



Corporate
areas

Human resources

At the close of 2008, Repsol had 36,302 employees working in over 30 countries, concentrated mainly in Spain (50%) and Argentina (33%), with employees in Portugal (4%), Brazil (2%), Peru (2%), Ecuador (2%) and Trinidad and Tobago (2%). Of these employees, 6% work in the Upstream area, 48% in Downstream, 30% in YPF, 6% in Gas Natural SDG and 0.5% in the LNG division. 1% of the workforce is executive personnel, 6% technical managers, 43% technicians, 6% administrative staff and 43% operatives. Permanent work contracts account for 91% of the total and women represent 26% of the total workforce.

In February 2008, coinciding with the presentation of the 2008–2012 Strategic Plan, the company

announced the structure of its new management team, which renewed 21% of its members.

Throughout 2008, there were 157 changes, including changes in management positions and new appointments (63). Based on the business requirements outlined in the Strategic Plan, the most important traits required of executives in charge of managing the company were defined:

- Global, diverse leaders with a vision of the various functions and geographical environments and with sufficient flexibility to adapt to the company's various needs and priorities.
- Strongly committed to achieving results.
- Excellent people management skills.

Following these managerial changes, the profile of Repsol's management team is more global, with greater diversity with regards to gender and nationality (the percentage of women holding executive posts increased from 8% to 10% and nationality diversity from 17% to 19%).

In May 2008, the Repsol Executive Convention was held to inform on the new management style, promote the leadership of the Executive Committee and further a sense of pride in forming part of the company. Over 250 executives from 16 countries participated in this event. Almost 900 of these executives work in countries other than the country in which they were contracted, forming the group of expatriates. These executives are mainly concentrated in the Upstream business area (79%).



A Repsol worker at the Tarragona industrial complex (Spain).

Diversity and work/life balance

In 2008 the company continued to work on the analysis and implementation of new measures to further diversity and work/life balance, promoted by the Diversity and Work/Life Balance Committee created in 2007. This committee continued to work on an in-depth study of the objectives and strategic priorities in relation to this issue for the 2009-2012 period. One of the measures implemented in 2008 was the teleworking pilot project, in which more than 130 people from specific business areas in Spain and Argentina participated. The results of this initiative have been extremely positive and it will therefore be gradually extended to include more workers and areas. Another initiative that should be

mentioned is the pilot project to provide support to employees through an external company offering a wide range of services, from legal and financial consulting to the recruitment of domestic staff.

In addition, in the first half of 2008 the Working Hours Reduction Protocol was signed. This initiative is designed for employees on shift work and establishes flexible measures for reducing the specific working hours of these employees.

In 2008, 422 people with disabilities joined the Repsol workforce (365 through direct contracting and 57 through alternative measures), increasing the percentage of staff with disabilities to 2.29% after an increase of more than 10% in the previous year. Through

an advertising campaign with the slogan "At Repsol we work towards making integration a reality", the Company publicized its position, vocation and commitment to the social and employment integration of people with disabilities. Repsol carries out a number of projects aimed at furthering equal opportunities and the social integration of all groups, particularly those who encounter greater difficulties in accessing the job market.

The company also conducted an audit on remuneration and promotion of personnel not included in the wage agreement in order to guarantee equal opportunities for this group.



The best professionals

In 2008 an important change was made in the recruitment strategy for professionals wishing to join the company, which is based on acquiring knowledge with regards to their motivation and on the optimal use of available resources. Recruitment techniques and processes were redesigned and the concept of “brand as an employer” was introduced to encourage job marketing.

The aim of these improvements is to project Repsol’s values with regards to quality employment, seeking a closer relationship with the academic world and professional training based on a number of initiatives. These initiatives included: launch of the “SOY” campaign in university newspapers, presenting the company’s five employment values: career development,

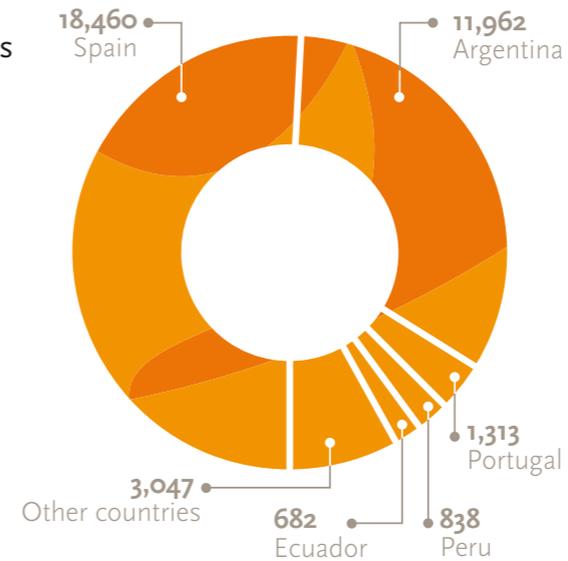
diversity, teamwork, global scope and commitment to society; the redesigning and updating of the contents of the Employment Channel, which can be accessed through the corporate website; promoting the company’s presence at employment forums; and the sponsorship of various seminars and reports. Repsol was included in the select group of Top Companies in which to Work. The company also launched the “Impulsa” grants programme. This programme provides students in their last years of university with an offer that goes beyond in-house work experience. It provides training in languages, general skills and competencies and the possibility of joining the company through the New Professionals Programme. More than 1,850 people joined

the company in 2008. Over 120 of these new recruitments are related to the Plan de Choque action plan, a 5-year programme that aims to recruit professionals in the Upstream area in order to meet the needs of the growth plan for this business. 280 people also joined the Refining Spain area in the Downstream division to fill the vacancies in the installations extension project and ensure a suitable generational shift.

Talent management

With the help of the “People Review” system – a tool for identifying and developing talent in Repsol – and through 58 work sessions organized in 2008, it was possible to obtain a talent map for each of the company’s areas and design a specific development plan to offer greater opportunities to professionals.

WORKFORCE BY COUNTRIES
Total: 36,302



In line with the company’s interest in continuing to identify, year after year, its workers’ talent, 16 sessions of the “Development Center” programme were held in 2008. Around 170 professionals were evaluated in these sessions, 75% of whom were women, a clear example of the project’s potential for detecting talent in this group.

Executive coaching was also introduced as a professional development tool. This experience was launched in the Marketing and Chemicals businesses, creating a procedure which will be applied in other areas over the next years. A personal interview process for staff showing great potential was also implemented in order to learn more about this group of employees.

Technical know-how is a key factor in the growth of Repsol’s

business worldwide. The Executive Committee therefore decided to launch a project for the review of technical competencies, standard jobs and training courses which will enable homogenous, efficient management of technical talent from a platform of common knowledge for all employees.

After identifying needs regarding technical skills, the defined learning “road maps” will make it possible to:

- Advise employees on their development, offering a structured training plan for each stage of their career focused on acquiring critical skills.
- Promote technical training with a wider global scope integrated and shared by the various company areas.
- Optimize planning, management and training.

More employment for the disabled

- Repsol received the Business and Society Foundation Award for working actively on disability. This award evaluates the best business actions implemented in the field of integration of disadvantaged persons, always within the framework of corporate competitiveness and social cohesion. Repsol was selected from a total of 27 candidates.
- The company continued to enhance standards of accessibility in its service stations and offices, an area in which it is a reference among Spanish companies. In 2008 it opened the first service station manned entirely by a workforce of ten people with different capacities.
- According to the Business and Society Observatory, Repsol is the company which generates more direct employment in absolute terms for people with different capacities.





The second half of 2008 saw the creation of the Advanced Training Centre, Repsol's corporate university project



The Repsol University

The second half of 2008 saw the creation of the Advanced Training Centre, Repsol's corporate university project. This groups together all resources for training activities in one single organisational unit and consists of the Leadership and Management School and the Exploration and Production, Industrial, Marketing and Corporate Processes Technical Schools. The creation of this centre will help to optimize investment in training, which in 2008 amounted to €27 million for the whole of the company.

Repsol's variable remuneration system for professionals known as Management by Commitments (Gestión por Compromisos, GxC), completed its third year in operation and now forms part of the organisation's day-to-day

language. The aim of this system is to focus employees' efforts on meeting the established objectives, but also aims to achieve professionals committed to their own development and that of the people working under them, objectively evaluating not only results, but also how these are attained. It also emphasises follow-up of day-to-day actions, furthering those which the company believes to be key elements: responsibility and commitment to results, enterprising spirit and excellence, collaboration, people development and merit-based recognition.

Analysis of the 2007 results shows that progress is continuing to be made on merit-based differentiation and that actions which contribute to the long-term

Repsol launched the "Impulsa" grants programme, which offers training which goes beyond work experience

success of the organisation are promoted and rewarded.

The working environment in 2008

In order to evaluate the progress of the actions defined based on the results of the working environment study carried out in 2006, in November 2008 a follow-up survey was carried out among over 8,000 employees throughout the company. The results of the survey, in which participation was 77%, showed that progress has been made in most of the improvement areas identified.

Labour relations

The period of the IV Framework Agreement for Spain finalized in 2008 with no labour conflicts. In November negotiation on the V Framework Agreement commenced with the creation of the negotiating table

and presentation of the negotiation platforms.

In the first half of 2008 the Harassment Protocol was signed, which establishes the guidelines which all employees should follow in the event of a situation of employment harassment.

Occupational health

Since the Repsol Regulation on Occupational Health Management was signed in October 2007, the Technical Health Committee has been working to provide a body of regulations to create homogenous standards on this matter at an international level and, within this context, the following procedures should be highlighted:

- Health and safety requirements when travelling to risk countries.
- Monitoring of individual health,

together with regular health check guides.

- Provision of Medical Services.
- Health and Hygiene in the preparation of foodstuffs.

A procedure of health data and indicators was also approved which will enable the present follow-up systems to be enhanced.

Innovation and technology

Repsol considers its Research and Development (R+D) investments and activities to be essential tools that provide it with competitive technology for producing the best products by means of efficient and environmentally friendly processes, thereby fulfilling market needs and its clients' expectations. This increases the company's value to the benefit of its shareholders and the company acts in a socially responsible manner.

Resources are applied to R+D programmes to identify and incorporate the best commercially available technology while at the same time work is carried out to develop the company's own technology to enable it to achieve a stronger competitive position. The company also conducts research on emerging technologies that can change the

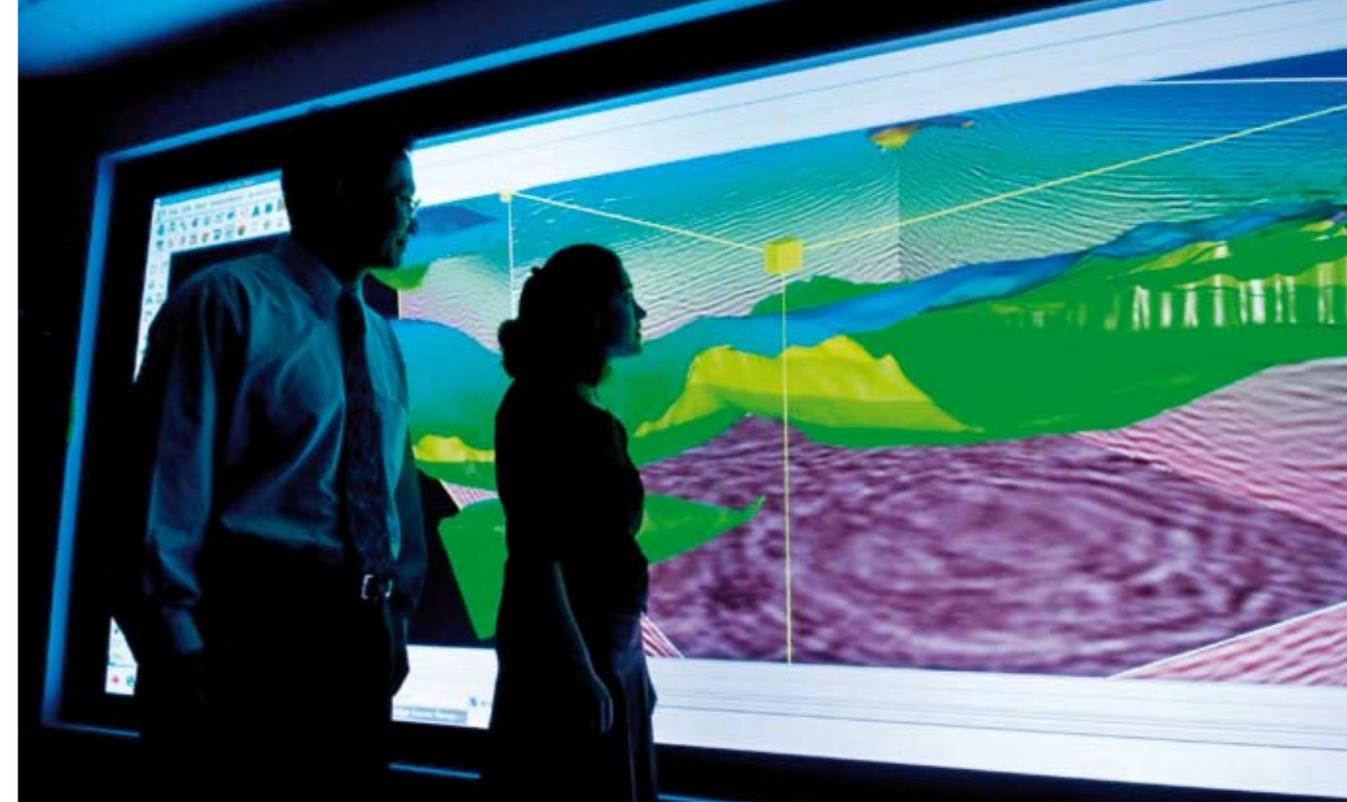
business outlook and constantly monitors technological areas identified as being of critical importance for the company.

Over 400 researchers

450 researchers work at the Group's technology centres in Mostoles (Spain) and La Plata (Argentina), developing an intensive project programme covering all of the company's business lines: oil and gas exploration and production, the natural gas value chain, oil refining and petrochemicals, without ignoring future diversification opportunities such as biofuels. In 2008 €74 million were invested to carry out all these activities, plus another €9 million for projects undertaken in the business units.

Aware of the increasing

importance of scientific and technological development for strengthening the bonds between the company and the society, Repsol collaborates with its social environment. To achieve this, the company has an active collaboration policy through agreements with universities, companies and other public and private technology centres. The 2008 budget allocated for these types of agreements totalled more than €12 million, much higher than in recent years. The areas of cooperation ranged from preliminary feasibility studies for commencement of new projects to undertaking specific phases in R+D initiatives according to specific knowledge and/or specific facilities available at these centres. There was also an increase in the company's involvement



Interpretation of seismic images for deepwater exploration at the Repsol offices in Houston (United States).

in consortiums with other companies for the pre-competitive development of new technologies. Repsol also participates in R+D projects sponsored by various administrations (regional, national and European). In 2008 it took part in 24 different types of projects promoted by the Spanish Government and in seven European Union projects.

R+D projects and programmes involve the entire value chain of the various businesses, from exploration of new oil and gas fields to extraction and preparation for transport, including transformation and manufacturing of products in industrial complexes and distribution to the end client. The following significant lines and actions in the various Repsol business areas are particularly worthy of mention:

Upstream. Repsol applies the most advanced technologies in the exploration of new hydrocarbon deposits, developing new seismic processing technologies in cooperation with other companies and leading universities to improve the possibilities of analyzing and interpreting seismic images, the first step in hydrocarbon exploration. This technology provides a competitive advantage as it increases the possibilities of finding deepwater hydrocarbon reserves – a scenario that until now was characterized by geological formations that were complex and invisible using traditional techniques – and significantly reduces exploration risks and associated costs.

Another of the main lines of technological development

at Repsol involves improved recovery technologies aimed at extracting more oil and gas from mature fields. The company also develops and adapts technologies to enhance non-conventional hydrocarbon production, such as heavy crude oils and gas trapped in low permeability deposits, as well as technologies and methodologies to improve production in offshore fields.

LNG. In this business, in which Repsol is an international leading player, liquefaction technologies are being developed for use in floating systems, which will make it possible to capitalize gas reserves that cannot be exploited in an economically viable manner at present.

Downstream. Specialised technological support for refineries makes it possible to



Culture of microalgae for research on second generation biofuels at the Repsol Technology Centre.

obtain better quality petrols and diesel fuels. Advances in this field enable Repsol to keep ahead of international regulatory requirements, sustainably maximize the operating margin, ensure compliance with environmental requirements, and promote energy savings and efficiency. Within this strategic framework new products are being developed, such as plant-based biofuels and enhanced performance lubricants and asphalts adapted to comply with new environmental regulations. Several fleet trials and field tests have been conducted to ensure that these new bio-products reach the market with full guarantees, including the following: a trial using a fleet of buses running on biodiesel made with recycled cooking oil; the

Investment
on R+D in 2008
amounted
to €83 million



tests performed on 200 vehicles using a biodiesel with a high content of renewables (30%); field tests using a new enhanced safety oil as a biodegradable electrical transformer; and the test on a road surface using asphalt that can be spread at a low temperature that provides environmental advantages and cost savings.

As part of its commitment to research and sustainable development, Repsol has also launched several innovative projects, such as the study of new crops for producing biofuels, the development of CO₂ capture systems using reusable bio-algae as energy biomass, products made with vegetable oils for treating crops affected by plagues, and the application of spreadable oils to treat wood to

450 researchers work at the technology centres in Mostoles (Spain) and La Plata (Argentina), developing an intensive project programme which covers all the company's business lines

prevent attacks by xylophagous organisms.

Competition fuels developed and manufactured at the Repsol Technology Centre are used in major sports competitions. In 2008, for the fourth consecutive year, Honda HRC rated Repsol's CTR-54 competition fuel the best performer compared to several others manufactured by competitors. Repsol's technology department also developed the first competition diesel fuel for the new Mitsubishi vehicle which competed in the Dakar 2009. Knowledge acquired in these cutting edge technologies is later used to enhance the company's products that reach the end consumer.

In LPG, we should highlight the gradual introduction of new integral air conditioning

applications for the residential, tertiary and industrial sectors. These applications, together with autogas (LPG used to power vehicles) and use in coastal fishing vessels (Peixe Verde project), open up a wide range of environmentally friendly business opportunities.

Excellence in performance

In petrochemicals, the lines of research focus on optimising existing processes, many of which are proprietary technology, and on developing products adapted to new market requirements in increasingly competitive scenarios. It is in these types of products, particularly those for mass consumption, in which excellence in performance and the balance between properties and the cost of raw materials and energy required

for production mark the difference in efficiency and sustainability between processes and producers. The projects developed throughout 2008 made it possible to redesign polyol production units, increasing capacity while at the same time enhancing the quality of the composition and properties of these products.

More efficient procedures were defined for the production of polyolefins and alternative uses for traditional monomers were developed by introducing more efficient catalysts in the processes. Through its stake in Dynasol, the company continues to develop new synthetic rubbers, the applications of which are highly valued in sectors such as the automotive industry.

Safety and the Environment

For Repsol, caring for safety and the environment is an essential element in the management of its activities. This principle forms part of the company's strategic vision with a commitment to "contribute to the sustainable development and enhancement of the social environment, and respect human rights, the environment and safety". This commitment is complemented by the following ethical value: "we demand a high degree of safety in processes, installations and services, with particular attention to the protection of employees, contractors, customers and the local surroundings, and we convey this principle of performance to the entire organization".

These are the commitments and values underlying Repsol's Safety, Health and Environment Policy which is applied to all the

company's activities through the management system. Its main support is the Safety and Environment Manual, which is supplemented by an extensive set of standards, procedures and technical guides which are constantly updated to adapt them to the best practices in the industry.

The most important actions carried out recently to improve safety and the protection and conservation of the environment and the evolution of the most relevant indicators are described in the Repsol 2008 Corporate Responsibility Report and on the company's website www.repsol.com.

Safety

Repsol's goal is to achieve accident-free operations. For this purpose, each year the company establishes management





Safety is a priority in all Repsol installations.

improvement measures and investments to maintain the facilities in accordance with the best standards in the sector. The management system is continuously evaluated in order to improve safety.

The accident rate at Repsol decreased once again in 2008. The integrated lost time accident frequency rate (company employees plus contractors) fell by 25% in comparison with the previous year, thereby meeting the annual target and the strategic goals defined by the company for 2012.

Unfortunately, however, despite all the improvement actions implemented and the progress made in this respect, nine

accidents involving fatalities occurred, with eleven deaths, three of whom were company employees and eight employed by contractors. Five of these deaths occurred in road accidents.

The environment

In compliance with Repsol's strategic lines, protection and conservation of the environment are key elements in the company's activities. Significant environmental investments were made in 2008. Key among these, as in previous years, were the improvements introduced in the refining business to meet environmental oil product quality standards. Also significant were the measures implemented to minimise air emissions,

the optimization of water consumption, reduction in the dumping contamination load, proper waste management and the enhancement of systems to prevent spillages based on the best available practices and technological innovation. Great efforts were made to identify, assess and address possible contamination episodes in the past.

Note 39 of the Repsol YPF Group Consolidated Annual Report provides detailed information on the assets, expenses and investments, contingencies, provisions and future actions in relation to the environment.

Climate change

In 2008 the European Union

approved a package on climate change and renewable energies. The document establishes a target of a 20% reduction in greenhouse gas emissions by 2020 and an increase of up to 20% in the use of renewable energies. European Union committees will be meeting in 2009 to define the specific measures to be implemented in order to meet these goals.

Additionally, the Conference of the Parties to the United Nations Framework Convention on Climate Change, held in Poznan (Poland) in December 2008, reached agreements on the Kyoto Protocol Adaptation Fund and on transparency measures for handling Clean Development Mechanism (CDM) projects. The countries included in Annex

Safety and environment recognitions

- For the third consecutive year, Repsol forms part of the select global Dow Jones Sustainability Index World and the European Dow Jones Sustainability Index STOXX. Dow Jones Sustainability Index is a group of stock exchange indexes in which the companies listed must certify to advanced practices in the various facets of corporate sustainability. Among other aspects, each year these indexes evaluate companies'

safety and environmental management. In 2008, for the first time Repsol obtained the highest score in its sector in environmental policy and management, in biodiversity protection and health and safety in the workplace. For the second consecutive year, it also obtained the maximum rating for climate change management.

- For the third consecutive year, the Repsol Group formed part of the Climate Leadership Index which lists the 30 best FT500 industrial companies in climate change strategy and transparency policy. The company was rated as one of the three best in the oil and gas sector and is the only company which has been one of the top three companies in these three years.

In order to be included in this index, Repsol successfully passed the evaluation of ten key criteria in its activity, such as investment in new emission reduction technologies, management and reporting of emissions or investment in energy saving and efficiency measures.

- Since 2003 Repsol has also formed part of the London Stock Exchange FTSE4Good (Financial Times Stock Exchange Index) index.



Environmental project in Bolivia.



I of the Kyoto Protocol also tried to advance in the negotiations on commitments to reduce greenhouse gas emissions and those not included in Annex I on the possibility of including carbon dioxide capture and storage within CDM and on clarification of the rules for technology transfer. The parties aim to conclude these actions at a key meeting to be held at the end of 2009 in Copenhagen (Denmark).

In 2008 Repsol implemented a new Carbon Plan in all the business lines involving emission of greenhouse gases (GHG), principally seeking emission reduction opportunities, assessing viability as a CDM project, improving the quality of GHG inventories and investing

Repsol has complied with its strategic objective of a reduction in emissions of CO₂ equivalent four years ahead of schedule

in Carbon Funds and energy efficiency.

In 2005 Repsol established an objective of a reduction of one million tonnes of CO₂ equivalent over the 2005–2012 period in respect of a business as usual scenario. Thanks to the efficiency measures applied in recent years, the company was able to meet this target in 2008. The company has therefore revised this objective and set a more ambitious goal: a reduction of 2.5 million tonnes of CO₂ equivalent during the 2009-2013 period in respect of the business as usual scenario.

One of the cornerstones of the Carbon Plan is the development of a potent in-house programme to detect reduction opportunities. Thanks to this initiative,



A Repsol operative on Casablanca, the only oil extraction platform in Spain.

known as CORE (Catálogo de Oportunidades de Reducción, Catalogue of Reduction Opportunities), 94 projects had been identified by the end of 2008. Throughout the year Repsol also continued to work towards ensuring the consistency, transparency and credibility of the processes of quantification, follow-up and reporting of greenhouse gases in accordance with ISO Standard 14064.

Investment in Carbon Funds continued as established in recent years. These funds are used to develop CDM projects in developing countries, investing in energy efficiency initiatives, renewable energies, waste management, fuel change projects and other initiatives. In 2008

the company participated in two initiatives carried out in China through the Natsource Carbon Fund “Greenhouse Gas Credit Aggregation Pool (GG-CAP)”, an industrial cogeneration project and another hydroelectric power project. In order to enhance the company’s energy efficiency, in 2008 Repsol also established the organisational structure required to perform in-depth analysis of good management practices.

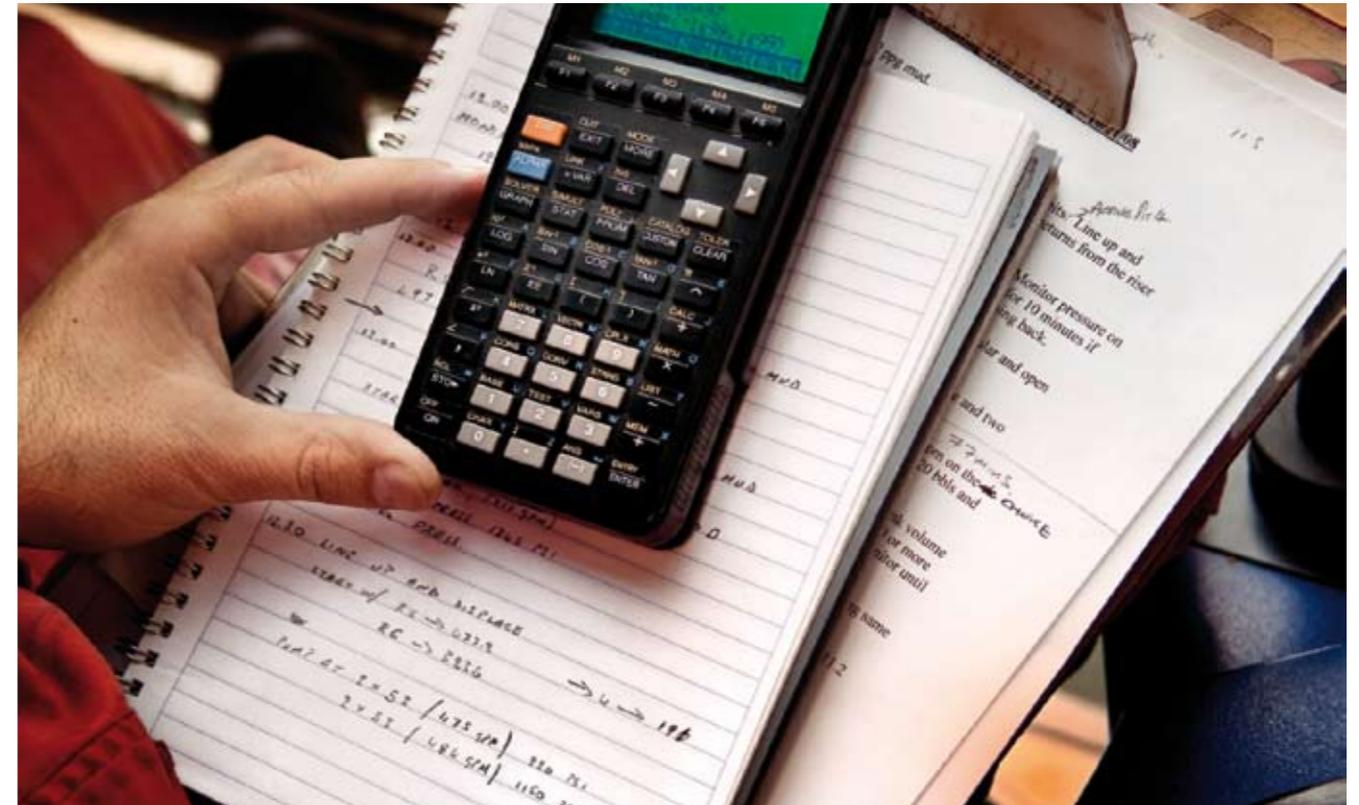
Biodiversity

Repsol undertakes to respect biodiversity in the planning and development of its projects and operations, preventing and minimizing possible negative impacts on ecosystems. In 2008 the Repsol Group developed a

set of regulations establishing the biodiversity criteria and guidelines for all the company’s operations, including a commitment to implementing Biodiversity Action Plans in projects developed in sensitive areas.

Along these lines, in 2008 the company continued development of the two Biodiversity Action Plans (BAP) commenced in previous years: in 2006 in relation to exploration activities in block 39 in Peru in collaboration with the prestigious Smithsonian Institution, and in 2007 in offshore operations in Trinidad and Tobago.

Knowledge management



Repsol is currently immersed in a process of change to adapt to the needs of a competitive market that requires continuous innovation. The company plans to contribute to this adaptation via the creation of value and innovative capabilities in the organization through the use of knowledge management techniques and tools.

Knowledge management initiatives at Repsol must contribute to business results, efficiency improvement and commitment management through the design and deployment of a model for development and transfer of capabilities among all

the business units and the organization's transversal areas. The objective is to create a common framework for the generation of innovative capabilities, constantly in line with the strategic objectives and with quantifiable results to ensure continuous improvement.

Corporate vision

Repsol's aim is for knowledge management to become an undifferentiated and intrinsic part of the day-to-day activity of its employees and of its work processes and evaluation systems, contributing to both the creation of a framework of continuous improvement and

innovation and to an environment that encourages the participation, involvement and development of the people who work in the company. Through knowledge management, Repsol aims for its employees to feel professionally enriched and motivated as well as encouraged, on a personal level, to participate actively in the company's progress.

Repsol's employees, no matter where they are or in which unit or functional area they carry out their activities, will have access to all available knowledge (contents, people and processes) to enable them to find, whenever they need it, the pertinent knowledge and the constant identification

and transfer of good practices in all key areas and processes, contributing to the creation of a favourable environment for innovation.

Actions carried out

Within the framework of the strategic plan for knowledge management, new practice communities have been created which, together with those already in existence, comprise approximately 20,000 people throughout the company. In 2008 projects for employee knowledge retention and knowledge transfer to others, due to staff retirement, rotation, changes, incorporation of new professionals, training

material, etc., remained in place. The methodology applied is mainly supported by compiling personal histories and experiences which are recorded on audiovisual support.

To take the company's knowledge closer to all employees, the Moebius Project was launched, which aims to make the knowledge existing within Repsol available to all members of staff. To accomplish this, a prototype of the desired final system has been created. In collaboration with the Systems Division, a preliminary version has been designed which is currently being used to show the achievable functionalities to all business units and also to provide

a trial environment to optimise performance and ensure adequate use by end users.

Recognitions

In 2008 Repsol received the European MAKE-2008 award in recognition of the actions developed by the company and the results achieved in knowledge management through the evaluation of more than 500 professionals, which resulted in Repsol being selected as one of the ten best European companies in this field.

Quality: excellence in management

Repsol perceives quality as the constant pursuit of excellence by appropriate management of the company's resources in order to generate value for all its interest groups over the course of time. To make progress on the road to excellence, in 2001 Repsol adopted the models of the European Foundation for Quality Management (EFQM) and the Ibero-American Foundation for Quality (FUNDIBEQ), applying these models through the performance of regular self-assessments which enable the company's units to identify, prioritize, implement and evaluate their improvement plans. Repsol is a member of both these international foundations (EFQM and FUNDIBEQ) and also participates actively in the leading quality associations in the

geographical regions in which it operates.

Updating the Strategic Quality Plan

Each year the Quality Committee, made up of senior management representatives from strategic business areas and corporate directors, approves the company's Strategic Quality Plan which establishes priority objectives and planned actions for developing the quality policy. The current plan envisages several strategic lines that recognize and promote customer focus as one of Repsol's core professional values, through knowing and meeting customers' needs swiftly and flexibly, and anticipating their expectations. The basic premise of the plan is to foster creativity and innovation as a means of ensuring sustainable competitive advantages. In 2008 the company continued

with development of the key Strategic Quality Plan programmes. Within the sphere of consolidation and enhancement of the self-assessment process, the company's various business units define and implement their improvement plans and programmes based on the self-assessments carried out. Since this programme was first launched in 2001, more than 120 self-assessments have been performed. This means that at December 2008, 100% of the organization had completed at least two self-assessments and 30% had performed three or more. In 2008 an in-depth review of the self-assessment methodology designed in 2007 was carried out in order to enhance its alignment with the business strategy, ensure the integration of all improvement

initiatives and follow-up of the action plans, and guarantee that the quality function acts as an element for management of change. All these actions are supported by ambitious value creation objectives and a system of indicators for follow-up and continuous enhancement of improvement processes and increased efficiency. Repsol also worked on implementing process-focused management throughout the company. The creation of processes and identification of performance indicators and metrics support the decision-making process and help to identify and implement improvements to ensure that objectives are achieved. Repsol promotes the use of benchmarking as a basis for

establishing improvement objectives suited to the environment and detecting and disseminating knowledge of best practices within the organization.

Quality training

Repsol also promotes innovation as an essential management value as reflected in its quality policy. In 2007 the company approved the adoption of the innovation framework promoted by the Club Excelencia en Gestión (Management Excellence Club) and the COTEC Foundation as a reference for enhancing the organization's capacity for innovation. A new quality training curriculum was developed in 2008 for all company personnel. This curriculum covers all quality-related aspects: excellence and self-assessment models,

process-driven management, quality system certifications and basic tools and methodologies for improvement and their implementation. On 8 October 2008, an open-door seminar was organized at Repsol's headquarters, in collaboration with the Management Excellence Club, under the slogan "Let's invent the future". The event, which was attended by 150 people from some 60 companies, provided information on some of the relevant initiatives being implemented by the group in its quest for excellence. To report on Repsol's quality policy commitments, the day's agenda included subjects relating to the transformation of the organization, human capital, innovation and the environment, among others.



Innovation of products and services forms part of the day-to-day work at Repsol.

Social Responsibility

Repsol operates in a wide variety of social, cultural and economic environments. A concern for local sensitivities enables the company to understand and respond to the particular needs of the various communities with which it comes into contact in the different phases of its business. Attention to local issues brings Repsol into closer touch with the concerns of the people living in the vicinity of the company's operations.

Repsol's efficient and modern energy management is therefore framed within the context of a firm commitment to the welfare, development and prosperity of the societies in which it is present and to the principles of sustainable development. Social commitment is an inherent part of the company's activity. Its management model is defined by protection of the natural and social environment, good relations with the communities in which it works, safety of personas and respect for human rights.

In 2008 Repsol made progress in putting into action the six strategic lines of the 2007–2009 Corporate Responsibility Master Plan. At 31 December 2008, 50 of the 65 steps established in the Plan had been implemented, representing an 80% progress rate.

Commitment to society

A close continuous relationship with the company's various interest groups is one of the basic premises of the Community Commitment Programme which, within the framework of one of the strategic lines of the Master Plan, aims to promote dialogue and cooperation with the community.

This programme focuses on analyzing, organizing and guiding the company's social commitment activities, bringing them into line with the objectives and strategy of its business and with the real needs of the communities and societies in which Repsol operates.

One of the key milestones this year was the preparation and approval

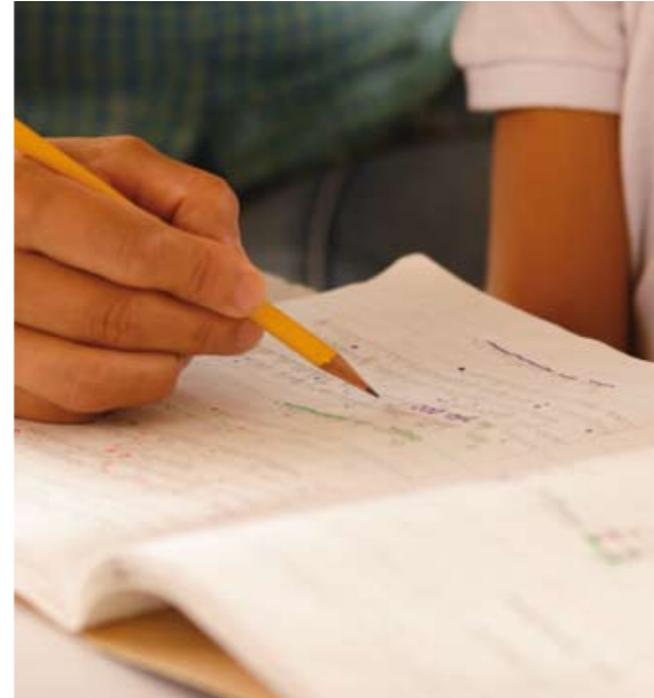
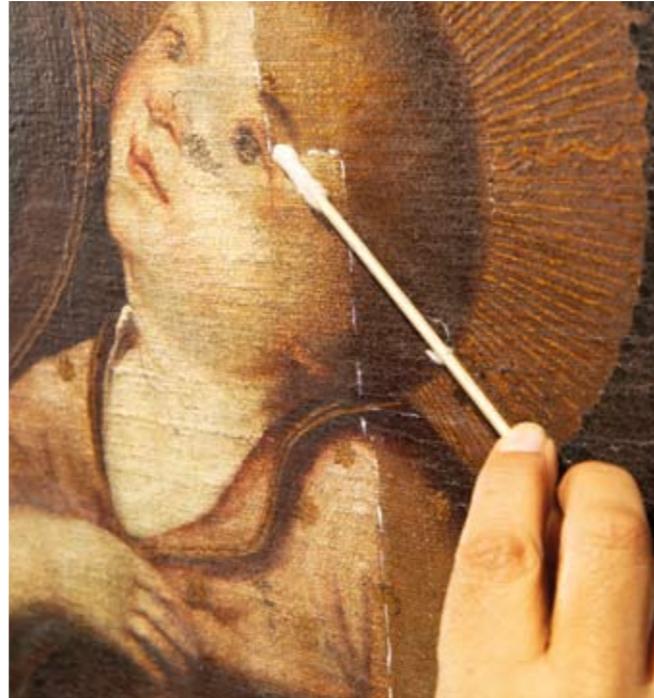
of the Policy on Community Relations and the Policy on Indigenous Communities Relations, which now govern the performance of Repsol and of its contractors and suppliers.

Social agents participated in the development process of these policies. Specifically, over 24 national and international organizations were contacted when the Policy on Indigenous Communities Relations was drawn up.

This policy represents Repsol's support for the recognition of indigenous peoples as laid down in Convention 169 of the International Labour Organization (ILO) and in the Declaration on the Rights of Indigenous Peoples of the United Nations General Assembly. It acknowledges the differential nature of these communities, the duty to respect and promote their human rights and fundamental freedoms and, particularly, their organisational,



Repsol is a company committed to education and has financed the construction of schools in countries such as Bolivia.



Repsol social and cultural projects promoted in Venezuela, Peru and Ecuador.

INVESTMENT IN SOCIAL AND CULTURAL PROGRAMMES

Thousands of euros	2005	2006	2007	2008
Spain (1)	10,856	12,806	13,308	8,982
Europe, Africa and Asia	295	801	1,270	845
North America	719	478	54	62
South America (excluding Argentina)	3,903	5,116	5,310	5,343
Argentina	6,898	6,254	12,360	14,662
Total	22,671	25,455	32,302	29,894
% on pre-tax profits (2)	0.41%	0.47%	0.58%	0.63%

(1) Participation of the ISE in 2008 amounted to around €5 million

(2) Calculated on profit before tax and affiliated companies

economic and social structures. Likewise, within the framework of the above mentioned approved policies, Repsol undertakes to freely, previously and knowledgeably consult these communities and that they may participate, whenever possible in the profits provided by the exploitation activities of the hydrocarbon resources in their lands, among others.

These policies make it possible

to strengthen the approach that Repsol has sought to promote in the dialogue with and understanding of the communities in the vicinity of its business operations, and to respond to their specific needs by drawing up plans for community relations.

The company's approach to corporate responsibility and sustainable development were once again recognised in 2008. Repsol was again

included in the selective Dow Jones Sustainability Indexes. In terms of the social criteria assessed in the analysis, Repsol stood out for its sound social commitment and scored top ratings in human capital development, health and safety in the workplace and social impact on communities. Likewise, by continuing to be included in the FTSE4Good index, Repsol's commitment to long-

term value creation is endorsed for another year.

In 2009, and taking into consideration the expectations of interest groups, the foundations for the company's new Corporate Responsibility strategy will be established based on the new 2010–2012 Master Plan.

The new Foundation

As a result of Repsol's voluntary commitment to the sustained enhancement of society, the Repsol Foundation embarked on a new phase in 2008 in which it set new goals.

The Foundation is considered to be the maximum expression of the company's commitment to social responsibility. Its aim is to work in those fields in which it can make the greatest contribution, which have a clear impact on

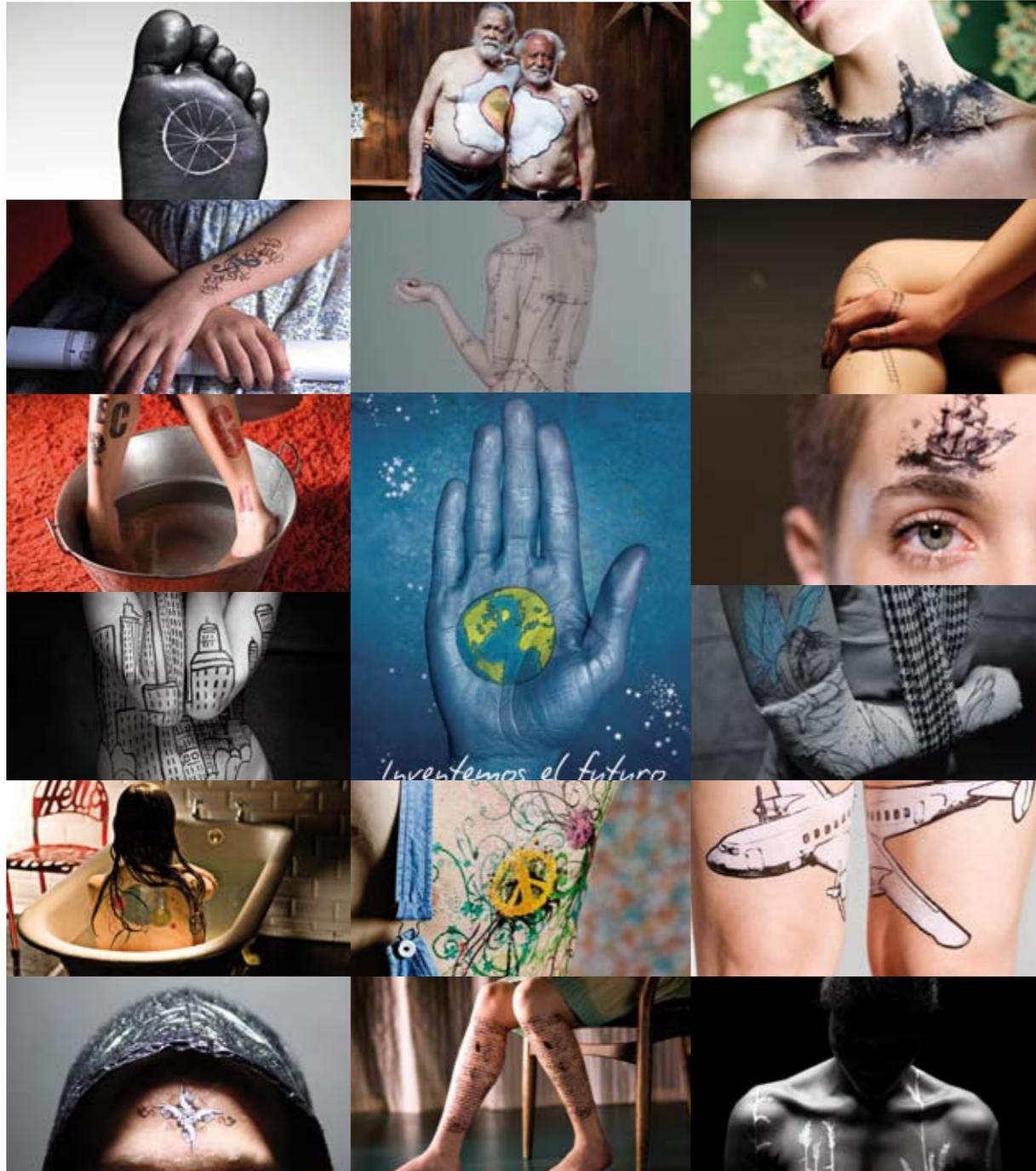
the enhancement and progress of society and which contribute to people's wellbeing. Its areas of action focus on social action, energy and the environment, responsible mobility and education and culture. The Foundation will also provide debate on and analysis of trends and sensitive areas of concern within the social, energy and environmental fields, creating meeting places and discussion forums.

The new Foundation includes management of cultural, social, scientific and educational programmes and activities as well as those for promoting research, a function previously dispersed within the Repsol Group, thus giving continuity to the initiatives that were developed from its Corporate Responsibility area. One of the lines of action

relating to social commitment responds to needs identified in the communities from a long-lasting viewpoint. As a rule, the company decides, in conjunction with the communities or their representatives, which priority objectives should be undertaken in order to help address the needs identified.

The activities carried out by the company can be summarised in the following lines of action: education and training, community development, health, social integration, the environment, art and culture.

In 2008 Repsol YPF and its foundations devoted a total of €30 million to social investment. During the year a total of 1,300 social and cultural programmes were undertaken.



Photos from the Repsol institutional campaign "Let's invent the future".

The value of communication

Transparency and close relations with the company's various interest groups are the cornerstone of Repsol's communications strategy. Nowadays, society demands accessible information and Repsol therefore has no hesitation in meeting this need in the smoothest and most reliable manner possible, through a number of tools.

Shareholders and investors

These groups have access to a wide range of resources that provide them with information on the day-to-day business of the company. Since its flotation in 1989, Repsol has had a Shareholder Information Office and an Investor Relations Department, through which it meets the needs of shareholders, institutional investors and market analysts. Shareholders can request any information they require from the Shareholder Information

Office, by going to the office themselves, calling the 900 100 000 freephone number or by post or email. In 2008 the Shareholder Information Office handled over 62,000 calls (an average of 238 a day) and around 300 emails from shareholders requesting information. The most common queries in 2008 were regarding the share price, the Annual General Meeting, the policy and payment dates of dividends and relevant facts regarding the company.

The corporate website (www.repsol.com) also provides access to all relevant information on the company, as well as specific contents in the section "Information for shareholders and investors", which in 2008 received over 200,000 visits. The site also provides an email address (infoaccionistas@repsolypf.com) to which queries and requests for publications can be sent. In 2008 over 500 emails were sent to this mailbox, mainly requesting

information about Repsol. The Investor Relations Department maintains fluid communication with institutional investors and market analysts. One of the highlights of its activities in 2008 was the presentation of the 2008-2012 Strategic Plan to investors and the international financial community. During the year, 12 global roadshows were held (meetings by company executives with international institutional investors) and more than 120 one-on-one interviews with investors and financial analysts. Repsol also organised a number of sector-based conferences in Europe and the United States which were attended by a large number of institutional investors. In 2008 the Investor Relations Department also arranged a trip for financial analysts to Repsol's Houston offices to present the company's Upstream projects in the area, as well as the company's deepwater exploration strategy.



The Chairman of Repsol, Antonio Brufau, acted as the host at the last World Petroleum Congress, held in Madrid (Spain).

Media communications

Repsol's media relations policy is based on the principles of transparency, immediacy, accuracy and veracity of the information conveyed. The company strives to ensure that requests for information from journalists are answered as quickly as possible, maintaining fluid, continuous contact with the media, which is considered essential for informing on progress, activity and management of a company which is present in some 30 countries.

Repsol's Communications Department maintains daily contact with general and specialised international, national, regional and local media, providing them with information on everything that professionals in this sector require. It also works closely with the local media in

The website
repsol.com
is one of the
most visited
of all the IBEX-
35 companies,
with over 80
million pages
viewed
a month

the places where the company's industrial complexes are located.

All the media are informed of any activity and initiative carried out by Repsol by means of press releases. In 2008 Repsol distributed over 80 press releases in Spain alone, as well as others disseminated by the industrial complexes at a local level and those issued in the countries where the company operates.

To strengthen the relationship with the media, press conferences and specific informative meetings are organized. Particular mention should be made of those held in 2008 to inform on the Annual General Meeting and present the 2008–2012 Strategic Plan.

The Press Room on the company's website provides immediate access to information

Transparency and a close relationship with the company's various interest groups are the cornerstone of Repsol's communications strategy

about the Group. It enables both the media and members of the general public to view press releases issued by Repsol, publications, a gallery of images and all kinds of relevant information about the company. It also contains useful tools, such as a glossary of terms.

To facilitate communication with the media, Repsol has a press mailbox (prensa@repsol.com) which operates 24 hours a day. Almost 4,000 queries and requests for information were handled in 2008 through this channel.

Repsol on the Internet

The repsol.com portal is an important communication tool. The average monthly visits and pages viewed, five million and eighty million respectively,

make it one of the most visited websites of all the companies that make up the IBEX-35, the main benchmark index of the Spanish stock exchange. The repsol.com site continuously includes new features which enhance the appeal, accessibility, security and speed of the information. The portal, which among other services provides the company's customers with the possibility of operating online, can be consulted in Spanish, English, Portuguese, Catalan, Galician and Basque.

In 2008 the international consultancy Hallvarsson&Hallvarsson rated Repsol as the top Spanish company in terms of transparency and best practices in the contents of its corporate website, which was ranked sixth in the global ranking of companies with the

highest market capitalization in Europe.

The company's portal also received the IMA Outstanding Achievement Award for its Service Stations channel in recognition of the effort made to inform on its business activities and forge a closer relationship between the brand and its products and customers in an innovative and accessible way.

Brand policy

In 2008 considerable progress was made in consolidating the brand strategy and major milestones were achieved in marketing and communication, the cornerstones for creating value for the company.

Communication of Repsol's technological innovation at the service of society.

The communication campaign "Inventemos el futuro" (Let's invent the future) summarises the position of an expert company in the energy sector and one that is at the same time responsible and people-oriented, committed to society and the future.

- **Microalgae.** Repsol develops second-generation biofuels from microalgae and other cultures not suitable for food purposes.

- **Kaleidoscope.** Cutting edge science and technology join forces to discover oil and gas deposits in the depths of the sea, respecting the natural environment.

- **Asphalts.** By recycling tyres, Repsol produces asphalts which reduce environmental and acoustic pollution and improve road safety.

- **Plastics.** Repsol is developing a new generation of environmentally friendly plastics for greenhouses which achieve more efficient crops by making optimum use of sunlight and using less water.

Rationalization of the company's brand architecture. Repsol's brand policy focuses on building and enhancing the YPF brand in Argentina and the Repsol brand in

the rest of the world.

The key actions carried out involved conducting a company-wide review of the main brand applications, prioritising those with the greatest visual impact. An example of this approach is the change of the name of the guidebook "Guia Campsa" to "Guia Repsol", after providing information about gastronomy and tourism in Spain for over 30 years. The product brands have also been redefined, using the Repsol brand for all products to reinforce the link. The company's new product brands are designed within the framework of a graphic family that facilitates selective recall, while always meeting the specific needs of each business area.



Repsol's corporate headquarters in Madrid (Spain).

Correct follow-up and application of brand identity objectives plays a key role in the coherence of the positioning of the Repsol brand and its trademarks. It enables sustainable construction of brand renown, guarantees knowledge and conveyance of the values that identify the brand and acts as a support for increasing its financial value.

Visual identity programme

The strategic priority of building and managing the brand is reflected in the guideline documentation that governs the company's communication, at both an external and internal level. To guarantee correct application of the brand and its identity, the key communication managers are provided with identity manuals,

which strictly define the most significant aspects of the use of the brand at their various contact points, whether it be a service station, a butane gas distribution agency or a fuel transport truck. A process of renewal of the visual identity manuals has been commenced, in which efforts are focused on interactivity, simplification, ease of use and the possibility of downloading printed forms.

Brand evaluation

In the period 2006-2007 and within the framework of an internal strategic reflection, a number of initiatives were undertaken to optimise brand management and create financial value in the medium and long term. To gauge the impact of

these initiatives on the company's brands and its clients, a new evaluation of the company's main brands was carried out which analysed progress in their positioning, the impact of communications and sponsorship actions, and changes within the competitive context. This helped to evaluate the brand role and strength since the last evaluation to the present day, which will provide support for strategic decision-making within this context and strengthen brand recognition and other intangible assets as well as the company's key assets vis-à-vis its employees and society in general.

Sports Sponsorship

In 2008 Repsol participated once again in competitions such as the World Motorcycle Championship which represent the best test benches for its fuels and lubricants by exposing them to the most extreme situations. It is thanks to the experience acquired in developing specific products for top level competitions that Repsol is able to maintain its lead position in the research and development of products capable of living up to the its customers' expectations. 2008 was an outstanding season in terms of world titles obtained by the Repsol drivers who took part in top level international competitions. Between them they won the outdoor World Trial Championship in the women's category, and the same title and that of the indoor World Trial

Championship in the men's category. They also secured first place in the GP2 Series –the threshold to Formula 1– and the title of individual and team world champions in the World Touring Car Championship, adding six more world medals to Repsol's record. Of note in 2008 was Repsol's participation in the World Touring Car Championship (WTCC). In its fifth year, this competition earned a position as the second most important automobile event, only surpassed by Formula 1. Yvan Muller's victory and the team victory secured with Seat were an excellent international showcase for the Repsol brand, another of the attributes, together with the development of fuels and lubricants, which

leads the company to pledge its commitment to sports sponsorship.

A young promise

In the World Motorcycle Championship, the 16-year-old Repsol rider Marc Márquez is on his way to forming part of the elite in this sport, demonstrating his qualities, both sporting and human, traits which Repsol always views positively in its sports representatives, in addition to rigorous standards and professional expertise. In MotoGP, the maximum category, Dani Pedrosa held on to his position as leader for the first half of the championship and, although his good luck then ran out, he ended the season with a well-deserved third place in the



The rider Dani Pedrosa, one of Repsol's ambassadors in motor sporting competitions.

overall classification.

In trial, Toni Bou proved to be the indisputable new leader in this speciality by regaining his two world titles, while Laia Sanz remained at the top in the women's category, achieving her eighth world crown.

2009 could not have got off to a better start for Repsol. Once again, Marc Coma proved that he is second to none in offroad motorcycles by winning the Dakar 2009, which was held for the first time in Argentina and Chile. He is the first Spaniard to be two-time champion in this legendary event and the first win by a Repsol rider this year, which marks the 40th anniversary of the company's presence in the motor world.

The new Repsol headquarters

On 3 November 2008, after having obtained the permits and authorizations from the Madrid City Council, construction work on the new Repsol headquarters located in Calle Mendez Alvaro commenced at the site of the previous headquarters of Compañía Logística de Hidrocarburos (CLH). The prestigious Rafael de la Hoz architectural firm has been commissioned to design this project.

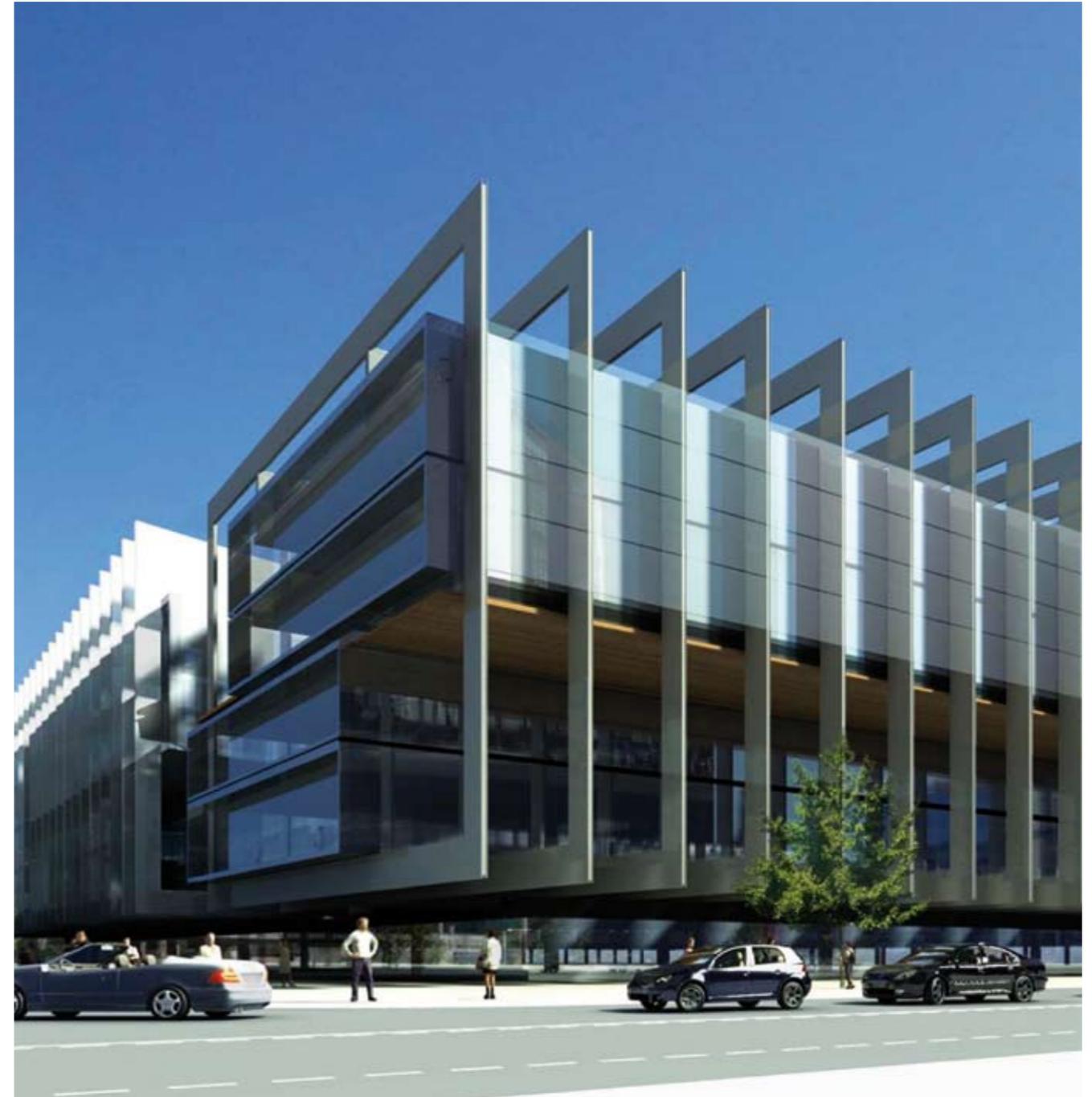
Repsol's new headquarters will boast an overhead surface area of 66,000 m² divided into a ground floor and four floors of offices and services. Below ground level, the 56,000 m² available will be divided into two basement floors

for installations and a car park for 2,000 vehicles. The project includes the allocation of over 8,000 m² for an ambitious employees' facilities programme.

A sustainable space

The closed ring layout of the buildings will house a large treed garden of over 9,500 m² designed by the architecture and landscape firm Latz & Partner. This area, based on a sustainable growth concept, will use a rainfall reutilization system and will consist of native species and/or species adapted to the Madrid climate. Within the perimeters of the business park a new green area of 2,700 m² will also be created to tie in with the existing ones in the area.

Since the design stage of the project, Repsol has been committed to sustainability, which will enable it to opt for the prestigious Leadership in Energy & Environmental Design (LEED®) Certification awarded by the U.S. Green Building Council. This renowned institution has developed a system which takes into account the full life cycle of the building (design, construction, operation and maintenance). The main variables that will be assessed are location of the plot chosen, water and energy consumption efficiency, environmental quality within the building and the sources of the materials used during the construction process.



Project for the new Repsol headquarters in Madrid (Spain).

Conversion table

		OIL				GAS		
		Litres	Barrels	Cubic Metres	Toe	Cubic Metres	Cubic Feet	
OIL	1 barrel (1)	bbl	158.987	1	0.16	0.14	162.60	5,615
	1 cubic metre (1)	m ³	1,000	6.29	1	0.86	1,033	36,481
	1 tonne of oil equivalent (1)	toe	1,160.49	7.30	1.16	1	1,187	41,911
GAS	1 cubic metre	m ³	0.98	0.01	0.001	0.001	1	35.32
	1,000 cubic feet = 1.04x10 ⁶ Btu	ft ³	27.64	0.18	0.027	0.024	28.317	1,000

		Metre	Inch	Foot	Yarda	
LENGTH	Metre	m	1	39.37	3.281	1.093
	Inch	in	0.025	1	0.083	0.028
	Foot	ft	0.305	12	1	0.333
	Yard	yd	0.914	36	3	1

		Kilogram	Pound	Tonne	
WEIGHT	Kilogram	kg	1	2.2046	0.001
	Pound	lb	0.4536	1	0.00045
	Tonne	t	1,000	22.046	1

		Cubic Foot	Barrel	Litre	Cubic Metre	
VOLUME	Cubic Foot	ft ³	1	0.1781	28.32	0.0283
	Barrel	bbl	5,615	1	158.984	0.1590
	Litre	l	0.0353	0.0063	1	0.001
	Cubic metre	m ³	35.3107	6.2898	1,000	1

Toe = tonne of oil equivalent
 (1) Reference measure: 32.35 °API and relative density 0.8636
 Btu = British thermal unit

Glossary of terms

Term	Description	Term	Description	Term	Description
ADR	American Depositary Receipt		equivalentes	Mm ³	Million cubic metres
bbl	Barrel	kboepd	Thousand barrels of oil equivalent per day	Mm ³ d	Million cubic metres per day
bopd	Barrel of oil per day			Mscf	Million standard cubic feet
bcf	Billions of cubic feet	kboe	Thousands of barrels of oil equivalent	Mscfd	Million standard cubic feet per day
bcm	Billion cubic metres			Mta	Million tonnes
bcmpa	Billion cubic metres per annum	kg	Kilogram	MTBE	Methyl tert-butyl ether
boe	Barrel of oil equivalent	km	Kilometre	Mtoe	Million tonnes of oil equivalent
boepd	Barrel of oil equivalent per day	km ²	Square kilometre	MW	Million watts
bscf	Billion standard cubic feet	kscf	Thousand standard cubic feet	PO/SM	Propylene oxide/Styrene monomer
EPC	Engineering Procurement and Construction	kt	Thousand tonnes	HDPE	High density polyethylene
FCC	Fluid Catalytic Cracker	kta	Thousand tonnes per annum	LDPE	Low density polyethylene
LPG	Liquefied Petroleum Gas	m ³	Cubic metre	scf	Standard cubic foot
LNG	Liquefied Natural Gas	Mbbl	Million barrels	Mt	Metric tonne
Gwh	Gigawatt hour	Mboe	Million barrels of oil equivalent	toe	Tonne of oil equivalent
kbbl	Thousand barrels of oil			USD	American dollar
kbopd	Thousand barrels of oil per day				
kboe	Thousand barrels of oil equivalent				