

REPSOL Group

2017 Sustainability
information

*This document is an extract from the original
Integrated Management Report.
In the event of a discrepancy the full version
of the Integrated Management Report prevails*



Message from CEO

The 2017 Management Report gathers together all the Group's financial and non-financial information in a single document, providing a full, comprehensive and accurate overview of our activities. ”



At Repsol, we have been striving to improve the information we offer to our stakeholders for a number of years now. In this connection, the new 2017 Management Report gathers together all the Group's financial and non-financial information in a single document, in line with the new legal framework on the disclosure of non-financial content and information on diversity.

This Integrated Management Report is a key tool in learning about our performance in detail, providing a full, comprehensive and accurate overview of our activities. It includes our financial position, the results of our activities and, as the main new feature, it integrates sustainability information that was previously set out in its own report.

Sustainability is one of the Company's strategic pillars, which includes environmental and social aspects in all decision-making processes. The corresponding chapter provides details on the management activities performed in 2017 concerning climate change, people, safety, the environment, innovation, technology, ethics and compliance, responsible taxation or the supply chain.

I would like to make particular mention of the section dedicated to climate change, in which details are provided on the dedication and commitment of Senior Management and all employees at the Company, the strategy, risk management and the initiatives and projects being developed to offer energy solutions that facilitate the transition toward a low-emissions future.

The 2017 Integrated Management Report provides clear and concise information about the Company's financial position and the results of our activities in a year in which our adjusted net income increased by 25%, the highest over the past 6 years, despite the complex international backdrop. Furthermore, in 2017 we have made progress with our operating efficiency enhancement projects, forging new synergies and continuing to optimize investments, all within the framework of the Strategic Plan.

By business area, *Upstream* recorded the best results due to the recovery of crude oil and gas prices, the improvement in efficiency and the increase in production in Libya and Brazil. In *Downstream*, solid results registered in 2016 were maintained, supported by the quality of our industrial assets and the benefits of our integrated business model.

In my opinion, this Integrated Management Report offers stakeholders the most comprehensive summary of our activities.

It is a faithful reflection of the work we have done to adapt to society's needs and consolidate our position as a key player in the energy sector for the next decades.

Thank you very much for placing your trust in us.

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Main figures and indicators

| Financial indicators ⁽¹⁾ | 2017 | 2016 | Macroeconomic environment | 2017 | 2016 |
|--|---------------|---------------|---|-------------|-------------|
| Results | | | Brent (\$/bbl) average | 54.2 | 43.7 |
| EBITDA | 6,723 | 5,226 | WTI (\$/bbl) average | 50.9 | 43.5 |
| Adjusted net income | 2,405 | 1,922 | Henry Hub (\$/MBtu) average | 3.1 | 2.5 |
| Net income | 2,121 | 1,736 | Algonquin (\$/MBtu) average | 3.7 | 3.1 |
| Earnings per share (€/share) | 1.35 | 1.11 | Exchange rate (\$/€) average | 1.13 | 1.11 |
| Capital employed ⁽²⁾ | 36,330 | 39,255 | | | |
| ROACE (%) | 7.4 | 5.8 | Our business performance⁽¹⁾ | 2017 | 2016 |
| Financial overview and cash flows | | | Upstream | | |
| Net debt (ND) | 6,267 | 8,144 | Proven reserves (MMboe) | 2,355 | 2,382 |
| ND / EBITDA (x times) | 0.9 | 1.6 | Proven reserve-replacement ratio (%) | 89 | 103 |
| ND / Capital employed (%) | 17.3 | 20.7 | Net daily liquids production (kbb/d) | 255 | 243 |
| Debt interest / EBITDA (%) | 5.2 | 8.2 | Net daily gas production (kboe/d) | 440 | 447 |
| Free cash flow | 2,560 | 4,323 | Net daily hydrocarbon production (kboe/d) | 695 | 690 |
| Net investments | 2,856 | (500) | Average crude oil price (\$/bbl) | 49.6 | 39.0 |
| Shareholder remuneration | | | Average gas price (\$/kscf) | 2.9 | 2.4 |
| Shareholder remuneration (€/share) | 0.76 | 0.76 | EBITDA | 3,507 | 2,072 |
| | | | Adjusted net income | 632 | 52 |
| | | | Net investments | 2,072 | 1,889 |
| Stock market indicators | 2017 | 2016 | Downstream | | |
| Share price at year-end (€/share) | 14.75 | 13.42 | Refining capacity (kbb/d) | 1,013 | 1,013 |
| Average share price (€/share) | 14.57 | 11.29 | Conversion rate in Spain (%) | 63 | 63 |
| Market capitalization at year-end (€ million) | 22,521 | 19,669 | Conversion utilization Spanish Refining (%) | 104 | 103 |
| | | | Distillation utilization Spanish Refining (%) | 94 | 88 |
| Sustainability Indicators | 2017 | 2016 | Refining margin indicator in Spain (\$/Bbl) | 6.8 | 6.3 |
| People | | | Service stations (no.) ⁽⁹⁾ | 4,709 | 4,715 |
| No. employees ⁽³⁾ | 25,085 | 25,469 | Oil product sales (kt) | 51,836 | 48,048 |
| New employees ⁽⁴⁾ | 3,157 | 2,445 | Petrochemical product sales (kt) | 2,855 | 2,892 |
| Total Employee turnover rate (%) | 9 | 13 | LPG sales (kt) | 1,375 | 1,747 |
| Hours of training per employee | 40 | 41 | Gas sales in North America (TBtu) | 496 | 414 |
| Tax paid (€ million)⁽⁵⁾ | 11,979 | 11,764 | EBITDA | 3,386 | 3,367 |
| Safety | | | Adjusted net income | 1,877 | 1,883 |
| Lost Time Injury Frequency Rate ⁽⁶⁾ | 0.71 | 0.69 | Net investments | 757 | (496) |
| Total Recordable Incident Rate ⁽⁷⁾ | 1.43 | 1.46 | | | |
| Environment | | | | | |
| Direct CO ₂ emissions (Mt) | 18.38 | 19.74 | | | |
| Annual CO ₂ emissions reduction (Mt) ⁽⁸⁾ | 0.216 | 0.312 | | | |
| No. of hydrocarbon spills > 1 bbl (t) | 17 | 11 | | | |
| Social | | | | | |
| Voluntary social investment (€ million) | 23.5 | 19.8 | | | |

(1) Where applicable, figure shown in millions of euros.

(2) Capital employed from continuing operations.

(3) Number of employees that belong to companies in which Repsol establishes people management policies and guidelines, irrespective of the type of contract (fixed, temporary, partially retired, etc.).

(4) Only fixed or temporary employees with no prior working relationship with the Company are considered to be new hires. 31% of new employees in 2017 and 43% in 2016 had fixed contracts.

(5) Includes taxes paid which represent a cash expense for the company, thus reducing its earnings, as well as those withheld or passed on to the end taxpayer. Does not include amounts accrued payable at a future date or collected in previous periods. For further information, see section 6.6 of this document.

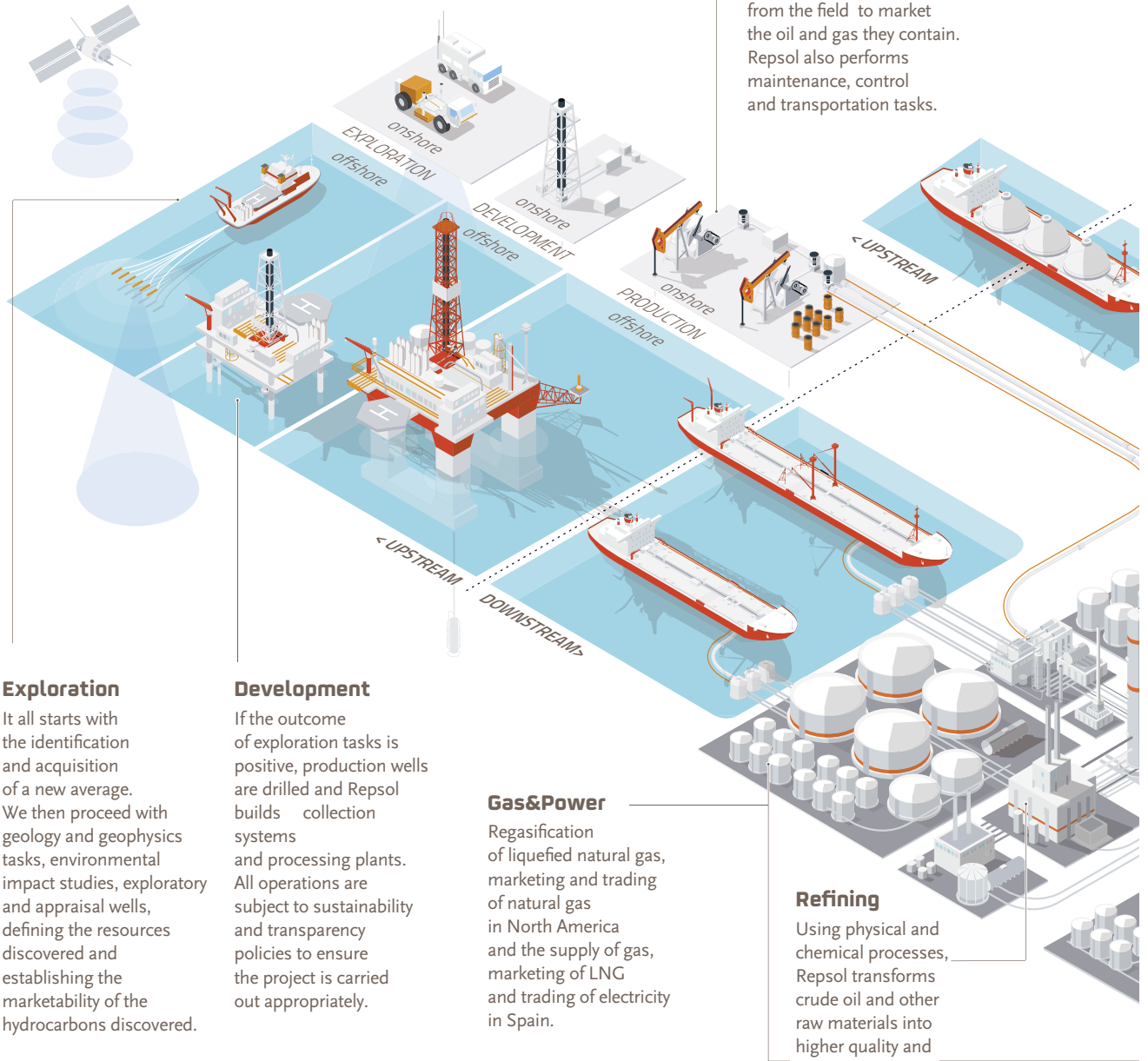
(6) Lost time injury frequency rate (LTIF): number of lost time injuries and fatalities per million work hours.

(7) Total Recordable Incident Rate (TRIR): Total number of injuries (fatalities, lost time injuries, medical treatment and restricted work) accumulated within the period per million hours worked.

(8) Reduction of CO₂ compared with the 2010 baseline.

(9) The number of service stations (SS) includes those controlled and licensed.

2. Our Company



Exploration
It all starts with the identification and acquisition of a new average. We then proceed with geology and geophysics tasks, environmental impact studies, exploratory and appraisal wells, defining the resources discovered and establishing the marketability of the hydrocarbons discovered.

Development
If the outcome of exploration tasks is positive, production wells are drilled and Repsol builds collection systems and processing plants. All operations are subject to sustainability and transparency policies to ensure the project is carried out appropriately.

Gas&Power
Regasification of liquefied natural gas, marketing and trading of natural gas in North America and the supply of gas, marketing of LNG and trading of electricity in Spain.

Production
The Company extracts the reserves from the field to market the oil and gas they contain. Repsol also performs maintenance, control and transportation tasks.

Refining
Using physical and chemical processes, Repsol transforms crude oil and other raw materials into higher quality and higher added-value products for the market (fuels and other oil products).

Upstream

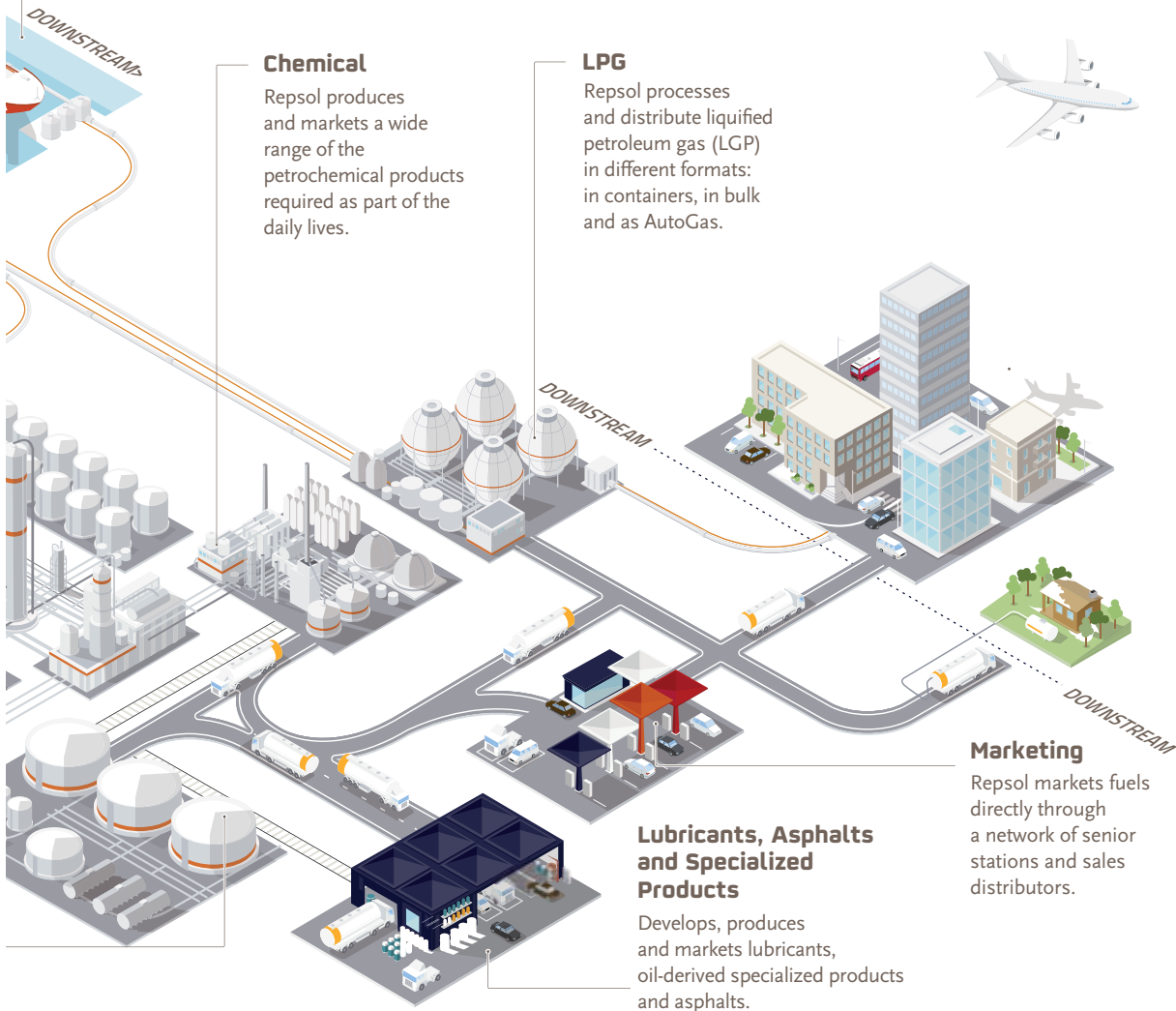
| Operational Indicators | |
|---|----------------------------|
| Proven reserves: 2,355 MMboe | Production: 695 kboe/día |
| Reserve replacement rate: 89% | Gas Production: 63% |
| Gas reserves: 74% | |
| Sustainability Indicators | |
| No. Employees: 4,291 (28% women) | TRIR: 1.82 |
| CO ₂ e emissions: 10.6 Mt (Scope 1 and Scope 2 included) | PSIR ₁₊₂ : 0.94 |
| Water withdrawn: 1,921 kt | |

Trading

Once the hydrocarbons have been extracted, they are either transported to supply the refineries or they are sold on international markets. The best alternatives for supplying the Downstream system are also sought and any surplus sold for export.

2.1. Business Model

Repsol is an integrated energy company with a broader experience in the sector that operates across the world in two business areas.



Chemical

Repsol produces and markets a wide range of the petrochemical products required as part of the daily lives.

LPG

Repsol processes and distribute liquified petroleum gas (LPG) in different formats: in containers, in bulk and as AutoGas.

Marketing

Repsol markets fuels directly through a network of senior stations and sales distributors.

Lubricants, Asphalts and Specialized Products

Develops, produces and markets lubricants, oil-derived specialized products and asphalts.

Downstream

Operational Indicators

Refining capacity: 1,013 kbb/d
 Chemical capacity:
 Basic: 2,603 kt
 Derivative: 2,235 kt

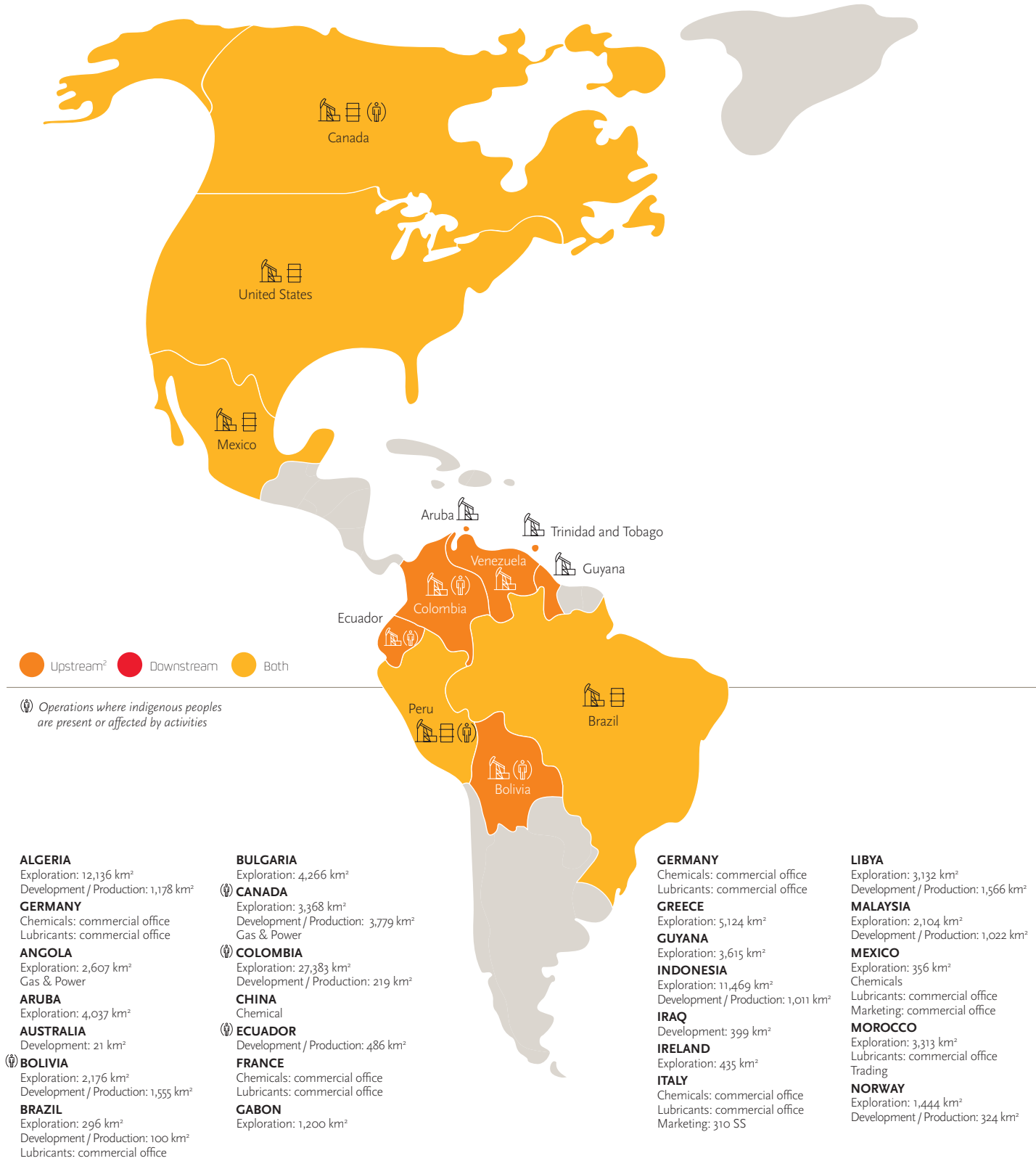
Processed crude: 47,357 kt
 Marketing (No. service stations):
 3,445 at Spain
 1,264 rest of the World

Sustainability Indicators

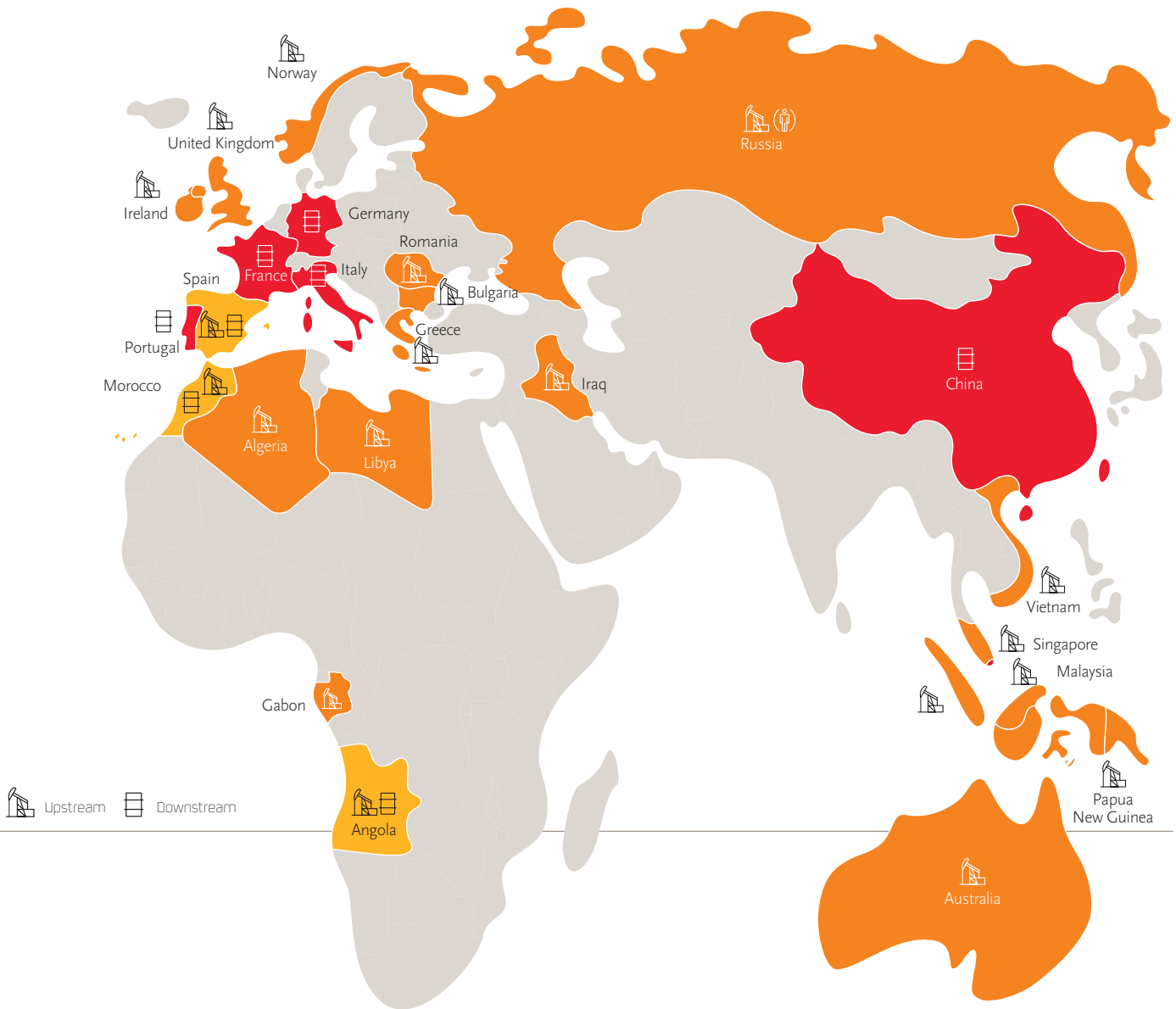
No. employees: 18,604 (36% women)
 CO₂e emissions: 12.7 Mt (Scope 1 and Scope 2 included)
 Water withdrawn: 51,577 kt

TRIR: 1.30
 PSIR₁₊₂: 0.45
 Electric recharge points: 1,055
 Autogas points: 767

2.2. Repsol around the world¹



1. The information on this map reflects the Company's situation as of December 31, 2017.
 2. Exploration and production/development data is reported in net surface area of mineral rights.



Upstream Downstream

PAPUA NEW GUINEA

Exploration: 7,418 km²
Development: 1,303 km²

PERU

Exploration: 10,255 km²
Development / Production: 141 km²
Lubricants: commercial office
Refining: 1 refinery
Trading
Marketing: 490 SS

PORTUGAL

Chemicals
Lubricants: commercial office
Marketing: 464 SS
GLP

ROMANIA

Exploration: 3,189 km²

RUSSIA

Exploration: 2,272 km²
Development / Production: 169 km²

SINGAPORE

Lubricants: commercial office
Trading

SPAIN

Exploration: 798 km²
Development / Production: 331 km²
Chemicals
Lubricants
Refining: 5 refineries
Trading
Marketing: 3,445 SS
GLP
Gas & Power

TRINIDAD & TOBAGO

Development / Production: 1,121 km²

UNITED KINGDOM

Exploration: 117 km²
Development / Production: 543 km²

UNITED STATES

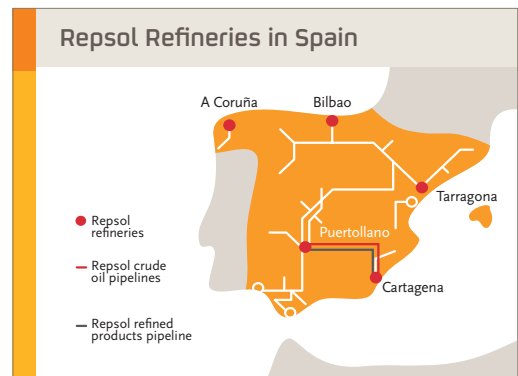
Exploration: 1,780 km²
Development / Production: 1,455 km²
Chemicals: commercial office
Trading
Gas & Power

VENEZUELA

Development / Production: 853 km²

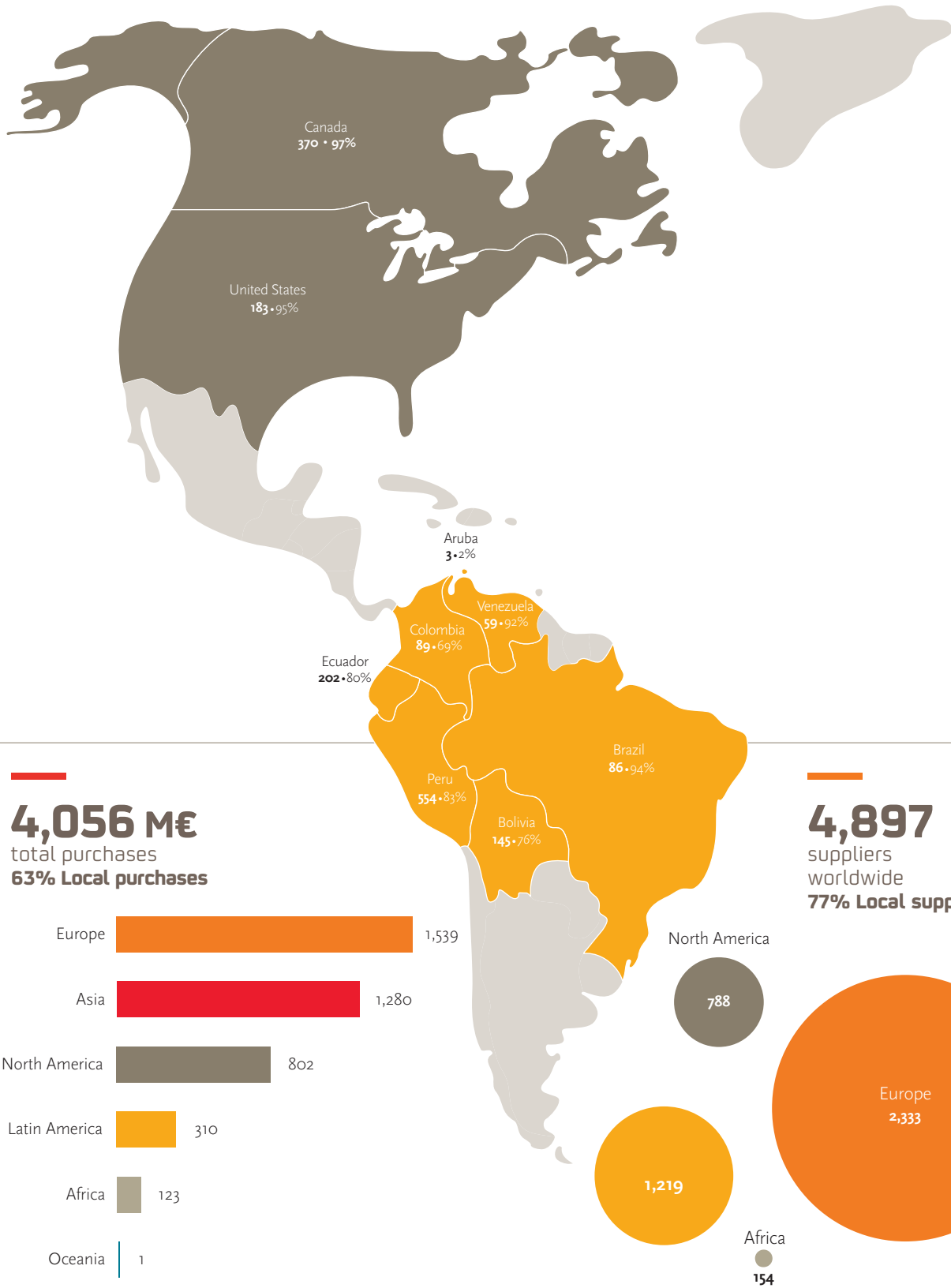
VIETNAM

Exploration: 73,336 km²
Development / Production: 179 km²



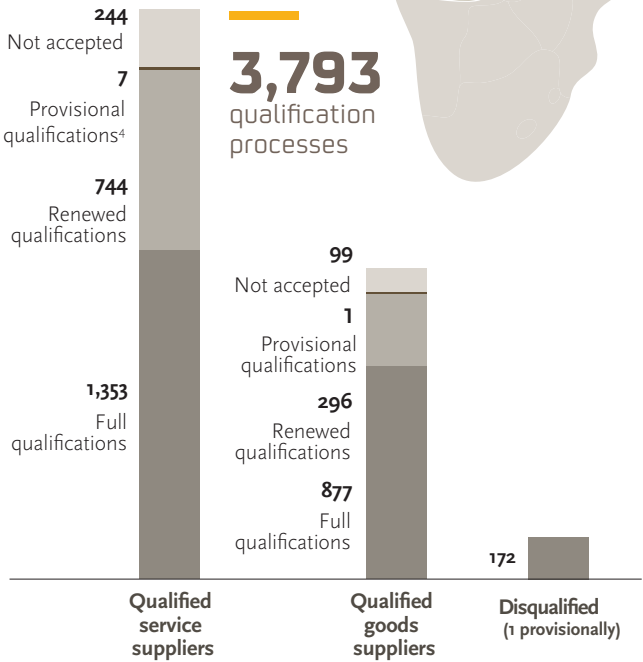
6.8. Supply Chain¹

The map shows the number of local providers and percentage of local purchases² made by Repsol in 2017.

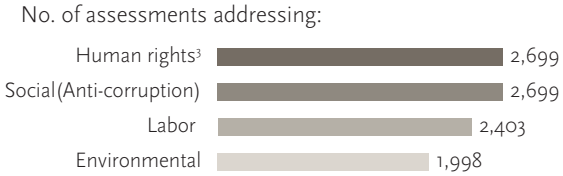


1. This information has been prepared considering only the purchases the Group makes (excluding crude oil, gas and materials) via formal procurement processes managed by the central procurement unit and that represent the most relevant purchases and most important contracts, of the highest volume and Sustainability risks. See further information in Appendix IV.

2. Repsol considers "local suppliers" as companies established or nationalised under the laws of the country in which Repsol undertakes operations as part of which the supply will be made or service provided.



2,699
Performance assessments of 1,343 suppliers



100%
of new suppliers examined in accordance with human rights, social, labor and environmental criteria

24
rating audits
2 Social audit

100%
of contracts include human rights, anticorruption and environmental clauses

0
breaches of contract

3. In 2017, as part of qualification and audit processes, no supplier has been identified that breached the rights of freedom of association or collective bargaining of its employees, that has participated in child labour or that has submitted its employees to forced labor in any way.

4. A provider may be assigned a "Provisional qualification" when it is detected that it fails to meet a minor requirement.

3. Sustainability

Sustainability

For more information on sustainability, see Appendix III and IV and www.repsol.com

Repsol works to provide accessible, efficient and safe energy to meet growing energy demand without compromising future generations. Commitment to sustainability, a cornerstone of our vision of the future as an integrated energy company.

Repsol's commitment to sustainability is integrated in the Company's strategy, and it has the support and engagement of senior management.

Accordingly, we have set our ambitions and targets for 2020 related to the six pillars of the **Repsol Sustainability Model**: Climate change, People, Safe operation, Environment, Innovation and technology and Ethics and transparency. The model takes specific form in the **Global Sustainability Plan (GSP)**. Each year, the Company sets out concrete lines of

action to advance towards the 2020 targets. The GSP is the roadmap used to deploy local sustainability plans in countries or in the main industrial facilities. These local plans are which are defined in accordance with the context, activities, the risks and impacts and the expectations of the stakeholders of each place where Repsol operates.

In addition, as a member of the United Nations Global Compact, belonging to the Executive Committee of the Spanish Network of this initiative, as well as a member of IPIECA (The Global Oil and Gas Industry Association for Environmental and Social issues), Repsol supports the UN Agenda by 2030 and contributes to meet the 17 Sustainable Development Goals (SDG).

Global Sustainability Plan (GSP)



The Global Sustainability Plan focuses on the **six** axes of Repsol's Sustainability Model.



Sustainability Goals

for 2018 15%-20% variable remuneration of businesses.

Sustainability Plans and Sustainable Development Goals

Since 2010, Repsol has published Local Sustainability Plans in countries where it operates and in major industrial facilities. These plans align with the Global Sustainability Plan (GSP), but they also meet the expectations of local stakeholders. In 2017, local plans were published in Bolivia, Brazil, Colombia, Ecuador, the United States, Peru, Trinidad and Tobago and Venezuela, and in the industrial centers of La Coruña, Petronor, Tarragona, Puertollano and Cartagena.

In 2018, the Company will continue to broaden its commitment to Sustainability by incorporating new countries in the definition of local plans in Indonesia, Malaysia and Vietnam, and in the Sines Chemical facility of Portugal. The extension of this project to southeast Asian countries is a further illustration of the integration of the activities that came from ROGCI (acquired in 2015) in Repsol's Sustainability Model.

These plans, combined with the GSP, set out goals that help make achievement of the Sustainable Development Goals (SDGs) possible. In 2018, the Company will continue to commit to actions aligned with the six pillars of the Sustainability Model and the SDGs:

- Climate change: the CO₂ emissions reduction plan defined by 2020 will continue. (SDG7 Affordable and clean energy and SDG 13 - Climate action).
- People: actions will be taken to strengthen community relations and human rights while favoring equality and work-life balance. (SDG 5 – Gender equality; SDG 8 – Decent work and economic growth and SDG 16 - Peace, justice and strong institutions).
- Safe Operation: actions will continue to be taken to strengthen the culture of safety. (SDG8: Decent work and economic growth)
- Environment: actions will be committed in relation to protection of biodiversity, air quality and reduction of waste. (SDG 6 –Clean water and sanitation; SDG 14 - Life below water and SDG 15 - Life on land, SDG 12: Responsible consumption).
- Ethics and transparency: internal awareness will continue to be raised in issues of ethics and anti-corruption. (SDG 16 - Peace, justice and strong institutions).



GSP

a

Ambition:
Position the Company in a scenario compatible with the Paris Agreement.

4. Climate change^{1, 2, 3}

Governance

The Board of Directors, at the proposal of the Sustainability Committee, approves the strategy for sustainability and, specifically, for climate change. In addition, the Sustainability Committee's duties include analyzing the expectations of the Company's stakeholders and reporting them to the Board, and orienting and monitoring the Company's sustainability objectives, action plans and practices.

Strategic decisions on climate change and lines of action are set at the highest executive level. The Corporate Executive Committee (CEC) has direct responsibility in the management of matters related to climate change. The CEC also approves the multi-year objectives and annual targets for reduction of greenhouse gases (GHG).

At least twice a year, or as often as necessary, the CEC and the Sustainability Committee review information on execution of the climate change and CO₂ emission strategy.

The Director of Sustainability, who reports directly to the CEO, coordinates with all business units involved in developing the climate change strategy the proposed objectives and monitoring of action plans to reduce Repsol's CO₂ emissions.

GHG emissions reduction targets weight between 5% and 20% of the targets of the business of the

Company, and have a direct impact on the variable remuneration of employees up to the Executive Directors.

Strategy

Repsol shares society's concerns regarding the effect of human activity on the climate. The Company is firmly committed to the ambition of limiting the average global temperature rise below 2°C above pre-industrial levels by the end of the century. As a signatory of the Paris Pledge for Action document, Repsol supports the Paris Agreement, and works towards being part of the climate change solution

This transition to a low-emissions future requires a holistic approach that means considering the costs and maturity of the technologies that will ultimately be successful. There are many possible paths towards a low-emissions future, in which Repsol has identified three common elements: enhanced energy efficiency and energy savings; reduction of emissions in the generation of electricity, where natural gas will be a key player, and the deployment of low-emission technologies in final sectors.

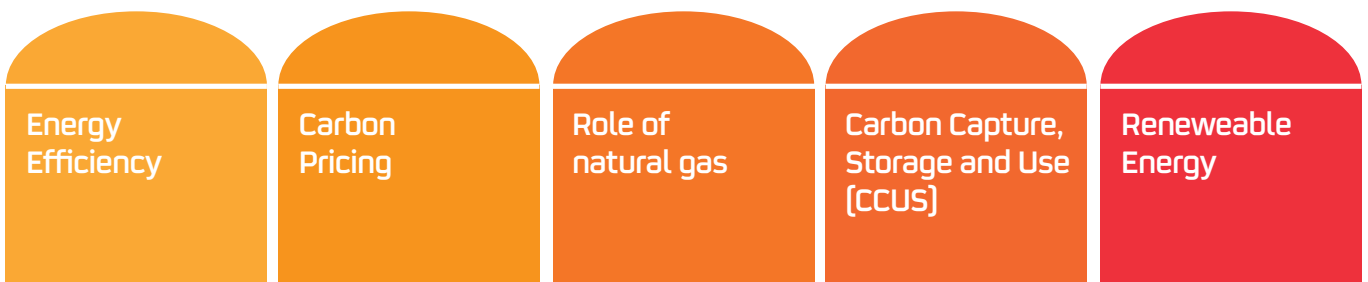
Repsol's business strategy is defined in five-year plans that are reviewed on an annual basis. These plans take account of the risks and opportunities of climate change and its impact on strategic lines and on competitiveness. The Company's 2016-2020 Strategic Plan is an example of what Repsol considers the most efficient solution to fostering a structured transition toward a low-emissions future, with a clear orientation to natural gas as a low-emission fuel. Repsol's *Upstream* portfolio is evolving towards a higher percentage of gas: about 63% in production and 74% of reserves.

The climate change strategy has a longer time horizon, and it is based on five pillars involving solutions that can enable society to move toward a sustainable future with low GHG emissions:

1. The figures and indicators in this section have been calculated in accordance with corporate standards that set out the criteria and common methodology to be applied in Safety and Environment (S&E). As a general rule, information includes 100% of the data from companies in which the Company holds a controlling interest or control over operation.

2. This section aims to meet the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), with the limitations of the first year of application.

3. Repsol publishes additional information on climate change issues in the Climate Disclosure Project (CDP) questionnaire, available at www.cdp.net.



The **short-term strategy** is influenced by climate change issues that are more closely related to competitiveness (energy costs and CO₂), and by the regulatory framework of its activities. Its strategy is focused on boosting the Company's resilience to these regulatory frameworks.

Carbon pricing is a critical element of climate policies aimed at carrying out the transition to a low-emissions future. Accordingly, for investment decision-making in new projects, Repsol has established an initial internal carbon price of \$25/t CO₂, with the aim of attaining \$40/t CO₂ in 2025.

In addition, **energy efficiency** will allow reducing the energy and carbon intensity of its operations. Repsol has adopted specific targets and plans on **energy efficiency** that include, inter alia, projects of energy integration of units, optimization of processes and efficient operation of facilities. Indeed, the current contribution of energy efficiency will be extended as the main drive of emission reduction until nearly the midway point of this century.

For the **medium and long term**, Repsol is analyzing different models of energy supply and demand in order to comprehend how the sector can tackle the future challenges with respect to mitigating climate change while supplying energy for a growing world population. These models are used to develop scenarios that show how energy demand will change over time, how quickly supply technologies can change, and the implications in terms of CO₂ emissions.

Analysis of climate scenarios is a very important tool for determining how the energy sector will continue to supply the energy society needs while doing so in a sustainable manner. Repsol is currently developing its own scenarios compatible with a 2°C future and, more specifically, with the Sustainable Development Scenario (SDS) of the International Energy Agency. Hence, the company is showing its ability to analyze the key levers and technologies that will make up a low-emissions future and identify new risks and opportunities. The Company is also applying metrics that will enable it to quantitatively contribute to the development of its long-term strategy.

In addition, Repsol is facing this challenge by taking part in international associations such as The Global Oil and Gas Industry Association for Environmental and Social Issues (IPIECA) and initiatives like the Oil and Gas Climate Initiative (OGCI), through working groups dedicated to the low-emissions pathway scenarios of IPIECA and the low-emissions opportunities of OGCI. These long-term models and scenarios are being explored jointly with other sector companies. This is a complex analysis, as it depends on different regions of the world and the type of products that are included in the equation.

Repsol believes that these new scenarios offer a significant opportunity for innovation and investment in low greenhouse gas-emission solutions.

Demand for natural gas will increase because it is a "clean fuel" compared to coal. Emissions of CO₂ per energy unit account for approximately half of those related to coal, not including the performance gap between the technologies associated with these fuels in electricity generation.

The shift from coal to natural gas fuels offers a major opportunity to achieve large-scale reductions of CO₂ in a cost-efficient manner: that is, at a lower cost for society, where a structured transition to a low-emissions future is the most efficient way forward.

Carbon Capture, Use and Storage (CCUS) is a factor to be taken into account in the CO₂ emissions reduction policy in Repsol's value chain. The Company supports the deployment of these technologies, working to allow projects to be technically and economically feasible, sustainable and socially acceptable.

In addition, with a medium-term view, Repsol is continuously monitoring trends and the latest technologies being developed in renewable energies, investing in sustainable mobility and contributing to emissions reductions through production and research and development into biofuels and advanced fuels. Through the fund OGCI - Climate Investments, Repsol, in coalition with other Oil & gas companies, will continue to invest in low-emissions projects and technologies.

\$40/t CO₂
Internal CO₂
price to be
reached by
2025

Repsol has been a part of this initiative along with nine other leading sector companies, to collaborate in climate action sharing best practices and technological solutions.



<https://oilandgasclimateinitiative.com/>

Principles for Responsible Investors (PRI) Methane Initiative

for the sharing of best practices in management of methane emissions.



<https://www.unpri.org/>

It will support projects where a collective effort is the key to achieving synergies and successful results. OGCI will invest €1,000 million over ten years for this purpose.

Also, the Energy Ventures and Technology units invest in diverse areas of knowledge such as biofuels, graphene, electric mobility, among others (see section 6.5).

Risk management

It is essential to integrate energy and carbon management in the business model and in the risk management system. Climate change is other variable to be taken into account in the strategic decision-making.

Repsol has an Integrated Risk Management System (see Appendix II) in place, enabling the Company to identify, manage and control risks arising from climate change.

Repsol operates in areas with strict legislative requirements for energy and carbon (approximately 60% of the direct emissions of CO₂ come from its units in Europe, the US and Canada). Pursuant to the Paris Agreement, countries' commitments will have a significant impact on climate policies. More specifically, the following **legislative risks** are worthy of note:

- In Europe, the 2020 Energy and Climate package, current in force, includes a number of key directives, notably the Directive that regulates the Emissions Trading System (EU-ETS).

Specifically, the EU-ETS scheme affects our refineries and chemical facilities in Europe.

To mitigate these impacts, Repsol is reducing its CO₂ emissions through energy efficiency actions, which avoided 4.5 million tons of GHG emissions annual run rate in the 2006-2017 period. Precisely, Repsol has issued a green bond of €500 million applied to the 2014-2020 period in energy efficiency projects in its Refining and Chemical facilities.

Repsol is not only working to improve the energy efficiency of its production processes, but also in the manner it produces energy. Accordingly, the company is generating the electrical energy and the steam needed by its industrial processes through cogeneration

facilities, which have a quite significant presence in Spain.

The 2020 Energy and Climate package also includes the Directive on Renewable Energies that will involve, among other things, incorporation by the year 2020 of up to 8.5% of biofuels in automotive fuels. This percentage will be increased by the additional incorporation of the Fuel Quality Directive.

- Legislation on the promotion of clean and efficient road transport vehicles sets a specific average emissions target for the fleet of vehicles marketed by automotive companies. In particular, light vehicles have to reduce their emissions from 130 gr of CO₂/km in 2015 to 95 gr of CO₂/km by 2020. Repsol has a flexible business model that enables it to tackle these shifts in demand.

Thus, Repsol has invested in its Refining business to adopt an advanced scheme in its complexity and flexibility to enable it to complete in future demand scenarios. In addition, the Company also identifies opportunities, supports projects and implements initiatives in renewable energy for transport, biofuels or use of automotive LPG, among others.

- Outside Europe, and in Canada specifically, it is important to consider the implementation of the Pan-Canadian Framework on Clean Growth and Climate Change, in which the federal government has set a carbon price pathway that will reach CAD\$50/ton in 2022.

Repsol is working to minimize **physical risks** and the magnitude of potential impacts of climate change in natural resources, facilities and in the climate phenomena to which the Company is exposed: drought, flooding, temperature change, etc.

To cite just one case of analysis, Repsol operates in areas that may be affected by the water stress, which would affect the correct operation of our facilities. In particular, the lack of water could cause a disruption of production. Thus, Repsol is developing adaptation plans aimed to anticipate and mitigate such situations as much as possible.

Methane Guiding Principles

Which addresses the guiding principles of proper methane management in terms of measurement, mitigation and transparency in the report among others.

Lastly, risks are analyzed in the category of **reputation or market** risks in order to establish how changes affect consumer behavior and other variables that may affect the company.

A shift in consumer behavior could result in a decrease in demand for automotive and industrial fuels. To mitigate this effect and anticipate such changes, Repsol is investing in projects of innovation and technology (see section 6.5, *Innovation and Technology*).

Objectives and metrics

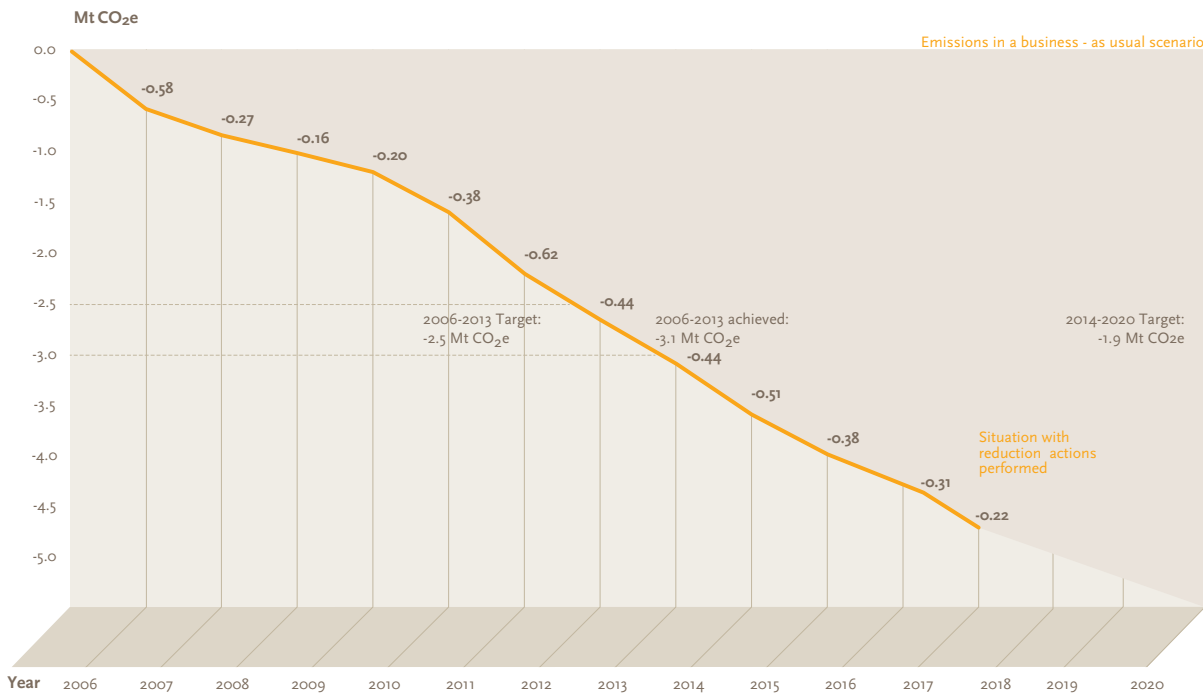
Repsol's commitment to climate change is articulated through its carbon strategy and the target of avoidance 1.9 million tons of CO₂ emissions annual run rate by 2020 starting in 2014. In 2017, Repsol is continuously improving and taking actions that avoided, so far 216 kt of CO₂ emissions, which means that since 2014, a reduction of nearly 74% of the target set for the entire period was met.

GSP

2020

Target:
Avoidance of 1.9 Mt of GHG emissions by 2020.

GHG emissions reduction (Millions of tons)

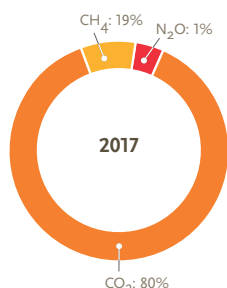


€37.5 million
invested in reduction actions in 2017

↓ 1.4 Mt
GHG avoided between 2014 and 2017

↓ 4.5 Mt
GHG avoided between 2006 and 2017

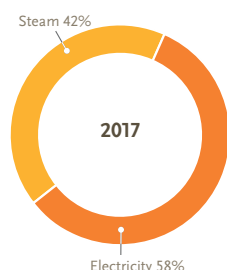
Scope 1



Our emissions

| | Downstream | | | | Total | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|---|------------------|-----------------|-----------------------|----------------|-----|------|--|-----------------|-----------------|------------------|-----|----|------|--|-----------------|-----------------|------------------|-----|----|------|---|-----------------|-----------------|------------------|-----|-------|------|--|
| | Upstream | Refining | Chemical | Others ⁽⁴⁾ | | | | | | | | | | | | | | | | | | | | | | | | | |
| Scope 1 ⁽¹⁾⁽²⁾ | 10.58 Mt | 8.97Mt | 3.34 Mt | 0.02 Mt | 22.9 Mt | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th>CO₂</th> <th>CH₄</th> <th>N₂O</th> </tr> </thead> <tbody> <tr> <td>60%</td> <td>40%</td> <td>0,2%</td> </tr> </tbody> </table> | CO ₂ | CH ₄ | N ₂ O | 60% | 40% | 0,2% | <table border="1"> <thead> <tr> <th>CO₂</th> <th>CH₄</th> <th>N₂O</th> </tr> </thead> <tbody> <tr> <td>97%</td> <td>1%</td> <td>1,9%</td> </tr> </tbody> </table> | CO ₂ | CH ₄ | N ₂ O | 97% | 1% | 1,9% | <table border="1"> <thead> <tr> <th>CO₂</th> <th>CH₄</th> <th>N₂O</th> </tr> </thead> <tbody> <tr> <td>98%</td> <td>1%</td> <td>1,2%</td> </tr> </tbody> </table> | CO ₂ | CH ₄ | N ₂ O | 98% | 1% | 1,2% | <table border="1"> <thead> <tr> <th>CO₂</th> <th>CH₄</th> <th>N₂O</th> </tr> </thead> <tbody> <tr> <td>99%</td> <td>0,03%</td> <td>0,7%</td> </tr> </tbody> </table> | CO ₂ | CH ₄ | N ₂ O | 99% | 0,03% | 0,7% | |
| CO ₂ | CH ₄ | N ₂ O | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60% | 40% | 0,2% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CO ₂ | CH ₄ | N ₂ O | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 97% | 1% | 1,9% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CO ₂ | CH ₄ | N ₂ O | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 98% | 1% | 1,2% | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CO ₂ | CH ₄ | N ₂ O | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 99% | 0,03% | 0,7% | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Scope 2



| | | | | | |
|--|-------|--------|--------|---------------------|---------------|
| Scope 2 ⁽¹⁾⁽³⁾ | 54 kt | 139 kt | 155 kt | 40 kt | 388 kt |
| Scope 3 ⁽⁵⁾⁽⁶⁾ | | | | 2017 | 2016 |
| Indirect CO ₂ emissions associated with purchasing hydrogen (Mt) | | | | 0.67 ⁽¹⁾ | 0.63 |
| Indirect CO ₂ emissions associated with purchasing goods and services (excluding hydrogen) (Mt) | | | | 7.84 | 6.94 |
| Product transport and distribution (Mt) ⁽⁷⁾ | | | | 0.52 | 0.61 |
| CO ₂ emissions derived from product sales (Mt) ⁽⁸⁾ | | | | 149 | 146 |

(1) Data being verified during the preparation of this report. About 96% of the company's total direct emissions (scope 1) will be verified under international standard ISO 14064-1. Once verification is complete, it will be available on repsol.com.

(2) Scope 1 (direct emissions deriving from Company activity).

(3) Scope 2 (indirect emissions related to purchase from third parties of electrical energy and steam).

(4) Includes LNG, LPG, lubricants and marketing.

(5) In terms of scope 3 emissions, the following indirect CO₂ emissions are considered significant: those associated with the purchase of goods and services; those associated with the transport and distribution of products and those arising from the marketing of these products, which are the most significant.

(6) CO₂ emissions included in Scope 3 in 2017 relate to an external energy content of approximately 2.2 million TJ, the same as in 2016.

(7) These emissions have been calculated with the factors provided by the UK Department for Environment, Food & Rural Affairs (DEFRA) for road transport of goods. These factors include the part of the trip made by the truck when empty. In the specific case of rail transport, only diesel locomotive voyages have been included, which account for 40% of such voyages, thus excluding the remaining 60% of electrical locomotives, according to the study published by the Rail Transport Observatory in Spain.

(8) These emissions have been calculated using the methodology published by CDP, following the production method, which includes production from Exploration and Production (crude, natural gas and liquefied natural gas) and LPG sales, naphta, gasoline, kerosene, gasoil, fuel oil and coke produced in our refineries. Emissions deriving from chemical products are not included, as the final figure reported in this category is not significant. To avoid double accounting, we subtract the amount of crude produced in Exploration and Production that is subsequently processed in our refineries.

Energy consumption

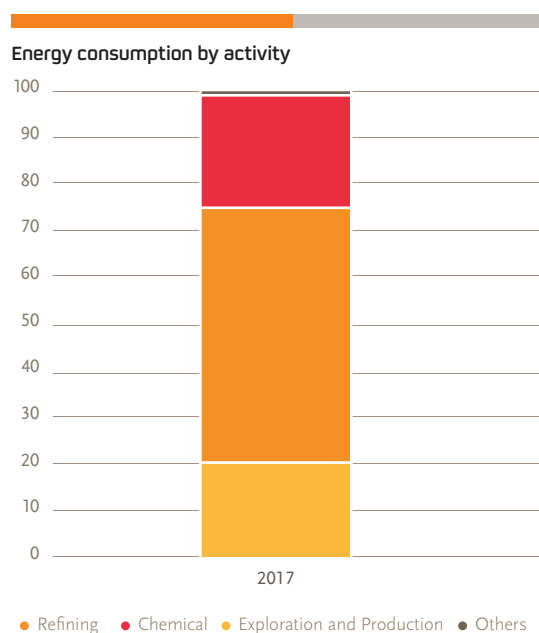
In 2017, Repsol carried out investment and operational improvements in all operations. This enabled the Company to save approximately 4.3 million GJ.

| Internal energy consumption | 2017 ⁽¹⁾ | 2016 |
|--|---------------------|------|
| Fuel (million of toe) | 5.07 | 5.06 |
| Electricity purchased (MWh) ⁽²⁾ | 0.72 | 0.93 |
| Steam purchases (GJ) ⁽³⁾ | 2.65 | 2.72 |

(1) Data currently being verified. Once verification is complete, they will be available on www.repsol.com.

(2) Includes electricity purchased for consumption.

(3) Includes steam purchased for consumption.



Source: International Energy Agency (IEA) and Repsol Research Unit

Energy intensity

In the Oil & Gas sector, it is important to establish a clear distinction between Downstream and Upstream energy consumption owing to the difference between these operations. Energy intensity is calculated as energy consumption per ton of crude processed for the Refining sector. For Exploration and Production, this is calculated by barrel of oil equivalent (boe) produced.

| | 2017 ⁽¹⁾ | 2016 |
|---|---------------------|-------|
| Energy intensity in Refining (GJ/t processed crude oil) ⁽²⁾ | 2.86 | 3.03 |
| Energy intensity in Exploration and Production (GJ/boe produced) ⁽³⁾ | 0.298 | 0.381 |

(1) Data currently being verified. Once verification is complete, they will be available on www.repsol.com.

(2) The indicator doesn't include the energy consumption of the crackers. The 2016 indicator has been calculated according to this criteria.

(3) The figures have been calculated using gross production of the operated assets of the Company, as reported energy consumption includes 100% of consumption of such assets, irrespective of Repsol's percentage of them.

Intensity of greenhouse gas emissions

The intensity of greenhouse gas emissions has been calculated including scope 1 and scope 2 emissions, in accordance with the foregoing.

| | 2017 ⁽¹⁾ | 2016 |
|--|---------------------|-------|
| Intensity of greenhouse gas emissions in Refining (tCO ₂ e/t processed crude oil) ⁽²⁾ | 0.192 | 0.208 |
| Intensity of greenhouse gas emissions in Exploration and Production (tCO ₂ e/ thousands of boe produced) ⁽³⁾ | 62.7 | 69.3 |

(1) Data currently being verified. Once verification is complete, they will be available on www.repsol.com. Local emissions factors have been used to calculate scope 2 emissions.

(2) The indicator doesn't include the emissions of the crackers. The 2016 indicator has been calculated according to this criteria.

(3) The figures have been calculated using gross production of the operated assets of the Company, as reported energy consumption includes 100% of consumption of such assets, irrespective of Repsol's percentage of them.

Flared and vented hydrocarbon

In 2017, work continued to minimize the amount of hydrocarbon flaring and gas venting. It was sent a total of 0.29 million tons of gas for flaring, while in 2016 0.49 million tons were sent.

With respect to venting, a total of 3,52 million tons were vented. The majority of these emissions come from one of the assets of Malaysia, which has a high content of CO₂ (which is separated from the natural gas extracted), making energy reuse difficult. The Company is currently studying the best options for minimizing this venting. In 2016, 3,87 million tons of gas was vented.

New opportunities have been developed to reduce emissions from venting. Noteworthy of these was the replacement of pneumatic devices with use of new technologies, resulting in an approximately 8% reduction of our methane emissions in Canada. This strengthened our commitment to initiatives of which we are a member, such as the Climate & Clean Air Coalition-O&G Methane Partnership (CCAC-OGMP), Methane Guiding Principles and Principles for Responsible Investors - Methane Initiative (PRI).

Repsol is part of the international Climate & Clean Air Coalition-O&G Methane Partnership of UN Environment for carrying out projects aimed at reducing methane emissions.



<https://ccacoalition.org/en>

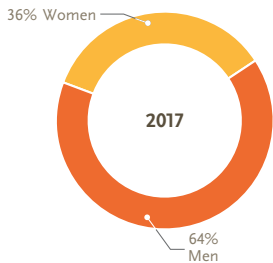
Since 2016, Repsol is a part of the World Bank Zero Routine Flaring by 2030 initiative, to look for the most advanced technologies that minimize the routine gas flaring.



THE WORLD BANK

<https://www.worldbank.org>

Women in Repsol



5. People¹

5.1. Our people

In Repsol we believe the talent of our people constitutes a competitive advantage because it ensures the company's future. That is why it is important to identify, retain and develop it. It is key for achieving the company's objectives with outstanding performance and results, and therefore Repsol offers employees a distinctive value proposition that is reflected in our **People Management Policy**².

To face new sector challenges and achieve the Company's objectives, Repsol has worked on streamlining its workforce following the acquisition of ROGCI, maintaining the same employment levels even though the organizational efficiency process, as set out in the 2016-2020 Strategic Plan, is still underway (ending in 2018). At year-end 2017, Repsol had 25,085 employees, compared to 25,469 in 2016. The average age was 42.6 (40.2 for women and 43.8 for men). In 2017, a total of 3,157 new employees³ joined the Company, compared to 2,445 in 2016.

The streamlining of the organization continued during the year and, along these lines, the Corporate Executive Committee approved a series of changes in the management team. The total reduction in this group was of 30 executives. These changes have strengthened the balance in the relationship model between the corporation and the Businesses.

1. All the data in this chapter, except sections where it is stated otherwise, refer to the number of employees that belong to companies in which Repsol establishes people management policies and guidelines, irrespective of the type of contract (fixed, temporary, partially retired, etc.). Information relating to 2016 has been recalculated using this new criterion to make it comparable, as the data previously reported reflected the FTE's (Full-time Equivalents). That is, they were weighted by the percentage of effective time of employment. In 2017, the Societat Catalana de Petrolis SA (Petrocat) is excluded, and the 2016 figure is adjusted as noted.

2. Our people policy can be found at www.repsol.com.
 3. Only fixed or temporary employees with no prior working relationship with the Company are considered to be new hires. Some 31% of new employees in 2017 and 43% in 2016 had permanent contracts. The figures for 2017 relate mainly to new hires in Peru.

A renewed value proposal

Throughout 2017, the Company updated its attributes as employer, improving the employee value proposition on the basis of **five pillars** that differentiate and position Repsol vs. other companies.

1. Company attributes

Respect for people and preservation of the environment are the basis for all the Company activities. Repsol keeps working toward becoming an efficient company to ensure that it is best prepared to meet the challenges that lay ahead, with a focus on value generation; agile, flexible and innovative, capable not only of adapting to the future, but of creating it; performance oriented; with inspiring leaders that develop talent; integrated and inclusive, as a reflection of the society where we belong, and a benchmark of excellence in corporate governance.

2. Culture

Cultural evolution is a key factor for the Company. For this reason, Repsol is committed in 2018 to improving and achieving a 70% average of positive answers in group level surveys assessing its six cultural dimensions. Decision making, leadership, global management, results orientation, people development and collaboration. Periodic culture surveys are conducted among a representative sample of employees and help monitor progress in key behaviors, that is, progress toward working in a different way. The results provide the keys on where to place the focus in achieving the desired culture, which will ensure the success of the transformation and make the results sustainable over time.

In line with the actions committed in the Global Sustainability Plan (GSP) approved by the Corporate Executive Committee in 2017, The **Diversity and Work-Life Balance Committee**, who is chaired by the company senior executives, has renewed their activity. The Committee is composed by directors of different nationalities, areas and businesses that represent the different realities in which the organization operates.

The committee's objective is to set new goals to foster work-life balance and diversity. Five lines of work have been established for identifying and leading initiatives with internal objectives related to the following: different abilities, gender, age, cultural diversity and flexibility work-life balance.

GSP

2020

Target:
 Improve employees' rate of satisfaction.

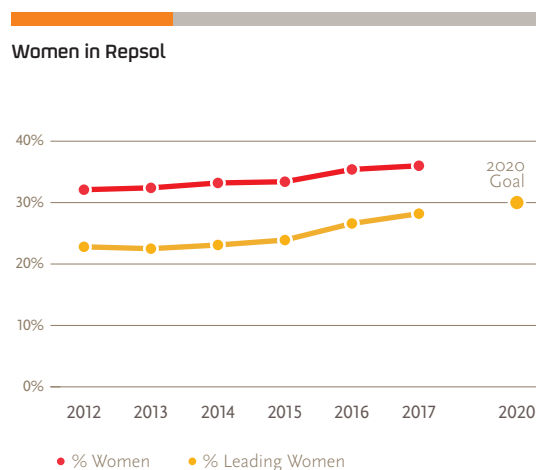
25,085
 Staff

The GPS sets out the objectives for 2020 with respect to integration of people with disabilities, gender diversity and flexibility and work-life balance.

Regarding **disableable people**, Repsol also has an integration plan for this collective, which covers all areas of the organization. As of December 31, 2017, Repsol had 576 persons with disabilities, representing 2.3% of the staff. In Spain, the Company surpassed the requirements of the General Law on Disability (LGD) in 2017 reaching 2.6% of the staff 489 employees hired directly.

| Integration | 2017 | 2016 |
|---|------|------|
| No. of employees with disabilities in Spain | 492 | 499 |
| No. of employees with disabilities in the rest of the world | 84 | 87 |
| Total no. of employees with disabilities | 576 | 586 |
| No. of new employees with disabilities | 37 | 13 |

With regard to **gender diversity**, the percentage of women continues to increase in all groups and businesses. Repsol commitment is for 30% of leadership positions to be held by women in the year 2020. For the purposes of measurement, an organizational diagnosis was conducted on gender diversity throughout the Repsol value chain.



| Gender indicators ⁽¹⁾ | 2017 | 2016 |
|---|------|------|
| % women in the Company | 36.0 | 35.4 |
| % women among new hires | 50.0 | 52.8 |
| % of women in worldwide leadership positions ⁽²⁾ | 28.2 | 26.6 |
| % women in leadership positions in Spain ⁽²⁾ | 33.1 | 31.9 |
| % of women in worldwide management positions ⁽³⁾ | 35.7 | 35.6 |
| % women in management positions in Spain ⁽³⁾ | 38.5 | 33.4 |

(1) Gender indicators are calculated including employees managed with effective time of employment in excess of 20%.

(2) Executives and leaders (exempt positions).

(3) Positions of responsibility (exempt positions).

The Company has employees in 37 countries, of 84 different nationalities, and has over 1,799 employees working outside their home country. The value contributed by this **cultural diversity** is increasingly apparent throughout the Company.

The table below details the countries that have the greatest number of nationalities among their employees (excluding those of their own country):

| Destination country | 2017 | 2016 |
|---------------------|------|------|
| Spain | 58 | 60 |
| Canada | 25 | 21 |
| United States | 24 | 22 |
| Algeria | 18 | 17 |
| Vietnam | 16 | 11 |
| Malaysia | 13 | 11 |
| Portugal | 12 | 15 |
| Singapore | 12 | 8 |
| Brazil | 10 | 13 |
| Norway | 10 | 10 |
| Libya | 8 | 1 |
| Russia | 8 | 8 |
| Indonesia | 7 | 7 |
| Peru | 7 | 7 |
| Venezuela | 6 | 6 |
| Bolivia | 6 | 5 |
| Holland | 6 | 5 |
| Ecuador | 4 | 4 |
| Colombia | 3 | 4 |
| Trinidad and Tobago | 2 | 7 |
| Angola | 1 | 3 |

In Spain, Repsol, S.A. is a company that has received the "Equality at the Company" Seal of Distinction from the Spanish Ministry of Health, Social Services and Equality.

GSP

20
20**Target:**

Exceed legal obligations in integration of people with disabilities.

Employees in
37
countries
from 84
different
nationalities

GSP

20
20**Target:**

Achieve a 30% of women in leadership positions.

SPG

a

Ambition:
Make a commitment to people and drive their development.

In **flexibility and work-life balance**, Repsol is a company recognized for promoting new ways of working that enhance the balance between one's personal and professional lives. The teleworking program is one of the most successful and highly rated programs among employees.

| Teleworking indicators | 2017 | 2016 |
|------------------------------|-------|-------|
| No. of teleworkers worldwide | 2,003 | 1,811 |

In 2017, Repsol reviewed the minimum requirements worldwide for work-life balance (marriage, maternity, paternity, breastfeeding leave and death of a family member) to adapt them to the Company's new reality, in line with the practices and customs and legislation of each country where Repsol is present.

3. Compensation and performance evaluation

Repsol has assumed a commitment with its employees to provide them with total rewards schemes that ensure external competitiveness and internal fairness, based on meritocracy, and that assess individual performance, cooperation and teamwork.

Repsol's total rewards model includes fixed compensation, benefits, and yearly and multi-year variable compensation.

| Compensation | 2017 | 2016 |
|--|------|------|
| Average staff costs per employee (thousands of euros) ⁽¹⁾ | 71.6 | 76.0 |

(1) Among the accumulated managed FTE 's. Personnel expenses include social security costs and other expenses except severance pay, director's remuneration and travel expenses of effective time of employment.

Repsol had 26,644 FTE 's and 24,216 managed FTE 's as of 31st December 2017.

| FTE 's (Full-Time Equivalent 's) ⁽¹⁾ | 2017 | 2016 |
|---|--------|--------|
| Total FTE 's at December 31 | 26,644 | 26,877 |
| Managed FTE 's | 24,216 | 24,532 |
| Non-managed FTE 's | 2,428 | 2,345 |
| Accumulated managed FTE 's | 24,664 | 26,444 |

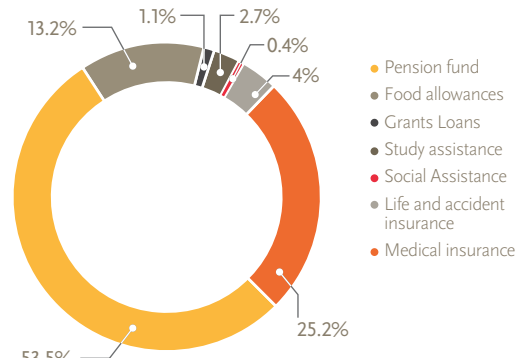
(1) Unlike the number of employees, FTE 's is calculated based on the percentage of occupation of each employee. Societat Catalana de Petrolis, S.A. (Petrocat) is included as managed FTE 's.

Repsol is committed to a flexible compensation system applicable to a majority of its companies that can meet the needs of each employee, such as the Share Purchase Plan¹ and other products such as child care, medical insurance and additional contributions to the pension plan.

In 2017, total spending on employee benefits² was €102.6 million, compared to €122.5 million in 2016.

Repsol has a model of performance and merit-based annual variable remuneration. This model requirements evaluates achievement of company objectives, unit objectives and the individual objectives of each employee, and among them, it separately evaluates the How (performance) and the What (results).

% distribution of social benefits by type



4. Professional development

One of the main pillars of the Company's policy on talent management is to have a development model that is attractive and offers opportunities for professional growth.

In 2017, Repsol implemented a new model of professional development with clear and transparent criteria that strengthens integration by unifying the models in place at ROGCI and REPSOL. The model fosters meritocracy by setting out criteria for promotion and meeting the needs of the Company.

1. For further information, see Note 28.4 of the consolidated financial statements.

2. Expense of employees of managed FTE 's (includes Societat Catalana de Petrolis, S.A.).

It also enables differentiated career development for both technical and management profiles, boosts leadership as an instrument of cultural change and offers opportunities for development through mobility, training and promotion while taking into account the interests of individuals.

Mobility through different roles fosters learning and professional development through the acquisition of experience in different functions and/or functions of greater complexity. Mobility is playing a critical role in the implementation of organizational changes, where the challenge is to identify the best profiles for each position in the organization.

| Mobility | 2017 | 2016 |
|---------------------------------------|-------|-------|
| Number of assignments | 3,214 | 2,878 |
| % of women (of number of assignments) | 43% | 39% |

Repsol has also organized temporary assignments in some areas of the Company that have strengthened employees' development and cultural integration.

The Company maintains a complete and up to date **training** schedule in order to improve its employees skills throughout their professional careers.

Continuous improvement of knowledge, skills and aptitudes is key for fostering personal development.

| Training | 2017 | 2016 |
|--|-------|-------|
| Investment per employee (€) | 519 | 490 |
| Total investment in training (million euros) | 12.4 | 11.9 |
| Hours of training per employee | 40 | 41 |
| Dedication rate ⁽¹⁾ | 2.34% | 2.25% |
| % of employees receiving training ⁽¹⁾ | 94.5% | 86.2% |

(1) Corresponds to the % of annual working hours dedicated to training. It is calculated based on the accumulated average FTE's, over managed employees with a working day of over a 20%, excluding Societat Catalana de Petrolis, S.A.

In 2017, the team leaders program was renewed in adaptation to the new model of professional progression, which accompanies the development of Repsol leaders throughout their career in the company, thus making the most of internal skills and knowledge.

For the purpose of continuing to strengthen the Company's international culture, Repsol has continued to increase the foreign language training, and broadening the range of available online training, thus allowing a larger number of employees to access these learning activities.

Repsol encourages its employees to be active agents in their development via systems of feedback,

coaching, mentoring, constant exchange of knowledge and training.

Repsol also remains committed to the incorporation of **young talent**. The Company has adapted to the current environment its Masters programs and is receiving university students and occupational students on internships.

| Young talent | 2017 | 2016 |
|--|------|------|
| New professionals completing the Master program of the Company | 52 | 75 |
| University internship agreements to consolidate training | 444 | 423 |
| Medium and higher level vocational training internships ⁽¹⁾ | 100 | 109 |

(1) These figures include students from medium and higher level vocational training cycles, with a high percentage of these joining Repsol's workforce through various job vacancies. In 2017, Repsol continued the commitment it had assumed with the FP Dual program.

In 2017, 742¹ employees were promoted, of which 38% were women. Promotion criteria include performance, potential and development. 99.0% of total employees integrated in the new progression model was evaluated with respect to their stage of development (in terms of the degree of maturity required in their professional role) and 99.6% were evaluated in terms of their potential (employee's capacity to take on greater responsibilities).

5. Leadership

Repsol leaders must be an example of values and conduct for those around them, in the development of talent, management of their teams, and in the achievement of results in an efficient manner. They must also inspire and boost the team to their maximum potential, as they are the main drivers of the transformation the Company is undertaking.

Repsol has reviewed the leadership profile required, and used a 180° evaluation to measure how well its leaders fit that profile. This methodology incorporates the viewpoint of individuals, the team and of the leader themselves, and it is critical for reinforcing its management style. In 2017, 100% of the executives and 99% of the area leaders were evaluated in this way, and the methodology will be applied to the other team leaders in 2018. As a result of the evaluation process, global and individual action plans were launched.

1. In 2017 promotions are considered raising of professional role, regarding the new professional progression model. In 2016, the reported data is higher due to the existence of another model with a greater number of categories.

GSP

a

Ambition:

To establish solid relationships based in recognition, trust, mutual respect and shared value through active dialogue with communities.

This renewed value proposal, based on these five pillars, helped reduce the total turnover rate compared to 2016. The voluntary turnover rate that has remained stable at the same levels in recent years.

| Retaining talent | 2017 | 2016 |
|--|------|------|
| Total turnover rate ⁽¹⁾ | 9% | 13% |
| Voluntary turnover rate ⁽²⁾ | 4% | 4% |
| Total executive turnover rate ⁽³⁾ | 11% | 22% |

- (1) Corresponds to the total turnover rate of permanent employees out of the total number of employees at year-end.
- (2) Corresponds to the voluntary turnover rate of permanent employees out of the total number of employees at year-end.
- (3) Corresponds to the total turnover rate of executives out of the total number of executives at year-end.

Collective bargaining

Repsol strives for continuous and constructive dialogue with the employees' representatives. This is one of the essential elements of its People Policy.

In November of this year, the Company signed the Ninth Framework Agreement for a majority of the Repsol Group companies in Spain in which it holds a majority of the share capital or exercises industrial and labor management. The agreement is valid until the end of 2019.

This agreement is aligned with the business model, which is focused on the creation of value. It emphasizes the conditions that can activate the organization in a way that everyone will contribute to achieving common objectives in a sustainable manner over time.

The Framework Agreement consolidates the priorities and people management principles of the Company: quality employment, promoting professional opportunities for persons with different abilities, the linking of variable remuneration to the Company's objectives and achievements, linking of the salary review due to changes in the CPI to the Company's net income, fostering of equal opportunities, work-life balance, and professional development and constant learning.

5.2. Respect for human rights and community relations¹

Repsol has an international presence and, very often, in highly sensitive social, political and cultural settings. The Company continues to implement the commitments it has undertaken in its Human Rights and Community Relations Policy, which is aligned with the United Nations Guiding Principles for Business and Human Rights.

Repsol responsibility: respect and remedy

The Company uses all the means at its disposal to prevent its activities or decisions from having adverse impacts on human rights, and will do all it can to repair the damage when such impacts occur.

Repsol's vision is to establish and maintain sound relations with 100% of the communities in the area of influence of its projects and assets. Relations based on recognition, trust, mutual respect and shared value.

In 2017, the Company defined this vision as the starting point for its roadmap. It has conveyed this commitment by reviewing the internal rules that regulate its processes and activities as the first phase of this transition from reactive strategies of conflict resolution to preventive management based on risks, impacts and opportunities. For this reason, in 11 especially important countries in social matters, 11 workshops were conducted, with the participation of nearly 200 people, to shore up the management of risks, impacts and social opportunities, and to consolidate a network of professionals who manage these relations with communities.

Nevertheless, 100% of significant operations manage opportunities and risks by taking into account at least one of the following mechanisms: development mechanisms, impact assessments, or the participation of stakeholders. All the impact assessments performed in 2017 included social and human rights issues.

GSP

2020

Targets:

Strengthen management of social risks and impacts in critical operations and contribute to local socio-economic development. Ensure that grievance mechanisms are effective in all critical operations.

1. For further information on the community relations model, see www.repsol.com.

Operational level grievance mechanisms

Answering the grievances, concerns and complaints of local communities helps anticipate and respond to potential disagreements that may affect the activities of the Company. The nature of such mechanisms is special and unique in each setting.

In 2017, the Company received 82 grievances related to human rights through 14 grievance mechanisms in 7 countries. Some 68 were resolved and 14 are still being handled.

Security and human rights

Repsol is a signatory to the Voluntary Principles on Security and Human Rights (VPSHR) initiative, which is aimed at ensuring the security of the operations in sensitive and conflict zones through working processes that uphold respect for human rights.

Repsol demands from private security firms that employees rendering services in its facilities should have training or take courses in human rights. In addition, in some countries like Colombia and Peru, the public security forces receive specific training in human rights.

| Human rights | 2017 | 2016 |
|--|-------------------|-------|
| Number of employees trained in human rights (online) | 519 | 1.307 |
| Number of training hours in human rights (online) | 1.040 | 2.614 |
| Number of cases of violations of indigenous people's rights ⁽¹⁾ | - | - |
| Number of involuntary resettlements | - | - |
| Contracts with security firms that include human rights clauses (%) | 100 | 100 |
| Contracted security personnel trained in human rights (%) | 98 ⁽²⁾ | 90 |
| Security providers evaluated according to human rights criteria (%) | 100 | 100 |

(1) There have been no incidents related to violations of indigenous peoples rights reported to the whistleblower channel of the Company.

(2) The increase is due to consideration of employees and contracted personnel training.

6. Safe operation¹

In order to ensure that Repsol facilities are safe, and to protect the parties involved, the correct identification, assessment, and management of the risks associated with industrial processes and assets is critical.

Risks are assessed throughout the assets' life cycles, applying the best international standards in their design and strict maintenance and operating procedures, aimed to prevent incidents affecting the industrial processes involved. In addition, the new regulations on the Management of Safety and Environmental Incidents were approved. They substituted the previous standards on the Incidents Management and Management of improvement actions and lessons learned, and the Basic Rules Standard, and the global incident recording tool was also replaced.

This new approach enables Repsol to assess the seriousness of both real and potential consequences, thus facilitating management of each risk. It also encompasses quite unlikely risks that may, nevertheless, have very serious consequences for people, the environment, or the Company's facilities or reputation.



1. The figures and indicators in this section have been calculated in accordance with corporate standards that set out the criteria and common methodology to be applied in Safety and Environment (S&E). As a general rule, (S&E) information includes 100% of the data from companies in which Repsol holds a controlling interest or control over operation. Specifically, with regard to security, data is provided on contractors that provide services under a direct contract.

GSP

a

Ambition:
Guarantee people's security with full respect for human rights.

GSP

2020

Targets:
Implement 100% of the actions set out in the Implementation Plan according to the VPSHR in priority countries.

GSP

a

Ambition:
0 accidents.

0 fatalities in 2017

Process safety

Process safety is a key element in safety on which Repsol has been working for years, with a proactive safety plan called SMARTkeys. It is a set of initiatives that focus on process safety that is people, processes and plant-centered, thus helping Repsol keep risks under control and adequately managed.

The Company tracks its performance following the definitions established by IOGP¹, API² and CCPS³, which are sets of international best practices in the field. The Company highlights that process accidents decreased by 4.6% in 2017 from the previous year, also surpassing the annual target.

| Process safety indicators ⁽¹⁾ | 2017 | 2016 |
|--|------|------|
| PSIR ⁽²⁾ TIER 1 + TIER 2 | 0.62 | 0.65 |

(1) A process safety accident is one in which the first line of control has been breached, with the following happening simultaneously: i) A chemical product or process is involved ii) It occurs at a specific location: the incident takes place at a production, distribution, or storage facility, at an auxiliary services facility (utilities) or pilot plant related to the chemical process or product involved and iii) It gives rise to an unplanned or uncontrolled release of material, including non-toxic and non-flammable matter (e.g. vapor, hot water, nitrogen, compressed air or CO₂), with certain levels of consequence. The process safety accident will be classified as Tier 1 or Tier 2 according to the defined thresholds.

(2) PSIR: *Process Safety Incident Rate*

1. IOGP: International Oil and Gas Producers.
 2. API: American Petroleum Institute.
 3. CCPS: Center for Chemical Process Safety.

Occupational safety

Repsol continues to work on reducing **occupational safety**.

| Occupational safety indicators ⁽¹⁾ | 2017 | 2016 |
|---|---------|---------|
| Lost time injury frequency rate (LTIFR) ⁽²⁾ | 0.71 | 0.69 |
| Lost time injury frequency rate for company employees | 0.78 | 0.73 |
| Lost time injury frequency rate (FR) for contractor staff | 0.65 | 0.66 |
| Total Recordable Incident Rate (TRIR) ⁽³⁾ | 1.43 | 1.46 |
| No. of company employee fatalities | 0 | 0 |
| No. of contractor staff fatalities | 0 | 2 |
| Number of training hours | 200,080 | 211,182 |

(1) Repsol's corporate regulations set out a common methodology and criteria for recording incidents, which is complemented by an incident management indicator guide.

(2) Lost Time Injury Frequency Rate: number of lost time injuries and accidents per million work hours.

(3) Total Recordable Incident Rate: sum of accidents, lost work day cases, restricted work day cases and medical treatment cases, per million work hours.

Further, as shown in the above table, the LTIF remained virtually the same as the previous year, as the number of incidents with lost days decreased by 7% and worked hours by 10%. However, the TRIR decreased by 2% from the previous year due to a 14% decrease in incidents without lost days and a 7% decrease in incidents with lost days. This indicator includes fatalities and incidents both with and without lost days. The company has set TRIR targets since 2014.



Prevention and response to environmental incidents

Robust safety management minimizes the probability and consequences of spills. The company works in three phases: i) prevention of spills, ii) early detection and iii) emergency management.

| Spills ⁽¹⁾ | 2017 | 2016 |
|----------------------------------|------|------|
| Number of hydrocarbon spills | 17 | 11 |
| Volume of hydrocarbon spills (t) | 85 | 40 |

(1) Indicators were calculated for hydrocarbon spills greater than 1 barrel in size that reached the environment (volume of the substance that reached de natural environment: soil, surface or underground waterways, etc.).

In 2017, there were two significant spills¹. One of 46.35 tons of B5 diesel fuel in the Marketing Peru business, as a result of the derailment of a train transporting the product, and another of 15.84 tons of crude in the Exploration and Production business, due to a leak. In both cases, there was no contamination of agricultural lands or water sources. In Peru, the transporter took appropriate measures to remedy the affected area, and Repsol took additional measures in its contractual relationship with the transporter.

When a spill occurs, the company activates its emergency response mechanisms and subsequently implements new preventive actions to prevent recurrence.

Development of a safety culture

The safety culture is an inseparable part of the organizational culture, which is underpinned by the same value and is manifested in common behavior and attitudes. The Company is committed to comprehensive approach:

- Definition of its own model of culture that spells out the desired attributes and related working practices (developed in collaboration with the ICSI -*Institut pour une Culture de Sécurité Industrielle*-).
- Deployment and dissemination of the model.
- Evaluation, identification and measurement with local focus to determine areas of improvement.

- Definition of cross and facility/asset focused improvement plans.

Repsol has developed an evaluation methodology of safety culture based on questionnaires, interviews, focus groups and on-the-job support to assist in identifying strong and weak points. The results enable the development of improvement plans and identifying of cross-cutting projects that can help the organization as a whole advance towards excellence.

Diagnostics have been carried out in LPG (Spain), in the Bolivia business unit (E&P), in the area of Chemicals in Sines, (Portugal) and Puertollano, (Spain) and in the Cartagena, A Coruña and Puertollano refineries in Spain. Workshops have also been conducted in Norway, Canada and the US in order to disseminate the model and detect the main areas of improvement.

Good Practices

Nuevo Mundo Base Camp, Peru

The ship carrying fuel to the camp is escort (in a journey of almost 700 km) with another ship with anti-spill equipment, during the flooding period of the rivers Urubamba and Ucayali.

Review of fuel stocks and necessities in the field, for the prioritizing of fuel inflows during the river flooding times. Hence, the number of fuel shipments via river transport was reduced.

The performance of statistical analyses of the growth of internal/external corrosion in transmission pipes in order to prevent spills.



1. Significant spill Repsol reports significant spills in accordance with the criteria in GRI-G4, Oil and gas sector disclosures.

GSP

2020

Target:
Implement circular economy projects with a positive impact on society.

7. Environment¹

Repsol develops its activities consuming only the resources that are indispensable for generating the most efficient energy with the minor least possible impact.

The circular economy: our roadmap

The circular economy is one of the levers Repsol must rely on to contribute to the success of its sustainability model in the efficient use of natural resources, with criteria of maximum

Spheres of circularity

1. Redefining raw materials

Inclusion of alternative raw materials in the production of the Company's products.

- Examples: use of CO₂ to manufacture plastics.
- Streams of external waste as a raw material for refinery processes.



5. New services and products

Search for new business opportunities.

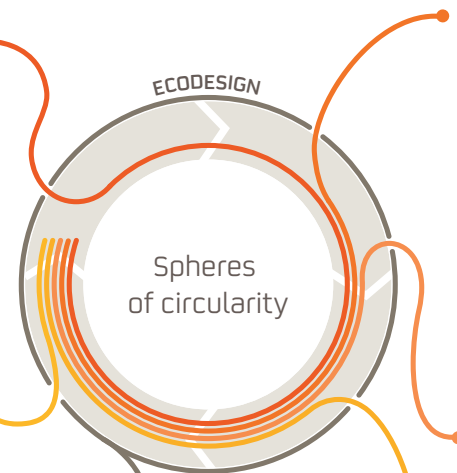
Example: corporate car-sharing based on renewable electricity.



Ecodesign

Development of more sustainable products in terms of their production, use or end of life.

Example: 100% recyclable asphalts.



2. Efficiency and innovation in the processes

Maximizing the water reused, minimizing the water discharged and increasing energy efficiency.

Example:

- Use of municipal water in refining.
- Alternative uses of water in *Upstream* production.
- Decontamination of drilling residues and diesel recovery.



3. Redefining waste

Harness waste as a raw material, product or energy.

Example:

- Recovery of hydrocarbon mud from the TAR plant in the coker unit.
- Use of potassium adipate as a fertilizer.
- Production of biodegradable plastics.



4. Reconsidering the value chain

Search for new business opportunities.

Example: use of products from pyrolysis of plastics from dumps for chemical recycling.



Impact points

Products Processes Services



Vectors

Water Energy Raw mat. Waste



1. The figures and indicators in this section have been calculated in accordance with corporate standards that set out the criteria and common methodology to be applied in Safety and Environment (S&E).

As a general rule, (S&E) information includes 100% of the data from companies in which the Company holds a controlling interest or control over operation.

efficiency, maximum transparency and the minor environmental impact. Repsol's circular economy strategy was approved by the CEO in December 2016, and its implementation began in 2017.

The activities currently under way and their progress are shown below:

- Generation of a business network:
 - Collaboration with 46 external companies that may contribute to the definition and implementation of projects.
 - Active participation in 10 national and international circular economy working groups (CEOE¹, Chamber of Commerce, COTEC² CEPS³, the World Economic Forum, Plastics Europe, the European Commission, etc.).
 - Establishment of an internal professional network with experts from different businesses and areas of the Company comprising more than 70 people.
 - On October 23, 2017, Repsol became a signatory to the Circular Economy compact⁴.
- Conception, promotion and execution of projects:
 - Generation of new circular projects in the fields of water, waste and raw material.
 - Execution of 36 projects with external partners.
 - Preparation of circular initiatives catalog (CIC) with 120 initiatives for working in the coming years.

Repsol will also continue to deepen its search and implementation of innovative projects designed for efficient use of natural resources that meet criteria of maximum efficiency, maximum transparency and the least environmental impact, through a collaborative economy.

1. Spanish employers' association.

2. COTEC foundation for innovation.

3. Fundación Centro de Estudios Políticos y Sociales.

4. The Compact is part of the development of a Spanish circular economy strategy led by the Ministry of Economy, Industry and Competitiveness and the Ministry of Agriculture and Fisheries, Food and Environment, with the aim of involving the main economic and social actors in Spain in the transition to a new economic model. At the date of this document, 151 institutions and companies had signed the compact.

Water

Water is a scarce commodity that is essential for the production of energy, an activity in which the Company must compete with many other users. Ensuring a sufficient supply of quality water is critical for sustaining the operations of its facilities. Repsol's GSP targets include the development of water action plans in Refining, Chemicals and E&P to ensure excellent management of this vital resource.

Industrial facilities require water to refrigerate, produce steam, as a raw material in processes, and for other uses such as fire-prevention or cleaning. Conventional E&P assets require fresh water for the employees who live in camps where the company operates, and also for hydraulic fracturing (fracking) in shale gas assets⁵.

The main challenges for our businesses are as follows:

- Finding water alternatives that will ensure supply. For shale gas assets, the amount of water used is assessed in order to seek out groundwater aquifers; reuse of waste water; recirculation of flow back water and application of best technologies for water treatment. With respect to protection of groundwater aquifers, every wellbore has an engineered steel casing system that is cemented externally to prevent communication between the wellbore and different groundwater aquifers. The integrity of casing pipes are checked both before and after fracture operations. Potable water wells are much shallower than shale gas reservoirs and are typically located at a depth of 50 - 100 meters, which is far less than that of shale gas formations, which are normally several kilometers below the surface. For this reason, the probability of water contamination is remote.
- Becoming competitive in the generation of Company products, reducing the tons of water used per barrel processed to improve operational efficiency.
- Adapting management of discharges to increasingly restrictive regulatory limits and company standards. Industrial facilities in Spain and Portugal are carrying out specific

5. Hydraulic fracturing fluid is comprised of 99.5% water and sand, and 0.5% of other chemicals. The chemical classifications and the concentrations of ingredients used in the hydraulic fracturing activity are disclosed in: <http://fracfocus.ca> and <http://fracfocus.org>.

GSP

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Ambition:
Neutral environmental impact in natural resource management.

28%

reused water as against withdrawn water

Water

For further information on water, see www.repsol.com

GSP

2020

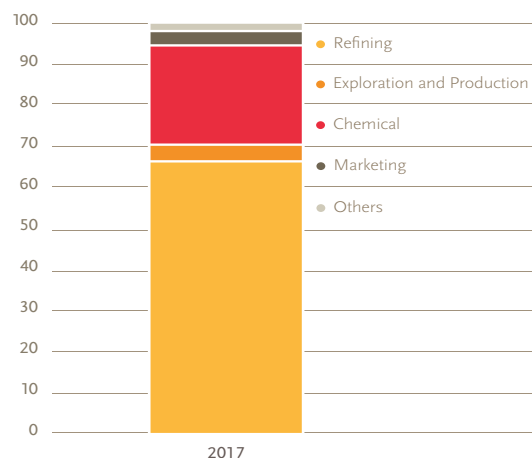
Target:

Develop initiatives that optimize the use of fresh water and reduce the impact on the effluent.

actions and investments to adapt to the new best available practices (BREF). In addition, all E&P assets are compliant with minimum common requirements, namely the Environmental Performance Practices (EPP) relating to the quality of the discharges from their sanitary effluents and production water, their environmental impact and the prohibition of practices that may result in contamination of underground soil and water.

The main fresh water sources, by business, are the public network (66.2%), surface resources (28.5%), and, to a minor extent, underground aquifers (5.3%).

Water withdrawal by activity



| Water management | 2017 | 2016 |
|---|--------|--------|
| Fresh water withdrawn (kilotons) | 53,497 | 52,022 |
| Recycled water (kilotons) ⁽¹⁾ | 14,995 | 10,292 |
| Water discharged (kilotons) ⁽²⁾ | 33,450 | 42,250 |
| Hydrocarbons in water discharged (metric tons) | 166 | 245 |
| Water withdrawn in Refining/processed crude oil (tons) ⁽³⁾ | 0.74 | 0.82 |

- (1) Increase in recycled water is mainly due to estimation and measurement improvements in Repsol's industrial facilities.
- (2) Decrease in water discharged and hydrocarbons in water discharged is due to the fact that Repsol does not operate the assets of Trinidad and Tobago (TSP) and the alignment of the consolidation criteria of the assets of Talisman Legacy to Repsol standards.
- (3) The Refining activity is the most intensive in the use of fresh water. Water withdrawn per ton of crude processed in our refineries has decreased by 10%.

Waste

Repsol is working to improve waste management throughout the lifecycle of our processes. In 2017, the Company reduced hazardous waste led to elimination (including landfill) by 11,369 tons and specific improvement steps were taken in management of mud and drill cuttings in the Upstream business.

In addition, new initiatives are being supported and analyzed with different waste managers within a collaborative economy approach in order to generate innovative opportunities to improve waste management in prevention, reuse, recycling, energy recovery and the disposal thereof. Minimizing the volume of waste sent to landfill sites is consistent with the objectives of the circular economy.

| Waste management ^{(1) (2)} | 2017 | 2016 |
|-------------------------------------|---------|---------|
| Hazardous waste (metric tons) | 40,065 | 56,920 |
| Non-hazardous waste (metric tons) | 352,148 | 217,552 |

- (1) Additionally, waste related to drilling muds should be considered, amounting to 146,892 and 169,372 tons in 2017 and 2016, respectively.
- (2) The increase observed in 2016 over the previous year is due to an increase in land management activities.

Good Practice

Waste management optimization program in Canada business unit

Increase economic efficiency and environmental performance in waste management is a priority in drilling activities. The drilling team of the Canadian business unit has made significant advances in this regard along two areas:

- Greater extraction of liquid through a second centrifuging, which generates a more solid waste, decreases the volume of sawdust necessary to solidify it and minimizes the volume sent to landfill.
- Greater recovery of mud present in waste, thus reducing the amount of mud sent to the landfill and increasing its rate of reuse.

GSP

2020

Target:

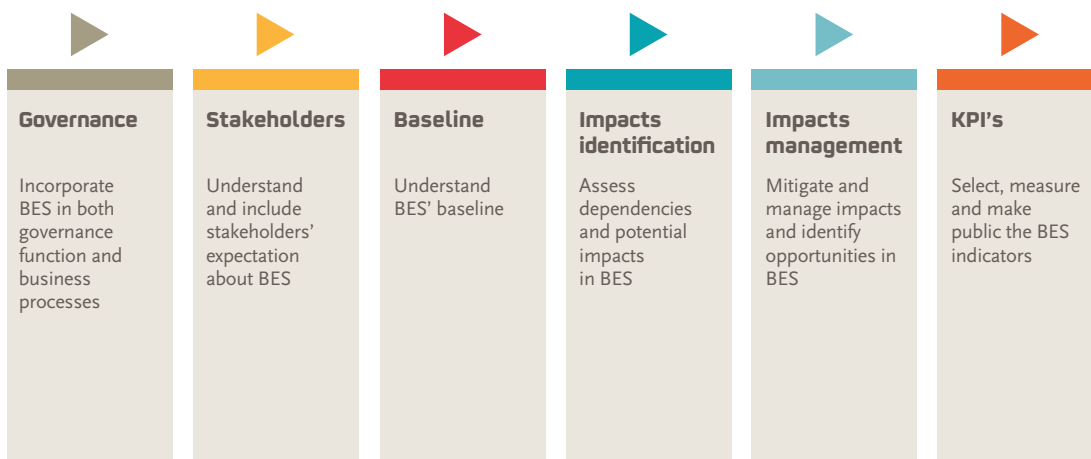
Minimize the generation of waste and improve its management.



Preserve Biodiversity and Ecosystem Services (BES)

Repsol is committed to mitigating potential impacts on biodiversity and the resources it provides (ecosystem services) in its planning and execution of projects and operations. To do so, it is guided by the following United Nations principles for sustainable development in carrying on its activities:

- Preventing, minimizing and restoring the environmental impact in all its operations, and especially in sensitive, protected or biologically diverse natural spaces.
- Integrating biodiversity and protection of ecosystem services in the Company's management systems and decision-making processes by including environmental and social assessments.
- Taking part in projects of research, conservation, education and awareness-raising.



Management model BES (Biodiversity and Ecosystem Services)



  In 2017, implementation of this methodology in the assets operated and projects from the old Legacy Talisman society of Canada, USA, Malaysia and Vietnam.

  Environmental Management Strategy of the Sagari pipeline construction project in the 57 lot of Peru.

  Acquisition and interpretation of satellite images in the Caipipendi Area of Bolivia.

  Publication of the book "Machiguenga, Una reserva para todos". Investigation of the Machiguenga Communal Reserve related to flora and fauna species and ecosystem services, an area of great biological value in Peru, carried out with the support of scientists, local communities and the National Service of Protected Natural Areas by the State – (SERNANP by its Spanish acronym).

PGS

a

Ambition:

Drive technological innovation as a lever of transformation towards sustainable business models.

8. Innovation and technology

Innovation

For Repsol, and even more so in the current environment of uncertainty and volatility, innovation in management is the key to speeding up decision-making and creating and developing opportunities. To drive forward these processes of innovation and improvement, the company has a network of facilitators whose objective is to support business and areas to generate a work environment that encourages collaboration, and the generation of ideas, the transfer of good practices and continuous improvement. These facilitators accompany organizational or project teams in the application of these methodologies.

The efforts carried out in 2017 focused on different lines of work:

- Incorporation of new ways of working. Through different dynamics, teams are given responsibility, commitment and alignment is generated and/or solutions are generated for complex challenges, in a way that is agile and that brings together all involved parties. These methodologies have been applied not only to traditional challenges, but to initiatives of the high-impact Transformation Program due to their cross-cutting impact, such as the Corporate Business Relationship Model or the Control Model Optimization.
- Promotion of continuous improvement programs as a fundamental element in our management system for aligning day-to-day operations with the Company's strategy, by means of a cultural change aimed to maximize value contribution in a sustainable way. In 2017, new dynamics of daily improvement were incorporated in industrial facilities in both the Refining and Chemicals businesses, while work continued on the optimization of processes along the same lines as in previous years. In these dynamics, all individuals take part in identifying and executing improvements related to their work environment. It is this engagement that adds sustainability to the improvement.

- Capitalization of knowledge through the sharing of experiences and collective learning is a key factor for the competitiveness of our Company. Communities of practices promoted by businesses are based on a successful model for channeling and fostering networked by learning and digitalization of knowledge.

These efforts have materialized in the accompaniment of more than 100 working teams that have achieved tangible results and created a network of facilitators consisting of more than 100 people.

Technology

The world is in the midst of a process of change and transformation in which the development of new technologies, their transfer and implementation are a guarantee that Repsol can offer quality products and services in the present, and also prepare for the future.

The development of R&D projects, the creation of basic knowledge to then scale it to new technologies being implemented and the collaborative work in network are some of the keys in Repsol's innovation strategy. In addition, Repsol considers it is critical to capture, incorporate and co-create the innovation developed in the external technology and entrepreneurial ecosystem.

To achieve its objective, Repsol works within an integrated model. Through a process of technology scouting in the academic environment and of R&D in technology partners and start-ups, a Company technology portfolio is built including R&D projects developed either internally or externally and projects that require investments in start-ups.

R&D projects

In 2017, further advances were made in the development of state-of-the-art technologies in hydrocarbon **exploration and production** and mainly in the deployment phase of technologies in company projects. As examples of new technology achievements, the Sherlock project completed installation of all capacities in digital petrophysics for hydrocarbon storage, characterization, and Pegasus has now accomplished its first artificial intelligence prototype for acquisition of assets and optimization of development plans. The *Thor Hammer* project has begun the deployment of

its geo-mechanical tools for the optimization of unconventional assets. Lastly, the Horus Project successfully completed its concept test, involving nano-sensors embedded in drilling cement to monitor wells' integrity, among other achievements.

Regarding **refinery** technology, processes have been designed in laboratories and pilot plants of the Repsol Technology Center that have been successfully implemented in our industrial facilities to improve their efficiency. Noteworthy is the knowledge developed to exploit the processing of opportunity crude oil, allowing for adjusting processes to the supply of such crude, while products are adapted to market demand. Also, prototypes have been developed that allow for offering products with a high technology load, such as smart asphalt, or lubricants designed to save fuel in state-of-the-art engines. In the industrial area, and within the strategic lines set out by the company, it should be pointed out the technology supporting decision-making based on advanced simulation and artificial intelligence.

New energy models are being assessed within the company, and the Technology Center has emerged as a testing ground for pilot projects. Its mission is to validate systems aiming to the establishment of a new commercial line for the company.

In R+D for **new energies and materials**, the first steps have been taken in advanced biology for real-scale hydrocarbon bioprospecting and the exploration of ways to apply biotechnology in our present processes and products.

Also, R&D projects are being undertaken for the next generation of batteries for electric vehicles development. The aim is to replace today's lithium-ion batteries, in a clear effort to maintain the company's position as a major actor facing the future electrification of transport. These projects are carried out in partnership with international leaders, and they give the scientists of the Company the opportunity to take part in a high potential petrochemical developments.

With regard to advances in materials, testing has begun on customers of polyol technology for evaluation in the market. Also, a number of projects have been launched in alignment with circular economy policies that support different lines of the Chemicals business in order to offer ever more sustainable products. The development

of materials for the automotive market is one of the most promising lines in our business orientation.

Resol's goal is to market the intellectual property generated by the company, whether developed internally or purchased, that may have market value, provided such externalization does not involve a loss of know-how and or competitive edge for Repsol. One of the projects being marketed is HEADS, a system for the early detection of underwater hydrocarbons developed jointly with Indra.

Repsol's R&D investment has amounted to €72 million.

| KPIs | 2017 | 2016 |
|---|------|------|
| R+D Investment (million euros) ⁽¹⁾⁽²⁾ | 72 | 78 |
| No. of external scientific collaboration agreements | 52 | 98 |
| Projects supported by the Spanish government | 6 | 10 |
| Projects supported by the EU | 8 | 11 |

(1) Indicator calculated in accordance with the Group's reporting model described in Note 5, "Segment Reporting," of the financial statements.

(2) Amounts calculated using the guidelines established in the Frascati Manual of the OECD and the EU Industrial R&D Investment Scoreboard presented annually by the European Commission.

All this activity is led by the Repsol Technology Center, the scientific heart of the company, which is located on a campus of more than 192,000 m² and has more than 56,000 m² of built-up space of facilities and laboratories, bringing Repsol international renown for its technology.

Investments in start-ups (venture capital)

In 2017, the new Repsol operational model for corporate venture capital was defined. It comprises five-year funds of investment in start-ups with the objective of enabling the early incorporation of new technologies and business models to the activities of the Company. For the 2016-2020 fund, Repsol has committed to making a contribution of €85 million. In 2017, the fund had €7 million invested.

The new operational model is focused on six search fields to incorporate external innovation in Repsol.

It currently holds eleven stakes and joint development projects in the fields defined in the model.

In addition to direct investments in start-ups, Repsol takes part, along with its partners, in OGCI **Climate Investments** (OCGI-CI), a vehicle for channeling \$1,000 million investment committed over ten years to develop and accelerate the commercial rollout of innovative technologies of low greenhouse gas emissions. In 2017, the first

investments were made in this vehicle: Solidia Technologies, a US company that can produce cement in a way that generates lower emissions; Achates Power, a company that is developing more efficient vehicle engines; and a project that aims to design a large-scale gas-fueled electrical plant with carbon capture and storage, including the industrial capacity to capture CO₂.

In 2017, Repsol has continued co-investing with CDTI in Spanish technology SMEs through the INNVIERTE program.

To capture innovation in Start-ups



WHAT'S IN IT FOR REPSOL?

- Quick access to new technologies and business models
- Adaptation of technology developed in a start-up ecosystem to the needs of the O&G industry (Oil & Gas)
- Stating at the forefront of technological development and generating synergies with other players in the industry

WHAT'S DOES REPSOL OFFER THE START-UPS?

- The opportunity to test its technology and/or business model on the Company's assets and businesses
- Access to technical expertise and industry knowledge
- Access to Repsol's sales channels and customers

1. WHAT IS IT ALL ABOUT?

Investing in start-ups that develop innovative business models or technology and promoting their implementation at Repsol

2. OBJECTIVE

Helping to create a competitive advantage for Company undertakings by investing in new innovative companies in order to speed up the development and implementation of new technologies and business models on behalf of Repsol. These activities complement the Company's internal R&D capacities

3. BUSINESS CHALLENGE

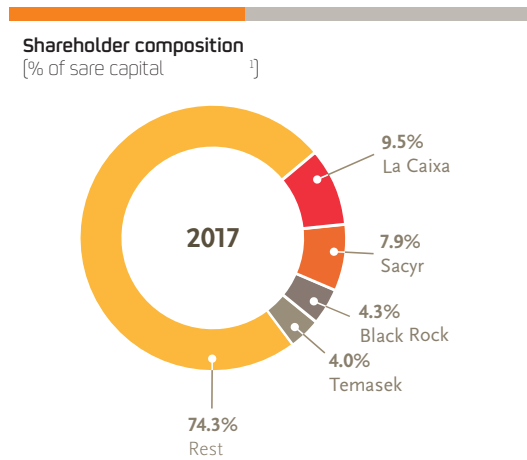
Identifying and prioritizing challenges and continuous updates

9. Ethics and compliance

9.1. Corporate governance

Repsol's system of corporate governance, which was established in accordance with best national and international practice and standards, guides the structure, organization, and operation of corporate bodies in the interests of the Company and of its shareholders, and is based on the principles of transparency, independence and responsibility.

The **governance structure** at Repsol adequately differentiates the governance and management functions of the Company from its oversight, control, and strategic definition functions. The Annual General Meeting is the sovereign corporate body through which shareholders intervene in the taking of essential decisions of the Company, with the Board of Directors, either directly or through its various Committees, responsible for the formulation of general policies, the strategy of the Company, and basic management directives, as well as general oversight and consideration of matters of special importance that are not reserved to the Annual General Meeting.

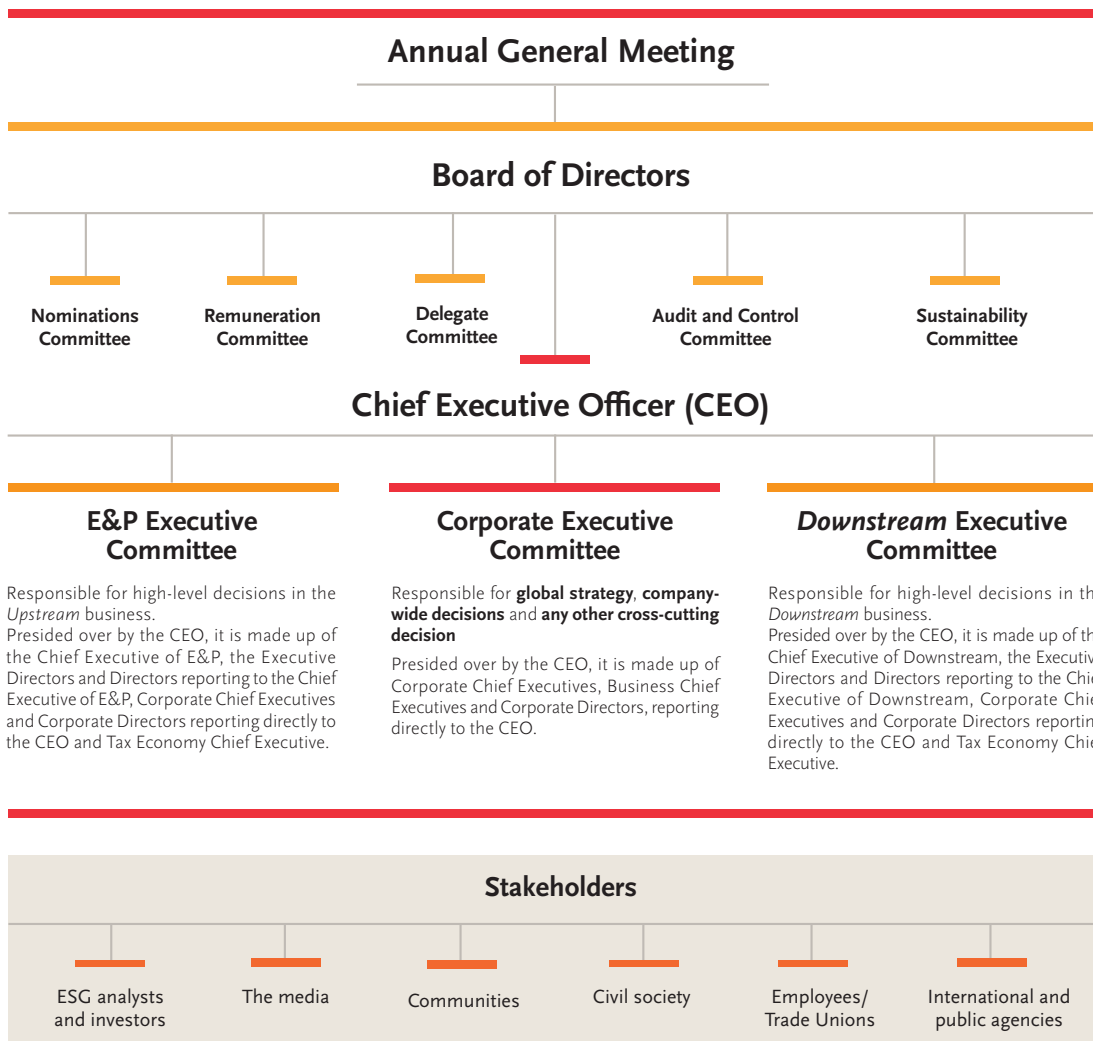


1. % of share capital according to the latest information available at the date of this document. Information provided by Compañía de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (Iberclear), and information submitted by shareholders to the Company and to the CNMV.

GSP

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Ambition:
Achieve maximum national and international standards in terms of Good Governance.



The **composition of the Board of Directors** and its committees is as follows:

13.3%
of foreigners
in the Board
of Directors







13.3%
of women
in the Board
of Directors

GSP

**20
20**

Target:
30% of women
in the Board of
Directors

Board of Directors

| | | | | |
|--|---|--|--|--|
| <p>Chairman Antonio Brufau Niubó Chairman of the Delegate Committee First appointment: 07/23/96 Last appointment: 04/30/15</p> | | | | |
| <p>Gonzalo Gortazar Rotaache First Vice Chairman Member of the Delegate Committee Member of the Remuneration Committee First appointment: 04/30/15 Last appointment: 05/20/16</p>  | <p>Manuel Manrique Cecilia Second Vice Chairman Member of the Delegate Committee First appointment: 04/25/13 Last appointment: 05/19/17</p>  | <p>Josu Jon Imaz San Miguel CEO Member of the Delegate Committee First appointment: 04/30/14 Last appointment: 04/30/15</p> | <p>Mª Teresa Ballester Fornés Member of the Audit and Control Committee First appointment: 05/19/17</p> | <p>Artur Carulla Font Member of the Delegate Committee Chairman of the Remuneration Committee Member of the Nominations Committee Coordinating Director First appointment: 06/16/06 Last appointment: 03/28/14</p> |
| <p>Luis Carlos Croissier Batista Member of the Audit and Control Committee Member of the Sustainability Committee First appointment: 05/09/07 Last appointment: 04/30/15</p> | <p>Rene Dahan Member of the Delegate Committee First appointment: 05/31/13 Last appointment: 05/19/17</p>  | <p>Ángel Durández Adeva Chairman of the Audit and Control Committee Member of the Remuneration Committee First appointment: 05/09/07 Last appointment: 04/30/15</p> | <p>Jordi Gual Solé Member of the Nominations Committee Member of the Sustainability Committee First appointment: 12/20/17</p>  | <p>José Manuel Loureda Mantiñán Member of the Nominations Committee Member of the Remuneration Committee Member of the Sustainability Committee First appointment: 01/31/07 Last appointment: 04/30/15</p>  |
| <p>Mariano Marzo Carpio Member of the Nominations Committee Chairman of the Sustainability Committee First appointment: 05/19/17</p> | <p>Isabel Torremocha Ferrezuelo Member of the Audit and Control Committee First appointment: 05/19/17</p> | <p>J. Robinson West Member of the Delegate Committee First appointment: 01/28/15 Last appointment: 04/30/15</p> | <p>Luis Suárez de Lezo Mantilla Director and General Secretary to the Board of Directors Member of the Delegate Committee First appointment: 02/02/05 Last appointment: 05/19/17</p> | <p>  Independent  Proprietary  Executive  External </p> |

Changes to the Board

On May 19, 2017, Repsol's Annual General Meeting approved the re-election of Mr. Rene Dahan, Mr. Manuel Manrique Cecilia and Mr. Luis Suárez de Lezo Mantilla as Directors, the ratification and re-election of Mr. Antonio Massanell Lavilla as a Director and the appointment of Ms. María Teresa Ballester Fornes, Ms. Isabel Torremocha Ferrezuelo and Mr. Mariano Marzo Carpio as Directors. All shall serve a term of office of 4 years.

On December 20, 2017, the Board of Directors agreed, at the proposal of shareholder CaixaBank, S.A. the appointment by cooptation of Mr. Jordi Gual Solé as an External Director to cover the vacancy generated by the resignation of Mr. Antonia Massanell Lavilla.

On February 20, 2018, Mr. Mario Fernández Pelaz has resigned his position as Director of Repsol, S.A. Board of Directors.

Board Remuneration

Information on remuneration of members of the Board of Directors and executive personnel is provided in Note 27 of the consolidated financial statements. Repsol publishes an annual report on Remuneration of Directors, which contains detailed information on the application of the Directors Remuneration Policy, both of which are available at www.repsol.com

Sustainability and governance model

The Repsol Sustainability model identifies, systematizes and launches actions which contribute to sustainability development, where the Board of Directors and the Sustainability Committee play a key role. The Board approves the Company's strategy and policy on sustainability and corporate governance, while the Committee is aware of and orients the Company's policy, objectives and guidelines with respect to environmental, social and safety matters. In 2017, this Committee held four meetings and addressed the following:

- Sustainability Policy and Global Sustainability Plan.
- Risk Map.
- Sustainability Report 2016 and Sustainability Website.
- Scorecard, indicators and fulfillment of Safety and Environment targets.
- Energy and climate change: progress and commitments of OGCI and OGCI-Climate Investment, E&P emission reduction target, challenges of energy transition and Company's position in carbon capture, use and storage.
- Progress on Circular Economy Strategy.
- Progress and significant issues in Community Relations and Human Rights.
- Self-assessment of the Sustainability Committee.

In ethics and transparency matters, the Audit and Control Committee and the Ethics and Compliance Committee oversees compliance with the Code of Ethics and Conduct, and they examine proposed codes of ethics and conduct and reforms thereof, ensuring compliance with standards and that such codes are adequate for the Group.

Further, senior management, defines the Company's objectives, action plans and practices with respect to sustainability. To ensure the deployment of sustainability policies, targets and guidelines, sustainability targets account for up to 5% of the CEO's annual variable remuneration, and up to 10% of the multi-year variable remuneration implemented through long-term incentive plans for executives and other employees, including the CEO and General Counsel Secretary.

Risk management

As a global and integrated oil company, Repsol is exposed to different types of risk that may affect the future performance of the organization, and which must be mitigated in the most effective way possible.

The Company has an organization, procedures and systems that allow it to reasonably manage the risks to which the group is exposed, as an integral part of decision-making processes in both corporate governance bodies and business management.

Repsol has an integrated risk management model designed to anticipate, manage, and control risks from a global perspective. The Integrated Risk Management System (SGIR in Spanish) provides a comprehensive and reliable view of all risks that might affect the Company.

The Repsol Group has a system of internal control over financial reporting (ICFR) whose correct functioning can reasonably ensure the reliability of the Group's financial reporting. The ICFR model is based on the methodological framework of COSO 2013 (Committee of Sponsoring Organizations of the Treadway Commission).

Risk management

Additional information in Appendix II "Risks" and sections E and F of Annual Corporate Governance Report (Appendix VI).

GSP

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Ambition:

Achieve public recognition as a responsible and transparent company in tax matters.

9.2. Responsible tax policy

Tax policy: evaluation and monitoring

The Group's tax policy, approved by the Board of Directors of Repsol, S.A., is aligned with the company's mission and values, and with its long-term business strategy, and can be summarized as follows:

"The Repsol Group is committed to managing its tax affairs through applying best tax practices and acting transparently, paying taxes in a responsible and efficient manner, and promoting cooperative relations with governments, avoiding significant risks and unnecessary disputes."

Following approval of the tax policy by the Board of Directors, multiple actions have been taken that are directly inspired by the **five principles** set out in the tax policy, and that reflect compliance thereof by the Group.

Tax contribution and impact

Taxes have a significant impact on the Group's **results**. Repsol is subject to various types of income tax in the countries where it operates. Each tax has its own structure and withholding rate. The tax rates applicable to profits on production of hydrocarbon (Upstream activities) are usually higher than general rates. In some cases, profits are not only taxed in the country where they are earned but also in the country where the companies that own the operations or their parent companies are domiciled, wherein cases of double taxation may arise.

Additionally, Repsol is subject to other taxes that reduce its profits and, particularly, its operating results. This is the case of taxes on hydrocarbon production (royalties and similar), local taxes and fees, employment taxes and social security contributions, etc.

Responsible Tax Policy

The Group has a specific section on its corporate website with information on its tax policy and strategy, which is available at www.repsol.com

Five Tax policy Principles

1 Responsible compliance

- Application of the Spanish Code of Good Tax Practices.
- Streamlining of Group's corporate structure, not using tax havens or non-transparent structures.
- Transfer prices in line with value creation and principle of full competition.
- First submission of country-by-country report (CBC) to the Spanish tax agency (AEAT).
- Implementation of immediate reporting system with Spanish tax agency (AEAT).

2 Tax efficiency and upholding the company interest

- Tax planning aligned with Business and oriented toward legitimate optimization.
- Application of tax benefits in accordance with letter and spirit of law and accessible to all economic operators (R%D deductions, freedom of amortization, capitalization reserve, etc.).

3 Prevention of significant tax risks

- Incorporation of tax risks to Group's comprehensive risk management system. Satisfactory definition and audit of the key controls in the tax area.
- Reporting to Board of Directors of tax strategy and management during year.
- Conclusion of amicable proceedings and agreements with tax administrators in different matters.

4 Transparency

- Leaders in Spain in transparency and tax responsibility according to studies by different social analysis observatories.
- Incorporation of tax objectives to Repsol Global Sustainability Plan.
- Member of B-Team working group and signatory of group's good tax governance principles.
- Active dialogue with NGOs.
- Publication of tax payments by country.

5 Cooperative relations

- Voluntary submission to Spanish tax agency of 2015 and 2016 tax transparency report.
- Participation in joint work forums with authorities (Spain, Portugal, Singapore, United Kingdom, Netherlands). Signatories to Good Tax Practices in Spain.
- Participation in the pilot program of the International Compliance Assurance Programme ICAP (BEPS initiative).
- Members of tax forums of the EU, OECD and the UN.

In 2017, the **tax impact** on net income was as follows:

| Item | 2017 | | 2016 | |
|---------------------------------|--------|----------------------|--------|-------|
| | Amount | Rate | Amount | Rate |
| Income tax | 1,122 | 37.9% ⁽¹⁾ | 238 | 14.4% |
| Total tax burden ⁽²⁾ | 2,118 | 53.5% ⁽³⁾ | 1,066 | 43.1% |

Sign convention: (+) tax expense; (-) tax income

(1) Income tax: Income tax/net income before tax

(2) Total tax burden includes: Income Tax + taxes and contributions that are deducted from the operating result.

(3) Total tax burden/net income before tax.

In 2017, Repsol paid more than €11,979 million in taxes and similar public charges¹, and filed more than 54.000 tax returns.

In order to enable monitoring and analysis of the Group's **tax contribution**, taxes paid are segmented into those that involve an actual expense for the company, reducing its results (for example, corporate income tax, tax on production, social insurance payable by the company) and those that do not reduce results because they are withheld or passed on to the final taxpayer (such as value-added tax, tax on the sale of hydrocarbons, withholding taxes, etc.). We classify the first group under "Tax burden" and the second under "Taxes collected."

Taxes effectively paid in 2017, by country

| Million euros | Tax burden | | | Taxes collected | | | Total 2017 | Total 2016 |
|------------------------------|-----------------------------------|--------------|--------------|-----------------|-------------------|------------|--------------|---------------|
| | Deferred tax Corporate income tax | Other | Total | VAT | TH ⁽¹⁾ | Other | | |
| Spain | 566 | 400 | 966 | 2,480 | 5,019 | 295 | 7,794 | 8,962 |
| Portugal | 48 | 11 | 59 | 281 | 806 | 18 | 1,105 | 1,126 |
| Italy | 0 | 3 | 3 | (14) | 109 | 1 | 96 | 171 |
| Norway | 59 | 0 | 59 | 0 | 0 | 0 | 0 | 90 |
| Holland | 0 | 1 | 1 | 27 | 0 | 21 | 48 | 44 |
| United Kingdom | 0 | 9 | 9 | (6) | 0 | 20 | 14 | 23 |
| RoW | 1 | 1 | 2 | 3 | 0 | 0 | 3 | 5 |
| Europe | 674 | 425 | 1,099 | 2,771 | 5,934 | 355 | 9,060 | 10,159 |
| Peru | 27 | 77 | 104 | 287 | 172 | 22 | 481 | 520 |
| Brazil | 0 | 163 | 163 | 1 | 0 | 30 | 31 | 194 |
| Colombia | 27 | 2 | 29 | (1) | 0 | 20 | 19 | 48 |
| Venezuela | 5 | 8 | 13 | 20 | 0 | 5 | 25 | 79 |
| Bolivia | 16 | 12 | 28 | 3 | 0 | 7 | 10 | 25 |
| Ecuador | 7 | 4 | 11 | 2 | 0 | 4 | 6 | 19 |
| T&T | 0 | 39 | 39 | (47) | 0 | 4 | (43) | (1) |
| RoW | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| Latam & Caribbean | 82 | 305 | 387 | 265 | 172 | 92 | 529 | 916 |
| Indonesia | 184 | 0 | 184 | 3 | 0 | 5 | 8 | 192 |
| Malaysia | 2 | 176 | 178 | (12) | 0 | 15 | 3 | 141 |
| Russia | 9 | 63 | 72 | 7 | 0 | 8 | 15 | 65 |
| Vietnam | 15 | 13 | 28 | 0 | 0 | 2 | 2 | 28 |
| Singapore | 0 | 0 | 0 | 10 | 0 | 1 | 11 | 6 |
| RoW | 0 | 0 | 0 | 0 | 0 | 5 | 5 | 15 |
| Asia and Oceania | 210 | 252 | 462 | 8 | 0 | 36 | 44 | 506 |
| US | 0 | 48 | 48 | 0 | 0 | 28 | 28 | 89 |
| Canada | 1 | 27 | 28 | 7 | 0 | 39 | 46 | 64 |
| North America | 1 | 75 | 76 | 7 | 0 | 67 | 74 | 153 |
| Libya | 196 | 28 | 224 | 0 | 0 | 1 | 1 | 225 |
| Algeria | 14 | 2 | 16 | 0 | 0 | 5 | 5 | 28 |
| RoW | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 7 |
| Africa | 210 | 30 | 240 | 0 | 0 | 8 | 8 | 248 |
| TOTAL | 1,177 | 1,087 | 2,264 | 3,051 | 6,106 | 558 | 9,715 | 11,979 |

(1) Hydrocarbon tax. It includes what is received through the logistic operators when the Company is the ultimate responsible for the payment.

1. Only taxes actually paid during the year are counted: hence taxes accrued during the period but that will be paid in the future are not included. Refunds from previous years are not included.

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20**Target:**

Eliminate presence in tax havens (except for unavoidable and legitimate business reasons) and streamline corporate structure.

Group presence in tax havens

In accordance with its tax policy, Repsol refrains from the use of opaque or artificial structures that aim to conceal or reduce the transparency of its activities. Repsol is committed to not having a presence in tax havens, unless it is for legitimate business reasons.

In the event it should have a presence in a tax haven, the following is guaranteed: (i) authorization by Board of Directors of the incorporation or acquisition of a company, along with periodic reporting on activity; (ii) strict compliance with regulations governing the pursuit of its business activities; (iii) application of the Group's general standards and procedures for management and control; and (iv) full transparency and cooperation with relevant authorities in supplying any information requested on the business activities carried on.

For the purposes of defining tax havens, the definition provided in Royal Decree 1080/1991 of July 5 will be used as the benchmark. In addition the Group carries out exhaustive monitoring of current international initiatives on the subject and their possible impact on the definition of the concept of tax haven and, therefore, the potential expansion of the listing to other countries or territories (list of the EU's non-cooperative tax jurisdictions¹, prepared by the Economic and Financial Affairs Council (ECOFIN) of the European Union).

The company is actively working to reduce its already limited presence in territories classified as tax havens or that are regarded as non-cooperative by tax authorities. In recent years, Repsol has significantly reduced its presence in these territories from more than 40 companies to a negligible level, as described below.

With respect to the Spanish list of tax havens, as of Sunday, December 31, 2017, Repsol has no active controlled company with its registered address and tax residence in such territories.

Nevertheless, the following must be noted:

- The Group holds two controlled entities domiciled in a tax haven that are inactive and/or in the process of liquidation.
- The group holds minority, non-controlling interests in three companies located in tax havens.

Repsol's presence in these territories is not an attempt to reduce the transparency of our activities or engage in illicit or undesirable practices, but is related to appropriate purposes aligned with conventional sector standards.

Attached hereto is a list of Repsol Group companies resident in tax havens at December 31, 2017 (Spanish listing) with a breakdown, for information purposes, of certain economic figures of these companies:

Repsol's presence in tax havens according to Spanish listing

| Company | Jurisdiction | Participation | Status | Total income (€ million) | Profit before tax (€ million) | Nominal income tax rate | Corporate income tax accrued (€ million) |
|---|----------------|---------------|----------|--------------------------|-------------------------------|-------------------------|--|
| Greenstone Assurance Ltd. ⁽¹⁾ | Bermuda | 100% | Inactive | 0.03 | (0.11) | 0% | 0.00 |
| Branch in Liberia of Repsol Exploración Liberia B.V. ⁽²⁾ | Liberia | 100% | Inactive | 0.50 | (0.38) | 25% | 0.00 |
| Oleoducto de Crudos Pesados (OCP) Ltd ⁽³⁾ | Cayman Islands | 29.66% | Active | 3.52 | 3.22 | 0% | 0.00 |
| Oil Insurance Ltd. ⁽⁴⁾ | Bermuda | 5.81% | Active | 36.39 | 10.19 | 0% | 0.00 |
| Transasia Pipeline, Co. ⁽⁵⁾ | Mauritius | 15% | Active | 0.04 | (0.34) | 15% | 0.00 |

Sign convention: positive sign indicates revenue/profit; negative sign indicates expense/loss.

(1) Insurance company whose current purpose is limited to liquidating risks assumed in the past. Currently in run off.

(2) Permanent establishment in Liberia of Repsol Exploración Liberia B.V., which previously carried out oil & gas exploration activities in Liberia. Presently inactive, now in the process of de-registration.

(3) A company that includes an international association agreement (joint venture), to channel the stake in an Ecuadoran operating company that manages oil activity infrastructures (Oleoducto de Crudos Pesados);

(4) Mutual insurance companies of the Oil & Gas sector that covers Group risks from Bermuda, a typical jurisdiction for reinsurance activity of Upstream business assets; Figures for 2016, the latest data available.

(5) Joint venture to channel the stake in an Indonesian operating company that manages oil activity infrastructures. Amounts for the year 2015.

1. It should be noted that this list of countries and territories is a dynamic list that does not have a regulatory status, but that will certainly influence and guide Spanish legislators when in their future reviews of the list contained in Royal Decree 1080/1991.

Repsol has no companies domiciled in countries or territories classified by Spanish law as nil-tax jurisdictions other than those mentioned above.

Also, for illustrative purposes, below is a list of Group companies based in territories classified as non-cooperative tax jurisdictions on the aforementioned EU list.

Repsol's presence in non-cooperative tax jurisdictions on EU list

| Company | Jurisdiction | Participation | Status | Total income (€ million) | Profit before tax (€ million) | Nominal income tax rate | Corporate income tax accrued (€ million) |
|--|---------------------|---------------|----------|--------------------------|-------------------------------|-------------------------|--|
| Branch in Trinidad & Tobago of BP Amoco Trinidad & Tobago Llc ⁽¹⁾ | Trinidad and Tobago | 30% | Activa | 451.82 | -63.10 | 57.25% | -16.22 |
| Repsol Angostura Ltd. ⁽²⁾ | Trinidad and Tobago | 100% | Activa | 2.68 | -25.34 | 55% | 3.82 |
| Branch in T&T of Repsol Exploración Tobago, S.A. ⁽³⁾ | Trinidad and Tobago | 100% | Activa | 0.08 | 0.02 | 55% | 0 |
| Repsol Exploration Namibia Pty, Ltd. ⁽⁴⁾ | Namibia | 100% | Inactiva | 0.46 | 0.26 | 35% | 0.00 |

Sign convention: positive sign indicates revenue/profit; negative sign indicates expense/loss.

(1) Branch in Trinidad and Tobago of a US joint venture between Repsol and the BP Group that holds exploration and production licenses in the country.

(2) Company incorporated in Trinidad and Tobago whose business is the provision of corporate services to Group companies.

(3) Branch in Trinidad and Tobago of a Spanish company that current holds a stake in exploration assets in the country.

(4) Inactive company incorporated in Namibia that previously held several exploration blocks (currently abandoned).

Corporate streamlining

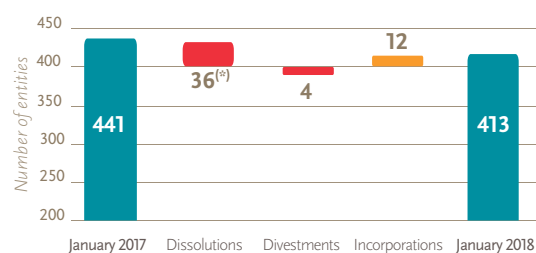
Maintenance of a simple and easily manageable corporate structure is an objective of the Repsol Group.

Accordingly, it would be useful to outline the efforts made in 2017 toward streamlining the corporate structure.

Although it is well known, we should mention that the acquisition of the Talisman Group entailed substantial work in this regard. It required the integration of an intrinsically complex structure that encompasses more than 200 entities in 25 different jurisdictions.

Throughout 2017, significant progress was made in streamlining the Group's corporate structure, the main highlights of which were as follows:

[Net] reduction of entities in 2017



These processes contribute (6%) to achieving the Repsol Group's objective of maintaining a transparent corporate structure, while projecting a unified and uniform image and strengthening the company's market position with a unique identity.

6% ↓

Net corporate reduction in 2017.

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Target:
100% of employees informed on what is expected of them in the prevention of and fight against corruption.

9.3. Ethics and compliance

Repsol has procedures and a global framework in place to ensure the appropriateness and observance of all its obligations, whether internal or external, in every regulatory area. The Company's Compliance function helped strengthen the global compliance culture and improve identification, monitoring and support in management of ethics and conduct risks.

Ethics and conduct code

Repsol has a Board of Directors-approved **Ethics and Conduct Code** that applies to all Repsol directors, executive personnel and employees, regardless of the type of contract governing their professional or employment relationship. The Code establishes a framework of reference to understand and put into practice the behavior and expectations the company places in each of them, under the guidance of the values of the Group. In 2017, a dissemination plan was launched, including a specific training program for all employees on the Ethics and Conduct Code. The Ethics and Conduct Code is available at www.repsol.com.

The Company has an **Ethics and Compliance Channel** (ethicscompliancechannel.repsol.com) that is accessible 24 hours a day, 7 days a week and is managed by an external supplier. The channel allows employees or any third party to report, with absolute confidentiality, queries and possible breaches of the Ethics and Conduct Code or the Crime Prevention Model.

Fight against corruption and bribery

In order to prevent corruption and bribery, Repsol's **anti-corruption policy** enshrines the company's commitment to carrying out all its activities in accordance with current legislation wherever it operates, and to reject all forms of corruption. The Company also has a Crime Prevention Model and an internal investigations procedure that implements the crime prevention model and response mechanisms for potentially unlawful conduct attributed to Group companies, with the aim of preventing the risk of occurrence of such

conduct. During the year, a Crime Prevention Manual was designed to explain what conduct is prohibited, and what Repsol expects from all its employees in this regard, with the aim of completing existing rules and regulations and improving their dissemination and comprehension. The mission of the Ethics and Compliance Committee is to manage monitoring and compliance system of the Repsol Group's Ethics and Conduct Code, and it is also Repsol's Crime Prevention Body for the purposes of the Crime Prevention Model.

| Ethics and compliance | 2017 | 2016 |
|--|--------|-------|
| Number of employees trained online in Ethics and Conduct Code ⁽¹⁾ | 11.296 | 2.483 |
| Number of communications received through the ethics and compliance channel | 45 | 32 |
| Number of corruption mitigation controls | 306 | 229 |
| Number of audit projects related to compliance of the Ethics and Conduct Code ⁽²⁾ | 31 | 22 |
| Number of ICFR controls related to mitigation of fraud | 990 | 800 |
| Number of serious and very serious incidents due to breach of the Ethics and Conduct Code: | 192 | 124 |
| Written warnings | 13 | 20 |
| Work and salary suspensions | 133 | 102 |
| Resignations | 46 | 2 |
| Number of dismissals due to breach of the Ethics and Conduct Code | 91 | 60 |

(1) Includes anti-corruption training.

(2) Generally, in all Internal Audit projects matters related to compliance of the Ethics and Conduct Code (ECC) are reviewed, although specific reviews of ECC-related or corporate social responsibility-related matters were conducted in 31 projects in 2017.

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Ambition:
No cases of corruption.

Appendix

Appendix I. GRI indicators

Part I. Profile

Company profile

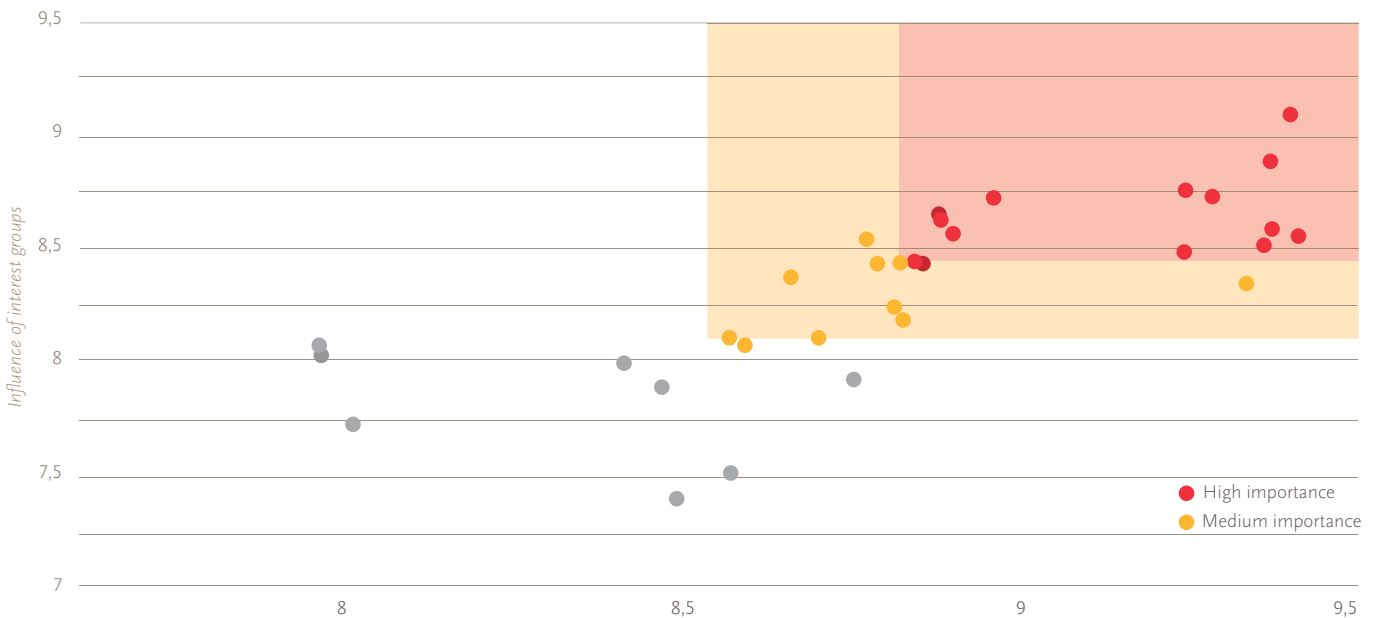
Materiality (G4-18 to 19) and stakeholders (G4-24 to 27)

Repsol has updated the materiality study carried out in 2016, which is based on online surveys for stakeholders to identify and prioritize economic, social and environmental issues that are deemed to have a high impact and importance. This year, the consultation was expanded, including customers within the

groups consulted in the previous study: employees, suppliers and contractors, investors, international bodies and representatives of civil society.

The following chart shows the results of the materiality study with regard to sustainability:

Matters identified by the stakeholders



High importance figures represented are rated over 8.8 in the Repsol importance and over 8.4 in influence of stakeholders, on a scale from 0 to 10.

| Aspect | IGI 2017 Chapter | | |
|--|---------------------------|-------|--|
| ● Climate Change | Climate change | 6.1 | Climate change |
| ● No discrimination, equality and diversity | | 6.2 | People |
| ● Human rights impact assessment (Due diligence) | | 6.2.2 | Respect for Human rights and Community relations |
| ● Human rights assessment and qualification (Supply chain) | | 6.2.2 | Respect for Human rights and Community relations |
| ● Stable working conditions | People | 6.2.1 | Our people |
| ● Labor Relations | | 6.2.1 | Our people |
| ● Indigenous peoples' rights | | 6.2.2 | Respect for Human rights and Community relations |
| ● Economic and social development | | 6.2.2 | Respect for Human rights and Community relations |
| ● Community relations | | 6.2.2 | Respect for Human rights and Community relations |
| ● Accidentability | | | 6.3 |
| ● Incidents, spills, leaks, explosions, etc | Safe Operation | 6.3 | Safe Operation |
| ● Emergency response | | 6.3 | Safe Operation |
| ● Water management | | | 6.4. |
| ● Biodiversity | Environment | 6.4. | Environment (Biodiversity) |
| ● Gestión de residuos | | 6.4. | Environment (Waste) |
| ● Innovatiónn | Innovation and Technology | 6.5 | Innovation and Technology |
| ● Compliance | Ethic and Transparency | 6.7 | Ethic and Compliance |
| ● Impacts and risks management | | 2.4 | Gestión del riesgo |
| ● Tax payment | | 6.6 | Responsible tax policy |
| ● Fight against corruption | | 6.7 | Ethic and Compliance |
| ● Qualification of Suppliers and contractors | | 6.8 | Supply Chain |
| ● Training and awareness on sustainability | | 6. | Sustainability |
| ● Code of conduct | | 6.7 | Ethic and Compliance |
| ● Code of conduct for the supply chain | | 6.8 | Supply Chain |

Matters identified by stakeholders consulted:

Customers: They choose according to “Product Quality,” “Price,” “Product availability,” and “Punctuality/delivery times.” They positively rate the service Repsol provides as a supplier and the quality of its products. The aspects to be improved are incidence management and product price.

Employees: They hope that necessary measures are taken to facilitate a participative dialogue, active listening and continuous cooperation. For this reason, employees are informed at all times of matters related to sustainability and the companies actions in this regard.

Trade union organizations: The company has channels of communication and dialogue with workers, and negotiating committees to discuss issues of interest and reach agreements. Repsol holds meetings through committees and commissions in order to monitor and guarantee collective bargaining agreements and pacts applicable in group companies. Noteworthy: the European Works Council of the Repsol Group stands out for their dialogue with workers’ representatives at an international level.

Suppliers and contractors: They strive to ensure Repsol shares best practices to improve its performance and be able to participate in bids and contract their services. They also request greater clarity in the information on their performance evaluations.

Investors: They demand from the company transparency on a continuous basis on its social, environmental and governance performance for decision making. Repsol engages in continuous communication and dialog with this group. The CEO of the Company, Josu Jon Imaz, directs and leads senior management roadshows to respond to their requests for information in this field. And for the second year, it led Sustainability Day, in its fourth edition. The total number of investors visited during the year represents 56% of the total socially responsible shareholders.

International organizations: They call upon companies to implement their recommendations and good practices. For instance, they should reduce their environmental impacts, seek out local opportunities through training or promoting employment, and collaborate with other companies or organizations. Repsol believes that companies play a significant role in helping drive progress toward sustainable development.

Civil society: They aim for companies to prevent and mitigate environmental and social impacts. They also expect companies to be more proactive and transparent in providing information on sustainability performance, and to engage in more dialog and collaboration with stakeholders. In addition to the sustainability information that Repsol discloses, all requests for information are answered and it participates in talks, congresses and debates on this subject.

G4-10 Workforce by employment contract, employment types, region and gender

| | | 2017 | 2016 |
|--|-------|---------------|---------------|
| Number of employees by contract type and gender | | | |
| Permanent Contract | Men | 14,675 | 15,306 |
| | Women | 7,750 | 7,851 |
| | Total | 22,425 | 23,157 |
| Temporary Contract | Men | 1,597 | 1,388 |
| | Women | 1,063 | 924 |
| | Total | 2,660 | 2,312 |
| Total | | 25,085 | 25,469 |

The number of employees was the same as in 2016. The ratio of employees with permanent contracts is lower due to the downsizing currently under way, which mainly affects this group of employees.

| | | 2017 | 2016 |
|---|-------|---------------|---------------|
| Number of fixed employees by job type and gender | | | |
| Full time | Men | 14,641 | 15,267 |
| | Women | 7,684 | 7,782 |
| Part time | Men | 34 | 39 |
| | Women | 66 | 69 |
| Total | | 22,425 | 23,157 |

The data published reflect the number of fixed employees, irrespective of their percentage of employment.

| | | 2017 | 2016 |
|---|-------|---------------|---------------|
| Number of employees by region and gender | | | |
| Africa | Men | 150 | 126 |
| | Women | 26 | 22 |
| | Total | 176 | 148 |
| Asia | Men | 770 | 809 |
| | Women | 281 | 286 |
| | Total | 1,051 | 1,095 |
| Europe | Men | 12,325 | 12,491 |
| | Women | 6,291 | 6,200 |
| | Total | 18,616 | 18,691 |
| Latin America | Men | 2,164 | 2,234 |
| | Women | 1,658 | 1,624 |
| | Total | 3,822 | 3,858 |
| North America | Men | 861 | 989 |
| | Women | 556 | 623 |
| | Total | 1,417 | 1,612 |
| Oceania | Men | 2 | 45 |
| | Women | 1 | 20 |
| | Total | 3 | 65 |
| Total employees | Men | 16,272 | 16,694 |
| | Women | 8,813 | 8,775 |
| Total | | 25,085 | 25,469 |

The reduction in employees has occurred mainly in the following regions: North America due to the downsizing of the Company and in Oceania, as the main activity of the Company has ended in Australia. In Africa, the increase in employees is due to the development of a number of assets, especially in Libya.

G4-11 Percentage of total employees covered by collective bargaining agreements

In Spain, 100% of Repsol employees are covered by the collective bargaining agreement of their company. However, there is a certain percentage excluded from the agreement in different fields, due to the individual contract in force for these groups.

According to currently available data, in countries other than Spain, the following employees are covered by collective bargaining agreements:

- **Brazil:** The Company collective bargaining agreement applies to local employees of Repsol Sinopec Brasil who render services in the country.
- **Norway:** 100% of the offshore employees are covered by union agreement, but no covered onshore staff.
- **Peru** (La Pampilla refinery): 43% of employees are covered by the company-wide collective bargaining agreement.
- **Portugal:**
 - At Repsol Portuguesa, S.A and Repsol Gas, S.A: 100% of employees covered by sector agreement.
 - At Repsol Polimieros, S.A.: the 2016-2018 company collective bargaining agreement applies to 98.5% of non-excluded employees.

Governance

G4-39 Indicate whether the Chair of the highest governance body is also an executive officer

Antonio Brufau Niubó is the Chairman of the Repsol's Board of Directors. His position is non-executive, as his duties are institutional, with a key role in setting and overseeing the medium and long-term strategy, institutional relations with the authorities, shareholders and other stakeholders, and in overseeing management tasks.

Josu Jon Imaz was appointed CEO and member of the Delegate Committee of Repsol by virtue of a resolution of the Board of Directors on April 30, 2014, and was subsequently ratified and re-elected by the General Shareholders' Meeting of April 30, 2015. The meeting of the Board of Directors of April 30, 2015 resolved to vest all executive functions in the CEO, who chairs the company's three management bodies: Corporate Executive Committee, the Exploration and Production Executive Committee and the Downstream Executive Committee.

G4-53 Mechanisms for seeking and taking into account the opinion of stakeholders regarding remuneration including, the results of votes on remuneration policies and proposals

The Annual Report on the Remuneration of Repsol Directors is submitted to an advisory vote of shareholders. In the General Meeting of May 19, 2017, the report received wide support, as it was approved by a majority of the 97.09% of the capital attending the meeting.

Further, and with the aim of assisting shareholders in understanding the information in the official model of the Report on Remuneration, and to continue increasing the transparency of remuneration schemes, the Company also publishes a voluntary report on this topic that contains further information on the objectives and degrees of compliance of annual and multi-year variable remuneration of Executive Directors.

The General Shareholders' Meeting of May 19, 2017 also approved, with 95.9% of votes in favor, the new Remuneration Policy of Directors of Repsol, S.A. for 2018, 2019 and 2020. The policy contains, among other matters, forecasts on the partial payment in shares of multi-year variable remuneration and the policy on holding of shares.

G4-54 and G4-55 Ratios for the compensation for the organization's highest-paid individual in each country of significant operations to the median compensation for all employees (excluding the highest-paid individual) of the same country

Repsol analyzes wage markets in the countries and business sectors in which the Company operates and sets its internal objectives on the average wage position of its employees with these external market wage benchmarks. The criteria for establishing the sought-after wage positioning are generally similar in all employee and executive groups. Accordingly, with the compensation policy, in general terms, the data in the table are affected by the typical wage dispersion of the country and business sector in which the Company operates.

On an annual basis, the budgets for wage increases are decided by employee group, and criteria are established for maximum individual increases. The increase of the average wage of the entire workforce reflects the wage bills of the workforce of each professional group and the wage increase percentages applied to each group, both those approved by the company and those established through collective bargaining or by legal requirement. Further, the compensation of the highest-paid individual may also increase or decrease owing to variable components, which take on greater weight in positions involving higher responsibilities, even if the base wage remains unchanged.

The year 2017 continued to be marked by wage restraint. Combined with programs of workforce downsizing and divestments from non-core assets, this has resulted in negative increases in the average wage of all employees in some countries.

In Spain, as a result of the collective dismissal, there has been a decrease in both the workforce and average remuneration, and this is reflected in the increase on the ratio of compensation of the highest-paid individual. This effect is seen in both the figure for Spain and for Grupo Repsol, S.A.

Also in Brazil, North America and the southeast Asian countries, workforces have been streamlined, affecting highly qualified personnel. This has also caused a decrease in average remuneration and an increase in the ratio of compensation of the highest-paid individual.

In Ecuador, there was a considerable decrease in median compensation in 2017 due to the profit effect (distribution of business profit according to law), increasing the distance with the highest remuneration.

| Country | Annual total compensation of the highest-paid individual ⁽¹⁾ / median annual total compensation for all employees ⁽²⁾ | Percentage increase of annual total compensation of highest-paid individual / Percentage increase of median annual total compensation of all employees |
|----------------------------|---|--|
| Bolivia | 2.34 | 1.08 |
| Brazil | 3.27 | -1.06 |
| Canada | 14.45 | -3.57 |
| Ecuador | 8.64 | -0.08 |
| Spain ⁽³⁾ | 13.69 | -0.68 |
| United States | 3.15 | 49.16 |
| Indonesia | 2.72 | 0.29 |
| Malaysia | 2.82 | 3.25 |
| Peru | 9.47 | 1.05 |
| Portugal | 4.59 | 3.49 |
| Repsol S.A. ⁽³⁾ | 28.43 | -1.99 |

(1) The highest-paid individual has been identified without taking into account expatriate staff from other origins or employees who departed prior to December 31 of the year in question and the compensation corresponds with the amount effectively paid.

(2) Median annual total compensation for all employees has been considered as median annual cash compensation. The following items of personnel costs have been included: Base salary and fixed supplements, seniority, variable supplements, overtime and other remuneration

(3) Senior executives have been included in the line called "Group (Repsol, S.A.)" and are compared with the median compensation of all employees of the Group's parent company (Repsol, S.A.). Their functions are worldwide in scope and are not limited to any particular country in isolation. Senior management, for the purposes of this report, includes members of the Corporate Executive Committee receiving compensation for performance of executive duties, and not including any compensation received for performance of duties as a member of the Board of Directors of Repsol, S.A. or any of the subsidiaries.

Part II: specific standard disclosures

Economic Performance

Contribution to economic development where the company conducts its operations.

G4-EC1: Direct economic value generated and distributed and G4-EC4: Economic aid granted by government entities

| Item | 2017 | 2016 |
|---|---------------|---------------|
| Direct economic value generated (I) | 42,613 | 36,815 |
| Sales and other operating income | 42,378 | 35,679 |
| Finance income | 194 | 176 |
| Gains on disposal of fixed assets | 41 | 960 |
| Economic value distributed (II) | 39,422 | 34,166 |
| Operating expenses (payments for raw materials, product components, facilities and services acquired; property rentals, license fees, facilitation payments, royalties, subcontracting of workers, employee training or protective equipment costs) | 28,781 | 23,699 |
| Salaries and employee benefits (except training) | 1,880 | 2,488 |
| Payments to capital providers (dividends to shareholders and interest payments to interest providers) | 864 | 999 |
| Public Administrations: Tax accrued in the year and included as expenses in the company's consolidated financial statements, including Corporate Income Tax and Excise Duties | 7,897 | 6,960 |
| Investments in communities (calculated by the CR area) | 23 | 20 |
| Retained economic value (I-II) | 3,168 | 2,649 |
| Economic aid granted by government entities (Subsidies received) | 23 | 25 |

G4-EC5 Ratio of standard entry level wage by gender compared to local minimum wage at significant locations of operation

| Country | Country minimum wage (local currency/month) | Repsol minimum wage (local currency/month) | Repsol/national minimum wage |
|-----------|---|--|------------------------------|
| Bolivia | 2,000 | 11,912 | 5.96 |
| Brazil | 937 | 4,809 | 5.13 |
| Canada | 2,357 | 3,467 | 1.47 |
| Ecuador | 375 | 890 | 2.37 |
| USA | 1,257 | 3,268 | 2.60 |
| Spain | 708 | 1,206 | 1.70 |
| Indonesia | 3,355,750 | 11,520,600 | 3.43 |
| Maylasia | 1,000 | 3,816 | 3.82 |
| Peru | 850 | 850 | 1 |
| Portugal | 557 | 565 | 1.01 |

In accordance with Repsol's equal opportunities policy, wages are established for a position without taking into account the gender of the person holding the position, including entry-level wages.

Repsol's entry-level wages are above the local minimum wage.

G4-EC6 Proportion of senior management hired from the local community at significant locations of operation

| Country | % of Executives, Managers and Technical managers from the local community in 2017 | Country | % of Executives, Managers and Technical managers from the local community in 2017 |
|----------|---|-----------|---|
| Algeria | 8 | Indonesia | 65 |
| Bolivia | 88 | Libya | 35 |
| Brazil | 56 | Malaysia | 72 |
| Canada | 61 | Norway | 70 |
| Colombia | 79 | Peru | 74 |
| Ecuador | 90 | Portugal | 94 |
| USA | 36 | Russia | 47 |
| Spain | 87 | Venezuela | 76 |
| | | Vietnam | 30 |

Includes executives and technical managers excluded from the collective bargaining agreement in countries with more than 50 employees.

Repsol remains committed to, and continues to increase its management teams with individuals from the local community in most countries where it has a significant presence. This enhances the Company's cultural diversity, enabling it to better respond to the needs of the societies in which it is present, while also contributing to their development.

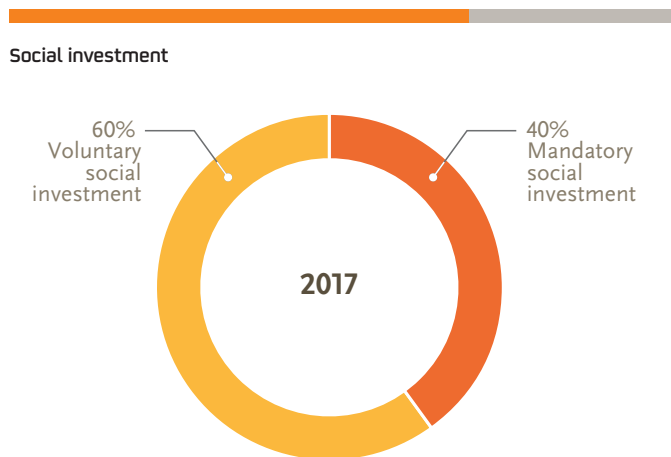
G4-EC7 Development and impact of infrastructure investments and services supported y G4-EC8 Significant indirect economic impacts, including the extent of impacts

Repsol identifies and strengthens positive impacts and the shared value of regions where the Company is present as a result of a consensus with communities. The context determines the scope and configuration of the investment. A series of examples are offered below:

| Country | Project |
|-------------------------|--|
| Bolivia | <i>"Construction of potable water system"</i> Project in collaboration with the autonomous municipal Government of Entre Rios carried out in Izarzama, Cochabamba district, to improve the quality of the potable water service for more than 7,000 people, pursuant to the needs expressed. This involves a reduction of the risks of contracting stomach and intestinal diseases from the water consumption and use. Investment: more than €12,000. |
| Spain (Petronor) | <i>"Social economy enterprise in primary sector"</i> Project that aimed at training unemployed people over the age of 45 in order to develop their professional career in the agro-fishing sector. The company made available to beneficiaries more than 35,000 m ² of land for the production, transformation and marketing of agricultural products. |
| Libya | <i>"Support for the resilience of local communities"</i> The project is designed to provide basic services of health, education, energy and water access to the local communities in Ubari, Zintan, Zawiya and Rujban, or about 300,000 people in its area of influence. Investment: more than €3.6million. |
| Malaysia | <i>"Development of fishing skills"</i> With a contribution of €8,000, the program is focused on the socio-economic development of fishermen in Marang, Terengganu through activities of production and/or sale of fish, seafood and by-products. |
| Papua New Guinea | <i>"Organic Vegetable Farming"</i> Project in the area of influence of the Stanley gas project More than 120 people have benefited from the program, with an investment of €43,000, consisting of training in modern horticulture that will enable them to grow vegetables for both marketing and to improve diets in the area. The project also assisted in the creation of model farms with instruments and seeds, plants and planting materials. |
| Peru | <i>"Technical support for installation and maintenance of 300 ha of Cocoa"</i> Multi-year project (2014-2018) aimed at empowering the indigenous population of the Nuevo Mundo community through sustainable development in the region. Given the conditions of the area, focused on cocoa crops. In 2017, some €59,000 were invested, and more than 80 beneficiaries learned how to increase productivity through knowledge of good practices in the sector. |

Figures of social investment

In 2017, the social investment of the Repsol Group, including its two foundations, amounted to €39 million, of which €23.48 million consisted of voluntary contributions and €15.81 million were made under a legal or contractual obligation.



Voluntary social investment

This includes the social programs Repsol carries out voluntarily, or which arise from voluntary agreements with communities.

| Voluntary social investment (million euros) ⁽¹⁾ | | |
|--|--------------|--------------|
| | 2017 | 2016 |
| Repsol | 14.86 | 10.00 |
| Repsol Foundations | 8.62 | 9.83 |
| Total | 23.48 | 19.83 |

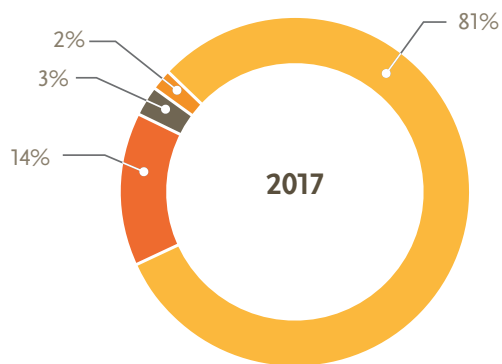
* Does not include contributions to associations.

| Voluntary social investment by type of contribution (million euros) | | |
|---|--------------|--------------|
| | 2017 | 2016 |
| Contribution in cash | 22.21 | 18.27 |
| Contributions in time | 0.42 | 0.39 |
| Contributions in kind | 0.14 | 0.36 |
| Management costs | 0.71 | 0.81 |
| Total | 23.48 | 19.83 |

| Voluntary social investment by type of project | | |
|--|--------------|--------------|
| | 2017 | 2016 |
| Increase and strengthen skills and knowledge within local communities. | 18.44 | 13.69 |
| Local development of business and opportunities for local suppliers | 3.25 | 4.02 |
| Development synergies of local infrastructures | 0.58 | 0.50 |
| Greater energy access | 0.05 | 0.47 |
| Preservation of local environment | 0.55 | 0.59 |
| Others ⁽¹⁾ | 0.61 | 0.56 |
| Total | 23.48 | 19.83 |

(1) Management costs not assigned to a specific Project €0.61 million.

Voluntary social investment by project type



- Boosting and strengthening capacities and knowledge in local communities
- Local development of bussiness and opportunities for local suppliers
- Synergies in development of local infrastructures
- Conservation of the local enviroment

Voluntary social investment by country (million euros)

| | 2017 | 2016 |
|------------------|--------------|----------------------------|
| Algeria | 0.12 | 0.01 |
| Bolivia | 1.81 | 1.49 |
| Brazil | 0.71 | 0.59 |
| Canada | 0.93 | 1.28 |
| Colombia | 1.14 | 0.89 |
| Ecuador | 1.12 | 1.31 |
| Spain | 9.22 | 10.64 |
| United States | 0.17 | 0.32 |
| Indonesia | 0.01 | 0.06 |
| Libya | 3.87 | - |
| Malaysia | 0.41 | 0.28 |
| Norway | 0.25 | 0.22 |
| Papua New Guinea | 0.18 | 0.04 |
| Peru | 1.80 | 1.77 |
| Portugal | 0.51 | 0.39 |
| Russia | 1.07 | - |
| Venezuela | 0.05 | 0.18 |
| Vietnam | 0.11 | 0.11 |
| Total | 23.48 | 19.83⁽¹⁾ |

(1) The total amount in 2016 includes €253,000 of investment in Trinidad and Tobago.

Mandatory social investment

The Company makes contributions owing to legal or regulatory requirements, or stipulations set out in the operating contract. These contributions may be fully managed by the company – through social programs – or by a third party (such as the national hydrocarbon company, institution or government agency) to whom Repsol delivers the due sum.

Mandatory investment in 2017 amounted to €15.81million and was made in Brazil, Canada, Colombia, the United States and Venezuela.

| Mandatory social investment by country (millions of euros) | | |
|--|--------------|--------------|
| | 2017 | 2016 |
| Brazil | 6.09 | 6.09 |
| Canada | 0.80 | 0.89 |
| Colombia | 0.03 | 0.76 |
| Ecuador | 0.36 | 0.92 |
| United States | 8.39 | 8.28 |
| Indonesia | 0.14 | - |
| Venezuela | 0.002 | 0.14 |
| Total | 15.81 | 17.08 |

Management of the supply chain and its impacts where the company operates

G4-EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken

A total of 1,998 evaluations were made of environmental aspects on 965 suppliers. Some 40 evaluations on 36 suppliers were found with an environmental performance score below 5 out of 10. Negative scores are related to logistics contracts, and equipment installation and maintenance, among others. After the negative evaluations were identified, improvements were agreed with 100% of the suppliers.

No relationship was ended with a supplier for environmental reasons.

G4-LA15 Significant actual and potential negative labor impacts in the supply chain and actions taken

A total of 2,403 evaluations were made on safety issues on 1,195 suppliers. Some 93 evaluations on 71 suppliers were found with a safety performance score below 5 out of 10. Negative scores are related to equipment installation and maintenance work, and consulting services and IT systems, among others. After the negative evaluations were identified, improvements were agreed with 100% of the suppliers. No relationship was ended with a supplier for safety reasons.

G4-HR11/SO10: G4-HR11/SO10: Significant negative impacts in human/social impacts, real and potential, in the supply chain, and actions taken

A total of 2,699 evaluations were carried out related to management aspects on 1,343 suppliers (including human rights and social issues). Some 92 evaluations on 76 suppliers were found with a management performance score below 5 out of 10 (including human rights and social issues). Negative scores are related to equipment installation and maintenance contracts and waste transport and management. After the negative evaluations were identified, improvements were agreed with 100% of the suppliers.

No relationship was ended with a supplier for human or social rights reasons.

Environmental performance

Energy efficiency and climate change

G4-OG2 and G4-OG3 Total amount of renewable energy generated

Repsol Energy Ventures has a ownership interest in the American company Power Inc. This company owns a patent for semi-submersible floating structures for offshore wind generation. In 2011, it installed the first full-scale prototype, called Windfloat, off the Portuguese coast. It was equipped with a 2MW Vestas wind turbine and generated more than 17 GWh until it was decommissioned in July 2016.

The next step is the installation off the Portuguese coast of three structures with a total power of 24 MW (Windfloat Atlantic project).

The project has a remuneration scheme approved by the Portuguese Government, and with from both the European Union, through the NER 300 program, and from the Portuguese Environmental Agency (APA). It has also been selected in the InnovFin Program of the European Investment Bank.

The investment in this project in 2017 has amounted to €0.3 million and the project is scheduled to commence operation in 2019.

G4-EN7 Reductions in energy requirements of products and services

Repsol invests in sustainable mobility through projects of electric mobility, new systems of hybrid propulsion, and support for automotive gas.

Electric-mobility

Since 2010, Repsol has promoted electric mobility through the company **IBIL**, which is a 50% investee of Repsol and the Basque Energy Agency (EVE), for a comprehensive energy charging service that is 100% renewable, with smart facilities and terminals and an infrastructure control center.

IBIL has installed 1,055 charging points, of which 25 are quick charge points in Repsol service stations. The Ministry of Agriculture and Fisheries, Food and the Environment selected Repsol's CLIMA electric car project, operated by IBIL, during the maximum eligible time period. Repsol is the first company in the history of such projects in Spain to verify a reduction in greenhouse gas emissions. This project promotes the use of electric vehicles through the acquisition of CO₂ reductions generated by the use of such vehicles. The first, second and third activity have been granted (2012 – 2017; 2013 – 2018; 2014 – 2019). The reduction in CO₂ greenhouse gases has been verified by an entity certified by the Ministry of Environment, and amounts to 848t of CO₂ to date.

Corporate **car-sharing** program with electric vehicles. In late 2016, autogas vehicles managed by **IBIL** were also added to the program. As part of the INNVIERTE¹ program.

The **Scutum** Project is a company that has been a Repsol investee since 2014. It designs, produces and sells electric motorbikes under the Silence brand name.

One of the competitive advantages of this company compared to others is its removable battery pack system, which has been patented throughout Europe, along with the industrial design of the electrical platform, which is adaptable to customer needs. Scutum's turnover has reached a total of 840 units of electric motorbikes sold.

It has opened a new motorbike assembly plant, with space for the assembly of electrical batteries. The company has continued to supply motorbikes to major corporate clients.

Digitization in mobility

The **Westmartpark** project is a Spanish company that has set up and manages a network of low-cost collaborative parking where customers can park with savings of up to 50%, and owners of the spaces can monetize them during hours of off-peak use through an online platform and IoT technology sensors. The investment was made as part of the INNVIERTE program, with the CDTI.

The Drivesmart project is a Spanish company that owns the Drivesmart application which applies metrics of safe, social and sustainable driving. Through a user's smartphone, **Drivesmart** compiles and processes information on a person's driving style. The result is an objective measurement of the quality user's driving, and it fosters improvement. The investment was made as part of the INNVIERTE program, with the CDTI.

New hybrid propulsion systems

Serial hybrid propulsion system that combines electric propulsion, an extended range system based on a gasoline engine, battery and the recovery of kinetic energy in braking and of thermal energy in exhaust gases. It offers a flexible alternative for meeting the challenges of mobility in urban environments for the light/medium-duty segment (3.5 – 6.5 tons). The project is being developed in a consortium with five other Spanish companies and in collaboration with a number of research institutes that are also Spanish. It tackles objectives of efficiency, low CO₂ emissions and of unitary, overall functionality. Funded by the CIEN program of the CDTI.

AutoGas

AutoGas is the most widely used alternative fuel for vehicles because it enables fuel savings of up to 40%. Repsol currently has 767 AutoGas supply points and is gradually expanding this network.

There are already many manufacturers who market AutoGas vehicles, but many gasoline vehicles can also be adapted to AutoGas. AutoGas with bifuel vehicles are fitted with two tanks: one for gasoline and another for AutoGas, thus doubling the vehicle's autonomy. Their equipment and features are similar to vehicles using conventional fuels.

At Repsol we have taken a step further in the use of LPG. The company has launched a technology development project with the Spanish company Begas Motor S.L. to develop engines for heavy vehicles (buses) fueled with autogas (LPG), so that they can be certified as ECO vehicles. The project includes a pilot test in a public bus in the city of Valladolid.

Commercially, this will generate new business opportunities by clearing the way for new tenders for fleets fueled by LPG, and an expansion of the potential market of customers for goods transport.

(1) The conversion program with CDTI in Spanish technology SMEs.

G4-OG14 Volume of biofuels produced and purchased meeting sustainability criteria

Repsol helps to reduce CO₂ emissions through the use of biofuels incorporated in gasoline and gasoil.

In addition, the Company is focusing on the promotion of projects of advanced biofuels (based on non-food raw materials, biomass) with a strong technological content and high reduction of the carbon footprint. The work is currently under way at the Repsol Technology Center.

To ensure the sustainability of biofuels, Repsol complies with international schemes that certify the traceability of raw materials which are incorporated throughout the production chain. In particular, Repsol is operating according to ISCC¹ schemes in all plants and industrial facilities.

The percentage of biofuels incorporated into gasoline and diesel fuel is higher than the limits mandated by law.

CO₂ offsetting

Repsol offsets the carbon footprint of some of its activities and events.

The following table shows the tons offset and carbon credits purchased to compensate:

| 2017 event | Tons of CO ₂ compensated |
|--|-------------------------------------|
| Shareholder Annual Meeting | 49 |
| Moto GP World Championship (participation of Repsol teams) | 2,140 |
| Organization and participation in the Spanish Speed Championship | 353 |

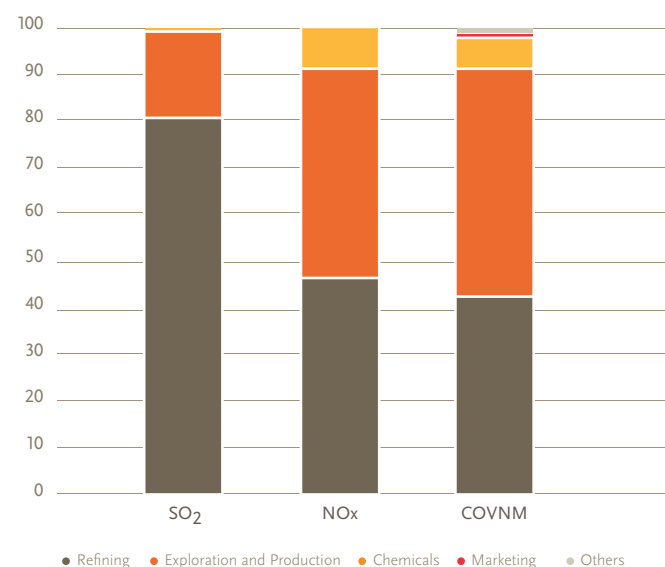
Repsol has verified with an independent entity the number of tonnes of CO₂ of each of the events.

1. International Sustainability & Carbon Certification.

Non-GHG emissions

G4-EN21 NO_x, SO_x, and other significant air emissions

Disclosure of major atmospheric emissions by activity



More than 80% of SO₂ emissions have occurred in the refineries of the Company.

Intensity of significant air emissions

Atmospheric emissions per ton of processed crude oil in refineries and per barrel of oil equivalent (boe) in exploration and production assets are as follows:

| Refining | 2017 | 2016 |
|---|-------|-------|
| Tons of SO ₂ /thousands of tons of processed crude oil | 0.477 | 0.563 |
| Tons of NO _x /thousands of tons of processed crude oil | 0.252 | 0.314 |
| Tons of COVNM/thousands of tons of processed crude oil | 0.358 | 0.354 |

| Exploration and production ⁽¹⁾ | 2017 | 2016 |
|--|-------|-------|
| Tons of SO ₂ /thousands of boe produced | 0.030 | 0.026 |
| Tons of NO _x /thousands of boe produced | 0.068 | 0.094 |
| Tons of COVNM/thousands of boe produced | 0.118 | 0.188 |

(1) The intensive figures have been calculated using gross production of the operated assets of the Company, as reported atmospheric emissions include 100% of emissions for such assets, irrespective of Repsol's percentage of them.

G4-OG8 Benzene, lead and sulfur content in fuels

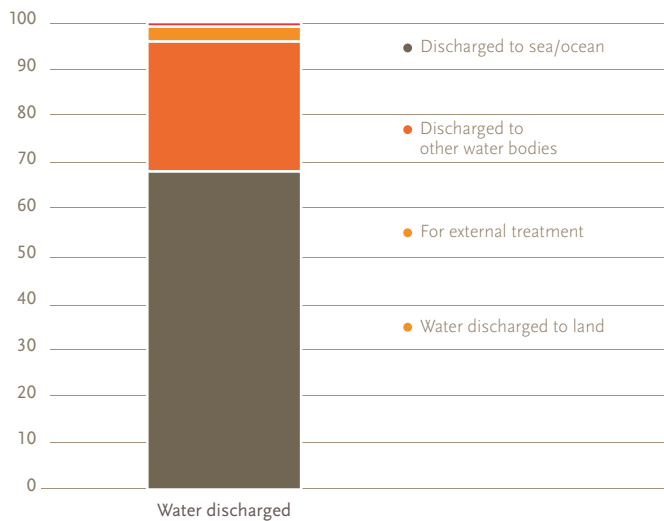
All the fuel the Company supplies to the market meets current quality specifications. In the refineries in Spain, it is applied the EN228 standard for gasoline and EN590 for gasoil. Under these specifications, gasoline and gasoil must be free of sulfur compounds (maximum 10 mg/kg) and have a low content of aromatic compounds (less than 1% v/v of benzene in gasoline), greatly helping to improve the environment by reducing emissions of volatile components. Repsol has improved its processes in order to achieve these objectives.

The Company also continues to enhance the quality of fuel in the La Pampilla Refinery of Peru with a project that will enable us to produce diesel and gasoline with 0.005% sulfur content. The new facilities are capable of desulfurizing the diesel produced in the refinery, and in 2018 the gasoline block will start up, which will enable us to produce gasoline with a maximum of 50 ppm sulfur and limit the content of other compounds, such as the aromatics, olefin and benzene.

Water management

G4-EN22 Total water discharges by nature and destination

Water discharged by destination



Treatment of discharged water

The fluid effluents from the facilities of the Company are subjected to purification processes to minimize their environmental impact and ensure compliance with legal requirements. The type of wastewater treatment process is specific to the activity and the characteristics of the site. Treatment may be a physical-chemical

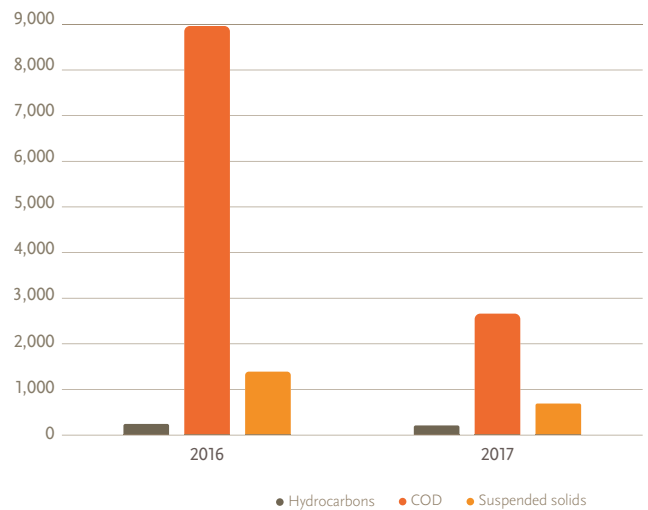
(primary) process, completed with a biological (secondary) process, or even include more advanced treatment (tertiary process) or other specific processes for contaminants that are non-degradable using non-conventional treatments.

Therefore 45% of water discharged undergoes advanced treatment processes, 29% undergoes secondary processes and the remaining 26% undergoes primary processes as the quality of the discharged water does not require more complex treatment.

Main contaminants discharged

The main contaminants discharged in Repsol's facilities are: hydrocarbons, suspended solids, and organic matter likely to undergo oxidation, measured as chemical oxygen demand (COD).

Principales contaminantes vertidos



The decrease in the amount of contaminants discharged is due to the fact that Repsol no longer operates the Trinidad and Tobago asset.

Hydrocarbons discharged in 2017, by activity

| Activity | Tons | % |
|----------------------------|------------|-------------|
| Exploration and production | 45 | 27% |
| Refining | 102 | 61% |
| Chemicals | 15 | 9% |
| Marketing | 4 | 2% |
| Other | 0 | 0% |
| Total | 166 | 100% |

G4-OG5 Volume and disposal of formation or produced water

The following is the water produced and injected in the Company's exploration and production assets:

| Water | 2017 | 2016 |
|------------------------------|--------|--------|
| Produced (thousands of tons) | 60,255 | 68,313 |
| Injected (thousands of tons) | 55,231 | 52,191 |

Waste management

G4-EN23 Total weight of waste by type and disposal method

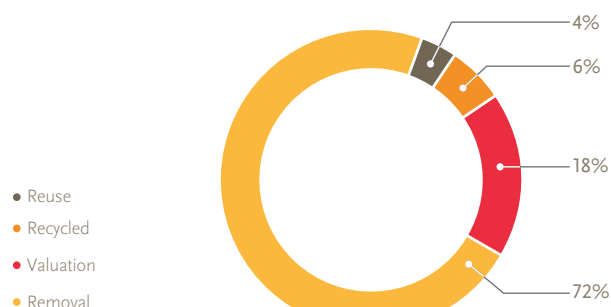
Disclosure of hazardous and non-hazardous waste per activity in 2017.

| Activity | Hazardous waste (metric tons) | Non-hazardous waste (metric tons) |
|------------------------------------|-------------------------------|-----------------------------------|
| Exploration and Production | 13,008 | 262,428 ⁽¹⁾ |
| Refining | 12,092 | 71,145 |
| Chemicals | 10,452 | 10,472 |
| Marketing | 4,176 | 5,336 |
| Lubricants and Specialist Products | 139 | 1,450 |
| LPG | 88 | 813 |
| Other | 111 | 503 |
| Total | 40,065 | 352,148 |

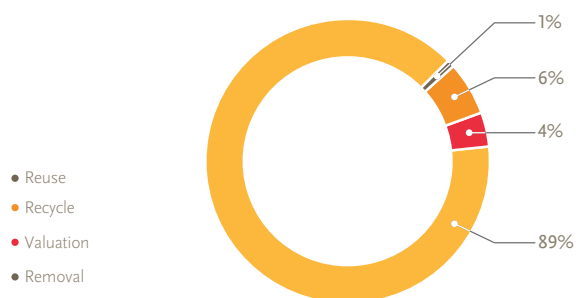
(1) Aproximately 90% of Upstream non-hazardous waste corresponds to remediation of contaminated lands in Canada, punctual activity not linked to ordinary activity.

The charts below report the actions carried out in 2017 for each category:

Hazardous waste management



Non-hazardous waste management



G4-OG7 Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal

These data do not include the amount of waste generated in drilling activities, the figures for which are shown below.

| | 2017 | 2016 |
|-------------------------------------|--------|---------|
| Water-based cuttings and fluids | 86,265 | 131,240 |
| Non water-based cuttings and fluids | 60,627 | 38,132 |

Management of waste from drilling operations (cuttings and fluids) is regulated by the company's Environmental Performance Practices (EPP). These guidelines establish a set of standards applicable to all geographical areas in which the company operates and regardless each country's specific legislation.

Biodiversity and ecosystem services

G4-EN11 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

Repsol has an internal screening tool to assess potential overlapping of operating blocks with protected areas. The input data come from the Proteus consortium with the UNEP-WCMC, from where the World Database on Protected Areas (WDPA)¹ is obtained. The data is incorporated to the internal tool and taken into account as one of the criteria throughout the lifecycle of the Company's projects.

In addition, Repsol has implemented the IPIECA² and IOGP³ management framework for biodiversity and ecosystem services (BES). The framework quantifies the risk to biodiversity (species and habitats) and to ecosystem services, and the data is added to the business case of each asset.

1. United Nations Environment Programme's World Conservation Monitoring Centre.

2. The Global Oil and Gas Industry Association for Environmental and Social Issues.

3. The International Association of Oil & Gas Producers.

The following assets are located in areas adjacent to protected areas and/or areas of major value to biodiversity:

| | |
|---------|--|
| Bolivia | Adjacent to a IUCN area Cat. Not reported/not assigned. |
| Ecuador | 34% of Block 16 and 100% of the Tivacuno block are in IUCN Cat. II. |
| Peru | 93% of Block 57 is in a Key Biodiversity Area and 15% in IUCN Cat. VI. |

Although there is overlap in the areas under concession by the state (blocks), the facilities of the Company do not overlap with areas protected by the IUCN nor any international convention. Even so, due to the high biodiversity that exists in these three sites and as has been disclosed in recent years, a biodiversity action plan in each of these assets to avoid, minimize and restore the impacts is being implemented.

G4-EN12 Description of significant impacts of activities, products and services on biodiversity on protected areas and areas of high biodiversity value outside protected areas

Applying the mitigation hierarchy of potential impacts on biodiversity is fundamental for Repsol, which applies the IPIECA methodology BES Management Ladder. This methodology can be used to analyze the current situation of current exploration and production assets and projects and identify next steps to be taken. In addition, it is based on the study of the following areas: Integration of biodiversity and ecosystem services in management of the business, relations with stakeholders, construction of a biodiversity baseline, identification and management of potential impacts and selection of indicators.

Repsol has been working on the implementation of this methodology in operated assets and projects of ROGCI, mainly in Canada, the US, Malaysia and Vietnam. Throughout the year, an initial assessment was made in each business unit, asset and project. An analysis was made of the current status, with medium-term objectives set and an action plan developed to achieve them.

Repsol plans to submit a report in the upcoming SPE congress to be held in April 2018 in Abu Dhabi: "Biodiversity Management in an Oil and Gas Company: From Theory To Practice". The report aims to describe how biodiversity management has been put into practice in Repsol with the use of a simple, yet effective tool.

G4-EN13 Habitats protected or restored

Restoration is the third steps in the mitigation hierarchy. It consists of a process to assist in the recovery of an ecosystem that has been degraded, damaged or destroyed.

Repsol is implementing asset abandonment plans that ensure the restoration of habitats. An example of this is the restoration project being carried out in Block 57 (Peru), where the Company is monitoring the revegetation of the pipeline and the abandonment of the platforms.

These activities led to the presentation, in December 2016, of the book "Machiguenga, una Reserva para todos." The purpose of the book is to disseminate facts of interest about the biodiversity that is found in the Machiguenga Communal Reserve. They have become more widely known owing to the investigation carried out in Block 57 relating to the flora and fauna and ecosystem services of this area of great biological value. Since 2014, and as part of the Study of Biodiversity and Ecosystem Services of the Machiguenga Communal Reserve, Repsol is performing studies and research with the support of scientists, residents of local communities, and with the active participation of technicians from the National Service for State-Protected Natural Areas (SERNANP), which allowed for the gathering of information on diverse species, many of them of great importance for the knowledge and management of biodiversity.

G4-EN14 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

Repsol participates in the Proteus Consortium, where the UNEP WCMC make available to participating extractive companies information related to the distribution of the species listed in the IUCN Red List of Threatened Species and the protected areas. Repsol uses this information as one of the criteria in its decision making.

In 2017, the Proteus Consortium began to include information related to Cultural World Heritage Sites, including 832 records of places of interest, based on the world heritage list arising from the 41st meeting of the World Heritage Committee in Krakow, Poland. Similarly, Repsol prepares environmental impact studies in all new projects, with the compilation of detailed information. Related to the presence of species in the territory. In this regard, it has the book created with the Smithsonian Institute that provides a catalog of indicator species of the largest habitats of the planet, thus enabling greater effectiveness in management of impacts.

The following table shows the number of species classified by the IUCN with a potential presence in the Company's Exploration and Production assets

| Number of species in areas affected by exploration and production operation ⁽¹⁾ | |
|--|-----|
| Critically endangered species | 20 |
| Endangered species | 70 |
| Vulnerable species | 342 |
| Endangered species | 420 |

(1) The data reported includes species of Exploration and Production assets with activity in 2017.

G4-OG4 – Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored

To determine the performance of the Company in this field, Repsol measures series of indicators for the exploration and production business, resulting in the data shown in the following table:

| | Result (%) |
|---|--------------------|
| Centers where biodiversity-related risks have been assessed | 100 |
| Centers where biodiversity-related risks have been found | 100 ⁽¹⁾ |
| Centers in which the area of influence has been calculated | 100 |
| Centers with specific biodiversity management and ecosystem services | 100 |
| Degree of implementation of specific biodiversity management and ecosystem services | 100 |

(1) The indicator is 100% under the assumption that all assets the Company operates have potential biodiversity-related risks.

G4-EN26 - Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff

Repsol has an internal screening tool to assess potential overlapping of the operated blocks with protected areas (see G4-EN14). The input data come from the Proteus Consortium, where the World Database on Protected Areas (WDPA) is obtained. The data is incorporated to the own internal tool and taken into account as one of the criteria throughout the lifecycle of projects. In addition, the methodology Repsol uses for the management of biodiversity and ecosystem services analyzes and quantifies risk to biodiversity (species and habitats) and to ecosystem services, and the data are integrated to the business case of each asset. Bodies of water and related habitats are not a separate case, and they are included in both the tool and in the methodology.

Specifically for offshore operations, Repsol is using the Ocean Data Viewer¹ (ODV), which publishes global databases on marine and coastal biodiversity (such as coral reefs, mangroves and seagrass beds). These databases are used for marine spatial planning, mapping of habitats and the analysis of biodiversity and ecosystems.

In addition, Repsol has internal requirements for Environmental Performance Practices (EPP) relating to the management of wastewater. In particular, the Company establishes water disposal plans (WDPs), where it assesses the impact of effluents on the environment where they are discharged and, in simultaneously, it uses the internal Repsol Water Tool (RWT) to identify the bodies of water involved, analyzes the risks and adopts mitigation plans.

1. UN Environmental World Conservation Monitoring Center facilita a través de su web una herramienta para acceder a una gama de datos que ayuda a la toma de decisiones sobre conservación marina. <http://unep-wcmc.org>

Mitigation of the environmental impact of products and services

G4-EN27 Extent of mitigation of the environmental impact of products and services

Repsol worked throughout 2017 on a number of technology development projects related to environmental sustainability, such as circular economy, climate change or resource management. For instance:

| | |
|----------------------------|---|
| Circular economy | <p>BIBOP Project: Research to increase the biodegradability of polyolefins through the use of peptide-based additives to facilitate disposal of plastic waste in the environment.</p> <p>MADRASS Project: Research into a biotechnology solution to the sustainability challenge of polyurethane foam (PU) of the comfort sector. The aim is to develop a biology platform based on an microorganism, or consortium of microorganisms, capable of transforming these waste liquids from the lysis of PU foam (polyester urethane) into a product of value that can make the process cost-effective. Implementation of a solution would benefit other agents in the value chain such as makers of foam, waste managers and/or producers of fine chemicals and society at large and the environment, by reducing the amount of waste sent to dumps and CO₂ emissions resulting from the combustion of mattresses to produce energy.</p> <p>NEOSPOL Project: Research on conversion of CO₂ to polymeric materials, which allows for replacement of raw materials of fossil origin. Applications explored allow for replacing other materials, while maintaining the benefits as new materials with distinct properties. Repsol is working on the development of polyol polycarbonate for polyurethane and polymer thermoplastic applications. To do so, it is developing specific catalysts, investing in more efficient processes and working to find new product applications, such as adhesives, elastomers, foam and coating, that have a smaller carbon footprint.</p> |
| Climate change | <p>LUXHOR Project: Development of a photo-electrocatalytic system for converting solar energy into storable chemical energy, in what are known as processes of artificial photosynthesis. Based on water and carbon dioxide, low carbon footprint and high added-value products can be obtained with no external energy input other than sunlight. The idea, accordingly, is to develop an autonomous system that can generate hydrogen from water and high value-added products based on CO₂ products with a potential emissions reduction of up to 90%.</p> <p>POLARIS-POPC Project: Development of a new product family based on propylene oxide (OP) and CO₂ for polyurethane applications with the company's own production process.</p> <p>Research to reduce the amounts of CO₂ currently emitted in E&P assets, from the very stream of gas produced, from which must be separated in order to comply with the specifications of the gas. The following three options are envisioned: Use of CO₂ as a raw material for the production of fuel and other materials and chemical products, re-injection in crude oil fields to improve recovery (Enhanced Oil Recovery, or EOR), and geological storage in depleted gas fields among company assets. The initiative was supported by the OGCI.</p> <p>SynBioGas Project: Research on the production of biofuels from the fermentation of gaseous streams from Repsol's industrial complexes (synthesis gas, carbon dioxide, sulfane, natural gas) or other sources (biogas). Achievement of expected results will have a significant impact in reducing the CO₂ emissions of the company's industrial complexes.</p> |
| Resource management | <p>Research into the use of technologies based on electrogenic batteries for treatment of wastewater from refineries and petrochemical plants. The advantage of this technology compared to current methods is the elimination of the organic load in less time and with less energy consumption and without producing sludge. In the Tarragona OPSM plants, pioneering technological solutions are being sought after for the control and limitation of the environmental impact of soil contamination by hydrocarbons. Solutions might include use of active barriers based on these bacteria that can limit on site the possible spread of hydrocarbon leaks, or the use of sensors based on these bacteria as an early warning system of leaks of hydrocarbons and related compounds.</p> <p>Research into the use of biological tools linked to DNA sequencing as a tool capable of minimizing uncertainty and supporting decision-making in hydrocarbon exploration. The development of this microbiology and/or meta-genomic methodology is based on the fact that there is no completely sealed pool of hydrocarbons, because they can have small leaks. Such leaks migrate to the surface, thus creating the conditions for the differential growth of microorganisms in areas related to the existence of deep hydrocarbons.</p> <p>W4Shale Project: Development of tools and methodologies to enhance the management of water (reduction of supplies, estimation of flow-back water, selection of treatments) in unconventional assets.</p> <p>HEADS Project (Hydrocarbon Early Automatic Detection System): This is a system that can detect hydrocarbons in aquatic surfaces. HEADS is a pioneering technology developed by Repsol jointly with INDRA, and a patent is pending.</p> <p>In 2017, it was installed in the Petronor refinery and installation of the system was launched in the A Coruña refinery, in addition to an extension of the initial system in operation at the Tarragona refinery. Its use in the Cartagena refinery is scheduled for 2018.</p> |

In the New Ventures Area, Repsol invests in companies that have potentially scalable technologies or innovations that are of interest to the Company's activities. The target companies are

innovative firms that are proposing solutions in energy efficiency, resource management and circular economy. Some examples are as follows:

Graphenea Project

The Graphenea Project is an investment within the INNVIERTE program in a graphene production company based on San Sebastian, Spain.

Graphene is an cutting-edge material for which countless applications are being discovered in a number of sectors, including energy (a component of batteries, photovoltaic panels, catalyzers, etc.). Major milestones were reached in 2017:

- Start-up of the new pre-commercial plant of graphene oxide.
- Revenue of over one and a half million euros in 2017.
- Exports its products to more than 40 countries, with customers including universities and research institutes as well as large companies (Philips, Nokia, Sigma-Aldrich, etc.).

Rocsole Project

The Rocsole project is an investment in a Finnish company that owns a technology based on Electrical Capacitance Tomography (ECT) to generate imagery of the flow of multiphase fluids (water, crude oil, air) inside piping and monitor the rates of deposition build-up, thus optimizing maintenance costs and preventing unscheduled stoppages.

In addition, it has open several lines of research and development, one of which is its possible use in subsea pipes.

Sorbwater Project

The Sorbwater project is an investment in a Norwegian company that owns a technology for the elimination of crude oil in water, which is part of the primary treatment of water in production and, in general, of any wastewater.

This investment boosts the development of hydrocarbons separation in water, improves the carbon footprint and the use of this technology in settings where formation water treated for livestock can be reused.

Social performance

Labor Practices and decent work

G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender and region

Percentage of new hires

| Region | | <30 | 30-50 | >50 | | 2017 | 2016 |
|---------------|-------|-----|-------|-----|-------|------|------|
| Africa | Women | 50 | 4 | 0 | Total | 2 | 2 |
| | Men | 0 | 2 | 0 | | | |
| Asia | Women | 18 | 5 | 0 | Total | 4 | 1 |
| | Men | 7 | 4 | 1 | | | |
| Europe | Women | 71 | 11 | 5 | Total | 11 | 7 |
| | Men | 68 | 7 | 2 | | | |
| Latin America | Women | 68 | 20 | 3 | Total | 26 | 27 |
| | Men | 58 | 10 | 3 | | | |
| North America | Women | 0 | 2 | 2 | Total | 2 | 1 |
| | Men | 4 | 2 | 0 | | | |
| Oceania | Women | NA | NA | 0 | Total | 0 | 10 |
| | Men | NA | 0 | NA | | | |
| Total | Women | 66 | 12 | 4 | Total | 13 | 10 |
| | Men | 59 | 7 | 2 | | | |

| Number of new hires | | | | | | | |
|----------------------------|-------|---------------|--------------|---------------|-------|-------------------|-------------------|
| Region | | <30 | 30-50 | >50 | | 2017 Total | 2016 Total |
| Africa | Women | 1 | 1 | - | Total | 4 | 3 |
| | Men | - | 2 | - | | | |
| Asia | Women | 6 | 11 | - | Total | 43 | 14 |
| | Men | 3 | 21 | 2 | | | |
| Europe | Women | 352 | 542 | 46 | Total | 2,092 | 1,043 |
| | Men | 531 | 553 | 68 | | | |
| Latin America | Women | 407 | 203 | 2 | Total | 23 | 22 |
| | Men | 247 | 125 | 11 | | | |
| North America | Women | - | 6 | 3 | Total | 2 | 1 |
| | Men | 3 | 11 | - | | | |
| Oceania | Women | | | | Total | | 0 |
| | Men | | | | | | |
| Total | Women | 766 | 763 | 51 | Total | 3,157 | 2,445 |
| | Men | 784 | 712 | 81 | | | |

The rate reflects the new hires with no previous working relationship with company compared to the origin population of the tranche analyzed at December 31, 2017. 31% of these new hires have permanent contracts and, of these, 81% are in Peru.

| Voluntary employee turnover | | | | | | | |
|------------------------------------|-------|---------------|--------------|---------------|-------|-------------------|-------------------|
| Region | | <30 | 30-50 | >50 | | 2017 Total | 2016 Total |
| Africa | Women | 0 | 0 | 0 | Total | 1 | 1 |
| | Men | 0 | 1 | 0 | | | |
| Asia | Women | 6 | 7 | 4 | Total | 6 | 3 |
| | Men | 5 | 6 | 10 | | | |
| Europe | Women | 1 | 1 | 1 | Total | 1 | 1 |
| | Men | 1 | 1 | 0 | | | |
| Latin America | Women | 44 | 15 | 5 | Total | 17 | 19 |
| | Men | 32 | 7 | 2 | | | |
| North America | Women | 10 | 6 | 1 | Total | 6 | 4 |
| | Men | 15 | 7 | 3 | | | |
| Oceania | Women | NA | NA | 0 | Total | 167 | 5 |
| | Men | NA | 150 | NA | | | |
| Total | Women | 24 | 4 | 1 | Total | 4 | 4 |
| | Men | 12 | 2 | 1 | | | |

The Latin America turnover rate is concentrated in the Marketing business and is aligned with the economic growth and labor market of the country, and in Oceania, as a result of the reduction of activity in non-core businesses.

| Total employee turnover | | | | | | | |
|-------------------------|-------|-----|-------|-----|-------|------|------|
| Region | | <30 | 30-50 | >50 | | 2017 | 2016 |
| Africa | Women | 0 | 4 | 0 | Total | 4 | 13 |
| | Men | 0 | 3 | 7 | | | |
| Asia | Women | 9 | 9 | 4 | Total | 9 | 5 |
| | Men | 5 | 7 | 19 | | | |
| Europe | Women | 2 | 2 | 15 | Total | 5 | 8 |
| | Men | 1 | 2 | 14 | | | |
| Latin America | Women | 60 | 20 | 18 | Total | 25 | 33 |
| | Men | 44 | 12 | 13 | | | |
| North America | Women | 13 | 12 | 16 | Total | 14 | 23 |
| | Men | 24 | 12 | 16 | | | |
| Oceania | Women | NA | NA | 0 | Total | 700 | 15 |
| | Men | NA | 450 | NA | | | |
| Total | Women | 33 | 6 | 15 | Total | 9 | 13 |
| | Men | 16 | 4 | 15 | | | |

This is calculated as the turnover of permanent employees out of the total number of employees at 12.31.2017.

G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation

| Social benefits by region (thousands of euros) | | | | | | | |
|--|----------------|-------------------|-----------------|-----------------|------------------|------------------|------------|
| Region | Life insurance | Medical insurance | Pension fund | Food allowances | Subsidized loans | Study assistance | Other |
| Africa | 91.3 | 442.8 | (8.8) | 106.2 | 0 | 75.2 | 1.4 |
| Asia | 188.8 | 72 | 2,769.2 | 77.3 | 0 | 173.4 | 0 |
| Europe | 2,737.9 | 11,804.3 | 31,621.6 | 10,223.6 | 1,136.5 | 2,107.5 | 280.5 |
| Latin America | 829.2 | 5,762.2 | 1,455.6 | 3,021 | 0 | 192.3 | 83.01 |
| North America | 210.8 | 7,758.1 | 18,737.2 | 83 | 0 | 228.9 | 0 |
| Oceania | 0 | 0 | 337.4 | 0 | 0 | 2.9 | 0 |
| Total | 4,058 | 25,839.4 | 54,912.2 | 13,511.1 | 1,136.5 | 2,780.2 | 365 |

The information shows the benefits for all employees (full-time, part-time, temporary and permanent).

G4-LA3 Return to work and retention rates after parental leave, by gender

The figures of this indicator are based on the number of employees. Reported data only includes Spain and personnel with permanent and temporary contracts during the year and the previous year.

| Return to work | | 2017 | 2016 |
|--|--------------|------------|------------|
| Total employees entitled to take leave | Women | 230 | 250 |
| | Men | 424 | 466 |
| | Total | 654 | 716 |
| Total employees that took maternity or paternity leave | Women | 227 | 243 |
| | Men | 400 | 424 |
| | Total | 627 | 667 |
| Total employees that returned to work after leave | Women | 214 | 233 |
| | Men | 397 | 416 |
| | Total | 611 | 649 |
| Index of those returning to work ⁽¹⁾ | Women | 94% | 96% |
| | Men | 99% | 98% |
| | Total | 97% | 97% |

| Retention | | 2017 | 2016 |
|--|--------------|------------|------------|
| Total employees who kept their position twelve months after re-joining | Women | 223 | 230 |
| | Men | 411 | 404 |
| | Total | 634 | 634 |
| Attrition Rate ⁽²⁾ | Women | 96% | 95% |
| | Men | 99% | 95% |
| | Total | 98% | 95% |

(1) Number of employees returning to work after maternity or paternity leave/ Number of employees due to return after leave.

(2) Number of employees keeping job 12 months after returning from maternity or paternity leave/ Number of employees returning after leave in reporting period.

The difference between individuals who have taken maternity or paternity leave and those who have returned to work after leave it's because they continue to enjoy such leave or they take a leave for child care.

Health

G4-LA5 Percentage of total workforce represented in formal joint management' worker health and safety committees, set up to help monitor and advise on occupational health and safety programs

Repsol has health and safety committees on a parity basis between company management and workers. The committees are local (workplace) or national, although this depends on the applicable legislation in each country. Some countries have coordination committees for risk prevention activities between Repsol and contractors. 100% of workers in countries where this mechanism is in place are represented on the committees.

The general areas of action of these committees are as follows: information on potential risks, assessment and preventive and mitigation measures of risks; monitoring of collective health; information and research on incidents and improvement actions; health promotion plans at the workplace; training related to risk prevention, among others.

Health and safety committees meet at least once per half year.

| Country | Corporate |
|----------------------|---|
| Bolivia | Committees in Santa Cruz and Mamore. The employer representatives are designated by the UN Director (personnel of Health and Safety areas, and UN managers), while employees themselves elect their own representatives. In Caipipendi, the process is begun to formalize and establish the Committee. The committees are parity-based. |
| Canada | Monthly meetings on health and safety, with the participation of the specialist from occupational health. Line and worker representatives attend. |
| Colombia | COPASST (Joint Committee on Health and Safety in the workplace) works with representatives of management and employees. It consists of 50% management representatives and 50% employee representatives. There is also a Cooperation Committee, with representatives of workers and of management, the main responsibilities of which include preventing and dealing with cases of workplace harassment. |
| Ecuador | Central Committee in Quito and two subcommittees in Block 16 (NPF and SPF). Each committee or subcommittee has representatives of the employer (Repsol) and representatives of the workers. The information managed in the committees must be sent annually to the authorities. |
| Spain | Parity-based health, safety and environment committees by workplace and/or company. They represent all Group employees in Spain. In the main workplaces, coordination committees of business activities with contractors. Group Health and Safety Committee (under Framework Agreement). |
| United States | Monthly meetings on safety and the environment, with the inclusion of health topics when deemed appropriate. |
| Malaysia | There is a central committee and a field committee. Monthly meetings. |
| Peru | Three committees and four workplace health and safety subcommittees. These committees and subcommittees have a parity-based membership, with an equal number of representatives of management and of employees. |
| Portugal | Industrial: Occupational Health and Safety Committee which examines health issues Marketing and LPG: There is no formal committee. Periodic technical meetings with the technical managers of workplace health and safety, and technical visits to facilities. |
| Russia | There is no formal committee, although there are good practices pursuant to Company policy. |
| Venezuela | Internal committee with three delegates representing workers. |

G4-LA6 Type and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

| Rate of employee occupational illness | | | |
|---------------------------------------|-------|------------|------------|
| Region | | 2017 Total | 2016 Total |
| Africa | Women | 0 | 0 |
| | Men | 0 | 0 |
| | Total | 0 | 0 |
| Asia | Women | 0 | 0 |
| | Men | 0 | 0 |
| | Total | 0 | 0 |
| Europe | Women | 0 | 0 |
| | Men | 0 | 0 |
| | Total | 0 | 0 |
| Latin America | Women | 0.2 | 0 |
| | Men | 0 | 0.2 |
| | Total | 0.2 | 0.2 |
| North America | Women | 0 | 0 |
| | Men | 0 | 0 |
| | Total | 0 | 0 |
| Oceania | Women | 0 | 0 |
| | Men | 0 | 0 |
| | Total | 0 | 0 |

In 2017 there was one case of occupational illness among Group employees (in Peru).

As a general rule, in countries where Repsol operates, the health information of individuals hired is not accessible for reasons of data protection laws/confidentiality, owing to regulations on protection of health information aimed at preventing illegal data transfers. Controls are in place to ensure that employees have an aptitude certificate for the work they are to perform. Also, in some countries such as Spain, risk prevention issues among contractor workers are managed through the co-ordination of business activities.

G4-LA7 Workers with high incidence or high risks of diseases related to their occupation

In some units and positions, there is a remote risk owing to exposure to noise, physical exertion and/or repetitive movements, the prolonged use of screens for viewing data (pvds), or exposure to toxic substances (chemical risks). Preventive measures are applied in all cases.

In some locations there may also be a risk of contracting contagious illnesses, such as dengue fever, malaria, yellow fever, leishamiasis, among others). Repsol provides vaccination programs, fumigation and pest control, continuous monitoring of vectors with these biological studies, among other relevant preventive measures.

As a general rule, the Company performs a general risk assessment as a prerequisite for planning and implementing preventive action. The specific procedure includes an analysis of risks, an assessment of them and corrective/mitigating measures with their corresponding periodic controls. Ergonomic and psycho-sociological risks are also assessed as a part of monitoring of collective health.

Preventive action is planned with the aim of eliminating or controlling and reducing the hazards identified. Planning also includes the appropriate emergency measures and health surveillance activities (collective and individual, using different protocols depending on the risks), as well as informing and training workers.

Individual monitoring is carried out through both pre-employment and periodic examinations, with application of appropriate protocols for occupational risks and the clinical and employment history of each individual.

The following are some significant actions against specific risks in 2017:

| | |
|--------------------|---|
| Malaria | Dissemination and operating deployment of procedure in areas of high risk of malaria for company's non-health care staff, including employee family members, to enable them to understand and follow guidelines for preventing or making a diagnosis in suspicious cases, and to carry out tests for confirmation and act in the event of contagion of the illness. |
| Vaccination | Updating of the internal scheme of health risk assessment by country, with the inclusion of new information and extending the scheme to Legacy Talisman countries. In addition, the international vaccination plan was updated. Dissemination and deployment of the procedure for required vaccination in situations of travel on company business and for expatriates. |

A new website for travel has been launched, with significant information on health and safety issues to be considered in travel, especially to risk countries.

In addition to these general actions, the Company undertake various activities, by country:

| Country | Corporate |
|----------|---|
| Algeria | Mandatory use of bottled water in drilling rig and building awareness of the malaria risk. |
| Bolivia | Health and safety training program, including all issues related to occupational, endemic, and workplace health. Instruction on safety for new hires and for all personnel visiting facilities. 24-Hour a day medical care in medical services, with appropriate equipment and ambulances for communities that live in the vicinity of areas of activity. |
| Canada | Monitoring and control plan of exposure limits in activities Pre-employment and periodic examinations of individuals in positions with risks. Ergonomy programs Alcohol and drug prevention. |
| Italy | Periodic health and safety training Awareness-raising and training for contractors. Periodic health monitoring. |
| Malaysia | Risk mitigation through health monitoring, exposure control and follow-up. |
| Peru | Annual occupational health program with five basic pillars: Workplace health management system; emergency response program; health promotion program; health and safety training program; health monitoring program. |
| Russia | Introduction to safety, training in first aid and fire fighting. Health promotion campaigns: cardiovascular, colon cancer, prostate cancer, among others, and vaccination. |

G4-LA8 Health and safety topics covered in formal agreements with trade unions

The Company has instruments in place in countries where it operates to effectively monitor the implementation of policies, rules and procedures on occupational health and safety.

The following agreements have been reached with trade unions on health and safety-related issues:

- **Brazil:** The Repsol Sinopec collective bargaining agreement includes health and safety issues.
- **Spain:** Occupational health and safety committee consisting of three representatives of management and three representatives of each of the trade unions on the negotiating commission of the 7th Framework Agreement of the Repsol Group. The committee analyzes the philosophy and basic outlines of prevention plans, general occupational health and safety policies and promotes measures to improve risk prevention levels of Repsol Group companies in Spain, and it covers 100% of related issues.
- **Peru:** Collective agreements of the La Pampilla Refinery (RELAPASAA).
- **Portugal:** In this country, the following agreements address health and safety-related issues:

– Acordo de empresa 2016-2018 entre a Repsol Polímeros, SA e a Federação de Sindicatos da Indústria, Energia e Transportes - COFESINT e outra – Alteração salarial e outras.

– Acordo coletivo entre a BP Portugal - Comércio de Combustíveis e Lubrificantes, SA e outras empresas petrolíferas e o Sindicato dos Trabalhadores e Técnicos de Serviços - SITESE - Alteração salarial e outras e texto consolidado.

– Acordo coletivo entre a BP Portugal - Comércio de Combustíveis e Lubrificantes, SA e outras empresas petrolíferas e a Federação de Sindicatos da Indústria, Energia e Transportes - COFESINT e outra -Alteração salarial e outras/texto consolidado.

– AE Repsol Polímeros 2009 - FIEQUIMETAL

– AE Repsol Polímeros 2012 - FETESE

Training and development

G4-LA9 Average hours of training per year per employee by gender, and by employee category

| Average training hours year by person and by gender | | | | |
|---|---------------------|------------|------------|--|
| Category | Training hours year | 2017 Total | 2016 Total | |
| Executives | Training hours Year | 9,232 | 10,349 | |
| | Person | 36 | 37 | |
| | Women | 49 | 48 | |
| Technical managers | Men | 33 | 35 | |
| | Training hours Year | 84,498 | 74,691 | |
| | Person | 37 | 32 | |
| Technicians | Women | 42 | 34 | |
| | Men | 35 | 31 | |
| | Training hours Year | 528,213 | 588,197 | |
| Administrative staff | Person | 46 | 49 | |
| | Women | 44 | 43 | |
| | Men | 47 | 52 | |
| Operatives and subordinates | Training hours Year | 20,367 | 20,229 | |
| | Person | 20 | 18 | |
| | Women | 19 | 17 | |
| Total | Men | 21 | 19 | |
| | Training hours Year | 314,558 | 304,578 | |
| | Person | 36 | 35 | |
| Total | Women | 16 | 13 | |
| | Men | 45 | 44 | |
| | Training hours Year | 956,868 | 998,045 | |
| Total | Person | 40 | 41 | |
| | Women | 33 | 31 | |
| | Men | 44 | 46 | |

G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Learning in Repsol aims to develop the professional capacities needed for effective performance in pursuit of the company's strategic goals.

Programs carried out in 2017 were based on initiatives designed to acquire knowledge, develop skills and encourage the commitment of everyone in the company to its plans, culture and values throughout their working lives:

| Area | Subject |
|---|---|
| General | <p>Leadership and management Programs aimed at the developing employees in their professional career in the company to improve their leadership skills and develop their important role in achieving a safe and efficient operation.</p> <p>Training for Executives: External training programs selected for each specific type of position, and pilot for internal strategic program for all senior managers to promote the achievement a common vision, sense of team and identification with the strategic plan.</p> <p>Programs of generic skills and languages.</p> <p>Programs available at all times for all Repsol employees.</p> <p>Generic: No. of employees: 10,995 Hours of training: 100,195 Technical: Number of employees: 11,046 Hours of training: 472,003 Management: Number of employees: 13,242 Hours of training: 66,552 Foreign languages Number of employees: 2,576 Hours of training: 90,858</p> |
| Health, Safety and Environment | <p>Training in the new Incident Management Rules and tools for management of incidents. In addition, ten basic safety rules were disseminated and deployed, including online training program.</p> <p>No. of employees: 21,777 Hours of training: 227,260</p> |
| Master programs (general; Upstream; Refining and Chemicals) Upstream | <p>Training for recruitment of new university degreeholders. A total of 73 students from 13 different countries completed these programs during the year.</p> <p>Technical training programs for the dissemination of corporate and safety policies tools to ensure permanent refreshing and training of professionals in the business.</p> |
| Refining and Chemical | <p>Program to reinforce defined safety and environment conduct that can help achieve the goal of zero accidents.</p> <p>Program for the dissemination of Repsol values, targeted at operators of chemical plants and of dual occupational training.</p> <p>Training program with process simulators to improve knowledge and operation of plants and practice situations of emergency.</p> |
| Marketing and LPG | <p>University expert programs in commercial management.</p> <p>Program for leadership in service quality excellence in service stations In Portugal, program for service station managers and, in Peru, annual refresher course in sales training.</p> <p>In LPG, in safety, training programs in emergencies and first aid in all factories and central office staff.</p> |
| Training in other areas | <p>Training programs and non-employment internships for disabled persons and other vulnerable groups (non-employees) to promote their employability in the sector.</p> <p>No. of training actions: 8</p> <p>No. of beneficiaries: 80 people.</p> <p>Vocational training programs in Spain.</p> <p>A total of 180 students undertook internships in the Company. Some 130 students from six training phases in dual modality, and 50 students in training modality in workplaces.</p> |

Performance assessment

G4-LA11 Percentage of employees receiving regular performance and career development reviews, by gender and employee category

Performance assessments and social development at Repsol

| Category | 2017 ⁽²⁾ | | | 2017 ⁽¹⁾ | | |
|-----------------------------|---------------------|---------------|---------------|---------------------|---------------|---------------|
| | Women | Men | Total | Women | Men | Total |
| Executives | 45 | 217 | 262 | 47 | 240 | 287 |
| Technical managers | 690 | 1,650 | 2,340 | 672 | 1,746 | 2,418 |
| Technicians | 2,950 | 5,656 | 8,606 | 3,106 | 6,129 | 9,235 |
| Administrative staff | 613 | 301 | 914 | 677 | 302 | 979 |
| Operatives and subordinates | 374 | 2,719 | 3,093 | 340 | 2,769 | 3,109 |
| Total | 4,672 | 10,543 | 15,215 | 4,842 | 11,186 | 16,028 |

(1) The figures of 2016 have been recalculated considering 2017 reporting criteria.

(2) Information regarding 2017, is the best data available, because a part of the evaluation process has not been completed at the date of disclosure of this report.

Diversity and equal opportunities

G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Number of employees by employee category, age and gender

| Job category | | 2017 | | | 2016 | | |
|-----------------------------|----------|-------|--------|-------|-------|--------|-------|
| | | <30 | 30-50 | >50 | <30 | 30-50 | >50 |
| Executive | Female | 0 | 25 | 21 | 0 | 27 | 20 |
| | Male | 0 | 90 | 126 | 0 | 96 | 137 |
| | Total | 0 | 115 | 147 | 0 | 123 | 157 |
| | % Female | 0 | 22 | 14 | 0 | 22 | 13 |
| Technical manager | Female | 1 | 499 | 181 | 1 | 474 | 179 |
| | Male | 2 | 1,012 | 662 | 5 | 993 | 731 |
| | Total | 3 | 1,511 | 843 | 6 | 1,467 | 910 |
| | % Female | 33 | 33 | 21 | 17 | 32 | 20 |
| Technician | Female | 758 | 3,254 | 464 | 828 | 3,239 | 463 |
| | Male | 626 | 4,840 | 2,034 | 726 | 5,020 | 2,132 |
| | Total | 1,384 | 8,094 | 2,498 | 1,554 | 8,259 | 2,595 |
| | % Female | 55 | 40 | 19 | 53 | 39 | 18 |
| Administrative staff | Female | 30 | 509 | 208 | 37 | 538 | 230 |
| | Male | 23 | 264 | 91 | 27 | 253 | 103 |
| | Total | 53 | 773 | 299 | 64 | 791 | 333 |
| | % Female | 57 | 66 | 70 | 58 | 68 | 69 |
| Operatives and subordinates | Female | 369 | 2,111 | 383 | 344 | 2,056 | 339 |
| | Male | 679 | 4,063 | 1,760 | 630 | 4,051 | 1,790 |
| | Total | 1,048 | 6,174 | 2,143 | 974 | 6,107 | 2,129 |
| | % Female | 35 | 34 | 18 | 35 | 34 | 16 |
| Total | Female | | 8,813 | | | 8,775 | |
| | Male | | 16,272 | | | 16,694 | |
| | Total | | 25,085 | | | 25,469 | |
| | % Female | | 35 | | | 34 | |

The percentage of women in this section includes all employees, including those that have working hours of less than 80%.

G4-LA13 Ratio of basic salary and remuneration of women to men by employee category ,by significant locations of activity**Ratio of basic salary of women to men**

| Country | Executive | Technical manager | Technician | Administrative staff | Operatives and subordinates |
|---------------|-----------|-------------------|------------|----------------------|-----------------------------|
| Bolivia | n.a. | 1.03 | 1.01 | n.a. | n.a. |
| Brazil | n.a. | 1.15 | 1.04 | n.a. | n.a. |
| Canada | 1.05 | 1.09 | 1.10 | n.a. | n.a. |
| Ecuador | n.a. | n.a. | 1.36 | n.a. | n.a. |
| Spain | 1.12 | 1.09 | 1.10 | n.a. | n.a. |
| United States | n.a. | 1.10 | 1.23 | n.a. | n.a. |
| Indonesia | n.a. | n.a. | 1.32 | n.a. | n.a. |
| Malaysia | n.a. | 1.14 | 1.34 | n.a. | n.a. |
| Peru | n.a. | 1.23 | 1.14 | n.a. | n.a. |
| Portugal | n.a. | 1.00 | 1.09 | n.a. | n.a. |

n.a. No data is published in categories with no information available (administrative assistants and operations staff and subordinates) or for staff that is representative in one of the genders (technical managers in Ecuador and Indonesia, and Executives in the United States and Peru).

The differences compared to the previous year are small, especially in countries with a greater company presence.

The year 2017 was one of wage restraint, and the main cause of variations were the changes in the composition of the workforce. In countries and categories where the workforce is small or with an insignificant presence of one of the genders, the ratio is sharply affected by small variations caused by new hires or departures.

Human rights

G4-HR2 Total hours of employee training on human right policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of trained employees

Repsol promotes a culture of respect for human rights among its employees.

Since 2012, an online course has been provided on Human Rights Principles based on the United Nations Guiding Principles on Business and Human Rights. Up to 2017, the course has been taken by a cumulative total of 10,670 employees, which is equivalent to 21,484 hours of training.

Furthermore, the Latin America Legal Services team, comprising 30 people throughout the region, have strengthened their knowledge of the rights of indigenous peoples and provide consultation with a focus on legislative changes and developments in the region on this topic. This training was carried out by experts (Baker & McKenzie) and provided as part of the offsite program conducted in Lima on and November 6 and 7.

In addition, online training is available to employees on the workplace integration of disabled people, called *Superando Barreras* (Overcoming Barriers), which was taken by 217 employees; and prevention of harassment, taken by 50 employees in 2017.

G4-HR3 Total number of incidents of discrimination and corrective actions taken

In 2017, three harassment cases were undertaken in Spain pursuant to the protocol for the prevention of harassment of the Repsol Group. All the claims have been dismissed with no harassment perceived. Nevertheless, as a result of one case, other infractions have been detected that gave rise to a disciplinary proceeding for the employee.

Under Spanish legislation, the company is unable to provide any further details on the claims, investigations, handling or resolution of harassment cases for reasons of confidentiality.

In the US, there were three claims of discrimination, which are currently ongoing.

In Canada, a discrimination complaint was filed by a former employee, and it is currently in progress.

G4-OG9 Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place

Repsol is currently conducting seventeen operations in seven countries (Bolivia, Canada, Colombia, Ecuador, Papua New Guinea, Peru and Russia) that are taking place near or are adjacent to the territories of indigenous communities.

All the aforementioned operations have at least one of the following elements: public consultation and consultation plans; reference studies; social impact assessments and action plans; relocation plans, community development plans; claim and complaint procedures; and other documents from community information centers.

100% of significant assets have development programs for local communities based on the needs of the latter and participation plans for stakeholders based on their geographic distribution.

Social development and performance reviews in repsol

| Country | Description | Participation strategy |
|-------------------------|--|---|
| Bolivia | Margarita: Caipipendi and Huacaya. 5 indigenous communities belonging to the Guaraní people. Caimbeiti: 1 indigenous community belonging to the Guaraní people. | Process of prior consultation for environmental license in new projects and ongoing dialog with communities in active projects. Impacts are assessed and monitored. Continuous execution of action plans and continuous contact with communities through participative dialogue. Monthly meetings with communal and community leaders. Operational level formal grievance mechanisms in place. Social investment projects carried out with communities and in conjunction with municipality of Huacaya and Entre Ríos. |
| Canada | Greater Edson, North Duvernay & South Duvernay, Chauvin 16 indigenous communities of First Nations and Metis. | Participative dialogue is carried out on a continuous basis with indigenous groups (First Nations and Metis). Formalization of dialog gave rise to five management plans with communities. Inclusion of local development, social investment plans, etc. In addition, there are specific consultation processes in accordance with regulatory requirements for both First Nations and for Metis. |
| Colombia | RC-12: 18 Wayuu communities; CPE-8: Four Sikuani and Curripacós ethnic communities; PUT-30: One Pijao community | Prior consultation process according to permanent interactive participative model. Impact assessment in human rights with communities within area of direct influence. Establishment of communication and grievance mechanism according to model of requests, complaints, claims and suggestions. Relationship strategies that engage these communities directly, taking into account their cultural particularities: whether they are desert communities, Pie de Monte communities and high plains or rainforest communities. Their representative organizations, leaders and traditional authorities have been identified in order to build a smooth and ongoing relationship. Social investment projects are undertaken with indigenous communities. |
| Ecuador | Active Block 16 - Waorani community and the Kichwa people in the eight communities of direct influence | There is a permanent dialog of cooperation and management of agreements and commitments, including a current agreement for compensation for the Wait project, and permanent voluntary cooperation via a cooperation agreement pursuant to "Waemo Kewingi" (Good Living) with the Waorani Nationality of Ecuador (NAWE), the representative body of the entire Waorani ethnic group. Projects are governed by Ecuadorian legislation and by the Environmental Management Plan. Plans are being made for community development, emergency plans, environment and an anthropological contingency plan. |
| Papua New Guinea | 9 operating licenses: indigenous communities organized into 137 clans and sub-clans (population of approximately 5,000 people). | Strategy based on continuous participation of communities through dialog plans that identify key stakeholders, frequency of contacts and periodic meetings, etc. In addition, local development projects are carried out, such as specific training courses for farmers and women, and social investment projects. |
| Peru | Block 57: 8 native communities in area of direct influence. | Operations of activities being carried out are covered during three stages of community relationship (insertion, residence and abandonment) through participation strategies, which are carried out in accordance with the Community Relations Plan under social impact management programs (community monitoring and citizen vigilance; compensations and indemnities; grievance register; promotion of local employment; community communication and relations) and social investment and contribution to local development. Relations with communities are carried out with respect for the culture of each ethnic group (Machiguenga, Kakinte, Ashaninka, Yine) In addition, account has been taken of the socio-economic situation of each community and stakeholder. |
| Russia | 6 indigenous communities of Khanty and Mansy ethnic groups in area of activity. | Strategy is based on studies of identification of stakeholders carried out previously, including indigenous communities in our area of influence. The country's legal requirements for participation have been met. |

Society

Impacts on local communities

G4-SO2 Operations with significant actual and potential negative impacts on local communities

To the extent that the activities are consistent with those of previous years, the impacts are too. No different negative impacts have been reported.

| Activity | Potential impacts identified |
|-------------------------------------|---|
| Downstream Industrial complexes | Smells, noise, gas emissions into the atmosphere, dust, visual impacts and, to a lesser extent, discharges. |
| Onshore exploration and production | Potential health effects on the people living locally as a result of the inhalation of gases associated with exploration activities Temporary use of land to carry out the exploration work. Hiring of local manpower to carry out the exploration work. Migratory movements toward operations they may cause on use of local services. |
| Offshore exploration and production | Temporary change in fishing routes to accommodate the presence of boats and other equipment related to oil and gas operations. Temporary change in fishing sector revenue due to the installation of equipment and facilities for offshore exploration purposes. Economic activity related to tourism. Hiring of local manpower to carry out the exploration work. |

Anti-corruption

G4-SO4 Communication and training practices on anti-corruption practices and procedures

The fight against corruption is one of the principles included in Repsol's Suppliers' Code Ethics and Conduct. This code is provided to all suppliers through the General Conditions for Purchasing and Contracts in the bidding processes and tenders in which they take part, and it is required from suppliers in rating and audit questionnaires. This is why the Company may consider that 100% of Repsol's suppliers are informed of Repsol's position in this regard. The following table shows the number of Repsol's suppliers.

Employee training

The company has three online training courses on the fight against corruption:

- "Ethics and Conduct Code": includes anti-corruption policies (available to all employees).
- "Crime Prevention Model" (available to all employees).
- "Anti-Money Laundering and Counter Terrorist Financing" (available to employees in Peru).

Number of employees receiving anti-corruption training by region

| | Executives | Technical managers | Technicians | Clerical staff | Manual workers junior personnel |
|---------------|------------|--------------------|--------------|----------------|---------------------------------|
| Africa | 2 | 32 | 64 | 1 | |
| Asia | 5 | 109 | 529 | 145 | |
| Europe | 138 | 1,091 | 4,169 | 441 | 1,406 |
| Latin America | 19 | 227 | 1,807 | 17 | 7 |
| North America | 16 | 261 | 581 | 56 | 145 |
| Oceania | 2 | 15 | 15 | 1 | |
| Total | 182 | 1,735 | 7,165 | 661 | 1,558 |

Percentage of employees receiving anti-corruption training by region

| | Executives | Technical managers | Technicians | Clerical staff | Manual workers junior personnel |
|---------------|------------|--------------------|-------------|----------------|---------------------------------|
| Africa | 50 | 64 | 54 | 25 | |
| Asia | 63 | 68 | 79 | 85 | |
| Europe | 68 | 75 | 64 | 58 | 17 |
| Latin America | 97 | 92 | 53 | 83 | 10 |
| North America | 80 | 73 | 77 | 75 | 78 |
| Oceania | 67 | 79 | 75 | 33 | |
| Total | 70 | 76 | 62 | 64 | 18 |

| Region | Suppliers informed on anti-corruption policies and procedures by region ⁽¹⁾ | |
|---------------|--|------|
| Africa | 963 | 100% |
| Asia | 1,703 | 100% |
| Europe | 22,655 | 100% |
| Latin America | 28,207 | 100% |
| North America | 4,666 | 100% |
| Oceania | 231 | 100% |

(1) The figure includes supplier informed in the year, as well as all those who settle in the supplier history by region.

Responsible participation in public policy**G4-SO6 Total value of political contributions by country and recipient/beneficiary**

In 2017, Repsol made no political contributions. Accordingly, there were no breaches of the Ethics and Conduct Code with respect to contributions to political parties. Repsol is in favor of lobbying activity being carried out in a transparent manner.

In Europe and in Spain, the Company has taken part in debates and public consultations, with the aim of working with the institutions and society in the development of different legislative initiatives. Accordingly, the Company reports such activity in all areas where formal registration is required, and pursuant to the requests made by competent authorities, where such information is public and accessible.

Specifically, such activity is registered in the following jurisdictions: the European Union, the United States at federal and state level (in the states of Pennsylvania and Texas) and in Canada at federal and provincial level (Alberta and British Columbia).

Links to official lobby registration pages and further information at www.repsol.com.

Compliance**G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations**

In 2017 and 2016, there were no significant (for Repsol) fines or sanctions levied as a result of lawsuits or administrative proceedings ending with a final decision.

G4-SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes**litigation^(*) due to allegations of anti-competitive practices (number of cases initiated)^(*)**

| | 2017 | 2016 |
|--|------|------|
| | 1 | 0 |

(*) Number from lawsuits or administrative procedures begun in the year that are significant for the Repsol Group.

In order to foster growing awareness and stay permanently abreast of anti-trust legislative developments, the company continued to provide subject-specific training throughout 2017.

Appendix II. GRI-G4 index

Part I. General standard disclosures

| GRI | Description of the indicator | Reference in the Management Report, Reports or online | Verification |
|---|---|---|--------------|
| Strategy and Analysis | | | |
| G4-1 | Statement about the relevance of sustainability to the organization and its strategy for addressing sustainability | Message from the CEO | √ |
| G4-2 | Key effects, risks and opportunities | Section 1. Summary of main events Section 2.4. Corporate Governance Section 6.1. Climate change Appendix II: Risks | √ |
| Organization profile | | | |
| G4-3 | Name of the organization | 2017 Consolidated Financial Statements - Note 1 General Information | √ |
| G4-4 | Primary brands and products and services | Section 2.1 Business model Section 5.1 Upstream Section 5.2 Downstream | √ |
| G4-5 | Location of organization's headquarters | 2017 Consolidated Financial Statements - Note 1 General Information | √ |
| G4-6 | Number of countries where the organization operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report | Section 2.2 Repsol around the world Section 5. Performance by business areas | √ |
| G4-7 | Nature of ownership and legal form | 2017 Consolidated Financial Statements - Note 1 General Information 2017 Consolidated Financial Statements - Note 6 Intangible Assets | √ |
| G4-8 | Markets served (including geographical breakdown, sectors served and types of customers/ and beneficiaries) | Section 2.2. Repsol around the world Section 5.1. Upstream Section 5.2. Downstream | √ |
| G4-9 | Scale of the organization | Section 2.1. Business model Section 2.2. Repsol around the world Section 2.3. Corporate Structure | √ |
| G4-10 | Workforce by employment contract, employment types, region and gender | Section 6. Sustainability - 6.2. People - Our human team Appendix III: GRI Indicators - PART I Company profile | √ (1) |
| G4-11 | Percentage of total employees covered by collective agreements | Appendix III: GRI Indicators - PART I Company profile | √ |
| G4-12 | Description of the organization's supply chain | Section 6.8. Supply chain | √ (2) |
| G4-13 | Significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain | 2017 Consolidated Financial Statements - Note 1 General Information- 1.4. Main changes in consolidation perimeter | √ |
| G4-14 | Description of the how the precautionary principle is addressed by the organization | Section 2.4. Corporate Governance Section 6.1 Climate change Section 6.3 Safe operation Section 6.4 Environment Appendix II: Risks | √ |
| G4-15 | List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes | https://repsol.energy/es/sostenibilidad/iniciativas-y-adhesiones/index.cshtml | √ |
| G4-16 | List of national and international advocacy organizations and memberships of associations to which the organization belongs | https://repsol.energy/es/sostenibilidad/iniciativas-y-adhesiones/index.cshtml | √ |
| Identified material aspects and boundary | | | |
| G4-17 | List of entities included in the organization's consolidated financial statements and equivalent documents | Section 2.3. Organizational structure 2017 Consolidated Financial Statements - Appendix I: Main companies comprising the Repsol Group | √ |
| G4-18 | Process for defining the report content | Appendix III: GRI Indicators - PART I Materiality and stakeholders | √ |
| G4-19 | Material aspects identified in the process for defining report content | Appendix III: GRI Indicators - PART I Materiality and stakeholders | √ |
| G4-20 | Scope of the report | About this report | √ |
| G4-21 | Limits in terms of Aspect Boundaries | About this report | √ |
| G4-22 | Effects of any restatement of information provided in previous reports and the reasons for such restatements | There were no significant restatements in the period. The scope used for preparation of supply chain information published in 2016 has been revised | √ |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries | About this report Section 6.8. Supply chain | √ |
| Stakeholder engagement | | | |
| G4-24 | Stakeholders groups engaged by the organization | Section 2.4. Corporate Governance Appendix III: GRI Indicators - PART I - Materiality and stakeholders | √ |
| G4-25 | Criteria for identification and selection of stakeholders | https://repsol.energy/es/sostenibilidad/nuestro-modelo/index.cshtml | √ |
| G4-26 | Organization's approach to stakeholder engagement | Appendix III: GRI Indicators - PART I - Materiality and stakeholders | √ |

| GRI | Description of the indicator | Reference in the Management Report, Reports or online | Verification |
|-----------------------|---|--|--------------|
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | Appendix III: GRI Indicators - Materiality and stakeholders | √ |
| Report profile | | | |
| G4-28 | Reporting period for information provided | 2017 | √ |
| G4-29 | Date of most recent previous report | For 2016, which was published in the first half of 2017 | √ |
| G4-30 | Reporting cycle | Yearly | √ |
| G4-31 | Contact point for questions regarding the report or its contents | Questions, queries, suggestions or any other questions related to this report can be sent to the Shareholders' Office, by telephone at +34 900 100 100 or via email, to infoaccionistas@repsol.com or to repsolteescucha@repsol.com | √ |
| G4-32 | "In accordance" option chosen by the organization | About this report | √ |
| G4-33 | Organization's policy and current practice with regard to seeking external assurance for the report | See Deloitte letter of verification at Repsol.com | √ |
| Governance | | | |
| G4-34 | Governance structure of the organization | Section 2.4 Corporate Governance Appendix VI: 2017 Annual Corporate Governance Report - A2. Give details on the direct and indirect holders of significant interests excluding directors Appendix VI: 2017 Annual Corporate Governance Report - C1.2 Members of the Board of Directors Appendix VI: 2017 Annual Corporate Governance Report - C1.16 Members of top management Appendix VI: 2017 Annual Corporate Governance Report - C2. Committees of the Board | √ |
| G4-35 | Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees | Section 2.4. Corporate Governance Section 6.1 Climate change | √ |
| G4-36 | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics | Appendix VI: 2017 Annual Corporate Governance Report - C2 Committees of the Board - Audit and Control Committee Appendix VI: 2017 Annual Corporate Governance Report - C2 Committees of the Board - Sustainability Committee Section 2.4 Corporate Governance | √ |
| G4-37 | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics | Section 2.4 Corporate Governance | √ |
| G4-38 | Composition of the highest governance body and its committees | Appendix VI: 2017 Annual Corporate Governance Report - C1.2 Members of the Board of Directors Appendix VI: 2017 Annual Corporate Governance Report - C2. Committees of the Board | √ |
| G4-39 | Indicate whether the Chair of the highest governance body is also an executive officer | Appendix III: GRI Indicators - PART I Company profile | √ |
| G4-40 | Nomination and selection processes for the highest governance body and its committees | Directors selection policy: https://repsol.energy/es/accionistas-inversores/gobierno-corporativo/comisiones-del-consejo-de-administracion/comision-de-nombramientos/index.cshtrmlhttps://www.repsol.energy/imagenes/global/es/politica_de_seleccion_consejeros_tcm13-66877.pdf Anexo VI: 2017 Annual Corporate Governance Report - C1.19. Procedures for selection, appointment, re-election, assessment and removal of directors. | √ |
| G4-41 | Processes for the highest governance body to ensure conflicts of interest are avoided and managed | Appendix VI: 2017 Annual Corporate Governance Report - D.1 Competent body and procedure for approving related party and inter-company transactions Appendix VI: 2017 Annual Corporate Governance Report - D.6. Mechanisms to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or controlling shareholders | √ |
| G4-42 | Highest governance body's and senior executives' roles in the development, approval and updating of the organization's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social impacts of the organization | Regulations of the Board of Directors - Article 5 https://www.repsol.energy/imagenes/global/es/reglamento_Consejo_Administracion_27072016_tcm13-13029.pdf | √ |
| G4-43 | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics | Section 2.4. Corporate Governance | √ |
| G4-44 | Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics and actions taken in response | Bylaws of Repsol S.A.- Article 45 quarter. Assessment of the Board Regulations of the Board of Directors - Article 11 https://www.repsol.energy/imagenes/global/es/reglamento_consejo_administracion_27072016_tcm13-13029.pdf Appendix VI: 2017 Annual Corporate Governance Report - C1.20 Describe the process of assessment and the areas assessed by the Board of Directors Section 2.4. Corporate Governance | √ |

| GRI | Description of the indicator | Reference in the Management Report, Reports or online | Verification |
|-----------------------------|---|---|--------------|
| G4-45 | Highest governance body's role in the identification and management of the economic, environmental and social impacts, risks and opportunities and in the implementation of due diligence processes | Appendix VI: 2017 Annual Corporate Governance Report - E. Risk control and management systems Appendix VI: 2017 Annual Corporate Governance Report - F. Internal risks management and control systems over financial reporting (ICFR) | √ |
| G4-46 | Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics | Appendix VI: 2017 Annual Corporate Governance Report - E. Risk control and management systems Appendix VI: 2017 Annual Corporate Governance Report - F. Internal risks management and control systems over financial reporting (ICFR) | √ |
| G4-47 | Frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities | Appendix VI: 2017 Annual Corporate Governance Report - E. Risk control and management systems Appendix VI: 2017 Annual Corporate Governance Report - F. Internal risks management and control systems over financial reporting (ICFR) | √ |
| G4-48 | Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered | Appendix VI: 2017 Annual Corporate Governance Report - C2 Committees of the Board - Sustainability Committee | √ |
| G4-49 | Process for communicating critical concerns to the highest governance body | Section 2.4. Corporate Governance | √ |
| G4-50 | Nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address and resolve them | Section 2.4. Corporate Governance | √ |
| G4-51 | Remuneration policies for the highest governance body and senior executives in relation to the organization's performance | Appendix VI: 2017 Annual Corporate Governance Report - C2 Committees of the Board - Compensation Committee 2017 Annual report on the remuneration of Directors Remuneration Policy of the Directors of Repsol, S.A. - https://www.repsol.energy/imagenes/global/en/Pol%C3%ADtica_de_Remuneraciones_EN_VF_tcm14-64095.pdf | √ |
| G4-52 | Process for determining remuneration | 2017 Consolidated Financial Statements - Note 27. Remuneration of Board members and executive officers Compensation Committee 2017 Annual report on the remuneration of Directors Appendix VI: 2017 Annual Corporate Governance Report - C2 Committees of the Board - Sustainability Committee | √ |
| G4-53 | Mechanisms for seeking and taking into account the opinion of stakeholders regarding remuneration | Appendix III: GRI Indicators - PART I Company profile | √ |
| G4-54 | Ratio for the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country | Appendix III: GRI Indicators - PART I Company profile | √ |
| G4-55 | Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country | Appendix III: GRI Indicators - PART I Company profile | √ |
| Ethics and Integrity | | | |
| G4-56 | Organization's values, principles, standards and norms of behavior | Code of ethics and conduct. Section 6.7. Ethics and Compliance About this report | √ |
| G4-57 | Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity | Repsol Ethics & Compliance Channel. Section 6.7. Ethics and Compliance | √ |
| G4-58 | Internal and external mechanisms for reporting concerns about unethical and lawful conduct, and matters related to organizational integrity | Repsol Ethics & Compliance Channel. Section 6.7. Ethics and Compliance | √ |

Part II. Specific standard disclosures

| GRI | Description of the indicator | Reference in the Management Report, Reports or online | Verification |
|---------------------------------------|--|---|--------------|
| 1. Economic | | | |
| 1.1. Economic Performance | | | |
| G4-EC1 | Direct economic value generated and distributed | Section 6.6. Responsible Tax Policy 2017 Consolidated report of payments to public administrations relating to hydrocarbon exploration and production operations Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance | √ (3) |
| G4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | Section 6.1. Climate change | √ |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations | 2017 Consolidated Financial Statements - Note 28 Personnel obligations | √ |
| G4-EC4 | Financial assistance received from government | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance | √ |
| 1.2. Market Presence | | | |
| G4-EC5 | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance | √ |
| G4-EC6 | Proportion of senior management hired from the local community at significant locations of operation | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance | √ |
| 1.3. Indirect Economic Impacts | | | |
| G4-EC7 | Development and impact of infrastructure investments and services supported | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance | √ |
| G4-EC8 | Significant indirect economic impacts, including the extent of impacts | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance | √ |
| 1.4. Procurement Practices | | | |
| G4-EC9 | Proportion of spending on local suppliers at significant locations of operation | Section 6.8. Supply chain | √ (2) |
| G4-OG1 | Volume and type of estimated proven reserves and production | Section 1. Summary of main events - Main figures and indicators Section 5.1 Upstream 2017 Hydrocarbon exploration and production activities report | √ |
| 2. Environmental | | | |
| 2.1. Materials | | | |
| G4-EN1 | Materials used by weight or volume | Section 5. Performance by business areas | √(4) |
| G4-EN2 | Percentage of materials used that are recycled input materials | Not material | Not verified |
| 2.2. Energy | | | |
| G4-EN3 | Energy consumption within the organization | Section 6.1. Climate Change | √ (5) |
| G4-EN4 | Energy consumption outside of the organization | Section 6.1. Climate Change | √ |
| G4-EN5 | Energy intensity | Section 6.1. Climate Change | √ (5) |
| G4-OC2 | Total amount invested in renewable energy | Section 6.1. Climate Change | √ |
| G4-OC3 | Total amount of renewable energy generated by source | Section 6.1. Climate Change | √ (6) |
| G4-EN6 | Reduction of energy consumption | Section 6.1. Climate Change | √ (5) |
| G4-EN7 | Reductions in energy requirements of products and services | Section 6.1. Climate Change | √ |
| 2.3. Water | | | |
| G4-EN8 | Total water withdrawal by source. | Section 6.4. Environment | √ |
| G4-EN9 | Water sources significantly affected by withdrawal of water | Section 6.4. Environment | √ (8) |
| G4-EN10 | Percentage and total volume of water recycled and reused | Section 6.4. Environment | √ |

| GRI | Description of the indicator | Reference in the Management Report, Reports or online | Verification |
|-----------------------------------|--|---|--------------|
| 2.4. Biodiversity | | | |
| G4-EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Environmental performance - Biodiversity and ecosystem services | √ (9) |
| G4-EN12 | Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Environmental performance - Biodiversity and ecosystem services | √ (10) |
| G4-EN13 | Habitats protected or restored | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Environmental performance - Biodiversity and ecosystem services | √ (7) |
| G4-EN14 | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Environmental performance - Biodiversity and ecosystem services | √ |
| G4-OG4 | Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Environmental performance - Biodiversity and ecosystem services | √ |
| 2.5. Emissions | | | |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (scope 1) | Section 6.1. Climate Change | √ (5) |
| G4-EN16 | Energy indirect greenhouse gas (GHG) emissions (scope 2) | Section 6.1. Climate Change | √ (5) |
| G4-EN17 | Other indirect greenhouse gas (GHG) emissions (scope 3) | Section 6.1. Climate Change | √ (11) |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | Section 6.1. Climate Change | √ |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | Section 6.1. Climate Change | √ (5) |
| G4-EN20 | Emissions of ozone-depleting substances (ODS) | Not material | Not verified |
| G4-EN21 | NO _x , SO _x , and other significant air emissions | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance - Non-GHG emissions | √ |
| 2.6. Effluents and Waste | | | |
| G4-EN22 | Total water discharges by quality and destination. | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Environment performance - Water management | √ |
| G4-EN23 | Total weight of waste managed by type and disposal method. | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance - Waste management | √ |
| G4-EN24 | Total number and volume of significant spills. | Section 6.3. - Safe Operation | √ |
| G4-OG5 | Volume and disposal of formation or produced water | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance - Water management | √ |
| G4-OG6 | Volume of flared and vented hydrocarbon | Section 6.1. Climate Change | √ |
| G4-OG7 | Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance - Waste management | √ |
| G4-EN25 | Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally | Not material | Not verified |
| G4-EN26 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Environmental performance - Biodiversity and ecosystem services | (7) |
| 2.7. Products and Services | | | |
| G4-EN27 | Extent of mitigation of environmental impacts of products and services | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Environmental performance - Mitigation of the environmental impact of products and services | √ |
| G4-OG8 | Benzene, lead and sulfur content in fuels | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Energy efficient and climate change - Non-GHG emissions | √ (7) |
| G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | Not material | Not verified |
| 2.8. Compliance | | | |
| G4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Society - Regulatory compliance | √ |
| 2.9. Transport | | | |
| G4-EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | Major environmental impacts associated with the transportation and distribution of our products are listed in section 6.1. Climate Change in Scope 3 indicators | √ (11) |

| GRI | Description of the indicator | Reference in the Management Report, Reports or online | Verification |
|---|--|--|--------------|
| 2.10. Overall | | | |
| G4-EN31 | Total environmental protection expenditures and investments by type | 2017 Consolidated Financial Statements - Note 29 Environmental information | √ |
| 2.11. Supplier Environmental Assessment | | | |
| G4-EN32 | Percentage of new suppliers that were screened using environmental criteria | Section 6.8 Supply chain | √ |
| G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Economic performance - Supply chain management and its impact where the company performs its operations | √ |
| 2.12. Environmental Grievance Mechanisms | | | |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms | Section 6.2.2 Respect for Human Rights and the relationship with local communities | √ (12) |
| 2.13. Biofuels | | | |
| G4-OG14 | Volume of biofuels produced and purchased meeting sustainability criteria | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Environmental performance - Energy efficient and climate change | √ (7) |
| 3. Social | | | |
| 3.1. Labor Practices and Decent Work | | | |
| 3.1.1. Employment | | | |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Labor Practices and Decent Work | √ |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Labor Practices and Decent Work | √ |
| G4-LA3 | Return to work and retention rates after parental leave, by gender | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Labor Practices and Decent Work | √ |
| 3.1.2. Labor/Management Relations | | | |
| G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | Repsol adheres to the periods of minimum notice established by law in the countries in which Repsol operates, and also those laid down in collective agreements or policies, where applicable. | √ |
| 3.1.3. Occupational Health and Safety | | | |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Health | √ |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | Section 6.3. Safe Operation Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Health | √ |
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Health | √ |
| G4-LA8 | Health and safety topics covered in formal agreements with trade unions | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Health | √ |
| 3.1.4. Training and Education | | | |
| G4-LA9 | Average hours of training per year per employee by gender, and by employee category | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Training and development | √ |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Training and development | √ |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Performance appraisals | √ |
| 3.1.5. Diversity and equal opportunities | | | |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | Section 2.4. Corporate Governance Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Diversity and equal opportunities | √ |

| GRI | Description of the indicator | Reference in the Management Report, Reports or online | Verification |
|--|--|---|--------------|
| 3.1.6. Equal Remuneration for Women and Men | | | |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Diversity and equal opportunities | √ (13) |
| 3.1.7. Supplier Assessment for Labor Practices | | | |
| G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria | Section 6.8. Supply chain | √ |
| G4-LA15 | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Contribution to economic development where the company performs its operations | √ |
| 3.1.8. Labor Practices Grievance Mechanisms | | | |
| G4-LA16 | Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms | Section 6.2.2 Respect for Human Rights and the Relationship with Local Communities | √ (12) |
| 3.2. Human Rights | | | |
| 3.2.1. Investment | | | |
| G4-HR1 | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | Section 6.8. Supply chain | √ |
| G4-HR2 | Hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | Section 6.2.2 Respect for Human Rights and the Relationship with Local Communities Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Human Rights | √ |
| 3.2.2. Non-discrimination | | | |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Human Rights | √ (14) |
| 3.2.3. Freedom of Association and Collective Bargaining | | | |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights | Section 6.8. Supply chain | √ |
| 3.2.4. Child Labor | | | |
| G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor | Section 6.8. Supply chain | √ |
| 3.2.5. Forced or Compulsory Labor | | | |
| G4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor | Section 6.8. Supply chain | √ |
| 3.2.6. Security Practices | | | |
| G4-HR7 | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations | Section 6.2.2 Respect for Human Rights and the Relationship with Local Communities | √ |
| 3.2.7. Indigenous Rights | | | |
| G4-HR8 | Total number of incidents of violations involving rights of indigenous peoples and actions taken | Section 6.2.2 Respect for Human Rights and the Relationship with Local Communities | √ |
| G4-OG9 | Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place | Section 2.2 Repsol around the world Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Human Rights | √ |
| 3.2.8. Assessment | | | |
| G4-HR9 | Total number and percentage of operations that have been subject to human rights reviews or impact assessments | Section 6.2.2 Respect for Human Rights and the Relationship with Local Communities | √ |

| GRI | Description of the indicator | Reference in the Management Report, Reports or online | Verification |
|---|---|---|--------------|
| 3.2.9. Supplier Human Rights Assessment | | | |
| G4-HR10 | Percentage of new suppliers that were screened using human rights criteria | Section 6.8. Supply chain | √ |
| G4-HR11 | Significant actual and potential negative human rights impacts in the supply chain and actions taken | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Contribution to economic development where the company performs its operations | √ |
| 3.2.10. Human Rights Grievance Mechanisms | | | |
| G4-HR12 | Number of grievances about human rights practices filed, addressed, and resolved through formal grievance mechanisms | Section 6.2.2 Respect for Human Rights and the Relationship with Local Communities | √ |
| 3.3. Society | | | |
| 3.3.1. Local Communities | | | |
| G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | Section 6.2.2 Respect for Human Rights and the Relationship with Local Communities | √ |
| G4-SO2 | Operations with significant actual or potential negative impacts on local communities | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Society - Impact on local communities | √ |
| G4-OG10 | Number and description of significant disputes with local communities and indigenous peoples | Section 5.1. Upstream | √ |
| G4-OG11 | Number of sites that have been decommissioned and sites that are in the process of being decommissioned | Section 5.1. Upstream Section 5.2. Downstream | √ |
| 3.3.2. Anti-corruption | | | |
| G4-SO3 | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified | Section 6.7. Ethics and compliance | √ |
| G4-SO4 | Communication and training on anti-corruption policies and procedures | Section 6.7. Ethics and compliance Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Society - Fight against corruption | √ |
| G4-SO5 | Confirmed incidents of corruption and actions taken | Section 6.7. Ethics and compliance | √ (15) |
| 3.3.3. Public Policy | | | |
| G4-SO6 | Total value of political contributions by country and recipient/beneficiary | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Society - Responsible participation in public policy | √ (15) |
| 3.3.4. Anti-competitive Behaviour | | | |
| G4-SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Social performance - Society - Regulatory compliance | √ |
| 3.3.5. Compliance | | | |
| G4-SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | The information on legal and tax contingencies can be found in Notes 16 and 23 of the 2017 Consolidated Financial Statements | √ |
| 3.3.6. Supplier Assessment for Impacts on Society | | | |
| G4-SO9 | Percentage of new suppliers that were screened using criteria for impacts on society | Section 6.8. Supply chain | √ |
| G4-SO10 | Significant actual and potential negative impacts on society in the supply chain and actions taken | Appendix III: GRI Indicators - PART II: SPECIFIC STANDARD DISCLOSURES - Contribution to economic development where the company performs its operations | √ |
| 3.3.7. Grievance Mechanisms for Impacts on Society | | | |
| G4-SO11 | Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms | Section 6.2.2 Respect for Human Rights and the Relationship with Local Communities | √ |
| 3.3.8. Involuntary Resettlement | | | |
| G4-OG12 | Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process | Section 6.2.2 Respect for Human Rights and the Relationship with Local Communities | √ |

| GRI | Referencia en el informe RC | Referencia en Informes o web | Verificación |
|--|---|------------------------------|--------------|
| 3.3.9. Asset Integrity and Process Safety | | | |
| G4-OG13 | Number of process safety events, by business activity | Section 6.3. Safe Operation | √ |
| 3.4. Product Responsibility | | | |
| 3.4.1. Customer Health and Safety | | | |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | Not material | Not verified |
| G4-PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes | Not material | Not verified |
| 3.4.2. Product and Service Labeling | | | |
| G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements | Not material | Not verified |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | Not material | Not verified |
| G4-PR5 | Results of surveys measuring customer satisfaction | Not material | Not verified |
| 3.4.3. Marketing Communications | | | |
| G4-PR6 | Sale of banned or disputed products | Not material | Not verified |
| G4-PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes | Not material | Not verified |
| 3.4.4. Customer privacy | | | |
| G4-PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | Not material | Not verified |
| 3.4.5. Compliance | | | |
| G4-PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | Not material | Not verified |

√ Content reviewed according to the scope of the information described in the Deloitte's Independent Assurance Report.

- (1) Information on contractors and subcontractors is not provided.
- (2) Information about supply chain only makes reference to the significant purchases carried out by the contracting and purchasing department. It excludes purchases of crude oil, gas and materials.
- (3) The referenced report about payments to Public Administrations by countries has not been audited, only the global evolution of payments
- (4) Processed crude oil, which is the main material, is itemized.
- (5) The overall reasonableness of the data has been verified. The data are subject to modification once the audits of the emissions of each facility and asset under the ISO 14064 standard are carried out.
- (6) It relates to the installed power.
- (7) The information is qualitative.
- (8) Soley information on water withdrwan by water sources is provided.
- (9) Information on the biodiversity value is not provided.
- (10) Information on the nature of the impacts is not provided.
- (11) Scope 3 emissions do not include E&P transport and distribution categories nor investments on operated and equity share categories.
- (12) Breakdown by nature is not reported.
- (13) Information on remuneration by category and gender is not provided.
- (14) Relevant discrimination incidents involving employees are reported.
- (15) Labor sanctions and warnings due to breaches of the Code of Ethics and Conduct are reported.

Independent Assurance Report on the Sustainability information of the 2017 Consolidated Management Report of Repsol S.A. and Subsidiaries

To the shareholders of Repsol S.A:

Scope of our work

We have performed the review, with a limited assurance, of the sustainability information of the 2017 Consolidated Management Report (MR) of Repsol S.A. and Subsidiaries (Repsol Group), the scope of which is defined in the chapter "About this report". Our work consisted of the review of:

- The reliability and adherence of the contents of the MR to the GRI Sustainability Reporting Guidelines version 4 (hereinafter referred to as G4 Guidelines), including the Oil&Gas Sector Supplement.
- The information included in the MR relating to the application of the principles of inclusivity, materiality and responsiveness set out in the AccountAbility's AA1000 Accountability Principles Standard (AA1000APS).

Procedures performed

We conducted a limited assurance engagement in accordance with International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants to achieve limited assurance. Additionally, we have applied AccountAbility's 1000 Assurance Standard (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA1000APS and on the sustainability performance indicators (type 2 moderate assurance).

Our work consisted of making enquiries to Management and certain business units and corporate units of Repsol and subsidiaries involved in the preparation of the MR and in carrying out the following analytical procedures and sample-based review tests:

- Meetings with Repsol personnel to ascertain the principles, systems and sustainability management approaches applied.
- Review of the 2017 meetings minutes of the Sustainability Committee.
- Review of the steps taken in relation to the identification and consideration of the stakeholders throughout the year and of the stakeholders' participation processes through the analysis of the available internal information and third-party reports.
- Analysis of the coverage, materiality and completeness of the information included in the MR on the basis of the understanding of Repsol Group of its stakeholders' requirements in relation to the relevant issues identified by the organization and described in the 'Appendix III. GRI Indicators', section "Materiality and Stakeholders" of the MR.
- Review of the information related to the management approaches applied to sustainability and verification of the existence and scope of the policies, systems and sustainability procedures.
- Analysis of the adherence of the contents of the MR to those recommended in the G4 Guidelines, comprehensive option, and verification that the contents included agree with those recommended by the GRI Guidelines.
- Review on a sample basis, of the quantitative and qualitative information relating to the GRI G4 indicators included in the MR and of the adequate compilation thereof based on the data furnished by the information sources of Repsol Group.

Responsibilities of Repsol Group and of Deloitte

- The preparation and contents of the MR are the responsibility of the Board of Directors of Repsol S.A. who are also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue a limited assurance report based on the procedures applied in our review.
- Since a limited assurance is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on the MR.
- This report has been prepared in the interest of Repsol in accordance with the terms and conditions of our Engagement Letter.
- We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.
- Deloitte maintains, in accordance with the International Standard on Quality Control (ISQC) a global system of quality control including policies and procedures regarding compliance with ethical requirements, independence requirements, standards and applicable legal and regulatory requirements.
- Our team consisted of professionals with experience in Corporate Responsibility Reports, qualifications and, specifically, on economic, social and environmental performance and stakeholders' participation processes.

Conclusions

"Appendix IV" of the MR, GRI- G4 Index, provides details of the contents reviewed and of the limitations in the scope of our work, and identifies any contents that do not cover all the areas recommended by the GRI. Based on the procedures performed and evidence obtained, except for the issues identified in the GRI-G4 Index, nothing has come to our attention that causes us to believe that:

- The Sustainability information included in the MR has not been prepared in accordance with the guidelines of the GRI G4, including the reliability and adequacy of the contents, in all material aspects.
- Repsol Group has not applied the principles of inclusivity, materiality and responsiveness as described in the chapter "About this Report", in accordance with standard AA1000 APS:
 - **Inclusivity:** Repsol Group has carried out a participation process for stakeholders that facilitates their involvement in the development of a responsible approach to sustainability management.
 - **Materiality:** the process of determining materiality requires an understanding of the important or relevant issues for Repsol Group and its stakeholders.
 - **Responsiveness:** Repsol Group responds with specific actions and commitments related to the material issues identified previously.

Observations and recommendations

In addition, we presented to the Sustainability Direction of the Repsol Group our recommendations related to the areas of improvement in sustainability management and information and, specifically, to the application of the principles of inclusivity, materiality and responsiveness. Hereunder is a summary of the most significant ones, which do not modify the conclusions presented in this report:

Inclusivity and materiality

As stated in the section "Materiality and Stakeholders", included in the "Appendix III" of the MR, Repsol Group employs a materiality study based on thorough analyses and consultations to its stakeholders. In order to improve the representativeness of the stakeholder groups consulted, as well as their inclusivity, it would be advisable to adapt the sample used to the different business units of Repsol Group, and to broaden its scope to all the different geographies in which Repsol Group has a significant presence.

Responsiveness

In 2017, Repsol Group approved the Global Sustainability Plan, which includes objectives for 2020 based on the six pillars of Repsol's Sustainability Model: ethics and transparency, climate change, people, safe operation, resource and impact management, and innovation and technology. To facilitate the monitoring and evaluation of the Plan, it would be advisable to continue working on a global scorecard that provides overall control and consolidates the progress updates of the local sustainability plans, including both the level of attainment of each objective and its impact.

Additionally, during 2017, Repsol has worked on aligning the climate change related information to the recommendations provided by the *Task Force on Climate-related Financial Disclosures* (TCFD). Similarly, Repsol is working on the development of climate scenario analyses that are compatible with the Sustainable Development scenario presented by the International Energy Agency. The application of indicators and metrics that facilitate the monitoring of the adherence of each of the business units to Repsol's climate change strategy, not only from an energy efficiency perspective, will enable Repsol to focus investment decisions on new technologies and solutions that enable an efficient transition to low carbon business models.

DELOITTE, S.L.



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27 de febrero de 2018

