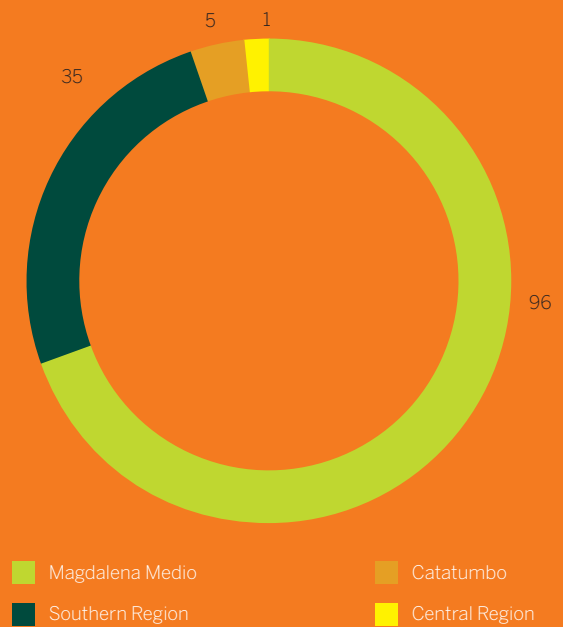
Environmental restoration

Environmental restoration is performed for the areas corresponding to the abandoned well and dismantled facilities.

In 2012, 137 environmental restoration activities were performed, of which 136 corresponded to direct operation and 1 to joint operation.

Figure 36 shows the number of restorations by Department.

Figure 36.
Number of environmental restorations, by Department



Source: Ecopetrol, Executive Vice Presidency of Exploration and Production

Emergency management

In **emergency management** new corporate guidelines on emergency planning and response are being implemented. These new guidelines incorporate management assurance measures for preparedness, response and recovery activities for possible emergencies.

Barrancabermeja Refinery



Starting from the businesses, a leadership system has been established through a management control structure, from where the process of implementing these new management measures is organized.

This process incorporates the monitoring of the management indicators for the businesses and the areas responsible for keeping the emergency plans up-to-date and operational.

Planning

In order to establish the needs in developing and updating emergency plans, a baseline has been defined that gathers information from industrial and non-industrial facilities, personnel responsible for the implementation of the emergency plans for existing facilities, and existing equipment for emergency response.

With this information, a continuously updated information record is kept regarding the emergency plans, facilities included and personnel involved, based on which records are kept on areas requiring the implementation of plans, as well as personnel that require training on emergency issues, thus strengthening the target population of the emergency plans implementation process.

During 2012, with the participation of the businesses, a verification process was performed on the needs in existing emergency plans, which generated update needs in accordance with the new corporate requirements. This led to the establishment of mass update processes for emergency plans, which were initiated during the year as pilots.

Emergency Command System

Among the planning measures, a new emergency response model was discussed, called the Emergency Command System, which involves designing a response scheme that optimizes resources, response times and the management of critical scenarios.

With this new model, which completed its conceptual and design stage, a unique action



First National Meeting of Ecopetrol S.A. Brigades, October 2012

framework has been created for Ecopetrol, which establishes limits and responsibilities in the areas of business continuity, emergency management and non-operating incident response, and at the same time, issues have been managed in relation to training, acquiring new resources and the standardization of a new response model.

Personnel

Given the new corporate requirements, a training requirements matrix has been developed for persons in charge, leaders and staff involved in emergency response in the areas.

Considering these requirements, the content of training programs was defined and staff from the businesses that are involved in emergency response were given the opportunity to experience the first training programs aligned to these new requirements, including training on the incident command system, rescue and medical care, spill control and fire control.

Also, in order to identify new training needs, the First National Meeting of Ecopetrol S.A. Brigades was carried out, with the participation of all businesses, through which it was possible to achieve the strengthening, and in part, the confirmation of the training needs of emergency response personnel in the company.

Practical drills where the methodology of the Incident Command System is applied.



Equipment

In designing the new emergency response model, the acquisition of the resources necessary for emergency management in the new response bases is considered, while the businesses have strengthened their equipment inventories, consistent with activities' growth measures.

Implementation

In order to keep better control of the preparation process for emergency response and risk reduction, in 2012 the monitoring of a unified training program was established, which is implemented according to the needs of each business.

The monitoring of this preparation process, which begins with the development control of drills and closes with the register of findings in the fire protection system, has been able to consolidate an implementation management process in the areas. Thus, control has been kept in the execution of 300 drills in operational and administrative areas, whose fulfillment is reflected in the emergency planning and response indicators defined for the year.

In order to strengthen emergency preparedness in response to the growth process in the production, processing, transportation and distribution of hydrocarbons, in 2013, following

targets plan established to 2020, the programs will continue undertaking activities in order to look after the different stakeholders involved in Ecopetrol's activities.

Annual meeting of experts

At the Annual Meeting of Experts (RANE for its acronym in Spanish), the new regulatory framework for disaster risk management in Colombia was analyzed, as well as the regulatory process of the new reference framework in the areas of emergency response responsibilities, risk management in communities, information management for hazards and emergency planning, risk assessment needs and emergency management.

The meeting was promoted by Ecopetrol and led by the national disaster risk management authority, an entity that is responsible for the formulation of the new national plan for disaster risk management, as well as for regulating the national risk management plan.

Environmental incidents due to operational causes

In 2012 there were 27 environmental incidents due to operational causes, less than the maximum allowable limit set in the company's targets of 31 incidents for 2012.



This result represents the fulfillment of the target at 13% below the limit, and an improvement of 34% in the frequency of environmental incidents compared to 2011, year in which there were 41 incidents, which is mainly due to the results of operational integrity programs that were implemented in certain areas of the company (see Figure 37).

Barrels spilled attributable to environmental incidents due to operational causes, totaled 4,050 (see Figure 38). It was not possible to stay within the limit for 2012 of 710 barrels, mainly due to a fuel spill that occurred in the Galán Sebastopol Pipeline, which amounted to 3,323 barrels.

Figure 37. Total number of environmental incidents

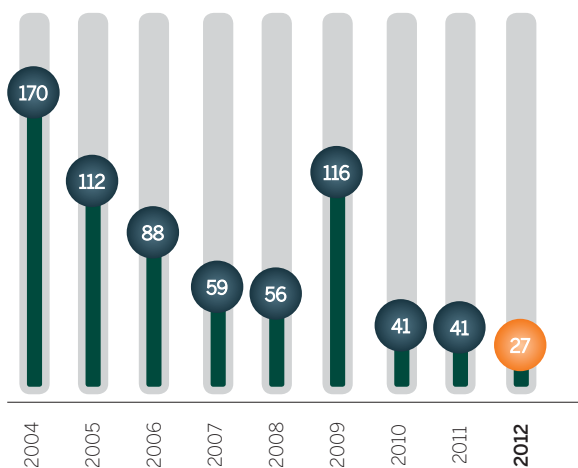
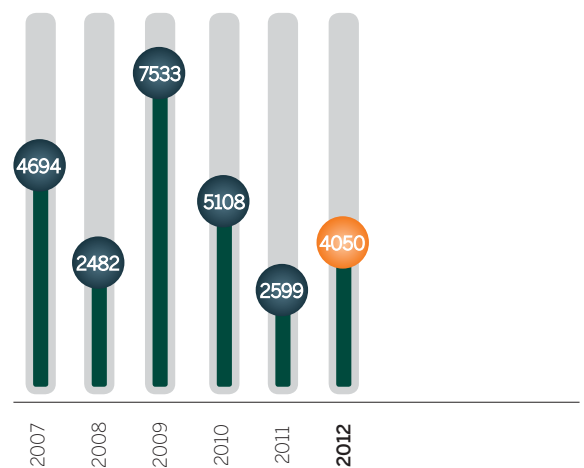


Figure 38. Volume of barrels spilled*



Source: Ecopetrol, Vice Presidency of Transport and Logistics

(*) Barrels Spilled: corresponds to the barrels that went onto the BMS due to operational causes. For 2012, oil and oil product spills greater than one barrel that affect the environment are accounted for.
Source: Ecopetrol, Vice Presidency of Transport and Logistics

Causes identified

The main causes identified for environmental incidents that occurred in 2012 can be grouped into operational failures, failures in the pipeline integrity program and tank truck road accidents.

Cause 1

Operational failures were due to lack of change control assurance in respect of current operating conditions, inadequate procedures in the operation and breaches in procedures, operation and supervision.

Cause 2

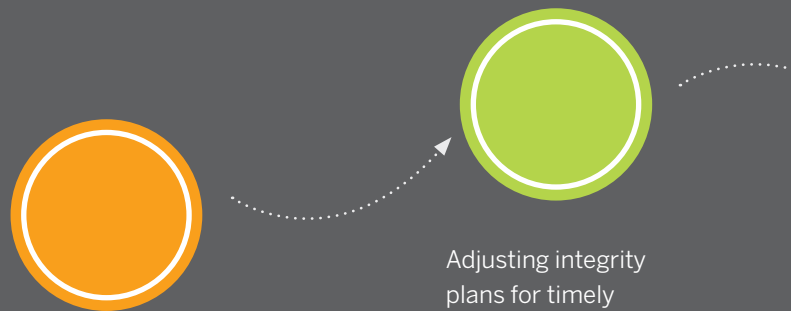
Failures in the pipeline integrity program were due to untimely intervention in the integrity program's conditions, failure to identify critical lines within the program and delays in implementation.

Cause 3

Tank truck road accidents arose due to limited supervision and assurance of driver competence, as well as inadequate performance in driving tank trucks.

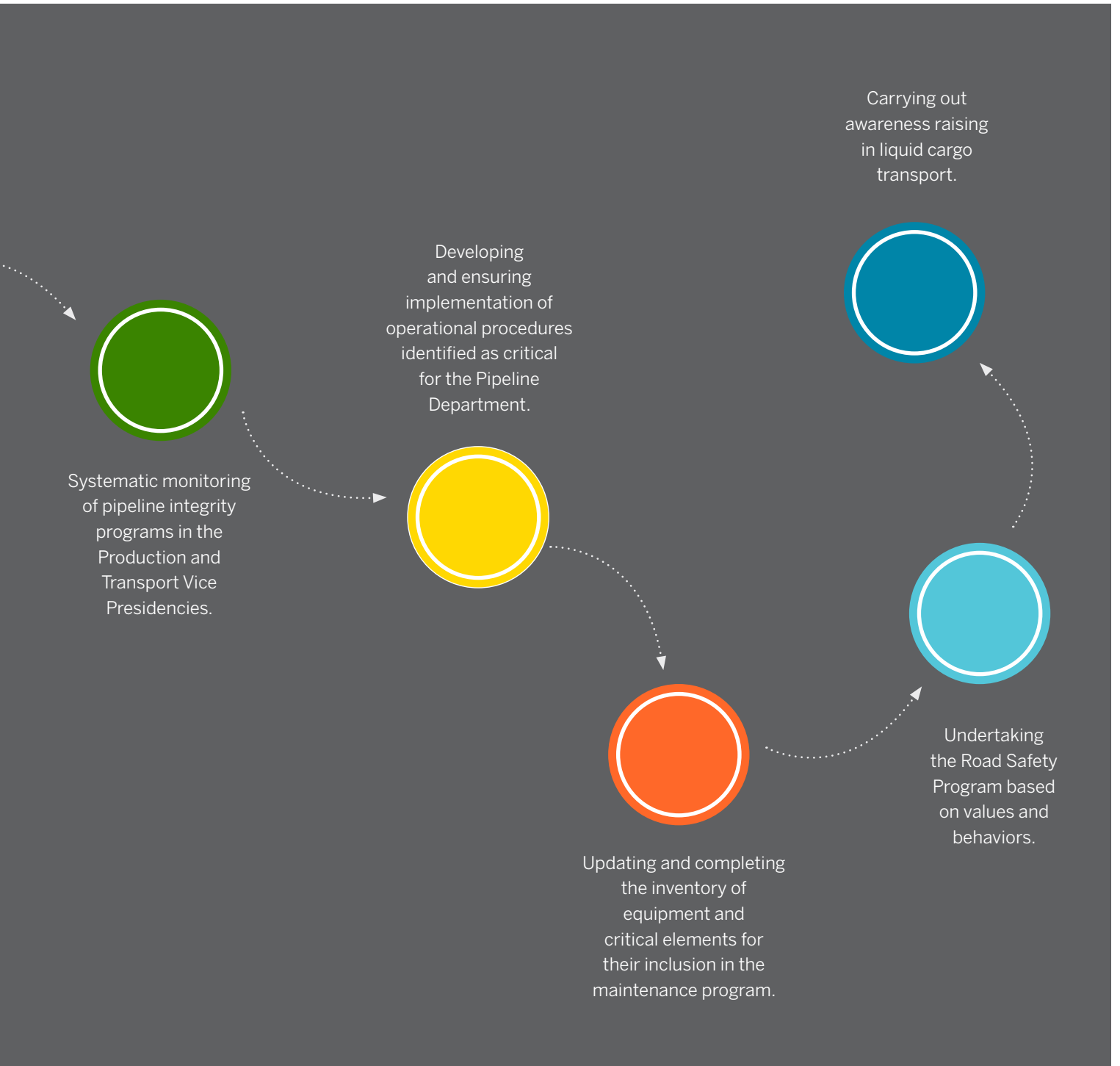
Reduction in frequency and severity

The actions planned to reduce the frequency and severity of environmental incidents are:



Updating the Pipeline Integrity Analyses requiring this, taking into account current and projected operating conditions, the influence of third-party actions, environmental, climatic and geotechnical conditions, adjusting the estimated useful life of pipelines.

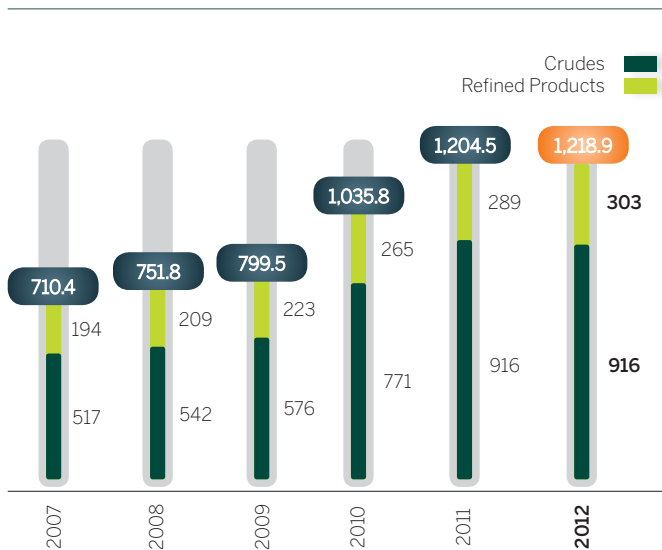
Adjusting integrity plans for timely intervention, in relation to estimated useful life, ensuring the allocation of resources required.



Seizure of hydrocarbons

During 2012, Ecopetrol transported 1,218 Kbod of hydrocarbons, of which 916 were crudes and 303 were refined products (see Figure 39).

Figure 39.
Volumes transported of refined products and crudes
Annual average in Kbod



Source: Ecopetrol, Vice Presidency of Transport and Logistics

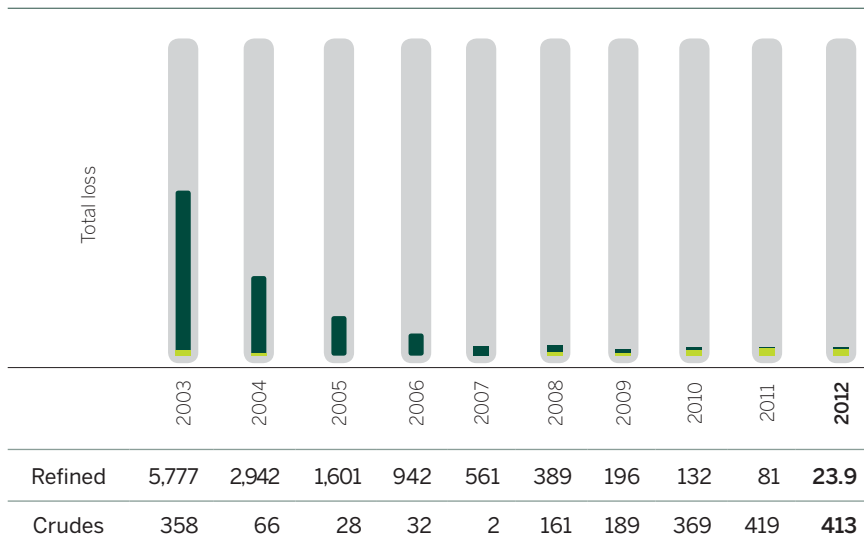
Various reasons, particularly the lack of knowledge on the part of the public about the social, environmental and economic impact generated by the illegal seizure of hydrocarbons, has kept crudes theft alive, particularly in the departments of Putumayo and Nariño, affecting Ecopetrol's value chain.

Theft of refined products

Through various initiatives, the effectiveness of the strategy and teamwork, over 10 years a decrease of 3,050% has been achieved in the seizure of refined products: from 7,270 barrels per calendar day (BPCD) in 2002 to 23.9 BPCD in 2012 (see Figure 40).

This significant progress in controlling hydrocarbon seizure levels, both crudes and refined products, was recognized in 2012 with the Accenture Innovation Award.

Figure 40.
Theft of hydrocarbons (BPCD)



Source: Ecopetrol, Vice Presidency of Transport and Logistics



As a result of the efforts made in detecting illegal valves, the development and maturation of technologies, joint work with security forces and the support of state agencies in ensuring the prosecution process, the seizure of refined products in 2012 compared to 2011, experienced a reduction of 70%, going from 81 BPCD to 23.9 BPCD.

Theft of crudes

Regarding the seizure of crude, the results in 2012 show a decrease of six BPCD compared to 2011, going from 419 to 413 BPCD in 2012 (see Figure 40).

Although the country's southern region presents specific conditions that hinder the attainment of better results, the company continues to strengthen ties in the community, strengthening relations with security forces, and constantly training justice officials and staff themselves.



Attacks against the infrastructure

During 2012, 109 attacks on oil pipelines were perpetrated, of which 45 affected the Caño Limón-Coveñas Pipeline and 64 affected the Southern Pipelines.

The increase in attacks in 2012 compared to 2011 was 131%, going from 83 to 109 attacks (see Table 42).

Table 42.
Attacks on the oil infrastructure

Year	Systems	Number attacks	Total attacks
2010	Southern Systems	32	45
	Caño Limón – Coveñas	13	
2011	Southern Systems	51	83
	Caño Limón – Coveñas	32	
2012	Southern Systems	64	109
	Caño Limón – Coveñas	45	

Source: Ecopetrol, Vice Presidency of Transport and Logistics

Cabe resaltar que aunque se han incrementado los ataques, se ha logrado disminuir los tiempos de reparación a los oleoductos, minimizando los impactos en la operación.

Attack mitigation

In order to mitigate the attacks on infrastructure, Ecopetrol structured a comprehensive security strategy that focuses on ensuring the continuity of the organization's operations and projects, through the protection of people and infrastructure, framed within the Voluntary Principles on Security and Human Rights.

This strategy is carried out through the implementation of preventive, deterrent and reactive actions, where most of our actions are focused on prevention and having response capability.

Gerenciamiento ambiental del agua

In 2011, the following study was conducted: "Analysis of conflict and critical zones in Ecopetrol S.A. operating areas as an input to the management of water-related risks", through which it was possible to estimate water withdrawals, discharges and conflicts with stakeholders in areas where the operation is under pressure criticality criteria due to use, impact and its relationship with the vulnerability of the country's water resources.

Ciénaga Paredes, Santander

The results are being disseminated in the organization and are part of the setting of the Comprehensive management guideline for water resources in Ecopetrol, which will be created internally with the various stakeholders and will establish action plans for implementation in 2013.



Polar Exercise

Ecopetrol annually conducts a planning and analysis exercise called Polar, whose objective is to validate and ensure the development of the Growth Strategy through a viable and sustainable option in operational, infrastructure, commercial and financial terms for Ecopetrol and its Corporate Group.

Within the 2012 Polar exercise, Ecopetrol identified water management as a critical variable for the achievement of the strategy, which is why it structured an interdisciplinary working group called Water Polar in order to generate a viable and

optimal strategy for water management, including best practices and complying with environmental and regulatory standards.

The team analyzed the environment, risks and opportunities associated with water resources according to various growth scenarios and constructed the first diagnostic on the state of water management for the Corporate Group, and succeeded in identifying possible future scenarios for water management, its associated risks and potential management gaps that would be necessary to act on to ensure the expected growth.

The main results of the work done in 2012 are:



Water management plan

Following the results of the Water Polar group's work, the Water Management Plan was structured, which seeks to ensure the management of water associated with crude in Ecopetrol and establishes the following lines of action:



Production water disposal alternatives

Through this line, there will be an assessment of reinjection alternatives for enhanced recovery, reinjection for disposal, discharge to surface water bodies and irrigation in each of the Pareto fields.



Utilization opportunity

Seeks to evaluate the potential reuse of previously treated produced water for use in agroindustrial projects or even domestic use in the areas of influence.



Control at the source

This line studies the different technologies or processes required for the decrease in the percentage of water extracted with the oil produced.

These include the application of chemicals that reduce water extraction rates, the implementation of ICD equipment (Inflow Control Devices) or DHOW equipment (Downhole Oil / Water Separators) and reservoir management through defining optimal extraction rates that reduce associated water cuts.



Withdrawal minimization

Evaluates all opportunities for internal reuse of produced water in the operating processes of the areas producing it.

In 2013, an action plan will be established to be carried out in each of the above lines with its corresponding schedule of activities, with the aim of ensuring the implementation of an appropriate strategy for water management in accordance with the production scenarios evaluated.

Water withdrawal

In 2012 Ecopetrol withdrew a total of 55.76 million m3 from 217 water sources. The volume withdrawn from different sources saw a decrease in comparison with the previous year, mainly due to reuse activities performed in the operating areas, with surface water and groundwater being the most used (see Table 43).

Table 43.
Volume of water withdrawn by source (in m³)

Year	Surface	Groundwater	Aqueduct	Other	Total
2009	73,609,302.2	7,129,578	4,444,072	11,079	85,194,031.2
2010	77,824,827	4,680,954	4,337,928		86,843,709
2011	38,655,099	15,981,820	5,754,187		66,134,191
2012	37,978,734	13,303,704	4,478,102		55,760,540

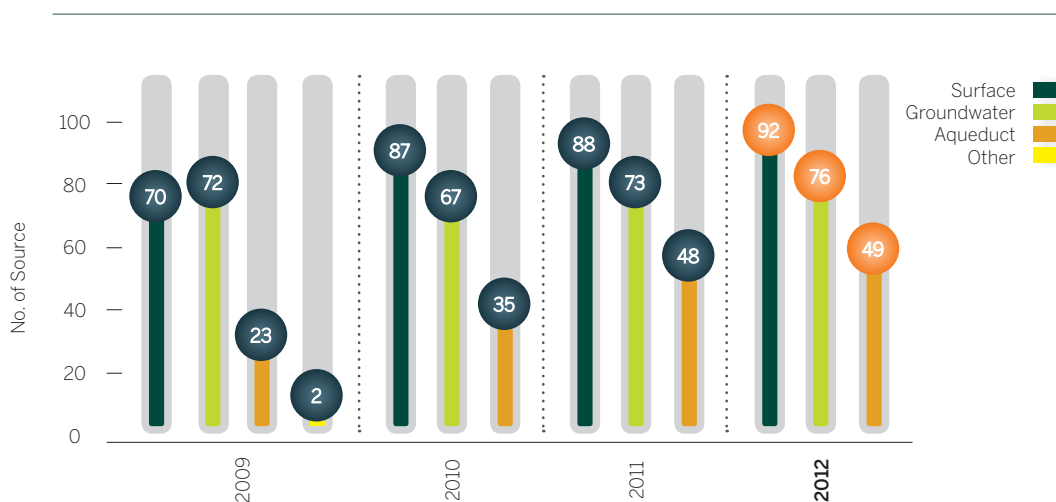
Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

The value of water withdrawn in 2012 represents a decrease of 15% compared to what was withdrawn in 2011 (see Figure 41).

The number of withdrawal sources for 2012 compared to those reported in previous years

has increased due to eight new withdrawal sources recorded by project departments and new operating areas. However, this increase in the number of sources does not affect the volume withdrawn due to the savings and reuse activities being implemented in the different areas.

Figure 41.
Number of withdrawal sources by type



Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Formation water volume

Water production in 2012 was 7.7 million barrels of water per day, equivalent to 9.2 barrels of water per barrel of oil.

Recycling of water used in processes

In 2012 Ecopetrol reused 15 million m³, mainly due to the water use and savings activities carried out by the two refineries, which represented 55% of the total water withdrawn in these areas.

Initiatives for efficient water use and savings

In 2012 there was a reduction in the use of water in the Barrancabermeja refinery, mainly due to the reuse of backwash water, sour water and condensate.

In the Cartagena Refinery there was 6% reuse of the total withdrawals by the two refineries through recirculation in the wastewater treatment plant's sand filters.

Water Reinjection

The water treatment and reinjection plant in the Llanito Field (Llanos Orientales) came into operation, which has the capacity to treat 3,000 barrels of water per day, which contributes to the reduction of discharges from this area, taking advantage of it in the formation reinjection process.

In 2012, 168.5 million m³ were reinjected for the purposes of secondary oil production (enhanced oil recovery type reinjection) or disposal type reinjection. This corresponds to an increase of 126% compared to that reinjected in the previous year, which is due not only to reporting from the new operating areas, but also the programs established to increase the volume of water reinjected (see Table 44).

Quantity of produced water reinjected (Million m³)

168.5
2012

74.43
2011

27
2010

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Pink Dolphin (Tonina), in the region of the Colombian Orinoco

Discharges

Wastewater discharge in 2012 was 100.19 million m³, which represents a 26% increase in the volume discharged (see Table 45). This increase is mainly due to the entry into direct operation of fields whose partnership contracts ended.

Table 45.
Wastewater discharge

Discharge type	Volume discharged (million m ³)			
	2009	2010	2011	2012
Domestic wastewater	0.39	0.76	1.02	0.67
Industrial wastewater	87.89	72.9	72.92	82.24
Other*		0.19	0.06	0.07
Total	88.28	73.85	73.98	82.98

*Other: Spray and infiltration.

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

The number of discharges by destination, just as with the volume discharged, saw an increase with respect to that reported in the previous year (see Table 46).

The increase in the volume discharged arose due to the entry into operation of the Minor Fields Department's reverted fields, in 2012.

Table 46.
Discharges by destination (m³)

Year	Surface	Sewer system	Other	Total
2009	310	12	59	381
2010	199	22	98	319
2011	176	14	178	368
2012	216	28	181	425

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Biodiversity

Along with its ethnic and cultural diversity, Colombia stands out on the world stage due to the diversity of its flora and fauna, a treasure that must be respected, maintained and promoted by Ecopetrol and all those who make up its sphere of influence, in particular the companies belonging to the corporate group, as well as partners, suppliers and contractors that operate in the company's facilities.

Puma, Casanare



In this regard, the company has established clear guidelines for the conservation of biodiversity both in its areas of operation and in those in which, through partnerships with third parties, it can have a positive impact on both continental and offshore biodiversity.

Environmental Management Plans for managing impacts on biodiversity

One of Ecopetrol's mechanisms for assessing risks on biodiversity and measuring the effectiveness of the actions taken to prevent its loss, is the annual review and update process for Environmental Management Plans in their biodiversity component.

This process applies to all operations and projects, and in accordance with its results, their scope is amended, which makes it possible for actions taken to be consistent with the reality of the environment.

Pilot Biodiversity Action Plans (BAP)

In order to generate guidelines for the management of biodiversity in Ecopetrol's operational and project areas, with the support of the ICP, two Biodiversity Action Plans (BAP) were created for the Vasconia and Sevastopol plants. The pilot was created with secondary and primary information from the study area and was adjusted taking into account the realities of the company and our operations.

The carrying out of these pilots will make it possible to establish the appropriateness of developing BAP in Ecopetrol's operations, and eventually standardize a methodology for the creation of BAP in the company.

Progress in the identification of impacts on Biodiversity

The ICP worked on the development of a Fragmentation Index from land use for the Castilla Chichimene Superintendence.

To this end, it carried out a temporal and spatial analysis between 1988 and 2011, identifying land uses in the Cubarral Block, and various ecosystems were defined for conservation and the exercise of eco-functional connectivity by the degree of complementarity.

Similarly, land use was defined in the Block that has most impacted or fragmented the original ecosystem, finding that agricultural activities have generated greater impact on the region than those of hydrocarbon operation.

The methodology for the calculation of this Index is being standardized, and will be delivered as a technological product by the ICP during the course of 2013.

Biodiversity actions for offshore projects

The ICP continues to develop projects aimed at defining strategies and methods for the measurement of a biodiversity baseline in offshore areas, whose results will be delivered in 2013.

In 2012 two marine voyages were made to carry out characterizations of marine ecosystems using acoustic methods and taking biotic samples sessile organisms, plankton and nekton (fish), making it possible to determine the location of these aggregations and characterize them.

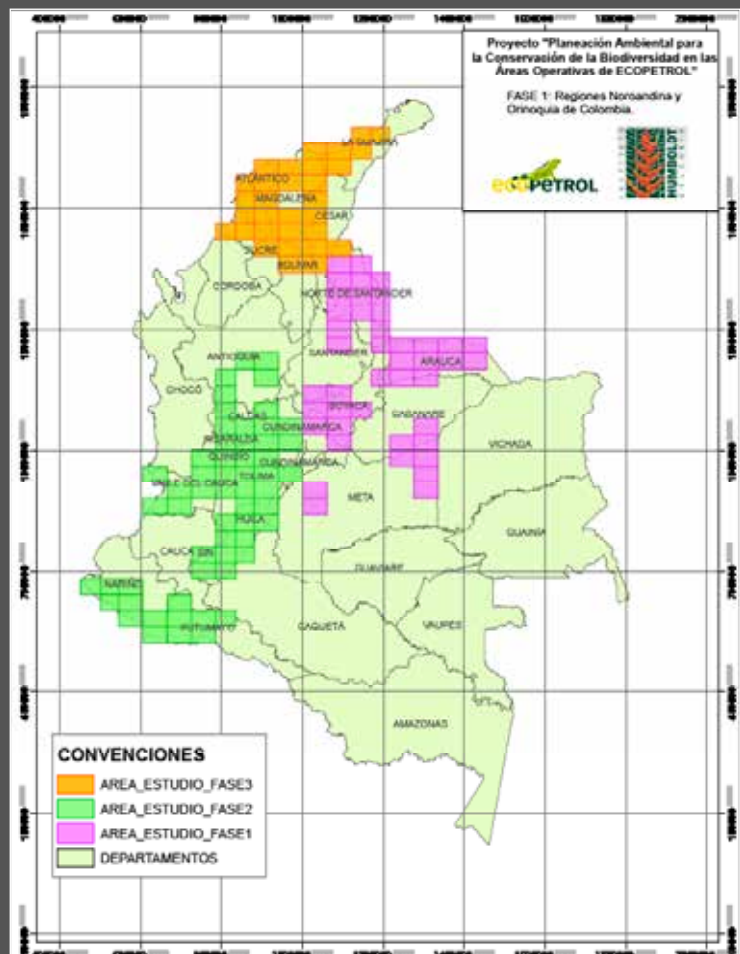
This study seeks accurate technical information on marine species found in Ecopetrol blocks or areas of interest for the company's future production development, and which is required to prevent irreversible impacts on this valuable biodiversity.



Conservation of Biodiversity

In 2012, Phase 2 began of the Environmental Planning for Biodiversity Conservation project with the Humboldt Institute, an initiative that was developed during 2009 and 2010 in the regions of Magdalena Medio and Llanos Orientales, with the aim of identifying objects of conservation and generating guidelines for the management thereof at a scale of 1:100,000 and 1:25,000.

The new phase will continue focusing on the conservation of species and ecosystems, and in the next three years will cover other regions of the country over which Ecopetrol has an impact, as shown in the map below.



Western Andes and Orinoco

In 2013 the first results of the project corresponding to the Western Andes and Orinoco Region will be published. For this phase, 26 million hectares of continental territory were evaluated at 1:100,000 scale, equivalent to 23% of the country.

In a preliminary manner, 9,986,992 hectares were identified as priorities for biodiversity conservation, of which 37% are already protected areas, listed on the Single National Register.

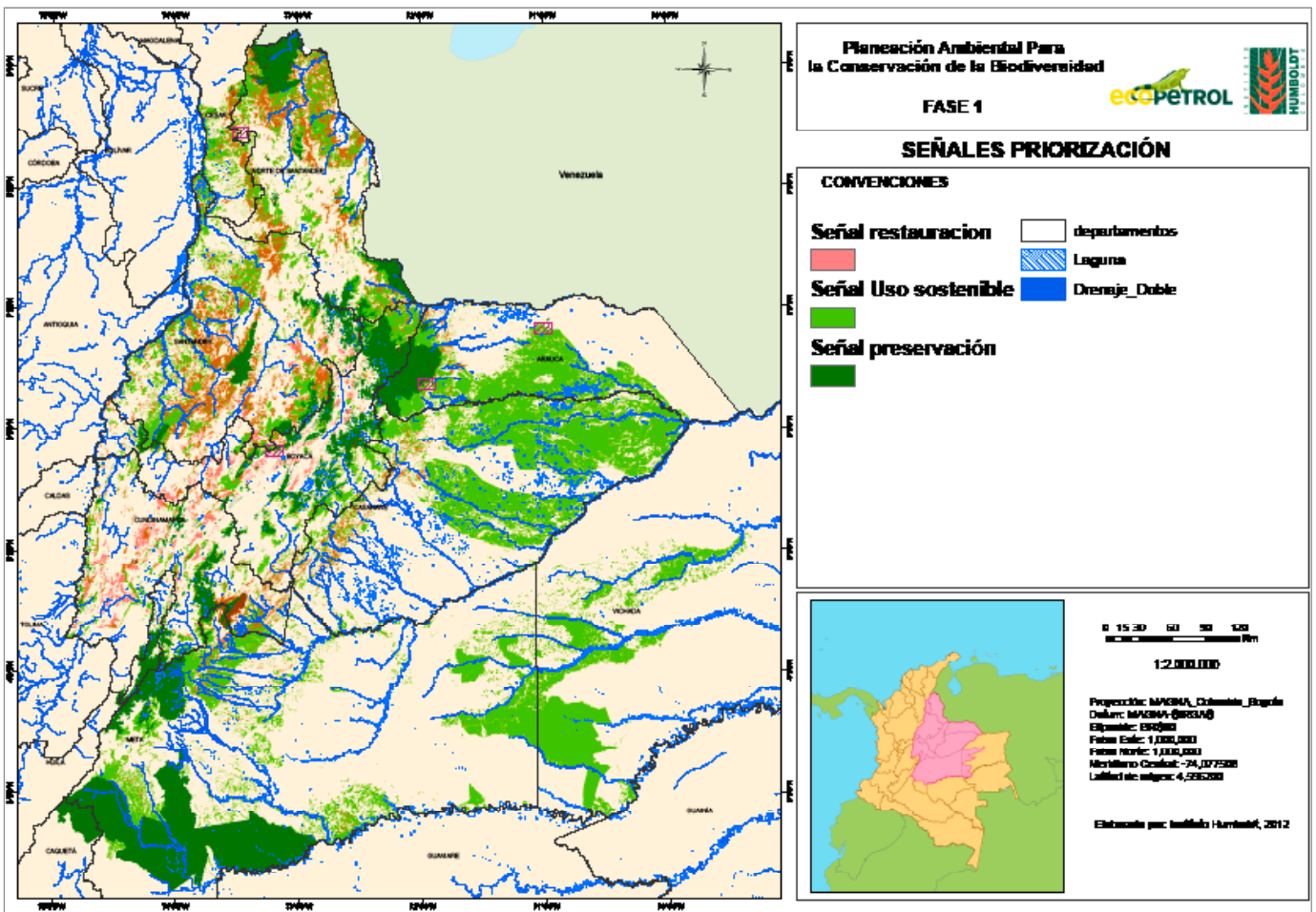
To obtain these results, existing mapping information was used, the cross-referencing of 11 portfolios of conservation priorities in the study area was performed, and distribution models for species of mammals, fish and plants were used.

The selection of windows at 1:25,000 for the field phase and collection of primary information was made taking into account this prioritization, as well as the opinion of experts that give environmental viability to hydrocarbon projects in the study area.

In the aforementioned territory, the risk of loss of biodiversity at 1:100,000 scale is assessed, based on criteria of threat (transformation, introduction of alien species and global change) and vulnerability (size, shape and uniqueness) for the definition of the conservation targets for the 63 units of analysis involved in the study.

The results of eco-regional planning at 1:100,000 scale, determine conservation processes according to the map below, which identifies conservation in 2,035,235 hectares, restoration in 1,601,600 hectares and sustainable use in 6,350,157 hectares.

Signs of biodiversity management in Catatumbo - Orinoco



Threatened species

According to biological records, in the country 108 species of national flora and fauna fall within ranges with high levels of threat, according to the listings of national and international red books.

Table 47.
Threatened species

Global IUCN Category
National Category



Acanthaceae

Pelecostemon trianae N/A CR

Amaryllidaceae

Caliphruria hartwegiana N/A CR

Araliaceae

Hydrocotyle andina N/A CR

Areceaceae

Aiphanes graminifolia N/A CR

Ceroxylonsasaimae CR CR

Asteraceae

Espeletia annemariana N/A CR

Espeletia dugandii N/A CR

Espeletia oswaldiana N/A CR

Espeletia paipana N/A CR

Espeletia roberti N/A CR

Espeletiaopsis insignis N/A CR

Libanothamnus occultus N/A CR

Monticalia almorzana N/A CR

Seneciocarbonellii N/A CR

Brassicaceae

Draba arauquensis N/A CR

Draba barclayana N/A CR

Draba litamo N/A CR

Bromeliaceae

Bromelianidus puellae N/A CR

Bromeliatrianae N/A CR

Greigia ocellata CR

Pitcairniagrubbiana N/A CR

Pitcairnia heerdae N/A CR

Pitcairnia johannis N/A CR

Pitcairnia petraea N/A CR

Puya barkleyana N/A CR

Puya boyacana N/A CR

Puya cleefii N/A CR

Puya gargantae N/A CR

Puya horrida N/A CR

Tillandsia chartacea N/A CR

Tillandsia fassettii N/A CR

Tillandsia racinae N/A CR

Brunelliaceae

Brunelliaracemifera VU CR

Cactaceae

Melocactus guanensis N/A CR

Chrysobalanaceae

Hirtellamaguirei N/A CR

Parinari parvifolia N/A CR

Table 47 references 62 species of flora, two mammals, four amphibians, three birds and two reptiles found in the critically endangered category (CR) and those that are threatened are listed (EN, Endangered), identified according to the categories established by the IUCN and national lists.



Dichapetalaceae

Tapurabullata N/A CR

Lamiaceae

Salvia pamplonitana N/A CR

Salvia sórdida N/A CR

Salvia sphacelioides N/A CR

Scutellariaparrae N/A CR

Lauraceae

Anibaperutilis N/A CR

Lecythydaceae

Carinianapyrifomis N/A CR

Gustavia latifolia CR CR

Gustavialongifuniculata CR EN

Magnoliaceae

Magnolia cararensis EN CR

Magnolia cespidesii CR CR

Magnolia chimantensis N/A CR

Magnolia virolinensis N/A CR

Melastomataceae

Blakeagranatensis CR N/A

Meliaceae

Swieteniamacrophylla N/A CR

Orchidaceae

Masdevalliaigneae N/A CR

Restrepiaaspasicensis N/A CR

Restrepiapandurata N/A CR

Passifloraceae

Passiflorapamplonensis N/A CR

Rosaceae

Prunuscarolinae CR N/A

Prunusernestii CR N/A

Zamiaceae

Zamiaencephalartoides VU CR

Ariidae

Notariusbonillai (Miles, 1945) EN EN

Pimelodidae

Pseudoplatystomamagdaleniatum

Buitrago-Suárez y Burr, 2007 CR

Prochilodontidae

Ichthyoelphaslongirostris

(Steindachner 1879) EN

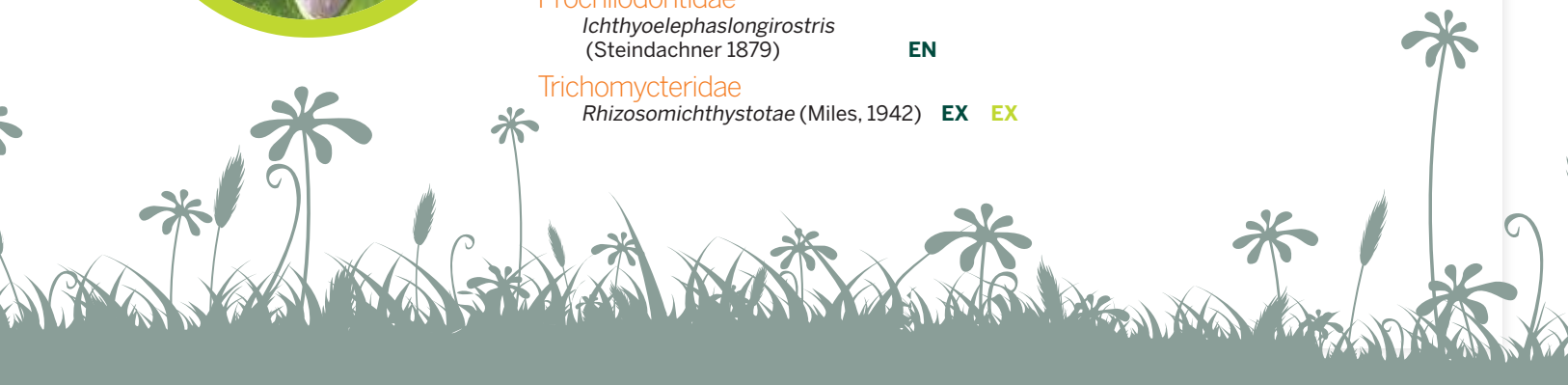
Trichomycteridae

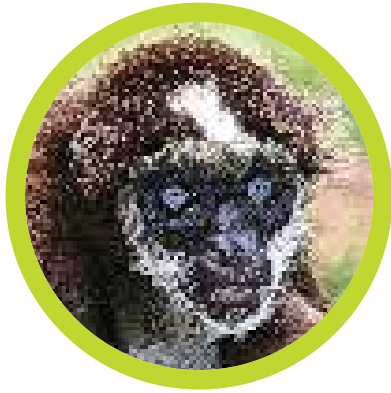
Rhizosomichthystotae (Miles, 1942) EX EX



In late 2012, in Vienna, Austria, the Global South-South Development (GSSD) Exhibition Fair was held, at which the biodiversity conservation project in Ecopetrol's operating areas, in association with the Humboldt Institute, was recognized as a successful process, which in addition to achieving synergies between the research and production sectors for generating information for decision-making at the national and regional levels, can be replicated in other countries.

On that occasion, a call was made to promote alternatives in the context of energy and climate change, focusing on the biodiversity, forests and land degradation, an issue in which this project is framed.





Global IUCN Category

National Category

Mammals

<i>Ateles hybridus</i>	CR	CR
<i>Lagothrix lugens</i>	VU	CR

Amphibians

<i>Allobates juanii</i>	N/A	CR
<i>Atelopus minutulus</i>	N/A	CR
<i>Atelopus monohernandezi</i>	N/A	CR
<i>Cryptobatrachus nicefori</i>	CR	CR

Birds

<i>Crax alberti</i>	CR	CR
<i>Thryothorus nicefori</i>	CR	CR
<i>Pterodromaphaeopygia</i>	N/A	CR

Reptiles

<i>Crocodylus intermedius</i>	CR	CR
<i>Podocnemis expansa</i>	CR	CR

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

National Call to Biodiversity

In 2012 execution began of 11 new projects that were winners of the National Call to Biodiversity 2011, and seven from the 2009 version were completed.

The diversity of projects has enabled their results to not only generate baseline biotic information, but also promote national and regional bills for the conservation of species and ecosystems, as well as the review of existing regulations regarding ballast water and fish repopulation, among others.

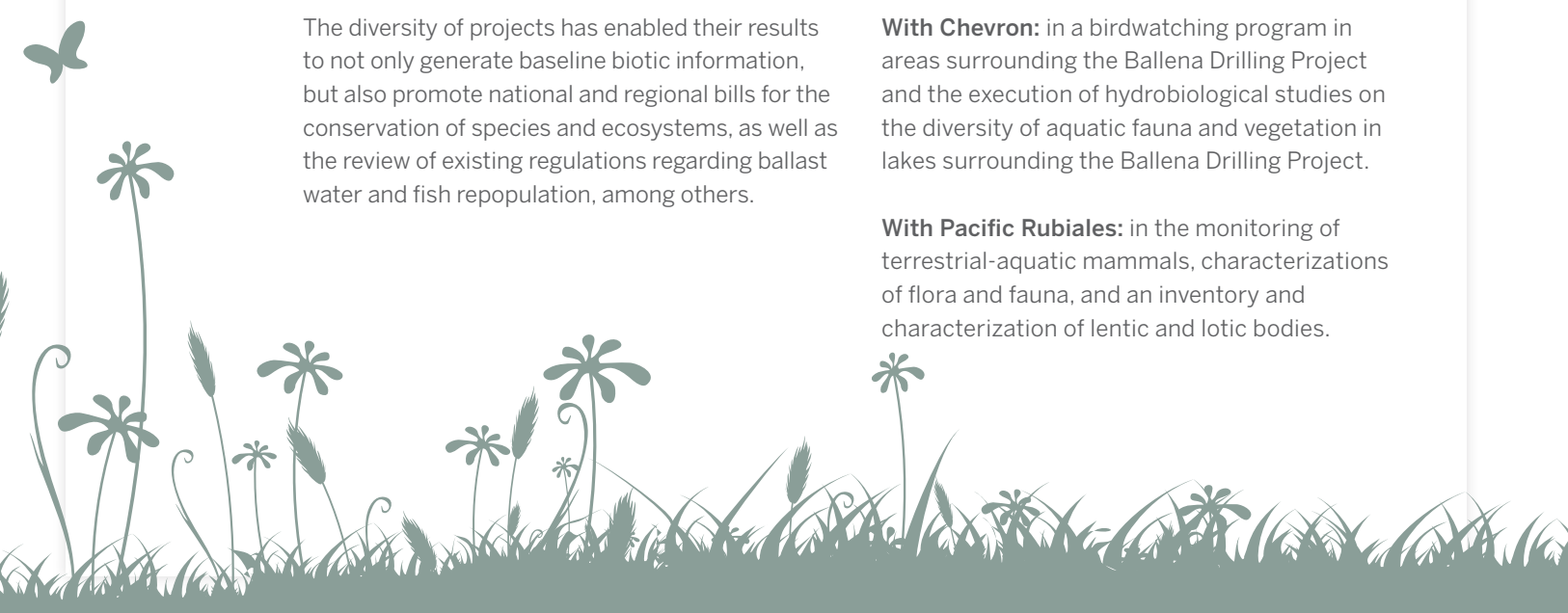
Implementation of biodiversity actions by partners

Under the 2012 partnership contracts, biodiversity actions representing \$ 1,282 million were executed.

The actions were undertaken primarily:

With Chevron: in a birdwatching program in areas surrounding the Ballena Drilling Project and the execution of hydrobiological studies on the diversity of aquatic fauna and vegetation in lakes surrounding the Ballena Drilling Project.

With Pacific Rubiales: in the monitoring of terrestrial-aquatic mammals, characterizations of flora and fauna, and an inventory and characterization of lentic and lotic bodies.





Alejía Fonseca
Alma Foundation Director

“As a foundation and research center that safeguards the country’s environmental interests, we wanted to engage in the difficult situation faced by fishermen in the region of Magdalena Medio.

Fishermen in the region live in the midst of poverty and neglect. Fishing in the river decreased from 1977 to 2011 by over 90%. This means that in 2012 the catch, on average, was 6,000 tons, when in 1977 it was 77,000 tons.

Additionally, the size of fish has decreased and the catfish, which once measured 85 centimeters, today are a maximum of 55 centimeters.

All this has arisen from systemic deterioration, due to works that have upset hydraulic dynamics and due to pollution.

To this end, we designed a project to develop a protocol for ecological and participatory restoration of the four wetlands in that region: Llanito-San Silvestre, in Yondó (Santander); Juncal-Baquero, in Gamarra (Cesar); Tabacurú-La Eusebia, in San Pablo (Bolívar), and Cachimbero-El Encanto in Cimitarra (Santander).

To create the restoration proposal, we assessed existing information in the area. Ethnography work was carried out and, through what is called a dialogue of knowledge, we learned of the knowledge possessed by traditional fishermen and the state of the existing technical hydraulic, biological and geomorphological aspects.

During the development of the project, we realized that the fishermen’s associations in the region want to be creators of policies pertaining to the management of the watershed and for years have had proposals for the river’s environmental and fishing management.

We took advantage of this spirit of participation from communities, and what we did was become the umbilical cord between the fishermen and entities that, like Ecopetrol, have a commitment to help.

Fortunately, this project won the call to biodiversity carried out by Ecopetrol and the Ministry of Environment to fund and support projects for the sustainable conservation and management of wetlands located in the areas of influence of the company’s operation.

With the consent of the State, we decided to organize an inter-institutional roundtable for the restoration of the ecosystems in Magdalena Medio, to give it a coherent policy that maximizes the resources of the national budget, and that’s something very important we can give to the project.

Based on that, we are proposing a restoration protocol, which is a roadmap in which fishermen and environmental and municipal authorities will agree on the minimum activities that should be considered for any intervention in the wetlands, be they infrastructure works, the carrying out of actions for environmental recovery, social development or others.”

Vulnerable species in operating areas

Annually the company conducts update processes for Environmental Management Plans (EMP), which in 2012 yielded the following results in the Tibú and Putumayo operations.



Tibú

In 2012, in Tibú, Ecopetrol carried out wildlife monitoring in the field of the same name, resulting in 294 species including amphibians, reptiles, birds and mammals, of which 27 (see Table 48) were identified as vulnerable, though in their vast majority are of minor concern (LC category for the IUCN).

Of these, the one that requires the greatest care, considering both its conservation category under the IUCN criteria and the CITES Appendices, is the White-lipped peccary, a type of Mountain Hog that is near threatened (NT).

The Northern tamandua, a species of Anteater, is of minor concern under IUCN criteria (LC) but under the CITES Appendices it is a protected species in at least one country, which it why it requires cooperation to prevent its unsustainable or illegal exploitation (III).

Table 48.
Vulnerable species in the Tibú operating area

Common name
Scientific name

CITES*

IUCN category

IUCN conservation categories

LC: Least Concern

NT: Near Threatened

VU: Vulnerable

EN: Endangered

CR: Critically Endangered

EW: Extinct in the Wild

EX: Extinct

*CITES Appendices

I: Species in danger of extinction, their trade is permitted only in exceptional circumstances.

II: Species not necessarily in danger of extinction, but their trade must be controlled in order to avoid utilization incompatible with their survival.

III: Species protected in at least one country, which it why it requires cooperation to prevent its unsustainable or illegal exploitation.

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability



Southern Black-bellied Whistling Duck

Dendrocygna autumnalis discolor

II
LC



Savanna Hawk

Buteogallus meridionalis

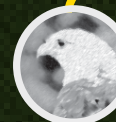
II
LC



Roadside Hawk

Buteo magnirostris

II
LC



Yellow-headed Caracara

Milvago chimachima

II
LC



Brown-throated Parakeet

Aratinga pertinax

II
LC



Saffron-headed Parrot

Pyrilia pyrilia
(*Pionopsitta pyrilia*)

II
LC

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability



Spectacled caiman
Anthracothorax nigricollis

II
LC



Yellow-crowned Amazon
Amazona ochrocephala

II
LC



Barn Owl
Tyto alba

II
LC



Gray-headed Kite
Leptodon cayanensis

II
LC



Tropical Screech Owl
Megascops choliba

II
LC



Rufous-breasted Hermit
Glaucis hirsutus

II
LC



Harris's Hawk
Parabuteo unicinctus

II
LC



Pale-bellied Hermit
Phaethornis anthophilus

II
LC



Black-throated Mango
Anthracothorax nigricollis

II
LC



Caracara Moñudo
Caracara cheriway

II
LC



White-chinned Sapphire
Hylocharis cyanus

II
LC



Northern tamandua
Tamandua mexicana

III
LC



American Kestrel
Falco sparverius

II
LC



White-fronted capuchin
Cebus albifrons

II
LC



Crab-eating fox
Cerdocyon thous

II
LC



Orange-chinned Parakeet
Brotogeris jugularis

II
LC



Neotropical otter
Lontra longicaudis

I
DD



White-tailed deer
Odocoileus virginianus

II
LC



Red-lored Amazon
Amazona autumnalis

II
LC



White-lipped peccary
Tayassu pecari

II
NT



Collared peccary
Pecari tajacu

II
LC

Putumayo

In terms of Putumayo's operations, the updated vulnerable species listings show 17 species of mammals, 12 birds and one amphibian (see Table 49).

Of those requiring greater care, considering their conservation status both under the IUCN criteria and the CITES Appendices, are the South American tapir which is critically endangered (CR), the Jaguar and Brown woolly monkey, considered vulnerable (VU) and the Margay, the Roadside Hawk and Harpy Eagle, which are near-threatened (NT) species.

Table 49.
Vulnerable species in the Putumayo operating area



Amphibians

Strabomantidae

Pristimantis altamazonicus

Eleutherodactylus altamazonicus

LC



Birds

Accipitridae

Buteo maanirrostris Roadside Hawk NT

Harpia harpyja Harpy Eagle I NT

Trochilidae

Doryfera johanna II LC

Heliodoxa aurecens II LC

Phaethornis bourcieri Straight-billed Hermit II LC

Phaethornis malaris Great-billed Hermit II LC

Thalurania furcata Fork-tailed Woodnymph II

Pipridae

Lepidothrix coronata Blue-crowned Manakin LC

Ramphastidae

Ramphastos tucanus White-throated Toucan II

Psittacidae

Amazona amazonica Orange-winged Amazon II

Aratinga weddellii Dusky-headed Parakeet II

Brotogeris versicolurus Periquito Aliblanco II

Family

Species

Species Syn.

CITES*

IUCN Category

IUCN conservation categories

LC: Least Concern

NT: Near Threatened

VU: Vulnerable

EN: Endangered

CR: Critically Endangered

EW: Extinct in the Wild

EX: Extinct



Proyecto Adopte su logo

En una nueva alianza con el Instituto Alexander von Humboldt, se inició el desarrollo del proyecto Adopte su logo que busca concientizar y unir a las entidades que son representadas por logos vivos para generar iniciativas que permitan su conservación o manejo.

Es así como para el caso de la Iguana verde que representa a Ecopetrol, ya se identificaron cuatro áreas de estudio en el Magdalena Medio, los Llanos Orientales y el Valle del Sinú, en las que se monitorearán diferentes poblaciones y se

determinará qué tipo de acciones deben desarrollarse para el mantenimiento de las mismas, dependiendo de los impactos que cada grupo experimenta de forma individual.

El proyecto Adopte su logo tiene un importante y fuerte componente de comunicaciones que desarrollará actividades para los grupos externos e internos (academia, entidades gubernamentales, comunidad y empleados de Ecopetrol, principalmente), buscando no sólo dar a conocer la información técnica sino a generar cambios en cuanto a la percepción de las iguanas como animal silvestre en las regiones y el nivel de apropiación del logo de Ecopetrol.



Mammals

Dasypodidae			
<i>Cabassous unicintus</i>	Southern naked-tailed armadillo		LC
Cebidae			
<i>Saguinus nariacollis</i>			LC
<i>Saimiri sciureus</i>		II	LC
Atelidae			
<i>Lagothrix lagothricha lugens</i>	Brown Woolly Monkey	II	VU
Pitheciidae			
<i>Callicebus torauatus</i>		II	LC
Procyonidae			
<i>Potos flavus</i>	Kinkajou	III	LC
<i>Procyon cancrivorus</i>	Crab-eating raccoon		LC
Felidae			
<i>Leopardus wiedii</i>	Margay	I	NT
<i>Panthera onca</i>	Jaguar	I	VU
Tapiridae			
<i>Tapirus terrestris</i>	South American tapir	II	CR
Tayassuidae			
<i>Pecari tajacu</i>	Collared peccary	II	LC
<i>Tayassu pecari</i>	White-Collared peccary	II	LC
Cervidae			
<i>Mazama americana</i>	Red brocket		DD
Agoutidae			
<i>Cuniculus paca</i>	Lowland paca		LC
<i>Cuniculus taczanowskii</i>			LC
Dasyproctidae			
<i>Dasyprocta fuliginosa</i>	Black agouti		LC
Eychimidae			
<i>Proechimys aeldii</i>			LC



*CITES Appendices

I: Species in danger of extinction, their trade is permitted only in exceptional circumstances.

II: Species not necessarily in danger of extinction, but their trade must be controlled in order to avoid utilization incompatible with their survival.

III: Species protected in at least one country, which it why it requires cooperation to prevent its unsustainable or illegal exploitation.

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Environmental culture

To continue strengthening environmental issues at all levels of the company, in 2012 several activities were carried out, some of which are outlined below.

Eco-Efficiency Technology Forum

The Eco-Efficiency Technology Forum brought together 210 people from Ecopetrol's various departments, who along with 20 experts and technology providers, delved into specific cases of technology application for problem solving and eco-efficient practices, establishing thirteen initiatives applicable in the company.

National Environmental Meeting of Experts on Environmental issues

The National Environmental Meeting of Experts on Environmental issues was held, where there was discussion, with staff from the operating areas and the corporate level, of environmental issues related to the main conclusions of the United Nations Conference on Environment (Rio +20); the challenges for the Oil & Gas sector in a green, low-carbon economy; the new offsetting scheme for loss of biodiversity in Colombia; the Ecopetrol CO₂ Management Strategy - Business case: Opportunities for reducing greenhouse gas emissions from CH₄ emissions in the Magdalena Medio Regional Department.

Workshop on Environmental Risks Associated with the Undertaking of Exploratory Drilling Activities

On November 28 and 29, 2012, in Bogota, Ecopetrol organized the Workshop on Environmental Risks Associated with the Undertaking of Exploratory Drilling Activities, a space focused on understanding and analyzing the main environmental risks in exploratory hydrocarbon drilling activities for the oil and gas industry in offshore environments.

The objectives of the workshop were to understand and discuss the main threats, risks and impacts on the coastal marine environment associated with offshore exploratory drilling and exchange experiences on methods and procedures for the management of risks (identification, quantification and management plans) on the coastal marine environment in offshore activities.

This workshop was attended by speakers with extensive experience and knowledge in the issues addressed, as well as 60 participants from various government, academic and industrial institutions, including the National Environmental Licensing Authority and the General Maritime Department.

Less paper, more life

The Less paper, more life competition, conducted in 2011, migrated in 2012 to the implementation of a project that continued to promote the reduction of paper consumption through the intervention in processes that historically have required a great amount of printing.

This requires deep cultural changes, including the incorporation of information management habits, such as writing, editing, consulting and filing using technological resources, and rejecting the use of paper in these activities, which not only depends on the repetition of the habit but also its achievement in a fun and educational way.

Thus, its implementers put their creativity into the initiatives, which is reflected in some of its names: No printing day, The Mystery of the Green Book, Orphan Sheets, Paper addicts, Green Footprints.

No printing day

The second No printing day was held on October 24, 2012, an effort that helped to reduce paper consumption by 17% compared to the daily average for September of the same year.

The Mystery of the Green Book

During the Occupational Health Week (SEMANASO, for its acronym in Spanish) the Mystery of the Green Paper contest was held, which involved 220 people, and which was designed to encourage on-screen reading. As a result of this event it was possible to document, for the public domain, the good practices that with regard to this habit, gave us the 8 winners.

Orphan Sheets

In one of the areas of greatest consumption, of which 150 people are a part, the Orphan sheets strategy was designed and implemented, which sought to increase the habit of collecting prints. This strategy has reduced the abandonment of prints by 85% and reduced the demand for prints in this area by 36%.

Green Footprints

To encourage the participation of staff and contractors, we created two new sections in the Community of Practice: Green Footprints, which aims to document testimonials, and Green Classroom, which aims to train on concepts that contribute to the objectives of the project.

In 2012 there were two publications of Green Footprints (Travel Management Initiatives and UT-CIT File Management) and two more for Green Classroom (on the TRD and Presidential Directive 04 / MINTIC).

You can work without paper

As proof that it is possible to work without paper, 26 staff were actively involved in the community of practice, sharing their experiences and giving their recommendations on how to do this.

Green Heart

In recognition of the reduction in paper consumption indicators or active participation in an initiative to optimize the use of paper in the processes, 83 individuals were recognized with a pin that represents a green heart, testimony to their commitment to the project.

Digital People

An important step in 2012 was to standardize the printing service under the IP protocol, which enables more reliable indicators on consumption from person to person and limits the service to duplex printing by default.

Also, as a result of the review of 26 regulatory documents, there is now a definition of behaviors to generate a culture of Digital People.

Thus in 2013, all actions will be aimed at creating a culture of Digital People, seeking to promote habits associated with the replacement of paper, rather than just a reduction in this, through greater use of technological tools available to service the company.

Less Paper, More Life in figures

630 people attended the 12 awareness raising workshops and 20 regular meetings that addressed issues related to printing indicators, responsible paper consumption habits, support for paper-saving initiatives in the processes and commitment rituals.

600 trees were planted during a reforestation day to offset paper consumption during the last three years in the Shared Services Center.

7% less printing during the year, which represents a saving of 862,702 sheets and 108 trees less, compared to 2011.

Other activities

- Participation in the Occupational Health Week with the realization of the electrical and electronic equipment collection day.
- Contest: 100 ways to help the environment in Ecopetrol.
- Training and awareness raising on environmental issues for staff that are members of the Joint Occupational Health Committee.
- Support and participation in the XIV International Conference on Environmental Law.
- Participation in the VIII International Conference on Energy and Mining Law, conducted by Universidad Externado.

Syrigma sybilatrix, Casanare.



Social dimension

05

For Ecopetrol it is not enough to achieve a given production under its targets; in its management model, people come first. And that's what this chapter discusses: how the company conducts its labor practices, how it cares about human rights and how it takes responsibility for its impacts on society.

The 2011-2020 strategic framework assigns a specific value to the relationships that the company has with its stakeholders and therefore, this section sets out the progress and setbacks experienced in 2012, compared to 2011, in the main indicators for six key aspects: Labor Practices, Human Rights, Society and Community, Relations with Suppliers, Contractors, Shareholders and Customers.



Labor practices



Human rights



Society and community

Materiality of the Social Dimension

The determination of materiality for the Social Dimension's indicators has been established after a thorough analysis of the results presented by various studies such as Corporate Benchmarking conducted by Sustainability Investing (SAM), which in this dimension rated Ecopetrol among the 98% of Oil & Gas companies; the study conducted in 2012 by Centro Vincular that takes into account the views of Ecopetrol's seven stakeholders; participation in the 2012 version of Great Place to Work, and the biannual study by the Reputation Institute, conducted in 2011.



Responsibility to
our
contractors



Relations
with shareholders



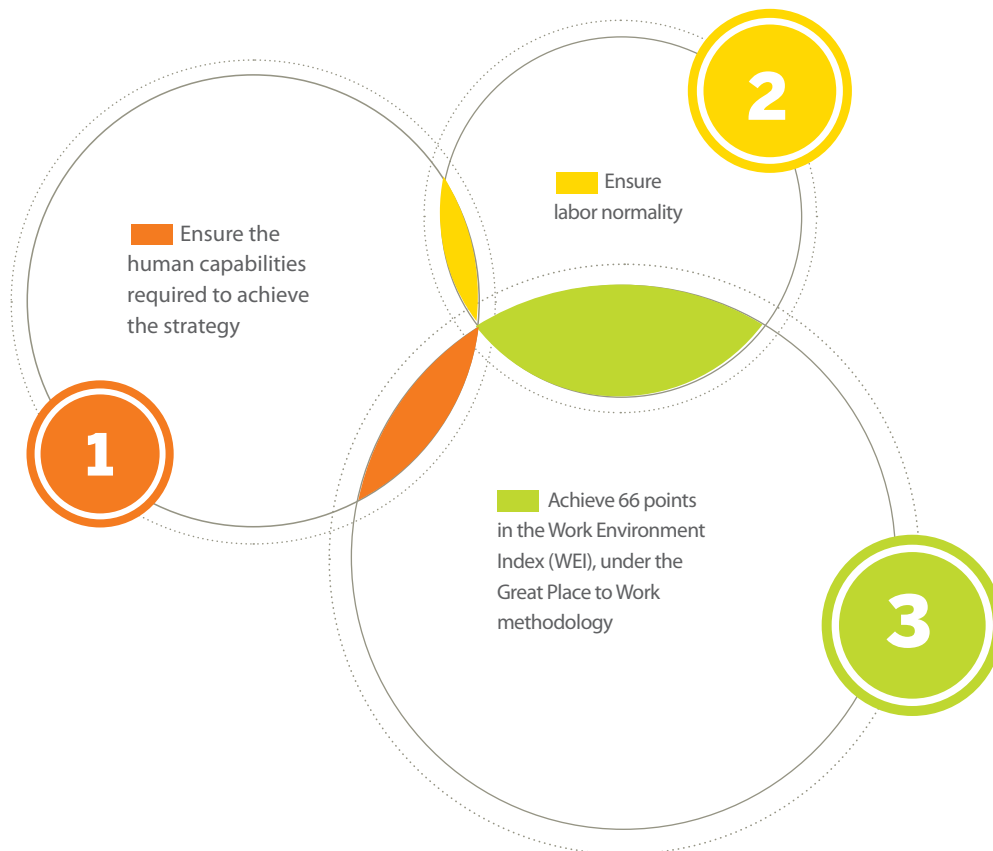
Responsibility with
the customer and
products

Labor practices

Within its corporate policy and its Strategic Framework 2011-2020, Ecopetrol, aware that its operation must be in harmony with its various stakeholders and, in particular with the people who work in the company's various operational and support areas, has included an explicit guiding principal on human talent management, aimed at generating value for the organization through labor practices that contribute to both the professional and personal advancement of its workers, contributing to the sustainable development of the company.



Ecopetrol's human talent strategy is contained within the company's strategic framework as one of the guiding principles on organizational consolidation that supports the growth strategy and records labor practice indicators in detail, which are integrated into the Balanced Scorecard. To advance this strategy, three Mega-targets were defined to 2015:



Labor practices materiality

The determination of materiality for labor practices and work ethics indicators considers, among other sources, the concerns expressed by its workers through regular channels and practices, in addition to the information that can be inferred from the aforementioned studies: Corporate Benchmarking conducted by Sustainability Investing (SAM), the results of Ecopetrol's participation in Great Place to Work, the 2011

findings of The Reputation Institute, and the 2012 report produced by Centro Vincular.

Further to this, is Ecopetrol's commitment to its employees to create a great place to work within a framework of relationships of trust, transparency and productivity, which requires the fulfillment of strategic objectives that involve ensuring fair compensation, providing leadership that leverages the development of employees and the company's work environment, ensuring global standards in occupational health and safety, respecting and promoting labor and trade union rights, and contributing to the quality of life of employees, retirees and family.

Thus, based on all the studies conducted, the information gathered, the opinions expressed, the concerns analyzed, as well as that established by the GRI G3.1 methodology and Oil & Gas supplement, the integrated management of human talent was undertaken in 2012 around five major processes, which will be set out in this sub-dimension:

Incorporation of human talent

- Distribution of staff
- Management of roles and compensation
- Men's and women's salaries

Development and growth of human talent

- Promotions and career plans
- Consolidation of the learning process
- Leadership Development Program
- Performance evaluation of human talent

Work environment and organizational culture

- Organizational climate
- Welfare
- Retirees and family
- Gente Ecopetrol Foundation

Collective labor relations

- Trade Unions
- Dynamic and productive labor relations
- Grievances and coexistence committees

Occupational health and safety

- Occupational Health
- Absenteeism
- Accidents
- Process Safety

Incorporation of human talent

Ecopetrol is an important source of employment for Colombians in each area of the country where it operates.

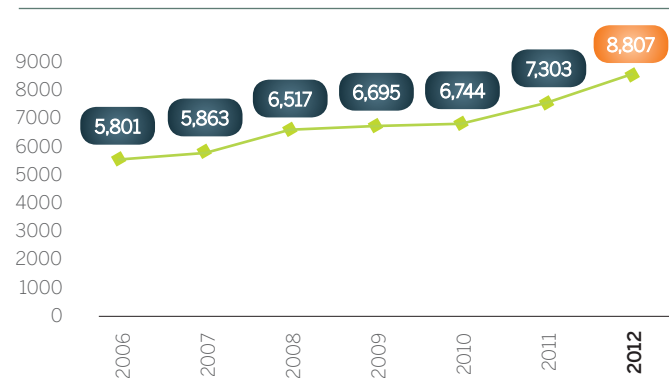


Distribution of staff

At December 2012, Ecopetrol's total work force consisted of 8,087 employees (see Figure 42), representing an increase of 784 compared to the previous year.

Additionally, in the same year it had 615 interns, a figure that increased by 22.7% compared to 2011.

Figure 42.
Ecopetrol Work Force



Source: Ecopetrol, Vice Presidency of Human Talent

In the last four years, Ecopetrol
has hired 2,809 new workers
and has incorporated 1,897 interns

As a result of selection processes in the last four years, Ecopetrol has hired 2,809 new workers and has incorporated 1,897 interns through apprenticeship contracts (see Table 50).

This confirms Ecopetrol's position as one of the main generators of employment and apprenticeship in the country.

Table 50
Hiring of staff

Hirings/year	2009	2010	2011	2012
New workers	560	784	595	870
Interns	434	347	501	615

Source: Ecopetrol, Vice Presidency of Human Talent

International search

As part of the strategy to achieve high competitive standards, in 2012 eight Colombians residing abroad

were hired, in addition to nine foreign experts in difficult-to-find areas of expertise (see Table 51).

Table 51
Hiring of staff residing abroad

International search results	2009	2010	2011	2012
Colombians residing abroad	29	15	7	8
Foreign persons	7	9	6	9
Total	36	24	13	17

Source: Ecopetrol, Vice Presidency of Human Talent



Distribution by gender

24% of Ecopetrol's active staff at December 2012 were women (1,975), while the remaining 76% (6,112) were men. This represented an increase of 176 women in 2012 compared to 2011, while during the same period there was an increase of 608 persons in male

work force (see Table 52), representing a 9.78% increase in women and 11.04% in men.

The difference in the number and percentage of men and women in the organization is due to the fact that in the Colombian labor market, there are more men than women with skills in specialties inherent to the oil and gas sector.

Table 52
Distribution by gender

Gender	2008	2009	2010	2011	2012
Female	1,461	1,381	1,637	1,799	1,975
Male	5,056	5,314	5,107	5,504	6,112
Total	6,517	6,695	6,744	7,303	8,087

Source: Ecopetrol, Vice Presidency of Human Talent

Distribution by contract type

In Ecopetrol there are three contract types: indefinite, temporary occupying vacancies and other temporary, which correspond to staff hired

for projects. At December 2012, of the 8,087 employees of the company, 81% (6,522) were contracted under the indefinite contract type. This distribution can be seen in Table 53.

Table 53.
Work force by contract type

Work force type	2008	2009	2010	2011	2012
Indefinite	5,252	5,541	5,409	5,861	6,522
Temporary occupying vacancies	764	687	956	868	732
Other temporary*	501	467	379	574	833
Total Employees	6,517	6,695	6,744	7,303	8,087

*Staff hired for projects

Source: Ecopetrol, Vice Presidency of Human Talent

Distribution by age

In Ecopetrol's working population there is a wide range of ages. At December 2012, 14% were under 30, 61% were people between 30 and 45, and 25% were over 45 (see Table 54).

Table 54.
Distribution by age

Age ranges	2008	2009	2010	2011	2012
Under 26	10%	9%	6%	6%	6%
Between 27 and 29	12 %	12%	11%	9%	8%
Between 30 and 35	21 %	18%	27%	28%	28%
Between 36 and 44	35%	36%	35%	34%	33%
Over 45	23%	24%	21%	23%	25%
Total employees	6,517	6,695	6,744	7,303	8,087

Source: Ecopetrol, Vice Presidency of Human Talent

Employee composition by region

The highest concentration of employees (82%) is found in two regions: Central South and Magdalena Medio, because contained in these regions are the Barrancabermeja Refinery, the largest in the country, and the producing fields of greatest age and with the highest number of active wells (see Table 55).

Table 55.
Distribution of employees by region

Regions	2008	2009
Central South	42%	41%
Magdalena Medio	43%	44%
North	8%	8%
East	7%	7%
Other employees	6,517	6,695

Source: Ecopetrol, Vice Presidency of Human Talent

Payroll types

Ecopetrol has two occupational schemes, which classify employees into:

Conventional Payroll:

covers the staff governed by the Collective Bargaining Agreement.

Directive Payroll:

includes managerial and technical roles that Colombian labor law regards as employees for management, supervision, and maintaining confidentiality, i.e., those in leadership and technical positions established in the company's organizational structure

Also, the company brings in trainees from the SENA (National Learning Service) and various universities around the country, which are not part of the payroll.

	2010	2011	2012
	44%	45%	46%
	41%	39%	36%
	8%	9%	11%
	7%	7%	7%
	6,744	7,303	8,087

The composition of employees by type of payroll and trainees, can be seen in Table 56.

Table 56

Employees by type of payroll and trainees (in percent)

Payroll	2008	2009	2010	2011	2012
Conventional	32	31	30	32	28
Directive	65	65	65	63	67
Trainees	3	4	5	5	5

Source: Ecopetrol, Vice Presidency of Human Talent


Management of positions and compensation

Since 2007, the company has been continuously working on its organizational model designed to attract and retain the best talent in the country.

The process begins with the definition of the organizational structure and sizing of the work force required for the fulfillment of the company's objectives. It covers the establishment of job descriptions, aligned with defined roles and responsibilities, the assessment of the position, its location on the roles map and the management of the organizational structure.

Profiles are adjusted annually to ensure that the roles are aligned with the strategic aims of Ecopetrol and its corporate group, and the roles map is updated, according to the requirements of the organizational structure.

Also since 2007, there has been a compensation policy, approved by the Board of Directors, which applies to all the company's managerial staff. All positions are assessed using the HAY® methodology and remuneration is benchmarked to the oil sector.

The company's compensation policy seeks internal fairness and competitiveness in relation to the sector, for which it has a wage structure based on the concept of money income or fixed payment that includes base salary plus legal and extra legal benefits, while to maintain 

fairness it has bands, which in terms of monetary income, range from -20% to +20% compared to the oil sector median.

For their part, conventional payroll staff are governed by that agreed in the Collective Bargaining Agreement, which includes a scale with six levels and twelve wage categories.

Minimum wage in Ecopetrol

In Ecopetrol, the minimum wage in 2012 was \$ 1,311,390 per month, updated with the general increase in 2012 (4.35%), as agreed in the Collective Bargaining Agreement 2009-2014, which compared to the minimum monthly wage in Colombia for the same period (\$566,700) corresponds to 2.21 minimum monthly wages. In 2011, the minimum wage in Ecopetrol was \$ 1,256,730.

**Ecopetrol
Minimum
Wage 2012**
\$1,311,390
per month

**Ecopetrol
Minimum
Wage 2011**
\$1,256,730
per month

The compensation provided by Ecopetrol, both to its directive payroll employees and conventional payroll employees, is applied regardless of any condition associated with the worker, and with no discrimination

Men's and women's wages

The compensation provided by Ecopetrol, both to its directive payroll employees and conventional payroll employees, is applied regardless of any condition associated with the worker, and with no discrimination for reasons of sex, gender, race, national or family origin, language, religion, or political or philosophical views.

There are some percentage differences in average monthly monetary income between women and men, which correspond to the proportion of the population of women versus men (1 to 2.2). If the figures are analyzed individually, it is seen that there is equity in gender monetary income at the same position level (see Table 57).

Table 57.
Wage difference by gender – Conventional Payroll (Figures in pesos)

Position classification	Position level	Average monthly monetary income women	Average monthly monetary income men	Percentage that women's monetary income is higher	Percentage that men's monetary income is higher
Operators, Maintainers, Support Services	A1		1,311,390	NA	NA
	A2	1,376,970	1,446,005	-	5.01%
	B3	1,445,940	1,450,135	-	0.29%
	B4	1,518,300	1,522,144	-	0.25%
	C5	1,594,290	1,598,069	-	0.24%
	C6	1,674,120	1,679,304	-	0.31%
	D7	1,809,945	1,786,606	1.31%	-
	D8	1,892,003	1,891,430	0.03%	-
	D9	1,997,130	2,000,442	-	0.17%
	E10	2,112,600	2,116,488	-	0.18%
	E11	2,234,760	2,239,070	-	0.19%
	F12	2,363,970	2,407,298	-	1.83%
	F13	2,500,680	2,577,962	-	3.09%

In some cases, for staff occupying positions within directive payroll, as a retention strategy for critical positions, the aforementioned pay band is used, which explains why within a single position level, there can be people with different wage

allocations with some minor differences when comparing wages between men and women, favoring one over the other and vice versa, and provided that the monthly monetary income is within the salary range of the corresponding position level (see table 58).

Table 58.
Wage difference by gender – Directive Payroll (Figures in pesos)

Position classification	Position level	Average monthly monetary income women	Average monthly monetary income men	Percentage that women's monetary income is higher	Percentage that men's monetary income is higher
Administrative Technicians, Secretaries	1	2,924,085	3,481,866	-	19.08%
	2	3,798,343	3,829,848	-	0.83%
	3	4,659,256	4,831,157	-	3.69%
	4	5,821,003	5,839,226	-	0.31%
	5	7,481,520	7,480,018	0.02%	-
Operational Technicians, Supervisors, Professionals and Middle Management	6	9,624,291	9,651,116	-	0.28%
	7	12,638,451	12,715,621	-	0.61%
	8	15,551,944	15,736,848	-	1.19%
	9	19,941,637	20,223,372	-	1.41%
	10	24,308,476	24,766,762	-	1.89%
High Direction	11	30,730,619	28,877,837	6.42%	-
	12	35,087,851	36,020,353	-	2.66%
	13	43,382,000	44,575,087	-	2.75%

Development and growth of human talent

Attracting the best talent available in the country is fundamental to Ecopetrol's operational success, but maintaining that level of excellence requires

purposeful and permanent support from the company for the development and growth of the people that form part of it.



Promotions and career plans

71% of positions in Ecopetrol are concentrated in professional or technical careers, which includes professional, supervisor and technical operator, and administrative roles.

Table 59 presents this distribution considering the work force with a cut off at December 2012.

Moreover, in 2012 there were 1,140 internal promotions, compared to the 731 that were made in 2011.

Table 59
Distribution of work force by career type

Career type	2009	2010	2011	2012
Administrative	476	607	546	551
Operational	2,166	2,116	2,183	2,384
Professional or technical	4,053	4,021	4,574	5,152
Overall total	6,695	6,744	7,303	8,087

Source: Ecopetrol, Vice Presidency of Human Talent

Personnel length of service

While in the company 14% of workers have worked with the company for more than 20 years, 72% of Ecopetrol employees, at December 2012, had a

length of service of less than 15 years. For a better understanding, Table 60 breaks down this figure into length of service percentages by ranges of employee tenure years.

Table 60.
Distribution of employees by length of service range

Length of service ranges in years	2008 Share	2009 Share	2010 Share	2011 Share	2012 Share
Between 0 and <2	19%	21%	18%	18%	17%
Between 2 and <5	15%	14%	22%	23%	25%
Between 5 and <10	14%	16%	18%	18%	19%
Between 10 and <15	17%	17%	16%	14%	11%
Between 15 and <20	17%	17%	15%	15%	14%
Between 20 and <25	16%	14%	10%	10%	11%
Over 25	3%	3%	1%	2%	3%
Total	6.517	6.695	6.744	7.303	8.087

Source: Ecopetrol, Vice Presidency of Human Talent

In 2012, there were 46,937 development actions that involved 6,774 employees, representing an average of 85.8 man-hours

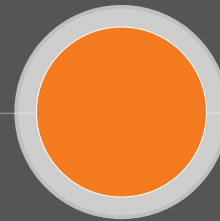
Consolidation of the learning process

The learning process within the company was consolidated in 2012 through coordination between the Corporate University and the Learning Unit, which resulted in the creation of the Ecopetrol University, which was structured based on industry best practices and aligned with the company's strategy. With the University, the following schools were formed: Innovation and Technology, Downstream, Upstream, and Transport and Logistics. Similarly, high-impact and high-relevance programs have been developed to strengthen technical skills, among which are:

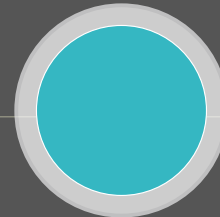
Once individual gaps from the performance evaluation process are identified, there are actions in training (rotation, secondment), mentoring or coaching and classroom training in the three types of competencies defined for the company: organizational, leadership (applies only for those who have staff lining into them) and technical.

In 2012, there were 46,937 development actions that involved 6,774 employees, representing an average of 85.8 man-hours versus an average of 86.1 man-hours last year.

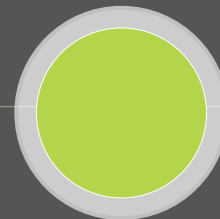
To ensure these actions, for the third consecutive year Ecopetrol increased the budget allocated to the development of its people by 3%, from \$30,000 million in 2011, to \$33,000 million in 2012.



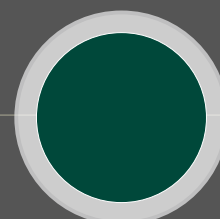
FIBO: Program for the Comprehensive Basic Training of Production Operators



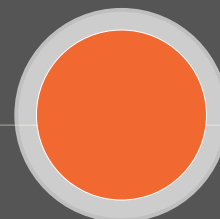
Master's in the Refining and Petrochemical Process



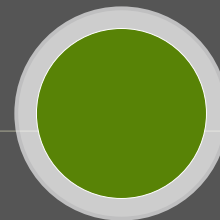
Offshore Program for Exploration



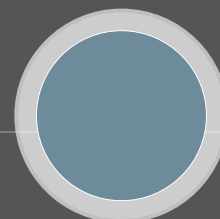
International Certification for Transport Operators



Technology in Industrial Mechanical Maintenance for production maintainers.



HSE competencies were strengthened through the Work Control Module, Certifications in Heights, Behaviors Assurance and Process Safety



Operator Training Program for Reficar



Leader development program

In 2009, as a result of a benchmarking exercise on successful leadership profiles in world-class companies and a methodology to cross-reference these with Ecopetrol's strategic needs, a consolidated leadership model required to achieve the company's strategy to 2015 was established.

This model considers the interplay between values, leader skills, management styles, personal motivations, the labor microclimate generated

and the impact on results, and involves a structural design with three levels of leadership: strategic, tactical and operational.

As a result, in 2012, 210 people graduated from the Transformational Leaders program delivered by the Leader School, adding to the 182 graduates from 2011 and 230 graduates from 2010.

Other standout leader training actions conducted in 2012 were:

Integrated Communications and Teams Program,

which covered a universe of 1,153 people: 361 leaders and 792 employees, whose purpose was to improve these skills as a priority in this population.

Sustainable Strategic Management Program,

focused on closing gaps in technical competences for strategic and tactical leaders, as well as individual and group coaching programs to strengthen leadership and organizational competencies in teams.

Thus began the Senior Management Program in Projects, aimed primarily at those who lead programs and projects of great impact within the organization. Two groups were organized that will complete the program in 2013.

Additionally, in 2012, specialist HSE support was carried out for 90 leaders selected by their level of importance and involvement in improving the commitment to life competency at the organizational level.

Succession management

From 1 August 2010, Colombian law provided that all pensions that are provided within the country must fall within the Social Security System, which is why Ecopetrol ceased to have a special pension scheme.

With this in mind, from 2009, Ecopetrol implemented a succession model designed to meet the specific needs of the company. The impact of this initiative was crosscutting, covering 125

critical positions occupied by employees who met retirement requirements in July 2010.

In 2011, the tools for the succession process were improved in order to strengthen the effective identification of successors and the planning of their development.

In 2012, the company focused on strengthening the definition of successors based on their performance and preparation, meaning a person's readiness to assume a higher level position depending on the

Leaders Event
Corporate Group 2012



fit with such position and the exposure time that the candidate has had. Similarly, we continued with the planning and execution of actions for the accelerated development of technical skills and knowledge management through internal exposure by means of assignments, secondments, special assignments and participation in Steering

Committees; support and specialized training to strengthen preparedness for the future position including coaching, languages, senior management skills and leadership profiles, among others, which ensures critical knowledge and generational handover, as a strategy to ensure business sustainability and operational continuity.

Corporate induction

Employees who joined Ecopetrol in 2012 participated in various stages of induction: welcome or basic induction, virtual induction "Getting to know my company," specific induction in the role and corporate induction.

In 2012, 414 new employees participated in the corporate induction and another 868 employees completed the virtual induction.

Performance evaluation

Performance management for Human Talent in Ecopetrol is carried out in four phases: planning, monitoring, evaluation and recognition.

Table 61 shows the population of employees covered by performance evaluation in Ecopetrol and its results from 2005-2011.

Table 61.
Number of employees with performance evaluations

Year	2005	2006	2007	2008	2009	2010	2011
Total employees	5,997	5,801	5,863	6,517	6,820	6,770	7,713
Employees with performance evaluations	4,455	5,327	5,823	6,212	6,727	6,741	7,610
Coverage percentage	74%	92%	99%	95%	99%	99%	99%

Source: Ecopetrol, Vice Presidency of Human Talent

Performance evaluation for 2012 will be carried out in the months of January and February 2013, which is

why this figure is not contained in this report, but will be available for those interested on Iris, our intranet.

Work environment and organizational culture

In 2012 a survey was conducted on organizational culture with focus on HSE, in addition to a diagnostic that took into account the following studies: Reputation, Dupont Study, Work

Environment results from Great Place to Work (GPTW) and a demographic study. The results made it possible to identify the organizational culture traits that will be worked on through an interdisciplinary strategy that will be executed in 2013, based on three main focuses: ethics, commitment to life and discipline to support process management.



Control Center,
Barrancabermeja Refinery

Organizational climate

The company has been measuring its work environment since 2006 with the international methodology of the Great Place to Work Institute (GPTW). The measurement includes five dimensions: Credibility, respect, integrity, camaraderie and pride.

Between 2006 and 2010 the trend in the results was incremental until reaching the satisfactory level, going from 37.2 to 72.9 points. In 2011, a work environment index of 70.7 points was obtained,

which represented a decrease of 2.2 points compared to the previous year.

In the same year, 2011, GPTW made a methodological adjustment worldwide to take more precise readings that are sensitive to changes in results.

The methodological change was to expand the assessment segments, dividing the average level into two parts: Average (+) and Average (-). By applying the change in Ecopetrol, 18 of its 20 Average

Based on the results obtained, the company has set out to consolidate a transformation plan for the work environment and achieve an increase to satisfactory levels, enabling Ecopetrol to be a great place to work

variables were in the Average (-) category, which led to the result of 70.7 in 2011, becoming 58.2.

The 2012 Work Environment Index closed at 57.1 under the new methodological approach, decreasing by 1.1 compared to the previous year

(see measurement trends in Figures 43 and 44). Based on the results obtained, the company has set out to consolidate a transformation plan for the work environment and achieve an increase to satisfactory levels, enabling Ecopetrol to be a great place to work in a sustainable manner.

Figure 43.
Great Place To Work Results
Without methodological adjustment



Source: Great Place To Work, Colombia

Figure 44.
Great Place To Work Results
With methodological adjustment



Source: Great Place To Work, Colombia



Janine Álvarez Álvarez Professional from the Corporate Communications Unit

"I'm a journalist, born in the department of Tolima and came to be part of Ecopetrol's Corporate Communications Unit in 2009, to cover information and journalistic support for regions encompassing the Huila-Tolima Operations Superintendence.

I think one of the greatest satisfactions for a woman is the arrival of a child. The happiness that a newborn child brings has no comparison. But, one of the biggest frustrations for new parents is not being able to share enough time with this new member of the family.

When I became pregnant, I found out that Ecopetrol had designed and launched the

flexible postnatal leave benefit. In practice, this consists of providing a longer period of time than that established by Colombian law for maternity and paternity leave.

By law, a working mother is entitled to maternity leave of about four months from the birth of the child. I gave myself the task of carefully reading Ecopetrol's new regulation, and discovered that in addition to that provided by law, the company provides four extra weeks rest, part-time, and paid. This means that Ecopetrol's new mothers can enjoy 14 weeks of full-time rest and four additional weeks with half work days.

And this applies equally when it comes to maternity leave for adoption or premature birth of a baby!

This measure also covers Ecopetrol's working fathers, as their leave, which by law is eight business days, is extended by three additional business days, which ultimately results in almost two full weeks to be with their family.

In mid-January my two beautiful babies were born, which were beautiful twins: Ana Sofía and Alejandro. And with them, I was able to enjoy this extended maternity leave.

I was very happy to hear about this new benefit because I felt it was a further sign that Ecopetrol genuinely cares for their working mothers and allows the detachment of mother and child, and in my case with my two babies, to be less traumatic. In 2012, in terms of what I found, 78 mothers and 156 fathers have made use of this prerogative.

I think the performance of a happy mother is better, and she is more productive than a mother who is not. With this benefit, it is possible to comprehensively fulfill both responsibilities and roles.

I am very proud to belong to this great family that is Ecopetrol, since this measure demonstrates that, for management, the balance between the personal life and work life of their employees, is very important."

Welfare

Staff welfare is comprised of several variables, including the timely payment of social benefits, in addition to the company's own activities, which are aimed at obtaining an organizational culture of excellence.

Welfare Plan

Within the activities that Ecopetrol carries out to improve the work environment and organizational culture, is the National Welfare Plan that includes the following programs:

Recognition of Excellence Program

Each year employees have the opportunity to nominate their peers, their leaders and the best projects in their areas, for the awarding of this prize.

Of the 3,909 workers registered in 2012, 1,399 received awards. Table 62 shows the evolution of this award since 2007.

Table 62

Recognition of Excellence by category

Categories	2010	2011	2012
Group	4,386	4,789	3,511
Individual	195	230	398
Total employees registered	4,581	5,019	3,909
Total employees that received awards	1,273	1,399	1,698

Source: Ecopetrol, Vice Presidency of Human Talent

Family-Company Program

Through the Family Day, the company promotes the integration of the employee with their family to reinforce corporate values and knowledge of the organization of which they are members, by means of family visits to the company's facilities or through recreational days. In 2012, 10,625 people participated in the program among employees and their families, while in 2011, 4,400 people participated.

Gotas de Experiencia (Drops of experience)

It is an act led by the President of Ecopetrol and in which each year recognition is given to employees marking 10, 20 and 30 years of continuous or discontinuous service within the company. The program recognized 326 workers in 2011, and 396 in 2012.



Maria Tonelli, Director of Social Management, receives the award at the 2012 Drops of Experience event from the President of the company, Javier G. Gutiérrez P.

Quality of life for employees, pensioners and their beneficiaries

To help improve the quality of life of all people within its direct sphere of influence in employment, Ecopetrol provides a series of

benefits that go beyond legal requirements, which are aimed not only at employees, but the 10,469 direct pensioners and 42,837 beneficiaries (see distribution of retirees and beneficiaries in Tables 63 and 64).

Table 63.
Distribution of beneficiaries

Age ranges	2010			2011			2012		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Under 1	260	211	471	271	223	494	289	246	535
Between 1 and 14	4,822	4,331	9,153	4,802	4,281	9,083	4,623	4,589	9,212
Between 15 and 44	8,868	4,846	13,714	8,613	4,651	13,264	8,521	4,743	13,264
Between 45 and 64	8,373	1,058	9,431	8,606	1,206	9,812	8,417	1,395	9,812
Over 65	6,764	2,409	9,173	6,832	2,430	9,262	6,727	2,535	9,262
Overall Total	29,087	12,855	41,942	29,124	12,791	41,915	28,577	13,508	42,085

Source: Ecopetrol, Shared Service Center Department

Table 64.
Distribution of pensioners

Age ranges	2010			2011			2012		
	F	M	Total	F	M	Total	F	M	Total
Under 64	991	5,975	6,966	958	5,615	6,573	917	5,276	6,193
Over 65	408	3,336	3,744	442	3,566	4,008	472	3,797	4,269
Overall Total	1,399	9,311	10,710	1,400	9,181	10,581	1,389	9,073	10,462

Source: Ecopetrol, Shared Service Center Department

One of the key benefits is the payment by Ecopetrol of up to 90% of educational expenses for the children of workers and pensioners

One of the key benefits is the payment by Ecopetrol of up to 90% of educational expenses for the children of workers and pensioners, from pre-school through to completion of their professional degree.

Additionally, to encourage saving, Ecopetrol offers its employees a stimulus in which for every peso they save in the Ecopetrol Workers and Pensioners Corporation (Cavipetrol), up to a ceiling of 3% of their salary, the company makes a contribution of equal amount.

Moreover, in 2012 there were training courses on personal finances, caring for children under 12, a school for parents with teenagers, and

strengthening of couples, married persons or cohabiting persons.

This program covered 1,129 people across the country and the different topics covered obeyed the interests expressed by the employees and their families.

Improving the quality of life of pensioners

During 2012, adjustments were made in response to the Anti-red tape Law to minimize response times and ensure service to pensioners.

To do this, work was done on two fronts:

Regulatory adjustments

In compliance with the decrees 19 and 1450, 2012 (Anti-red tape Law) issued by the National Government, from July 1, 2012, proof of life (survival) is provided through the records of the National Civil Registry, through the Ministry of Health and Social Protection.

Execution of the Culturalization Plan

Training was conducted on the pensioner service model nationwide, in order to respond to requests and provide advice on pension issues, as well as to inform regarding actual times determined by law, which made it possible to broaden knowledge and response capacity from the first line of service, in order to respond to the greater number of requests received.

Meetings with pensioners

During 2012 six meetings with pensioners were carried out, in addition to providing meeting spaces with the Pensioners Associations. This

was in order to deliver relevant information on services and specific benefits afforded to them by Ecopetrol. Table 65 details the meetings held in 2012.

Table 65
Meetings with pensioners 2012

City	Number of events	Attendees
Cartagena	1	320
Barrancabermeja	2	1,126
Bucaramanga	1	1,084
Bogotá	2	843
Total	6	3,373

Source: Ecopetrol, Shared Service Center Department

Pensioners meeting in Barrancabermeja, September 2012



Gente Ecopetrol Foundation

The Gente Ecopetrol Foundation (GE, or Ecopetrol People in English) was established on January 25, 2011, by a small group of employees and pensioners from the company, who had the dream of joining

forces and wills for the benefit of the Colombians most in need. After nearly two years in operation, the GE Foundation ended 2012 with 1,044 members among contractors, employees and pensioners.



Beneficiaries of a house built by volunteers in Ciudad Bolívar, Bogota

Volunteering

The GE Foundation has become the space where the volunteering actions of Ecopetrol employees and contractors can be realized. Each volunteering activity is performed by teams where Foundation members, their families, and the beneficiaries of the works share equally.

In total, in 2012, 1,304 hours of volunteering were allocated, provided by 103 volunteers. The actions were aimed at building homes, at helping affected families from Dosquebradas, and at support for the Foundation's various management committees: Communications, Financial and Projects. Ecopetrol supports these volunteering activities through the provision of its employees' working hours.

To finance its projects and activities, the Foundation began 2012 with funds totaling \$407,854,371, corresponding to the surpluses from the 2011 period, from its members' donations. Additionally, during the year it also received the sum of \$147,601,715 from its members.

Meanwhile, in 2012 Ecopetrol provided the Foundation with the sum of \$845,295,038, in return for managing the projects established for victims of the severe rainy season, and an additional \$1,000,000,000 to opportunely meet the specific needs arising from the Dosquebradas emergency.

The Foundation's Work in 2012

During 2012, the GE Foundation focused its resources, both financial and volunteering, in the following areas: housing, education and support for the Dosquebradas (Caldas) emergency.

Housing

The GE Foundation set a target to build 82 social housing units between 2012 and 2013: 31 in 2012 and 51 in 2013.

At the end of 2012, the target set for the year was exceeded with the construction of 32 homes:

- 25 for the vulnerable population of the district of Vallecito in the Municipality of San Pablo, Department of Bolívar, corresponding to victims of the severe rainy season, with mostly female heads of households.

- Seven for the vulnerable population in Bogotá, with the support of the Techo para Colombia Foundation (Roof for Colombia Foundation). These houses were built by the beneficiary families themselves, which acted side-by-side with Ecopetrol employees, contractors, pensioners and family members.
- Each family, in addition to contributing the lot, has agreed to pay more than 30% of their home and to participate in community development programs and in some cases, to complete high school or enter specific rehabilitation programs.
- These units can not be sold or rented until the youngest child of the family is of legal age.

Education

Within the education line, the GE Foundation has set out to promote the schooling of children, providing them with spaces away from situations of danger or violence, and supporting the development of young people identified as potential community leaders.

In 2012 we worked with 476 children and their families in five municipalities in Magdalena Medio:

Puerto Wilches, Cantagallo, Yondó, Sabana de Torres and Barranca, through recreational and sports activities such as football tournaments, celebrations for special dates, awareness raising on issues such as AIDS, first aid, parents workshops, and help for families to assist them in special situations of domestic violence or abuse.

Support for Dosquebradas

To help restore the assets of those affected by the tragedy in Dosquebradas, Risaralda, the GE Foundation supported Ecopetrol in the timely support of affected families through the purchase and distribution of 56 allocations of furniture and fixtures, whose cost amounted to \$375 million.

School equipment was also provided worth \$120 million, and Empresa de Acueducto (Water Company) was supported with water dispensing equipment, which was affected by the emergency.

In addition, the GE Foundation, through a cooperation agreement with Ecopetrol, provided Big Pass vouchers worth \$106 million to 203 affected people, and made contributions of \$17 million to provide veterinary services to the pets of families affected by the emergency.

Finally, the Foundation is supporting eight affected families with a card used for shopping that is topped-up monthly, and can be used in a recognized chain of supermarkets.

The support actions for the Dosquebradas emergency have been funded both with resources that have been provided by Ecopetrol, under agreement with the GE Foundation, and with contributions from members of the Foundation.

Testimonial

Héctor Fabio Ospina Resident of Dosquebradas

"That morning of December 23, 2011, I was sleeping in my humble home in commune 10 of the Municipality of Dosquebradas, when suddenly I felt an explosion and then a flash filled the whole place with flame.

My wife, who was with me in bed less than 60 centimeters away, was badly burned and had to be hospitalized for 22 days, after which she died. That day, I not only lost the woman I had shared my life with for over 20 years, but my family stability and many of the material things with which I lived, and many of the materials and tools I used in my daily work in the metalworking workshop.

I heard that the Dosquebradas tragedy left 33 dead and more than 100 people affected, and to this day we have all received the support of Ecopetrol. In my case, in addition to legal compensation they gave to my daughters, relatives of my wife and me, right from the start the company has been concerned about my medical rehabilitation since I suffered burns to the face

and hands, and it has helped me through the Gente Ecopetrol Foundation and the Oleoductos de Colombia Foundation.

Since the tragedy occurred, Ecopetrol has protected us and hasn't let us go, thank God: firstly, they helped us with the provision of basic kits containing a stove, washer, mattress and essential utensils for the day-to-day.

They have also concerned themselves with providing us psychological help, which I think is very important because the trauma left among all the members of our home was huge, due to the loss of a wife and mother who meant a lot.

Afterwards, through the Chamber of Commerce, I have

been part of the production capacity program, in which Ecopetrol involves people who had a business or production activity, and ended up on the street. In addition to technical training, I was able to make some improvements to my workshop, which was practically burned down after the emergency. And finally, the Oleoductos Foundation opened the possibility of continuing the work that I've always known, and I have become their provider of repair supplies.

Although my wife not being here is hard and our lives in the family have changed, we've tried to keep going, as have the vast majority of neighbors who were victims of this terrible tragedy."



Ecopetrol promotes respect for workers belonging to the unions in the company:
USO, Adeco and Sindispetrol

Collective labor relations

The establishment of trade unions, freedom of association, collective bargaining and the prevention of workplace harassment or discrimination due to union membership, are core values for the company.

Freedom of association and collective bargaining

Consistent with its commitment to respect and trust, Ecopetrol recognizes that freedom of association of all employees, ensuring their right to form trade unions or employee associations, and to freely decide if they want to be part of these bodies, and participate in the collective bargaining process.

Similarly, the company promotes respect for workers belonging to unions and their leaders, it provides guarantees for freedom of action and prevents situations of harassment or discrimination.

Additionally, Ecopetrol permanently manages Ministry of Interior requirements aimed at obtaining the guarantees necessary to ensure respect for life in relation to coexisting union leaders within the company (see Table 66).

Table 66.
Union organizations in Ecopetrol

Union organizations	Number of members				
	2008	2009	2010	2011	2012
Workers' Trade Union (USO)	1,250	1,452	1,570	1,831	1,996
Association of Managers and Technical Staff of the Petroleum Industry in Colombia (Adeco)	94	111	532	505	474
National Union of Workers of Operating Companies, Contractors and Subcontractors, within Services and Activities of the Oil, Petrochemical and Related Industries (Sindispetrol)	5	3	3	3	31

Dynamic and productive labor relations

Under joint work with coexisting union organizations, in 2012 the process of building dynamic and productive relations was strengthened.

In accordance with what was agreed in the Collective Bargaining Agreement effective in Ecopetrol, 2009 - 2014, during the course of 2012 various agreements with unions coexisting in the company were signed.

For example, it was agreed to review the current Collective Agreement, in order to ensure sustainable labor relations within normal labor parameters.

The objectives of this review process were to:

- Build a joint review plan for the agreement articles on issues other than economic and wage items, under normal labor conditions, to ensure compliance with Ecopetrol's labor law framework.
- Ensure compliance with the agreement commitment contained in Article 173, provisional paragraph of the Effective Collective Bargaining Agreement.

Thus, scenarios were opened with Adeco and Sindispetrol to listen to concerns regarding implementation of its chapters, agreeing to the following with such organizations:

WITH ADECO

Agreement for regular meetings and review of security issues for union sites and presence on Joint Committees.

WITH SINDISPETROL

Ratification of relationships of trust with Ecopetrol, guarantees and regular opportunities to raise issues for joint construction.

With the USO

An extra-agreement act was signed on March 22, 2012, which contains bilateral agreements in 19 articles of the Effective Collective Agreement. Likewise, other extra-agreement acts were signed on issues of the agreement's positions grade structure and salary issues, creating direct spaces for open dialogue and agreement.

Claims and coexistence committees

During 2012, the provisions of Chapter XII of the existing agreement text were fulfilled with regard to the Voluntary Arbitration Tribunal known as the Claims Committees, consisting of representatives of Ecopetrol's management, the union and the Ministry of Labor. Of the 855 active claims at December 2012, a reduction of 32% (272 claims) was achieved, with a total of 583 active claims remaining at the end of the year.

Similarly, during the course of 2012, in compliance with Resolutions 652 of April 30, 2012 and 1356 of July 18, 2012, issued by the Ministry of Labor, the Ecopetrol Committee on Labor Coexistence was created. This committee, consisting of two representatives from the company and two from the workers, with their respective alternates, will hear issues of workplace harassment within the company.

For the election of worker representatives, upon prior registration of the candidates concerned, a day for a secret ballot was set in which 3,313 workers from all areas of the organization took part with their vote. For its part, Ecopetrol's management chose its four representatives directly.

Of the 855 active claims at December 2012, a reduction of 32% (272 claims) was achieved, with a total of 583 active claims remaining at the end of the year.

Industrial and process safety

The main objective of industrial and process safety management within Ecopetrol is to achieve better operational performance, preventing and controlling occupational and operational accident losses, and establishing the protection and control measures and actions necessary to reduce hazardous events that may affect people, the environment, facilities or the service infrastructure.

To achieve this objective, in 2012 Ecopetrol continued moving forward in implementing the HSE plans, incorporating these into the company's culture, through the following actions:

Barrancabermeja Refinery



Occupational health

The aims of Ecopetrol's Occupational Health Program are: To maintain and promote the health of employees and their ability to work, to improve the work environment, including health and safety, in order to maintain and promote the highest degree of physical, mental and social wellbeing amongst employees in all their occupations, and to prevent diseases due to work conditions.

To achieve this, activities and programs are carried out on the assessment of risks to health, industrial health, industrial hygiene, ergonomics, occupational epidemiological surveillance and active breaks.

Occupational Health Committees

These committees are joint bodies composed of employee and company representatives, whose aim is to promote and monitor compliance with Ecopetrol's occupational health programs.

Within Ecopetrol there is one National Joint Committee, 12 Regional Joint Committees, and 34 Local Occupational Health Committees, as follows:

- **Joint Committees on Occupational Health (COPASOS)**

The joint committees are advisory bodies formed to promote and monitor compliance with the Regional Occupational Health Programs. They inspect, monitor and evaluate the National Plan and the Regional Occupational Programs, propose adjustment measures and make recommendations thereon.

- **Local Occupational Health Committees (COLOSO)**

The Local Occupational Health Committees are a mechanism for participation so that employee representatives can collaborate with Management, in areas of their jurisdiction, in actions for the promotion, prevention and control of occupational risk factors, in measures and solutions within their

Action for the Implementation of HSE Plans

Strengthening and incorporation of best practice in HSE leadership and culture in three hierarchical levels (strategic, tactical and operational) of the organization.

Defining the process of implementation and application of the operational discipline practice for HSE aspects.

HSE Management Control Structure that ensures the connection of targets and objectives from the company's strategic to the operational level, achieving synergies and effectiveness in the implementation of the plans.

Influence toward changing behaviors to achieve the conviction that losses can be avoided, achieving sustainable levels of high HSE performance.

Identification and action in critical teams, critical positions and critical procedures.

Systematic measurement of proactive and reactive indicators related to HSE management.



remit, or otherwise, proposing what is necessary to the competent authorities.

Additionally, the company has four other types of committees involved in occupational health:

- **National and Regional Committees on Epidemiological Surveillance**

In the company there is one National Committee and five Regional Committees on Epidemiological Surveillance, whose main roles and responsibilities are:

- Plan, coordinate, direct and control the operation of the epidemiological surveillance system.
- Monitor and control the proper and timely management information collected by the system.
- Conduct and provide technical assistance for the operation of the surveillance system.
- Assess changes in the epidemiological profile of Ecopetrol S.A.
- Perform the annual scheduling of activities based on the findings of the previous period.
- Monitor compliance with the scheduled activities.
- Lead the educational process of promotion and prevention for epidemiological surveillance systems at all levels of the organization.
- Propose concrete actions for reducing indicators of absenteeism, morbidity, and environmental intervention indicators, or other indicators under the company's surveillance system.

- **Regional Committees and National Committee on Comprehensive Rehabilitation**

In Ecopetrol there is one National Committee and five Regional Committees on Comprehensive Rehabilitation, whose main roles and responsibilities are:

- Conduct monitoring with human talent business leaders in cases of employees with temporary constraints.
- Review cases of permanent constraints and potential relocations.
- Define change of role if required and ensure the education and training process.
- Refer the case to the national level in the event that there is no possibility of relocation within the region, either because there are no vacancies or they do not pass the selection process.

- **Evaluator interdisciplinary committees (DOES and CPCL)**

In Ecopetrol there are five evaluator interdisciplinary committees at a regional level, which must determine the source of health events (DOES) and qualify the loss of ability to work (CPCL) for employees, pensioners and beneficiaries of Ecopetrol.

- **HSE Excellence Committee: Occupational Health Subcommittee**

Under the HSE excellence program is the Occupational Health Subcommittee, whose objectives are:

- Validate the guidelines on Occupational Health in Ecopetrol.
- Align actions to improve the Occupational Health process.
- Perform timely monitoring of performance

indicators that support the implementation thereof and ensure improvement plans.

- Promote this practice throughout the company to strengthen the culture of self-care.

Absenteeism

Absenteeism in Ecopetrol is classified according to its cause amongst common disease, occupational disease, workplace accident, accident outside of work, sporting accident, special health leave and disease of occupational concern.

For occupational purposes, diseases of occupational concern and occupational diseases are described.

Diseases of Occupational Concern (DOC):

are defined as any temporary or permanent pathological condition that has been diagnosed by a health professional who suspects that their origin is related to the type of work performed by the employee, but that has not been classified as such. In the past five years, the diseases of occupational concern that are most prevalent correspond to diseases of musculoskeletal origin, and among them the most common disorder is lower back pain (62%).

The cumulative frequency indicator for diseases of occupational concern (DOC) in 2012 was 8 events per million man-hours worked. The frequency in 2009, 2010, 2011 and 2012 can be seen in Figure 45.

Figure 45.
Cumulative frequency indicator (FI)* for Diseases of Occupational Concern



* The frequency indicator (FI) for absenteeism is calculated as the number of absence events per million hours worked.

Source: Ecosalud ocupacional 2012

* The frequency indicator (FI) for absenteeism is calculated as the number of absence events per million hours worked.

Frequency of general health diseases and diseases of occupational concern

In 2012, 96% of absenteeism was due to non-occupational disease, and of that 57% was due to common disease. 3% of cases were due to diseases of occupational concern and 0.15% due to qualified occupational disease.

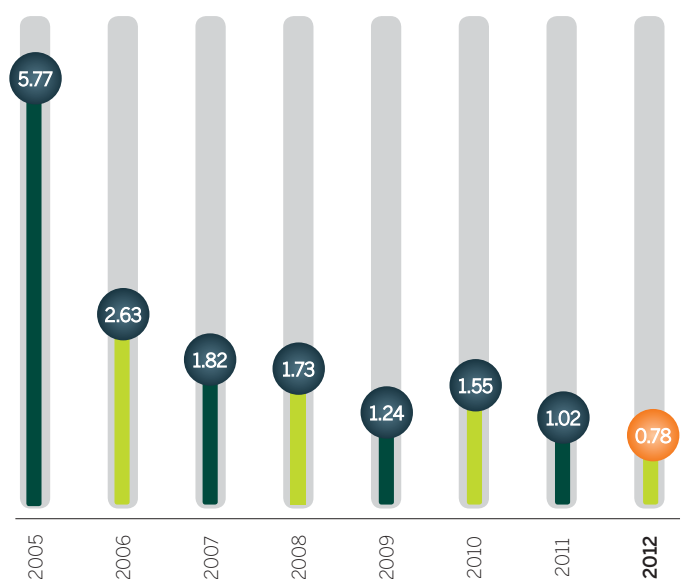
Table 67 shows the causes of absenteeism due to general health and absenteeism due to disease of occupational concern.

Accidents

The occupational accident rate measures the number of accidents that have occurred on occasion of or because of work, and that generate a loss of time equal to or greater than one day. The criteria for determining whether or not something is an occupational accident corresponds to that determined by law, the internal labor regulations of Ecopetrol and that determined by the ANSI (American National Standard Institute) sections Z-16.1 and Z-16.2. In Ecopetrol this indicator includes both its direct employees, as well as those of contractors and subcontractors.

In 2012 there were 115 accidents amongst direct employees and contractors, which represents a cumulative accident frequency rate of 0.79 accidents per million man-hours worked. This contrasts with the 147 accidents in 2011, with an accident frequency rate of 1.02 per million man-hours worked, representing a decrease of 23% in the accident rate (see Figure 46).

Figure 46.
Occupational Accident Frequency Rate - Employees and contractors



Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Table 67
Absence due to general disease and DOC

Causes by general disease	%	Causes by DOC	%
Respiratory system	19	Musculoskeletal	82
Digestive apparatus	18	Digestive apparatus	6
Musculoskeletal	16	Nervous system	6
Circulatory System	15	Respiratory system	3
Diseases of the eye and adnexa	13		
Others	19	Others	3
Total	100	Total	100

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability



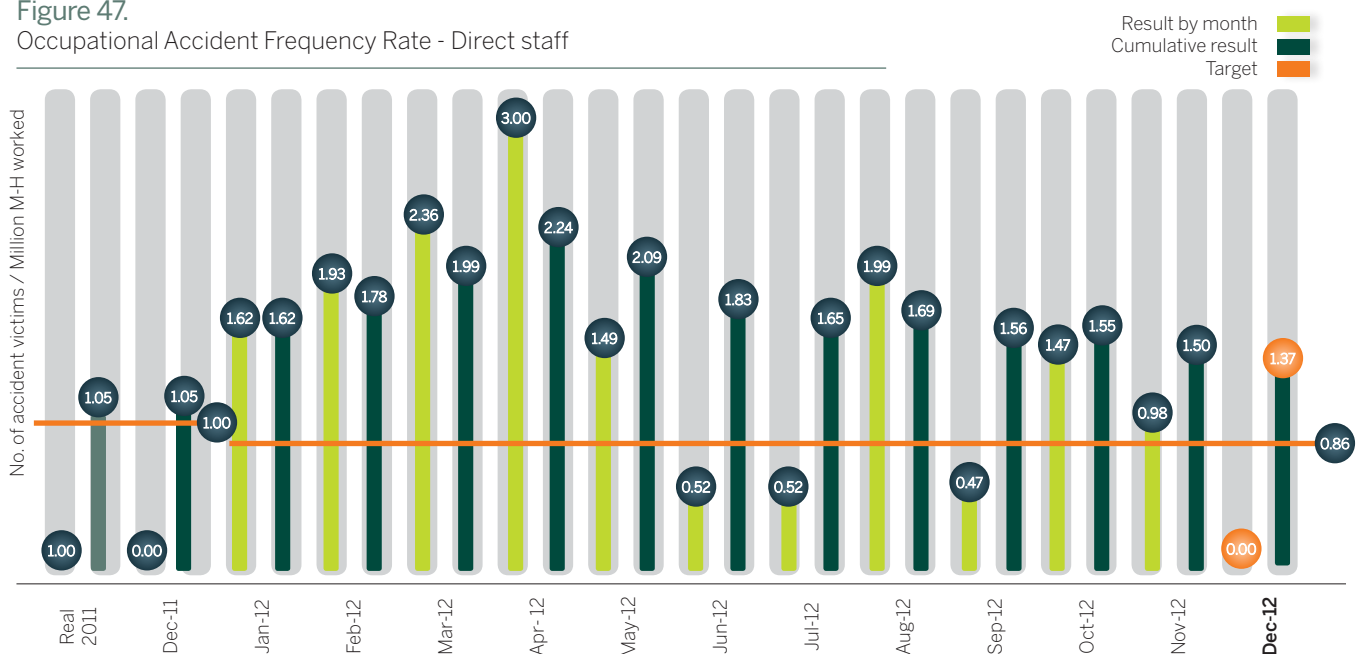
Among assurance actions to improve absenteeism rates, action plans were carried out, adjusted to the epidemiological behavior of each region and business. Also, ongoing campaigns were promoted for hand washing, vaccination and fitness. This is in addition to educational and preventive activities to achieve healthy lifestyles and self-care in each worker. The percentage of campaign coverage was 76%.

Direct staff

In 2012, 33 accidents were reported in relation to direct employees, compared to 23 accidents in 2011, corresponding to a cumulative occupational accident

frequency rate of 1.37 in 2012, higher than the cumulative occupational accident frequency rate (1.05) in 2011(see Figure 47).

Figure 47.
Occupational Accident Frequency Rate - Direct staff



Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

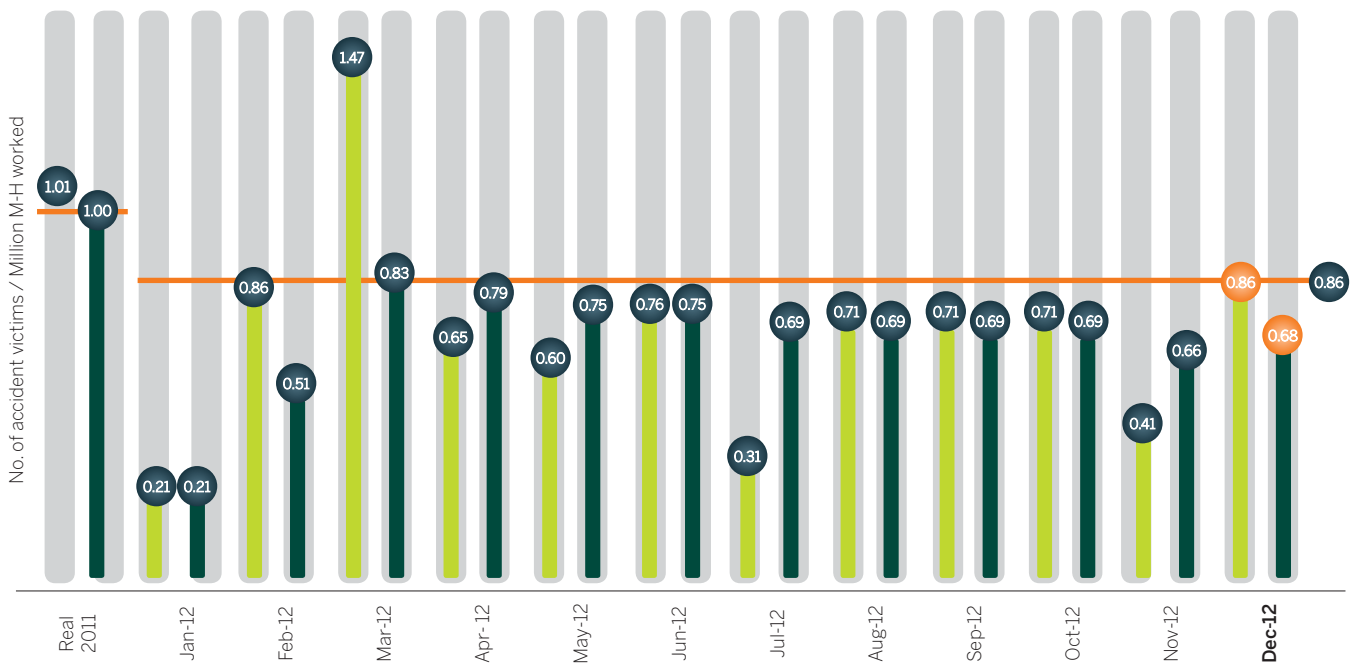
The rate for contractors showed a decrease of 34% in 2012

Contractors

Meanwhile, in 2012, 82 accidents were reported that incurred lost time involving contractor personnel, with a cumulative occupational accident frequency rate of 0.68. This represents

a decrease of 34% compared to 2011, when a cumulative occupational accident frequency rate of 1.01 was recorded (see Figure 48).

Figure 48. Occupational Accident Frequency Rate - Contractor and subcontractor personnel

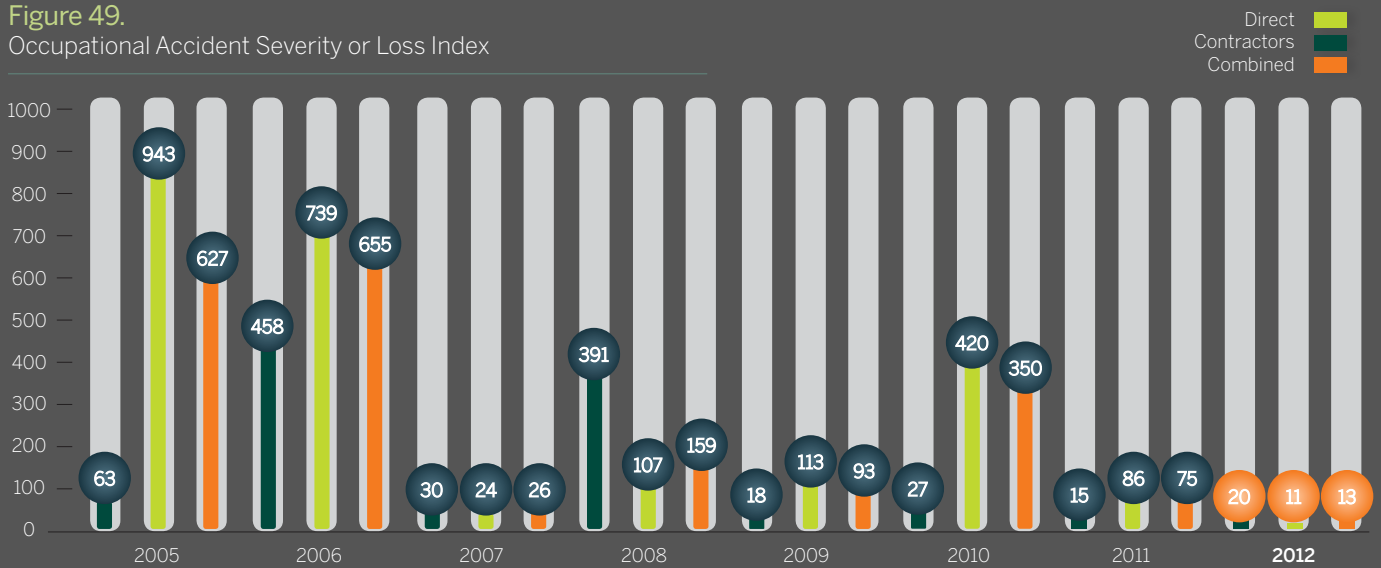


Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

The occupational accident severity index saw a decrease in 2012 in relation to the previous year, both for direct and contractor personnel, closing with a severity index of 20 days lost per million hours of exposure for the direct population, and 11 for the contractor population.

The occupational accident severity index, which relates the severity of injuries with lost work time, reached a combined result in 2012 (direct employees and contractors) of 13 days lost per million hours of exposure (see Figure 49).

Figure 49.
Occupational Accident Severity or Loss Index



Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

During 2012 there were no fatalities to our direct and contractor personnel, demonstrating a substantial improvement in comparison with 2011.

In 2012 there was a 16% reduction in process safety events according to the API 754 criteria of the American Petroleum Institute

Process safety

Process safety aims to improve operational performance, preventing and controlling the occurrence of catastrophic events such as fires, explosions, leaks or spills of hazardous substances or toxic chemicals, establishing the necessary measures based on elements of HSE management to reduce the potential impact of these events on people, the environment, facilities and the services infrastructure.

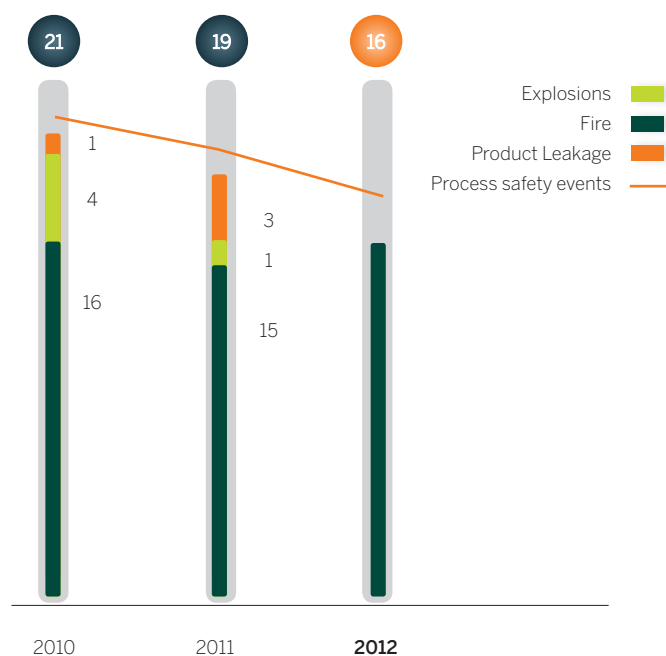
For better understanding, they are divided into process safety events and incidents.

Process safety events

Process safety events are product leakages above the defined threshold, including fires and explosions.

During 2012 there were 16 process safety events according to the API 754 criteria of the American Petroleum Institute, i.e. product leakages above the defined threshold, but no explosions or fires were reported. Figure 50 shows a reduction of 16% in comparison with the 19 events reported in 2011, and of 19% compared to the 21 recorded in 2010.

Figure 50.
Process Safety Events according to API 754 criteria*



*According to American Petroleum Institute API 754. Also includes pipeline accidents.

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Process safety incidents

On the other hand, incidents relate to operational accidents involving the unplanned or uncontrolled loss of primary containment in relation to chemicals above the defined threshold, per million man-hours worked.

In 2012, this index was below the maximum limit and went down by 15% compared with the result of 0.13 obtained in 2011 (see Figure 51)

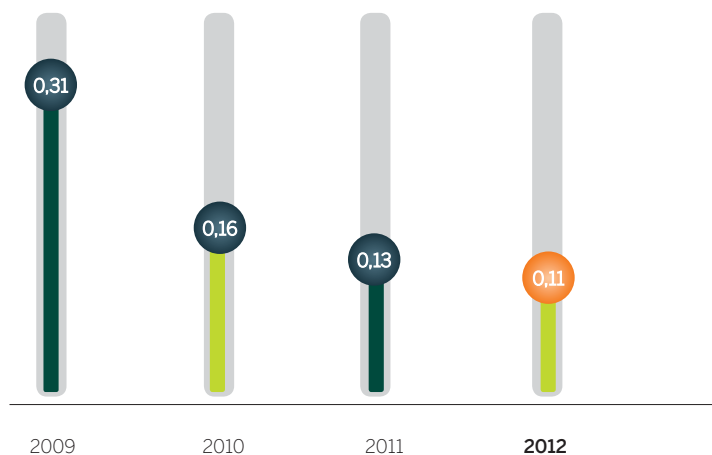
Non-computable events and incidents

In 2012 there were 1,086 leaks, 52 fires and 52 explosions that were not computable under the Process Safety Incident Index as they did not

exceed the thresholds defined by API 754 criteria. These 1,143 processes safety events correspond to an increase of 31% compared to 872 non-computable events in 2011.

In 2013, Ecopetrol will focus on managing these control failures and minor leaks in order to avoid the materialization of major events that could affect stakeholders or compromise business continuity, as evidenced by the annual reduction in the number of computable events and the sustained downward trend in the process safety index since 2009.

Figure 51.
Process safety incidents index*



* According to American Petroleum Institute API 754. Also includes pipeline accidents.

Human rights



In 2009 Ecopetrol, made the decision to take a holistic approach to human rights through the approval of a Guide on Human Rights and adherence to United Nations Global Compact (Global Compact). Since then, the company has publicly assumed the following commitments:

01

▶ Operate within the framework of respect for human rights (HR), domestic law and international agreements.

02

Reject and publicly condemn any abuse or violation of human rights or international humanitarian law (IHL).

03

▶ Call upon a thorough and impartial investigation into reported abuses.

04

▶ Work with a precautionary approach to environmental challenges.

Management of human rights

The Guide on Human Rights contains a number of principles and rights that cover employees, contractors and partners:

- Freedom of association and collective bargaining
- Elimination of forced and compulsory labor
- Abolition of all forms of child labor
- Elimination of discrimination in respect of employment and occupation
- Fair wages and favorable and adequate working conditions
- Rights of the vulnerable population and ethnic minorities

- Collective rights and environmental rights
- Elimination of corruption in all its forms
- Physical security of operations within a framework of respect for HR and IHL

In order to ensure the commitments contained in the Guide and the Global Compact principles, Ecopetrol has created platforms and tools for management, such as the Human Rights Committee, the Tactical Plan on HR and an indicator of compliance with this plan.

The results of the compliance indicator for the Tactical Plan on HR show sustained compliance above the target set

In early 2012, the company conducted a review exercise for the Tactical Plan on HR. As a result, two tactical objectives were defined:

- Ensure the due diligence and traceability of Ecopetrol's operation under respect for human rights.

- Add value through the promotion of human rights in the company's operating environments

These objectives, in turn, contain strategic areas that guide the definition of the activities, their deliverables and compliance milestones, as can be seen in Table 68.

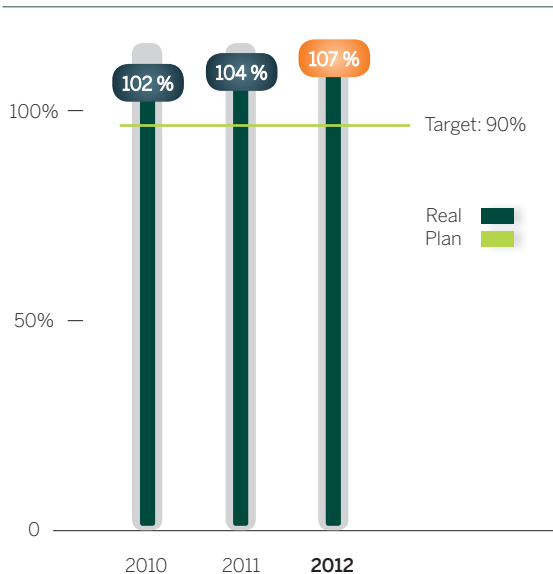
Table 68
Strategic profile of the Tactical Plan on HR

Tactical Objectives	Strategic Areas
Ensure the due diligence and traceability of Ecopetrol's operation under respect for human rights	Human rights risk management and analysis System for grievances, complaints and claims in human rights Performance assurance for the value chain Security and human rights
Add value through the promotion of human rights in the company's operating environments	Support to public institutional strengthening in human rights Human rights dialogue with stakeholders Promotion of multiculturalism Disability and labor inclusion Promotion of the rights of children and adolescents Freedom of association and collective bargaining

Source: Ecopetrol, Secretary General

To monitor the implementation of the tactical planning for human rights management, Ecopetrol has a Tactical Plan Compliance Indicator, which is measured on a quarterly basis. The indicator's results show sustained compliance above the target set, since 2010, when it began to be implemented (see Figure 52).

Figure 52.
Compliance indicator for the Tactical Plan on HR - Cumulative results



Source: Ecopetrol, Secretary General

Human Rights Materiality

Based on all the studies conducted, the information gathered, the opinions expressed, the concerns analyzed, that established by the GRI G3.1 methodology and especially the Global Compact principles, Ecopetrol's human rights management was carried out in 2012 around six major areas, which will be set out in this sub-dimension:

* Due diligence in human rights

- Human rights monitoring system
- Report on human rights cases
- Performance assurance for the value chain
- Human rights in contracts with partners
- Security and human rights

* Creating value through the promotion of human rights in the company's operating environments:

- Promotion of multiculturalism
- Disability and labor inclusion
- Promotion of the rights of children and adolescents
- Freedom of association and collective bargaining

* Training and dissemination on human rights

* Voluntary initiatives

- Global Compact
- Guías Colombia
- CME – Security and Human Rights

A Special Cases Committee was created that analyses specific situations identified in the monitoring process, which are assessed with criteria from a case analysis and verification matrix designed in Ecopetrol

Due diligence in HR

Analysis and management of human rights risks

In order to ensure the analysis and management of human rights risks, as well as to align its processes and procedures with that set out in the Guiding Principles for Business and Human Rights, adopted by the United Nations in 2011, Ecopetrol is conducting a study of risks associated with the realization of the different Ecopetrol operating line phases, with an emphasis on projects located in the departments of Meta, Casanare and Magdalena Medio.

In 2012 progress was made in interviews with company employees, required for detailed knowledge of internal processes, and additionally the field study on operations in Magdalena Medio was completed. Furthermore, a two-way analysis was conducted on human rights risks associated with Ecopetrol operations in Colombia and the formulation of recommendations for incorporating human rights risk analysis into the company's risk management model.

The work will continue in 2013 with field visits to the high plains, the detailed diagnostic of the risks and impacts of operations in established areas, recommendations for risk management, and the assurance of the company's internal capabilities through training workshops.

As a result of this study, in 2013 the company will have a map of human rights risks and an assurance plan for managing the identified risks, which shall be joined up with the company's existing risk management model.

Human rights monitoring system

In order to comply with human rights due diligence, since 2011 Ecopetrol has been adjusting its complaints and claims system through the clear definition of actions that constitute human rights violations in the system's existing matrices, in order to adequately address all stakeholders that may be affected by the company's operation and management, in relation to their rights.

In 2012, Ecopetrol gave a wider scope to this activity through the design of a process of ongoing monitoring and analysis of the risks and impacts on human rights by Ecopetrol's operations and its value chain.

To achieve this, it defined the various sources of information that support the identification of specific cases of suspected human rights violations and trends in the perceptions of stakeholders regarding Ecopetrol's performance in respect of human rights.

To this end, situations were defined that could generate a suspected violation of each of the Global Compact principles, and a classification matrix was defined that facilitates both the collection of information from the tools available for complaints, requests and claims, as well as in-depth analysis of the situations identified in the process. After completion of the above exercise, it is expected that in 2013 the company will have more precise and defined reports on complaints about suspected breaches, impacts or violations of human rights by Ecopetrol.

Additionally, a Special Cases Committee was created that analyzes specific situations identified in the monitoring process, which are assessed with criteria from a case analysis and verification matrix designed in Ecopetrol. This matrix is based on the identification of the injured party or victim of the suspected violation, the perpetrator or the alleged violator of the right, and the right that the victim alleges as violated.

The Special Cases Committee reports on its work on a monthly basis to Ecopetrol's Human Rights Committee, which takes the corrective and mitigation measures, and designs strategies to ensure the continuous improvement of Ecopetrol's management regarding respect for human rights.



Reporting of human rights cases

During 2012, seven situations that allegedly violated the rights of stakeholders were analyzed in the Special Cases Committee; however, after the analysis thereof, no specific acts were identified that could be classified as a violation. Nevertheless, issues were identified that require improvement strategies for existing processes, which will form part of the Tactical Plan on Human Rights for the 2013-2016 term.

In addition, the company also has a monitoring process that tracks the specific complaints of alleged human rights violations related to the Armed Forces supporting the company's security, as well as the workers of private security companies. In 2012 there were no reported cases in this regard.

Among the cases handled by the Ethics and Compliance Unit, in 2012 there were no issues related with any kind of discrimination within the company. Similarly, the Disciplinary Control Office related did not take forward processes related with this type of behavior during the reported period. Neither were there human rights complaints reported in the undertaking and management of the company's contracts.

In terms of harassment complaints, according to data provided by the Vice Presidency of Human Talent, in 2012 two processes of harassment were handled, of which one was closed by agreement between the parties, on September 19, 2012, and the other is pending a conciliation hearing.

Human Rights in contracts with partners

In previous Ecopetrol partnership contracts there were no clauses specifically devoted to human rights. Nevertheless, the general obligation was stipulated for the partner and operator to advance the various activities in compliance with the constitutional, legal and regulatory framework in force in Colombia.

Within recent joint operation agreements with partners, clauses have been included in which compliance with international human rights instruments is agreed.

Additionally, in order to ensure the creation of relationships of trust and mutual benefit with stakeholders, in 2011 Ecopetrol worked on the development of guidelines to ensure the management of Ecopetrol's relations with the surroundings, both in direct operations and with its partners. These guidelines included that related to human rights within eleven key issues, which were reported in 2012.

Security and human rights

Ecopetrol has been taking forward the Program for the Implementation of the Voluntary Principles on Security and Human Rights since 2009.

In undertaking this program, Ecopetrol carried out the following activities in 2012:

- **Relations with Armed Forces / Plan Padrino**

Under the agreement signed with the Ministry of Defense, Ecopetrol entered into Plan Padrino with the Army's Family Leadership, which aims to support activities in welfare, health rehabilitation and job training for soldiers that have become disabled while provided the control and security service for the company's oil infrastructure.

The support provided in the Plan consists of comprehensive care for both wounded and disabled soldiers and their families, including: the purchase of hospitalization kits, specialized psychotherapeutic care, provision of orthotics not covered by the Compulsory Health Plan, a reserve fund for special cases and basic, technical and technological training.

- **Key Practice for Implementation of the Voluntary Principles on Security and Human Rights**

As a strategy to develop knowledge and skills in workers and employees from the company's Physical Security Department, it was decided that Human Rights was to be established as one of the key practices in this area. To do this, a training program was defined, which in its first year reached 80 people, including professionals and analysts, corresponding to

Value chain performance assurance

In order to promote effective performance management that respects human rights within the value chain, activities were undertaken to promote human rights among affiliates, contractors and partners.

The first human rights workshop was carried out with affiliates, which reviewed the context and international regulatory framework on the issue of human rights and business, as well as the results of a self-assessment conducted prior to the exercise, and the actions to be jointly undertaken were defined.

Security personnel
trained in human
rights and IHL

82.8%

82.8% of the Department's staff that had this commitment assigned to them. All were trained in human rights, IHL and Company.

The tools used for the training included the international methodology known as the Implementation Guidance Tool (IGT), aimed at developing risk analysis exercises in security and human rights.

- **Due diligence procedure**

In order to ensure timely and appropriate management in relation to complaints and petitions that may arise from different Ecopetrol stakeholders for suspected human rights violations or breaches of international humanitarian law by members of the Armed Forces supporting Ecopetrol's security or by contracted Private Security, the Physical Security Department defined a procedure

that established the need to identify, assess, prevent and mitigate the risks associated with such situations.

This due diligence process recognizes the importance of conducting ongoing monitoring of the human rights situation in the environment, as well as the importance of using existing channels for the generation of traceability in situations where improvement opportunities and specific actions are identified.

With production asset partners, the self-assessment survey was also promoted, which identified opportunities to initiate an exchange of best practices on the issue of human rights and business.

Finally, with respect to contractors, work was done to capture a baseline of current management regarding assurance on the issue of respect for human rights within this stakeholder, and a workshop was carried out with experts to identify gaps in relation to best practices to define a plan of activities to reduce these.



Human Rights Workshop conducted with
Corporate Group companies

As part of the Voluntary Principles on Security and Human Rights, in 2012 awareness was raised in IHL and human rights among a total of 567 private security contractors

- **Pilot for the Implementation of Indicators on Voluntary Principles on Security and Human Rights:**

The Voluntary Principles Pilot that is underway in Magdalena Medio, in partnership with Occidental de Colombia, with the support of International Alert, completed its first phase in March 2012 with the following outputs: identification of the baseline, gap closure plan proposal, and the action plan for implementation of this plan.

Under the action plan, work was done on strengthening communication and training plans in Human Rights, IHL and Voluntary Principles for stakeholders, and a first review was carried out of the gaps in risk analysis and social impacts in the Magdalena Medio Region, in light of the Voluntary Principles.

Similarly, awareness raising on human rights was conducted for private security contractors in the Magdalena Medio Region, in the Barrancabermeja Refinery and the following fields: Cantagallo, Puerto Wilches, Casabe, La Cira, Llanito, Lizama and Cicuco, for awareness raising among a total of 567 people during 2012.

Landmine risk management

During the second half of 2012 an agreement was signed between the Administrative Department of the Presidency of the Republic, the Association of Petroleum Foundations, the Presidential Program for Comprehensive Action against Antipersonnel Mines and Ecopetrol, aimed at developing a project for the prevention and management of risk from the presence of landmines, unexploded ordnance and explosive devices in the company's areas of influence.

In 2013 the following activities will be carried out:

Creating value through the promotion of human rights

Promotion of multiculturalism

Ecopetrol's guidelines on relations with ethnic groups fall within the framework of corporate values aimed at protecting the environment and the integrity of individuals and communities, in accordance with universal and specific human rights recognized for ethnic groups.



Representatives of the community of San Gabriel, Putumayo.

Ecopetrol recognizes that persons belonging to these ethnic groups and cultures have all the rights stated in the Universal Declaration of Human Rights, 1948. It also acknowledges that these groups, as minorities, have the rights set forth in the United Nations Declaration of 1992 on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities.

In recognition and support to existing international treaties and agreements, Ecopetrol recognizes and respects:

Development of a procedure for the management of risk from the presence of landmines, as well as tools for its dissemination.

Training for members of communities in high risk areas that are Ecopetrol areas of influence.

Training for Ecopetrol employees and contractors that can perform the role of information multipliers, thanks to their role and function within the company.

Training for employees and contractors at risk from mines.

Documents for management with ethnic groups

In order to ensure the incorporation of the above guidelines within business processes, during 2012 the following documents were developed and published:

- General guide to management with ethnic groups
- Intercultural Guidelines for Relations with Ethnic Groups
- Developing Intercultural Dialogue
- Characterization of Ethnic Groups
- Relations with Ethnic Groups
- Check List for Cultural Tripartite Dialogue
- Causes of Conflicts between Ethnic Groups and Entities
- Strategies for Conflict Management and Resolution
- Standing Intercultural Bureau of the Hydrocarbon Sector
- Topics for Training Events
- Checklist for the Characterization of Indigenous Communities
- General Characterization of Ethnic Groups
- Guide for the Development of Relations Projects with Ethnic Groups

- The value of the distinctiveness that identifies ethnic groups, for which it is necessary to abide by and promote their rights, individual and collective rights, and fundamental freedoms, as well as organizational, economic and social structure.
- The right to the protection and preservation of their customs and practices.
- The right of ownership and possession over the lands they traditionally occupy, in accordance with the recognition thereof that the Government has made consistent with existing national laws.
- The special importance to the cultures and spiritual values of national ethnic groups in respect of their relationship with the lands or territories, or both, as applicable, that they occupy or otherwise use, and in particular the collective aspects of this relationship.
- The right to free, prior and informed consultation, through appropriate procedures and in particular through their representative institutions. These consultations that should be undertaken in good faith and in a manner appropriate to the circumstances, with the aim of reaching an agreement or achieving consent with the proposed measures.

- The right to have a share whenever possible, in accordance with that prescribed by national legislation, in the benefits arising from the activities of the exploitation of hydrocarbon resources from their lands.
- The right to receive fair compensation for any damage they may suffer as a result of activities that the company may advance in their territories.
- The right to decide their own priorities in relation to the development process, in so far as this affects their lives, beliefs, institutions and spiritual well-being and the lands they occupy or otherwise use, and to control to the extent possible, their own economic, social and cultural development, in accordance with the legal framework in force in each country.

In virtue of the above, for the development of their projects, operations, the significant expansion of these, or the decommissioning of facilities within the territories belonging these groups, Ecopetrol commits to:

- Recognize the existence of ethnic groups.
- Identify and understand ethnic groups.
- Respect ethnic groups.
- Give priority to their distinctiveness in its projects and operations.

- Respect traditional knowledge and biodiversity
- Assist in initiatives for the promotion of ethno-development
- The development of intercultural dialogue as a basis for establishing sustainable relations
- The search for agreement as a purpose of relations and prior consultation processes

Prior consultations

Ecopetrol undertakes all its consultation processes in strict adherence to the following phases:

- Approach and preliminary assessment.
- Official verification of the presence of indigenous communities and legally constituted territories.
- Preconsultation
- Establishment of the consultation, information and training.
- Identification, analysis and coordination of impacts and management and control measures.
- Meeting on preliminary agreements.
- Formalization.
- Monitoring and support for the implementation of agreements.
- Closing of the consultation process.

From the beginning of the prior consultation, and until its close, the process is accompanied by the State monitoring and oversight bodies. In 2012, 62 prior consultation processes were undertaken, as part of the development of eight exploration projects and one electrical interconnection project in the northeast of Putumayo. For the carrying out of prior consultations with the Wayuu communities from the Upper and Middle Guajira Reserves, community groups have been established, considering the good relations between them, the closeness and in some cases, kinship.

With the Orinoco and Tolima Reserves, meetings were held with individual Reserves. In the case of the Samichay A 2D project, work was done with the three reserves within a single consultation space.

Although none of the prior consultations were concluded, the formalization stage was completed with the Wayuu communities who participated in the prior consultation for the Silvestre 2D seismic; with

the La Teófila, Coropoya and Jericó Consaya Reserves for the Samichay A 2D seismic, and with the Sikuaní y Piapoco de Ríos Tomo y Weberi, Punta Bandera, Valdivia, La Esmeralda, Kawaneruba, Muco Mayoragua and Muco Guarrojo Reserves for the CPE-4 2D seismic project. Additionally, the Ministry of Interior was asked to begin prior consultations for the Sinú San Jacinto Sur -1 2D Seismic and for the drilling of development wells Sucumbios 4 and 8.

Tables 69 and 70 set out the prior consultation projects initiated in 2009, 2010 and 2011, which continued in 2012 and have not been concluded and are awaiting continuation in 2013.

Conflicts arising with ethnic communities

In the municipality of San Jacinto Bolívar, two black communities expressed their dissatisfaction that a prior consultation process had not been carried out with them for the Sinú San Jacinto Norte - 4 Seismic. The communities were located at one of the far ends of the seismic and there was an omission by the Ministry of the Interior in failing to perform the consultation with them. In 2011 (October and November) approaches were made to the community in order to listen to them and agree actions to be carried out.

In 2012, two projects were agreed with these communities in order to compensate them. In addition to the above, during the year there were no incidents of ethnic community rights violations.

Intercultural and mutual understanding dialogue 2012

With the participation of traditional authorities, legal representatives and leaders of the indigenous and Afro-Colombian peoples and organizations, the Intercultural and Mutual Understanding Dialogues 2012 were held in Puerto Asis (Putumayo), Coveñas (Sucre) and Cali (Valle del Cauca), which also included representatives of the national, regional and local government, monitoring and oversight entities, and other companies from the sector.

In the framework of these spaces, participants from all three sectors talked about their thinking, origins and world view, as well as the concerns and issues of mutual interest to the government, oil companies and ethnic groups.

Table 69

Projects with prior consultation before 2012

Project	Ethnic community	Municipality/ Department	Start date	End date
Northeast Putumayo Electrical Interconnection	Nasa community	Puerto Caicedo, Putumayo	June 2009	Ongoing
Silvestre 2D Seismic Acquisition Project	239 Wayúu communities	Riohacha, Guajira	November 2010	Formalized
CPE-4 Seismic Acquisition Project	8 Sikuani indigenous reserves	Cumaribo, Vichada	July 2011	Formalized
RC-9 Exploratory Drilling Area	105 Wayúu communities	Manaure, Guajira	July 2011	Ongoing
Toldado 3D Seismic Acquisition Project	8 Pijao indigenous communities	Ortega, Tolima	August 2011	Ongoing

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Table 70

Prior consultations initiated in 2012

Project	Ethnic community	Municipality/ Department	Start date	End date
Samichay A Seismic Acquisition Project	Reserves: Uitoto Coropoya; Coreguaje Jericó Consaya; Resguardo Coreguaje La Teófila	Solano, Caquetá	March 2012	Formalized
Mago Norte Exploratory Drilling Area	Vencedor Pirirí Reserve	Puerto Gaitán, Meta	November 2012	Ongoing
RC-12 "Camuro" Oriental and Occidental Seismic Project in partnership with Repsol	36 Wayúu communities	Uribia, La Guajira	December 2012	Ongoing

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Among other issues, the following were discussed during this event: the impact of industry, recognition of indigenous communities, land, labor participation, new blocks and oil projects, prior consultation and the need to bring dialogue to the grassroots. In the end, the parties agreed on the importance of continuing the dialogue, enriching the agenda, establishing people in charge and

mechanisms for enforcing them in the future, with the tools and resources needed for the monitoring and operation thereof. Also, they recommended expanding participation to other government entities, human rights organizations, national and international indigenous organizations, among others. Table 71 lists the intercultural dialogues conducted by the company in 2012.

Table 71
Intercultural and mutual monitoring dialogue

Date	Location	Number of attendees	Participant peoples
November 27 to 29	Puerto Asís (Putumayo)	87 people	Embera, Pastos, Awa, Cofán, Sionas, Pijaos, Nasa Indigenous Peoples
December 5 to 7	Coveñas (Sucre)	86 people	Zenú Indigenous People
December 11 to 13	Cali (Valle del Cauca)	57 people	Pacífico Cimarrón Community Council
			Río Mayorquín Community Council
			Río Cajambre Community Council
			Limonas Community Council
			Vereda la Esperanza Community Council
			Río Naya Community Council
			Alto and Medio Dagua Community Council

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Testimonial

Hoovert Carabalí Playonero **Representative of the black** **communities of the Pacific**

“The Pacific region contains 5% of all the country’s black people, encompassing territories that cover more than six million hectares.

I am the representative of my black people from the Colombian Pacific, and specifically the black people from Bahía Málaga, Municipality of Buenaventura, department of Valle. We have a Community Council that represents the interests of 157 families and 613 people. I have led these communities for over two decades, from when I took an active part in the National Constituent Assembly, which was the great citizen movement that gave rise to the Constitution of 1991.

As a development of the Constitution, Law 70 of 1993 came into being, which has enabled us black people to claim legal adjudication from the State, of the territories in which we have been settled for two centuries, generating conservation, life, culture, joy, peace, food and everything that is part of our cultural universe.

That law gave life to community councils made up of ancestral communities to manage the search for projects on development, and environmental and social welfare

for their people. We are now achieving this, and that makes us stakeholders who own territories in which there are many future possibilities for mining and oil resources.

Relations with Ecopetrol had never been either close or very fluid, even though some of our territories in Valle del Cauca are an area of influence of the pipeline that transports fuel between Yumbo and Buenaventura.

However, this year there have been significant rapprochement, especially in the context of the mutual understanding dialogues promoted by Ecopetrol that enabled more than 50 representatives from 19 Community Councils in the region to express our expectations and needs. Thanks to the commitment, seriousness and level of

response that Ecopetrol’s Social Management team gave to these dialogues with our communities, we were able to structure what, in future, will be the road map for the company’s relations with all Afro communities anywhere in the country.

These dialogues have become a milestone for Colombia’s black people, because it’s the first time a company has sat down with black communities to discuss the possibility of joint progress around oil production or business activity. We think it’s great because it is opening the possibility of fruitful dialogue between the parties!

We have been able to appreciate that Ecopetrol is a reputable company that is betting on social and environmental sustainability in the places where it has operating or oil transport areas”



Project Orígenes (Origins) During the last quarter of 2012, the agreement with Artesanías de Colombia (Colombian Crafts) known as Orígenes was continued, which promotes the strengthening of the cultural identities of ethnic groups through actions that are consistent with their life plans and focused on strengthening their craft traditions.

The project, which operates nationally and includes 34 indigenous and Afro-descendant groups, focused on four components: Human development, design and development of handicrafts, technology improvement and business management.

Anthropologists and designers visited the communities to continue strengthening their handicrafts, based on their traditional knowledge and ancestral techniques. This made it possible for there to be 19 exhibitors at the Expoartesanías Fair 2012 (handicrafts expo), held in Bogota in December, increasing representation relative to 2011, when there were 10 exhibitors.

Disability and labor inclusion

On May 10, 2011, Colombia ratified the Convention on the Rights of Persons with Disabilities, adopted by the General Assembly of the United Nations. This means that the contents of the Convention have been formally incorporated into Colombian law and are of mandatory compliance for our country's public and private institutions.

Ratification is a critical step to advance the assurance and protection of the human rights of the disabled population in Colombia, and represents the best road map for public entities, civil society organizations, people with disabilities and society in general to ensure the enjoyment of the rights of this population. Understanding the importance of this instrument for the country, Ecopetrol as mixed-economy company that is committed to building a social state based on the rule of law and the country's social development, decided to conduct an assessment in 2012 aimed at identifying the gaps between its main practices and policies, and the Convention on the Rights of Persons with Disabilities.



Expoartesanías Fair 2012, Bogotá, Project Orígenes.

The gap analysis focused on four key issues: accessibility, labor inclusion, health rehabilitation and education. Each issue had the points of the Convention that applied to them as reference, and were compared with the information obtained about what is currently happening in Ecopetrol. This information was collected via interviews, document analysis, and observations in facilities.

As a result of this study, Ecopetrol has a diagnostic and a proposal for the implementation of initiatives aimed at closing the gaps identified. During the first quarter of 2013 there will be a workshop for the dissemination of results among the different areas involved in the study, and an action plan is expected to be defined.

Promotion of the rights of children and adolescents

In accordance with the provisions of the Tactical Plan on Human Rights, Ecopetrol is committed to respecting the rights of children and adolescents, focusing on the following aspects:



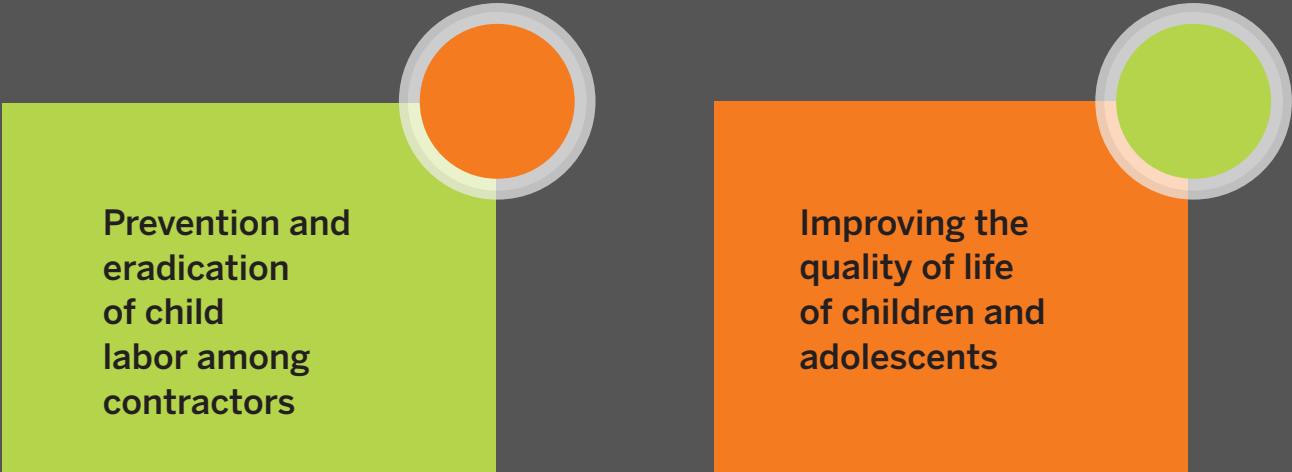
- **Prevention and eradication of child labor among contractors.** Ecopetrol requires its employees and contractors to make a commitment to human rights, no to child exploitation, the rejection of forced labor and no to discrimination in employment, through various means. In the first instance through the Code of Ethics, which is a formal and institutional standard of personal and professional conduct.

All Ecopetrol contractors must declare their adherence to the company's Code of Ethics. This declaration has significant effects on the contracts, because the application of the Code is classified as a contractual obligation, whose breach generates the implementation of the agreed sanction instruments (penalty clause for enforcement, early termination).

Similarly, workers, contractors and third parties involved in the company's operations must know and accept the guidelines on corporate social responsibility (CSR) and the Human Rights Guide, which establish the company's rejection towards the issues of child labor, and forced, compulsory or non-consented labor.

Additionally, within the registration form of Ecopetrol's Supplier Rating System, there is a section that relates to corporate social responsibility, in which the supplier responds whether or not they adhere to each of the ten principles of the United Nations Global Compact.

All these aspects mentioned are known to the contractors and are reaffirmed in every new contract and within performance evaluations, where issues such as CSR (Corporate Social Responsibility) and HSE (health, occupational



Prevention and eradication of child labor among contractors

safety and environmental care) are always part of the criteria to be evaluated.

In order to implement assurance actions on this issue, in 2012 creation began of a risks map on human rights for Ecopetrol, which will have a special chapter analyzing vulnerability in relation to the risks of child labor and forced labor, within the following areas of contracting:

- Regional/local contracting lines: 39 local contracting lines.
- Strategic sectors: Operational maintenance, administrative services (administrative maintenance), transport (river and land), and civil works.
- **Improving the quality of life of children and adolescents:** throughout 2012 six courses were run on Dependent Care for the caregivers of workers' children, in which 179 people participated.

Improving the quality of life of children and adolescents

Additionally, monitoring was carried out on the use of and satisfaction with the extended postnatal maternity and paternity leave in Ecopetrol, which was used by 100% of employees to whom it applied (78 mothers and 156 fathers).

With respect to activities undertaken with children and adolescents within the communities in which Ecopetrol has operations, in 2012 work was done on the promotion of the right to universal and quality education through interagency partnerships with the Ministry of National Education, Batuta, Colombianitos, Maloka, the Organization of Ibero-American States (OEI), Fundesmag, the Salvi Foundation, the Teje – Teje Foundation, the CRIC (Regional Indigenous Council of Cauca), the Ventures Corporation, Colfuturo, Fulbright, the Carolina Foundation and members of the National Museums Network.

Efforts were joined for symphonic and cultural music education at the Batuta orchestral centers as well as in symphony orchestras from certain areas of the country, benefiting 5,200 children and adolescents. Additionally, educational and cultural activities were supported in the National Museums of Colombia, in La Guajira (Corporation for the Interactive Museum Center of Culture, Science, Technology and Innovation of La Guajira) and the Colsubsidio Children's Museum, in Bogotá, as well as different multisports centers in the country.

In line with the strategy of improving the quality of education, support was given to the development of the National Literacy Plan for preschool, primary and secondary education, and the training of 300 teachers from child development centers and the PAIPI (Comprehensive Early Childhood Care Program) in psychoactive development in early childhood. Finally, seeking to reduce the technological gap and improve the quality of education, various educational institutions were provided with teaching materials and computers with access to satellite internet and alternative energy.

Freedom of association and the right to collective bargaining

Ecopetrol recognizes the freedom of association that all employees have, ensuring their right to form trade unions or workers' associations and to freely decide whether they wish to join them, as well as to participate in the collective bargaining process.

Also, the company promotes respect for workers belonging to unions and their leaders, it provides guarantees for their freedom of action and prevents situations of harassment or discrimination. Ecopetrol's work to ensure respect for the freedom of association and the right to collective bargaining of its workers, is detailed in the Labor Practices section of this report (page 263).

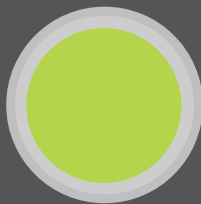
Human rights in the Collective Bargaining Agreement

Ecopetrol acts together with the different coexisting unions within the company in the defense of human rights and peace, recognizing within the Human Rights Chapter of the Collective Bargaining Agreement (Chapter XVII), issues related to the management of workers that may be in situations that jeopardize or violate their human rights, and establishes protective measures such as paid leave, recognition of economic aid and workplace transfer, among others, under principles of:

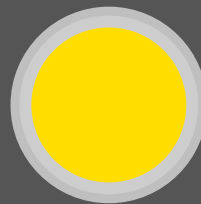




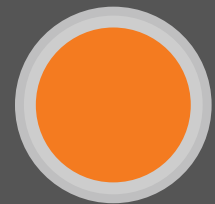
**Climate of respect
and defense of the
right to life and
human rights**



**Peaceful
coexistence**



**Peaceful resolution of
conflicts and peace
within the company
and in its areas of
influence in general**



**Promotion of
International
Humanitarian Law in
the common areas of
influence of Ecopetrol
and the Workers'
Trade Union (USO)**

The contents of the Human Rights Chapter of the Collective Bargaining Agreement are managed and ensured through the National Committee on Human Rights and Peace, which operates in Bogota, and regional subcommittees located in Magdalena Medio, Cartagena, Huila, Apiay and Orito. In Bogota there are two subcommittees: one in Ecopetrol Corporate and one in the Vice Presidency of Transport and Logistics.

For each of the subcommittees there are representatives from Ecopetrol and the Union. In terms of the formation and operation of the National Committee, the company has two representatives and the Workers' Trade Union has four. Both the National Committee and the Subcommittees meet once a month during the year, in the country's different regions.

Further, in 2012 two biannual meetings were held involving all regional human rights subcommittees. The first meeting was held in Cali and the second in Cartagena, where there was a presentation of the management reports and verification visits conducted

jointly, by company and union, to the workplaces identified as a priority for the verification of working conditions. The humanitarian support recognized through these committees consists of financial help through paid leave for the affected worker; aid equivalent to 50% of the collective bargaining agreement's expense allowance, which is granted while the employee is not working; transport for the family group, for as long as the displacement situation for security reasons endures, and in the event that the employee does not move their family, they shall be entitled to tickets so that the duly registered family group can visit them once a month. Psychological support for workers and their families who find themselves in these circumstances is also offered.

Currently, 34 union workers are under the protection of the Committee on Human Rights, who are receiving the support and aid set out in the Human Rights Chapter of the Collective Bargaining Agreement.

Training and dissemination on human rights

In order to raise awareness among the Employee and Contractor stakeholders, a communications plan was implemented in 2012 that, through company's various internal channels, aimed to: inform regarding the concept of Human Rights and Company, as well as Ecopetrol's commitment towards the issue; commemorate important dates related to human rights; disclose the available channels for the filing of petitions, complaints and claims, and disseminate the efforts made by Ecopetrol on the issue.

In addition, 10 workshops were held in Bogota with the participation of 147 employees from various Departments of the Exploration & Production business, which incorporated the concepts of corporate social responsibility and human rights as essential tools to obtain results aligned to Ecopetrol's sustainability strategy.

Similarly, there were three workshops on the labor standards of the International Labour Organization (ILO) within the framework of the Global Compact principles. These involved 24 direct Ecopetrol employees from departments such as the Labor Relations Unit, the Citizen Participation Office, the Physical Security Department, the Corporate Communications Unit, the Ethics and Compliance Unit, and the Corporate Social Responsibility Unit.

In the same vein, a talk was held in Bogota called Approach to the Global Compact principles, whose aim was to present the importance of respecting human rights in the national and international context, and its relationship with business. This talk was attended by 29 Ecopetrol contractor executives in Bogota.

Moreover, throughout 2012 the USO's National Commissioners on Human Rights and Peace promoted academic actions through workshops, discussions and meetings across the country, involving workers and community members, reaching 656 people. Additionally, in 2012 the seventh edition of the Diploma in Human Rights was carried out with Universidad Nacional de Colombia, through which 36 workers from different regions of the country were trained.

Finally, to ensure the skills of Ecopetrol employees, in 2012 a human rights module was designed with the Corporate University, which will be available as part of formal training on Corporate Social Responsibility in 2013.

Training activities with the Army

In 2012, through an agreement signed with the Ministry of Defense, Ecopetrol, in accordance with the guidelines established in the Mining and Energy Committee (CME for its acronym in Spanish) regarding support for the Comprehensive Policy on Human Rights and International Humanitarian Law (IHL) from Ministry of Defense, supported training activities for members of the Armed Forces assigned to the company's area of influence, on issues related to the respect and protection of human rights and compliance with IHL.

Given that on this issue the aim is to create installed capability for the Ministry to develop their own training activities in line with their policy's approach, together with the Army's Human Rights Leadership, an agreement was made to support a pilot plan for training in IHL for members of the Armed Forces, by providing resources for the creation and reproduction of the material required for this purpose.

Delivery was made of 28 simulation scenarios on International Humanitarian Law to support training activities for members of the Armed Forces

In this way, delivery was made of 28 simulation scenarios on International Humanitarian Law, 550 command books, 3,000 packs with informative content on human rights and 3,000 packs with content on International Humanitarian Law. All material was designed and developed under the coordination of the Army's Human Rights Leadership.

Moreover, in developing the pilot plan it was also suggested that the Army's Human Rights School conduct training in certain Instruction, Training and Retraining Battalions (BITER for its acronym in Spanish). Thus, during the second half of 2012, three trainings were carried out: BITER 30 (Norte de Santander - Salazar de las Palmas); BITER 18 (Saravena - Arauca) and BITER 16 (Aguazul - Casanare), in which Ecopetrol had the opportunity to disseminate its Comprehensive Policy, Human Rights Guide and the company's commitment to the implementation of recommendations issued by the international initiative for Voluntary Principles on Security and Human Rights.

During scheduled training the Recognize Program (Reconocer in Spanish) was also undertaken, with which Ecopetrol seeks to acknowledge the work of members of the Armed Forces and encourage them to conduct their activities under a framework of respect for human rights and compliance with IHL.

Training activities with the Police

For 2012, support for the following training activities was agreed with the General

Inspectorate of the National Police:

- **International symposium on human rights**, with emphasis on the use of force and the vulnerable population. The event took place in Bogota on September 10, 11 and 12, and featured nationally and internationally recognized panelists. 210 people attended, including members of Ameripol, international organizations, embassies, members of the Ministry of Defense, the Army, the Police, NGOs and universities.
- **Masters-level training in human rights** for six members from the Human Rights area of the General Inspectorate.
- **Diploma in Contextualization of the victims law from the standpoint of the universal and Inter-American system of human rights and the use of force and firearms by officers responsible for enforcing the law.** This diploma was delivered by the National Schools Department and National Police School, with support from the Inter-American Institute of Human Rights. It was directed at 40 members of the Police with direct jurisdiction in the topics covered during the training.

In addition, under the agreement signed between the Ministry of Defense and Ecopetrol, during the second half of 2012 transmission of the Ecopetrol Online Program began, through the Army's stations found in some of the areas where Ecopetrol operates, and that due to their criticality from the point of view of security and human rights, require extra effort in terms of communication to the community and members of the Armed Forces.

This enabled Ecopetrol to use these spaces for the production and broadcast of messages

In total, over the three years of implementation, the Program for the Promotion of Human Rights in La Cira has reached 6,358 people.

related to the promotion of attitudes of care and cooperation in safeguarding the transportation infrastructure, and the promotion of actions under a framework of protection, respect and promotion of human rights, with the creation of an attitude of care in the event of an emergency due to leaks or breakages in pipes transporting oil, while also reporting about social investment projects.

Promotion and dissemination program in La Cira Infantas

Since 2009 the Human Rights Dissemination and Promotion program has been carried in the La Cira Infantas project, in partnership with Occidental de Colombia. In 2012, the program reached 900 contractors, 300 members of the Armed Forces (Army and Police) and private security guards, and 300 school children (primary grades 3 through 5) from the district of El Centro.

The training includes three thematic modules:

1 Introductory module on human rights

2 Human rights reference framework

3 Voluntary Principles on Security and Human Rights

Program for the Promotion of Human Rights in La Cira

National Human Rights Day celebrated with students from Yopal

As part of the celebration of the National Human Rights Day in 2012, Ecopetrol's Superintendence of Northeastern Operations supported the meeting of students from different schools who gathered to discuss the issue.

The event was organized by the Victims Transitional Justice Committee for Casanare, composed of the Departmental Government Secretary, the Police, the Army, INCODER and the Ombudsman.

"Various State agencies have come together, with the support of Ecopetrol, to conduct a training session with students from schools in Yopal, in order to make them aware of where these rights arise and how they can help their environments and communities to strengthen the respect and fulfillment of Human Rights," said Barba Parra Perilla, psychologist of the Ombudsman in Casanare.



Martha Luz Medina, an official in charge of Victims issues in the Departmental Government Secretary, said that the meeting also aimed to raise awareness among adolescents and young people on respect for human dignity, which encompasses respecting differences of thought, personality or ways of life that we humans have.

The celebration concluded with an interagency session with recreational activities and a musical presentation, where students actively participated and were seen to be receptive to these initiatives that promote the defense of life and other fundamental rights.

Voluntary initiatives in human rights

In addition to its own procedures and standards, Ecopetrol adheres and actively participates in three voluntary initiatives on human rights: United Nations Global Compact, Guías Colombia and a platform for analysis and reflection called CME- Security and Human Rights.

Global Compact

Activities for the dissemination and promotion of Global Compact principles were taken forward through workshops on labor standards of the International Labour Organization (ILO) aimed at the company's contractors and employees, in addition to various business strengthening projects carried out during the year in different company operating regions, in which 122 companies were trained in human rights and the Global Compact.

In 2012, Ecopetrol supported the Global Compact Local Network in Colombia through association with this corporation within the contributing member category. Additionally, the company actively participated during the year in three thematic roundtables that were carried out: Roundtable on Principles 1 and 2, Roundtable on Child Labour (Principle 5) and Roundtable on Principle 10 (Anticorruption).

Additionally, in 2012 Ecopetrol was elected to the Steering Committee of the Global Compact Network in Colombia and helped organize the Second Congress on the Global Compact, a platform in which it shared its Anticorruption Strategy.

In April 2012, Ecopetrol sent its third Communication on Progress to the United Nations, corresponding to the work done by the company in 2011.

Principles of the United Nations Global Compact

Encourage the development and diffusion of environmentally friendly technologies.



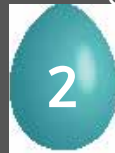
Work against corruption in all its forms, including extortion and bribery.



Support and respect the protection of internationally proclaimed human rights, within its sphere of influence.



Make sure that they are not complicit in human rights abuses.



Undertake initiatives to promote greater environmental responsibility.



Principles of the United Nations Global Compact

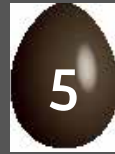


Uphold the freedom of association and the effective recognition of the right to collective bargaining.

Support a precautionary approach to environmental challenges.



Uphold the elimination of discrimination in respect of employment and occupation.



Uphold the effective abolition of child labour.



Uphold the elimination of all forms of forced and compulsory labour.

Under the CME, in 2012 three documents were approved with recommendations on security and human rights for companies

Guías Colombia

This national initiative involving companies, civil society organizations and the Government, seeks to contribute to the respect and promotion of human rights and international humanitarian law in the context of business activity, through the joint construction of knowledge and the establishment of best practices.

Ecopetrol, as a member of Guías Colombia, participated in 2012 in the development of the baseline for mechanisms in complaints and claims regarding security and human rights practices, and was part of the working teams engaged in the creation of two new guides aimed at ensuring respect for human rights in labor relations and land management.

Additionally, in 2012 Ecopetrol was elected to Guías Colombia's Steering Committee.

CME – Security and Human Rights

CME – Security and Human Rights is a platform for analysis, reflection and recommendation for improving the performance of the sector and Colombian state institutions in respect for human rights within public and private security.

In 2012 Ecopetrol participated in the CME's Steering Committee and the Working Groups on Communications, Companies and Armed Forces, and Extortion and Kidnapping Risk Management .

As a result of the constant work of these groups, the following recommendations were developed and approved in the CME's Plenary Session:

- Recommendations to support the Defense Sector in the implementation of the Comprehensive Policy on Human Rights and International Humanitarian Law from the Ministry of Defense.
- Recommendations for the use of Red Cross emblems.
- Recommendations for the management of extortion and kidnapping risks.



Launch of the document on recommendations for the prevention of extortion and kidnapping, of the CME. In the photo, from left to right: Alejandro Martínez, Juan Carlos Ucos, Clara Rojas, Jorge Enrique Bedoya, Francisco Lloreda, Ramiro Santa, Claudia Llano, José Rafael Unda.

Society and community

As part of its corporate responsibility model, Ecopetrol recognizes society, community and the State as part of its seven stakeholders. Table 72 shows the commitments and objectives that the company has established with these stakeholders, which form the basis of the materiality of the issues addressed by this sub-dimension.



Table 72
Commitments and objectives

Stakeholder	Commitment	Objectives
Society and Community	Participate in the sustainable development of the country, within a framework of shared responsibility and respect for Human Rights	Carry out all activities with social and environmental responsibility
		Promote collective processes of regional development
		Strengthen relationships of mutual responsibility based on dialogue and participation
		Act within a framework of respect and promotion of Human Rights
State	Help build a Social State based on the rule of Law by fulfilling our obligations and supporting institutional strengthening	Ensure and promote compliance with the obligations with State institutions.
		Support the strengthening of territorial entities in order for them to properly manage their obligations by means of citizen participation

Materiality of Society and Community

To achieve its corporate targets, including the development of the communities in which it operates, but which also cover the country as a whole, Ecopetrol annually reviews the issues of greatest interest to this group.

Thus, in addition to the studies reported in other sub-dimensions, in this area special attention is paid to the concerns raised in the Public Audiences on Accountability, as well as those gathered by the Citizen Participation Office.

The major topics covered in this sub-dimension that seek to address society, community and the State, are:

Social Management Model

Social investment

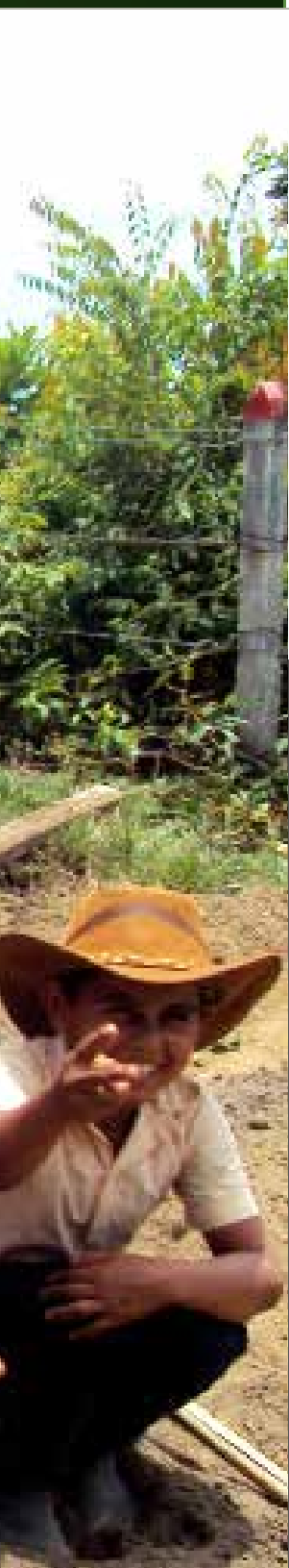
National projects

Regional projects

Regional vision agreements

Social impact management

Citizenship and democracy



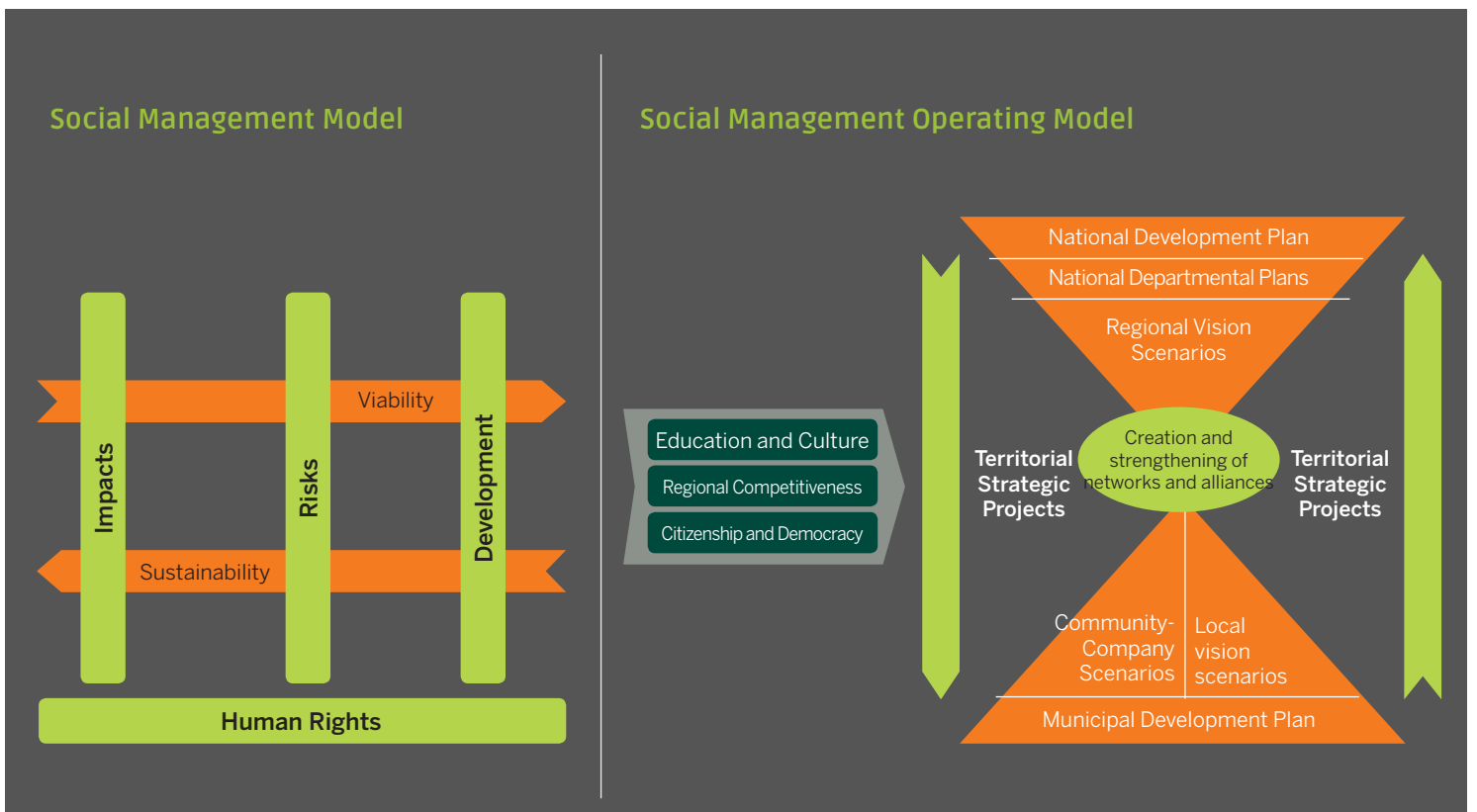
Social management model

In order to comply with its commitments, Ecopetrol has created a social management model through which the company aims to influence the generation of favorable conditions for development in the territories where it is present, based on the effective management of the impacts caused by its activities and the social risks that may affect operations.

Similarly, it has created an early intervention approach, in order to provide early warning of the occurrence of social risks and facilitate the management of impacts.

With this model the aim is to establish strategic alignment between activities in projects and our operations, impact management, risk treatment and participation in development, all within the framework of respect and promotion of Human Rights.

This social management model is implemented through the formalization of spaces for interaction with communities and coordination with the authorities, other businesses and social organizations, around shared visions of development at local and regional levels, as shown below:

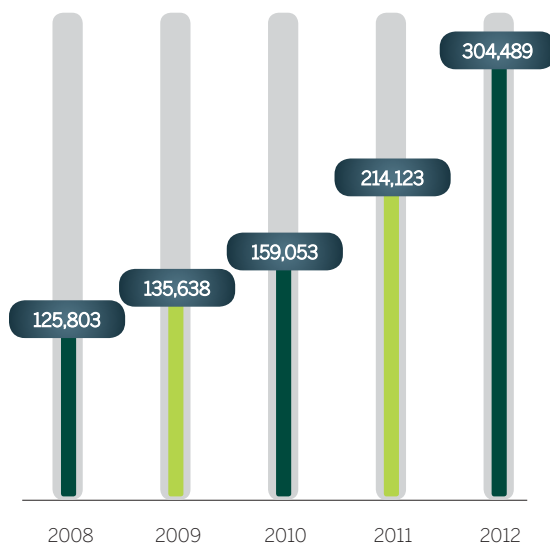


In 2012, Ecopetrol signed social investment agreements worth \$304,489 million, 42.2% more than in 2011

Direct social investment

In 2012, Ecopetrol signed social investment agreements worth \$ 304,489 million, 42.2% more than in 2011 (see Figure 53). This value includes the social investment directly managed by the company in the regions where it undertakes projects and operations.

Figure 53.
Direct social investment (Millions of pesos)



Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Social investment by line

In 2012, social investment focused on the lines of education and culture, regional competitiveness and citizenship and democracy, as described in Table 73.

Table 73
Social investment lines

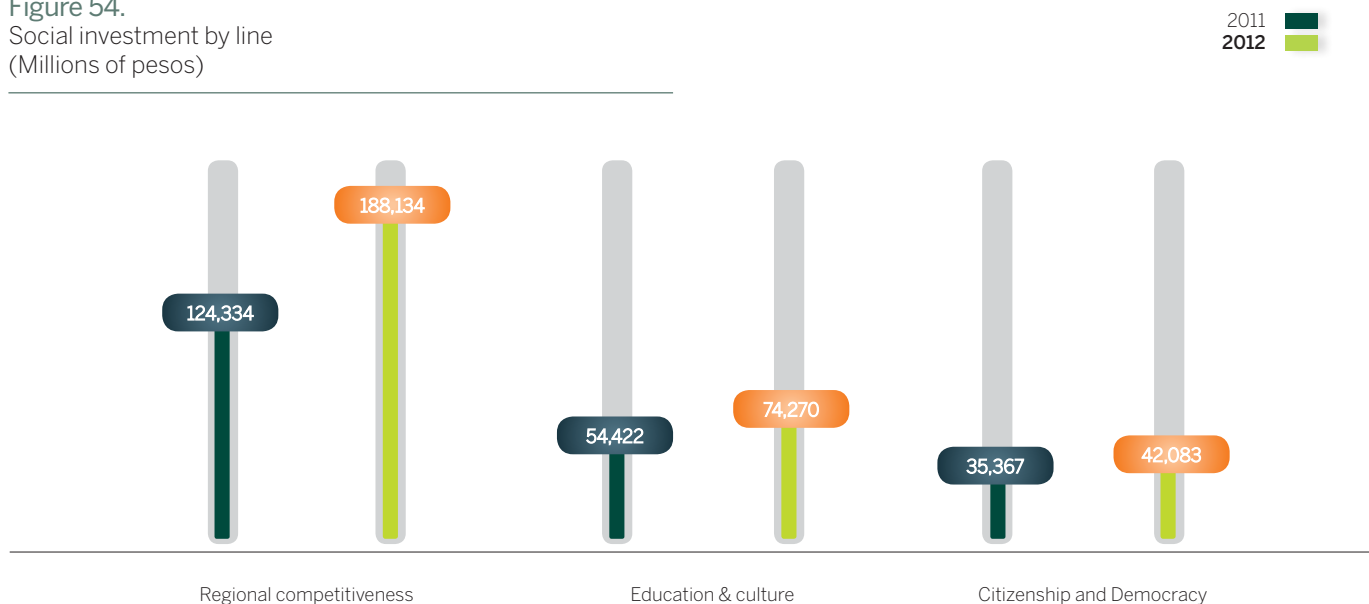
Lines	Scope
Education and Culture	• School access and retention
	• Educational infrastructure and supplies projects
	• Eradicating Illiteracy
	• Digital literacy
	• Programs to improve the quality of education
	• Promotion of arts and crafts
Regional Competitiveness	• Rescue of cultural identity
	• Training of competent human talent in strategic activities for the local and regional economy
	• Strengthening of integrated production
	• Strengthening of micro, small and medium enterprises
	• Maintenance, improvement and construction of road infrastructure
Citizenship and Democracy	• Provision of utilities, including water, sewerage, power and gas
	• Strengthening of civil society organizations
	• Strengthening of governance in the territories
	• Emergency prevention and response
	• Strengthening of relief agencies
	• Strengthening of the plans and life projects of ethnic groups

In 2012 Ecopetrol concentrated most of its resources on the Regional Competitiveness line, with a contribution of \$ 188,134 million

In 2012 Ecopetrol concentrated most of its resources on the Regional Competitiveness line, with a contribution of \$ 188,134 million. The main agreements signed within this line

correspond to road infrastructure and public services projects, with a value of \$ 136,027 million, and production capability strengthening projects, with a value of \$ 37,181 million (see Figure 54).

Figure 54.
Social investment by line
(Millions of pesos)



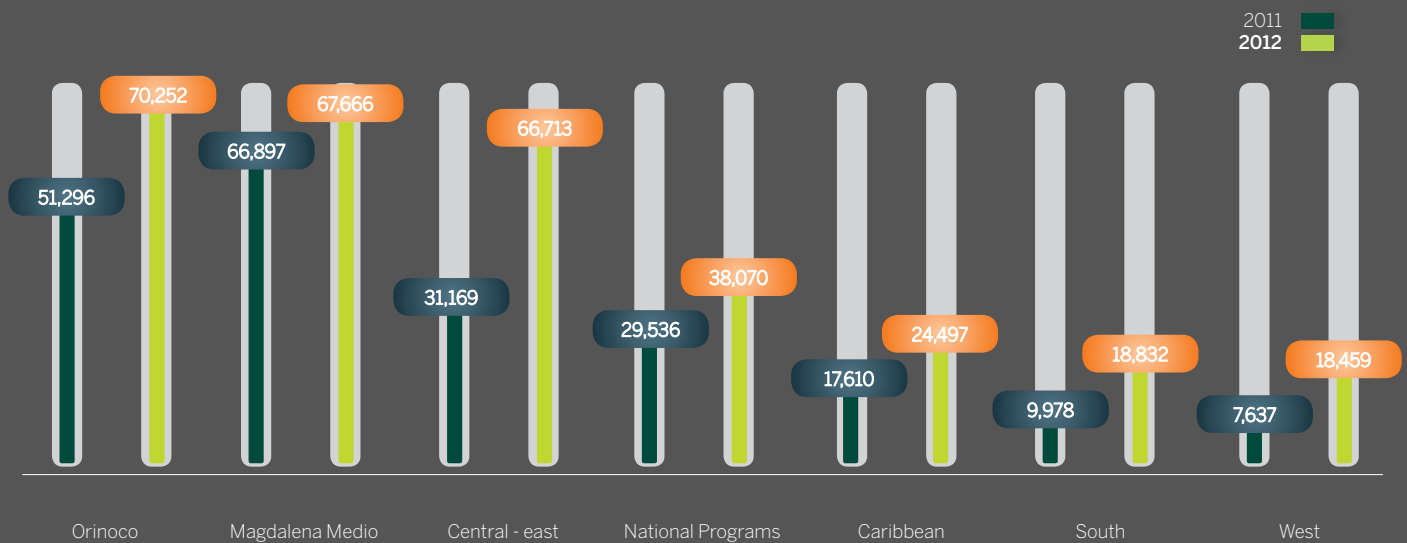
Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Social investment by region

Ecopetrol's social investment impacts the following regions: Orinoco, Magdalena Medio, Central-East, Caribbean, South and West, areas where the oil infrastructure is present. In 2012, the regions that the experienced the highest growth compared to 2011 were the West, with an increase of 141.7%, and Central-East, with an increase of 114% (see Figure 55). These percentages are the result, in the first case, of agreements signed with resources from

the Crude Transport Project and the Integrity Program (PDI for its acronym in Spanish), and in the second case, the signing of an agreement for the maintenance of road infrastructure in the areas of influence of the Caño Limón Coveñas pipeline, in partnership with the Government of Norte de Santander, the municipalities of Toledo, El Carmen, Convención, Teorama, El Tarra and the Ecopetrol Foundation for the Development of Catatumbo.

Figure 55.
Social investment of region (millions of pesos)

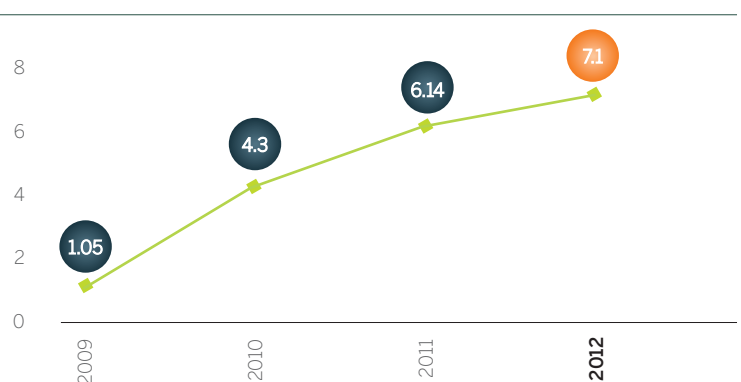


Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Leveraging of resources

In 2012 Ecopetrol managed resources with other entities reaching a ratio of 7.1, i.e., for every peso invested by Ecopetrol in territorial development projects and projects for risk and impact management, other entities contributed \$ 7.1. This ratio has shown annual growth, as can be seen in Figure 56.

Figure 56.
Leverage ratio for social investment resources



Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Social investment in partnership contracts

Under the partnership contracts in which Ecopetrol participates without being the operator, the company made contributions in 2012 of \$25,877 million for social investment projects, which were executed by its partner companies.

Overall, taking into account the contribution by Ecopetrol, partner companies and others, in 2012 a social investment of \$49,044 million was made. Figure 57 shows the contribution of Ecopetrol and total investment by investment line.

Figure 57.
Social investment in partnership contracts by line, in millions of pesos



Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

National projects

The main national social investment projects in 2012 were:

Education and culture

Implementation of ICT (Information and communications technology)

Since 2005, Ecopetrol has supported the provision of ICT to improve the quality of educational institutions. This process has been supported by the Ministry of National Education (MEN for its acronym in Spanish) to ensure that the equipment delivered by Ecopetrol is accompanied by the training of principals and teachers in the use thereof, internet access and educational software.

Additionally, through international aid, it has been possible to have access to solar panels and satellite internet, which has enabled the project to reach any educational institution in the country, in an innovative and sustainable manner.

Between 2011 and 2012 it was possible to equip 30 institutions in the departments of Valle del Cauca, Antioquia and Córdoba.

Implementation of the National Literacy Plan

In 2012 Ecopetrol became a partner of the National Literacy Plan, an initiative from the Ministries of National Education and Culture, which aims to improve reading skills in the

Cira Infantas**4,414 m**
2012**Total Ecopetrol Investment****330,735 m**
2012**Social investment in La Cira Infantas**

As part of the La Cira Infantas Partnership Contract, operated by Ecopetrol, social investment agreements were signed in 2012 for \$4,414 million, of which \$3,424 was contributed with the partners' shared resources for the partnership contract, and \$989 million was contributed by Ecopetrol. Of Ecopetrol's contribution, \$620 million was taken from the social investment budget for the Magdalena Medio region and \$369 million was contributed directly to the partnership contract.

Ecopetrol total social investment 2012

In total, during 2012 Ecopetrol contributed \$330,735 million in social investment. Table 74 details the total investment executed by the company.

Table 74

Ecopetrol total social investment

Operation type	Manager of social investment agreements	Ecopetrol Contribution 2012 (Millions of pesos)
Direct	Ecopetrol	304,489
Partnership (La Cira Infantas)	Ecopetrol	369
Partnership	Partner companies	25,877
Total		\$330,735

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

country through the provision of libraries to educational institutions.

During 2012, the Ministry of National Education focused on teacher training, while the Ministry of Culture bolstered local libraries, so that the books could be used by students, by their families and the community.

In addition to the 256 initial titles, libraries will have textbooks for Afro-descendant communities, for Indigenous communities, and for Romani populations. In 2013, the collections will be delivered to 528 educational institutions.

From Zero to Always

To expand educational coverage in the country, Ecopetrol joined this initiative from the National Government through the promotion of the "Pisotón" methodology that seeks that children between 0 and 5 years not only have access to the school system, but also that their caregivers be properly educated. During 2012 the partnership was signed, the regions to be worked on were defined, and the preparation of the material was carried out. Teacher training will begin in 2013 with the beginning of the school year.

Sports Schools

In partnership with the Colombianitos Foundation, 3,000 children have benefitted and it was ensured that at least 95% of them were kept in the school system.

This project promotes democratic values and the teaching of an alternative model, based on sport, for the peaceful resolution of conflicts.

Bachilleres por Colombia

To promote higher education in Colombia, Ecopetrol carries out the Bachilleres por Colombia (High School graduates for Colombia) program that benefits the best high school students in the country.

In 2012, university scholarships were awarded to the best 70 graduates in the country. During its 26 year history, the Bachilleres por Colombia Mario Galán Gómez program has benefited 840 students throughout the country.

Group from the Zero Illiteracy Program in Maicao, Guajira



Fulbright, Colfuturo and Carolina Foundation Scholarships

In 2012, the partnership with Fulbright and Colfuturo continued, in order to support the training of graduate students from the oil regions to enable them to access the best universities abroad.

During the year, 46 scholarships were awarded nationwide. Also, a new partnership was started with the Carolina Foundation, aimed at funding new scholarships for students who want to further their studies in Spain.

Zero Illiteracy Program

In partnership with the Ministry of Education and the Organization of Ibero-American States, Ecopetrol joined the initiative to reduce illiteracy in Colombia. Ecopetrol has invested \$40,500 million in this program, which currently benefits 53,000 people. The target is to reach 60,000 beneficiaries by 2014.

Museums

In order to promote and celebrate the expressions, beliefs and values that characterize regional identities, Ecopetrol has supported the carrying out of periodic and temporary exhibitions, mainly in the Museum of Antioquia, National Museum, Museum of Modern Art of Medellin and Museum of La Guajira. In 2012, more than 60,000 attendees visited these exhibitions.

General
Service
Training, in
Putumayo

Regional competitiveness

Training for the Future

This program seeks to build and establish capabilities in local and regional human talent in activities for the oil industry's value chain and other strategic activities for the local and regional economy, through training and education processes. Primarily in partnership with the SENA, programs are offered in job skills training and certification to those municipalities where that institution has no presence.

In 2012, 6,156 job skills certification processes were conducted, 4,095 people benefited from additional training programs, technical training, auxiliary training and technical specializations, and another 3,000 people were in the process of completing their training in 2013. Additionally, 4,911 people were trained in safe work at heights and 5,854 took the course For a Safe and Responsible Life, which aims to raise awareness on care for life and the environment.

Production capabilities

In order to strengthen production capabilities to generate alternative sources of income and improve quality of life based on territorial potential, Ecopetrol carries out projects in integrated production and business strengthening, mainly in areas where oil infrastructure is present. The following are 2012's main projects:

- **Integrated production**

In 2012, 2,950 people were trained in production capabilities, 1,300 production units were strengthened and 86 companies were consolidated. For the execution of the projects, there was support from partners such as the Corporation for the Participatory



and Sustainable Development of Small Farmers (PBA Corporation), the National Network of Local Development Agencies (ADELCO Network), oil foundations, among others.

Welding Training

The main standout projects for each region are shown in Table 75.

Table 75

Main production integration by region

Region	Projects
 <p data-bbox="321 438 423 463">Caribbean</p>	<ul style="list-style-type: none"> • Consolidation of conditions conducive to productivity, competitiveness and partnership in communities of small rural producers for their integration and sustainability in six production chains: plantain, cassava, yam, cocoa, sesame and avocado in the departments of Bolívar, Córdoba, Sucre, Atlántico, La Guajira, Magdalena and Cesar. • Improving food security conditions for 70 households through the implementation of productive yards and four school gardens in the municipalities of Zona Bananera and Ciénaga, department of Magdalena.
 <p data-bbox="285 651 459 676">Magdalena Medio</p>	<ul style="list-style-type: none"> • Strengthening the production of oil palm with smallholders through the modernization of plantation management and restoration of plant material in the departments of Santander, Bolívar and Cesar. • Strengthening rural producers through the improvement and modernization of the production of cocoa in the departments of Santander and Cesar.
 <p data-bbox="347 863 397 889">West</p>	<ul style="list-style-type: none"> • Strengthening the production of flowers and foliage, as well as food security through home growing, for small rural producers in Valle del Cauca. • Regional production alliance for integrated and agribusiness development in the rural areas of eight municipalities in Valle del Cauca, starting with support for pilot projects in income generation for small farmers from the municipalities of Dagua, Yumbo and La Cumbre.
 <p data-bbox="310 1076 435 1102">Central-East</p>	<ul style="list-style-type: none"> • Improving the profitability, marketing and sustainability of dual-purpose farms under a silvopastoral system for displaced persons and small livestock farmers in the municipality of Tibú. • Strengthening the production and marketing of cocoa to benefit small producers in the areas of Tibú and Sardinata. • Increased production of red tilapia in Saravena.

• **Business strengthening**

In 2012 Ecopetrol joined forces with national and regional bodies, in order to work towards business promotion and strengthening in the areas where the company operates. To this end, it developed a program to strengthen micro, small and medium enterprises (MSMEs) aimed at boosting regional economic activity.

Through strategic alliances and with an investment of \$6,800 million, in 2012 322 processes were completed in issues of: operations and logistics costs, OHSAS 18001 and RUC management systems, corporate social responsibility practices and project management.

Additionally, a pilot program was carried out to strengthen 24 large contractor companies in the regions of Magdalena Medio and the Orinoco.

Moreover, Ecopetrol along with Confecámaras, Universidad Jorge Tadeo Lozano, Corporación Calidad, Bancoldex, the Association of Petroleum Foundations, and 14 chambers of commerce from around the country (Arauca, Barrancabermeja, Buenaventura, Cali, Cartagena, Casanare, Cúcuta, Dosquebradas, Neiva, Piedemonte Araucano, Putumayo, Sincelejo, Tumaco and Villavicencio) came together to stimulate economic activity, the business fabric and the use of MSMEs in various areas of the country. The project establishes initial investments of \$ 5,500 million and considers working with partner organizations

and public and private entities in the areas identified, making use of the sum of experiences to strengthen business and knowledge in the territories. The municipalities initially covered by the project are: Cartagena, Sincelejo, Cúcuta, Tibú, Barrancabermeja, Arauca, Saravena, Yopal, Villavicencio, Neiva, Orito, Tumaco, Dosquebradas, Yumbo and Buenaventura.

• Road Infrastructure

During 2012 work was done on 300 km of roads through agreements between Ecopetrol and its partners. The main projects are described in Table 76.



Representatives of the institutions that support the Partnership to Strengthen the Business Fabric

Table 76





Main road infrastructure projects

Region	Projects
Magdalena Medio	<ul style="list-style-type: none"> • Redevelopment, paving and maintenance of 11.1 km of the road network in Barrancabermeja (Santander), in partnership with the municipality. • Support for the construction of embankments for access to the bridge over Caño Angustias, in Puerto Wilches. The 31,500 inhabitants of the municipality will benefit, in addition to improving the company's mobility conditions. In partnership with the Department of Santander.
Central-East	<ul style="list-style-type: none"> • Maintenance of 3.5 km of road in village kilometer 88, rural district of Campo Dos Reyes, municipality of Tibú (Norte de Santander). In partnership with the municipality of Tibú, the community and Asogpados. • First phase of the redevelopment of Cúcuta's road network, Avenue 21 between streets 5N and 3N of Barrio Juan Atalaya. Natilan Sector, municipality of San José de Cúcuta.
Orinoco	<ul style="list-style-type: none"> • Construction of the access bridge for the VillaManuela social housing program, in the municipality of Acacías - Meta. In partnership with the Meta Development Institute. • Construction of works of art on the access roads to the rural districts of Araguaney, Primero de Mayo, Punto Nuevo and Barbascos in the municipality of Yopal (Casanare). In partnership with the municipality of Yopal..
South	<ul style="list-style-type: none"> • Creation of 9.8 km of rural roads with the supply of road surfacing material phase II, municipality of Orito (Putumayo).

Utilities Infrastructure

In 2012, utilities projects were implemented benefiting 22,100 families. Table 77 presents the main projects by region.

Table 77
Main public utilities projects

Region	Projects
 Magdalena Medio	<ul style="list-style-type: none"> • Support for the construction of the El Ferrocarril manifold in order to collect and carry wastewater from communes 2, 3, 6 and 7 of the municipality of Barrancabermeja, which are discharged into the municipality's water bodies such as the Miramar Wetland and Magdalena River, in partnership with the municipality of Barrancabermeja and Aguas de Barrancabermeja.
 Central- East	<ul style="list-style-type: none"> • Improvement of basic sanitation conditions with an emphasis on health services for the population of the village of Miraflores, rural district of San Martin de Loba, municipality of Sardinata, which benefited 30 rural families in socioeconomic band 1. This agreement was signed in partnership with the Community Action Board, Miraflores Village, and the municipality of Sardinata. • Construction of the El Progreso aqueduct for the villages of Arrayán, Canales and Llanitos in the municipality of Sáchica (Boyacá), in partnership with the municipality of Sáchica. • Construction of the Sewerage Master Plan, rainwater, Villeta sector (Cundinamarca).
 Orinoco	<ul style="list-style-type: none"> • Improvement of sewerage in the district of Santa Rosa de Rionegro and the village of Rincón de Pompeya, municipality of Villavicencio (Meta), with support from the Department of Meta and EDESA E.S.P. • Design of the Unión las Camelias aqueduct for the villages of Santa Rosa, El Triunfo and La Primavera, in the municipality of Acacías (Meta), in partnership with the municipality of Acacías and ESPA E.S.P.
 South	<ul style="list-style-type: none"> • Construction of two tanks for gravity flow water supply to supplement the aqueduct system in the village of Achiote, municipality of Orito (Putumayo), with the support of the Alto Magdalena Foundation.

800 families benefited from the project for the Implementation and Strengthening of Production Projects in Magdalena Medio.

Regional projects

During 2012, in each of the regions (Caribbean, West, South, Central-East, Magdalena Medio and Orinoco) projects were implemented with social investment resources in different strategic lines. Table 78 lists the main projects per region.

Table 78
Regional projects

Region	Projects
 Magdalena Medio	<ul style="list-style-type: none"> • Implementation and strengthening of production projects. Achievements: food production for the basic family food basket in the municipalities of Betulia and Cimitarra; production improvement and production strengthening for cocoa in Puerto Parra, San Alberto and Aguachica; modernization of plantain and papaya cultivation in the municipality of Betulia, and strengthening of the oil palm chain in Magdalena Medio. Beneficiaries: 800 families. Partners: Fundesmag. • Promotion of projects identified as drivers of regional development, framed within region-vision processes, under two major initiatives: i) Roads for development, whose main component is the construction of the Yuma road, which links the Ruta del Sol (Route 45 on the national roads network) with the Guillermo Gaviria Bridge, benefiting Barrancabermeja and the surrounding municipalities. ii) Business force, which undertakes activities for the strengthening of local business and the diversification of the regional economy, such as the construction of the convention center, events and trade promotion activities for Barrancabermeja.
 Orinoco	<ul style="list-style-type: none"> • Improving quality of life in the village of Apiay, municipality of Villavicencio, through the construction of an aqueduct system, comprised of the deep well, drinking water treatment plant, elevated storage tank and distribution networks. Beneficiaries: 3,000 inhabitants in the village of Apiay. Partner: EDESA. • Paving of 1.1 km of urban roads and renovation of parks in Centro and Villa Carola, continuing the strategy Monterrey 2015 "Monterrey - Tourism municipality of Casanare". Beneficiaries: 10,000 inhabitants.
 Central - East	<ul style="list-style-type: none"> • Construction of 26 sanitary units in the villages of Campo Tres, Campo Giles, Río Nuevo and the San Eduardo neighborhood, in the district of Campo Dos, municipality of Tibú. Beneficiaries: 130 people. • Strengthening of the Water Advocate Children Program, in the department of Cundinamarca. The campaign reached 6,600 households. Partners: Autonomous Corporation of Cundinamarca.



Caribbean

- Support for the integrated planning and management of the coastal area of Pozos Colorados and repopulation of spiny lobster, based on the establishment of artificial reefs for technical-organizational strengthening of the fishing community of La Paz and Pozos Colorados, in Santa Marta. Beneficiaries: 60 fishermen in the Bay of Pozos Colorados, belonging to the Asopescoltur and Copepazbe associations.
- Strengthening of the “kaññas” traditional production systems, in subsistence food production and income generation for the Ette Ennaka people, through the implementation of forest crops and arrangements for 40 families in Issa Oristuna and Ette Butteriya. Cultural reinforcement workshops were also offered on fabrics, crafts, music, dance, ethno-medicine and self-government.



West

- Promotion of ecological thinking in rural schools of Antioquia, based on the respect for differences and the appreciation of diversity, understood from the biological, human and cultural perspective (Maleta Viajera (Traveling Suitcase) project). Through components including story, artists' works, travel logs and teaching material, 18 institutions, 1,374 students and 84 teachers benefited. This project was conducted in partnership with the Museum of Modern Art.



South

- Partnership with the “Invest in Huila” Center for Competitiveness and Investment Attraction Agency, for the formulation and presentation of regional development projects in the areas of fish, cocoa and tourism, raising national and international resources, and with an impact in the department of Huila.
- Promoting social inclusion for the vulnerable population of the municipality of Neiva, based on technical and business training to 2,000 female heads of household, creating 20 production units. This project is carried out in partnership with the SENA, the Municipality of Neiva and the Alto Magdalena Foundation.

Regional vision agreements

To promote the construction of a regional vision for development, Ecopetrol participates in spaces for the coming together of relevant stakeholders in the region, through social and institutional agreements that take shape in strategic territorial projects for the medium and long term. During 2012, progress was made in consolidating these regional agreements as follows:

Participatory Construction of the Sustainable Development Vision for the Llanos Orientales Region

In 2012, the Framework Convention and the first cooperation agreement was signed for \$596 million, with Universidad de los Llanos, an entity in charge of exercising the technical secretary function of this process that initially links the Governments of Meta, Casanare, Arauca and Vichada and which will include the participation of community and environmental organizations, the production sectors and associations, academia, research organizations, the Church and industry.

Through this initiative, 35 leaders from the region will coordinate the process for the participatory creation of a sustainable development initiative that is consultative, innovative, inclusive and competitive, leveraged by methodological and scientific tools, forums, debates and regional workshops, which will result in specific products for the region's planning.

Barrancabermeja Great Social Agreement

The Great Social Agreement of Barrancabermeja, signed in 2010 between Ecopetrol and seven other entities from the region, has been consolidated as

a platform for dialogue, a place where, based on the culture of dialogue, it is sought to ensure that the various regional stakeholders (institutional, social, civic, business and community) think of the territory as a socio-cultural construct and as a living space. In 2012, this great platform for the generation of Regional-Vision processes, had the following among its major achievements:

- The essential elements of the Great Social Agreement were validated with the communities of Barrancabermeja. During this exchange, new pillars were identified to be taken into account in the agreement such as the issue of human rights and gender, which will be generated during 2013.
- Projects considered key drivers for the development of Barrancabermeja and the region in general were structured, such as the Maternity and Child Center, the Interactive Park, the Yuma Main Road, and the Barrancabermeja Educational Complex, among others.
- Business strength was consolidated and economic diversification was supported through competitive strategies such as the Multimodal Logistics Platform project and business fairs.
- Diagnostics were prepared for the family pillar of Great Social Agreement, which will serve as input for the projects to be implemented in 2013.



ALL FOR BARRANCABERMEJA

Two years after having been set up, the Great Social Agreement, Barrancabermeja City-Region: 100 years (GASB for its acronym in Spanish) has established itself as the largest regional integration initiative promoted by Ecopetrol, for the creation of a participatory management model.

Since the early twentieth century, when explorers discovered oil in natural springs and the pathway opened to the first stills to process the crude, the Magdalena Medio region has been the heart of Colombia's oil industry.

Thus, 90 years ago Barrancabermeja was founded, a city in which many of its social stakeholders and regional leaders have their sights set on its 100th anniversary, which will be reached in 2022.

In November 2010, many of them, led by Ecopetrol, began to plant the seed for the greatest regional project the city has ever known: the "Great Social Agreement, Barrancabermeja City-Region: 100 years."

In total, there are eight entities including the community, institutions, employers, civil society organizations, the church and academia, which make up this project, which was convened and includes the participation of the Diocese of Barrancabermeja, the Development and Peace Program for Magdalena Medio, the Government of Santander, the Mayor's Office of Barrancabermeja, the Municipal Council, Ecopetrol, the Workers' Trade Union-USO and the Chamber of Commerce.

The creation of the Great Social Agreement involves participatory work and definition with

the communities in six thematic pillars: human talent development, institutional strengthening, economic strengthening, infrastructure for sustainability, civic culture and families as the central themes of development.

These six central themes are addressed in a cross cutting manner with a focus on Human Rights and Civic Duties, and the whole process is oriented towards the integration of the city of Barrancabermeja under the City-Region scheme, with the understanding that democratic consensus building is based on the participation of all citizens.

For the manager of the Barrancabermeja refinery, Orlando Díaz, the GASB arises from the interest of men and women who see within the exercise of democracy and civic responsibility, coupled with public administration, a historic opportunity for the comprehensive development of Magdalena Medio.

The primary purpose of this initiative is focused on ensuring that citizenship, together with public institutions and the private sector, engage in common organizational processes that enable them to take part, with effective power, in the public affairs that directly affect them.

Therefore, according to Julia Celina Angulo, Ecopetrol's social management leader in Magdalena Medio, this strategy is based on commitment, inclusiveness, transparency and accountability, integrating all social, political and economic stakeholders, recognizing the territory as a space for life and not simply a geographic space that serves the country's economy.

It's about, she says, fostering the conditions necessary to meet local needs in all areas, which should culminate in the formulation and implementation of long-term public policies.

This coming together of stakeholders has enabled each of the defined pillars to have key

projects since the end of 2011. For example, within the Human Resource pillar, whose aim to reduce the inequality gap in terms of opportunity and competitiveness, there have been four workshops with the participation of 120 people, representing 29 institutions, within which it was possible to define the concept of employment and its strategic lines.

Among the specific results that should be attained by this pillar, is to ensure that at least 50% of the local workforce available, is trained in the specialties required by the development sectors (infrastructure, services, petrochemicals). Similarly, an increase will be sought in the percentage of school graduates entering higher education programs.

For its part, within the Culture and Citizenship pillar, and after four workshops involving 60 representatives from different institutions, it was decided that the emphasis will be on strengthening and encouraging behaviors that create a sense of belonging, respect for rules and shared norms that facilitate tolerance, solidarity, the recognition of rights and responsibility for civic duties.

In this regard, Monsignor Camilo Castellón, Bishop of Barrancabermeja, states that "we have learned a new way of relating, of seeking common paths and solving complex situations. We have been able to solve problems using the common good as a premise."

The Presidency of the Republic turned the Great Agreement into a pilot for the new regional development policy, so as to coincide with the new territorial approach of the national development plan, which promotes regional consensus initiatives.

As mentioned by Darío Echeverry, advisor of the Chamber of Commerce of Barrancabermeja, "we've all done our bit in this process, and if people see that there is an opportunity to grow and develop, and opportunities for employment, business and social development, then Barrancabermeja's people will make this a success."

An update was performed on the impacts and management measures of relevance in 62 environmental studies, corresponding to 29 projects in exploration, production and refining

Consolidation of the Pacific Region

In partnership with the National Productivity Center, which leads the technical secretary function of the Pacific Vision platform, the identification and prioritization of strategic projects has been supported for the four departments that make up the region (Cauca, Nariño, Valle del Cauca and Chocó).

Also, regional stakeholders have been trained in structuring projects and the dynamics of the new General Royalties System; the design of the Visión Pacífico (Pacific Vision) magazine was supported, which is to be published in 2013 with the distribution of 4,000 copies, and a platform for dialogue with the national government has been consolidated.

Caribbean Regional Vision

In partnership with the Caribbean Observatory, the regional vision exercise has been undertaken, which has made it possible to prioritize development projects in three strategic areas: poverty alleviation, climate change and infrastructure for competitiveness.

In 2012, the design was taken forward of a baseline for determining the strategic projects in each of these areas in the departments that comprise the Caribbean region (Atlántico, Bolívar, Cesar, Córdoba, Guajira and Sucre).

Huila-Tolima Regional Vision

In coordination with the "Invest in Huila" Investment Attraction Agency and the Chamber of Commerce of Neiva, progress was made in identifying strategic lines and projects to be presented within the General Royalties System.

Two projects were approved for a value of \$1,365 million in production issues related to specialty coffee and health tourism.

Management of social impacts

As part of the relations process with the Community, Society and State stakeholder, the company has articulated guidelines for citizen participation in the identification and management of impacts, through the collective development of management measures.

In this context and through a cooperative process, the authorities and communities are called to participate in a workshop to identify the socio-environmental, physical, biotic and abiotic impacts associated with the projects and their respective management measures.

This work takes into account the social and cultural environment of stakeholders, something that enables a detailed and clear description of the activities and stages of projects, in order to generate discussion and analysis of the impacts and, in turn, propose management measures consistent with these.

Later, at the project implementation stage, it is necessary to continuously update the impacts and establish relevant management measures. In 2012, the above process was applied in 62 environmental studies, corresponding to 29 projects in exploration, production and refining.

Social impacts

Ecopetrol operates under the criteria of prevention and responsible management of all social impacts generated.

Impact is understood as everything that generates changes or impacts, caused directly or indirectly by a project or business activity on the environment, and on the social and economic context of a given territory.

The main social impacts generated by the company are those related to the oil industry in general, such as: deterioration of road infrastructure; impact on and fragmentation of land; impacts on cultural identities; increased cost of living locally; involuntary displacement of social units, their production vocation and impact on social infrastructure, among others.

Additionally, the company has carried out analysis of the cumulative impacts, construed as impacts that have been generated in the areas and that are heightened or increased with the arrival of new projects or activities. An example for the case of cumulative impacts, is the generation of particulate matter that is caused by an ongoing company activity and that is increased by the arrival of new activities to a specific area.

Measures to manage social impacts

In response to the social impacts generated by business activities, mainly by projects, constant work is carried out in the creation of management measures that will effectively manage the impact, with implementation that is efficient and measurable.

The main management measures implemented in 2012 as part of the social component of environmental management plans, according to the characteristics of each project and of each community, are the following:

Information and communication program: establishing and strengthening channels of information and participation between the company and communities impacted by business activities, ensuring timeliness, clarity and response to concerns associated with the projects.



Mobilization program: actions to minimize the impacts generated by the mobilization of equipment and machinery for the project. Seeks to inform the authorities and communities in a timely manner regarding the schedule for the mobilization of equipment and its implications, as well as the respective safety measures in order to define actions that ensure the communities' mobility on the roads.

Definitive relocation program:

actions to ensure that involuntary displacement becomes an opportunity to improve the living conditions of residents, and to offset and reduce the negative impact. It is designed according to each specific case.

**Program for the hiring of**

local labor: recruitment of local personnel, primarily unskilled, for the undertaking of project activities. This program, together with the training of personnel related to the project, seeks to control the impact of changes in cultural practices associated with migration and change in the social environment, by preventing the mass influx of foreign personnel through giving priority to the recruitment of personnel from the project's area of influence.

In the same vein, the Corporate Social Responsibility (CSR) procedure was developed in contracting and subcontracting, which incorporated local and regional employment generation for unskilled (100%) and skilled (30%) labor from the project implementation's social area of influence. This aspect is a tender assessment factor in contractor selection processes handled by Ecopetrol.

Risk management program

Aware of the importance of ensuring that plans for emergency preparedness and response are fully implemented and properly articulated with communities and regional authorities, in 2012 Ecopetrol created the company's Contingency Program. This program has a group of professionals that provide cross cutting support to each of the pillars that comprise the program:

- **Implementation of emergency plans and environmental management plans.** In 2012, the dissemination process was carried out for emergency plans and disaster risk management with communities and territorial councils (municipal and departmental) that make up Ecopetrol's area of influence. These disseminations are being conducted by the various branches of the Red Cross, through contracts signed with Ecopetrol, which will reach 1,349 communities from the area of influence of the company's operations.
- **Updating of environmental management plans and emergency plans.** The Contingency Program's social assurance group on environmental studies, is actively participating in the formulation of corporate guidelines for updating Ecopetrol's

The company allocated \$13,883 million
to assist victims of the emergency
in Dosquebradas, Risaralda

emergency plans, in specific regard to the socioeconomic and cultural component, wherein it is sought to update the definition and identification of the population located in areas affected by emergencies, as well as to incorporate social aspects into the assessment of risks from product containment loss.

- **Institutional strengthening.** In 2012, development began of the risk management model for the social component, through which it is sought to design an intervention process aimed at stakeholders based on the three components of risk management included in Law 1523 of 2012 (risk awareness, risk reduction and disaster management), which will include roles, skills, abilities, knowledge, tools, instruments and relations with the stakeholder institutions involved.

Similarly, in the regions, implementation continued of the risk management program that seeks to ensure the prevention and suitable response to community risks arising from the presence of business operations in the territories. The program is carried out in partnership with territorial entities, the Red Cross and other organizations related to the issue of risk management.

Response to the Dosquebradas emergency

In response to the Dosquebradas incident that occurred on December 23, 2011, Ecopetrol in 2012 continued to provide humanitarian assistance to the victims and established a process of coordinated intervention from Dosquebradas to launch programs in order to meet the needs of this community in all areas.

The company allocated \$13,883 million in three major lines to address different social initiatives with the community:

- Assistance for families (housing, health, humanitarian aid)
- Risk management (community and institutional strengthening)
- Social fabric (education, social infrastructure, strengthening of citizenship)

Within the framework of these three intervention lines, in 2012 the following activities were undertaken:

- Support was ensured and provided in the process for the physical and mental health of the victims; elective surgery with specialists; provision of supplies and medications necessary for the recovery of the affected population.

The achievements in Dosquebradas have become a model for emergency assistance in Colombia, and an example on how to face natural phenomena such as the harsh rainy seasons that have hit the country in recent years

- Settlements were made with 94% of the relatives of the deceased and with the owners of the collapsed homes.
- Environmental remediation was carried out for all affected soil, as well as remediation of 3.76 km of the Aguazul Stream's channel.
- There was follow-up and comprehensive care for the 129 families reported in the official census.
- 172 community leaders were trained in risk management, by means of theoretical and practical training workshops.
- The Aguazul Village School was built, as was the first stage of the Ecological Park for Health and Sport in the Villa Carola Neighborhood.
- The Youth Leadership Network was created.

These projects were carried out thanks to joint construction with the regional government

(Government of Risaralda and Departmental Assembly), local government (Municipal Mayor's Office of Dosquebradas and Municipal Council), the Comptroller, the Attorney General, Legal Representatives, the Autonomous Corporation of Risaralda (CARDER for its acronym in Spanish), the Ombudsman and the Chamber of Commerce of Dosquebradas.

Ecopetrol carried out this work based on collective construction with different stakeholders in the territory, including the Community Action Board (JAC), Local Administrative Boards (JAL), the Citizen Oversight Committees, the Parents Associations, the Territorial Planning Council (CTP), certain NGOs and various Grassroots Development Agencies (GDA), with which

Relations actions with communities in Dosquebradas



Action 1

Establishment of a Working Group for Risk Management and Territorial Development, a body in which the company projects its social investment, in harmony and coordination with its own interests, without overlooking those of the municipality, the environment and the community.



Action 2

Accountability to the community in the company of community oversight committees, oversight bodies and agreement operation entities.

the improvement path was defined for the process of social intervention with a local sustainable development approach, which includes neighborhood development plans and the intervention plan in District 10 and the Aguazul Village.

The results in terms of social oversight by these stakeholders were significant because it was possible to have committees to assess progress and quality, and at the same time, the necessary decisions were made to optimize the opportunities for improvement in each of the actions undertaken.

Additionally, as part of relations with communities, the following actions were carried out:



Action 3

Carrying out of informative meetings with families and the community in general.



Action 4

Establishment of a permanent community information office, to address concerns, complaints and suggestions, which operates in the Chamber of Commerce of Dosquebradas.



THE DOSQUEBRADAS LESSON

The Dosquebradas tragedy gave rise to Ecopetrol deploying an unprecedented emergency response.

On December 23, 2011 Ecopetrol's history suffered an unexpected turn. That morning, a landslide, accelerated due to the heavy rains suffered by the country, affected the multi-purpose pipeline that transports fuel between Puerto Salgar and Cartago, causing a spill that resulted in a fire that affected a large part of the population of Dosquebradas (Risaralda).

Thirty-three people killed, 110 injured, 129 families affected, 106 houses affected, 81 pets injured and 31 aqueducts damaged, was the outcome of one of the most dramatic chapters in Ecopetrol's vast relationship with the environments in which it operates.

As an immediate reaction to the event, Ecopetrol began a humanitarian operation and emergency response management, deploying all possible human and technical efforts to support the victims of a population that has traditionally been in its area of influence.

The company's work was based, firstly, on its corporate responsibility to strongly support the reconstruction and rehabilitation of the community, and secondly, on strict compliance with legal standards including the decontamination and replacement of plant material that was affected.

Immediately after the tragedy, Ecopetrol appointed a field manager whose guidelines came directly from the highest levels of the company, and assembled a team

that organized the plan for the physical and social stabilization of the municipality.

“With the community and with local authorities we coordinated a joining-up of recovery programs and began carrying this out throughout the year, to meet the milestones that we set,” said Jaime Bocanegra, Dosquebradas Program Manager.

Following this incident, Ecopetrol launched a contingency program so that mayors, relief agencies and all those persons from communities involved in emergencies, take these procedures on board to deal with contingencies.

“We start from the operational risk management model, which teaches us to assess the different threats in the environment and thus prevent the future materialization of such events in any of the 3,100 communities that fall within the company’s area of influence”, said Álvaro Salcedo, manager of the Ecopetrol contingency program.

Thus the Dosquebradas Program was born, focused on three main aspects: people and their families, the social fabric and the operational continuity of the business, through which, at the end of 2012, \$12,500 million had been invested in the response to this tragic event. The main objective in 2012 was to join forces with local authorities and agencies for the physical stabilization and restoration of the social fabric of affected families and the community in general, with an emphasis on continuity and increased efforts in prevention, promotion and education regarding potential emergency and disaster events.

All the initiatives have been carried out through joint efforts undertaken with regional government, represented by the Government of Risaralda and the Departmental Assembly; the local government, through the Municipal Mayor’s Office of Dosquebradas and the Municipal Council; entities such as the Comptroller, the Attorney General, Legal Representatives, the Autonomous Corporation of Risaralda (CARDER for its acronym in Spanish) and the Chamber of Commerce of Dosquebradas,

in addition to other stakeholders such as hospitals from the area, community leaders, citizen oversight committees, community action groups, educational institutions, businesses and NGOs, among others. Since the beginning of the incident, there was coordination with health agencies for the care of patients and the provision of equipment, medicines and surgical equipment necessary for the treatment of skin transplants.

Equipment was also provided to relief agencies, such as gas detectors, special suits for fire proximity, radios, uniforms and an ambulance. Additionally, advice was given for the creation of a special commission on oil spill emergencies and other hazardous substances.

In education, an agreement was signed with Universidad Tecnológica de Pereira for the social and comprehensive reintegration of the community, supported by psychologists, psychiatrists and social workers.

As part of this program, 280 people participated in workshops that taught how to identify various risks that may affect their community. Furthermore, 172 people received their certification as risk managers on November 23, 2012.

Moreover, considering that the event affected soils, vegetation and water, Ecopetrol carried out different actions to mitigate the impact on affected areas. The impacted stretch of the Aguazul stream was fully remediated, local aqueducts were restored, and 409.5 tons of hydrocarbon-impregnated soil was subjected to bioremediation, planting 3,419 native species.

Ecopetrol has also joined projects from public, community and private sector entities that seek to promote the improvement of the living conditions of the most vulnerable population.

“It has been a process where there have been rapid responses to requests made by the community,” said John Jairo de la Pava, Red Cross relief director, Risaralda branch.

Monitoring of social alerts and incidents

In 2012, implementation of the regional interrelation plans continued, an initiative that began in 2011 with the aim of stimulating interactive discussion with stakeholders, developing informed discussions between the parties, anticipating future challenges and projecting medium and long term scenarios, through building and strengthening relationships of respect, trust and closeness.

These meeting spaces enable the early identification of situations of dissatisfaction on the part of local communities and institutions, so that they can be analyzed and managed in a timely manner.

For this, the company carries out continuous monitoring of the alerts and incidents related to communities, in order to address, manage and prevent the occurrence of collective action that could affect operations.

An alert is defined as an auditory or visual notification indicating the occurrence or proximity of an incident that requires a response or preparation action, while an incident corresponds to a situation that could be or lead to an interruption of business, loss, emergency or crisis, while a social event refers to community collective action against the company such as blockades, protests or strikes.

Social events are addressed in an institutional, peaceful and concerted manner, seeking solutions that benefit the different parties. In 2012, there were 182 alerts and 140 incidents for a total of 322 social events, which represents a decrease of 15% compared to 2011. Most social events occurred in the Orinoco and Magdalena Medio regions, with 45% and 30% of the events, respectively (see Figures 58 and 59).

Figure 58.
Number of social alerts and incidents

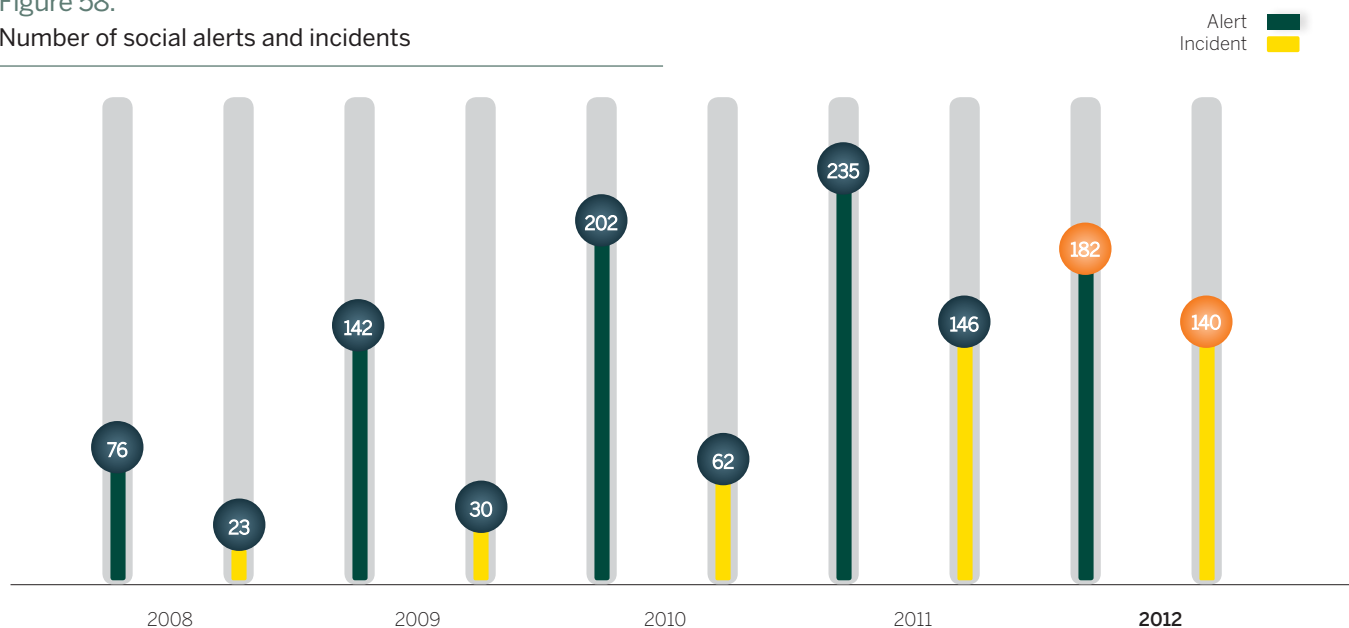
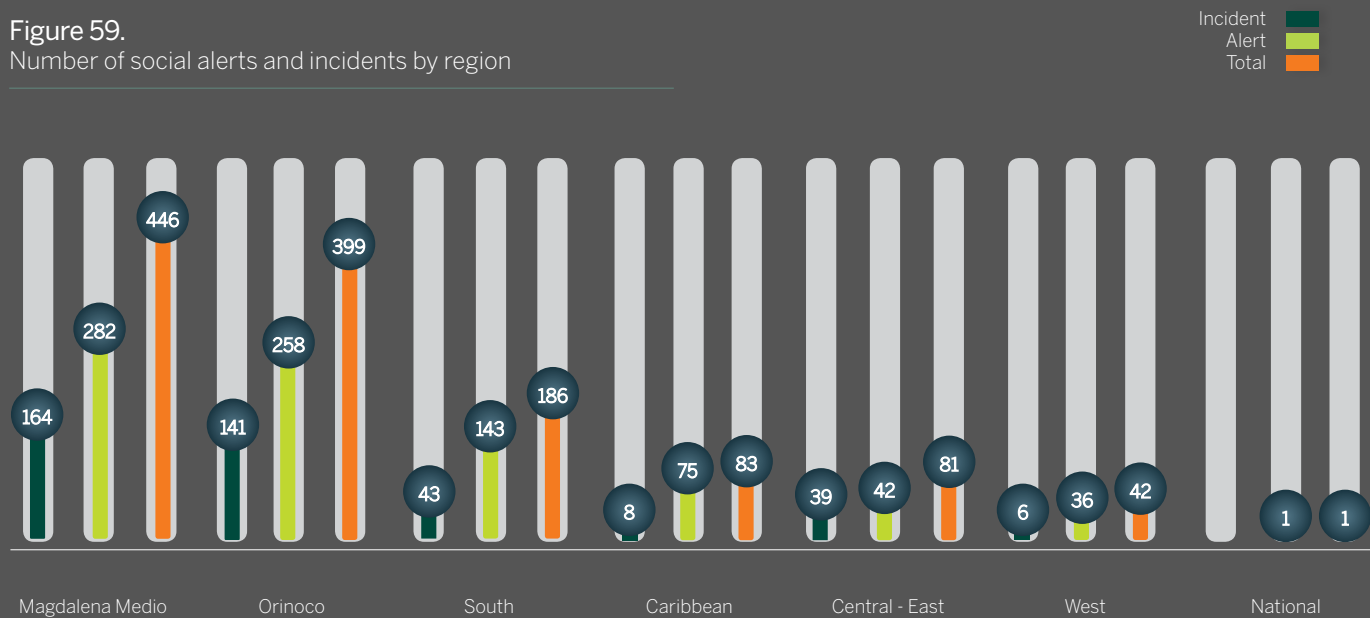


Figure 59.
Number of social alerts and incidents by region



Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

The main causes for the occurrence of social alerts and incidents that occurred in 2012 are detailed in Table 79.

Table 79
Causes of social events 2012

Cause	Number of Alerts	%	Number of Incidents	%
Demand for the local recruitment of labor	73	40	48	34
Demand for the procurement of local goods and services	22	12	22	16
Impact on road infrastructure	20	11	16	11
Noncompliance by contractors	25	14	10	7
Environmental incidents	10	5	12	9
Demand for social investment	9	5	12	9
Dissatisfaction with the processes for the negotiation of land and easements	6	3	10	7
Management by the State or other entities	3	2	3	2
Deficiencies in relations	2	1	0	0
Miscellaneous causes	12	7	7	5
Total	182	100%	140	100%

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

Citizenship and democracy

Throughout the year, Ecopetrol, aligned with public policy, has embarked on various programs to support the development of democracy and citizen empowerment.

Overcoming extreme poverty

In order to support the national strategy for overcoming extreme poverty in Colombia, a partnership was signed with the National Hydrocarbons Agency, the National Agency for Poverty Eradication, the National Mining Agency and the Colombian Oil Association, through which Ecopetrol will contribute to reducing extreme poverty in oil operation areas. In 2012, the intervention process in Barrancabermeja and Cartagena began.

Corporate Governance

Since the enactment of the Law 1530 of May 17, 2012, the territorial entities that want to access resources from the General Royalties System in Colombia, must present projects to the Collective Management and Decision-making Bodies (OCAD

for their acronym in Spanish). In partnership with FONADE, in 2012 Ecopetrol prioritized support for 20 projects to be presented to the General Royalties System, six of which have already been formulated and will be presented by the 10 producing departments that have representation on Ecopetrol's Board of Directors. Also, in partnership with the World Bank's IFC, in 2012 a strategy was launched to strengthen the project development capability of 12 municipalities in five oil-producing departments.

In the same vein, a series of Forums on "Sustainable Cities and Regions" were held with support from the Semana Magazine, in Barrancabermeja, Bogotá, Cali, Cartagena, Cúcuta, Neiva and Yopal, with the participation of 2,350 people and 103 panelists. Through this journey, it was possible to identify

Signing of the Pact for Overcoming Extreme Poverty. Pictured: Samuel Azout, Mauricio Cárdenas, Orlando Cabrales and Javier G. Gutiérrez, among others.



elements of the regional visions, as well as essential elements for their development: infrastructure, human capital, social equity, diversification of local economies, better institutions and security.

In 2012, the strategy to support the Monitoring Committees for Investment Royalties continued, which enabled the creation of approximately 45 citizen oversight committees in Sucre, Magdalena Medio, Córdoba, Meta and Arauca, involving more than 1,400 people.

Regional Peace and Development Programs (PDP)

Since 2009, Ecopetrol has been a supporting entity of the National Network of Regional Peace and Development Programs, which has enabled it to participate actively in the spaces, mechanisms and activities of the Network, facilitating coordination between the PDPs and strategic stakeholders for the country's development and peace. Ecopetrol provided resources to be executed during 2012 and 2013, in the amount of \$6,620 million, leveraging \$15,730 million. Table 80 shows the distribution of the resources.

During 2012, regional impact projects were undertaken, which together with the integration of stakeholders and social innovation processes, enabled, among other achievements: strengthening the partnership for the conservation and sustainable development of the Páramo de Santurbán node (Norte de Santander), and having an ongoing territorial vision to achieve the conservation of natural resources, cultural identity, the improvement in quality of life and competitiveness, through the creation of spaces for management and participation, and the creation of partnerships for public policy implementation.

Table 80
Contributions for Peace and Development Programs
(Figures pesos)

Peace and Development Program (PDP)/ region	Ecopetrol Contribution	PDP Leveraging
Bajo Magdalena	60,000,000	1,150,000,000
Consornoc	483,230,000	1,200,000,000
Cordepaz	1,350,000,000	2,500,000,000
Cordupaz ⁽¹⁾	80,000,000	150,000,000
Cric	151,000,000	350,000,000
Huipaz	164,500,000	250,000,000
Magdalena Centro	226,667,000	1,900,000,000
Magdalena Medio ⁽²⁾	1,024,166,000	2,000,000,000
Prodepaz	88,833,333	1,500,000,000
Redprodepaz ⁽³⁾	1,838,253,667	630,000,000
Canal del Dique	415,300,000	1,500,000,000
Tolipaz	164,500,000	800,000,000
VallenPaz ⁽⁴⁾	573,550,000	1,800,000,000
TOTAL	\$6,620,000,000	\$15,730,000,000

1 Projects on Education, Peace and Human Rights

2 Projects on Citizen Participation, Land Use Planning, Peace and Human Rights

3 Projects on Strengthening and Strategy for the Magdalena River

4 Projects on: Rural Economy and Planting Plan

Source: Ecopetrol, Vice Presidency of HSE and Operational Sustainability

During the 2012 period, social investment by the Petroleum Foundations in which Ecopetrol participates, increased by 82.4%, equivalent to \$138,220 million

Recognition was obtained from Redprodepaz to join the National Peace Council, as representatives of organizations working for peace in Colombia. The Knowledge Management strategy was also consolidated, which made it possible to supplement or orient knowledge management and dissemination work of the Peace and Development Programs, through the dissemination of the Learning Network. Under this methodological framework, Redprodepaz proposed the transfer of specific tools that enable the management of relevant territorial information. It specifically addresses systematization tools, case studies, best practices and lessons learned.

Petroleum Foundations

As a key element for the execution of social investment resources, Ecopetrol is supported by six petroleum foundations, with which it has

strengthened networking, has conducted joint planning exercises, structured and executed projects of national and regional scope, has participated in the construction of public policy of common interest, and has designed and developed positive communication strategies.

During the 2012 period, social investment by the Petroleum Foundations in which Ecopetrol participates, increased by 82.4% compared to 2011, increasing from \$75,753 million to \$138,220 million. Of the \$138,220 million, \$83,031 million corresponds to resources from Ecopetrol (this investment is part of the company's total direct social investment) and \$55,189 million represents funds provided by the foundations and other partners.

Table 81 lists investment by each of the foundations.

Table 81
Petroleum Foundations Investment
(Figures in millions of pesos)

Foundations	ECP Contribution	Contribution from other institutions	Total
Fundescat	54,162	6,331	60,493
Fundesmag	12,440	36,736	49,176
Alto Magdalena Foundation	5,173	9,326	14,499
Amanecer Foundation	9,260	668	9,928
Mamonal Foundation	1,493	2,029	3,522
Alcaraván Foundation	503	99	602
Total	\$83,031	\$55,189	\$138,220



Beneficiary of the Amanecer Foundation in Casanare

A NETWORK OF PROGRESS

Since the late eighties Ecopetrol began to establish and be the main protagonist in a series of regional foundations that aimed to work hand in hand with the company's social management area to strengthen good-neighbor relationships with the communities that were part the area of influence of its oil operations.

Thus, in partnership with departmental and municipal administrations, Ecopetrol led the birth, development and consolidation of foundations that have covered the regions of Magdalena Medio, Alto Magdalena, Orinoco and Catatumbo.

Similarly, alliances were made with oil companies with which it had partnered for oil exploration and production projects, to encourage the creation of foundations. Such was the case with Amanecer (in

Casanare), where it teamed with British Petroleum and Total in the nineties; Alcaraván (Arauca) where it partnered with Occidental Petroleum; and more recently in the first decade of the 21st century, with crude oil transport operators such as Ocesa, in the Oleoductos de Colombia foundation.

A special case was the Mamonal Foundation (Cartagena) where the vast majority of companies operating in the industrial area joined forces around a foundation that acts under the direction of the ANDI, Bolívar branch.

In each of these seven foundations, Ecopetrol has played an important role in turning them into agents of regional development in the territories, and in that sense has ensured their functional, administrative and self-sustaining autonomy.

However, it was in late 2009 that Ecopetrol made the decision to align the programs, projects and agreements worked on by its foundations, under Ecopetrol's social management policy.

There was greater empowerment for Ecopetrol to reorganize foundations, and under a governance exercise, it excluded regional actors that were not making contributions from their boards.

"Ecopetrol is starting to exercise far greater power from the governance standpoint, and a paradigm shift can be seen,

as now it doesn't only see the foundations as agents of regional development, but also as tools to further the company's social and environmental management," says Gonzalo Murillo, foundations leader in Ecopetrol, from the Social Management Department.

Based on this principle, Ecopetrol's social framework has been clarified and self-sustainability strategies for the foundations have been defined. To this end, for example, the microcredit issues handled by the majority of the foundations have begun to be adjusted to the strategic line for regional competitiveness and particularly everything set out by the production capabilities guiding principle, which governs within Ecopetrol's social management model. Under the perspective that we are following, the issue of project management must become a source of income, adds Murillo.

An example of this new scenario is Fundesmag, which is prequalified to execute projects from the environmental management plan for the refinery modernization project.

"Foundations have added significant value to the exercise of corporate social responsibility and have increasingly become an asset to the region due to their transparency, the way they execute their resources and how they establish partnerships with other actors in the territory," commented Isabel Ampudia, director of the Association of Petroleum Foundations.

Responsibility to our contractors

For Ecopetrol its 4,544 contractors are a substantial part of the business' sustainability and therefore there is an explicit commitment to work with transparency and clear rules within a mutually beneficial relationship. In addition to ensuring full compliance with the contractual terms between the parties, Ecopetrol promotes responsible practices from its supply chain, within which it highlights the need to comply with international safety standards in the contracted operation.





Contractor materiality

The studies conducted throughout the year and the information received through various entities, both on contractors and their employees, allow us to address activities carried out in 2012 that seek to maintain an optimal relationship with this important stakeholder.

Thus, the issues addressed in this section cover:

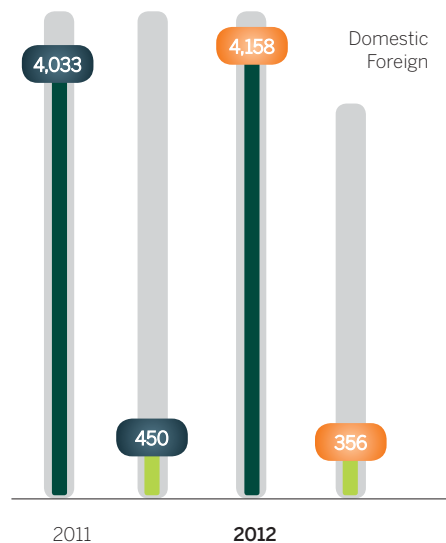
- Total procurement in Ecopetrol
- Local and regional procurement
- Wage standards for contractor workers
- Weight of local procurement
- Clear rules on procurement

- Supplier development program
- Oil and Gas cluster in Barrancabermeja
- National supplier event
- CSR Practices contest for Ecopetrol contractors

In 2012 Ecopetrol had 4,544 goods and services contractors, of which 356 were foreign and 4,188 domestic (see Figure 60).

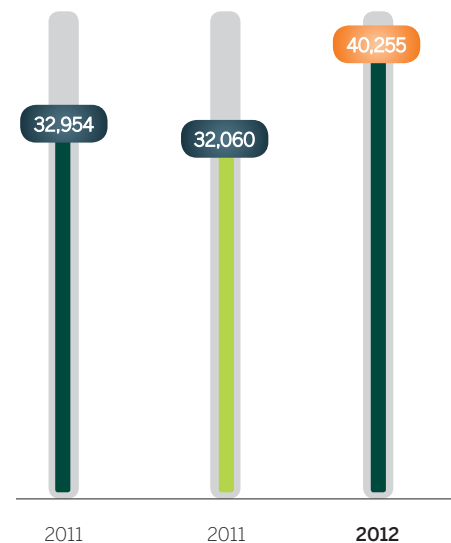
In 2011, there were 32,060 contractor workers in Ecopetrol, while in 2012 there were 40,255. Figure 61 lists the number of contractor employees and their variation over the last three years.

Figure 60.
Number of contractor companies



Source: Ecopetrol, Strategic Supply Department

Figure 61.
Number of contractor employees



Source: Ecopetrol, Strategic Supply Department

Total procurement in Ecopetrol

For 2012, Ecopetrol's total procurement was \$15,215 billion, representing an increase of 16% compared to 2011, when its contracting amounted to \$13,103 billion.

Ecopetrol's total procurement consists of goods and services. Table 82 describes these values.

Table 82
Distribution of total procurement
(Figures in pesos)

Request Type	Value procured
Goods	1,921,474,660,414
Services	13,294,060,035,035
Overall total	15,215,534,695,449

Source: Ecopetrol, Strategic Supply Department

Table 83 details Ecopetrol's total procurement, broken down by goods and services, distributed by region.

Table 83
Procurement of goods and services by region
(Figures in pesos)

Request type	Region Area	Value procured
Goods		1,921,474,660,414
	Apiay	19,132,082,970
	Barrancabermeja	61,127,744,049
	Bogotá	1,600,719,170,606
	Bucaramanga	26,159,240,449
	Cartagena	46,770,991,593
	Casabe	16,126,893,898
	Cúcuta	18,570,661,418
	El Centro	41,678,432,079
	Neiva	30,554,398,849
	Orito	32,286,235,473
	Tibú	12,683,814,166
	Yopal	15,664,994,863
Services		13,294,060,035,035
	Apiay	28,823,119,626
	Barrancabermeja	202,940,538,617
	Bogotá	12,626,802,611,776
	Bucaramanga	94,319,004,377
	Cartagena	68,273,404,928
	Casabe	30,871,768,394
	Cúcuta	8,087,685,676
	Cupiagua	10,818,064,618
	El Centro	77,245,842,461
	Neiva	42,209,846,727
	Orito	55,678,947,090
	Tibú	29,895,203,853
Yopal	18,093,996,892	
Overall total	15,215,534,695,449	

Source: Ecopetrol, Strategic Supply Department

Local and regional procurement

For the definition of domestic procurement, Ecopetrol has a strategy based on the classification of goods and services through critical categories, namely: energy, construction and maintenance, oil services, piping, equipment purchases and engineering. As a supply strategy, there is a guide for the establishment of local procurement, which is disseminated in different scenarios of interaction with suppliers and communities. The formalization of this strategy

has made it possible to maintain a sustained increase in local procurement, a target that year after year is formalized through management indicators that are part of the company's value promise to its stakeholders. Table 84 shows the amount for regional procurement (local plus area of influence) in addition to the procurement that is carried out in the rest of the country and executed in each region. The sum of the two sets of procurement gives the company's total procurement.

Table 84

Local procurement broken down by location
(Figures in pesos)

Region	Area of Interest	Region Total	Country procurement	Total procurement	
Apiay - Castilla	Local	92,026,144,303	3,202,105,279,440	3,365,649,471,451	
	Area of Influence	71,518,047,708			
Barrancabermeja	Local	504,979,540,362	592,720,197,407	2,120,591,665,906	
	Area of Influence	87,740,657,045			
Bucaramanga	Local	118,011,666,954	346,580,745,509	692,088,970,461	
	Area of Influence	228,569,078,555			
Cantagallo	Local	1,554,624,118	3,459,666,789	328,670,322,987	
	Area of Influence	1,905,042,671			
Cartagena	Local	148,876,229,840	290,680,856,897	1,087,425,501,953	
	Area of Influence	141,804,627,056			
Casabe	Local	4,305,171,359	41,211,353,216	298,731,832,117	
	Area of Influence	36,906,181,857			
Cúcuta	Local	150,731,399,111	155,326,291,231	364,942,275,977	
	Area of Influence	4,594,892,120			
El Centro	Local	27,564,351,601	69,639,721,459	489,932,730,365	
	Area of Influence	42,075,369,858			
Neiva	Local	96,353,571,603	128,356,397,077	420,414,331,810	
	Area of Influence	32,002,825,474			
Orito	Local	135,921,365,681	140,229,554,424	459,191,047,772	
	Area of Influence	4,308,188,743			
Tibú	Local	10,620,089,872	20,482,087,600	215,302,871,790	
	Area of Influence	9,861,997,728			
Yopal	Local	38,254,070,348	59,348,708,467	465,539,005,126	
	Area of Influence	21,094,638,119			
Others	Local	58,942,660,870	459,851,712,196	4,907,054,667,733	
	Area of Influence	400,909,051,326			
Total Domestic Procurement			2,471,431,484,282	12,744,103,211,166	15,215,534,695,448

Wage standard for contractor workers

Ecopetrol establishes a wage standard for the employees of contractors depending on whether the activity to be contracted is inherent to the oil industry or not. These policies can be extended to the employees of subcontractors approved by Ecopetrol.

Activities that are inherent to the oil industry are framed in accordance with that provided by Decree 3164 of 2003 from the Ministry of Mines and Energy. When contracts are entered into that include activities inherent to the industry, Ecopetrol extends the provisions of Collective Labor Agreement to the employees of contractors. This agreement, the product of negotiation between the company and its unions, sets wages, statutory and non-statutory benefits, and other benefits that have been agreed.

For contracted activities that are not inherent to the oil industry, Ecopetrol has issued certain wage regulations since 2006 that set wages according to labor market conditions.

On November 1, 2009, a new wage standard was issued for activities not inherent to the oil industry with a salary table that enables fair and equitable remuneration for employees, in accordance with the roles they carry out on an exclusive basis for the contract to which they are linked. The table on wage levels for activities not inherent to the oil industry sets out the description of levels and categories according to the job profile, taking into account aspects such as experience, skills and knowledge of the personnel that will fill the vacancy.

During the 2012 period, an update was performed for the documents of Ecopetrol's Quality

Management System, which relate to Wage Standards for contractor workers.

Weight of local procurement

Barrancabermeja and Tibú are the regions where 2012 procurement represented the greatest weight in regional finances.

Tables 85 and 86 describe the procurement in 2011 and 2012, respectively, compared to the corresponding municipal budgets.

Clear rules in procurement

Ecopetrol has established a commitment to its stakeholder, Contractors and their Employees,

which talks about "transparency and clear rules within a mutually beneficial relationship." To achieve this, it has a number of mechanisms:

Procurement Manual

In 2012 Ecopetrol published the new Procurement Manual, which defines five types of selection processes:

- Direct procurement
- Closed tender
- Open tender
- Closed multiple-party negotiation
- Combined process

Table 85

Municipal budgets versus local procurement in 2011 (Figures in millions of pesos)

Location	Municipal Budget	Cumulative Local Procurement (includes area of influence)	Procurement percentage
Apiay	318	72	22%
Barrancabermeja	323.60	694	214%
Bogotá	12,200	4.42	36%
Bucaramanga	550.90	47	9%
Cartagena	1,256	142	11%
Cúcuta	407	13	3%
Cupiagua	51	28	18%
Neiva	299	147	49%
Orito	27	155	582%
Tibú	9	34	175%

Source: Ecopetrol, Strategic Supply Department

Table 86

Municipal budgets versus local procurement in 2012 (Figures in millions of pesos)

Location	Municipal Budget	Cumulative Local Procurement (includes area of influence)	Procurement percentage
Apiay	320	164	51%
Barrancabermeja	311	593	191%
Bucaramanga	761	347	46%
Cantagallo	16	3	22%
Cartagena	1,067	291	27%
Casabe	48	41	86%
Cúcuta	439	155	35%
El Centro	681	70	10%
Neiva	278	128	46%
Orito	174	140	81%
Tibú	3	20	175%
Yopal	148	59	40%

Source: Ecopetrol, Strategic Supply Department

At December 31, 2012, Ecopetrol had 31,003 evaluated contracts, representing 5,352 suppliers.

The new Ecopetrol Procurement Manual was approved by the company's Board of Directors and the reform was made in accordance with the current regulations, responding to market conditions.

Within the company, 3,000 people nationwide were trained in the new Manual and another 1,000 in contractual legal issues (contract management and administration).

Supplier performance evaluation

Since September 2006, all Ecopetrol's suppliers and contractors are monitored through the Contractor Performance Evaluation, which makes it possible to monitor performance in critical aspects for the organization and the community, such as technical specifications, meeting deadlines and administrative aspects, HSE and corporate social responsibility.

This Performance Evaluation has complete traceability in order to establish historical performance against Ecopetrol's requirements. Their results are communicated to contractors.

Taking into account the contracts completed in the last three years, with a cut-off at December 31, 2012, Ecopetrol has 31,003 evaluated contracts, representing 5,352 suppliers.

Since July 2008, the evaluation and the fulfillment of obligations by contractors have been used to make decisions about invitations to participate in selection processes, the allocation of scores or tender tie-breaking.

Transparency mechanisms

In 2012, Ecopetrol carried out a restructuring of the Contractors section of the website, which included issues such as the New Supplier Service Model and the events held at the various locations.

Also posted are all contractual regulations and procedures that govern the Goods and Services Supply Service.

Based on the principle of transparency, Ecopetrol uses timely and accurate information disclosure practices about its procurement processes through the website, at the following link: <http://contratos.ecopetrol.com.co/default.aspx>

Commencement of contracts

Ecopetrol, through the administrative office, holds a meeting with the contractor, which marks the formal commencement of the implementation phase of a project or contract wherein the plans and programs defined for each functional area of Ecopetrol are disseminated and the contractor is guided to ensure that their HSE plans and programs are aligned with the plans and programs of the businesses, ensuring effective management that meets the HSE guidelines and requirements currently embodied in the HSE Focus Guide.

At this meeting, the following activities are also carried out:

- The contractor is introduced to the team responsible for monitoring implementation of the contract, defining the roles and responsibilities of each.
- A coordination procedure is signed and the communications channels during the undertaking of the contract or project are indicated.
- The objectives of the contract are drawn up or defined.
- Questions or concerns regarding the contract are clarified.
- Basic aspects of the implementation are discussed, such as schedules and risks that may affect them, reporting levels, etc.

Similarly, they are informed of the areas where the works will be carried out or the service provided, and they are introduced to the people responsible for these areas.

It is important to mention that for the specific case of HSE, the administrative office is responsible and ensures the registration and approval of levels I, II and III of the course for the promotion of sound, safe, clean and healthy work. In turn, professionals from the contract offices actively participate and leverage the work plans derived from HSE contractor committees, ensuring the implementation of those plans with contractors. Similarly, the offices leverage the dissemination and implementation of corporate campaigns, the process safety program and operational excellence model in HSE, which are established by Ecopetrol on the issue.

CSR Procedure

In December 2008, Ecopetrol issued the Corporate Social Responsibility (CSR) Procedure for contracting and subcontracting. The latest version of the CSR Procedure, which came into force on October 30, 2012, includes the following changes, among others:

- The application of Law 1551 of 2012, under which mayors of the municipalities must certify the local workforce.
- Requiring 100% use of unskilled labor and 30% local skilled labor for the execution of contracts.
- Assigning points in the selection process for bidders that offer and commit to: hiring more than 30% of the local skilled workforce, carrying out social investment or submitting tenders in partnership with a local supplier.
- Inclusion of criteria on the First-time Employment Law and Contracting of MSMEs.
- Extending Ecopetrol's Local Procurement Guide to subcontractors.

This procedure is part of the selection process documents and is posted on Ecopetrol's website.

In 2012, these changes to the procedure were shared with 100 business representatives and Ecopetrol staff.

Supplier development program

In 2012, Ecopetrol continued the Supplier Development Program, addressing Ecopetrol's different areas of operation and interest. The objective of this program is to develop regional and local contractors and suppliers in the company's areas of operation, targeting competitive business management, adding value in order to meet market demand.

The scope of the Supplier Development Program is summarized in:

- Achieving companies' greater competitiveness in order to successfully meet market demand, increasing employment, local subcontracting and quality, minimizing financial, environmental and social risks, and thus contributing to a better quality of life in the regions.
- Ensuring that Ecopetrol's contractors have a Corporate Responsibility plan that is aligned with the guidelines that Ecopetrol has in this regard.
- Establishing links with companies in the oil industry and other private and state entities in order to create opportunities for strengthening and developing regional and local suppliers.

The results of this program in 2012 are described in more detail in the Community and Society section of this chapter, specifically in the Regional Competitiveness projects line.



BIG TRAINING FOR THE LITTLE GUYS

With training programs in quality management and issues such as social responsibility, occupational health and logistics operations, Ecopetrol aims to contribute to strengthening its local suppliers and micro-entrepreneurs.

Gloria Amparo Rodríguez, Isidro Gutiérrez and Jenny Roper are employees from three different small and medium enterprises from the municipality of Tibú, Norte de Santander, but they have a common denominator: in recent years they have seen their lives and their businesses change thanks to Ecopetrol's support. Like them, over 600 micro, small and medium enterprises in all regions where

Ecopetrol operates have been involved in training and business strengthening programs that the company has made available to them.

Gloria Amparo, for example, is the administrative professional of the Farmaserintsa drugstore, one of the largest four in Tibú, which conducts the dispensing and supply of medicines to Ecopetrol personnel in the area. In 2012, she completed a diploma that gave her the tools to implement standard OHSAS 18001 in her company, as well as knowledge in logistics operations. As of June 7, 2012 she also became an internal auditor on management systems for industrial safety and occupational health.

This relates to the component on the local strengthening of MSMEs, which forms part of the Production Capabilities program that Ecopetrol launched in 2010 and whose aim is to train local businesses so that they have quality standards, are

productive, competitive and sustainable, as well as generate decent jobs and strengthen supply and distribution chains for economic activities in the territory. "We realized that by opting for the promotion and business strengthening of MSMEs, we can directly influence the sustainable development of communities and can generate positive impacts," says Vanessa del Sol Constaín, Social Management professional from Ecopetrol.

With these types of programs, Ecopetrol also seeks to ensure regional competitiveness as part of its strategy to fulfill the value promise it has with the Society and Community stakeholder: to participate in the country's sustainable development within a framework of shared responsibility and respect for human rights.

"In recent years we have invested \$17,000 million in 858 processes such as quality management, project development and business strengthening issues, in order for them to be competitive. Certifications are the proof that these entrepreneurs generate greater innovation and improvement in service delivery," says Lina Beatriz Durán, head of Ecopetrol's Supplier Relations Unit.

To undertake the program, Ecopetrol is supported by two strategic partners, with which it signed respective inter-institutional agreements.

The first is carried out by the Joint Venture comprising Corporación Calidad and Universidad Jorge Tadeo Lozano, entities that have a team of 44 professionals who are responsible for teaching diploma courses in logistics operations and the implementation of OHSAS 18001, as well as training in quality management. Germán Perea, professor of the University, leads this strengthening program that covers 200 small businesses located in Cartagena, Cúcuta, Yopal, Barrancabermeja, Villavicencio, Neiva, Orito, Cali, and certain municipalities in Magdalena Medio and Tibú.

"The main objective is to make the companies in the region become more solid, remain over time, and

develop tools to be better and more competitive," said Perea.

One of the best examples is Suministros y Construcciones Gutiérrez (Gutiérrez Supplies and Construction), a small business in Tibú, which in the past eleven years has been a supplier of Ecopetrol in the area of chemical supplies and has been contracted for the miscellaneous services for green areas and maintenance of drinking water treatment plant for the Catatumbo Operations Superintendence.

"In my case, I've participated in several trainings on all kinds of topics such as industrial safety, occupational health, quality management systems and labor reform; in short, everything to do with business training. These courses open doors for us to have an understanding of what affects a company and how it should be formed," said Isidro Gutierrez, legal representative.

The program also aims toward one of the three lines designed by Ecopetrol's social management areas to integrate the expectations of the Society and Community stakeholder with the interests of the company: to promote responsible practices.

Therefore, supplementary to the business strengthening program, Ecopetrol has a second agreement, signed with Confecámaras. This pertains to business support and strengthening based on standard ISO 26000.

"We have found companies that have no social responsibility training and, for them, training sessions of eight hours each are carried out with the Vincular firm and other in-house consultants in order to create a diagnostic to build a gap closing matrix in relation to ISO 26000," says Cilia Mejía, program director in Confecámaras.

The consultants are responsible for all the training sessions, and then a number of tutors come into play, which carry out consulting in each of the companies and work directly with the small business owner.

Oil and Gas Cluster in Barrancabermeja

In 2012 work continued on the development of the Oil and Gas Cluster, an initiative that is being carried out for the first time in the country, as part of the National Competitiveness System.

Barrancabermeja was established as the epicenter for its undertaking, considering its location, given that it is a central hub for oil companies and related industries in Magdalena Medio, as the three petroleum industry businesses are concentrated there (exploration and operation, refining and transportation) and it is also where 75% of the nation's crude is processed.

The objective of the Cluster is to turn Magdalena Medio into a competitive region, where productivity and efficiency can be increased, as well as encourage and enable innovation, facilitating marketing based on development initiatives.

From the point of view of competitiveness, the Cluster project seeks to increase productivity

and efficiency, encourage and enable innovation, and facilitate marketing based on development initiatives. This initiative has been worked on in partnership with the Chamber of Commerce of Bucaramanga, Santander Competitivo, the Mayor's Office of Barrancabermeja, the Government of Santander and Universidad de los Andes.

National suppliers event

Ecopetrol held Suppliers Recognition 2012 - Building a country, a platform where it praised and acknowledged excellence in the performance of its contractors. The event was attended by 400 entrepreneurs from different regions in Colombia and other countries.

Within this platform, recognition was given to the best suppliers based on their approved average final performance evaluations, for contracts completed during the period from 1 August 2011 to 31 July 2012.

CSR Practices Contest for Ecopetrol contractors

In 2012, Ecopetrol held a contest for the first time to highlight the socially responsible practices of its contractors, especially those that were inherent to sustainable development and that generate progress in its regions.

22 nominations were received from different parts of the country. After application of the evaluation criteria by an internal committee from the company, seven initiatives were shortlisted, which passed to final definition by a group of delegates from the Ecopetrol Steering Committee, which selected four finalist practices that stood out for being innovative, sustainable and aligned with their business strategy.

During the Supplier Recognition event held in Bogota on November 8, 2012, the audience selected the winning practice via a live vote, with the winner being the Let's Shop Together

Community Development Association submitted by the TIPIEL company.

It is worth noting that in order to promote the implementation of the Global Compact principles among the company's contractors, the contest candidates had to sign a declaration form on commitment to the principles.

The contest's four finalists are listed in Table 87.



In Ecopetrol, the supply of goods and services are classified into the following categories: consumables, necessary, critical, enabling, according to impact/risk and supply time. Therefore, the Award for Performance Excellence 2012, was presented in accordance with this same classification.

The winners were:

- Consumable Goods Category: Luis Francisco Ortiz Pascuas - Purchase of Printed Forms
- Consumable Services Category: Traduciendo Ltda.
- Necessary Goods Category: Ferretería Central
- Necessary Services Category Multiservicios Industriales Ltda.
- Critical Goods Category: Fábrica Carioca de Catalizadores
- Critical Services Category: Consorcio Geomática Ecopetrol
- Enabling Goods Category: FEPCO Zona franca S.A.S
- Enabling Services Category: Worley Parsons International Inc.



From 2012, Ecopetrol extended the award for performance excellence 2012 to local suppliers, with the winner being Miguel Antonio Velásquez Arjona, from the city of Villavicencio.

Table 87
CSR Practices Contest Winners

Contractor company	City	Practice
<p>ARCOMAT</p> <p>Company that provides engineering services, specializing in consulting, construction, maintenance, rehabilitation, inspection and auditing of infrastructure for the storage and transportation of hydrocarbons. It has provided services to Ecopetrol for 8 years.</p>	Bogotá	Support for Local and Regional Development "Democratic Selection of Labor"
<p>JOSE MARÍA VARGAS MOTTA</p> <p>Family business, established 15 years ago, has 80 employees and is dedicated to the construction of civil and electrical works, general services, environmental remediation of locations, cleaning, catering and facilities maintenance.</p>	Neiva	Construction of Ecological Warehouse La Cañada Farm



ULTINSA

Company with 20 years of experience at the national level, develops products and services for the oil, mining and gas industry, including biodegradable cleaning systems for storage tanks, plants and industrial equipment. Currently generates more than 190 jobs.

Barrancabermeja

Comprehensive Replacement of the Conventional Tank Cleaning System with Clean Technologies

TIPIEL

Company dedicated to the production of various solutions in the industry for asphalts, paraffins, household cleaning and fuel additives nationwide. It has provided services to Ecopetrol for five years.

Bogotá

Let's Shop Together Community Development Association

Source: Ecopetrol, Strategic Supply Department

Regional events with suppliers

In 2012, Ecopetrol continued holding Regional Events with Suppliers, involving 969 companies.

The fifth version's central theme was Strengthening Suppliers as a Strategy for Growth and Sustainability.

These spaces lasted four hours, and reported results in each area regarding Ecopetrol's management in 2012 and the company's 2013 projections in each of the areas. Additionally, contractors had the opportunity to participate openly, make proposals and resolve their concerns regarding the issues addressed.

The events were held in Magdalena Medio, Villavicencio, Neiva, Cartagena, Yopal, Bogotá, Tibú and Orito.

Meetings with suppliers

As one of the supplier relations mechanisms, in the second half of 2012 regular monthly meetings were established with suppliers, in the cities of Bogotá, Barrancabermeja, Cartagena and Villavicencio.

These two-hour spaces are intended to inform business owners interested in learning how to be Ecopetrol suppliers, on issues of interest such as the supply model, supplier information system, among others, as well as to listen to the concerns of business owners. The 17 meetings in 2012 were attended by 1,107 business owners.

Due to the good reception received 2012, this relations space will be extended to all locations where Ecopetrol operates in 2013.



Álvaro González Rodríguez Manager of Insurcol

“We’ve had a business relationship with Ecopetrol for more than 20 years, when we won a tender that consisted of providing piping for the Barrancabermeja refinery as quickly as possible and under the highest standards of delivery. From there we have undertaken several projects for the company, achieving outstanding performance ratings, higher than 97%, both in terms of works and the supplies we provide.

Without a doubt, Ecopetrol has become our main customer and has been a great leader in sustainability. Through various training programs, they have made it possible for us to strengthen competencies, skills

and knowledge on issues of social responsibility and sustainability, and have shown us that, more than their suppliers, we are their allies and they have a genuine interest in our sustainable growth.

At Insurcol, we have always followed a path of respect and trust towards our stakeholders, the environment and human rights. To do this, we have quality processes that are duly assured and managed. We have also implemented innovative practices to protect and improve the work environment, ensuring issues such as industrial safety and comprehensive health for our employees.

All our actions go beyond the legal or minimum required. Our main assets are our employees and customers. We work with high levels of quality with them, from them and for them. We know that through culture, commitment and respect, we become better and better for our families and for society in general.

We have an HSE practice called ‘Room of life’, through which we seek to prevent, in a different and more enjoyable way, the occurrence of unsafe behaviors: at operating sites, we adapt a room where workers who have committed unsafe acts come in. We give them a snack, a relaxing massage and then we show films related to the reason for which they were sent to the room. Once they become aware of what their failure was, they sign a commitment to be examples of safety to their peers.

For all this type of work, in March 2012 we obtained the highest standard awarded by the international organization Forética from Spain, in partnership with SGS de Colombia, we accredits us as the first Latin American company certified in ethical and socially responsible management under standard SGE - 21.

For us it has been a great honor and a tremendous challenge that a Colombian company, born from the depths of the department of Santander, is a model of social responsibility in Latin America.”

Relations with shareholders

Ecopetrol's commitment to its shareholders is to ensure the sustainability of the business through ethical, transparent and responsible management. To do this, in addition to maximizing the value of the shares, it must maintain a relationship that enables all its 458,117 shareholders to be aware the social and environmental management performed by the company, because it is on this that long-term success depends.

Shareholders General Assembly 2012



Materiality of stakeholder relations

Few companies in the world, and no other in Colombia, have such a large number of shareholders. This characteristic results in Ecopetrol annually analyzing, through various mechanisms, the many concerns among this diverse group, to provide a proactive and permanent response.

Thus, this report addresses overall figures for actions that have been undertaken throughout the year, which has been divided into:

- Shareholder service channels
- Shareholder satisfaction

At December 31, 2012 Ecopetrol had 458,117 shareholders, representing a decrease of

9.94% compared to the 508,000 shareholders at the same date in 2011. Of the 458,117 shareholders, 455,764 are natural persons and 2,353 are legal entities.

Shareholder service channels

In 2012, a total of 327,688 petitions, complaints, claims and requests were received from shareholders through the service channels.

This represents an 8.15% decrease compared with those received in 2011. The level of timely response to shareholder requirements in 2012 was 99.98%.

Table 88 sets out the behavior of shareholder service channels in 2012.

Table 88
Shareholder service channels

Canal	Number of petitions, complaints and claims received	Percentage share
Call Center	232,337	70.9%
Loyalty Plan*	51,157	15.6%
E-Mail	26,947	8.2%
Chat	10,416	3.2%
CPO	6,100	1.9%
Written	731	0.2%
Total	327,688	100%

(*) Includes: Bus, Mobile Stand, Stand in Corferias, DNP Fairs, Public Audiences, Chat "The shareholder has the floor" and the Shareholders General Assembly.

Source: Ecopetrol, Vice Presidency of Corporate Finance

Shareholder satisfaction

It is worth noting that within the management of shareholders, during 2012 a Service Quality Plan was carried out, focused on measuring the satisfaction of shareholders in areas such as service, information and solutions offered to their inquiries and requests, and undertaking action plans to address the dissatisfaction that arose.

Satisfaction was measured through a random survey to all those who made contact through any channel. A total of 3,377 surveys were completed, which resulted in a satisfaction level of 97%. The remaining 3%, shareholders who were not satisfied with the information, solutions and service provided, was mainly due to issues related to the

Testimonial

Lina Vanessa Varela Fitzgerald Shareholder from Armenia

"I was born 21 years ago in Armenia, in the coffee-growing region, amid a beautiful family consisting of my two parents and a brother. We're very close and retain the traditional values of "Paisa" families.

When I turned 15, my parents decided to organize a special party for me and told the guests that instead of gifts, to give me envelopes with money. At that time it was customary and all my friends, family and acquaintances were very generous.

At that age I was tempted to buy clothes, superficial things typical of a girl, or to plan a trip. But thanks to the family's advice I opened a Term Deposit Certificate (CDT for its acronym in Spanish) and learned the importance of saving. Two years passed and we heard the announcement of the capitalization that Ecopetrol was preparing. My mom, who is an economist, advised me to buy because it was the best company in the country, with sound finances and a great future. So I withdrew my savings and invested in the shares. From time to time I read about the share's

performance in the newspapers, and when the time came to receive dividends, I refrained from using them. Also, within the finance class they gave us during the business administration degree, teachers told us about the different types of investments that exist in the market and the risks posed by illegal money schemes, which in 2009 were popular and wherein I knew several people who lost a lot of money. All these teachings and experiences allowed me to strictly manage my finances, and gave me extra confidence to keep my savings in Ecopetrol.

In early 2012, I knew that the Ecopetrol shareholder bus would make a stop in my city, and I went to find out how much money I had. I was pleasantly surprised because I knew that the value of

the shares had been rising, but I never thought by that much! For several years I had fought my urges to spend on treating myself or trivial things, but then I realized that this was the opportunity to begin to fulfill my dream of buying my own home.

The opportunity arrived when I started working with a construction company in the region, which undertakes housing projects in Armenia. They gave me good payment terms and my parents encouraged me to use the money from the shares in the project.

Today, I think I have matured as a person. I passed from childhood to adolescence, and from there to youth, hand in hand with Ecopetrol's shares; and they were great company financially!"



non-payment of dividends by brokerage firms and a lack of knowledge of the stock market.

To improve service quality, meetings were held with Stock Brokerage Firms in order for them to report on dividends paid and payable, and campaigns were conducted to encourage shareholders to collect their dividends. With regard to the lack of knowledge of the stock market, the educational plan will continue during 2013. The following summarizes the behavior of each service channel:

Call Center

It is the most important channel of communication with shareholders. 232,337 calls were received during 2012 with a response level (calls received / calls answered) of 98% and a service level (calls answered within 20 seconds) of 89%.

Loyalty Plan

During 2012 we continued the shareholder Loyalty Plan, whose purpose is to provide personalized service through seven channels: Shareholder Bus, Mobile Stand, Corferias Stand, Shareholders General Assembly, Chat, National Planning Department Fair and Public Audiences. Through these channels, we welcomed a total of 51,157 shareholders in 74 municipalities nationwide. The Shareholder Bus, with 35,640 service instances, was the one that provided the greatest number of responses to the concerns of shareholders.

Table 89 shows the various loyalty channels and the service provided in each.

Table 89
Shareholders served in loyalty channels

Loyalty channels	Number of shareholders served	% share
Shareholder Bus	35.640	69,7%
Mobile Stand	9.499	18,6%
Corferias Stand	3.130	6,1%
Shareholders Assembly	2.151	4,2%
Chat	521	1%
National Planning Department (DNP) Fair	144	0,3%
Public Audiences	72	0,1%
Total	51.157	100%

Source: Ecopetrol, Vice Presidency of Corporate Finance

Other means of shareholder relations are email, the shareholders chat, the Shareholder Service Office, information campaigns and the receipt of various petitions and requests by written means.

INFORMATION CAMPAIGNS

As a supplement to the work done with shareholders during 2012, Ecopetrol undertook 36 outbound information campaigns, wherein 215,735 shareholders were contacted. These campaigns were focused on issues of interest such as dividend payments, personal information updates, the liquidations of Proyectar Valores and Interbolsa, among others.

WRITTEN MEANS

A total of 162 rights of petition and 569 written requests were received. The rights of petition were answered 100% within the period prescribed by Law (15 business days).

SHAREHOLDER SERVICE OFFICE

At the office in Bogotá, 6,100 shareholders were personally served in 2012. The number of visits has decreased due to better positioning of the other non-contact service channels.

EMAIL

A total of 26,947 emails were received in 2012.

SHAREHOLDERS CHAT

In 2012 a total of 10,416 queries were addressed, positioning this channel as the fourth most important channel.



THE BUS WITH 140,000 PASSENGERS

In reaching its fourth year of operation, Ecopetrol's Mobile Unit - the famous shareholder bus - has become one of the main mechanisms of loyalty and support for minority shareholders across the country.

Carmen Anaya is a typical coastal matron of 70 years of age, a widow with four children and five grandchildren. Because of her health difficulties she has stopped using public transport to travel around Santa Marta, her hometown. But this past October 24 and after many years, she was back on a bus. A very special bus: the one for Ecopetrol shareholders.

Since mid-2007, when she became a shareholder in the country's leading company, Carmen always keeps track of the performance of her investment and all the news that is reported on Ecopetrol. So when she heard that a bus for shareholders was to make a stop in one of her city's major shopping malls, she dusted-off the documents accrediting her as a shareholder, got her ID card ready and became one of the first people to get on it.

The bus or mobile shareholder service unit, is a direct means of communication that Ecopetrol created in 2009 to implement one of the objectives it has set with this stakeholder, which is strengthening relationships with its shareholders and investors.

In exactly four years of visiting the capital cities in particular, the bus managed to reach 140,000 people served at the end of 2012. This population is equivalent to one third of the company's total shareholders throughout the country.

"We have wanted to look out for the small shareholder, in other words, people that don't know a lot about the stock market and put in a great financial effort to make this investment. With the bus, we reached that vast majority of shareholders," says María Angélica Jara, a professional from Ecopetrol's Shareholder Service Coordination and who has accompanied many of the tours since 2009.

This communication channel not only has the function of addressing and resolving the concerns of shareholders, but to teach them a little more about the investment they have made through the purchase of securities in Ecopetrol.

Concepts such as dividends from earnings, secondary market operations and the role played by stock brokerage firms, often come to the fore among minority shareholders. In fulfilling its role in social responsibility and its retention commitment to this stakeholder, Ecopetrol has trained staff that advise on these issues, through its mobile unit.

María Fernanda Zamora is one of the advisers on the bus and jokingly says that she's done the "tour of Colombia," as she calculates having traveled 15,000 kilometers, in more than 4,000 hours of service to the public.

In this regard, the differentiating value represented by this mechanism stands out against other listed Colombian companies that have minority shareholders. "The way in which Ecopetrol assumes its responsibility as an issuer of shares is more proactive. It shows its commitment to supporting its

shareholders through so many different channels of communication," said Zamora, who belongs to the company Contact Center Americas, contracted by Ecopetrol to provide such services.

With the passing of time and thanks to the experience gained, the bus has been adapted to the needs and conveniences of its audience. For example, inside, there is a special module for service to people with disabilities and waiting areas are friendlier.

In terms of technology, there is direct communication with the brokerage firms, because during the bus' first runs, it was identified that the charges made by these firms is one of the issues that are subject to constant questions from small shareholders.

Zamora also highlights the pedagogical work undertaken during service on board the bus. "We help shareholders become familiar with the language used in the market because Ecopetrol wants them to know everything about their investment, the possibilities they have and the mechanisms available to answer their questions. Upon completion of the service, the shareholder fills in a satisfaction survey," she adds.

Zamora and her service colleagues point out that for the most part they help employees, retirees or housewives, such as Carmen, who after 15 minutes of service got off the bus with the help of one of her grandchildren and flashed a mischievous smile, when she knew that by being an Ecopetrol shareholder, the 5 million she invested in 2007, had become 19 million pesos in late 2012.

"I think I'll wait a little more and then enjoy that money, because I don't want my heirs fighting over it," remarked Carmen as she said goodbye.

Responsibility with the customer and products

Ecopetrol's commitment to its 347 customers is to ensure their satisfaction through excellence in service, maximizing the value of the products and services that are offered to them.



Materiality of customers and products

The issues of greatest relevance or materiality related to the responsibility that the company must assume in respect of the products it delivers to its customers, have been selected on the basis of various studies conducted in 2011 and 2012, as well as the opinions and concerns received through the various channels established by the company.

Thus, this report covers the following issues:

- Customer segmentation
- Customer relationship model
 - Customer satisfaction
 - Perfect Deliveries to End Customers
- Products
 - Product catalog
 - Life cycle of products
 - Regulation of products on the market
 - Responsibility in the handling of products
 - Impacts of products on health

Customer segmentation

Customers are segmented using a combination of criteria, among others, considering the geographic market where they are located and the products the company sells them.

Domestic customers

Liquid fuels customers comprise: 78 wholesale distributors, consisting of national and multinational companies, to whom Ecopetrol sells gasoline for different applications such as automotive, marine, aviation and industrial.

Petrochemical and industrial customers

comprise: 174 customers, mostly processors and, to a lesser extent, marketing intermediaries.

They buy solvents, bases, paraffins, polyethylene, asphalt, sulfur and propylene, among others, which constitute raw materials for the production of end-customer products such as glues, paints, plastics and candles.

Natural gas customers comprise:

55 distributors serving the residential, vehicular and industrial sectors, as well as power generation companies.

International customers

Ecopetrol has 40 international customers, which in their vast majority are refiners that use oil as a raw material to turn it into fuel for different uses.

To a lesser extent, the trader-type has customers, whose role is commercial intermediation to reach new customers and markets.

The main export product is heavy crude, and also exported is natural gas, diesel, naphtha, fuel oil and asphalt.

The destinations for Ecopetrol products in the international market are Venezuela, the Caribbean, United States, India, China and Africa.

The indicator for Perfect Deliveries to End Customers

attained a result of 98.35%, which is an improvement of 2.45% compared with the previous year.

Customer relationship model

The customer relationship model is based on the philosophy of Customer Relationship Management (CRM) whose main purpose is to achieve customer loyalty through their satisfaction by means of individualized treatment.

In this context, each Ecopetrol customer has account executives that are in charge of addressing their requirements and concerns, making them directly responsible for the service and relationship with these customers.

Additionally, customers have various communication channels, such as the Contact Center, the customer service mailbox, the website and the Citizen Participation Office, through which they can make any type of request or submit complaints or claims.

During 2012 various activities were carried out to improve customer relationships, including:

- Customer relationships events, such as: forums, breakfasts and roundtables.
- Creation and distribution of the newsletter Our Customers, Our Partners.
- Compliance with service level agreements for response to complaints and claims.
- Holding of the Third Convention for the sales team.
- Configuration and testing of the new CRM tool with Cloud Computing technology.

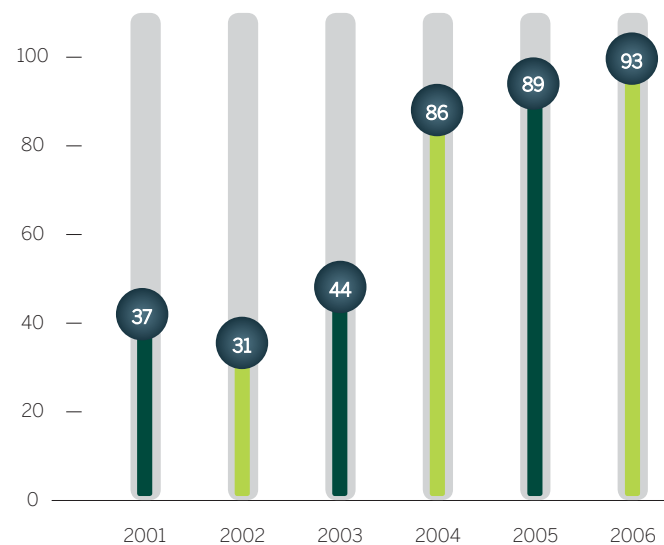
Customer satisfaction

Ecopetrol annually evaluates customer perception regarding the quality of products and services it offers in the domestic and international market, using the Top Two Boxes methodology.

In 2012, against a target of 89% and an international benchmark such as the Service Quality Index, which establishes 78% as service excellence, Ecopetrol obtained a score of 92%, which confirms our commitment to this stakeholder.

Figure 62 shows the evolution of the customer satisfaction survey's results in recent years.

Figure 62.
Customer Satisfaction Index



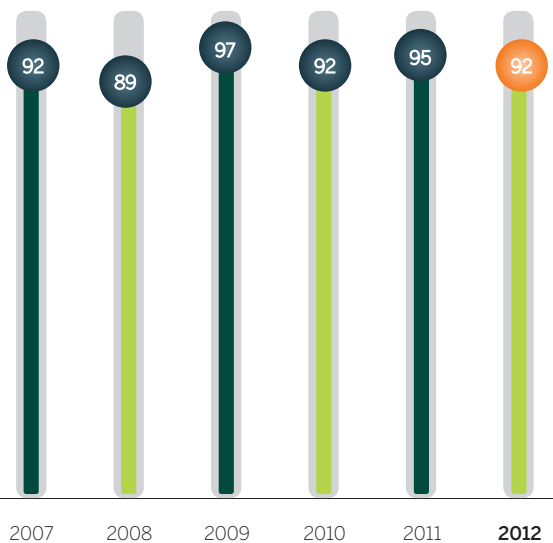
Source: Ecopetrol, Vice Presidency of Supply and Marketing

Perfect Deliveries to End Customers

Another important indicator for evaluating delivery excellence is compliance with Perfect Deliveries to End Customers.

In 2012 this indicator attained a result of 98.35%, which is an improvement of 2.45% compared with the previous year.

It should be noted that during 2012 a new methodology was applied for measuring the indicator, which considered criteria of quality, timeliness and amount for each of its components. In 2013, this indicator's scope of measurement will be extended to all products delivered by the Barrancabermeja Refinery.



Testimonial



**Sandra Giovanna
Gómez Castañeda**
Llanogas General Manager

“For 26 years Llanogas has been the utilities company that Llanero people have trusted for the permanent and reliable supply of natural gas. We have been providing this service in 25 municipalities and nine towns in the departments of Meta, Cundinamarca and Guaviare.

Moreover, on account of the expansion that we have experienced in recent years, we have investments in Gases del Cusiana, a company that provides the service in the department of Casanare.

In the last 10 years we have increased gas volume five-fold, not only thanks to the homes we serve, but also the expansion of vehicle gas. In fact, today within our consumption profile 44% is vehicle gas, 39% is residential gas and 17% corresponds to the gas demanded by industry and commerce.

We have always said that we've been able to ensure service provision to our 130,000 users through the fluid commercial and contractual relationship between Ecopetrol and Llanogas.

Ecopetrol is our supplier of natural gas from the wellhead. This is supply they provide us with each day through processes of nomination, orders and deliveries, always with excellent continuity, quality and customer service. Ecopetrol uses

contract formats that are very well aligned with regulatory norms and it complies fully with deliveries. When force majeure or restrictions necessary for maintenance arise, it uses a very timely communication protocol that makes it possible to generate action plans, which impact as little as possible on the end user.

Ecopetrol is critical for us, since having a solid and robust supplier is necessary to provide the service, taking into account that we must perform with high standards of quality, compliance and regulation.

For the community of municipalities and departments that we serve it is known that the gas arrives to their homes, first, because the region is a producer of this hydrocarbon, and second, because there's a company like Ecopetrol, which produces it and supplies it to the Llanogas utilities company.

The community greatly appreciates the provision of this service, as being more economical and environmentally friendly than other fuels, contributes to improving quality of life and preserving the environment. Households in Llanos Orientales have welcomed the arrival of natural gas via the network to their homes”.



Products

Ecopetrol S.A.'s main products are crudes, natural gas, petrochemicals and biofuels.

Product catalog

Ecopetrol's website sets out the catalog of products offered by the company to the domestic and international market. For each of the products, the following information is available: description and some of its uses, precautions for use and handling, technical specifications, sales logistics and delivery site. See more information

on Ecopetrol's website: http://www.ecopetrol.com.co/especiales/Catalogo_de_Productos/index.html

Life cycle of products

The life cycle stages of each product are different in accordance with their nature. This section discusses the two most significant ones: crudes and natural gas.

Crudes

Oil is extracted by drilling a well over the reservoir. If the fluid pressure is sufficient, it will force the natural exit of oil through the well, which is connected through a network of pipelines to

primary treatment, where it is dewatered and stabilized, removing the most volatile compounds. Subsequently, it is transported to refineries or upgrading plant.

During the life of the reservoir, the pressure will drop and it will be necessary to use other techniques for the extraction of oil. These techniques include extraction by means of pumps, water injection or the injection of gas, among others.

The chemical components are separated and the oil obtained by distillation through a refining process. From this, different products are extracted, including: Propane, butane, gasoline, kerosene, diesel, lubricating oils, asphalt, coke. All these products, of low solubility, are obtained in fractionation towers.

Gas platform in Chuchupa, La Guajira



Natural gas

Natural gas is a mixture of light hydrocarbons, consisting primarily of methane, and also includes ethane, propane and other heavier hydrocarbons.

Some inert gases such as nitrogen and carbon dioxide may be present, as well as small amounts of hydrogen sulfide and oxygen. It is obtained through the exploitation of underground deposits or reservoirs, where it is located independently or associated with oil. Once extracted, it is separated from the crude oil and subjected to a treatment for withdrawing hydrocarbons (LPG and natural gasoline) and impurities such as water vapor, solids and corrosive products.

Natural gas is lighter than air and unless it is trapped, it will rise and dissipate quickly in the atmosphere in the event of a leak. The transport of crudes, gas and petrochemicals

Regulation of products in the market

In order to reduce the concentration of natural gas supply in the market, the Ministry of Mines and Energy, through Decree 2100 of 2011 amended the administration of royalties from natural gas so that such royalties are commercialized directly on behalf of the National Hydrocarbons Agency (ANH).

Towards the end of 2011 Ecopetrol signed a mandate agreement with the ANH to act as the royalty gas marketer on behalf of the ANH, reducing Ecopetrol's share in the market. The implementation of this mandate agreement began in July 2012.

Since 2008 Ecopetrol has established a working plan for the formalization of the marketing channel for the various petrochemical and industrial products where different types of companies (national and multinational) actively participate. The channels are open and any market player may enter or withdraw from that channel to the extent that they meet the skills and minimum product purchase volumes required by Ecopetrol.

Additionally, the sale of petrochemical and industrial products is free and the prices thereof are posted on Ecopetrol's website.

Responsibility in the handling of products

In its efforts to minimize the risks and impacts associated with the manufacture, use and disposal of products and their effects on humans and the environment, Ecopetrol has specific processes and procedures, it complies with national regulations and applies best practices from the international oil industry.

Thus, for the handling of liquid fuels, Ecopetrol applies Standard 321 of the NFPA (National Fire Protection Association), which sets standards for the design of storage tanks and filler pipes among others, as well as regulations issued by the Ministry of Mines and Energy of Colombia.

Regarding fire protection, the NFPA and the API (American Petroleum Institute) standards are applied, as well as the regulations issued by government authorities for national, regional and local oversight.

For the design, construction and operation of facilities for the transportation and handling of hydrocarbons the API, ANSI, ASME, NFPA, DOT and Icontec standards are applied

In the case of petrochemical and industrial products, Ecopetrol takes special precautions because they are volatile chemicals that may cause explosions under certain pressure and temperature conditions. Therefore, they are stored, handled and disposed of in accordance with the technical specifications for each product and according to national regulations for the handling and disposal of hazardous waste.

For the design, construction and operation of facilities for the transportation and handling of hydrocarbons the API, ANSI, ASME, NFPA, DOT and Icontec standards are applied, as well as regulations issued by the Ministry of Mines and Energy, Ministry of Environment, Housing and Territorial Development and other competent authorities.

Deserving special attention and strict supervision are the valves, connections, tank fittings and accessories, cisterns and cylinders that are used to store these products, given the magnitude of the consequences that can be caused by the realization of some of the risks inherent to these products.

Each of the company's products is identified with a safety data sheet containing relevant information such as composition, hazard identification, first aid measures, measures for fire fighting and control, measures for handling and storage, measures in the event of product escapes or leakage, explosion controls and personal protection, physical and chemical properties, toxicological and ecological information, considerations on disposal, transportation information and regulatory information, and contact details in the event of an emergency.

It is important to note that Ecopetrol facilities and

operations have contingency plans for responding, controlling and mitigating the consequences of the materialization of the potential risks.

Impacts of the products on health

The various products derived from petroleum: natural gas, liquid fuels and petrochemicals, can cause impacts on the health and safety of people if not handled and used in accordance with strict standards, which is why the company is continuously conducting training and delivering outreach activities for users of all levels.

Natural gas

In its natural state, before being subjected to a combustion process, natural gas acts as a suffocating agent and may have adverse health effects if its hydrogen sulfide content is higher than 70 ppm and that of carbon monoxide higher than 50 ppm.

Hydrogen sulfide is a colorless, unpleasant smelling, and highly poisonous gas, which at concentrations of 70 ppm can cause dizziness and breathing problems, and at air concentrations above 300 ppm, can be lethal.

Carbon monoxide is a colorless, odorless, and flammable gas, producing toxic action on the blood and that at air concentrations above 50 ppm, can be lethal.

In the event of leakage, non-essential personnel must be evacuated from the area and adequate ventilation must be provided (explosion proof), the source of ignition must be removed or eliminated, the gas supply cut, smoking prohibited, and it must be ensured that electrical switches are not operated. Leaks or escapes can be detected with soap suspension applied to the point. A flame must

never be used to detect leaks.

Natural gas is highly flammable, but stable under normal storage and handling conditions. Excessive heat, flames and other ignition sources must be avoided.

It reacts violently with oxidizing agents such as tetra bromine, chlorine, nitrogen trifluoride and liquid oxygen, and explodes spontaneously when mixed with chlorine dioxide. Incomplete combustion of natural gas generates carbon monoxide, which is highly harmful and toxic.

In case of fire, the flame must be extinguished with CO₂, dry chemical or halocarbon gas. Once initial fire-fighting in response to a natural gas fire has been completed, the adjacent area should be cooled and ignition sources eliminated, as there is risk of another explosion or reignition if the fire is extinguished without cutting the gas supply.

The risks of ingestion are extremely rare. It may cause eye irritation, blurred vision, eye watering, redness and surface turbidity.

Liquid fuels (diesel, gasoline and Jet A-1)

Fuel inhalation may cause respiratory irritation, with the main effect being the depression of the central nervous system. Among the effects of fuel inhalation are euphoria, headaches, dizziness, drowsiness, even resulting in fatal outcomes.

For its part, the ingestion of fuel can cause gastrointestinal disturbances and the symptoms include nausea, vomiting and diarrhea. Repeated or prolonged skin contact may result in the loss of natural fats, redness, swelling, itching, cracking

and possible secondary infection. Exposure to its vapors, fumes or mists may cause eye irritation.

There is sufficient evidence of carcinogenicity in experiments with animals. These substances contain aromatic products that in turn, have polycyclic aromatic compounds, some of which have been shown to cause skin cancer in human beings under poor conditions of hygiene and prolonged and repeated contact.

Under no circumstances must fuel be stored in a house, apartment, or in any enclosure. The fuel evaporates continuously and, in addition to generating an atmosphere of toxic fumes, can cause a fire or explosion. In order to handle these safely, adequate waterproof clothing, safety glasses and gloves must be used.

Moreover, breathing engine fuel gases can be harmful and cause several effects including headaches, dizziness, unconsciousness or death.

Following product-handling instruction ensures zero incidents for those who handle these types of products.

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4.2	Function of the Chair of the highest governance body	30, 31		Organizational Governance	6.2
4.3	Board structure	31, 40, 41		Organizational Governance	6.2
4.4	Participation of shareholders and employees	32, 33, 35, 38, 46		Organizational Governance	6.2
4.5	Linkage between compensation for members of the highest governance body and the organization's performance	45, 47		Organizational Governance	6.2
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	53	10	Organizational Governance	6.2
4.7	Process for determining the qualifications and experience of members of the highest governance body for guiding the organization's strategy on economic, environmental and social issues	41, 42, 46	10	Organizational Governance	6.2
4.8	Mission and values statements	25, 26	7, 8, 9	Organizational Governance	6.2
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	30, 43		Organizational Governance	6.2
4.10	Processes for evaluating the highest governance body's own performance	46	10	Organizational Governance	6.2
4.11	Explanation of whether the precautionary approach or principle is adopted by the organization	156, 157, 161	7	Organizational Governance	6.2

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	18, 19	1, 2, 5, 8, 9, 10	Organizational Governance	6.2
4.13	Memberships in associations and/or national/international advocacy organizations	18, 19, 299		Organizational Governance	6.2
4.14	List of stakeholder groups engaged by the organization	66, 68		Organizational Governance	6.2
4.15	Basis for identification and selection of stakeholders with whom to engage	48, 65		Organizational Governance	6.2
4.16	Approaches to stakeholder engagement	70, 72, 73		Organizational Governance	6.2
4.17	Key topics and concerns that have been raised through stakeholder engagement	70, 76, 78, 157, 158, 159, 279, 303		Organizational Governance	6.2

ECONOMIC-FINANCIAL INDICATORS

DMA: Despite the complexities of the environment, the financial results of Ecopetrol S.A. in 2012 mark the second highest record in the company's history.

In this period, the company demonstrated its strength and ability to maintain competitive indicators in the industry, supported by increased production, the improvement in international reference prices, the execution of commercial strategies that made it possible to increase sales, and a robust investment plan.

Aspect: ECONOMIC PERFORMANCE

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	82, 84, 88, 91, 92, 93, 96, 97, 100, 101, 104, 105, 106, 117, 138, 211		Active participation of the community	6.8.3
				Wealth and income generation	6.8.7
				Social Investment	6.8.9
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	180	7	Mitigation and adaptation to climate change	6.5.5
EC3	Coverage of the organization's defined benefit plan obligations.	132, 256		Working conditions and social protection	6.4.4
EC4	Significant financial assistance received from government.	128		Responsible political involvement	6.6.4

Aspect: MARKET PRESENCE

EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	244		Working conditions and social protection	6.4.4
				Wealth and income generation	6.8.7

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	335, 336, 341	6	Promoting social responsibility in the value chain	6.6.6
				Job creation and skills development	6.8.5
				Wealth and income generation	6.8.7
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	337	6	Job creation and skills development	6.8.5
				Wealth and income generation	6.8.7
Aspect: INDIRECT ECONOMIC IMPACTS					
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	313		Economic, social and cultural rights	6.3.9
				Active participation of the community	6.8.3
				Education and culture	6.8.4
				Job creation and skills development	6.8.5
				Development and access to technology	6.8.6
				Wealth and income generation	6.8.7
				Social investment	6.8.9
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	210, 211		Economic, social and cultural rights	6.3.9
				Promoting social responsibility in the value chain	6.6.6
				Respect for property rights	6.6.7
				Access to essential services	6.7.8
				Wealth and income generation	6.8.7
				Social investment	6.9.8

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
LABOR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS					
DMA: Within its corporate policy and its Strategic Framework 2011-2020, Ecopetrol, aware that its operation must be in harmony with its various stakeholders and, in particular with the people who work in the company's various operational and support areas, has included an explicit guiding principal on human talent management, aimed at generating value for the organization through labor practices that contribute to both the professional and personal advancement of its workers, contributing to the sustainable development of the company.					
Aspect: EMPLOYMENT					
LA1	Total workforce by employment type, employment contract, and region.	239	6	Employment and labour relations	6.4.3
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	239, 241, 242	6	Employment and labour relations	6.4.3
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	256		Employment and labour relations	6.4.3
				Return to work and retention rates after parental leave, by gender.	6.4.4
LA15	Return to work and retention rates after parental leave, by gender	255		Labour practices	6.4
				Working conditions and social protection	6.4.4
Aspect: LABOR/MANAGEMENT RELATIONS					
LA4	Percentage of employees covered by collective bargaining agreements.	263	3	Fundamental principles and rights at work	6.3.10
				Employment and labour relations	6.4.3
				Working conditions and social protection	6.4.4
				Social dialogue	6.4.5
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	263	3	Employment and labour relations	6.4.3
				Working conditions and social protection	6.4.4
				Social dialogue	6.4.5
Aspect: OCCUPATIONAL HEALTH AND SAFETY					
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	266		Occupational health and safety	6.4.6

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region.	266, 269, 270, 271		Occupational health and safety	6.4.6
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	266, 274		Occupational health and safety	6.4.6
				Health and safety topics covered in Formal agreements with trade unions.	6.8.3
				Education and culture	6.8.4
				Health	6.8.8
LA9	Health and safety topics covered in formal agreements with trade unions.	266	3	Occupational health and safety	6.4.6
Aspect: TRAINING AND EDUCATION					
LA10	Average hours of training per year per employee by gender, and by employee category.	249		Human development and training in the workplace	6.4.7
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing their career.	250		Human development and training in the workplace	6.4.7
				Percentage of employees receiving regular performance and career development reviews.	6.8.5
LA12	Percentage of employees receiving regular performance and career development reviews	252		Human development and training in the workplace	6.4.7
Aspect: DIVERSITY AND EQUAL OPPORTUNITY					
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	40, 41	1, 6	Discrimination and vulnerable groups	6.3.7
				Fundamental principles and rights at work	6.3.10
				Employment and labor relations	6.4.3
Aspect: EQUAL REMUNERATION FOR WOMEN AND MEN					
LA14	Ratio of basic salary and remuneration of women to men by employee category.	245	1, 6	Discrimination and vulnerable groups	6.3.7
				Fundamental principles and rights at work	6.3.10
				Employment and labor relations	6.4.3
				Working conditions and social protection	6.4.4

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
HUMAN RIGHTS PERFORMANCE INDICATORS					
DMA: In 2009 Ecopetrol, made the decision to take a holistic approach to human rights through the approval of a Guide on Human Rights and adherence to United Nations Global Compact (Global Compact).					
In order to ensure the commitments contained in the Guide and the Global Compact principles, Ecopetrol has created platforms and tools for management, such as the Human Rights Committee, the Tactical Plan on HR and an indicator of compliance with this plan.					
Aspect: INVESTMENT AND PROCUREMENT PRACTICES					
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	282	1, 2	Due diligence	6.3.3
				Avoidance of complicity	6.3.5
				Promoting social responsibility in the value chain	6.6.6
HR2	Percentage of significant suppliers and contractors that have undergone human rights screening, and actions taken.	282	1, 2	Due diligence	6.3.3
				Avoidance of complicity	6.3.5
				Employment and labour relations	6.4.3
				Promoting social responsibility in the value chain	6.6.6
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	282, 283, 284, 296, 297	1, 2	Avoidance of complicity	6.3.5
Aspect: NON-DISCRIMINATION					
HR4	Total number of incidents of discrimination and corrective actions taken.	281, 291	1, 2, 6	Avoidance of complicity	6.3.5
				Resolution of complaints	6.3.6
				Discrimination and vulnerable groups	6.3.7
				Fundamental principles and rights at work	6.3.10
				Employment and labor relations	6.4.3

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
Aspect: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING					
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	263, 294, 295	1, 2, 3	Due diligence	6.3.3
				Risk situations for human rights	6.3.4
				Avoidance of complicity	6.3.5
				Civil and political rights	6.3.8
				Fundamental principles and rights at work	6.3.10
				Employment and labor relations	6.4.3
				Social dialogue	6.4.5
Aspect: CHILD LABOR					
HR6	Operations identified as having significant risks for incidents of child labor, and measures taken to contribute to the elimination of child labor	292	1, 2, 5	Due diligence	6.3.3
				Risk situations for human rights	6.3.4
				Avoidance of complicity	6.3.5
				Discrimination and vulnerable groups	6.3.7
				Fundamental principles and rights at work	6.3.10
Aspect: FORCED AND COMPULSORY LABOR					
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to its elimination	293	1, 2, 4	Due diligence	6.3.3
				Risk situations for human rights	6.3.4
				Avoidance of complicity	6.3.5
				Discrimination and vulnerable groups	6.3.7
				Fundamental principles and rights at work	6.3.10
Aspect: SECURITY PRACTICES					
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	282, 283, 284	1, 2	Avoidance of complicity	6.3.5
				Employment and labour relations	6.4.3
				Promoting social responsibility in the value chain	6.6.6
Aspect: INDIGENOUS RIGHTS					
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	285, 287	1, 2	Resolution of complaints	6.3.6
				Discrimination and vulnerable groups	6.3.7
				Civil and political rights	6.3.8
				Respect for property rights	6.6.7

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
Aspect: ASSESSMENT					
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	280	1, 2	Human rights	6.3
				Due diligence	6.3.3
				Risk situations for human rights	6.3.4
				Avoidance of complicity	6.3.5
Aspect: REMEDIATION					
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	280, 281	1, 2	Human rights	6.3
				Resolution of complaints	6.3.6

SOCIETY PERFORMANCE INDICATORS

DMA: In order to comply with its commitments, Ecopetrol has created a social management model through which the company aims to influence the generation of favorable conditions for development in the territories where it is present, based on the effective management of the impacts caused by its activities and the social risks that may affect operations.

Aspect: COMMUNITY

SO1	Nature, scope and effectiveness of programs and practices that assess and manage the impacts of operations on communities, including the company's entry, operation and exit	261, 291, 304, 305, 306, 308, 311, 315		Economic, social and cultural rights	6.3.9
				Job creation and skills development	6.8.5
				Wealth and income generation	6.8.7
				Respect for property rights	6.6.7
SO9	Operations with significant potential or actual negative impacts on local communities	304, 328		Economic, social and cultural rights	6.3.9
				Pollution prevention	6.5.3
				Protection of the environment, biodiversity and restoration of natural habitats	6.5.6
				Active community participation and development	6.8.

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	304, 320, 322	1	Economic, social and cultural rights	
				Pollution prevention	
				Protection of the environment, biodiversity and restoration of natural habitats	
				Active community participation and development	
Aspect: CORRUPTION					
SO2	Percentage and total number of business units analyzed for risks related to corruption.	54, 59, 133	10	Anticorruption	6.6.3
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	56	10	Anticorruption	6.6.3
SO4	Actions taken in response to incidents of corruption.	58, 60, 61	10	Anticorruption	6.6.3
Aspect: PUBLIC POLICY					
SO5	Public policy positions and participation in public policy development and lobbying.	62, 63, 317, 330	10	Responsible political involvement	6.6.4
				Total value of financial and in-kind Contributions as to political parties, politicians, and related Institutions by country.	6.6.4
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	62, 63	10	Responsible political involvement	6.6.4
				Active participation of the community	6.6.4
Aspect: ANTI-COMPETITIVE BEHAVIOR					
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	137		Fair competition	6.6.5
				Respect for property rights	6.6.7
Aspects: COMPLIANCE					
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	127, 135		Respect for property rights	6.6.7
				Wealth and income generation	6.8.7

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS					
DMA: Ecopetrol participates in all stages of the hydrocarbon chain from the exploration and production of oil and gas, through to their processing into higher value-added products and subsequently their marketing in domestic and international markets.					
Each of the steps undertaken in this area involve risks and opportunities for both the company and the areas where the activities are carried out, as well as for the country, which thanks to the presence of Ecopetrol is able to undertake new social initiatives aimed at improving the standard of living of Colombians.					
Aspect: CUSTOMER HEALTH AND SAFETY					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	82, 84, 88, 92, 93, 96, 97, 100, 101, 104, 105, 107, 138, 359, 362	1	Economic, social and cultural	6.3.9
				Promoting social responsibility in the value chain	6.6.6
				Protection of consumer health and safety	6.7.4
				Sustainable consumption	6.7.5
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	135	1	Economic, social and cultural	6.3.9
				Promoting social responsibility in the value chain	6.6.6
				Protection of consumer health and safety	6.7.4
				Sustainable consumption	6.7.5
Aspect: PRODUCT AND SERVICE LABELING					
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	361, 362		Fair marketing practices, factual and unbiased information, and fair contracting practices	6.7.3
				Protection of consumer health and safety	6.7.4
				Sustainable consumption	6.7.5
				Customer service, support and resolution of complaints and disputes	6.7.6
				Education and awareness	6.7.9

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	135		Fair marketing practices, factual and unbiased information, and fair contracting practices	6.7.3
				Protection of consumer health and safety	6.7.4
				Sustainable consumption	6.7.5
				Customer service, support and resolution of complaints and disputes	6.7.6
				Education and awareness	6.7.9
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	354, 355, 356		Protection of consumer health and safety	6.7.4
				Sustainable consumption	6.7.5
				Customer service, support and resolution of complaints and disputes	6.7.6
				Access to essential services	6.7.8
				Education and awareness	6.7.9
Aspect: MARKETING COMMUNICATIONS					
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	49, 62, 354, 355, 361	10	Fair marketing practices, factual and unbiased information, and fair contracting practices	6.7.3
				Customer service, support and resolution of complaints and disputes	6.7.6
				Education and awareness	6.7.9

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	62		Fair marketing practices, factual and unbiased information, and fair contracting practices	6.7.3
				Customer service, support and resolution of complaints and disputes	6.7.6
				Education and awareness	6.7.9
Aspect: CUSTOMER PRIVACY					
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	137	1	Protection and privacy of consumer data	6.7.7
Aspect: COMPLIANCE					
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of the organization's products and services	135		Customer service, support and resolution of complaints and disputes	6.7.6

ENVIRONMENTAL PERFORMANCE INDICATORS

DMA: Aware that its operation must be in harmony and in balance with its stakeholders and the environment, Ecopetrol includes environmental management within its Corporate Policy and Strategic Framework 2011-2020 as an explicit guiding principle for generating value to the organization through processes and products that, thanks to a minimal environmental impact, contribute to the sustainable development of the company, the areas where it operates and the country as a whole.

Aspect: MATERIALS

EN1	Materials used by weight or volume	189, 190, 191	8, 9	Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4
EN2	Percentage of materials used that are recycled input materials	189, 190, 191	8, 9	Sustainable use of resources	6.5.4
Aspect: ENERGY					
EN3	Direct energy consumption by primary energy source	171, 172	8, 9	Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4
				Mitigation and adaptation to climate change	6.5.5
EN4	Indirect energy consumption by primary source	171, 172	8, 9	Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
EN5	Energy saved due to conservation and efficiency improvements	171, 172	8, 9	Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	171, 172	8, 9	Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	171, 172	8, 9	Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4
Aspect: WATER					
EN8	Total water withdrawal by source	212	8, 9	Sustainable use of resources	6.5.4
EN9	Water sources significantly affected by withdrawal of water.	212	8, 9	Sustainable use of resources	6.5.4
EN10	Percentage and total volume of water recycled and reused.	212	8, 9	Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4
Aspect: BIODIVERSITY					
EN11	Description of land adjacent to or within protected natural areas or unprotected areas of high biodiversity. Indicate the location and size of land owned, leased, or managed, which is of high biodiversity value outside protected areas	218, 219	8	Protection of the environment, biodiversity and restoration of natural habitats	6.5.6
EN12	Description of the most significant impacts on biodiversity in protected natural areas or in unprotected areas of high biodiversity, arising from activities, products and services in protected areas and in areas of high biodiversity value in areas outside protected areas	218, 219	8	Protection of the environment, biodiversity and restoration of natural habitats	
EN13	Habitats protected or restored	218, 219	8	Protection of the environment, biodiversity and restoration of natural habitats	6.5.6
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	218, 219	8	Pollution prevention	6.5.3
				Protection of the environment, biodiversity and restoration of natural habitats	6.5.6

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	218, 219, 222, 223, 226, 228	8	Protection of the environment, biodiversity and restoration of natural habitats	6.5.6
Aspect: EMISSIONS, EFFLUENTS AND WASTE					
EN16	Total direct and indirect greenhouse gas emissions by weight	180, 184, 186, 187	7, 8	Mitigation and adaptation to climate change	6.5.5
EN17	Other relevant indirect greenhouse gas emissions by weight	180, 184, 186, 187	7, 8	Mitigation and adaptation to climate change	6.5.5
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	180, 184, 186, 187	7, 8	Pollution prevention	6.5.3
				Emissions of ozone-depleting substances by weight.	6.5.5
EN19	Emissions of ozone-depleting substances by weight.	180, 184, 186, 187	7, 8	Pollution prevention	6.5.3
EN20	NO, SO, and other significant air emissions by type and weight.	180, 184, 186, 187	7, 8	Pollution prevention	6.5.3
EN21	Total water discharge by quality and destination.	217	7, 8	Pollution prevention	6.5.3
EN22	Total weight of waste by type and disposal method.	194, 195	7, 8	Pollution prevention	6.5.3
EN23	Total number and volume of significant spills.	207	7	Pollution prevention	6.5.3
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	194, 195, 198	7	Pollution prevention	6.5.3
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	213	8, 9	Sustainable use of resources	6.5.4
				Protection of the environment, biodiversity and restoration of natural habitats	6.5.6
Aspect: PRODUCTS AND SERVICES					
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	174, 192	7, 8, 9	Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4
				Promoting social responsibility in the value chain	6.6.6
				Sustainable consumption	6.7.5

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	194, 195		Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4
				Sustainable consumption	6.7.5
Aspect: COMPLIANCE					
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	137		Pollution prevention	6.5.3
Aspect: TRANSPORT					
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	96, 97, 207, 210		Pollution prevention	6.5.3
				Sustainable use of resources	6.5.4
				Mitigation and adaptation to climate change	6.5.5
				Promoting social responsibility in the value chain	6.6.6
Aspect: OVERALL					
EN30	Total environmental protection expenditures and investments by type	166, 167	7, 8, 9	Pollution prevention	6.5.3
				Mitigation and adaptation to climate change	6.5.5

Indicator	Description	Page	Global Compact Principles	ISO26000	
				Issues and themes	Chapter
Oil&Gas (OG) Supplement Indicators					
OG1	Volume and type of estimated proved reserves and production.	91, 92, 93			
OG2	Total amount invested in renewable energy Research and Development.	166, 167, 174	9		
OG3	Total amount of renewable energy generated by source.	174			
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored and where action plans are in place	218, 219	8		
OG5	Volume of formation or produced water	212, 213, 215, 220			
OG6	Volume of flared and vented hydrocarbon as part of primary operations	180, 185			
OG7	Amount of drilling waste (drill mud and cuttings)	194			
OG8	Benzene, lead and sulfur content in refined fuels	182	9		
OG9	Operations in locations with presence of indigenous communities or in areas adjacent to or affected by the activities, and percentage of these locations that are covered by specific participation strategies	285, 286, 287	1		
OG10	Number and description of significant disputes with local communities and indigenous peoples	287	1		
OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned	174, 200, 201, 202, 203			
OG12	List, quantify and describe involuntary resettlement cases necessary for the company's activities	261			
OG13	Number of process safety events, by business activity	204, 207, 210, 211			
OG14	Volume of biofuels produced, purchased and sold	174			



Declaración de Control del Nivel de Aplicación de GRI

Por la presente GRI declara que Ecopetrol S.A ha presentado su memoria "Reporte Integrado de Gestión Sostenible" que cumple con los requisitos del Nivel de Aplicación de GRI 3.1.

Los Niveles de Aplicación de GRI 3.1 en la memoria de la organización ha presentado y que en el Informe de Conformidad de GRI se ha verificado la conformidad con los requisitos exigidos, de acuerdo a la metodología: www.globalreporting.org.

Los Niveles de Aplicación de GRI 3.1 de la organización ha presentado y que en el Informe de Conformidad de GRI se ha verificado la conformidad con los requisitos exigidos, de acuerdo a la metodología: www.globalreporting.org.

Amsterdam, 26 de febrero de 2013.

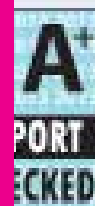
Nelmara Arbex
Subdirectora Ejecutiva
Global Reporting Initiative

Se ha añadido el signo "A+" al Nivel de Aplicación porque Ecopetrol S.A ha solicitado la verificación externa de (parte de) su memoria. GRI acepta el buen juicio de la organización que ha elaborado la memoria en la elección de la entidad verificadora y en la decisión acerca del alcance de la verificación.

Global Reporting Initiative (GRI) es una organización que trabaja en red, y que ha promovido el desarrollo del marco para la elaboración de memorias de sostenibilidad más utilizado en el mundo y sigue mejorándolo y promoviendo su aplicación a escala mundial. La Guía de GRI estableció los principios e indicadores que pueden emplear las organizaciones para medir y dar razón de su desempeño económico, medioambiental y social. www.globalreporting.org

Descargo de responsabilidad: En los casos en los que la memoria de sostenibilidad en cuestión contenga enlaces externos, incluidos los que remiten a material audiovisual, el presente certificado sólo es aplicable al material presentado a GRI en el momento del Control, en fecha 26 febrero 2013. GRI excluye explícitamente la aplicación de este certificado a cualquier cambio introducido posteriormente en dicho material.

Falta documento original en inglés



Declaración de Garantía

BSD Consulting realizó por segunda vez, la verificación independiente del proceso de elaboración del Reporte Integrado de Gestión Sostenible 2012 de Ecopetrol. La verificación tiene como objetivo proporcionar una opinión sobre:

- La aplicación de los principios e Indicadores GRI G3.1 en el proceso de elaboración del Reporte y cómo se da cuenta de la gestión de la sostenibilidad de la organización.
- Los procesos de involucramiento con los grupos de interés y su adherencia a los principios AA1000AS 2008.
- Recomendaciones para la mejora continua.

Independencia

Trabajamos de forma independiente y aseguramos que ningún integrante de BSD mantenga controles de consultoría o vínculos comerciales con Ecopetrol S.A.. BSD Consulting cuenta con la licencia de AccountAbility como proveedor de garantía (AA1000 Licensed Assurance Provider), bajo el registro 000-83.

Nuestra competencia

BSD Consulting es una compañía especializada en soluciones para el desarrollo sostenible. Los trabajos de verificación fueron desarrollados por un equipo de profesionales con experiencia y capacitación en verificación externa.

Responsabilidades de BSD

Durante la elaboración del Reporte Integrado de Gestión Sostenible 2012 con grupos de interés y la verificación de Ecopetrol S.A., BSD Consulting se comprometió a los principios AA1000 y la responsabilidad de BSD.

Alcance y limitaciones

El alcance de la verificación se limita al contenido del Reporte Integrado de Gestión Sostenible 2012 con grupos de interés y la verificación fue realizada en base a los principios de inclusión AA1000AS 2008 correspondiente a un informe de sostenibilidad. Los principios del GRI G3.1 Petróleo y Gas.

Metodología

El proceso de verificación incluyó:

- Revisión de los procesos de elaboración del Reporte 2012 y de la información de sostenibilidad.
- Entrevistas con funcionarios de Ecopetrol S.A. y grupos de interés.
- Verificación de la información reportada.

Principios AA1000AS

Inclusión – Aborda la participación de los grupos de interés para desarrollar y lograr una respuesta estratégica a la sostenibilidad en la organización:

Hallazgos:

- El relacionamiento con todos los grupos de interés es un componente central del marco estratégico de Ecopetrol. Esto se evidencia en el Modelo de Responsabilidad Social Empresarial, el cual incluye objetivos estratégicos e indicadores de gestión por cada grupo.
- Las audiencias públicas y los mecanismos de la Oficina de Participación Ciudadana, propician el diálogo, la rendición de cuentas y la concertación con sus grupos de interés, en las diferentes regiones en las que opera.
- La visión y la voz de los grupos de interés clave de la empresa fueron reportados implícitamente en el Informe. Se presentan hallazgos de estos grupos representativos.

Recomendaciones:

- Medir el estado de la relación con cada grupo de interés, establecer metas cuantitativas con cada uno de ellos, a intervalos año a año sobre el evento.

Materialidad – Es la determinación de la relevancia de los temas para la organización y sus grupos de interés.

Hallazgos:

- Ecopetrol ha definido los asuntos materiales para las dimensiones económica, social y ambiental a partir de su estrategia, sistema de gestión de riesgos, influencia de los intereses de relacionamiento con grupos de interés y la revisión de estándares e índices de sostenibilidad.
- Se destaca que por segundo año consecutivo Ecopetrol fue incluido en Índice de Sostenibilidad del Dow Jones (DJSI), quedando en el 6% de las empresas con mejor desempeño en el sector de Petróleo y Gas.

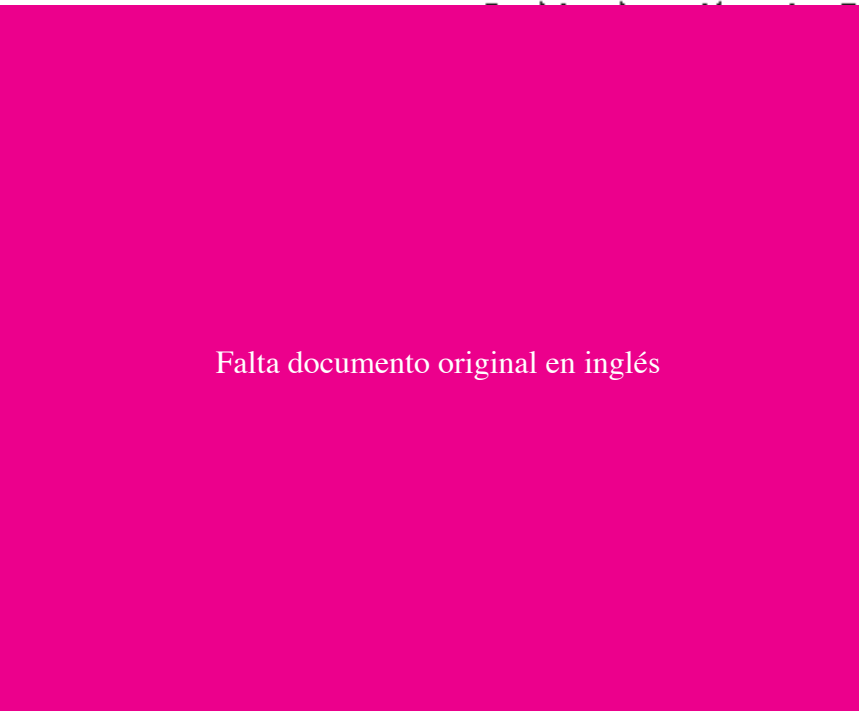
Recomendaciones:

- Se recomienda establecer criterios de priorización de asuntos en cada dimensión para facilitar la gestión y la comunicación de aquellos temas más relevantes para el cumplimiento de la meta de los temas limpios y relevantes para los grupos de interés.

Capacidad de respuesta – Aborda las medidas adoptadas por la organización debido a las demandas específicas de los grupos de interés.

Hallazgos:

El proceso de verificación incluyó la revisión y monitoreo de las acciones sostenibles en materia de desarrollo humano, medio ambiente y seguridad. A través de diferentes mecanismos, se verificó la implementación de las acciones reportadas. El análisis y seguimiento de las acciones es destacable por su claridad y cumplimiento. En materia de desarrollo humano, la distribución de todo el territorio nacional a sus grupos de interés por medio de acciones emprendidas por Ecopetrol S.A. es destacable por su claridad y cumplimiento. En materia de medio ambiente, se verificó la implementación de las acciones reportadas en el informe, así como la mejora continua.



Falta documento original en inglés

BSD Consulting declara que el Reporte Integrado de Gestión Sostenible 2012 de Ecopetrol S.A. cumple con los principios de inclusión AA1000AS 2008 correspondiente a un informe de sostenibilidad. El Reporte Integrado de Gestión Sostenible 2012 de Ecopetrol S.A. cumple con los principios de inclusión AA1000AS 2008 correspondiente a un informe de sostenibilidad. El Reporte Integrado de Gestión Sostenible 2012 de Ecopetrol S.A. cumple con los principios de inclusión AA1000AS 2008 correspondiente a un informe de sostenibilidad. Así mismo, respalda las iniciativas del supermenio Sector Petróleo y Gas.

Recomendaciones:

Desde la importancia para Ecopetrol de publicar un Reporte Integrado de Gestión, recomendamos fortalecer más allá de la integración física de la información financiera y sostenible en el mismo documento, profundizar en la vinculación del desempeño financiero con el desempeño social y ambiental.

Claudia Restrepo Múnera
Directora Ejecutiva – Partner
BSD Consulting Colombia

Apoyo verificador: Ana Isabel Benavides

