



Repsol

Uniting business and environment

The business case

Repsol's environmental projects worldwide are run in keeping with its vision to create value, as much for shareholders and employees as for the stakeholders in the communities where they operate. Repsol "understands that its main function in society is to satisfy energy needs in those countries where it operates and to do so in an efficient, sustainable and safe manner." The energy market is highly competitive and Repsol's initiatives and programs enable it to keep its license to operate, innovate and grow.

Repsol and sustainability

Repsol is an international energy company with some 36,400 employees worldwide and a net turnover of 3.2 billion Euros. Repsol is active in petroleum and gas exploration and production, refining and marketing, as well as in chemicals and gas and electricity.

Repsol aims to consolidate its position in all the countries in which it is present, developing its business responsibly and gaining the trust of its stakeholders.

Repsol YPF has maintained its place on select sustainability indexes, including FTSE4Good, Dow Jones World and STOXX.

Its 2007-2009 Corporate Responsibility Master Plan organizes, guides and coordinates the company's approach to corporate responsibility and includes nine programs, grouped into six strategic lines involving all its corporate departments and business areas. It is a guideline for employee behavior. Overall, the Master Plan foresees 65 initiatives until the end of 2009, all of which reflect the company's wish to be one of the most admired companies in its sector wherever it operates.

Supervised by the Corporate Reputation Committee, formed by representatives from all the company's divisions and business units, over 30 of the initiatives were carried out in 2007, almost 50% of the total program.

Repsol "understands that its main function in society is to satisfy energy needs in those countries where it operates and to do so in an efficient, sustainable and safe manner.

"This social function has to be fulfilled in an atmosphere of trust between the company and its stakeholders. Social trust is a fundamental asset for achieving its business objectives, it facilitates a balanced and sustainable distribution of value between its stakeholders and maximizes the company's value over time.

"Trust is the basis on which society gives the company a license to operate. Its benefits include enabling Repsol to carry out its business plans with public endorsement, develop its projects in new locations, command the loyalty of its staff and retain regular customers in such a competitive market as energy."

This case study details five specific projects where Repsol is having a positive impact on ecosystems, biodiversity and the environment.

Monitoring of marine mammals in seismic operations (Argentina and Brazil)

Repsol's operations in Argentina and Brazil aim to develop projects where the management of biodiversity is integrated throughout the life cycle of their business activities.

To do so, the operations applied international standards and their own norms to the use of air guns in the presence of marine mammals, as well as the observation and registration of their behavior. A total of 340 animals were registered: dolphins, whales and marine wolves.



The project found that precautions must be taken to diminish the disturbance of the seismic operation in the marine mammals, including:

- Planning seismic operations with consideration for migration and reproductive periods
- Placing marine mammal specialists on board seismic ships
- Using a smooth starting mechanism procedure for air guns
- Continuing to register or observe the animals to evaluate changes of behavior and to carry out scientific contributions.

Repsol aims to use these experiences as a model for future projects.

Biodiversity information system (SIBRY) project (worldwide)

Repsol has created a global geographical information system (GIS) that includes company operations and protected areas as core data sets. Called SIBRY (sistema de información de biodiversidad de Repsol), the system aims to help:

- Screen potential investments: rapid decisions are often necessary when identifying and moving forward with investment opportunities. In addition, financial institutions (IFC, World Bank) are increasingly asking for information on how the proposed project would affect critical habitats and protected areas. SIBRY provides a mechanism for rapidly accessing the most critical information on protected areas.
- Site an operation in a given region: deciding where to locate a new development is often the decision that results in the most significant impacts on biodiversity. SIBRY provides Repsol with the ability to scope particular regions and sites during the early stages of this decision-making process and thus integrate biodiversity risks within the analysis.
- Report on biodiversity performance: companies are increasingly committing to reporting publicly on their biodiversity performance, whether through the global reporting initiative or annual corporate environmental reports.
- Develop biodiversity action plans: information from SIBRY can be used to support the decision of developing biodiversity action plans as it provides information on sites of conservation concern.



Through participation in project PROTEUS, a partnership between UNEP-WCMC (the United Nations Environment Programme - World Conservation Monitoring Center) and several private companies, Repsol has access to the world database on protected areas (WDPA), the most comprehensive spatial dataset on marine and terrestrial protected areas available. SIBRY phase I, completed in March 2008, was developed internally and is currently being used by the E&P HSE department in risk assessments for new and existing operations.

This program has shown that it is possible to integrate biodiversity management directly into operations. Repsol will continue to upload new datasets into SIBRY and extend the use of the tool to the rest of its business lines (refining, marketing etc.)

Luján de Cuyo refinery: Ecological reserve and center for bird rescue (Argentina)

The 32-hectare ecological reserve created at the Luján de Cuyo refinery aims to monitor animal and vegetal species to detect alterations due to local industrial activities in order to take immediate corrective actions.

The refinery is situated in the province of Fitogeográfica del Monte, a semi-desertic area covering the flat surface of Mendoza and which reaches the nearby mountain ranges. In the mountains, species like jarillas, thorny plants like the alpataco and the chañar, scarce pastures and some cacti are normally found. In this landscape, the reserve is like an oasis whose vegetation gives an example of the mountain ecosystems, with conifers, peruvian pepper trees, and mixed forest, lagoon vegetation, high pastureland zones and other similar vegetal species.



There is also a significant birdlife, both endemic and those from the southern Patagonian Biogeographic Region and from the natural wooded environments of the Mendoza river, as well as the artificial woods of the Cipolletti dam, of the refinery and neighboring rural zones.

This variety has enabled the presence of less abundant species in the refinery reserve, such as the calandra lark, the patagonian thrush and the remolinera patagonian (birds). There are also more abundant species such as the lugano whose presence is not only permanent: this species even breeds in this zone.

Specifically, the refinery aims to:

- Protect the area's flora and fauna and its ecosystems
- Recover autochthonous fauna (in transit) for repopulation in areas of the province where these species are endangered or absent
- Control tangible bio-indicators
- Educate and train personnel in environmental concerns
- Maintain a recreational area for the enjoyment of the natural environment
- Afforest and extract shoots for replanting in other areas of the refinery and businesses related to this.



The program works in three main areas:

- **Recreational and educational** - in this sector the tasks of information and ecological education are carried out, as well as those of recreation and rest. The entry of people is generally permitted.
- **Intangible** - this area is destined for the passive observation of flora and fauna, avoiding whenever possible, altering and/or disturbing the interrelation between species and its environment.
- **Investigation** - in this area tests, monitoring and investigation are carried out, to investigate the biological performance and the probable factors of alteration.

The refinery has published a "Bird Guide" and an "Arboreal Species Guide". The first is the result of 26 years of patient observation and it is respected as a great contribution to Argentinian ornithology. The second is a meticulous work of recognition of all existing species in the refinery environment, classified according to their scientific name and common denomination.

Ecosystem valuation (Brazil)

In 2005, Repsol joined with SOS Mata Atlántica Foundation to create Floresta Repsol. Run under an umbrella program called "Florestas do Futuro" ("forests for the future"), the first Floresta Repsol was made up of 15,000 seedlings of native species from the Mata Atlántica planted on 9 hectares in the basin of the Paraíba do Sul river (in the city of Pinheiral, Rio de Janeiro state), the main water source in the area. .

This program was aimed at the reforestation of the Mata Atlántica and the recovery of areas along rivers, preserving riverbeds and river biodiversity. These actions were complemented by associated environmental actions and technical training by means of sustainable activities that help the conservation of the Mata Atlántica.



Through Floresta Repsol, the company guarantees that more than 5 million inhabitants of 160 municipalities retain access to drinking water from the river Paraíba do Sul.

In parallel with the reforestation and preservation of the water resources, this program also aims to stimulate education for the students of the Nilo Peçanha Technical School, with hands-on classes in Floresta Repsol. In addition, the pupils are selected by the local chapter of the Mata Atlántica SOS Foundation to act as agents in the community, spreading the importance of soil use planning and environmental protection.

In 2007, the focus of this program was on collaborating to plant native flora. The new Floresta Repsol includes 15,000 seedlings that have been planted on the margins of the Ponte Nova Reservoir one of the most important reservoirs near Sao Paulo. The reservoir is responsible for 60% of the Alto Tietê System's water, supplying seven municipalities of San Paulo's Leste zone, largely for irrigation.

Repsol's participation in the Florestas do Futuro programme continues. Every two years SOS Mata Atlántica Foundation presents the critical and available areas for planting and together they choose one, with the help of environmental specialists from the Foundation. The next area selected to be reforested by Repsol through Florestas do Futuro will start planting in 2009.



Neuquén forestry project (Argentina)

Repsol's West Argentina Business Unit has been running the Neuquén forestry project since 1999. It aims to contribute to the economic and social development of the region through the creation and use of sustainable forests, most particularly the recovery of eroded areas resulting from forest fires and excess cattle grazing. The project is clearly focused on environmental protection and soil recovery in degraded areas.

The main social and environmental benefits derivatives of the project are:

- Diminution of the soil erosion
- Generation of sustainable employment in areas of little development
- Development of local capacities and action between companies and institutions in the region.

Concretely, the project consists of planting and sustainably maintaining a 5,000 hectare high mountain coniferous zone that was previously deforested, first with native species and then with other species as determined by the characteristics of each estate.

The most difficult aspect of this work has been the coordination and establishment of objectives between government authorities and a private company. To reach consensus, the company pursued ISO certification for each stage of the project, hard support from universities and a program to incorporate technological advances.

The program has resulted in:

- Employment generation with an average of full-time 150 jobs and the employment of temporary workers during breeding stages, intermediate and final planting, pruning, etc.
- Direct contribution in prevention of forest fires, taking advantage of oil industry know how
- The protection and improvement of registered tree species, such as the *Nothofagus sp*
- The effective management of 8,000 hectares over 9 years and the additional protection of some 4,700 hectares (more of the 10% of the local total)
- The effective transformation of a forest project into a conservation program, considering environmental and social characteristics of the area where each project is implemented
- The contribution of a sustainable long-term activity to the economic and social development of that area.

In 2005 work began on the second phase of this project, particularly on actions for incorporating new fields, their subsequent implementation and the design of infrastructure such as pathways and firebreaks.

With the collaboration of the Neuquén Province and the intervention of the University of Comahue, recommendations were made for the design and development of restoration actions within the project. New criteria were taken into account for reforestation activities carried out in the Litrán area, incorporated into the project in 2006.

Large expansions of mono-species forest masses constitute health, economic and social risks, therefore forest diversification processes become tools for reducing said risks. In addition, if native species are involved in the process, this diversification will generate an improvement in local biodiversity levels.

In this sense, during the winter of 2006, a test in the Alicurú area began. Its objective is the productive diversification of this field using alternative species, one of which is the Cordilleran Cyprus (*Austrocedrus chilensis*).



More information

Repsol

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About the WBCSD

The World Business Council for Sustainable Development (WBCSD) brings together some 200 international companies in a shared commitment to sustainable development through economic growth, ecological balance and social progress. Our members are drawn from more than 37 countries and 20 major industrial sectors. We also benefit from a global network of around 55 national and regional business councils and partner organizations.

Our **mission** is to provide business leadership as a catalyst for change toward sustainable development, and to support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues.

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