

# Sustainability Report 2016

Detailed Indicators

**2016**



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## Part I: Profile

### Company profile

#### G4-10 Total number of employees by employment contract and gender

STAFF <sup>1</sup> BY CONTRACT TYPE AND GENDER						
	2014		2015		2016	
	Men	Women	Men	Women	Men	Women
<b>Total staff by gender</b>	16,343	8,117	18,190	8,976	15,912	8,620
<b>Staff by contract type</b>						
Permanent	15,015	7,233	16,562	8,106	14,570	7,716
Temporary	1,328	884	1,628	870	1,343	904
<b>Total staff by year</b>	<b>24,460</b>		<b>27,166</b>		<b>24,532</b>	

The decrease in the number of staff compared to the previous year is due to the global restructuring process we are carrying out at the company, and also to divestment of non-strategic assets.

Despite this reduction, the percentage of permanent contracts remains steady at 91%. The company's overall percentage of female employees is 35%.

STAFF BY EMPLOYMENT TYPE AND GENDER						
	2014		2015		2016	
	Men	Women	Men	Women	Men	Women
<b>Total staff by gender</b>	16,343	8,117	18,190	8,976	15,912	8,620
<b>Staff by employment type</b>						
Full time	16,097	7,843	18,031	8,785	15,789	8,471
Part time	246	274	159	191	123	149
<b>Total staff by year</b>	<b>24,460</b>		<b>27,166</b>		<b>24,532</b>	

<sup>1</sup> Staff data for 2014 does not include employees with a working day of less than or equal to 20%.

## STAFF BY REGION

Region	2014			2015			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Africa <sup>2</sup>	44	175	219	27	133	160	22	126	148
Asia <sup>3</sup>	44	97	141	331	918	1,249	286	809	1,095
Europe <sup>4</sup>	6,200	12,493	18,693	6,164	12,610	18,774	6,076	11,757	17,833
Latin America <sup>5</sup>	1,633	3,224	4,857	1,676	3,217	4,893	1,604	2,199	3,803
North America <sup>6</sup>	196	354	550	748	1,265	2,013	612	977	1,589
Oceania <sup>7</sup>	-	-	-	30	47	77	20	44	64
<b>General total</b>	<b>8,117</b>	<b>16,343</b>	<b>24,460</b>	<b>8,976</b>	<b>18,190</b>	<b>27,166</b>	<b>8,620</b>	<b>15,912</b>	<b>24,532</b>

In 2016, staff reductions was chiefly concentrated in Spain, Brazil, Canada, the United States and Malaysia and, to a lesser extent, in Peru, Ecuador and Trinidad and Tobago.

#### G4-11 Percentage of employees covered by collective bargaining agreements

In Spain, Repsol's Collective Bargaining Agreement applies to 100% of its employees, though there is a percentage that is excluded from the agreement for various reasons which are dictated by the individual contract set forth by these groups.

According to the data available so far, employees covered by collective bargaining agreements in countries other than Spain are:

- Brazil: the company Collective Bargaining Agreement applies to local Repsol Sinopec Brazil employees who provide services in the country.
- Peru, at the La Pampilla refinery: 41.49% of employees are covered by the company collective bargaining agreement.
- Portugal:
  - At Repsol Portuguesa, S.A. and Repsol Gas, S.A.: 100% of employees are covered by the Sector Agreement.
  - At Repsol PolRepsol, S.A.: to date, the 2016-2018 company collective bargaining agreement applies to 95.57% of non-exempted employees.

#### G4-13 Significant changes regarding the supply chain

The diversity of Repsol's asset portfolio has bolstered its management and enabled it to meet its divestment target for 2016, particularly since the acquisition of Talisman. The changes at Repsol were as follows:

Sale of three oilfields (Teak, Samaan and Pou) in Trinidad and Tobago.

<sup>2</sup> Africa: Angola, Algeria, Gabon, Libya, Morocco and Namibia.

<sup>3</sup> Asia: China, Indonesia, Iraq, Kazakhstan, Malaysia, Russia Federation, Singapore, United Arab Emirates and Vietnam.

<sup>4</sup> Europe: Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Portugal, Romania, Spain, Switzerland and the United Kingdom.

<sup>5</sup> Latin America: Bolivia, Brazil, Colombia, Ecuador, Peru, Trinidad and Tobago, and Venezuela.

<sup>6</sup> North America: Canada, Mexico and the United States.

<sup>7</sup> Oceania: Australia and Papua New Guinea.



Sale of the LPG business in Peru and Ecuador to South American international operator Abastible. Transfer of these assets completed our LPG divestment in Latin America.

We also sold our offshore Wind Power business in the UK (Repsol Nuevas Energías UK) to the Chinese company SDIC Power. The sale includes the Group's stake in the Inch Cape Project (100%) and the Beatrice project (25%), both of which are located on the east coast of Scotland. This operation forms part of the objective of selling non-strategic assets

These divestments brought about changes to supply chains in the countries concerned. Nevertheless, we continue to work in Latin America as a leading energy operator with extensive hydrocarbon exploration and production activity.

## Governance

### **G4-39** Indication of whether the Chair of the highest governance body is also an executive officer.

Antonio Brufau Niubó is the Chairman of Repsol's Board of Directors. He acts as an external Director since his duties are institutional and he plays a relevant role in setting and overseeing mid- and long-term strategy, in institutional relations with the government, shareholders and other stakeholders, and in overseeing the management duties.

Josu Jon Imaz was appointed CEO and member of Repsol's Delegated Committee in a resolution of the Board of Directors dated April, 30 2014 and such appointment was subsequently ratified. He was reelected by the General Shareholders Meeting on April, 30 2015. On April, 30 2015, the Board of Directors decided to assign all executive functions to the CEO, who chairs the three management bodies of the company: The Corporate Executive Committee, the Executive Committee for Exploration and Production, and the *Downstream* Executive Committee.

### **G4-53** How stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals.

The Annual Report on the Remunerations of Directors is submitted to be voted on by the General Shareholders Meeting. In the last General Meeting on May, 20 2016, the 2015 Annual Remunerations Report was approved with 95.098% of votes in favor.

Similarly, the remuneration policy for the Board of Directors for the financial years 2015, 2016, and 2017 was submitted for the approval of the General Meeting on April, 30 2015 as the nineteenth point and was approved with 93.945% of votes in favor.

**G4-54 and****G4-55**

Compensation ratios between the organization's highest paid individual in each country of significant operations to the median compensation for all employees in the same country (not counting the highest-paid individual)

Country	Total annual compensation of the highest paid individual <sup>8</sup> / average total annual compensation of all staff <sup>9</sup>	Percentage increase in total annual compensation of the highest paid individual <sup>8</sup> / Percentage increase in average total annual compensation of all staff <sup>9</sup>	The difference in the percentage increase in total annual compensation of the highest paid individual and Percentage increase in average total annual compensation of all staff <sup>10</sup> (%)
Bolivia	2.30	-0.96	4.50
Brazil	2.84	16.14	13.96
Canada <sup>11</sup>	12.97	-	-
Ecuador <sup>12</sup>	5.99	0.06	59.38
Spain <sup>13</sup>	12.79	4.08	5.58
United States <sup>11</sup>	12.01	-	-
Indonesia <sup>11</sup>	2.01	-	-
Malaysia <sup>11</sup>	3.12	-	-
Peru	9.46	-6.71	25.91
Portugal	4.34	7.74	16.14
Repsol, S.A. <sup>13</sup>	25.49	-0.19	1.64

We analyze salary markets in the countries and business sectors in which we operate to establish internal objectives for the average employee salary positions by taking into account external salary markets. The criteria to determine this are generally similar for all employee and director collectives therefore, for this compensation policy; the data in the table should reflect the salary distribution that is characteristic of the country and business sector in which we operate.

8 The best paid person has been identified without considering expatriate staff from other sources or employees who has caused a loss before December 31 of the year.

9 For total annual compensation, we have considered compensation in cash which includes personnel cost items: base salary, fixed allowances, seniority, variable allowances, extra hours, and other compensation.

10 The requested ratio is highly distorted by sign changes (negative increments), so the total percentage difference between both comparative increments (absolute value) is also reported.

11 Not considered data of companies of the Talisman group for 2015 being the year of its acquisition, with the consequent wage distortions.

12 In Ecuador there is an unusual increase in the average remuneration for 2016 as a result of "Utilidades" (in 2015 there were no profits).

13 The senior executives have been included in the line called "Grupo (Repsol, S.A.)" and are compared with the average remuneration of the entire staff of the Group's parent company (Repsol, S.A.). Its functions are world-wide and are not confined to any single country. The Senior Management, considered for the purposes of this report, comprises the members of the Corporate Executive Committee, taking the remuneration for their executive functions and not including the ones they could receive for functions as a member of the Board of Directors of Repsol S.A. or any of its subsidiaries.

We decide the budgets for base salary increases each year for each group of employees and establish the criteria to limit maximum individual increases. The average salary increase for all staff is reflected in the salary base corresponding to each professional group, and also the salary increase percentages applied to each group, both those approved by the company and those established through collective bargaining or legal requirements.

2016 has been characterized by wage moderation, which, combined with programs for resizing staff and divestments of non-strategic assets, has led to negative increases in the average salary of all staff in some countries. On the other hand, compensation for the highest paid individual could also increase or decrease due to variable components of those that act in positions with greater responsibility have a greater relatively more weight on the average, even if the base salary remains frozen.

## Part II: Specific standard disclosures

### Economic performance

Contribution to economic development where the company develops its activity

#### **G4-EC5** Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation

**RELATIONSHIP BETWEEN THE REPSOL MINIMUM SALARY  
AND THE LEGAL SALARY IN THE COUNTRY**

Country	Minimum national salary (local currency/month)	Minimum Repsol salary (local currency/month)	Repsol salary/ Country salary
Bolivia	1,805	11,133	6.17
Brazil	880	4,559	5.18
Canada	2,115	3,063	1.45
Ecuador	366	1,000	2.73
Spain	655	1,325	2.02
United States	1,257	3,167	2.52
Indonesia	3,355,750	11,520,600	3.43
Malaysia	1,000	3,145	3.15
Peru	850	850	1.00
Portugal	530	530	1.00

According to Repsol's equal opportunity policies, we set salaries in relation to the position, regardless of gender, including starting salaries.

With the exception of Peru and Portugal, Repsol's initial salaries are above the local minimum wage.

#### **G4-EC6** Proportion of senior management hired from the local community at significant locations of operation

Our management teams have an increasing proportion of employees from the local community. This helps us meet the needs of the societies in which we work, assisting with development of the potential of local employees.

<b>Country</b>	<b>% of Executives, Managers and Technical Heads from the local community</b>
Bolivia	86
Canada	63
Ecuador	91
Spain	87
United States	48
Indonesia	84
Malaysia	65
Norway	63
Peru	71
Portugal	94
Venezuela	76
Vietnam	36

#### **G4-EC7** Development and impact of infrastructure investments and services supported

We identify and enhance the positive impacts and shared value in the regions where the company operates as the result of consensus with the local communities, in a manner that is culturally appropriate. The context determines the scope and procedure for our investments. The following are a few examples:

Indonesia: “Drinking water for all”. This is one of our volunteer social investment projects in the Sakakemang region, where we assist the government in providing access to drinking water for 10 villages located in our area of operations. This region had a high ratio of disease caused by poor access to drinking water, especially during the dry season. We invested over \$10,000 in local development to assist sustainability projects to provide access to drinking water for families in 10 villages located in our area of operations, thereby reducing disease.

Peru: “Equipment for the Nuevo Mundo Health Center” in Peru. This is a volunteer social investment project in the Kinteroni region to assist the local biomedical team at the Nuevo Mundo Health Center. We have assisted the healthcare service at the Nuevo Mundo facility by improving the health conditions of local people, reducing the rate of Acute Respiratory Infections (ARI) and improving prenatal control.

Venezuela: “Implementation of a renewable energy system” in Venezuela. This is a mandatory social investment project for the La Macolla community in the Cardón IV sector, which has no connection to the country’s electricity grid. The aim was to provide access to electricity for the 141 inhabitants, on an investment package of approximately €250,000. The project was carried out in a sustainable fashion with wind turbine systems.

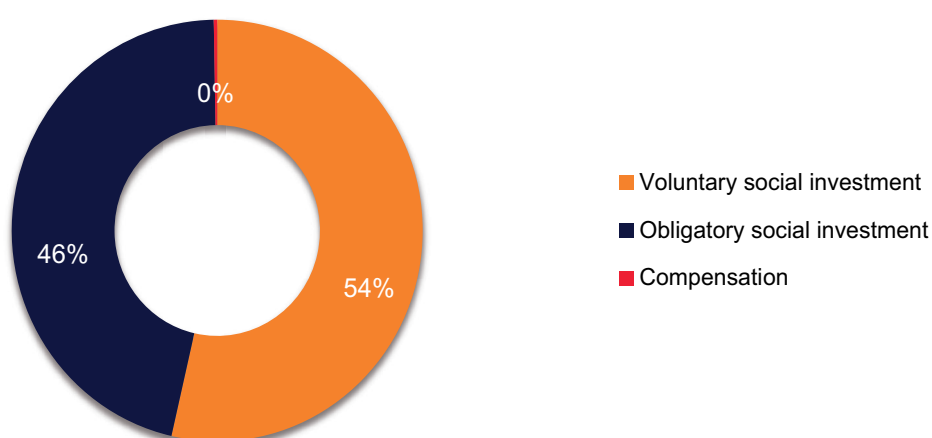
Canada: we provided assistance with the “Provost and District Health Services Foundation” emergency unit. This included assistance with the intensive care unit (doctors, surgeons and obstetricians), emergency unit and long-term care programs. Staff was backed up by online physiotherapy, occupational therapy, recreational therapy and nutrition services.

### **Social investment figures**

In 2016, social investment by the Repsol Group, including its two foundations, came to €37.01 million, of which €19.83 million were voluntary contributions and €17.08 million to meet contractual or legal obligations.

Furthermore, we have allocated €0.1 million to communities as compensation, arising from studies of the environmental, social, and health impact caused by our projects.

## **TOTAL INVESTMENT DISTRIBUTION**



### **Voluntary social investment**

This includes social programs that we implement voluntarily or are derived from voluntary agreements with the communities.

#### **VOLUNTARY SOCIAL INVESTMENT (MILLIONS OF EUROS)<sup>(1)</sup>**

2014	2015	2016
26.03	22.74	19.83

<sup>(1)</sup> Does not include contributions to associations.

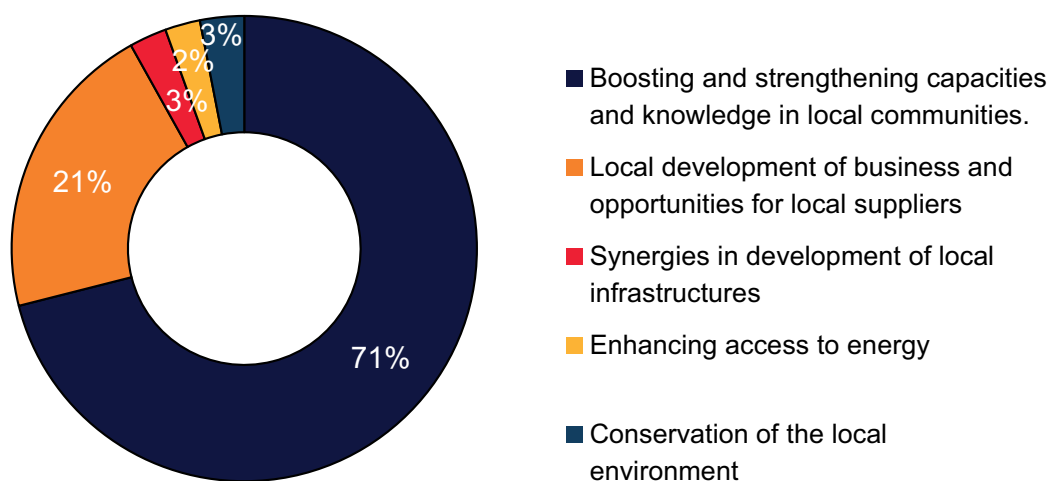
**VOLUNTARY SOCIAL INVESTMENT BY TYPE OF CONTRIBUTIONS (MILLIONS OF EUROS)**

Contribution in money	18.27
Contribution in time	0.39
Contribution in kind	0.36
Management costs	0.81
<b>Total</b>	<b>19.83</b>

**VOLUNTARY SOCIAL INVESTMENT BY TYPE OF PROJECTS (MILLIONS OF EUROS)<sup>(1)</sup>**

Boosting and strengthening capacities and knowledge in local communities.	13.69
Local development of business and opportunities for local suppliers	4.02
Synergies in development of local infrastructures	0.50
Enhancing access to energy	0.47
Conservation of the local environment	0.59
<b>Total</b>	<b>19.27</b>

<sup>(1)</sup> Management costs not assigned to specific projects €0.56 (Million).

**VOLUNTARY SOCIAL INVESTMENT BY PROJECT TYPE**

Voluntary social investment was distributed by country in the following way:

<b>VOLUNTARY SOCIAL INVESTMENT BY COUNTRY (MILLIONS OF EUROS)</b>			
<b>Country</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Angola	0.76	-	-
Algeria	0.04	0.04	0.01
Bolivia	1.78	1.85	1.49
Brazil	1.28	0.50	0.59
Canada	0.26	1.18	1.28
Colombia	0.05	0.48	0.89
Ecuador	0.97	1.31	1.31
Spain	15.06	12.08	10.64
United States	0.34	0.36	0.32
Guyana	0.03	0.11	-
Indonesia	-	0.01	0.06
Lybia	0.65	0.32	-
Malaysia	-	0.17	0.28
Morocco	-	0.04	-
Namibia	0.58	-	-
Noruega	-	0.07	0.22
Peru	3.27	2.75	1.77
Papua New Guinea	-	-	0.04
Portugal	0.17	0.53	0.39
Trinidad and Tobago	0.41	0.63	0.25
Venezuela	0.37	0.22	0.18
Vietnam	-	0.09	0.11
<b>Total</b>	<b>26.03</b>	<b>22.74</b>	<b>19.83</b>

### ***Obligatory social investment***

These are contributions that we make as a result of legal, regulatory requirements in the country or those stipulated in the operations agreement. These contributions may be fully managed by the company (through social programs) or by a third party (such as the national hydrocarbon company, institution or government agency), to whom we transfer the relevant contribution.



Obligatory investments made in 2016 have reached €17.08 million and were made in Brazil, Canada, Colombia, Ecuador, United States and Venezuela.

**OBLIGATORY SOCIAL INVESTMENT BY COUNTRY (MILLIONS OF EUROS)**

Brazil	6.09
Canada	0.89
Colombia	0.76
Ecuador	0.92
United States	8.28
Venezuela	0.14
<b>Total</b>	<b>17.08</b>

#### **G4-EC8** Significant indirect economic impacts, including the extent of impacts

Bolivia: “Goat kids production project” in Bolivia. We invested more than €90,000 in this project, with an approximate timeframe of two years. The project beneficiaries were 45 families in eight communities in the area around the Caipipendi facility. The objective is to give a boost to traditional economic activities and create productive, profitable and sustainable value chains, independently of Repsol’s area of influence. This will be achieved through the production of breeding goats and the creation of a value chain to dress, smoke, package and distribute the meat etc.

Spain: “Agreement with Fundación de la Siderurgia Integral (FSI)” at Petronor (Spain). We assisted on this project, where the beneficiaries were approximately 30 unemployed people from sectors undergoing reconversion. The project entailed the creation of a social enterprise focusing on agriculture and snail farming, and the transformation, packaging and canning of market produce. Petronor made over between three and six hectares of land for the project, to a value of €100,000.

Papua New Guinea: “Community vegetable garden” project. We carried out this project within the area of influence of the Stanley gas facility on an investment package of \$5,000, with 140 beneficiaries. The project sets out to train people in modern horticulture skills to grow vegetables, for sale and also to improve local nutritional habits. The project also created model garden facilities with implements, seeds, shoots and plantations.

Papua New Guinea: “Personal viability and financial literacy”. This project targeted 94 local people on an investment package of more than \$33,000. It aimed to give them entrepreneurial skills and make them financially literate. They were also trained to achieve a considerable level of self-sufficiency in terms of their knowledge, physical skills, talent and other resources, inducing a savings culture in terms of budgeting and planning expenditure.

Peru: Recycling waste from the Lot 57 facility on the “Recycling to assist” program. In 2016 we signed a cooperation agreement with the association to help burned children, ANIQUEM, whereby we donated a portion of our non-hazardous waste to be recycled and help rehabilitate children from low-income families with severe burn sequels. The agreement produces some major social, environmental and economic benefits. During the year we donated 9 tons of recyclable waste, which were used to produce 142 elastic garments. We not only increased the amount of waste sent for recycling, but also reduced the costs of transportation and final disposal.

## Management of the supply chain and its impacts where the company develops its activity

Repsol deems a provider to be local when the business is constituted or nationalized under the laws of the country where it provides the goods or services.

### **G4-EN33** Significant actual and potential negative environmental impacts in the supply chain and actions taken

We found 62 environmental evaluations for 55 suppliers with a performance rating of less than 5 out of 10. Negative evaluations are associated, inter alia, to transport and logistics contracts, assembly and maintenance of pipelines and accessories and gas detection systems. After identifying these negative evaluations, improvements have been agreed with 100% of suppliers.

We emphasize that we have not concluded any relationship with suppliers for environmental reasons.

### **G4-LA15** Significant actual and potential negative labor impacts in the supply chain and actions taken

We found 95 safety evaluations for 73 suppliers with a performance rating of less than 5 out of 10. Negative evaluations are associated, inter alia, to contracts for soil and water remediation work and industrial gases work and services. After identifying these negative evaluations, improvements have been agreed with 100% of suppliers.

This exercise, we have ended the relationship with two suppliers for security reasons.

**G4-HR11 /****SO10**      Significant actual a potential negative human rights/ social impacts in the supply chain and actions taken

We found 140 management evaluations for 104 suppliers with a performance rating of less than 5 out of 10. Negative evaluations are associated, inter alia, with transportation and logistics contracts and with prevention, hygiene and health contracts. After identifying these negative evaluations, improvements have been agreed with 100% of suppliers.

We emphasize that we have not concluded any relationship with suppliers for these reasons.

## Environmental performance

### Energy efficiency and climate change

#### G4-EN3 Energy consumption within the organization

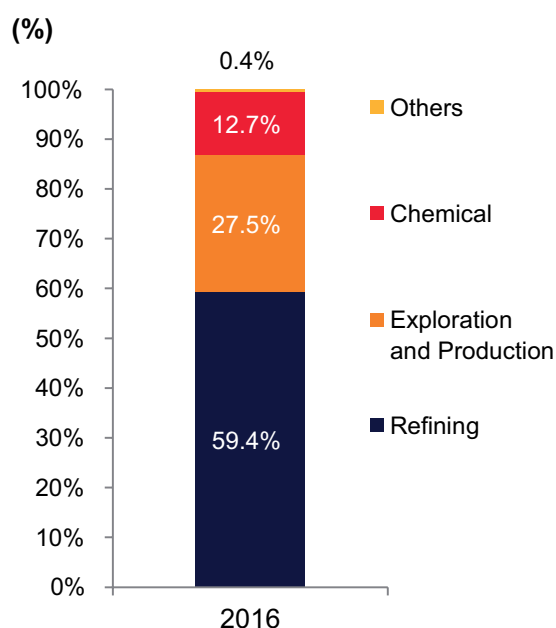
##### INTERNAL ENERGY CONSUMPTION'S BREAKDOWN

	2014	2015 <sup>14</sup>	2016 <sup>15</sup>
Fuels (millions of tons)	3.75	4.39	4.55
Purchased electricity (10 <sup>6</sup> MWh) <sup>16</sup>	2.58	1.18	1.07
Purchased steam (10 <sup>6</sup> GJ) <sup>17</sup>	3.79	3.83	3.80

#### Energy consumption by activity

The following graph shows the breakdown of energy consumption by areas of activity in 2016:

##### Energy consumption by activity



The increase for 2016 in comparison with the previous year is due to the inclusion of ROGCI assets from the month of January (2015 figures include ROGCI from its acquisition in May). The values for other business sectors are still comparable to the figures for 2015.

<sup>14</sup> Data for electricity and steam purchased in 2015 were modified with respect to the 2015 Sustainability Report as a result of verification after the report had been issued.

<sup>15</sup> Data currently being verified. Once verification is completed, they will be available on the repsol.com website.

<sup>16</sup> Only electricity purchased for consumption within the company is considered.

<sup>17</sup> Only steam purchased for consumption within the company is considered.

## G4-EN5 Energy intensity<sup>18</sup>

In the Oil & Gas sector, a clear distinction must be made between Downstream and Upstream energy consumption, in view of the differences between their operations. Energy intensity was calculated as the energy consumption per ton of crude oil processed in the Refining sector, whilst in the Exploration and Production sector it was calculated per barrels of oil equivalent (boe) produced.

	2014	2015	2016
<b>Energy intensity in Refining (GJ/t crude oil processed)</b>	3.65	3.45	3.52
<b>Energy intensity in Exploration and Production (GJ/boe produced)<sup>19</sup></b>	0.306	0.399 <sup>20</sup>	0.381

## G4-EN6 Reduction of energy consumption

During 2016, investments and operational improvement actions were carried out throughout all company operations, resulting in a reduction of 312<sup>21</sup> kilotons of CO<sub>2</sub>e, corresponding to savings of more than 5 million GJ.

## G4-EN18 Greenhouse gas (GHG) emissions intensity<sup>22</sup>

The intensity of greenhouse gas emissions was calculated to include scope 1 and scope 2 emissions per ton of crude oil processed in the Refining sector, whilst in the Exploration and Production sectors it was calculated per barrels of oil equivalent (boe) produced.

	2014	2015 <sup>23</sup>	2016 <sup>24</sup>
<b>Greenhouse gas emissions intensity in Refining (tCO<sub>2</sub> e/t crude oil processed)</b>	0.275	0.246	0.246
<b>Greenhouse gas emissions intensity in Exploration and Production (tCO<sub>2</sub> e/thousands of boe produced)<sup>25</sup></b>	26.2	56.8	69.3

Every year an external company verifies that our greenhouse gas inventories comply with the most demanding quality and accuracy standards. In 2016, we plan on verifying 92% of all direct company emissions, in compliance with international standard ISO 14064.

18 Energy consumption data for 2014 and 2015 have been recalculated with regard to the 2015 Sustainability Report, by including consumption derived from coke and flare, previously considered as losses.

19 The data have been calculated taking into account the gross production of our operating facilities, since the reported energy consumption reflects 100% of the consumption of these facilities, regardless of Repsol's percentage in the same.

20 Exploration and Production energy consumption for 2015 has been changed with regard to the 2015 Sustainability Report due to updating of the conversion factors used for ROGCI facilities.

21 Data currently being verified. Once verification is completed, they will be available on the repsol.com website.

22 Global warming potentials used for the conversion to tons of CO<sub>2</sub> equivalent have been updated from the information published in the 4th Report from the Intergovernmental Panel on Climate Change (IPCC) to align it with the most commonly used reference in the sector. Emissions for 2014 and 2015 have been recalculated taking this into consideration.

23 The emissions data for 2015 have been changed with regard to the 2015 Sustainability Report, as a result of verification after the report had been issued.

24 Data currently being verified. Once verification is complete, they will be available on the repsol.com website. Local emission factors have been used for the scope 2 figures.

25 The data have been calculated taking into account the gross production of our operating facilities, since the reported energy consumption reflects 100% of the consumption of these facilities, regardless of Repsol's percentage in the same.

We must also highlight that the scope of verification includes the PM3 asset in Malaysia, one of the assets acquired from ROGCI. Approximately 75% of GHG emissions in exploration and production are accounted for by the Malaysia asset, where emissions are mainly caused by gas venting during extraction, with a high content of CO<sub>2</sub> (making its reuse for energy purposes difficult) associated with the purification of the natural gas extracted from this asset. We are currently analyzing the implementation of alternative improvements to minimize this venting.

## G4-EN17 Other indirect greenhouse gas emissions

Within our scope 3 emissions, indirect CO<sub>2</sub> emissions associated with the purchase of goods and services, those associated with transportation and distribution of our products and, more significantly, those arising from the sale of these products, are considered relevant.

### SCOPE 3: INDIRECT GREENHOUSE GAS EMISSIONS (MILLIONS OF TONS)

	2014	2015	2016
Indirect CO <sub>2</sub> emissions associated with purchasing hydrogen	0.78	0.77 <sup>26</sup>	0.63 <sup>27</sup>
Indirect CO <sub>2</sub> emissions associated with purchasing goods and services (excluding hydrogen) <sup>28</sup>	6.55	7.94	6.94
Product transport and distribution <sup>29</sup>	1.02	1.04	0.61
CO <sub>2</sub> emissions derived from product sales <sup>30</sup>	116	141	146

Emissions associated with the purchase of hydrogen in 2016 were reduced as a result of updating the mean energy intensity values in the BREF<sup>31</sup> document for 2015.

Emissions associated with the purchase of other goods and services in 2016 were also reduced, essentially as a result of the varied origin of purchased crude, since there was an increase in the crude purchased from areas with lower emission factors.

Emissions arising from transportation of our products fell significantly during this year because the emission factors used were lower due to the use of increasingly energy-efficient vehicles.

26 The 2015 figures were modified with respect to the 2015 Sustainability Report as a result of verification after the report had been issued.

27 Data currently being verified. Once verification is completed, they will be available on the repsol.com website. It must be borne in mind that H2 has been purchased at the La Pampilla refinery since September 2016, for the new hydrodesulfurization unit that allows us to produce diesel with less than 50 ppm of sulfur.

28 The scope in previous years has been broadened, including the emission associated with this category at the La Pampilla refinery. The 2014 and 2015 data were recalculated on this basis.

29 These emissions were calculated using the factors supplied by DEFRA for goods road haulage. These factors are calculated on the basis that a truck completes part of the total journey empty, and therefore for the purposes of calculating emissions it is not necessary to double the distance over which goods are transported to account for the portion of the journey during which the truck was empty. In the specific case of rail transport, we have only considered the journey of diesel locomotives, which account for 40% of them, with the remaining 60% of electric locomotives outside the perimeters, according to the study published by the Railway Observatory in Spain. The 2014 and 2015 emissions were calculated in due consideration of this.

30 These emissions were calculated on the basis of the new methodology published by CDP, in accordance with the production method, which considers both Exploration and Production production (crude, natural gas and liquefied natural gas) and also sales of LPG, naphthas, gasolines, kerosenes, diesels, fuel oils and coke produced at our refineries. It does not include emissions from chemicals, as these are non-material in the final figures reported for this category. To prevent any double counts, the amount of crude produced by Exploration and Production which is subsequently processed at our refineries is subtracted. The 2014 and 2015 data were recalculated on the basis of this methodology.

31 Best Available Techniques (BAT) Reference Document for the Refining of Mineral Oil and Gas.

Emissions arising from the sale of products in 2016 rose, due to higher production of our Exploration and Production assets (production increase in 2016 compared to the previous year is due to the incorporation of ROGCI assets from January onwards, while the data for 2015 include ROGCI from the date of purchase in the month of May).

#### **G4-EN4** Energy consumption outside of the organization

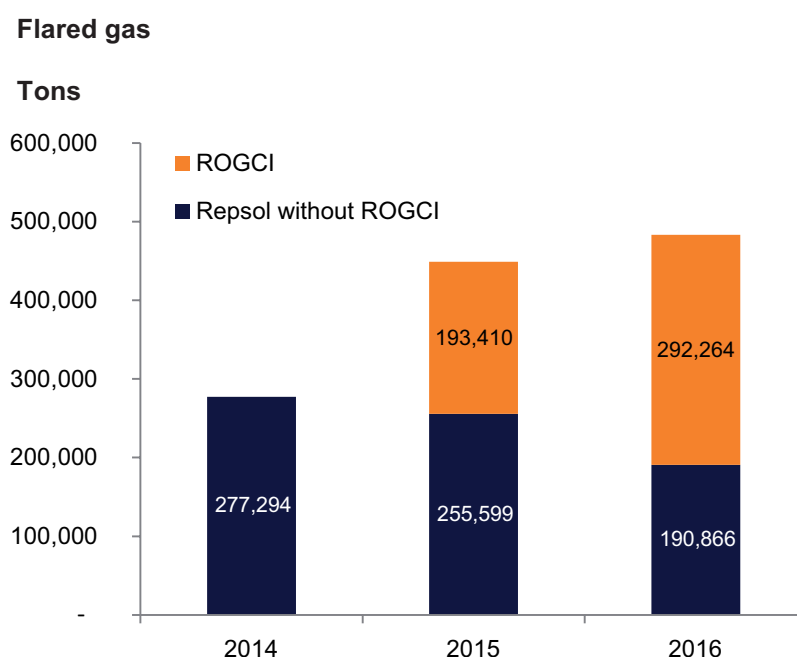
The CO<sub>2</sub> emissions in 2016 reported in the table above correspond to an external energy consumption of approximately 2.2 million TJ.

#### **G4- EN30** Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce

Major environmental impacts associated with the transportation and distribution of our products are listed in indicator EN17.

#### **G4-OG6** Volume of flared and vented hydrocarbons

##### ***Flared hydrocarbons***



The increase for 2016 in comparison with the previous year is due to the inclusion of ROGCI assets from the month of January (the data for 2015 include ROGCI from the date of purchase in the month of May). The values for the rest of business activities remain similar to those of 2015.

Specifically, in 2016, 58% of flared gas was at assets in Malaysia. An energy audit was conducted on part of this facility in 2016 to identify opportunities for the reduction of energy consumption and emissions of CO<sub>2</sub>. The outcome of the audit was a course of action to potentially reduce up to 10% of energy consumption by minimizing flared hydrocarbons.

In the last 10 years we have implemented more than 40 courses of action to reduce flared emissions, thereby producing 372,000 tons less of CO<sub>2</sub> per year. These were distributed in our value chain as follows:

TOTAL BY BUSINESS		
	t CO <sub>2</sub> /y	Nº actions
Refining	307,465	34
Chemical	7,736	2
E&P	56,662	6
<b>Total</b>	<b>371,863</b>	<b>42</b>

Also in 2016 we identified operational improvements that significantly reduced flared gas emissions. One such measure was at the Petronor refinery (Muskiz, Vizcaya), where we identified and minimized discharge points and optimized operation of liquid ring compressors in order to recover the largest possible amount of gas to be reused at the refinery instead of burning it on flare. These measures enabled us to reduce CO<sub>2</sub> emissions by 15,000 tons/year at the refinery.

## Vented hydrocarbons

VENTED GAS (TONS)		
2014	2015 <sup>32</sup>	2016
31,463	2,408,564	3,870,552

In 2016, 99% of vented gas was accounted for by the Malaysian asset. This is an isolated platform 200 km from the coast, where the vented gas has a high concentration of CO<sub>2</sub> (which is separated from the natural gas extracted), making energy recovery difficult. We are currently analyzing the best possible alternatives to minimize venting.

## G4-OG2

### and

## G4-OG3 Total amount of renewable energy generated

In 2016 we maintained our stake in *Principle Power Inc.* (PPI)<sup>33</sup>. PPI is the first company in the world that has been able to design, install and operate a floating semi-submersible structure for offshore wind generation. The prototype has produced around 17,000 MWh since it was commissioned at the end of 2011 in Portuguese waters. Our total investment in this project to date is €7.4 million.

<sup>32</sup> Data modified in reference to 2015 Sustainability Report due to updating of the conversions factors used for ROGL assets.

<sup>33</sup> Repsol Energy Ventures S.A. has a stake of 24.79% in the North American company Principle Power Inc.



We are also continuing the WindFloat Atlantic (WFA) project in a consortium along with EDP Renewables, Mitsubishi Corp., Chiyoda Corp., Engie and Repsol (with a 19.4% stake).

The project consists of an offshore wind farm with three state-of-the-art wind turbines, each of which will be supported by a floating structure based on Windfloat technology (owned by Principle Power Inc.), and the facility is expected to have a total capacity of up to 25 MW. It will be located off the north coast of Portugal, some 20 km from *Viana do Castelo*.

The project has two basic features that distinguish it from traditional offshore wind facilities:

- Each wind turbine will operate on a floating Windfloat platform for the sake of stability, and this will be connected to the sea bed by chains only. This avoids the complex offshore operations associated with the installation of traditional fixed structures, thereby reducing the potential environmental impact.
- The entire platform/wind turbine unit will be built and assembled on land, and then towed out to its final location.

These two features make it unnecessary to use any large cargo/installation vessels, thereby avoiding complex and costly operations at sea. It also means the turbines can be installed much farther from the shore, where the sea is deeper and the winds stronger and more regular.

Windfloat Atlantic's project company Windplus has now obtained a production license from the Portuguese government through the Department of Energy and Geology. This is the last permit required to move forward on the project. The company had already obtained its environmental permit, authorization to connect to the electricity grid, and authorization for operations at sea.

The project has a remuneration scheme approved by the Portuguese government, and has grants from the European Union on the NER 300 program and also from Portugal's Environmental Agency (APA).

The investment package totaled €0.5 million, and the project is due to start in 2019.

## **G4-EN7** Reductions in energy requirements of products and services

At Repsol we invest in sustainable mobility with electric mobility projects, new hybrid propulsion systems and development of automotive gas.

### **Electric mobility projects**

Since 2010 we have been promoting electric mobility through IBIL, jointly held in equal stakes by Repsol and the Basque Energy Agency (EVE, by its Spanish acronym), where we provide an integral recharging service based on 100% renewable energy, smart terminals and facilities, and an infrastructure control center.

We now have 859 recharging stations operational in both the public and private sectors. Our total investment in this project to date is €7.25 million.

The Ministry of Agriculture, Fisheries, Foodstuffs and the Environment chose Repsol's Electric Car scheme operated by IBIL as a CLIMA Project over the maximum period possible. Repsol is the first company in the history of these projects in Spain to verify reduction of GHG emissions. The project encourages the use of electric cars through acquisition of the CO<sub>2</sub> reductions generated. The first, second and third activities have now been granted (2012 – 2017; 2013 – 2018; 2014 – 2019). Reduction of CO<sub>2</sub> emissions was verified by an agency accredited by the Ministry of the Environment. To date it stands at 518 tCO<sub>2</sub>, as follows:

2012	2013	2014	2015
27.98 tCO <sub>2</sub>	83.17 tCO <sub>2</sub>	173.69 tCO <sub>2</sub>	234.7 tCO <sub>2</sub>
reduced	reduced	reduced	reduced

These amounts are the equivalent of CO<sub>2</sub> absorption in one year of 15,589 trees.

We have also continued to promote electric mobility at the Repsol paddock on the MotoGP circuits, in partnership with Scutum (which supplied the electric motorbike) and IBIL (managing the recharging terminal). Scutum has been a Repsol investee since 2014 under the INNVIERTE program<sup>34</sup> for the design, production and sale of electric platforms and battery extraction systems for electric motorbikes.

Two of its competitive edges are the removable battery pack system, patented in Europe, and the industrial design of the electric platform, adaptable to the customer's needs. In 2016 Scutum sold 468 electric motorbikes.

We are continuing with the corporate car-sharing program with electric vehicles, thanks to which 289 users registered in the service in 2016 traveled more than 76,000 kilometers with no pollutant emissions.

We also carry out research and generate technologies to help electric car batteries charge more rapidly and last longer. One of our latest initiatives in this area is a project with CIDETEC to come up with technologies with high improvement potential compared to the systems currently available. Batteries presently used on electric cars, although they have their differences, form part of the same family - lithium ion batteries - as those used by mobile phones, tablets and laptops. This technology, however, has certain limitations for electric cars, the major restriction being autonomy, i.e. the distance that can be traveled on a single charge.

The main objective of the project is to develop technologies that minimize or eliminate these restrictions. Work therefore focuses on specific energy and energy density to boost autonomy with a battery of a similar weight and size.

<sup>34</sup> The INNVIERTE program is part of the 2013-2020 Spanish Strategy for Science and Technology and Innovation. This strategy contains the objectives, reforms and measures that must be adopted for all R+D+i in order to drive growth and impact. The program consists of an agreement with the CDTI for co-investment in Spanish technological SMEs in relation to alternative energies and energy efficiency. The joint investment commitment is €9.3 million. Repsol contributes €5.3 million, and handles the company portfolio generated.

The partnership strives to develop technologies to boost electric mobility and expand it more comprehensively. It therefore focuses on substantially improving the present batteries or going even further - developing disruptive storage technologies, for example.

### **Integrated Advanced Propulsion System 2017 (Spanish acronym “SPAIN 2017”)**

This project focuses on developing a hybrid series propulsion system combining electric propulsion, a range-extender system based on a gasoline motor, a battery and recovery of kinetic energy in the braking system and recovery of heat energy from exhaust pipes (using a thermoelectric unit and turbine-generator system). The propulsion system attempts to improve efficiency and reduce pollutant emissions thanks to technological development in the various components - among which the lighter gasoline and oil specially designed for the project, and optimization of the system control algorithms. The project will be carried out in a consortium with five other companies and other research centers, and is being financed by the CDTI’s “CIEN” scheme.

### **AutoGas**

AutoGas is the most widely used alternative car fuel, and it produces fuel savings of up to 40%. We now have 745 AutoGas supply points, and are gradually extending our network.

Many manufacturers now sell AutoGas vehicles, but many gasoline-powered cars can also adapt to AutoGas. Bifuel AutoGas automobiles have two tanks, one for gasoline and another for AutoGas, thereby doubling the vehicle’s autonomy. Its equipment and performance are similar to those of automobiles using traditional fuels.

At Repsol we have taken another stride forward in the use of LPG by optimizing its consumption and performance levels. Company scientists and researchers teamed up with leading European design companies AVL and Delphi to develop a prototype *AutoGas* vehicle. For the first time it is now possible to carry out direct liquid-phase injection with a light fuel, LPG.

This energy alternative features particle-free combustion, meets the 2020 emissions threshold requirements, and most particularly it reduces CO<sub>2</sub> emissions by around 15% more than gasoline-powered automobiles.

### **G4-OG14 Volume of biofuels produced, purchased and sold**

We help reduce CO<sub>2</sub> emissions with biofuels, using bioethanol in gasolines and biodiesel and vegetable oil (VO) in gasoil.

In addition, we focus on promoting advanced biofuel projects (producing biofuel from non-food raw materials, biomass), with strong technology content and heightened reduction of carbon footprint, carried out at the Repsol Technology Center.

To guarantee sustainability of our biofuels, we follow international schemes that certify the traceability of the raw materials included throughout the production chain. Specifically, our industrial centers and plants are operating under the ISCC<sup>35</sup> and RBSA<sup>36</sup> schemes.

The percentage of biofuels used in our gasolines and diesels exceeds the limits required by current legislation.

In 2016, we continued our Bottom-Up Synthetic Biology project, which involves research in advanced biofuel production from renewable raw materials, such as lignocellulosic biomass, which would result in reducing carbon footprint in comparison with fossil fuels. We intend to obtain molecules that provide high performance in ignition engines and that are compatible with current fossil fuels, while applying a sustainable biological process. We have currently obtained an enhanced bacterial strain for biological production of an advanced biofuel through a synthetic pathway designed for the synthesis of the target molecule. The success of biological production of the target molecule allows biological synthesis of an entire family of molecules which, until now, could only be synthesized chemically by means of costly processes with a greater environmental impact.

### Offsetting CO<sub>2</sub> emitted

We remain committed to offsetting the carbon footprint of some of our activities and events.

The table below shows the tons offset and the carbon credits acquired for offsetting:

Events in 2016	CO <sub>2</sub> tons compensated	Credits
General shareholder meeting	64	Credits generated from the “La Venta II” (Mexico) wind farm project.
Moto GP World Championship (Repsol Team participation)	2,222	In process of offsetting.
Organization and participation in the Spanish Motorcycle Speed Championship (CEV, for its Spanish acronym)	592	In process of offsetting.

Repsol has verified the tons of CO<sub>2</sub> for each event with an independent body.

<sup>35</sup> International Sustainability & Carbon Certification.

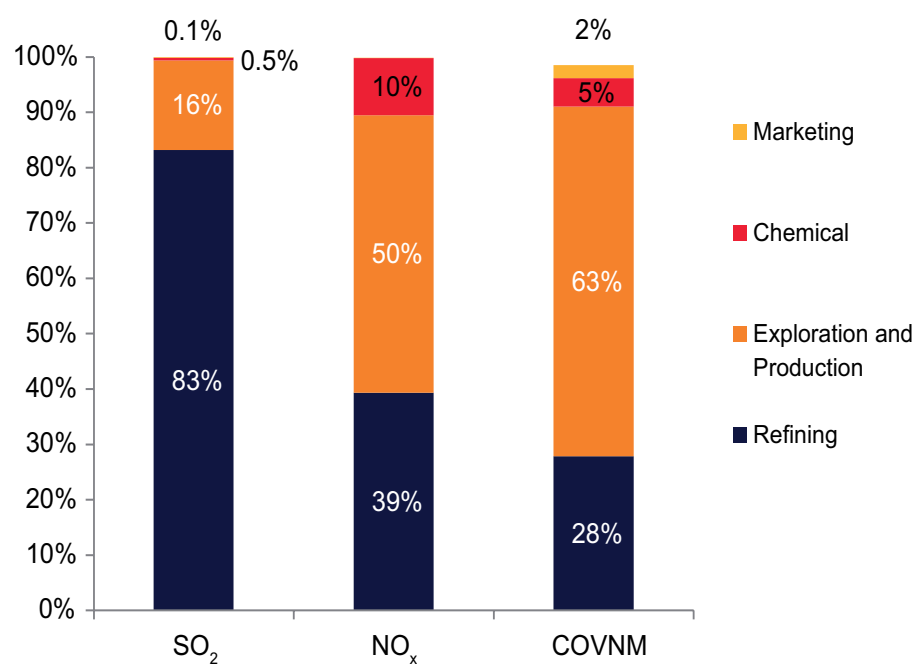
<sup>36</sup> RED Bioenergy Sustainability Assurance (RED: Renewable Energy Directive).

## Non greenhouse gas emissions

### G4-EN21 NO<sub>x</sub>, SO<sub>x</sub>, and other significant air emissions

#### Breakdown of air emissions by activities

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



More than 80% of SO<sub>2</sub> emissions were produced at our refineries.

The increase in NMVOC emissions was due to the inclusion of ROGCI assets as of January (2015 figures include ROGCI from acquisition in May).

***Intensity of major air emissions***

Atmospheric emissions per ton of crude oil processed at our refineries and per barrel of oil equivalent (boe) produced by our Exploration and Production assets were as follows:

<b>REFINING</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Tons SO <sub>2</sub> / thousands of tons of oil processed	0.631	0.532	0.563
Tons NO <sub>x</sub> / thousands of tons of oil processed	0.416	0.411	0.314
Tons NMVOC / thousands of tons of oil processed	0.353	0.349	0.354

<b>EXPLORATION AND PRODUCTION<sup>37</sup></b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Tons SO <sub>2</sub> / thousands of boe produced	0.059	0.031	0.026
Tons NO <sub>x</sub> / thousands of boe produced	0.190	0.114	0.094
Tons NMVOC / thousands of boe produced	0.301	0.181	0.188

**G4-OG8 Benzene, lead and sulfur content in fuels**

All the fuel we supply to the market meets current quality specifications. EN228 for gasoline and EN590 for gasoil are applied at our refineries in Spain. Under these specifications, gasoline and gasoil 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), which represents a considerable contribution to protection of the environment by reducing emissions of volatile components. We have improved our processes to achieve these objectives.

We also continue to improve the quality of fuels at the La Pampilla Refinery in Peru, in a project which will enable us to produce diesel and gasoline with 0.005% sulfur mass. The new facilities can desulfurize the diesel produced at the refinery, and we will commence operations with the gasoline block in 2018. This will allow us to produce gasolines with a maximum sulfur content of 50 ppm and limit the content of other compounds, such as aromas, olefins and benzene.

<sup>37</sup> The intensive figures were calculated in due consideration of the gross production of our managed assets, since the air emissions reported considers 100% of consumption of these assets, regardless of the percentage held by Repsol.

## Water management

### G4-EN8

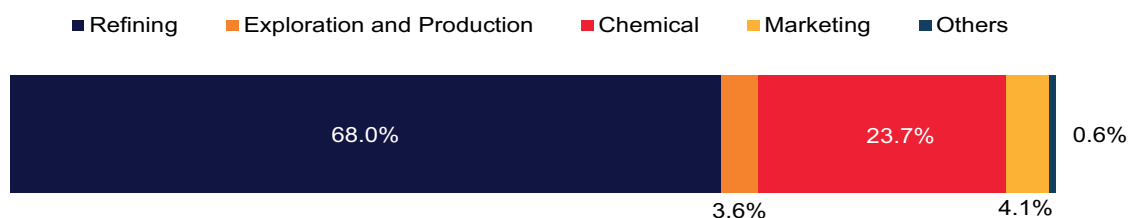
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### G4-EN9 Total water withdrawal by source / Water sources significantly affected by withdrawal of water

Our main fresh water sources are the public network (62.9%), surface resources (32.5%), and to a lesser extent underground resources (4.6%).

### Water withdrawal by activity

#### Fresh water withdrawn by activity



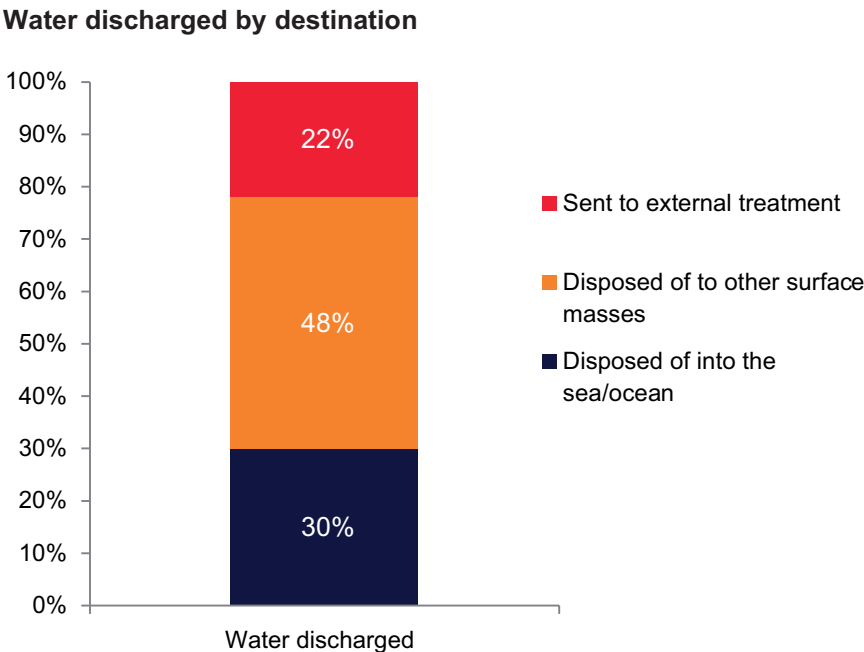
### Water withdrawal intensity

Most of our fresh water is used in refining activities. Water withdrawn per ton of processed oil in our refineries was reduced by 4%, as shown in the table below:

TONS OF WATER WITHDRAWN / TONS OF OIL PROCESSED		
2014	2015	2016
0.87	0.85	0.82

G4-EN22 Total water discharge by quality and destination

Water discharged by destination



Water discharged treatment

Fluid effluents from our facilities are subjected to purification treatments to minimize their environmental impact and ensure compliance with legal requirements. The type of wastewater treatment process is specific to the activity and the characteristics of the site. Treatment may be 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 processing techniques.

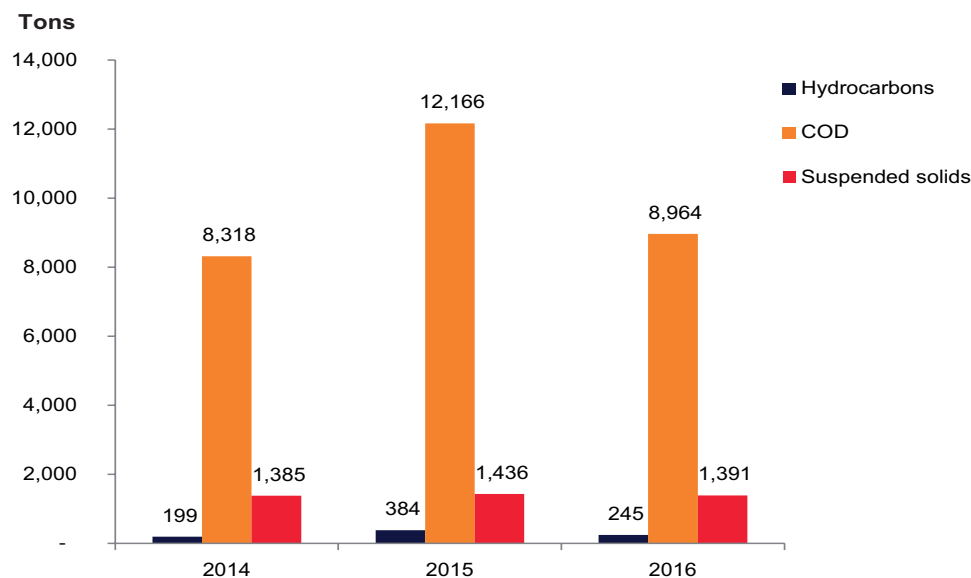
Some 36% of water discharged undergoes advanced treatment processes, 18% undergoes secondary processes and the remaining 46% undergoes primary processes as the quality of the discharged water does not require more complex treatment.



### Main contaminants discharged

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

**Main contaminants discharged**



**HYDROCARBONS DISCHARGED PER ACTIVITY IN 2016**

Activity	Tons	%
Refining	49	34%
Exploration and production	180	55%
Chemical	3	2%
Marketing	12	8%
Others	1	1%
<b>Total</b>	<b>245</b>	<b>100%</b>

### G4-OG5 Volume and disposal of formation or produced water

The water produced and injected in our exploration and production facilities is as follows:

Water	2014	2015	2016
Produced (thousands of tons)	57,491	70,258	68,313
Injected (thousands of tons)	54,242	53,466	52,191

#### **G4-EN26** Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff

We have developed an in-house tool, the Repsol Water Tool, which includes the most important features of the Global Water Tool<sup>38</sup> and the Local Water Tool<sup>39</sup>, the main two methodologies developed and adapted to the oil and gas industry to identify and assess water risks.

We use the RWT to analyze bodies of water and habitats that have been significantly affected by water discharges. The tool contains information on the size of the body of water and the habitat, and indicates whether they are protected areas.

This tool has enabled us to draw up a water management map, which we used to define the company's baseline, and to establish a specific 2015-2020 water management improvement action plan for each facility. In general, the following are the main lines of activity on which these Plans are focused on:

- Improving inventory quality. In 2016 we worked on standardizing and improving water balances, the identification and reporting of water-related costs and the description of the features of different water currents.
- Preparation for new regulatory requirements. In 2016 we continued our work on Downstream facilities to be prepared to comply with new legislative requirements related to BREF<sup>40</sup> and, at Exploration and Production facilities, the focus was on the adequacy of the quality of all effluents as set out in company standards.
- Reduction of competition for water. In 2016 Repsol continued working to attain excellence in operation throughout the life cycle of water, reducing captures of fresh water, optimizing the efficiency of water use in operation and increasing the use of recirculated water prior to discharge.

For 2016, the company had set a target of completing more than 85% of the tasks set out in the plans. This objective was surpassed, with almost 95% progress achieved.

In 2016 we also worked on adapting the RWT in order to identify and assess the main risks related to management of water in unconventional activities, assets acquired following the ROGCI purchase. The objective of the company for 2017 is to implement the Action Plan defined for these new assets.

<sup>38</sup> Global Water Tool: a tool developed by the World Business Council for Sustainable Development (WBCSD) and adapted to the oil and gas sector by the Global Oil and Gas Industry Association for Environmental and Social Issues (IPIECA). Its objective is to locate facilities in water scarcity maps and to calculate key water management indicators at global company level. Repsol was involved in developing the tool through the Water Task Force operated by IPIECA.

<sup>39</sup> Local Water Tool: a tool developed and adapted to the oil and gas sector by the Global Environmental Management Initiative (GEMI). It is used to identify and evaluate water-related impacts and risks of the center at a local level in aspects such as availability, quality, and ecosystems related to bodies of water affected by the center. Repsol worked with GEMI to adapt the tool to the oil and gas sector.

<sup>40</sup> Reference document on best practices.

## Waste Management

### G4-EN23 Total weight of waste by type and disposal method

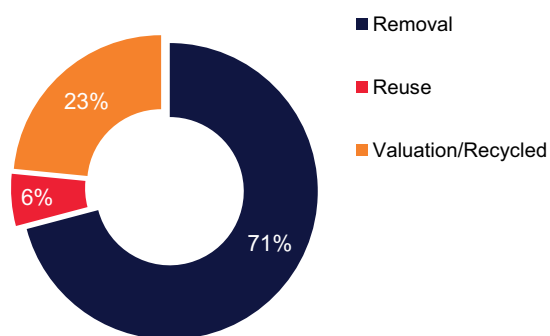
HAZARDOUS AND NON-HAZARDOUS WASTE'S BREAKDOWN BY ACTIVITY IN 2016

	Hazardous waste (tons)	Non-hazardous waste (tons)
Exploration & Production	26,291	146,421
Refining	17,556	45,224
Chemical	8,115	15,510
Marketing	4,600	5,276
Lubricants and specialties	98	655
LPG	172	3,922
Others	88	544
Total	56,920	217,552

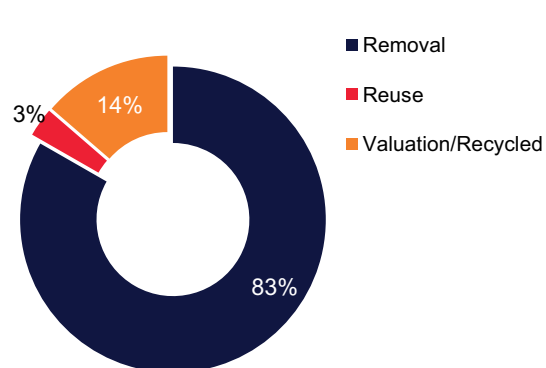
#### Waste management

The graphs below show management of each category in 2016:

#### Hazardous waste management



#### Non-hazardous waste management



#### **G4-OG7** Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal

The previous data do not include the amount of waste generated in drilling activities. This information is provided below:

	WASTE FROM DRILLING (TONS)		
	2014	2015	2016
Cuttings and water-based fluids	93,489	169,025	131,240
Cuttings and non water-based fluids	11,980	74,584	38,132

Management of waste from drilling activity (cuttings and fluids) is addressed in the company's Environmental Performance Practices (EPP). These guidelines establish common standards, regardless of the geographic areas in which the company operates and of each country's specific legislation.

##### **Best practice: Processing of drilling muds at the Margarita asset (Bolivia) using the heat desorption technique.**

Heat desorption consists of heating drill muds and cuttings (with initial hydrocarbon concentrations of up to 50%), allowing water and oil to evaporate and condense to leave a dry solid (ash) with a hydrocarbon content of between 0.1% and 0.5%.

This waste had already been treated using bioremediation techniques, although it was difficult to use biological methods to degrade it since it had such a high hydrocarbon concentration.

Heat desorption enabled us to process and finally dispose of 7,000 tons of oil-based cuttings. We also recovered 0.9 million liters of diesel and 0.5 million liters of water. The diesel recovered was used to prepare base fluid and water for processes such as ash cooling and dust control on pathways.

## Biodiversity and ecosystem services<sup>41</sup>

### G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

At Repsol we have an internal screening tool to assess any potential overlaps of our facilities with protected areas. The input data were provided by the Proteus consortium with UNEP-WCMC<sup>42</sup> where we obtained the World Database on Protected Areas (WDPA), which is used in our tool as yet another criterion throughout the entire life cycle of our projects.

We also put into practice the [IPIECA<sup>43</sup> and IOGP<sup>44</sup> management framework](#) on biodiversity and ecosystem services (BES). The framework quantifies biodiversity risk (species and habitats) and the risk to ecosystem services, and these are added to the business case at each facility.

Our facilities located in areas adjacent to protected areas and/or areas with high biodiversity value are as follows:

Bolivia	Adjacent to an IUCN Cat. area.
Ecuador	34% of Block 16 and 100% of the Tivacuno Block are in IUCN Cat. II.
Peru	93% of Block 57 is in a Key Biodiversity Area, and 15% in IUCN Cat. VI.

Although there are some overlaps in the state's concession areas (blocks), our facilities do not overlap any areas protected by the IUCN or any international conventions. Even so, due to the considerable biodiversity at these three locations, as we have been reporting in recent years we are implementing a biodiversity action plan at each facility to prevent, minimize and restore our impacts.

### G4-EN12 Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

We feel that applying the hierarchy of mitigation of potential impacts on biodiversity is essential. Repsol was the first Oil and Gas company to apply the IPIECABES Management Ladder methodology, which is used to analyze the current situation of existing Exploration and Production assets and identify the next steps to be taken. This methodology is based on a study of the following areas: Integration of biodiversity and ecosystem services in management of the business, involvement of stakeholders, construction of a biodiversity baseline, identification and management of potential impacts and selection of indicators.

<sup>41</sup> The performance indicators do not include the new assets acquired from ROGCI. We are currently working to broaden our knowledge of this issue.

<sup>42</sup> United Nations Environment Program's World Conservation Monitoring Centre.

<sup>43</sup> The Global Oil and Gas Industry Association for Environmental and Social Issues.

<sup>44</sup> The International Association of Oil & Gas Producers.

In this respect, one of the papers presented at the SPE environment, safety and security conference ([www.spe.org/events/hse/2016](http://www.spe.org/events/hse/2016)) concerns the analysis of the IPIECA BES Management Ladder and its implementation in our exploration and production activities, along with a clear case study of the application of best practices.

In the Exploration and Production business, potential impacts may occur throughout the life cycle of our activities. In order to carry out an assessment of these, we 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) and indirect impacts (e.g. impacts associated with opening access routes in remote areas, the accidental introduction of invasive species, or changes to the local socioeconomic structure), as these could also pose a threat to biodiversity.

#### **G4-EN13 Habitats protected or restored**

Restoration is the fourth step in the mitigation hierarchy after identification of the expected impact, prevention and minimization. It entails helping to restore an ecosystem that has been degraded, damaged or destroyed.

Repsol is implementing asset abandonment plans, paying special attention to the restoration of habitats. An example of this is the restored habitat in Block 16 (Ecuador) and the restoration project being rolled out in Block 57 (Peru), where we are monitoring revegetation of the pipeline and abandonment of the platforms.

#### **G4-EN14 Total number of IUCN Red List species and national Conservation list species with habitats in areas affected by operations, by level of extinction risk**

We are working with the Proteus consortium, where the UNEP WCMC provides extraction companies with information concerning distribution of species on the IUCN Red List of Threatened Species and protected areas. At Repsol we use this information as another decision-making criterion.

We also draw up environmental impact surveys on all new projects, gathering detailed information on species located in the territory concerned. In 2016 we identified indicator species in the planet's main habitats alongside the Smithsonian Institute, helping to make us more effective in managing our impacts.

The table below shows the number of IUCN-classified species in areas affected by our Exploration and Production operations:

<b>NUMBER OF SPECIES AT OUR OPERATIONAL EXPLORATION AND PRODUCTION ASSETS<sup>45</sup></b>	
Number of critically endangered species	32
Number of endangered species	100
Number of vulnerable species	294
Number of threatened species	370

<sup>45</sup> Data reported include the species of our Exploration and production assets with activity in 2016.

## G4-OG4 Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored

To determine our performance in this field we measure a number of Exploration and Production business indicators, as shown in the table below.

Indicator	Result (%)
Centers in which risks related to biodiversity have been evaluated	100
Centers in which risks related to biodiversity have been found	100 <sup>46</sup>
Centers in which the area of influence has been calculated	100
Centers with specific management of biodiversity and ecosystem services	100
Degree of the specific management of biodiversity and ecosystem services' implementation	100

## Mitigation of the environmental impact of products and services

### G4-EN27 Extent of impact mitigation of environmental impacts of products and services

At the Repsol Technology Center we carry out a large number of projects with the objective of continually improving processes and creating products that allow us to use energy efficiently, reducing consumption and minimizing the impact on the environment. The following are some of our main ongoing projects:

- **Adelfa project:** Research into medium-chain-length polyhydroxyalkanoate polymers (mcl-PHA) produced by bacterial fermentation of animal and vegetable waste, as an alternative or complement to fossil polymers. The PHAs produced showed some interesting properties as adhesive components.
- **BiBOP project:** Research to increase the biodegradability of polyolefins by using peptidic additives to help eliminate plastic waste from the environment.
- **Vals project:** Research to give polyolefinic materials self-repairing properties, with the potential to increase the lifespan of materials, thereby potentially reducing energy costs and manufacturing and maintenance resources. When these materials are used in infrastructures they can help reduce environmental risks (in piping, for example, they reduce the risk of leakages, or the risk of short-circuits and fires in high-voltage cables).

<sup>46</sup> The figure is 100% because we believe that all the assets in which we operate have potential risks related to biodiversity.

- Research into the **use of technologies bases on electrogenic bacteria** for treating wastewater from refineries and petrochemical plants. The advantage of this technology compared to other current methods is that it eliminates the organic load in a shorter timeframe (12 hours compared to 48), with less energy consumption (-80%) and no sludge production. The project will be escalated to a pilot plant in 2017, and to an industrial plant in 2018. We are also carrying out a lab-scale survey on its application to soils with hydrocarbon pollutants, as biosensors to act as a discharge early warning system, as active barriers to prevent dispersal, and as a bioremediation technique when the impact has already occurred
- **NEOSPOL project:** Research to convert CO<sub>2</sub> into polymer materials, thereby replacing fossil-origin raw materials. The applications already investigated can replace both other materials maintaining their performance levels, and also new materials with different properties. We work to develop the polycarbonate polyol for polyurethane and thermoplastic polymer applications, and to do so we are developing specific catalysts, investing in more efficient processes and working to find new product applications, such as adhesives, elastomers, foams and claddings, with a smaller carbon footprint.
- **Opera project:** Research into new and more efficient epoxidation technologies for our plant producing Propylene Oxide and Monomer Styrene (PO/MS, a facility using Repsol's own in-house technology). This will bring about a more efficient process in terms of both consumption of raw materials and also in terms of energy, by significantly reducing the organic content of water-based effluent during the process.
- **HEADS (Hydrocarbon Early Automatic Detection System) project:** In 2016 we continued our work on a pioneer in-house project to automatically detect hydrocarbons at sea, with a response time of less than two minutes. This tool is based on radar and heat vision technology, and can detect hydrocarbons in quantities exceeding 20 liters. The system has already been rolled out at the Casablanca platform, the sea terminal in Tarragona and the La Pampilla refinery, and in 2016 work began on the project at the Petronor and A Coruña terminals.
- **HORUS project:** Cutting-edge technology to improve the integrity of our wells. The project sets out to develop "smart communicative cement", the main purpose of which is to be constantly embedded within the well cement that acts as a zonal isolation between the formation and the well throughout its entire lifespan. This is achieved using smart sensors that are composed of nano and micro components. The sensors, in collaboration with the smart completion, receive and transmit signals and transfer them wirelessly to the surface, and ultimately to the end user. In this way HORUS helps monitor, identify and/or predict potential integrity and zonal isolation failures in real time, thereby reducing the risk of accidents. Currently and in 2016 we have successfully designed, built and tested the sensor and tubular prototypes that will allow us to proceed with the next phase of enhancing current functionality - ultimately making operations safer and more efficient. The prototype that will enable us to operate more efficiently was designed, built and tested in 2016.



- Development of an **integrated fluid-dynamic simulation methodology** to predict problems of hydrate formation during well tests, which could cause obstructions in the pipe, possibly damaging the facilities and causing spillage or polluting water due to separation problems. Early identification of these risks enables us to take the necessary measures at the planning stage and optimize the mitigation strategy for these operations. The methodology was successfully applied in deep-water facilities before drilling commenced on new wells.
- Research and development in **algorithms and simulation methodologies with respect to corrosion and erosion**, in order to enhance the prediction capacities of the industry's conventional models. The process guarantees proper selection and integrity of materials during the life cycle of the hydrocarbon production system, minimizing the risk of leakages, spillages and/or unsafe conditions in the future. The progress made in previous work was applied to selection of materials for production tubing at future shallow-water wells before drilling, thereby minimizing risks with regard to safety and the environment.

On the other hand, the Emerging Businesses area invests in companies in possession of potentially scalable technologies or innovations, of interest for Repsol activities and that may be profitable in the event of entrepreneurial success. The target companies are innovative companies that provide efficient environmental solutions, among other contributions. The interest in investment focuses on companies with advanced mobility (electrical mobility), a circular economy (productive use of waste, water recycling) or environmental management (land remediation, energy efficiency).

Along these lines, in a co-investment project with the CDTI on the INNVIERTE program, we were also involved on the **Graphenea project** with a corporate venture capital investment package (5.25%) for the company producing graphene in San Sebastián (Spain).

Graphene is a new material for which countless applications are now being discovered in many sectors. It can be used in energy applications (as a component of batteries, photovoltaic panels, catalysts etc.). The new pre-commercial graphene oxide plant was built in 2016, and we are now seeking possible energy-related developments to move forward in terms of sustainability and efficiency in any applications that may eventually be viable. The investment package was €0.6 million.

## Social performance

### Labor practices and decent work

#### *Labor conditions, training and development*

#### **G4-LA1** Total number and rates of new employee hires and employee turnover by age group, gender and region

This indicator exclusively considers new hires as employees with no prior professional ties to the company, both employees with fixed contracts and occasional ones.

NEW HIRES									
	2014	2015	2016						
Region	Total	Total	<30 y.		30-50 y.		>50 y.		Total
			Women	Men	Women	Men	Women	Men	
Africa	8	3	-	3	-	-	-	-	3
Asia	19	1,140	2	-	3	6	1	2	14
Europe	1,756	2,277	252	352	365	330	15	48	1,362
Latin America	1,045	1,140	424	263	222	120	2	12	1,043
North America	118	1,520	-	3	6	10	-	4	23
Oceania	0	79	-	-	-	-	-	-	0
Total	2,946	6,159	678	621	596	466	18	66	2,445

43% of these new hires are on fixed contracts, chiefly in Peru.

RATES OF NEW HIRES (%)									
	2014	2015	2016						
Region	Total	Total	<30 y.		30-50 y.		>50 y.		Total
			Women	Men	Women	Men	Women	Men	
Africa <sup>47</sup>	4%	2%	0%	30%	0%	0%	-	0%	2%
Asia <sup>48</sup>	13%	91%	5%	0%	1%	1%	4%	1%	1%
Europe <sup>49</sup>	9%	11%	47%	45%	8%	4%	1%	1%	7%
Latin America <sup>50</sup>	21%	23%	69%	60%	23%	9%	3%	3%	27%
North America <sup>51</sup>	21%	75%	0%	3%	1%	2%	0%	2%	1%
Oceania <sup>52</sup>	0%	100%	-	-	-	-	-	-	-
Total	12%	22%	55%	45%	9%	4%	1%	1%	10%

47 Africa: Angola, Algeria, Gabon, Lybia, Morocco and Namibia.

48 Asia: China, United Arab Emirates, Russia Federation, Indonesia, Iraq, Kazakhstan, Malaysia, Singapore and Vietnam.

49 Europe: Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Portugal, Romania, Spain, Switzerland and the United Kingdom.

50 Latin America: Bolivia, Brazil, Colombia, Ecuador, Peru, Trinidad and Tobago, and Venezuela.

51 North America: Canada, Mexico and the United States.

52 Oceania: Australia and Papua New Guinea.

The percentage reflects new hires with no previous employment relationship with the company with respect to the total number of employees in each section analyzed at December 31, 2016.

**TOTAL VOLUNTARY EMPLOYEE TURNOVER RATE (%)**

	2014	2015	2016						
Region	Total	Total	<30 y.		30-50 y.		>50 y.		Total
			Women	Men	Women	Men	Women	Men	
Africa	5%	4%	0%	20%	0%	0%	-	0%	1%
Asia	6%	2%	10%	2%	5%	2%	0%	2%	3%
Europe	1%	1%	1%	1%	1%	1%	0%	0%	1%
Latin America	13%	13%	48%	39%	19%	7%	2%	3%	19%
North America	10%	3%	15%	6%	3%	4%	2%	2%	4%
Oceania	-	9%	0%	0%	6%	7%	0%	0%	5%
Total	3%	3%	25%	14%	4%	2%	0.5%	0.7%	4%

\*This is calculated as the total number of permanent employees who voluntarily leave the organization with respect to the total number of employees in each section analyzed at December 31, 2016.

The high turnover rate in Latin America, as in previous financial years, is mainly accounted for by the Marketing business in Peru due to the country's economic growth and work environment.

**TOTAL EMPLOYEE TURNOVER RATE (%)**

	2014	2015	2016						
Region	Total	Total	<30 y.		30-50 y.		>50 y.		Total
			Women	Men	Women	Men	Women	Men	
Africa	7%	29%	N/A	20%	5%	13%	-	14%	13%
Asia	6%	3%	12%	6%	6%	4%	4%	7%	5%
Europe	4%	3%	8%	6%	4%	3%	21%	22%	8%
Latin America	19%	20%	58%	60%	31%	20%	11%	21%	33%
North America	12%	8%	25%	16%	15%	17%	25%	52%	23%
Oceania	-	10%	0%	0%	18%	17%	0%	20%	15%
Total	7%	7%	33%	24%	9%	6%	20%	23%	13%

\*This is calculated as the total number of permanent employees who leave the organization with respect to the total number of employees in each section analyzed at December 31, 2016.

The total increase in turnover was chiefly due to the employee termination process implemented at the company as the result of the efficiency undertaking stipulated in the 2016-2020 Strategic Plan.

### G4-LA3 Return to work and retention rates after parental leave, by gender

	2014			2015			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total employees who had to the right to take leave	277	475	752	252	456	708	250	466	716
Total employees who used this right	277	457	734	249	437	686	243	424	667
Total employees who returned to work after taking leave	266	449	715	243	425	668	233	416	649

\*Data based on the number of employees. The data reported include Spain and staff with permanent and temporary contracts.

At the date of this report, the difference between employees who availed themselves of maternity/paternity leave and those who returned to work after their leave is mainly because the employees are still on leave.

2016	Women	Men	Total
Total employees who kept their position twelve months after re-joining	230	404	634
Index of those returning to work (%)	96%	98%	97%
Index of those who kept their position (%)	95%	95%	95%

\*Data based on the number of employees. The data reported include Spain and staff with permanent and temporary contracts.

The decrease in the retention rate is due, among other reasons, to the fact that some of the employees reincorporated after the leave in 2015 are enjoying a childcare leave.

## Health

### G4-LA5 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

We have health and safety parity committees that are composed of company management and employees, which have either a local scope (work center) or national scope, although this depends on the legislation applicable in each country. In some countries there are activity coordination committees on risk prevention between Repsol and the contractors. All employees are represented by the committees in countries where this mechanism exists.

The general action areas of these committees are: information on potential risks, assessment and measures to mitigate and prevent them; overseeing collective health; information and investigation on incidents and improvement action; plans to promote occupational health; training in the risks prevention, among others.

The health and safety committees meet at least every six months.

## **G4-LA6** Type and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

### **Absenteeism**

The absenteeism rate for employees<sup>53</sup> covered by the collective bargaining<sup>54</sup> agreement in Spain was 3.56%<sup>55</sup> in 2016. The absenteeism rate only includes absence from workplace for reasons of a common illness, excluding any other kind of absenteeism such as maternity or paternity leave or occupational accidents.

### **Occupational diseases rate**

The occupational diseases rate in Repsol employees was zero in 2016.

With regard to independent contractors, in most countries in which we operate it is not possible to obtain this information due to regulations on the protection of healthcare data. In 2016 two cases of occupational diseases were reported (cutaneous leishmaniasis) by exploration contractors.

Likewise, we act according to the local legislation in each country regarding the reporting of accidents and occupational diseases.

## **G4-LA7** Workers with high incidence or high risks of diseases related to their occupation

We carry out a risk assessment as a prior condition for annual planning and preventive action in order to eliminate or reduce and control all the hazards identified. We include appropriate emergency measures and health monitoring activities, applying different protocols depending on the risks to which employees are exposed due to their activity and work location. These prevention activities also include employee training, information and awareness campaigns.

We bear in mind the risks of catching contagious diseases (dengue fever, malaria, yellow fever, leishmania etc.) at certain locations where we operate and we apply the proper measures, such as vaccination programs, fumigation and pest control.

In other situations, employees may be exposed to high noise levels or their work might require physical exertion, repetitive movements, extended use of display screens or exposure to toxic substances (chemical risk).

<sup>53</sup> The absenteeism rate for the contractors is not reported since they are not Repsol employees and this information is not available.

<sup>54</sup> This refers to those whose salary is governed by the tables defined in the collective bargaining agreement.

<sup>55</sup> Absenteeism rate: No. days lost per illness / total No. of actual hours. The total number of actual hours is calculated by subtracting vacation hours from planned hours.

We continued to work to prevent illnesses and protect health in 2016, as follows:

- Monitoring of individual and collective health
  - Guaranteeing regular check-ups free of charge (depending on the legislation applicable in each country)
  - Individual monitoring of employees in high-risk posts (hypoacusia, chemical hazards)
  - Adaptation of posts and working conditions depending on the hazards.
- Repsol Healthy Heart Plan:
  - Action in relation to the priority areas established for 2016: focusing on lifestyles (stress management, stopping smoking).
  - Boosting the areas of action established for previous years: eating habits, physical exercise, high blood pressure and type II diabetes.
  - Individual monitoring of employees with cardiovascular risks (high blood pressure, hypercholesterolemia, obesity etc.).
- Assessment of psychosocial risks:
  - Extension to new company units.
  - Pilot Mindfulness workshop.
- Campaigns for the prevention and early detection of cancer of the colon, prostate, human papillomavirus, breast cancer, consolidation of campaigns and extension to new units/countries
- Training (first aid, CPR, how to use data display screens, stress management, back school, ergonomics etc.)
- Alcohol and drug prevention. Training and awareness plan launched along with Spain's Drug Addiction Foundation ("*Fundación de Ayuda contra la Drogadicción*"): online prevention course and course for mediators
- Immunization and prevention of transmissible diseases (depending on country risks and priorities)
- Prevention of muscle-skeletal disorders and injuries
- Assistance to hire people with disabilities
- Updating of contents and health campaigns on the Health and Wellness channel. Launch of a new area of contents concerning emotional wellness: addiction, life/work balance, stress, social skills, mindfulness, relaxation, resilience, psychosocial hazards, sleeping and resting
- Health education for family members and communities in some units/countries
- Advice and assistance for units on health in the workplace, ergonomics and psych sociology

## G4-LA8 Health and safety topics covered in formal agreements with trade unions

To properly monitor implementation of occupational health and safety policies, regulations and procedures, we set up the Repsol Group Occupational Health and Safety Committee in Spain, composed of three management representatives and three trade union representatives, forming part of the Repsol Group 7th Framework Agreement's Negotiation Committee.

The committee examines the philosophy and basic guidelines of prevention plans, general policies concerning occupational health and safety in the workplace, and implements measures to improve risk prevention at Repsol Group companies in Spain<sup>56</sup>, covering 100% of the issues concerned.

In other countries, the following agreements with trade unions cover health and safety issues:

- Brazil: 2016-2017 Collective Bargaining Agreement.
- Peru: 2016-2018 Collective Bargaining Agreements for the La Pampilla refinery (RELAPASAA).
- Portugal: here the following agreements cover health and safety issues:
  - *Acordo de empresa 2016-2018 entre a Repsol Polímeros, SA e a Federação de Sindicatos da Indústria, Energia e Transportes - COFESINT e outra – Alteração salarial e outras.*
  - *Acordo coletivo entre a BP Portugal - Coml Polímeros, SA e a Federação de Sindicatos da Indústria, Energia e Transportes Sindicato dos Trabalhadores e Técnicos de Serviços - SITESE - Alteração salarial e outras e texto consolidado.*
  - *Acordo coletivo entre a BP Portugal - Coml Polímeros, SA e a Federação de Sindicatos da Indústria, Energia e Transportes Sindicato dos Trabalhadores Indústria, Energia e Transportes - COFESINT e outra-Alteração salarial e outras/ texto consolidado.*

<sup>56</sup> We only report data for Spain because coverage of health and safety agreements is subject to the legislation of each country.

## Training and development

### G4-LA9 Average hours of training per year per employee by gender, and by employee category

#### AVERAGE ANNUAL TRAINING HOURS PER PERSON BY GENDER AND PROFESSIONAL GROUP

Professional Group	2014				2015				2016			
	Hours of training per year	Average hours/ year per person	Average hours/ year women	Average hours/ year men	Hours of training per year	Average hours/ year per person	Average hours/ year women	Average hours/ year men	Hours of training per year	Average hours/ year per person	Average hours/ year women	Average hours/ year men
Executives	16,770	55	75	54	14,296	51	63	48	10,349	37	48	35
Technical Managers	101,738	49	59	46	111,935	53	62	49	74,691	32	34	31
Technicians	677,707	57	59	56	702,218	59	65	56	588,197	49	43	52
Administrative staff	18,329	18	18	16	19,688	20	18	25	20,229	18	17	19
Operatives and subordinates	268,489	30	13	37	226,720	26	16	30	304,578	35	13	44
<b>Total</b>	<b>1,083,033</b>	<b>44</b>	<b>40</b>	<b>46</b>	<b>1,074,858</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>998,045</b>	<b>41</b>	<b>31</b>	<b>46</b>

	2014	2015	2016
<b>Total investment in training (euros)</b>	<b>17,548,132</b>	<b>17,832,274</b>	<b>11,900,297</b>

Training in 2016 included the implementation of efficiency and cost optimization measures in keeping with company strategy, although not to the detriment of training quality. The measures primarily entailed the following:

- Focusing training on critical aspects
- Optimization of the number of hours of training/training activities
- More courses taught by in-house instructors
- Creation of an in-house factory to generate online contents
- More online training
- Focus on training at the work station
- Increasing use of informal training methods

Analysis of hours of training per professional groups shows a reduction in Executives, Technical Managers and Technicians, since it is here that we have done most to implement the efficiency measures.

Training for operatives and subordinates, mainly male staff at refineries, largely focuses on safety programs, which has not been reduced and the methodology is unchanged - the basic component is training at the work station.



### **G4-LA10** Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

In 2016 we continued to develop programs which demonstrate that Repsol's training is in keeping with the company's strategic processes. There has been an increase in technical and safety/environmental training, while management and skills training have been reduced - the investment in language-learning has been maintained.

The main courses taught in 2016 are listed below:

Institutional programs relating to development of the company culture and values, which are mandatory and global:

- Repsol values: this program targets all employees, to teach the company values and apply them in their daily tasks.
- Code of Ethics and Conduct: this also targets all employees, and sets out to teach and explain the company's code of ethics and conduct using specific examples, demonstrating how it must govern any professional conduct.
- Basic Human Rights: this aims to make all employees aware of human rights in the business world, from the point of view of the company (protection of the environment and respect for local communities etc.) and also from the point of view of individual employees.
- Data Security: this aims to make all employees aware of proper use of information and IT assets, in order to prevent cybernetic attacks and losses of confidential information.
- Safe driving: this targets employees who are particularly exposed to occupational hazards as drivers, to make them aware of good driving habits, proper use of passive safety systems, and how to identify and avoid driving hazards.
- Overcoming Barriers ("*Superando barreras*"): an online program on bringing disabled people into employment.

Priority issues in business units:

- Training of sales staff in Peru: training program for new staff at service stations.
- For our industrial area and refineries, the Operation Simulators project was set up to give panelists and panel operators at refineries thorough training in operating processes and possible incidences at units through the use of simulators.
- Commercial business schools: on the commercial front, work continued in 2016 with the Sales Management University Expert programs, and seven promotions have now been trained. With regard to LPG, construction of the new sales strategy and its implementation were addressed, and new sales staff was given induction training following the internal movements caused by the situation of the company. We also focused on making the program available to development managers. For the Service Stations area, we boosted online training for our own network and the branded network, with induction training for future Campsared sales staff and training for applicants to manage "CODOS" service stations.

- “MAXIMO” refinery management system: training in upgrading the refinery management system.
- Culture and Safety and Environmental Leadership in Exploration and Production (E&P) - tem. Stations arperations and Sustainability (EOS)re and Safety and Environmental Leadership in Exploration and Production (E&P) - tem. Stations arperations and Sustainabilityng for our own network and the branded network, with induction training for fut
- Introduction to Big Data and Statistics System (“SIESTA”): this sets out to teach the concept of “big data” and how it may be applied to the company, along with basic concepts of applied statistics, and a methodology to address problems or projects with large amounts of data. The statistics software to be used (SIESTA) was designed by and for Repsol.

#### Open catalog for individual development of skills and knowledge:

- Team Leaders: a program to boost the management skills of teams and other basic essentials. It targets front-line leaders, preferably new staff, to assist them in their transition from mainstream employees to leaders. The contents focus on basic team management skills and basic concepts of management such as budgeting, finance, project management and business plans. A blended methodology is used, and the program duration is seven months. Additionally, there is a version of this program for leaders with more experience, but no previous training in these areas. The program was undertaken by leaders all over the world.
- Manager School (“*Escuela de Jefes*”): program to improve team management for area managers and factory managers at industrial complexes in Spain and Portugal (Refineries, Chemicals and LPG) using a blended methodology.
- Training program for internal instructors: the program aims to improve the instruction profile of in-house experts teaching at the company. The objective is to home in on internal talent through a collective learning procedure. This is a 60-hour program, and it was taken up by 25 employees in the first two years.

#### Master Programs for New Professionals:

We continued to focus on the incorporation of new university graduates, trained on our in-house Master programs in Exploration and Production (E&P), Refining, Petrochemicals and Gas, and Management. The programs have evolved towards a new, more integrated approach to more flexible contents and blended methodologies, to adapt them to the strategic needs of each area of business. 106 students from 15 different countries completed the E&P Master course during the year, as follows:

- Master in Exploration and Production (42 employees). Seven Legacy Talisman students (four from Canada, two from Malaysia and one from Vietnam) successfully completed the course, which ended in June 2016.
- Industrial Master Program (22 employees).
- Energy Management Master Program (42 employees).

Training continued to reflect the company's undertaking to assist people with disabilities and other vulnerable groups on training programs and non-employment practical schemes to assist their employability in the sector. We organized eight training schemes in 2016, attended by 95 people.

We continue to move forward with regard to youth employability on Professional Training programs in Spain. A total of 180 students were admitted for employment experience at our facilities: 130 on six training cycles in "Dual" mode, and 50 in Work Center Training mode.

Repsol did not arrange any specific programs to manage the end of their professional careers.

## Performance assessment

### G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

The data shown in the table below refer to participants in the assessment process throughout this financial year.

PERFORMANCE ASSESSMENTS AND SOCIAL DEVELOPMENT AT REPSOL									
	2014			2015			2016		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employees	4,373	11,045	15,418	5,333	12,942	18,275	4,951	11,773	16,724
<b>Employees with performance review by professional category (%)</b>									
Executives	47	264	311	48	298	346	48	245	293
Technical Managers	510	1,591	2,101	682	2,118	2,800	672	1,749	2,421
Technicians	2,842	6,139	8,981	3,450	7,153	10,603	3,148	6,452	9,600
Administrative staff	654	249	903	818	457	1,275	730	329	1,059
Operatives and Subordinates	320	2,802	3,122	335	2,916	3,251	353	2,998	3,351
<b>Percentage of the total employees</b>	<b>63</b>			<b>67</b>			<b>68</b>		

\*The calculation criterion was modified for 2014 and 2015 - this is based on the number of employees.

We continued to evolve in 2016 and unified our performance assessment model for employees excluded from collective bargaining agreements. The model unifies criteria, consolidates methodologies and integrates best practices. A separate evaluation is drawn up for How (behavior patterns) and What (results) in terms of achievement of individual targets, and the level of achievement of individual targets and the level of achievement of collective targets define the annual variable remuneration to be earned.

	2014		2015		2016	
	Nº of sessions	Nº of people assessed	Nº of sessions	Nº of people assessed	Nº of sessions	Nº of people assessed
People Review	119	2,426	216	3,078	242	2,134

Mobility forms part of the Repsol culture, and is a key factor in company growth and sustainability and also in terms of development of people, harvesting experience and knowledge in new environments in different functions and/or in functions that are much more complex, thereby allocating the best possible profiles to the company's new integrated structure.

	2014		2015		2016	
	Nº of moves	% women	Nº of moves	% women	Nº of moves	% women
Internal mobility	2,881	33%	2,989	36.7%	2,878	39.1%

### ***Employee/management relations***

#### **G4-LA4** Minimum notice periods regarding operational changes, including whether these are specified in collective agreements

The company adheres to the periods of minimum notice established by law in the countries in which we operate, and also those laid down in collective agreements or policies, where applicable.

***Diversity and equal opportunities*****G4-LA13** Ratio of basic salary and remuneration of men to women by employee category, by significant locations of operation

RATIO OF BASIC SALARY OF MEN TO WOMEN					
Country	Executives <sup>(1)</sup>	Technical managers	Technicians	Administratives staff	Operatives
Bolivia	N.D.	N.D	1.06	N.D	N.D
Brazil	N.D	1.19	1.25	N.D	N.D
Canada	1.10	1.15	1.07	N.D	N.D
Ecuador	N.D	N.D	1.45	N.D	N.D
Spain <sup>(2)</sup>	1.11	1.16	1.13	1.10	N.D
United States	N.D	1.16	1.13	N.D	N.D
Indonesia	N.D	N.D	1.05	N.D	N.D
Malaysia	N.D	1.12	1.12	N.D	N.D
Peru	N.D	1.22	1.12	N.D	N.D
Portugal	N.D	1.03	1.09	N.D	N.D

(1) Executive Managing Directors, Executive Directors, and Managing Directors are not included.

(2) Only employees covered by the collective Agreement are included in the category of administrative Staff.

The year 2016 was of salary moderation and the main cause of the variations is due to the changes in the composition of the workforce. We do not report data from countries or categories without information available, such as administrative staff and operatives and subordinates, nor in cases in which the workforce does not reach a representative number in any of the genres, in this case, technical managers in Bolivia, Ecuador and Indonesia and executives in the United States and Peru.

**Human rights****G4-HR2** Total hours of employee training on human right policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

We encourage a culture of respect for human rights among our employees. Since 2012 we have been providing an online course on Fundamental Human Rights based on the United Nations Guiding Principles on Business and Human Rights. In 2016 a total of 1,307 employees took the online course, the equivalent of 2,614 teaching hours.

Employees also have access to online training in the integration of disabled people in employment, “Overcoming Barriers” (*“Superando barreras”*), which was taken up by 1,480 employees. A harassment prevention course was also taken up by 995 employees.

We are now engaged in devising a new course on gender equality.

#### **G4-HR3** Total number of incidents of discrimination and corrective actions taken

We investigate any discrimination incidents, reported through various channels, which could affect the company’s employees.

In 2016 investigations were conducted into five cases of harassment, in accordance with the Repsol group’s harassment prevention protocol. All of them were dismissed because no harassment was detected. Due to confidentiality regulations in Spain, we cannot provide any further details on the claims, investigations, processes or outcomes.

In the United States, there are eight incidents of discrimination. Five out of eight are related to labor contract expiration. Four out of eight complaints are closed and the remaining four are being processed. The investigation of one of the closed complaints revealed the existence of the alleged facts and we adopted the pertinent measures.

There are two cases of harassment under investigation in Canada. There was evidence of the alleged fact and the claim was closed after the pertinent measures were adopted. The other claim is being processed.

#### **G4-HR4** Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights

Assessment and audit processes did not detect any suppliers that had infringed their employees’ rights to exercise freedom of association or collective bargaining in 2016.

Freedom of association and the right to collective bargaining are stipulated in Repsol’s Code of Ethics and Conduct for Suppliers. Respect for these rights is also demanded of our suppliers in the General Conditions of Purchase and Contracts in competitions and tenders, and also in our assessment and audit questionnaires.

#### **G4-HR5** Operations and suppliers identified as having significant risks for incidents of child labor, and measures taken to contribute to the effective abolition of child labor

Assessment and audit processes did not detect any suppliers that had infringed these rights in 2016.

Opposition to child labor is a principle laid down in Repsol's Code of Ethics and Conduct for Suppliers. Respect for these rights is also demanded of our suppliers in the General Conditions of Purchase and Contracts in competitions and tenders, and also in our assessment and audit questionnaires.

**G4-HR6** Operations and suppliers identified as having significant risks for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor

Assessment and audit processes did not detect any suppliers that had infringed these rights in 2016.

Opposition to forced labor is a principle laid down in Repsol's Code of Ethics and Conduct for Suppliers. Respect for these rights is also demanded of our suppliers in the General Conditions of Purchase and Contracts in competitions and tenders, and also in our assessment and audit questionnaires.

***Grievance mechanisms***

**G4-HR8** Total number of incidents of violations involving rights of indigenous peoples and actions taken

No incidents of violations involving the rights of indigenous peoples were identified in our operations in 2016.

**G4-OG9** Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place

Repsol currently conducts 17 operations in 7 countries (Bolivia, Canada, Colombia, Ecuador, Papua New Guinea, Peru and Russia), which are carried out in or adjacent to indigenous community territories.

All these operations feature one of the following: public consultations and plans for consultations; specific surveys; assessments of social impact and action plans; relocation plans, community development plans; claim and complaint procedures; and other community information center documents.

Country	Operation	Participation strategy
Bolivia	Margarita: Caipipendi + Huacaya Caimbeiti (Monteagudo and Mamoré are Creole areas)	Preliminary consultation process to obtain environmental permits. Impact assessment and monitoring. Action plan and continuous contact with communities through participative dialog. Monthly meetings with the community leaders and the community. Grievance mechanism at operational level. Social investment alongside the authorities in Huacaya and Entre Rios.
Canada	Greater Edson, North Duvernay & South Duvernay, Chauvin	There is continuous participative dialog with indigenous groups (First Nations and Metis). Dialog was set up with the Metis in 2016, in 4 communities. This includes local development plans, social investment etc. There are also specific consultation processes pursuant to regulatory requirements (Alberta First Nations).
Colombia	Operated with activities in 2016 Put-30 and CPE-8.	<p>Prior consultation process, in accordance with the permanent participative interactive model.</p> <p>Impact assessment on human rights with communities in the area of direct influence.</p> <p>Establishment of a communication and claims mechanism in accordance with the requests - complaints - grievances - suggestions model.</p> <p>Relationship strategies involving the communities directly, taking account of their cultural specifics: communities from desert, from foothills, from highlands and from jungles. Their traditional representational organizations, leaders and authorities have been identified to pave the way towards permanent smooth relations.</p>
Ecuador	Facility in Blocks 16 and 17	<p>Projects governed by Environmental Regulations for Hydrocarbon Operations in Ecuador and by the Environmental Management Plan, with plans for community development, emergency plans, prevention plans, re-vegetation and reforestation plans, waste management plans and anthropological contingency plans.</p> <p>Continuous relationship of cooperation and management of agreements and commitments.</p> <p>Ongoing compensation agreement for the Wati project and permanent voluntary cooperation on the tWaemo Kewingi"ewingiiwingipermanent voluntary cooperation on the Waorani Nationality in Ecuador (NAWE), the body which represents all Waorani peoples.</p>
Papua New Guinea	137 clans and subclans	Continuous dialog with communities, with a meeting at the beginning of the year and subsequent encounters to identify calendars, key stakeholders, frequency, projects etc.
Peru	Lot 57: Mapi, Mashira, Kinteroni, Sagari Lot 101	<p>Operations in relation to the activities carried out are covered by the three stages of community relations (Insertion, Permanence and Abandonment) in participation strategies, carried through in accordance with the Community Relations Plan on social impact management programs (community monitoring and local vigilance; compensation and indemnities; grievance register; development of local employment; communication and community relations) and social investment and contribution to local development.</p> <p>A number of strategies are used, for example: dialog and information workshops, public meetings, guided tours, informative meetings and compensation.</p>
Russia federation	Karabashky	There are participative dialog activities with the various indigenous groups in our area of influence.



## Society

### *Impacts on local communities*

#### **G4-SO2** Operations with significant actual and potential negative impacts on local communities

Activities are consistent with previous years, as are the impacts. No different adverse impacts have been reported.

<b>EXPLORATION AND PRODUCTION</b>		<b>Potential impacts identified</b>
<i>Onshore</i>		Potential health effects on the people living locally as a result of the inhalation of gases associated with exploration activities.
		Temporary use of land to carry out exploration work.
		Hiring of non-local manpower to perform exploration work.
		Migratory movements towards operations that could lead to overloading of local services.
<i>Offshore</i>		Temporary changes to fishing routes to accommodate the presence of boats and other equipment related to oil and gas operations.
		Temporary changes in fishing sector revenue due to the installation of equipment and facilities for offshore exploration purposes.
		Economic activity connected with tourism.
		Hiring of non-local manpower to carry out exploration work.
<b>REFINE AND MARKETING</b>		<b>Potential impacts identified</b>
Industrial facilities		Odors, noise, atmospheric gas emissions, dust, visual impacts and, to a lesser extent, spills.

#### **G4-OG10** Number and description of significant disputes with local communities and indigenous peoples

In 2016 we identified two disputes with local communities. These arose in Peru during the processes to negotiate a number of different agreements with indigenous communities (Nuevo Mundo in Lot 57 and Belén and Sion in Lot 101).

We seek to reach agreements beyond what is required by law in compliance with Repsol's Community Relations Policy. The agreements should assist local social and economic development, and guarantee access to land.

**G4-OG11** Number of sites that have been decommissioned and sites that are in the process of being decommissioned

There were 160 insignificant stoppages of activity, two dismantling operations and one decommissioning in 2016.

In Peru, we ceased the activity in Lot 64. The process included the sampling of surface water, groundwater and soil to draw up a final risk study. Moreover, we temporarily suspended operation in the Sagari project's drilling platform.

The 160 insignificant stoppages of activity were well closures on hydraulic fracturing projects in Canada and the United States.

We dismantled the Yme MOPU offshore platform in the North Sea, 100 kilometers off the coast of Norway.

**G4-OG12** Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process

None of Repsol's operations entailed involuntary resettlements in 2016.

***Anti-corruption*****G4-SO3** Total number and percentage of operations assessed for risks related to corruption and the significant risks identified

We reviewed certain aspects of compliance with the Code of Ethics and Conduct on 22 audit projects, and designed indicators to monitor the transactions recorded in our systems. Around 36% of the indicators generate alerts for potential instances of fraud or other irregularities. At year-end 2016, these indicators were implemented at 36 Repsol Group companies.

In 2016 we assessed 1,331 controls in the Crime Prevention Model, of which 229 mitigate the specific risk of corruption. On the Regulatory Compliance Program we monitor 3,956 obligations with bodies and authorities in various countries in which we operate. We have 941 controls in our ICFRS model, of which more than 800 focus on mitigating the risk of fraud.

We also carried out 25 audits on non-operational assets.

Whenever Repsol is the operating partner, we apply our regulations and standards. Even when we are not the operator, we believe it is important that our partners uphold ethical, social and environmental standards on a par with our own, and to this end we attempt to use our influence to encourage them to apply our management rules and systems, or to at least follow principles and systems that are equivalent to ours.

Generally Repsol uses the JOA<sup>57</sup> model, which has been reinforced to tighten anti-corruption clauses. These clauses are aligned with the company's standards which are in turn aligned with international standards.

In 2016 we reviewed two investment agreements and major contracts<sup>58</sup> in connection with anti-corruption.

## **G4-SO4** Communication and training practices on anti-corruption practices and procedures

### **Suppliers and commercial partners**

All Repsol's suppliers are notified of our anti-corruption rules.

#### **SUPPLIERS INFORMED OF ANTI-CORRUPTION POLICIES AND PROCEDURES**

<b>Region</b>	<b>Number</b>	<b>Percentage (%)</b>
Africa	174	100
Asia	88	100
Europe	9,877	100
Latin America	3,622	100
North America	961	100
Oceania	17	100

### **Employee training on anti-corruption**

Anti-corruption policies are included in the "Code of Ethics and Conduct" programs undertaken by 2,483 employees and in the "Crime Prevention Model". Both operate an online methodology, and are available to all employees. Peru operates what is known as the "PLAFT" program for the Prevention of Money laundering and the Financing of Terrorism. The three programs were undertaken by 3,001 employees in 2016.

Anti-corruption policies are included in the "Code of Ethics and Conduct" programs undertaken by 2,483 employees and in the "Crime Prevention Model". Both operate an online methodology, and are available to all employees. Peru operates what is known as the "PLAFT" program for the Prevention of Money laundering and the Financing of Terrorism. The three programs were undertaken by 3,001 employees in 2016.

<sup>57</sup> Joint Operating Agreement, AIPN 2012 model form.

<sup>58</sup> This includes the agreement to acquire mining rights, as well as the corresponding consortium agreements (JOA).

Following the introduction of a new Code of Ethics and Conduct affecting all employees (last quarter of 2016), we are now preparing an online course based on the new Code, which will be mandatory for all company staff.

#### EMPLOYEES THAT HAVE RECEIVED TRAINING REGARDING ANTI-CORRUPTION IN 2016

Professional group	Executives		Technical Managers		Technicians		Administrative Staff		Operatives and Subordinates		Others	
	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%	Nº	%
<b>Geographical Area</b>												
Africa <sup>59</sup>					1	1						
Asia <sup>60</sup>			4	2	2	0						
Europe <sup>61</sup>	54	25	117	8	492	7	36	4	442	5		
Latin America <sup>62</sup>	8	35	39	15	574	16	2	19	3	10		
North America <sup>63</sup>	21	84	261	65	660	76	118	118*	167	86		
Oceania <sup>64</sup>												
<b>Total</b>	<b>83</b>	<b>30</b>	<b>421</b>	<b>18</b>	<b>1,729</b>	<b>14</b>	<b>156</b>	<b>14</b>	<b>612</b>	<b>7</b>		

\* The 118% for North America is due to the workforce criterion used (managed), which is lower than those actually in attendance (cumulative).

### G4-S05 Confirmed incidents of corruption and actions taken

Since it was created in 2006, up to December 2016 the Ethics Committee had received 140 notifications related directly or indirectly to the Code of Ethics and Conduct.

In 2016, 124 serious and very serious infringements were reported due to non-compliance with the Code of Ethics and Conduct, of which 20 ended in warnings, 102 in suspension of work and salary, and two were waived. In addition, 60 very serious infractions led to the employees being dismissed. The reasons for the sanctions included damage to company property, security breaches, and unethical conduct towards customers.

#### *Responsible participation in public policy*

### G4-S06 Total value of political contributions by country and recipient/ beneficiary

Repsol made no political donations in 2016, and therefore was not in breach of the Code of Ethics and Conduct concerning contributions to political parties.

We register lobbying activity in the United States at federal and state level (in the states of Pennsylvania and Texas), and in Canada on a federal and provincial level (Alberta and British Columbia).

Information on lobbying carried out in each country, state and province in which Repsol conducts lobbying is reported in accordance with the requirements of the authorities concerned, and the activities are public and accessible.

<sup>59</sup> Africa: Angola, Algeria and Libya.

<sup>60</sup> Asia: Indonesia; Iraq; Malaysia; Russia and Vietnam.

<sup>61</sup> Europe: Bulgaria; Spain; France; the Netherlands; Italy; Ireland; Luxembourg; Norway; Portugal; the UK and Romania.

<sup>62</sup> Latin America: Bolivia; Brazil; Colombia; Ecuador; Peru; Venezuela and Trinidad and Tobago.

<sup>63</sup> North America: Canada and the United States.

<sup>64</sup> Oceania: Australia; Papua New Guinea.

The links to the official information pages of the governments with which company lobbying is reported are:

#### UNITED STATES

- At federal level: <http://soprweb.senate.gov/index.cfm?event=selectfields>
- At state level:
  - Pennsylvania: <https://www.palobbyingservices.state.pa.us/Public/wfSearch.aspx> (registered as Talisman Energy USA)
  - Texas: <https://www.ethics.state.tx.us/dfs/LobbySimpleSearch.html>

#### CANADA

- At federal level: <https://lobbycanada.gc.ca/app/secure/ocl/lrs/do/clntSmmrySrch?lang=eng> (registered as Repsol SA and Repsol Oil&Gas Canada Inc.)
- At provincial level:
  - Alberta: <http://www.lobbyistsact.ab.ca/OEC/GeneralSettings.nsf/vwEnHTML/Welcome.htm> (old link, active until March 2017). New access available: [https://www.albertalobbyistregistry.ca/apex/f?p=171:9996:9925545743396:::CMS\\_SITE,CMS\\_PAGE:ABLBY,SRCH\\_REG](https://www.albertalobbyistregistry.ca/apex/f?p=171:9996:9925545743396:::CMS_SITE,CMS_PAGE:ABLBY,SRCH_REG) )
  - British Columbia: <https://justice.gov.bc.ca/lra/reporting/public/registrySearch.do?method=init>

## **Compliance**

### **G4-EN29 Monetary value of significant fines and total number of nonmonetary sanctions for non-compliance with environmental laws and regulations**

ENVIRONMENTAL FINES/SANCTIONS (MILLIONS OF EUROS) <sup>65</sup>		
2014	2015	2016
0	0.06	0

<sup>65</sup> Arising from major litigation or administrative procedures for the Repsol group terminated with a final ruling during the year.

**G4-S07** Total number of legal actions for anti-competitive behavior, antitrust, and monopoly practices and their outcomes**LITIGATIONS FOR ANTI-COMPETITIVE PRACTICES (NUMBER OF CASES INDICATED)<sup>66</sup>**

2014	2015	2016
2	1	0

In order to foster growing awareness and stay permanently abreast of anti-trust legislative developments, the company continued to provide subject-specific training throughout 2016.

**G4-PR4** Number of incidents of non-compliances with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes

No incidents of non-compliance with established regulations or voluntary codes were identified.

**G4-PR7** Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes

No incidents of non-compliance with regulations or voluntary codes concerning advertising communications occurred in 2016.

**G4-PR9** Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of production and services

No fines or sanctions arising from major litigation or administrative procedures terminated with rulings or final resolutions were imposed on the Repsol Group.

<sup>66</sup> Number of major litigation or administrative procedures instigated in the year for the Repsol Group.