

Sustainability Plan 2017

United States



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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.



The 2017 Repsol US Sustainability Plan includes seven action items that respond to the relevant issues identified by the Company's stakeholders in the country. The transparency of information, respect for the rights of the communities in the areas of influence, innovation and safety in our operations, stand out as the most relevant issues concerning the activity of Repsol US.

The action items defined in this plan are framed on Ethics and transparency, People, Safe operation and Innovation & technology.

85% of the actions included in this plan are linked to the variable remuneration system applied to Repsol's employees, which constitutes the Company's unequivocal commitment to the effective maximization of its 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 implementation of measures of continuous improvement of safe operation contributes to minimizing the risks caused by hazardous chemicals and air, water and soil pollution and contamination (target 9).



SDG 8. Decent work and economic growth. This plan includes initiatives aimed at respecting labor rights and promoting a safe and secure working environment (target 8) and ensuring full and productive employment and decent work for all workers (target 5).



SDG 9. Industry, innovation and infrastructure. Continuous research for the innovation in our market offer ensuring industrial diversification and value addition to commodities, contributes to the achievement of this goal (target 1).



SDG 12. Responsible consumption and production. This plan includes proposals for collaboration with our commercial relations that have an impact 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 commits initiatives related to ethics, accountability, transparency (targets 5 and 6) and respect for fundamental freedoms (target 10).



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 as for 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	Drive continuous improvement in operational business practices and ensure good governance.
DESCRIPTION	Review and update tools for good governance and financial transparency.
INDICATOR	<ul style="list-style-type: none"> - Number of assessed reviews of insurance program. - Analysis of the corporate guarantees. - Completion and number of recommended action plans and reports generated. - External financial audit of main companies in Repsol USA (Repsol Holdings & Repsol E&P USA). - Periodic update, upload, and review of long-term contracts database.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	<p>We have reviewed and analyzed 270 guarantees (including parent company and third party guarantees) and 8 insurance documents. Conclusions demonstrated an efficient implementation of the policies. Recommendations were applied to further optimize and generate positive synergies in a 5-part action plan which is being implemented. We have conducted financial audits and reports were released. We have assessed outstanding long-term contracts, updated and uploaded to the database for accounting purposes.</p>

ACTION	Reinforce and promote Repsol's high ethical behavior and business practices standards.
DESCRIPTION	We will improve compliance awareness amongst employees by providing training on our Code of Ethics.
INDICATOR	Percentage of targeted employees trained.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	In progress
CLOSING TEXT	During the second quarter of 2017, we have distributed to all employees in the Houston Office the current Code of Ethics document, and by the end of 2017, 364 employees signed an acknowledgment of the document. The majority of employees have completed the Code of Ethics course successfully, due to technical issues the count of all USA employees (including Marcellus Business Unit) is not fully determined, and actions have been taken to improve the system. The deadline is extended to March 2018.

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	Drive continuous improvement in our community relations programs.
DESCRIPTION	<p>We will create and deliver transparent communication to proactively manage stakeholder expectations and increase their understanding of our business.</p> <p>We will also evaluate our internal processes to ensure alignment with corporate policy and strategy.</p>
INDICATOR	<ul style="list-style-type: none"> - Add pipeline safety information on external web page. - Create and propagate water use and protection brochure. - USA Community Investment Strategy plan evaluation.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	<p>On April 4th, we uploaded the Repsol Pipeline Safety Awareness brochure to the external web page, as well as The Water Use and Protection interactive graphic uploaded on July 12th. We have evaluated and aligned all community investments with the corporate dimensions. Strategy and action plan for North America will be implemented during the course of 2018.</p>

ACTION	Ensure and promote the Repsol Culture and transformation throughout the US.
DESCRIPTION	We will foster a respectful and inclusive environment amongst our employees through encouraging dialog, active listening, the use of collaborative environments and systems to contribute suggestions and ideas.
INDICATOR	<ul style="list-style-type: none"> - Facilitate career discussions for employees in the US. - Implement one single recognition program for the US. - Actively participate in two outbound cross pollination activities and two inbound cross pollination activities throughout the North America Region.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have completed the majority of the employee's career discussions successfully. The total percentage achieved was 89.33%. We have implemented one single recognition program for the U.S. in February 2017 and retroactive to January 1, 2017. The program consists of several awards: Service award, retirement award, highlighted employee award, spot recognition award, peer to peer award and safety award. We have completed a total of (4) Outbound and (3) Inbound cross-pollination participations.

ACTION	Promote a working environment where human rights are valued.
DESCRIPTION	We will provide human rights training to employees and security contractors in the USA.
INDICATOR	Percentage of targeted employees trained in 2017.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have completed the Human Rights training of 100% of Houston Office Security Guard Force (between June and October). We have completed the Human Rights training of 100% of Marcellus Security Guard Force (Dec. 2017).

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 action that show our commitment to safety and bring us closer to reaching our goal of Zero Accidents.

ACTION	Drive continuous improvement to our safe operations.
DESCRIPTION	Continue risk management reviews in USA Business Units and develop action plans to reduce risk.
INDICATOR	<ul style="list-style-type: none"> - Complete USA risk assessment and define mitigation plan. - Test three emergency response plan scenarios by Q4.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have completed a risk assessment in all assets, including a specific filed calibration survey, which helps us audit particular Safety and Environmental guidelines, and four compliance assessments that help us maintain a high-level safety in our operations. Following the results of the evaluation, a risk-map action plan proposal will take place during 2018. We have also tested five emergency response plans together with other nine different exercises carried out in Marcellus.

Innovation and technology

A sustainable future requires companies that invest in science and technology to meet the current and future energy challenges through real solutions.

We believe in technological innovation as a way to build more efficient and environmentally sustainable energy systems. At Repsol, we are committed to building a partnership network with universities and research centers, promoting the implementation of ambitious ideas that enable us to confront the challenges we are facing to build a sustainable future, in line with our commitment to the environment.

This Sustainability Plan includes the following initiative.

ACTION	Drive continuous improvement in our market offer
DESCRIPTION	Evaluate and formalize a plan which defines potential business model opportunities, either through process alignment with industry benchmarks or introducing new products.
INDICATOR	<ul style="list-style-type: none"> - Review survey results and advocate for change through formalizing a plan. - Identify and execute new products. - Review processes for service improvement.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have performed a survey of our customers with key questions about our service/offering. We have implemented new products by executing 3 long-term deals with local distribution companies in New England and continue looking for innovative ways to address the needs of the power market. We have reviewed the processes for service. An initial action plan to improve the decision process time has been implemented by increasing limits of the delegation of authority. We continue looking for improvements.

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.

