

REPSOL S.A.

2017 Annual Report on the Remuneration of Directors

*Translation of a report
originally issued in Spanish.
In the event of a discrepancy,
the Spanish language version prevails*



ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS IN LISTED COMPANIES

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REPSOL, S.A.

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The English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS IN PUBLICLY TRADED COMPANIES

A CORPORATE REMUNERATION POLICY FOR THE CURRENT YEAR

- A.1 Explain the corporate remuneration policy. This section will include information on:
- General principles and foundations of the remuneration policy.
 - Most significant changes in the remuneration policy applied during the previous year and changes made during the year to the conditions for the exercise of previously awarded options.
 - Criteria used to establish the corporate remuneration policy.
 - Relative importance of variable remuneration items in comparison to fixed items and the criteria used to determine the components of the directors' remuneration package (remuneration mix).

Explain the remuneration policy
General Principles and Foundations The defining principle of the Remuneration Policy for the Directors of Repsol, S.A. ("Repsol" or the "Company") is the creation of reciprocal value for the Group and for the Directors and aligning their interests over the long-term with those of the shareholders, ensuring total transparency. The principles and criteria followed to determine the Directors' remuneration for the functions related to their position and for performing their executive functions — including the relative importance of variable remuneration with respect to fixed remuneration —, are included in the aforementioned Remuneration Policy approved by the General Shareholders' Meeting of 19 May 2017. The aforementioned principles comply with article 217.4 of the Spanish Corporate Enterprises Act (<i>Ley de Sociedades de Capital</i>), with regard to their suitability with respect to the Company's size and relevance, market standards, its economic situation, revenue and its long-term sustainability; and the inclusion of the necessary precautions to avoid assuming excessive risk and rewarding unfavourable results. The aforementioned Policy was defined taking into account articles 45 and 45 <i>bis</i> of the Articles of Association and in article 26 of the Company's Board of Directors' Regulations that regulate the remuneration of the Directors of Repsol, differentiating between the principles that lead to the remuneration of the Directors in their capacity as such and for the performance of executive functions, in accordance with the following outline: <u>1) Principles of the remuneration system applicable to the Executive Directors for the performance of their executive functions:</u> The remuneration of the Executive Directors for the performance of their executive functions follows the principles indicated below: a) Ensure that the structure and overall amount of the remuneration complies with best practices and is competitive in relation to other comparable entities in order to attract, retain and motivate the best professionals; b) Establish remuneration with

objective criteria related to individual performance and achieving the Company's business objectives; c) Maintain an annual variable component related to the achievement of specific and quantifiable objectives, aligned with corporate interests, with control and measurement systems that determine the variable remuneration to be received based on individual performance and personal contribution to achieving the objectives set; d) Incorporate multi-year variable remuneration systems that foster achieving medium/long-term objectives and retaining key personnel; e) Maintain an adequate balance between the various types of remuneration and in line with best market practices; f) Ensure that the Executive Directors' interests are in line with those of shareholders, encouraging shareholding; g) Ensure that the Executive Directors' remuneration policy is aligned with that of Senior Executives.

2) Principles of the remuneration system applicable to Directors in their capacity as such:

The remuneration of Directors in their capacity as such is based on the following principles: a) It must be sufficient and appropriate given the dedication, qualifications and responsibilities of Directors, however it must not compromise their independent judgment; and b) It must be in line with that paid in the market, taking into consideration the remuneration established in comparable entities (i.e., the remuneration of directors in other listed business groups that are comparable to Repsol with regard to size, business and operational complexity and geographical distribution of assets).

Relevant changes to the Remuneration Policy:

In the General Shareholders' Meeting held on 19 May 2017, in accordance with article 529 *novodecies* of the Spanish Corporate Enterprise Act and article 45 of the Articles of Association, the Directors' Remuneration Policy of Repsol S.A. for 2018, 2019 and 2020 was approved with 95.89% of the votes.

In this connection, the following are the main additions to the aforementioned Remuneration Policy:

- To comply with recommendation 61 of the Good Governance Code for Listed Companies, a portion of the long-term variable remuneration for Executive Directors is set to be settled through the delivery of shares in accordance with the following proportion: 70% of the total will be paid in cash and 30% of the total will be paid in Company shares.

Likewise, it establishes that the Executive Directors may not transfer the aforementioned shares, or directly or indirectly arrange hedging transactions on them for one year after they are delivered.

- On the other hand, in accordance with recommendation 62 of the Good Governance Code for Listed Companies, the new Directors' Remuneration Policy establishes that Executive Directors, while they hold their position, must retain ownership of the Company shares in their portfolio, as well as any other shares delivered to them as payment up to a minimum of two times their fixed annual remuneration.
- To conclude, in addition to maintaining the possibility of demanding a refund (clawback) of the variable remuneration, the pre-post adjustments are

rounded out with the possibility of cancelling payment (*malus*) of the variable remuneration, earned and payable to the Executive Directors, if any unexpected circumstances arise that prove that the aforementioned remuneration has been earned based on inexact or erroneous information or data.

Criteria to establish the Remuneration Policy:

When establishing the Policy, the Board of Directors (BoD), further to the proposal of the Compensation Committee (CC), considers the provisions of the Bylaws and the Board of Directors Regulations, the applicable legislation, the Remuneration Policy approved by the General Shareholders Meeting and the objectives of the Strategic Plan which enable, among others, to establish the metrics to which the variable remuneration is linked; and market data and guidelines from investors and proxy advisors. For more information please see Section A.2.

Remuneration mix

Directors' compensation in their condition as such consists entirely of non-variable components. The pay package of Executive Directors consists mainly of one non-variable component, one short-term variable component and one long-term variable component. In addition, the remuneration package for Executive Directors also includes their participation in social security systems (see section A.5.) and certain benefits in kind (see section A.10.).

If the objectives to which the variable remuneration is tied are not achieved, the Executive Directors only receive the non-variable remuneration and other benefits related to his participation in social security systems and in kind.

On a scenario of a 100% level of achievement of targets, the non-variable remuneration for the CEO would account for 31% of the total remuneration (non-variable, annual variable and long-term variable) and the variable remuneration 69% (45% short term and 55% long term approximately). For the General Counsel the non-variable remuneration would account for 34% and the variable remuneration 66% (47% short term and 53% long term).

Both remuneration packages are in line with market practices for CEOs of companies on the index on which the company is listed (Ibex-35), where fixed remuneration accounts for 40% of total remuneration and variable remuneration accounts for 60% (57% of short-term variable remuneration and 43% of long-term variable remuneration).

- A.2 Information on the preparatory work and decision-making process followed to determine the remuneration policy and role, if any, performed by the remuneration committee and other supervisory bodies in shaping the remuneration policy. This information will include, where appropriate, the mandate given to the remuneration committee, its composition and the identity of the external consultants whose services have been used to define the remuneration policy. Also describe the character of the directors, if any, who have been involved in the definition of the remuneration policy.

Explain the process for determining the remuneration policy

Preparatory work and decision-making process:

The Board of Directors and the Compensation Committee regularly review the principles and criteria of Directors' Remuneration Policy, in order to keep it in line with best practices and market trends.

As part of this review process, in 2017 the independent and specialist advisory firm of Willis Towers Watson has carried out a benchmarking for the pay level and structure of the CEO in order to assess its suitability and its alignment with the market situation of the peers and the ongoing business of the Company. The group of comparison taken to such end has been the IBEX35, following the criteria provided under the Remuneration Policy of the Company:

a) Objectiveness: it has been chosen the IBEX 35 at the close of 2017, an established stock index that it is a reference benchmark in remuneration terms for Repsol in Spain.

b) Sufficient number of companies for the resulting statistics to be sound and representative: IBEX35 is made up of the 35 companies with the highest liquidity quoted in the *Sistema de Interconexión Bursátil Electrónico* (SIBE) [automated trading system] on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia). Repsol is excluded from this group, since it is the subject of comparison, as ArcelorMittal España, S.A., whose Board of Directors is based outside Spain, Bankia, S.A. and Aena, S.A. whose Board remuneration is limited by law.

In comparison with IBEX35, Repsol is above the 90th percentile in turnover and above the 75th percentile in market capitalization, while the total compensation of the CEO is between media and 75th percentile.

In view of the results of this analysis, and taking into account other factors, the Committee has proposed to the Board not to increase the non-variable remuneration of the CEO for the 2018 financial year.

Work performed by the Compensation Committee:

The functions of the Board and the Compensation Committee with respect to remuneration are regulated in the Articles of Association (article 45 and subsequent) and in the Board of Directors' Regulations (articles 5 and 36).

In 2017 the Compensation Committee met twice, with personal attendance of all its members to both meetings except in one of them where one Director attended by proxy. In 2018, at the publication date of this report, it has met once. At these meetings, the Compensation Committee had debated, among other matters, the following issues:

- a) Approval of Directors' remuneration for 2017 and 2018 for the functions they perform in their capacity as such.
- b) Approval of the fixed remuneration for the CEO and the General Counsel Director for 2017 and 2018;

- c) Approval of the objectives related to the annual and long-term variable remuneration for the CEO and the General Counsel Director for 2017 and 2018;
- d) Assessment and approval of the annual variable remuneration for the CEO and the General Counsel Director for the results achieved in 2016 and 2017;
- e) Assessment of fulfilment of the objectives set in the 2013-2016 and 2014-2017 long-term incentives programme (LTI) and approval of the corresponding variable remuneration;
- f) Approval of the new 2017-2020 and 2018-2021 LTIs;
- g) Proposal and approval of the new Directors' Remuneration Policy for 2018, 2019 and 2020.
- h) Proposal and approval of the Annual Remuneration Report for 2016 and 2017;
- i) Proposal and approval of the Voluntary Report on Directors' Remuneration for 2016.
- j) Review of the information on Directors' remuneration contained in the notes to the financial statements for 2016 and 2017.

The RC is set to meet soon to, among other matters, propose and approve the Voluntary Report on Directors' Remuneration for 2017 in order to offer shareholders more detailed information regarding the application of the Directors' Remuneration Policy and facilitate comprehension of the information contained in this report.

Composition of the Compensation Committee:

All members of the Compensation Committee are Non-Executive Directors, three (3) of whom are Independent and the other two (2) Institutional. All the Committee members have extensive experience and expertise in the duties to be performed. As of December 31, 2017, the composition of the Compensation Committee was as follows:

Artur Carulla, Chairman, Independent
Mario Fernández, Member, Independent
Ángel Duráñez Adeva, Member, Independent
José Manuel Loureda, Member, Institutional
Gonzalo Gortázar, Member, Institutional

In accordance with article 40 of the Company's Articles of Association, Mr. Carulla has also acted as Lead Independent Director since 2011. In 2017 María Isabel Gabarró Miquel resigned from her position as a member of the Board and the Compensation Committee and was replaced by Ángel Duráñez Adeva at the Compensation Committee.

External Advisors

In 2018, EY Abogados, an independent advisor specialising in the remuneration of Directors and Senior Executives provided advisory services to the Compensation Committee during the preparation of this report.

Likewise, as indicated earlier, Willis Towers Watson provided advisory services to the Compensation Committee to benchmark the CEO's remuneration.

- A.3 Indicate the amount and nature of the fixed components, with a breakdown where necessary, of the remuneration for the performance of senior management functions by the executive directors, the additional remuneration as chairman or member of any board committee, per diem payments for participation in the board and its committees and other fixed payments for the directorship and an estimate of the fixed annual remuneration to which they give rise. Identify other benefits not paid in cash and the basic parameters for which they are given.

Explain the fixed components of the remuneration
Remuneration of Directors for their collegiate supervisory and decision-making duties. In accordance with article 45 of the Articles of Association, the Directors, as members of the Board and for performing the collective supervision and decision-making functions specific to this body, are entitled to receive a fixed remuneration that may not exceed the amount set for such purposes by the General Shareholders' Meeting or in the Directors' Remuneration Policy. The Board is responsible for determining the exact amount to be paid within the aforementioned limit and its distribution among the various Directors, taking into account the functions and responsibilities attributed to each one, the committees they belong to, the roles they perform within the Board and other objective circumstances it considers relevant. The maximum limit established for these purposes in the Directors' Remuneration Policy approved by the General Shareholders' Meeting on 19 May 2017 is €8.5 million, including the remuneration of the Chairman of the Board of Directors, in accordance with the resolution adopted by the General Shareholders' Meeting on 30 April 2015. This remuneration, except in relation to the Chairman of the Board of Directors, is calculated by assigning points for belonging to the Board of Directors or the various Committees. Each point has an equivalent remuneration and, therefore, calculations vary for each Director based on the responsibilities of each one. The Board, at the proposal of the Compensation Committee, is responsible for establishing the point value, in line with the maximum limit established for the Board's total remuneration. The points table is as follows: • Board of Directors: 2 • Delegate Committee: 2 • Audit and Control Committee: 1 • Nomination Committee: 0.25 • Compensation Committee: 0.25 • Sustainability Committee: 0.5 In all cases, Non-Executive Directors are excluded from the employee benefit systems funded by the Company for termination of employment, deaths and any other circumstances, as well as the short and long-term incentives plans based on the Company's performance.

On 27 February 2018 the Board of Directors resolved, upon recommendation by the Compensation Committee, to maintain the value of the point in 2018 at the amount set for 2017, i.e. 88,297.11 euros gross/year.

In this way, remuneration for membership of the Board of Directors has risen 2.5% since 2009.

Remuneration of the Chairman of the Board:

The remuneration of the Chairman of the Board of Directors was established in the Directors' Remuneration Policy approved at the AGM 2017 and reflects the importance of the Chairman's role, the intensity of his work and his involvement in the office he has held since 30 April 2015, as well as any other criteria contained in said Policy.

The remuneration of the Chairman of the Board of Directors consists exclusively of fixed concepts. The total fixed remuneration of the Chairman of the Board of Directors, approved, initially, by the 2015 General Shareholders' Meeting, amounts to €2.5 million annually.

In accordance with the Remuneration Policy in force, the annual remuneration of the Chairman will remain fixed until the 2019 Ordinary General Shareholders' Meeting.

Fixed Remuneration of Executive Directors for Performing Executive Functions:

The fixed remuneration of Executive Directors for performing executive roles and functions mainly reflects their level of responsibility within the organisation, the positions they hold and their professional experience, ensuring that it is competitive with respect to that applied to equivalent functions in entities comparable to Repsol, in order to attract and retain the best professionals.

Based on this, the Compensation Committee, composed exclusively of Non-Executive Directors, the majority of which are Independent Directors, annually propose to the Board, for its approval, the fixed remuneration for Executive Directors for performing their executive functions, taking into account the framework of the Remuneration Policy approved.

In order to determine the fixed remuneration and any possible updates to it, the Compensation Committee takes into account, among other matters, the specific characteristics of each position and the dedication required, market analyses and average increases in the remuneration of the Company's Senior Executives. All of the foregoing in order to establish compensation that befits the function performed, guaranteeing that it is competitive with respect to the reference market.

At a meeting held on 27 February 2018 and upon recommendation by the Compensation Committee, the Board of Directors resolved to maintain the Executive Directors' non-variable remuneration for 2018 at the same levels as on 2017, i.e., 1,200 thousand euros for the CEO and 983 thousand euros for the General Counsel.

The CEO's non-variable remuneration has not changed since his appointment and the General Counsel's since 2011.

Non-variable remuneration of the Executive Directors as members of the Board of other participated companies:

The CEO and General Counsel may also receive an additional non-variable remuneration for directorships in other participated companies.

A.4 Explain the amount, nature and main characteristics of the variable components of the remuneration systems.

In particular:

- Identify each remuneration plan of which directors are beneficiaries, their scope, approval date, implementation date, validity period and main features.

For share option plans and other financial instruments, the general features of the plan will include information on the conditions for exercising such options or financial instruments for each plan.

- Indicate any payments made under profit-sharing or bonus schemes, and the reason why they were granted.
- Explain the basic parameters and grounds for any annual bonus scheme.
- The types of directors (executive directors, external directors, independent directors or other external directors) that are beneficiaries of remuneration systems or plans that incorporate a variable remuneration.
- The foundations of such variable remuneration systems or plans, the criteria chosen to assess performance as well as the components and assessment methods to determine whether the criteria have been met or not, and an estimate of the total amount of variable remuneration that would result from the current compensation plan, as a function of the degree to which targets or benchmarks have been met.
- Where appropriate, give information on deferral periods or deferral of payment established and/or holdback periods for shares or other financial instruments, if any.

Explain the variable components of the remuneration systems

Non-executive Directors are excluded from the variable remuneration systems (See A.3).

1) Annual Variable Remuneration (AVR): The purpose of the annual variable remuneration is to incentivize meeting the pre-determined, specific and quantifiable strategic objectives related to the management of the CEO and the General Counsel Director, assessing their individual contributions to meeting them.

After the Compensation Committee submits its proposal, the Board is responsible for setting the objectives at the start of each year and evaluating whether they have been fulfilled at year end. To do this it has the support of the Company's internal areas.

In order to define the weights and metrics for determining the degree to which each objective is met, the Compensation Committee takes into account historical analyses, projections and the Company's expected results. The CEO's annual variable remuneration is based on meeting quantitative business objectives, which include the Company's operational and financial objectives, as well as sustainability objectives. Where applicable, the Directors' Remuneration Policy established by the Compensation Committee may also propose the inclusion of qualitative objectives related to the Company's strategy that will have a maximum weight of 20%.

The terms of the annual variable remuneration system applicable to Executive Directors, including the structure, the maximum remuneration levels, the objectives and metrics and their individual weight, are reviewed annually by the Compensation Committee, to ensure that they are sufficiently stringent and are in line with Repsol's long and short-term strategic priorities, its needs and the status of the business.

The objectives, metrics and weights for the CEO's 2018 AVR are: a) Strategic Objectives (overall weight 20%) with metrics related to the new Strategic Plan; b) Efficiency Objectives (overall weight 30%) with metrics related to the efficiencies and synergies committed and the breakeven of Repsol's free cash flow; c) Operational Objectives (overall weight 45%) and metrics related to net adjusted income, net debt, production and use of the conversion capacity; and d) Sustainability Objectives (overall weight 5%) and the total frequency index metric and fatalities.

On the other hand, in relation to the 2018 AVR of the General Counsel Director, the objectives considered are related to strategic, efficiency, operations and sustainability targets as well as objectives related to: a) Corporate transactions and other tasks; b) corporate governance; c) institutional relations; d) legal matters; and e) the Repsol Foundation.

With regard to the CEO, each metric has an associated defined achievement scale based on its variability and level of stringency. These scales have a minimum compliance threshold below that no incentive is earned and a maximum of 120%, although the overall degree of fulfilment of the objectives to be determined by the Compensation Committee will not exceed 100%. Based on the level of achievement of each objective and its weight, the Compensation Committee establishes an average weighted level of fulfilment, enabling it to offset the excellent fulfilment (above 100% or the expected standard) of certain metrics with metrics with a lower level of fulfilment than others.

As indicated above, after year-end, the Compensation Committee makes an assessment considering the information provided by the People and Organization area and the Strategy, Control and Resources area on the different categories of objectives and the results obtained. In order to guarantee that annual variable income is effectively related to the professional performance of beneficiaries, when determining the level of compliance with quantitative

targets, positive or negative economic effects resulting from overtime, which may distort appraisal results, are removed.

An average weighted fulfilment level is calculated according to the level of fulfilment of each objective and its weighting. The amount of the annual variable remuneration for the CEO may vary between 0%, if overall fulfilment does not rise above a minimum threshold, and 100% of the non-variable remuneration, if overall fulfilment of the objectives is 100%. The annual variable remuneration for the General Counsel may vary between 0% and 90% of his non-variable remuneration.

Notwithstanding that, the Board of Directors retains the ability to adjust, to a maximum of 20% upwards or downwards, the final quantitative results for the annual variable remuneration of the CEO, depending on the quality of results, individual performance and other issues that require qualitative measurement.

Therefore with a 100% level of achievement of the targets in 2018, the CEO would receive 1,200 thousand euros and the General Counsel 885 thousand euros.

2) Long-term variable remuneration: Repsol has put in place various long-term incentives plans (LTI) for the purpose of promoting the reciprocal generation of value for the Group, for its shareholders and for its employees and to foster the commitment of its beneficiaries and to compensate the creation of sustainable value for shareholders at long-term.

In this regard, Repsol has implemented various LTI for all executive staff and other Repsol employees, including the CEO and General Counsel Director. The programmes are independent from one another but their main features are the same. They are structured plans in overlapping four-year cycles and are based on the fulfilment of objectives and commitments set out in the Company's Strategic Plan in force at any given time, directly aligned with maximising the value of the Company in a sustained manner, as well as retaining Executive Directors until the end of the measurement period. The objectives include metrics related to the Exploration and Production (Upstream) and Downstream businesses, with the creation of value and sustainability.

In 2018, the LTI 2018-2021 was launched. The objectives, weightings and metrics of which will be established before the year end, once the new Strategic Plan for 2018-2021 has been approved.

Each metric is linked to an achievement scale defined according to its variability and degree of demand. These scales have a minimum fulfilment threshold, under which there is no entitlement to incentive, and a maximum of 100%.

The Compensation Committee sets every year the weightings of the objectives and associated metrics, taking account of Repsol's strategy, needs and business situation. To determine the incentive, the Compensation Committee considers the overall degree of fulfilment of the programme, as well as the personal performance of the beneficiary. For the CEO, the amount of the long-term incentive can vary between 0% if joint fulfilment over the minimum threshold is not reached, and 120% of non-variable remuneration if the joint fulfilment of targets is 100%. For the General Counsel, the long-term incentive can vary between 0% and 100% of non-variable remuneration.

Notwithstanding that, the Board of Directors retains the ability to adjust, to a maximum of 20% upwards or downwards, the final quantitative results for the long-term incentive of the CEO, depending on the quality of results, individual performance and other issues that require qualitative measurement.

Payment of the long-term incentive corresponding to the CEO and General Counsel Director will be paid as follows:

- 70% of the total will be paid in cash.
- 30% of the total will be paid in Company shares.

In this regard, the Executive Directors may not transfer the shares of the Company delivered, nor directly or indirectly arrange hedges on them for a period of one year after they are delivered. Nor may they directly or indirectly arrange hedges on the shares prior to the delivery.

The shares delivered, where applicable, to the Executive Directors pursuant to each LTI, may be calculated for the purpose of the investment in shares referred to in the Beneficiaries' Share Purchase Plan of the Long-Term Incentives Programmes described below.

Currently, in accordance with their bases, the 2015-2018, 2016-2019, 2017-2020 and 2018-2021 LTI are in force pursuant to which the maximum amount of long-term variable remuneration for the Executive Directors (of which 30% will be paid in shares) is as follows:

- Chief Executive Officer: €1,728,000 for each LTI.
- Director and General Secretary: €982,975 for each LTI.

The final number of shares that in each settlement of the LTI are delivered to the Executive Directors will be calculated taking into account: (i) the long-term variable remuneration that must effectively be paid in shares to each Director after applying the corresponding taxes (or withholdings); and (ii) the average weight by daily volume of the average weighted prices of the Repsol share corresponding to the 15 stock market sessions prior to the Friday, exclusive, of the week prior to the date on which the Board resolves to pay the long-term variable remuneration to the Executive Directors corresponding to each LTI. Specifically, the number of shares to be received with a charge to each LTI will be determined, after applying the appropriate taxes (or withholdings), pursuant to the following formula: "Shares to deliver = (long-term variable remuneration amounts in shares/reference price)".

3) Share Acquisition Plan by Beneficiaries of Long-Term Incentives: This is aimed at certain groups of employees and the Executive Directors. Its aim is to foster the alignment with the long-term interests of the shareholders and the Company. It is structured through a stock purchase plan which first five cycles were approved at the General Shareholders' Meeting on 2011, being approved at the General Shareholders' Meeting of 2016 five additional cycles. The Plan allows its beneficiaries to invest a maximum sum in Repsol shares, such that if they hold the shares for 3 years, remain in the Group and meet the other conditions, at the end of the period the Company will give them 1 additional share for every 3 shares originally acquired.

To simplify the structuring of the Plan in respect of determining its beneficiaries and the maximum amount they are entitled to invest, the long-term incentive programs have been taken as reference, such that only the participants in the LTI programs can be beneficiaries of the Share Acquisition Plan and the maximum amount that may be invested in the is equivalent to 50% of the gross amount of the long-term incentive received by each beneficiary according to the Program.

As per the additional cycles of the Plan approved at the 2016 AGM, for those beneficiaries with Senior Management status at the date of the initial investment or at the date of the shares delivery, meaning Executive Directors and those executives who are part of the Corporate Executive Committee or any equivalent body which may replace it in the future, an additional performance requirement is established for the delivery, by the company, of the extra share for every three shares acquired in the initial investment. This consists in achieving a level of overall fulfillment of the targets established for the IMP multi-year variable remuneration program closed in the immediately preceding year, equal or exceeding 75%.

At 2017 year end, the fifth (2015-2018), sixth (2016-2019) and seventh (2017-2020) cycles of the Beneficiaries' Share Purchase Plan for the Long-Term Incentives Programs were in force.

The fifth Cycle of the Plan (2015-2018) that applies to the CEO and General Counsel Director is expected to conclude in 2018.

4) Refund (clawback) or cancellation (malus) of the Variable Remuneration: The Compensation Committee may propose to the Board the refund and cancellation of the payment of the variable components of the remuneration, at both short and long-term, when payment is not in line with the established performance terms or when it has been paid based on data that is later proven to be inaccurate (For more information on this matter, see paragraph A.13.).

- A.5 Explain the main features of the systems of long-term savings, including retirement and any other survivor benefit, partly or wholly funded by the company, whether endowed internally or externally, with an estimate of their amount or annual equivalent cost, indicating the type of plan, whether defined contribution or defined benefit, the conditions for the vesting of the directors' economic rights and their compatibility with any type of severance payment for early cancellation or termination of the contractual relationship between the company and the director. Also indicate payments made to any director's defined-benefit pension scheme; or any increase in the director's vested rights when linked to contributions to defined-benefit schemes.

Explain the long-term savings systems
Non-executive Directors: Non-executive Directors do not participate in any long-term savings system. Executive Directors: As a result of his previous employment relationship, the CEO participates in the Group's Executives' Benefits Plan (the "EBP") under the terms envisaged in its

Regulations. This benefits plan system is a defined contribution system. According to the formula envisaged in the EBP Regulations, the annual retirement contributions are equivalent to approximately 20.5% of his FR, which is contingent upon him remaining employed by the Group. The contingencies covered in the EBP are the following: (i) retirement, (ii) disability and (iii) death.

The economic rights accumulated in the EBP will vest if the CEO's relationship with the Company is terminated as a result of:

- A unilateral decision by the Company, provided that it is not based on the grounds envisaged in articles 40, 41 or 50 of the Spanish Workers' Statute (*Estatuto de los Trabajadores*).
- An unjustified disciplinary dismissal.
- An objective dismissal or if the relationship is terminated due to organisational, economic, productive or technical grounds, whether or not it is declared or recognised as justified or unjustified.
- A termination according to the CEO's decision for any of the reasons envisaged in articles 40, 41 or 50 of the Spanish Workers' Statute.

The General Counsel participates in a deferred remuneration scheme, the "Permanence Reward", approved by the Board of Directors prior to the Remuneration Policy in force which is intended to reward him for remaining in the Repsol Group. This defined contribution system is structured through the investment fund called "*Fondo de Permanencia, FI*", to which Repsol makes annual contributions in a sum equivalent to 20% of the General Counsel's annual non-variable remuneration and in exchange receives units in the Fund. Those units are owned by Repsol until the General Counsel retires, whereupon the vested right will be transferred to him, together with the title. He will also be entitled to the cumulative amount of the Permanence Reward upon termination of his contract, entitling him to compensation. The termination events of the contract are explained under section A.7 of this Report.

The CEO participates also in the defined contribution company pension scheme of Repsol, the maximum contribution to which is set by collective agreement at 7 thousand euros a year.

The long-term savings systems do not stipulate that Executive Directors must be paid when they cease to perform their executive functions or cease to be directors of the Company, however, the amounts of the Executive Directors' long-term savings systems, which they will receive when the criteria are met for them to vest, are compatible with the benefits in the event of termination of the relationship envisaged in their respective contracts and that is explained in paragraph A. 7 of this report.

Taking into account the foregoing, the expectation is that in 2018 contributions will be made to the Executive Directors' pension plans and benefits plans, as the case may be, amounting to 253 thousand euros for the CEO and 197 thousand euros for the General Counsel Director.

- A.6 Indicate any indemnity payments agreed or paid in the event of termination of the directorship.

Explain the indemnity payments
The Company has not paid nor agreed any termination payment for its Outside Directors in case of termination of their duties. In accordance with article 16.5 of the Board of Directors' Regulations, once they cease to perform their role, the Directors may not provide services in any other competitor entity for two years, unless the Board decides, case by case, to release them from this obligation or shorten the aforementioned period. In this connection, the Non-Executive Directors do not receive any remuneration as compensation for the aforementioned non-competition clause. In the case of Mr. Brufau, after waiving the payment of the economic compensation of 14,253,691 euros accrued at the end of his contract as CEO, and in accordance with the new contractual conditions, following his re-election as non-executive Chairman of the Board of Directors in the 2015 General Shareholders Meeting, compensation receivable for early contractual termination would be capped at the amount pending of total non-variable remuneration until the 2019 General Shareholders Meeting, which will include compensation for the post-contractual non-compete. In this way, the amount will progressively reduce to the extent that, upon the date indicated, no compensation at all will be payable.

- A.7 Indicate the conditions that the contracts of executive directors in senior management positions must respect. Among other aspects, give information on the duration, limits to the amounts of indemnity, tenure clauses, notice periods and payments that can replace such notice periods, and any other clauses regarding hiring bonuses, as well as severance payments or ring-fencing for early cancellation or termination of the contractual relationship between the company and the executive director.
- Include, inter alia, covenants or agreements regarding non-competition, exclusivity, tenure or loyalty and non-competition after termination of contract.

Explain the conditions of the contracts of executive directors
a) Contract conditions: The contracts signed with the CEO and General Counsel are non-term, do not provide a notice period on the side of Repsol and establish a post-contractual non-compete obligation. This means that for a period of one year after expiry or termination of the corresponding contract they may not render his services in companies of a similar nature to Repsol. Both contracts also establish a no competition obligation in respect of companies and activities of a similar nature throughout the Executive Directors' relationship with the company. b) Termination:

The contractual conditions agreed with the CEO include the limit on severance for new chief executives, which is equivalent to two annual payments of his annual fixed and variable remuneration, which includes compensation for the non-compete clause, in accordance with the commitment made in this regard by the Board of Directors at its meeting of 25 February 2014, upon the recommendation of the Compensation Committee. The aforementioned benefits are received when the contract is terminated for grounds attributable to Repsol or by mutual agreement, if it is in the interest of the Company. If the contract is terminated by unilateral decision of Mr. Imaz, he must notify the Company three months in advance and will only receive one year of his fixed and variable remuneration as compensation for the non-competition clause.

The contract of the General Counsel, which was signed in 2005 and thus responds to the personal, professional and market circumstances prevailing at the time. It was approved by the Board of Directors following the favorable report issued by the Compensation Committee, which analyzed market practices of the time and was advised by independent experts. In the event of contractual termination on grounds attributable to Repsol, by mutual agreement, on the interest of the Company, or upon the occurrence of objective circumstances, such as a significant change of ownership of the Company's capital, differed severance is provided for equivalent to three year of total annual cash remuneration, plus one additional year in consideration of the post-contractual non-competition commitment.

- A.8 Explain any additional remuneration paid to directors for services rendered other than those inherent to their directorship.

Explain supplementary remuneration items
Directors do not receive any other additional remuneration for services rendered other than those inherent to their directorship.

- A.9 Indicate any remuneration granted in the form of advances, credits and guarantees, indicating the interest rate, key features and any amounts finally repaid, as well as the obligations against them by way of guarantee.

Explain the advances, credits and guarantees granted
The Company has not granted any advance, credit and /or guarantees to Directors

- A.10 Explain the main features of remuneration in kind.

Explain any remuneration in kind
The Executive Directors are beneficiaries of certain in-kind benefits that include, among others, medical insurance and life and disability insurance. These benefits also include payments on account related to in-kind remuneration.
In turn, the Chairman of the Board of Directors is also the beneficiary of certain in-kind benefits that include, among others, life insurance, medical insurance, the cost of the residence that the Company provides him as a home and for the institutional representation of the Company, the corresponding payments on account arising from such items and the economic compensation for the

applicable personal taxation arising from the aforementioned in-kind remuneration (withholdings).

In addition, in accordance with article 45 of the Articles of Association, the Directors of Repsol are the beneficiaries of a third-party liability insurance that covers third-party claims for possible harm and/or damage caused by acts or omissions when performing their role as members of the Board of Directors. The total amount of the premium paid by Repsol in FY 2017 for collective liability insurance, which covers all of the Group's Directors and executives, amounts to €1.8 million. The policy covers different companies of the Group under certain circumstances and conditions.

- A.11 Indicate the remuneration accruing to the director by virtue of payments made by the listed company to a third party in which the director provides services, when such payments are intended to remunerate the director's services in the company.

Explain the remuneration accruing to the director by virtue of payments made by the listed Company to a third party in which the director provides services.

The Company has not made any payment to any third party in which the director provides services intended to remunerate the director's services in the company.

- A.12 Any kind of remuneration item other than those listed above, regardless of their nature or the group entity paying them, especially when it may be considered a related-party transaction or when its issuance would distort the true picture of the total remuneration received by the director.

Explain other remuneration items

None

- A.13 Explain the actions taken by the company in connection with the remuneration system to reduce excessive risk exposure and match it to the long-term targets, values and interests of the company. Include, where appropriate, a reference to: measures designed to ensure that the remuneration policy is aligned with the long-term performance of the company; measures establishing an appropriate balance between fixed and variable compensation; measures taken in relation to those categories of staff whose professional activities have a material impact on the risk profile of the entity; clawback formulae or clauses to reclaim variable components of performance-based remuneration when such components have been paid on the basis of data that is subsequently proven to be wholly inaccurate; and measures designed to prevent conflicts of interest, where applicable.

Explain the actions taken to reduce the risks

The measures to ensure that the long-term results of the Company are taken into account in the Directors' Remuneration Policy are as follows:

a) The total compensation of the Executive Directors consists of different pay components, consisting essentially of: (i) non-variable remuneration, (ii) short-term variable remuneration and (iii) long-term variable remuneration (LTI). This long-term component has a weight of around 39% of the total remuneration in a scenario of a 100% level of achievement of targets and is linked to targets established in the Strategic Plan.

b) The long-term variable remuneration schemes form part of a multi-year plan (4 years) to ensure that the assessment process is based on the long-term results and takes account of the Company's underlying economic cycle and the fulfilment of strategic objectives. Likewise, the Company has established a one year period, which begins when the shares are delivered, during which the Executive Directors may not transfer the shares of the Company delivered as payment for such programmes, nor directly or indirectly arrange hedges on them.

c) The Company has established a Share Acquisition Plan by Beneficiaries of Long-Term Incentives as described in A.4, thus aligning the interests of the participants in this scheme with shareholders' interests.

d) Repsol has approved a permanent shareholding policy, requiring the Executive Directors to retain, while they hold their position, ownership of the shares held in their portfolio, as well as any other shares delivered to them as payment for the long-term variable remuneration programs or that are related to the Share Purchase Plan up to a minimum of twice their fixed remuneration.

On this regard, it should be noted that, as of the date of approval of this Report, the CEO has a number of shares in the Company, having a value representing more than twice his current non-variable remuneration. The number of shares held by the CSG as of that date represents approximately 82% of its current fixed remuneration.

e) As of December 31, 2017 the Compensation Committee is formed of 5 members, two of which are also a members of the Audit and Control Committee. The double presence in these committee enables the risks associated with remuneration to be taken into consideration in deliberations of said committees and in their proposals to the Board.

Likewise, one of the members of the Remunerations Committee is also a member of the Sustainability Committee, which is in charge of supervising the non-financial risk management and control systems and other matters related to the Company's sustainability, maximising value at long-term and corporate social responsibility and, therefore, the cross membership of Directors allows them to consider relevant issues in these areas that are related to the remuneration of the Directors and the Senior Executives, either with regard to determining objectives or the assessment thereof.

Moreover, the Remuneration Policy establishes adequate and efficient balance between non-variable and variable remuneration components, as described in point A.1. above: the variable components of the remuneration have been established in order that, should minimum targets not be met, these will not be received and there is no guaranteed variable remuneration.

The Compensation Committee may propose to the Board of Directors to make adjustment to elements, criteria, thresholds and limits on annual or multi-year variable remuneration in the event of exception circumstances caused by extraordinary factors or events, whether internal or external.

The Compensation Committee is responsible for studying and analysing the Remuneration Policy for directors and senior executives and its application since these categories include professionals whose activities may have a material repercussion on the Company's risk profile. The Compensation Committee also assesses the extent to which the objectives set in the long-term

variable remuneration scheme have been achieved and submits a proposal to the Board of Directors indicating the level of incentive to be paid.

In relation to clawback and malus clauses or formulas:

a) The Compensation Committee has the power to propose cancellation of the payment of any variable remuneration (annual and multiannual) in unforeseen circumstances that justify said remuneration having accrued due to inaccurate or erroneous information or data, or in the presence of regulatory or legal breaches that are subsequently proven.

b) The Compensation Committee may also claim for repayment of the variable, both short and long term, components of remuneration when payment has not been adjusted to performance conditions or when they have been paid on the basis of information later found to be incorrect.

In particular, the conditions of the Share Acquisition Plan by Beneficiaries of Multiannual Remuneration Programmes establish that the accrual of additional shares is conditional, in addition to the beneficiary remaining in the Repsol Group, upon *“non occurrence during the period prior to each of the deliveries of shares, in the opinion of the Board of Directors based on a report by the Compensation Committee of a material restatement of the Company's financial statements if this affects the degree of fulfilment of the objectives set in the corresponding multi-year remuneration scheme, except when this is due to a change in the applicable accounting principles.”*

The Board of Directors Regulations, the Internal Regulation on Conduct regarding the Securities Market and the Code of Ethics and Conduct of Repsol employees (available in www.repsol.com) regulate the conflicts of interests and provide the framework and the rules that must be followed by those persons facing a potential conflict of interest situation.

C GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY HAS BEEN APPLIED DURING THE FINANCIAL YEAR ENDING

- C.1 Give a brief explanation of the main features of the structure and remuneration items of the remuneration policy applied during the last financial year, resulting in the breakdown of the individual remuneration accrued by each of the directors listed in Section D of this report, and a summary of the resolutions passed by the board to implement these items.

Explain the structure and remuneration items of the remuneration policy applied during the year
Compensation of directors for their duties as such: The policy has been described in section A.3. The total compensation paid to Directors, including the Chairman of the Board of Directors, for their duties as such in 2017 was 7,345 thousand euros. Remuneration of the Chairman of the Board: 1) Fixed remuneration (FR): in 2017, the remuneration in cash of the Chairman of the Board totalled 2,500 thousand euros, which includes the amounts for his membership of the Board of Directors and Committees of Repsol, S.A. as described in section A.3. 2) Payment in kind: in 2017, the total amount of the in kind benefits received by the Chairman of the Board described in section A.10, has been 589 thousand euros.

The Chairman has not been granted any advance, credit and /or guarantees by the Company.

Executive Directors for their executive duties:

1) Non-variable remuneration: On February 22, 2017 the Board resolved to maintain the non-variable remuneration of 2016 for 2017, i.e, 1,200 thousand euros for the CEO and 983 thousand euros for the General Counsel.

2) Annual variable remuneration: At year-end, the Compensation Committee makes an assessment of the fulfillment of previously set targets. Section D.2 contains details of the targets set for the annual variable remuneration of the CEO. Based on this, considering the degree of fulfillment in accordance with the metrics provided as well as the modulation agreed by the Board of Directors, the 2017 CEO's annual variable remuneration amounts to 1,440 thousand euros, which corresponds to 120% of his non-variable remuneration (the details of the targets set for the CEO's 2017 annual variable remuneration are included under section D.2). For the General Counsel, the Compensation Committee considered a global level of achievement for Company objectives and for the objectives related with his personal performance of 100%, entitling him to a sum of 885 thousand euros (90% of his non-variable remuneration).

3) Long-term variable remuneration: The LTI 2014-2017 programme was closed as at December 31, 2017 in accordance with its rules.

The Compensation Committee has likewise assessed the degree of achievement of the targets set at the beginning of the programme (through application of a mathematical formula according to achievement scales and based on the objective values initially defined. Section D.2 includes the details of targets, metrics and achievement scales.

With respect to the LTI programme 2014-2017, the incentive to be received by the CEO and the General Counsel, for which the Compensation Committee also takes into consideration personal performance, was 983 and 831 thousand euros respectively (equivalent to 85.65% and 84.55% to the maximum achievable).

In accordance with the resolutions passed by the General Shareholders Meetings on May 19, 2017 and as indicated under paragraph a.4 above, the amount of the LTI 2014-2017 will be paid to the Executive Directors in a proportion of 70% in cash and 30% in Company shares, so that the CEO will receive 821 thousand euros in cash and 11,380 Company shares representing an amount of 162 thousand euros and the General Counsel Director will receive 694 thousand euros in cash and 9,623 Company shares representing an amount of 137 thousand euros.

As resolved by the General Shareholders' meeting, the final number of shares to be delivered to the Executive Directors has been calculated taking into account: (i) the amount that is effectively payable to each Director following application of the corresponding taxes (or withholdings) ; and (ii) the weighted average for the daily volume of average weighted Repsol share prices in the fifteen trading sessions before the Friday of the week preceding the date on which the Board of Directors agrees payment of the Long-Term Incentive for Executive Directors in each of the Plans.

4) Share Acquisition Plan by Beneficiaries of Long-Term Incentives Programmes: The CEO and the General Counsel Director participate in the Seventh Cycle of the Plan (2017-2020), having purchased 10,394 and 3,334 Repsol shares, respectively. On the other hand, on May 31, 2017 the

consolidation period of the 4th Cycle of the Plan was completed. As a result of this the CEO and the General Counsel consolidated, respectively, rights to delivery of 1,707 and 1,126 gross shares valued at 14.82 euros per share, which entails an amount equivalent to 25.30 and 16.68 thousand euros.

5) In-kind Remuneration: in 2017, the total amount of the Executive Directors' in-kind remuneration amounted to 30.7 thousand euros for the CEO and 129.32 thousand euros for the General Counsel Director for the benefits of which they are beneficiaries, in accordance with paragraph A.10.

6) Employee Benefit Systems: in 2017 contributions to the Executive Directors' pension plans and employee benefit plans amounted to 254 thousand euros in the case of the CEO and 197 thousand euros in the case of the General Counsel Director, in accordance with paragraph A.5.

7) Non-variable remuneration as members of the Board of Directors of participated companies: In 2017 the amount of this remuneration was 253 thousand euros for the CEO and 166.5 thousand euros for the General Counsel for their membership of the Board of Directors of Gas Natural SDG, S.A.

C BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

- C.1 Complete the following tables on the individual remuneration of each of the directors (including remuneration for carrying out executive functions) accrued during the year.

a) Remuneration accrued in the company subject to this report:

i) Cash remuneration (in thousands of €)

Name	Type	Accrual period 2017
ANTONIO BRUFAU NIUBÓ	Other external	From 01/01/2017 to 31/12/2017.
GONZALO GORTÁZAR ROTAECHE	Institutional	From 01/01/2017 to 31/12/2017.
MANUEL MANRIQUE CECILIA	Institutional	From 01/01/2017 to 31/12/2017.
JOSU JON IMAZ	Executive	From 01/01/2017 to 31/12/2017.
MARIA TERESA BALLESTER FORNÉS	Independent	From 19/05/2017 to 31/12/2017.
ARTUR CARULLA FONT	Independent	From 01/01/2017 to 31/12/2017.
LUIS CARLOS CROISSIER BATISTA	Independent	From 01/01/2017 to 31/12/2017.
RENE DAHAN	Institutional	From 01/01/2017 to 31/12/2017.
ÁNGEL DURÁNDEZ ADEVA	Independent	From 01/01/2017 to 31/12/2017.
JAVIER ECHENIQUE LANDIRÍBAR	Independent	From 01/01/2017 to 19/05/2017.
MARIO FERNÁNDEZ PELAZ	Independent	From 01/01/2017 to 31/12/2017.
M ^a ISABEL GABARRÓ MIQUEL	Independent	From 01/01/2017 to 19/05/2017.
JORDI GUAL SOLÉ	Institutional	From 20/12/2017 to 31/12/2017.
JOSE MANUEL LOUREDA MANTIÑÁN	Institutional	From 01/01/2017 to 31/12/2017.
ANTONIO MASSANELL LAVILLA	Institutional	From 01/01/2017 to 20/12/2017.

MARIANO MARZO CARPIO	Independent	From 19/05/2017 to 31/12/2017.
ISABEL TORREMOCHA FERREZUELO	Independent	From 19/05/2017 to 31/12/2017.
HENRI PHILIPPE REICHSTUL	Independent	From 01/01/2017 to 19/05/2017.
J. ROBINSON WEST	Independent	From 01/01/2017 to 31/12/2017.
LUIS SUÁREZ DE LEZO MANTILLA	Executive	From 01/01/2017 to 31/12/2017.

Name	Salary	Fixed remuneration	Allowances	Short-term variable remuneration	Long-term variable remuneration	Remuneration for board committee membership	Compensation	Other	Total 2017	Total 2016
ANTONIO BRUFAU NIUBÓ	-	2,500	-	-	-	-	-	589	3,089	2,920
GONZALO GORTÁZAR ROTAECHE	-	177	-	-	-	199	-	-	376	308
MANUEL MANRIQUE CECILIA	-	177	-	-	-	177	-	-	354	354
JOSU JON IMAZ	1,200	177	-	1,440	821	177	-	31	3,846	3,007
MARIA TERESA BALLESTER FORNÉS	-	118	-	-	-	59	-	-	177	0
ARTUR CARULLA FONT	-	177	-	-	-	221	-	-	398	398
LUIS CARLOS CROISSIER BATISTA	-	177	-	-	-	132	-	-	309	309
RENE DAHAN	-	177	-	-	-	177	-	-	354	354
ÁNGEL DURÁNDEZ ADEVA	-	177	-	-	-	103	-	-	280	265
JAVIER ECHENIQUE LANDIRÍBAR	-	74	-	-	-	55	-	-	129	309
MARIO FERNÁNDEZ PELAZ	-	177	-	-	-	132	-	-	309	309
M ^a ISABEL GABARRÓ MIQUEL	-	74	-	-	-	37	-	-	111	265
JORDI GUAL SOLÉ	-	0	-	-	-	0	-	-	0	0
JOSE MANUEL LOUREDA MANTIÑÁN	-	177	-	-	-	88	-	-	265	265
ANTONIO MASSANELL LAVILLA	-	177	-	-	-	66	-	-	243	81
MARIANO MARZO CARPIO	-	118	-	-	-	44	-	-	162	0
ISABEL TORREMOCHA FERREZUELO	-	118	-	-	-	59	-	-	177	0
HENRI PHILIPPE REICHSTUL	-	74	-	-	-	74	-	-	148	354

J. ROBINSON WEST	-	177	-	-	-	177	-	-	354	354
LUIS SUÁREZ DE LEZO MANTILLA	983	177	-	885	694	177	-	129	3,045	2,885

ii) Share-based remuneration systems

JOSU JON IMAZ LTI 2014-2017												
Implementation date	Ownership of options at the beginning of the year						Options allocated during 2017					
	No. of options	Affected shares	Price to exercise (€)	Exercise period			No. of options	Affected shares	Price to exercise (€)	Exercise period		
01/01/2014	0	0	0	No option plan			0	0	0	No option plan		
Conditions:												
Shares delivered during 2017			Options exercised during 2017				Options matured and not exercised	Options at the end of 2017				
No. shares	Price	Amount	Price to exercise (€)	No. of options	Affected shares	Gross profit (€m)	No. of options	No. of options	Affected shares	Price to exercise (€)	Exercise period	
11,380	14.251	162	0	0	0	0	0	0	0	0	No option plan	
Other requirements for exercise: See paragraph A.4												
LUIS SUÁREZ DE LEZO LTI 2014-2017												
Implementation date	Ownership of options at the beginning of the year						Options allocated during 2017					
	No. of options	Affected shares	Price to exercise (€)	Exercise period			No. of options	Affected shares	Price to exercise (€)	Exercise period		

01/01/2014	0	0	0	No option plan			0	0	0	No option plan	
Conditions:											
Shares delivered during 2017			Options exercised during 2017				Options matured and not exercised	Options at the end of 2017			
No. shares	Price	Amount	Price to exercise (€)	No. of options	Affected shares	Gross profit (€m)	No. of options	No. of options	Affected shares	Price to exercise (€)	Exercise period
9,623	14.251	137	0	0	0	0	0	0	0	0	No option plan
Other requirements for exercise: See paragraph A.4											
JOSU JON IMAZ 4th Cycle of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Plan (2014-2017)											
Implementation date	Ownership of options at the beginning of the year					Options allocated during 2017					
	No. of options	Affected shares	Price to exercise (€)	Exercise period		No. of options	Affected shares	Price to exercise (€)	Exercise period		
30/05/2014	0	0	0	3 years		0	0	0	No option plan		
Conditions:											
Shares delivered during 2017			Options exercised during 2017				Options matured and not exercised	Options at the end of 2017			
No. shares	Price	Amount	Price to exercise (€)	No. of options	Affected shares	Gross profit (€m)	No. of options	No. of options	Affected shares	Price to exercise (€)	Exercise period
1,707	14.82	25	0	0	0	0	0	0	0	0	No option plan
Other requirements for exercise: See paragraph A.4											

LUIS SUÁREZ DE LEZO MANTILLA											
4th Cycle of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Plan (2014-2017)											
Implementation date	Ownership of options at the beginning of the year					Options allocated during 2017					
	No. of options	Affected shares	Price to exercise (€)	Exercise period		No. of options	Affected shares	Price to exercise (€)	Exercise period		
30/05/2014	0	0	0	3 years		0	0	0	No option plan		
Conditions:											
Shares delivered during 2017			Options exercised during 2017				Options matured and not exercised	Options at the end of 2017			
No. shares	Price	Amount	Price to exercise (€)	No. of options	Affected shares	Gross profit (€m)	No. of options	No. of options	Affected shares	Price to exercise (€)	Exercise period
1,126	14.82	17	0	0	0	0	0	0	0	0	No option plan
Other requirements for exercise: See paragraph A.4											

iii) Long-term savings schemes

Name/type/total accrual period in fin. years	Company contribution in the year (thousands of €)		Accumulated funds amount (in thousands of €)	
	2017 financial year	2016 financial year	2017 financial year	2016 financial year
LUIS SUÁREZ DE LEZO MANTILLA	197	202	2,681	2,495
JOSU JON IMAZ	254	253	1,626	1,345

iv) Other benefits (in thousands of €)

ANTONIO BRUFAU NIUBÓ			
Remuneration in advances and credits granted			
Interest rate		Main features of transaction	Amounts returned
0.00		NOT APPLICABLE	NOT APPLICABLE
Life insurance premiums		Guarantees established by the company for directors	
2017 financial year	Year 2016	2017 financial year	2016 financial year
175	164	NOT APPLICABLE	NOT APPLICABLE

JOSU JON IMAZ SAN MIGUEL			
Remuneration in advances and credits granted			
Interest rate		Main features of transaction	Amounts returned
0.00		NOT APPLICABLE	NOT APPLICABLE
Life insurance premiums		Guarantees established by the company for directors	
2017 financial year	Year 2016	2017 financial year	2016 financial year
16	9	NOT APPLICABLE	NOT APPLICABLE

LUIS SUÁREZ DE LEZO MANTILLA			
Remuneration in advances and credits granted			
Interest rate		Main features of transaction	Amounts returned
0.00		NOT APPLICABLE	NOT APPLICABLE
Life insurance premiums		Guarantees established by the company for directors	
2017 financial year	Year 2016	2017 financial year	2016 financial year
84	47	NOT APPLICABLE	NOT APPLICABLE

c) Summary of remuneration (in thousands of €):

The summary will include the amounts corresponding to all remuneration amounts included in this report that have been accrued by the director, in thousands of euros.

In the case of Long-Term Savings Scheme, the contributions made will be included.

	Remuneration accrued in the Company				Remuneration accrued in group companies				Total		
Name/Type	Total cash remuneration	Amount of shares granted	Gross profit from exercised options	Company total for the year	Total cash remuneration	Amount of shares delivery	Gross profit from exercised options	Group total for the year	Total 2017	Total 2016	Contributions to savings schemes during the year
ANTONIO BRUFAU NIUBÓ	3,089	-	-	3,089	-	-	-	-	3,089	2,920	-
GONZALO GORTÁZAR ROTAECHE	376	-	-	376	-	-	-	-	376	308	-
MANUEL MANRIQUE CECILIA	354	-	-	354	-	-	-	-	354	354	-
JOSU JON IMAZ	3,846	187	-	4,033	-	-	-	-	4,033	3,007	254
MARIA TERESA BALLESTER FORNÉS	177	-	-	177	-	-	-	-	177	0	-
ARTUR CARULLA FONT	398	-	-	398	-	-	-	-	398	398	-
LUIS CARLOS CROISSIER BATISTA	309	-	-	309	-	-	-	-	309	309	-
RENE DAHAN	354	-	-	354	-	-	-	-	354	354	-
ÁNGEL DURÁNDEZ ADEVA	280	-	-	280	-	-	-	-	280	265	-
JAVIER ECHENIQUE LANDIRÍBAR	129	-	-	129	-	-	-	-	129	309	-
MARIO FERNÁNDEZ PELAZ	309	-	-	309	-	-	-	-	309	309	-

	Remuneration accrued in the Company				Remuneration accrued in group companies				Total		
Name/Type	Total cash remuneration	Amount of shares granted	Gross profit from exercised options	Company total for the year	Total cash remuneration	Amount of shares delivery	Gross profit from exercised options	Group total for the year	Total 2017	Total 2016	Contributions to savings schemes during the year
M ^a ISABEL GABARRÓ MIQUEL	111	-	-	111	-	-	-	-	111	265	-
JORDI GUAL SOLÉ	0	-	-	0	-	-	-	-	0	0	-
JOSE MANUEL LOUREDA MANTIÑÁN	265	-	-	265	-	-	-	-	265	265	-
ANTONIO MASSANELL LAVILLA	243	-	-	243	-	-	-	-	243	81	-
MARIANO MARZO CARPIO	162	-	-	162	-	-	-	-	162	0	-
ISABEL TORREMOCHA FERREZUELO	177	-	-	177	-	-	-	-	177	0	-
HENRI PHILIPPE REICHSTUL	148	-	-	148	-	-	-	-	148	354	-
J. ROBINSON WEST	354	-	-	354	-	-	-	-	354	354	-
LUIS SUÁREZ DE LEZO MANTILLA	3,045	154	-	3,199	-	-	-	-	3,199	2,885	197
Total:	14,126	341	-	14,467	-	-	-	-	14,467	12,737	451

- D.2 Give information on the relationship between the remuneration received by the directors and the earnings or other performance indicators of the entity, explaining, where appropriate, how variations in the company's performance may have influenced the variation in directors' remunerations

Annual Variable Remuneration

The targets, weightings and metrics considered for the 2017 AVR of the CEO were as follows: (a) Efficiency Targets, with a global weight of 40% and metrics linked to the efficiency and synergies budgeted (30%) and the Repsol FCF breakeven (10%); (b) Operational targets, with a global weight of 45% and metrics associated with adjusted net results (15%), net debt (10%), production (5%), utilization of conversion capacity (5%) and E&P capex reduction (10%); (c) Sustainability objectives, with a global weight of 5% and metrics linked to the accident frequency rate and fatalities (5%); and (d) Value creation targets, with a global weight of 10% and a metric based on the share price vs peer companies.

The Compensation Committee calculates the degree of achievement of targets using a mathematical formula, following the pre-established scales of achievement and based on the target values originally set in the 2017 Annual Budget and the Sustainability Plan. The level of achievement breaks down as follows: a) Efficiency targets, with a level of fulfillment of 110%; b) Operational targets, with a percentage of attainment of 110%; (b) Sustainability objectives, with a percentage of attainment of 110%; and (c) Value creation targets, with a percentage of attainment of 100%.

Based on the above and considering the degree of fulfilment in accordance with the metrics provided, set at 100%, as well as the modulation agreed by the Board, the CEO's 2017 annual variable remuneration amounts to 1,440 thousand euros, which corresponds to 120% of his non-variable remuneration.

The targets considered for the 2017 AVR of the General Counsel have been related with strategic, efficiency, operational and sustainability objectives as well as with: a) Corporate transactions and other tasks; b) Corporate Governance; c) Institutional Relations; d) Legal Affairs; and (e) Repsol Foundation.

In relation to these various qualitative objectives, the Compensation Committee has analysed the different milestones and actions carried out during 2017 and has estimated a level of achievement by the CSG of 100%, implying the payment of 885 thousand euros (90% of his non-variable remuneration).

Long-term variable remuneration

The LTI 2014-2017 program was closed on December 31, 2016 as stipulated in its rules. The Compensation Committee calculates the level of achievement of the objectives and the global achievement of the program using a mathematical formula and according to the information provided by the People and Organisation and of Strategy, Control and Resources areas based on the results obtained in respect of the categories of objectives

described in section C.1 and the overall fulfilment of the program based on the target values defined initially.

Below is the detail of objectives, weightings, metrics and the level of achievement in each category of objective) in the case of Upstream with a weighting of 41.25%, the level of achievement determined is 34.3%, the metrics considered having been the reserve replacement ratio, the increase in production, the exploration success rate and the execution of projects, the operational margin per barrel, investments optimization, annual free cash flow breakeven, the acquisition and integration of Talisman, the value of Talisman's assets and the value of goodwill related to Talisman's acquisition; b) in Downstream, with a weighting of 21.25%, the level of achievement determined is 20.26%, the metrics considered being the integrated refining and marketing margin for Repsol vs. the sector and the FCF after taxes; c) in Value creation and financial discipline, with a weighting of 27.5%, the level of achievement determined is 27.5% and the metrics considered the increasing of CCS recurring net profit, the cash flow generated for dividends and debt, the Sinergies and Efficiency Program in Opex and the Divestment Plan; and d) Sustainability, with a weighting of 10%, the level of achievement having been calculated at 9.1%, metrics considered being the accident integrated frequency rate and the reduction of gas emissions. For the 2014-2017 LTI, the Compensation Committee established an overall fulfilment of objectives equivalent to 91.4%.

In relation to the CEO and the General Counsel, as mentioned earlier, the Compensation Committee assesses the degree of achievement of the long-term incentive according to the overall fulfilment of the objectives of the corresponding long-term incentive programme and their personal performance. Consequently, the incentive payable to the CEO for the LTI 2014-2017 is equivalent to 85.65% of the maximum, entitling him to an incentive payment of 983 thousand euros (81.9% of his current non-variable remuneration), and for the General Counsel it has been 84.55% of the maximum, entitling him to an incentive payment of 831 thousand euros (84.55% of his current non-variable remuneration). Said amounts will be paid as indicated in paragraph C.1

D.3 Give information on the outcome of the consultative vote of the annual general meeting on the annual remuneration report of the previous year, indicating the number of votes cast against, if any:

	Number	% of total
Votes cast	852,672,069	56.981%

	Numbers	% of votes cast
Votes against	24,459,574	2.868%
Votes in favour	827,924,489	97.089%
Abstentions	288,006	0.034%

E OTHER INFORMATION OF INTEREST

If there are any relevant aspects relating to directors' remuneration that you have not been able to describe in other sections of this report but that are necessary to provide more

comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

For information purposes, the final version of Note 56 to the Annual Report is hereby included.

Note on section D.

As regards the composition of the Board of Directors and its Committees during 2017, it should be noted the following:

- Ms. Ballester was appointed Director and member of the Audit and Control Committee on 19 May 2017.
- Mr. Durández was appointed member of the Remuneration Committee on 19 May 2017.
- Mr. Echenique resigned from his position as Director and Chairman of the Audit and Control Committee and member of the Sustainability Committee on 19 May 2017.
- Ms. Gabarró resigned from her position as Director and Chairman of the Sustainability Committee and member of the Appointments and Remuneration Committee on 19 May 2017.
- Mr. Gual was appointed Director and member of the Appointments and Remuneration Committee on 20 December 2017.
- Mr. Massanell resigned from his position as Director and member of the Appointments and of the Sustainability Committee on 20 December 2017.
- Mr. Marzo was appointed Director and Chairman of the Sustainability Committee and member of the Appointments Committee on 19 May 2017.
- Ms. Torremocha was appointed Director and member of the Audit and Control Committee on 19 May 2017.
- Mr. Reichstul resigned from his position as Director and member of the Delegated Committee on 19 May 2017.

Note on table i) in D.1.c) “Summary of compensations”

It should be noted that since the model Annual Report on Directors’ Compensations of Circular 7/2015 does not permit the inclusion of decimals, there are a few minor variations in the figures indicated therein in respect of the real figures. Thus, in the table summarizing compensations, the real total amount of the cash compensation accrued by the Directors is 14,458 thousand euros, rather than 14,467 thousand euros.

Note on table i) of point a) "Cash compensation" and table of point c) of section D.1 "Summary of remuneration"

The data for 2016 includes the amount of life insurance premiums paid and reported in table iv) of point a) of section D.1 "Other benefits", so that the data is comparable and consistent with that of 2017.

This annual report on the remuneration of directors has been approved by the company's board of directors on the 27th of February of 2018.

Indicate whether any board members have voted against or abstained with respect to the approval of this report.

Yes ☐

No ☒

Name of board members (person or company) not voting in favour of approving this report	Reasons (against, abstain, not present)	Explain the reasons