

Interview with the Chairman and Chief Executive Officer

Antonio Brufau answers some key questions on the challenges to the energy model and the role of our company in sustainable development.



What consequences for energy companies do you see from the profound political and social transformations occurring in the world?

We are seeing a displacement of the center of gravity of world governance, which is transforming the planet into a new multipolar system, structured around the G20 countries. At the same time, the driving force of the large emerging economies, with their immense appetite for natural resources, entails a strong challenge for energy providers in order to simultaneously ensure the reliability of supply, secure competitiveness, and limit the environmental impact.

World population growth and the need to improve levels of development demand that we produce more energy, in fundamentally different ways. What was useful in the past is of no use for the future.

Energy companies need to become involved in this transformation, which will be conditioned by four big questions: first, getting supply in line with the demand for petroleum and gas means searching for resources where they are more difficult and more costly to access; second, there is no doubt that fossil fuels will continue to be an essential part of the energy mix, but we need to supplement them with substantial new energy sources; third, as the reliability of the hydrocarbons supply comes under greater stress, the importance of energy in the world geostrategic panorama will take on greater relevance; and, finally, climate change, a factor which alone would demand we bring about profound changes in the traditional energy model.

What role does Repsol play in these changes and what challenges does it face concerning sustainable development?

We face considerably broader expectations to contribute to sustainable development than was once the case. We are expected to involve ourselves more in many factors of concern to society, such as human rights, combating corruption, our influence on the supply chain, intellectual property rights, fair advertising, the protection of personal information, access to essential resources such as water and energy and responsible consumption.

Standing out among all these is our response to the environmental challenge. The magnitude of greenhouse gas emissions reductions that must take place requires measures that will affect all sectors and all countries. Repsol

must play a very important role in order to face up to this challenge, as we have a responsibility to contribute to development and welfare in all the societies where we operate. We have updated our Carbon Strategy in order to make progress in reducing the carbon intensity of our operations, through fostering opportunities for emissions reduction, making choices that favor energy efficiency, and the exploitation of energy resources with a lower carbon content.

Another very important aspect for us is our public commitment to transparency as a contribution to multilateral efforts to improve governance and fight corruption. Repsol has governance structures in place to ensure ethical conduct and actively promote transparency in all our activities, which are restricted only by the obligation to protect information that may be legally privileged, that might endanger people's security or infringe their privacy, that is commercially sensitive, or interferes with free competition.

What changes are taking place at Repsol and what is the company's sustainability road map?

Repsol's contribution to sustainable development comprises short-, medium- and long-term initiatives. Over the long term, we have many initiatives to enhance our R&D, as well as our acquisition of knowledge and emerging technologies. The short-term initiatives, for the next one or two years, have been chosen as priorities by the Repsol Corporate Responsibility Committee and these make up our Sustainability Plan, whose current version has a 2012 horizon.

This Plan, which anyone can download from our portal, includes specific commitments, with measurable indicators of progress in the areas of ethical conduct, human rights, diversity, integration and work-life balance, safety, and limiting our environmental impact. It also includes a number of actions within the scope of our value chain, through which we will continue to influence our suppliers, contractors, subcontractors, distributors, associates, and customers when their ethical, social, and environmental standards require improvement.

Our Sustainability Plan will be updated each year in light of the initiatives undertaken during the year and new initiatives arising from our business units that respond to the expectations of stakeholders and on the international standards of application.

In 2010 the UN took decisive steps to clarify the role of companies as regards human rights. What does this new framework mean for Repsol?

Although the expression "human rights" is not very common in corporate language, and the subject appears to be emerging as a new priority, we have been concerned for years about employment rights, the eradication of child labor, occupational discrimination, health, safety, and many other matters related to human rights.

The proposed new UN provisions on companies require the integral and systematic management of the 30 rights protected by the Universal Declaration of Human Rights and the international legal instruments

that implement this. These provisions are intended to prevent the company's activities and decisions from interfering in the enjoyment of these rights and ensure that we properly attend to any negative impact, should it occur.

The road map required to ensure that the new corporate standard of human rights is integrated into all the facets of the business will require a great deal of effort. The majority of the controversies we have been managing do not derive from our direct activities, but from situations in which we are involved with third parties, which may be suppliers, contractors, distributors, associates, or even government agencies, where their activities may pose risks related to human rights.

The consensus forged around the UN, which, for the first time in the long history of the debate on companies and human rights, has been very broad, has provided us with a due diligence process, the center of which is the evaluation and prevention of risk. We must learn to adapt and incorporate this process into our operations at a reasonably rapid pace, taking into account the magnitude of the challenge this entails.

What milestones would you highlight as regards Repsol's performance in 2010?

I would especially highlight our safety results. Despite the fact that we have not had a year free from fatalities, which means we cannot feel satisfied, we have continued to reduce the rate of accidents involving our staff and contractors' staff. We are also assigning more resources to increase the safety of our processes as well as improve the quality of our incident investigations.

In terms of our contribution to alleviating climate change, in 2010 we continued to reduce our total consumption of energy and our emissions of CO₂.

We can also say that each year we become a more diverse company. We have more women promoted in equal conditions in the professional rankings, more personnel of various ages and nationalities and more employees with disabilities integrated into our company, and all of us who make up Repsol feel especially proud of this.