

---

**REPSOL**  
**ANNUAL REPORT**  
**VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS INITIATIVE**  
**2018**

**A. COMMITMENT TO THE VOLUNTARY PRINCIPLES**

**1. Public statement of commitment or endorsement of the Voluntary Principles, engagement in the Voluntary Principles Initiative, and transparency.**

Repsol has taken part in all the annual meetings since joining the Initiative in December 2013, integrating into the different working groups that were formed. The last one took place in Washington in 2018.

Repsol's commitment to the Voluntary Principles is part of a broader commitment to Human Rights and sustainable development. The Company's Sustainability Plan, as a consequence of this commitment, is a public document that consists of a set of actions that go beyond what is required by the law. It is intended not only to comply with laws and regulations, but also with relevant international standards such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the international standard ISO 26000: Guidance on Social Responsibility, and the Voluntary Principles of Security and Human Rights (VPSHR).

The Sustainability Plan, integrated since 2017 into the Integrated Management Report, is published on the company's website and has been audited by Price Waterhouse Coopers. This report includes a specific Human Rights program that contains actions related to the Voluntary Principles. In addition, it includes other actions related to internal training, internal and external awareness and regulatory compliance related to Human Rights, due diligence and efforts aimed at avoiding any impact on Human Rights, respect for the rights of indigenous populations or any other vulnerable group, the attention of claims and the repair of eventual impacts.

The actions included in this plan are linked to the short-term incentive of Repsol's workers. Among said actions, the ones carried out in 2018, which are directly related to the VPSHR, are linked to the short-term incentive of the Corporate Security Management Team in Madrid. This leads to an unequivocal commitment of the Company with the effective maximization of its contribution to sustainable development and the implementation of the VPSHR.

**2. Examples of promoting awareness of the Voluntary Principles throughout the organization or government, including within the value chain.**

Since 2018, the Corporate Security Department has been working on implementing the best practices related to the Voluntary Principles on Security and Human Rights initiative (VPSHR). Training the Public and Private Security Forces in Human Rights matters is included within said measures.

---

The Corporate Security members hold annual meetings attended by the Corporate Security country managers. In those meetings, papers related to the VPSHR are given and the lines to be followed throughout the year in this matter are established.

### **3. Examples of promoting and advancing implementation of the Voluntary Principles internationally**

In 2016, an internal audit was carried out in order to determine the degree of implementation of the Voluntary Principles in the business units of Colombia, Bolivia, Peru, Ecuador and Venezuela. To this end, a tool was adapted based on the VPSHR implementation guide. Our country security managers arranged meetings with heads of business units and public and private security companies. They collected information that was then rated according to the aforementioned tool's criteria. These meetings served both to discuss and to raise awareness about issues related to the VPSHR. In addition, they were also helpful when measuring the level of implementation of the VPSHR in said countries.

From the result of the report, we have developed an implementation plan which includes actions that will be set up between 2017-2020. This will allow us to achieve a remarkable position in the management of the VPSHR. In 2018, the degree of implementation of the Plan is 75%.

Additionally, in 2018, at the annual Corporate Security meeting, in which all countries participated (Colombia, Peru, Bolivia, Ecuador, Venezuela, USA, Canada, Norway, Libya, Algeria, Spain, Indonesia and Malaysia), we explained the goals to be reached in the implementation of the VPSHR in all countries.

## **B. POLICIES, PROCEDURES, AND RELATED ACTIVITIES**

### **4. Relevant policies, procedures, and guidelines (or any changes thereof from the previous reporting year) to implement the Voluntary Principles**

The Security and Respect for Human Rights policies, the employees Ethics and Conduct standards, and everything that has to do with Relations with Indigenous Communities and Relations with Communities, make explicit reference to the Voluntary Principles.

The Corporate Security Standard establishes: "*Repsol will adopt the best current practices, using the Voluntary Principles of Security and Human Rights as a reference*".

---

## **Risk assesstment**

### **5. Company procedure to conduct security and human rights risk assessments, and integrate findings.**

The HAZID method is used (Hazard Identification Study) to analyze security and human rights risks. It is used by the Company in its Exploration & Production projects and included in the Security Plans drawn up for each of the countries where the Company has Corporate Security..

## **Engagements with Security Forces**

### **6. Company procedure or mechanism to report security-related incidents with human rights implications by public/private security forces relating to the company's activities.**

In 2017, Corporate Security developed a specific complaints procedure to deal with security incidents in which human rights may be involved. This procedure describes the functions of the people involved in it. It also traces the phases in which the process will be divided. Going from the moment in which the person in charge of Corporate Security of any country has evidence of an incident, until its resolution.

During 2018, all the countries in which Corporate Security operates have communicated and implemented a complaints procedure, available to all its employees.

Additionally, Repsol has communication channels to receive information, complaints or claims about incidents. Through these channels, contractors or any other interested parties may report facts that may be considered violations of human rights, infractions of the law or the regulations of the Company. These channels are available both on the Company's website and on the internal intranet.

The main recipients of information on problems related to security and Human Rights are: The Corporate Security Unit, the Sustainability Department, those responsible for Relations with Communities in each country and the Ethics and Conduct Committee.

### **7. Company procedure to consider the Voluntary Principles in entering into relations with private security providers**

The Corporate Security Department carries out security analysis of suppliers and contractors of the company, including private security providers. These analysis are fulfilled after the investigation of the owners of the companies and their corporate bodies, as well as their activity, previous operations, judicial background and possible links with illicit activities.

It is verified that they have not been involved in incidents regarding human rights violations, and that the members of their staff have not been either.

All contracts signed with Private Security Forces include a clause of non-violation of Human Rights. They also receive annual training in this regard.

---

**8. Company procedure or mechanism to investigate and remediate security related incidents with human rights implications by public/private security forces relating to the company's**

The investigation mechanism concerning VPSHR incidents in which security forces are involved does not differ from the investigation of any other security incident. This investigation can be carried out by our Corporate Security Unit in the country or by our Research and Analysis Area, based in Madrid. During this procedure, the Community Relations area, the Sustainability Department and all those Departments that are of interest and that can collaborate in the resolution of the incident are involved.

**C. COUNTRY IMPLEMENTATION**

**9. Overview of country operations selected for reporting (include any notable changes from the previous reporting year if the same country is being reported this year)**

During 2018 no disputes with local communities have been identified. Agreements have been signed with the indigenous communities, which are carried out taking into account considerations that go beyond the strictly legal, in compliance with the Repsol Policy on Relations with Communities. The purpose of these agreements is to contribute to local socio-economic development (social investment, goods and services) and ensure access to land.

**10. Engagements with stakeholders on country implementation**

Repsol aims to understand stakeholder expectations through different means. Initially, the major topics are identified, keeping in mind ethical, social, and environmental criteria and the sustainability requirements of international organizations.

These expectations are identified at the global level by analyzing the international standards that currently comprise the broadest international consensus on acceptable behavior for multinational enterprises. Ad hoc studies are also carried out to identify the specific expectations and concerns of the stakeholders at the country and even local level.

The topics identified are compared to interviews with representatives from different stakeholders in civil society and opinion leaders on the matter.

After an analysis and consolidation process, the results are reviewed by the Sustainability Committees, which are comprised of senior management level representatives from the different businesses and corporate units of the organization.

The Sustainability Committees assess the expectations identified and compare them with the Company's actions. They prioritize the expectations and proposes measures to respond to them. These proposals are included in Repsol's annual Sustainability Plan.

In 2018, key stakeholders, Communities, Governments and other companies or associations have been identified in all the countries in which Corporate Security is present.

---

**11. Voluntary Principles considerations in the selection of private security providers and formulation of contractual agreement with private security providers, as well as arrangement with public security forces**

The private security contractors sign specific clauses on respecting Repsol's policies on human rights and the Voluntary Principles on Security and Human Rights.

The norm on "Approval and Management of Agreements with Public Security Forces" states: "As a contractual document, the agreement or MoU will be drawn up by CD Legal Affairs through the legal services that correspond to the Company with the support of the DCS, who will participate from the beginning of the process in writing drafts between the parties to help, from the technical point of view in defining the service, standardize the MoU with other agreements signed in other countries, and in maintaining the commitments signed by the Company on human rights."

In 2018, the Public Security Forces in all countries have been urged to sign an agreement (MOU). This has been signed in those countries in which the Public Security Forces have agreed.

**12. Examples of supporting outreach, education, and/or training of (i) relevant personnel, (ii) private security, (iii) public security, and/or (iv) civil society (e.g. local NGOs, community groups)**

During 2018, and as it has been exposed in the previous points. From the Corporate Security Department, it was stated that all countries should implement the initiatives set by the VPSHR as an objective.

Those initiatives include:

- Evaluation of the risks of Human Rights violations in Security Plans of all countries
- Knowledge of all the company's human rights regulations
- Signing of understanding agreements with public Security Forces
- Identification of key stakeholders in each country
- Review that all contracts with private Security Forces include the Voluntary Principles clause
- Establishment and communication of claims protocols
- Training private and public Security Forces

These measures have been implemented in all countries in which Corporate Security is present.

**13. Company procedure to review the progress on implementing the Voluntary Principles at local facilities**

Corporate Security and the Area of Relations with Communities and Human Rights make periodic contact with security forces, communities and other interested parties in order to determine the evolution of the actions carried out for the implementation of the VPSHR.

**D. LESSONS AND ISSUES**

**14. Lessons or issues from this reporting year, as well as plans or opportunities to advance the Voluntary Principles for the organization**

We will continue to implement the VPSHR in the Company in accordance with the 2016 Implementation Plan and the schedule foreseen in it.