

Exploration in COLOMBIA: Applying all the lessons learned in our social license to operate



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- 1. Repsol, building new processes through lessons learned**
- 2. Colombia Outlook 2014**
- 3. Colombia, applying all the lessons learned in our social license to explore in the Caribbean.**

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THE HISTORICAL CONTEXT

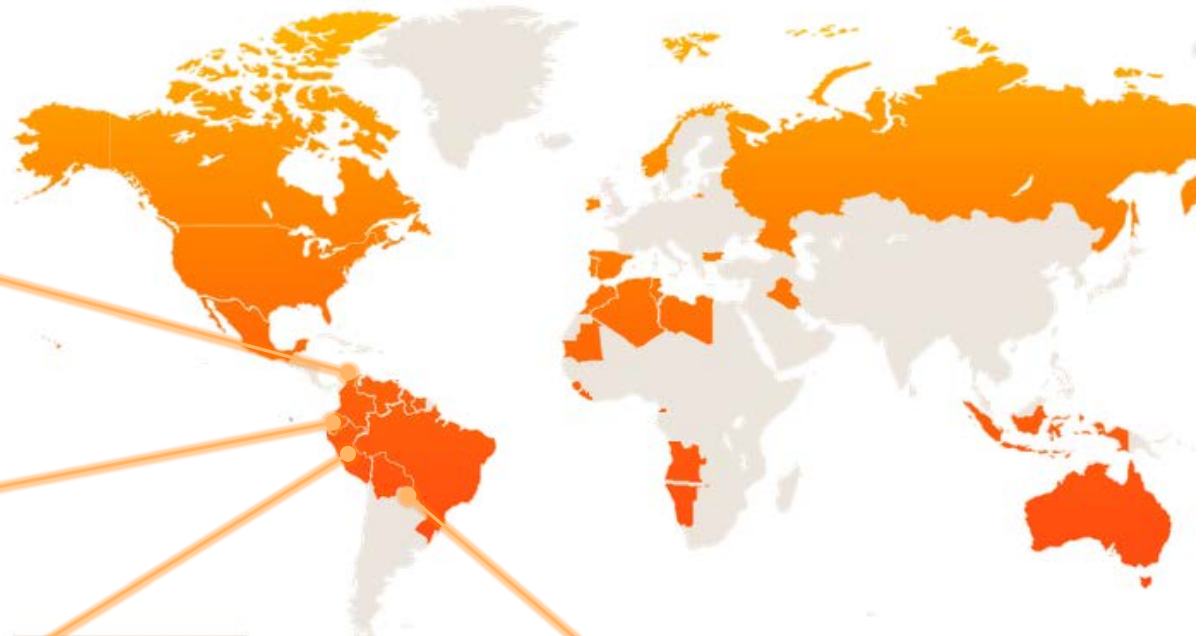


- **Absence of social due diligence process in acquisitions of licenses and blocks**
- **Priority to deadlines to comply with investment commitments**
- **Complex social contexts**
- **Exploration crews with no social preparedness.**
- **Inheritance of prior operators with no relation with communities.**

THE OPERATIONS



Colombia



Ecuador



Perú



Bolivia

THE MISJUDGEMENTS



- 1. Ignorance of the role of business to respect to indigenous rights**
- 2. Community relations as an outsourced function**
- 3. Absence of engagement and mistrust from the communities**
- 4. Short term focusing regarding social investment**
- 5. Lack of supervision over contractors**
- 6. Lack of awareness about security contractors potential impacts and risks**

THE PROCESS



- Local disputes and incidents
- Delays due to lack of agreement with communities
- A campaign led by an international NGO



- A learning process, from the top to the bottom line
- Development of a policy and standard on relations with indigenous peoples
- Social performance reviews in all operation influencing IP
- Action plans publicly committed



Long term constructive engagement process

THE LESSONS LEARNED



Community Relations as a nuclear function involved in the decision making process

Community engagement at an early stage of the operation and as an ongoing process

Not only identifying risks for the company but also risks for all people affected by the operation

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Colombia Overview



Currently more than 100 E&P companies hold acreage.

Oil production continues to grow and reached 1.008.000 b/d of oil and 1.214 Mcfd of natural gas in Q4 2013.

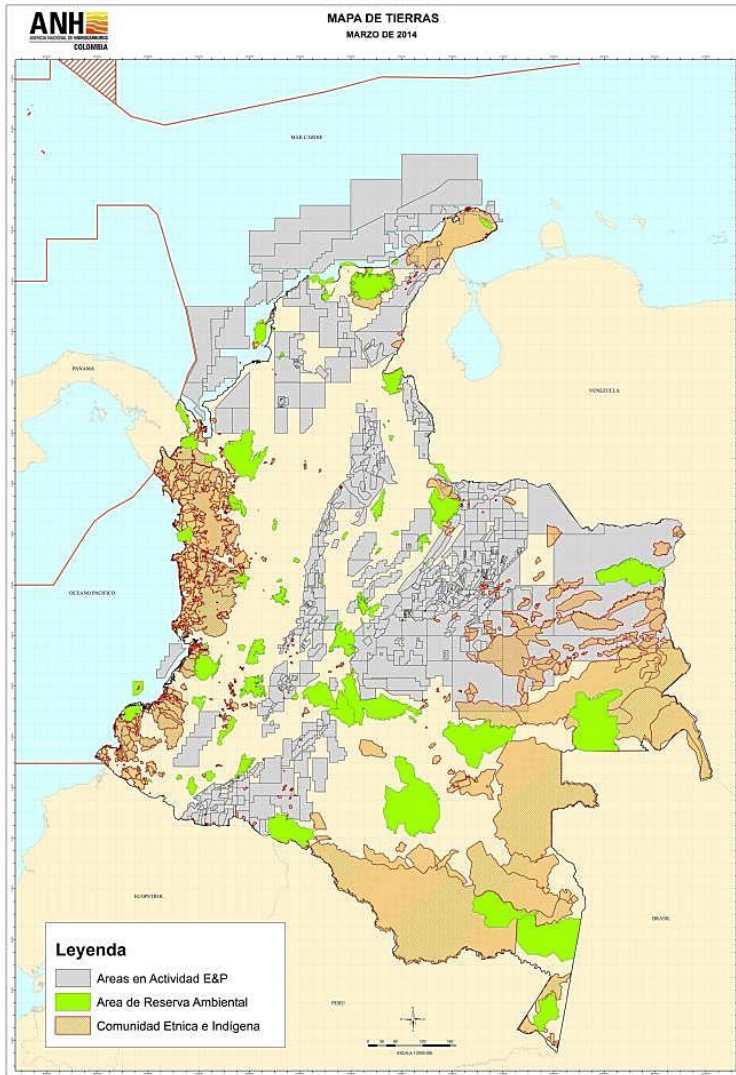
Licensing, exploration activity, and production are on the rise.

Further offshore gas-prone areas being targeted for exploration in 2014 and beyond.

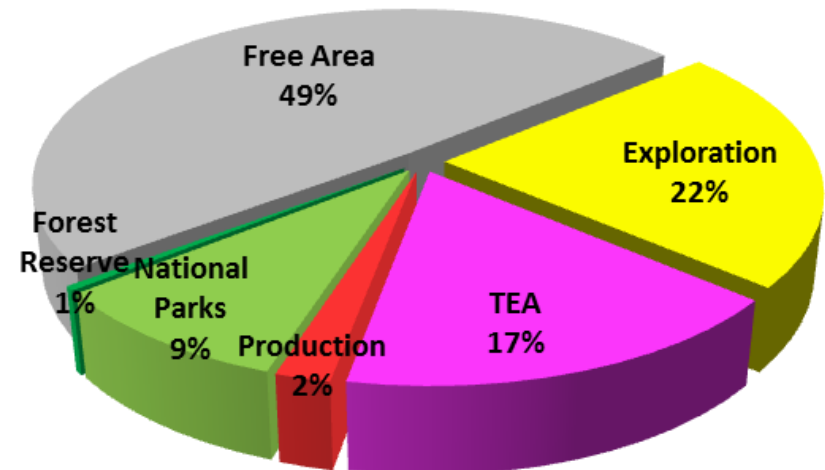
The 2012 Bid Round saw 50 blocks licensed, some with unconventional resource potential.

The upcoming 2014 Bid Round will offer a total of 97 blocks including 19 of unconventional, 8 of CBM and 13 offshore blocks.

Environmental Protected Areas and Ethnic Communities in Colombia



Ditribution of areas in Colombia

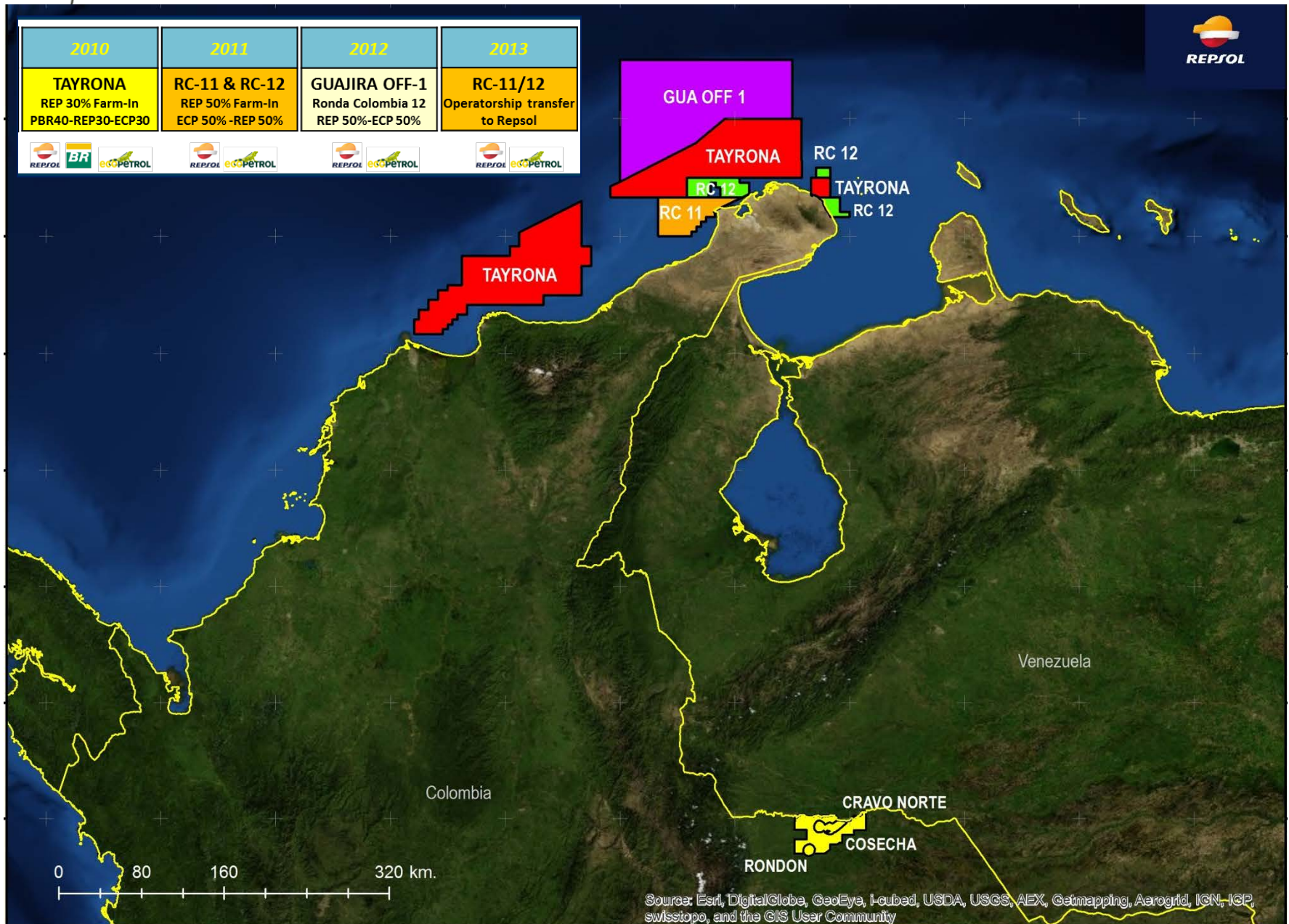


9,7% of Colombian territory are environmentally restricted for Oil & Gas activities.








Ethnic communities are located in 29,7% of the territory.

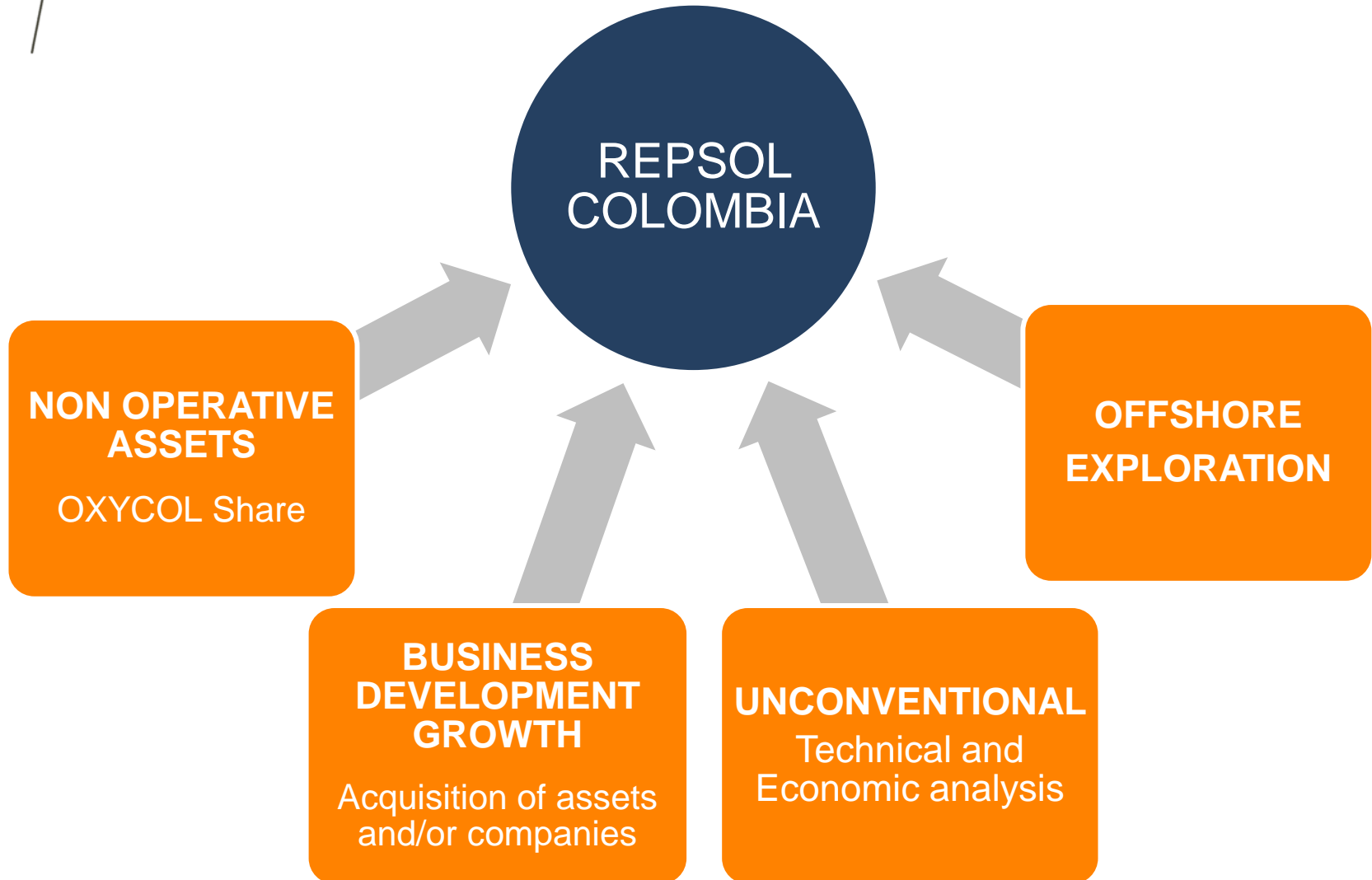
Currently 12,4% of the communities are located in blocks with Exploration or Production of oil & gas.

Repsol in Colombia (E&P Assets)



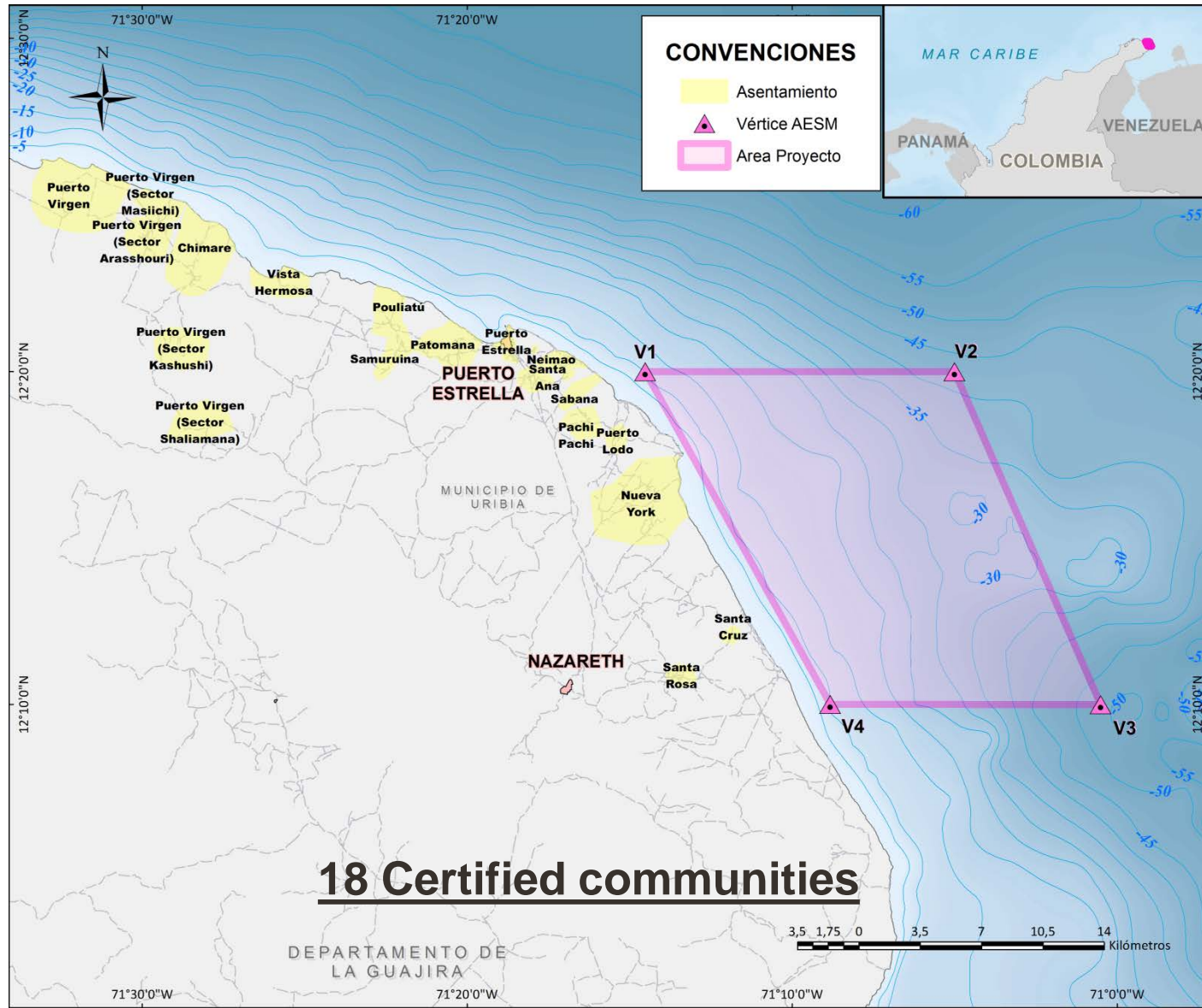
Offshore Exploration Program

	2012				2013				2014				2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
RC-11 (Offshore Drilling in 2015)									ENVIRONMENTAL LINCENCE AWARD				DIMAR PERMIT											
RC-12 (3D Offshore Seismic in 2014)				PRIOR CONSULTATION WITH ETHNIC COMMUNITIES					DIMAR PERMIT (3D Seismic)															
GUA OFF (2D Offshore Seismic in 2013 & 3D Seismic in 2014)						DIMAR PERMIT (2D Seismic)				DIMAR PERMIT (3D Seismic)														
TAYRONA (Offshore Drilling in 2014)					ENVIRONMENTAL LINCENCE AWARD					DIMAR PERMIT														



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Our communities



18 Certified communities

Our Vision



The Wayuu

Location

La Guajira, Colombia and Zulia State, Venezuela.



Organisation

Matrilinear, organised into clans (23)
Each has its own territory, and each rural settlement has its traditional authority.



Economy

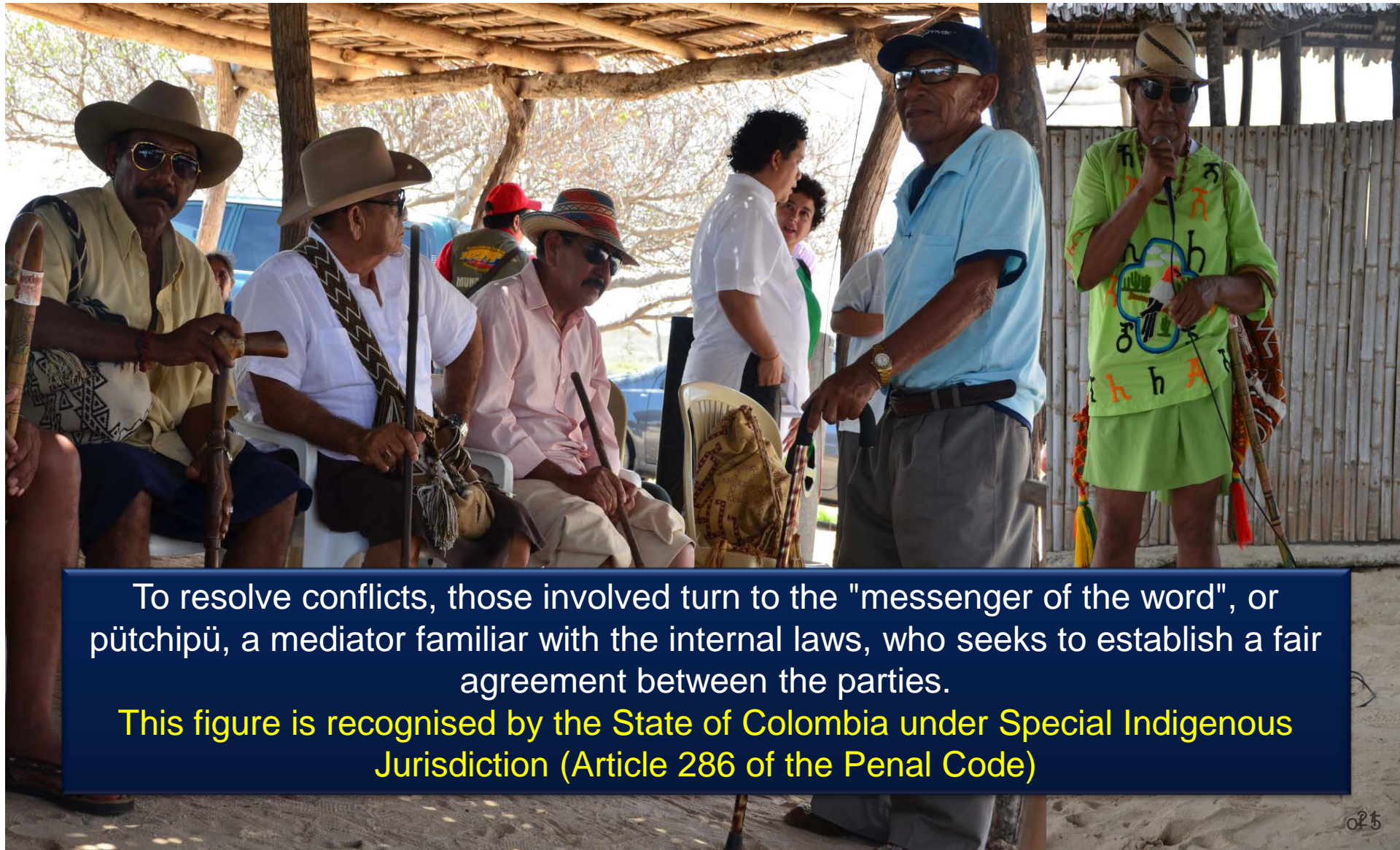
People engaged above all in livestock farming; fishing is performed by lower-status members.



Religion

The God of Creation for the Wayuu is **MALEIWA**, who gave each clan their mark and tools. There are other important supernatural beings, such as: **PULOWI**, a woman associated with drought and the winds; **JUYA**, a man, is the lord of the rain and a wanderer.

Wayuu Law: messengers of the word and peaceful conflict resolution



To resolve conflicts, those involved turn to the "messenger of the word", or pütchipü, a mediator familiar with the internal laws, who seeks to establish a fair agreement between the parties.

This figure is recognised by the State of Colombia under Special Indigenous Jurisdiction (Article 286 of the Penal Code)

Building trust



Direct,
without
mediation

Understanding
of cultural
codes

Built step by
step

Fulfilment of
promises

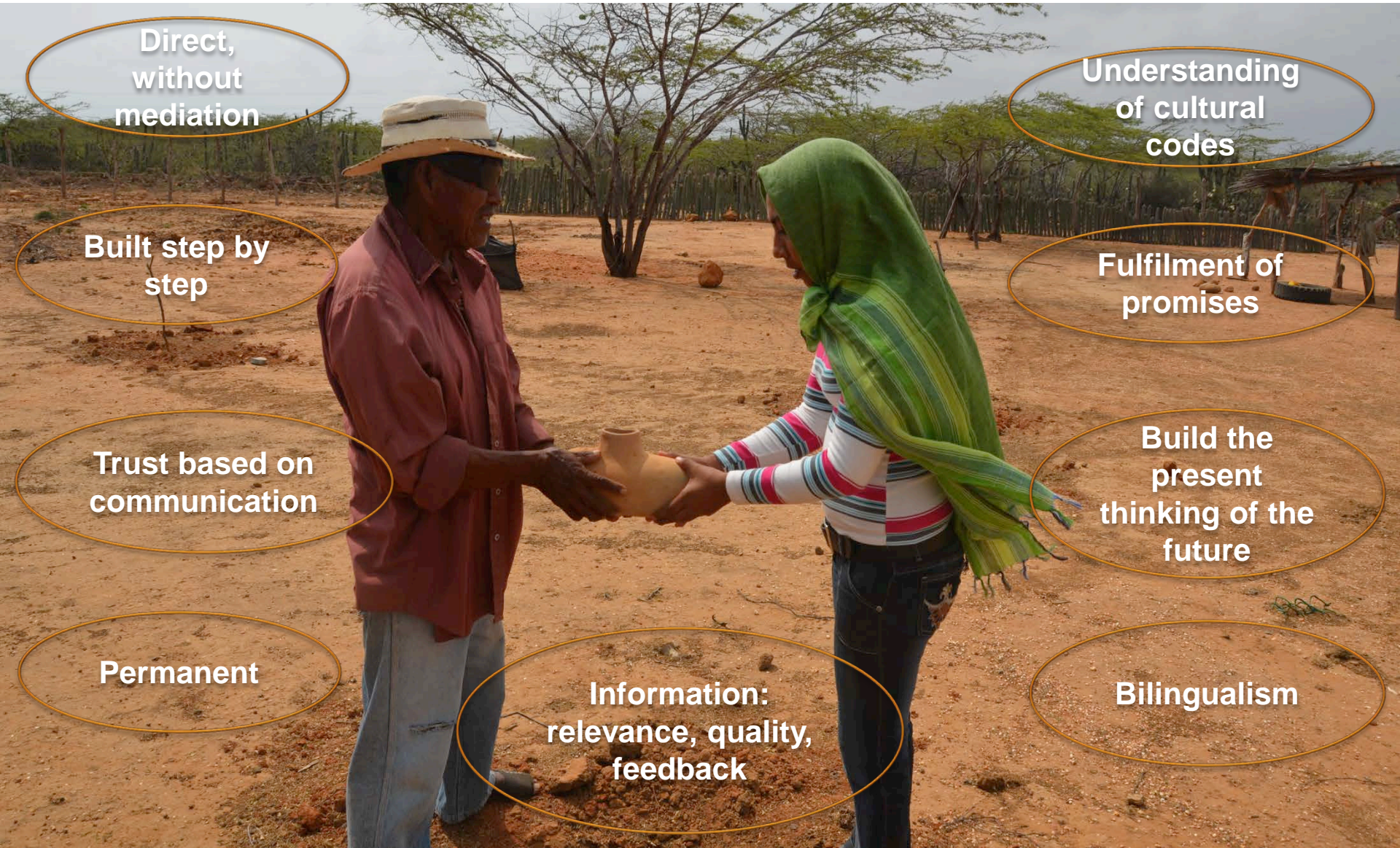
Trust based on
communication

Build the
present
thinking of the
future

Permanent

Information:
relevance, quality,
feedback

Bilingualism



Work being performed



1. Prior Consultation



2. Programme for the Benefit of Communities with the United Nations Development Programme



3. Local supplier development programme



4. Human Rights Impact Assessment



5. Creation of the Colombia Responsibility Committee and the 2013-2014 Sustainability Plan

1. Prior Consultation

Prior Consultation

Fundamental Right of Participation



Prior Studies - Knowledge of the environment

Socio-
environmental
and
Preliminary
Diagnoses

Application to
the Ministry of
the Interior for
Certification
of presence of
ethnic
communities

Building trust

Bilingualism
and
interculturalism

Transparency
Fairness
Participation

Planning

Budget

Timelines

Developing the consultation

Led and convened by the Ministry of the Interior



Accompanied by

- Environmental authorities
- State Attorney
- Defence Attorneys
- Indigenous Affairs Office

- National Hydrocarbons Agency
- Ministry of the Environment

Pre-consultation



This is the stage at which the Ministry of the Interior presents the communities:

- What the Prior Consultation is
- How it is performed
- What their rights are

The first formal contact between the Community and the Company.

Challenges encountered

1. Legitimacy of traditional authorities.
2. Identification of communities not certified by the Ministry



Installation



This is the stage at which the Company presents the project it intends to undertake to the communities. A series of tools are developed to help the communities understand.

This is the stage at which the Community authorises the Company to enter its territory to draw up the Baseline.



Leaflets



Videos

Challenges encountered

1. Technical language of the project
2. Lack of understanding of written language

Impacts and Measures Workshops



Social and Environmental
Baseline



Generation of the methodology



Validation of the methodology by
the Ministry of the Interior



Development of pre-workshops

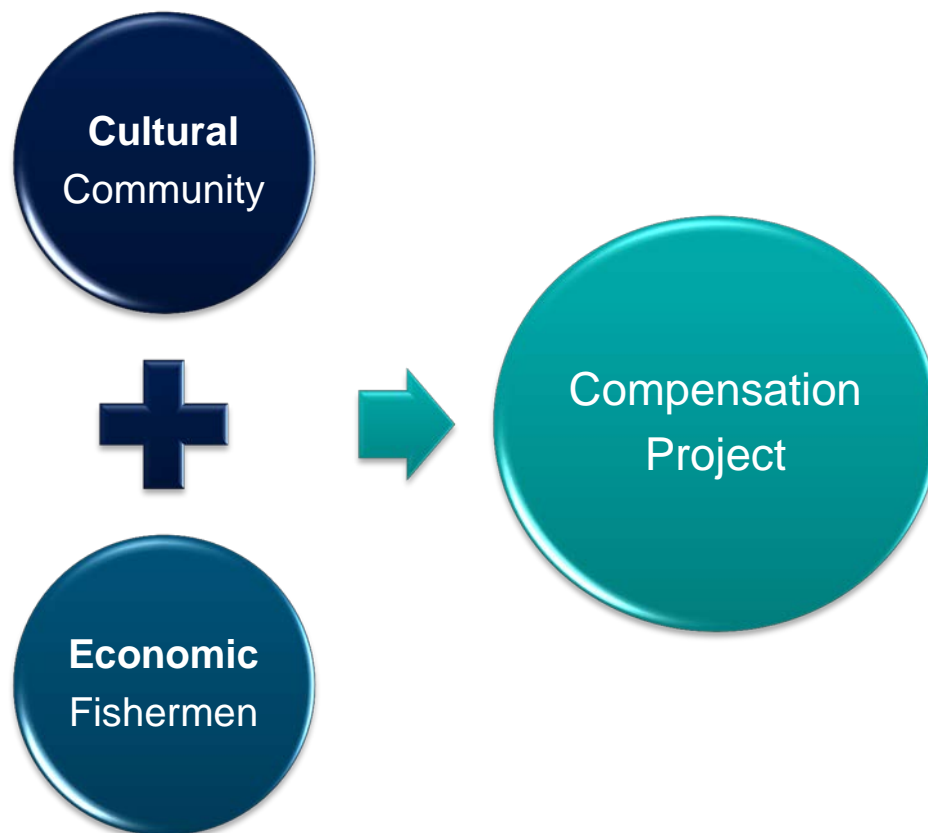


Impacts and Measures
Workshops

Pre-agreements



At this stage the Company agrees with the communities on the basis of the impacts and measures identified in the previous stage and the compensatory measures it undertakes to implement in accordance with the identified impacts.



Protocolisation



At this stage the Ministry of the Interior draws up the formal record of the commitments undertaken by the community and the company, giving the project viability.

18 Communities certified by the Ministry of the Interior
18 Protocolised communities



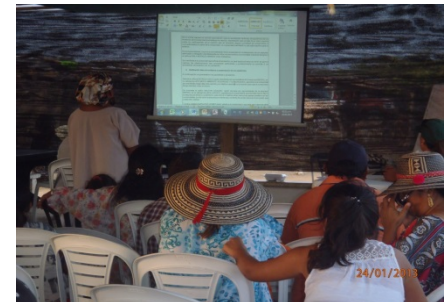
**Commencement on 13
December 2012**

69 Meetings staged



9 Pre-workshops

87 Fishing units



Monitoring and closure



Preparation and implementation of the projects required to fulfil the compensation measures agreed in the protocolisation record



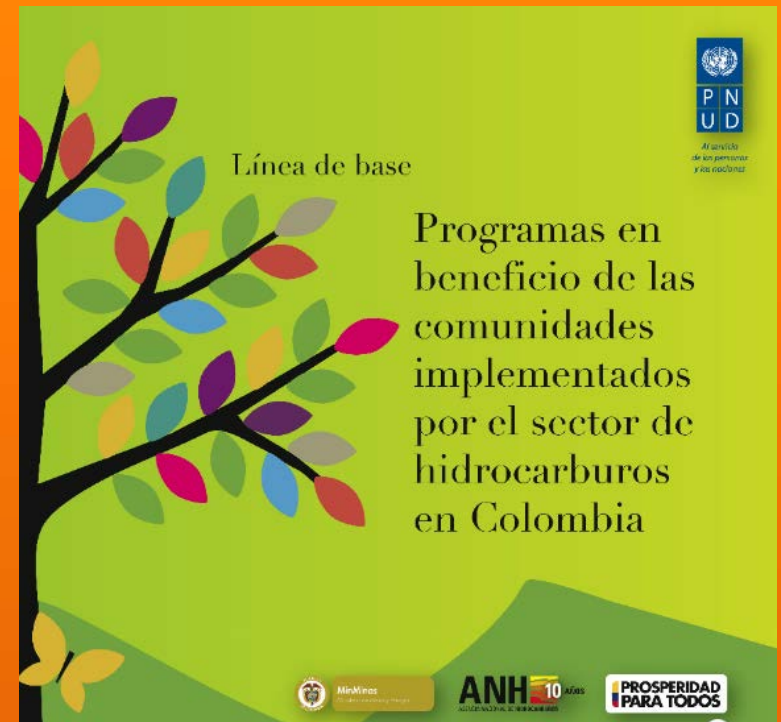
Once each and every one of the agreed compensation measures has been implemented and the project undertaken, the Prior Consultation process is then closed.

2. Programme for the Benefit of Communities and the UNDP

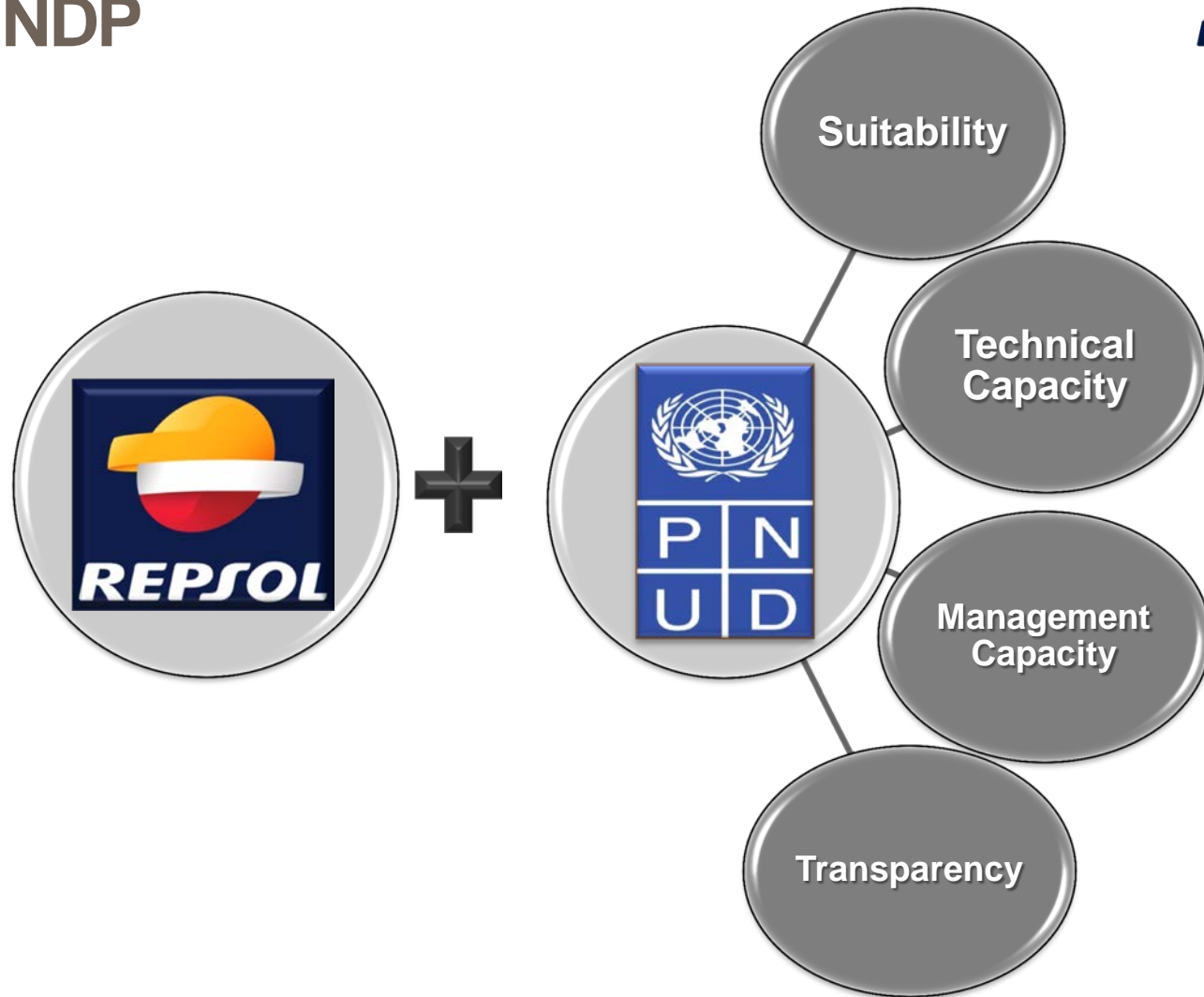
Initial UNDP Approach



Contractual obligation to invest 1% of the activity committed in a Programme for the Benefit of Communities PBC in a Block without an area of community influence



Interest of Repsol in the involvement of the UNDP

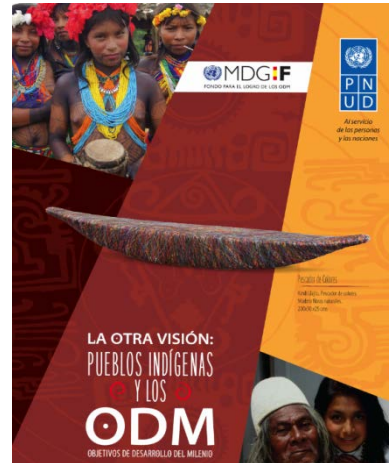


Programme for the Benefit of Wayuu Communities

Interest of the UNDP in the project



Poverty indices in the area



Indigenous communities



Application of the Guide

Global Strategy



Signature of the Convention



Repsol and the UNDP signed on 1 February in Riohacha a convention for the implementation of the Programme for the Benefit of Communities, defining a series of measures focused on improving access to drinking water for the Wayuu people of the Alta Guajira. This Convention was also signed by representatives of the indigenous communities and the Ministry of Mines, as witnesses.



Repsol firma un acuerdo con el PNUD en Colombia

Repsol y el Programa de Naciones Unidas para el Desarrollo (PNUD) han firmado un convenio para aplicar el Programa de Beneficios de las Comunidades que la compañía realiza en Colombia. El plan contribuye al desarrollo de la etnia wayuu, que reside en la península de la Guajira. Es la primera vez que el PNUD suscribe un acuerdo de colaboración con la industria petrolera en Colombia.

Press Release

National Government support



In parallel, the National Government signed an agreement of intent to support the Programme for the Benefit of Communities, the central strand being the issue of water, with technical assistance offered in the diagnosis, design, implementation and follow-up phases

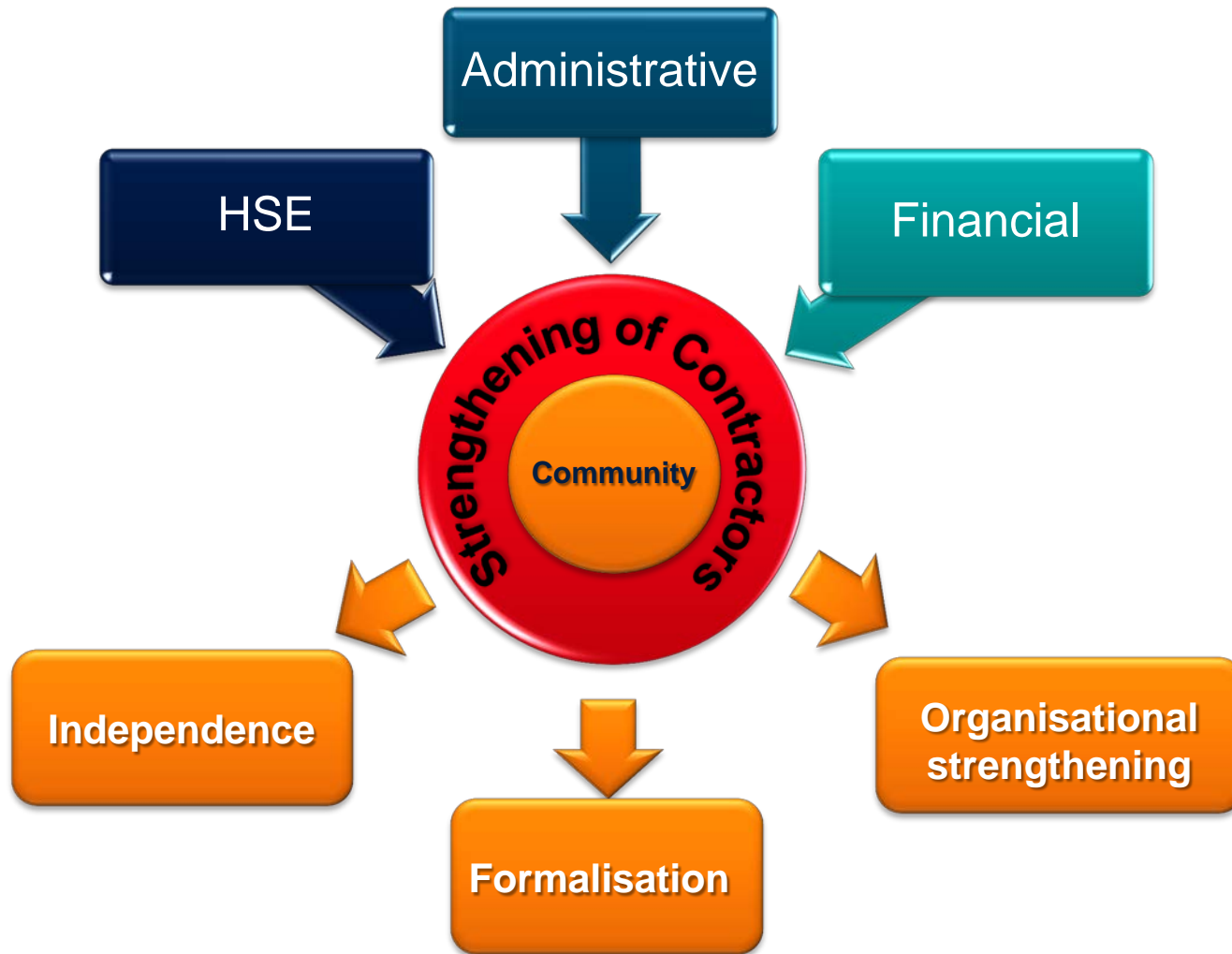
This agreement of intent was signed by:

- The Ministry of Housing
- The Ministry of Mines and Energy
- The Colombian Geological Service and,
- The Autonomous Regional Authority of La Guajira
CORPOGUAJIRA.



3. Development of indigenous suppliers

How to develop them



Guarantee joint growth and generate opportunities for employment.

Suppliers to be developed



REPSOL

Ivette Martínez
Clan: Uriana



Western Sector
Logistics

Nelson Iguaran
Clan: Epiayu



Land Transport

Wayuarauryu Association
Clan: Gouriyu, Araliyu,



Eastern Sector
Logistics

4. Human Rights Impact Assessment

Human Rights Impact Assessment



Guiding Principles for companies and human rights in the Implementation of the UN Framework "Protect, Respect and Remedy", and our policy, with the latter developing a Study into Human Rights in the communities influenced by Repsol in Colombia.



Objectives of the study



1

- Establish the baseline

2

- Identify and evaluate the impacts on human rights of Repsol's activities

3

- Define actions for mitigation and monitoring.

4

- Consolidate and analyse the results to provide evidence that the human rights impact assessment process is efficiently performed

5. Responsibility Committee and Sustainability Plan

Responsibility Committee, Colombia



Sustainability Plan



The Sustainability Plan sets out 27 specific short-term actions (2013-2014) devised and focused to contribute to sustainable development. Each action has its implementation indicator, and they are grouped into six programmes:

Programme 1: Governance of the organisation.

Programme 2: Human Rights.

Programme 3: Employment practices.

Programme 4: Environment.

Programme 5: Fair operating practices.

Programme 6: Active participation and development of the community.

Our Vision of the Future

- Empowerment of the communities
- Strengthening of community organisation
- Sustainability of the projects undertaken
- Joint construction of Social Investment
 - Generation of Social Capital
- Build long-term relationships

THANK YOU!

