

Corporate  
Responsibility  
Report

2013



# Summary

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## Letter from the Chairman and CEO



Luis Suárez de Lezo Mantilla, Board Member and General Secretary and Secretary to the Board; Prof. John Ruggie; Antonio Brufau Niubó, Chairman and CEO.

To talk about sustainability in this day and age may have a somewhat hollow ring. Over the last 30 years, the term “sustainability” has been so broadly employed that for many people today it remains a vaguely relevant and largely confusing concept. Nonetheless, the challenge of building a sustainable development model is more compelling than ever, and is therefore of essential importance for a global energy company like Repsol.

As you know, sustainability is the development model we must construct in order to make this generation’s wellbeing compatible with that of future generations.

### **Redirecting the development model towards sustainability is a global concern.**

During the economic development of recent decades, fuelled by an abundant and accessible energy supply, hundreds of millions of people have emerged from poverty, and mankind as a whole has achieved an unprecedented level of wellbeing. Although the progress achieved is indisputable, enormous challenges lie ahead before we can collectively reach the Millennium Development Goals.

Many of the people to emerge from poverty have gone on to swell the global middle classes – who now rank about 2,000 million. Demographic forecasts suggest that the world’s middle class will grow at a sharp pace, reaching around 4,500 million people in 2030.

While this is excellent news, it also means there will be a massive demand for natural resources, including energy.

Further, our planet's capacity for regeneration has started to show signs of waning. Climate change and the relentless loss of biodiversity indicate that the forecast increase of energy consumption may have untenable consequences, unless the course of the current development model is changed.

How can this global dilemma be managed in a world of nation-states?

Although some adamantly believe in institutions of global governance capable of solving the world's problems, such institutions do not seem likely to emerge in the near future. Today, institutions of global governance respond to the interests of different nation-states, which at times restricts their capacity and their reach.

**Multinationals such as Repsol operate in the complex sphere of global governance, where allegations of controversial conduct are not uncommon, as evidenced repeatedly by civil society.** As Professor Ruggie has stated, we play a key role in what has become known as "polycentric governance".

We are aware that many are concerned that we operate in different jurisdictions in which diverse regulations and laws prevail, with different capacities and even different degrees of government intervention. There is concern that this could give lead to practices that fall outside the arm of the law, or even if they do comply with local legislation, might be unethical by international standards.

This is why we **at Repsol are committed to doing whatever it takes to ensure responsible corporate conduct in all the countries in which we operate, in keeping with the ever-present objective of sustainability.**

To begin with, we have adopted a new corporate vision, as far-reaching as the scale of the challenge facing us. As our corporate vision states, "we want to become a global company that strives to ensure people's welfare and that starts building a better future today, through the development of smart energies".

When we say that we strive to ensure people's welfare, we include all people who are influenced by our company's activities and decisions and by those of our business partners.

To achieve this vision, we have adopted a number of tenets and values that we wish to instill firmly in our corporate culture. We have defined two outstanding aspects of Repsol's culture: respect (for people, society and the planet) and a sense of foresight (that comes from looking to the future).

These two tenets give rise to five cultural values that must guide all our decisions and actions: integrity, transparency, flexibility, innovation and responsibility.

The fifth value, responsibility, is particularly relevant for this report.

Repsol has officially adhered to an advanced concept of responsibility, **by which we consider ourselves to be responsible, beyond any legal compulsion, for any impact that our activities may potentially have on people or the environment.** On the one hand, this sense of responsibility spurs us to adopt a sufficiently preventive approach to offset the potential negative impacts of our operations and commercial relations, and gives us the drive to make the most of any opportunities that allow us to share value with society.

**We exist as a company because we meet the expectations that connect us with society.** It is our belief that if a company underestimates the expectations of others and if what is important for society is not important for that company, sooner or later it will fail. We understand that the interests of our stakeholders should be aligned with the long-term interests of our shareholders.

Therefore, we support and adhere to the provisions laid down by the renewed EU strategy to promote Corporate Social Responsibility, and we recognize that the key to responsible business conduct lies in a willingness and ability to identify and understand the expectations and concerns of our stakeholders and systematically keep them in mind in all corporate decision-making processes.

**All companies are swayed by external concerns and expectations, but as yet very few undertake to explore their full significance, listen to all parties involved (not just those adopting a pro-company stance), or are able to identify expectations that are both explicit and tacit. Even fewer have developed sufficient knowledge to understand, on a case-by-case basis, the consequences that the company's real performance may have when it fails to address these concerns or meet these expectations, and to truly understand when action should be taken.**

We are identifying the concerns and expectations of our shareholders with increasing accuracy. We now classify expectations at three levels: Those of stakeholders who are interested in our global performance, for instance, investors; those who are interested in our performance in a specific country or jurisdiction, such as regulators; and those who are only interested in our work in a given operating center, such as local communities.

Having done this, we gathered around 150 executives, directors and managers of Repsol from different parts of the world, familiarized them with the stakeholders' concerns and expectations, and asked them to analyze the gap between the company's real performance and said expectations, to take them into account in their decision-making processes and to commit to take action when necessary.

The result of this exercise can be found in the [Sustainability Plans](#). A glance at these plans will reveal all types of initiatives, but most are aimed at creating or modifying operating processes and encouraging desired behaviors through information or training.

Each of these initiatives bears its corresponding implementation indicator, and most are tied to the company's variable remuneration program. That is: the employees responsible for these initiatives are only awarded bonuses when the initiative is successfully carried out. This practice highlights our growing commitment to responsibility and the ultimate goal of sustainability.

These plans are not closed documents. Every year the exercise of comparing concerns and expectations against our actual performance will be repeated, and the plans will be updated with new actions. And each year the company will publicly acknowledge the extent to which promised actions have been fulfilled.

It is a cycle of continuous improvement whose main beneficiaries are people and the environment. Nevertheless, this cycle also benefits Repsol, because these sustainability plans have great potential to bring about change. They allow us to anticipate ongoing social changes and give us the opportunity to adapt to these trends in an orderly and progressive manner, at a much lower economic and reputational cost.

A clear example of such an opportunity is our decision to adapt our operations to the UN's Framework and Guiding Principles on Business and Human Rights.

This international standard is a singular global governance experience which is receiving significant support from multilateral organisms, governments, civil society and companies. The Spanish government has also backed the development of a National Plan on Companies and Human Rights, which is nearing completion.

We believe that the implementation of due diligence in the area of human rights may have a very significant impact on our operations, comparable to the impact of the development of advanced environmental management.

This means that for any global company, the implementation of this framework will be an enormously complex process. Addressing the issue sufficiently ahead of time will give us the opportunity to develop the necessary skills and knowledge, progressively adapt our processes, and find ways to increase our influence over our partners, suppliers, contractors and distributors, thereby complying with the responsibility of respecting human rights in adherence to this framework.

The “Protect, Respect and Remedy” framework and its Guiding Principles are an opportunity for responsible companies to gain the trust of all citizens. We still have a long way to go, but we are on the right path and are moving forward purposefully in the various areas that comprise Corporate Responsibility: security and environmental protection, corporate governance, diversity and work-life balance, and ethical value chain management, among others.

That we are on the right path is evidenced by the recognition we have received, such as inclusion for two consecutive years as world leaders in the Oil and Gas sector on the Dow Jones sustainability index. We are very proud of this achievement, as it is the result of the collective efforts of all our people. Far from resting on our laurels, the recognition has provided us an incentive to continue working toward an even more demanding concept of sustainability.

I would like to close with an observation on the supposed dilemma between responsibility and profitability.

Some people think that no company will truly take on any moral commitment that may limit its growth, that sustainability restricts competitiveness and that all businesses, by their very nature, would prefer to be more profitable than more responsible.

This statement assumes that the intrinsic nature of all companies shapes their governance and points them irremediably toward maximizing short term profits.

Perhaps this can be said of the companies of yesteryear. Fortunately, however, in more modern companies such as Repsol, decisions are taken on a participatory basis, respect for diversity and opinions are encouraged, and individual ethical values can flow easily to the surface and help configure the performance of the company.

**When a company’s decisions can be taken on the basis of shared ethical values, this not only gives an extraordinary boost to human relations within the organization, but also allows the company to aspire to merit society’s trust.**

This is extremely valuable and underpins the argument that not only does responsibility not preclude profitability, but is in fact its strongest long-term ally.





## 2013 performance summary

### Indicators

Economic	2011	2012	2013
Investments (millions of euros) <sup>1</sup>	4,287	3,892	3,971
Investments in R&D (millions of euros)	74	83	89
Taxes paid (millions of euros) <sup>2</sup>	16,356	13,348	12,645
Net profit (millions of euros) <sup>1</sup>	2,193	2,060	1,474
Financial aid received from governments (millions of euros):			
— Net capital grants <sup>3</sup>	118	61	66
— Operating grants <sup>1</sup>	2	21	28

Environmental <sup>4</sup>	2011	2012	2013
Total energy consumption (10 <sup>6</sup> GJ) <sup>5</sup>	172.6	178.5	176.8
Direct equivalent of CO <sub>2</sub> emissions (millions of tons) <sup>6,7</sup>	13.1	14.1	14.2
Biofuel distribution (kilotons) <sup>8,9,10</sup>	1,297	1,189	745
Main emissions – SO <sub>2</sub> (tons) <sup>11</sup>	50,131	36,949	34,263
Main emissions – NO <sub>x</sub> (tons) <sup>11</sup>	32,922	33,566	37,155
Main emissions – COVNM (tons) <sup>11</sup>	41,809	42,885	41,755

<sup>1</sup> Data for 2011 have been restated to reflect the expropriation of YPF.

<sup>2</sup> 2011 figures include the taxes paid by the Repsol Group, including those relating to YPF prior to its expropriation.

<sup>3</sup> At December 31, YPF grants for the amount of 48 million euros were included. In 2012, these were removed from Repsol's consolidated balance sheet following the loss of control of YPF and YPF Gas.

<sup>4</sup> In order to establish common bases for comparison over time, data for previous years have been adjusted in line with changes in the Company's asset structure. The criteria for changing the baseline are included in oil-industry guidelines [API/IEPCA/OGP]. In March 2012, the Government of Argentina expropriated Repsol's majority holding in YPF, as a result of which 2012 inventories and those of previous years have been adjusted, eliminating the data from expropriated facilities.

<sup>5</sup> To calculate the energy consumption of the different facilities, the guidelines stated in the Environmental Parameters Application (APA) have been followed. These consider all the fuels burned in the facility for the purpose of generating the energy required by all processes (external fuel, normally natural gas, and internal fuel generated at the plant) and the net balance of steam and electricity imports and exports.

<sup>6</sup> Data include emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.

<sup>7</sup> For data on emissions from mobile sources, only those associated with own transport are included.

<sup>8</sup> Includes amounts of biodiesel, bioethanol and hydrogenated vegetable oil distributed.

<sup>9</sup> Data for 2012 corrected from last year's report.

<sup>10</sup> The decrease in biodiesel in 2013 is the result of a legislative change that modified the minimum mandatory percentage of biodiesel in gasoil.

<sup>11</sup> For data on emissions from mobile sources, only those associated with own transport are included.

<b>Environmental</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Fresh water withdrawal (thousands of tons) <sup>12</sup>	61,156	56,243	60,414
Contaminants discharged – Hydrocarbons (tons) <sup>13</sup>	151	259	460
Hydrocarbon spills (tons) <sup>14</sup>	503	6,091	15
Number of hydrocarbon spills <sup>14</sup>	37	29	14
Hazardous waste (tons) <sup>15</sup>	59,460	80,775	66,315

<b>Social</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Repsol employees (number)	23,623	23,995	24,214
Injury frequency rate – employees and contractors <sup>16</sup>	1.09	0.91	0.59
Number of deaths	2	4	0
Employees covered by collective agreements (percentage)	58	57	57
Percentage of female employees	31	32	32
Percentage of women in management positions	14	15	15
Number of women on the Board of Directors	2	2	2
Total turnover rate (percentage) <sup>17</sup>	5	8	7
Investment in training (millions of euros)	16.38	19.00	19.63
Training hours per employee	40	42	40
Repsol employees receiving performance appraisals (percentage)	36	38	60
Disabled employees (number)	462	543	654
Tele-workers (number)	716	1,037	1,222
Incidents of discrimination (number)	1	3	2
Voluntary social investment (millions of euros)	24.87	25.05	24.58
Local purchases / total purchases (percentage)	84.59	83.40	85.30
Performance appraisals: contractors and suppliers (number)	1,238	940	1,261

<sup>12</sup> Does not include the amount of water used in the exploration project in Alaska. This water is taken directly from surface sources (ice) for the construction of roads and is not used for activities related to operations. The water is returned to its original place when the project has been completed. In 2013, 314,207 kilotons of water were used for this purpose.

<sup>13</sup> The increase in hydrocarbon spills in 2013 relates to one-off operational problems in the water treatment plants at the Trinidad and Tobago facilities.

<sup>14</sup> Includes spills of more than one barrel affecting the environment.

<sup>15</sup> Waste from drilling (cuttings and fluids) activities must also be taken into account. For further information see the “Optimized waste management” section in the chapter “Toward excellence in environmental waste management”.

<sup>16</sup> Measured as the total number of lost-time injuries and fatalities accumulated within the year, per million hours worked.

<sup>17</sup> Total number of persons leaving the company/total headcount on December 31 of each year. The figures for 2011 have been restated to reflect the expropriation of YPF.

Social	2011	2012	2013
Audits of contractors and suppliers (number)	132	144	171
Private and public security expenditure (millions of dollars) <sup>18</sup>	86.9	40.62	44.11
Litigation due to allegations of anticompetitive behavior (Number of cases initiated) <sup>19</sup>	0	0	2
Communications received under the Ethics and Conduct Regulation (number) <sup>20</sup>	6	14	8
Dismissals for failure to comply with the Ethics and Conduct Regulation (number)	81	88	69

## Degree of compliance with objectives

**Repsol affirms the degree of compliance with the objectives set for 2013 in its 2013 Corporate Sustainability Plan Report, available on [this link](#)**

## External recognition

Repsol has been acknowledged for its corporate responsibility performance. This reflects our firm commitment to the ethical, environmental and social values that make up our corporate culture, and which define our contribution to sustainable development.

*Repsol is included in several international corporate responsibility rankings, such as the Dow Jones Sustainability Indices, which it has led on two occasions.*

We have been featured on the Dow Jones Sustainability Index since 2006, leading the Oil & Gas sector in 2011 and 2012. As a result of this leading position, Repsol was ranked Gold Class in the 2013 RobecoSAM Sustainability Yearbook.

We have formed part of the FTSE4Good sustainability index since 2003. This index recognizes companies showing the best performance in environmental, social and governance issues. We were also ranked as the best-performing company in our sector in the Two Tomorrows 2013 report. Further, Repsol was recognized in the Carbon Disclosure Project (CDP) world ranking, and participated in the 2013 Global 500 Climate Disclosure Leadership index.

<sup>18</sup> Figures for 2011 include expenses relating to YPF and therefore are not comparable with 2012 and 2013 figures.

<sup>19</sup> In 2013, two claims for sanctions were presented to the Spanish antitrust authority in relation to alleged anticompetitive behavior. For further details, see "Other matters" in the "Transparency" chapter of this report.

<sup>20</sup> Data only include communications relating to the Ethics and Conduct Regulation received through the communications channel with the Ethics Committee.

In 2013, we formed part of *Merco Empresa Responsable*, Interbrand (recognizing the most responsible Spanish brands) and Top Employers. Additionally, we were finalists in the corporate social responsibility category in the Platts Global Energy Company awards for 2013.

### **Repsol, a world leader in disclosing information on corporate responsibility**

Repsol has been recognized as one of the world's leading world companies for the quality and presentation of the information it discloses on corporate responsibility, according to a study carried out by KPMG. Further, the Spanish company has been rated as one of the ten best companies in the world in this area, obtaining the highest score of all Spanish companies.

KPMG's Survey of Corporate Responsibility Reporting has been published every two years since 1993. This year's report identifies the top 100 companies, in terms of turnover, in 41 countries (4,100 firms in total), across 15 different industries. It is the most extensive report on non-financial company reporting carried out on an international scale.

Moreover, Repsol has been selected by the editorial committee drawing up the report to contribute to the "Lessons from the leaders" section, thereby serving as a reference for other companies.

According to the survey, European companies boasted the highest average scores for the quality of their CSR reporting, including Repsol and other major players such as ING, Nestlé, BMW and Siemens, and other global groups such as Cisco Systems, Ford and Hewlett-Packard.

## **Key corporate responsibility commitments**

Repsol has been actively committed to the UN Global Compact since 2003. Under the initiative, ten basic principles in the areas of human rights, labor law, the environment and the fight against corruption are mainstreamed throughout our activities and business strategy.

The company is a member of local Global Compact networks in Spain, Peru, Bolivia and Ecuador. In Spain, we have been on the Executive Committee of this organization since 2012. We are also coordinators of the Human Rights Group in the Spanish network, further strengthening our commitment to the dissemination of corporate responsibility and human rights among Spanish institutions.

The company is a founding member of the Extractive Industries Transparency Initiative, which aims to promote transparency regarding income received by host governments from extractive industry companies operating in their territories. We believe that this global initiative is best placed to contribute to economic growth in these countries, by encouraging the appropriate management of profits generated by the exploitation of resources.

In 2013, Repsol formally requested to join the Voluntary Principles on Security and Human Rights initiative. Admission was granted in December 2013 and will be ratified at the assembly held in March 2014.

# Good governance

The Repsol Board of Directors acknowledges that for large companies, corporate governance systems regulating and guiding operations in the best interests of both the company and its shareholders are of vital importance.

*A new Director was appointed in 2013, bringing the total number of Board members to 16, eight of which are independent non-executive directors.*

Repsol, S.A.'s Board of Directors is the company's highest-level governance body in terms of corporate responsibility. It comprises 16 members, of whom two are executive directors, six are external proprietary directors and eight are independent non-executive directors.

There are two female Directors on the Board: Paulina Beato Blanco, member of the Audit and Control Committee, and María Isabel Gabarró Miquel, member of the Strategy, Investment and Corporate Social Responsibility Committee and the Appointments and Remuneration Committee.

Structure of the Board of Directors at December 31, 2013:

<p><b>Juan María Nin Génova</b> (5) [11] (Member) <i>Until* 31/05/2016</i></p> 	<p><b>Antonio Brufau Niubó</b> (1) [2] (Chairman and CEO) <i>Until* 15/04/2015</i></p>	<p><b>José Manuel Loureda</b> (6) [11] (Member) <i>Until* 15/04/2015</i></p> 
<p><b>Pemex Internacional España</b> (1) [4] [13] (Member) <i>Until* 25/04/2017</i></p> 	<p><b>Isidro Fainé Casas</b> (1) [5] (First Vice - chairman) <i>Until* 31/05/2016</i></p> 	<p><b>René Dahan</b> <b>TEMASEK</b> (1) [7] (Member) <i>Until* 31/05/2017</i></p>
<p><b>Javier Echenique Landiribar</b> (1) [3] [9] (Member) <i>Until* 30/04/2014</i></p>		<p><b>Luis Carlos Croissier Batista</b> (3) [13] (Member) <i>Until* 15/04/2015</i></p>
<p><b>Paulina Beato Blanco</b> (Member) <i>Until* 30/04/2014</i></p>		<p><b>Mario Fernández Pelaz</b> (3) [11] (Member) <i>Until* 15/04/2015</i></p>
<p><b>Henri Philippe Reichstul</b> (1) [3] (Member) <i>Until* 30/04/2014</i></p>	<p><b>Manuel Manrique Cecilia</b> (1) [6] (Second Vice - chairman) <i>Until* 25/04/2017</i></p> 	<p><b>Ángel Durández Adeva</b> (3) [8] (Member) <i>Until* 15/04/2015</i></p>
<p><b>M<sup>a</sup> Isabel Gabarró Miquel</b> (3) [11] [13] (Member) <i>Until* 14/05/2017</i></p>	<p><b>Luis Suárez de Lezo Mantilla</b> (1) [2] (Director and General Secretary) <i>Until* 14/05/2017</i></p>	<p><b>Artur Carulla Font</b> (1) [3] [10] [14] (Member) <i>Until* 30/04/2014</i></p>

In 2013, the Board of Directors met on 11 occasions with all members attending,<sup>15</sup> the equivalent to an attendance rate of 99.42% of total votes cast during the year.

During the year, the Board of Directors, either directly or through its committees, addressed the following issues, among others:

- The 2013 Corporate Responsibility Report.
- The KMPG 2013 survey of corporate responsibility reporting.
- The performance of the main safety and environmental indicators, actions implemented by and objectives of the Repsol Group in these areas.

In 2013, the members of the Board of Directors, including executive directors, received remuneration of €11.89 million<sup>16</sup> in their capacity as members of the Board, which was paid from from the Bylaw-stipulated allocation.

**More information about the Board of Directors, its members, committees, remuneration and regulations, as well as on the monitoring of good governance recommendations can be found in the Corporate Governance Report and via [this link](#)**

## Performance of the Board of Directors and its Committees

Repsol's Board of Directors' Regulations establish the organizational and operational principles governing its legal and regulatory activities and its supervisory and control system.

*Repsol's Board of Directors appraises its own performance at least once a year. Further, at least once every three years, the Board commissions an independent company to carry out an external assessment of its performance.*

According to Article 11 of the Board of Directors' Regulations, the Board of Directors assesses the operation, quality and efficiency of its work at least once a year. It also appraises the operation of its committees annually, based on the reports submitted by said committees.

\* Term of mandate.

<sup>1</sup> Member of the Delegate Committee

<sup>2</sup> Executive director.

<sup>3</sup> Independent external director .

<sup>4</sup> Arturo F. Henríquez Autrey represents Pemex Internacional España, S.A. on the Board of Directors.

<sup>5</sup> External proprietary director proposed by Caixabank, S.A.

<sup>6</sup> External Pproprietary director proposed by Sacyr, S.A.

<sup>7</sup> External proprietary director proposed by Temasek.

<sup>8</sup> Chairman of the Audit and Control Committee

<sup>9</sup> Member of the Audit and Control Committee

<sup>10</sup> Chairman of the Appointments and Remuneration Committee.

<sup>11</sup> Member of the Appointments and Remuneration Committee.

<sup>12</sup> Chairman of the Strategy, Investment and Corporate Social Responsibility Committee.

<sup>13</sup> Member of the Strategy, Investment and Corporate Social Responsibility Committee.

<sup>14</sup> Consejero Independiente Coordinador.

<sup>15</sup> Pursuant to Circular 5/2013 of the CNMV [Comisión Nacional del Mercado de Valores], for this calculation, attendances include representations with specific voting instructions.

<sup>16</sup> This amount does not include remuneration for carrying out management functions nor for membership on the Board of Directors of subsidiary companies. For more information, see Note 33 of the Repsol Group's 2013 consolidated financial statements.

Further, Article 11.2 of the Board of Directors' Regulations states that the Board of Directors must commission a specialist independent company to conduct an external appraisal of its performance at times of its choosing, at least once every three years. This appraisal must include an examination of the composition, organization and performance of the Board as a group, and an evaluation of the competence and effectiveness of each of its committees and members, including the Chairman.

At its meeting on January 29, 2014, the Board of Directors agreed that its performance in 2013, as well as that of the Delegate Committee, the Audit and Control Committee, the Appointments and Remuneration Committee, and the Strategy, Investment and Corporate Responsibility Committee, was satisfactory. The Board further determined that these bodies, the Chairman of the Board of Directors and the Lead Independent Director were adequately performing the functions and roles with which they have been entrusted in compliance with applicable regulations and internal policies.

The functions of the company's most senior governing body under the Board of Directors' Regulations, either directly or via its committees, include the following:

- To approve the company's Ethics and Conduct regulations.
- To approve the company's Corporate Social Responsibility policy.
- To examine draft Ethics and Conduct regulations and amendments thereto, prepared by the corresponding department, and issue prior opinions on the proposals to be made to the corporate bodies.
- To ensure that the Ethics and Conduct regulations applicable to company employees, both internally and in relation to the stock market, are appropriate and meet all regulatory requirements.
- To understand and direct Repsol Group policy, objectives and guidelines on safety and the environment, a function of the Audit and Control Committee.
- To understand and direct Repsol Group policy, objectives and guidelines on Corporate Social Responsibility, a function of the Strategy, Investment and Corporate Social Responsibility Committee.

**More information about the Board of Directors, its members, committees, remuneration and regulations, as well as on the monitoring of good governance recommendations can be found in the Corporate Governance Report and via [this link](#)**

## The Board of Directors' role in corporate responsibility

The Strategy, Investment and Corporate Social Responsibility Committee comprises five directors. The chairman of this committee is an external or non-executive director.

*The Strategy, Investments and Corporate Social Responsibility Committee was created in 2002. Its functions include understanding and directing the policy, objectives and guidelines of Repsol in the area of corporate responsibility.*

Article 4 of the Board of Directors' Regulations establishes that the Board of Directors must ensure that Repsol respects all laws and regulations in its dealings with third parties, complies in good faith with its obligations and contracts, respects the uses and good practices of the sectors and territories where it operates and observes any additional corporate social responsibility principles that it has voluntarily accepted.

Specifically, Article 34.4 c) stipulates that the Strategy, Investments and Corporate Social Responsibility Committee is responsible for understanding and directing Repsol Group policy, objectives and guidelines in the area of corporate social responsibility and for informing the Board of Directors of these issues; in addition to reviewing and reporting on the Repsol Group's Corporate Sustainability Report, prior to its submission to the Board of Directors. Further, the Audit and Control Committee is tasked with understanding and directing Repsol Group policy, objectives and guidelines in the area of safety and the environment, as defined in Article 32.4 n).

### Strategy, Investment and Corporate Social Responsibility Committee

In 2013, the Strategy, Investment and Corporate Social Responsibility Committee held a meeting in writing (with no physical meeting) with the approval of all committee members.

The Strategy, Investments and Social Corporate Responsibility Committee agreed to submit a positive report on the 2012 Corporate Responsibility Report for approval by the Board of Directors and subsequent dissemination to shareholders.

As of December 31, 2013, the Strategy, Investment and Corporate Social Responsibility Committee comprised five directors: three external proprietary directors and two independent non-executive directors. The chairman of this committee is an external or non-executive director.

Name	Office	Director category
Juan María Nin Génova	Chairman	Proprietary <sup>1</sup>
Pemex Internacional Española, S.A., represented by D. Arturo F. Henríquez Autrey	Member	Proprietary <sup>2</sup>
José Manuel Loureda Mantiñán	Member	Proprietary
Luis Carlos Croissier Batista	Member	Independent
María Isabel Gabarró Miquel	Member	Independent

<sup>1</sup> External proprietary director appointed at the proposal of CaixaBank, S.A.

<sup>2</sup> External proprietary director appointed at the proposal of Petróleos Mexicanos.

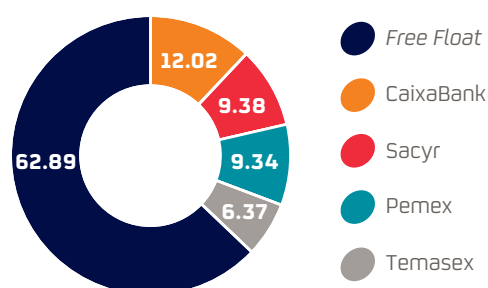


## Significant shareholdings

In March 2013, the Singapore investment company Temasek acquired Repsol's treasury stock, and now owns a significant shareholding in the company.

At December 31, 2013, four entities held significant shareholdings in Repsol, accounting for more than 35% of the company's share capital.

Repsol's shareholder structure is as follows:



### Significant shareholdings

Shareholder name or corporate name	Total % of share capital
CaixaBank	12.02%
Sacyr	9.38%
Pemex	9.34%
Temasek	6.37%
<b>Significant shareholdings</b>	<b>37.11%</b>
<b>Free float</b>	<b>62.89%</b>
<b>TOTAL</b>	<b>100%</b>



# Organization and activities

## Business areas

Repsol is an integrated energy company that carries out activities throughout the entire value chain. Its consolidated growth strategy supports further development of its different business areas.

*The company views innovation as the driver of change to build a new energy model. To do this, Repsol's strategic projects place the Group in locations with high energy potential, such as Brazil, the USA and the Russian Federation.*

Repsol operates through four business units:

- **Upstream:** Also known as Exploration and Production, this area encompasses hydrocarbon exploration and production.
- **Downstream:** This area includes Refining, Marketing, Chemicals, LPG and New Energies, and entails the transformation of hydrocarbons into energy products and solutions.
- **LNG (liquefied natural gas):** Liquefaction, transport and regasification of natural gas, also known as the midstream business.
- **Gas Natural Fenosa Group:** Repsol holds a strategic stake in this group, which carries out natural gas supply activities and generates, distributes and supplies electricity.

In its 2012-2016 Strategic Plan, Repsol defined its growth strategy, based on strengthening all business areas, diversifying its asset portfolio and developing key projects to create value.

### Production starts in the Carabobo field

The Carabobo project, one of the pillars of Repsol's 2012-2016 Strategic Plan, has entered a new phase following the start up of production in the first well, as stipulated in the accelerated development plan for the field, one of the largest undeveloped oil reserves areas in the world.

The extraction of the first barrel of ultra heavy crude, also known as "first oil", at the Carabobo field is a milestone in this project, as it marks the start of the accelerated production plan.

**[Click here for further information about Repsol's activities and businesses.](#)**

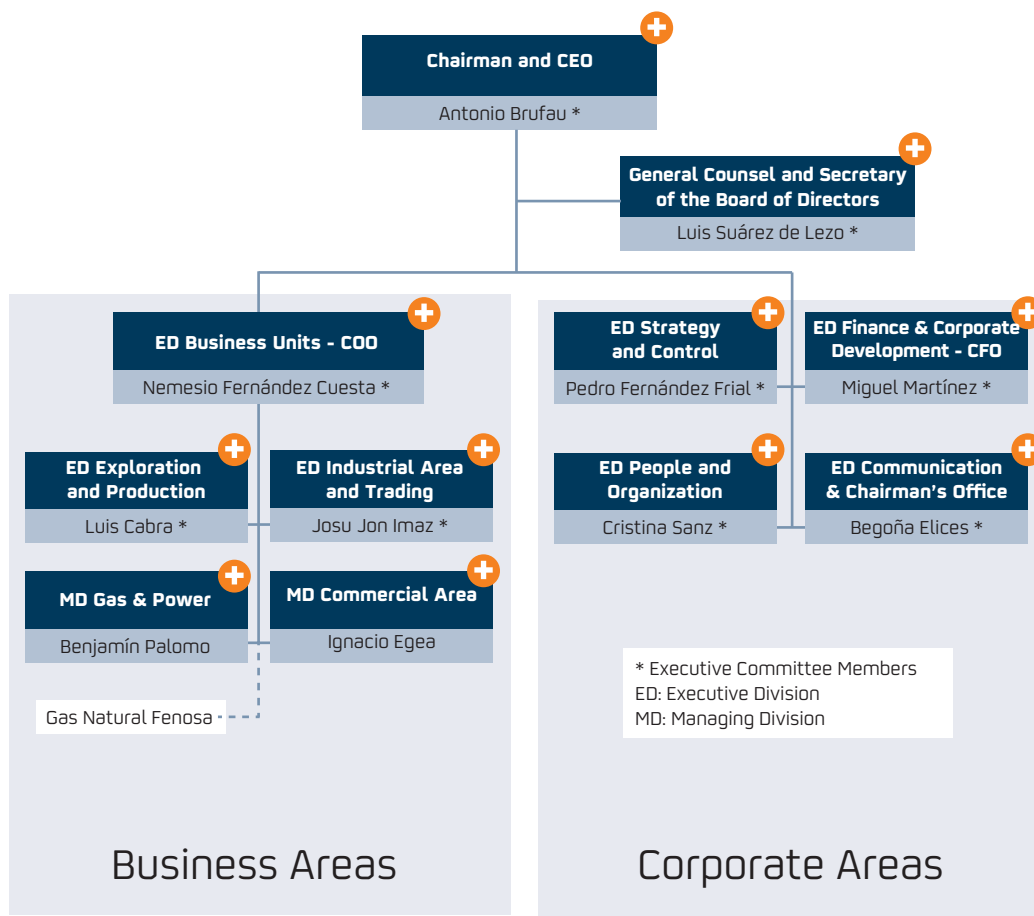
<sup>1</sup> On January 26, 2013, Repsol signed an agreement to sell Liquefied Natural Gas (LNG) assets and businesses. The transaction includes the Repsol Group's stake in liquefaction plants in Trinidad and Tobago (Atlantic LNG) and Peru (Peru LNG), as well as its transport assets (LNG carriers), combined-cycle installations in Spain (Bahía de Bizkaia Electricidad) and its LNG and natural gas trading and marketing operations. The LNG businesses in North America (Canaport and transport and marketing operations) and the project in Angola were not included in the deal.

## Organizational structure

In order to boost growth over the next few years, Repsol is structured into two distinct areas: Corporate and Business Areas.

*The structure reinforces the company's current business model, favoring the development of internal talent and offering new career opportunities to Repsol professionals.*

Organizational changes<sup>2</sup>:



<sup>2</sup> In January 2014, the Executive Committee approved organizational changes in several areas of activity, focusing on Repsol's future vision. As a result of these changes, the New Energies and Emerging Businesses departments were included in the Strategy and Control area. The Renewables Generation unit, formerly part of the New Energies, was moved to the new Gas and Power unit.

## Reserves and production

The company is meeting its growth commitments thanks to exploration successes and the efficient development of energy resources.

*Proven reserves stand at 1,514.72 Mboe<sup>3</sup>, while Repsol's hydrocarbons production amounted to 126.2 Mboe in 2013. A reserve replacement ratio of 275% was achieved on total hydrocarbon production.*

### Reserves

At the 2013 year end, Repsol's proven reserves, estimated in accordance with the oil and gas industry's conceptual framework as defined by the US Securities and Exchange Commission (SEC), and with the criteria laid down by the Petroleum Reserves Management System of the Society of Petroleum Engineers (PRMS-SPE), stood at 1,514.72 Mboe, of which 421.63 Mboe [27.8%] were crude oil, condensate and liquefied gases, and the remaining 1,093.09 Mboe [72.2%] were natural gas.

Of the Group's total reserves, 30% are located in Venezuela and 55% in other South American countries. The remaining 15% are in North Africa (Algeria and Libya), North America (USA), Europe and Asia.

In 2013, reserve trends were positive, with new reserves of 347.3 Mboe incorporated, mainly from the Cardón IV Project in Venezuela, the BPTT project in Trinidad and Tobago, and blocks 56 and 88 in Peru. In 2013, a reserve replacement ratio (ratio of total proven reserves added in the period relative to production in the period) of 275% was achieved for total hydrocarbons (87% for liquids and 401% for natural gas).

Total proven reserves at December 31, 2013			
	Liquid [MbbL]	Natural gas [Mboe]	Total [Mboe]
Total proven reserves at December 31, 2013	421.63	1,093.09	1,514.72

### Reserves



<sup>3</sup> Mboe: Millions of barrels of oil equivalent.

## Developed proven reserves

	Liquid <i>[Thousand bbl]</i>	Natural gas <i>[Thousands of boe]</i>	Total <i>[Thousands of boe]</i>
<b>Europe</b>	<b>3,328</b>	<b>75</b>	<b>3,403</b>
Spain	3,328	75	3,403
<b>South America</b>	<b>134,410</b>	<b>340,464</b>	<b>474,874</b>
Bolivia	12,897	58,255	71,152
Brazil	14,166	252	14,418
Colombia	3,486	—	3,486
Ecuador	10,362	—	10,362
Peru	39,079	123,049	162,128
Trinidad and Tobago	21,333	116,015	137,348
Venezuela	33,087	42,893	75,980
<b>North America</b>	<b>13,416</b>	<b>4,233</b>	<b>17,649</b>
United States	13,416	4,233	17,649
<b>Africa</b>	<b>67,905</b>	<b>7,272</b>	<b>75,177</b>
Algeria	2,899	7,272	10,171
Libya	65,006	—	65,006
<b>Asia</b>	<b>18,563</b>	<b>3,843</b>	<b>22,406</b>
Russian Federation	18,563	3,843	22,406
<b>Total developed proven reserves:</b>	<b>237,622</b>	<b>355,886</b>	<b>593,508</b>

## Undeveloped proven reserves

	Liquid <i>[Thousand bbl]</i>	Natural gas <i>[Thousands of boe]</i>	Total <i>[Thousands of boe]</i>
<b>Europe</b>	<b>526</b>	<b>—</b>	<b>526</b>
Spain	526	—	526
<b>South America</b>	<b>106,960</b>	<b>705,265</b>	<b>812,225</b>
Bolivia	4,160	25,148	29,307
Brazil	44,825	71	44,896
Colombia	220	—	220
Ecuador	1,211	—	1,211
Peru	38,561	132,117	170,678
Trinidad and Tobago	7,348	180,557	187,905
Venezuela	10,634	367,373	378,007
<b>North America</b>	<b>24,096</b>	<b>3,648</b>	<b>27,744</b>
United States	24,096	3,648	27,744
<b>Africa</b>	<b>44,609</b>	<b>19,162</b>	<b>63,770</b>
Algeria	-	19,162	19,162
Libya	44,609	—	44,609
<b>Asia</b>	<b>7,817</b>	<b>9,133</b>	<b>16,950</b>
Russian Federation	7,817	9,133	16,950
<b>Total undeveloped proven reserves</b>	<b>184,008</b>	<b>737,208</b>	<b>921,216</b>

## Production

In 2013, average production was 346 Kboe/d,<sup>4</sup> an increase of 4% on 2012 [332 Kboe/d]. The start up of five of the ten largest projects and fewer stoppages in Trinidad and Tobago offset the production shutdown in Libya (stoppages totaling more than 100 days in the year) and the sale of 20% of block 16 in Ecuador. Average production in 2013 would have been 8% higher than in 2012 if operations in Libya had been working normally. Production in that country was restored on January 4, 2014.

<b>Production 2013</b>			
	<b>Liquid</b> <i>(Thousand bbl)</i>	<b>Natural gas</b> <i>(Thousands of boe)</i>	<b>Total</b> <i>(Thousands of boe)</i>
<b>Europe</b>	<b>2,266</b>	<b>262</b>	<b>2,528</b>
Spain	2,266	262	2,528
<b>South America</b>	<b>23,589</b>	<b>70,344</b>	<b>93,933</b>
Bolivia	2,650	9,623	12,273
Brazil	2,721	55	2,776
Colombia	1,060	-	1,060
Ecuador	4,406	-	4,406
Peru	3,702	7,212	10,914
Trinidad and Tobago	4,164	45,128	49,292
Venezuela	4,887	8,325	13,212
<b>North America</b>	<b>9,524</b>	<b>1,547</b>	<b>11,072</b>
United States	9,524	1,547	11,072
<b>Africa</b>	<b>11,406</b>	<b>1,964</b>	<b>13,370</b>
Algeria	895	1,964	2,859
Libya	10,511	0	10,511
<b>Asia</b>	<b>3,880</b>	<b>1,446</b>	<b>5,326</b>
Russian Federation	3,880	1,446	5,326
<b>Total net production</b>	<b>50,666</b>	<b>75,562</b>	<b>126,228</b>

**Click here for more information on Repsol's reserves and production:  
2013 consolidated annual report**

<sup>4</sup> kboe/d: Thousand barrels of oil equivalent per day.

## Generation and distribution of economic value

Data relating to Repsol's generation and distribution of economic value provide a basic indication of how the company creates value for its stakeholders.

Generation and distribution of economic value [€ millions]			
Item	2011 <sup>5</sup>	2012 <sup>6</sup>	2013
<b>Economic value generated</b>	<b>51,986</b>	<b>58,320</b>	<b>56,650</b>
Sales and other operating income	51,703	57,945	56,490
Finance income	166	151	162
Gains from disposals of fixed assets	117	224	[2]
<b>Economic value distributed</b>	<b>49,939</b>	<b>54,325</b>	<b>53,777</b>
Operating expenses (purchases, training and other operating costs such as non-core investments, royalties, personal protection equipment, etc.)	39,246	43,554	42,263
Personnel expenses (excluding training)	1,786	1,954	2,019
<i>Public Administrations: Tax accrued in the year and expensed in the company's consolidated financial statements, including Corporate Income Tax and Excise Duties<sup>7</sup>.</i>	7,064	7,374	7,858
Dividends and finance costs <sup>8</sup>	1,818	1,418	1,612
Resources invested in the community	25	25	25
<b>Retained economic value</b>	<b>2,047</b>	<b>3,995</b>	<b>2,873</b>

<sup>5</sup> 2011 financial information coincides with the 2011 information contained in the consolidated financial statements at December 31, 2012. Figures for 2012 were re-stated following the expropriation of YPF and YPF Gas and differ from the figures expressed in the consolidated financial statements at December 31, 2011.

<sup>6</sup> 2012 financial information coincides with the 2012 information contained in the consolidated financial statements at December 31, 2013. Figures for 2012 were re-stated following the agreement to sell part of the company's LNG assets and businesses and differ from the figures expressed in the consolidated financial statements at December 31, 2012.

<sup>7</sup> Includes excise duties and others of a similar nature, for the amount of €6,099 million in 2013 and €5,244 million in 2012.

<sup>8</sup> Data for 2011 include the interim dividend, which amounted to €635 million, and the amount for the acquisition of free allocation rights (for a total of €242 million) from the shareholders who opted to sell these rights to Repsol in the bonus issue held in June and July 2012, within the framework of the Repsol Flexible Dividend Program.

Data for 2012 include the amount for the acquisition of free allocation rights (for a total of €184.1 million) from shareholders who opted to sell these rights to Repsol in the bonus issue held in December 2012 and January 2013, within the framework of the Repsol Flexible Dividend Program, the estimated amount for the acquisition of free allocation rights (totaling €208.4 million) in the bonus issue carried out in July 2013 within the framework of the aforesaid Program and a cash dividend of €0.04 per share, payable in respect of outstanding shares with the right to remuneration (up to a maximum of €51.3 million).

Data for 2013 include the amount for the acquisition of free allocation rights (for a total of €232 million) from shareholders who opted to sell these rights to Repsol in the bonus issue held in December 2013 and January 2014, within the framework of the Repsol Flexible Dividend Program, the estimated amount for the acquisition of free allocation rights (totaling €208 million) in the bonus issue carried out in July 2013 within the framework of the aforesaid Program and a cash dividend of €0.04 per share, payable in respect of outstanding shares with the right to remuneration (up to a maximum of €51.3 million).

For more information, see Note 3 of the 2013 individual financial statements and Note 14 of the 2013 consolidated financial statements.

## Reputation – a key value for Repsol

Following the announcement of its new vision, values and brand, Repsol's approach to reputation management focuses on metrics and cross-functional management.

*In 2013, we launched a project to more easily identify and manage reputational risks affecting the company.*

Following the presentation of our new vision, cultural values and corporate brand strategy, a management program was launched in 2013. This program has two main lines: reputation metrics and cross-functional management.

In 2013, we defined the indicators that allow us to measure Repsol's reputation among its main stakeholders. This was achieved by collating all the perception studies previously carried out at Repsol, drawn up by the different business units, along with any external tools used to measure the company's image.

By putting this wealth of information in order and extrapolating from it, we were able to identify opinion trends relating to Repsol and subsequently create a preliminary reputational scorecard.

The use of new technologies allows us to test the climate of opinion in real time, identify our public's demands and address them in the most segment-specific manner possible. We have therefore perfected an active listening tool for media and social networks, to detect alerts as quickly as possible and draw up intelligence reports on key issues affecting Repsol that appear online. Including this know-how into the value chain boosts both the company's competitiveness and innovation.

To develop this understanding, a study of opinion trends was carried out, providing information on the different types of expectations and risks existing with relation to public opinion.

Another key project launched in 2013 was the improvements made in identifying reputational risk at Repsol, and the impact of reputation on other risks. This work forms part of the plan to redefine the company's [global risk map](#) undertaken this year as part of Repsol's integrated risk management system.

Social network action protocols have also been established to ensure internal coordination and to minimize risks deriving from use of these new communications channels, especially at times of crisis.

Work was also carried out to identify, assess and optimize Repsol's external recognition, through the cross-functional management of key reputational areas: People and Organization, Corporate Responsibility, Communication, Safety and the Environment, Investor Relations, Technological Innovation, Corporate Governance and communications departments in countries where the company operates.

All these projects have been supported and validated by the [Corporate Excellence: Centre for Reputation Leadership](#) foundation, of which Repsol is a founding member and sponsor, alongside other leading Spanish public and private companies from various sectors.

In 2013, Repsol maintained, and in some cases improved, the [recognition](#) granted by key Spanish and international institutions:



# HOW THEY SEE US

Our work involves a commitment to a number of fundamental values. And that commitment is recognized by prestigious bodies, which fills us with pride and motivates us to keep working.



Repsol holds fourth place in the Merco 2013 ranking, one of the leading monitors in Spain and Latin America, and first place in the IPSOS KAR poll among journalists specializing in the energy industry.

 <p><b>ENVIRONMENTAL COMMITMENT</b></p> <p>Repsol is committed to protecting the environment, acting with the maximum security and reliability criteria.</p>	 <p><b>TECHNOLOGICAL INNOVATION</b></p> <p>We look for energy solutions based on eco-efficiency and new energies to ensure a more sustainable future.</p>	 <p><b>BUSINESS STRENGTH</b></p> <p>Repsol has a strategy focusing on constant value creation in order to ensure business growth in the medium and long term.</p>	 <p><b>RESPONSIBILITY IN TERMS OF SOCIAL ENVIRONMENT</b></p> <p>Repsol responds to society's energy needs and supports the development of the communities with which it interacts.</p>	 <p><b>RELIABLE PRODUCTS AND SERVICES</b></p> <p>Repsol offers quality innovative products and services that contribute a differential value.</p>	 <p><b>THE REPSOL TEAM</b></p> <p>Repsol people are committed to a shared future project.</p>	 <p><b>TRANSPARENCY</b></p> <p>Repsol is a company that offers relevant and verified information to our interest groups based on two-way dialogue.</p>
 <p>"Supersector Leader Dow Jones 2013"</p>     <p>"Awarded to the Repsol Campus"</p>	 <p>Oil &amp; Gas Producer (EU Industrial &amp; Investment Scoreboard)</p>  <p>"EIP prize in the Organisational Development category"</p>	 <p>"Forbes Global 2000 List"</p>  <p>2013</p>  <p>2013</p>  <p>2013 (Integrated Oil &amp; Gas)</p>	 <p>"The Sustainability Yearbook: Sector Leader Oil &amp; Gas Producers"</p>  <p>"Responsible company 2013"</p>  <p>"Most Sustainable Companies in the World"</p>  <p>"Repsol, one of the 10 best companies in the world for its Corporate Responsibility report"</p>	 <p>"One of the most prestigious Spanish brands"</p>  <p>"The best Spanish brands 2013"</p>  <p>"ASTER 2013 prize to Repsol for its contribution to Spanish economic life"</p>	 <p>"Top Employers HR Excellence Company"</p>  <p>Third place</p>  <p>ESTRATEGIA DE EMPRENDEDORISMO Y EMPLEO JOVEN</p>  	 <p>"Thomson Reuters Extel, number one in Spain and Europe in investor relations in the oil and gas sector"</p>  <p>Best Corporate Website SPAIN 2012-2013 KWD WebRanking</p>  <p>"Repsol, chosen best European company and best oil and gas company for its relationship with investors"</p>
   <p>Repsol has also joined other initiatives such as the United Nations Global Compact, the Corporate Excellence – Centre for Reputation Leadership and EITI (Extractive Industries Transparency Initiative).</p>						



# Integrated risk management

Repsol operates in many different countries, under multiple regulatory frameworks and in all parts of the oil and gas value chain.

*The company's integrated risk management policy provides a broader view of the risks arising in all its activities.*

The company's operations and earnings are subject to long-term (strategic) risk, short- and medium-term risk (operational) and financial risk. Any of these risks could have a negative impact on Repsol's financial position, business activities or operating income, preventing it from meeting its objectives.

Therefore, Repsol has dedicated organizational structures, procedures and systems in place to manage the risks to which the group is exposed in a reasonable manner. Risk management forms an integral part of Repsol's decision-taking processes, both in the sphere of corporate governance and business management.

Over the past few years, Repsol's risk management policy had been greatly enhanced by the creation of specialized units (such as safety, the environment, finance, etc). Moreover, the company has drawn up a corporate risk map, which is submitted to Board of Directors' Executive Committee and Audit and Control Committee on a regular basis. This risk map uses standard methodology to identify and appraise risks in all business areas.

In this context, Repsol will step up its work toward implementing an integrated Enterprise Risk Management (ERM) model to anticipate, manage and control, to the greatest extent possible, any risks to which the company is exposed, from a global perspective. To do this, in early 2013 a Risk Department was set up as part of the Strategy and Control Management Division. This department's mission is to coordinate and improve the existing risk management system, giving it a more comprehensive focus, through the implementation of Repsol's Integrated Risk Management System (SGIR, in its Spanish acronym).

The SGIR is aligned with benchmark international risk management standards: ISO 31000 and COSO ERM<sup>1</sup>, for an effective methodology for the analysis and integrated management of risk at companies, and the Three Lines of Defense Model,<sup>2</sup> for assigning responsibilities in the area of risk management and control.

This more integrated risk management policy will enable the company to achieve a broader view of risks inherent to its activities, in addition to risk mitigating actions and strategies, while providing a more efficient use of resources.

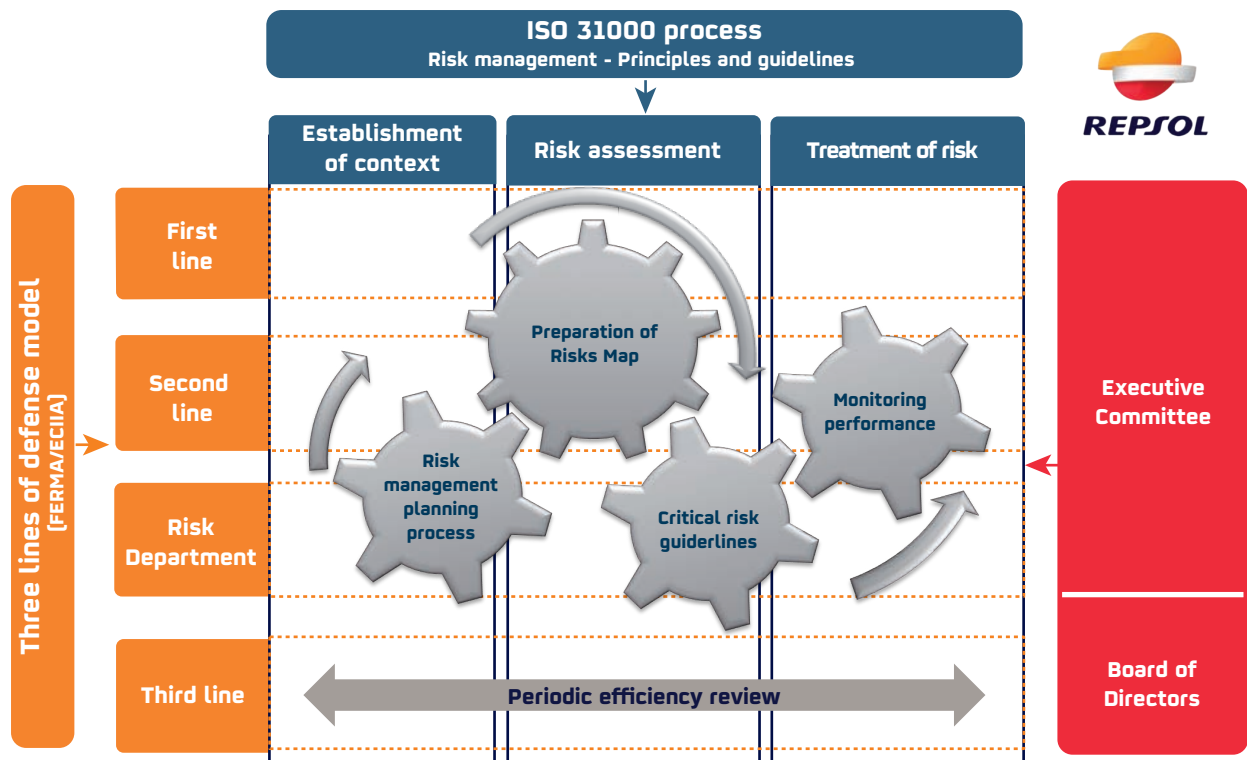
<sup>1</sup> Enterprise Risk Management – Integrated Framework model defined by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

<sup>2</sup> Recommended by the Federation of European Risk Management Associations (FERMA) and the European Confederation of Institutions of Internal Audit (ECIIA).

In 2013, Repsol's Board of Directors approved a new Risk Management Policy. This policy calls for the implementation of an integrated risk management model to help develop the company's vision and values, based on the following principles:

- Management leadership.
- Integration of management practices.
- Differentiated responsibilities.
- Global and standardized management.
- Ongoing improvement.

Table: Repsol's Integrated Risk Management System.



For more information on the risk management system in [this link](#)



## Our stakeholders

We work proactively to identify and understand our stakeholders' expectations in relation to our ethical, social and environmental performance at corporate level, in our operating centers and in the countries in which we operate.

*We systematically dedicate resources to identifying, understanding and mainstreaming the expectations of our stakeholders into our internal decision-making processes.*

At Repsol, we have several different channels to ensure constructive dialogue with our stakeholders. Being aware of their expectations in relation to our ethical, social and environmental performance and mainstreaming these expectations into our internal decision-making processes allows us to design initiatives to reduce the performance gap. These initiatives shape our sustainability plans.

We do this systematically, applying our methodology to identify expectations at three levels: corporate-wide, country-level and in the main operating centers. In these studies, we interview numerous stakeholder representatives, from investors and analysts to institutions of global governance at the corporate level, as well as representatives of civil institutions, public administrations and the value chain. The studies include an average of 70 in-depth interviews, aimed at identifying the concerns and expectations that these institutions have of Repsol and the sector in relation to corporate responsibility. The results of the expectation studies carried out at corporate level in Spain, Bolivia, Ecuador and Peru in 2012 provided a base of information on which to build our Sustainability Plans for 2013 – 2014. In 2013, we carried out the necessary actions to plan corporate expectations surveys in Brazil, Colombia, Venezuela and four operating centers in Spain, which will be performed in 2014.

Further, in 2013, Repsol actively contributed to dialogue between different stakeholders and worked to promote corporate responsibility by taking part in various meetings organized by private and public civil institutions.

### **Corporate responsibility working group with trade unions**

Since 2009, Repsol's Labor Relations, Corporate Responsibility and Institutional Services departments and representatives of the Spanish unions, Comisiones Obreras (CCOO) and Unión General de Trabajadores (UGT) have taken part in a working group to share, discuss and make progress on corporate responsibility matters.

The group comprises four Repsol representatives and six representatives from the unions.

In 2013 the group held two meetings, at which the following topics, among others, were addressed:

- Repsol's adherence to the Principles of Responsible Investment (PRI).
- Repsol's Guidelines on the Prevention of Harassment.
- The work performed by Corporate Responsibility Committees in different countries and the results of the expectation studies carried out in 2012.
- The 2012 Corporate Responsibility Report.

### **Round table on companies and human rights**

On September 13, 2013 Repsol organized a round table to discuss companies and human rights, with the participation of Professor John Ruggie, one of the world's leading experts in this field.

Various prestigious social agents took part in the discussion, including representatives of a development NGO, an NGO dedicated to protecting human rights, an institution of global governance in the area of labor, a consumer representation organization, an academic institute, representatives of government institutions and a trade union organization.

During the session, participants discussed the role of companies and their responsibility to respect human rights, the implications of the Guiding Principles for Companies and Human Rights, and how the exercise of due diligence is essential to manage the real and potential impacts deriving from the development of business activities. The fallacy that respecting human rights detracts from the competitiveness of a company's business operations was also addressed (in fact, more companies go bankrupt for failing to respect these rights). Participants also spoke about the challenge this implies for the responsible management of the supply chain.

The round table concluded with a reflection on current challenges and the need to develop joint solutions with the collaboration of governments, businesses and civil society. The collaboration of all parties is necessary to reach the objective of protecting the rights of people and communities who may be affected by companies' activities.

John Ruggie is professor in Human Rights and International Affairs at the Harvard Kennedy School of Government, and an Affiliated Professor in International Legal Studies at Harvard Law School. Professor Ruggie has served as the United Nations' Secretary-General's Special Representative for Business and Human Rights, developing the UN's Guiding Principles on Business and Human Rights. These principles are a global standard in this field, and have been adopted by the OECD, the International Finance Corporation (IFC), international organizations, the European Union and many companies, including Repsol.

### **Public advisory panel: An example of communication between Repsol and the local operating environment**

Repsol's Public Advisory Panel serves as a meeting and communications tool to channel relations between the company and society. It is a working group made up of community representatives that meet regularly to address issues of mutual interest.

It was created to address one of the Repsol's top priorities, namely establishing stable commitments in the communities in which the company carries out its business activities.

Today, Repsol has public advisory panels in place at its Puertollano and Tarragona industrial complexes.

For more information, see the "[Local communities](#)" chapter in the section "[Relations with communities](#)."

### **Meeting with indigenous community leaders**

On June 11, 2013, a group of 15 leaders of indigenous communities and students of Indigenous Peoples, Human Rights and International Cooperation at Madrid's Carlos III University visited Repsol's facilities.

The students, belonging to the Kichwa, Inga, Terena, Quechwa, Miskito, Koya, Mapuche, Garífuna and Aimara indigenous populations, spoke with Repsol representatives about the rights of indigenous peoples and the main challenges facing companies operating in their territories.

### **Participation in public processes**

In 2013, Repsol played an active role in drawing up the draft proposals of the Spanish Social Responsibility Strategy and the National Plan for Businesses and Human Rights, put forward by the Ministry of Employment and Social Security and the Ministry of Foreign Affairs and Cooperation, respectively. Over the year, Repsol attended various meetings related to both processes and submitted comments and observations based on its know-how and experience.

## Relations with shareholders and investors

Through its Investor Relations Department, Repsol maintains an open and fluid dialogue with investors, stock market analysts and institutional and minority shareholders.

*“Repsol in Action,” our channel for relations with our shareholder community, offers clear, concise and transparent information about the company*

### Minority shareholders

In 2013, the “Repsol in Action” initiative was launched as a channel for relations with minority shareholders, drawing from the best corporate governance and transparency practices. The initiative aims to bring the company and its minority shareholders closer together and make communications between them more fluid. A dedicated chapter in the Investors section of the corporate website has been created for Repsol shareholders to inform them of the main events taking place at the company in a transparent manner, and involving them in social initiatives, sporting events and special offers through 49 events taking place during the year. Minority shareholders were invited to attend 12 road shows during the year, to learn about the company’s activities in greater detail.

Repsol has a permanent office to provide minority shareholders with information or resolve any queries that they may have. In 2013, this office fielded 34,291 telephone calls from these shareholders.

### Institutional investors and analysts

In order to improve the quality of the information disseminated about the company, in 2013 the Investor Relations Department developed a new unit specializing in servicing investors whose valuation criteria encompass ethical, social and environmental issues.

Investors are offered specialized attention, while a series of dedicated events were organized to inform them of the company’s actions in the sphere of corporate responsibility: safety, the environment, human rights, community relations, and corporate governance, among others. The market place high value on the transparency of this program and particularly the fact that our Chairman and CEO, Antonio Brufau Niubó, took part in a roadshow for the first time in order to talk to investors about sustainability issues.

Four roadshows were held in eight different cities, convening 38 investors. In addition, a [report on engagement with ESG investors](#) was prepared for socially-responsible investors.

A [special section](#) of the Investor Relations page on Repsol’s website was also created.

In 2013, activities for institutional investors included 37 roadshows and 19 sector conferences and visits to Repsol’s offices, totaling 808 contacts with institutional investors.

From this year on, investors will be able to use an app to access the company’s financial information on mobile devices (tablets and smartphones). This application can be [downloaded](#) for free from Repsol’s website.

### **World leaders in the oil & gas sector due our relations with investors**

Repsol was awarded 15<sup>th</sup> place in the prestigious Global Top 50 ranking, drawn up by the specialized IR Magazine and grouping together the 50 companies with the best investor relations teams in the world.

This 15<sup>th</sup> position places us among the top 20 companies worldwide, as well as in the Gold class.

Additionally, it classifies our Investor Relations team as leaders in our sector.

Our efforts to improve investor relations have already received international recognition, including from the specialist magazine Institutional Investor.

**For more information on investor and shareholder relations in [this link](#)**





## Corporate Responsibility Model

In 2013, the Corporate Responsibility Coordination System was extended to three more countries and implemented at operating center-level in four industrial complexes in Spain.

*Repsol has publicly committed to 574 actions aimed at maximizing the positive impact of its activities, while minimizing any potentially negative effects.*

**Video Repsol's Corporate Responsibility Model in [this link](#)**

In 2013, the application of the Corporate Responsibility Coordination System at country level led to the creation of Corporate Responsibility Committees in Brazil, Colombia, the United States and Venezuela, which have approved their first sustainability plans for 2013-2014.

The new plans come in addition to the Corporate Sustainability Plan and the national plans for Spain and Portugal, Bolivia, Ecuador and Peru approved for 2013-2014 during the course of the year. The initiatives contained in the plans were mainly built on the results of the respective expectation studies carried out in 2012.

Through these surveys, conducted using in-house methodology based on in-depth interviews with representatives of Repsol's stakeholders, we were able to compile a list of their concerns relating to the ethical, social and environments aspects of our activities.

This information was closely analyzed by members of all the company's business units sitting on the Corporate CR committees in Spain and Portugal, Bolivia, Ecuador and Peru, responsible for defining the initiatives that were eventually included in the corresponding sustainability plans for 2013-2014.

In Brazil, the CR Committee was formally created and the sustainability plan approved in January 2014, even though it had been drafted in 2013.

During the year, the Corporate Responsibility Coordination System was rolled out in operating centers in industrial complexes in A Coruña, Cartagena, Puertollano and Tarragona. As a result, the first sustainability plans for these four operating centers for 2014 were approved.

The sustainability plans approved in the year foresee a total of 574 initiatives, which have been committed to publicly and are aimed at maximizing the positive impacts of the company's activities, while preventing any negative effects.

85% of the actions foreseen in the sustainability plans are linked to the variable remuneration of Repsol employees.

### Corporate Sustainability Plan 2013-2014

Approved	Number of actions	Linked to variable remuneration of employees or business units
April 2013	70	93%

### National Sustainability Plans 2013-2014

Country	Approved	Number of actions	Linked to variable remuneration of employees or business units
<u>Spain and Portugal</u>	May 2013	83	82%
<u>Peru</u>	May 2013	67	81%
<u>Bolivia</u>	June 2013	22	86%
<u>Brazil</u>	January 2014	33	56%
<u>Colombia</u>	November 2013	27	100%
<u>Ecuador</u>	May 2013	74	76%
<u>USA</u>	July 2013	19	58%
<u>Venezuela</u>	June 2013	32	69%

### Operating Center Sustainability Plans 2014

Operating Center	Approved	Number of actions	Linked to variable remuneration of employees or business units
<u>A Coruña</u> (only available in Spanish)	November 2013	31	94%
<u>Cartagena</u> (only available in Spanish)	December 2013	32	94%
<u>Puertollano</u> (only available in Spanish)	November 2013	34	94%
<u>Tarragona</u> (only available in Spanish)	December 2013	50	88%

Each sustainability plan includes numerous short-term actions, with their corresponding implementation indicators, grouped into six or seven programs in line with the seven fundamental principles of corporate responsibility as described in ISO 26000: International Guidance Standard on Social Responsibility, and the areas in which all companies have the greatest potential ethical, environmental and social impact.

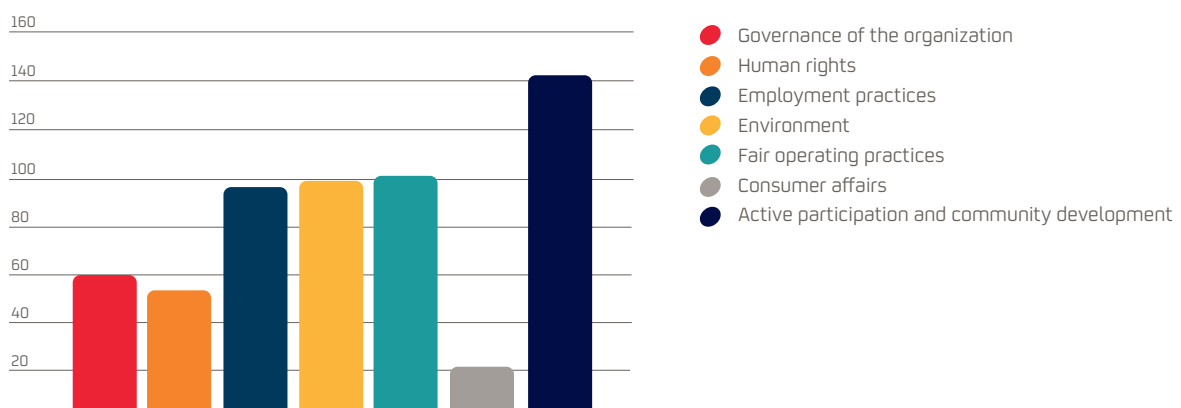
The table "Breakdown of actions by sustainability plan and program" lists the number of actions set out in each sustainability plan approved in the year, distributed by program.

## Sustainability plans approved in the year

	Corporate governance	Human rights	Labor practices	Environment	Fair operating practices <sup>1</sup>	Consumer issues	Community participation and development
Corporate	6	12	14	9	12	3	14
Spain and Portugal	5	3	12	21	7	11	24
Bolivia	5	2	1	1	8	—	5
Brazil	4	4	6	3	6		10
Colombia	3	4	5	3	5	—	7
Ecuador	12	5	17	15	11	1	13
United States	7	1	4	2	2	—	3
Peru	4	7	5	10	19	5	17
Venezuela	4	2	4	3	14	—	5
A Coruña refinery	2	3	3	6	4	1	12
Cartagena refinery	3	3	5	7	3	0	11
Puertollano industrial complex	2	2	7	7	4	0	12
Tarragona industrial complex	3	5	13	12	6	0	11

The chart “Number of actions per program” shows the number of total actions per program committed to in the 12 plans approved in the year.

### Number of actions per program



<sup>1</sup> Refers to the ethical conduct of companies in their transactions with other entities. Includes relations between companies and government agencies, and between companies and their partners, suppliers, contractors, clients, competitors and associations to which they belong. Specifically, in the area of anti-corruption, responsible participation in public life, fair competition, responsible conduct and respect for property rights.

### **Sustainability plan actions: commitments that transform our company**

Repsol's sustainability plans are living documents. They are updated regularly with new actions through a cyclical ongoing improvement system, the aim of which is to bring our performance into line with the expectations of our shareholders. These initiatives have enormous potential to transform our company, driving us to progressively adapt to continual change and social concerns.

Although the actions contained in these plans are varied, the majority are aimed at creating or modifying operating processes and promoting appropriate conduct through the dissemination of information and training. Some examples of actions foreseen in our sustainability plans at corporate and country level are as follows:

- Modification of Exploration and Production processes to further integrate human rights into our operations.
- Dissemination of the UN framework on Business and Human Rights among our E&P suppliers and contractors in Ecuador.
- Encouraging our partners in joint operations in Ecuador to develop detailed and stringent area-abandonment plans that ensure the regeneration of exploited areas.
- Incorporation of ethical, social and environmental factors relating to Repsol's Corporate Responsibility standards in our relations with partners in our (non-controlled) investee Cardón IV in Venezuela.
- Investment in disabled access to service stations in Spain and Portugal.
- Assessment of the environmental and human rights impact of the new LPG plants located in Cusco and Pisco (Peru).
- Dealing directly with complaints and suggestions submitted by communities and providing an adequate response for the Margarita gas operation in Bolivia.

### **Antonio Brufau Niubó, at the helm of Repsol's Corporate Responsibility project**

Repsol's sustainability plans are a tangible answer to the demands of society, represented by the company's stakeholders. Stakeholder concerns and expectations are reflected in the commitments contained in these plans, in the form of specific and measurable actions.

On September 12, Repsol Chairman Antonio Brufau Niubó welcomed our stakeholders as guests of honor at the presentation of the 2013-2014 sustainability plans, held at the company's headquarters in Madrid.

The event, which featured a keynote speech by John Ruggie, Harvard professor specialized in human rights, brought together more than 400 people, including employee representatives, members of civil society, academic institutes and public administrations.

In his speech, Repsol's Chairman discussed the relevance of these stakeholder groups in relation to the company's activities and the Corporate Responsibility model:

*We exist as a company because we meet the expectations that connect us with society. It is our belief that if a company underestimates the expectations of others and if what is important for society is not important for that company, sooner or later it will fail.*

*[...] and we recognize that the key to responsible corporate conduct lies in a willingness and ability to identify and understand the expectations and concerns of our stakeholders and systematically keep them in mind in all corporate decision-making processes. [See full speech at the beginning of this report].*

For more information on our sustainability plans in [this link](#)

## Corporate Responsibility Committees

With the creation of Corporate Responsibility Committees in Colombia, the United States and Venezuela, Repsol has rolled out this system in eight of the most important countries in which it operates.

*At Repsol's operating centers, the Management Committees take on the functions of the CR committees.*

Video Repsol's Sustainability Plans in [this link](#)

The Corporate CR Committee, created in 2009 and comprising 16 executives, met twice in 2013. During those meetings, the Committee analyzed and reached decisions on issues including the extension of coordination system at country and operating center level, follow up the 2013 Sustainability Plan and the update to the 2014 Sustainability Plan. The Committee also examined the content of Repsol's new Policy on Respecting Human Rights and agreed on the steps to take to ensure its internal and external dissemination, in addition to training on this subject, with an online course to help company employees better understand and apply the policy.

Further, members of the Corporate CR Committee jointly revised the new Ethics and Conduct Regulation for Repsol Suppliers and shared the results and conclusions of the investor roadshow in relation to environmental, social and governance criteria (ESG), with the active participation of the Chairman and CEO, Antonio Brufau Niubó.

New National CR Committees were set up in Colombia, the United States and Venezuela in July, June and November 2013, respectively.

The committees in Spain and Portugal, Bolivia, Ecuador, Peru and Venezuela met on two occasions this year, while the committees in Colombia and the United States met once. A variety of topics were discussed

at these meetings, including the application of the Corporate Responsibility Coordination System, the content of Repsol's new Ethics and Conduct Regulation and Policy on Respecting Human Rights, and internal training through various tailor-made online courses. Additionally, the scope of the Code of Conduct for Suppliers was studied.

In the industrial complexes, the Management Committees take on the functions of the CR Committees. The respective committees in A Coruña, Cartagena, Puertollano and Tarragona all met on two occasions in 2013. At the first meeting, the project to roll out the Corporate Responsibility Coordination System was presented, the commitments taken on by the company in this area were discussed and the steps for drawing up the sustainability plans addressed. At the second meeting, the sustainability plans were approved, following a presentation of the actions agreed by each committee representative and, as in the corporate and national committees, the Ethics and Conduct Regulation for suppliers was disseminated.

## Implementation of the Corporate Responsibility Coordination System in operating centers

In 2013, we extended the Corporate Responsibility Coordination System to four operating centers in Spain.

*In the four operating centers, 147 actions were committed to, with an average of 92.5% linked to variable remuneration.*

In 2013, Repsol studied eight operating centers in Spain to assess how they related to stakeholders and how stakeholder concerns and expectations were addressed. As a result of this analysis, we began rolling out Repsol's Corporate Responsibility Model at four operating centers: the A Coruña and Cartagena refineries and the Puertollano and Tarragona industrial complexes.

Extending this model to operating centers implies setting up a Corporate Responsibility coordination body on the premises and taking on a series of specific functions related to the CR Coordination System. These coordination bodies are articulated through the operating center's Management Committees and are responsible for:

- Applying the CR Coordination System.
- Consolidating and approving the operating center's annual sustainability plans.
- Following up on actions included in the sustainability plans for each operating center.
- Understanding and directing the consolidated information published by the company in relation to Corporate Responsibility.
- Coordinating dialogue with operating center stakeholders and transmitting their expectations to the Management Committee.
- Overseeing stakeholders' recognition of the company's performance at the operating centers.

The Management Committees are chaired by operating center managers and comprise management representatives of the business units responsible for aspects relating to corporate responsibility. In the industrial complexes these are:

- Procurement and contracting.
- Communication.
- Engineering and development.
- People and organization.
- Chemicals production.<sup>2</sup>
- Refining production.
- Protection of the marine environment.<sup>3</sup>
- Safety, quality and the environment.

Following the implementation of the project, four annual sustainability plans were approved, one for each operating center, including a series of short-term actions to be executed in 2014.

The four sustainability plans were drawn up on the basis of the expectations identified from the surveys carried out in Spain and Portugal and the perception studies conducted at each operating center. The 2014 Sustainability Plans are the outcome of the joint review of these expectations by each Management Committee. These are public documents and include indicators of the degree of compliance with the plan, which will be evaluated annually and reported to the company in the yearly follow-up report.

**For more information on our Corporate Sustainability Model  
and CR Coordination System in [this link](#)**

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<sup>2</sup> Unit represented at the Puertollano and Tarragona industrial complexes.

<sup>3</sup> Unit represented at the Tarragona industrial complex.

# Our commitments



## **Commitment to safety**

Our goal is zero accidents in our operations and in all areas in which we operate. We have therefore mainstreamed accident prevention into our work culture that helps prevent unwanted accidents.



## **Toward excellence in environmental management**

We commit our efforts and resources to protecting the environment.



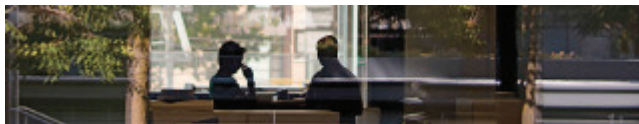
## **Promoting a low carbon strategy**

One of our greatest challenges is to ensure a sufficient and sustainable energy supply.



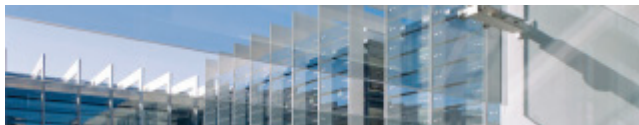
## **Ethical conduct**

Ethical conduct is essential to achieving our sustainability commitments.



## **Anti-corruption**

Repsol is committed to fighting corruption in all its forms.



## **Transparency**

We adhere to the principle of transparency in all our activities, operations and transactions.



## **Respect for human rights**

Respect for human rights is a fundamental aspect in carrying out our activities.





# Commitment to safety

## Our goal: zero accidents

Prevention is key to ensuring the safety of our people, facilities and processes.

*We work on the understanding that all accidents can be prevented.*

We carry out regular diagnostic exercises<sup>1</sup> to identify our main challenges and opportunities, based on trends in the oil and gas sector, forecast changes in regulations and, above all, Repsol's global strategic plan.<sup>2</sup>

Further, we take into account the expectations of our stakeholders (investors, clients, civil society, etc.) in order to understand the most significant issues to be addressed. For instance, in the last study it was revealed that nearly one-third of salient issues are related to environmental concerns.

As a result of the exercise, action lines to address safety issues were designed, including:

- Focus on systematic risk management:
  - Process safety.
  - Safety in drilling operations.
- Transport safety: Reduction in road traffic accidents
- Development of a safety culture

These lines are transformed into the strategic objectives and actions established by the company's Executive Committee and serve as a framework on which to build the objectives and action plans for all business units.

Additionally, among other duties, the Board of Directors' Audit and Control Committee oversees and steers the company's safety and environmental policy, directives and objectives.

Safety and environmental objectives are part of the targets set for those Repsol employees with performance-based variable remuneration, accounting for approximately 15% of the objectives set for all business units and 10% of those set for the company's corporate areas. Additionally, lowering the injury rate is a target in the company's multi-year variable remuneration program and forms part of the performance appraisals of other personnel.

<sup>1</sup> The process described in this section is applied to all safety and environmental aspects. For more information on the environment, see the section [Our objective: Operational efficiency and zero environmental accidents](#) in the chapter entitled [Toward excellence in environmental management](#).

<sup>2</sup> [Click here](#) for more information on the company's strategic plan.

Repsol aims to reduce the employee injury rate in all business units and corporate areas. In 2013, this rate stood at 0.59, better than the target goal. No fatalities were reported during the year. Repsol also has company-wide objectives relating to the investigation of incidents and the implementation of improvements based on these investigations.

Over the past two years, another objective for all Repsol leaders has been to receive training in safety culture, with more than 3,000 people attending one of the 120 training events held in 11 countries.

## Improving our accident rate

No fatal accidents were recorded in 2013, furthering the downward trend in this rate, as seen over the past few years. This improvement was underpinned by the work and commitment of the entire company in the search for a cultural change in the area of safety.

Fatal accidents			
	2011	2012	2013
Own employees	0	0	0
Contractors' employees	2	4	0
<b>Total</b>	<b>2</b>	<b>4</b>	<b>0</b>

*In 2013, no fatal accidents were recorded at the company.*

Repsol has a series of indicators in place that reflect our on-going improvement in this area. One of these indicators is the lost time injury frequency rate<sup>3</sup> for company employees and contractor staff, which decreased by more than 35% on the previous year, meeting the annual target and marking a cumulative decline of 55% since 2011.

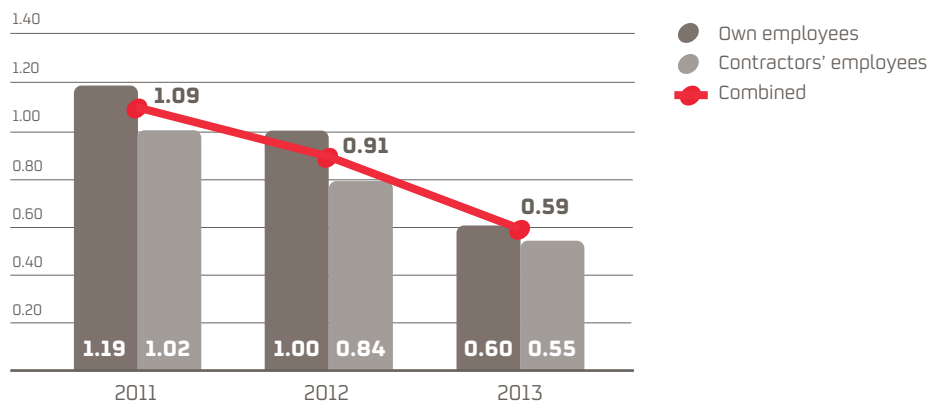
Further, the company also monitors its total recordable injury frequency rate<sup>4</sup> for company employees and contractor staff, which takes into account other accidents as well. This indicator decreased by 13% compared to the previous year and includes injuries resulting in sick leave and injuries not resulting in sick leave, thereby providing more comprehensive information.

In order to continue this improvement, we also use preventive indicators that allow us to anticipate and prevent situations that could trigger future incidents. In 2013, we launched a new scorecard, around 50% of which comprises preventive indicators.

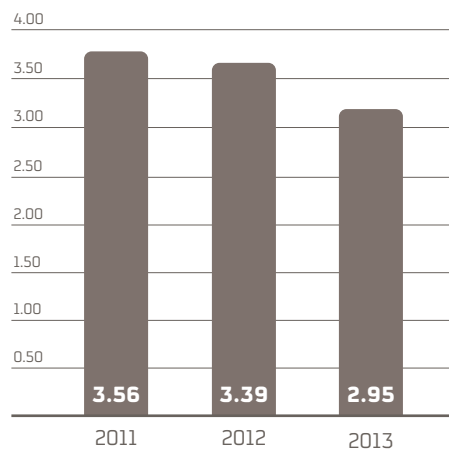
<sup>3</sup> Lost time injury frequency rate: measured as the number of lost time accidents and fatal accidents accumulated during the year per million hours worked.

<sup>4</sup> Total recordable injury frequency rate: measured as the number of accidents without lost time, with lost time, and fatal accidents accumulated during the year per million hours worked.

### Lost time injury frequency rate



### Total recordable injury frequency rate



#### Maintenance shutdown at the Tarragona Industrial Complex (Spain)

This project is a dual milestone for Repsol. The scale of the work performed was the largest in the history of the Industrial Complex, involving the maintenance shutdown of all units of the chemicals complex and the refinery's olefins units in 2013. At the same time, a key objective was achieved: zero tolerance for non-compliance with safety standards.

This achievement is the outcome of an exhaustive planning exercise and the leadership of a team fully focused on meeting the zero-accidents target. Further, specific safety and environmental procedures and protocols were established to involve all employees (both company and contractor staff) in the program.

One of the most important features was the training program. All employees taking part in the work attended a Maintenance Shutdown Safety course and a total of 17,000 training hours were given

on safety issues, including training on preventive safety observations and other specific courses addressing the tasks to be carried out. To ensure the coordination of the activities, informative sessions and daily meetings were organized with both company employees and contractor staff.

Another key point was the dissemination of information on safety issues. For the first time, the company drew up a shutdown communication plan with two main objectives:

- The message communicated externally was clear: The maintenance shutdown at Repsol Tarragona created wealth and employment and was being carried out safely and with maximum respect for the environment.
- The internal message stressed the safety culture and the benefits of belonging to the Repsol team, seeking to involve both the companies taking part in the maintenance shutdown and Repsol employees under the slogan “We are a great team, working in complete safety” (“Somos un gran equipo, con toda seguridad”).

The communication plan produced **excellent results**: For one thing, it gave Repsol employees and personnel of collaborating companies a sense of pride in belonging to a team (the Repsol team). Moreover, thanks to the willingness and personal commitment assumed by all participants, a qualitative leap was made, making the project a lesson in safety culture.

The complex achieved its main goal of zero injuries resulting in sick leave during the maintenance shutdown, as well as a significant reduction in minor injuries requiring medical care compared with previous maintenance shutdowns.

**For further information on the successful maintenance shutdown of the Tarragona Industrial Complex in [this link](#)**

## Process safety

We have a stringent system in place for identifying, assessing and managing industrial risk in all stages of our facilities' life cycle, from the design stage to abandonment or dismantling.

*Safety is a critical factor when designing our facilities and processes.*

Prevention is our highest priority. To achieve this:

- We apply exacting standards in the design of our facilities and processes.

In 2013, we reviewed our internal regulations for preventing and mitigating the consequences of fires, explosions and toxic leaks. These regulations establish the minimum criteria for prevention and mitigation systems to eliminate or minimize the consequences of this type of incident on all Repsol's industrial assets, including operations and activities, and address specific requirements by business line.

Accordingly, an emphasis on process safety is instilled at the preliminary design stages, with a focus on the inherent safety of the design and prevention protocols. Moreover, existing assets must be carefully examined in terms of regulation requirements and the best practices adopted as necessary.

- Control of operations is a key factor to ensure the safe functioning of our facilities.

We have a strict work permit policy regulating the control of non-routine jobs involving significant risk. We also have procedures for entering confined spaces, the use of provisional power installations, and the temporary shutdown of systems or safety protection equipment.

- Additionally, we carry out identification and maintenance campaigns for critical elements of our facilities to guarantee the integrity of our assets and prevent possible accidents involving spills or leaks. We perform a fresh risk analysis of all our operations every year.

This allows us to develop preventive actions ahead of time and corrective actions with the minimum impact and maximum effect, in addition to reducing risk to acceptable levels for the company.

In 2013, we undertook several types of risk analysis, in compliance with our internal safety and environmental risk management program for industrial assets.

### **Application of safety case methodology in Exploration and Production**

A safety case<sup>5</sup> is key to demonstrating that safety and environmental criteria, especially relating to the risk of major accident hazards, has been included at an asset's design stage and that this management policy remains effective over the life of the asset.

It guarantees that the safety and environment management system and the resources necessary for this system are in place, and consequently that risks relating to safety and the environment are tolerable and as low as reasonably practicable<sup>6</sup>.

The development of a safety case (although sometimes called by a different name) is now required by law in several countries including Australia, Ireland and the United Kingdom. Following the approval in June 2013 of the European Union directive for offshore installations, the Report on Major Hazards will be a legal requirement within three years.

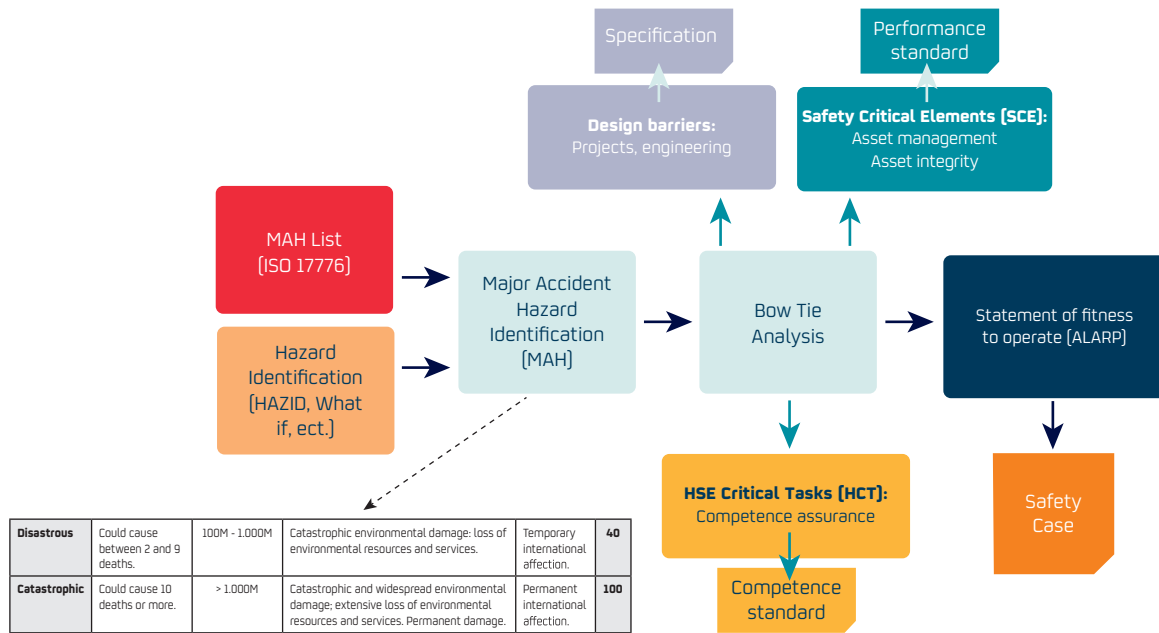
Anticipating this requirement, our Exploration and Production unit, in line with the company's Safety and Environment Policy (corporate regulation governing safety and environmental risk management in industrial assets) and industry best practices, has defined the management of major accident hazards in the document entitled "Hazard Management Minimum Requirement". The process entails the following steps:

<sup>5</sup> A safety case is a structured argument put forward by the owner or operator of an asset, supported by evidence, intended to justify that a system is acceptably safe.

<sup>6</sup> As Low As Reasonably Practicable (ALARP) principle.

1. Identification of major accident hazards.
2. Application of the bow tie method<sup>7</sup> to assess the hazards identified
3. Establishment of control measures to ensure that risks are tolerable and as low as reasonably practicable.
4. Development of the *safety case*.

*Hazard Management Minimum Requirement*



In 2012 and 2013, a multi-disciplinary company team developed a pilot project on hazard and risk management in activities carried out at Caipipendi (Bolivia).

Following the success of this project, Repsol designed a plan to ensure that all operating assets have a safety case within two years (2014-2015).

By implementing safety case procedures the company will benefit from:

- Increased knowledge of how safety and environmental hazards and risk are managed. The bow tie methodology and the safety case process evidence the need for a direct link between risk controls (critical safety elements), the management system and the people in charge of implementing, maintaining and operating them. In this way, risks are managed by skilled personnel and risk management becomes more than just a theoretical analysis.
- Identification of weak points and gaps in the system that could give rise to an unstable situation and corrective plans to address these shortcomings.
- Improved planning and resource management, prioritizing critical safety elements and tasks.
- Improved company image in the industry and among governments and regulators.

This will put Repsol in a strong position in the oil and gas sector in the area of safety and environmental risk management.

<sup>7</sup>The bow tie methodology for risk assessment uses a chart to demonstrate the relationships between threats that could result in loss of control or spills and the possible consequences of such an incident. It allows existing controls to be identified to prevent the loss of control/spills and recovery measures to minimize the consequences.

However, despite all our efforts, the risk of an incident occurring is always present. For instance, accidental spills are one of the main risks in our sector. For this reason, we have emergency plans in place at all our facilities so we can act as swiftly and efficiently as possible in the event of an accident.

**For more information on prevention and response to spills see the section on Prevention of spills in the chapter entitled Toward excellence in environmental management**

## Safety in drilling operations

Repsol's drilling experts are accountable for setting the processes, guidelines and best practices for the construction of wells, providing the fullest support throughout their development.

This group of experts, the Global Drilling Group, has established several measures to prevent incidents during drilling, including:

- Ensuring that offshore wells are correctly designed, risks are identified and well integrity is fully assessed at each design stage. Repsol monitors these parameters on a monthly basis.
- Establishing a global response strategy based on containing wells, with a two-tier focus: the installation of capping stack systems to control the outflow of hydrocarbons in the event of a spill, and the creation of a group to manage blow outs<sup>9</sup>. Repsol has entered into an agreement with Wild Well Control Inc. (WWC) to supply the company with the equipment and services required.

In Europe, the new safety directive for offshore platforms in effect since July 2013 aims to ensure that offshore oil and gas exploration and production operations are performed under strict safety conditions, establishes preventative requirements and improves response and coordination mechanisms between member states in the event of a major accident.

The directive makes it mandatory for European companies to apply these requirements in their operations in any part of the world. Repsol's comprehensive emergency response program focuses strongly on preventive measures and covers the safety requirements stipulated by this directive.

**For more information on safety management of offshore platforms see in [this link](#)**

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<sup>9</sup> Blow out: An uncontrolled flow of reservoir fluids into the wellbore, and sometimes catastrophically to the surface. A blowout may consist of salt water, oil, gas or a mixture of these. Blowouts occur in all types of exploration and production operations, not just during drilling operations. If reservoir fluids flow into another formation and do not flow to the surface, the result is called an underground blowout. If the well experiencing a blowout has significant openhole intervals, it is possible that the well will bridge over (or seal itself with rock fragments from collapsing formations) downhole and intervention efforts will be averted.

## Contractor management in drilling processes

As with other types of suppliers, Repsol appraises the performance of its main contractors, including drilling contractors, in the areas of health, safety and the environment before awarding contracts.

Additionally, an independent firm is hired to carry out inspections of drilling rigs<sup>9</sup> and other fundamental equipment. Repsol also expressly requires inspections of the dynamic positioning systems of all vessels and heavy duty lifting equipment. If these inspections indicate that the rigs or other equipment do not comply with our standards, an action plan is implemented with the necessary corrective measures.

Specifically, in the Gulf of Mexico we comply with the new requirements of Bureau of Ocean Energy Management (BOEM) standard NTL05, according to which an independent appraisal of the underwater equipment and design to prevent blow outs is mandatory.

To minimize risk during drilling processes carried out by contractors, controls are applied on all equipment and personnel involved. An exhaustive risk analysis is conducted, operating standards and procedures are revised continuously, inspections are carried out by independent agents and operations are permanently monitored. Far-reaching contingency plans are in place and personnel are fully trained.

During drilling operations, representatives of Repsol's safety and environment unit are present, in addition to supervisors and engineers, to oversee the management and performance of the contractor's safety systems and controls. Following the best international practices, Repsol fosters a payment incentive in its drilling contracts to remunerate contractors meeting safety objectives.

## Transport safety

Improving safety in the transport of goods and personnel is one of our main lines of action.

### Programs to improve road transport

As a result of traffic accident prevention programs implemented over the past few years, in 2013 there were no fatalities among our employees or contractors.

Over the course of the year, numerous actions were deployed to prevent this type of accident. In the Refining business, contract carrier personnel attended safe driving courses and workshops on lessons learned from accidents, and were required to use adaptive cruise control, lane departure warning and electronic stability control systems.

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<sup>9</sup> Rig: The machine used to drill a wellbore. In onshore operations, the rig includes virtually everything except living quarters. Major components of the rig include the mud tanks, the mud pumps, the derrick or mast, the drawworks, the rotary table or topdrive, the drillstring, the power generation equipment and auxiliary equipment. Offshore, the rig includes the same components as onshore, but not those of the vessel or drilling platform itself. The rig is sometimes referred to as the drilling package, particularly offshore.



More than 5,800 training hours were provided on transport safety, including a road safety course for employees at our corporate headquarters in Madrid.

### **Traffic accident prevention plan - LPG Peru**

Road accidents have been one of the leading causes of fatalities among our employees and contractor personnel over the past few years, particularly in certain Latin American countries. Repsol is implementing various initiatives to prevent road accidents, such as the Transport Safety Plan for its LPG operation in Peru.

Measures implemented as part of this plan include:

- The use of innovative tools, applications and best practices such as the installation of GPS in haulage vehicles to monitor and improve driving performance, vehicle escort services and route inspections.
- Assessments of the routes used for goods deliveries, in order to establish precautionary measures or seek alternative routes. In 2013, 103 routes were assessed (11,368 km in total) and their risk levels defined. Eight of these routes were determined to be high risk and are being re-evaluated, while one was classified as extreme risk and has been suspended for reassessment.
- Training programs for drivers that include a passbook system, whereby each professional records and is able to demonstrate the training courses attended.

The roll-out of initiatives of this type increases knowledge of road safety, reduces operational risk and improves the tasks carried out by contract carriers.

## **Maritime transport requirements**

As Repsol does not own a shipping fleet, contracting vessels from third parties is a critical process. In 2013, we approved an internal policy for safety and environmental management in maritime and river transport and operations.

This policy establishes strict requirements for the inspection of contracted vessels or vessels carrying Repsol products and at loading and unloading terminals. It also regulates the use in the company of international maritime databases of the Oil Companies International Marine Forum (OCIMF).

Additionally, it stipulates that all vessels that transport crude or store petroleum products for the company must be double-hulled, regardless of whether a heavy or light product is carried.

In 2013, 1,509 preliminary evaluations of vessels were performed. Pursuant to an additional physical inspection carried out, 650 of the vessels were then approved.

## **Aviation safety**

Most of our exploration and production activities are performed in remote areas, where the transport of personnel and materials is a challenging task. Occasionally, activities are also carried out in hostile

environments, such as *offshore* platforms, deserts and jungle areas. In these cases, air transport is usually the most effective method of transportation.

To ensure the best safety and environmental performance, Repsol has an internal policy in place that sets down the guidelines, responsibilities and functions in regard to contracting these services and their subsequent operation. Audits and inspections of operating companies, aircraft, aerodromes and helipads are also carried out on a regular basis to ensure they comply with industry best practices.

## Incident management

Repsol's internal regulations establish an incident management process based on reporting, registration, investigation, improvements and lessons learned.

*We work on the premise that what is not reported cannot be managed, and what is not investigated cannot be improved.*

For more information on incident management in [this link](#)

## Incident investigation

In the event of an incident, our priority is to act as swiftly as possible to reduce and control the damage. Once under control, a comprehensive investigation is carried out to determine the root causes of the incident, the main factors involved and any consequences.

For more than five years, corporate objectives have been in place in relation to incident investigation and the implementation of improvement actions derived from these investigations. In 2013, the percentage of moderate-level incident investigations,<sup>10</sup> performed to the standards and in the time frame allotted under company policy, stood at 90%, while for high-level incident investigations<sup>11</sup> the figure was 97%.

The main causes of accidents involving personnel in 2013, by order of importance, were: exposure to extreme temperatures or agents, falls from different heights, and blows from objects or tools.

<sup>10</sup> Moderate level includes investigations of incidents classified as moderate and low risk that result in an accident.

<sup>11</sup> High level includes investigation of incidents entailing high, urgent or extreme risk.

## Improvement actions and lessons learned

By investigating incidents, coupled with risk assessments and audits, Repsol is able to design improvement actions and extract lessons learned to avoid the recurrence of similar events.

Lessons learned are disseminated internally, management of the incident concerned is standardized and awareness of safety and environment issues is promoted in all Repsol's activities.

**Video Incident management related by our employees in [this link](#)**

## Incident management tools

To efficiently analyze and manage incidents, Repsol has developed its own IT system, called GAMA@. This application allows an incident to be fully managed, from the moment it is reported and the risk assessed, to the implementation and assessment of the improvement measures applied. The objective is to prevent incidents from occurring or recurring, as once the possible causes of increased risk are known, it is possible to concentrate more resources to deal with them.

All Repsol employees can use this intranet application to report incidents.

Also, to standardize incident investigation and prevent new incidents from occurring, we use a graphic investigation tool to identify the root cause of an incident and the best improvement actions to deploy.

In 2013, we developed new technologies to make these tools more accessible to users, by extending our management processes to mobile devices. This progress is evidenced by the two pilot projects carried out using tablets and smartphones.

During the year, we successfully completed the GAMA@ pilot project for iOS and Android. This mobile version allows incidents to be reported in situ, efficiently and rapidly using geolocalization techniques. In addition, evidence can be collected directly using a mobile device.

## Safety management system

**The safety management system sets common standards for all Repsol operations, regardless of their geographical location.**

*In 2013, we embarked on a project to optimize our internal regulations to improve and update our guidelines.*

Activities carried out during the year include the in-depth revision of most of our documentation, eliminating any obsolete records, the inclusion of all our safety and environment regulations into the company's new document management system, and a draft corporate regulations structure for all documentation to be implemented in 2014.

Communications channels were also improved to give our different business areas easier access to policy documents. On a longer-term horizon, ways of giving a new focus to the company's safety and environmental system were studied, seeking the most efficient methods of improving the services offered to all our centers and facilities.

## Audits

Every year we implement an audit plan for the safety and environmental area, in order to determine the efficiency of our management system and ensure ongoing improvement.

### Safety and environmental audits carried out in 2013

	Number
Internal	327
Certification	102
External (legal and other)	63
Other	10
Total	502

## Certifications

We encourage our company sites to be certified in accordance with the international standard OHSAS 18001 Occupational Health and Safety Management. In 2013, more company centers came on board, with 20 service stations in Peru obtaining this certificate.

### Main OHSAS 18001 certifications by activity in 2013

Activity	Centers certified under OHSAS 18001	%
Refining	6 out of 6	100
Chemicals	6 out of 6	100
E&P <sup>12</sup>	3 out of 6	50
LNG	0 out of 1	0
LPG	25 out of 32	78
Lubricants and Specialities	13 out of 13	100
Technology Center	1 out of 1	100

In addition to the activities shown in the table above (Main OHSAS 18001 certifications by activity in 2013), 36 centers, including service stations, commercial subsidiaries and maritime terminals, have also obtained such certificates.

For more information on certifications in [this click](#)

<sup>12</sup> E&P: Exploration and Production

## Safety culture

At Repsol, we understand that a safety culture forms part of our value proposal. Accordingly, we are working on projects to raise awareness of safety issues among our employees.

To achieve a strong safety culture, it is essential to work in three main areas: training, professional development and communication. These are the three pillars of our Leadership Plan.

In 2013, we continued to develop our Safety and Environment Leadership Plan, first launched in 2012. The objective of this plan is to improve the safety and the environment culture through leaders in the organization, whose conduct serves as an example to all their partners. This plan, based on the company's "Eight behaviours for safety and environmental leadership", will help Repsol reach its zero-accident target.

**For more information on the Safety and Environment Leadership plan in [this link](#)**

The PRISMA training program was also continued during the year, winning the EFMD 2013 Excellence in Practice Award in the category of organizational development, for successfully implementing a culture change at a company.

*In the last two years, our leaders have received training in safety culture through the PRISMA program: over 3,000 professionals attended one of the 120 courses held in 11 countries.*

Thanks to PRISMA, Repsol's management is developing a people-based safety and environment culture that mainstreams safety and environmental concerns throughout all the company's activities.

Additionally, new training programs were devised in 2013, aimed at middle management and other key groups responsible for safety within the company. The programs were designed specifically for each business area (Industrial, E&P and Commercial) and attended by around 1,000 employees in 2013.

To ensure that cultural change is sustainable over time, professional development efforts are essential. Therefore, we have adapted the professional development and coaching tools used to improve and implement professional development plans relating to safety and the environment, bringing them in line with the objectives set for our business areas and managers.

Further, as communication is vital for building employee commitment, our internal publications give special attention to safety-related issues. A communication campaign on safe conduct was rolled out, led by company professionals from all business areas and countries who shared their safety issues with the rest of the company.

This multimedia campaign was followed by a campaign to reinforce safe conduct, extending the key messages of the "Eight behaviours for safety and environmental leadership" that should be taken on by all company employees.

Poster from the communication campaign on safe conduct behaviour



**For more information on the safety culture success story see: “Maintenance shutdown at the Tarragona (Spain) industrial complex” in the section Improving our accident rate of the chapter entitled **Commitment to safety****

In addition to the aforementioned training programs, specific courses were organized for each activity. In 2013, 12,998 employees<sup>13</sup> received a total of 208,891 training hours in occupational health and safety<sup>14</sup>, implying a coverage rate of 54%.<sup>15</sup> The greatest number of training hours were dedicated to the following topics: emergency control, safety at facilities, prevention and industrial hygiene, leadership in safety and the environment, and transport safety.

Further, given that raising awareness among contractors is key for our company, during the year we intensified our training programs for contractors, with approximately 223,380 hours taught in total.

**For more information on training programs on safety topics in [this link](#)**

<sup>13</sup> Number of people attending courses.

<sup>14</sup> Data include training for permanent and temporary personnel. Does not include the training of contractor staff.

<sup>15</sup> Percentage of people attending training activities in relation to total staff.



## Toward excellence in environmental management

### Our objective: operational efficiency and zero environmental accidents

We carry out regular diagnostic exercises<sup>1</sup> to identify our main challenges and opportunities, based on trends in the oil and gas sector, forecast changes in regulations and, above all, Repsol's global strategic plan.<sup>2</sup>

Further, we take into account the expectations of our stakeholders (investors, clients, civil society, etc.) in order to understand the most significant issues to be addressed. The latest study conducted revealed that nearly one-third of salient issues are related to environmental concerns.

As a result of the exercise, action lines to address environmental issues were designed, including:

- Excellence in spill prevention and response.
- Optimized water management.
- Optimized waste management.
- Protection and conservation of biodiversity.
- Proactive development of new technologies.

These lines are transformed into the strategic objectives and actions established by the company's Executive Committee and serve as a framework on which to build the objectives and action plans for all business units.

Additionally, among other duties, the Board of Directors' Audit and Control Committee oversees and steers the company's safety and environmental policy, directives and objectives.

Safety and environmental objectives are part of the targets set for those Repsol employees with performance-based variable remuneration, accounting for approximately 15% of the objectives set for all business units and 10% of those set for the company's corporate areas.

In the area of the environment, in 2013 basic criteria were defined in order to set improvement targets for waste management from 2014.

Environmental investments were also carried out in the year, including the project to improve the quality of fuels at the La Pampilla refinery in Peru, for an investment of close to €36 million in 2013.

**For more information on environmental investments and expenditure: see Note 35: Environmental information in the company's 2013 consolidated annual report**

<sup>1</sup> The process described in this section is applied to all safety and environment aspects. For more information on safety, see the section Our objective: zero accidents in the chapter Commitments to safety.

<sup>2</sup> Click [here](#) for more information on the company's strategic plan.

## Environmental data<sup>3 4</sup>

At Repsol, we work to achieve excellence in our operations, intensifying our efforts to prevent any potentially adverse environmental impacts from our activities.

*In 2013, we reduced the number of spills by more than 50%, increased the amount of reused water by 13% and reduced hazardous waste by close to 18%.*

In all our centers and activities, we continually take steps to improve our performance in managing atmospheric emissions, efficient water use, the quality of discharges into water, the optimization of hazardous waste management and the protection of biodiversity.

	2011	2012	2013
<b>HC spills<sup>5</sup> &gt; 1 barrel reaching the environment</b>			
Number of spills	37	29	14
Amount spilled [tons] <sup>6</sup>	503	6,091	15
<b>Atmospheric emissions<sup>7</sup> [tons]</b>			
SO <sub>2</sub>	50,131	36,949	34,263
NO <sub>x</sub>	32,922	33,566	37,155
NMVOC	41,809	42,885	41,755
CO	8,804	8,696	10,283
Particulates	2,235	1,655	1,807
<b>Water management [thousands of tons]</b>			
Fresh water withdrawn <sup>8</sup>	61,156	56,243	60,414
Discharged	39,728	38,925	40,100
Reused	6,971	8,375	9,473
Produced in E&P	56,758	58,556	60,578
Injected in E&P	51,976	53,678	57,831

<sup>3</sup> For data on greenhouses gas emissions, energy consumption and biofuels, see the section on Our energy and carbon results in the chapter Promoting a low carbon strategy.

<sup>4</sup> For further information on the scope of the data in this chapter, see Scope of the Report in the chapter About this report.

<sup>5</sup> HC: Hydrocarbons

<sup>6</sup> The figure for 2012 includes the spill in Tarragona (approximately 6,000 tons, of which more than 90% has been recovered to date).

<sup>7</sup> Data on emissions from mobile sources only includes those associated with own transport.

<sup>8</sup> Does not include the amount of water used in the exploration project in Alaska. This water is taken directly from surface sources (ice) for the construction of roads and not for exploration activities. The water is returned to its usual place when the project has been completed. In 2013, 314.207 kilotons of water were used for this purpose.



	2011	2012	2013
<b>Discharges (tons)</b>			
Hydrocarbons <sup>9</sup>	151	259	460
Suspended solids	1,594	1,581	1,265
Chemical Oxygen Demand (COD)	10,758	8,752	7,944
<b>Waste management<sup>10</sup> (tons)</b>			
Hazardous waste	59,460	80,775	66,315
Non-hazardous waste <sup>11</sup>	69,272	52,580	182,693
Environmental fines /sanctions <sup>12</sup> (€ million)	0	0	0

## Excellence in spill prevention and response

Given the nature of our operations, preventing spills is a critical objective for Repsol. When an accident of this type takes place, we activate our emergency response mechanisms to reduce the impact on the environment to the greatest extent possible.

*In 2013, no significant spills occurred.*

In 2013, 15 tons of hydrocarbon oil was spilled, although no spills were deemed significant.<sup>13</sup> This is a major improvement compared to the previous year.

<sup>9</sup> The increase in hydrocarbon spills in 2013 relates to one-off operational problems in one of the water treatment plants at the Trinidad and Tobago facilities.

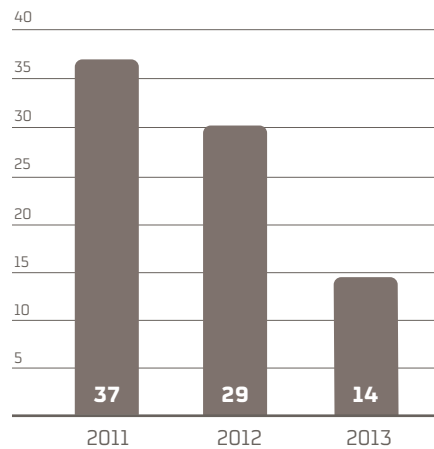
<sup>10</sup> Waste from drilling (cuttings and fluids) activities must also be taken into account. The increase in 2013 owed to exploration activities.

2013	2012
115,978 tons	58,793 tons

<sup>11</sup> In 2013, the majority of non-hazardous waste corresponds to the extraordinary generation of 105,267 tons of waste from the soil modification works in the Peruvian refining business and the dismantling of refining plants in Spain.

<sup>12</sup> Arising from litigation or administrative proceedings finalized and settled during the year, with an amount equal to or greater than materiality thresholds set in the individual litigation letters of group companies.

<sup>13</sup> A significant spill is considered to be (according to the amount spilled and the sensitivity of the area) any spill that reaches the environment and meets any of the following conditions: it is greater than 100 bbls, it is greater than 10 bbls and occurs in a sensitive area, or any spill of a non-hydrocarbon substance that is over 10 bbls and that has environmental significance due to its high salinity, acidity, toxicity or lack of biodegradability.

*Number of hydrocarbon spills<sup>14</sup>*

Various measures have been implemented to prevent accidental spills, such as the installation of double-hulled containers for holding chemical products at La Pampilla facilities and measures included in the Integrated Action Plan for the Tarragona maritime area.

We also advanced in the work planned for our upstream facilities (the Casablanca platform) and our downstream facilities (jetty and outdoor rack) set out in the Integrated Action Plan for the Tarragona maritime area. Total investment forecast for 2011-2015 stands at €131 million, with expenditure-to-date standing at €37 million and €50 million for upstream and downstream activities, respectively.

In 2013, we completed the study to reduce risks through instrumented safety systems at the Casablanca platform, introducing a number of improvement measures. Additionally, investments relating to the analysis of best market standards are currently being made.

Moreover, various actions were also carried out during the year to improve jetty and outdoor rack installations, including the replacement of pipes using the best available technologies to protect against outdoor corrosion and lengthen their useful life, the mechanical inspection of all pipes on the jetty and the complete upgrade of all structural elements. Technological improvements are also being made to the outdoor rack, with the objective of automating processes and introducing new safety systems.

Work was also carried out to develop an early detection system for oil spills, using proprietary technology. For more information, see the success story "Technological innovation in environmental surveillance: REDOS project".

<sup>14</sup> Includes spills in excess of one barrel that reach the environment (either the water or land on which we perform our operations).

### Technological innovation in environmental surveillance: REDOS project

Repsol's Technology Department, in collaboration with a technological partner, has developed an innovative early detection system for oil spills at any offshore point, in order to minimize the impact of these potential accidents.

The REDOS (*Repsol Early Detection of Oil Spills*) project is a pioneering initiative developed by Repsol's Technology Center that uses advanced detection software and complex algorithms to interpret signals. The project can function automatically through the HEADS (*Hydrocarbon Early Automatic Detection of Spills*) system.

HEADS, the new environmental protection system, provides more accurate identification of incidents with no need for human intervention, thereby reducing response times to a minimum.

The research phase was successfully concluded and the system has been implemented at the Casablanca platform (off the coast of Tarragona, Spain) where both the testing installation and start-up of the system were carried out in accordance with the plan.

The REDOS project is a clear example of our commitment to protecting the environment and to a responsible and safe work ethic. We expect to install the system at other Exploration and Production facilities, achieving the same success as on the Casablanca platform.

Additionally, in 2013 progress was made on actions planned for the Tarragona industrial complex as a result of the accidental spill that took place in 2012 (approximately 6,000 tons). The spill was caused by a pinhole leak in an underground pipeline. To prevent this type of incident from recurring, various measures were carried out during the year, including the execution of action plans to check and repair underground pipelines, the construction of hydraulic barriers to control the south and east perimeter, expansion of the piezometer network and completion of line repair work.

## Emergency management

Spill prevention and response mechanisms are of vital importance for the company. Guidelines have been established for each operating area and a global regulation is in place governing, for instance, the management of marine and fluvial hydrocarbon spills or spills of noxious and potentially hazardous substances.

Emergency response contingency plans are designed and approved before operations commence, and are updated regularly or when any significant change occurs. They are also reviewed through our internal audit program for safety and the environment. These plans are approved by both Repsol and local authorities.

Milestones reached in 2013 include:

- The start-up of the Global Critical Management Program for prevention, preparation, response and recovery in regard to significant accidents occurring in Exploration and Production operations. The program, requiring an expected investment of over €10 million, establishes the following lines of action:

- To bring internal standards into line with international best practices
- To create a group of experts in emergency management (*Global Critical Management Group*) and establish the functions and roles played by the new multidisciplinary emergency response team (*Global Critical Response Group*)
- To establish emergency response rooms and centers in Madrid, Houston, Lima and Río de Janeiro
- To introduce a global support tool for emergency management processes to ensure optimum internal and external communications in the event of an emergency

The company has contracted the services of Oil Spill Response (OSR), an international organization made up of oil and gas sector companies that provides specialized technical assistance in the case of hydrocarbon spills. Repsol is also a member of *Oil Spill Response Limited* (OSRL).

Further, the company has significantly stepped up its efforts to collaborate and communicate with regional and international authorities and other key bodies. For instance, in the Gulf of Mexico, Repsol is a member of the *Helix Well Containment Group* (HWCG), a consortium of deep water operators working together to extend their response capacity in the event of an emergency. Repsol is also an active member of OGP, IPIECA's *Oil Spill Response Joint Industry Group*, and the ARPEL (the regional association of oil, gas and biofuel companies in Latin American and the Caribbean).

## Optimized water management

Water is a natural resource of major economic, social and environmental value. For the oil and gas sector, water is essential for energy production, in the same way that energy is key for the extraction, transport and treatment of water.

*Striking the right energy-water balance will be a significant challenge.*

At Repsol, we believe that water is a strategic resource. Local water management at each operating center is backed by the company's global focus of applying the best practices and standards uniformly across the group as a whole.

Water management and its associated risks have been in the spotlight recently. Accordingly, numerous initiatives are underway to improve and facilitate water management at a global level, driven by a variety of associations such as IPIECA (the global oil and gas industry association for environmental and social issues), the Global Environmental Management Initiative (GEMI) and the World Business Council for Sustainable Development (WBCSD). Repsol is an active member of several of these organizations.

At Repsol, we have proprietary methodology, the Repsol Water Tool, based on the Global Water Tool (GWT) developed by IPIECA and WBCSD and GEMI's Local Water Tool (LWT). The Repsol Water Tool is tailored to meet our company's specific needs. In 2013, this methodology was further applied at our facilities, and internal management data on the most intensive water withdrawal and discharge activities (refining and chemicals) were studied in order to detect water sources exposed to more sensitive conditions. These studies are allowing us to adopt the necessary measures over the next few years to achieve optimal water management on the basis of the geographical location of each center.

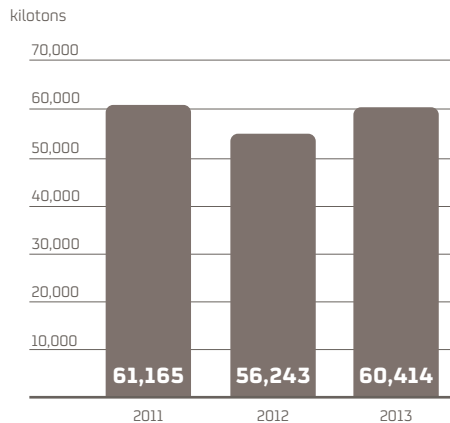
## Fresh water withdrawal and use<sup>15</sup>

In 2013, we withdrew 60,414 kilotons of fresh water, an increase of 7% compared to the previous year, mainly due to the increase in our exploration and production activities. Our main fresh water sources are the public network [80%], surface resources [16%], and, to a lesser extent, underground aquifers [4%].

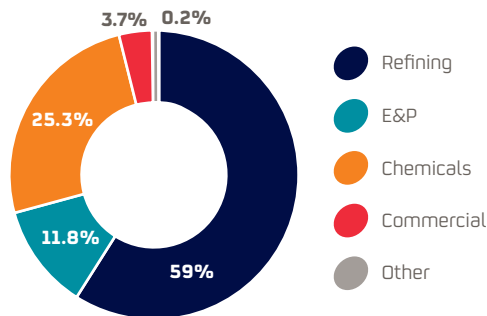
Despite this increase, we reused 9,473 kilotons of water, 13% more than the previous year.

Refining is our most intensive activity in terms of fresh water use. Water withdrawn specifically for refining stood at 0.94 tons of water per ton of crude processed. This ratio is lower than in the previous year [1 ton of water per ton of crude processed], signaling an improvement in efficiency in terms of water consumption in our most water-intensive business.

*Fresh water withdrawn*



*Fresh water withdrawn by activity*



## Treatment and discharge

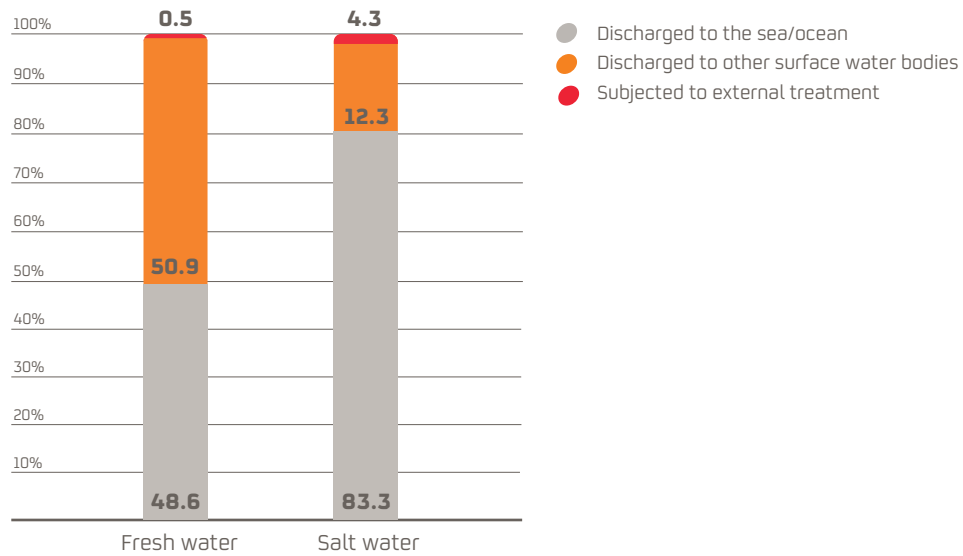
In 2013, our facilities discharged 40,100 kilotons of water, 90% of which was fresh water. The effluents from our facilities pass through purification processes to minimize their environmental impact and ensure compliance with legal requirements.

<sup>15</sup> Does not include the amount of water used in the exploration project in Alaska. This water is taken directly from surface sources [ice] for the construction of roads and not for activities related to operations. The water is returned to its usual place when the project has been completed. In 2013, 314.207 kilotons of water were used for this purpose.

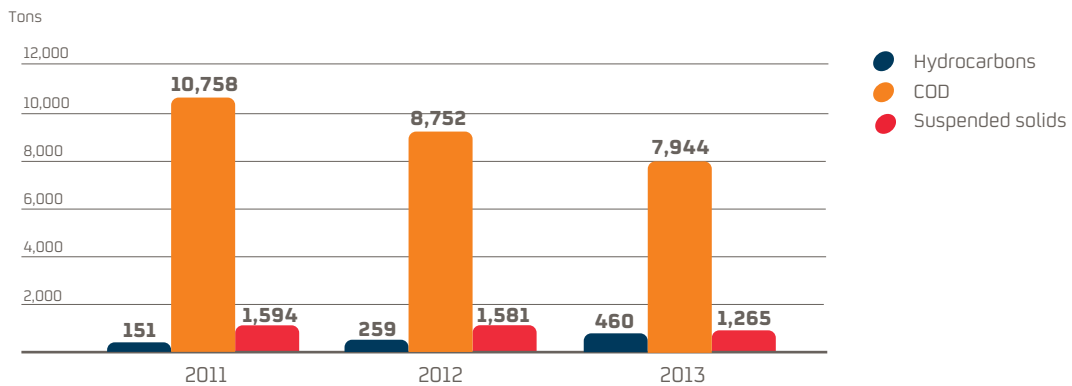
The type of wastewater treatment process is specific to the activity and the characteristics of the site. Treatment may entail a physical-chemical (primary) process, completed with a biological (secondary) process, or even include more advanced treatment (tertiary process) or other specific processes for contaminants that are non-degradable using non-conventional treatments.

56% of water discharged is therefore subjected to advanced treatment processes, 30% to secondary processes and the remaining 14% to primary processes as the quality of the discharged water does not require more complex treatment.

*Water discharged by receiving body*



*Main contaminants discharged*



The main contaminants discharged at our facilities are hydrocarbons, suspended solids, and organic matter likely to undergo oxidation, measured as Chemical Oxygen Demand (COD).

The quantity of suspended solids and COD decreased mainly in the chemicals activity, primarily because of the maintenance shutdown at the Tarragona industrial complex.

The increase in hydrocarbon spills in 2013 related to one-off operational problems in one of the water treatment plants at the Trinidad and Tobago facilities.

### Hydrocarbons discharged by activity

Activity	Tons	%
Refining	47	10
Exploration and Production	398	87
Chemicals	3	1
Marketing	12	3
<b>Total</b>	<b>460</b>	<b>100</b>

#### Prevention of soil and groundwater contamination

In 2013, a seminar was held at our Campus headquarters on lessons learned from soil and groundwater contamination incidents. Environmental officers from the different refining and chemicals industrial centers took part in the session. The most significant incidents were showcased and the causes and lessons learned were discussed.

On the basis of this information and given the importance of early detection in minimizing the impact of any such incident, we reviewed the frequency of groundwater surveys at the different centers. The objective was to create an early detection system to help us identify any pollution of the subsoil as rapidly as possible, by monitoring soil and groundwater.

In addition to modifying the frequency with which the piezometric network is reviewed according to the risk associated with a specific area, in 2013 progress was made in several initiatives to prevent the contamination of soil and groundwater. These include the paving and repair projects underway in different centers, and the replacement of wastewater collectors, waterproofing and recoating manholes at the Sines facilities.

At the same time, an early detection system for leaks was installed across virtually the entire network of own service stations. Repsol is a pioneer in the use of this system in Spain. The Statistical Inventory Reconciliation system (SIR) takes into account inventories, sales and the volume discharged in addition to temperature effects and the calibration of the pumps. As such, it strictly controls fuel inventories, detecting potential losses in tanks and pipelines on a daily basis.

## Optimized waste management

Given the importance of this environmental vector, in 2013 an improvement objective was defined involving all our business areas. The company's waste map has been redesigned to adapt our reporting criteria to industry best practices.

*Our objective is to reduce waste by 14.5 kilotons in 2014-2020 compared to our 2012 baseline<sup>16</sup>.*

This goal, set for the 2014-2020 period, calls for qualitative improvement measures for waste management and quantitative measures such as waste reduction: 14.5 kilotons of waste compared to the 2012 baseline.

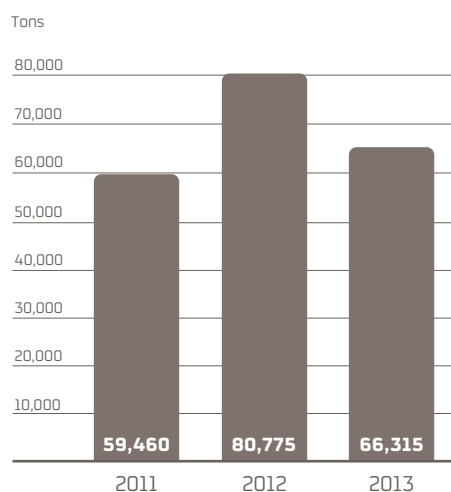
### Performance and waste management<sup>17</sup>

In 2013, we reduced hazardous waste by nearly 18%. Our Commercial division<sup>18</sup> carried out several initiatives contributing to this reduction, such as the optimization of waste management procedures in hydrocarbon separators and washing systems. We also improved the quality of waste management data in our service stations.

The increase in the amount of hazardous waste in 2012 was primarily due to cleaning work at industrial units and waste management during the maintenance shutdowns at the Puertollano refinery.

Most of non-hazardous waste in 2013 corresponded to the extraordinary generation of 105,267 tons of waste from the soil modification work in the Peruvian refining business and the dismantling of refining plants in Spain.

#### *Hazardous waste<sup>19</sup>*



<sup>16</sup> In a "business as usual" scenario.

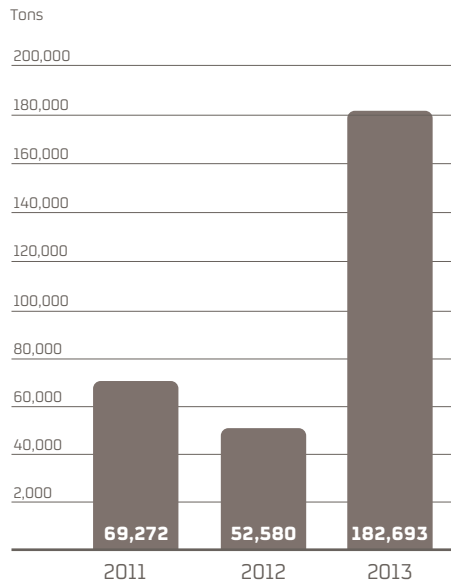
<sup>17</sup> Excluding waste from drilling activities (cuttings and fluids).

<sup>18</sup> LPG, Service Stations, Direct Sales, Lubricants and Specialities.

<sup>19</sup> Hazardous waste treated, including waste from the processing of polluted soil.



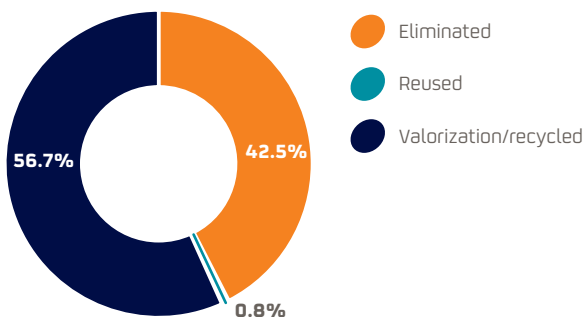
Non-hazardous waste



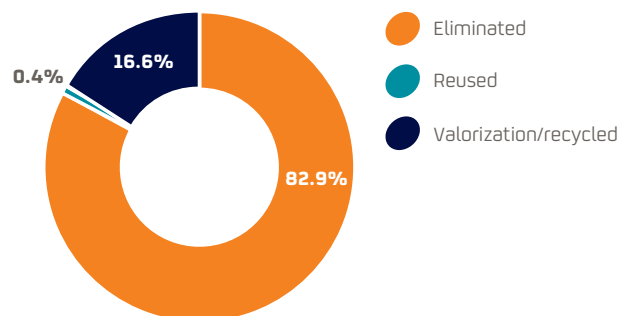
Waste generation by activity		
	Hazardous waste	Non-hazardous waste
E&P	5%	12%
Refining	78%	60%
Chemicals	12%	20%
Commercial	5%	7%

Repsol is working to improve waste management throughout the life cycle of our processes. To that end, we prioritize reducing waste generation to a minimum and reducing dumping by reusing and recycling waste products, according to the best waste practices guidelines.

Hazardous waste management



Non-hazardous waste management



## Waste from drilling operations: cuttings<sup>20</sup> and fluids

As a result of the waste map drawn up this year, waste from the company's drilling activities can be more accurately identified, setting a new baseline for 2012.

Waste from drilling operations (tons)		
	2012	2013
Water-based cuttings and fluids	58,584	114,302
Non water-based cuttings and fluids	209	1,676
<b>Total</b>	<b>58,793</b>	<b>115,978</b>

Waste management, including the management of waste from drilling operations (cuttings and fluids) is regulated by the company's Environmental Performance Practices (EPP). These guidelines establish a raft of standards applicable to all geographical areas in which the company operates, regardless each country's specific legislation. For more information on the EPP, please see the following case study: [Implementation of Repsol's best environmental practices](#), in the section on Environmental Management Systems in this chapter.

## Atmospheric emissions

Our main atmospheric emissions are greenhouse gases,<sup>21</sup> sulfur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>), non-methane volatile organic compounds (NMVOC) and, to a lesser extent, carbon monoxide (CO) and particulates.

In 2013, the company reduced SO<sub>2</sub> emissions by 7%, primarily through reductions in refining and chemicals activities. Specifically, the Sines chemical plant cut its emissions by 50% by replacing pyrolysis oil with gaseous fuels. At the same time, the Puertollano industrial complex lowered its SO<sub>2</sub> emissions by 40% by maximizing the use of gaseous fuels over liquid fuels.

Various technology studies and efforts were also carried out to enhance the sulfur recovery units at our refineries. The importance of these units has grown over the past few years, as environmental regulations now include maximum SO<sub>x</sub> emissions levels and minimum requirements for sulfur recovery.

Nitrogen oxide emissions grew by 10% due to the increase in drilling activities in the E&P business.

<sup>20</sup> Drilling *cuttings* are mainly fragments of rock, clay, slate and sand generated during the drilling of geological formations that rise to the surface with the drilling fluid.

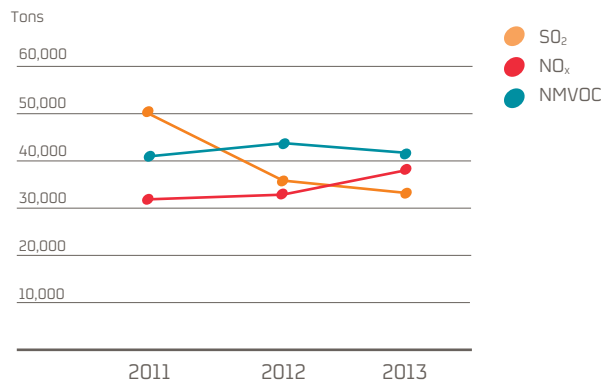
<sup>21</sup> Greenhouse gas emissions are described in greater detail in the section [Our energy and carbon results](#) in the chapter Promoting a low carbon strategy.

SO<sub>2</sub> and NO<sub>x</sub> emissions are mainly generated in combustion processes in the refining business. In 2013, emissions totaled 0.78 tons of SO<sub>2</sub> and 0.45 tons of NO<sub>x</sub> per kiloton of crude processed in our refineries.<sup>22</sup>

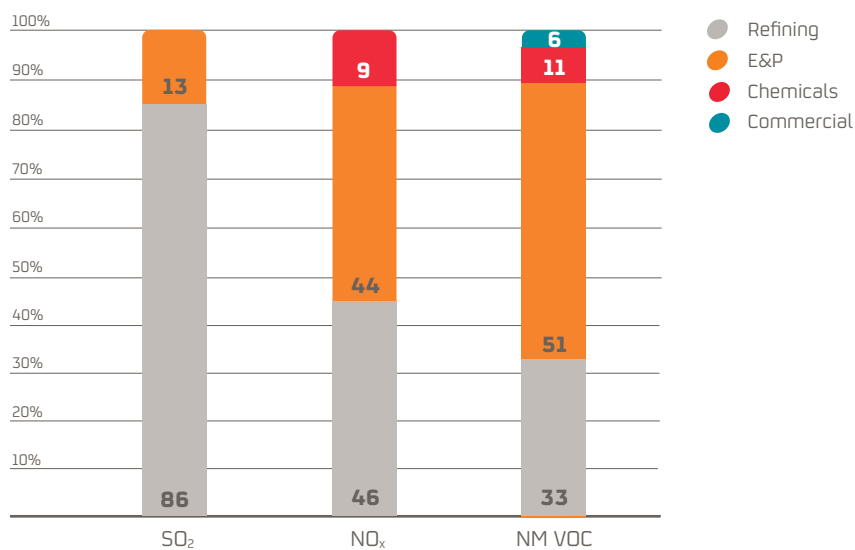
Additionally, NMVOC emissions also derive mainly from refining activities, crude and gas extraction operations, storage terminals and service stations during fuel handling processes. In 2013, our NMVOC emissions fell slightly, due to the decrease in activity in block 16 [Ecuador].

Repsol also implemented a series of actions to improve our emissions measurements, such as the installation of new real-time meters at emission points in the La Coruña and Petronor refineries. The equipment used to measure air quality at the Petronor refinery was also upgraded.

SO<sub>2</sub>, NO<sub>x</sub> and NMVOC emissions



SO<sub>2</sub>, NO<sub>x</sub> and NMVOC emissions by activity



<sup>22</sup> In 2012, these figures were 0.87 tons of SO<sub>2</sub> and 0.45 tons of NO<sub>x</sub> per kiloton of crude processed.

## Protection and conservation of biodiversity

At Repsol, we take into account environmental protection, biodiversity and the recovery of habitats when planning and carrying out all stages of our projects and operations. We recognize, in our published Position on Biodiversity, the protection and conservation of biodiversity as a key part of our strategy and mainstream it throughout our management systems.

For Repsol, the protection and conservation of biodiversity and associated ecosystems continue to be key elements of our activities.

We believe it is essential to understand, prevent and minimize any adverse impacts on biodiversity. For this reason, we have developed a methodology to identify the risks associated with biodiversity in relation to our assets, to improve their management and to identify threats to projects at an early stage. This identification process takes into account protected habitats and endangered species and the proximity of these habitats to the areas of influence of our assets and projects.

In the Exploration and Production business, potential impacts may occur at any point in the life cycle of our activities. In order to assess all potential impacts, we must identify both direct impacts (e.g., disturbance to wildlife, fragmentation of habitats, alterations to the countryside and the water table, contamination of soils and water resources, etc.) and indirect impacts (e.g., the opening up of access routes in remote areas, the accidental introduction of invasive species, changes to the local socioeconomic structures, etc.) as these could also pose a threat to biodiversity.

### Biodiversity Action Plans

Our management system establishes basic biodiversity management guidelines for all the company's operations under development or scheduled for development in sensitive areas, classified as high ecological value, and sites designated as category I-IV by the World Conservation Union (IUCN) or classified under the UNESCO MaB program (UNESCO "Man and the Biosphere Program"), the RAMSAR convention for wetlands, as a UNESCO human heritage site, or BirdLife Key Biodiversity Area, among others. The guidelines ensure compliance with our Health, Safety and Environment Policy and evidence the principles established in Repsol's Position on Biodiversity.

To improve biodiversity management, our internal regulations make it a requirement to obtain in-depth knowledge of our surroundings, monitor the impact of our work and develop Biodiversity Action Plans (BAP) for sensitive areas in which we operate. As such, we perform a series of initiatives to conserve and/or improve biodiversity in the areas surrounding our operations.

In 2013, Repsol carried out a baseline study and assessed the BAP for the Caipipendi site in Bolivia and its surrounding area. This will provide insight into the biodiversity of the area and allow us to factor biodiversity into our business planning, obtaining clear benefits in that regard.

Additionally, we continued to work on the BAP launched in previous years in relation to E&P operations in Kinteroni, in Peru, block 16 and Tivacuno in Ecuador and offshore operations in Trinidad and Tobago. The most significant advances made in 2013 were as follows:

- **Kinteroni in Peru:** In accordance with the agreement signed in 2010 with the Smithsonian Institution to implement the biodiversity action plan “Evaluation, Monitoring and Conservation of Biodiversity”, in 2013 the project to map natural habitats was continued, establishing conservation priorities bearing in mind the uniqueness of the ecosystems identified as high priority. Further, work started on identifying and classifying areas of key environmental importance, with particular emphasis on the unique characteristics of these ecosystems.
- **Block 16 and Tivacuno (Ecuador):** As part of the Biological Monitoring Project commenced in 1994, in 2013 progress continued on drawing up inventories of the different animal species found in the area. Work also continued on the Use of Natural Resources and Environmental Recovery Project initiated in 2011. Under the framework of this initiative, various production plans were rolled out such as forest nurseries and breeding areas for local species of fish and mammals for consumption by the local community. In association with this project, work was carried out to raise awareness within the community and share knowledge relating to the maintenance of these centers, in order to foster the sustainable development of the community to ensure that its needs are met. Reforestation work was continued on the access route to the facilities in order to restore the original ecosystem.
- **Offshore operations in Trinidad and Tobago:** The biodiversity action plan in Trinidad and Tobago is being planned according to the medium-term strategy for exploration and production offshore operations.

## Performance indicators

One of our top priorities is to achieve excellence in environmental activities throughout the entire life cycle of our operations, reducing their impact on biodiversity. We have therefore established a series of indicators to determine our performance in this area. This information is shown in the table Main biodiversity performance indicators.

*We have assessed the threats to biodiversity in all our upstream assets and projects.*

### Main biodiversity performance indicators

Indicator	Result [%]
Centers where biodiversity-related risks have been assessed	100
Centers where biodiversity-related risks have been detected	44
Degree of implementation of Biodiversity Action Plans <sup>23</sup>	96

For more information on biodiversity protection in [this link](#)

<sup>23</sup> Degree of compliance of Biodiversity Action Plans in Peru, Bolivia and Ecuador in 2013

## Our relationship with the environment

Repsol encourages local stakeholders to monitor potential impacts and the application of local biodiversity strategies, such as with the plan to assess the socio-environmental impact of operations in the Caipipendi area. This will include a baseline socio-environmental and biodiversity study to allow the company to develop specific technical recommendations to improve socio-environmental management processes and document biodiversity conservation requirements. In Brazil, the company is working proactively to map the sensitivity of the entire coastline considering government and local community expectations.

We also actively participate in the biodiversity working group of IPIECA (the global oil and gas industry association for environmental and social issues) and OGP (International Association of Oil & Gas Producers), which strive for better management of impacts on biodiversity in the oil and gas industry. As a result of this work, best practices guidelines and methodologies have been developed to consider biodiversity-related risks within the company's management processes. We also continue to form part of the Proteus project directed by the United Nations Environmental Program - World Conservation Monitoring Center (UNEP-WCMC), aimed at making information on biodiversity available to the extraction industry.

We maintain our commitment to supporting projects and organizations that promote biodiversity-related research, preservation, education and awareness, such as our collaboration with the West Indies University in Trinidad and Tobago and collaboration on the BAP in Ecuador with the Smithsonian Institution, the Royal Ontario Museum and the Philadelphia Academy of Natural Science.

## Environmental management system

The environmental management system comprises regulations, procedures, technical guidelines and management tools that are continually updated to reflect sector best practices. It sets common standards for all Repsol operations regardless of their geographical location.

In 2013, two new internal regulations were approved, aimed, among other goals, at preventing environmental accidents:

Regulation for safety and environmental management in maritime and fluvial operations and transport: This standard aims to minimize risks affecting the safety of people, facilities and the environment, by establishing basic guidelines on safety and environmental management in maritime and fluvial operations and transport operations. The regulation sets a series of mandatory controls to minimize these risks, and therefore prevent environmental accidents.

Regulation for the prevention and mitigation of fires, explosions and toxic releases: This regulation establishes the minimum criteria for prevention and mitigation systems to avoid or minimize the consequences of serious incidents, including environmental accidents.

## Audits

Every year we implement an audit plan for the safety and environment area, in order to determine the efficiency of our management system and to ensure continuous improvement.

### Safety and environment audits carried out in 2013

	Number
Internal	327
Certification	102
External (legal and other)	63
Other	10
Total	502

#### Review of the internal audit process in the Industrial area

In order to give a new value-added focus to the internal audit process, in 2013 a working group comprising environmental specialists from various chemicals and refining complexes, coordinated by the environmental unit of the Industrial area, was set up. Over several meetings, the group analyzed the audit process, and submitted a proposal to change certain internal audit procedures. This proposal was subsequently approved by all centers.

The change calls for a cross-referenced internal audit to be carried out yearly in place of the local audit, so that the implementation of the safety and environment management system and applicable corporate regulations will be reviewed within a three-year period.

This proposed optimization is aimed at strengthening the audit process, contributing added value through exchanges between centers, and standardizing the scope of the audit procedure to obtain a clearer business vision.

## Certifications

We encourage our company sites to obtain certification in accordance with international standard ISO 14001. In 2013, the number of centers obtaining certification increased, with 37 new centers and activities added to the list: 20 service stations in Peru as well as 17 marine and fishing supply facilities.

## Main ISO 14001 certifications in 2013

Activity	Certified ISO 14001 centers	%
Refining	6 out of 6	100
Chemicals	6 out of 6	100
E&P	3 out of 6	50
LNG	1 out of 1	100
LPG	29 out of 32	91
Lubricants and Specialities	13 out of 13	100
Technology Center	1 out of 1	100

In addition to the activities shown in the table above (Main ISO 14001 certifications in 2013), 160 centers obtained certification including service stations, terminals, marine and fishing supply facilities and distribution centers.

For more information on certifications in [this link](#)

The company has also been working on obtaining other types of certification. As a result, in 2013, the Madrid headquarters (Repsol Campus), obtained LEED® (Leadership in Energy and Environmental Design) certification in the platinum category.

For more information on LEED Platinum certification at the Repsol Campus in [this link](#)

### Repsol Campus obtains LEED Platinum certification

In 2013, our headquarters in Madrid obtained LEED® Platinum certification for new constructions, granted by the prestigious U.S. Green Building Council (USGBC).

The Repsol Campus therefore became the first large office building in Spain and one of the first in Europe of its size to secure the aforementioned certification.

LEED-NC certification (New Construction and Major Renovations) assesses all design aspects of new buildings. It therefore ensures that buildings are designed and built under the most stringent standards of sustainability throughout the process and in all its aspects.

LEED not only recognizes the positive impact on the welfare of the building's occupants and the environment, but also values reductions in the building's operating costs, improvements in the value of the asset and of the organization, increase in productivity of its occupants and the creation of a sustainable community.



Repsol obtained this certification through:

- More than six years of diligent work.
- Visits to buildings at project stage and/or buildings completed to LEED specifications or under similar sustainability criteria.
- Taking on board LEED requirements in Contracting Conditions and Project Execution.
- This certification allows our efforts to ensure sustainability to be accurately measured and quantified. We are a step ahead of requirements and we have changed the market.

The aspects addressed by the LEED certification system and the main objective of each aspect are listed below:

- Sustainable site: Restrict the environmental impact of the building on local ecosystems, preserving them and improving the health and welfare of neighboring communities.
- Materials and resources: Carefully select and manage materials and waste generated by the building to ensure that the environmental impact is minimal.
- Indoor environmental quality: Ensure the comfort and welfare of installation workers and subsequently the building's occupants to encourage productivity.
- Water efficiency: Limit or reduce the consumption of drinking water and wastewater production
- Energy efficiency and alternative energies: Reduce the amount of energy required by the building and seek alternative energy sources.
- Innovation in design: Ensure exceptional efficiency, beyond the requirements established by the LEED system and achieve innovation in non-regulated categories.

## Risk management and environmental impacts

Each year we update or carry out risk analyses in all our operations to ensure that we are reducing risks to levels acceptable to Repsol. This allows us to act as swiftly as possible when taking preventive and/or corrective actions, with a minimum impact and maximum effect.

In 2013, we performed several types of risk analyses, in compliance with our internal safety and environment risk management program for industrial assets, in line with sector best practices.

Furthermore, we follow a corporate standard establishing common guidelines for environmental, social, and health impact assessments in all company operations. The studies required for new projects include identification of environmental resources and hazards, the environmental baseline, an environmental impact assessment and a monitoring plan.

### Implementation of best environmental practices at Repsol

Repsol is committed to achieving top-tier environmental performance in all its operations. To do so, we must follow the same environmental standards all over the world.

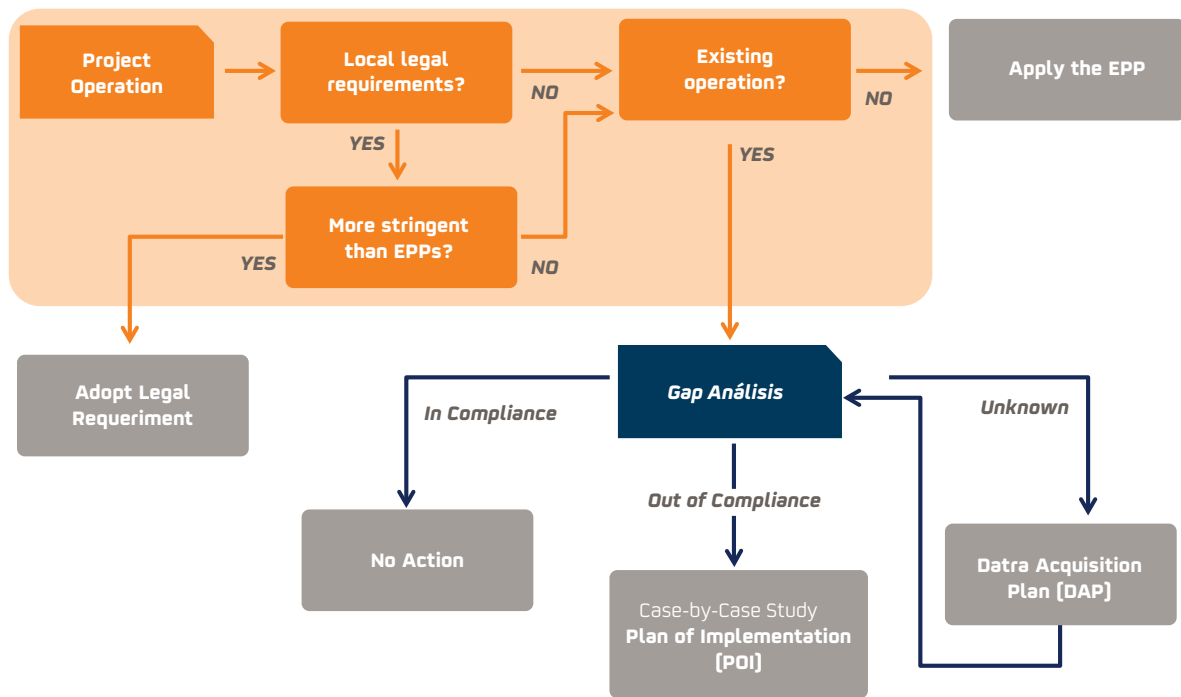
To ensure a consistent approach across the entire company and to prevent and minimize the environmental impact of our operations on a global level, the Exploration and Production business has established a set of Environmental Performance Practices (EPP) applicable to all activities and projects, both new and existing (production facilities).

All Repsol's E&P activities must meet these minimum requirements to ensure that they are carried out in an environmentally-responsible manner and use the best internationally-accepted practices such as those established by the International Finance Corporation (IFC), the Joint Nature Conservation Committee (JNCC), the International Association of Geophysical Contractors (IAGC), the United States Environmental Protection Agency (USEPA) and ARPEL [the regional association of oil, gas and biofuel companies in Latin American and the Caribbean].

The EPP covers all stages of an operation's life cycle: seismic studies, exploration, development, production and abandonment. It also specifies the main environmental factors to be taken into consideration: biodiversity, noise, atmospheric emissions, wastewater and waste management.

The chart Implementation of EPPs reflects the implementation process for these practices:

*Implementation of EPPs*



Repsol has carried out an in-depth gap analysis to examine compliance with minimum requirements in E&P activities in 15 countries. This study covers all activities performed under normal operating conditions in both onshore and offshore operations. It also includes joint ventures where Repsol is the leading partner or operator, as well as the activities carried out through contractors or subcontractors.

Despite the potential financial and operating impacts, the application of these minimum requirements has proved to an excellent tool to guarantee ongoing improvements in environmental management and to ensure that the best international environmental practices are aligned across all our E&P operations.

## Promoting training

To enhance our environmental performance, we promote environmental awareness and training programs. In 2013, 2,634 employees<sup>24</sup> received a total of 17,882 training hours in environmental issues, implying a coverage rate of 11%.<sup>25</sup> The greatest number of training hours were dedicated to the following topics: safety and environment leadership, environmental management, analysis of risks and impacts and safety and environment management systems.

### Environmental awareness campaigns in Peru

In 2013, environmental awareness campaigns were carried out at the La Pampilla refinery in Peru, under three main lines: waste management, spills and an “environmentally-responsible Pampillero”.

Activities were aimed at raising awareness of and strengthening the environmental culture among all company personnel. To encourage participation and facilitate communication, the company employed videos, informative brochures, contests and competitions, knowledge sharing and workshops.

The campaign garnered the participation of a large number of employees, boosting environmental and regulatory awareness in their daily work. The campaign also served to identify strengths and weaknesses in relation to the three lines of the initiative.

## Adapting to new regulatory requirements

Our targets and plans take into account the actions required to achieve continual improvement in management, as well as associated investments and expenses, and adaptations to meet new regulatory requirements.

## Improvements in the environmental quality of fuels

In 2013, we played an active role in defining the climatic requirements for biodiesel, in accordance with EU standard EN 14214. Since this regulation was approved and came into force in June 2013, Repsol makes sure that all company suppliers meet the stipulated requirements, while at the same time ensuring the quality of the final product.

In 2013, the company included co-processed hydrotreated vegetable oil (HVO) produced at its refineries among its gasoils. These operations blend bio products with fuels, thereby complying with the EU Directive on Renewable Energies through Royal Decree 1597/2011. The biofuels used by Repsol in its products comply with the sustainability requirements demanded in all of its markets (Spain and overseas).

<sup>24</sup> Number of people attending courses.

<sup>25</sup> Percentage of people attending training activities in relation to total staff.

All the fuel we supply to the market meets current quality specifications: EN 228 for automotive petrol and EN 590 for automotive diesel. Under these specifications, automotive petrol and diesel must be free of sulfur compounds (maximum 10 mg/kg) and have a low content of aromatic compounds (less than 1% v/v of benzene in gasoline), greatly helping to improve the environment by reducing emissions of volatile compounds. Repsol has worked to improve its processes in order to meet these targets.

### Improvements in the environmental quality of fuels in La Pampilla (Peru)

The “Adaptation to New Fuel Specifications” project is still being rolled out, as a result of which the La Pampilla refinery will produce diesel and gasoline with 0.005% mass.

Repsol is committed to both respecting the environment and producing quality products. The current technical specifications in Peru, NTP 321.004 (1981) and NTP 321.090 (1984), approved by INDECOPI<sup>26</sup> and enforced by the General Directorate of Hydrocarbons, regulate the volatility properties of gasoline. With regard to gasohol, in 2009, R.M. N° 515-2009 MEM/DM established the same specifications for this compound as for gasolines, setting the vapor pressure for gasohol at 11 psi.<sup>27</sup>

This regulation also stipulates that the maximum sulfur content in all gasolines is 0.2%, with a much lower limit (0.005%) for high-octane gasoline (98 RON). Lead content must not exceed 0.013 g/l.<sup>28</sup> Benzene, aromatic compound and olefin levels are not specified.

For gasoil, the sale of diesel with a sulfur content of 50 ppm in Lima, Callao and other areas in the south of the country is regulated by law. Given that there are no desulfurization facilities in Peru, all the country's diesel is imported. Diesel 2 with a sulfur content of 0.5% produced at the refinery meets the specifications for sale in the rest of the country.

The regulation requires significant improvements at the facilities, and the required investment will be the largest ever made at La Pampilla. By 2016, the facility will be able to desulfurize the diesel produced at the refinery and in 2017 it will have a gasoline block.

The main actions performed in 2013 in relation to this project include:

- Mechanical completion of four new crude oil tanks. As a result, the five existing tanks will be demolished and the space used to build the new units and retaining walls for the middle distillates and gasoline blocks.
- Approval of the Environmental Impact Study (semi-detailed) for the construction of the new units.
- Award of the Engineering, Procurement and Construction (EPC) contract for the middle distillates block, including the diesel hydrodesulfurization units, the amine regeneration unit and the sulfur recovery unit.
- Start-up of detailed engineering work with the corresponding awarding of the contract and the purchase of critical equipment.
- Signature of a hydrogen supply contract, entailing the construction and operation of a plant inside the refinery and the start-up of the corresponding detailed engineering projects.

<sup>26</sup> INDECOPI: the Peruvian Anti-Trust and Intellectual Property Protection authority.

<sup>27</sup> Indirectly regulating the vapor pressure for gasoline at 10 psi, as gasohol is a product obtained from plants blending 7.8% of alcohol with the fuel.

<sup>28</sup> In early 2005, the use of octane improved antidetonants (TEL) was banned in Peru. Accordingly, our products do not contain lead-based additives and comply with the legal maximum (0.013 g/l).

## Best available techniques in the Refining sector

In 2013, Repsol worked actively with the European Technical Working Group on the Best Available Techniques Reference Document (BREF) for the refining sector and organic chemical compounds, contributing information to determine the best techniques available in the sector for reducing emissions. The work carried out by these technical groups will be translated into the new regulation for industrial emissions. The new regulation is scheduled for publication in 2015, after which refineries will have 4 years to adapt to its conditions.

## Development of new technologies to mitigate the environmental impact of our product and services<sup>29</sup>

Repsol has accepted the challenge of providing the energy necessary to ensure our welfare in a way that is both cleaner and more environmentally-friendly. We do this by encouraging innovation, development and research.

At the Repsol Technology Center, a large number of projects are underway to continually improve processes and create products that allow us to use energy intelligently, reducing consumption and minimizing the impact on the environment.

### Petrochemicals

Our activities are focused on improving and optimizing processes, reducing energy and raw materials consumption and introducing alternative, more efficient catalytic systems.

Activities relating to polyolefin production include the industrial-scale manufacture of products using new catalysts. One of these, used in the production of high-density polyethylene mainly for pipes, reduces the quantity of subproducts generated. The other, developed for the production of polypropylene for pipes and thermoforming processes, both reduces catalyst levels in the final product and enables the use during the manufacturing stage of substances that have less environmental impact.

In the Intermediate Products Business, we have worked to develop different catalytic systems for the production of alternative propylene oxide and styrene, significantly reducing the consumption of specific raw materials that derive from non-renewable sources.

### Fuels

In 2013, work was carried out to optimize heating oil to obtain a product better-suited to the most advanced boiler technologies. We analyzed and identified the most important properties and characteristics to obtain heating oil with a lower environmental impact. This gasoil combined with more efficient technology can reduce NO<sub>x</sub> emissions by an average of 30% and eliminate virtually all particulate, CO and SO<sub>2</sub> emissions.

<sup>29</sup> For initiatives related to greenhouses gas emissions, energy consumption and biofuels see the section on [Our energy and carbon results](#) in the chapter Promoting a low carbon strategy.

Additionally, the Repsol Technology Center's knowledge of fueloil and research capacity contributed to the operation to buy back fueloil from the Aceca Thermal Plant (currently being dismantled) and sell it directly to customers for use in cogeneration engines. Approximately 18,000 tons of fueloil was therefore reused and not processed as waste.

## Lubricants and Specialities

*At Repsol, we develop lubricants from renewable, biodegradable and non-toxic sources as a way of reducing our environmental footprint.*

We are currently adapting and improving the properties of vegetable oils for use in industrial applications, searching for areas in which their use has the highest added value. This includes RP Bio Electra, a dielectric oil for transformers that, in addition to its low environmental impact, is a great deal safer as it has a much higher flash point than other minerals traditionally used for this purpose.

Repsol's Technology Center is developing and improving non-carcinogenic extender oils, which have a lower environmental impact. These oils are used to manufacture rubbers, mainly in the tire industry, a sector that is extremely sensitive to the toxicological classification of its components and the content of its polyaromatic compounds.

## Asphalts

Repsol is a member of the European Life Equinox project, part of the LIFE+ urban environment proposal. The purpose of this project is to prove the efficiency of a surface treatment for asphalt pavements that reduces the concentration of nitrogen oxides (NOx) in the environment through photocatalysis, thereby improving the air quality in cities. During the execution of this project, a demonstration of the treatment will be made in a specific urban area of Madrid.

We are also working on the eco-efficient recycling of urban pavements. This reduces the extraction of aggregates from quarries and provides a use for old materials that would otherwise accumulate in landfills.

At Repsol, we have designed asphalt-based emulsions for use in the total recycling of road pavements in urban areas, using lower temperatures than in conventional recycling technologies, making paving on streets and in urban areas more sustainable.



# Promoting a low carbon strategy

Repsol is a sector leader in the area of sustainability, fully aware that energy and carbon must be managed optimally to achieve operational excellence.

*Our strategy encourages initiatives that reduce energy intensity over the entire life cycle of our products and therefore lower greenhouse gas emissions.*

## Operational excellence

The company works to promote a low carbon strategy in all its activities and in all countries in which we operate, from the extraction and transformation of oil to the sale of products.

We are facing this challenge with a new strategic approach, no longer considering individual facilities as management units but instead adopting a two-pronged focus (global and product-based) that extends to the entire value chain. We consider that the path to reducing our carbon intensity lies in achieving operational excellence in energy terms. To do this, we need to have clear knowledge of our starting point, our emissions baseline and performance. Consequently, the measurement and monitoring of our carbon inventories and energy maps is fundamental. On this basis, we are working to identify actions to reduce our energy consumption and greenhouse gas emissions, defining short- and long-term plans and objectives for all our business areas.

The measures adopted to reduce our carbon intensity are supported by projects involving low carbon technologies in the company's Technology and Emerging Businesses units.

Additionally, we follow carbon market trends as part of our carbon strategy. In 2013, Phase III of the EU's CO<sub>2</sub> Emissions Trading System (EU ETS) was launched. To comply with EU targets and at the same time minimize the economic impact of the coverage of the emissions made by our industrial facilities, we make use of the past and future results of our energy efficiency plans, international credits deriving from our participation in international CDM (clean development mechanism) projects and allowances accumulated in Phase II, which are valid for Phase III.

### **Additional information on the Carbon Disclosure Project<sup>1</sup>**

In 2013, Repsol was once again a leader in the oil and gas sector in the area of carbon management, according to the selective index Climate Disclosure Leadership Index (CDLI), formed by the 50 best international companies in the area of communication and transparency in climate change.

All responses to the Climate Disclosure Project's annual survey can be viewed at <https://www.cdproject.net>. The survey also provides more detailed information about the following aspects of the company's carbon strategy:

<sup>1</sup> The information available from the response to the CDP 2013 survey corresponds to data from 2012 and previous years.

- Progress made on emission reduction targets.
- Emission reduction initiatives at the study phase as well as initiatives already underway.
- Methods employed to promote investment in emission reduction measures.
- Risks and opportunities in the area of climate change.
- Scope 1, 2 and 3 emissions.
- External verifications of Scope 1, 2 and 3 emissions.

The information contained in this report, on the website [repsol.com](http://repsol.com) and in the CDP comprises Repsol's disclosures on climate change.

## Carbon footprint

Repsol is aware of the importance of ensuring the quality and transparency of data relating to greenhouse gas emissions in order to achieve efficient energy and carbon management.

*93% of Repsol's direct greenhouse gas (GHG) emissions inventory is currently certified under International Standard ISO 14064.*

### GHG emissions inventories in our activities and operations

Our objective in this area is to achieve excellence in GHG inventories in two main areas: increasingly extending their scope and improving quality and transparency.

As a result of our efforts, more than 93% of Repsol's direct GHG emissions have been verified under this standard.

Repsol has widened the verification scope of its GHG inventories under international standard ISO 14064 and through an accredited company. In 2013, new upstream installations were verified, including the Casablanca platform in Tarragona and the Teak, Poui and Samaan platforms in Trinidad and Tobago (the latter are the first offshore facilities to obtain certification under this standard).

Additionally, the Madrid headquarters (Repsol Campus) was verified for the first time, obtaining the highest LEED award (platinum) in the new construction category granted by the prestigious US Green Building Council (USGBC).

A large part of our production-related emissions come from our supply chain activities, as well as from customers' use of our products. As such, various actions are being undertaken to include these indirect emissions, known as Scope 3 emissions, into the company's GHG emissions inventory.

### Carbon footprint of our products

To learn more about our products' GHG emissions, we are developing various initiatives to quantify and verify their carbon footprint. Once a product's carbon footprint has been ascertained, GHG emissions for each stage of its life cycle can then be calculated, in addition to emissions associated with the activities



of our suppliers and customers. This information helps us progress toward more efficient energy and carbon management along the entire value chain.

### **Verification of the carbon footprint of the LPG agroindustrial facility in Peru**

The Liquefied Petroleum Gas (LPG) unit in Peru implemented a project to calculate the carbon footprint of the LPG agroindustrial facility and its subsequent certification under technical standard ISO 14067.

In October, we obtained the first positive verification of the carbon footprint of a company product, under technical standard ISO 14067.

This project forms part of the global plan to calculate the carbon footprint of all Repsol's products. The objective is to learn about and manage GHG emissions throughout the life cycles of our products.

Verification of the carbon footprint of the LPG agroindustrial facility in Peru under international standard ISO 14067 is a milestone for the company, as it is one of the first products in Latin America to achieve such verification. It also underscores Repsol's commitment to transparency and sustainability.

## **Emissions offsets**

Repsol remains committed to offsetting the carbon footprint of some of its activities and events.

In 2013, various initiatives and emission-reduction projects were launched to offset the adverse impact on the climate associated with specific activities. These efforts include offsetting the emissions from the Annual Shareholders' Meeting in May 2013, and emissions generated by the Repsol team at the Motorcycle World Championship during the 2013 season.

In relation to the Annual Shareholders' Meeting, 225 tons of CO<sub>2</sub> equivalent were offset by contracting the same number of voluntary credits at the "La Venta II" windfarm project (Mexico).

Further, the Repsol team's participation in the official pre-season trials and in the 18 Motorcycle World Championship events produced 3,745 tons of CO<sub>2</sub> equivalent, which were offset by emissions reductions in the Kintambar project in Brazil. To that end, biomass from renewable sources produced by local agri-industries was used in the production processes of small local factories, in place of wood from trees felled in the Amazon.

Repsol has contracted an independent entity to verify that all data comply with the specifications of international regulation PAS 2050:2011 (on assessing GHG emissions in the life cycle of goods and services).

## Energy and carbon management

Repsol is working to achieve excellence in the energy and carbon performance of all its facilities. We therefore have energy management systems and energy efficiency plans in place, in addition to annual and long-term emission reduction objectives.

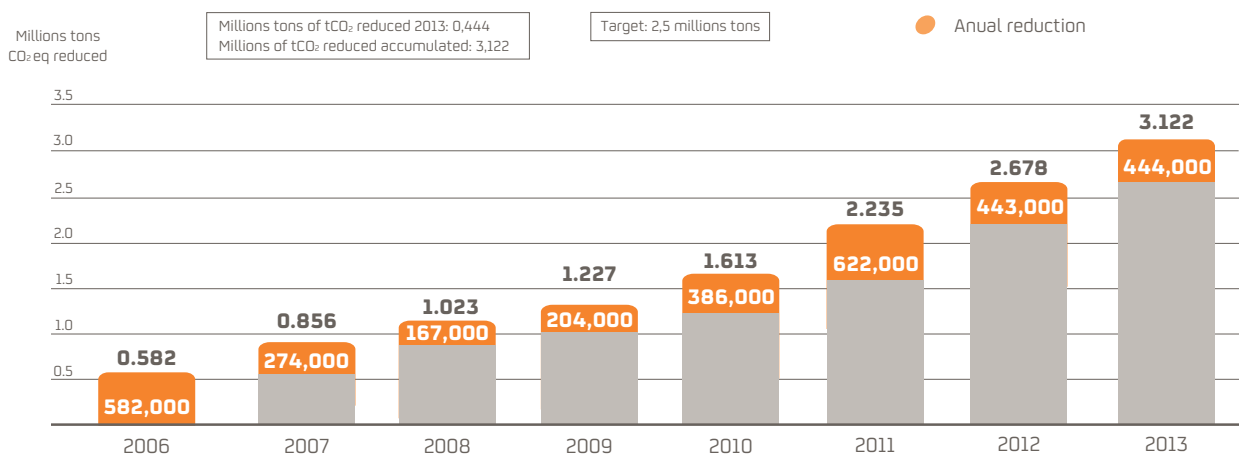
*Our objective is to reduce CO<sub>2</sub> emissions by 1.9 million tons in the 2014-2020 period, compared to our 2010 baseline.*

### Reduction targets and energy efficiency plans

In order to give continuity to our medium- and long-term energy efficiency targets, the company aims to reduce tons of CO<sub>2</sub> emissions by 1.9 million by 2020 compared to the 2010 baseline. In 2013, a new plan was developed for 2014-2020, which incorporates all business plans currently being implemented.

Additionally, 2013 saw the achievement of our 2006-2013 target to reduce CO<sub>2</sub> emissions by 2.5 million tons. As shown in the chart below, the company comfortably outstripped the objective met in 2012 due the reductions accumulated over those years, attaining an annual reduction of three million tons of CO<sub>2</sub> at the end of the period.

Strategic greenhouse gas reduction target



For more information on emission reduction targets in [this link](#)

### **Emission reduction projects: Green Completion**

Margarita-Huacaya is a gas field operated by Repsol and located in the department of Tarija in southern Bolivia. All gas extracted at the plant is channeled to the Margarita facilities where it is treated for subsequent sale.

Before a well enters into production, it must undergo a cleaning and testing phase (well testing). The main objective of the cleaning phase is to extract drill mud and other materials from drilling the well to prevent the erosion of lines and facilities. In the well testing phase, the well's potential is quantified through pressure and flow tests. During these tests under normal conditions, a large quantity of gas is burned, with the consequent emission of a large amount of GHGs.

In 2013, the Bolivia Business Unit rolled out Green Completion project at the Margarita 5 and Margarita 6 wells, two new wells that came into production during the year.

The Green Completion project consisted of recovering the gas used in the well testing phase, which is burned under normal conditions. To do this, changes had to be made to the execution of the tests, installing gas transport lines from the wells to the collectors and installing additional meters to provide more accurate measurements. In this way, the gas recovered was channeled back to the plant safely for treatment, at the same time adjusting the production of the rest of the wells to meet the daily production quota established by the Bolivian government.

The same process was carried out at the MGT-5 well in September and then at the MGT-6 well in December. Around 300 million cubic feet of gas was recovered, the equivalent of reducing CO<sub>2</sub> emissions by 20,588 tons. This figure represents 35% of total emissions produced by the Margarita processing plant in 2012.

Lloyds Register Quality Assurance (LRQA) was contracted to provide an external verification in accordance with the criteria set down in ISO 14064-Part 1.

**Click here for more information on the Margarita project in [this link](#)**

In 2013, almost 100 investments and operating improvement measures were verified across all the company's operations. These actions were mainly energy efficiency improvements through a variety of different projects, resulting in a reduction of 5 million GJ:

## Verified actions in 2013

Business unit	Facility	Number of actions	Type of actions	Emission reductions [t CO <sub>2</sub> eq]
Refining Spain	A Coruña Refinery (Spain)	16	Furnace modifications and operating improvements	11,193
Refining Spain	Cartagena Refinery (Spain)	15	DMC installations at units, energy integration studies, insulation of hot water tanks and optimization of the steam/load ratio	76,085
Refining Spain	Puertollano Refinery (Spain)	18	Furnace modifications, energy integration studies, hot loads, fuel substitution and optimization of steam consumption	56,556
Refining Spain	Tarragona Refinery (Spain)	15	Heat recovery in heat exchanger train, hot loads, optimization of operating parameters and fuel substitution	110,492
Refining Spain	Petronor Refinery (Spain)	20	Energy integration, flared gas compressors and operating improvements	45,642
Chemicals EUR	Puertollano Complex (Spain)	2	New TLXs for crackers and fuel substitution	36,634
Chemicals EUR	Tarragona Complex (Spain)	4	Fuel substitution and operating improvements	40,208 <sup>2</sup>
Chemicals EUR	Sines Complex (Portugal)	1	Furnace convection modifications	12,341
Refining Peru	La Pampilla Refinery (Peru)	3	Reduction in steam consumption and fuel substitution	27,186
E&P Ecuador	Block 16 (Ecuador)	1	Recovery of flared gases	7,550
DG E&P Bolivia	Margarita (Bolivia)	2	Gas recovery during well testing	20,558

### Installation of a multivariable dynamic matrix control (DMC) at the new units of the Cartagena refinery

In late 2011, one of the largest refining projects in Spain got underway with the expansion of the Cartagena refinery. In 2013, to maximize the operating efficiency of the new units, new multivariable controls (DMCs) were designed and installed at the coker and hydrocracker plants and at the hydrogen 1 production plant.

In the first stage of the project, a team was set up comprising Repsol employees (from the Optimization and Control departments) and representatives of a specialist external team, internationally recognized for its work in installing DMC controllers. The Processes, Operations and Laboratory Analysis units also contributed significantly to the solid results obtained.

<sup>2</sup> Of the total reduction at the Tarragona chemicals complex, an estimated 10,522 tons correspond to chemicals.

The DMCs installed made for various improvements including reducing steam and fuel consumption in furnaces and reducing CO<sub>2</sub> emissions.

As a result, the stability of these units was significantly improved, optimizing their operation with energy savings amounting to 9,622 tons of natural gas per year, with the subsequent reduction of 26,172 tons of CO<sub>2</sub>.

### Tail gas heat recovery from sulfur plants

The Tarragona refinery sulfur recovery unit had an incinerator [673-F4] installed during the start-up phase in 1975. Maintenance work could only be carried out during general shutdowns and any problem affecting this piece of equipment could have an impact on refining activities. Further, the old design of the incinerator meant that it was not equipped to recover heat from fume, sending it to the chimney at a temperature of 750°C.

Therefore, the aim of the project was:

- to recover the residual heat from the fume produced by burning tail gas at the sulfur plants, generating high pressure steam.
- to improve the operating reliability of the fuel units by making a reserve incinerator available.

The project required the installation of new gas treatment equipment, with a high-pressure steam boiler to maximize the recovery of residual heat from smoke before it is sent to the chimney.

The new equipment has increased high-pressure steam production, triggering a significant reduction in consumption at the unit [savings of 5.48 kt FOE/year] and the associated CO<sub>2</sub> emissions [12,118 tons a year].

This illustrates how the recovery of residual heat from fume can lead to significant energy savings, boosting the return on the associated investments.

## Energy management system

One of the company's main objectives is to implement an efficient energy management system (EMS). These systems, based on continual improvement, encourage a comprehensive and systematic management approach, promoting cost savings and affirming the company's commitment to supplying sustainable energy.

Repsol's Energy Management System is implemented according to the requirements of International Standard ISO 50001. This standard enables procedures and systems to be established that improve the energy performance of organizations, allowing improvement opportunities to be more readily identified, leading to a reduction in GHG emissions and energy costs.

Repsol is working to progressively roll out these systems in its different business units. In 2013, the Cartagena, Tarragona, and La Pampilla [Peru] refineries obtained certification, as did the chemicals unit

of the Puertollano industrial complex. In January 2014, upstream asset Block 16 in Ecuador also obtained certification.

EMSs are supported by energy studies and audits. In 2013, several internal audits were performed at refining and chemicals industrial centers, in addition to two inter-company audits at the Puertollano and Cartagena centers, two inter-company audits at the Tarragona and Sines petrochemical complexes and seven audits at different LGP units in different parts of the world. 550 audits were performed at service stations in Spain.

#### **Energy Management System (EMS) certification under standard ISO 50001 for Block 16 in Ecuador**

Repsol Ecuador has been committed to achieving energy savings since it was first incorporated. Since the fourth quarter of 2012, work has been ongoing to adapt its Energy Management System to the requirements of standard ISO 50001.

Repsol's Energy Efficiency policy was implemented and a planning schedule drawn up stating specific objectives and goals that will improve the institution's energy performance. Many departments of the Ecuador business unit have taken part in this process, in addition to the Madrid Central Office, heading up the preliminary internal audit. The company's management has been onboard since the outset.

Lloyd's Register Quality Assurance certified the EMS following the conclusion of the documental review and verification that all regulatory requirements were applied at the facilities.

Block 16 in Ecuador is Repsol's first upstream facility to obtain this certification and also the first industrial facility in Ecuador to do so. As such, the company has once again demonstrated its commitment to sustainability and its pioneering efforts to establish an environmentally-friendly operating system.

## Non-fossil fuel energy initiatives

One of Repsol Nuevas Energías' objectives is to seek out sustainable opportunities related to biotechnology, renewable generation and e-mobility.

*In the second round of the Clima [climate] projects launched in 2013, two projects presented by Repsol won a place among the 49 initiatives approved by the Ministry of Agriculture, Food and the Environment.*

### **Biofuels**

In 2013, AlgaEnergy, Repsol Nuevas Energías' 20% owned subsidiary, carried out further R&D projects to obtain second-generation biofuels. In 2013, Neol Biosolutions (a 50-50 joint venture between Repsol Nuevas Energías S.A. and Neuron Bio's bioindustrial division) continued to develop and market proprietary technology for the industrial production of crude oils used to make advanced biofuels and bioplastics from industrial waste.

Additionally, Neol Biosolutions moved from experimental laboratory work to production scale at a pilot plant on the technology platform, using glycerin as a raw material for conversion to microbial oils (Microbiooil 1 @).

During the year, Repsol Nuevas Energías and its subsidiary Kuosol also completed their study of the comprehensive utilization of biomass from agricultural energy crops, concluding that the project is not economically viable at the present time using jatropha.

## Transport electrification

Repsol Nuevas Energías maintained its commitment to promote e-mobility through IBIL, installing 85 new charging points in 2013 and restructuring its five commercial offices in Spain to better develop its e-mobility project.

IBIL continued to roll out fast-charging infrastructure for electric vehicles throughout Spain. At year-end 2013, 16 Repsol service stations now have fast-charging points belonging to the IBIL network.

### Clima Projects 2013

In the second round of the Clima [climate] projects launched in 2013, two projects presented by Repsol won a place among the 49 initiatives approved by the Ministry of Agriculture, Food and the Environment. One of these was the second phase of the “e-mobility activity program”, under which 285 new charging points would be installed. The second is the “Program of activities to encourage a shift from road transport to rail transport at Repsol”, the aim of which is to group together initiatives relating to product logistics that aim to replace road transport with rail transport.

This year, the Logistics and Chemicals Customer Service department presented a project to change the means of transport used to carry benzene from the Puertollano Industrial Complex to the terminal at Tarragona port from road to rail.

Repsol acts as a manager and coordinator for both initiatives, organizing the follow up and monitoring of the data required to carry out GHG emission reduction calculations. The Ministry will also purchase the GHG emission reductions generated over the next few years.

## Renewable electricity generation<sup>3</sup>

Repsol Nuevas Energías UK is making progress on the development of three offshore wind energy projects in the UK: Inch Cape, Moray Firth and Beatrice.

### Repsol's renewable generation projects

Project	Stake	Description	Status at 2013
Inch Cape a través de la sociedad Inch Cape Offshore Limited (ICOL)	Repsol Nuevas Energías UK (51%) and EDP Renewables (49%)	Total installed capacity of up to 1,050 MW  The plant will have a maximum of 213 turbines, in a total area of 150 km <sup>2</sup> .  A connection agreement has been reached with the UK transmission grid through the Cockenzie plant (East Lothian) for up to 1,050 MW.	At December 31, 2013, approval was still pending for the project from Marine Scotland (Consenting) and for the start-up of the conceptual engineering phase.  Progress has been made on the assessment of wind resources and the supply and equipment contracting plan is underway.
Moray Offshore Renewables Ltd (MORL)	Repsol Nuevas Energías UK (33%) and EDP Renewables (67%)	Installed capacity of up to 1,500 MW, generated by 189 - 339 turbines, according to the capacity of the turbines installed and the number of total construction phases  The total area is estimated to cover 295 km <sup>2</sup> .  An agreement has been reached with the National Grid to ensure the project connected to the network at New Deer.	At December 31, 2013, approval was still pending for the project from Marine Scotland (Consenting).
Beatrice Offshore Windfarm Limited (BOWL)	Repsol Nuevas Energías (25%) and SSE Renewables (75%)	Total installed capacity of up to 920 MW, generated by 142-277 turbines, to be installed over an area of 132 km <sup>2</sup>  A network connection agreement has been signed with the National Grid at the Blackhillock plant for up to 1,000 MW.	At December 31, 2013, approval was still pending for the project from Marine Scotland (Consenting).

Additionally, in 2013, Orisol's development and operations of wind farm and photovoltaic plants was reduced significantly as a result of regulatory changes occurring mainly in Europe.

Further, Repsol Nuevas Energías, through Repsol New Energy Ventures, subscribed the capital increase carried out by Tocado Internacional, thereby raising capital by 20%. During the year, Tocado successfully completed the full scale-up of its turbine from T-100 to T-200 and signed a start-up agreement for 3MW in Canada in 2015.

<sup>3</sup> Through the acquisition of shares, Repsol currently owns 919 MW of renewable electricity generation capacity corresponding to wind, small-scale hydro and co-generation plant from our shares in Gas Natural Fenosa, which produced 2,198 GWh of electrical energy in 2013.



In March 2013, Repsol acquired 33.6% of the capital of Principal Power Inc, (PPI) via the delivery of shares in WindPlus. PPI is the owner of the technology implemented by WindPlus in its prototype floating offshore windfarm. At present, the 2.0 MW Vestas turbine has generated over 8 GWh of electrical power.

Windplus continues to advance on the NER 300 with the objective of designing, installing and operating five floating platforms with five wind turbines, with a total capacity of 27 MW.

## Agreements with Spanish institutions

Repsol Nuevas Energías and Invierte Economía Sostenible continue to work on the joint €21 million investment in sustainable initiatives signed in 2012. At the same time, Repsol New Energy Ventures, S.A. carried out a venture capital operation at the end of 2013 through which it invested, jointly with CDTI, €1 million in Graphenea, acquiring a stake of 5.19%.

Graphenea, a Spanish company, has developed innovative technology for high-quality graphene production, now being marketed in 40 countries.

For more information on Graphenea in [this link](#)

### Graphenea

Graphenea, a Spanish company founded in 2010 with headquarters in San Sebastián, evolved from the desire to exploit the potential of graphene as a material of the future. The company's specific objective is to create an industrial scale production process.

Graphene is a material developed on a nanometric scale, whose main properties are its high electricity conduction capacity, high mechanical resistance and high optical transparency, all of which give it multiple potential industrial uses.

For the energy sector, the development of graphene could herald significant changes. For instance, it could benefit solar energy. Solar panels coated with this material would be much more efficient, as graphene absorbs light more effectively and the amount of electricity obtained would be multiplied.

Graphene could be used to promote advances in the automobile industry (lighter and more resilient cars and e-vehicles with longer lasting batteries), armored materials (jackets, helmets and other protective items made with graphene would also be lighter and stronger), and in water treatment (due to its high density, graphene is permeable and could be used to desalinate water).

Graphenea has achieved a position of leadership in the production and marketing of CVD graphene wafers (the most advanced production method) and graphene oxides, becoming a supplier for the research centers of the most prestigious universities and technological companies. Today, it is also the exclusive supplier of graphene for the world's largest laboratory materials distributor.

On January 16, 2014, an organizational change was implemented as a result of which the former New Energies Unit was incorporated into the Strategy and Control Division as the Emerging Businesses Department. The Renewables Generation unit, formerly part of New Energies, was moved to the new Gas and Power Department. As this report covers 2013, these organizational changes are not taken into account herein.

The Repsol Technology Center (CTR) uses its R&D and innovation tools to continually improve and decrease the carbon intensity of the entire value chain, designing products that reduce greenhouse gas emissions when used. In 2013, this notably includes the high-efficiency lubricants project to reduce consumption and emissions.

Low viscosity lubricants and new technology are reducing fuel consumption in engines and consequently emissions of CO<sub>2</sub>, without this affecting the lifespan of the engine's components. Trials with urban vehicles demonstrate that Repsol's products give rise to fuel savings of 1.5% – 2%. All major manufacturers are requesting new low-viscosity lubricants for their future vehicles where the obligatory reduction of CO<sub>2</sub> emissions and lowest possible consumption will be key targets.

## Our energy and carbon results<sup>4 5</sup>

When reporting performance indicators for energy and carbon, we follow industry guidelines drawn up by the American Petroleum Institute (API), the International Petroleum Industry Environmental Conservation Association (IPIECA) and the International Association of Oil & Gas Producers (OGP).

### Greenhouse gas emissions

In 2013, direct emissions of CO<sub>2</sub> equivalent stood at 14.17 million tons, in line with the figure seen in 2012. As with CO<sub>2</sub>, emissions of CH<sub>4</sub> and N<sub>2</sub>O made by the Spanish and Peruvian Refining business and the upstream Margarita asset in Bolivia are verified under the standard ISO 14064.

#### Scope 1: Direct greenhouse gas emissions<sup>6</sup>

	2011	2012	2013
CO <sub>2</sub> (million tons)	12.29	13.24	13.37
CH <sub>4</sub> (million tons)	0.026	0.028	0.029
N <sub>2</sub> O (tons) <sup>7</sup>	807	724	639
CO <sub>2</sub> eq (million tons) <sup>8</sup>	13.1	14.1	14.2

#### Millions tons

	2013
Direct emissions of CO <sub>2</sub> eq based on shareholding (Scope 1)	19.63

<sup>4</sup> For further information on the scope of the data in this chapter, see section "Scope of the Report" in the chapter "About this report".

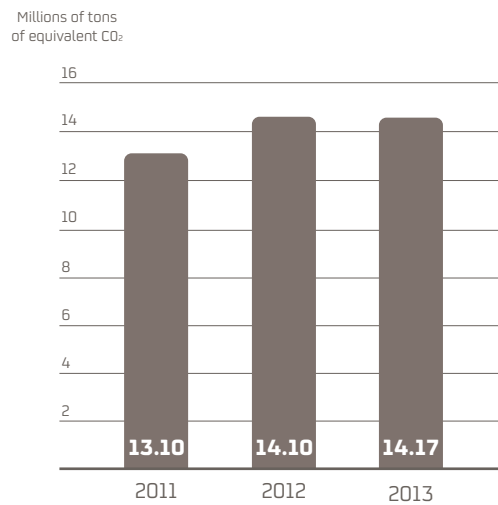
<sup>5</sup> To facilitate data comparison over time, the previous year's data has been adjusted in line with changes in the company's asset structure. The criteria for changing the baseline are included in oil-industry guidelines (API/IPIECA/OGP).

<sup>6</sup> For data on emissions from mobile sources, only those associated with own transport are included.

<sup>7</sup> Includes emissions of N<sub>2</sub>O verified under ISO 14064.

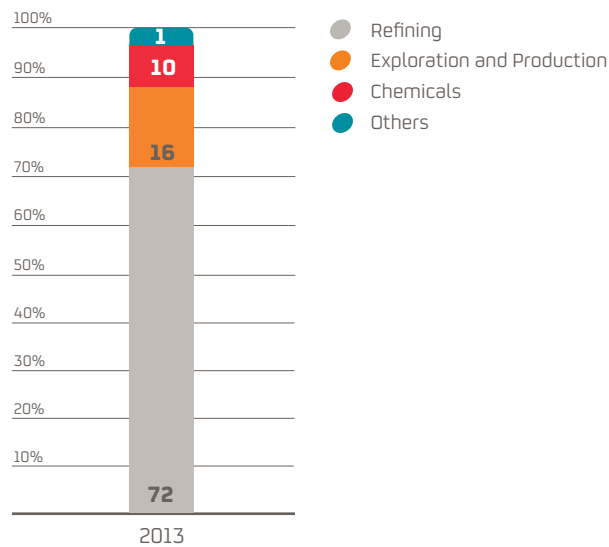
<sup>8</sup> Includes emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O in terms of CO<sub>2</sub> equivalent.

Direct equivalent CO<sub>2</sub> emissions



Most emissions derive from the Refining business, followed by Exploration and Production

Eq. CO<sub>2</sub> emissions by activity [%]



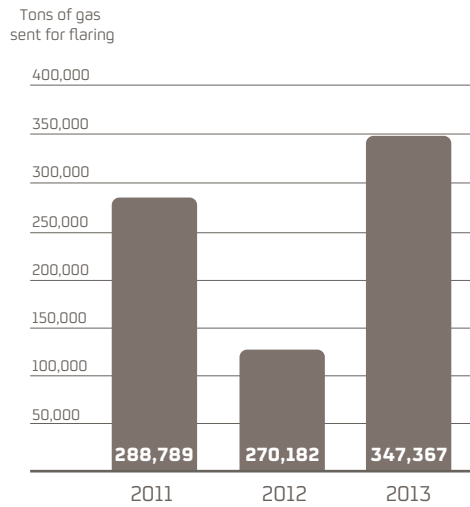
Flared gas

Flared gas increased by 22% year on year, primarily due to:

- The increase at the Trinidad & Tobago facility, once more accurate data was made available through the inventory verification carried out for the first time last year.
- The launch of the BOG (Boil Off Gas) compression project at the LNG facility in Canaport (Canada).
- To a lesser extent, higher production by main Upstream assets.

At Repsol, we are working to reduce the amount of flared gas produced. For instance, following the Tivacuno reduction project, we reduced flared gas emissions in Block 16 (Ecuador) by over 50%.

Gas sent for flaring<sup>9</sup>

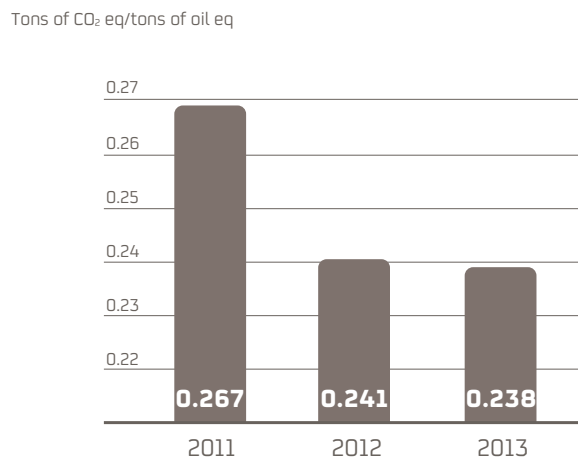


Trends in CO<sub>2</sub> eq specific to E&P and Refining activities<sup>10 11</sup>

CO<sub>2</sub> eq specific to E&P activities continued to fall. Emissions of CO<sub>2</sub> eq per ton of raw materials processed in the Refining business has also declined over the past few years, due to improved energy efficiency leading to the optimization of our processes.

Intensity of greenhouse gas emissions			
	2011	2012	2013
Intensity of Exploration and Production emissions (tons of CO <sub>2</sub> eq/tons of oil equivalent) <sup>12</sup>	0.267	0.241	0.238
Intensity of Refining emissions (tons of CO <sub>2</sub> eq/tons of crude processed) <sup>11</sup>	0.310	0.298	0.288

Specific exploration and production indicator

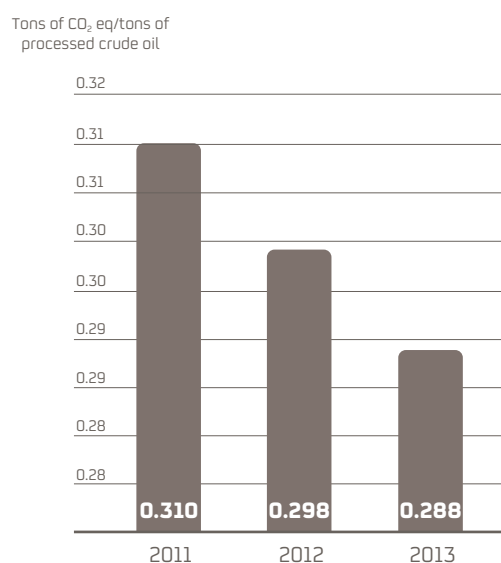


<sup>9</sup> The 2012 figure has been corrected compared to last year's report due to an error in the calculation of data for Ecuador.

<sup>10</sup> Data calculations based on CO<sub>2</sub> eq from direct emissions and indirect CO<sub>2</sub> emissions associated with the purchasing of electricity and steam.

<sup>11</sup> For the calculation of the refining emissions indicator total processed raw materials are now taken into account, not just processed crude.

<sup>12</sup> Data calculations based on CO<sub>2</sub> eq from direct emissions and indirect CO<sub>2</sub> emissions associated with the purchasing of electricity and steam.

*Specific refining indicator***Scope 2: Indirect greenhouse gas emissions**

Million tons	2013
Indirect emissions of CO <sub>2</sub> associated with the purchase of electricity and steam [Scope 2]	0.97

The increase in steam was due to programmed maintenance shutdowns at the Puertollano and Tarragona olefins plants in 2013, which led to a decrease in steam production and an increase in steam purchases. Additionally, the shutdown of cogeneration activities at the Puertollano and Coruña plants led to an increase in purchases of steam and electricity. Lastly, in 2013, modifications were made in steam-to-electricity refining equipment, increasing the consumption of electricity.

**Scope 3: Indirect greenhouse gas emissions**

In 2013, emissions from use of the fuels we market totaled 113.9 million tons of CO<sub>2</sub><sup>13</sup>.

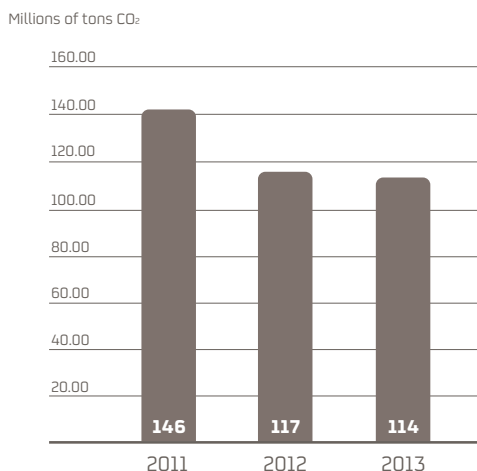
Million tons	2013
Indirect emissions of CO <sub>2</sub> associated with the purchase of hydrogen [Scope 3] <sup>14</sup>	1.34
Emissions of CO <sub>2</sub> derived from products marketed [Scope 3] <sup>15</sup>	114

<sup>13</sup> Data calculated based on API methodology (American Petroleum Institute): The Institute's Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Gas Industry.

<sup>14</sup> The increase is due to a change in accounting methodology for these emissions.

<sup>15</sup> Data calculated based on API methodology (American Petroleum Institute): The Institute's Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Gas Industry 2009.

### Emissions from the fuels we sell

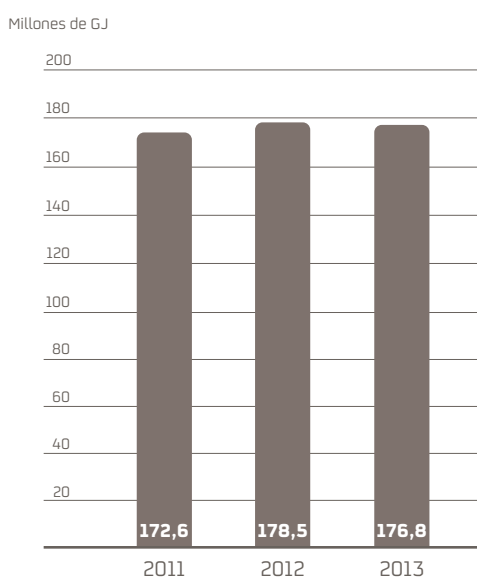


### Energy performance

In energy terms, in 2013 the company reduced its consumption compared to the previous year to 176.8 million GJ, due to the energy efficiency measures implemented in 2013 in all our activities. This reduction in energy consumption is associated with a reduction of 0.444 million tons of CO<sub>2</sub> verified under ISO 14064.

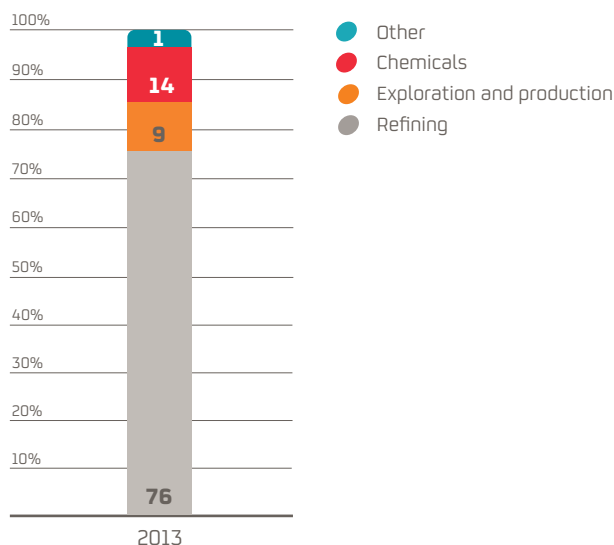
	2011	2012	2013
Fuels (million tons) <sup>16</sup>	3.63	3.75	3.66
Electricity purchases (10 <sup>6</sup> MWh)	1.21	1.77	2.11
Steam purchases (10 <sup>6</sup> GJ)	3.77	3.56	4.12
Total energy consumption (10 <sup>6</sup> GJ) <sup>17</sup>	172.6	178.5	176.8

### Energy consumption



<sup>16</sup> Natural gas accounts for 1.19 million tons of total fuels.

<sup>17</sup> To calculate the energy consumption of different facilities, we apply our Environmental Parameters Application (APA) which takes into account all fuels burned at the facility to make the energy required for its different processes (external fuel, mostly natural gas, and internal fuel generated at the facility) and the net balance of steam and electricity imports and exports.

*Energy consumption by activity [%]*

The Refining business shows the highest energy consumption, followed by Chemicals and E&P, in line with the pattern seen for emissions of CO<sub>2</sub> eq.

### Distribution of biofuels (thousand tons)<sup>18 19</sup>

Repsol promotes a balanced market for obtaining and processing raw materials for biofuel production and takes the necessary measures to mitigate risks to our supply chain. The European Renewable Energy Directive (RED) defines sustainability criteria for biofuels, to protect land with high biodiversity value or high carbon reserves, among other objectives.

In Spain, Royal Decree 1597/2011 of November 4, 2011 establishes sustainability criteria and the national sustainability verification system, which came into force on January 1, 2014. The National Energy Commission (CNE) leads the specification of the operational aspects needed to ensure compliance with the Royal Decree. Repsol is an active participant in the working group set up for this purpose.

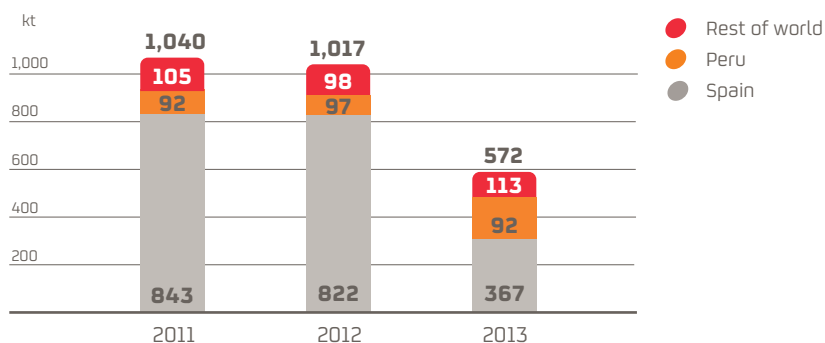
In our biofuel development and production projects, we hold to strict sustainability criteria. In 2013, we met our mandatory annual targets for biofuel sales and/or use in transport in all our countries of operation. Further, 367 kilotons of biofuels were distributed during the year (including 210 tons of hydrogenated vegetable oil) and 136 kilotons of bioethanol.

<sup>18</sup> Includes biofuel data from Spain, Peru and RoW (Italy and Portugal).

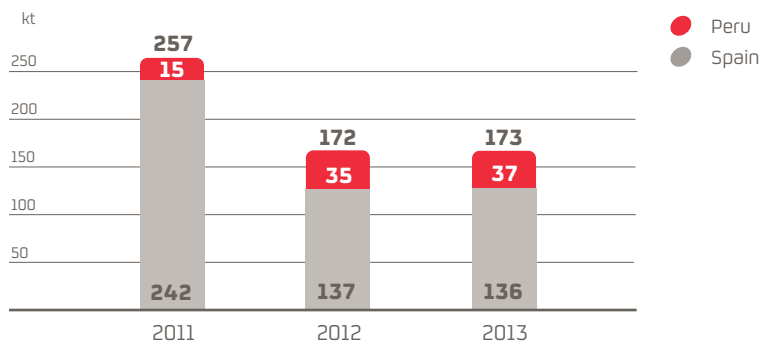
<sup>19</sup> Bioethanol data include figures from Spain, Peru and Portugal.

	2011	2012	2013
Biodiésel <sup>20 21 22 23</sup>	1,040	1,017	572
Bioetanol <sup>24</sup>	257	172	173

*Distribution of biodiesel*



*Distribution of bioethanol*



<sup>20</sup> Includes data from Spain, Peru, Italy and Portugal.

<sup>21</sup> The total amount of biodiesel includes 210t of hydrogenated vegetable oil (HVO) distributed in Spain, the rest of the amount being fatty acid methyl esters - FAME.

<sup>22</sup> Data for 2012 corrected from last year's report.

<sup>23</sup> The decrease in biodiesel in 2013 is the result of a legislative change modifying the minimum mandatory percentage of biodiesel in gasoil.

<sup>24</sup> Includes data from Spain, Portugal and Peru.





# Ethical conduct

The purpose of our Ethics and Conduct Regulation is to establish the conduct guidelines for Repsol and all its employees in performing their duties and in their commercial and professional relationships. We also act in accordance with relevant national laws and respect local cultural and ethical principles.

## Ethics and Conduct Regulation

Repsol's Ethics and Conduct Regulation embodies the behavior we require in our activities and operations. Our conduct follows strict ethical boundaries, respects human rights and minimizes environmental impacts. We expect our partners, suppliers, contractors and collaborators to perform in a manner consistent with these values as well.

The regulation was approved by Repsol S.A.'s Board of Directors on November 26, 2003. Since then, it has been amended three times, the last time on December 19, 2012.

The regulation sets out 18 guidelines that describe employee conduct in the performance of their duties, and includes aspects related to fraud and corruption, human rights, safety and the environment and relations with stakeholders. Our regulation defines the ethical conduct governing the company's activities, always with the utmost respect for human rights, reducing the environmental impact of our operations to a minimum and extending our influence so that our partners, suppliers, contractors and collaborators perform in a manner consistent with our own conduct.

The Ethics and Conduct Regulation is not exhaustive and does not specifically cover every professional situation that may arise. However, it is a valuable tool for guiding the actions of Repsol's employees in all circumstances relating to their work with the company.

All employees, especially managers and members of the Board of Directors, are equally committed to the regulation, without exception, and therefore it must be complied with by all. Further, all employees are obliged to inform the Ethics Committee or their line managers of any breach of the regulation observed during the course of their work.

The text of the regulation is available on the company's website ([www.repsol.com](http://www.repsol.com)) and on the intranet in Spanish, English and Portuguese, in addition to Catalan, Basque and Galician. If any queries over the interpretation or application of the regulation arise, employees may address the Ethics Committee, which is tasked with responding to queries of this type.

## The Ethics Committee

The Ethics Committee is responsible for overseeing and ensuring compliance with the Ethics and Conduct Regulation.

The Ethics Committee is an official, consultative, permanent internal body responsible for the oversight of the Ethics and Conduct Regulation. It comprises executive-level representatives from the General Secretariat and Board of Directors, the People and Organization Executive Department and Strategy and Control Executive Department.

In 2013, the Ethics Committee met on three occasions. Among other issues, the committee discussed the following:

- Follow up of information received and cases being processed by the company in relation to ethics.
- Follow up of actions carried out as part of the communication campaign for the Ethics and Conduct Regulation and the online course aimed at raising awareness of the regulation and the channels in place to report any potential breaches and ensure compliance.
- Amendment of the Ethics Committee Regulation.

At each of its meetings, the Ethics Committee follows up on the communications received through the various channels in place. The members of the committee, Repsol senior executives who do not receive remuneration for this work, contribute within their respective areas of activity to the investigation of reports submitted to the committee, implementing resolutions adopted and executing agreements. Committee members have sufficient capacity to make decisions within the company.

Other actions that may be carried out by the Ethics Committee as part of its functions include:

- Advisory services to areas and businesses in relation to interpreting and applying the regulation.
- Presentation of recommendations, if deemed suitable, to Repsol's governing bodies and group companies in relation to compliance with the Ethics and Conduct Regulation.
- Proposal of pertinent amendments and developments, or if necessary, helping Repsol Group investees with regard to specific developments contained in the regulation.

As part of its commitment to transparency, the committee keeps records of its actions and responds to external information requests on implementation of the Ethics and Conduct Regulation.

## Management of non-compliance

Repsol has communications channels in place to enable all employees or third parties to submit queries relating to the Ethics and Conduct Regulation and report any potential incidents of non-compliance in a fully confidential manner.

*Since it was created, the Ethics Committee has received 112 communications either directly or indirectly related to our Ethics and Conduct Regulation.*

### Communications

The Ethics Committee is responsible for resolving or proposing solutions to any breaches of the regulations it considers necessary, based on the principle of presumption of innocence. The committee notifies Repsol's People and Organization Executive Department of any non-compliance with the Ethics and Conduct Regulation, so that the company may take appropriate measures. It also ensures that no reprisals are taken against any employees or third parties who, in good faith, report presumed non-compliance with the Ethics and Conduct Regulation.

All Repsol employees are obliged to report any non-compliance with or breach of the conducts stipulated in the Ethics and Conduct Regulation. They may report to their line manager or to the Ethics Committee directly. Repsol does not tolerate any reprisals against employees reporting alleged incidents of non-compliance or breach of conduct, when done in good faith, and will sanction any incidents that constitute misconduct, in accordance with current labor law, without prejudice to other responsibilities that may concur.

The Ethics Committee has a channel on the corporate intranet and on the company's website ([www.repsol.com](http://www.repsol.com)) that can be used by employees and third parties to confidentially submit queries relating to the Ethics and Conduct Regulation and report any incidents of non-compliance or breaches. The identities of the people using the communications channels are kept confidential while their queries are being processed and are not disclosed to unauthorized third parties, or, in the case of Repsol employees, to their line managers or superiors.

In addition, line managers who are informed of possible breaches by their team members must immediately inform the People and Organization Executive Department, which will in turn inform the Ethics Committee about the most significant cases.

Similar channels are in place for any person to confidentially report any incident relating with accounting and internal accounting and audit controls that affect Repsol. Any individual can use the Audit Committee channel (also available at [www.repsol.com](http://www.repsol.com)) to confidentially report any incident relating to accounting, internal accounting and audit controls affecting Repsol or the Board of Directors' Audit and Control Committee.

From its creation in 2006 to the 2013 year end, the Ethics Committee received 112 communications either directly or indirectly related to our Ethics and Conduct Regulation. Of those received in the past year, five were related to employees' labor situation or conduct, two were related to compliance with personal data protection regulations and one was related to the application of the regulation. As of December 31, 2013, only two of these communications were still being processed, as the remainder had been dismissed.

## Sanctions for non-compliance with the Ethics and Conduct Regulation

In 2013, 905 sanctions of different types and severity were issued on account of breach of the Ethics and Conduct Regulation, most of them mild. Only 167 of sanctions issued entailed the employee being suspended from work and pay. Reasons for the sanctions included actions against company property, security and customers. Additionally, 69 employees were dismissed during the year for failing to comply with the Ethics and Conduct Regulation. Reasons for these dismissals included actions against company property and security.

## Other oversight and control systems

Repsol's Audit and Control Corporate Division helps to investigate reports received via the Ethics Committee and Audit and Control Committee communication channels.

The Audit and Control Corporate Division reviews matters relating to compliance of projects with the Ethics and Conduct Regulation. These reviews cover issues such as:

- Correct use and protection of company assets.
- Potential conflicts of interest.
- Transparency and confidentiality of information.
- Relations with customers, suppliers, contractors and partners.
- Protection of personal data.
- Compliance with prevailing legislation and with financial records.

In 2013, issues relating to the Ethics and Conduct Regulation were revised in 15 audit projects.

The company's compliance and control models include controls designed to mitigate serious incidents of non-compliance with the Ethics and Conduct Regulation.

- Controls are in place to mitigate risks related with integrity and ethical values through our Internal Control over Financial Reporting (ICFR) system. The company also has controls and formally established mechanisms that promote the dissemination of and compliance with our internal ethics and conduct regulations.
- Our crime prevention model mentioned above has helped to reinforce mechanisms to identify, evaluate and mitigate risks of non-compliance with our ethics and conduct regulations.
- Lastly, the Audit and Control Corporate Division oversees the Regulatory Compliance Program, which monitors obligations relating to issues such as personal data protection, compliance with safety and environmental regulations, reporting information to public bodies and regulatory entities, etc.

Furthering the initiatives launched in 2012 in collaboration with the Corporate Responsibility unit, tests have been implemented to verify compliance with our internal regulations on ethics, human and labor rights and other aspects, via projects carried out by the Audit and Control Corporate Division in 2013.

## Ethics and Conduct training and awareness

Training and awareness are essential to providing a clearer understanding and better compliance with the Ethics and Conduct Regulation.

*An online course on the Ethics and Conduct Regulation has been available since the last quarter of 2013.*

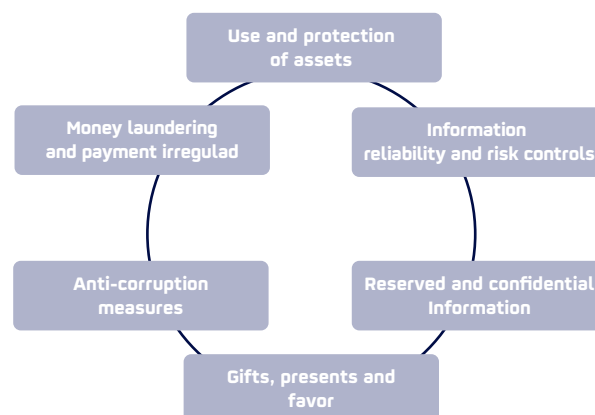
In 2013, various ethics and conduct-related campaigns were carried out through Repsol's different internal communications channels:

- Information was disseminated on the amendments approved for the Ethics and Conduct Regulation, reminding all Repsol employees of their duty to comply with this regulation. Printed copies of the regulation were also distributed.
- Information was provided on the different communications channels available to report incidents of non-compliance, reinforcing the message that all such incidents must be reported.
- Information was provided about the functions of the Ethics Committee.
- Specific training was given to employees tasked with sensitive functions, such as those working in the Finance and Tax Department.
- Information was provided on the training course for the Ethics and Conduct Regulation.

The aforementioned course has been available to all company employees since September 2013 and is taught in all the company's official languages (Spanish, English and Portuguese). The objective is to raise employees' knowledge of this regulation, showcasing different situations in which the principles and guidelines contained in the Ethics and Conduct Regulation would apply, thereby increasing their capacity to take decisions guided by Repsol's ethical values.

### Code of Ethics and Conduct

#### Guidelines for conduct: internal control and efforts to prevent corruption



Online training in Code of Ethics and Conduct

The course also presents practical examples to allow employees to reflect on situations in which they could potentially find themselves, relating to money laundering, gifts, conflicts of interest or internal control over sensitive information. At December 31, 2013, 80 people had completed the course.



# Anti-corruption

Repsol has mechanisms in place to prevent, detect and investigate cases of potential corruption.

*Repsol is committed to fighting against corruption in all its forms and establishing mechanisms to prevent corrupt or fraudulent activities.*

At Repsol, we act in accordance with prevailing legislation in all spheres of business and in all countries in which we operate, observing the spirit and the purpose of the law.

As a company, Repsol has many mechanisms in place to prevent, detect and investigate cases of corruption. Different company divisions evaluate the effectiveness of the internal control systems in place and monitor control, compliance and crime prevention models.

The Audit and Control Corporate Division investigates potential incidents of corruption and notifies the appropriate management level so that the relevant disciplinary measures can be taken, as well as all necessary remediation actions to deal with any existing internal control problems.

The action plan is then followed up to ensure that the measures agreed are implemented accordingly.

## Measures to prevent corruption at Repsol

The Audit and Control Corporate Division is responsible for evaluating the effectiveness of the company's internal control systems and monitoring control and compliance models by means of its audit project teams and continuous audits, auditing of associations and contracts, auditing of systems and compliance and control audits.

Among other systems, the company has the following mechanisms in place to prevent, detect and investigate cases of corruption:

- Our crime prevention model (CPM) aims to prevent and, where necessary, uncover criminal conduct by managers and employees of the group's Spanish companies.
- The Internal Control over Financial Reporting (ICFR) system specifically analyzes the fraud aspect associated with each individual financial reporting risk, as this is a key factor in the design, implementation and assessment of the internal control model. This analysis mainly considers the references that, in relation to the fraud factor in risk assessment, are addressed in the Internal Control-Integrated Framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ["Assesses Fraud Risk" Principle 8] and in the framework of the *American Institute of Certified Public Accountants* (AICPA) stipulated in the document "Consideration of Fraud in a Financial Statement Audit", Section 316 [Standard Auditing Statement 99].

A model for separation of functions is also in place to prevent and minimize the risk of errors (intentional or otherwise), particularly the fraud factor in the financial reporting process.

- The internal audit functions assesses the risk of fraud following the methodology developed by the Committee of *Sponsoring Organizations of the Treadway Commission* (COSO) as one aspect of internal control to review in all projects.
- The Continuous Audit Unit has designed indicators to issue alerts for potential fraud or anomalous situations, among others. 35.7% of the indicators monitored by this unit are to some extent aimed at fighting against fraud. In 2013, these indicators were in place in 29 Repsol companies.

Further, the Systems Audit Division uses general computer controls, based on Control Objectives for Information and Related Technology (COBIT) methodology, to put in place the technology required by the group's anti-fraud models.

We are working to fight fraud throughout our entire value chain. The chapter "Our partners" describes the tools available to the company to prevent conduct considered fraudulent in respect of assets not operated by the company. Further, in the chapter "Suppliers and Contractors", we list the fraud-prevention criteria applied when selecting suppliers.

## Anti-corruption policy

Repsol's anti-corruption policy came into force on January 12, 2013 and encompasses a series of commitments to fight against corruption in all its forms. We have also developed guidelines for conduct associated with these commitments, contained in the "Ethics and Conduct Regulation for Repsol Employees" and a section entitled "Ethics and Conduct Regulation for Suppliers".

Further, at Repsol we work to promote and disseminate this policy among our partners, suppliers, contractors and collaborators and encourage them to adopt the related conduct standards. Therefore, we have included specific measures for our partners and contractors in our 2013-2014 Sustainability Plans.

We are also committed to providing a true and accurate reflection of all company actions, operations and transactions carried out within the framework of the plan.

### Online course on the Ethics and Conduct Regulation

In 2013, Repsol offered its employees an online course on the company's Ethics and Conduct Regulation.

The course reviews the guidelines contained in the regulation and showcases several specific situations that employees could come across in the course of their work, including conflicts of interests, money laundering, gifts and control over internal information.

For more information on this course and other initiatives being carried out by Repsol in this area, see the chapter on "Ethical performance".

## Implementation of the Crime Prevention Model

The main objective of Repsol's Crime Prevention Model (CPM) introduced in all companies in Spain managed by the group, is to prevent, and where applicable, uncover criminal conduct by managers and employees of these companies. This includes 57 companies directly controlled by Repsol, three that are jointly controlled and the Repsol Foundation.

The CPM is organized as a formal framework of regulations, procedures and controls that provide a means of reasonably ensuring that the risks of crimes being committed are suitably identified, monitored, evaluated and controlled.

The model identifies and evaluates the criminal risks associated with the Repsol group's activity, such as disclosure and dissemination of confidential company information, fraud, money laundering, bribery and influence peddling or corruption in international commercial transactions, among others.

The model is applied in the following phases: risk identification and assessment, validation, assessment of the effectiveness of controls, conclusions and reporting.

In the assessment stage, functional control weaknesses may become evident, requiring action plans to implement suitable corrective measures. At the validation stage, corrective actions and the associated action plans should be documented, approved and implemented. Lastly, an annual report is issued on the effectiveness of the controls applied.

The company units designated as "control owners" are responsible for identifying and assessing the criminal risks associated with their activities, in addition to the mitigating controls. At the same time, controls must be certified on a yearly basis by the appropriate body to ensure their duration, validity and correct operation. The CPM has more than 536 controls that are assessed annually.

Once a year, the model is also certified by an independent expert. The results of this external verification are reported to the boards of the companies covered by the CPM, and may also be reported to Repsol, S.A.'s management and the Board of Directors' Audit and Control Committee.

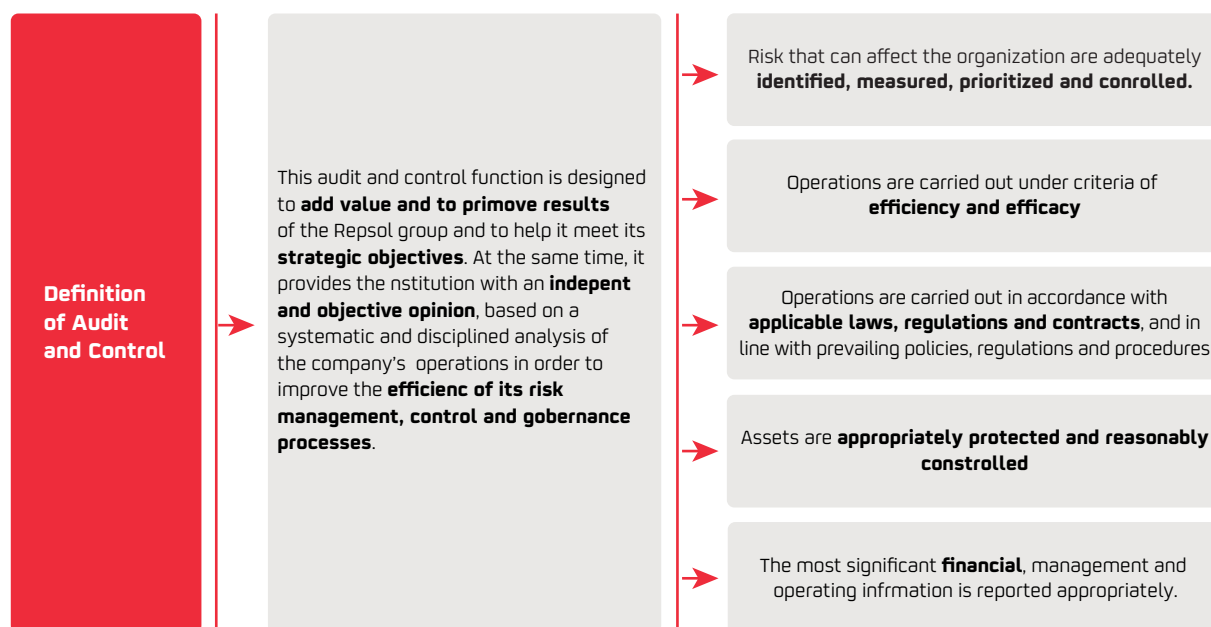
In 2013, we continued our analyses to design compliance models in different countries that include controls to mitigate criminal risk.

## Actions to minimize risks

The Audit and Control Corporate Division evaluates the reasonableness and sufficiency of the design and functionality of our internal control and risk management systems.



### Role of the Audit and Control Corporate Division in internal control and risk management systems



Repsol's Internal Control over Financial Reporting (ICFR) system is supervised by the Audit and Control Corporate Division in respect of its design and operations. This system, comprising 981 controls, is updated, assessed and certified on an annual basis. Results are reported to the Repsol Group's governing bodies.

The company also has a Regulatory Compliance Program (RCP) in place that monitors compliance with formal legal obligations set by public entities (governments, administrations and other authorities) in relation to its activities in 51 different countries. This helps limit compliance-related risks. The program is based on periodic self-assessment of compliance in different business areas. The Audit and Control Corporate Division monitors the periodic self-assessment processes conducted by these areas and reports on their findings.

Additionally, this division draws up an annual plan that includes audit projects selected for their focus on risk, among other criteria, prioritizing the review of those units, processes or countries perceived to be more critical.

In 2013, the Houston Audit and Control office was opened to further strengthen the efficiency of internal and risk management systems, as well as the monitoring of control and compliance models in North America.

**For more information on the risk management system and crime prevention model in [this link](#)**



# Transparency

We work under the maxim that all our actions should be reported truthfully, clearly and demonstrably, treating information as a company asset that generates value by being shared.

Transparency is a key value for Repsol and a guarantee of the company's ethical performance, its commitment to ensuring that all financial and non-financial information is complete and accurate, and its willingness to engage in dialogue with all stakeholders.

At Repsol, we carry out various measures to promote transparency. For instance:

- Providing an account of the company's financial, ethical, social, environmental and good governance performance, specifically in the local areas in which we operate.
- Support for initiatives to promote financial transparency in the international extractive sector and in the countries where we operate.
- Ongoing dialogue with representatives of civil society, public administrations and the value chain
- Adherence to the Code of Best Tax Practices, evidencing our opposition to the use of non-transparent tax structures; in addition to our adherence to the register of EU lobbies, which is part of the European Commission's transparency initiative.

## Repsol and the EITI<sup>1</sup>

*Repsol has supported the Extractive Industries Transparency Initiative since its foundation in 2003. We are publicly committed to disseminating and complying with these rules in all countries in which we operate.*

Today, 25 countries are implementing EITI requirements and 16 countries are candidates, i.e. they are working toward the requirements to become EITI compliant. Repsol has operations in seven of the countries adhering to this initiative, five in compliant countries and another two in candidate countries. The company has reported information on the payments made to the governments of these countries under the terms established in each case.

Repsol also actively participates in the working group in Peru, to which it belongs, and to the group in Trinidad and Tobago, which it has formally applied to join.

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<sup>1</sup> EITI: Extractive Industries Transparency Initiative

## Repsol and the EITI group in Peru

Repsol has been a member of the EITI's National Work Committee in Peru since 2011. The EITI implementation process was completed in February 2012, when Peru became a compliant country, the first country where Repsol operates in Latin America to achieve this status.

In 2013, the EITI working committee in Peru met on eight occasions, addressing the following issues:

- Implementation of the new EITI standard.
- EITI Peru activities report.
- Approval of the third reconciliation study [2011-2012].
- Progress in reconciliation studies.

## Participation in Trinidad and Tobago

Repsol has also worked with the EITI group in Trinidad and Tobago. In 2013, we took part in the final review of the Memorandum of Understanding (MOU) and the template for reporting tax information. The MOU establishes the agreement between the government, civil organizations and companies operating in the country to define the responsibilities of each party, and the commitment to draw up a report in accordance with EITI requirements.

The MOU was signed on June 7, and on September 27 the first EITI report was published. In this report, Repsol disclosed the payments made to the government in accordance with the stipulations of the MOU. Repsol also played an active role in disseminating the results of the first EITI report in Trinidad and Tobago through meetings and conferences held with different stakeholders.

For more information on the EITI and Repsol's support for the initiative in [this link](#)

## Tax contribution

### Tax policies

Repsol's tax policy is aligned with the [company's vision and values](#), as well as with its long-term business strategy. Consequently, Repsol is committed to applying the best tax practices and offering global solutions to ensure that the company is recognized for its responsible tax practices and its cooperative relations with governments and stakeholders.

Repsol is aware of its responsibility in the economic development of the communities in which it operates. The taxes we pay account for a significant part of the company's economic contribution to the countries in which we operate. Therefore, Repsol gives priority to complying with its tax obligations in all territories in accordance with prevailing rules and standards.

## Tax impact on results

The Repsol group is subject to various types of income tax in the countries in which it operates, each with its own structure and withholding rate. The withholding rates applicable to earnings from hydrocarbon production (upstream activities) are usually higher than general withholding rates. Sometimes earnings are taxed not only in the country where they are obtained but also in the country where the owners or parent of the exploration company reside (dual taxation).

Additionally, the group is subject to other taxes that affect its earnings, particularly its operating results. Thus include taxes on hydrocarbon production (royalties and similar measures), local taxes and social security contributions.

In 2013, the amount paid in relation to all the aforementioned taxes totaled €2,192 million, implying an effective tax rate of 60.5%. The effective rate on income tax payable is 43.3%.

### Tax impact on results - 2013

Item (million euros)	Repsol Group - Excl. Gas Natural Fenosa		Repsol Group	
	Amount	Type*	Amount	Type*
Income tax	956	50.5%	1,096	43.3%
Total tax charge	1,857	66.4%	2,192	60.5%

\* Effective income tax rate: Income tax / pre-tax profit and investees

Effective tax rate on total tax charge: Total tax charge / pre-tax profit/ (loss) and taxes on operating income

## Taxes other than income tax paid

Taxes paid by the Repsol group are of significant economic importance, and the group strictly complies with its legal and disclosure obligations, collaborating and cooperating with tax authorities.

To monitor and analyze the group's tax contribution, we divide the taxes paid between those that imply an expense for the company, impacting its earnings (e.g. income tax, production taxes, social security charges payable by the company) and those that do not impact earnings because they are withheld or payable by the end customer (e.g. VAT, hydrocarbon sales tax, withholdings, etc). We classify the first group under "Tax charges" and the second under "Taxes collected".

To measure the tax contribution usually only those taxes effectively paid are considered, excluding, for instance, income tax accrued but payable at a later date.

In 2013, Repsol presented more than 22,000 tax returns and paid €13,671 million in taxes other than income taxes and public charges.

**Taxes paid in 2013** \* (million euros):

Region	Tax charges	Taxes collected	Total
Europe	851	10,462	11,313
Latin America	974	736	1,710
North Africa	600	5	605
RoW	24	19	43
<b>2013 total</b>	<b>2,449</b>	<b>11,222</b>	<b>13,671</b>

\* Only amounts paid during the year. Does not include amounts accrued payable at a future date or collected in previous periods.

The breakdown of taxes paid by the group in 2013 by country and business, not including taxes paid by Gas Natural Fenosa, is shown in the following table. 75% of the total taxes paid correspond to non OECD countries.

**Taxes paid in 2013 by country, excluding Gas Natural Fenosa**<sup>1</sup>

Country	Taxes paid in 2013 (millions of euros)	Tax charges			Taxes collected <sup>2</sup>			
		Income tax	Other	Total	VAT	Hydrocarbon tax	Other	Total
Spain	<b>8,811</b>	188	276	465	3,200	4,825	322	8,346
Peru	<b>815</b>	77	120	196	425	175	19	619
Algeria	<b>39</b>	34	1	35	0	0	4	4
Bolivia	<b>91</b>	56	8	64	22	0	5	27
Brazil	<b>74</b>	27	35	62	2	0	11	13
Colombia	<b>25</b>	18	1	19	0	0	6	6
Ecuador	<b>39</b>	21	2	23	10	0	5	15
Russian Federation	<b>89</b>	13	60	73	11	0	5	16
Italy	<b>390</b>	2	1	3	51	334	1	387
Libya	<b>566</b>	512	53	565	0	0	1	1
Portugal	<b>1,144</b>	16	11	27	428	669	19	1,117
T&T	<b>465</b>	301	164	465	-9	1	8	0
Venezuela	<b>67</b>	35	20	55	7	0	5	12
RoW	<b>31</b>	8	5	13	-2	0	21	18
<b>2013 total</b>	<b>12,645</b>	<b>1,308</b>	<b>757</b>	<b>2,065</b>	<b>4,145</b>	<b>6,004</b>	<b>432</b>	<b>10,581</b>

<sup>1</sup> Only amounts paid during the year. Does not include amounts accrued payable at a future date or collected in previous periods.

<sup>2</sup> Includes amounts paid through logistics operators acting as substitutes

**Tax havens**

Repsol does not use its company structures or any other type of structure to hide, conceal or reduce the transparency of its activities from the tax authorities or any other stakeholder.

Since 2010, Repsol has adhered to the Code of Best Tax Practices drawn up in Spain by the Large Companies Forum. The aim of this initiative, promoted by the Spanish government, is to encourage transparency, good faith, and cooperation with the Spanish tax authorities regarding business taxes, and legal security in the

application and interpretation of tax regulations. In this area, the company has expressly undertaken not to use opaque structures for tax purposes or concealment.

The company is working actively in its efforts to reduce its already limited presence in territories classified as tax havens or those regarded as uncooperative by tax authorities. For these purposes, the lists of tax havens drawn up by the OECD and the Spanish government are used as a reference. Over the past ten years, Repsol has significantly reduced its operations in these territories, lowering the number of companies from over 40 to just one active controlled company, as described below.

Repsol has no operations in territories included in the OECD's list of non-cooperative tax havens for 2012, classified as having a "lack of information transparency". The company is following with interest the process being carried out by the OECD to review practical compliance with transparency standards and the exchange of tax information among member countries.

In relation to the list of tax havens issued by Spain, Repsol currently has only one active controlled company in these territories. It also holds non-controlling interests in four active companies located in tax havens, as well as in three companies that are idle and/or currently being wound up.

The only active and controlled entity in this regard is Repsol International Capital, based in the Cayman Islands, that formerly had two issues of preference shares admitted for trading by the Spanish stock market. This company is subject to supervision by the Spanish National Stock Market Commission (CNMV), to which it regularly reports on its activities and financial statements. These preference shares were cancelled early in June 2013, as a result of which outstanding issues were reduced by more than 97%. The company currently carries out residual activities relating to the management of the outstanding shares.

The group hold non-controlling interests in four companies, primarily due to the following: i) the reinsurance activity requires participation in mutual insurance companies, according to the value of the assets and risks covered, and therefore we hold minority interests in two insurance companies in Bermuda, the usual location for insurance entities that cover risk relating to the international oil business, and ii) it is common for international joint ventures to be structured as companies with flexible mercantile legislation (known to the partners), which are typically located in territories such as the Cayman Islands. We hold minority interests in two companies that, in turn, hold stakes in companies operating in other countries that manage infrastructures for the oil business.

Lastly, Repsol has a company that is not resident in a tax haven but carries out hydrocarbon exploration activities in a territory of these characteristics, Liberia, through a permanent establishment subject to the extractive industry regime in that country.

In conclusion, the group's presence in these territories is not an attempt to reduce the transparency of our activities or engage in undesirable (and certainly not illegal) practices, but responds to appropriate practices aligned with normal sector standards.

Notification of the constitution or acquisition of shares in entities domiciled in countries or territories that are regarded as tax havens must be provided to the Repsol Board of Directors through the Audit and Control Committee.

**For more information on Repsol's methods for increasing transparency in the taxes paid to governments in [this link](#)**

## Financial aid received

Subsidies recorded in the company's balance sheet stood at €66 million and €61 million in 2013 and 2012, respectively. This aid related primarily to the construction of gas and electricity infrastructures (€56 million in 2013 and €51 million in 2012).

The company's financial statements for 2013 and 2012 disclose income relating to capital subsidies under the subheading "Allocation of subsidies for non-trade and other fixed asset investments" for the amount of €14 million and €13 million, respectively. Additionally, operating subsidies recognized as income under "Other operating income" totaled €28 million and €21 million in 2013 and 2012, respectively.

For more information about Repsol's work to promote transparency in [this link](#)

## Other issues

Our commitment to transparency also extends to the company's position regarding lobbying and monopoly practices.

*Repsol reports all actions, operations and transactions in a true, transparent and verifiable manner.*

Repsol maintains a stance of political neutrality. We do not finance, either directly or indirectly, political parties or their representatives or candidates, either in Spain or abroad. Our relations with authorities, regulatory bodies and public administrations are conducted on the principle of cooperation and transparency.

## Lobbying activities

We are concerned about issues that may have a significant impact on our activities or are of strategic importance for the company. We consider that we have the capacity to contribute information, knowledge and experience in the development of specific legislation.

Therefore, we participate in public policy debates through responsible and transparent lobbying groups, as all such participation and opinions expressed could have an impact on other stakeholders.

### EU Transparency Register:

Repsol is included in this register and submits information in relation to the following concepts:

- Associations and networks: Repsol belongs to the following main sector associations: Europaia, European Chemical Industry Council (CEFIC), PlasticEurope, Oil and Gas Producers Association (OGP Europe), International Emissions Trading Association (IETA), the European Committee for Standardization

and the European Diisocyanate & Polyol Producers Association (ISOPA). We are also members of the following business associations: European Round Table of Industrialists (ERT), Center for European Policies Studies (CEPS) and the American European Community Association (AECA).

- Economic data: Costs linked to direct representation before European institutions are estimated at around €340,000 for 2013. These include costs associated with direct lobbying activities, meetings, direct correspondence and the participation of our employees in preparing documents and in working groups for different associations and think tanks. We consider both the cost of employees' time and the business trips made. We do not include association membership fees on the understanding that these are declared by the different associations. Additionally, funding was received from EU institutions for the amount of €979,000, for development projects of new products and technologies.

### **US Lobby Register**

The expenditure associated with direct lobbying activities carried out by our employees in the US was US \$100,000 in 2013<sup>2</sup>, and related to Repsol's interest in energy-related matters.

Both Repsol and our employees undertaking lobbying activities on our behalf have declared that they did not make any payments to US public employees.

### **Good operational practices**

In 2013, two claims for sanctions were presented to the Spanish anti-trust authority in relation to alleged anticompetitive conduct. These claims were contested by the company. To date, no ruling has been handed down by the authority.

In order to increase awareness and ensure that we remain abreast of the latest in competition law, our employees in commercial areas and/or those who represent the company in industry associations continued to receive training on best practices in this area in 2013.

<sup>2</sup> In the 2012 Corporate Responsibility Report, the amount reported as costs associated with direct lobbying activities carried out by employees in the US was US \$90,000.





## Respecting human rights

Repsol is implementing the United Nations Guiding Principles on Business and Human Rights, modifying its processes, training and communication to consolidate a culture of respect for human rights throughout the company.

### Public commitment

Repsol approved its Policy of Respect for Human Rights in July 2013, following the specific recommendations set out in the United Nations “Protect, Respect and Remedy” framework and its Guiding Principles on Business and Human Rights.

Our policy covers Repsol's human rights commitments for all activities with all stakeholders, including employees, local communities, customers, partners and other business contacts, and indicates what is expected in these activities.

Repsol understands that respect for human rights means ensuring that our activities and decisions do not impact negatively on human rights, and doing everything possible to repair the damage of any impacts that, despite our best efforts, may occur. We will do everything in our power to prevent or mitigate any negative impacts on human rights of which we are aware that are directly related to activities and decisions in our commercial relationships.

This policy has been approved at the highest level in the company. In January 2014, Repsol's Chairman and CEO sent a personal message on this very subject to all employees.

A range of communication and awareness activities were carried out in 2013, both inside and outside the company, to promote a culture of respect for human rights among our employees and stakeholders.

#### **Professor John Ruggie, author of the United Nations Guiding Principles on Business and Human Rights, visits Repsol**

Harvard professor John Ruggie, who has built a consensus around the United Nations Guiding Principles on Business and Human Rights, visited Repsol's headquarters on September 12, 2013 for the presentation of our Sustainability Plans. The event was chaired by Repsol Chairman and CEO Antonio Brufau Niubó, and was attended by employees, government representatives, investors, customers, suppliers, the media, social agents and other stakeholder representatives, who followed the event in person and online.

***Repsol's 2013-2014 Sustainability Plan commits it to more than 39 human rights actions.***



**From left to right: Pedro Fernández Frial, Executive Director of Strategy and Control; Cristina Sanz Mendiola, Executive Director of HR and Organization; Luis Suárez de Lezo Mantilla, Director and Company and Board Secretary; Professor John Ruggie; Antonio Brufau Niubó, Chairman and CEO; Nemesio Fernández-Cuesta Luca de Tena, Executive Director of Businesses; Begoña Elices Garcia, Executive Director of Communication and the Chairman's Office.**

The next day, Professor Ruggie met the members of Repsol's Executive Committee at a private meeting chaired by the Chairman and CEO, to discuss human rights worldwide and the challenges of implementing the Guiding Principles on Business and Human Rights in extractive industries.

Taking advantage of the Harvard Professor's visit, on September 13, Repsol organized a closed meeting at its Méndez Alvaro headquarters between Professor Ruggie and a number of representatives of the Spanish government and civil society. Among a range of issues, participants discussed Spain's draft National Plan for Businesses and Human Rights.

### **The Global Compact Network Spain human rights working group**

Repsol has been a member of the United Nations Global Compact since 2002, and has been a member of the Executive Committee of the Global Compact Network Spain since 2012.

As part of our commitment to human rights, in 2013 Repsol coordinated the human rights working group of the Executive Committee of the Global Compact Network Spain, promoting the Guiding Principles on Business and Human Rights among its members. The other four organizations on the Executive Committee also played an active role in this group.

In 2013, we produced a video entitled "Companies and human rights" to raise awareness of the potential human rights impacts of companies and their employees.

We also organized the "Private sector experiences in implementing the United Nations Guiding Principles on Business and Human Rights" conference, sharing the experiences and lessons learned from the implementation of the Guiding Principles in private sector companies.

## Due diligence

Repsol has mechanisms in place to prevent potential human rights impacts resulting from its activities and commercial relationships.

*We carried out human rights impact assessments in three of our upstream operations and one downstream operation, two in Bolivia and two in Peru.*

Our Policy of Respect for Human Rights commits us to identifying, preventing and mitigating potential human rights impacts from our activities directly related to our operations, our products and the services provided through our commercial relationships. We have also undertaken to apply this impact assessment process before launching any new activity, and whenever there are any significant operational changes.

In 2013, we carried out 41 environmental, social and health assessments in 19 countries for exploration and production projects. The scope of these assessments reflected the local context and the nature of each operation. We also carried out five risk identification and impact assessment studies for our industrial complexes in Peru and Spain, for projects involving small changes to the facilities.

In 2013, we developed a joint project involving our business units and corporate areas to bring together the practical lessons learned and develop a corporate guide to assessing human rights impacts for the business units.

The project consists of four human rights impact assessments: two in Peru and two in Bolivia. Three of these studies involved onshore exploration and production operations where indigenous communities live in the direct area of influence of our activities. We also carried out a study on a downstream facility in Peru.

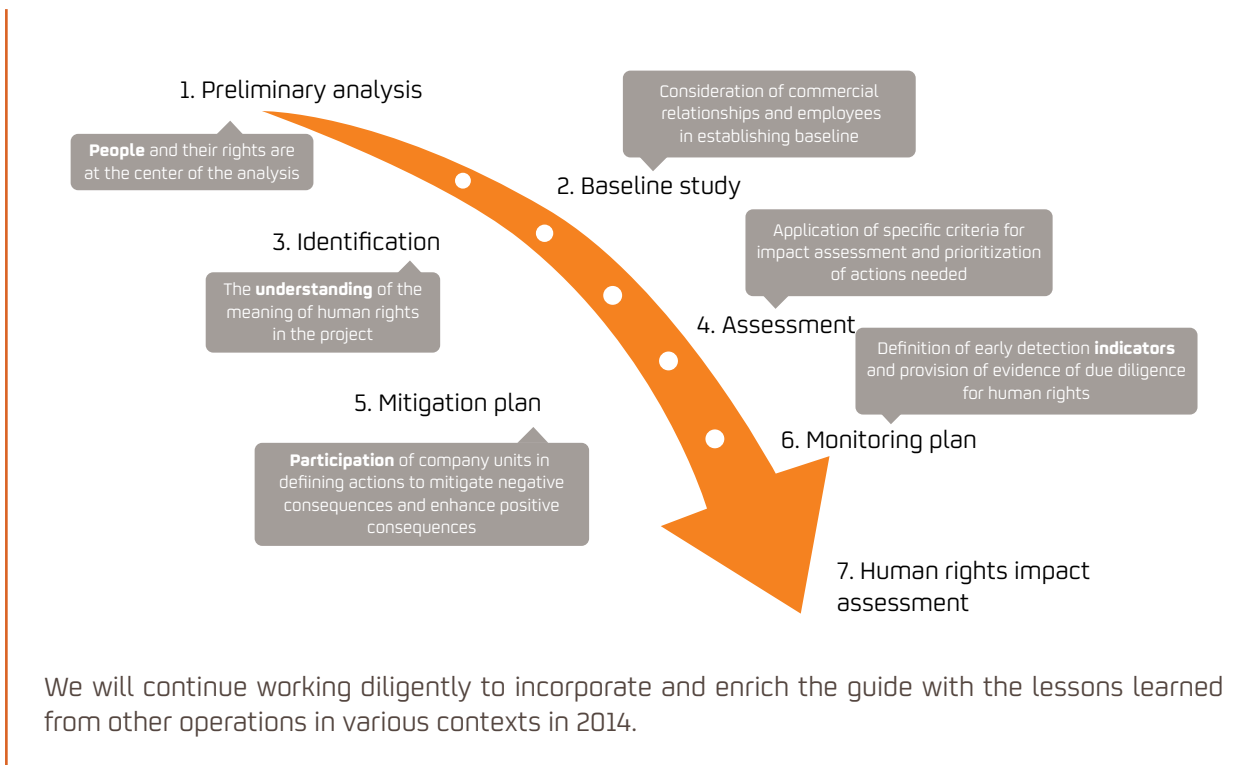
These four studies were carried out with the support of leading international human rights experts. We also involved a number of our operating units in the study so that we could analyze and assess the overall human rights situation.

The assessments enabled us to define a specific methodology, consistent with the Guiding Principles, for identifying and assessing the potential human rights impacts of our activities. They also helped us improve the integration of human rights specifically into our impact assessment processes.

### **Guide for the assessment of human rights impacts**

We are using the practical lessons from the 2013 joint project to help us prepare a guide to assist units with their impact assessments

This guide will show how to mainstream human rights concerns into impact assessment processes for whenever we consider a new activity or make any significant operational changes.



We have already begun integrating the conclusions of the impact assessments into Repsol's internal processes and measures to prevent and mitigate potential human rights impacts, and to gauge the effectiveness of the measures.

As part of our human rights due diligence, Repsol has put mechanisms in place to prevent the risk of human rights impacts from our commercial relationships.

In 2013, Repsol's Audit and Control Division, working with the Corporate Responsibility Unit, conducted a series of audit tests designed to verify compliance with our internal regulations on ethics and conduct, human rights, labor rights, management of social investment and other aspects. Work was carried out in Peru, Angola, Brazil, the US, the Russian Federation, Portugal and the company's corporate areas, including the Exploration and Production and Downstream businesses.

## Communication channels with local communities

We offer a number of accessible channels through which our stakeholders can submit any questions relating to human rights, including at the operational level.

Repsol offers a range of channels through which our stakeholders can submit any questions about our activities.

Our **global communication channels** are accessible online from anywhere in the world, including:

- The Ethics Committee communication channel.
- The Audit and Control Committee communication channel.

In 2013, the Ethics Committee communication channel received eight communications.

We also make available **local communication and grievance channels**, through which our stakeholders can report concerns and complaints, including those relating to human rights. Our local channels and mechanisms are tailored to the local environment and context of each operation.

For further information on communications received in our industrial complexes and our Exploration and Production activities, refer to "[Local communities](#)".

### Local communication and grievance channels

Our grievance channels are adapted to the local environment and context of each operation. Some examples from 2013 are given below:

In Bolivia, we have a system for managing community grievances, in which every grievance must be formally set out in an oral or written instrument. The form is made available to stakeholders in the local environment. Our community relations team frequently promotes this document with the local community, so that they are aware of how it works and how to use it.

In Ecuador and Peru, the "Xprésate" channel is available for all types of communication.

In Brazil, the "Fale Repsol" [Repsol Speaking] channel is permanently available by email and a toll free number. These channels are made available to communities living in the areas of influence of Repsol Sinopec's Upstream operations.

In Colombia, we have put in place formal and informal mechanisms for collecting community requests and petitions.

We have a specific communication channel for the Waorani Nationality in Ecuador (NAWE).

In Peru, we have a formal mechanism at the operational level that is available to any interested party and which we use to record grievances until completion of the operation.

In Australia, certain identified stakeholders have been given the email addresses of Repsol employees so they can report requests and grievances.

We operate a 24-hour helpline in Guyana.

## Operational-level grievance mechanisms

Through our Policy of Respect for Human Rights, Repsol has undertaken to offer effective grievance mechanisms at the operational level, from the start of activity and as early as possible in the project planning process. This enables anyone directly affected by the operations to report any situation that might impact human rights.

Grievance mechanisms for the local community are in place for the majority of Repsol operations, as part of our system of ongoing communication with communities affected by the project throughout

its lifecycle. Operational grievance mechanisms must be based on informed participation and must be effective: in other words, they must be legitimate, accessible, predictable, fair, transparent, compatible with human rights, based on dialogue and a source of continuous learning for the company.

We believe that effective operational grievance mechanisms help us to identify concerns and complaints promptly, enabling rapid intervention and therefore preventing conflicts.

Operational grievance mechanisms offer many benefits:

- They are less expensive for communities.
- They can serve more beneficiaries.
- They seek agreed solutions, allowing grievance solutions to satisfy both sides, reducing disputes and the possibility of escalation.
- They help to strengthen relations between the company and the community.
- They aid the company in continuously improving its operations based on the lessons learned, thereby helping to reduce future grievances.

Most of the complaints received from local communities relate to operational impacts and other issues that can be resolved rapidly at local level, particularly if the community's concerns are addressed promptly.

In 2013, Repsol developed a pilot project with a specialist consultant at one of its Exploration and Production operations, to enhance the effectiveness of its grievance mechanism, in collaboration with the IPIECA Association. The lessons learned will be used to improve the existing grievance mechanism and to develop corporate guidance for implementing effective complaint mechanisms for the company's operations.

The pilot project ran throughout the year, working with indigenous communities. Throughout the duration, we reviewed the mechanism together with local communities to enhance its effectiveness. Given that a grievance mechanism only works if the people it is designed for have faith in it and know how it works, the mechanisms had to be adapted to the logistical context and local culture, in collaboration with local communities.

We held meetings with indigenous federations in the area, community authorities, socio-environmental monitoring teams and other groups representing local communities. At these meetings, we addressed issues such as submitting grievances, the investigation process, the concept of a grievance, fairness, timetables and the best way of promoting the mechanism to ensure that local communities are aware of it.

This particular operation is in an area where there are no open roadways; therefore, river transport is the most common form of transport. Some of the communities are a long way from our base. One of the challenges for the project was to ensure that the grievance mechanism was accessible. To overcome this, in addition to our traditional channels, the community relations team plays an important role as a recipient of grievances, as it is constantly visiting the local communities. Indigenous federations and authorities also have an important role to play as potential intermediaries for receiving grievances, by helping people who do not know how to read and write, and as promoters of the current mechanism.

## Training and awareness-raising

In 2013, we worked actively to promote a culture of respect for human rights, both within and outside our company.

*Our employees have access to specific human rights training.*

Human rights training and awareness raising activities are key constituents in establishing a culture of respect for human rights at Repsol. Therefore, many of our efforts in 2013 focused on training employees and raising awareness.

We promote specific human rights training, providing tools so that employees understand the potential human rights implications of their functions.

In 2013, we promoted the online human rights training we developed in 2012, enabling all Repsol employees to understand the scale of the company's commitment, the framework in which it is set and how we are implementing it.

In 2013, 894 people completed the course.

More than 600 people passed the course in Spain. Since its launch, the training has been completed by around 93% of our workforce in Algeria, 61% of people working in Colombia and 56% of the Bolivia workforce.

Country	Human rights course		Other training activities
	Total people	Hours	
Spain	627	1.301	
Peru	122	1.146	– Promotion of key corporate responsibility concepts, focusing on human rights, to the entire Peru LPG business unit, using informative notes
Algeria	1	29	
Angola	1	2	
Bolivia	8	31	<ul style="list-style-type: none"> <li>– Training sessions on the United Nations Guiding Principles on Business and Human Rights and the practical implementation of the Protect, Respect and Remedy framework for Repsol's legal teams in the country</li> <li>– Promotion of training for security personnel in human rights and the Voluntary Principles on Security and Human Rights</li> <li>– Periodic induction sessions for security personnel contracted by the Bolivia business unit on Repsol's human rights guidelines and its commitment thereto and the Voluntary Principles on Security and Human Rights</li> </ul>
Brazil	9	13	
Canadá	2	1	

Country	Human rights course		Other training activities
	Total people	Hours	
Colombia	2	26	– Training sessions on the United Nations Guiding Principles on Business and Human Rights and the practical implementation of the Protect, Respect and Remedy framework for Repsol's legal teams in the country
Ecuador	83	708	– Training sessions on the United Nations Guiding Principles on Business and Human Rights and the practical implementation of the Protect, Respect and Remedy framework for Repsol's legal teams in the country – Training in ethical, environmental and human rights issues for our Exploration and Production personnel through talks – Development of a specific human rights course and testing of learning using an assessment questionnaire for all personnel
Italy	4	7	
Libya	1	1	
Mexico	1	1	– Training sessions on the United Nations Guiding Principles on Business and Human Rights and the practical implementation of the Protect, Respect and Remedy framework for Repsol's legal teams in the country
Portugal	10	31	
Russian Federation	4	33	
Trinidad and Tobago	1	2	– Training sessions on the United Nations Guiding Principles on Business and Human Rights and the practical implementation of the Protect, Respect and Remedy framework for Repsol's legal teams in the country
UK	2	14	
United States	12	21	
Venezuela	4	99	– Training sessions on the United Nations Guiding Principles on Business and Human Rights and the practical implementation of the Protect, Respect and Remedy framework for Repsol's legal teams in the country
<b>Total</b>	<b>894</b>	<b>3,466</b>	

In addition, we offered specific classroom-based sessions for individuals assigned to particularly relevant functions:

- Ethics and human rights module as part of the annual training forums for Purchasing and Contracts personnel.
- Human rights sessions for new professionals on the Master's course in Energy Management at the Repsol Ongoing Education Center (CSFR).
- Specific training courses for our community relations experts. Participants studied all Repsol regulations on indigenous community relations, as well as international and national frameworks on the rights of indigenous peoples, including International Labour Organization (ILO) Convention No. 169 concerning Indigenous and Tribal Peoples in Independent Countries. These courses were held in Bolivia, Ecuador and Peru, with the participation of all community relations team members in these countries (42 people in total)..



## Participation in domestic and international human rights discussions

In 2013, Repsol played an active role in various domestic and international events with representatives of government, companies and civil society, contributing to discussions and knowledge and awareness of the importance of respect for human rights by companies. In August 2013, we took part in the **First Latin American and Caribbean Regional Forum on Businesses and Human Rights**, organized by the United Nations Business and Human Rights Working Group, the Regional Bureau for Latin America and the Caribbean (UNDP) and the Government of Colombia. This forum provided a regional multi-party platform for constructive discussion of the implementation of the United Nations Guiding Principles on Business and Human Rights. The forum attracted global, regional and local representatives of companies, industrial associations, governments, international and regional bodies, civil society, national human rights bodies, unions and others. In addition to attending, we also sat on the United Nations Guiding Principles and Standards in Extractive Industries in Latin America and the Caribbean Panel, as a company operating in the region, together with representatives of the United Nations, the government of Colombia and civil society.

For the second year running, in December 2013 we took part in the **2nd Annual United Nations Forum on Business and Human Rights** in Geneva. The forum attracted over 1500 representatives of governments, civil society and companies from all sectors. This year, over 400 representatives of companies attended. Repsol addressed the forum at the session on “Indigenous Peoples And Business Operations Taking Steps Towards Implementing the United Nations Guiding Principles”.

We also shared our commitment to human rights at various events to raise awareness and promote the relevance of respect for human rights in business activities.

- In May 2013, we shared our experience at a roundtable discussion organized by the Carlos III University on “Application of the United Nations “Protect, Respect and Remedy” Framework for Business and Human Rights” together with the Spanish Office of Human Rights and the non-profit Amnesty International.
- In June 2013, we helped organize and host a conference on “Private sector experiences in the implementation of the United Nations Guiding Principles on Business and Human Rights”, as coordinators of the Human Rights Working Group of the Global Compact Spanish Network. This conference aimed to share the experiences and lessons learned by private sector companies in implementing the Guiding Principles.
- In October 2013, we took part in the workshop “Trends and tools in Business and Human Rights”, organized by the Corporate Excellence - Centre for Reputation Leadership, the sponsors of which are companies representing 65% of the Ibex-35.
- In November 2013, we participated in an International Congress on “Implementation of the United Nations Guiding Principles on Business and Human Rights in Spain” organized by the University of Seville.

### National Business and Human Rights Plan

In 2013, we played an active part in writing the draft National Business and Human Rights Plan, prepared by the Spanish Government through the Ministry of Foreign Affairs and Cooperation's Human Rights Office. The National Business and Human Rights Plan is a major instrument for awareness and implementation of the Guiding Principles in Spain.

We participated actively in all the private-sector consultations carried out, submitting comments at every stage in the process.

## Respecting the rights of our stakeholders

Repsol has identified aspects of human rights that we consider to be priorities for our stakeholders.

*Our Policy of Respect for Human Rights sets the guidelines for our relations with our stakeholders.*

Repsol works to ensure that its activities do not negatively impact any human rights, and handles any consequences that, despite our best efforts, may occur. We consistently strive to prevent and mitigate negative consequences directly related to the activities of our partners, suppliers and contractors.

As expressly stated in our regulations, Repsol does not employ underage workers, nor does it use forced labor. We do not discriminate on any grounds against the people who work for us, our contractors, suppliers or customers, in any of the countries in which we are present, at any time during their employment.

In 2013, we did not identify any activities carried out by Repsol employees, major suppliers or contractors, as posing a potential risk of forced labor or child labor.

We respect and support the right of our workers to free association and collective bargaining in all of the countries in which we operate. We have no record of any incidents during 2013 that infringed these rights, either in our activities or in those of our major suppliers and contractors.

### Respecting the human rights of our employees

Repsol undertakes to respect the human rights of its employees, and will establish the necessary mechanisms to safeguard these rights in all the countries in which it operates.

We investigate all incidents of discrimination or harassment that could affect the people who work for us.

In 2013, there were three cases of alleged harassment in Spain. Two of these cases have been investigated and closed, and one is pending. No evidence of harassment was identified in the cases that were closed. If any evidence had been discovered, the case would have been passed on to the Labour Relations unit.

There was one complaint of discrimination in Bolivia. However, the investigation carried out found no evidence of the alleged illegal acts cited, and the complaint was therefore closed in our administrative channels.

One complaint was received in Brazil alleging discrimination against the disabled. This was resolved favorably for the company. The recommendation adopted by the area responsible for managing differently-able people is to continue investing in adapted equipment and to train managers in receiving new recruits. It has also been recommended that Repsol Sinopec Brasil should prepare a “white paper” on this subject. We currently have nine differently-able employees, and are actively seeking a tenth.

Further information about Repsol’s employee relations can be found in the [“Team Repsol”](#) chapter.

## Respecting the human rights of local communities

Repsol has pledged to respect the human rights of people in the communities in which we operate. We specifically undertake to respect the human rights of people belonging to the most vulnerable groups and populations, such as children, women and indigenous communities.

In 2013, we continued rolling out our corporate responsibility coordination system at operating center level in four industrial complexes in Spain.

Further information about Repsol and its community relations can be found in the "[Local communities](#)" chapter.

## Respect for human rights in our commercial relationships

Repsol considers it vital that our partners, suppliers, commercial distributors and all other government and non-government bodies directly related to our commercial operations, products and services should respect internationally-recognized human rights in all their activities worldwide. In that regard, we practice due diligence in relation to human rights before establishing any commercial relationships: we do this by rating, controlling and assessing potential suppliers and contractors, and by establishing contractual obligations with them and with our partners.

In 2013, we continued to enhance our supply chain relationships, extending our human rights requirements throughout our value chain. As such, we were able to use our influencing capacity and prevent the risk of human rights violations. With regard to our relations with public and private security services, we have formally adhered to the recommendations of the Voluntary Principles on Security and Human Rights.

We make all reasonable efforts to prevent or mitigate any negative impacts on human rights directly related to our commercial relationships, even where we play no part in causing such violations.

Repsol includes clauses requiring compliance with human rights standards in the joint operating agreements sent to our operating partners.

Further information on human rights in our commercial relationships can be found in the "Corporate security" section of this chapter and in the "[Partners](#)" and "[Suppliers and contractors](#)" chapters.

We continued to apply human rights aspects in all of our supplier and contractor assessment processes in 2013. Further information can be found in the "[Suppliers and contractors](#)" chapter.

### Progressing with the sector

**IPIECA**, the global oil and gas industry association for environmental and social issues, is working actively in the field of business and human rights. Since 2002, IPIECA's efforts have focused on helping its member companies improve various aspects of the social and human rights performance of their management systems.

Since the 2011 ratification of the Guiding Principles, the association's human rights working group has been focusing on due diligence and effective grievance mechanisms at the operational level, encouraging the sharing of experiences and continuous improvement in companies.

In 2012, IPIECA developed a guide on integrating human rights into environmental, social and health impact assessments, which it presented at the international Forum on Business and Human Rights in Geneva in December 2013, which Repsol actively participated.

## Corporate security

Repsol is supported by specialist security companies who implement appropriate preventative measures to enable us to carry out our activities in a safe environment that respects human rights.

*We have formally adhered to the Voluntary Principles on Security and Human Rights.*

### Comprehensive corporate security management

Repsol's systematic approach ensures that it has the tools it needs to guarantee the safety of its assets and people.

We identify and assess the security risks we face in our activities, in strict compliance with our policies, regulations, procedures and guides. This involves a common, standardized methodology.

For several years, Repsol has applied the recommendations of the Voluntary Principles on Security and Human Rights (VPSHR). We have now formally signed up to this initiative, having applied for membership in 2013 and undertaken this commitment in our 2013-2014 Corporate Sustainability Plan.

#### Adherence to the Voluntary Principles on Security and Human Rights

Attending the Plenary Session of the Voluntary Principles on Security and Human Rights (VPSHR) in March 2013, as invited participants, helped us advance in our membership process.

We also attended meetings with IPIECA and with participants of the initiative and its Secretariat.

In October 2013, we completed the action plan, complying with all the criteria required by the VPSHR for our membership request. This plan disclosed our policies, regulations and procedures to ensure respect for human rights in the protection of our personnel and facilities. The plan also detailed the implementation of these requirements at country level and the lessons learned to date.

In December 2013, we were informed that our application had been approved by the VPSHR. In January 2014, we began actively participating in the initiative.

Under its draft Business and Human Rights Plan, which is expected to be approved in the coming months, the Spanish Government also commits to adhering to this initiative.

Some of the major actions undertaken in 2013 are as follows:

- Peru: We monitor and check compliance with training programs relating to human rights and the Voluntary Principles.
- Colombia: We incorporated a specific requirement to submit a training plan or program to improve employees' knowledge of human rights and to promote implementation of the Voluntary Principles into our contract with our private security company.
- Ecuador: Following our 2012 assessment of the use of non-lethal weapons, we have implemented use of non-lethal munitions in our operating areas, for security purposes.

We have signed 12 contracts with private security companies including human rights clauses: four in Peru, two in Mauritania, two in Algeria, two in Bolivia, one in Angola and one in Colombia. We also added such clauses to existing contracts in Brazil and Bolivia.

The general risk matrix used in our risk assessments includes human rights risks, paying particular attention to field activities in new areas or where communities live nearby.

In 2013, we performed these risk assessments in Peru, Bolivia, Brazil, Colombia, Ecuador, the Russian Federation and Mauritania. We used the results of these assessments to prepare emergency, crisis and assessment plans. The plans set out the recommendations to be applied in critical situations, such as measures for employees to protect themselves if they are taken hostage or are victims of extortion, protocols for dealing with bomb threats or the seizure of facilities, evacuation plans and the setting up of crisis committees.

We reviewed and updated evacuation plans for expatriates in five countries in 2013, namely Algeria, Bolivia, the UAE, Libya and Colombia. We also prepared evacuation plans for five new countries (Peru, Brazil, Ecuador, the Russian Federation and Mauritania).

## Human rights training for security services

The capacity of security force personnel to respond in unpredictable situations is closely linked to human rights training and awareness. Training is critically important for ensuring that the actions of external security personnel adhere to current national and international legislation, to prevent arbitrary or discriminatory conduct or abuses that involve physical or psychological violence against individuals. For this reason, Repsol requires all security contractors to receive such training.

The main training actions carried out in 2013 are as follows:

- Peru: All external personnel have been made aware of human rights and specific codes of conduct and ethics for the private security sector, and the Voluntary Principles on Security and Human Rights. We also provided human rights training programs and content for contractor security companies, complementing the training, courses and talks they give to their employees.
- Bolivia: All security personnel in the city received specific and complementary human rights and VPSHR training. In 2014, this will be extended to all security personnel in the field, by training the new recruits for the new Margarita facilities and the Mamoré field (the remaining 20%). Throughout the year, physical security personnel in both the offices and the field also received weekly security inductions into Repsol's corporate security regulations, including Repsol's commitment to human rights and the VPSHR.

- Colombia: All security company employees have taken the online human rights course. 100% of employees involved in our corporate security have completed this training.
- Ecuador: All external personnel received 12-hours human rights training on issues such as the VPSHR and Repsol's security procedures. A VPSHR workshop was also held for physical security personnel. All corporate security personnel received human rights training.

## Operations in socially-sensitive settings

In some countries, governments require that public security forces participate in the protection of critical facilities, such as energy facilities. This is because the strategic importance of these facilities, which are vital parts of national infrastructure, makes them vulnerable to the risk of terrorism and armed conflict.

At operations of this type, Repsol takes all measures appropriate to the situation in the area and the country, emphasizing the security of personnel when they are traveling and the security of our facilities.

Repsol formalizes relationships with public security forces in collaboration agreements that define and frame the company's responsibilities, so that our relationship is impartial and not interpreted as supporting any particular side in a potential domestic armed conflict.

Governments are responsible for managing the protection provided by public security forces. We use our influencing capacity to ensure that the agreements we enter into include explicit references to protecting human rights and the minimum training required of the forces of order protecting our facilities.

In 2013, we entered into agreements with public security forces in Peru, Algeria, Ecuador, Libya, Mauritania and Venezuela.

In protecting our facilities, the Repsol Policy on Corporate Security generally rejects the use of firearms by private security contractors, except in areas of serious risk or where this a requirement under national legislation. Private security personnel are armed with firearms in five countries where we operate, while in a sixth they are exclusively armed with non-lethal munitions. Armed public security forces are present in six countries.

## Security costs

Public and private security expenditure			
Millions of dollars	2011	2012	2013
Private security	80.6	37.36	41.37
Public security	6.3	3.25	2.74
<b>Total</b>	<b>86.9</b>	<b>40.62</b>	<b>44.11</b>

There was an increase in **private security** costs in Spain due to higher prices charged and investment in upgrading video-recording equipment and installing security systems at service stations. In Ecuador, costs increased under the terms and conditions of the new security contract tender, which included salary raises for security personnel after three years at the same level. Increased costs in Bolivia were due to the increase in the number of security posts needed for physical surveillance of the Margarita facilities.

In contrast, private security expenses fell in Venezuela, due to changes in the legal status of the company in Quiri Quire. In that regard, contracted personnel moved to a new company and Repsol ceased being responsible for paying this cost.

The decrease in **public security** costs from 2012 to 2013 was primarily because the duration of operating campaigns in Algeria was roughly half that of the preceding year, reducing the need for protection by public security forces.

# Who we are accountable to



## **Team Repsol**

We strive to develop our talent and to promote personal development, integration, diversity, work-life balance and the health and wellbeing of everyone at Repsol.



## **Local communities**

We aspire to contribute to the welfare and progress of the communities with which we are involved.



## **Partners**

We exercise our influencing capacity with our partners to the fullest extent possible.



## **Suppliers and contractors**

We base our relationships with suppliers and contractors on ethical, social and environmental criteria.



## **Clients**

We are committed to the quality and safety of all the products and services we provide to our clients.





## Team Repsol

Repsol considers its team to be of the utmost importance. We are fully committed to everyone in our team, attracting, motivating and retaining outstanding professionals and offering them an attractive place to work, as well as ensuring and encouraging opportunities for their development.

*32% of Repsol employees are female, with women accounting for 49% of all new recruits. This demonstrates that we are working actively to encourage the integration of women into industry.*

### Employment in Repsol

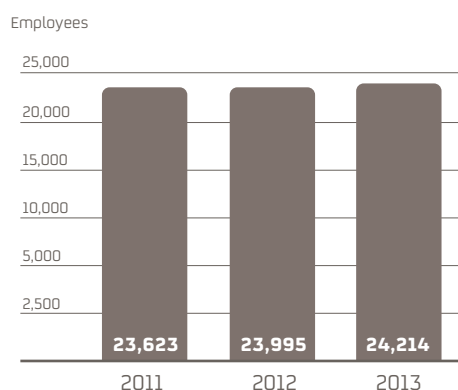
At year-end 2013, we employed a total of 30,296 people. Of these, 24,214<sup>1</sup> employees of 80 nationalities were working at companies under the direct control of Repsol. All information presented in this section refers to these employees. The company employs people across 39 countries, chiefly in Spain (71%) and Peru (12%). We also have a significant presence in Portugal (5%), Ecuador (4%) and the US (2%). These five countries account for 94% of our employees.

The significant changes compared to 2012 are due to:

- An increase in the workforce in Angola in response to increased E&P activity.
- Expansion of our business in Bolivia and the US.
- A decrease in the workforce managed in the Russian Federation due to a change in the consolidation criteria for the Russian company Eurotek.
- An increase in our Venezuela workforce through the creation of an organizational structure for the company Quirique Gas.
- Opening of offices in Aruba, Australia, China and Namibia to handle growth in E&P activities.

<sup>1</sup> The figures in this chapter exclude employees working 20% or less of the annual working day established in the collective bargaining agreement and employees in investee companies in which Repsol does not have management control. The workforce figures have been compiled using the group's accounting consolidation criteria.

## Number of employees



Country	2012			2013		
	Women	Men	Total	Women	Men	Total
Spain	5,398	11,661	17,059	5,536	11,657	17,193
Peru	1,191	1,824	3,015	1,145	1,727	2,872
Algeria	9	51	60	8	59	67
Angola	0	2	2	8	19	27
Argentina	1	2	3	1	2	3
Aruba	0	0	0	0	1	1
Australia	0	0	0	0	1	1
Belgium	1	0	1	2	0	2
Bolivia	56	159	215	58	209	267
Brazil	47	94	141	47	105	152
Canada	9	42	51	10	39	49
Chile	0	1	1	0	0	0
China	0	0	0	0	2	2
Colombia	12	13	25	13	25	38
Cuba	1	4	5	0	1	1
Ecuador	118	814	932	125	806	931
France	4	9	13	4	11	15
Germany	0	5	5	0	5	5
Guyana	0	6	6	0	1	1
Holland	2	4	6	3	6	9
Indonesia	2	6	8	2	8	10
Iran	0	1	1	0	0	0
Iraq	2	17	19	3	23	26
Italy	16	17	33	16	23	39
Kazakhstan	2	2	4	1	0	1
Libya	15	85	100	25	121	146

Country	2012			2013		
	Women	Men	Total	Women	Men	Total
Mexico	7	17	24	7	18	25
Morocco	1	0	1	2	0	2
Namibia	0	0	0	1	2	3
Norway	11	25	36	12	28	40
Portugal	448	761	1,209	455	792	1,247
Russian Federation	49	127	176	29	46	75
Singapore	0	4	4	1	4	5
Switzerland	3	1	4	3	1	4
Trinidad and Tobago	65	159	224	69	155	224
UAE	3	3	6	2	3	5
UK	10	22	32	11	23	34
United States	141	208	349	165	263	428
Venezuela	82	143	225	93	171	264
<b>Total</b>	<b>7,706</b>	<b>16,289</b>	<b>23,995</b>	<b>7,857</b>	<b>16,357</b>	<b>24,214</b>

At December 31, 2013, over 80 nationalities were represented by employees working in our offices and facilities in 39 different countries.

Nationality	Men	Women	Total
Spanish	11,465	5,287	16,752
Peruvian	1,709	1,155	2,864
Algerian	28	4	32
American	195	114	309
Angolan	24	19	43
Argentinean	106	34	140
Belgian	2	1	3
Bolivian	222	61	283
Brazilian	78	60	138
British	45	13	58
Bulgarian	2	8	10
Canadian	36	9	45
Cape Verdean	8	6	14
Chilean	7	5	12
Chinese	9	4	13
Colombian	65	55	120
Croatian	2	1	3

Nationality	Men	Women	Total
Cuban	11	4	15
Dominican	1	4	5
Dutch	8	2	10
Ecuadorian	826	147	973
Egyptian	5	2	7
Filipino	1	1	2
French	48	24	72
German	13	7	20
Guinean	6	3	9
Hungarian	2	1	3
Indian	14	-	14
Indonesian	23	5	28
Iranian	6	2	8
Iraqi	8	2	10
Italian	61	35	96
Kazak	-	2	2
Libyan	65	19	84
Maltese	1	1	2
Mexican	25	10	35
Moroccan	7	9	16
Mozambican	2	1	3
Norwegian	14	6	20
Polish	4	7	11
Portuguese	760	435	1,195
Rumanian	12	42	54
Russian	36	31	67
São Tomé and Príncipe	3	1	4
Swedish	1	2	3
Swiss	1	3	4
Trinidadian	123	66	189
Ukrainian	1	4	5
Uruguayan	4	1	5
Venezuelan	239	132	371
Other	23	10	33
<b>TOTAL</b>	<b>16,357</b>	<b>7,857</b>	<b>24,214</b>

A total of 91% employees work on permanent contracts, and 32% of the total workforce are females.

There were no major changes in the professional categories of employees: 1% of the workforce comprises executive personnel, 8% technical managers, 49% technicians, 4% administrative staff and 38% operatives.

## People by gender and professional category

Category	2011				2012				2013			
	Women	Men	Total	% women	Women	Men	Total	% women	Women	Men	Total	% women
Executive staff	39	228	267	14%	44	248	292	15%	43	249	292	15%
Technical managers	398	1,267	1,665	24%	447	1,404	1,851	24%	468	1,499	1,967	24%
Technicians	3,492	7,642	11,134	31%	3,863	7,793	11,656	33%	3,984	7,792	11,776	34%
Administrative staff	818	338	1,156	71%	783	306	1,089	72%	769	317	1,086	71%
Operatives and juniors	2,618	6,783	9,401	28%	2,569	6,538	9,107	28%	2,593	6,500	9,093	29%
<b>TOTAL</b>	<b>7,365</b>	<b>16,258</b>	<b>23,623</b>	<b>31%</b>	<b>7,706</b>	<b>16,289</b>	<b>23,995</b>	<b>32%</b>	<b>7,857</b>	<b>16,357</b>	<b>24,214</b>	<b>32%</b>

## New recruits

In 2013, Repsol took on 1,062 people on permanent contracts who had no previous employment connection to the company. We seek to attract, recruit and retain people of both genders with different nationalities and from different age groups. Of our new recruits, 49% were women and 51% men, underscoring our active efforts to systematically encourage the integration of women into industry.

84% of the new recruits were in countries other than Spain, enhancing our commitment to local development in our countries of operation.

## New recruits

			2013												Total
	2011 Total	2012 Total	Under 21 years old		21-30 years old		31-40 years old		41-50 years old		51-60 years old		Over 60 years old		
			F	M	F	M	F	M	F	M	F	M	F	M	
Spain	743	360	0	0	26	17	34	38	7	28	4	10	0	2	166
Peru	850	436	71	45	197	110	75	27	8	9	0	6	0	0	548
Latin America, other <sup>2</sup>	324	217	1	3	21	52	9	47	2	16	0	1	0	0	152
Rest of world <sup>3</sup>	262	209	0	0	29	30	20	26	9	14	8	47	2	11	196
<b>Total</b>	<b>2,179</b>	<b>1,222</b>	<b>72</b>	<b>48</b>	<b>273</b>	<b>209</b>	<b>138</b>	<b>138</b>	<b>26</b>	<b>67</b>	<b>12</b>	<b>64</b>	<b>2</b>	<b>13</b>	<b>1,062</b>

The decrease in the total number of new recruits compared to the previous year was mainly because there were no partial retirements in Spain, and therefore no replacement contracts were required.

Over 85% of the 1,062 people who joined Repsol in 2013 are still working for the company. Only 159 of the 2013 recruits left the company the same year (15%); 47% of those who left were women.

<sup>2</sup> Latin America, other: Argentina, Bolivia, Brazil, Colombia, Ecuador and Venezuela

<sup>3</sup> Rest of world: Algeria, Angola, Aruba, Australia, Belgium, Canada, China, Cuba, France, Germany, Guyana, Indonesia, Iraq, Italy, Kazakhstan, Libya, Mexico, Morocco, Namibia, Netherlands, Norway, Portugal, Russian Federation, Singapore, Switzerland, Trinidad and Tobago, United Arab Emirates, United Kingdom, United States.

Employees starting and ending employment during the year															
			2013												Total
	2011	2012	Under 21 years old		21-30 years old		31-40 years old		41-50 years old		51-60 years old		Over 60 years old		
	Total	Total	F	M	F	M	F	M	F	M	F	M	F	M	
Spain	31	32	0	0	0	0	0	2	0	0	2	0	0	0	4
Peru	285	114	9	10	43	40	15	12	1	1	0	0	0	0	131
Latin America, other <sup>2</sup>	21	43	0	0	1	3	1	8	0	2	0	0	0	0	15
Rest of world <sup>3</sup>	16	12	0	0	1	4	2	0	0	0	0	2	0	0	9
<b>Total</b>	<b>353</b>	<b>201</b>	<b>9</b>	<b>10</b>	<b>45</b>	<b>47</b>	<b>18</b>	<b>22</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>159</b>

Most of those leaving the company were in Peru, due mainly to the high staff turnover in the service station business in that country.

## Communication with employees

When we communicate with our employees, we never forget that they are working in many countries and businesses. This helps us to appropriately tailor our communication of company information for local circumstances.

*Our Employee Helpline dealt with 142,663 information and help requests in the year, 23% up on 2012.*

We generally communicate with employees for two main purposes:

- To inform them about Repsol's endeavors.
- To provide them with everything they need to perform their duties and develop as professionals.

A range of communication tools are available to Repsol employees to achieve this:

<sup>2</sup> Latin America, other: Argentina, Bolivia, Brazil, Colombia, Ecuador and Venezuela

<sup>3</sup> Rest of world: Algeria, Angola, Aruba, Australia, Belgium, Canada, China, Cuba, France, Germany, Guyana, Indonesia, Iraq, Italy, Kazakhstan, Libya, Mexico, Morocco, Namibia, Netherlands, Norway, Portugal, Russian Federation, Singapore, Switzerland, Trinidad and Tobago, United Arab Emirates, United Kingdom, United States.

Communication channels	Description	Use and target audience
<b>Claves newsletter</b>	This weekly newsletter is aimed at all Repsol managers and heads, focusing on management news and issues to help managers improve their knowledge of the company. It includes many interviews to raise the profile of managers and heads.	56 issues a year. Aimed at 3,800 managers worldwide. Published in Spanish, English and Portuguese.
<b>Entre Nosotros newsletter</b>	A bi-weekly newsletter sent to all Repsol employees by email, including current business information and progress reports on our strategic plan. It also aims to build our brand and enhance the Repsol project worldwide. This newsletter takes a human approach, focusing on employees and featuring their thoughts and opinions in many of the stories.	25 issues a year. Sent to around 15,000 employees worldwide. Published in Spanish, English and Portuguese.
<b>Intranet news</b>	This channel is aimed at every employee with intranet access. It offers current news on the company, the information employees need to do their job (such as the GxC employee evaluation system and employee training), issues relating to our organization, announcements of conferences, presentations and initiatives to encourage participation, social issues, etc.	588 stories were published in three areas (Madrid, Spain and International) in 2013. Potential audience: around 15,000 employees worldwide with access to the "Repsolnet" intranet.
<b>Conecta magazine</b>	This magazine, delivered to employees at their workplace, is aimed at all employees and their families and reflects the diverse range of activities and internationalization of Repsol. The issues addressed highlight the company's global focus, enhancing Repsol's identity in these countries and its image as an employer. The magazine also underscores the company's commitment to sustainability, helping to improve society.	24,500 copies printed of the 3 issues published in 2013. The magazine is sent to all Repsol employees worldwide.
<b>Digital billboards</b>	Digital billboards are aimed at all employees on the Repsol Campus, our corporate head office in the Puertollano business park. These billboards displays news and information on services for employees, such as offers, Campus services, etc.	More than 10 items are posted every week (over 500 per year). This channel reaches almost 4,000 employees at the Repsol Campus, our corporate head office. We launched our on-site digital billboard pilot project in Puertollano in 2012, aimed at the almost 1,600 Repsol employees working on the site. The project features nine screens displaying Repsol Group content and local information.

Communication channels	Description	Use and target audience
<b>Billboards</b>	This channel is aimed at employees who do not have access to the corporate network, particularly in industrial complexes and service stations. We use these to report significant events and business news relating to the company.	In 2013, we posted more than 100 notices on these billboards.
<b>Chatter</b>	A corporate social network for all Repsol employees. This is a channel for conversation and cooperation, allowing users to share information and files, create groups (public, private and external networks), connect with others, pose questions, create surveys, etc. It enables teams in different business areas to work together to achieve their objectives, and encourages active listening and multi-direction communication.	This channel is available from any PC or mobile device, 24/7 and 365 days a year. This service is for all Repsol employees. The conversations are mainly in Spanish, but also in English and Portuguese.

We measure the individual users who view news through our digital media, such as Claves and Entre Nosotros, breaking these down by language. We can also identify the company or business area from which visitors view stories published on our intranet home page.

We carry out satisfaction surveys and focus group studies for other media, such as our digital billboards, with our Campus employees, who are familiar with this channel. This allows our employees to give us their feedback on the content and propose improvements, and helps us to measure the interest created by the stories published.

## Employee Helpline (EH)

This service provides information, answers questions and helps employees with administrative tasks (administration of social benefits, permits and licenses, issue of certificates, etc.). The scope of this service varies depending on the country.

In 2013, the company worked on a range of measures to increase employee satisfaction with this service:

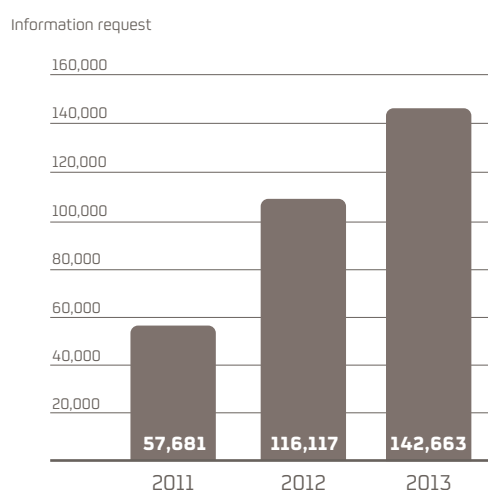
- Since April 2013, the service will be available 362 days a year. We also increased the number of Helpline agents speaking the company's three corporate languages: Spanish, English and Portuguese.
- We monitor a number of service quality indicators to help us continuously improve this service, boosting employee satisfaction.
- Since January 2013, we have carried out monthly satisfaction surveys of an average of 1,000 randomly-selected employees who recently used the Helpline worldwide. The results of these surveys were used in workshops to identify ways of improving employee satisfaction. We achieved our highest satisfaction scores to date in our October 2013 survey, with a rating of 3.85 out of 5. The survey measures the values and behaviors we consider to be most relevant: transparency, flexibility, a proactive approach, approachability and innovation.
- We also worked to increase the proactive efforts of the Helpline in 2013, aiming to anticipate the needs of employees in certain groups that require its services. For example, the Helpline proactively contacts employees as they reach ordinary retirement age to inform them of the processes involved in this new



stage of their lives, and assists them at important times in their personal and professional lives, such as maternity, job changes, etc.

- In the last quarter of 2013, we promoted the use of the Helpline in our industrial complexes, focusing on communicating the benefits of its extensive timetable and availability for employees working shifts and weekends. The project was launched in the Cartagena industrial complex, and is slated for expansion to the Tarragona, Coruña and Puertollano complexes in 2014.
- We are also seeking to exploit the scope of the Helpline as a suggestions channel for the entire company in 2014.

#### Total information requests worldwide



142,663 requests were addressed worldwide, as follows:

Information requests by professional category			
	Women	Men	Total
Executive staff	336	1.228	1.565
Technical managers	5.903	14.370	20.273
Technicians	33.320	40.138	73.458
Administrative staff	16.607	3.051	19.659
Operatives and juniors	8.274	15.801	24.075
Other <sup>4</sup>	1.684	1.950	3.634
<b>Total</b>	<b>66.124</b>	<b>76.538</b>	<b>142.662</b>

<sup>4</sup> Includes candidates prior to recruitment.

The distribution by type of request was as follows:

Type of information request	Women	Men	Total	% of all requests addressed
Employee administration and salaries	6,914	10,007	16,921	11.86%
Compensation and benefits	10,037	16,431	26,468	18.55%
Internal communication	907	953	1,860	1.30%
Corporate culture	240	179	419	0.29%
Personal data	6,475	9,989	16,464	11.54%
Expatriates	48	168	216	0.15%
Training	4,975	5,899	10,874	7.62%
Performance management	435	749	1,184	0.83%
Mobility	103	175	278	0.19%
Attendance/Vacations	13,764	11,806	25,570	17.92%
Labor relations	7,177	4,775	11,952	8.38%
Recruitment	1,599	2,156	3,755	2.63%
Tele-working	1,576	647	2,223	1.56%
Travel	8,684	8,227	16,911	11.85%
Other	3,113	4,455	7,568	5.30%

## Labor relations

Good relations with our employees are crucial. For this reason, we promote dialogue to ensure that our employees identify with the company.

Irrespective of the activity in the country in which it operates, and in accordance with its commitments under the United Nations Global Compact, Repsol fully respects the right to freedom of association and collective bargaining.

Our commitment to employment stability in Spain is set out in article 20 of the Sixth Framework Agreement, guaranteeing employment stability, which was in force until December 31, 2013.

The signatories of the Sixth Framework Agreement agreed to guarantee the employment stability of all employees in the Repsol Group. This involves a commitment to use non-traumatic mechanisms in restructuring workforces across the company as a whole. The Sixth Framework Agreement also includes an Equality Plan.

Depending on the country, the minimum notice of restructuring for workers and their representatives is between one and four weeks. The agreements for Spain set a minimum of 15 days notice. There is no agreement on this in countries such as Colombia and Venezuela, although standard practice is to give one week's notice. The situation in Ecuador is similar, where the practice is to give one month's notice, even though this is not set down in an agreement. In other countries, such as Portugal, the prevailing employment code requires consultation with the Workers Council when there are changes to the organization of the company's workforce.

## Global workforce, by contract type and gender

Gender	2011				2012				2013			
	Permanent	Temporary	Total	% collective agreement	Permanent	Temporary	Total	% collective agreement	Permanent	Temporary	Total	% collective agreement
Women	6,683	682	7,365	57%	6,929	777	7,706	55%	7,006	852	7,857	54%
Men	14,952	1,306	16,258	61%	14,943	1,346	16,289	59%	14,987	1,369	16,357	58%
<b>TOTAL</b>	<b>21,635</b>	<b>1,988</b>	<b>23,623</b>	<b>59%</b>	<b>21,872</b>	<b>2,123</b>	<b>23,995</b>	<b>57%</b>	<b>21,993</b>	<b>2,221</b>	<b>24,214</b>	<b>57%</b>

## Percentage of Repsol employees with a permanent contract:

	2011	2012	2013
	92%	91%	91%

91% of Repsol employees have a permanent contract. The percentage of employees covered by a collective bargaining agreement is unchanged from the previous year.

The company has established channels for communication and dialogue with employee representatives to discuss issues of interest to employees and to seek agreements as necessary:<sup>5</sup>

- In **Spain**, this is carried out through the Collective Bargaining Agreement Compliance Committees in each company. Repsol and employee representatives met 20 times in 2013, resulting in two agreements being signed.
- In **Peru**, Repsol has established Food and Occupational Health and Safety Committees. Joint meetings are also held with the unions. REGAPESA (Repsol Gas Perú, S.A.) held three meetings during the year, resulting in the signature of the 2013 Collective Bargaining Agreement. Meanwhile, RELAPASA (Refinería La Pampilla, S.A.) held 30 meetings with employee representatives, leading to the signing of the Final Agreement for the 2013 Collective Bargaining Agreement.
- Under current legislation in **Algeria**, Repsol has had a workers' representative since 2010, with a mandate until 2014, who serves as a liaison for communication and dialogue.
- Employees in **Brazil** have access to an Internal Occupational Health and Safety Committee (CIPA, in the Brazilian acronym). Repsol Sinopec Brasil held meetings with the "Sindipetro-RJ" union to negotiate its collective bargaining agreement. In 2013, three meetings were held, leading to the signing of the 2013 collective labor agreement and an appendix to the 2013 collective bargaining agreement for the implementation of a profit-sharing plan.
- **Canada's** Joint Health and Safety Committee met 12 times in 2013.
- In **Colombia**, Repsol has a Works Committee.
- Employees in **Ecuador** are represented through the Central Occupational Health and Safety Committee, which met seven times in 2013.
- Repsol has a health and safety officer in **Norway**.
- Employees in **Portugal** are supported by a Works Committee and an Occupational Health and Safety Committee. These committees met 14 times in 2013, signing two collective bargaining agreements.
- In **Trinidad and Tobago**, Repsol E&P held meetings with the Banking, Insurance and General Workers Union as part of its collective bargaining negotiations.
- We also have an Occupational Health and Safety Committee in **Venezuela**, which met nine times.

<sup>5</sup> The number of meetings reported for each country refers to meetings for which official minutes were prepared. Meetings were also held in many countries for which no official minutes were prepared.

### European Company Committee and Union Network

Our continuing dialogue with employee representatives throughout the world is continued through the Spain-Latin America Union Network in Repsol and the Repsol Group European Company Committee.

The Union Network is a voluntary communication channel between the company and union representatives to discuss issues of interest to both sides, including corporate responsibility issues and an analysis of Repsol's business situation.

The Union Network encourages the involvement of local industry unions in the Latin American countries where we are most active. The Union Network Plenary Session was held in Quito, Ecuador, on June 17, 18 and 19, 2013.

The European Company Committee met on July 10 and 11, 2013 in Madrid, Spain.

## Legal complaints

### Total legal complaints received in Spain

	2011	2012	2013
	177	224	209

The company received 219 legal complaints in 2013, as follows:

- 209 were in Spain, 25 of which were resolved through arbitration, while 149 are still underway. 34 of the other cases were resolved in favor of the company, and one case in favor of employees. 93 of the complaints received related to redundancies and 17 to social security issues.
- Two legal complaints are currently underway in Brazil.
- Three complaints are currently underway in Peru, all relating to RELAPASA.
- Four complaints were filed in Portugal. Two of these were resolved in the company's favor, one was resolved through arbitration, and one is still pending resolution.
- One legal complaint is currently underway in Switzerland.

## Attracting talent

Identifying and attracting talent is critical for successful business growth. We have specialist programs in place to attract, motivate and retain the best professionals in the sector.

*97 new employees joined and received specialist training through our Master's programs. In total, the company recruited 578 new employees in the year.*

We take a global approach to our recruitment strategy, while at the same time adapting our efforts to local market conditions in each of the countries where we are active. As such, we achieve the best results in attracting talent. We also seek to achieve a balance between local and international recruitment, encouraging local employment and compliance with recruitment legislation.

Repsol remains abreast of social trends. For this reason, and because of our commitment to technological innovation in all areas of our activity, we monitor our image and positioning to enhance our image as an employer and use recruitment tools such as LinkedIn, specialist recruitment websites and technical forums.

In 2013, we took part in 20 employment forums and other events, both in Spain and abroad. We also carried out communication and educational activities at various levels of education with local schools and colleges to promote interest in careers in the oil and gas industry.

We are committed to young talent, and recruited 97 new employees in 2013 trained through our Master's programs, ensuring they will be well prepared and aware of the company's values and culture. The Master's program also helps to minimize the risk of scarcity of people with suitable professional profiles as a result of generation gaps.

Cambridge University's Students' Union chose Repsol as one of its benchmarks in the energy and engineering sector, devoting a section of its annual Strategies for Success report to us, and identifying us as one of the top companies for promising young professionals in the industry.

We also recruited 1,062 people globally on permanent contracts who had no previous employment relationship with the company, 539 men and 523 women. A further 143 people moved from temporary into permanent employment. Consistent with our commitment to the integration of people with different abilities, and through our close collaboration with various foundations and associations and proactive identification of different sources of recruitment, we worked hard to attract talent among differently-abled individuals, of whom we now employ 500 in Spain, 22% in qualified technical positions. Our work in this area included publishing an article in the Internet portal Disjob and attending a number of specialized employment events.

## Integration of new employees

In 2013, we rolled out our worldwide "Welcome and Integration Plan". Under this plan, managers and other people, known as "guides", assist new Repsol recruits during their first month, playing an important role in their induction into the company. The plan also includes a global online tool for new recruits and the managers and guides responsible for their induction.

The tool provides a common framework for the induction and integration process, with a defined duration of one year, sets out the actions to be performed and provides information on the company through welcome manuals. The tool and its content are available in the company's three corporate languages, Spanish, English and Portuguese.

In 2013, we carried out a number of awareness-raising activities for managers in Bolivia, Ecuador, Spain and Peru to provide opportunities for reflecting on and identifying best practices in the welcome and induction process. In total, the company carried out 578 induction processes for new employees under the new plan: 388 in Spain, 155 in Peru, one in Algeria, 32 in Ecuador and one in Namibia.

## Retaining talent

We have mechanisms in place to assess the capabilities, performance, knowledge and management styles of our people. We use these assessments to define suitable development actions, such as mobility, learning and on-the-job training, which are set out in development and career plans for the individual. This is done for both management and technical posts.

*In 2013, we implemented a new assessment model for employees covered by the collective bargaining agreement. As a result, 60% of all Repsol employees now receive an annual performance evaluation.*

At Repsol, we take an active interest in the people who work for the company, and we consistently and continuously strive to help them develop professionally.

Our People Review program is one of the main tools used over recent years to assess and develop our talent and to plan development actions. People Review evaluates individuals in detail, analyzing their strengths, areas for improvement and professional profiles. This helps us to define development plans targeting the areas for improvement, promoting the strengths identified, and proposing specific actions, such as mobility within the company. The target for this program is for all businesses and areas within the company to review each employee every two or three years.

2,329 people were assessed in 116 People Review sessions in 2013.

Number of people assessed			
	2011	2012	2013
People review	1,773	2,307	2,329

Internal mobility is an opportunity for professional development and a chance for employees to tackle new functions and challenges. In 2013, 3,328 such relocations took place within the company, 40% of which were for women, exceeding their proportion of our workforce.

## Internal mobility

	2011	2012	2013
Number of moves	4,805	3,330	3,328
% women	33	35	40

In 2013, 1,941 people changed professional category, 31% of whom were women.

## Change of category

	2011	2012	2013
Number of people	2,213	1,996	1,941
% women	24	33	31

## Performance assessment

We use two models to assess the performance of our employees: the commitment-based “GxC” (global, for employees excluded from collective bargaining agreements) and “Performance and Development Management” (Spain, for employees covered by collective bargaining agreements), reaching 60% of our employees.

The GxC model was updated in 2013 to bring a greater consistency between targets and Repsol’s values. The assessment is based on evidence of compliance with the “what” (targets) and the “how” (values).

Identifying the best-performing professionals is essential in managing talent. All managers assess the performance of their subordinates, identifying them as excellent (limited to 15% of people), outstanding, good or insufficient. This system is designed for employees who are not covered by collective bargaining agreements and seeks to combine our organizational objectives with the professional development of our people through responsibility, recognition and development, based on the targets assigned for the unit and the individual, as well as their performance. This performance assessment is a factor in determining variable remuneration.

Our 2011 Climate Survey identified areas in which the satisfaction of employees covered by collective bargaining agreements in Spain could be improved, confirming a need to change the way in which these employees were managed. An agreement was signed with union representatives in January 2013 to implement a “single performance assessment model” for all employees covered by collective bargaining agreements in Spain.

In 2013, we implemented a new assessment model for employees covered by the collective bargaining agreement, called Performance and Development Management. This model aims to align individual contributions with team objectives and encourage the development of talent. It also defines the responsibilities (the “what”) and skills (the “how”) expected of an employee based on the group of which they form part.

Under this system, managers assess the performance of all members of their team. The performance classification is similar to the previous model.

## Performance assessment in Repsol

		2011		2012		2013	
		Outside collective bargaining agreement	Under collective bargaining agreement	Outside collective bargaining agreement	Under collective bargaining agreement	Outside collective bargaining agreement	Under collective bargaining agreement
People subject to assessment and performance review	Women	2,412	389	2,697	331	2,880	1,290
	Men	5,431	333	5,814	263	6,011	4,395
	Total	7,843	722	8,511	594	8,891	5,685
Percentage of total employees		36%		38%		60%	

The significant increase in the percentage of employees receiving performance assessments in 2013 is due to the implementation of the new Performance and Development Management tool for employees covered by a collective bargaining agreement.

## Turnover

Employee turnover affects the company's human and intellectual capital and can affect productivity. Repsol is therefore working to minimize the impact of such change. We calculate the turnover rate as the total number of employees on permanent contracts leaving the company (irrespective of their hours worked per day) compared to the total workforce at year end.

Repsol's ability to retain talent is reflected in low voluntary turnover rates among its employees.

## Total turnover rate

	2012 Total	2013												Total
		Under 21 years old		21-30 years old		31-40 years old		41-50 years old		51-60 years old		Over 60 years old		
		F	M	F	M	F	M	F	M	F	M	F	M	
Spain	7%	0%	0%	6%	5%	4%	2%	3%	3%	3%	2%	NA	NA	5%
Peru	15%	26%	44%	30%	30%	14%	14%	6%	9%	0%	1%	0%	4%	18%
Latin America, other <sup>6</sup>	15%	—	28%	12%	20%	9%	9%	4%	4%	5%	4%	NA	4%	9%
Rest of world <sup>7</sup>	6%	0%	0%	7%	6%	6%	7%	4%	5%	5%	4%	0%	12%	6%
<b>Total:</b>	<b>8%</b>	<b>22%</b>	<b>26%</b>	<b>14%</b>	<b>12%</b>	<b>5%</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>NA</b>	<b>NA</b>	<b>7%</b>

<sup>6</sup> Latin America, other: Argentina, Bolivia, Brazil, Colombia, Ecuador and Venezuela.

<sup>7</sup> Rest of world: Algeria, Angola, Aruba, Australia, Belgium, Canada, China, Cuba, France, Germany, Guyana, Indonesia, Iraq, Italy, Kazakhstan, Libya, Mexico, Morocco, Namibia, Netherlands, Norway, Portugal, Russian Federation, Singapore, Switzerland, Trinidad and Tobago, United Arab Emirates, United Kingdom, United States



Total voluntary turnover rate															
			2013												
			Under 21 years old		21-30 years old		31-40 years old		41-50 years old		51-60 years old		Over 60 years old		Total
	Total	Total	F	M	F	M	F	M	F	M	F	M	F	M	
Spain	1%	1%	0%	0%	5%	3%	2%	1%	1%	1%	0%	0%	0%	0%	1%
Peru	17%	13%	15%	29%	24%	20%	12%	8%	3%	3%	0%	0%	0%	0%	12%
Latin America, other <sup>6</sup>	4%	11%	—	28%	9%	10%	8%	7%	4%	2%	5%	3%	83%	4%	6%
Rest of world <sup>7</sup>	4%	5%	0%	0%	4%	5%	5%	6%	4%	4%	1%	2%	0%	0%	4%
<b>Total:</b>	<b>2%</b>	<b>3%</b>	<b>13%</b>	<b>18%</b>	<b>11%</b>	<b>8%</b>	<b>4%</b>	<b>3%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>0%</b>	<b>3%</b>

The decrease in both the total and voluntary turnover rates in “Latin America, other” compared to 2012 are largely due to the change resulting from the termination of the exceptional internalization conditions, which were described in last year’s report.

## Climate Survey

As a result of the 2011 Climate Survey, the company launched a number of comprehensive action plans related to recognition, the role of managers, training and safety and environmental awareness, together with a new performance management program for employees covered by the collective bargaining agreement. Action plans were also rolled out at the business and corporate area levels, subject to ongoing monitoring.

In 2013, 35 focus groups were held, reflecting the geographic diversity and range of functions of Repsol employees, to help us understand how these new measures are being perceived. The overall results of the focus groups were published on the intranet and the specific results of individuals and corporate areas were reported using various local channels.

A further climate survey will be carried out in 2014.

## Training

Repsol’s training model is structured to promote collaboration, innovation and the sharing of experiences and best practices among employees.

*78% of our employees received training in 2013, with an average of 40 training hours.*

Repsol’s training programs aim to develop the professional capacities needed for effective performance in pursuit of the company’s strategic goals. The programs are based on initiatives designed to structure knowledge, develop skills and encourage the commitment of everyone in the company to the corporate plans, culture and values throughout their working lives.

<sup>6</sup> Latin America, other: Argentina, Bolivia, Brazil, Colombia, Ecuador and Venezuela.

<sup>7</sup> Rest of world: Algeria, Angola, Aruba, Australia, Belgium, Canada, China, Cuba, France, Germany, Guyana, Indonesia, Iraq, Italy, Kazakhstan, Libya, Mexico, Morocco, Namibia, Netherlands, Norway, Portugal, Russian Federation, Singapore, Switzerland, Trinidad and Tobago, United Arab Emirates, United Kingdom, United States

In 2013, we continued our training to integrate new university graduates through our Master's programs in Exploration & Production, Petrochemical Refining and Gas, and Management, with 142 students taking part in these programs.

The E&P unit focused on in-person technical training in areas such as asset management, oil well integrity for production management and structural compression states. This classroom training was supplemented by substantial online technical training, including more than 100 specific courses in geology, geophysics, petro-physics, production engineering and engineering of reserves. We also developed a wide-reaching international training program for mentors.

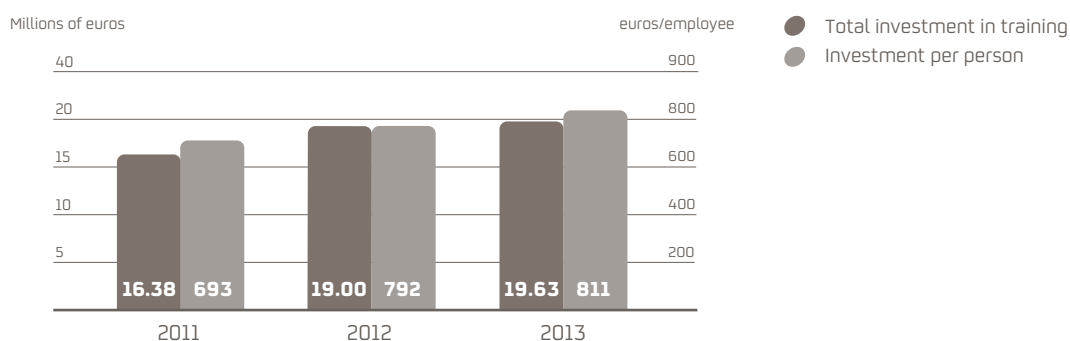
In our commercial units, we launched the new Commercial School, which has been formally recognized by leading Spanish universities. The school is based on a modular learning itinerary and a blend of classroom and online methodologies. The training includes general competences related to the oil and gas industry and commercial, product, service, management and skills training.

The Leadership in Safety and the Environment program is near completion, providing safety and environmental leadership training for all Repsol managers with staff management responsibilities, with 58 activities and 1,389 participants. This program was complemented by the Safety and the Environment Leadership program for unit heads and maintenance managers for industrial plants. Everybody working in Repsol, managers and non-managers alike from both corporate and business areas, has completed at least one training activity in this area.

We also developed a new leadership and management roadmap for all Repsol managers, aiming to enhance and standardize the profile of team leaders throughout the company, reflecting our corporate values and culture. We launched specific programs to promote leadership in innovation, with the design of an online learning itinerary for innovation and knowledge management. We also rolled out or promoted a number of courses relating to corporate responsibility in 2013, including:

- **Basic Human Rights:** An online course launched in 2012 and held in various countries in 2013. For more information, please see the chapter on [Respect for human rights](#).
- **Ethics and Behavior:** This online course was launched in mid-2013 to familiarize employees with the new Ethics and Behavior Code published at the start of the year. For more information, please see the chapter on [Ethical conduct](#).
- **Repsol values:** This online course, for all employees, aims to promote Repsol's values in all aspects of our work.

In 2013, the company invested €19.63 million in training, compared to €19 million in 2012. 78% of Repsol employees received some form of training in 2013.



Average training hours per person						
Professional group	2011		2012		2013	
	Hours training in year	Average hours/year per person	Hours training in year	Average hours/year per person	Hours training in year	Average hours/year per person
Executive staff	9,683	36	11,256	39	11,309	39
Technical managers	69,192	42	83,761	45	84,989	43
Technicians	542,022	49	648,831	56	629,870	53
Administrative staff	32,571	28	18,652	17	19,244	18
Operatives and juniors	292,859	31	246,473	27	233,339	26
<b>Total</b>	<b>946,327</b>	<b>40</b>	<b>1,008,973</b>	<b>42</b>	<b>978,751</b>	<b>40</b>

	Hours training in year		Average hours/year per person	
	Women	Men	Women	Men
Executive staff	2,267	9,042	53	36
Technical managers	22,372	62,617	48	42
Technicians	231,600	398,270	58	51
Administrative staff	13,649	5,596	18	18
Operatives and juniors	26,102	207,237	10	32
<b>Total</b>	<b>295,990</b>	<b>682,761</b>	<b>38</b>	<b>42</b>

The percentage of training hours by professional category and gender is very similar to the previous year. Women received an average of 38 training hours in 2013, compared to 40 hours in 2012; and men received an average of 42 hours training in 2013, compared to 43 in 2012. The difference in the average hours of training for men and women in the "Operatives and juniors" category is mainly due to the higher volume of training in the industrial complexes of Repsol Petróleo, where fewer women are employed than in other companies.

## Compensation and remuneration systems

Remuneration is important for attracting and retaining the professionals the company needs and ensuring that they are fully committed. Our compensation system promotes individual recognition.

*Our compensation criteria promote performance and recognition of individual merit in values such as collaboration and group effort, based on competitive market values as appropriate for an organization such as Repsol.*

In response to one of the expectations identified in the last climate study, in 2013 we continued the communication and transparency process for informing employees of the various compensation measures the company offers its employees. As a result, three initiatives were featured in 2013:

- The creation of a personalized pay bulletin of total compensation received, reporting all the elements of each employee's individual compensation in an up-to-date and ongoing manner. This includes all compensation headings, such as fixed and variable remuneration, incentives and benefits. The bulletin is currently implemented in Spain for executives and employees not subject to collective bargaining agreements, although in the future it will be extended to other countries and categories.
- Communication of the company's compensation tools and criteria to all employees excluded from the collective bargaining agreement. To this end, we began holding workshops with the professional groups managed using these tools and criteria.
- The preparation of salary review audits, aiming to understand how the process is working and if it has been applied in accordance with our criteria regarding gender, nationality and age diversity, so as to implement any improvements required.

We have also responded to the need to improve employee recognition, as identified in the most recent climate survey. In 2013, the company decided to promote non-monetary recognition by analyzing best practices in all the countries and business areas of the group, as well as its impact on the working environment.

2012 was the first time the variable remuneration system had been deployed for employees included in collective bargaining agreements in Spain, linked to the achievement of the shared targets of each organizational unit. Shared targets were defined for these employees in 47 different units, covering all our activities in the country, with Repsol completing the collective negotiation of the Sixth Framework Agreement and the agreement for each company. The first variable remuneration payments were made in Spain in 2013.

## Salaries

Repsol's minimum wage vs. national minimum wage [euros/month]			
Country	National minimum wage	Repsol minimum wage <sup>8</sup>	Repsol/national minimum wage
Spain	645.30	1,283.66	1.99
Bolivia	137.93	977.01	7.08
Brazil	275.81	566.86	2.06
Ecuador	272	272	1
Peru	310.88	310.88	1
Portugal	485	499.92	1.03
Trinidad and Tobago	273.83	1,263.82	4.62
Venezuela	327.03	373.80	1.14

Repsol pays its employees more than the national minimum wage, except in Ecuador and Peru because of the internalizations required by those governments over recent years. In these cases, Repsol's minimum wage matches that set by the government. The difference is largest in Bolivia, as Repsol has set its minimum wage based on the actual cost of living and conditions in the country.

<sup>8</sup> Collective bargaining agreement minimum wage for lowest category.

The workforce composition in each country should also be considered, as this is influenced by the types of businesses in which we are involved in each region.

### Variable remuneration linked to corporate responsibility

Every employee benefiting from the company's variable remuneration system has been assigned at least one corporate responsibility target. Two-thirds of our workforce is covered by the variable remuneration system. 41% of targets are related to corporate responsibility, in areas such as corporate culture and people management, safety and the environment, information transparency and corporate responsibility.

## Flexible remuneration

Under the personalized remuneration program, employees can freely choose how they would like to receive part of their annual remuneration. Since October 2013, employees not covered by the collective bargaining agreement in Spain, and who are resident in Spain for tax purposes, can benefit from the full flexible remuneration program. In addition to a share acquisition plan, this program also provides payment of kindergarten costs, IT purchases, medical insurance and individual pension plan contributions. The plan does not cover new recruits, people employed under a special regime or employees on international assignment in Spain.

The share acquisition plan remains in effect for employees covered by the collective bargaining agreement in Spain.

These options can result in higher net remuneration, as certain benefits can lower employees' tax burdens.

## Social welfare benefits

Repsol group employees have access to a range of social welfare benefits, depending on the company that employs them. Repsol studies the social context in every country and sector and focuses its contributions on those areas that require the most support.

Benefits (millions of euros)	2011	2012	2013
Pension plan contributions	36.8	39.8	41.3
Food allowances	13.6	13.8	15.1
Subsidized loans	0.65	0.65	0.67
Health care	19.2	21.1	24.1
Accident and life insurance	4.8	6.3	5.1
Study aid	4.2	6.1	7.2
Other social welfare benefits	0.29	0.44	0.44
<b>Total</b>	<b>79.5</b>	<b>88.2</b>	<b>93.9</b>

Changes to the figures reported in prior years are due to modification of criteria in order to allow certain social welfare benefits that were not considered in previous years.

Social welfare expenses in countries in which we have significant activities were as follows:

Country [euros]	2011	2012	2013
Spain	53,990,703	57,352,667	56,943,458
Peru	2,736,186	3,223,381	3,493,449
Ecuador	3,667,389	4,247,416	4,451,202
Portugal	4,024,079	4,162,924	4,465,919
Rest of world	15,170,131	19,274,338	24,543,976
<b>TOTAL</b>	<b>79,588,488</b>	<b>88,260,727</b>	<b>93,898,004</b>

## Repsol culture

At Repsol, we understand that the key to our results as a company, and our sustainability and competitiveness, is the way we do things: in other words, our culture.

*In 2013, we launched the “ValorEs Repsol” Initiative, receiving over 9,000 proposals from 7,785 employees. This initiative has enabled us to reflect on how we do things at Repsol, sharing aspects of our management that make us unique and proposals that make us more robust as a company. As such, we are better positioned to achieve the goals we set for ourselves.*

Repsol’s culture is the sum of its values and the standards that we all share as a company. This is what sets us apart from other companies and defines our way of doing things. Our culture is what unites us, enabling us to achieve our corporate endeavor. All Repsol employees constantly pull together to contribute to a better future by developing smart energy.

In 2013, we held substantial communication and awareness raising activities to promote the cultural values mainstreamed through the day-to-day work of all of our employees. These values can be traced back to two cornerstones of Repsol culture: respect and a sense of foresight:



Based on these two cornerstones of our culture, we defined five cultural values that provide guidance for all of our decisions and actions:

- **Integrity:** We care for the welfare of people, the company and the environment in which we work, acting in accordance with the commitments we undertake.
- **Accountability:** We achieve our goals while considering the overall impact of our decisions and actions on people, the environment and the planet we call home.
- **Transparency:** We work under the maxim that all of our actions should be reported truthfully, clearly and demonstrably, understanding information as a company asset that generates value when it is shared.
- **Flexibility:** Active listening enables us to meet our goals in a fair and sustainable manner.
- **Innovation:** We believe that the key to our competitiveness and evolution lies in our ability to generate ideas and to implement them in an environment of collective collaboration and continuous learning.

### The “ValorEs” Repsol challenge

We launched our “ValorEs” Repsol initiative in mid-September. The objective is to understand how our employees experience Repsol’s values in their everyday activities and to generate proposals for how to improve day-to-day management of the company.

In its first month, the initiative attracted over 9,000 proposals from 7,785 employees. Every proposal submitted raised funds for Repsol Foundation projects, collecting €91,680.

On completion of the initial proposal stage, a selection was submitted to the Executive Committee, which chose those most representative of the company’s five values.

This project is helping us reflect on how we do things in Repsol, while also aiding us in sharing aspects of our management that set us apart and help us achieve our objectives.

### Corporate volunteering

The Corporate Social Action and Volunteering Unit launched the Repsol Volunteers project to bring together and promote the selfless service of company employees.

Repsol Volunteers is underpinned by our corporate values. It was created by the amalgamation of all current volunteer initiatives along with those carried out through the Repsol Foundation.

All of the resulting programs and actions are geared towards the following strategic goals:

- **Energy efficiency:** programs aligned with our business, with Repsol volunteers contributing their energy efficiency expertise.
- **Training and development:** projects and activities related to technical skills, to which employees contribute their experience and know-how.
- **Different abilities:** activities to support differently-abled people, maximizing our experience of socio-employment integration.
- **Social awareness/environment:** actions focusing on the environments in which the company operates, responding to local needs. This also includes all the actions carried out by employees through this unit.
- **Punto Solidario:** an internal network of employees who support and advise colleagues at significant moments in their lives.

### The Repsol Foundation and its support for volunteering

The volunteer program covers a wide range of regular and ad-hoc actions, particularly in the social sphere. The main objective is to respond to the social concerns of Repsol employees and local communities, making a positive contribution to society through service.

This plan continued to grow and consolidate in 2013, seeking new proposals to make a real difference. We participated in nine activities in Seville, Valencia and Valladolid, and organized our first volunteering activity in Tarragona. In Madrid, we launched two new areas, setting up ongoing activities for the elderly (visits with the elderly and IT workshops for the elderly at home) and employment workshops for out-of-work immigrants.

More than 600 volunteers took part in activities in 2013, directly benefiting over 20,000 people in various groups, and helping a further 130,000 indirectly. And for the first time, minority shareholders were invited to participate in the program.

## Work-life balance

A good balance between personal and professional life brings about greater motivation, optimism and employee welfare. This results in higher productivity and generates value for the company.

*Repsol's commitment to work-life balance is part of our concern for the welfare of every member of the Repsol team, our main source of value. More than 1,200 professionals have already joined the home-working program in Spain, Peru, Ecuador and Portugal.*

In 2013, Repsol's Diversity and Balance Committee met four times to continue developing the programs launched in earlier years: the working day and flexible hours, time management and home-working.

Repsol workers are able to work under flexible conditions, meaning they can effectively adapt their working hours to suit their personal needs, provided their work allows for this<sup>9</sup> and always respecting the practices, customs and restrictions in each country or region<sup>10</sup>.

In the United States, we implemented a flexible-hours program known as 9/80, which has met with great success and appreciation. The employees involved in this program work a net total of 9 hours a day from Monday to Thursday of the following week, allowing them to take a Friday off every two weeks, providing that there is adequate cover in the office every Friday for every department and all critical activities. Alternatively, employees can choose to work 9 hours a day from Monday to Thursday and take every Friday afternoon off. A program similar to 9/80 has been implemented in Trinidad and Tobago.

<sup>9</sup> This is not applicable to shift workers, workers involved in production processes with precise times or workers contracted to cover specific periods. This is only possible for workers serving the public during specific hours if this can be arranged in coordination with their colleagues.

<sup>10</sup> The regulation of minimum hours applies to expatriate workers providing it is consistent with legislation in the destination country and that it would not be discriminatory against local people or incompatible with the policies of jointly-owned companies.



Adapting to the customs and practices of every country, the company provides paid leave for maternity, breastfeeding, paternity and marriage, exceeding statutory provisions in most of the countries where Repsol is active. In Spain for example, special leave is available to care for children diagnosed with serious illnesses requiring hospitalization. In addition, we also recognize de facto couples in the same way as married couples, providing the same 15-days leave for official civil partnership ceremonies.

At year-end 2013, 1,200 people worldwide had adhered to our home-working program, making this one of the most widely-adopted work-life balance measure and furthering our culture of commitment, efficiency and target achievement.

Home working in Repsol							
Country	2011	2012			2013		
		Women	Men	Total	Women	Men	Total
Spain	690	647	325	972	761	387	1,148
Portugal	25	20	9	29	21	7	28
Peru	1	10	16	26	17	15	32
Ecuador	—	8	2	10	12	2	14
<b>TOTAL</b>	<b>716</b>	<b>677</b>	<b>350</b>	<b>1,037</b>	<b>811</b>	<b>411</b>	<b>1,222</b>

Pilot home-working projects were also launched in Ecuador and Peru in 2013, with studies also underway into implementing this program in Trinidad and Tobago and Bolivia.

In 2013, we analyzed the home-working experience of employees in the company's headquarters in Spain, using the results to design corrective actions to improve the efficiency of meetings and work planning, the main difficulties reported with home-working.

Also in 2013, every home-worker employed through our Madrid centers was offered "Agility in Home-Working" training, to give them the skills to perform their out-of-the-office roles quickly and efficiently, using the full range of available technological resources. Following this training, every employee at the company's facilities in Madrid was given a file summarizing the main points from the training.

ARHOE, the Association for the Streamlining of Spanish Working Hours, recognized Repsol as the company making the greatest contribution to promote more rational working hours, adapted to the needs of employees. Moreover, according to a study by the Instituto Internacional de Ciencias Políticas, Repsol is considered to be the leader in work-life balance in Spain.

## Time management

To increase the efficiency of meetings, in 2013 we placed efficient-meeting guidelines throughout all of the company's meeting rooms. These guidelines were also made available through Repsolnet and our digital billboards.

The Time Bank is another work-life balance program that has received a warm welcome from participants. The program, implemented at the Madrid head offices, allows employees to delegate a wide range of personal tasks at no charge (dry cleaning, pharmacy, clothing and shoe repairs, courier services, etc.). All of our employees in Spain also have access to a free family healthcare program providing support when there is illness in the family.

## Return to work following maternity and paternity leave

Repsol has set basic work-life standards worldwide, ensuring minimum levels of maternity and paternity leave for all Repsol employees, irrespective of the country and local statutory provisions.

	2011			2012			2013		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Employees included <sup>11</sup>	7,099	15,586	22,685	7,340	15,456	22,796	7,459	15,468	22,927
Total employees entitled to maternity or paternity leave	426	897	1,323	418	929	1,347	474	937	1,411
Percentage of employees who took this leave and still worked for the company one year later				92.7%	97.1%	95.7%	93.3%	96%	95.2%

## Diversity

Our vision of diversity is based on a policy of respect for people and their unique differences. This respect underlies all of the company's actions, promoting fair and equal treatment for all of our employees.

*Every process in Repsol encourages the development of a multinational corporate culture that is both diverse and multicultural. We are committed to integrating people with disabilities, promoting a committed and caring social model.*

We believe in and value differences of gender, nationality, culture, capabilities, age and professional profiles. We value talent, we respect people and their cultures, and we believe in that contact with different realities enriches our lives. As such, we hire people with disabilities in the countries in which we operate, irrespective of local statutory requirements. Our culture of diversity gives us a competitive advantage that has made us a benchmark in this area.

In 2013, Repsol continued raising awareness through the Companies for a Society Free of Sexual Violence initiative, launched by Spain's Ministry of Health, Social Services and Equality.

In order to ensure equality of opportunities, the Equality Board meets in Spain every two months to review the current situation and any changes in the company's main gender indicators.

<sup>11</sup> Considering data for the main countries (Spain, Peru, Bolivia, Brazil, Ecuador, Portugal and Venezuela). The data in the first row relates to the aforementioned countries, which accounted for 96%, 95% and 95% of Repsol's total workforce in 2011, 2012 and 2013, respectively.

On July 3, 2013, Repsol renewed its membership in the ONCE Foundation's INSERTA program for an additional three years, to continue promoting employment opportunities in its workforce for people with disabilities and to use this and other corporate social responsibility actions to improve conditions for people with disabilities overall.

Repsol received the following recognitions for its commitment to integrating people with disabilities in 2013:

- EUSE Employment for All Award (October 2013): This award was given by the European Union of Supporting Employment at a conference held in Istanbul, citing Repsol's integration of people with different abilities in service stations.
- ASPACE Award (October 2013): Recognition for incorporating people with different capabilities into the world of work, for the Tarragona Industrial Facility.
- ONCE Madrid Regional Office Award (December 2013): 2013 solidarity award for work on disability issues in many areas, particularly employment.
- 2013 Conacee Integration Award (November 2013): For nationwide work in support of people with disabilities, namely contracting goods and services from Special Employment Centers (Valencia, Spain).

## Integration of people with different abilities

Over the year, we intensified our efforts to hire people with different abilities in all areas of the organization, continuing to encourage direct contracting of differently-abled people, while also involving our suppliers and contractors. Repsol currently employs 654 differently-abled employees, accounting for 2.7% of our workforce.

Country	People with different abilities
Spain	532
Peru	47
Brazil	9
Ecuador	40
Portugal	17
Venezuela	9
<b>Total</b>	<b>654</b>

We also intensified our activities under this program in Peru, where Repsol is a pioneer in such efforts. In that country, we work closely with various regional bodies to raise awareness and share experiences in society, helping shape recently-approved legislation and carrying out external campaigns. We have also made considerable progress in improving the accessibility of our offices and facilities in Peru.

In Spain, we launched a campaign to support and advise employees, their families and friends on the process, tax benefits and other issues involved in obtaining a disability certificate. Also in Spain, we are compliant with the prevailing law on social integration of the disabled (LISMI), with 2.77% of our directly-contracted workforce being differently-abled, rising to 3.67% if we include alternative measures.

## Equal opportunities

Repsol is concerned about the welfare of its employees and promotes equal opportunities in every part of the organization and all of its processes.

*Women accounted for 40% of mobility placements and 31% of changes in professional category, consistent with the gender breakdown of our workforce.*

We continue to devote resources and efforts to promoting gender equality throughout our workforce, considering that we work in what has traditionally been a predominantly-male industry.

Employees by gender and age						
Age	2011	2012	2013			
	% women	% women	Women	Men	Total	% women
Under 20 years of age	46	58	85	61	146	58
Between 21 and 30	41	42	1,582	2,125	3,707	43
Between 31 and 40	37	37	3,433	5,620	9,053	38
Between 41 and 50	29	30	1,918	4,221	6,139	31
Between 51 and 60	15	16	795	4,017	4,812	17
Over 60	13	12	<b>44</b>	<b>313</b>	<b>357</b>	<b>12</b>

Repsol's remuneration system is non-discriminatory and provides equal opportunities: men and women holding the same position and with the same experience and performance receive the same salary level.

Percentage of base salary of women compared to men in 2013					
Country	Managers <sup>12</sup>	Technical managers	Technicians	Administrative	Operatives and juniors <sup>13</sup>
Spain	88	87	92	91	
Peru		65	56	145	
Bolivia		92	104		
Brazil		73	88	168	
Ecuador		68	110		
Portugal			90		
Trinidad and Tobago		95	88		
Venezuela		102	81		

Repsol is active in almost forty countries and has over 1,000 employees working outside their home country. The value contributed by this multicultural environment is increasingly apparent throughout the company.

<sup>12</sup> Does not include chief executives or executive or corporate directors.

<sup>13</sup> Not reported because some employees are paid by the day or hour, and the data would be biased if this group was included.

We believe that the diversity of our management team and the inclusion of local managers in the team give us a very valuable competitive advantage, as this helps us understand the expectations and needs of the countries in which we operate and offer suitable solutions that translate into real business results.

Managers and technical managers by country of origin									
Country	Local executive staff and technical managers			Total Executive staff and technical managers			Percentage		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Spain	1,222	1,306	1,314	1,391	1,403	1,522	88	93	86
Peru	53	60	72	82	68	101	65	89	71
Portugal	45	49	52	50	54	56	90	91	93
Ecuador	28	28	33	31	43	39	90	66	85

## Health and safety

Repsol is acutely aware of the importance of the health all of its stakeholders, particularly its employees. To this end, the company has established guidelines to help safeguard and improve the health of our workers.

*Repsol has an annual occupational health and safety plan, including first aid training, in almost all of the countries in which it operates.*

### Occupational health and safety

Repsol carries out a general assessment of health risks in the initial stages of its planning and develops preventative measures throughout the year. The risk assessment includes estimating the seriousness of risks, their likelihood and the required corrective or off-setting measures, as well as appropriate regular checks.

Risk prevention activities are planned annually to eliminate, reduce or control all of the hazards identified. This planning also includes appropriate emergency measures and health monitoring activities, both for individuals and groups, applying different protocols that reflect the risks to which employees might be exposed because of their particular activities and workplace. Prevention activities also include employee training and information and awareness campaigns.

In 2013, we defined a procedure for areas presenting a significant risk of malaria. This procedure aims to ensure that all company employees (and their families in the case of expatriates) in areas where there are malaria risks understand and comply with guidelines established to prevent the disease, to obtain a diagnosis in suspicious cases and further analysis to confirm the diagnosis, and to take action in the event of transmission.

This procedure complements the "Guide to malaria and other insect-borne diseases", which the company published in 2006 and updated in 2013. Repsol also reviewed and updated information on vaccine recommendations for travel on company business and for expatriates, establishing common standards for action throughout the company.

In 2013, we designed and published our Fitness to Work certification procedure to ensure the highest safety levels in all of our activities. Access to diagnostic and therapeutic resources and reliable medicines may be limited when working in remote areas, extreme conditions and on offshore platforms. In addition, such situations may also involve exposure to environments not usually encountered, illnesses that do not exist in the employee's home country and limited family and social contacts.

In addition, in some of the locations where we operate, there may be risks of contagious illnesses (dengue fever, malaria, yellow fever, leishmaniasis, etc.). Appropriate preventative measures must therefore be taken, such as vaccination campaigns, fumigation and control of infestations. In other situations, employees may be exposed to high noise levels or toxic substances (chemical risk), or their work might require physical exertion, repetitive movements or extended use of display screens.

In such situations, the health of our workers should, as necessary, be carefully assessed prior to assignment to such tasks. The employees of Repsol contractors are subject to the same conditions as Repsol employees, and should adopt the same preventative measures.

In addition to this general approach, specific examples of preventative measures taken during the past year include the following:

- **Spain:** Flu and tetanus vaccination programs (for some posts). Individual advice on prevention of sexually transmitted diseases.
- **Peru:** Ergonomic risk prevention training program. Office gym and activity training program for breaks. Specific vaccination program for field workers on operations in the jungle.
- **Angola:** Information and training for workers and family members on preventing malaria and how to act in the event of concerning situations
- **Bolivia:** Occupational health and safety through the Healthy Company program:

Prevention campaigns against classic dengue fever (providing repellents, information on prevention, monthly insect and herbicide controls at our facilities and head offices and in the homes of our workers) and AH1N1 swine flu, with an immunization program for workers.

Parasite eradication programs for employees and their immediate families, to avoid parasite-borne diseases.

Yellow-fever, typhoid, tetanus, diphtheria and hepatitis B immunization for all company employees. These immunizations are also required for all contractors working in our exploration and production activities in the field.

- **Ecuador:** Employee vaccination programs, health and hygiene measures, regular fumigation of facilities, treatment of drinking water, bacteriological analysis of water and food, and health education in all of these areas.
- **Mauritania:** Information for workers on preventing malaria and how to act in the event of concerning situations. Vaccination information.
- **Venezuela:** Annual vaccination campaigns for employees and family members, including flu, hepatitis B, tetanus, yellow fever and MMR.

### Repsol Healthy Heart Plan

The Repsol Cardiosaludable (Healthy Heart) plan was launched in 2013 and runs until 2017, for the early detection of cardiovascular risks. In 2013, we collected the baseline information on a range of

parameters, such as smoking, body mass, cholesterol and the atherogenicity index, triglycerides, blood sugar, blood pressure and physical activity levels. This information enabled us to analyze the current situation and compare the results for different units and countries.

We then used this analysis to define actions for coming years:

- 2013: Calculation of the total cardiovascular risk index (CVR) and efforts to raise awareness.
- 2014: Healthy diet and physical activity.
- 2015: High blood pressure and diabetes.
- 2016: Healthy lifestyles.
- 2017: Health and family.
- 2013-17: Cardiovascular health for women.

The awareness campaigns carried out in the various countries included “Heart Week” at the Repsol Campus, which entailed a cardiovascular health conference featuring the renowned heart specialist Dr. V. Fuster and a healthy eating workshop. In addition, employees could choose to learn their cardiovascular risk index based on certain basic health information provided.

Other significant activities included the “Jornadas do Coração” in Portugal and events related to “World Heart Day” in Bolivia, Ecuador, Peru and Venezuela.

Units with their own health services and personnel provide first aid training for accidents and common illnesses. We also continued our regular blood donation campaigns.

Other significant activities included:

- **Spain:** Assessment of psycho-social risks. We prepared a 2013-2015 plan to evaluate the psycho-social risks potentially affecting employees in certain positions. We define psycho-social risks as any working or employment condition directly related to the organization, content and performance of an employee’s job that might affect his or her health (physical, psychological or social) or wellbeing.

We use an evaluation methodology based on questionnaires and interviews to assess the following factors:

- Working time
- Autonomy
- Work load
- Psychological demands
- Variety and content of work
- Involvement and supervision
- Worker interest and remuneration
- Performance of tasks
- Social relations and support

The results of the evaluation are used to enhance the strong points identified and to correct any weaknesses detected.

The psycho-social risk assessments are also carried out in all our units in Spain. In 2013, we completed the evaluation of all LPG workplaces, all corporate and business units at the Campus (except E&P) and

many posts in our industrial areas (Refining and Chemicals). We also began applying the evaluation to service station personnel in Galicia, and will continue to extend the scope in 2014.

We continued our annual colon cancer prevention campaign, in which 1,100 employees over the age of 50 have now taken part, for the early detection and treatment of this disease. We also maintained our early detection program for prostate cancer. Lastly, we launched an awareness campaign for the prevention of cervical cancer through our intranet health channel and other activities, including a conference with an external expert at the Campus.

In addition, we held a number of anti-smoking campaigns at various workplaces, in collaboration with the Spanish Cancer Association. Moreover, we organized three workshops to encourage people to stop smoking.

We are also working to monitor chronic health conditions, such as dyslipidemia, high blood pressure and diabetes.

Employees received training in first aid, including cardiopulmonary resuscitation (CPR) and the use of defibrillators, information on back and spine health, and stress management.

- **Algeria:** CPR training
- **Bolivia:** Occupational medical checkups. Medical care for workers in the field and city (for both Repsol and contractor personnel). Healthcare for communities in the area of the Mamoré, Margarita and Piraimiri blocks.

Training in first aid, CPR, endemic illnesses and dietary habits. Nutrition, ergonomics and physical fitness programs through agreements with suppliers and gym services and equipment in our facilities.

- **Ecuador:** Prevention programs for common illnesses, cardio-metabolic problems and obesity, among other efforts
- **United States:** Healthy eating and alcohol abuse prevention programs (both in Alaska).
- **Peru:** “24-hour Health” programs for workers and “Cuidate2” program for employees and their families
- **Portugal:** Anti-smoking programs and medical treatment programs for workers and their families. Healthy eating, healthy habits and ergonomics events.
- **UK:** Cycling program.
- **Venezuela:** Posture and ergonomic risks programs, as well as breast, prostate and colon cancer early detection programs. We also provide a health care plan guaranteeing medical insurance for workers and their immediate families. We provide support for communities through a range of activities. In 2013, we offered health care programs and pest control initiatives in rural locations close to our operations. We also provided support for schools in rural areas or with scarce resources, including sex education for adolescents.

## Absenteeism

As shown by Repsol's commitments in its [Health, Safety and Environmental Policy](#), we are gradually implementing measures to encourage a proper work-life balance, helping to improve absenteeism rates. These initiatives include flexible working hours, allowing employees to take leave to care for family members while safeguarding their positions beyond the statutory requirements, unpaid leave, accumulated breastfeeding leave and tele-working.

We also run a number of health and wellbeing programs to prevent risks and to improve the health of employees, such as vaccination plans, cardiovascular health campaigns and early detection of certain cancers and diabetes.



The absenteeism rate for employees covered by the collective bargaining agreement in Spain was 2.87% in 2013. This rate only includes absences from the workplace for reasons of illness and excludes other forms such as leave for maternity, paternity or workplace accidents.

No occupational illnesses were reported within the Repsol group in 2013.

### Quality of life program in Brazil

This initiative aims to educate employees about the importance of a healthy lifestyle.

The program focuses on a number of areas:

- **Nutrition:**

- A weekly nutritional assessment, including a detailed review of each participant's eating habits and preparation of a personal meal plan, with regular follow-up to evaluate results and increase motivation for the suggested treatment.
- Availability of fresh fruit and snacks not containing trans-fats.

- **Sport**

- Agreements with local sports clubs, at no cost to employees.
- Running and walking excursions, four times a week, two hours per day on Botafogo Beach. Two physical education teachers are on hand to assess and advise employees based on their individual condition.
- Exercise circuits, under the care of a physical education instructor, based on simple human movements (pushing, pulling, squatting, rotating, turning, etc.). The class is held on Botafogo Beach and features a range of exercises using various forms of equipment to work different attributes, such as strength, balance, agility and cardio-respiratory capacity. This training is dynamic and fun.

- **Ergonomic assessment:**

- Every three months, all employees receive guidance on their posture from specialists.

- **Office gym:**

- An exercise program during the working day, held three times a week

- **Shiatsu:**

- Eastern therapy seeking physical and energy balance, boosting wellbeing in body and mind, held once a week.

- **Repsolnet health channel:**

- Health advice and information for all employees.

- **Annual medical assessment**

- **Vaccination campaign:**

- Assessment of the vaccination status of employees, guidance on mandatory vaccinations and annual flu vaccine



## Local communities

Repsol is an integrated company involved in crude oil and gas exploration and production, refining and marketing the resulting products. These activities may impact the environment and local communities.

*We have significant operations in 26 countries, including hydrocarbon exploration and production facilities in 25 countries and refineries and petrochemical complexes in four countries.*

### Main operations

Our most significant installations are those involved in oil and gas production. We have established relationships with local communities near such facilities, with whom we share our long-term objectives of economic growth, social development and environmental protection. These operations mostly involve hydrocarbon production and development, and refining and chemical plant activities.

We are currently involved in hydrocarbon exploration and production activities in 25 countries. Primarily, we have operating assets in Spain, Peru, Algeria, Bolivia, Brazil, Ecuador, Mexico, Trinidad and Tobago, and Venezuela.

Secondly, we have major exploration assets in Spain, Angola, Algeria, Australia, Brazil, the United States, the Russian Federation, Guyana, Indonesia, Iraq, Liberia, Libya, Morocco, Mauritania, Namibia, Norway, Portugal and Tunisia. In certain cases, local social and environmental sensitivities mean that our presence can have a significant impact; for example, when indigenous communities live in our direct or indirect area of influence, as is the case with some of our facilities in Bolivia, Colombia, Ecuador, the US, Peru and Venezuela.

Our downstream production activity is mainly concentrated in our industrial and chemical plants in Spain, Peru, Canada and Portugal. Repsol has five industrial complexes in Spain (refining: A Coruña, Cartagena and Petronor; and refining and petrochemicals: Puertollano and Tarragona), one in Peru (La Pampilla) and one in Canada (Canaport). The company has four major chemical complexes: three in Spain, Dynasol (Gajano, Cantabria), Polidux (Monzón, Huesca) and General Química (Latarón, Álava); and one in Portugal (Sines).

## Our activity and its impact on communities

Repsol identifies and assesses the impact of its activities and projects on the communities, regions and countries where it operates, from the outset and throughout their life cycles.

*In 2013, we carried out 46 risk and environmental impact assessments. Five of these were for industrial complexes and 41 for exploration and production. Twelve of these studies also addressed human rights issues.*

Repsol applies a preventative approach in all its activities. We continuously assess the potential impact our activities might have on local communities. This enables us to prevent and offset negative impacts, while establishing actions plans to enhance positive impacts. Dozens of communities are directly or indirectly influenced by our hydrocarbon exploration and production activities and our industrial complexes.

Our hydrocarbon production activities are very different from the activities in our industrial complexes, as are the geographical contexts in which they are set. The impacts of these activities on people and the environment are, therefore, also very different.

Our industrial complexes received 104 communications from local communities in 2013. These mainly related to noise [40%] and odor [46%]. Other issues reported include emissions into the atmosphere [2%], smoke [1%] and other matters [14%] related to our products and vehicle use. We received 1,474 communications relating to our exploration and production activities, 96% of which involved projects currently under development.

One particularly significant topic is the impact of our hydrocarbon production facilities in areas with indigenous communities. Repsol implements appropriate prevention measures in these cases; as described in the "Indigenous Communities" section of this report.

<b>Industrial complexes</b> Mainly located in industrialized areas, close to urban centers.		<b>Oil and gas exploration and production facilities</b> These activities have a shorter duration than our industrial complexes. <sup>1</sup> They are remote from main urban centers and access to infrastructure is more difficult.		<b>Measures taken by Repsol to offset potential impacts</b>
<b>Potential positive impacts</b>	<b>Potential negative impacts</b>	<b>Potential positive impacts</b>	<b>Potential negative impacts</b>	
Contribution to social and economic development of local population.	Odor.	Local content, with contracting of suppliers and contractors doing business in the region.	Deforestation and accidental presence of pollutants in liquid effluents.	Comprehensive management of environmental risks, installation of early detection systems for spills and other potential environmental risks.
Creation of direct and indirect employment.	Noise.	Investment in basic infrastructure, enabling access to electricity and water.	Creation of waste, emissions into the atmosphere, noise and odor.	Social, health and environmental impact assessments for our operations. Awareness-raising activities and training programs for our plant managers.
Payment of taxes.	Emissions into the atmosphere and, to a lesser extent, water discharge.	Payment of taxes and royalties.	Increase in vehicle, river and air traffic. Creation of dust on roads used.	Optimization of air, river and vehicle traffic. Control of use of access routes.
Collaboration agreements with town halls and other local government bodies.	Truck traffic.	Contribution to increasing equality of opportunities.	Changes to hunting and fishing patterns in the area, and increased population.	Open and ongoing dialogue with communities to identify their needs. Development of action plans to meet needs identified.
Promotion of cultural events and social investment.	Light pollution.	Social projects benefiting local communities.	Higher local inflation and other problems related to higher incomes.	Communication channels for all our stakeholders, allowing us to receive and deal with complaints, grievances and requests for information, 24 hours a day.

## Impact assessment

Repsol's Regulation for Environmental, Social and Health Impact Assessment establishes basic guidelines for assessing all impacts generated by company activities. We aim to ensure that all potential environmental, human rights and health impacts are identified as early as possible in the project life cycle, and are taken into account during the planning stage so as to prevent and mitigate such effects. The regulation adopts a preventive approach to potential impacts on people and the environment, both for new projects and those that are ongoing and subject to substantial modifications.

In 2013, we carried out risk identification and/or impact assessments for five of our industrial complexes. The assessments were mainly related to small changes in the installations, only requiring additional mitigation measures in one case.

<sup>1</sup> Activities at our industrial complexes may continue indefinitely: some facilities have already been operating for over 40 years. However, exploration and production activities are very short lived: exploration activities usually last between 1 and 5 years, while production might last 20 to 25 years, depending on the nature of the deposit.

In 2013, we also performed 41 risk identification and/or impact assessments for our hydrocarbon production facilities. In addition, because of the nature and location of certain facilities (22%), we carried out in-depth analysis of their particular social and human rights aspects.

## Decommissioning

When an operation reaches completion, we draw up a decommissioning plan to ensure that all necessary measures are taken to minimize the environmental, social and economic impact that decommissioning may have on communities. We also collaborate with the relevant authorities to transfer responsibilities once the company is no longer present in the area.

In 2013, we completed the decommissioning of five plants in Algeria, Iraq and Libya. In Algeria, we completed restoration of the well areas for the South East Illizi and Issaouane blocks. In the South East Illizi block, which was in its initial exploratory phase, the decommissioning was carried out in accordance with the Site Restoration Plan, considering Algerian statutory requirements relating to the five wells drilled during this phase. The Issaouane block was transferred to Sonatrach in September, which will continue production operations. In this case, we have dealt with the waste produced and restored the oil well area and land polluted by minor leakage from pipes and in the plant's waste storage and treatment area.

We removed all drilling equipment from the Qala Dze block, in the Kurdistan zone of Iraq, and returned the land to its owners, following the agreed restoration conditions.

In addition, in 2013 we closed four wells in Libya. Activity began at all of these wells in May 2013 and was completed between July 2013 and January 2014. All of these sites have been restored to their original condition, through our environmental and social plans.

## Our community relations

**We use communication and dialogue tools to identify opportunities for promoting sustainable development in local communities influenced by our operations.**

Our activities affect a large number of communities with very different characteristics. The first step in forming relationships with local communities is to understand, to the greatest extent possible, their identity and their particular social, economic and cultural characteristics.

Our community relations teams are responsible for maintaining ongoing dialogue with all communities living in areas affected by our activities. **At December 31, 2013, 90 Repsol professionals were assigned to community relations matters in our exploration and production activities in 19 countries.**

The main communities in the areas affected by our major facilities (including both hydrocarbon production and industrial complexes), the dialogues held during 2013 and the agreements established are summarized below.

## Communities neighboring our industrial complexes

### Spain

Industrial and/or chemical complex	Communities in the area	Communication activities	Agreements
<b>A Coruña</b>	<ul style="list-style-type: none"> <li>– Autonomous Community of Galicia.</li> </ul>	<ul style="list-style-type: none"> <li>– Official dialogue with the Vice-President's Office and the Department of Culture, Education, Universities, Environment and Industry.</li> </ul>	<ul style="list-style-type: none"> <li>– Short story award.</li> <li>– Dual professional training agreement.</li> <li>– Agreement for dissemination of and simulations under the exterior emergency plan.</li> </ul>
	<ul style="list-style-type: none"> <li>– A Coruña: 250,000 residents</li> <li>Neighborhoods: Castros, Ventorillo, Rosales, Castrillón and de las Flores.</li> <li>– A Coruña, Bens area: 500 residents.</li> <li>– A Coruña, Nostián area: 100 residents.</li> <li>– Arteixo: 30,500 residents .</li> <li>– Arteixo, Meicende area: 4,000 residents.</li> <li>– Arteixo, Borroa area: 50 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Regular meetings with local residents' associations.</li> <li>– 24-hour complaints hotline.</li> <li>– Contact with municipal government representatives.</li> </ul>	<ul style="list-style-type: none"> <li>– Official collaboration with A Coruña City Hall.</li> <li>– Galicia Symphony Orchestra.</li> <li>– Professional training grants.</li> <li>– Support for local projects.</li> <li>– Collaboration in educational projects and with civic centers.</li> <li>– Contribution to sports and cultural events.</li> </ul>
<b>Cartagena</b>	<ul style="list-style-type: none"> <li>– Alumbres: 3,500 residents.</li> <li>– Cartagena: 218,244 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Collaboration meetings with social, administrative and educational bodies.</li> <li>– Official participation in public events with administrative bodies, particularly with Cartagena City Hall.</li> <li>– Half-yearly meetings involving neighbors' associations.</li> <li>– Educational visits to the industrial complex for schools and colleges, other interested parties and social and official representatives.</li> <li>– Meetings with the media.</li> <li>– Creation of a website on which the plant can explain its activities.</li> </ul>	<ul style="list-style-type: none"> <li>– Economic and educational agreements with NGOs, public bodies and universities for scientific and social promotion in the area.</li> <li>– Economic cooperation and sponsorship agreement for social and cultural activities.</li> </ul>
<b>Dynasol</b>	<ul style="list-style-type: none"> <li>– Elechas: 423 residents.</li> <li>– El Astillero: 17,938 residents.</li> <li>– Gajano: 446 residents.</li> <li>– Heras: 750 residents.</li> <li>– Pontejos: 1341 residents.</li> <li>– Rubayo: 529 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Meetings with local councils. for Gajano and Pontejos.</li> <li>– Visits by the Environment Manager and Councilor.</li> </ul>	<ul style="list-style-type: none"> <li>– No new agreements were needed in 2013.</li> <li>– Support for initiatives undertaken by local institutions, such as environmental events and educational forums.</li> </ul>

Industrial and/or chemical complex	Communities in the area	Communication activities	Agreements
<b>General Química</b>	<ul style="list-style-type: none"> <li>– Lantarón: 950 residents.</li> <li>– Miranda del Ebro: 39,000 residents.</li> <li>– Vitoria: 250,000 residents.</li> </ul>	<p>We continually communicate with representatives of local government, farmers and other stakeholders following the incident involving rupture of the B-1 canal and the resulting groundwater pollution.</p> <ul style="list-style-type: none"> <li>– Meetings to agree the actions needed under the mitigation plan and to report progress on agreed actions.</li> <li>– On-going communication with representatives of local government and other stakeholders, particularly by telephone, email and post.</li> <li>– Permanent contacts with government bodies at all levels.</li> </ul>	<ul style="list-style-type: none"> <li>– Continued environmental assessment of groundwater quality.</li> <li>– Proposal of measures to control risks and mitigate effects on groundwater.</li> </ul>
<b>Petronor</b>	<ul style="list-style-type: none"> <li>– Abanto and Zierbena: 9,200 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Regular meetings with local government bodies, particularly city hall and its representative.</li> </ul>	<ul style="list-style-type: none"> <li>– Sponsorship of sports and cultural activities.</li> <li>– Agreement for the assignment of land with municipal equipment.</li> <li>– Delivery of the green-belt plantation, a project which started five years ago.</li> <li>– Financing of activities for associations.</li> </ul>
	<ul style="list-style-type: none"> <li>– Muskiz: 7,400 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Regular meetings with local government bodies, particularly the city hall.</li> <li>– Participation by the company in the monitoring committee for Petronor activities.</li> <li>– Information on start-up and shutdown processes for the facilities.</li> </ul>	
	<ul style="list-style-type: none"> <li>– Zierbena: 1,200 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Regular meetings with local government bodies, particularly city hall and its representatives.</li> </ul>	
<b>Polidux</b>	<ul style="list-style-type: none"> <li>– Castejón del Puente: 150 residents.</li> <li>– Monzón: 17,200 residents.</li> <li>– Selgua: 150 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Dealing with any complaints received.</li> <li>– Annual meetings with the city hall's environment council, although this was not held in 2013.</li> </ul>	<ul style="list-style-type: none"> <li>– No new agreements were reached in 2013.</li> </ul>

Industrial and/or chemical complex	Communities in the area	Communication activities	Agreements
<b>Puertollano</b>	– Puertollano: 52,000 residents.	<ul style="list-style-type: none"> <li>– The Public Advisory Panel held six meetings to handle aspects relating to the Puertollano complex and the company.</li> <li>– Meeting with Local Federation of Neighbors' Associations.</li> <li>– Ten meetings with the Environment Department and two with the local sustainability council.</li> <li>– Ongoing contact with local, provincial and regional government bodies.</li> <li>– Visits to the industrial complex by schools, colleges, universities and local associations.</li> <li>– Website for the industrial complex to inform the local community of topics of interest.</li> <li>– Official involvement in public events in Puertollano.</li> </ul>	<ul style="list-style-type: none"> <li>– Cooperation agreement with the Municipal Sports Trust for athletic activities for children and young people.</li> <li>– Cooperation agreement with Puertollano City Hall for the promotion of cultural activities for the community as a whole.</li> <li>– Cooperation agreements with social bodies to promote social, cultural and sports activities.</li> </ul>
<b>Tarragona</b>	Northern site: – La Pobla de Mafumet: 2,810 residents. – El Morell: 3,445 residents. – Perafort: 1,230 residents. – Constantí: 6,592 residents. Southern area: – La Canoja: 5,673 residents. – Tarragona: 134,085 residents. Docks: – Vilaseca: 21,839 residents. – Reus: 106,709 residents. – Valls: 24,649 residents.	<ul style="list-style-type: none"> <li>– Creation of a Public Advisory Panel for the Tarragona industrial complex, to improve relationships with surrounding areas and open up open two-way communication with the community.</li> <li>– Visits to the facilities.</li> </ul>	<ul style="list-style-type: none"> <li>– Cooperation agreements for cultural and social purposes.</li> <li>– Visits, meetings with a range of agencies and active participation in the social life of local communities.</li> </ul>

### Creation of the Public Advisory Panel for the Tarragona industrial complex

Repsol's Public Advisory Panel is a meeting and communications tool to channel relations between the company and society. It is a working group made up of representatives of the community and of Repsol, who meet regularly to address issues of mutual interest.

The Panel was created in response to one of the Repsol's top priorities: to establish stable agreements in the areas where the company carries out its business activities.

This priority can be broken down into the following objectives:

- To improve the incorporation of the complex into its surroundings.
- To establish frequent two-way communication between Repsol and local communities in the areas affected by its operations.
- To understand the concerns of society and establish on-going communication to improve relations and connections between the company and society.



The first meeting of the Public Advisory Panel for the Tarragona industrial complex took place in February 2013. The Panel comprises 20 members representing government and educational bodies, residents' associations and other stakeholders interested in the company's activity and its influence in the area. The Panel met four times during the year, with visits to Repsol's facilities. The commitments undertaken by Repsol through our [Health, Safety and Environmental Policy](#) were presented at the meetings, and the Panel analyzed the best areas for mutual collaboration.

### **Key Counterparts Panel**

In order to complement and build on the information obtained from the Tarragona Public Advisory Panel, Repsol also established a Key Counterparts Telephone Panel. This panel comprises 17 residents in the area of influence of our industrial complex, selected to represent the various social and economic sectors in the area. The panelists are interviewed every six months on issues of interest to the community and the company.

The Tarragona Industrial Complex website ([www.tarragona.repsol.com](http://www.tarragona.repsol.com)) provides further information on these and other initiatives.

### **Public Advisory Panel for the Puertollano industrial complex**

The Puertollano Public Advisory Panel has been active since 2009. Six meetings were held in 2013, at which Repsol reported to the six Panel members on the projects underway at the industrial complex, such as the remodeling of the lubricants area, energy efficiency and emission reductions. The panelists also discussed other initiatives in which the complex is involved, such as the Repsol Foundation Entrepreneurs Fund, sponsorship activities and plans to improve competitiveness in the Chemicals area.

During the year, the Public Advisory Panel hosted a competition for schools in Puertollano to design a logo to raise awareness about this society-company communication channel among young people. An educational talk was also given about its activity at a Puertollano school.

The Puertollano Industrial Complex website ([www.puertollano.repsol.com](http://www.puertollano.repsol.com)) shares information with the community on activities offered during the year.

**Canadá**

Industrial and/or chemical complex	Communities in the area	Communication activities	Agreements
<b>Canaport</b>	<ul style="list-style-type: none"> <li>– Saint John and surrounding area: 120,000 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Frequent meetings to report on operations.</li> <li>– Information newsletters distributed among the community to keep people informed of activities at the terminal.</li> <li>– Monthly meetings with the community relations committee to report back and interact with members and exchange ideas.</li> <li>– Frequent sending of letters and updates to local people and other community stakeholders to inform them of activities at the terminal.</li> </ul>	<ul style="list-style-type: none"> <li>– Restoration of Mispic Beach, near the terminal.</li> <li>– Support for educational, environmental and leisure projects focusing on young people.</li> </ul>

**Perú**

Industrial and/or chemical complex	Communities in the area	Communication activities	Agreements
<b>La Pampilla</b>	<ul style="list-style-type: none"> <li>– Ventanilla district: 300,000 residents<sup>2</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>– Annual study of sentiment, needs and expectations among local population and opinion leaders, and strategic social diagnosis.</li> <li>– Meetings for companies, government bodies and the public interested in the La Pampilla refinery.</li> <li>– Guided tour program.</li> </ul>	<ul style="list-style-type: none"> <li>– No agreements were signed with the community in 2013. We have continued our “Social Responsibility Program”, focusing mainly on social development actions.</li> </ul>

**Portugal**

Industrial and/or chemical complex	Communities in the area	Communication activities	Agreements
<b>Sines</b>	<ul style="list-style-type: none"> <li>– Santiago de Cacém: 31,105 residents.</li> <li>– Sines: 14,260 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Direct contact with communities.</li> <li>– Tours for local people and school groups.</li> </ul>	<ul style="list-style-type: none"> <li>– Social and cultural development program, formalized through an annual donation program with each municipality.</li> </ul>

<sup>2</sup> The 11th Population Census and 6th Housing Census XI established the population at 277,897 ([www.inei.gob.pe](http://www.inei.gob.pe)).

## Communities affected by our main exploration and production operations

### Spain

Operation	Communities in the area	Communication activities	Agreements
<b>Casablanca (producción)</b>	Fishermen from coastal towns near the platform: <ul style="list-style-type: none"> <li>– Tarragona: 134,085 residents.</li> <li>– Sant Carles de la Ràpita: 15,338 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Frequent meetings with fishermen's organizations to review the project's impact.</li> <li>– Meeting and consultation with the Baix Ebre Regional Council.</li> <li>– Meetings of the Tarragona Coastal Protection Plan Monitoring Committee.</li> </ul>	<ul style="list-style-type: none"> <li>– Five-year cooperation agreement with the Tarragona Fishermen's Association as compensation for impact.</li> <li>– Agreement with the Baix Ebre Regional Council to ensure provision of adapted transport services for people with limited mobility and other social needs.</li> <li>– Donation to Els Garidells City Hall.</li> </ul>
<b>Poseidón (producción)</b>	<ul style="list-style-type: none"> <li>– Moguer: 12,000 residents.</li> <li>– Mazagón: 3,300 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Meetings with local and regional government bodies: Environment Department, Moguer and Huelva city halls.</li> <li>– Meetings with managers of the Huelva Wastewater Treatment Plant.</li> </ul>	<ul style="list-style-type: none"> <li>– Cooperation agreement with Moguer City Hall to finance work to upgrade the Las Peñuelas forest path.</li> <li>– Support for the Moguer Music School.</li> </ul>

### Angola

Operation	Communities in the area	Communication activities	Agreements
<b>Repsol Angola 22 BV (exploration)</b>	Fishermen from the nearest coastal towns in the provinces: <ul style="list-style-type: none"> <li>– Luanda: 6,500,000 residents.</li> <li>– Kwanza Sul: 2,000,000, of whom around 5,244 are small-scale fishermen.</li> <li>– Benguela: 2,000,000, of whom around 5,126 are small-scale fishermen.</li> </ul>	<ul style="list-style-type: none"> <li>– Study to identify sensitive and protected areas, focusing on those at greatest environmental and social-economic risk in the event of incidents.</li> </ul>	<ul style="list-style-type: none"> <li>– This project is at an early stage, and therefore no long-term agreements have yet been established with communities or their representatives.</li> </ul>

### Algeria

Operation	Communities in the area	Communication activities	Agreements
<b>Issaouane (production)</b>	<ul style="list-style-type: none"> <li>– Nomadic Tuareg tribes.</li> </ul>	<ul style="list-style-type: none"> <li>– The communities in the region of the operation are nomadic Tuareg tribes, making it difficult to perform census studies or to establish dialogue. These tribes have very little direct contact with foreigners.</li> </ul>	<ul style="list-style-type: none"> <li>– No agreements have been established.</li> </ul>

**Algeria** (continuation)

Operation	Communities in the area	Communication activities	Agreements
<b>South East Illizi (exploration)</b>	A population of around 58,000 in the towns of <ul style="list-style-type: none"> <li>– Dairas de Illizi.</li> <li>– In Amenas.</li> </ul>	<ul style="list-style-type: none"> <li>– Official meeting with government representatives of Wilaya de Illizi to discuss issues related to water management, energy and the environment, and the safety of people and facilities.</li> </ul>	<ul style="list-style-type: none"> <li>– No agreements have been established.</li> </ul>
<b>Regane Nord (production)</b>	Wilaya de Adrar: <ul style="list-style-type: none"> <li>– Gourara: 117,918 residents in the northern region of the block and 179,758 in the central region.</li> <li>– Tidikelt: 44,457 residents.</li> <li>– Tanezrouft: 21,650 residents.</li> </ul>	<ul style="list-style-type: none"> <li>– Information on the results of updated environmental, social and health impact assessments.</li> <li>– Meeting with government representatives of Wilaya de Adrar responsible for employment, health and water management to report on operations.</li> </ul>	<ul style="list-style-type: none"> <li>– Agreement with the National Center for Archeological Research to preserve the archeological heritage of Reggane during seismic operations.</li> <li>– Training in schools.</li> <li>– Repair of public infrastructure.</li> </ul>

**Australia**

Operation	Communities in the area	Communication activities	Agreements
<b>WA-480-P (exploration)</b>	Relationships with local communities are handled through the appropriate Australian authorities: <ul style="list-style-type: none"> <li>– Australian Fisheries Management Authority (AFMA).</li> <li>– Australian Maritime Safety Authority (AMSA).</li> <li>– Fisheries Department.</li> <li>– Fishing Industry Advisory Body.</li> </ul>	<ul style="list-style-type: none"> <li>– Meetings with government bodies to present information on the project, in accordance with requirements for approval of activities.</li> </ul>	<ul style="list-style-type: none"> <li>– No agreements have been established. No objections have been made to seismic campaigns.</li> </ul>

**Bolivia**

Operation	Communities in the area	Communication activities	Agreements
<b>Mamoré Block (development)</b>	Aymara and Quechua communities: 5000 residents.	<ul style="list-style-type: none"> <li>– Public consultation in the Entre Ríos Municipal City Hall in the Cochabamba Department for execution of the Mamoré block development project. The Mamoré–Bulo Bulo agricultural union organization took part in this meeting.</li> </ul>	<ul style="list-style-type: none"> <li>– Signature of annual agreement with the Entre Ríos City Hall, part of the Cochabamba District, with participation by organizations representing all indigenous communities in the area.</li> </ul>

**Brazil**

Operation	Communities in the area	Communication activities	Agreements
<b>BM-C-33 Block (exploration)</b>	Municipal districts: <ul style="list-style-type: none"> <li>– Arraial do Cabo.</li> <li>– Rio de Janeiro.</li> <li>– Macaé.</li> <li>– Vila Velha.</li> </ul>	<ul style="list-style-type: none"> <li>– Meetings with government bodies to present information on the project, in accordance with requirements for approval of activities.</li> </ul>	<ul style="list-style-type: none"> <li>– No agreements have been established.</li> </ul>

**Russian Federation**

Operation	Communities in the area	Communication activities	Agreements
Lyulkinskiy Karabahsky 1, 3 Salym Kumolsky Kileisky Y. Pylialkinskiy	We have a relationship with the competent national authorities. We will establish such relationships with local and regional authorities. Given the small scale of the activity, formal procedures for community involvement have not been deemed necessary. Where land-use impacts have been identified, compensation has been negotiated directly with landowners.		

**Guyana**

Operation	Communities in the area	Communication activities	Agreements
Kanuku Block (exploration)	Regions of: – Mahaica-Berbice: 52,428 residents. – Berbice Oriental – Corentyne: 123,695 residents.	Meeting with the Maritime Administration Department (MARAD)'s Fisheries Division and the Guyana Geology and Mines Commission (GGMC). – Presentation to and consultation with the Georgetown Fishermen's Cooperative Society and the Rosignol Fishermen's Cooperative Society. – Presentation to and consultation with the D' Edward / Three Door Sluice and Albion fishermen's communities and the community of large-scale fishermen of red snapper.	– Verbal agreement following all meetings permitting use of the area during the seismic testing period.

**Indonesia**

Operation	Communities in the area	Communication activities	Agreements
Cendrawasih Bay II PSC (exploration)	West Papua, with a population of around 220,000 in the regions of: – Biak-Numfor. – Supiori. – Yapen.	– Meetings with government bodies to present information on the project, in accordance with requirements for approval of activities.	– No agreements have been established.

**Irak (zona de Kurdistán)**

Operation	Communities in the area	Communication activities	Agreements
Piramagrun ZEWE- 1 (exploration)	– Villa de Zewe: 500 hab.	– Meeting for presentation of the sulfur dioxide (H <sub>2</sub> S) <b>control and treatment plant.</b>	– No agreements have been established.
Bloque Qua Dze (exploración)	Population of approximately 750 in the towns of: – Chnarna. – Kani Shinka.	– Meeting for presentation of the sulfur dioxide (H <sub>2</sub> S) <b>control and treatment plant.</b>	– No agreements have been established.

**Libya**

Operation	Communities in the area	Communication activities	Agreements
<b>CA129-130-131 (exploration)</b>	– Ubari: 85,000 residents.	<ul style="list-style-type: none"> <li>– Meetings with the state oil company and environmental authorities to discuss environmental, social and health impact assessments.</li> <li>– Meetings with Tuareg groups to talk about the project and its benefits for their communities.</li> </ul>	– Proposals have been made for various projects, such as an education center and library, and to establish additional communication channels with the communities. However, these agreements are on hold due to the current instability in the country.

**Morocco**

Operation	Communities in the area	Communication activities	Agreements
<b>Boudenib (exploration)</b>	Relationships with communities have been initiated nationally with the relevant Ministerial authorities. Communications with local and regional authorities are now being established.		
<b>Hauts Plateaux (exploration)</b>	Given the small scale of the activity, formal procedures for community involvement have not been deemed necessary. Where land-use impacts have been identified, compensation has been negotiated directly with land owners.		

**Mauritania**

Operation	Communities in the area	Communication activities	Agreements
<b>TA 10 – Ouguiya 1 (exploration)</b>	– Ouaddane: 500 residents.	– Meetings with community leaders from the towns of Atar and Ouaddane, monitored by the archaeology department.	<ul style="list-style-type: none"> <li>– Voluntary investment agreements.</li> <li>– Monthly fuel supplies to Ouadane hospital.</li> </ul>

**México**

Operation	Communities in the area	Communication activities	Agreements
<b>Reynosa- Monterrey Block (service contract)</b>	<p>Ejidos<sup>3</sup> with a population of around 1,022</p> <ul style="list-style-type: none"> <li>– Conquista Campesina.</li> <li>– Manuel Carreño.</li> <li>– Progreso del Campesino.</li> <li>– Cristóbal Colón.</li> <li>– Pedro Ochoa.</li> <li>– Raúl Muñiz.</li> </ul>	– Ongoing dialogue with members of the various communities and representatives of the “ejidos” to report on project progress and any concerns that may arise.	<ul style="list-style-type: none"> <li>– Agreements to support educational and sports infrastructure work</li> <li>– Cooperation with educational institutions on works and donation of sports equipment.</li> </ul>

**Namibia**

Operation	Communities in the area	Communication activities	Agreements
<b>Blocks 1910 – 1911 and 2011A (exploration)</b>	<p>There are no directly-affected communities.</p> <p>The base land is in the industrial port of Bahía Walvis.</p>	– Consultation has been carried out in accordance with Namibian regulations for the submission of an environmental, social and health impact assessment. These consultations took place in Windhoek and Bahía Walvis.	– No specific needs were identified in the consultation.

<sup>3</sup> Under the Mexican government system, an “ejido” is an area of common land used for agriculture, on which the members of the community have their own individual plot.

**Norway**

Operation	Communities in the area	Communication activities	Agreements
<b>Blocks PL 541 and PL 531 (exploration)</b>	Population of approximately 30,000 in the cities of: <ul style="list-style-type: none"> <li>– Hammerferst.</li> <li>– Kristiansand.</li> </ul>	<ul style="list-style-type: none"> <li>– All communications are channeled through the regulatory body (the Petroleum Safety Authority), which coordinates the stakeholders and other official bodies.</li> </ul>	<ul style="list-style-type: none"> <li>– For exploration projects, the Norwegian process ends with drilling consent.</li> </ul>

**Trinidad and Tobago**

Operation	Communities in the area	Communication activities	Agreements
<b>TSP field in production (Teak, Samaan &amp; Pouj)</b>	A population of around 14,000 in the towns of: <ul style="list-style-type: none"> <li>– Mayaro.</li> <li>– Guayaguayare.</li> </ul>	<ul style="list-style-type: none"> <li>– Two public consultations were carried out for the presentation of the environmental, social and health impact assessment for drilling activities in 2013 and 2014.</li> <li>– Meeting with fishermen's associations on safety measures for fishing in the vicinity of the project.</li> <li>– Meeting with town councils, farmers and a range of associations to provide information on the projects and report progress.</li> <li>– Weekly visits to the communities to keep in contact and maintain an ongoing dialogue.</li> </ul>	<ul style="list-style-type: none"> <li>– Agreement with major local NGOs for a national communication and awareness campaign on social integration of people with disabilities.</li> <li>– Agreement with the United Nations Development Program (UNDP) and the Mayaro Association of Greenhouse Producers for implementation of an environmental project for the conservation and efficient administration of water.</li> </ul>

**Tunisia**

Operation	Communities in the area	Communication activities	Agreements
<b>Nadhour, Ras Korane and Ras Rihane Blocks</b>	Fishing communities who fish in the area of influence of the project.	<ul style="list-style-type: none"> <li>– Dialogue with the fishermen through the official communication channel. Support has also been received from the Maritime Agency.</li> </ul>	<ul style="list-style-type: none"> <li>– No agreements have been established.</li> </ul>

The “Indigenous communities” section details the area of influence of our operations in Bolivia, Colombia, Ecuador, the US, Peru and Venezuela.

## Indigenous communities

Repsol operates with the fullest respect for the internationally-recognized rights of indigenous communities. This is borne out through our Policy on Relations with Indigenous Communities and our Regulation for Action in Relations with Indigenous Communities, which establish our guidelines and principles for relations with indigenous communities influenced by our activities.

*In 2013, Repsol took part in the prior consultative process carried out by the Colombian government, as set down in Act 21 of 1991 and Presidential Decree 10/2013.*

Repsol is committed to respecting and observing the rights of indigenous peoples, adhering to our own values and commitments and complying with existing international agreements, treaties and legislation, such as International Labour Organization (ILO) Convention No. 169, irrespective of whether these precepts are incorporated into the legislation of the countries in which we operate.

Good relations with indigenous communities are necessary for both the success of our business and the effective management of our operations. This is the foundation of our general approach to working with indigenous communities, and is the reason why we seek to construct high quality, trusting relationships in the areas where we operate. Our aim is to understand the social, environmental and economic implications of our activities, to maximize benefits and reduce negative impacts. We accept that we cannot meet all expectations, but wherever we operate we try to do so with the support of the community.



## Relations with indigenous communities affected by Repsol's operations in 2012

Country	Operation	Number of communities and approx. population	Ethnic group	Dialogue and consultation	Agreements
<b>Bolivia</b>	Caipipendi (production)	Five communities are directly affected: Yuati, Zapaterambia, Ancahuasu, Kumandatori and Macharety (3,028 residents).	Guarani	<ul style="list-style-type: none"> <li>– Agreement with the communities to put in place cooperation and friendship agreements for management of community development projects (social investment). These have been set out in agreements, meeting minutes and visit reports.</li> <li>– Communications with sector and municipal authorities, the Assembly of the Guarani People of Itika Guasu (APG-IG), institutions, organizations, regional and local government bodies and others, as appropriate, relating to various issues: reporting and communicating in response or inviting to the start of projects; delivery of works and materials; activities with the community; information meetings on drilling and operation projects and the construction of pipelines and wells; reporting the start and end of construction and drilling projects and production facilities for wells MGR X5, X6, X7, X8; reporting land clearance work on the route; reporting the start of geological location work; initial communication of pipeline remediation; requests from locals and responses to formal complaints; and so on.</li> <li>– Establishment of a daily, weekly and monthly meeting schedule, as appropriate, with the participation of local communities.</li> <li>– Communication and coordination relating to the start of training programs to benefit the community, sharing the company's standards and policies relating to: training of community health agents; dental campaigns; pest control and vitamin campaigns; electricity routes; talks on road safety in school areas; waste recycling and cleaning events; and so on.</li> </ul>	Friendship and cooperation agreement with local Guarani communities (APG IG 2013).
<b>Bolivia</b>	Caipipendi (2D and 3D seismic exploration in Huacaya and 3D exploration in Margarita Sur).	Directly affected communities: municipalities of Cuevo, Muyupampa, Macharety, Villa Huacaya, Entre Rios and Carapani. (approximately 12,000 residents).	Guarani	<p>We carried out a Public Participation and Consultation process with indigenous communities in 2013 for the following Repsol projects:</p> <ul style="list-style-type: none"> <li>– Drilling, operation and construction of a collection pipeline for the Margarita 8" well (project currently underway).</li> <li>– Huacaya 3D seismic project (project currently underway).</li> <li>– Huacaya 2D seismic project.</li> <li>– Margarita Sur 2D seismic project.</li> </ul>	

Country	Operation	Number of communities and approx. population	Ethnic group	Dialogue and consultation	Agreements
Colombia	Block RC 12	<p>18 communities:</p> <ul style="list-style-type: none"> <li>– Campamento.</li> <li>– Campanita.</li> <li>– Camusenta.</li> <li>– Chimare.</li> <li>– Mamatoco.</li> <li>– Neimao.</li> <li>– Nueva York.</li> <li>– Pachi Pachi.</li> <li>– Patomana.</li> <li>– Polieotu.</li> <li>– Puerto Estrella.</li> <li>– Puerto Lodo.</li> <li>– Puerto Virgen.</li> <li>– Sabana.</li> <li>– Samurruina.</li> <li>– Santa Ana.</li> <li>– Santa Cruz.</li> <li>– Santa Rosa.</li> <li>– Vista Hermosa.</li> </ul> <p>[1,779 residents]</p>	Wayuu	<ul style="list-style-type: none"> <li>– Advance consultation process with 18 communities.</li> </ul>	<ul style="list-style-type: none"> <li>– Two agreements have been reached to date: support to promote fishing activity and support for cultural activity in the communities of Puerto Virgen and Vista Hermosa.</li> </ul>
Ecuador	Block 16 and Tivacuno Block (production).	<p>Five directly affected communities: Dikaro, Yarentaro, Timpoka, Guiyero and Peneno, Ginta Family Area, Waorani ethnic group (400 residents).</p> <p>There are also two impacts resulting from logistics activity: Pompeya and Indillama (850 residents), Kichwa ethnic group.</p>	Waorani and Kichwa	<ul style="list-style-type: none"> <li>— Workshop with the Governing Council of the Waorani Nation of Ecuador (NAWE, for the Spanish acronym) to approve the content of the induction program for staff going to work in the Block, on how to interact with communities in Waorani territory.</li> <li>— Quarterly feedback workshops on progress with the Annual Operating Plan to the NAWE Governing Council and community representatives.</li> <li>— Involvement of Waorani communities in the 2nd International Meeting of Amazon Archaeology (EIAA, for the Spanish acronym).</li> <li>— A workshop to assess compliance with agreements with intra-Block communities.</li> <li>— Presentation of projects under the Biodiversity Action Plan and on the role of public institutions.</li> <li>— Induction talks for communities living in the Block relating to: corporate policies on indigenous communities; contingency plans for voluntarily isolated indigenous peoples; the implications of alcoholism; handling solid waste; indigenous peoples driving motorcycles on roads in Block 16; exposure to, and working in, high temperatures; the effects of indiscriminate hunting and felling of trees to consume their fruit; caring for children; illnesses and accidents; benefits of the use of iodized salt; care and prevention of parasite-borne diseases; uterine cancer and the importance of pap smear tests; venereal diseases; incursions into camps and facilities and the appropriation of private property and the legal implications thereof; and respect for private property.</li> </ul>	<p>Negotiation, agreement and signature of official documents for:</p> <ul style="list-style-type: none"> <li>– The “Mutual Friendship, Respect and Support Agreement”, completed in August. Repsol has signed an interim cooperation accord that will remain in effect until assessment of compliance with this agreement has been completed and two documents have been signed: the official completion of the 1993-2013 agreement and the new agreement.</li> <li>– 2013-2015 Cooperation and Compensation Agreement with the Kichwa community of Pompeya.</li> </ul>

Country	Operation	Number of communities and approx. population	Ethnic group	Dialogue and consultation	Agreements
<b>United States</b>	Alaska North Slope	Inupiat (400 residents).	Inupiat	<ul style="list-style-type: none"> <li>– Monthly meetings with the communities.</li> <li>– Weekly information newsletter during the drilling period.</li> </ul>	<ul style="list-style-type: none"> <li>– Subsistence mitigation agreement.</li> <li>– Compensation for impact that might occur.</li> </ul>
<b>Perú</b>	Block 57 (development)	<p>Four directly affected communities: Nuevo Mundo, Camisea, Shivankoreni and Porotobango.</p> <p>Seven indirectly affected communities: Kiriguetai, Nueva Vida, Sepahua, Puerto Rico, Miaria, Sensa, Nueva Luz and the Shintorini rural settlement (13,000 residents).</p>	Kakinte, Machiguenga and Yine	<ul style="list-style-type: none"> <li>– 12 information meetings with each of the directly affected communities, and four with each of the indirectly affected communities.</li> <li>– Four assemblies to agree easement rights with the Nuevo Mundo communities.</li> <li>– 12 meetings with the directly and indirectly affected communities to report on environmental monitoring, awareness and agreement compliance activities.</li> <li>– One guided tour of the operations and right of passage for the authorities of the Nuevo Mundo community.</li> </ul>	<ul style="list-style-type: none"> <li>– Friendship and Cooperation Agreements with the Porotobango, Nuevo Mundo, Camisea, Shivankoreni, Kitepampani and Shintorini Rural Settlement communities, and the COMARU, CONAP and CECONAMA, FECADS federations.</li> <li>– Easement and surface rights agreements with the Nuevo Mundo native community.</li> <li>– In addition, the Camisea and Shivankoreni easement agreements were maintained, together with other agreements from earlier years.</li> </ul>
	Block 57 (exploration)	<p>One directly affected community: Tsoroja.</p> <p>Five indirectly affected communities: Cheni, Anapate, Mayapo, Poyeni and San Francisco de Cushireni (4,000 residents).</p>	Ashaninka and Kakinte	<ul style="list-style-type: none"> <li>– Four information meetings with each of the directly and indirectly affected communities.</li> </ul>	<ul style="list-style-type: none"> <li>– Friendship and Cooperation Agreement Commitments with the Poyeni, Cheni and Puerto Ocopa communities, the OIRA and ARPI SC federations and the ECO ASHANINKA and CAD ZONAL N°25<sup>4</sup> indigenous organizations.</li> <li>– In addition, a number of agreements from earlier years were also maintained.</li> </ul>

<sup>4</sup> COMARU: the Machiguenga Council of Rio Urubamba; CONAP: the Confederation of Amazonia Nationalities of Peru; CECONAMA: Indigenous Machiguenga Communities Center; FECADS: the Federation of Sepahua Villages; OIRA: the Regional Indigenous Organization of Atalaya; CAD ZONAL N°25: the Zone 25 Central Committee for Self-defense and Development; ARPI SC: the Regional Association of Indigenous Peoples of the Central Jungle [all acronyms from the Spanish].

Country	Operation	Number of communities and approx. population	Ethnic group	Dialogue and consultation	Agreements
Perú	Block 109 (not in operation).	25 communities (3,100 residents).	Awajun	<ul style="list-style-type: none"> <li>– Eight information workshops and eight communication meetings with the Porvernir, Nayumpin, Wawajin, Pachacutec, Achu, Huascar, Nueva Belice and Santa Martha native communities.</li> <li>– Five public meetings as part of the Environmental Impact Assessment for the 2D seismic prospecting with the Santa Martha, Nueva Belice, Pachacutec, Nayumpin and Achu communities.</li> <li>– Three discussions with the Pachacutec, Nayumpin and Wawajin communities to clarify questions relating to the Environmental Impact Assessment process and the seismic activities to be carried out.</li> <li>– 26 talks by the community relations team with the Porvernir, Nayumpin, Wawajin, Pachacutec, Achu, Huascar, Nueva Belice and Santa Martha communities to strengthen public participation mechanisms and respond to the communities' concerns about the seismic project.</li> <li>– Guided tour for the Buena Vista community of Lot 39 for 16 community leaders from Porvernir, Nayumpin, Wawajin, Pachacutec, Achu, Huascar, Nueva Belice and Santa Martha, enabling them to share experiences relating to Repsol's activity.</li> <li>– 21 meetings held in 2013 to assess compliance with commitments with the Porvernir, Nayumpin, Wawajin, Pachacutec, Achu, Huascar, Nueva Belice, Santa Martha, Nueva Esperanza, Setenta, Nazareth, Atahualpa, Soledad, Tupac Amaru, Nueva Belen, Copal, Buena Vista, Achapoza Nueva, Achapoza Vieja, Nuevo Pongo and Nuevo Milagro communities.</li> </ul>	<ul style="list-style-type: none"> <li>– Agreement with the Barranca District Indigenous Communities Federation (FECIBID).</li> <li>– Agreement with the Rio Apaga Indigenous Awajun Federation (FENARA).</li> <li>– 2013 Priorities Plan Agreement with the Atahualpa Indigenous Community.</li> <li>– 2013 Priorities Plan Agreement with the Nuevo Belen Indigenous Community.</li> </ul>
Venezuela	Quiriquire (desarrollo)	One indirectly affected community: Mosu (500 residents).	Warao	<ul style="list-style-type: none"> <li>– No projects were undertaken with the community in 2013.</li> <li>– As the community is not in the direct area of influence of Quiriquire, we deal with requests for dialogue as they are received.</li> </ul>	

## Dialogue and participation process

Repsol is committed to establishing ongoing dialogue with indigenous communities, based on respect, honesty, transparency and mutual benefit.

In **Bolivia**, we hold periodic meetings with the leaders of community organizations, while maintaining direct contact with members of the community through our community relations specialists. This allows us to manage any issues that have not been considered in previous agreements.

We have put in place ongoing dialogue scenarios with the communities and civil society, before, during and after the public participation and consultation process for obtaining environmental licenses, so as to provide more information to the communities.

We organize meetings, training workshops and specific presentations to ensure that women are involved in the development process. Although the elderly are a minority in the area, the company ensures they are included in all dialogue processes, activities and specific projects, as they are the most experienced people in the community and are considered a source of wisdom in Guarani culture.

In **Ecuador**, there are relatively small settlements of families, either related to or friends with one another. Participation is easier because the families are already in contact and ongoing communication. This facilitates the full participation of community members, with announcements made directly through their leaders.

Moreover, we have found no minority exclusion in Waorani culture, which is an inclusive society. As a result, consultation and dialogue processes are open and extensive, and encourage the participation of the general population.

In the **United States**, we hold monthly meetings to inform local communities of our exploration plans. This allows us to take their comments into account before finalizing plans.

Repsol's meetings with Inupiat communities address the entire community, including women, the elderly, young people and children.

In **Peru**, we respect the local culture and consider the specific aspects of each project and the activity phase at a given time. Our consultation and dialogue process includes hosting meetings, preferably through a community authority, for all residents and federation representatives in each area. Traditional methods are used to achieve the greatest possible participation of residents, with meetings held in places conducive to the attendance of all identified stakeholders.

Provided that it does not cause conflict with residents, communities or their representatives, and is not contrary to their culture for meetings and consultations, these meetings involve all parts of the community.

In **Venezuela**, we are engaged in continuous dialogue and links with communal councils - the communities' own organizations designed to implement the decisions taken by the communities. We also hold community workshops where participants can help design social investment programs for the coming year.

**For more information on the Policy on Relations with Indigenous Communities and the Regulation for Action in Relations with Indigenous Communities in [this link](#)**

### **Participation in the advance consultation process in Colombia**

Advance consultation is a fundamental collective right for indigenous peoples and other ethnic groups when legislative or administrative measures are being taken, or when projects, work or other activities are to be carried out in their territories. This consultation aims to protect their cultural, social and economic integrity, guaranteeing their right to be heard.

Repsol's internal regulations recognize the right to free, advance consultation based on information provided in good faith as appropriate to the circumstances, so that agreement can be reached or consent given to the proposed measures; this is the responsibility of government.

Repsol is committed to respecting current laws and binding international agreements on the protection of indigenous communities, particularly with regard to collaborating with the government bodies involved in free, informed, advance consultation with indigenous communities that might be directly affected by our operations.

For the first time, Repsol has participated and collaborated in an advance consultation process carried out by the Colombian authorities, in collaboration with the Ministry of the Interior's Advance Consultation Department.

The consultation process involved 18 Wayuu indigenous communities in the Alta Guajira area in the south east of Block RC 12, where Repsol is planning to carry out activities.

The pre-consultation, installation of the consultation, impact and measures identification, and pre-agreement stages have been completed, and two compensation agreements have been agreed. These stages are defined under Colombian legislation (Presidential Decree 01 of 2010 c, article 4, Mechanisms for the advance consultation process).

Repsol has developed a specific methodology for this process, the first by a company to be approved by the Ministry of the Interior.

## Disputes arising during the year

No significant disputes arose in 2013.

We provide accessible communication channels for all our stakeholders, so we can receive and deal with complaints, grievances, suggestions and requests for information at any time. We work to identify and correct, as soon as possible, situations that may cause conflict, without recourse to civil or judicial channels. At this time, we have no significant disputes with indigenous and local communities within the area of influence of our operations.

### Visit to Spain by representatives of Peru's CONAP federation of indigenous communities

In October 2013, Repsol welcomed an official visit by representatives of the Confederation of Amazonia Nationalities of Peru (CONAP) to our Madrid headquarters.

The visit had two objectives: firstly, to establish initial communication between CONAP and Repsol Management, complementing the relations already existing with the Peru Business Unit. Secondly, to give CONAP an opportunity to report on the actions it is taking on behalf of the indigenous Amazonian people in Peru, and on management of projects underway in the jungle region.

The meeting showed a clear openness to dialogue, and concluded with a commitment to holding more such visits in coming years to assess progress in the projects presented.

CONAP represents over 750 indigenous communities in the Amazon in 40 federations, totaling around 150,000 people in total.

Repsol has an institutional support agreement in place with CONAP and has signed three agreements with CECONOMA, CART and FECONAYY, the CONAP Federations most directly influenced by our operations close to their territories.

### **International Conference: “The right to advance consultation in practice: challenges and opportunities in the Andes region”**

Repsol took part in the International Conference on “The right to advance consultation in practice: challenges and opportunities in the Andes region”, held in Cartagena de Indias, Colombia, on November 25 and 26, 2013.

The conference was promoted by the PROINDIGENA Regional Program run by GIZ (the German Development Cooperation Agency) and the Indigenous People’s Program of AECID (the Spanish International Development Cooperation Agency) to promote dialogue among stakeholders directly involved in the issue.

The meeting was attended by government representatives from Bolivia, Colombia, Ecuador and Peru, representatives of indigenous communities in the region and representatives of the business sector, including Repsol.

The conference aimed to establish an intercultural dialogue among the stakeholders and to identify the challenges and opportunities stemming from the right to advance consultation, based on the lessons learned from past experiences. The three sectors involved reached a number of agreements, and a joint work program was agreed for 2014, which will be further designed through a number of activities and meetings during the year.

### **Repsol’s involvement in the ARPEL indigenous people’s project team**

In 2013, Repsol was actively involved in designing the 2013 - 2017 work plan for the ARPEL indigenous people’s project team.

Repsol has been a member of ARPEL since 2001, serving on its Social Responsibility Committee from the outset.

ARPEL is the regional association of oil, gas and biofuel companies in Latin American and the Caribbean.

## Community resettlements

Whenever possible, Repsol avoids resettlement of indigenous communities away from their traditional, historic, ancestral or communally-owned lands.

Where such resettlements are unavoidable, we must ensure, before taking any further steps, that the process will comply with legal obligations and with provisions of the relevant ILO core conventions. In other words, we must ensure that public authorities have complied, or have sufficiently guaranteed compliance, with the guidelines set forth in their legal system in relation to the provisions of Article 16 of International Labour Organization Convention No. 169.

In 2013, Repsol was not involved in any projects involving resettlement of indigenous communities.

**For more information on the Policy on Relations with Indigenous Communities and the Regulation for Action in Relations with Indigenous Communities in [this link](#)**

## Our community investment

We carry out social investment projects through our Foundations in Spain and Ecuador, our corporate divisions and businesses, and through the volunteer efforts of Repsol employees.

*In 2013, Repsol invested €32.5 million in social programs in 29 countries.*

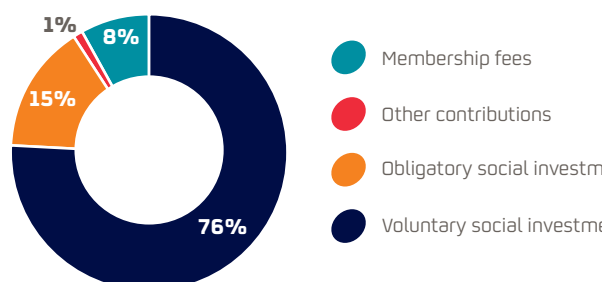
Our social investment projects are very diverse in nature and in some cases are supported by civil society institutions and organizations. This allows us to contribute value to communities through initiatives that range from training and capacity-building to the development of basic educational infrastructure, access to drinking water and healthcare.

In 2013, spending on social investment by the company and our two Foundations came to €32.53 million, of which €24.58 million was voluntary and €4.76 million to meet contractual or legal obligations.

Repsol also invested €2.74 million in membership fees for associations working to improve society as a whole, and particularly the quality of life of vulnerable groups. This includes membership fees in associations we have joined as part of our ongoing commitment to improving our performance by sharing experiences and best practices with other companies. Finally, Repsol invested €460 thousand via other contributions, programs and actions to benefit the community, as a result of environmental, social and health impact assessments.



### Total investment



More than 90% of our 2013 investment was allocated in Spain, Peru, Angola, Bolivia, Colombia, Ecuador and Libya.

### Voluntary social investment

This expenditure includes the social programs the company carries out voluntarily, or which arise from voluntary agreements with communities.

Voluntary social investment <sup>5</sup> (millions of euros)			
	2011	2012	2013
Social investment	24.87	25.05	24.58

Social investment projects are defined according to the following categories:

- **Strategic social investment:** Social programs related to communities within the area of influence of our operations. In 2013, this investment amounted to €10.78 million.
- **Institutional social investment:** All other contributions, such as philanthropy, funding of non-profit organizations, sponsorship and charitable marketing activities. The total sum of this investment was €13.80 million in 2013.

#### Construction of greenhouses in Bolivia

In 2013, the Repsol and REMAR Foundations launched a project to build 10 greenhouses for vegetable production in the La Paz department of Bolivia.

The project aims to contribute to the rehabilitation and reincorporation of people at risk of social exclusion, and to improve self-sufficiency in food production in the seven centers managed by the REMAR Foundation. These greenhouses generate microclimates in Bolivia's high plateau region, helping to increase production of fruit, vegetables and pulses.

Five of the 10 greenhouses were constructed in 2013, and crops are now being planted.

<sup>5</sup> The 2012 figures have been recalculated to include social investment projects in Angola since 2012, which were not previously reported.

We use the London Benchmarking Group (LBG) methodology to report social investment, as this provides a consistent means of categorizing and comparing our social investment with that of other companies. The methodology also guides us in the criteria we use to report our community contributions:

- Contributions in cash: The monetary amount we spend on social investment projects.
- Contributions in time: The cost of paid working hours of our employees who have spent their time doing project work in the community.
- Contributions in kind: Products, equipment, the use of company facilities and other non-monetary resources we provide.
- Management costs: The expenditure incurred in the general management of social investment projects.

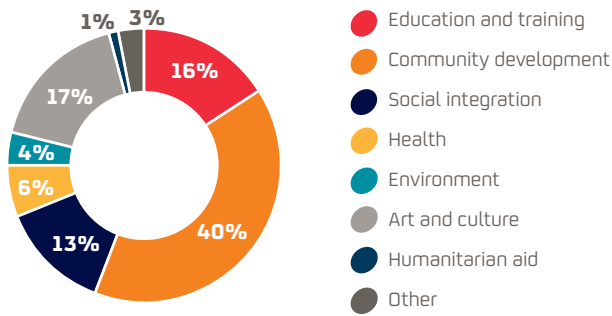
<b>Social investment by contribution type</b> (millions of euros)	
	<b>2013</b>
Contributions in cash	21.09
Contributions in time	1.99
Contributions in kind	0.76
Management cost <sup>6</sup>	0.74
<b>Total</b>	<b>24.58</b>

Our investments can also be broken down by type of project, as presented in the table “Social investment by type of project”.

<b>Social investment by project type</b> (millions of euros)	
	<b>2013</b>
Education and training	3.96
Local community development	9.79
Social integration	3.09
Health	1.49
Environment	1.011
Art and culture	4.214
Humanitarian aid	0.354
Other	0.653
<b>Total</b>	<b>24.58</b>

<sup>6</sup> In 2013, management costs were estimated according to the time the people responsible for social investment spent on management and administration activities. On average, it is estimated that 5% of the working day was set aside for such activities.

Distribution by type of project



Millennium goals



Project benefits



Our voluntary social investments are spread across our major countries of operation:

<b>Social investment by country</b> (€ million)			
	<b>2011</b>	<b>2012</b>	<b>2013</b>
Spain	14.11	13.99	13.76
Peru	4.50	4.82	4.23
Angola	0.74	0.74	0.75
Bolivia	1.37	1.44	1.81
Brazil	0.68	0.60	0.80
Colombia	0.22	0.06	0.19
Ecuador	1.50	1.68	0.77
Libya	0.64	0.31	0.37
Portugal	0.22	0.45	0.38
Trinidad and Tobago	0.39	0.21	0.43
Venezuela	0.30	0.27	0.37
Rest of world <sup>7</sup>	0.94	0.22	0.72
<b>TOTAL</b>	<b>25,61</b>	<b>24,79</b>	<b>24,58</b>

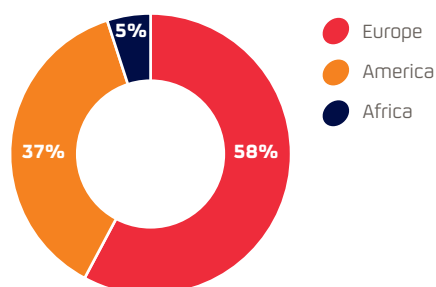
For our 2013 figures, we included more countries in our calculation of voluntary social investment, as we have started up significant activities in new territories, such as Angola. Activities in these countries are therefore reported here for the first time.

In Spain, we increased our support for the initiatives undertaken jointly with local institutions and with non-governmental organizations through our commercial activities, industrial complexes and exploration and production activity.

We also increased our investment in Colombia with the start-up of exploration activities in blocks in the north of the country and in the Caribbean.

In addition, we are rebuilding our presence in Libya and supporting various initiatives to improve quality of life for people living in the area.

#### *Distribution of social investment by regions*



<sup>7</sup> Rest of world includes social investment through our businesses and the Repsol Foundation in Algeria, Canada, the Democratic Republic of the Congo, Dominican Republic, Equatorial Guinea, Ethiopia, Guyana, India, Iraq, Kenya, Mauritania, Mexico, Morocco, Namibia, the Philippines, Senegal, Sierra Leona and the United States.

### **The Colombian Comprehensive Child Development Center (CIDI)**

The Repsol Foundation continues to support the Colombian Comprehensive Child Development Center (CIDI), a childhood development center in Cartagena de Indias. This collaborative project with the Juan Felipe Gómez Escobar Foundation was first launched in 2010. The center has been built and equipped to deal with health needs in the area and to help reduce infant mortality.

The center provides medical care for babies, through early stimulation, timely illness detection, physical therapies and training for parents, with talks on healthy habits, nutrition and breast feeding. It also provides training to improve employability and promote sustainable development in the area.

During 2013, the center benefited 160 infants under the age of 12 months, as well as their parents.

### **Collaboration with the Spanish Federation of Food Banks**

In 2013, Repsol, its Foundation and the Spanish Federation of Food Banks (FESBAL) signed a framework collaboration agreement. These bodies will work together to promote and develop awareness, communication and food donation activities.

As part of this commitment, from November 25 to 29, 2013, Repsol supported a FESBAL campaign to collect food at all of its sites in Spain, collecting over 8 tons of food and helping more than 10,000 families in need.

## **Obligatory social investment**

This expenditure comprises contributions we make to comply with legal, regulatory or contractual requirements. These investments may be fully managed by the company (through social programs) or by a third party (such as the national hydrocarbon company, or an institution or government agency) to whom our contribution is transferred.

During 2013, we made contributions of this type in Spain, Algeria, Brazil, Libya, Mauritania, Mexico, Namibia and Venezuela, for a total of €4.76 million.

**Obligatory social investment by country, 2013** (millions of euros)

	Voluntary contribution	Obligatory contribution	Total
Spain	13.76	0.01	13.77
Algeria	0.06	0.04	0.10
Brazil	0.80	2.32	3.12
Libya	0.37	0.33	0.70
Mauritania	0.02	0.27	0.29
Mexico	0.02	0.03	0.05
Namibia	0.00	0.04	0.04
Venezuela	0.37	1.72	2.09
Rest of world	9.18	0.00	9.18
<b>Total</b>	<b>24.58</b>	<b>4.76</b>	<b>29.34</b>

**Other contributions**

These are contributions the company makes to communities to offset impacts of project activities, as identified in environmental, social and health impact assessments. These contributions may be in cash or through social programs, remediation programs or other initiatives.

Repsol invested €460 thousand euros in such contributions in 2013, in Spain, the US and Peru.

**Other contributions** (millions of euros)

	2013
Spain	145.0
Peru	260.1
United States	55.1
<b>Total</b>	<b>460.2</b>

**Examples of projects, 2013****“Eyes of Bolivia” Healthy Vision Program**

The Repsol Foundation collaborates with the Ojos del Mundo Foundation (Eyes of the World Foundation) on the Eyes of Bolivia program, improving access to eye care for people with limited resources in the rural area around the town of El Alto and the city of Tarija.

The project includes training for health center personnel, working with second and third-tier ophthalmic services to make them available to the population at large. The project also continues to support hospitals in the area, and has launched an eye care activity aimed directly at the public.

These activities are complemented by eye health education and prevention strategies in the community, aimed at the most vulnerable groups: children and young people, pregnant women and people aged over 55.

61,850 people have benefited from the training, awareness and eye care actions under this program.

### **Nutritional Security in Peru: World Food Programme**

The Repsol Foundation works with the United Nations World Food Programme (WFP) on a project to promote food security and to reduce anemia in Angamos, Ventanilla. The initiative specifically aims to reduce the high rate of anemia among breastfeeding women and their children.

The Angamos area is home to 28,000 people, with the main problem in the zone being food insecurity, affecting 40% of the population. Anemia is the most common illness among children under 5 years old.

The project mainly aims to reduce anemia among children and pregnant and breastfeeding women in marginal zones. The activities include promoting improvements in food habits, improving health in the home, raising awareness about best practices for water use and workshops in handling solid waste and the correct use of latrines.

The project also includes studies into nutritional conditions in the area and home visits to promote consumption of multi-micronutrient supplements, educating parents about the problem of child anemia.

The project aims to benefit 1,700 children and over 2,200 women.

### **Organ donation and transplant program in Trinidad and Tobago**

Since 2010, the Repsol Foundation has worked with the Donation & Transplant Institute to develop and improve the organ donation and transplant system for Trinidad and Tobago.

The project has helped establish the basis of an organ donation and transplant system in the country. It has also made a significant contribution to the training of doctors and transplant coordinators in the public health system and the National Transplants Unit. An audit of one of the participating hospitals was carried out for the first time in 2013 to assess progress and to correct any weaknesses. In addition, two seminars were held on diagnosis of brain death and maintenance of potential donors at the Puerto España General Hospital and the Eric Williams Hospital.

The program benefits some 200 healthcare professionals, including doctors and nurses, and the 500 patients on the waiting list for a transplant.

## Repsol Foundation

### Integration through art and culture

In 2013, we continued our collaboration with the Argadini Association on its literary workshops and with the Blanca Marsillach Company on its Adapted Theater Program.

Repsol also continued working with the FEAPS Madrid “More culture, more inclusion” project, aiming to promote culture as a tool for social transformation of people with disabilities, by creating a model of inclusive culture, combining methodologies of professionals working with disabilities and those working in culture, and creating spaces for them to work together.

In 2013, we continued to support the “El Sombrero” project in Fine Arts, which enables six students with disabilities to share classes with students in the Fine Arts Faculty of Madrid’s Complutense University. We also collaborated with the Asociación Ondas Abiertas (Open Airwaves Association) and the “Welcome to the Radio” project, which aims to promote the social and employment integration of young people with learning difficulties through a radio program in which six speakers demonstrate their talent to the world.

Finally, the Repsol Foundation sponsored the Down Madrid Foundation’s 21st Down Art Painting and Drawing competition, which seeks to promote social and employment integration through art, for people with disabilities.

### Integration through sport

Repsol supports a range of inclusive athletics projects, such as the adapted cycling program of the También Foundation. This initiative helps differently-abled people enjoy cycling in a typical biking environment.

The Repsol Foundation also assists the Spanish Federation of Sports for People with Disabilities (FEDDF) and the Valle de Arán Adapted Winter Sports Center (CDIA), enabling people with disabilities to safely enjoy a range of high-quality winter activities.

Lastly, Repsol is working hand in hand with the National Association for Sub-aquatic Activities and Swimming for people with physical and intellectual disabilities (HSA Spain) to launch an awareness and integration project in Torredembarra, Tarragona.

### Integration through training

Working with the Federation of Associations for the Deaf in Galicia (FAXPG), Repsol has developed the “Social Resources Agents” course, providing adapted training to 19 students, improving their employability and promoting application of this knowledge to improve quality of life. The project included the launch of an online information service managed by one of the course students.



Repsol also collaborated with the Bobath Foundation on the “Young people affected by brain damage and paralysis. Intermediate Level Vocational Training” program. This program aims to improve employability, providing fully adapted vocational training to achieve an official intermediate level vocational training qualification certificate in administrative management.

In addition, the Repsol Foundation carries out its “Future without barriers” competition, an initiative promoting innovation in projects to boost personal autonomy, improve skills and develop abilities, in order to achieve the total integration of people with disabilities through training and improve their personal and professional skills. The two winning projects of the 2013 competition were:

- “INSER-RED”, an initiative developed by FEAPS Madrid setting up a network of employment insertion services, bringing together resources and approaches to promote the employment of people with learning difficulties.
- “Dual training school”, developed by FAMMA-COCEMFE Madrid and including a range of training, work experience and employment advice and job-seeking activities to improve the professional skills of beneficiaries in building maintenance, and help with their subsequent incorporation into the world of work and society.

### **Telefónica–Repsol Foundation Family and Disability University Chair**

The Repsol Foundation continues to work with the Down Madrid Foundation, Telefónica and Madrid's Pontificia de Comillas University on the Telefónica–Repsol Foundation university chair in Family and Disability, researching and promoting quality of life and wellbeing for people with learning difficulties and their families.

### **Awareness projects**

The Repsol Foundation was involved in several major awareness-raising initiatives in 2013. The Recapacita traveling initiative visited Madrid, Castellón and Portugal to raise awareness of the barriers faced by people with disabilities in their everyday lives, allowing the public to put themselves in the place of a person with a disability for a day.

Games for Integration were held in Madrid's Plaza Mayor, where participants could take part in a range of adapted sports, including cycling, basketball, football, fencing and table tennis, and meet athletes specializing in these sports. The initiative aims to raise public awareness and promote integration through sport.

In 2013, the Foundation published its first annual volunteering report, describing the actions carried out and the results achieved in 2012, in recognition of the efforts of our volunteers over the year.

**For more information on the Repsol Foundation and its initiatives in [this link](#)**

## Repsol Ecuador Foundation

In 2013, the Repsol Ecuador Foundation intensified its activities in the Amazon, particularly in the provinces of Sucumbíos and Orellana, and continued supporting comprehensive development projects such as technical assistance, development of skills, finance of productive activities and improved access to education.

### **Promotion and protection of local culture as an educational tool for human development with the Alejandro Labaka Foundation**

This project involves the local government of Francisco de Orellana and the Alejandro Labaka Foundation, with the Vicariate of Aguarico and support from the Repsol Ecuador Foundation and the regional government of the Basque Country, with the support of the Ecuadorean National Institute of Cultural Heritage.

The project is slated to run until mid-2014, featuring a number of temporary exhibitions changing every three months, until the museum is ready to open and the 200 items in the collection can be exhibited together. The first temporary exhibition was “Faces of the Moon”.

### **“Enterprising education for the progress of my region”, implemented by the Junior Achievement Foundation**

The program brings together settlements in the area directly affected by the pipeline connecting Block 16 to the OCP pipeline for transport to the coast. One of the priorities identified within these communities involves training and educational initiatives. The project has been developed through a strategic partnership between Repsol Ecuador Foundation, OCP Ecuador and the October 29 Savings and Credit Cooperative through the Junior Achievement Foundation. In general terms, the project includes training for teachers and students and the development of educational incentives, so as to improve the quality of education and promote entrepreneurial mechanisms in the Amazon region.

This gives Repsol and the Repsol Ecuador Foundation a presence in the areas directly influenced by their operations, aiming to improve, strengthen and facilitate social processes through an advanced and committed Social Corporate Responsibility model.

### **“Organizational and productive promotion for women and young people in Sucumbíos”, implemented by the Integral Development for the Future Foundation (FUDEN)**

The project aims to involve 500 women and young people from the districts of Lago Agrío and Sucumbios in the Ecuadorian Amazon in productive and organizational development processes to enhance their skills and improve the quality of their domestic and community lives. In addition, it creates and strengthens microenterprise initiatives led by women and young people, and

promotes employment based on social sustainability, economic, food security and environmental conservation criteria.

As a result of this process, 400 women and young people are participating in 125 ventures, and are now earning an income. The main areas of work include fish farming, raising pigs, cows and chickens, arts and crafts, baking and service activities such as food stalls, and tourism. The project's chief priority is supporting development in the Amazon and of the indigenous and mestizo communities located in areas of indirect influence of Block 16, where Repsol Ecuador operates. The sustainability of this program is guaranteed by the support given by Repsol Ecuador and its partners in Block 16.

**“Extension of financial services in rural areas of the provinces of Orellana and Sucumbíos as an alternative for productive development”, through the Rural Financial Network**

This project, funded by the Repsol Ecuador Foundation and carried out by the Rural Financial Network, consists of introducing integrated financial products and services in rural and marginal urban areas of Eastern Ecuador. The partners in this project are Cooperativa Coca and the Microenterprise Development Fund (FODEMI) with procedures for strengthening and implementing services for the residents in the area.

The project will run for 30 months. Upon completion, it is estimated that about 10,000 entrepreneurs or micro-entrepreneurs will have access to financial services. Economies of scale are also expected to be generated in the area, which will benefit about 30,000 people, including the families of the entrepreneurs and other players in the local economy.

**Crowd funding for female entrepreneurs in exercise of their economic rights in Sucumbíos and Orellana, conducted by the Grameen Amazonas Savings and Credit Cooperative**

This project attempts to further improve the socio-economic conditions of women in rural and marginal urban areas in the Sucumbíos and Orellana provinces of the Ecuadorean Amazon, providing access to financial services that allow them to start and maintain small income-generating ventures for themselves and their families.

**For more information on the Repsol Foundation and its initiatives in [this link](#)**

## Local content

This is the added value that Repsol contributes to a country, region or town through its activities. This might involve training local workers, developing skills, employing local people and developing and acquiring local supplies and services.

Local content encompasses all those initiatives whose main objective is to replace imported products and services with local alternatives, supporting the development of industry in a country. The main objective of local content policies is to enhance local business development through job creation and transfer of knowledge and technology to local communities.

As set out in the “[Suppliers and contractors](#)” chapter, we prioritize local suppliers, as a direct way of supporting industry in the areas in which we operate. We also seek to enhance the diversity of our employees by employing local people. This is a very valuable competitive advantage, enabling us to understand the needs and expectations of the communities of which we form part. This is discussed in greater detail in the “[Team Repsol!](#)” chapter.

A third way in which we support local content is by training and developing skills in communities in our areas of influence. Some of the initiatives we have developed in this area include:

### **Training for local suppliers in Bolivia**

Having identified the training needed to develop potential resources in the community, Repsol, in collaboration with the Dutch charity SNV, developed a training program for all owners, managers, chefs, cooks and staff of local canteens, including theoretical and practical training events to help them obtain professional qualifications.

On completion of the training, the local services started businesses, becoming suppliers of contractor companies working on Phases I and II of the Margarita project.

During Phase II, motivated by these opportunities for work with companies in the area, a person from the community of Cumandaroti set up the catering company “VILLA MERCEDES”, becoming a food and drink supplier in 2013 and one of the local suppliers contracted.

### **Improving skills in Brazil**

Repsol Sinopec Brasil is involved in the supplier registration system for exploration of the Brazilian oil and natural gas production segment (CadFor). This register has been organized by the National Oil Industry Organization (ONIP) to enhance knowledge of potential local supplier companies.

This registration can increase local content in exploration and production investments. CadFor enables operators to contract qualified local suppliers with information on goods and services for the oil and gas industry. In order to be registered, companies must comply with certain statutory, technical, financial, health and safety, environmental and social requirements.

### **Training for communities in Trinidad and Tobago**

Repsol promotes local content in communities through training in construction, information technology, business skills, agriculture and greenhouses, and other specialist areas, seeking to increase the value of the economic activities performed in these communities.

Repsol also provides training at the request of other stakeholders, such as the South East Fisherman's Association and groups of the unemployed. A training course for emergencies was also held in 2013 for over 20 council members from villages in the community of Mayaro and Guayaguayare.

### **Contracting small-scale suppliers in Trinidad and Tobago**

We ensure that small-scale suppliers of food and drink are contracted in the community of Mayaro and Guayaguayare. These local suppliers live in communities close to our activities. We invite them to participate in a tender for one and two-year contracts. These suppliers are engaged for all our community and operating activities, such as meetings, special events, and community and contractor training and school meetings, providing food and drink as well as audiovisual equipment, tables, chairs, canopies, etc.



## Our partners

Repsol performs some of its activities with partners through joint ventures. Our regulations set out the due diligence required prior to taking a decision to acquire an asset.

*Before we acquire an asset, we assess the existing and potential risks. In doing so, we pay special attention to aspects such as safety and the environment, the communities affected and impacts from earlier phases of work.*

### Asset acquisition

The due diligence process calls for assessment and management of the risks that might arise in Repsol's commercial operations involving acquisition and exchange of assets, mergers, alliances and joint ventures. Such assessment is particularly important when considering new assets in areas of particular social or environmental sensitivity.

In 2013, the Safety and the Environment Division for Exploration and Production carried out due diligence on a brown field<sup>1</sup> site, in accordance with the requirements set out in our corporate safety and environmental regulations and the equivalent Exploration and Production business procedure. This study looked at environmental and health and safety aspects and specific risks relating to abandonment of an existing facility.

The Executive Exploration Department carried out three due diligence studies, in Aruba, Colombia and Tunisia, for the initial phases of projects in those countries.

Our comprehensive due diligence process involves various company areas. The Audit and Control Department, at the request of the business units or the company's legal services, contributes to audits before the acquisition of assets. These audits also take into account corruption risks.

For more information on our partners in [this link](#)

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<sup>1</sup> Brown field refers to a site previously used for industrial or commercial activity. Such locations may have already suffered environmental damage in relation to land, sediment, underground water, accumulated waste and other aspects, requiring action for restoration and subsequent use.

## Relations with our operating partners

In activities where Repsol is not the operating partner, we use our influence to ensure that our partners implement our regulations and management systems and apply ethical, social and environmental principles and systems equivalent to our own.

*We are involved in 239 oil and gas blocks in 20 countries where we do not control the operation. We also have joint operating agreements in 44 other blocks.*

At year-end 2013, we had non-controlling holdings in operations in 239 blocks in 20 countries. We also have joint operating activities in 44 blocks in five countries.

We carry out these activities with 40 different partners, who are responsible for operating the assets, individually or in conjunction with Repsol.

We apply our regulations and standards in all activities in which Repsol is the operating partner. Where we are not the operators, we consider it vital that our partners uphold certain ethical, social and environmental standards that are comparable to our own. We use our influencing capacity to encourage our partners to implement our regulations and management system, or to follow principles and systems equivalent to our own.

In 2013, Repsol developed a new pro forma Joint Operating Agreement (JOA), including anti-corruption, human rights and safety and environmental clauses that are consistent with Repsol's own standards:

- **Human rights:** These clauses expressly state that the operator must respect internationally-recognized human rights, avoiding breaching the human rights of others and addressing any negative human rights impacts resulting from any joint venture in which Repsol is involved. This includes the human rights established in the International Charter of Human Rights and the principles relating to fundamental rights established in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- **Safety and the environment:** These clauses establish that operators must perform their activities safely, diligently and in respect for the environment, and that this must be done efficiently and in accordance with industry practices and the conservation principles applied in similar circumstances.
- **Corruption:** The new model also contains clauses defining the conduct expected from operators in performing their functions, including action in the event of any conflict of interests or unethical behavior.

This model JOA was used in all negotiations with partners in 2013.

We also used Repsol secondees<sup>2</sup> in activities not operated directly in Algeria, Bolivia, Ireland, the Russian Federation, Trinidad and Tobago and the US, mostly in positions involving responsibility for environmental and safety issues.

**For further information on our relationships with our partners  
in non-operated assets in [this link](#)**

<sup>2</sup> A secondees is a Repsol employee who temporarily works for another company, in this case in the operation of an exploration or production block for which the partner is responsible.

## Controls of non-operated associations

Repsol has tools to analyze assets where it is not the operator. This enables early detection of potentially irregular situations in activities managed by our partners.

*When auditing a non-operated asset, we take into account aspects such as its location, the environmental setting, the type of operation and the partners involved.*

To ensure that the practices of our partners are consistent with our regulations, Repsol asks its partners to complete the Foreign Corrupt Practices Act (FCPA) questionnaire, which includes specific questions on **anti-corruption policies and practices**.

Furthermore, our association contracts include a specific Conduct of the Parties clause, through which signatories undertake to reject any form of bribery, payment, gift or preferential treatment in exchange for a person or entity receiving a benefit in contravention of the principles set out in the OECD Convention on Combating Bribery of Foreign Public officials and the US FCPA.

Under our 2013 audit plan, we carried out 34 studies of non-operated assets.

### The audit process for non-operated assets

When auditing a non-operated asset, we analyze the operation taking into account the nature and needs of each association. The scope of this work is subject to our audit rights and covers, among other aspects, verification of contract compliance by the operator and other partners, review of transactions and the distribution of production, internal control processes and analysis of technical aspects.

Throughout this process costs may be identified that are not adequately explained by the asset operator: these may give rise to claims or to identification of possible corruption.

Once all possible breaches have been identified and assessed, these cases are reported formally to all stakeholders. All discrepancies are examined in detail and verified in advance with the operator.

The process is completed by a formal recommendation to implement a plan of measures required to correct the internal control problems identified. Depending on the severity of the cases detected, these may include strengthening existing controls or introducing additional controls. Depending on the importance or urgency of these actions, a number of additional channels are available for reporting internally and to partners, such as audit notes, formal letters and meetings with partners or the committee responsible for control of the operation.





## Suppliers and contractors

By purchasing and contracting locally, we help create wealth in the local economy.

Repsol invests around €5.166 billion in purchasing<sup>1</sup> and contracting through 19,177 suppliers and contractors in 81 countries.

### Local purchasing and contracts

#### Country of origin of our suppliers

In 2013, we used 19,177 suppliers and contractors from 81 countries.

Supplier's country of origin	Number of suppliers in 2011	Number of suppliers in 2012	Number of suppliers in 2013
Spain	9,476	9,076	8,861
Algeria	132	113	94
Andorra	1	0	0
Angola	0	2	43
Aruba	1	1	0
Australia	17	19	22
Austria	10	15	12
Bahamas	2	0	1
Bahrain	1	1	2
Barbados	4	3	3
Belgium	62	68	69
Bermuda	0	2	0
Bolivia	356	333	326
Brazil	838	584	641
British Virgin Islands	3	3	2
Bulgaria	1	1	1
Canada	296	308	296
Cayman Islands	1	0	1
Chile	4	5	5

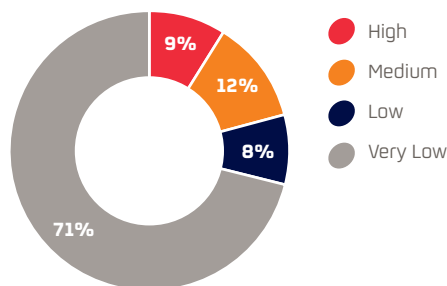
<sup>1</sup> Total purchases refer exclusively to those made by the Department of Purchasing and Contracting, excluding purchases of crude oil, gas and materials.

Supplier's country of origin	Number of suppliers in 2011	Number of suppliers in 2012	Number of suppliers in 2013
China	12	9	9
Colombia	208	160	172
Costa Rica	1	4	4
Cuba	63	71	20
Cyprus	3	3	2
Czech Republic	5	4	7
Denmark	15	17	24
Dominican Republic	0	1	0
Dutch Antilles	1	1	0
Ecuador	1,101	1,080	996
Egypt	3	3	2
El Salvador	0	1	0
Equatorial Guinea	1	1	1
Finland	4	5	5
France	170	161	157
Germany	203	206	208
Greece	1	0	3
Guatemala	0	0	1
Guyana	33	36	25
Holland	102	111	118
Honduras	1	0	0
Hong Kong	3	4	7
India	3	3	3
Indonesia	9	22	27
Iran	1	0	0
Iraq	1	1	28
Ireland	14	16	17
Israel	3	5	3
Italy	90	83	78
Jamaica	0	1	0
Japan	9	8	13
Jordan	2	1	0
Kazakhstan	0	0	1
Lebanon	0	1	0
Liberia	0	0	1
Libya	74	93	106
Liechtenstein	0	0	1
Luxembourg	6	6	4
Malaysia	3	5	1
Malta	4	4	5
Marshall Islands	1	0	1
Mauritania	1	10	22

Supplier's country of origin	Number of suppliers in 2011	Number of suppliers in 2012	Number of suppliers in 2013
Mauritius	1	0	1
Mexico	194	174	152
Morocco	5	4	4
Namibia	0	2	3
Nicaragua	1	1	0
North Korea	1	1	1
Norway	91	132	202
Oman	2	1	1
Panama	9	9	16
Peru	1,789	1,826	1,773
Poland	1	1	2
Portugal	2,038	2,322	2,146
Puerto Rico	1	1	1
Qatar	2	0	0
Rumania	0	2	3
Russian Federation	7	2	8
Saudi Arabia	0	0	2
Singapore	9	8	11
Slovenia	1	0	0
South Africa	1	1	4
South Korea	3	1	1
Sudan	0	0	1
Surinam	1	1	0
Sweden	11	20	13
Switzerland	55	50	45
Taiwan	1	1	0
Thailand	2	2	2
Trinidad and Tobago	348	373	356
Tunisia	6	7	11
Turkey	4	4	7
UAE	13	22	27
UK	410	409	429
United States	923	1,015	1,074
Uruguay	7	6	14
US Virgin Islands	0	0	1
Venezuela	429	382	321
Vietnam	1	1	0
<b>Total</b>	<b>20,169</b>	<b>19,551</b>	<b>19,177</b>

Approximately 21% of our suppliers are significant, meaning that their criticality is defined as medium or high. In 2013, we awarded 3,513 contracts to significant suppliers, of which 1,822 were medium-criticality suppliers and 1,691 were high-criticality. All of these awards are subject to our general purchasing and contracting conditions. Accordingly, all of these contracts contain clauses relating to human rights, the environment and corruption.

*Distribution of suppliers by criticality*



### Local purchasing

In 2013, Repsol invested €4.406 billion in purchasing and contracting with local suppliers,<sup>2</sup> representing approximately 85% of total purchases.

Purchasing and contracts			
	2011	2012	2013
Total purchases (€ million)	5,227	5,206	5,166
Local purchases (€ million)	4,422	4,341	4,406
% of local purchasing	85%	83%	85%
Total suppliers (number)	20,169	19,551	19,177

<sup>2</sup> A supplier is considered local when they have a tax reference number in the country where the service is to be rendered or the merchandise delivered.

## Local purchasing

Country	Total (€ million)	Local (€ million)	Purchases from local suppliers [%]
Spain	3,437.6	3,028.5	88.1%
Algeria	31.8	17.0	53.4%
Angola	7.8	4.9	63.4%
Bolivia	267.4	228.2	85.3%
Brazil	361.6	211.6	58.5%
Canada	24.6	20.9	84.9%
Colombia	7.5	7.0	93.3%
Cuba	3.1	0.6	20.9%
Ecuador	121.7	115.1	94.6%
France	2.9	2.8	97.1%
Germany	0.17	0.02	13.8%
Guyana	27.4	1.8	6.5%
Holland	0.2	0.2	100.0%
Indonesia	0.6	0.6	99.6%
Iraq	12.6	3.3	25.8%
Ireland	0.1	0.0	0.0%
Italy	2.4	0.1	3.4%
Japan	0.001	0.001	100.0%
Libya	25.4	19.9	78.2%
Mauritania	18.5	14.9	80.8%
Mexico	6.8	6.8	99.7%
Morocco	2.3	1.9	82.1%
Namibia	0.7	0.2	26.7%
Norway	121.4	115.2	94.9%
Peru	177.2	165.3	93.3%
Portugal	186.9	139.8	74.8%
Russian Federation	0.04	0.04	100.0%
Trinidad and Tobago	100.3	87.3	87.0%
Tunisia	1.1	0.1	10.9%
United States	193.4	191.6	99.1%
Venezuela	22.9	20.6	89.6%
<b>Total</b>	<b>5,166.5</b>	<b>4,406.1</b>	<b>85.3%</b>

We cannot always find local suppliers and contractors specializing in certain very specific technical work or work requiring particular qualifications relating to the oil industry in the countries where we operate. In such cases, we turn to international suppliers.

The number of long-term contracts (exceeding one year) with local suppliers and contractors increased from 2,358 in 2012 to 2,521 in 2013. The 190 contracts with local suppliers in Brazil, 104 in Ecuador and 185 in Peru are particularly noteworthy in this regard.

## Contracts exceeding one year

Country	Number of contracts exceeding 1 year in country	% of all contracts in country
Spain	1,250	34%
Algeria	7	10%
Angola	10	67%
Argentina	2	14%
Aruba	3	100%
Australia	1	14%
Austria	1	50%
Belgium	9	53%
Brazil	190	43%
Canada	12	36%
Chile	1	50%
Colombia	18	21%
Denmark	2	29%
Ecuador	104	54%
France	36	54%
Germany	13	33%
Holland	25	41%
Hong Kong	1	10%
Iraq	9	36%
Ireland	4	36%
Italy	7	54%
Japan	3	75%
Libya	19	29%
Luxembourg	1	50%
Mauritania	4	50%
Morocco	2	40%
Namibia	4	44%
Norway	38	36%
Panama	3	38%
Peru	185	35%
Poland	1	100%
Portugal	45	13%
Russian Federation	3	27%
Switzerland	4	33%
UAE	2	29%
UK	71	39%
United States	350	36%
Uruguay	9	75%
US Virgin Islands	2	100%
Venezuela	16	13%
<b>Total, all countries</b>	<b>2,521</b>	<b>33%</b>

## Monitoring of supplier payment periods

Given the current economic situation in Spain, we are committed to monitoring compliance with payment periods for suppliers. Our commitment is set out in our [2013-2014 Corporate Sustainability Plan](#).

Repsol has automated a number of invoice processes. Given the huge volume of invoices we process, this gives us greater control and reduces payment periods for suppliers. These automation processes are:

- Electronic invoicing through the “Adquiria” Marketplace.
- Digitalization of invoices.
- Self-invoicing.

We are also implementing a new website where suppliers can submit their electronic invoices in various standard formats.

Repsol also offers its suppliers the opportunity to take advantage of reverse factoring, a financial service that enables the supplier to collect payment for invoices from certain banks at the moment the invoice is accepted, or to wait until the end of the payment period. This enables some suppliers to reduce their financing costs.

In Peru, Repsol carried out a Supplier Satisfaction Survey to gauge opinions on a range of issues, including compliance with payment periods. The results of the survey were reported to the units involved in order to implement any improvements required.

## Responsible supplier management model

Management of our supply chain is subject to corporate regulations ensuring compliance by our suppliers and contractors with ethical, environmental and social standards, including employment and health and safety measures.

*In 2013, we rated 444 suppliers of goods and 1,058 service contractors.*

We continue to enhance our regulations and the management system for our supply chain, so as to ensure that our contractors and suppliers maintain standards consistent with the commitments undertaken by Repsol.



Supplier management model In Repsol, we are working to ensure that all the stages in our model include assessment and evaluation of our suppliers and contractors with regard to health and safety, the environment, human rights and corruption.

Over recent years, we have updated our assessment process to include the following:

- **Rating questionnaire:** Includes a specific section on “Ethics and Human Rights”, which questions suppliers on their position with regard to a number of declarations relating to human rights, employment practices, discrimination, fraud, corruption and bribery. The process assesses these in the same way as other factors, such as economic aspects, management systems, technical aspects, and references.
- **Audit guide:** Used in assessing critical suppliers. The guide contains a specific “Ethics and Human Rights” section and includes checks in the supplier’s facilities on their declarations in the rating questionnaire.
- **Assessment audits:** Includes interviews with the staff of the company audited within the scope of the visit. These interviews apply to workers’ representatives and, in particular, members of vulnerable groups. Members of company management are not included in these interviews.

The audit team is responsible for selecting a representative sample of employees for these interviews, with no interference from company representatives. The sample covers different departments, degrees of seniority, gender, posts, age groups, ethnic groups and origins. During the interviews, workers are asked about their working hours, the condition and suitability of the facilities, working conditions, labor practices, recruitment policies, disciplinary regulations, training received, freedom of movement during working hours, social benefits and other aspects.

Interviews are carried out in a location that guarantees privacy. They are strictly confidential and voluntary, and no one else is present at the interview, unless the employee requests the presence of a workers’ representative.

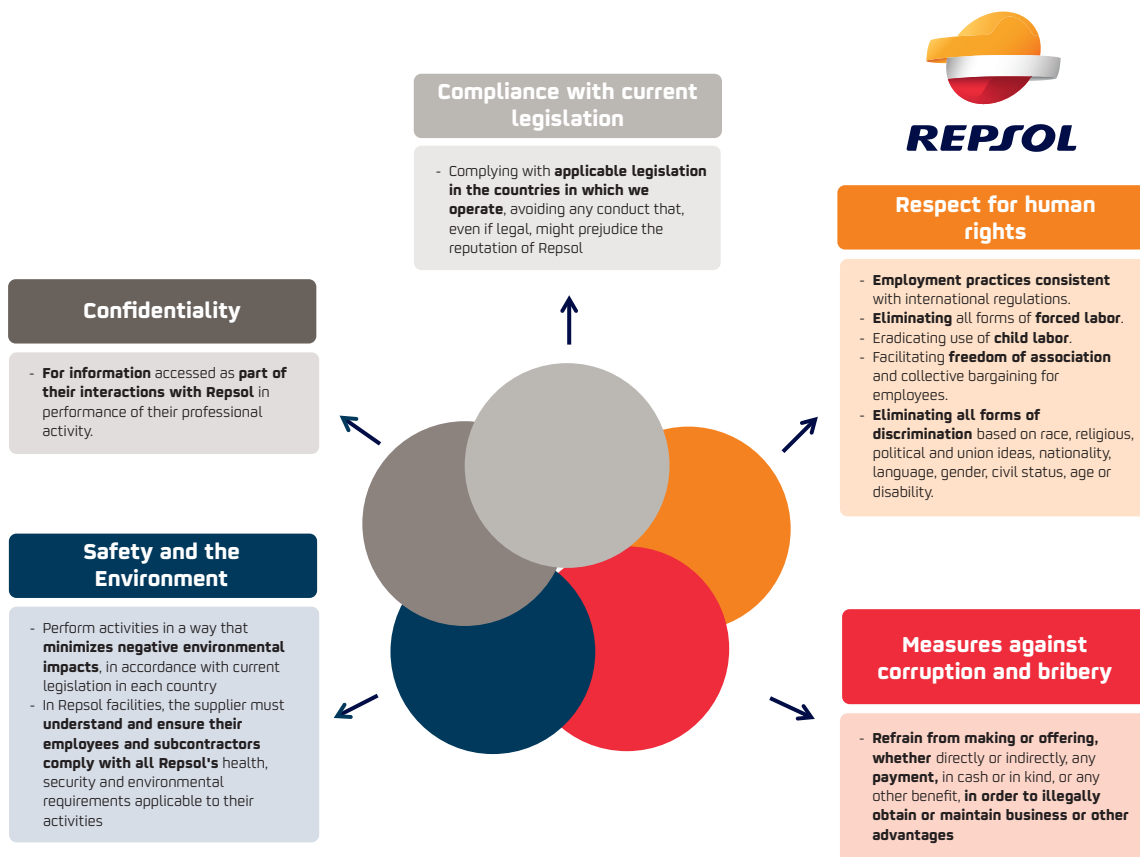


In 2013, we approved a Code of Ethics and Conduct for Suppliers. This sets out guidelines for the behavior that Repsol expects from its suppliers in their activity and in all commercial and professional relationships.

### Code of Ethics and Conduct for Suppliers

Although they are independent organizations, suppliers play an essential role in Repsol's value chain. For this reason, in 2013 we approved our Code of Ethics and Conduct for Suppliers. The code sets out guidelines for the behavior that Repsol expects from its suppliers in their activity and in all commercial and professional relationships.

Repsol expects all of its suppliers to share and adopt the principles of the code for as long as the commercial relationship continues.



The Code has been published in Repsol's three official languages: Spanish, English and Portuguese. Repsol has also distributed the Code to suppliers at events such as the "3rd E&P Supplier Meeting 2013" in Ecuador.

For more information on our Purchasing and Supplier Management Model in [this link](#)

## Rating of contractors and suppliers

Supplier and contractor rating 2013			
	2011	2012	2013
<b>Suppliers of goods:</b>			
Qualified	384	387	444
Provisionally qualified <sup>3</sup>	10	19	6
Not accepted	2	3	1
<b>Service contractors</b>			
Qualified	860	684	1,058
Provisionally qualified	53	66	50
Not accepted	30	23	27
<b>Disqualified and provisionally disqualified</b>			
Disqualified	108	195	257
Provisionally disqualified	11	3	0

We consider suppliers classified as medium and high criticality to be significant where the reputational risk for Repsol through their commercial relationships is moderate or high, respectively.

In all such cases, we carry out a human rights and corruption assessment, based on the information provided by the supplier when they complete the rating questionnaire. In addition, in high-criticality cases, we verify the information through on-site visits to the suppliers' facilities during the rating audit.

Low criticality suppliers of goods and services are also asked about human rights and corruption.

The Repsol rating process requirements mandate that suppliers must not have been involved in any actions that breach ethical standards or human rights. In the event any discrepancies are detected during the assessment, the supplier is initially disqualified. The forms we use, some of which are awaiting specification in a regulation document, aim to correct any discrepancies identified by proposing recommendations or specific plans in each case.

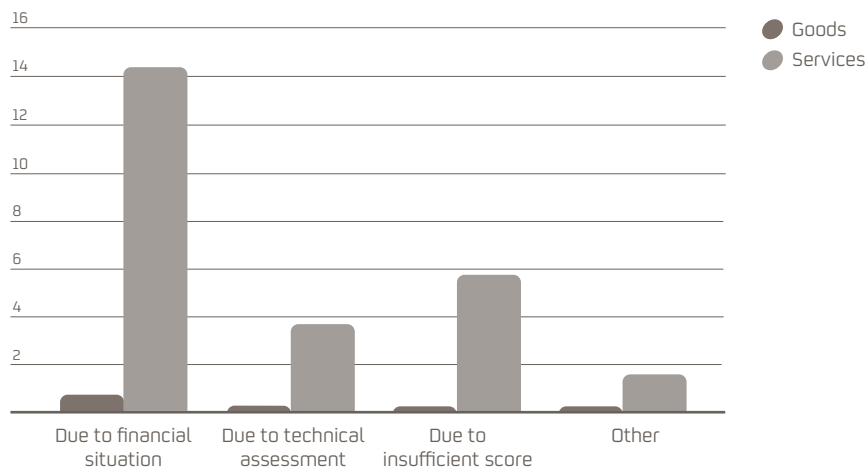
In 2013, 125 suppliers and contracts were provisionally qualified. Of these, 38 were subsequently qualified, 56 remained provisionally qualified at year-end 2013, and the remaining 31 did not manage to resolve their particular situation, and the process was ended without them being rated.

The 38 suppliers were subsequently qualified for the following reasons:

- Seven suppliers corrected the non-conformities identified during the rating audit.
- The economic condition of 31 suppliers improved.

<sup>3</sup> On some occasions a supplier may be "provisionally qualified" when it is found that it fails to comply with some minor requirement that prevents it from being classified as "qualified". This is a temporary situation that should be remedied within a short period.

### Suppliers not accepted in 2013



Insufficient score: in our supplier rating process, we award points for various aspects (economic-financial information, management systems, ethics and human rights, technical aspects, etc.), based on the information and documentation we collect. Our regulations require that suppliers achieve a minimum overall score, depending on the criticality of the goods or service for which they are being rated.

### Suppliers and contracts disqualified in 2013

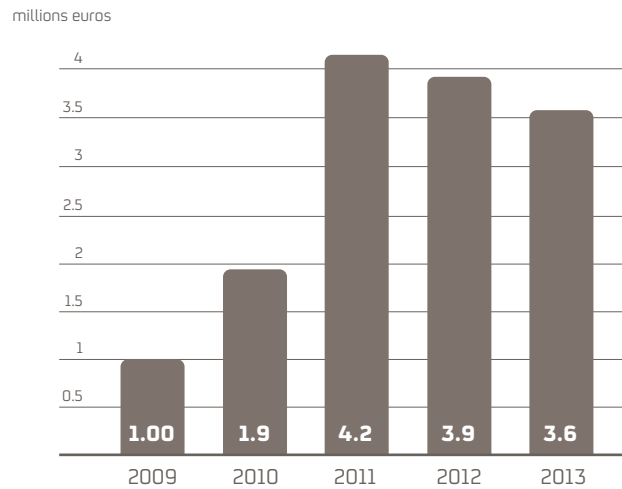
Goods / Services	Due to insolvency	Due to financial situation	Due to breach of contract	Due to performance assessment	Due to disciplinary sanction	Other
	248	1	1	0	4	3

### Purchases from Special Employment Centers

Repsol is committed to boosting job creation for people with disabilities, by awarding contracts for goods and services to companies classified as Special Employment Centers (SECs). In 2013, Repsol made purchases from 41 SECs in Spain, with a total value of approximately €3.6 million.

Purchases from Special Employment Centers [million euros]	
Year	Value
2009	1
2010	1,9
2011	4,2
2012	3,9
2013	3,6

### Purchases from Special Employment Centers



The units responsible for purchasing and contracting play a key role in this process, as they are in a position to encourage contracting of goods and services from SECs. They therefore identify and register SECs and regularly update these in our suppliers system [SISPRO].

## Managing subcontractors

Our General Purchasing and Contracting Conditions extend all the obligations on our suppliers and contractors to their subcontractors. The requirements for subcontractors are included in the offer terms and conditions, and are assessed and weighted in the technical evaluation, along with the contractual obligations, compliance with ethical, social and environmental regulations, performance assessment, etc.

We also extend the requirement for compliance with our ethical, social and environmental standards to subcontractors by disseminating our Code of Ethics and Conduct for Suppliers.

## Collaboration, dissemination and awareness-raising initiatives

### Programs to improve contractor performance in Petronor

We have implemented a safety program for contractors, setting out clear safety objectives. We apply this program to all companies with which we have current contracts or which frequently work in our refineries. As part of this project, we have been involved in basic safety risks training for petrochemical plants for 1,509 workers in 139 companies. We have also helped develop new professional competences for 51 safety representatives from 41 companies, who, in turn, have delivered this new training to other workers in their companies.

We have also contributed to the development of three local companies, helping them to participate in activities for other industries. These companies have been awarded two contracts, and we have assessed their experiences to consider the viability of continuing to undertake such initiatives.

### Human rights commitment in Ecuador

Since 2009, Repsol Ecuador has been holding the biannual “E&P Supplier Meeting” for local suppliers. This forum enables Repsol to share its overview and the company’s current situation with its suppliers, and to answer any questions its suppliers might have.

We use these meetings to promote our Code of Ethics and Conduct for Suppliers and to encourage every supplier to respect human rights through a signed commitment to the standards set out in the Code.

The 4th E&P Supplier Meeting is planned for 2015.

## Managing risks in our supply chain

The Purchasing and Contracting function is critical to risk management, as it is directly related to the supply chain.

The Purchasing and Contracting Division maintains close relations with other parts of the company, not only to perform its role, but also in order to identify supply risks that might impact Repsol’s activity.

As set out in the Integrated Risk Management System chapter, the company has implemented a risk identification and assessment process, based on a standard and consistent methodology applied across all the units involved. This process is based on impact and likelihood scales, which are also used in managing our supply chain risks.

The main risks identified include purchasing by people outside the company’s purchasing function, lack of competition in purchasing processes and limits on penalties despite failure to comply with contract conditions by suppliers.

In 2013, no serious cases relating to our suppliers were identified involving their employment practices or communities in the areas of our activities.

## Control and follow-up mechanisms

The audit process enables us to check the information provided by our suppliers and contractors, to ensure that they comply with our standards.

*We carried out human-rights analyses on 100% of our significant suppliers. No human rights infringements were detected during 2013.*

### Audits of suppliers and contractors

We carry out human rights assessment on 100% of our major suppliers, using the information they provide when they complete the rating questionnaires. In addition, in high-criticality cases, we verify the information through on-site visits to the suppliers' facilities during the rating audit.

In 2013, we did not detect any cases in which suppliers had breached the freedom of association and collective bargaining rights of their employees. Furthermore, we did not detect any cases of child labor, forced labor or discrimination.

Country	2011	2012	2013
Spain	68	80	101
Algeria	-	1	-
Angola	-	-	4
Brazil	6	4	1
Canada	-	-	3
China	1	-	-
Ecuador	8	-	6
Egypt	-	1	-
France	-	-	1
Germany	1	-	-
Holland	-	-	1
Iraq	-	-	2
Italy	4	3	4
Mexico	-	1	-
Norway	-	1	4
Peru	26	30	7
Portugal	13	4	24
Rumania	-	1	-
Russian Federation	-	1	6
Singapore	-	1	-
South Korea	-	3	-
Trinidad and Tobago	-	4	-
UK	1	4	2

Country	2011	2012	2013
United Arab Emirates	-	2	3
United States	3	3	-
USA	-	-	2
Venezuela	1	-	-
<b>Total</b>	<b>132</b>	<b>144</b>	<b>171</b>

## Ethical and human rights audits

We have defined criteria for assessing ethical and human rights risks in our supply chain. Suppliers are asked to complete a specific questionnaire so that we can assess their human rights and corruption practices. We may also carry out an on-site ethical and human rights audit.

The human rights audit guide covers various aspects of corporate responsibility management in the company, the supplier's employment practices, the mechanisms in place to prevent corruption and bribery and how the supplier manages its supply chain and its environmental impact.

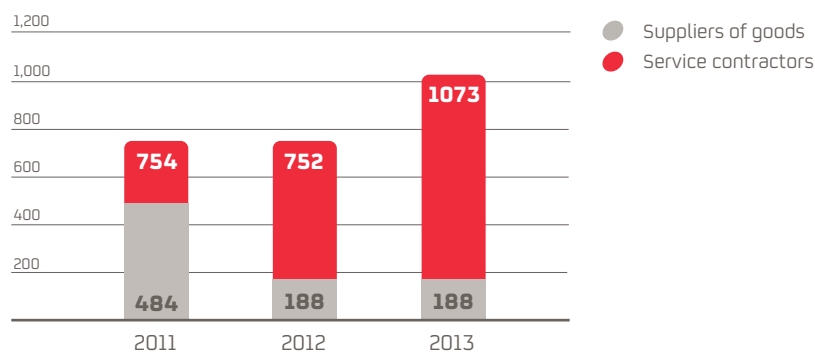
The results of the audit are compiled in a table, reflecting both the positive aspects and those requiring improvement. Positive aspects include all good practices by suppliers that go beyond statutory requirements. Aspects requiring improvement are further broken down into **observations, minor non-conformities** and **major non-conformities**. A recommendation must be made for every aspect requiring improvement, and subsequently reported to the supplier as the results of the visit.

No ethical and human rights audits were performed on the company's suppliers in 2013.

## Performance assessment

Our internal regulations mandate an assessment of the performance of suppliers providing goods or services classified as high criticality. The supplier performance assessment is a systematic, documented evaluation process covering the most significant aspects of the relationship between the supplier and Repsol.

### *Performance assessment*



### Awards to suppliers for outstanding performance

In 2013, Repsol gave awards to its service station suppliers whose safety performance was rated as being excellent. This is a public thank you for their contribution to improving the safety of people and facilities, through conduct and work helping us achieve our “zero accidents” objective.

We assessed 34 companies and awarded prizes to four contractors; two in each of the categories: “Companies with the best safety conduct and results in 2012” and “Companies that have implemented significant safety improvements in 2012”.

For more information on the performance assessment process for our suppliers in [this link](#)

## Management of non-conformities

Depending on the severity of the supplier non-conformities identified, the measures to be taken include notification, a written warning, a financial penalty or cancellation of an order or the contract. With regard to the supplier rating, provisional or permanent disqualification may be proposed, subject to the approval of the Repsol Purchasing and Contracts Functional Committee.

These non-conformities can be classified into three levels of severity, ranging from a simple **observation** of an aspect that could be improved, without being a priority, through a **minor non-conformity**, in which a non-conformity only affects part of our requirements, to a **major non-conformity**, which entails serious issues affecting all of our requirements.

When we detect non-conformities from a supplier, we define correction measures and monitor efforts to ensure they are implemented correctly. Depending on their severity, we might call a meeting with the company to notify it of the issue or open a case and present this in writing.

The resolution of the case could result in a penalty or a warning. In such cases, we apply the procedure established in each of our businesses.

In 2013, we revoked 14 supplier contracts, for the following reasons:

Country	Contracts revoked	Reasons
Spain	5	Failure to pay employee social security contributions Breach of contract Other employment issues
Colombia	1	Failure to comply with delivery dates
Ecuador	5	Breach of contract
Peru	1	Breach of contract
Trinidad and Tobago	1	Unacceptable quality of the product supplied
Venezuela	1	Failure to comply with delivery dates



## Relationships with our security suppliers

In 2013, we included clauses requiring compliance with ethical and human rights standards in 14 new contracts with private security companies.

### Supplier selection

The sensitive nature of the work carried out by those responsible for the security of our facilities means that we apply additional exclusion criteria in the selection and assessment processes.

In considering bids from such suppliers in tenders, we confirm that they have not been associated with any illegal activities and that they have no history of unethical behavior, including accusations of human rights violations.

In 2013, we carried out tenders in Bolivia, Brazil, Colombia, Ecuador, Peru and Venezuela, only considering private security suppliers who met these criteria.

Repsol requires its private security suppliers to be trained in the main international human rights standards. Human rights training is aimed at avoiding violations and arbitrary or discriminatory behavior involving physical or psychological violence against people. For this reason, all security contractors must have received such training, as discussed in the [“Corporate Security”](#) section of the [“Human Rights”](#) chapter.

### Contractual status

We include clauses expressly referring to internationally-recognized human rights in all our contracts with security companies. These include the rights set out in the International Charter of Human Rights and the principles relating to fundamental rights established in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, together with the eight Fundamental Conventions implementing the principles. We also include clauses relating to the Voluntary Principles on Security and Human Rights (VPSHR). As such, we are able to ensure that the private security companies are formally committed to all of these standards.

In 2013, eight contracts were signed and seven were renewed with private security companies that specifically included clauses requiring compliance the Universal Declaration of Human Rights, the guidelines for action contained in the United Nations Basic Principles on the Use of Force and Firearms, and the requirements of the VPSHR. Of the 15 contracts signed, one was in Angola, two in Algeria, two in Bolivia, one in Brazil, one in Colombia, two in Mauritania, four in Peru during the renewal period and two in Venezuela.

### Control and follow-up mechanisms

Repsol carries out checks on its private security suppliers to complement its selection and training process, and to ensure they remain compliant with the required conduct standards.

In 2013, Repsol carried out checks on its private security suppliers in Brazil, Bolivia, Colombia, Ecuador, Peru and Trinidad and Tobago. These reviews included periodic checks on the conduct of security agents, relating to their performance on the ground.

Continuing from the 2012 audit, in Peru we launched service quality meetings to discuss positive and negative aspects of the service from the standpoints of the security company and Repsol, and to put in place an action plan setting out objectives, commitments and deadlines for improvements.

The checks carried out revealed that all of our security suppliers were suitable for carrying out their duties. Therefore, no contracts were terminated on these grounds in 2013.

**Click here for more information on how we manage our relationships with corporate security contractors in [this link](#)**



## Our customers

Repsol works hard to ensure a responsive and competitive supply that meets the needs and expectations of our customers.

*We have a very broad range of customers, and the commercial units of our businesses strive to meet their individual needs.*

### Our commercial activities

Repsol has a very broad range of customers, from large companies, organizations and institutions, down to small and medium-sized enterprises and households. We meet their needs by producing and marketing a wide variety of products and services, including fuel, lubricants, liquefied petroleum gas (LPG) and chemical products.

Repsol mainly serves its customers through the following business units:

- Marketing, distributing products through our service station networks in Spain, Peru, Italy and Portugal. These networks are mainly involved in selling fuel through service stations and direct sales, and to the aviation industry.
- LPG is responsible for selling liquefied petroleum gas, mainly butane and propane, piped and in bulk. Repsol is the leader in the retail distribution market in Spain and Peru, and one of the world leaders in this segment.
- Lubricants and specialist products, with sales channels for lubricants, bitumen, coke and derivatives thereof.
- The Chemicals division produces and markets a wide variety of products, ranging from basic petrochemicals to derivatives thereof.

Many of the products we sell are processed in our industrial and petrochemical complexes, mainly the A Coruña, Cartagena and Petronor refineries in Spain; the refining and petrochemicals complexes at Puertollano and Tarragona in Spain and La Pampilla in Peru; and the chemical complexes at Sines in Portugal and the Dynasol, Polidux and General Química plants in Spain.

### Relations with our distributors

Repsol markets its products and services both directly and through distributors, agents and sales representatives, licensed services stations managed independently of Repsol, and other companies, such as carriers and installers, allowing us to serve our customers where and when they need us.

We have 4,549 service stations in Spain, Peru, Italy and Portugal. In Spain, we have 3,615 points of sale, of which 30% are licensed service stations,<sup>1</sup> 43% are owned by Repsol but are managed independently, and 26% are independent.

In Peru, we have 273 service stations, eight retail distributors and an own-brand service station for direct sales, 23 distributors of lubricants and specialist products and 23 LPG distributors. A total of 1,200 distributors are involved in our LPG activity in the country.

Our Chemicals business performs its commercial activity with the support of 77 distributors with whom we currently have agreements.

We are currently implementing selection and assessment criteria and processes to ensure the integrity of our relations with distributors and commercial collaborators. Highlights are as follows:

The Marketing Business Unit:

- Repsol presented its Code of Ethics and Conduct to its Direct Sales commercial distributors at events in sales offices in 2013.

The LPG Business Unit:

- The selection criteria applied in Spain for all contracts agreed during the year require compliance with the guidelines set forth in the [Code of Ethics and Conduct for Suppliers](#).
- All contracts with distributors in Ecuador include safety and environmental clauses, and regular audits are carried out to assess performance.
- All contracts with bottled gas distributors in Peru include a human rights clause. We are also developing an audit process for annual checks on contract requirements.

The Lubricants and Specialist Products Business Unit:

- The Lubricants business unit includes a human rights clause in its commercial contracts. Three new contracts containing this requirement were signed in 2013. We have 41 contracts with Lubricants and Specialist Product carriers that include a clause committing them to fight corruption, respect human rights, comply with safety and environmental regulations and to promote these criteria in their own commercial relations.
- The Peru Lubricants Business Unit inspects the facilities of its distributors to determine whether they comply with Repsol's health and safety and environmental standards. These contracts require compliance with the fundamental principles set out by the International Labour Organization and in the Universal Declaration of Human Rights. We ask distributors to extend this commitment to their value chain. In 2013, the Lubricants unit signed six contracts featuring such clauses.

Chemicals:

- The selection process for carriers includes an obligation to comply with ethical behavior and human rights requirements. These requirements are set out in a specific questionnaire. This questionnaire is also used as an additional section in the annual audit plan for carriers, warehouses and other companies.
- We signed 73 agreements in 2013, all of which included corporate responsibility clauses.

<sup>1</sup> Independently-owned service stations with which Repsol arranges contracts.

### Technical Events for Commercial Distributors in Spain

In October 2013, we held Technical Events for our Commercial Distributors at our Campus Repsol corporate headquarters, attracting over 100 commercial distributors.

These events included a number of workshops for sharing best practices and lessons learned, as well as the company's visions and values. We also used the forum to present the new payment and loyalty system jointly developed with Solred, which combines the latest charging technology with Repsol's promotional and customer loyalty systems.

The introductory presentation focused on the current economic situation and the future for the energy sector, discussing energy efficiency and respect for the environment as tools for change: we need to harmonize the efficient use of material resources, the needs of people and the social and environmental balance. Another presentation addressed the present and future situation for distributors, congratulating them on the appropriateness of their actions for the risks they face. The consequences of legislative changes relating to energy efficiency were also explained in detail.

## Customer satisfaction

Repsol carries out studies to measure customer satisfaction and to identify ways to improve its products and services.

Given the varied nature of its activities, Repsol uses a number of mechanisms to measure customer satisfaction for each business unit. In this section, we describe several measures used, depending on the specific conditions for different products and services in each country.

We use various customer satisfaction indices (CSIs) to measure the experiences of our customers when consuming our products and services, and to assess general satisfaction, perceived quality and brand loyalty. We designed a specific methodology, which we apply consistently, to provide a thorough diagnosis of our service. This methodology provides comprehensive analysis of a range of indicators (general satisfaction, perceived quality (CSI) and loyalty and recommendation indices) and any changes therein, and identifies potential improvement actions for particular products and services.

The customer satisfaction indices are measured approximately every two years, depending on the country or business unit. This allows us to assess the effectiveness of the corrective and improvement measures implemented in the short and medium term.

We measure the CSI for Service Station, Direct Sales, Lubricants and Special Products and LPG activities on a scale from 1 to 5 in Spain and Portugal, using a percentage scale in Ecuador and Peru. In the case of Chemicals customers, we measure the overall service level.

In 2013, we modified the satisfaction surveys for service stations and bottled LPG customers in Spain. In the case of service station customers, we now assess their latest refueling experience during the past week, unlike previous studies, which measured the service of the customer's usual brand. In the case of bottled LPG customers who have had their gas installation checked, we assess checks from the last month, rather than the last year, with information being sampled at various points during the year. These improvements may have caused small changes in the measurement results.

### Customer satisfaction index (CSI) for service-station customers

	2010	2011	2012	2013
Spain	NA	3.91	NA	4.10
Peru	76%	82%	87%	85%
Portugal	3.95	3.99	NA	NA

### Customer satisfaction index (CSI) for Direct Sales customers (customers of distributors and subsidiaries)

	2010	2011	2012	2013
Spain	4.36	NA	4.24	NA
Portugal	4.10	NA	4.41	NA

### Customer satisfaction index (CSI) for Lubricants customers

	2010	2011	2012	2013
Spain	4.28	4.17	4.18	4.24



#### The e3 program: in search of excellent and enterprising service stations

*Our Spain service station network's service quality program seeks to ensure that service quality is one of our competitive advantages.*

The e3 program aims to increase service quality in our service stations to levels that represent a competitive advantage. This program was launched in 2012 with an innovative approach that forged ahead from the service quality measurement and management standards in place at the time.

The objectives of the e3 program are:

- To differentiate Repsol from competitors and establish ourselves as our customers' preferred brand.
- To standardize service quality across all our stations, ensuring that service is "above average" throughout the network.

#### How the e3 program works

There are three main cornerstones to this program:

- Certification of our points of sale under the AENOR 175001 standard "Service quality for the small retailer".
- Quality assessment by a panel of real customers who buy and use the station's services.
- A training, motivation and incentive mechanism for our commercial network and managers of Repsol-branded stations.

Through the e3 program, over 10,000 representative customers assessed their service experience at our points of sale, using a short and simple satisfaction questionnaire. Specifically, they assessed friendliness and customer service, cleanliness, speed and whether the installations worked correctly. The customers rated these aspects from 0 to 10, with 0 being the lowest rating and 10 the highest.

Each service station was assessed at least 30 times in the year. The stations are informed of their overall assessment and their rating on each of the aforementioned attributes twice a year, as compared to their direct environment and provincial and national averages.

### How the e3 program improves quality

We created a diagnostic tool, known as the Customer Radar, to facilitate improvements in service stations. The tool helps the service station manager determine what needs to be improved and to prepare a customized improvement plan for their station.

### Main progress under the e3 program

85% of our service stations were certified in 2013, with average customer satisfaction standing at 7.25 for the last four months of the year.

## Customer satisfaction index (CSI) for LPG customers

	2010	2011	2012	2013
<b>Spain</b>				
Classic bulk gas customers	4.15	NA	4.11	NA
Private bulk customers	4.07	NA	3.96	NA
Companies bulk	4.11	NA	4.09	NA
Piped: towns/villages	3.95	NA	3.71	NA
Piped PPM (personalized multi-home plan)	3.99	NA	3.79	NA
Individuals bottled (UD 125 and UD 110)	NA	NA	3.96	NA
Companies, bottled (UI 350)	NA	NA	3.73	NA
Individuals, bottled (UI 350)	NA	NA	3.97	NA
Official bottled gas services for individuals (installation checks)	NA	3.99	NA	4.13
Official bottled gas services for companies (installation checks)	NA	4.06	NA	4.34

In 2013, we improved the satisfaction of LPG customers by implementing a new “Customer response service”, with Repsol monitoring the service quality index (ICSE) on a monthly basis. The ICSE for 2013 was 7.65 out of 10, 12% higher than the target of 6.82.

### Customer satisfaction index (CSI) for LPG customers

	2010	2011	2012	2013
<b>Ecuador</b>				
Bulk	94.43%	97.95%	98.9%	99%
Bottled	88%	90%	90%	97%

We hold quarterly service monitoring meetings with suppliers of meter reading services and meter installers in Ecuador. We also audit the customer administration work of these suppliers. We measure their performance on a monthly basis using a range of performance indicators, and meet with other areas involved in customer service processes, such as billing, payment and logistics. We provide quarterly customer service training for Call-center operators handling customer calls. We also continued to implement multi-channel services in 2013, including SMS messages to customers to inform them of bill payments and newly-released information, as well as for general communications.

### Customer satisfaction index (CSI) for LPG customers

	2009	2010 - 2012	2013
<b>Portugal</b>			
Bulk	3.99	NA	4.07

We provide two customer service channels in Peru. The first is our customer service center (CSC), a specialized call center that logs telephone complaints and sends them to business managers for attention. The second channel is managed through our distributors, who keep complaints books. We did not carry out any satisfaction surveys in Peru in 2013. As mentioned previously, depending on business needs, we may decide to carry out such studies every two years to assess the impact of the measures implemented following the previous study.

## Chemicals

### Overall service level

	2010	2011	2012	2013
<b>Spain</b>	86.9%	88.1%	88.97%	85.71%

We send satisfaction surveys to our customers, asking them to assess aspects such as product quality, delivery times, periods for resolving incidents, etc. to evaluate our overall service level. The continuous improvement activities of the Chemicals business include handling complaints, a monthly analysis of incidents with the most dissatisfied customers, reports on visits, and service level measurements.



## The safety of our products

Our products comply with the most demanding safety, health and environmental requirements.

*We carry out rigorous checks to ensure the safety of our products and services.*

Repsol's Product Safety group and the company's businesses work together to identify the properties of our products and their safety, health and environmental effects.

We ensure current customer health and safety legislation is respected throughout the entire life cycle of our products. This involves analyzing the nature of the raw materials, the final products and the possible risks of the products we sell, considering the end-to-end product life, from initial concept development through research and development, certification, manufacturing and production, storage, distribution, promotion and sale, to use, disposal and recycling.

All our products comply with European Union regulations on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH<sup>2</sup>) and with the CLP<sup>3</sup> Regulation on the Classification, Labelling and Packaging of substances and mixtures. Our information and labeling procedures call for information on the source of product components, content of substances that might have environmental or health impacts, information on safe product usage and instructions for safe disposal.

No administrative penalties were either paid or imposed in 2013 under a final administrative ruling or confirmed by a judicial ruling under the European Reach and CLP regulations.

### External collaboration initiatives

Repsol runs a research program to develop high-added value materials from non-fossil raw materials, such as CO<sub>2</sub>, biomass and waste. In 2013, we worked with other research centers to develop new catalytic processes to activate CO<sub>2</sub> and transform it into chemicals for industrial use, and to develop new biopolymer production technologies.

Repsol is also taking part in the CENIT TRAINER project, carried out by a consortium of 12 companies. The project is developing production technology for materials capable of self repair. One of the potential benefits of this technology is a reduction in maintenance and repairs, with resulting savings in greenhouse gas emissions, waste, noise and other environmental impacts. We are currently assessing various opportunities for applying the technology to the transport of energy.

<sup>2</sup> REACH Regulation: Registration, Evaluation, Authorisation and Restriction of Chemicals.

<sup>3</sup> CLP Regulation: Classification, Labelling and Packaging.

### Sulfur recovery

The ESFER project aims to recover the sulfur we produce in our refineries for use in agriculture. We are currently developing new formats that are easy to handle and profitable for farmers. We have assessed the results of treating various crops (wheat, corn, etc.) with sulfur in greenhouses and fields, achieving productivity increases of between 15% and 50%, as sulfur increases the availability of soil nutrients.

## Responsible advertising

As well as complying with the law, Repsol supports voluntary codes that establish guidelines for self-regulation and criteria for responsibility in our commercial and advertising communications.

*We are committed to transparency and truthfulness in our advertising communications.*

Repsol is a member of the Asociación Española de Anunciantes (Spanish Advertisers' Association) and Autocontrol (the Self-Regulation Association for Marketing Communications). Repsol has also voluntarily adhered to best practice codes for communication and advertising:

- Self-regulation code for environmental claims in marketing communications: Repsol is one of the energy-sector companies that has voluntarily adhered to the Autocontrol agreement with the Ministry of the Environment and Rural and Maritime Affairs for marketing communications.
- E-commerce and interactive advertising ethical code: Repsol has adhered to "Confianza On-line" (Online confidence), voluntarily undertaking strict levels of ethical commitment and responsibility in its Internet communications.

Repsol complied with all of the Autocontrol codes in 2013, and as such did not receive any complaints in that regard during the year.

## Customer responsibility initiatives

We implement initiatives to promote more responsible energy use and we maximize all our communication channels with customers and consumers to share information on energy efficiency and environmental protection.

*We provide practical information on the use of our products and recommendations for equipment maintenance, which can help achieve more efficient use.*

### Promoting responsible consumption

We help our customers and consumers of our products and services to use these more rationally, efficiently and safely.

In 2013, the Lubricants and Specialist Products Business Unit encouraged its customers to use biodegradable products and promoted energy efficiency practices among its manufacturing partners<sup>3</sup>.

In the Direct Sales business, we carried out a pilot energy efficiency audit with one residents' committee to identify energy efficiency improvements in their building. We also held courses for our commercial distributors on safety and environmental procedures in fuel supply operations and reported to them on [Repsol's Ethics and Conduct Regulation](#).

The LPG business unit in Spain has run information and training campaigns in collaboration with various public bodies in the Autonomous Communities of Andalusia, Castilla La Mancha and Madrid, the Zamora province and the Levante region.

In 2013, we published a newsletter for distributors in Portugal discussing product and operational safety.

We calculated the carbon footprint for our products in Peru, from the deposit to the port terminal. This has helped us estimate the overall energy efficiency of our products for our consumers, particularly bulk LPG users.

In Ecuador, we visited our end consumers to promote consumption of LPG over other heavier fuels, emphasizing the safety of LPG in pamphlets setting out safety guidelines and product information. We rounded this initiative off with a safety campaign in collaboration with the Guayaquil Fire Department.

#### **Energy efficiency collaboration agreement in Spain**

The LPG business unit signed a collaboration agreement with the Mallorca Hotel Businesses Federation (FEHM) on energy efficiency and propane gas developments.

The agreement aims to provide hotels with access to the most advanced propane-based technology and hybrid systems combined with other renewable and conventional energy sources to optimize their costs.

Hotels can request a study of the most appropriate energy and technology options for thermal installations in their premises, so as to achieve the best technical, environmental and economic balance. Repsol is involved in the entire process of implementing these efficient solutions, monitoring ongoing energy efficiency improvements and planned cost savings.

In 2013, the Chemicals business unit worked with the Repsol Foundation to distribute information on its products and how they can improve the public's quality of life. The initiative involved the Repsol Foundation's Mobile Classroom, which travels around Spain educating children, young people and adults. Since February 2013, the Classroom has visited over 60 places and welcomed around 35,000 visitors.

The Mobile Classroom explains: the importance of energy in our lives; the challenge of the need for sustainable energy; the latest energy-industry research and innovations; that oil is the most common source of energy today; and extraction and refining and processes for obtaining oil-based products.

<sup>3</sup> Special type of commercial partners responsible for a portion of the manufacture of the product.

The Classroom offers a range of interactive activities supervised by specialist educators, featuring the latest technology, such as augmented reality, audiovisuals, interactive walls and touch screens.

### Accessible service stations

Our commitment to accessibility for differently-abled people is demonstrated by Repsol's 500-plus accessible service stations, featuring specific signs, accessible shops and restrooms, and the "Pulsa y voy" attendant call system, among other features. A Repsol service station was the first to obtain Building Research Establishment Environmental Assessment Methodology (BREEAM) certification; Breeam is a laboratory of ideas for implementing measures to save energy and protect the environment.

At December 31, 2013, Repsol had 512 service stations in Spain compliant with DALCO<sup>4</sup> accessibility criteria, and a further 234 in Portugal. In addition, four service stations in Spain obtained universal accessibility certification under the UNE 170001 standard, which ensures that sales outlets guarantee accessibility and that this accessibility is not occasional but will be maintained over time.

The 81 service stations in our network in Peru are all accessible for differently-abled people.

## Charitable marketing initiatives

Repsol's service stations sell fair trade products through dedicated display stands, including chocolate, coffee, tea, herbal drinks and other products. This initiative is part of a 2012 agreement between Repsol, the Repsol Foundation and Ayuda en Acción (Aid in Action) to implement actions and projects to benefit fair trade producers by increasing sales of their products.

"The Repsol Forest" project is supported by the Repsol Foundation and Direct Sales Commercial Distributors, and involves regeneration of a forest destroyed by fire in Solanillos, Guadalajara. Since 2010, Repsol and the Repsol Foundation have been working on reforestation of Finca de Solanillos, sponsoring 29,554 trees that emit around 2,968 tons of oxygen.

For the fourth year in a row, and in celebration of the 2013 Business Plan for the Executive Sales and Marketing Division, a new plantation has been created by the Repsol Foundation and Direct Sales Commercial Distributors, sponsoring a further 9,621 trees over the next five years.

We also sponsor the "Recipes for a better world" project, a cookbook resulting from collaboration between the Repsol Foundation and Alianza por la Solidaridad (the Charity Alliance). Repsol's commercial units have been actively distributing this book, giving it as a gift to customers. This initiative unites the talents of 43 of Spain's best chefs in the good cause of supporting a charitable project and promoting fair trade.

<sup>4</sup> DALCO: Spanish acronym for Ease of movement, Understanding, Location and Communication.



## About this report

This is Repsol's Corporate Responsibility Report for 2013. Its main objective is to provide full, reliable and high-quality information on Repsol's corporate responsibility. The content of this report is complemented by information in the corporate responsibility section of our website [repsol.com](http://repsol.com), and all other corporate information prepared and published by Repsol in 2013, particularly the Corporate Sustainability Plans for our countries and operating centers. This includes the notes to the consolidated financial statements, the management report, which provides more in-depth information on the company's financial management, and the Annual Corporate Governance Report, which focuses on the company's governing bodies.

Repsol publishes this report on an annual basis. It has been produced in accordance with the **Global Reporting Initiative** Sustainability Reporting Guidelines (version G3.1), including the sector supplement for oil and gas companies, at an A+ level of application.

This report also meets the criteria of standard AA1000, as well as the principles of inclusivity, materiality and responsiveness set out in the **AA1000 2008 APS standard**. It has also been verified under the **AA1000 2008 AS standard**.

In drawing up this report, we have taken into account the document on transparency, communication and standards in sustainability reports and notes drawn up by the [Spanish State Council for Corporate Social Responsibility](#) (CERSE). We have also taken note of the reports of the Spanish Corporate Social Responsibility Observatory and the [Social Responsibility Observatory of the General Workers Union \(UGT\)](#), among other organizations that analyze company reports and practices.

We have also benefited from the involvement of the company's main labor unions in every phase of drafting this report, through the CSR working group, which comprises representatives of the Repsol Labor Relations and Corporate Responsibility units and representatives of the CCOO and UGT unions.

### **Inclusivity**

The company, its corporate divisions and business units have all identified their stakeholders and put in place channels and mechanisms for dialogue and relations. The processes and tools for dialogue with stakeholders are detailed in the "Who are we accountable to" section of this report.

### **Materiality**

In producing this Corporate Responsibility Report, we have used the study carried out to identify expectations in 2012, based on the recommendations of the AA1000 standard, as detailed later in this document. The purpose of this study was to ensure that the Corporate Responsibility Report focused on the most relevant issues for Repsol's business, stakeholders and sector.

Material issues were identified based on the 2012 expectations study, the opinions of the company's units and other specific studies for each unit, as well as international and sector standards. There have been no substantial modifications to the material issues identified in previous years as a result of the study for this year.

## Responsiveness

This report seeks to address the issues our stakeholders have identified as material for the company through our dialogue processes, and to provide an account of our 2013 performance in each of these areas.

## Scope of the report

This report sets out information on Repsol's activities in the countries in which it is present. In most cases, when we refer to Repsol we mean the Repsol Group. When this is not the case, the scope of the reported information is specified and clarified.

The data underpinning the environmental information comes from subsidiary companies in which we have a majority holding and/or operating control, and where we record 100% of emissions to the environment. In the case of greenhouse gases, we also include information on emissions from the company's activities in proportion to our holding in each of these companies, and the indirect emissions associated with purchasing energy from third parties and other relevant indirect emissions.

To facilitate data comparison over time, data for previous years has been adjusted in line with changes in the company's asset structure. The criteria for changing the baseline are set out in oil-industry guidelines (API/IECA/OGP). In March 2012, the Government of Argentina expropriated Repsol's majority holding in YPF, as a result of which 2012 inventories and those of previous years have been adjusted, eliminating the data from the expropriated facilities.

As regards safety issues, we include data for 100% of employees at subsidiary companies in which we have a majority holding and/or operating control. For employees of contractors, we include any activity under a direct contract with Repsol extending beyond one year.

The financial data included in this report has been prepared in accordance with the bases of presentation and accounting policies described in the Repsol Group's consolidated financial statements. When preparing its consolidated financial statements, Repsol includes investments in all subsidiaries, associates and joint ventures. All subsidiaries, which are those companies over which Repsol directly or indirectly exercises control, are fully consolidated. Joint ventures are accounted for using proportionate consolidation, i.e., including in the consolidated financial statements the Repsol Group's proportionate share of the venture's assets, liabilities, income and expenses. Associates are accounted for using the equity method. Associates are companies in which the group holds significant influence, defined as the power to intervene in financial and operating policy decisions of the investee, but over which no control or joint control is held.

The information on Repsol employees refers to companies over which Repsol has direct management responsibility and operating control.

Social investment refers to all activities carried out by Repsol and its two foundations (Repsol Foundation and Repsol Ecuador Foundation) involving financial assistance for associations and contributions to the community and society in the places in which we operate. Information on social investment has been provided for 100% of the operations in which we have operating control.

This report includes quantitative details from previous years. Figures for 2012, 2011 and previous years may be subject to change in the event it is considered necessary to recalculate the data to give the most accurate picture possible of the company's situation, or when the measurement criteria used in 2013 differ from those used in previous years. Figures for 2011, 2010 and prior years have been restated to

exclude the contribution made by YPF and YPF Gas. The objective of this recalculation is to make these figures comparable with data from 2012.

## Verification of the report

The data in this report has been reviewed and verified by Deloitte, to ensure its reliability.

## Distribution

An electronic version of this report is sent by email to all stakeholders, and can also be provided on a USB drive in Spanish and English. This report is also available at [www.repsol.com](http://www.repsol.com), where the document can be downloaded in .pdf format.

## Inquiries and additional information

Readers of this report may send any questions, inquiries or requests for additional information through the Corporate Responsibility Contact section of [www.repsol.com](http://www.repsol.com).

## Expectations Analysis

When preparing the 2012 Annual Corporate Responsibility Report, we carried out an expectations analysis to spotlight those issues of greatest relevance to the company. We consider the analysis to be valid for the purposes of the 2013 report as well. We have also taken into consideration the opinions of the company's units and other specific studies for each unit, as well as international and sector standards.

The expectations analysis sought to identify and define the material issues of fundamental importance to stakeholders and therefore to Repsol. This was done using a methodology that can be replicated annually and that gives us a higher degree of precision in defining the issues we should take into account.

The identification process was carried out using various approaches and using methods under the AA1000 standard.

The study entailed an initial phase during which the relevant issues were identified, taking as a starting point, among others, the analysis and review of the environmental, social and governance (ESG) criteria of our institutional investors, the sustainability requirements of relevant international organizations and an analysis of press articles relating to the sector.

The expectations identified provided an initial definition of our material issues. These were verified by means of in-depth interviews with opinion leaders on ethical, social and environmental matters, who were identified through press reports and by other means of selection carried out by Repsol.

The purpose of the interviews was to verify the expectations identified, by discussing the issues, challenges and trends in greater depth, as well as to ascertain perceptions of Repsol. The interviews were all conducted using the same questioning format:

- Challenges in the specialist area of the expert interviewed.
- Trends.
- Perceptions of Repsol and of the best business practice for each issue.

The study aimed to determine the contribution that the oil and gas industry makes to sustainable development, focusing on those areas where the sector's contribution is most critical and where Repsol should place the greatest emphasis.

There have been no substantial modifications to the material issues identified in previous years as a result of the study for this year or the analysis of the issues identified by our business areas.

The information in the 2013 Annual Corporate Responsibility Report is structured in response to this analysis.





# ISO 26000 Index

## Part I: Profile

GRI		ISO 26000		Reference in the Report
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1.2	Description of key impacts, risks and opportunities.	Organizational governance.	6.2	<a href="#">Integrated risk management</a>
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2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	Organizational governance.	6.2	<a href="#">Business areas</a>
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2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.			<a href="#">Employment in Repsol</a>
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2.7	Markets served (including geographical breakdown, sectors served and types of customers/beneficiaries).			<a href="#">Our commercial activities</a>
2.8	Scale of the reporting organization.			<a href="#">2013 performance summary</a>
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GRI		ISO 26000		Reference in the Report
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<b>3. Report parameters</b>				
3.1	Reporting period for information provided.			<a href="#">About this report</a>
3.2	Date of most recent previous report.			<a href="#">About this report</a>
3.3	Reporting cycle (annual, biennial, etc.).			<a href="#">About this report</a>
3.4	Contact point for questions regarding the report or its contents.			<a href="#">About this report</a>
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3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further information.			<a href="#">About this report</a>
3.7	State any specific limitations on the scope or boundary of the report.			<a href="#">About this report</a>
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations.			<a href="#">About this report</a>
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.			<a href="#">About this report</a>
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for these restatements (e.g. mergers/acquisitions, change of base years/periods, nature of business, or assessment methods).			<a href="#">About this report</a>
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.			<a href="#">About this report</a>
3.12	Table identifying the location of the standard disclosures in the report.			<a href="#">Summary</a>
3.13	Policy and current practice with regard to seeking external assurance for the report.	Verification.	7.5.3	<a href="#">About this report</a>

GRI		ISO 26000		Reference in the Report
Profile	Description	Core subjects and issues	Section	
<b>4. Governance, commitments and engagement</b>				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational supervision.	Organizational governance	6.2	<a href="#">Good governance</a>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Organizational governance	6.2	<a href="#">Good governance</a>
4.3	For organizations that have a unitary board structure, state the number of members of the chief governance body that are independent or non executive members.	Organizational governance	6.2	<a href="#">Good governance</a>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Organizational governance.	6.2	<a href="#">Good governance</a>
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Organizational governance.	6.2	<a href="#">Remuneration (repsol.com)</a>
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Organizational governance.	6.2	<a href="#">The Ethics Committee</a>
4.7	Process for determining the qualifications, and expertise of the members of the highest governance body, in order to guide the organization's strategy in social, environmental and economic aspects.	Organizational governance.	6.2	<a href="#">The Board of Directors' role in corporate responsibility</a>
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation.	Organizational governance.	6.2	<a href="#">Ethics and conduct regulation</a>
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	Organizational governance.	6.2	<a href="#">Performance of the Board of Directors and its Committees</a>

GRI		ISO 26000		Reference in the Report
Profile	Description	Core subjects and issues	Section	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Organizational governance.	6.2	<a href="#">Performance of the Board of Directors and its Committees</a>
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Organizational governance.	6.2	<a href="#">The Ethics Committee</a>
4.12	Externally developed economic, environmental, and social charters, principles or other initiatives to which the organization subscribes or endorses.	Organizational governance.	6.2	<a href="#">Our community investment</a>
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: *Has positions in governance bodies; *Participates in projects.	Organizational governance.	6.2	<a href="#">External recognition</a>
4.14	List of stakeholder groups engaged by the organization.	Organizational governance.	6.2	<a href="#">Our stakeholders</a>
4.15	Basis for identification and selection of stakeholders with whom to engage.	Organizational governance.	6.2	<a href="#">About this report</a>
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Organizational governance.	6.2	<a href="#">Our stakeholders</a>
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Organizational governance.	6.2	<a href="#">About this report</a>

## Part II: Performance Indicators

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
<b>1. Economic</b>					
<b>1.1. Economic Performance</b>					
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.	<ul style="list-style-type: none"> <li>– Community involvement and development.</li> <li>– Community involvement.</li> <li>– Wealth and income creation.</li> <li>– Social investment.</li> </ul>	6.8 6.8.3 6.8.7 6.8.9	<ul style="list-style-type: none"> <li>– <u>Economic value generated and distributed</u></li> <li><u>Tax contribution</u></li> </ul>	✓
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Climate change mitigation and action.	6.5.5	<ul style="list-style-type: none"> <li>– <u>Carbon strategy</u></li> <li>Carbon Disclosure Project</li> </ul>	✓(1)
EC3	Coverage of the organization's defined benefit plan obligations.			<ul style="list-style-type: none"> <li>– <u>Compensation and remuneration systems</u></li> <li>Note 17 of the Consolidated Financial Statements</li> </ul>	✓
EC4	Significant financial assistance received from government.			<u>Financial aid received</u>	✓
<b>1.2. Market presence</b>					
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant operations locations.	<ul style="list-style-type: none"> <li>– Work conditions and social protection.</li> <li>– Community involvement and development.</li> </ul>	6.4.4 6.8	<ul style="list-style-type: none"> <li>– <u>Compensation and remuneration systems</u></li> </ul>	✓
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation.	<ul style="list-style-type: none"> <li>– Promoting social responsibility in the value chain.</li> <li>– Community involvement and development.</li> <li>– Employment creation and skills development.</li> <li>– Wealth and income creation.</li> </ul>	6.6.6 6.8 6.8.5 6.8.7	<ul style="list-style-type: none"> <li>– <u>Local purchasing</u></li> </ul>	✓
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	<ul style="list-style-type: none"> <li>– Community involvement and development.</li> <li>– Employment creation and skills development.</li> <li>– Wealth and income creation.</li> </ul>	6.8 6.8.5 6.8.7	<ul style="list-style-type: none"> <li>– <u>Equal opportunities</u></li> </ul>	✓

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
<b>1.3. Indirect economic impacts</b>					
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	<ul style="list-style-type: none"> <li>– Economic, social and cultural rights.</li> <li>– Community involvement and development.</li> <li>– Community involvement.</li> <li>– Education and culture.</li> <li>– Employment creation and skills development.</li> <li>– Technology development and access.</li> <li>– Wealth and income creation.</li> <li>– Social investment.</li> </ul>	6.3.9 6.8 6.8.3 6.8.4 6.8.5 6.8.6 6.8.7 6.8.9	– <u>Our community investment</u>	✓
EC9*	Understanding and describing significant indirect economic impacts, including the extent of impacts.	<ul style="list-style-type: none"> <li>– Economic, social and cultural rights.</li> <li>– Promoting social responsibility in the value chain.</li> <li>– Respect for property rights.</li> <li>– Access to essential services.</li> <li>– Community involvement and development.</li> <li>– Employment creation and skills development.</li> <li>– Technology development and access.</li> <li>– Wealth and income creation.</li> <li>– Social investment.</li> </ul>	6.3.9 6.6.6 6.6.7 6.7.8 6.8 6.8.5 6.8.6 6.8.7 6.8.9	– <u>Our stakeholders</u> – <u>Our community investment</u>	✓
OG1	Volume and type of estimated proven reserves and production.			– <u>Reserves and production</u>	✓

**2. Environmental**

**2.1. Materials**

EN1	Materials used by weight or volume.	<ul style="list-style-type: none"> <li>– The environment.</li> <li>– Sustainable resource use.</li> </ul>	6.5 6.5.4	Data for raw material processed is reported in note 5.2.1. to the consolidated financial statements: Main Downstream Activities.	✓[2]
EN2	Percentage of materials used that are recycled input materials.	<ul style="list-style-type: none"> <li>– The environment.</li> <li>– Sustainable resource use.</li> </ul>	6.5 6.5.4	– No material.	N.A.

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
<b>2.2. Energy</b>					
EN3	Direct energy consumption by primary energy source.	– The environment. – Sustainable resource use.	6.5 6.5.4	– <a href="#">Our energy and carbon results</a>	✓(3)
EN4	Indirect energy consumption by primary source.	– The environment. – Sustainable resource use.	6.5 6.5.4	– <a href="#">Our energy and carbon results</a>	✓(4)
OG2	Total amount invested in renewable energy.			– <a href="#">Non-fossil energy initiatives</a>	✓
OG3	Total amount of renewable energy generated by source.			– <a href="#">Non-fossil energy initiatives</a>	✓
<b>2.3. Water</b>					
EN8	Total water withdrawal by source.	– The environment. – Sustainable resource use.	6.5 6.5.4	– <a href="#">Environmental data</a> – <a href="#">Optimization of water management</a>	☑
EN9	Water sources significantly affected by withdrawal of water.			– <a href="#">Optimization of water management</a>	✓(5)
<b>2.4. Biodiversity</b>					
EN11	Description of land adjacent to or located within protected natural spaces and unprotected areas of high biodiversity. State the location and size of lands owned, leased or managed which have high biodiversity and are outside protected areas.	– The environment. – Protection of the environment and biodiversity, and restoration of natural habitats.	6.5 6.5.6	– <a href="#">Protection and conservation of biodiversity</a>	✓
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	– The environment. – Protection of the environment and biodiversity, and restoration of natural habitats.	6.5 6.5.6	– <a href="#">Protection and conservation of biodiversity</a>	✓
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.			– <a href="#">Protection and conservation of biodiversity</a>	✓
<b>2.5. Emissions, effluents and waste</b>					
EN16	Total direct and indirect greenhouse gas emissions by weight.	– The environment. – Climate change mitigation and action.	6.5 6.5.5	– <a href="#">Our energy and carbon results</a>	☑

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
EN17	Other relevant indirect greenhouse gas emissions by weight	– The environment. – Climate change mitigation and action.	6.5 6.5.5	– <u>Our energy and carbon results</u>	✓(6)
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	– The environment. – Pollution remediation.	6.5 6.5.5	– <u>Carbon footprint</u> – <u>Energy and carbon management</u>	✓
EN19	Emissions of ozone depleting substances, by weight.	– The environment. – Pollution remediation.	6.5 6.5.5	– Not material	N.A.
EN20	NOx, SOx and other significant air emissions by type and weight.	– The environment. – Pollution remediation.	6.5 6.5.5	– <u>Environmental data</u> – <u>Atmospheric emissions</u>	✓
EN21	Total water discharges by quality and destination.	– The environment. – Pollution remediation.	6.5 6.5.5	– <u>Environmental data</u> – <u>Optimization of water management</u>	✓
EN22	Total weight of waste by type and disposal method.	– The environment. – Pollution remediation.	6.5 6.5.5	– <u>Environmental data</u> – <u>Optimization of water management</u>	✓
OG5	Volume of produced water.			– <u>Environmental data</u> – <u>Optimization of water management</u>	✓
EN23	Total number and volume of significant spills.	– The environment. – Pollution remediation.	6.5 6.5.5	– <u>Environmental data</u> – <u>Excellence in prevention and response to spills</u>	✓
OG6	Volume of flared and vented hydrocarbon.			– <u>Our energy and carbon results</u>	✓(7)
OG7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal.			– <u>Optimization of water management</u>	✓



GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
<b>2.6. Products and services</b>					
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	<ul style="list-style-type: none"> <li>– The environment.</li> <li>– Sustainable resource use.</li> <li>– Promoting social responsibility in the value chain.</li> <li>– Sustainable consumption.</li> </ul>	6.5 6.5.4 6.6.6 6.7.5	<ul style="list-style-type: none"> <li>– <u>Adapting to new regulatory requirements</u></li> <li>– <u>Development of new technologies to mitigate the environmental impact of our products and services</u></li> </ul>	✓(5)
EN27	Percentage of products sold and their packaging materials that are reclaimed at the end of their useful life by category.	<ul style="list-style-type: none"> <li>– The environment.</li> <li>– Sustainable resource use.</li> <li>– Sustainable consumption.</li> </ul>	6.5 6.5.4 6.7.5	Not material	N.A.
OG8	Benzene, lead and sulfur content in fuels.			– <u>Adapting to new regulatory requirements</u>	✓(5)

## 2.7. Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	– The environment.	6.5	– <u>Environmental data</u>	✓
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	– The environment.	6.5	<ul style="list-style-type: none"> <li>– <u>Transport safety</u></li> <li>– <u>Environmental data</u></li> </ul>	✓

## 3. Social: Labor practices and decent work

### 3.1. Employment

LA1	Total workforce by employment type, employment contract and region, broken down by gender.	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Employment and employment relationships.</li> </ul>	6.4 6.4.3	– <u>Employment at Repsol</u>	✓
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region.	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Employment and employment relationships.</li> </ul>	6.4 6.4.3	<ul style="list-style-type: none"> <li>– <u>Employment at Repsol</u></li> <li>– <u>Retention of talent</u></li> </ul>	✓
LA3*	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant operation locations.	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Employment and employment relationships.</li> <li>– Conditions of work and social protection.</li> </ul>	6.4 6.4.3 6.4.4	– <u>Compensation and remuneration systems</u>	✓

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
LA15	Return to work and retention rates after parental leave, by gender.			– Work-life balance	✓

### 3.2. Labor/management relations

LA4	Percentage of employees covered by collective bargaining agreements.	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Employment and employment relationships.</li> <li>– Conditions of work and social protection.</li> <li>– Social dialogue.</li> <li>– Fundamental principles and rights at work.</li> </ul>	6.4 6.4.3 6.4.4 6.4.5 6.3.10	<u>Labor relations</u>	✓
LA5	Minimum notice period[s] regarding operational changes, including whether it is specified in collective agreements.	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Employment and employment relationships.</li> <li>– Conditions of work and social protection.</li> <li>– Social dialogue.</li> </ul>	6.4 6.4.3 6.4.4 6.4.5	<u>Labor relations</u>	✓ [8]

### 3.3. 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.			Not material	N.A.
LA7	Rates of absenteeism, occupational illnesses, lost days and total number of work-related fatalities, by region and by gender.	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Health and safety at work.</li> </ul>	6.4 6.4.6	<ul style="list-style-type: none"> <li>– <u>Improving our accident rate</u></li> <li>– <u>Development of a safety culture</u></li> <li>– <u>Health and safety</u></li> </ul>	✓ [9]
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Health and safety at work.</li> <li>– Community involvement and development.</li> <li>– Community involvement.</li> <li>– Education and culture.</li> <li>– Health.</li> </ul>	6.4 6.4.6 6.8 6.8.3 6.8.4 6.8.8	<ul style="list-style-type: none"> <li>– <u>Process safety</u></li> <li>– <u>Transport safety</u></li> <li>– <u>Development of a safety culture</u></li> <li>– <u>Health and safety</u></li> </ul>	✓
LA9*	Health and safety topics covered in formal agreements with trade unions.			– Not material	N.A.

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
<b>3.4. Training and education</b>					
LA10	Average hours of training per year per employee, by gender and by employee category.	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Human development and training in the workplace.</li> </ul>	6.4 6.4.7	– <u>Training</u>	✓
LA11*	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Human development and training in the workplace.</li> <li>– Employment creation and skills development.</li> </ul>	6.4 6.4.7  6.8.5	<ul style="list-style-type: none"> <li>– <u>Attracting talent</u></li> <li>– <u>Retention of talent</u></li> <li>– <u>Training</u></li> </ul>	✓
LA12*	Percentage of employees receiving regular performance and career development reviews, by gender	<ul style="list-style-type: none"> <li>– Labor practices.</li> <li>– Human development and training in the workplace.</li> <li>– Employment creation and skills development.</li> </ul>	6.4 6.4.7  6.8.5	– <u>Retention of talent</u>	✓
<b>3.5. Diversity and equal opportunity</b>					
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.	<ul style="list-style-type: none"> <li>– Discrimination and vulnerable groups.</li> <li>– Fundamental principles and rights at work.</li> <li>– Labor practices.</li> <li>– Employment and employment relationships.</li> </ul>	6.3.7 6.3.10 6.4 6.4.3	<ul style="list-style-type: none"> <li>– <u>Good governance</u></li> <li>– <u>Employment at Repsol</u></li> <li>– <u>Diversity</u></li> </ul>	☑
<b>3.6. Equal remuneration for women and men</b>					
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	<ul style="list-style-type: none"> <li>– Discrimination and vulnerable groups.</li> <li>– Fundamental principles and rights at work.</li> <li>– Labor practices.</li> <li>– Employment and employment relationships.</li> <li>– Conditions of work and social protection.</li> </ul>	6.3.7 6.3.10 6.4 6.4.3 6.4.4	– <u>Equal opportunities</u>	✓ (10)

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
<b>4. Social: Human rights</b>					
<b>4.1. Investment and procurement practices</b>					
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.	<ul style="list-style-type: none"> <li>– Human rights.</li> <li>– Due diligence.</li> <li>– Avoidance of complicity.</li> <li>– Promoting social responsibility in the value chain.</li> </ul>	6.3 6.3.3 6.3.5 6.6.6	<ul style="list-style-type: none"> <li>– <u>Corporate security</u></li> <li>– <u>Asset acquisition</u></li> <li>– <u>Relations with our operating partners</u></li> <li>– <u>Local purchasing and contracts</u></li> <li>– <u>Control and follow-up mechanisms</u></li> <li>– <u>Our commercial activities</u></li> </ul>	✓(5)
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken.	<ul style="list-style-type: none"> <li>– Human rights.</li> <li>– Due diligence.</li> <li>– Avoidance of complicity.</li> <li>– Employment and employment relationships.</li> <li>– Promoting social responsibility in the value chain.</li> </ul>	6.3 6.3.3 6.3.5 6.4.3 6.6.6	<ul style="list-style-type: none"> <li>– <u>Relations with our operating partners</u></li> <li>– <u>Controls of non-operated associations</u></li> <li>– <u>Local purchasing and contracts</u></li> <li>– <u>Control and follow-up mechanisms</u></li> <li>– <u>Relationships with our security suppliers</u></li> <li>– <u>Our commercial activities</u></li> </ul>	✓(5)
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.	<ul style="list-style-type: none"> <li>– Human rights.</li> <li>– Avoidance of complicity.</li> </ul>	6.3 6.3.5	<ul style="list-style-type: none"> <li>– <u>Training and awareness-raising</u></li> <li>– <u>Corporate security</u></li> </ul>	✓
<b>4.2. Non-discrimination</b>					
HR4	Total number of incidents of discrimination and corrective actions taken.	<ul style="list-style-type: none"> <li>– Human rights.</li> <li>– Resolving grievances.</li> <li>– Fundamental principles and rights at work.</li> <li>– Employment and employment relationships.</li> </ul>	6.3 6.3.6 6.3.10 6.4.3	<ul style="list-style-type: none"> <li>– <u>Respecting the rights of our stakeholders</u></li> </ul>	✓(11)

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
<b>4.3. Freedom of association and collective bargaining</b>					
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	<ul style="list-style-type: none"> <li>– Human rights.</li> <li>– Due diligence.</li> <li>– Human rights risk situations.</li> <li>– Avoidance of complicity.</li> <li>– Civil and political rights.</li> <li>– Fundamental principles and rights at work.</li> <li>– Employment and employment relationships.</li> <li>– Social dialogue.</li> </ul>	6.3 6.3.3 6.3.4  6.3.5 6.3.8 6.3.10  6.4.3  6.4.5	<ul style="list-style-type: none"> <li>– <u>Respecting the rights of our stakeholders</u></li> <li>– <u>Labor relations</u></li> <li>– <u>Control and follow-up mechanisms</u></li> </ul>	✓
<b>4.4. Child labor</b>					
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	<ul style="list-style-type: none"> <li>– Human rights.</li> <li>– Due diligence.</li> <li>– Human rights risk situations.</li> <li>– Avoidance of complicity.</li> <li>– Discrimination and vulnerable groups.</li> <li>– Fundamental principles and rights at work.</li> </ul>	6.3 6.3.3 6.4.3  6.3.5 6.3.7  6.3.10	<ul style="list-style-type: none"> <li>– <u>Respecting the rights of our stakeholders</u></li> <li>– <u>Control and follow-up mechanisms</u></li> </ul>	✓
<b>4.5. Forced and compulsory labor</b>					
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	<ul style="list-style-type: none"> <li>– Human rights.</li> <li>– Due diligence.</li> <li>– Human rights risk situations.</li> <li>– Avoidance of complicity.</li> <li>– Discrimination and vulnerable groups.</li> <li>– Fundamental principles and rights at work.</li> </ul>	6.3 6.3.3 6.3.4  6.3.5 6.3.7  6.3.10	<ul style="list-style-type: none"> <li>– <u>Respecting the rights of our stakeholders</u></li> <li>– <u>Control and follow-up mechanisms</u></li> </ul>	✓
<b>4.6. Security Practices</b>					
HR8*	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	<ul style="list-style-type: none"> <li>– Human rights.</li> <li>– Resolving grievances.</li> <li>– Discrimination and vulnerable groups.</li> <li>– Civil and political rights.</li> <li>– Respect for property rights.</li> </ul>	6.3 6.3.5  6.3.8 6.6.7	<u>Corporate security</u>	✓ [12]

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
<b>4.7. Indigenous rights</b>					
HR9*	Total number of incidents of violations involving rights of indigenous people and actions taken.	<ul style="list-style-type: none"> <li>– Human rights.</li> <li>– Resolving grievances.</li> <li>– Discrimination and vulnerable groups.</li> <li>– Civil and political rights.</li> <li>– Respect for property rights.</li> </ul>	6.3 6.3.6 6.3.7  6.3.8 6.6.7	– <u>Indigenous communities</u>	✓
<b>4.8. Assessment</b>					
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.			<ul style="list-style-type: none"> <li>– <u>Due diligence</u></li> <li>– <u>Corporate security</u></li> <li>– <u>Our activity and its impacts on communities</u></li> </ul>	✓ (5)
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place			– <u>Indigenous communities</u>	✓
<b>4.9. Remediation</b>					
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.			– <u>Communication channels with local communities</u>	✓
<b>5. Social: Society</b>					
<b>5.1. Local communities</b>					
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	<ul style="list-style-type: none"> <li>– Economic, social and cultural rights.</li> <li>– Community involvement and development.</li> <li>– Employment creation and skills development.</li> <li>– Wealth and income creation.</li> <li>– Respect for property rights.</li> </ul>	6.3.9  6.8  6.8.5  6.8.7  6.6.7	<ul style="list-style-type: none"> <li>– <u>Our activity and its impacts on communities</u></li> <li>– <u>Our community relations</u></li> </ul>	✓ (5)
SO9	Operations with significant potential or actual negative impacts on local communities.			– <u>Our activity and its impacts on communities</u>	✓
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.			– <u>Our activity and its impacts on communities</u>	✓

GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
OG10	Number and description of significant disputes with local communities and indigenous people.			– <u>Indigenous communities</u>	✓
OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned.			– <u>Our activity and its impacts on communities</u>	✓

## 5.2. Corruption

S02	Percentage and total number of business units analyzed for risks related to corruption.	– Fair operating practices. – Anti-corruption.	6.6 6.6.3	– <u>Other oversight and control systems</u> – <u>Anti-corruption</u>	✓
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	– Fair operating practices. – Anti-corruption.	6.6 6.6.3	– <u>Ethics and Conduct training and awareness</u>	✓ [13]
S04	Actions taken in response to incidents of corruption.	– Fair operating practices. – Anti-corruption.	6.6 6.6.3	– <u>Management of non-compliance</u> – <u>Respecting the rights of our stakeholders</u>	✓

## 5.3. Public policy

S05	Public policy positions and participation in public policy development and lobbying.	– Fair operating practices. – Responsible political involvement. – Community involvement.	6.6 6.6.4 6.8.3	– <u>Other issues</u>	✓
S06*	Total value of financial and in-kind contributions to political parties, politicians and related institutions, by country.			– <u>Other issues</u>	✓ [5]

## 5.4. Anti-competitive behavior

S07*	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	– Fair operating practices. – Fair competition. – Respect for property rights.	6.6 6.6.5 6.6.7	– <u>Other issues</u>	✓
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## 5.5. Compliance

S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	– Fair operating practices. – Respect for property rights. – Wealth and income creation.	6.6 6.6.7 6.8.7	– <u>Indicators</u>  Note 34 of the Consolidated Financial Statements	✓
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GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
<b>5.6. Involuntary resettlements</b>					
OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.			– <u>Indigenous communities</u>	✓
<b>5.7. Asset integrity and process safety</b>					
OG13	– Number of process safety events, by business activity.			– Not available	N.A.
<b>6. Social: Product responsibility</b>					
<b>6.1. Customer health and safety</b>					
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.	<ul style="list-style-type: none"> <li>– Economic, social and cultural rights.</li> <li>– Promoting social responsibility in the value chain.</li> <li>– Consumer issues.</li> <li>– Protecting consumers' health and safety.</li> <li>– Sustainable consumption.</li> </ul>	6.3.9 6.6.6 6.7 6.7.4 6.7.5	– <u>The safety of our products</u>	✓
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	<ul style="list-style-type: none"> <li>– Economic, social and cultural rights.</li> <li>– Promoting social responsibility in the value chain.</li> <li>– Consumer issues.</li> <li>– Protecting consumers' health and safety.</li> <li>– Sustainable consumption.</li> </ul>	6.3.9 6.6.6 6.7 6.7.4 6.7.5	– <u>The safety of our products</u>	✓
<b>6.2. Product and service labeling</b>					
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	<ul style="list-style-type: none"> <li>– Consumer issues.</li> <li>– Fair marketing, factual and unbiased information and fair contractual practices.</li> <li>– Protecting consumers' health and safety.</li> <li>– Sustainable consumption.</li> <li>– Consumer service, support, and complaint and dispute resolution.</li> <li>– Education and awareness.</li> </ul>	6.7 6.7.3 6.7.4 6.7.5 6.7.6 6.7.9	– <u>The safety of our products</u>	✓



GRI		ISO 26000		Reference in the Report	Verification [**]
Performance indicator	Description	Core subjects and issues	Section		
PR4*	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	<ul style="list-style-type: none"> <li>– Consumer issues.</li> <li>– Fair marketing, factual and unbiased information and fair contractual practices.</li> <li>– Protecting consumers' health and safety.</li> <li>– Sustainable consumption.</li> <li>– Consumer service, support, and complaint and dispute resolution.</li> <li>– Education and awareness.</li> </ul>	6.7 6.7.3  6.7.4  6.7.5 6.7.6  6.7.9	– <u>The safety of our products</u>	✓
PR5*	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<ul style="list-style-type: none"> <li>– Consumer issues.</li> <li>– Protecting consumers' health and safety.</li> <li>– Sustainable consumption.</li> <li>– Consumer service, support, and complaint and dispute resolution.</li> <li>– Access to essential services.</li> <li>– Education and awareness.</li> </ul>	6.7 6.7.4  6.7.5 6.7.6  6.7.8  6.7.9	– <u>Customer satisfaction</u>	✓

### 6.3. Marketing Communications

PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	<ul style="list-style-type: none"> <li>– Consumer issues.</li> <li>– Fair marketing, factual and unbiased information and fair contractual practices.</li> <li>– Consumer service, support, and complaint and dispute resolution.</li> <li>– Education and awareness.</li> </ul>	6.7 6.7.3  6.7.6  6.7.9	– <u>Responsible advertising</u>	✓
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.	<ul style="list-style-type: none"> <li>– Consumer issues.</li> <li>– Fair marketing, factual and unbiased information and fair contractual practices.</li> <li>– Consumer service, support, and complaint and dispute resolution.</li> <li>– Education and awareness.</li> </ul>	6.7 6.7.3  6.7.6  6.7.9	– <u>Responsible advertising</u>	✓

### 6.4. Compliance

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	<ul style="list-style-type: none"> <li>– Consumer issues.</li> <li>– Consumer service, support, and complaint and dispute resolution.</li> </ul>	6.7 6.7.6	– <u>The safety of our products</u>	✓
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### 6.5. Biofuels

OG14	Volume of biofuels produced, purchased and sold.			– <u>Non-fossil energy initiatives</u>	✓
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\* Additional indicator GRI G3.1.

\*\* External verification refers only to information about the GRI G3.1 indicators included in the 2013 Corporate Responsibility Report.

✓ Revised indicator.

☑ Extended procedures for reasonable security of the information reported.

N.A. Not applicable.

- (1) The regarding CDP questionnaire available is for 2012, not being available at the date of this report details for year 2013.
- (2) Main material, which is processed crude oil, is broken down.
- (3) No information on energy- intensive indicators is included.
- (4) Not broken down by primary sources.
- (5) Reported qualitatively.
- (6) Scope 3 information limited to significant emissions arising from the purchase of hydrogen and selling products. The rest of Scope 3 emissions are reported in the CDP questionnaire.
- (7) Only reports gas sent to flare.
- (8) Reported from Spain, Colombia, Ecuador, Portugal and Venezuela.
- (9) Reports absenteeism for illness in Spain, and the rate of occupational diseases, accident rates and deaths for the Group.
- (10) Reports the base salary.
- (11) Reports incidents of internal discrimination.
- (12) Reports of security personnel trained in Peru, Colombia, Ecuador and Bolivia.
- (13) Report awareness rising regarding the Ethics and Conduct Regulation.



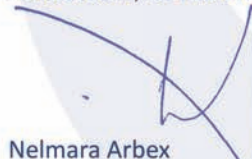
## Statement GRI Application Level Check

GRI hereby states that **Repsol S.A.** has presented its report "2013 Corporate Responsibility Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12 March 2014

  
Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Repsol S.A. has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 5 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.





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*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## Independent Assurance Report on the 2013 Corporate Responsibility Report of Repsol Group

### Scope of our work

We have performed a review of the 2013 Corporate Responsibility Report (CRR) of Repsol Group, the scope of which is defined in the section "About this report". Our work consisted of the review of:

- The adherence of the content of the CRR to the GRI Sustainability Reporting Guidelines version 3.1 and the performance indicators, including the Oil & Gas Sector Supplement, proposed in the aforementioned guidelines for 2013.
- The information included in the CRR relating to the application of the principles of inclusivity, materiality and responsiveness set out in the AccountAbility's AA1000 AccountAbility Principles Standard 2008 (AA1000APS).

### Assurance standards and procedures

We conducted our review in accordance with International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants to provide limited assurance. Also, we have applied AccountAbility's AA 1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA1000APS and on the sustainability performance indicators (type 2 moderate assurance). In addition, Repsol Group has requested wider review procedures for some key indicators identified on the "GRI Index", with a view to obtain a reasonable assurance of the reported information; these additional procedures are detailed at the end of this section.

Our work consisted of making enquiries to management and certain areas and business units of Repsol Group and subsidiaries involved in the preparation of the CRR, and of carrying out the following analytical procedures and sample-based review tests:

- Meetings with Repsol Group personnel to ascertain the principles, systems and management approaches applied.
- Analysis of the processes used to gather and validate the data included in the CRR.
- Review of the steps taken for the identification and consideration of the stakeholders during the year and of the stakeholder's participation processes through the analysis of the internal information available and third-party reports.
- Analysis of the coverage, materiality and completeness of the information included in the CRR according to the understanding of the requirements of Repsol Group's stakeholders, regarding the material issues identified by the organisation and described in the section "About this Report".
- Review of the information relating to the management approaches applied and verification of the existence and scope of the Corporate Responsibility policies, systems and procedures.
- Analysis of the adherence of the contents of the CRR to those recommended in the G3.1 Guidelines and verification that the general and the Oil & Gas Sector Supplement indicators included agree with those recommended by the GRI Guidelines and that it is also included those indicators non applicable or not available.
- Review on a sample basis of the quantitative and qualitative information relating to the GRI indicators included in the CRR, and the adequate compilation thereof based on the data provided by Repsol Group information sources.
- For some key indicators, identified on the "GRI / ISO 26000 Index", we have carried out additional review procedures during our visits to representative facilities of the Group activities. Particularly we have visited six facilities in Spain during 2013, where we have reviewed the following:
  - Processes and procedures used during the collection, aggregation and validation of the sustainability information reported.
  - Assurance reports related to ISO 14064, ISO 14001 y OHSAS 18001 certifications.

### Responsibilities of Repsol Group management and of Deloitte

- The preparation and contents of the CRR is the responsibility of Repsol Group's Management, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- Since a limited assurance is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on the CRR.
- This report has been prepared solely for Repsol Group management in accordance with the terms and conditions of our Engagement Letter.
- We conducted our work in accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC).
- Our team consisted of a combination of professionals with assurance qualifications and economic, social, environmental and stakeholder engagement experience.

### Conclusions

The "GRI / ISO 26000 Index" provides details of the indicators reviewed and of the limitations in the scope of our work, and identifies any indicators that do not cover all the areas recommended by the GRI. As a result of our review, no other matters were disclosed that would lead us to believe that the CRR contained material errors or that it was not prepared in accordance with the guidelines of the Global Reporting Initiative Sustainability Reporting Guidelines version 3.1.

Also, the review procedures performed did not disclose any matter that would lead us to believe that Repsol Group has not applied the principles of inclusivity, materiality and responsiveness as described in the section "About this report" in accordance with standard AA1000 2008 APS:

- **Inclusivity:** Repsol Group has developed a stakeholder's participation process that facilitates their involvement in the development of a responsible approach.
- **Materiality:** the process of determining materiality means the understanding of the material or important matters for Repsol Group and its stakeholders.
- **Responsiveness:** Repsol Group responds with specific actions and commitments to the material issues identified previously.

### Observations and recommendations

In addition, we presented to the Management of the Repsol Group our recommendations regarding the areas of improvement in Corporate Responsibility management, and the application of the inclusivity, materiality and responsiveness principles. The most significant recommendations, that do not change the conclusions expressed in this report, are summarised next.

#### Inclusivity and materiality

Repsol Group has continued expanding its CR Coordination System during 2013, creating new CR Committees in the United States, Colombia and Venezuela, and in the operating centers of La Coruña, Tarragona, Cartagena and Puertollano.

Repsol Group has also approved the 2013-2014 Sustainability Plans, which include a total of 541 actions mainly built on the results of the respective expectation studies done in 2012 and the impacts of the activities of the Group. Tracking the progress of these actions and their impact on stakeholders should be a key aspect in the definition of new expectation studies during 2014. Successful completion of these studies, at country and operation centers level, will allow Repsol to identify the real impact of their plans and projects in CR, and evaluate the usefulness thereof.

#### Responsiveness

In the 2013 CRR, Repsol Group has continued increasing the information given on indicators GRI 3.1 version and the Oil & Gas sector supplement that had not been reported or had been partially reported in previous years. For the future years, it would be convenient to evaluate the suitability of Repsol Group to the new requirements of GRI G.4 standard, not only in terms of information to be reported, but also in the scope, in order to plan and implement in advance the appropriate actions that would lead the Repsol Group to report with the maximum level of compliance of this new standard.

On the other hand, in 2013 Repsol Group has adopted a new Policy on Respecting Human Rights and an Ethics and Conduct Regulation for suppliers. Even if training and awareness activities started to be developed for employees and suppliers, we recommend them to be extended to all areas of the company during 2014, especially those that may have more risk due to their activity, such as the Upstream businesses.

During 2013, Repsol Group has continued to work in the measurement and reduction of the most significant environmental impacts of their activities. Noteworthy is the Waste Management Project for which Repsol Group has defined a base line and a proposed phased reductions as the same time of the reduction activities of greenhouse gases emissions, mainly those from Scope 1 and 2. In the coming years, Repsol Group should keep working on the quantification and minimization of its environmental impacts, improving its analysis of the Scope 3 emissions and issues associated with the withdrawal and use of water.

Regarding the Social Investment information, in 2013 Repsol Group has improved the reporting criteria and has developed a tool to mechanize the collection of data. It would be appropriate to give further training to people in charge to identify and consolidate the social investment, allowing Repsol Group to improve the management of this aspect.

DELOITTE ADVISORY, S.L.



Helena Redondo  
Madrid, February 25<sup>th</sup> 2014

