

Sustainability Plan 2017

Venezuela



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Legal Notice

This Sustainability Plan includes a set of actions which, in whole or in part, go beyond what is required by law and are aimed to contribute to sustainable development. Participating companies of Repsol Group have the firm intention to undertake and fulfill them. However, they reserve the right to modify, postpone or cancel their implementation without incurring liability, but undertake to publicly justify these possible cases.

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Our vision of sustainability and the preparation of this Plan

Sustainable development, currently framed by the United Nations in its 2030 Agenda and its 17 Global Goals, is a responsibility shared by political, social, and economic agents that requires decisive action.

At Repsol, we contribute to sustainable development by seeking to satisfy the growing demand for energy, which is essential for the fulfillment of people's fundamental rights, and by creating value in both the short and long terms. We maximize positive impact and minimize negative impact on society and the environment throughout our value chain by acting ethically and transparently. In doing so, we seek to comply not only with regulations in force but also with the main international standards.

Under these premises, the Company adopted a sustainability model in 2010, which includes ethical, environmental, and social considerations in our decision-making process, based on dialogue with stakeholders. We repeat this exercise every year, formally and systematically incorporating these concerns into our decision-making processes and translating them into public annual action plans: the Sustainability Plans.

Over the years, this valuable external learning process and internal cultural change has enabled us to evolve and strengthen our sustainability model, focusing on the most relevant matters. In turn, this has helped us to define our organization's path towards a more effective contribution to sustainable development.

As a reflection of this learning, the current model focuses on six priority axes that define long-term sustainability objectives and annual lines of action. These axes revolve around the following topics, which structure our Sustainability Plans.



Venezuela's 2017 Sustainability Plan is made up of 20 actions that respond to the expectations identified among the Company's stakeholders through the local study carried out in 2015, among which we can highlight the need to promote ethical and transparent behavior, improve the safety of employees, reduce environmental impact, increase environmental awareness, and facilitate communication and dialogue with the community while promoting its development and that of companies in the surrounding area.

Actions are framed within the axes of: Ethics and transparency, People, Safe operation, and Management of resources and impacts. The largest number of actions focus on the axis of People (10), followed by that of Ethics and transparency (5).

80% of the actions included in this Plan are linked to the performance-based compensation system for people working at Repsol, which shows the Company's unequivocal commitment to maximizing our contribution to sustainable development.



The actions that make up this Plan help support the United Nations' 2030 Agenda for Sustainable Development by addressing the following Sustainable Development Goals (SDG):



SDG 3. Good health and well-being. The Venezuela Business Unit contributes to this goal by promoting mental health and well-being (target 4).



SDG 4. Quality education. This plan promotes the increase of technical and vocational skills of our employees and our value chain (target 4).



SDG 8. Decent work and economic growth. This plan includes initiatives aimed at promoting the growth of small and medium-sized enterprises (target 3), ensuring a decent work (target 5), and promoting a safe working environment (target 8).



SDG 10. Reduced inequalities. The Venezuela Business Unit seeks to promote social and economic inclusion in the area around our operations (target 2).



SDG 12. Responsible consumption and production. This plan describes projects that have an impact on the reduction of waste generation (target 5), on the adoption of sustainable practices (target 6) and on providing information and knowledge for sustainable development (target 8).



SDG 16. Peace, justice, and strong institutions. This plan includes a commitment to actions related to reducing violence (target 1), promoting ethics, responsibility, and transparency (targets 5 and 6), and respecting fundamental freedoms (target 10).



SDG 17. Partnerships for the goals. This plan includes actions based on the formation of partnerships in the public, public-private, or civil society spheres (target 17).



Ethics and transparency

We act with integrity in all countries in which we are present. Our ethical conduct includes strict compliance with both the letter and the spirit of the law.

On this axis, we establish the set of actions that ensure the Company promotes and encourages a culture of integrity and responsibility for all Repsol employees, as well for as our suppliers, contractors, and business partners.

We also define transparency and accountability as differential elements in the Repsol sustainability model. To be credible, it is essential to be consistently transparent.

In this Sustainability Plan, we have committed to actions that will help the Company overcome the challenges we have set for ourselves in this area while responding to the main expectations of the stakeholders.

ACTION

Promote ethical behavior in all of the Company's relationships.

DESCRIPTION

We will promote ethical behavior in all of the Company's relationships. To do so, we will provide specific corruption prevention training to Repsol employees in Venezuela and we will promote the creation of a Code of Ethics and Conduct for employees of Quiriquire Gas.

INDICATOR

- Provide training on corruption prevention.
- Create a Quiriquire Gas Code of Ethics.

CLOSING TO THE ACTION AS OF 12/31/2017

STATUS

Fulfilled

CLOSING TEXT

We have held three training sessions on corruption prevention for employees from areas where this issue is especially present. Additionally, we have worked alongside Quiriquire Gas in the drafting and review of a mutually agreed version of Quiriquire Gas's proposed Code of Ethics and Business Conduct. The proposal is currently in the process of being submitted to the Board of Directors of Quiriquire Gas.

ACTION	Improve the flexibility, traceability, and transparency of procurement and contract procedures.
DESCRIPTION	We will make the management and approval of orders more flexible by implementing the annexing of digital documents to documents in the SAP computer program. We will improve the traceability of internal processes by using sharepoint as a substitute for network information. Lastly, we will continue the 2016 certification project through analysis and monitoring of the time taken in certification of services processes.
INDICATOR	<ul style="list-style-type: none">- Incorporate the annex of digital documents in documents in the SAP program.- Start using sharepoint for Procurement and Contracts.- Complete the quarterly analysis report for the 2016 certification project.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have implemented all phases of the project, in line with our requirement to improve the procurement and contracting process. Of the total purchase requisitions generated as of November 2017 (259), 79% include the associated documentation required to start the management process. Additionally, we have held a refresher workshop on the Procurement and Contracting Management Norm with general services personnel; others will be scheduled for the rest of the user units.

ACTION	Disseminate the Sustainability Plan and its progress among our employees.
DESCRIPTION	We will use available means (repsolnet, digital screens and internal communications) to disseminate the Sustainability Plan and its progress on the commitments assumed.
INDICATOR	Post new publications on the three available channels.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have used all mechanisms available to disseminate the Sustainability Plan among our employees. We called a meeting, made one publication on digital signage, two posts on repsolnet, and four announcements. We also have conducted monthly monitoring and added the progress made to the Country Channel to consolidate the messages.

ACTION	Promote knowledge of the business' activities in the country by means of training actions aimed at employees and society.
DESCRIPTION	We will organize presentations aimed at employees and the neighboring communities about the activities we carry out in the country, involving our technical personnel as facilitators of the training activities. We will repeat shorter presentations to spread the knowledge of Repsol's activity in the country among the communities.
INDICATOR	<ul style="list-style-type: none">- Give four presentations.- Train 40 people.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have organized talks about the activities that the Company carries out in the country, thereby highlighting its contribution to society. In talks with employees, we have focused on field development; in talks with the general public, we have focused on who we are. In total, we organized three workshops. A total of 44 people participated, including employees and members of the general public.

ACTION	Offer information on the contracting process to suppliers that have the greatest economic and operation impact.
DESCRIPTION	We will schedule meetings with our suppliers who provide services which are considered critical with the goal of sharing our regulations on contracting, the codes of ethics that govern our principles and values and information on compliance with human rights matters that, as a company, they can provide. We will include suppliers and contractors from Petroquiriquire in order to strengthen commitments on executing projects in the joint venture.
INDICATOR	Hold two biannual monitoring meetings with suppliers.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have held the two scheduled biannual meetings, consolidating the commitment to the joint venture and generating confidence. The meetings were attended by eight contractors, including Weatherford, ORSA, FMC, IDS Consultores, OCI, and Schlumberger.

People

Our employees, communities, commercial relations, and customers are a primary axis in our sustainability model.

We know that the people that make up Repsol are our main competitive advantage and the key to becoming a sustainable company. We have a team of diverse, experienced, and committed professionals. We are committed to equal opportunities, the integration of people with disabilities, multi-culturalism, a work-life balance, training and development, and attracting and retaining talent.

Business operations are carried out in an increasingly demanding and informed social environment, and companies strive to establish sound relationships with local communities, based on the principles of respect, cultural sensitivity, integrity, accountability, transparency, good faith, and non-discrimination. At Repsol, we work to build lasting relationships of trust with the different agents with whom we interact, especially the communities neighboring our operations.

At Repsol, we are committed to continuing to respect human rights, and this means preventing our activities from having negative consequences for the local people and, if such a thing does occur, doing everything possible to repair the damage done.

This Sustainability Plan includes a commitment to the following actions, in line with the lines of work that Repsol has set on this axis of sustainability.

ACTION	Benefit the Venezuelan economy by means of local execution of the long-term projects for equipment to be delivered to PetroCarabobo.
DESCRIPTION	We will continue promoting the local execution of long-term projects for the delivery of equipment required by PetroCarabobo for the new plant with capacity for 60,000 barrels of extra-heavy crude oil per day. Manufacturing will last from November 2015 to December 2017 and include, among others, crude oil desalters and heaters, heat exchangers, and three-phase separators. In this manner, we will maximize the national component and favor Venezuelan industry.
INDICATOR	Complete the project.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	In progress
CLOSING TEXT	We have made progress in the construction of the long delivery-time equipment associated with the new plant. This was done through the Guayana group of companies for the operation of this type of specialized equipment: desalters, heaters, exchangers, separators, drains, and filters. Petrocarabobo is therefore seeking to contribute to the industrial development and expansion of the Guayana region, in the southern part of the country, creating new jobs and contributing to the Venezuelan economy.

ACTION	Promote the participation of local companies in the provision of services and works to be carried out in the Petroquiriquire operating areas.
DESCRIPTION	We will promote the participation of local companies in the Petroquiriquire area, contributing to improving society and the quality of life in the surrounding community. To do so, we will promote meetings and synergies with local companies as well as the reduction of their debt. We will reward contractors based on their geographical location in the technical assessment matrices.
INDICATOR	<ul style="list-style-type: none"> - Include greater weight for local companies on the technical assessment matrix. - Reduce local companies' debts. - Hold meetings with local companies.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	In the technical assessment matrix, we have included a factor that favors the local companies closest to the area where their services are required and held multiple meetings with them to encourage them to participate in the processes. Due to the non-activation of the Financing Plan during this reporting period, we were unable to reduce the level of debt because of the lack of cash flow that would have been provided by that mechanism.

ACTION	Promote non-monetary recognition of our employees.
DESCRIPTION	We will implement a non-monetary compensation plan for collaborators who contribute in a way that is above and beyond their normal roles.
INDICATOR	Approve and implement the project before October.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have developed and implemented a program called "Proyéctate," which acknowledges contributions made by employees beyond their daily work: volunteering, participating in brigades, facilitating communication, mentoring, advising thesis students, trainees, academic achievements, etc.

ACTION	Promote the social, environmental, and ethical image of Repsol in the country.
DESCRIPTION	We will place greater emphasis on communicating Repsol's social, environmental and ethical matters, making public the added value we provide to society. Likewise, we will carry out social action initiatives, involving corporate volunteers when possible.
INDICATOR	<ul style="list-style-type: none">- Send six communications.- Carry out six activities.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have developed 26 social and environmental activities and published 18 press releases on ethical, social, and environmental matters in national media and newsletters.

ACTION	Promote internal mobility as an essential element for the development of our employees.
DESCRIPTION	We will favor internal mobility as a tool for learning and professional progression. To do so, we will implement a vacancy coverage procedure by means of internal competition in which all employees who fit the profile of the post required may participate. We will use this procedure for all vacancies with the exception of posts identified as critical and whose coverage is defined by succession planning.
INDICATOR	Cover 90% of internal vacancies by means of this procedure.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have promoted mobility at the local and international level, moving a large number of people who had been in the same position for long time, sometimes to meet organizational needs and others to promote people's development. There were also internships abroad in Colombia, Spain, and Bolivia. We have used this internal selection procedure to fill two vacancies, but the process has yet to be concluded.

ACTION	Promote dissemination of the Voluntary Principles on Security and Human Rights among the executive and management team.
DESCRIPTION	We will give informational presentations on Voluntary Principles on Security and Human Rights to the country's executive and management team.
INDICATOR	<ul style="list-style-type: none">- Provide training to 80% of the executive and management team.- Design and print pamphlets for dissemination.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have carried out the dissemination campaign on Voluntary Principles on Security and Human Rights for senior and middle management, as scheduled. To this end, we have created leaflets for the dissemination campaign and delivered a presentation to senior and middle management.

ACTION	Promote improvements in physical security in the Petroquiriquire operational area.
DESCRIPTION	We will promote the implementation of actions that improve physical security in the Petroquiriquire Mixed Company. To do so, we will interact with the State security forces, we will contract a private security company with patrols in the area and we will strengthen anti-theft and physical security protections in the facilities.
INDICATOR	<ul style="list-style-type: none"> - Sign the contract with the security company. - Make agreements with State security forces. - Post surveillance at drills. - Strengthen anti-theft protections at wells, stations, and operations bases.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	Given the steady rise of the rate of theft, we have given priority to this initiative, signing the contracts and agreements envisaged, setting up surveillance at the drill sites, and reinforcing protection measures. Additionally, we have held working sessions with PDVSA corporate security personnel and reached the conclusion that it is not possible to hire third parties to handle security-related matters within the operational areas of the Petroquiriquire Joint Venture

ACTION	Carry out an assessment of psychosocial risks.
DESCRIPTION	We will analyze the work conditions that are directly related to the organization, the content of the work, or execution of tasks that can affect the well-being or health (physical, psychological, or social) of our employees, as well as the work itself. With that goal, we will assess psychosocial risks by means of the Andean Instrument on Workplace Safety and Health.
INDICATOR	Carry out assessments of 75% of staff.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have conducted the psychosocial risk survey during the last quarter of the year through Global Management, with close to 100% participation. Although the results obtained were good, they reveal opportunities to implement improvement actions in 2018 on some aspects that are affecting our personnel. The results will be generally disseminated in February 2018.

ACTION	Ensure training of all personnel of the new security contractor.
DESCRIPTION	We will give training presentations on human rights and internal corporate security policies to all new personnel of the security contractor that is selected in the 2017 tender for services.
INDICATOR	Provide training to 80% of new personnel members.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have provided training to all security services contractor personnel in all Company offices in the country. The training session was headed by personnel from the Company's Corporate Security Management.

ACTION	Provide security support to employees during transfers to operational areas and roadways outside of cities.
DESCRIPTION	We will coordinate the required transfers for the Company's directors, expatriate personnel, and employees using corporate security personnel and personnel from the contracted security company and minimizing risks to employees.
INDICATOR	Monitor 60% of transfers.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have carried out the security monitoring of all work-related movements of company personnel, which totaled 1,946, including executive protection and other additional support services to employees.

Safe operation

In pursuit of our goal of Zero Accidents, we demand a high level of safety in our processes and facilities, paying special attention to the protection of people and the environment around us.

It is necessary to pay attention to the safety of both people and our processes. We employ a set of forward-looking actions that help us to control risks and prevent large industrial accidents.

We apply stringent measures during the design and maintenance of our facilities. We carry out periodical risk analyses following best practices at the international level, manage our response to emergencies efficiently, and provide appropriate training to our employees, thus strengthening our excellent safety culture.

However, when we speak about safety, we do not limit ourselves to our facilities but also refer to raising awareness among the suppliers and contractors we do business with. The launch and dissemination of the 10 Basic safety rules throughout the entire organization, to both employees and contractors, seeks to ensure that our supply chain meets the required safety standards.

Every year, the Corporate Executive Committee approves the sustainability goals. Safety is included with a weight of between 10% and 20% and has a direct impact on employees with performance-based compensation.

Below, we list the actions that show our commitment to safety and bring us closer to reaching our goal of Zero Accidents.

ACTION	Support the continuity of the safety plan for platforms and the Tiguadare gas plant to prevent impacts on people, facilities and the environment.
DESCRIPTION	We will propose to Cardón IV that meetings be held for monitoring claims from fishermen's associations as well as to continue monitoring the presence of unauthorized watercraft in platforms' safety area and attend to the safety of the Tiguadare gas plant. This way, we will be able to identify, prevent, and address potential impacts on the activities of third parties (fishermen), personnel, the integrity of facilities, and the environment.
INDICATOR	<ul style="list-style-type: none"> - Hold quarterly meetings. - Monitor the platforms' safety zone.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have carried out the quarterly meetings as scheduled. We have conducted a physical security diagnostic at Repsol/Eni Cardón IV and incorporated improvements into the plant and the access corridor. We also have implemented an offshore intrusion monitoring system with reports to the authorities, which has significantly reduced intrusions in offshore facilities. Lastly, we are waiting for the final testing of the LARD system (intruder control: radar, camera, etc.).

ACTION	Develop and implement a procedure for safety and environmental technical visits to non-operated assets.
DESCRIPTION	We will create a written procedure within the Safety and Environmental Management System of the Venezuela Business Unit that will contain key elements of technical visits made to non-operated assets. This procedure will allow management to be formalized, facilitating the process of diagnosing aspects that require improvement, joint definition of action plans for the reduction of identified risks, and support in the execution and monitoring of these actions.
INDICATOR	<ul style="list-style-type: none"> - Approve and disseminate the procedure. - Organize four informational sessions. - Make at least four technical visits.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have approved and disseminated the procedure with the key elements of technical visits to non-operated assets and organized four dissemination sessions. We have conducted two technical visits to Petroquiriquire West to review environmental issues in wells and three visits to Petroquiriquire East to review tank capacity and monitoring.

ACTION	Verify compliance with the 10 Basic safety rules (10 BSRs).
DESCRIPTION	We will develop a procedure for the Venezuela Business Unit that establishes mechanisms for verifying compliance with Repsol's 10 BSRs in administrative and field activities. We will publicize the procedure to promote its implementation on behalf of personnel from the Venezuela Business Unit. We will make presentations on Repsol's 10 BSRs and its procedure to personnel at non-operated assets, proposing its adoption and implementation.
INDICATOR	<ul style="list-style-type: none"> - Create the 10 BSR compliance procedure. - Organize four informational sessions on the procedure at the Venezuela Business Unit. - Lead two workshops on the 10 BSRs in non-operated assets.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	<p>We have drafted the instructions for the "Implementation of the 10 Basic safety rules" (IOUV-SA15-4) in accordance with the plan. We also have organized four dissemination sessions, one workshop at Petroquiriquire West, and seven additional sessions in different areas, which were attended by a total of 103 people.</p> <p>We will continue to promote the 10 Basic safety rules throughout 2018.</p>

Management of resources and impacts

At Repsol, we share society's concern regarding the need to care for the environment in which we live. We seek to minimize the impact of our operations through adopting a low-emissions strategy, optimizing water management, reducing the contaminant load of spills, managing waste appropriately, improving spill prevention and response systems, and considering biodiversity a key component.

We've taken on the commitment to using the resources involved in our operations efficiently and in a more circular fashion. In 2016, Repsol set a new challenge: to seek opportunities in the Circular Economy that promote the sharing economy and represent an alternative to the linear economy of extracting, using, and throwing away.

This Sustainability Plan includes commitments to actions in line with the lines of work that Repsol has set on this axis of sustainability.

ACTION	Develop and execute a training plan regarding environmental management for non-operated assets.
DESCRIPTION	We will coordinate and carry out a training plan centered on key aspects of environmental management for personnel of non-operated assets: environmental permits, environmental risks, applicable regulations on construction activities, management of waste and effluents in drilling activities, and internal auditing techniques of the Safety and Environmental Management System (SGSMA).
INDICATOR	<ul style="list-style-type: none"> - Teach six courses at non-operated assets. - Train 90 people.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have given three introductory workshops at Petroquiriquire West and East on environmental management in the hydrocarbon industry. We also have carried out six biodiversity training sessions in different areas. In total, we have provided training to 113 people. We will continue this training in 2018.

ACTION	Promote a culture of separating hazardous and non-hazardous waste in administrative offices of the Venezuela Business Unit.
DESCRIPTION	We will design content for an information dissemination plan on separating waste. Among the informational activities, we will include making presentations to personnel, sending messages via email and displaying messages on digital signage.
INDICATOR	<ul style="list-style-type: none">- Give two presentations.- Have 80 people attend the presentations.- Distribute four internal memos.- Post 12 messages on digital signage.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have organized a talk about recycling plastic materials as part of the World Environment Day celebrations and included waste collection at six talks about the management system, with a total of 112 participants. We also have published four internal notes on recycling and waste collection and used digital signage to disseminate information on waste separation.

Process of updating the Plan

This Sustainability Plan is a dynamic document.

Each year we will give an account of the extent to which the actions that make up this Plan have been carried out by publishing a monitoring report.

Moreover, given that the expectations of our stakeholders and the issues that concern them are changeable and subject to the evolution of events during the course of the year, this Plan will be updated annually with new actions or the reformulation of existing ones to adapt them to the new situation.

The successive updates of the plan will leave behind them a trail of completed actions that, collectively, are a contribution of our Company to sustainable development.

