

## Indigenous communities

Repsol has formally recognized the rights of indigenous communities enshrined in international law, and works to ensure compliance with all existing international agreements, such as Convention 169 of the International Labor Organization, regardless of whether they are incorporated into the laws of the countries we operate in.

In 2010, we worked to implement and deploy our Indigenous Community Regulations, which was approved in 2009 and is to be applied to new projects, extensions of existing projects, and winding down or closure of projects. We particularly focused on programs to raise awareness of this new policy with employees and contractors. We also publicized the policy among the indigenous communities.

### RELATIONS WITH INDIGENOUS COMMUNITIES AFFECTED BY REPSOL'S OPERATIONS IN 2010

Country	Operation	N° of communities and approx. population	Ethnic group	Dialogue and consultation	Agreements reached
Argentina	Loma la Lata (development)	4: Paynemil, Kaxipayiñ, Purrán y Cortes.	Mapuche	Dialogue committee made up of YPF staff to arrange joint activities with the Mapuche Paynemil and Kaxipayiñ communities.	Collaboration agreements with the Paynemil and Kaxipayiñ communities to provide school assistance, social work for elderly people, supplies of gas and energy and maintain irrigation equipment.
Bolivia	Margarita (development)	4 directly affected and 32 indirectly affected. (2,000 people)	Guaraní	Consultation and public participation processes on Environmental Impact Assessments (EIA): production facilities of the Huacaya X-1 well, Caipipendi Area, and collection and evacuation lines and access routes to the Margarita field.	<ul style="list-style-type: none"> <li>· Friendship and Cooperation Agreement between the Assembly of the Guaraní Itika Guasu People, signed for 20 years.</li> <li>· Signing of a document to validate agreements for the consultation and participation process with the Assembly of the Guaraní Itika Guasu People. The consultation and participation process was carried out by the Hydrocarbons Ministry, with the support of the United Nations Development Program (UNDP).</li> <li>· Pro Habitat agreement - Improvement and completion of 37 homes in the Guaraní community of Iguirati in the zone III Original Community Lands (TCO) Itika Guasu and construction of five social houses.</li> <li>· Luis Herrera beekeeping agreement - Monitoring of "Make Life Sweeter" project and implementation of three basic carpentry workshops for beekeepers in Guaraní communities (Zapaterambia, Yuati and Kumandaroti).</li> <li>· Agreement with communities in Zone III Itika Guasu - Direct support focused on immediate needs for health, education and productive development in communities in our area of direct influence.</li> </ul>
	Paloma -Surubí (development)	10	Aymara and Quechua	<b>Block sold in 2010.</b> An inter-institutional agreement was signed with the town of Entre Ríos in Cochabamba and the agro-livestock union federation Mamoré-Bulo Bulo to carry out a range of work and activities to be funded jointly by the company and the local council.	
	North Charagua (exploration)	5	Not available	<b>This block is in the process of being handed back</b> , and so no agreements were signed in 2010 although the company collaborated in a water project to benefit the community of El Espino.	
Colombia	Capachos (development)	1 indirectly affected (250 people)	Uwa	11 meetings on various issues related to the activities, construction work, social investment and status of the block.	Procedures have been initiated to acquire an area of land of cultural importance to the Uwa people, where the Yopo tree, their sacred plant, historically grew.

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Country	Operation	N° of communities and approx. population	Ethnic group	Dialogue and consultation	Agreements reached
Ecuador	Block 16 (development)	7 directly affected: 5 intra-block: Dikaro, Yarentaro, Timpoka, Guiyero and Peneno; and 2 far-flung settlements (411 people) of the Waorani ethnic group.  2 with impact due to logistics activity: Pompeya and Indillama (926 people), of the Kichwa ethnic group.  28 indirectly affected (1,816 people)	Quechua and Waorani	<ul style="list-style-type: none"> <li>Public consultation and participation processes for the EIAs on: extension of the Iro A platform, drilling of nine wells, extension and drilling of three additional wells; and the provision of drill cuttings in the Bogi and Daimi A areas.</li> <li>More than 100 talks, information meetings, workshops and accountability events on various issues contained in the environmental management plan for Block 16 and the Tivacuno Area, as well as on issues suggested by the communities, including: Biodiversity Action Plan (PAB) workshops, carried out with the collaboration of the San Francisco University in Quito; Workshops to improve the quality of handicrafts with the Association of Waorani Women in Ecuador AMWAE; Planning and accountability meetings with communities and the governing councils and presidents of Waorani nationality communities from outside the block in Ecuador.</li> </ul>	<ul style="list-style-type: none"> <li>Ending of the annual operating plan and execution of the 2009 budget signed by Repsol YPF Ecuador S.A. and NAWE;</li> <li>Approval of the action plan to support Waorani communities and the Waorani Nationality of Ecuador (NAWE) organization.</li> <li>Cooperation and compensation agreement between Repsol YPF Ecuador S.A. and the Peneno community 2010 – 2013.</li> </ul>
Peru	Block 39 (exploration)	12 (1,915 people)	Arabela and Quechua	<ul style="list-style-type: none"> <li>Various consultation and participation processes on two EIAs for the projects to extend 454 km of 2D seismic and for 3D seismic prospecting and drilling of 21 exploration wells.</li> <li>Information workshop during production of the EIA held in the community of Buena Vista in November 2010 and approval of the public.</li> </ul>	In July 2010, two compensation agreements were signed with the communities of Buena Vista and Hurbina, to provide compensation for the impact of the seismic project. These agreements were contained in the EIA of the project to extend 454 km of 2D seismic.
	Block 57 (exploration and development)	21 (10,570 people.)	Asháninka, Kakinte, Maachiguenga and Yine	<ul style="list-style-type: none"> <li>Consultation and participation process on two EIAs: 2D - 3D seismic project and drilling of 21 wells, and the project to develop the southern area of the Kinteroni field.</li> <li>Two information workshops with directly-affected communities and the Directorate General for Environmental and Energy Affairs.</li> </ul>	<ul style="list-style-type: none"> <li>25 collaboration agreements with the indigenous communities and federations and those in charge of executing the contracts to administer the Machiguenga and Ashaninka community reserves.</li> <li>A compensation agreement with the community of Nuevo Mundo regarding the drilling of exploratory wells and completion of Well 57-29-1XST in the Kinteroni location.</li> </ul>
	Block 109 (exploration)	20 (3,850 people)	Awajún / Chaya-huitas	Work is being done to develop strategies to build relations and to start holding information workshops and consultation processes.	None established as yet
	Block 90 (in process of being handed back)	7 (2,700 people)	Asháninka and Yine	In 2010, the block was returned to the Peruvian State. However, actions are being taken to improve reforestation of the areas affected, as well as necessary actions to compile supporting documentation to show that all social commitments made to the indigenous communities affected in previous years have been fulfilled. In 2010, a consultation and participation process was carried out on the program to improve reforestation in Sipán, contained in the termination plan for Lot 90.	
Venezuela	Quiriquire (development)	1 indirectly affected (500 people)	Warao		Projects were agreed in the area of health, with actions coordinated with the Regional Indigenous Health Directorate.

More information on our Policy on Relations with Indigenous Communities, the Regulation for Actions in Relations with Indigenous Communities and the Repsol management system for indigenous communities can be found at [communities.repsol.com](http://communities.repsol.com)

### Measuring our performance

To evaluate our social performance in ongoing operations with indigenous communities, we have committed ourselves to carrying out independent third-party studies. These studies analyze our compliance with our Policy on Relations with Indigenous Communities in our ongoing projects in countries where our operations affect these communities.

In 2010, we carried out studies on our operations in Peru and Bolivia.

Methodology	Development	Results
Carrying out of study by an independent third party	3 operations analyzed in Peru (two in exploration and one in development).	Final report with 79 recommendations for Repsol (October 2010).
Review of Repsol corporate and local documentation	1 operation analyzed in Bolivia (production).	
Analysis of disputes and claims against Repsol in relation to its operations	More than 70 interviews with stakeholders: Local communities, Indigenous communities, Indigenous federations, Public administrations, International bodies, NGOs.	Action Plan to be carried out by Repsol (January 2011, being developed).
Identification of stakeholders at company, national and local level	Interviews with local Repsol employees	Approval of Action Plan (2011).
Preparation of interviews	Interviews with Repsol operation contractors.	
Participation by two civil society experts with comments and recommendations at all project phases.	Interviews with Repsol operation partners.	Publication of Action Plan ( <a href="http://www.repsol.com">www.repsol.com</a> )

### Disputes arising

In Bolivia:

- In September, leaders of the National Assembly of the Guaraní People (APG) called Repsol to a joint meeting with the Hydrocarbons Ministry in the community of Tentayapi, in order to consider reclassifying the environmental report on the 3D seismic project in Huacaya from medium to high impact. The Hydrocarbons Ministry modified the project category without objection from Repsol. After this meeting, the community in question published a press release saying that it would not accept any kind of activity in its territory. Repsol is reviewing its operations so they may be carried out in areas in which the communities are in favor of the project.
- In December 2010, the signing of a Friendship and Cooperation Agreement with the Assembly of the Guaraní People of Itika Guasu (APGIG) put an end to the dispute with the communities of the Original Community Lands (TCOs, by its Spanish acronym) negotiations on which were stalled from 2006 until May 2010.

In Peru:

- Expanded information was provided to the central office of the Ashaninka people of the Tambo river on the Environmental Impact Assessment for the 2D - 3D seismic project and drilling of 21 wells as a decisive factor for continuing with the public hearings that had to be carried out.

In Ecuador:

- In December 2010, a report from an Environmental Clinic working group claimed that the money from the *Friendship, Respect and Mutual Support Agreement* signed in 1993 by the Waorani Nation of Ecuador (NAWE) and the company Maxus, previous operator of Block 16, was destroying the Waorani people. In a subsequent press release, the NAWE denied the statements in the report and defended the Waorani people's right to development, growth and defense of their territory.

## Our community investment

In 2010, Repsol spent €29.99 million on social investment projects. Added to those arising from legal, regulatory or contractual requirements, these brought the total spent in 2010 to €35.41 million.

### VOLUNTARY SOCIAL INVESTMENT<sup>(72)</sup>

Million euros	2008	2009	2010
Social investment	28.32	30.25	29.99

As in previous years, we have continued to use the London Benchmarking Group (LBG) methodology for reporting social investments, which provides a general overview and makes it possible to compare the results with those of other companies using the same methodology.



The LBG methodology guides the way in which companies report their community contributions, be they money, employees' time, in-kind or in management costs. We are reporting our social investment for the first time this year by type of contribution:

- Contribution of money refers to the monetary amount that we spent on social investment projects.
- Contribution of time is the proportional cost of the hours of paid work of employees who have carried out community projects.
- Contribution in kind includes products, equipment, the provision of company facilities and other non-monetary resources.
- Management costs include expenditure incurred for the general management of social investment projects that cannot be assigned to specific projects.

(72) The social investment figures for 2008 and 2009 were recalculated this year due to the modification of social investment in Venezuela, which incorporated the obligatory social investment outlined in the 2009 CR report. This modification has been applied in all the figures in this section relating to 2008 and 2009.