

Respecting human rights

Respect for human rights is one of the development pillars of our business around the world. The company has criteria based on the values of integrity, transparency, accountability, and safety, which are global and enforceable in all our operations, and constitute our framework for action.



Human rights and Repsol

We are aware that the nature of our activities and the conditions of some of the environments and countries in which we operate mean that we can have an impact on people and economies. For this reason, and because it is our responsibility, Repsol's commitment to human rights is a thread that runs right through our organization.

We abide by the United Nations 'Protect, Respect and Remedy' framework for business and human rights. There are three aspects to this framework: the State duty to protect against human rights abuses, the corporate responsibility to respect human rights, and people's need for effective access to remedies. In 2010, we closely followed the work of the Special Representative of the UN Secretary General on human rights and transnational corporations and other business enterprises on the 'Guiding Principles' for putting this framework into place, through the social responsibility working group of the International Petroleum Industry Environmental Conservation Association (IPIECA).

Public commitment

We have incorporated respect for human rights into our company and we ensure these rights are respected throughout our entire sphere of influence, by means of the publicly-stated commitments contained in our policies, which are applied worldwide: Ethics and Conduct Regulation, Policy of Respect for People and their Diversity, Labor Relations Policy, Contracts and Purchasing Policy, Policy on Community Relations, Regulation for Action in Relations with Indigenous Communities, and Corporate Security Policy.

In 2011, we will create a multidisciplinary working group, which may involve participation by outside experts, who will work to produce a draft Repsol Policy on Respect for Human Rights, bringing together and further developing the commitments we have undertaken in our current policies.

Identification and evaluation of risks and impacts

The risk of human rights violations is addressed in our corporate risk map, specifically in the 'operating business risks' category and within the strategic and environmental risks of the 'country risk' category. We

reviewed our risks related to human rights as part of our effort to update the corporate risk map in 2010.

The Repsol Safety and Environment, Health, and Corporate Responsibility units worked in 2010 to develop the Corporate Policy on Environmental, Social and Health Impact Assessment to ensure that all impacts on human rights are identified at the earliest possible stages of all investment projects and are taken into account in designing such projects, in order to prevent and mitigate them. The policy, which is currently in a draft state, incorporates the comments and suggestions of four well-known and respected social stakeholders: a development NGO, a human rights protection NGO; a global governance institution in the area of labor; and a union organization. The objective is for the policy to be approved in 2011.

Notification of possible abuses

We maintain several channels for reporting of possible human rights abuses:

- Our Ethics Committee communication channel⁽⁵⁷⁾.
- Corporate security mailboxes are set up to receive anonymous complaints.
- A new application called CISEC (Communication of Corporate Security Incidents). This was put in place in 2010 to communicate, manage, and record incidents. It provides an additional mechanism for evaluating, monitoring, and resolving incidents. We will complete its implementation throughout the company over the course of 2011.

Training and raising awareness among employees

We are aware that having a corporate policy in place is not enough to prevent improper conduct in our company. Such conduct may occur through lack of awareness, short-term needs, or relationships with third parties. Human rights training and raising awareness among Repsol staff, and the resultant capacity to respond to unforeseeable situations in a 'pro-people' way, play a fundamental role in integrating human rights into our business. To this end, we have continued to make progress on providing human rights training within the various company units, a campaign we launched in previous years and which in 2010 covered 2% of our workforce. Among our key efforts:

- We provided an ethics and human rights module in the annual training forums for Purchasing and Contracts staff, which reached 40 attendees.
- We included an ethics and human rights module in the welcome forums for new employees, which reached 35 attendees.
- We gave a session on human rights in the Madrid and Buenos Aires workshops with business and country Health, Safety and Environment heads, which reached 84 attendees.

⁽⁵⁷⁾ See chapter on Ethical conduct and the fight against corruption.

All the policies described above, as well as further information about our human rights management systems, can be found at humanrights.repsol.com

- We held a session on ethics and human rights during the annual CD Resources Forum, which brings together the company's Safety and Environment, Purchasing and Contracts, Engineering and Technology units, which reached 650 attendees.

Priority human rights issues

The field of human rights is very broad, but at Repsol we have worked with our stakeholders to identify certain aspects that we consider to be priority issues.

1. Respecting the human rights of our employees

As stated in our policies on labor relations, Repsol does not discriminate in hiring or against the people working for us for any reason in any country. Similarly, the company investigates all allegations related to discrimination that may occur. Four incidents of this kind were investigated and processed in 2010, one for sexual discrimination and a further three for bullying. Of these cases, three have been resolved and one is still ongoing. Of the cases resolved, one ended with the dismissal of an employee.

Repsol does not employ underage workers, nor do we use forced labor. We did not identify any activities carried out by Repsol employees in 2010 that entailed any potential risk of child exploitation or forced labor.

We respect and support our workers' right to free association and collective bargaining in all the countries in which we operate, including those in which these rights may be under threat, an examples are:

- Repsol workers in Trinidad and Tobago set up a union last year, and were negotiating their first collective agreement in 2010.
- In Algeria, meetings were held with workers' representatives in 2010, and a *Règlement Intérieur* was approved.
- The Repsol Union Network is made up of the unions of the Latin American countries in which the company has a presence: Argentina, Bolivia, Brazil, Colombia, Ecuador, Peru, Trinidad and Tobago, and Venezuela, as well as the Spanish unions Comisiones Obreras (CCOO) and Unión General de Trabajadores (UGT).

2. Respecting the human rights of indigenous communities

Indigenous communities are key stakeholders for our company in several places where we operate. We are aware of the importance of respecting the internationally recognized rights of these peoples, and in particular their right to be consulted and to have their culture and traditions respected. In relation to this, we worked in 2010 to implement the policy we developed in 2009 in the various countries where our operations affect indigenous communities. More information about Repsol and indigenous communities can be found in the chapter *Local communities*.

3. Respect for human rights by our suppliers and contractors

We are keen to ensure that our suppliers, contractors, and distributors respect human rights. Every year, we work to fine-tune our supplier management system and supply chain to exert our influence and prevent risks of human rights violations through our selection, classification, and control processes. More information on human rights management aspects in the supply chain can be found in the chapter *Partners, suppliers and contractors*.

4. Corporate security and human rights

At Repsol, we are committed to continuously improving the security of our staff and facilities, based on respect for human rights.

Relationships with our security suppliers

We require our security suppliers to meet criteria in line with our Corporate Security Policy and international standards, such as the United Nations' Universal Declaration of Human Rights, Voluntary Principles on Security and Human Rights, and Basic Principles on the Use of Force and Firearms.

We include clauses in all our contracts that oblige security companies to formally abide by these standards. We also include clauses that provide for a contract to be terminated should any non-compliance be identified.

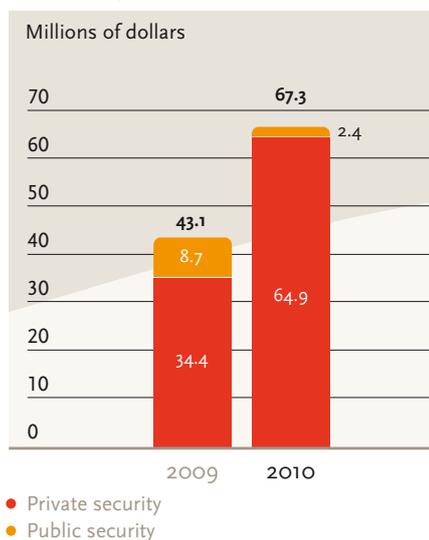
In protecting our facilities, our Corporate Security Policy generally rejects the use of firearms by private security contractors, except in areas of serious risk or where this is a requirement under national legislation. Private security workers are armed in seven countries, though not in all settings, due to the particular security conditions or the demands of current local legislation.

In 2010, we signed or renewed 22 contracts with private security companies that provide services at our facilities in Argentina, Algeria, Colombia, Ecuador, Peru, and Trinidad and Tobago.

The strategic importance of energy infrastructures makes them vulnerable to the risk of terrorism or other risks arising from armed conflicts. In some countries, we have to protect these kinds of facilities in collaboration with public security forces, as required by local governments.

Repsol formalizes its relationship with public security forces through collaboration agreements that protect our neutrality with regard to any armed conflicts that may take place in these countries.

Security expenditure



SECURITY EXPENDITURE			2010 (MILLIONS OF DOLLARS)
Country	Private security	Public security	Description
Spain	20.44	–	
Argentina	36.8	1.1	Agreements with Security Forces to ensure the security of infrastructures deemed to be at risk
Algeria	0.42	0.81	Agreement with the Gendarmerie Nationale, operated by the Ministry of Defense, covering logistics relating to the protection of facilities
Bolivia	0.69	–	
Brazil	0.32	–	
Colombia	0.69	0.29	Collaboration agreement with the Ministry of Defense to protect operations of our partner Ecopetrol in the Capachos Block
Ecuador	1.81	0.22	Goodwill and Mutual Cooperation Agreement with the Fourth Army Division to patrol the operations area of Block 16 and neighboring areas
Peru	2.6	–	Agreement with the National Police of Peru for protection of the La Pampilla Refinery facilities
Trinidad and Tobago	0.44	–	
Venezuela	0.71	0.008	Agreement with the Guardia Nacional to patrol and protect the operations areas of the Quiriquire Block
SUBTOTAL	64.9	2.4	
TOTAL	67.3		

The increase in private security expenditure since 2009 is due to the inclusion of expenditure stemming from security services contracted for industrial complexes, primarily in Spain and Argentina.

The decline in public security expenditure in Algeria is due to the fact that we have reduced the number of our exploratory campaigns, which also led to a fall in the logistical costs of protection services received from the public security forces.

Voluntary Principles on Security and Human Rights (VPSHR)

Repsol's Fifth Corporate Security Forum took place in 2010, and looked at various areas in which the company is making progress to properly implement the Voluntary Principles on Security and Human Rights:

- **Selecting security suppliers:** We have included minimum requirements with regard to ethical conduct and human rights in our criteria for selecting security suppliers.
- **Specific contract clauses:** We have included clauses in security services provision contracts expressly referring to the VPSHR, more precisely describing human rights responsibilities and commitments.
- **Human rights training:** We require our contractors' security personnel to receive human rights training as an essential requirement to be eligible for contracting to us. We also request documentary evidence that enables us to verify this training has taken place. We supplement this training with talks and basic courses, which include a review of our security procedures and procedures on relationships with public security forces. These courses encompass a review of the corporate policies enshrining our human rights commitments.
- **Checks on our security suppliers:** We monitor our contracted security services to identify any potential human rights abuses. We use audits to verify compliance with the provisions, policies, and procedures established for our operations, the conflict-resolution actions of security companies, and respect for the law. Through the audits we carried out in 2010 we identified six cases of non-compliance. Three of these cases gave rise to the termination of contracts.

*More information on security risk management and Repsol's corporate security management policies, regulations and system; the criteria used for selecting security companies; contractual requirements for security suppliers with regard to human rights; the content of the human rights training required for security suppliers; and our relationship with public and private security forces can be found at **humanrights.repsol.com***

*More information about our involvement in corporate security working groups can be found at **externalinvolvement.repsol.com***
