

Respecting and promoting human rights

Repsol YPF undertakes to respect and promote the human rights recognized in the United Nations Universal Declaration of Human Rights and by leading international agreements. In 2009 we updated the regulation for evaluating environmental and social impacts in the Upstream business and approved a Regulation for Action in Relations with Indigenous Communities. We demand that our suppliers and contractors respect human rights.

Update on 2009 objectives

Planned activities

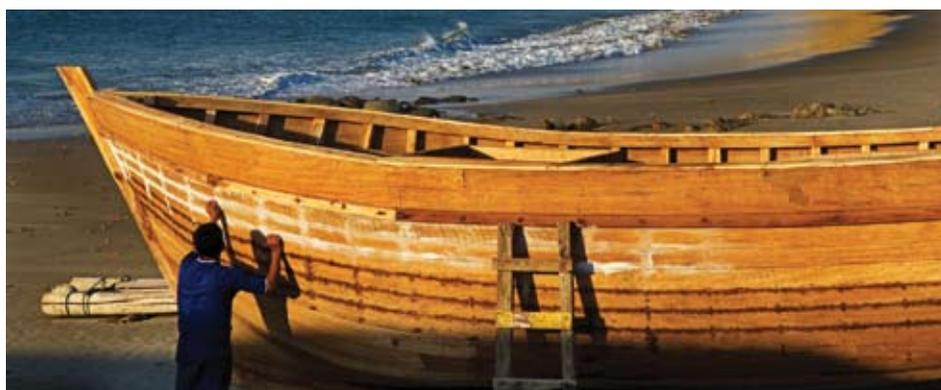
Approve the Regulation for Action in Relations with Indigenous Communities.

Include new training plans relating to the promotion of and respect for human rights.

Degree of progress 2009

The regulation was approved in June 2009.

Progress was made in human rights training in various areas, such as Safety and the Environment, External Relations and Corporate Security, as well as training for the new professionals who have joined Repsol YPF.



Peruvian coast.

What are we doing to respect and promote human rights?

Repsol YPF expressly supports respect for human rights in all the countries where it operates and undertakes to promote these within its area of influence.

Repsol YPF does not discriminate against people working within the company, contractors, suppliers or customers for any reason or in any country where it operates. Likewise, it declares that it does not employ underage workers nor use forced labor, and it respects its employees' right to freedom of association and collective negotiation in every country where it operates. The company also makes every effort to ensure these rights are respected by its partners, contractors, suppliers and distributors. There were no reports of discriminatory incidents in the company in 2009, nor of activities potentially involving child exploitation, forced labor or violation of the right to freedom of association and collective negotiation.

We have incorporated respect for and promotion of human rights into our management system through publicly-stated commitments, including the following corporate regulations:

- Repsol YPF Employee Code of Ethics and Conduct.
- Policy of Respect for People and their Diversity.
- Community Relations Policy.
- Policy and Regulation for Action in Relations with Indigenous Communities.
- Corporate Security Policy.
- Regulation for identifying, evaluating and managing environmental, social, safety and health impacts and risks in the Upstream business.

These regulations are based on international standards such as the principles of the United Nations Global Compact, the fundamental work rights established by the International Labor Organization (ILO), ILO Agreement 169

on Indigenous Communities, the OECD Guidelines for Multinational Enterprises, and the Voluntary Principles on Security and Human Rights and the lines of action of the International Association of Oil & Gas Producers (OGP).

Repsol YPF closely follows the work of Professor John Ruggie, special envoy of the United Nations Secretary General on Human Rights and Transnational Corporations.

We identify and evaluate risks

In 2009, we met the objective established for this period by approving the Repsol YPF's Upstream business regulation for identifying and environmental, social and health impacts assessment (ESHIA), as well as the regulation for hazard identification study (HAZID), which set out the necessary actions to be taken to prevent risks and offset the impacts of our operations. These regulations have been applied to all the projects carried out since they were approved. Repsol YPF's Corporate Security Unit analyses the potential safety issues and risks at our facilities, using quantitative criteria especially designed for the sector. Its objective is to identify, analyze and evaluate the factors that may lead to risks and to adopt measures to prevent and/or lessen them.

We train our people

In 2009 a training session on human rights in the oil and gas industry was included in the induction plan for new staff.

In September, the company's external relations managers in eight countries received an adapted version of the International Petroleum Industry

Environmental Conservation Association (IPIECA)'s human rights training course, with a view to them passing this on to their units.

A talk was also given that month on human rights during the Biodiversity Workshop held in Buenos Aires, which was attended by 35 people from the company's Safety and Environment departments. In December, the same talk was given to all the employees of the Internal Communications department.

We encourage the reporting of possible abuse

Employees may use two channels to report any human rights abuses within the company:

- The channel of communication to the Ethics Committee, via www.repsol.com and the corporate intranet. Through this confidential channel, anyone may report issues relating to compliance with the Code of Ethics, including respect for and promotion of human rights.
- Specific internal Corporate Security mailboxes, which receive anonymous complaints. The Corporate Security Unit is responsible for informing the Ethics Committee about particularly relevant issues.

We demand that our suppliers and contractors respect human rights

Repsol YPF's general conditions for procurement and contracting require successful bidders, anywhere in the world, to have a formal undertaking to follow the basic conventions of the International Labor Organization and other human rights standards.



Inhabitants of Huacaya (Bolivia), where Repsol carries out exploration and production activities.

We apply the Voluntary Principles on Security and Human Rights

We fully apply the Voluntary Principles on Security and Human Rights both in contracts with private security service providers and with the forces of law and order. By doing so, we aim to ensure that security suppliers comply with the principles of respect for human rights in their activities.

We restrict the use of firearms

Pursuant to the Corporate Security Policy, we reject the use of firearms in general by private security service providers, except

in high-risk areas or places where required by national legislation, as is the case in Spain.

We actively support international initiatives

Repsol YPF abides by the United Nations Global Compact and is a member of work groups dedicated to promoting human rights within the International Petroleum Industry Environmental Conservation Association (IPIECA) and Regional Association of Oil & Gas Enterprises of Latin America and the Caribbean (ARPEL).

Corporate Security

The activities of Repsol YPF's Corporate Security Unit are designed to protect people, interests and assets, as well as to anticipate possible aggression and promote a culture of Security.

Protecting facilities and people in a sector as critical as energy is fundamental to ensuring international energy stability. We perform these tasks with the help of contracted personnel from specialized security companies that have been authorized in each of the countries where we operate.

How do we manage safety risks?

- Identification of risk, also taking risks stemming from anti-social activities into account.
- Analysis of risk based on magnitude (function, depth and extension criteria) and probability (aggression and vulnerability criteria).
- Evaluation of risk by applying formulas that weight the criteria mentioned above.
- Classification of risk from "very low" to "high" based on pre-established values.

Safety thresholds have been established for our facilities based on this security risk evaluation methodology. Below these thresholds we recommend that operations cease at the facilities.

Security suppliers

Facility security is outsourced to specialized companies which are expected to undergo human rights training. Additionally, security services

are monitored to avoid any risk of human rights abuses. Should such abuses be detected then preventive measures are put in place.

Protection of critical energy infrastructures

In some countries, governments demand military protection for oil and gas facilities, due to their being strategic resources. Repsol YPF signs collaboration agreements with the forces of law and order that explicitly ensure this relationship cannot be interpreted in any way as the company taking sides in any possible, ongoing armed conflict in the country. These contracts contain clauses relating to respect for human rights.

In 2009, the following agreements with forces of law and order were in force:

- In **Saudi Arabia**, the Ministry of the Interior is responsible for guaranteeing the security of work carried out in the field. Repsol YPF only covers the related logistical costs.
- In **Argentina** there is a Framework Agreement with the National Police Force for protecting the critical facilities located in the different fields. We also sign specific agreements with the Federal Police, Provincial Police and Naval Prefecture, where required.

- In **Algeria**, the Ministry of Defense, through the National Police Force, provides security and protection for activities. Repsol YPF only covers related logistical costs. Private security is also provided at the request of the authorities.
- In **Colombia**, Repsol YPF has signed a contract of association with the state oil company Ecopetrol for the Capachos block, in the municipal district of Tame (State of Arauca). In turn, Ecopetrol has a collaboration agreement with the Ministry of National Defense, which establishes the conditions for Army protection of the facilities operated.
- On 1 February 2009, the Good Faith and Mutual Cooperation Agreement signed in Ecuador with regional military units to protect the facilities of Block 16 and the Bogui, Capiirón and Tivacuno areas came into effect.

| Security expenses in 2009 | | Million euros |
|------------------------------------|--|---------------|
| Private security | | 34.4 |
| Public security in Algeria | | 6 |
| Public security in other countries | | 2.7 |
| TOTAL | | 43.1 |



- The exploration activities carried out in Mauritania in 2009 were protected by the Ministry of Defense in accordance with pre-existing agreements.
- In Venezuela we have sealed an agreement with the National Guard covering protection of the company's employees and assets at the Quiriquire block.

Operations in socially-sensitive environments

In such operations, the company adopts measures according to the particular situation in the area in question, which sometimes requires us to contract highly specialized security personnel. Repsol YPF staff working in Iraq to carry out feasibility studies on possible projects has required protection by highly qualified professionals with extensive experience in war scenarios.

Repsol YPF's Corporate Security Unit has carried out initiatives to hire local staff for its security operations in certain extremely socially-sensitive social contexts.

Tarragona jetty control room (Spain).

Indigenous communities

Repsol YPF has produced corporate regulations that formally set out our commitment to respect the rights of indigenous communities and ensure compliance with related international agreements, regardless of whether these have been incorporated in the legislation of the host countries where we operate.

Repsol YPF formally recognizes the rights of indigenous communities through its Indigenous Community Relations Policy and Regulations for Action in Relations with Indigenous Communities. The latter was approved in June in line with our objectives for 2009, and establishes the principles to govern actions in relations with these communities.

Which commitments have we taken on?

The approval by Repsol YPF of the Regulations for Action in Relations with Indigenous Communities requires the company to make the following commitments:

- To determine the possible existence of indigenous communities which could potentially be affected, in all projects.
- To analyze the degree to which the authorities comply with the right to prior, free and informed consultation. Repsol YPF will ask the authorities to make up for any shortfalls. Repsol YPF will make every effort to cover these if the authorities fail to take action.
- To establish systematic dialogue mechanisms with the indigenous communities affected by all projects in order to reach an agreement or compromise.
- To adopt an Anthropological Contingency Plan in areas where claims are made about the possible existence of isolated indigenous communities, primarily to prevent any contact with them. Likewise, the plan will establish measures to guarantee that, in the event of contact, the Repsol YPF technical team will act in a manner that does not violate the fundamental rights of these people.
- To not carry out projects that involve relocating indigenous communities to areas outside their traditional or



Quechua woman wearing traditional attire.

Indigenous communities affected by Repsol YPF's operations in 2009

| Country | Operation | Number of communities | Approximate population | Ethnic group | Communications and consultations made | Agreements signed |
|-----------|----------------------|-------------------------------|------------------------|--|---|---|
| Argentina | Loma La Lata | 4 | Not available | Mapuche | None carried out. | Agreement on the development of turnkey crops. |
| Bolivia | Caipipendi-Margarita | 35 | Not available | Guarani | Communication of the start of construction of the access road and water injection well drilling floor (MWD-1). Program to communicate the regulations on indigenous communities to the members of the National Assembly of the Guarani People. | Agreement with the Assembly of the Guarani People of Zone III of Itika Guasu to set up communal plant nurseries. Agreement with local communities for drilling geotechnical wells at the Ivoca stream and Pilcomayo river area. |
| | Paloma- Surubí | 35 | Not available | Aymara y Quechua | Consultation process about the Landfarming Paloma project. | Annual inter-institutional agreement with the Municipal District of Entre Ríos for carrying out works and activities. |
| Colombia | Capachos | 1 | 195 | Uwa | 15 meetings attended by the Indigenous Governor of the Angosturas Reserve. Three meetings with the Association of Indigenous Reserves of Arauca (Ascatidar). | Not carried out. |
| Ecuador | Block 16 | 6 intrablock 30 extrablock | 373 | Waoorani | Consultation and participation process for the Environmental Impact Assessment (EIA) of the mud pool and drilling waste sump construction project. Consultation and participation process for the EIA of the IRO. A platform expansion project. Consultation and participation process for the EIA on the project to expand the captive power generation system of Block 16. Sixty talks on various subjects to all community members. Three workshops with the Organization of the Huaorani Nation of the Ecuadorian Amazon (ONHAE). | Annual budget of the Organization of the Huaorani Nation of the Ecuadorian Amazon (ONHAE) – Repsol YPF 2009, within the framework of the Agreement on Friendship, Respect and Mutual Support. Agreement on Cooperation and Compensation between Repsol YPF and the Dicaro and Yarentaro communities 2009-2012. Agreement between the Oil Consortium, Block 16, Tivacuno area and University of San Francisco de Quito (USFQ). |
| Peru | Block 39 | 12 | 1,915 | Arabela-Quichua | Consultation for the EIA of the 2D seismic expansion project: two workshops carried out and a public hearing. | Three agreements with indigenous communities on compensation: Buena Vista, Shapajal and Flor de Coco. Twelve agreements with the same number of communities on carrying out social projects. One authorization given by the native community of Buena Vista to execute 3D seismics and drilling of 21 exploratory wells. |
| | Block 57 | 19 | 10,570 | Ashaninka, Caquinte, Machiguenga, Yine | Sixty informative meetings with authorities and inhabitants. Consultation for the EIA of the Kinteroni 1 exploratory wells: two workshops and one public hearing. | Sixteen authorizations with the same number of communities for carrying out the ESHIA. Five authorizations by the communities to carry out field geology studies. Four collaboration agreements with the Cheni, Tsoroja, Poyeni and Porotobango communities. |
| | Block 90 | 7 | 2,700 | Ashaninka, Yine | None carried out. | None carried out. |
| | Block 109 | 2 | Not available | Awajun, Shayahuita | None carried out. | None carried out. |
| Venezuela | Quiriquire | 1 | 500 | Warao | Community analysis, with involvement of community organizers, in which any issue relating to the company can be discussed. | Annual social investment plan. |

historical lands, or projects that impact on places that have historically been of exceptional spiritual importance, unless the government has obtained the express consent of the affected communities.

What is the scope of application?

The new regulations are applied in all the new projects of companies that Repsol YPF's business units form part of and in the subsidiaries and offices where Repsol YPF has responsibility for management.

Contracting conditions for suppliers, contractors and subcontractors will require them to be aware of and abide by these regulations.

In operations where the company does not have management responsibility, it will inform its partners of these regulations and will provide them with its knowledge and techniques to help implement them.

Initiatives for promoting human rights

- **Bolivia:** dental campaign, with 4,800 children from 18 schools near the Paloma and Surubí fields benefiting.

- **Mexico:** we communicated the promotion of human rights, with the help of works supervisors, field managers and security and environment personnel, in all meetings held with the communities living in the Reynosa-Monterrey block, operated by Repsol YPF.

- **Peru:** informative workshops held by Perúpetro and the National Institute for the Development of Andean, Amazonian and Afro-Peruvian Peoples (INDEPA) on hydrocarbons and the rights of

indigenous peoples in the communities of San Rafael, Shapajal, Flor de Coco, Buena Vista and Urbina.

Support for the Ministry of Women and Social Development's Women's Emergency Centre in Satipo, providing logistical support to carry out an educational workshop for combating domestic violence.

- **Venezuela:** collaboration with the Indigenous Health Department in carrying out projects to help reduce health problems among the indigenous population of the state of Monagas.



Educational project in Bolivia.

Block 39 (Peru)

Block 39 houses a heavy oil field located in the north west of Peru, on the Ecuadorian border. It is currently in the exploration phase and being operated by Repsol YPF, which owns a 55% interest.

The operations carried out by Repsol YPF to date cover an area equivalent to 0.015% of the total surface area of the block.

There are 12 indigenous communities of the Arabelaquichua ethnic group living in the area affected by the operations of Block 39. It has also been claimed that isolated communities or communities with little contact with the country's dominant culture may inhabit this densely forested area.

Based on these claims, Repsol YPF has designed and adopted an Anthropological Contingency Plan to prevent our technical team or contractors from having any contact with these communities. The plan also establishes measures to guarantee that, in the event of such contact, the fundamental rights of these people are not violated.

This area is also a sensitive one in terms of biodiversity. For this reason, Repsol YPF has carried out a biodiversity study in partnership with



Q Exploration block

the Smithsonian Institution to gain in-depth knowledge about the local flora and fauna, in order to prevent any serious impact on biodiversity, with particular focus on the most vulnerable species.

For further information, see the chapter on "Protecting biodiversity."

What is the situation with projects currently underway?

Repsol YPF has pledged to carry out a study aimed at finding out the degree of social insertion in company operations in areas inhabited by indigenous communities.

This study will be carried out by an independent third party and Repsol YPF will publish the author's recommendations and the actions finally to be adopted based on the results.

In 2009, work was carried out on the terms of reference for this study, taking into account the opinion of Intermón Oxfam.

Disputes with indigenous communities

It is a priority for Repsol YPF to resolve any disputes that may arise with indigenous communities affected by the company's operations, without prejudice to any of the parties involved, to ensure that agreements are reached that benefit the communities involved.

In 2009 we continued our talks with the Guarani communities of Itika Guasu, in Bolivia, who live in the Margarita field, since no agreement had been reached with this community. In 2009, Repsol YPF also held discussions with Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), the state oil company with a 60% interest in the operation, with a view to signing a final agreement with the Guarani People's Assembly of Itika Guasu.



Florestas do Futuro project, Brazil.

Some indigenous communities complained about the presence of the company in the area of Lot 57 in Peru, where Repsol YPF is the operating partner. After several meetings with the communities of Kitepampani and

Tsoroja, an agreement was reached to allow the continuation of the exploration work in the area. On the other hand, the Ashaninka Centre of the Río Tambo (CART), made up of 50 communities, asked for economic support to help their development. Finally, an agreement was reached to provide support to the communities affected by the exploration work carried out in the area and an authorization was signed allowing the activities to continue.

During the first quarter of 2009, member communities of the Federation of Indigenous Communities of Curaray and Napo (FECONCUNA) blocked all river transport along the Curaray river, which gives access to Block 39, operated by Repsol YPF in Peru, in protest at not having received any reply to the demands they had made to the regional government. A committee was set up bringing together oil companies, the regional government, public institutions and representatives of the indigenous communities, which drew up a work plan in subcommittees focusing on health, work, education, transport and agriculture.

2010 objectives

To develop actions in line with the Voluntary Principles on Security and Human Rights.

To continue giving Repsol YPF staff training on human rights, with special focus on managers, new employees and people responsible for Upstream, Corporate Security and Procurement and Contracting.

To carry out a study to establish the degree of Repsol YPF's social involvement in operations with indigenous communities in Bolivia and Peru.

To carry out actions to publicize our regulations on indigenous communities among our partners and contractors.

Consultation processes the indigenous communities of Peru

- Coordination with the Apus, chiefs of the native communities and communal leaders: by telephone, radio or in person, through visits to their communities and meetings at the Repsol YPF offices. Initial coordination meetings held to determine the decisions made by the community, permits and authorizations required to call meetings, and activities carried out.
- Communal assemblies: meetings with the mass participation by the indigenous

community, with majority agreements taken and noted by means of meeting minutes.

- Rural newspaper: a channel for written communications from Repsol YPF and dissemination of business information about its project activities.
- Suggestions boxes: a way of gathering suggestions and questions from the public at large.