

Global Sustainability Plan

June 20th, 2017



REPSOL

Sustainability Model



Ethics and transparency

We act responsibly and with integrity wherever we operate

- Good governance practices
- Transparency
- Responsible tax policy
- Anti-corruption
- Fair competition
- Responsible political involvement
- Fair marketing and sales



People

We are committed to people and promote their development and social environment

- Respect for Human Rights (labor rights and employment conditions, health, rights of vulnerable groups and others)
- Grievance mechanisms
- Diversity and work-life balance
- Climate and talent retention
- Opportunity management (training and development, dialogue with communities, and social investment)



Safe operation

We guarantee the safety of our employees, contractors, partners, and the local community

- Prevention of personal, process, and transportation accidents
- Incident Management
- Emergency management
- Safety in product use

The **Global Sustainability Plan** focuses on the **six axes** of Repsol's Sustainability Model (*)



Environment

We consume the resources needed to generate power more efficiently and with the least possible impact

- Efficient management of natural resources
- Environmental impact minimization



Climate change

We want to be part of the solution to climate change

- Efficient energy management
- Drive the reduction of greenhouse gases (GHG) emissions
- Encourage the use of natural gas in electricity generation
- Sustainable mobility
- Low-emissions economy model



Innovation and technology

We encourage innovation and incorporate technological advances to improve and develop ourselves and our environment

- Boost innovative activity
- Use of new technologies
- Promote training and facilitate the development of the environment

Global Sustainability Plan

Our ambition

| No cases of corruption in the activities carried out by the Repsol Group.

2020 Objectives

- 1 | Inform all Repsol employees of what is expected of them in terms of prevention and the fight against corruption, as well as the mechanisms the Company places at everyone's disposal to make queries or report possible breaches of the Code of Ethics and Business Conduct and the Crime Prevention Model.
- 2 | Develop and implement a global management model that will guarantee possible cases of corruption are prevented (as far as possible) and detected early.

Lines of action 2017

- 1 | Implement and develop legal compliance models that are adapted to local regulations in seven countries: Spain, Colombia, Canada, US, Russia, Italy, and Peru.
- 2 | Create action guidelines for the Code of Ethics and Business Conduct.
- 3 | Have a global Ethics and Business Conduct training program that ensures people know of the criteria established in the Code of Ethics and Business Conduct and how to report any possible breaches.



**Ethics and
transparency**

Anti-corruption

Global Sustainability Plan

Our ambition

| Achieve maximum national and international standards in terms of Good Governance.

2020 Objectives

- 1 | Ensure that women occupy 30% of the seats on the Board of Directors.

Lines of action 2017

- 1 | Incorporate shares as a form of payment for part of the Executive Directors' variable compensation. This way the compensation system follows the recommendations of the Good Governance Code of Listed Companies and the policies of the proxy advisors* and institutional investors.
- 2 | Search for and include women among the potential candidates to fill vacancies for Independent Directors of the Board of Directors.



**Ethics and
transparency**

**Good governance
practices**

Global Sustainability Plan

Our ambition

| Be publicly recognized as an honest and transparent company in tax-related matters.

2020 Objectives

- 1 | Ensure our Company does not operate in tax havens (except for unavoidable and legitimate business reasons) and simplify the corporate structure.
- 2 | Be rated a "transparent" and "responsible" company by the organizations that carry out assessments, thanks to the publication of information that facilitates understanding of our tax policies and practices along with our tax contribution in the countries where we operate.
- 3 | Promote cooperative relationships with tax authorities and search for amicable solutions in financial disputes.

Lines of action 2017

- 1 | Revise the corporate structure, paying special attention to legacy Talisman and complying with OECD and EU standards.
- 2 | Create the "Responsible tax policy" section on the Repsol website. Publish an annual tax contribution report for the Group. Be rated as a "transparent" or "responsible" company by Oxfam, ORSC*, and the FCyT*.
- 3 | Submit a voluntary transparency report to the AEAT (Spanish Tax Agency). Volunteer to participate in the OECD's pilot program to promote cooperative relationships with the tax authorities (ICAP*). Reach agreements on disputed points with the tax authorities.



**Ethics and
transparency**

Responsible tax policy

Global Sustainability Plan

Our ambition

| Zero incidents with local communities as a result of Repsol's operations.

2020 Objectives

Ensure the United Nations Guiding Principles on Business and Human Rights are applied in the Company. In particular:

- 1 | Ensure that all assets with the highest human rights criticality plan social risk and impact management, as well as their contribution to local socioeconomic development.
- 2 | Ensure that all assets with the highest human rights criticality have implemented effective grievance mechanisms.

Lines of action 2017

- 1 | Establish the social baseline in the assets of critical-level countries*
Included in the Company's 2017 Sustainability objectives.
- 2 | Consolidation of the network of Community Relations professionals.
 - Identify, showcase, and develop capabilities
 - Facilitate communication and transmission of knowledge and experience
- 3 | Ensure the roll-out of the Community Relations and Human Rights framework (norms, processes, training).



Personas

Human Rights

Global Sustainability Plan

Our ambition

| Guarantee people's security with full respect for human rights.

2020 Objectives

- 1 | Reach the highest level of best practices according to the Voluntary Principles on Security and Human Rights (VPSHR)*, taking companies from the sector as a reference. The assessment will be performed with the IGT (Implementation Guidance Tool) available on the VPSHR website.
- 2 | Carry out all the actions defined in the VPSHR Implementation Plan in countries identified as priority. The Plan was created to cover the gaps between the initial situation and the level of practical improvements.

Lines of action 2017

- 1 | Carry out risk analysis of security and human rights in the five highest priority countries. Identify the most relevant stakeholders in this area.



Personas

Security and Human Rights

Global Sustainability Plan

Our ambition

- | Make a commitment to people and drive their development and that of their social context.
- | Guarantee equal opportunities as an element that sets us apart as an integrated, diverse, and inclusive company.

2020 Objectives

- 1 | Increase the proportion of women in leadership positions to 30%.
- 2 | Exceed legal obligations in relation to the direct integration of people with disabilities into our workforce in countries where this applies.
- 3 | Improve employee satisfaction rate regarding access to flexibility and work-life balance programs in the climate survey to 70% positive responses.

Lines of action 2017

- 1 | Relaunch of the Diversity and Work-Life Balance Committee.
- 2 | Evaluate whether gender diversity can be found throughout Repsol's value chain and design an improvement action plan that incorporates gender diversity and inclusive leadership in the Company's strategy.
- 3 | Establish a global diversity map in the Company.
- 4 | Foster the integration of people with disabilities into our workforce:
Adding Energy internship program and participation in international networks.
- 5 | Promote tools that facilitate work-life balance. Review work-life balance minimums worldwide.



Personas

**Diversity, work-life
balance and talent
retention**

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Our ambition

| Zero accidents.

2020 Objectives

- 1 | Position ourselves as industry leaders (first quartile of sectorial comparisons) in terms of personal and process accident rates.

Lines of action 2017

- 1 | Revise and update the SE regulatory framework.
- 2 | Comply with the preemptive safety program called SMARt Keys* to prevent major industrial incidents. *Included in the Company's 2017 Sustainability objectives.*
- 3 | Improve critical processes by revising incident management and lessons learned.



**Safe
operation**

**Prevention of
accidents, incident
and emergency
management**

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Our ambition

| Neutral environmental impact of natural resource management.

2020 Objectives

- 1** | Implement Circular Economy projects that will have a positive impact on both society and the Company in all the Business Units.
- 2** | Comply with the path toward the reduction of waste generated and the amount of waste sent to landfill sites, with incremental improvements each year in the ratio that is sent to landfill sites in all the Business Units.
- 3** | Develop water action plans for Refining, Chemicals, and E&P that ensure the excellent management of water resources: minimize harvesting and the impact upon discharge and maximize recirculation.

Lines of action 2017

- 1** | Define and implement the actions included in the 2017 Water Plan for the Refining, Chemicals, and E&P Businesses.
- 2** | Generate the Circular Economy Initiatives catalog and implement circular projects.
- 3** | Define and implement the 2017 Waste Working Plan for E&P, Refining, Chemicals, LASP, Refining Peru, and Service Stations.



Environment

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Our ambition

| Position ourselves in a scenario compatible with the Paris Agreement (2°C scenario).

2020 Objectives

- 1 | Reduce CO₂ eq emissions by 1.9 Mt (2014-2020). Implement the CCAC* methane emissions mitigation plan
Included in the Company's 2017 Sustainability objectives.

Lines of action 2017

- 1 | Develop methane and flare gas inventories in accordance with the CCAC and ZRF2030 initiatives, respectively*.
- 2 | Implement the 2017 Carbon and Energy Plan:
Reduce CO₂ emissions in the company by 126,000 metric tons, verifiable under ISO 14064, and define the emission reduction opportunities catalog in E&P (North America, Bolivia, Ecuador, and Malaysia).



Climate
change

Global Sustainability Plan

Our ambition

Drive technological innovation as a lever of transformation towards more sustainable business models.

2020 Objectives

- 1 | In process of being defined.

Lines of action 2017

- 1 | Analyze the technology and venture capital project portfolio and construct a cross-company sustainability project portfolio based on the following key aspects defined in the Sustainability Model: climate change, resource and impact management, and safe operation.
- 2 | Define monitoring metrics and propose long-term objectives.



**Innovation
and
technology**

Boost innovative activity



REPSOL