

# CODE OF GOOD GOVERNANCE

Approved by the Fundación Repsol  
Trustees on 21 November 2012 and modified on 3 December 2015  
and on 24 November 2016



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## **CHAPTER I GENERAL PROVISIONS**

### **Article 1. Object and scope of application**

The object of this Code of Good Governance is to establish general guidelines that will govern the conduct of Fundación Repsol, the members of its Board of Trustees and other organisations and employees thereof, in carrying out activities in pursuit of the Foundation's goals.

### **Article 2. Entry into force**

This Code shall enter into force on the day of its approval or amendment.

### **Article 3. Amendments**

Amendments to this Code of Good Governance will require the approval of the Foundation's Board of Trustees.

## **CHAPTER II PRINCIPLES AND BEST PRACTICES**

### **Article 4. Mission and aims of the Foundation**

Fundación Repsol is the expression of Repsol Group's commitment to corporate social responsibility and, in particular, of its commitment to sustained improvement of the societies in which it carries out its industrial and business activities. Its actions and projects are geared around Social Energy, and it is a meeting point between the needs of the citizens and the social dedication of the company.

To this end, the Foundation will pursue objectives of general cultural interest, as well as social, environmental and scientific, educational and research-promoting objectives which are set out in detail in the Foundation's Statutes.

The Foundation, as decided by its Board of Trustees, shall plan its actions freely in the manner it considers to be most suitable to fulfil the objectives stated above.

#### **Article 5. Repsol Group Ethics and Conduct Code**

The principles, ethical values and conduct guidelines included in the Repsol Group Employee Ethics and Conduct Code will be the benchmark inspiring the basic conduct of Trustees and employees of Fundación Repsol.

#### **Article 6. Social responsibility**

The Foundation is committed to respecting human rights, protecting the environment and contributing to the advancement and welfare of the communities where it carries out its activities.

The Foundation shall analyse the economic and social needs of the communities where it carries out its activities, paying special attention to the public interest, equal opportunities, non-discrimination, and local problems and disadvantages.

#### **Article 7. Non-profit philosophy**

Fundación Repsol shall not distribute reserves or profit to its founding body, not even in the case of its dissolution. In accordance with current legislation and its Statutes, it will use its assets and revenues to achieve its foundational aims.

### **Article 8. Independence**

The Foundation shall have an appropriate structure that ensures its autonomy and independence.

In fulfilling their responsibilities the Foundation's Trustees and employees will always act with loyalty to the Foundation, independently of their own and outside interests.

The Foundation will not accept financial contributions that could place conditions on the fulfilment of its objectives, values and principles, or the fulfilment of its foundational aims, or which are illegal in nature.

### **Article 9. Control, planning and resource optimisation**

The Foundation's Board of Trustees will approve the plans that include the objectives and activities to be carried out in pursuit of its foundational aims.

Furthermore, it will establish planning and tracking mechanisms for the Foundation's activities and managing its resources.

The Foundation will manage its resources efficiently and seek to use them in an optimal way, and shall adopt the necessary measures to maintain a balanced financial position.

Suppliers and contractors shall be chosen through an impartial, transparent and objective selection process, using criteria on quality and cost.

### **Article 10. Transparency and accountability**

The Foundation considers transparency of information to be a basic principle that must govern its actions.

Therefore, and without prejudice to any applicable legal obligations, it will ensure clear and accurate dissemination of information about the Foundation's aims, activities, beneficiaries and the way in which its resources are used, via whatever means it deems appropriate, in order to ensure that potential recipients of its actions are aware of its existence and its equal opportunity philosophy.

In addition, the Foundation will provide the founding entity and its benefactors with information about its projects, what their contributions are used for and the results achieved.

Moreover, the Foundation will publish its Statutes, this Code of Good Governance, the membership of its governing and management bodies, its annual accounts and its activities report on its web site, along with any other information it considers relevant.

#### **Article 11. Legality**

The Foundation undertakes to fulfil, duly and respectfully, all of the legal obligations that it is subject to in all the countries where it carries out its activity.

#### **Article 12. Collaboration**

In pursuing its foundational aims, the Foundation may collaborate with other public and private entities, companies and institutions in order for its activities to achieve greater social impact.

## **CHAPTER III**

### **GOVERNANCE STRUCTURE**

#### **SECTION 1. THE BOARD OF TRUSTEES**

##### **Article 13. Membership and competencies**

The Board of Trustees is the Foundation's governing and representative body.

The Foundation Statutes establish the size, organisation and functioning of the Board of Trustees.

The Board of Trustees shall be made up of as many members as are needed to guarantee its effective and participatory operation, within the limits established by the Statutes.

Without prejudice to the provisions of the Law and the Statutes, the jurisdiction of the Board of Trustees extends to all matters relating to the high-level governance and management of the Foundation and its assets, its representation and the fulfilment of its foundational aims.

##### **Article 14. Internal organisation**

The Chairman of the Board of Trustees, chosen by the Founding Entity from among the members of that body, without prejudice to the duties and powers granted by Law and the Statutes, shall call and chair meetings of the Board of Trustees and shall ensure strict compliance with the resolutions it adopts.

In addition, the Chairman shall ensure that the members of the Board of Trustees receive sufficient information prior to meetings, stimulate debate and active participation during meetings and safeguard its members freedom to act and express opinions. In general it shall carry out as many actions as may be useful for the proper functioning of the body.

The Founding Entity shall choose one or more Vice Chairmen from among the members of the Board of Trustees who shall substitute for the Chairman, in the event of delegation, absence or illness, in the order decided by the Founding Entity.

The Board of Trustees shall appoint a Secretary, who need not be a Trustee, and who shall provide the Foundation's governing bodies with such information and support as is deemed necessary.

### **Article 15. Functioning**

The Board of Trustees will fix a yearly calendar of meetings before the start of each financial year.

The Board of Trustees shall be convened in writing which may be by letter, telex, telegram, fax or E-mail to each of the Trustees.

The power to set meeting agendas shall lie with the Chairman, although prior to meetings being called any Trustee may request that points be included in the agenda that, in their opinion, should be deliberated on by the Board of Trustees. Inclusion of these points will be compulsory when the request has the support of at least one- third of the Trustees.

Prior to each meeting being held, the Trustees shall receive the information needed to fulfil their duties and run the sessions.

The Board of Trustees' sessions may be held at the Foundation headquarters or at any other location decided by the Chairman and shown in the call to the meeting.

The Board of Trustees may also meet in several places at the same time, as long as audio-visual or telephone media are used to ensure real-time interaction and intercommunication between them and, therefore, the overall unity of the event.

The minutes shall clearly reflect the matters discussed and the resolutions passed.

## **SECTION 2. THE TRUSTEES**

### **Article 16. Responsibilities and obligations**

By virtue of their office, Trustees are specifically under the obligation to:

- Know about the Foundation's general lines of action and its foundational aims.
- Always act with loyalty to and in defence of the interests of the Foundation in fulfilling their responsibilities.
- Consistently devote the time and effort needed for regular monitoring of issues concerning the Foundation.
- Be informed and adequately prepare for Board of Trustees' meetings, obtaining sufficient information for this purposes and such collaboration or assistance as they think fit.
- Attend Board of Trustees' meetings and actively participate in discussions so that their criteria effectively contribute to the decision-making process. If they can not attend, they must delegate another Trustee to represent them by proxy.
- Perform any specific task assigned by the Board of Trustees and which reasonably falls within the commitment expected of them.

- Oppose any resolutions that are contrary to the Law or the Statutes.
- Avoid any direct or indirect conflicts with the Foundation's interest that may arise. In particular, Trustees shall abstain from participating in discussions and votes on issues where there is a conflict of interest.
- Where they find themselves in a situation that may damage the credit or reputation of the Foundation, they must inform the Board of Trustees as soon as possible and keep them informed.
- Place their posts at the disposal of the Board of Trustees and, if the Board deems it appropriate, formally resign if their not doing so jeopardises the Foundation's interests.
- Keep secret all confidential information to which they have access as part of their office, even after leaving the position. This information shall not be used unless it is general knowledge.

#### **Article 17. Right to information**

Trustees are vested with the broadest powers to gather the information they need to fulfil their duties. This right to information shall be channelled through the Chairman, Vice Chairman or Secretary of the Board of Trustees, who shall respond to requests by providing the information directly, offering the proper contacts or arranging the necessary measures to conduct the requested examination.

### **SECTION 3. EXECUTIVE COMMITTEE, ADVISORY BOARDS AND MANAGER**

#### **Article 18. Executive Committee**

If they deem it appropriate, the Board of Trustees may form an Executive Committee in accordance with the provisions of the Foundation's Statutes.

The relationship between the Executive Committee and the Board of Trustees shall be governed by the principle of transparency. For this purpose, the resolutions adopted at each Executive Committee session shall be announced at the following plenary meeting of the Board of Trustees, who will also receive a copy of the minutes of the Executive Committee sessions.

The provisions of this Code regarding the Board of Trustees shall govern the Executive Committee, with the necessary adjustments.

#### **Article 19. Advisory Boards**

The Board of Trustees may agree to create one or more Advisory Boards, which will advise the Board, its Chairman or its Vice Chairmen.

Appointment of Advisory Board members shall be made from people who are recognised experts and who have the proper knowledge and professional experience to carry out their functions.

#### **Article 20. Manager of the Foundation**

The Board of Trustees may appoint a Manager of the Foundation for its day-to-day management, who must comply with and enforce compliance with the strategic directives adopted by the Board of Trustees.

## **CHAPTER IV**

### **MANAGEMENT TEAM**

#### **Article 21. Recruitment**

The recruitment process for Foundation employees shall be carried out in accordance with the principles of equality, merit and ability.

#### **Article 22. Professional development, equal opportunities and non-discrimination**

The Foundation understands that the professional growth of each employee is intimately linked to their overall personal development. That is why it fosters an atmosphere in which equal employment opportunities apply to each and every one of its members, ensuring non-discrimination. Promotions shall be based on merit, ability and performance of professional duties.

Foundation employees shall be treated with respect and provided with a comfortable, healthy and safe working environment free from any offensive conduct, discrimination or intimidation.

The Foundation shall provide its employees with optimal working conditions in terms of health and safety, and shall make the resources needed to carry out their professional activity available to them.

#### **Article 23. Conflict of interests**

Foundation employees shall avoid situations that could lead to a conflict of their personal interests with those of the Foundation. In fulfilling their responsibilities, they must always act with loyalty to and in defence of the interests of the Foundation.

**CHAPTER V**  
**INFRINGEMENT AND VIOLATIONS OF THE CODE**

**Article 24. Infringement and violations of the code**

The Foundation shall encourage compliance with this Code by distributing it internally and externally.

Please inform the Compliance Committee of the Foundation about any infringement or violation of the provisions contained in the Code.

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