



2012

Annual Report on Corporate Governance

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with regulatory financial reporting framework applicable to the Repsol Group (see Notes 3 and 39). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Repsol, S.A.:

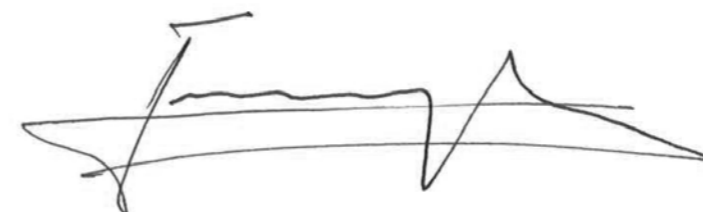
We have audited the consolidated financial statements of Repsol, S.A. and Subsidiaries (the Repsol Group), which comprise the consolidated balance sheet at December 31, 2012 and the related consolidated income statement, consolidated statement of recognised income and expenses, consolidated statement of changes in equity, consolidated cash flow statement and notes to the consolidated financial statements for the year then ended. As indicated in Note 3.1 to the accompanying consolidated financial statements, the directors are responsible for the preparation of the Repsol Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of Repsol, S.A. and Subsidiaries at December 31, 2012, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

Without qualifying our audit opinion, we draw attention to the changes in the composition of the Repsol Group described in Note 5 to the accompanying consolidated financial statements, which indicates that the carrying amount at which the Group has recognised its 51% ownership interest in YPF S.A. was calculated on the basis of the best estimates of the directors of Repsol, S.A., taking into account the uncertainties concerning the outcome of the various lawsuits in progress or that might be initiated in the future. Also, as indicated in Note 3.3 to the accompanying consolidated financial statements, as a result of the aforementioned changes in the composition of the Repsol Group and pursuant to current accounting legislation, the comparative figures in the consolidated income statement and the consolidated cash flow statement for the year ended December 31, 2011 differ from those contained in the consolidated financial statements of the Repsol Group at that date.

The accompanying consolidated management report for 2012 contains the explanations which the directors of Repsol, S.A. consider appropriate about the situation of the Repsol Group, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated management report is consistent with that contained in the consolidated financial statements for 2012. Our work as auditors was confined to checking the consolidated management report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Repsol, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692



Jorge Izquierdo Mazón

February 27, 2013



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

A Ownership structure

A.1 Complete the following table on the capital of the company:

Date latest modification	Capital Euros	Number of shares	Number of voting rights
10-07-2012	1,256,178,727	1,256,178,727	1,256,178,727

State whether there are different classes of shares with different associated rights:
NO

A.2 Give details on the direct and indirect holders of significant interests in your company at year-end, excluding directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights ^(*)	% total voting rights
Sacyr Vallehermoso, s.A.	0	122,208,433	9.73
CaixaBank, s.A.	157,375,384		12.53
Petróleos Mexicanos	0	118,484,231	9.43

(*) Through

Name of the indirect holder of the stake	Through: Name of the direct holder of the stake	Number of direct voting rights	% total voting rights
Sacyr Vallehermoso, s.A.	Sacyr Vallehermoso Participaciones Mobiliarias, s.L.	122,208,433	9.73
Petróleos Mexicanos	Financial entities	62,934,554	5.01
Petróleos Mexicanos	PMI Holdings B.V.	55,549,676	4.42
Petróleos Mexicanos	Pemex Internacional España, s.A.	1	0.000

Indicate the principal movements in the shareholding structure during the year:

Name of shareholder	Date of transaction	Description of transaction
Blackrock, Inc	03/16/2012	Falling below 3% of the share capital
BNP Paribas, Societé Anonyme	01/06/2012	Exceeding 3% of the share capital
BNP Paribas, Societé Anonyme	01/09/2012	Falling below 3% of the share capital
BNP Paribas, Societé Anonyme	01/12/2012	Exceeding 3% of the share capital
BNP Paribas, Societé Anonyme	01/18/2012	Falling below 3% of the share capital
BNP Paribas, Societé Anonyme	06/04/2012	Exceeding 3% of the share capital

BNP Paribas, Societé Anonyme	06/06/2012	Falling below 3% of the share capital
BNP Paribas, Societé Anonyme	06/15/2012	Exceeding 3% of the share capital
BNP Paribas, Societé Anonyme	06/20/2012	Falling below 3% of the share capital
BNP Paribas, Societé Anonyme	12/18/2012	Exceeding 3% of the share capital
BNP Paribas, Societé Anonyme	12/24/2012	Falling below 3% of the share capital
Sacyr Vallehermoso, s.A.	07/10/2012	Falling below 10% of the share capital
Sacyr Vallehermoso Participaciones Mobiliarias, s.L.	07/10/2012	Falling below 10% of the share capital

A.3 Complete the following tables on directors' shareholding interests in the company:

Name of Director	Number of direct voting rights	Number of indirect voting rights ^(*)	% total voting rights
Antonio Brufau Niubó	273,974	0	0.022
Isidro Fainé Casas	253	0	0.000
Juan Abelló Gallo	1,045	85,649	0.007
Paulina Beato Blanco	104	0	0.000
Artur Carulla Font	39,754	0	0.003
Luis Carlos Croissier Batista	1,254	0	0.000
Ángel Durández Adeva	5,950	0	0.000
Javier Echenique Landiribar	0	17,981	0.001
Mario Fernández Pelaz	4,181	0	0.000
María Isabel Gabarró Miquel	6,080	1,915	0.001
José Manuel Loureda Mantiñán	53	28,436	0.002
Juan María Nin Génova	253	0	0.000
Pemex Internacional España, s.A.	1	0	0.000
Henri Philippe Reichstul	50	0	0.000
Luis Suárez de Lezo Mantilla	21,189	0	0.002

(*) Through:

Name of the indirect holder of the stake	Through: Name of the direct holder of the stake	Number of direct voting rights	% total voting rights
Juan Abelló Gallo	Arbarin, Sicav, s.A.	85,649	0.007
Javier Echenique Landiribar	Bilbao Orvieto, s.L.	17,981	0.001
José Manuel Loureda Mantiñán	Prilou, s.L.	28,436	0.002
Total % of voting rights held by the Board of Directors			0.039

Complete the following tables on directors with stock options in the company:

Name of Director	Number of direct option rights	Number of indirect option rights	Number of share equivalents	% total voting rights
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A.4 Indicate family, commercial, contractual or corporate relationships among significant Shareholders' known to the company, if any, except any that are insignificant and those deriving from ordinary commercial business:

Names of related persons or companies	Type of relationship	Brief description
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A.5 Indicate commercial, contractual or corporate relationships between significant Shareholders' and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

Names of related persons or companies	Type of relationship	Brief description
Caja de Ahorros y Pensiones de Barcelona	Corporate	Repsol and Caja de Ahorros y Pensiones de Barcelona (controlling shareholder of Caixaholding Bank, S.A.U. and CaixaBank, S.A.) participate in Gas Natural SDG, S.A., which has as business purpose, among other activities, supply, production, piping and distribution of any type of combustible gas. Repsol and Caja de Ahorros y Pensiones de Barcelona have also signed an agreement in relation to Gas Natural SDG, S.A., considered by both entities as a concerted action of which the <i>Comisión Nacional del Mercado de Valores</i> (CNMV) has been duly notified.

A.6 Indicate any Shareholders' agreements of which the company has been notified in pursuance of Art. 112 of the Securities Market Act. Describe briefly, if any, indicating the Shareholders' bound by the agreement:

YES

Involved in the shareholder agreement	% of capital affected	Brief description of the agreement
Sacyr Vallehermoso, S.A., Petróleos Mexicanos y PMI Holdings, B.V.	29.502	On August 29, 2011, Sacyr Vallehermoso, S.A. communicated by means of the Material Fact number 149479 the subscription of a Shareholders' agreement with Petróleos Mexicanos in relation to Repsol, S.A., having, among others, the purpose of: (I) regulating the jointly exercise of the voting rights between Pemex and Sacyr; and (II) establishing certain restrictions to the transfer of shares belonging to Sacyr or Pemex.

Indicate any concerted actions among company Shareholders' of which the company is aware:

YES

Involved in the concerted action	% of capital affected	Brief description of the agreement
Sacyr Vallehermoso, S.A., Petróleos Mexicanos y PMI Holdings, B.V.	29.502	Vallehermoso, S.A. communicated by means of the Material Fact number 149479 the subscription of a Shareholders' agreement with Petróleos Mexicanos in relation to Repsol, S.A., having, among others, the purpose of regulating the jointly exercise of the voting rights between Pemex and Sacyr.

Expressly indicate any change or break-up of those agreements or concerted actions, if any, that has taken place during the year:

On January 31, 2012 Sacyr Vallehermoso, S.A. and Petróleos Mexicanos communicated (Material Fact number 157290) the subscription of an early termination agreement, by virtue of which the parties agreed to early terminate the Shareholders' agreement entered into with Petróleos Mexicanos and PMI Holdings, B.V on August 29, 2011, declaring that they had nothing to claim each other and waiving the exercise of any action or right that they might had in accordance to said Shareholders' agreement.

A.7 Indicate any individuals or entities that exercise or may exercise control over the company in pursuance of Article 4 of the Securities Market Act:

NO

Individual or corporate name
Comments

A.8 Complete the following tables on the company's treasury stock:

At year-end:

Number of direct shares	Number of indirect shares ^(*)	Treasury stock/capital (%)
63,868,692	898,826	5.05

^(*) Through:

Individual or corporate name of direct shareholder	Number of direct shares
Repsol Tesorería y Gestión Financiera, S.A.	898,826
TOTAL	898,826

Give details on any significant variations during the year, according to the provisions of Royal Decree 1362/2007:

Date of notice	Total direct shares acquired	Total indirect shares acquired	% of share capital
Gain/(loss) obtained during the year on trading in own shares (thousand euro)			49,938

A.9 Indicate the terms and conditions of the authorisation granted by the General Meeting to the Board to buy or sell own shares.

The Annual General Meeting of Shareholders' of Repsol, S.A. held on second call on April 30, 2010, adopted the following resolution under item six on the Agenda:

"First. To authorize the Board of Directors for the derivative acquisition of shares of Repsol YPF, S.A., by sale, purchase, exchange or any other onerous legal business modality, directly or through controlled companies, up to a maximum number of shares, that added to those already own by Repsol YPF, S.A. and its subsidiaries, not exceeding 10% of the share capital and for a price or equivalent value that may not be lower than the nominal value of the shares nor exceed the quoted price on the stock market.

The shares so acquired may be disbursed among the employees and directors of the Company and its Group or, if appropriate, used to satisfy the exercise of option rights that such persons may hold.

This authorization, which is subject to the compliance of all other applicable legal requirements, shall be valid for 18 months, counted as from the date of the present General Shareholders' Meeting, and leaves without effect the authorization granted by the last Ordinary General Shareholders' Meeting held on the 14th May 2009.

Second. To authorize the Board of Directors to delegate, pursuant to the provisions of Article 141.1 of Joint Stock Companies Act, the delegated powers contemplated in section first of these resolutions".

A.10

Indicate any constraints established in law or the Articles of Association on the exercise of voting rights and legal restrictions on the acquisition and disposal of shares in the capital.

Indicate whether there are any legal constraints on the exercise of voting rights:

YES

Maximum percentage of voting rights that may be exercised by one shareholder by legal constraint	3.000
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Indicate whether the Articles of Association establish any constraints on the exercise of voting rights:

NO

Maximum percentage of voting rights that may be exercised by one shareholder by a constraint under the Articles of Association	
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Description of the constraints established in law or the Articles of Association on the exercise of voting rights

Article 34 of Royal Decree-Law 6/2000 establishes certain constraints on the exercising of voting rights in more than one principal operator in any one market or sector. Among others, it lists the fuel production and distribution, liquefied petroleum gas production and supply and natural gas production and supply markets. The principal operators are the entities holding the five largest shares of the market in question.

These constraints are as follows:

- Individuals or entities directly or indirectly holding more than 3% of the capital or voting rights of two or more principal operators on the same market may not exercise the voting rights corresponding to the excess over that percentage in more than one of such operators.
- No principal operator may exercise the voting rights corresponding to an interest of more than 3% in the capital of another principal operator on the same market.

These constraints shall not be applicable to parent companies that are principal operators in respect of their subsidiaries that are in the same position, provided this structure is imposed by law or the result of a mere redistribution of securities or assets among group companies.

The *Comisión Nacional de Energía* (CNE), regulator of the energy market, may authorise exercise of the voting rights corresponding to the excess provided this does not favour the exchanging of strategic information or imply any risks of coordination of their strategic actions.

Indicate whether there are any legal restrictions on the acquisition and disposal of shares in the capital:

NO

Description of the legal restrictions on the acquisition or transfer of interests in the share capital

A.11

Indicate whether the General Shareholders' Meeting has resolved to take measures to neutralise a takeover bid under Act 6/2007.

NO

If so, explain the measures approved and the terms on which the constraints would become ineffective:

B Management structure of the Company

B.1 Board of Directors

B.1.1 State the maximum and minimum numbers of Directors stipulated in the Articles of Association:

Maximum number of directors	16
Minimum number of directors	9

B.1.2 Complete the following table with details of the members of the Board:

Name of Director	Representative	Position	Date first appointment	Date last appointment	Election procedure
Antonio Brufau Niubó		Chairman	07/23/1996	04/15/2011	Cooptation
Isidro Fainé Casas		Vice-Chairman	12/19/2007	05/31/2012	Cooptation
Juan Abelló Gallo		Vice-Chairman	11/29/2006	04/15/2011	Cooptation
Paulina Beato Blanco		Director	12/29/2005	04/30/2010	Cooptation
Artur Carulla Font		Director	06/16/2006	04/30/2010	General Meeting
Luis Carlos Croissier Batista		Director	05/09/2007	04/15/2011	General Meeting
Mario Fernández Pelaz		Director	04/15/2011	04/15/2011	General Meeting
Ángel Durán de Adeva		Director	05/09/2007	04/15/2011	General Meeting
Javier Echenique Landiribar		Director	06/16/2006	04/30/2010	General Meeting
María Isabel Gabarró Miquel		Director	05/14/2009	05/14/2009	General Meeting
José Manuel Loureda Mantiñán		Director	01/31/2007	04/15/2011	Cooptation
Juan María Nin Génova		Director	12/19/2007	05/31/2012	Cooptation
Pemex Internacional España, s.A.	Luis Felipe Luna Melo	Director	01/26/2004	04/30/2010	Cooptation
Henri Philippe Reichstul		Director	12/29/2005	04/30/2010	Cooptation
Luis Suárez de Lezo Mantilla		Director and Secretary	02/02/2005	05/14/2009	Cooptation
TOTAL NUMBER OF DIRECTORS					15

Indicate any retirements from the Board during the year:

Name of director	Type of director at the time of retirement	Date of retirement

B.1.3 Complete the following tables on the types of Board members:

EXECUTIVE DIRECTORS		
Name of director	Committee proposing appointment	Position in company's organisation
Antonio Brufau Niubó	Nomination and Compensation Committee	Executive Chairman
Luis Suárez de Lezo Mantilla	Nomination and Compensation Committee	General Counsel and Secretary of the Board of Directors
TOTAL NUMBER OF EXECUTIVE DIRECTORS		2
EXECUTIVE DIRECTORS/TOTAL DIRECTORS (%)		13.33

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Committee proposing appointment	Name of significant shareholder represented or that proposed appointment
Isidro Fainé Casas	Nomination and Compensation Committee	CaixaBank, s.A.
Juan Abelló Gallo	Nomination and Compensation Committee	Sacyr Vallehermoso, s.A.
José Manuel Loureda Mantiñán	Nomination and Compensation Committee	Sacyr Vallehermoso, s.A.
Juan María Nin Génova	Nomination and Compensation Committee	CaixaBank, s.A.
Pemex Internacional España, s.A.	Nomination and Compensation Committee	Petróleos Mexicanos
TOTAL NUMBER OF PROPRIETARY DIRECTORS		5
INSTITUTIONAL DIR./TOTAL DIRECTORS (%)		33.33

INDEPENDENT NON-EXECUTIVE DIRECTORS

Name of director	Profile
Paulina Beato Blanco	Phd Economics, University of Minnesota, Professor of Economic Analysis, Commercial Expert and Economist of the State. Former Executive Chairperson of Red Eléctrica de España, Director of CAMPSA and major financial institutions. Formerly Chief Economist in the Sustainable Development Department of Inter-American Development Bank and Consultant in the Banking Supervision and Regulation Division of the International Monetary Fund. Currently she is advisor to the Iberoamerican Secretary General (Secretaría General Iberoamericana), professor for Economic Analysis and member of the Board and of the Advisory Committee of Balía Foundation.
Artur Carulla Font	Graduate in Economics. His professional activity began in Arbora & Ausonia, S.L. in 1972, where he held several positions until he was appointed Executive Director. In 1988 he joined Agrolimen, S.A. like Strategy Director. In 2001 he was appointed Managing Director of Agrolimen, S.A. Currently, he is Chairman of Agrolimen, S.A. and its participated companies; Affinity Petcare, S.A., Preparados Alimenticios, S.A. (Gallina Blanca Star), Biocentury, S.L., The Eat Out Group, S.L. and Reserva Mont-Ferrant, S.A.; Member of the Regional Board of Telefónica in Catalonia, member of Advisory Board of EXEA Empresarial, S.L. and member of Advisory Board of Roca Junyent. He is also Vice-Chairman of Círculo de Economía, Vice-Chairman of Foundation ESADE, Member of Foundation Lluís Carulla, Member of IAB (International Advisory Board) of the Generalitat de Catalunya, Member of the Management Board of Instituto de la Empresa Familiar, Member of Foundation MACBA (Museo de Arte Contemporáneo de Barcelona) and Member of FUOC (Fundació per a la Universitat Oberta de Catalunya).
Luis Carlos Croissier Batista	He has been the professor in charge of economic policy of the Universidad Complutense of Madrid. During his long professional tenure, amongst other positions, he was Subsecretary of the Ministry of Industry and Energy, President of the National Institute of Industry (Instituto Nacional de Industria, I.N.I.), Minister of Industry and Energy and President of Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores). Currently he is Director of Adolfo Domínguez, S.A., Testa Inmuebles en Renta, S.A. and Eolia Renovables de Inversiones SCR, S.A and Sole Director of Eurofocus Consultores, S.L.
Mario Fernández Pelaz	Graduate in Law at Deusto University in 1965. He has been Professor of Mercantile Law in the Faculty of Law of Deusto University and in the Faculty of Business Science at the same University, and Professor of different Masters at Deusto University. In his long professional career, he has served, among other charges, as Minister and later Vice-president of the Basque Government, Chairman of the Central Administration-Basque Government Transfers Mixed Committee, Chairman of the Basque Financial Council, Chairman of the Economic Committee of the Basque Government, Member of the Arbitration Committee of the Basque Autonomous Community. He was also Executive Director of BBVA Group and member of the Executive Committee from 1997 to 2002, and Main Partner of Uría Menéndez from that date to June 2009. Currently he is Chairman of BBK (Bilbao Bizkaia Kutxa), Executive Chairman of Kutxabank, S.A. and Vicechairman of <i>Confederación Española de Cajas de Ahorros (CECA)</i> and CECABANK. He has also published on mercantile and financial matters.
Ángel Duráñez Adeva	BA Economics, Professor of Commerce, chartered accountant and founding member of the Registry of Economic Auditors. He joined Arthur Andersen in 1965 where he was Partner from 1976 to 2000. Up to March, 2004 he headed the Euroamerica Foundation, of which he was founder, entity dedicated to the development of business, political and cultural relationships between the European Union and the different Latin American Countries. Currently he is Director of Mediaset España Comunicación, S.A., Director of Quántica Producciones, S.L., Director of Ideas4all, S.L., Member of the Advisory Board of FRIDE (Foundation for the international relations and the foreign development), Chairman of Arcadia Capital, S.L. and Información y Control de Publicaciones, S.A., Member of Foundation Germán Sánchez Ruipérez and Foundation Independiente and Vicepresident of Foundation Euroamérica.

Javier Echenique Landiribar	BA Economics and Actuarial Science. Former Director-General Manager of Allianz-Ercos and General Manager of BBVA Group. Currently Vice chairman of Banco Sabadell, S.A., Vicechairman of Calcinor, S.L., Director of Telefónica Móviles México, Actividades de Construcción y Servicios (ACS), S.A., Grupo Empresarial Ence, S.A. and Celistics, L.L.C., Delegate of the Board of Telefónica, S.A. in the Basque region, Member of the Advisory Board of Telefónica Spain, Member of Foundation Novia Salcedo, Foundation Altuna and Member of the Círculo de Empresarios Vascos.	
María Isabel Gabarró Miquel	Graduate in Law at the University of Barcelona in 1976. In 1979 she joined the Bar of Notaries. She has been a Board member of important entities in different sectors: financial, energy, telecommunications, infrastructure and also property, where she was also a member of the Nomination and Compensation Committee and of the Audit and Control Committee. Currently, she is registered on the Bar of Notaries of Barcelona, since 1986, and is a member of the Sociedad Económica Barcelonesa de Amigos del País.	
Henri Philippe Reichstul	BA Economics, University of São Paulo and Phd at Hertford College, Oxford. Former Secretary of the State Business Budget Office and Deputy Minister of Planning in Brazil. From 1988 to 1999 he held the position of Executive Vice President of Banco Inter American Express, S.A. From 1999 to 2001 he was Chairman of Brazilian State Oil Company Petrobrás. He is Member of the Strategic Board of ABDIB, Member of Coinfra, Member of the Advisory Board of Lhoist do Brasil Ltda., Member of the Supervisory Board of Peugeot Citroen, S.A., Member of the International Board of UTC, Member of the Board of Directors of Gafisa, Member of the Board of Directors of Foster Wheeler, Member of the Board of Directors of Semco Partners and Vice-Chairman of the Board of the Brazilian Foundation for Sustainable Development.	
TOTAL NUMBER OF INDEPENDENT DIRECTORS		8
INDEPENDENT DIRECTORS/TOTAL DIRECTORS (%)		53.33

OTHER EXTERNAL DIRECTORS

Name of Director	Committee proposing appointment
TOTAL NUMBER OF EXTERNAL DIRECTORS	
EXTERNAL DIRECTORS/TOTAL DIRECTORS (%)	

State reasons why they cannot be considered external proprietary or independent directors:
Indicate any variations during the year in the type of each director:

B.1.4 Explain why proprietary directors have been appointed at the proposal of Shareholders' with less than a 5% interest in the company, if appropriate:

Indicate whether any formal requests for presence on the Board have not been met from Shareholders' with an interest equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why such requests have not been met:

NO

Name of shareholder	Explanation
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B.1.5 Indicate whether any director has retired from office before the end of his/her term, whether he/she explained the reasons for such retirement to the Board, and how, and if done in a letter addressed to the entire Board, explain at least the reasons stated therein:

Name of Director	Retirement reasons

B.1.6 Indicate the powers delegated to the Managing Director(s), if any:

Name of Director	Brief description

B.1.7 Name the Board members, if any, who are also directors or executives of other companies in the same group as the listed company:

Name of director	Name of group company	Position
Antonio Brufau Niubó	YPF, S.A.	Chairman
Luis Suárez de Lezo Mantilla	YPF, S.A.	Director

B.1.8 Name the company directors, if any, who are on the Boards of non-group companies listed on Spanish stock exchanges, insofar as the company has been notified:

Name of Director	Listed Company	Position
Antonio Brufau Niubó	Gas Natural SDG, S.A.	Vice-Chairman
Isidro Fainé Casas	Abertis Infraestructuras, S.A.	Vice-Chairman
Isidro Fainé Casas	Telefónica, S.A.	Vice-Chairman
Isidro Fainé Casas	CaixaBank, S.A.	Chairman
Luis Carlos Croissier Batista	Adolfo Domínguez, S.A.	Director
Luis Carlos Croissier Batista	Testa Inmuebles en Renta, S.A.	Director
Ángel Duráñez Adeva	Mediaset España Comunicación, S.A.	Director
Javier Echenique Landiríbar	Banco Sabadell, S.A.	Vice-Chairman
Javier Echenique Landiríbar	Actividades de Construcción y Servicios (ACS), S.A.	Director
Javier Echenique Landiríbar	Grupo Empresarial ENCE, S.A.	Director
José Manuel Loureda Mantiñán	Testa Inmuebles en Renta, S.A.	Director
Juan María Nin Génova	CaixaBank, S.A.	Vice-Chairman and Managing Director
Juan María Nin Génova	Gas Natural SDG, S.A.	Director
Luis Suárez de Lezo Mantilla	Gas Natural SDG, S.A.	Director

B.1.9 Indicate and, if appropriate, explain whether the company has established rules on the number of Boards on which its directors may sit:

YES

Description of rules

Article 17 of the Board of Directors Regulations provides in its section 5 the following: "Directors may not hold more than four (4) other mandates in other listed companies different from Repsol, S.A. To these effects:

(a) It will be considered as one single mandate all those mandates held in companies belonging to the same group as well as those Board memberships held as proprietary director proposed by a company of said group although the stock held in the company or the level of control may not qualify to consider said company as part of the group; and

(b) Board memberships in holding companies or companies ancillary to the development of the professional services of the own Director, the spouse, persons having equivalent emotional ties or closest family.

Exceptionally and due to reasons properly justified, the Board may waive the Director from this prohibition. In addition, the Director shall inform the Nomination and Compensation Committee of any other professional obligations they may have and any material changes in their professional situation, as well as any that may affect the nature or condition by virtue of which they have been appointed Director".

B.1.10 With regard to recommendation number 8 of the Unified Code, indicate the general policies and strategies of the company reserved for approval by the full Board:

	YES	NO
Investment and financing policy	X	
Definition of the structure of the group of companies		X
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plan, management objectives and annual budget	X	
Pay policy and senior executive performance assessment	X	
Risk management and control policy and regular monitoring of the internal information and control systems		X
Dividend policy, treasury stock policy, especially limits	X	

B.1.11 Complete the following tables on the aggregate directors' remuneration accrued during the year:

a. In the reporting company:

Remuneration	Thousand euro
Fixed remuneration	8,163
Variable remuneration	3,087
Attendance fees	0
Statutory payments	0
Stock options and/or other financial instruments	0
Others	103
TOTAL	11,353

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	2,670
Pension Plans and Funds: Obligations contracted	0
Life assurance premiums	368
Guarantees furnished by the company for directors	0

- b. For company directors who are on other Boards and/or in the top management of group companies:

Remuneration	Thousand euro
Fixed remuneration	445
Variable remuneration	0
Attendance fees	0
Statutory payments	0
Stock options and/or other financial instruments	0
Others	0
TOTAL	445

Other Benefits	Thousand euro
Advances	0
Loans granted	0
Pension Plans and Funds: Contributions	0
Pension Plans and Funds: Obligations contracted	0
Life assurance premiums	0
Guarantees furnished by the company for directors	0

- c. Total remuneration by type of director:

Types of directors	By company (thousand euro)	By group (thousand euro)
Executive	7,247	445
External proprietary directors	1,678	0
External independent directors	2,428	0
Other external directors	0	0
TOTAL	11,353	445

- d. Regarding profit attributed to the controlling company:

Total directors' remuneration (thousand euro)	11,798
Total directors' remuneration/profit attributed to parent company (%)	0.57

B.1.12 Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

Name	Position
Nemesio Fernández-Cuesta Luca de Tena	Business Units Executive Managing Director
Miguel Martínez San Martín	Strategy and Control Executive Managing Director
Pedro Fernández Frial	Chief Financial Officer and Corporate Development Executive Managing Director
Cristina Sanz Mendiola	People and Organization Executive Managing Director
Begoña Elices García	Communications and Chairman's Office Executive Managing Director
Luis Cabra Dueñas	Exploration and Production Executive Managing Director
Josu Jon Imaz San Miguel	Industrial and New Energy Unit Executive Managing Director
Isidoro Mansilla Barreiro	Audit and Control Corporate Director
Antonio Gomis Sáez	YPF Executive Managing Director
M ^a Victoria Zingoni	Investor Relations Corporate Director
Pedro Antonio Merino García	Studies and Analysis of Environment Director
TOTAL REMUNERATION TOP MANAGEMENT (thousand euro)	11,685

B.1.13 Indicate globally whether any golden handshake clauses have been established for the top management, including Executive Directors, of the company or its group in the event of dismissal or change of ownership. State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

Number of beneficiaries	13	
	Board of Directors	General Meeting
Body authorising the clauses	YES	NO
Is the General Meeting informed on the clauses?	YES	

B.1.14 Explain the process for establishing the remuneration of the Board members and the relevant Articles of the Articles of Association:

Processes for establishing the remuneration of the Board members and Articles of the Articles of Association

Article 45 of Repsol, S.A.'s Articles of Association provides as follows:

"Directors, in their position as members of the Board of Directors and due to their carrying out the function of supervision and group decision as befits this body, shall be entitled to receive from the Company an amount equivalent to 1.5% of the clear profit, which may only be allocated after attending to the requirements of the legal reserve and others that may be compulsory, and of providing the Shareholders' with a dividend of at least 4%. The Board of Directors is responsible for fixing the exact amount to be paid within this limit, as well as its distribution among the various Directors, taking into account the positions held by each Director on the Board and its committees.

The Company is authorised to make advance payments on account of future participation in profits.

Directors may be additionally remunerated by means of granting company shares, share options or other securities giving the right to obtain shares, or through remunerative systems linked to the stock market value of the shares. The application of these systems must be approved by the General Shareholders' Meeting, which shall determine the value of the shares to be taken as a reference, the number of shares to be given to each Director, the exercise price of any option rights, the period the agreed system should last and as many conditions as deemed appropriate.

The payments established by this Article shall be compatible with and independent of the salary, remuneration, termination compensation, pension or compensation of any kind established for those members of the Board of Directors who carry out executive functions, whatever the nature of their relationship with the Company, be it employment (common or special of top management), commercial or for the provision of services. Information regarding these remunerations shall be disclosed in the Annual Report and in the Annual Report on Corporate Governance.

The Company may take out an insurance policy covering civil liability for the Directors and members of the management team".

With regard to the Directors' compensation, Article 5.3.c of the Regulations of the Board of Directors reserves to the full Board of Directors the decision to approve Directors' compensation and, in the case of Executive Directors, any additional consideration for their management duties and other contract conditions.

Article 24 of the Regulations of the Board of Directors of Repsol, S.A. provides as follows:

"Article 24. Directors' Compensation

1. The Directors of Repsol, S.A. shall be remunerated as stipulated in the bylaws.

The Nomination and Compensation Committee shall propose such criteria to the Board as it may deem fit for the purposes of this Article. Such criteria and the ultimate distribution of the global sum, within the constraints of the bylaws, shall be subject to approval by the Board. Within each year, the Board may, as regularly as it may deem fit, resolve to make advances against the sums corresponding to each Director for his work during the period.

2. Directors' remunerations shall be transparent. The itemised individual remuneration received during the year by each of the Directors for performance of his duties as such and any executive responsibilities shall be stated in the annual report. In addition, the Board will approve each year a Report on the Remuneration Policy for Directors, which will contain full, clear, comprehensible information including (I) a brief, overall account of the application of that policy in the previous year, incorporating details of the individual remunerations accrued by each of the Directors during that year, and references to (II) the policy approved by the Board for the present year, and (III) the policy foreseeable for future years, if any.

This report shall be made available to Shareholders' as from the date of call to the Ordinary General Shareholders' Meeting and shall be put to an advisory vote under a separate item on the agenda.

3. External Directors shall be excluded from the welfare systems financed by the Company covering retirement, death or any other circumstances, and from the long-term incentive schemes, such as stock options".

Finally, Article 33 of the Regulations of the Board of Directors provides that the Nomination and Compensation Committee shall propose to the Board its compensation policy, assessing the responsibility, dedication, and incompatibilities demanded of the Directors; and, in the case of the Executive Directors, propose to the Board the additional consideration for their management duties and other contract conditions.

Indicate whether approvals of the following decisions are reserved to the full Board:

Upon recommendation by the chief executive, the appointment and possible removal of senior executives and their compensation clauses.	NO
Directors' compensation and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.	YES

B.1.15 Indicate whether the Board of Directors approves a detailed compensation policy and specify the aspects it regulates:

YES

Amount of fixed remuneration, indicating the details of attendance fees for Board and Committee meetings and an estimate of the fixed annual remuneration	YES
Variable compensation	YES
Principal features of the welfare systems, estimating the annual cost or equivalent amount	YES
Conditions to be respected in the contracts of those performing top management duties and executive directors	YES

B.1.16 Indicate whether the Board submits to voting at the General Meeting, as a separate item on the agenda and with advisory nature, a report on the director compensation policy. If so, explain the aspects of the report on the compensation policy approved by the Board for future years, the most significant changes in those policies in respect of the policy applied during the year and an overall summary of how the compensation policy was applied during the period. Describe the role played by the Compensation Committee and whether external counselling has been used, and if so, the identity of the external advisers:

YES

Issues that the compensation policy report passes upon

The Company submitted the report on the Board remuneration policy to a consultative vote, as a separate point of the Agenda, at the General Shareholders' Meeting held on May 31, 2012. Said report was approved with the favourable vote of the majority of the share capital present or represented at the meeting.

The report had also been previously approved by the Board of Directors in its meeting held on February 28, 2012 following the proposal submitted by the Nomination and Compensation Committee.

The report contains explanations on the general principles behind the Directors' pay policy, and the break down of the remuneration structure, differentiating between the fixed remuneration due to membership on the Board of Directors of Repsol, the fixed remuneration due to membership on the Board of Directors of subsidiaries and the fixed remuneration for performing executive duties. The annual and multi-annual variable pays are also included as well as other items.

Role of the Compensation Committee

According to Article 33.4.a) of the Board of Directors' Regulations, the Nomination and Compensation Committee is responsible for proposing to the Board the remuneration policy for said Board, evaluating in its proposal the responsibilities, dedication, and incompatibilities required of the Directors, as well as for the Executive Directors, and proposing to the Board their additional remuneration for carrying out their executive functions and other conditions of their agreements.

To these effects, in the meeting held on February 28, 2012, the Nomination and Compensation Committee informed favourably the Report on the Remuneration Policy of the Repsol's Directors which was subsequently approved by the Board of Directors in the meeting held on February 28, 2012 and submitted for consultation vote, as a separate point on the Agenda, to the General Shareholders' Meeting held on May 31, 2012.

	YES	No
Has external counselling been used?	X	
Identity of the external counsels	Hay Group	

B.1.17 Name any Board members who are also directors or executives of companies holding significant interests in the listed company and/or companies in its group:

Name of director	Name of significant shareholder	Position
Isidro Fainé Casas	Caja de Ahorros y Pensiones de Barcelona	Chairman
Isidro Fainé Casas	CaixaBank, s.A.	Chairman
José Manuel Loureda Mantiñán	Valoriza Gestión, s.A. (Grupo Sacyr Vallehermoso)	Chairman
José Manuel Loureda Mantiñán	Vallehermoso División Promoción, s.A.(Grupo Sacyr Vallehermoso)	Director
José Manuel Loureda Mantiñán	Sacyr, s.A.U. (Grupo Sacyr Vallehermoso)	Director
José Manuel Loureda Mantiñán	Testa Inmuebles en Renta, s.A. (Grupo Sacyr Vallehermoso)	Director
José Manuel Loureda Mantiñán	Somague S.G.P.S., s.A. (Grupo Sacyr Vallehermoso)	Director
Juan María Nin Génova	Caja de Ahorros y Pensiones de Barcelona	General Manager
Juan María Nin Génova	CaixaBank, s.A.	Vice-Chairman and Managing Director

Describe any significant relationships other than those contemplated in the previous section between Board members and significant Shareholders' and/or companies in their group:

Name of director	Name of significant shareholder	Description of relationship
Juan Abelló Gallo	Sacyr Vallehermoso, s.A.	Representative of Nueva Compañía de Inversiones, S.A. in the position of Vice-Chairman of Sacyr Vallehermoso, S.A.
Juan Abelló Gallo	Sacyr Vallehermoso, s.A.	Indirect holder of 9.623% of the share capital of Sacyr Vallehermoso, S.A.
Luis Carlos Croissier Batista	Sacyr Vallehermoso, s.A.	Director of Testa Inmuebles en Renta, S.A.
José Manuel Loureda Mantiñán	Sacyr Vallehermoso, s.A.	Indirect holder of 12.65% of the share capital of Sacyr Vallehermoso, S.A. through Prilou, S.L. and Prilomi, S.L.
José Manuel Loureda Mantiñán	Sacyr Vallehermoso, s.A.	Representative of Prilou, S.L. in the position of Director of Sacyr Vallehermoso, S.A.

B.1.18 Indicate whether any modifications have been made during the year to the Regulations of the Board of Directors:

YES

Description of amendments

On January 25, 2012 the Board of Directors amended Articles 19 and 22 of the Board of Directors' Regulations to reinforce the protection of the corporate interest of the Company in cases of conflicts of interest and in particular, those arising from related party transactions, or the appointment of a competitor as a Director in order to adjust both Articles to the new Articles 22bis (related party transactions) and 44bis (non-compete) of the Bylaws that were proposed to the General Shareholders' Meeting 2012.

The reform of January 25, 2012 was unique though it was structured in two phases implemented in a successive way.

(I) The First Phase was applied immediately after its approval by the Board of Directors on January 25 and implied a provisional amendment of Articles 19 and 22 of the Regulations in order to adjust their content, in all that was possible in said moment, to the proposed new Articles 22bis and 44bis of the Bylaws.

As regards Article 19 (non-compete), the main amendments introduced were: (I) specifying that the independent external consultant issuing the report had to be renowned in the financial community; (II) a right of hearing to the Director or shareholder affected on the Nomination and Compensation Committee; (III) adding a definition of when it is considered that a person is engaged in activities on his own that constitute competition with the Company; and (IV) the amendment of the waiving regime applicable to the rendering of representation and advisory services by the Directors to competitors, in order to require a majority of two thirds of the members of the Board not affected by the conflict of interest.

As regards Article 22, (related party transactions), the main changes introduced were: (I) considering as a related party transaction all those transactions exceeding 5% of the consolidated assets of the Group; (II) excluding expressly from the application of the reinforced protection rule the execution of those agreements previously agreed; (III) specifying that the independent external consultant issuing the report had to be renowned in the financial community; and (IV) excluding from the general rule of submitting the related party transactions to the General Shareholders' Meeting, authorizing the Board to approve, with the favorable vote of at least two thirds of the members of the Board not affected by the conflict of interest, the transaction when opportunity reasons advise to do so.

The provisional nature of the First Phase was due to the lack of capacity of the Board of Directors to modify certain aspects included in the projected Bylaws as those related with the quorums or the developing of the General Shareholders' Meeting without being previously included in the Bylaws of the Company.

(II) The Second Phase of the amendment was applied after the approval, by the General Shareholders' Meeting on May 31, 2012, of the proposed new Articles 22bis and 44bis of the Bylaws.

The wording of Articles 19 and 22 of the Board Regulations had the following changes in respect of the wording approved for the First Phase: (I) both Articles provide a qualified voting quorum of 75% of the capital present and represented at the Shareholders' Meeting to approve the related party transactions and waiving the prohibition to compete and accordingly, the reference to the obligation of the directors to verify judicially the compatibility of the waiving with the corporate interest is eliminated; (II) Article 19.2 includes the right of the director involved to explain at the Shareholders' Meeting the reasons backing his request for waiving the prohibition; and (III) Article 22.1 includes a reference to the related party transactions regime provided in the Bylaws.

After that, the Board of Directors approved, on April 17, 2012 the amendments to the Board Regulations stated herein below with in order to: (I) reinforce the independence and improve the functioning of the Board by way of introducing in Repsol's internal rules certain improvements inspired on corporate governance recommendations and best practices; and (II) adjust the internal regulation to the new legislation.

Since most of the amendments affecting the Board Regulations were originated by amendments on the Bylaws, their entry into force was subject to the approval by the General Shareholders' Meeting of those amendments to the Bylaws. The main amendments introduced in the Board Regulations were the following:

- Amendment of Article 3.2 in order to include diversity policies as a guideline to be followed by the Board when choosing new candidates to cover any vacancy by co-optation or to be proposed for appointment at the General Shareholders' Meeting.
- Amendment of Articles 4.2 and 12 in order to substitute the reference to the Public Limited Companies Act by the Companies Act.
- Amendment of Article 5.5 in order to: (I) simplify and clarify the wording; (II) introduce technical improvements; (III) exclude from plenary decisions of the Board the granting of guarantees in the ordinary course of business of the Group or the guarantees in which the guarantor is

not liable of the debt in a proportion not higher than the economic participation of the Group in the entity whose obligations are secured; (IV) remove the requirement of the previous authorization of the Board to assign industrial and intellectual rights to companies belonging to Repsol Group; and (V) permit reasonable deviations in the execution of investments and operations that have been previously approved by the Board of Directors or by its Delegate Committee

- d) Amendment of Article 11 to establish an external periodic assessment of the members of Board and its committees, as a group, including in particular its Chairman.
- e) Amendment of Article 13.2 to limit the mandate for independent directors to twelve years.
- f) Amendment of Article 17.5 to limit the number of Boards in which a Director can sit, being the limit four Boards of Listed Companies. To these effects, all Boards of the same group of companies are considered as one Board as well as those Board memberships held as proprietary director proposed by a company of said group. Board memberships in holding companies or companies ancillary to the development of the professional services of the own Director or his or her closest family are excluded. Additionally it is foreseen the possibility that the Board exempt a Director for this prohibition when there are justified reasons.
- g) Amendment of Article 24.2 to include a reference to the annual remunerations report of the Board of Directors as foreseen in Article 61ter of the Securities Market Act, amended by Law 2/2011 of March 4th, on Sustainable Economy
- h) Amendment of Article 32:
 - Amendment of section 1, 2 and 3 to reinforce the independence of the Board and the guarantees to protect the corporate interest from any conflicts of interest by requiring all members of the Audit and Control Committee to be Independent Directors.
 - Amendment of section 4.b (I) to eliminate the need to carry out a tender for audit services every five years due to practical reason and cost saving.
 - Amendment of section 4.j. to connect the provision of Article 16.2 section b) of the Board of Directors' Regulations and the functions of the Audit and Control Committee. Said provision establish that the Directors shall offer their resignation and, should the Board deem fit, step down as Directors if they are given a serious warning by the Audit and Control Committee for defaulting their obligations as Directors. Therefore it has been included, among the functions of this Committee, admonishing those Directors who have breached their obligations.
 - Amendment of section 4.k to promote transparency in the management of the Company so that it is required that the Audit and Control Committee informs previously the Board about the incorporation or participation in special purpose vehicles or domiciled in countries or territories considered tax havens. Additionally the scope of the regulation has been completed in line with Recommendation 52 b) of the Unified Code of Good Governance, including *“or domiciled in countries or territories considered tax havens as well as any other transactions with a similar nature that, due to their complexity, may reduce the Group's transparency”*.
- i) Amendment of section i) and ii) of Article 33.4.c) in order to: (a) adapt the wording of section i) to the statutory amendments proposed to the General Shareholders' Meeting; and (b) connect the provision of Article 16.2 of the Board of Directors Regulations and the functions of the Nomination and Compensation Committee. Said provision establish that the Directors shall offer their resignation and, should the Board deem fit, step down as Directors if they are given a serious warning by the Nomination and Compensation Committee for defaulting their obligations as Directors. Therefore it has been included, among the functions of this Committee, admonishing those Directors who have breached their obligations.

Finally, on May 31, 2012 and due to the resolution related to the change of corporate name to Repsol, S.A. passed by the General Shareholders' Meeting, all the references to YPF included in the Regulations of the Board of Directors were removed to adjust it to the new corporate name and to the new structure of the Group.

B.1.19 Describe the procedures for appointment, re-election, assessment and removal of directors. Indicate the competent bodies, the formalities and the criteria to be followed in each of these procedures.

Appointment

Board members are appointed by the General Meeting, without prejudice to the right of the Board to nominate Shareholders' to fill any vacancies that arise, up to the next succeeding General Meeting.

No-one who is affected by the prohibitions established in section 213 of the Stock Company Act or who is incompatible under prevailing legislation, particularly under the Senior Central Government Positions (Incompatibilities) Act 5/2006 of April 10 and the Senior Positions in the Madrid Regional Government (Incompatibilities) Act 14/1995 of April 21, may be a director or hold any senior position in the company.

Directors shall be persons who, apart from meeting the requirements stipulated for the position in the law and the Articles of Association, have recognised prestige and sufficient professional experience and expertise to perform their duties as such.

Within its powers of proposal to the General Meeting or appointment by cooptation, the Board may not propose as candidates or appoint as Directors any persons affected by any of the incompatibilities or prohibitions established in law, the Articles of Association or regulations or any persons, companies or entities in a situation of permanent conflict of interest with the company, including competitors of the company or their directors, executives or employees, or any persons related to or proposed by them.

Furthermore, persons may not be nominated or appointed as External Independent directors if they:

- a) Have been employees or Executive Directors of Group companies, unless 3 or 5 years, respectively, have passed since the end of that relationship.
- b) Receive from the Company, or its Group, any sum of money or benefit whatsoever other than Directors' compensation, unless such sum or benefit is insignificant.
- c) Be or have been in the past 3 years a partner of the External Auditor or person responsible for the auditors' report during that time, of the Company or any other company in its Group.
- d) Be Executive Directors or Senior Executive of any other company in which any Executive Director or Senior Executive of the Company is an External Director.
- e) Have or have had in the past year any significant business relationship with the Company or with any company in its Group, directly or as a significant shareholder, Director or Senior Executive of an entity having or that has had such a relationship.

Business relationships shall be those of suppliers of goods or services, including financial services, or of advisers or consultants.

- f) Be significant Shareholders', Executive Directors or Senior Executives of a company that receives, or has received in the past 3 years, significant donations from the Company or its Group.
Those who are mere sponsors or trustees of a Foundation receiving donations shall not be considered included in this group.
- g) Be the spouse, persons having equivalent emotional ties or relatives up to the second degree of an Executive Director or Senior Executive of the Company.
- h) Not have been proposed for appointment or re-election by the Nomination and Compensation Committee.
- i) Be in any of the cases contemplated in paragraphs a), e), f) or g) above in respect of any significant shareholder or shareholder represented on the Board. For the blood relationship contemplated in g), the limitation shall be applicable not only to the shareholder, but also to its External Proprietary Directors in the Company.

- j) Have remained in office as Director for a period of more than twelve years.

External Proprietary Directors who lose this status when the shareholder they represent sells its shares in the Company may only be re-elected as External Independent Directors when the shareholder they represented up to that time has sold all of its shares in the Company.

A Director who holds a shareholding interest in the Company may be appointed as External Independent Director, provided he meets all the conditions established in this Article and does not hold a significant interest.

The Nomination and Compensation Committee, consisting exclusively of External Directors, shall assess candidates' adequate knowledge, experience and expertise to sit on the Board; define, in consequence, the duties and qualifications required of candidates to fill any vacancy and assess the time and dedication required to adequately perform their duties

This Committee shall also ensure that whenever new vacancies are foreseen or on appointing new directors, the selection procedures are not affected by implicit bias that could entail some kind of discrimination and that women who meet the professional profile sought are deliberately sought and included among the potential candidates, informing the Board on the initiatives taken in this respect and the results thereof.

Nominations for the appointment of directors submitted by the Board to the General Meeting and appointments made by cooptation must be approved by the Board (I) upon proposal of the Nomination and Compensation Committee, in the case of External Independent Directors, or (II) subject to a report by said Committee for other directors.

Any Director affected by proposals for appointment, re-election or retirement shall abstain from participating in the discussions and voting of such matters. Voting on proposals for appointment, re-election or retirement shall be by secret ballot.

Re-election

Directors shall hold office for a maximum of four years, after which they shall be eligible for re-election for one or several periods with an equal maximum duration. Directors appointed by cooptation shall hold office up to the first General Meeting following their appointment, at which their appointment shall be subject to ratification.

The Nomination and Compensation Committee shall be responsible for assessing the quality of their work and dedication of the directors proposed during their previous term in office.

Proposals to the General Meeting for the re-election of Directors shall be approved by the Board (I) upon proposal of the Nomination and Compensation Committee, in the case of External Independent Directors, or (II) subject to a report by said Committee for other directors.

Assessment

At least once a year, the Board of Directors shall assess its functioning and the quality and efficiency of its work. It shall also annually assess the work of its Committees, based on the reports they submit to it.

The Chairman shall organise and coordinate this regular assessment of the Board with the Chairmen of the Committees.

With the frequency it shall determine and at least once every three years, the Board shall commission an external assessment of its performance to an independent specialized firm. This assessment shall include an analysis of the composition, organization and functioning of the Board as a body corporate and an evaluation of the competence and efficiency of each of its Committees and members, particularly including the Chairman.

Cessation

Directors shall retire from office upon expiry of the term for which they were appointed and in all other cases stipulated in law, the Articles of Association and the Regulations of the Board of Directors.

The Board shall not propose the removal of any External Independent Director before the end of the period for which he was appointed, unless it has justified reasons for doing so, based on a report by the Nomination and Compensation Committee. In particular, such a

proposal shall be justified if the Director (I) has defaulted the duties corresponding to his position; (II) is in any of the situations described in section B.1.20 below; or (III) falls into any of the circumstances described above, by virtue of which he may no longer be considered an External Independent Director.

The removal of External Independent Directors may also be proposed following takeover bids, mergers or other similar corporate operations causing a change in the capital structure of the Company, insofar as may be necessary to establish a reasonable balance between External Proprietary Directors and External Independent Directors, according to the ratio of capital represented by the former to the rest of the capital.

Directors shall also tender their resignations in any of the circumstances defined in the following section.

B.1.20 Indicate the events in which directors are obliged to retire.

Directors shall tender their resignations and step down from the Board, should the latter consider this appropriate, in the following events:

- a. If they fall into circumstances of incompatibility or prohibition contemplated in law, the Articles of Association or applicable regulations.
- b. If they receive a serious warning from the Nomination and Compensation Committee or the Audit and Control Committee for defaulting their obligations as directors.
- c. If, in the opinion of the Board, in view of a report by the Nomination and Compensation Committee:
 - I. Their remaining on the Board could jeopardise the interests of the company or adversely affect the functioning of the Board or the standing and reputation of the Company; or
 - II. If the reasons why they were appointed disappear. Directors shall find themselves in this position, particularly in the following cases:
 - External Proprietary Directors, when the shareholder they represent or that nominated them directors transfers its entire shareholding interest. They shall also offer their resignation and, should the Board deem fit, step down from the Board, in the corresponding proportion, if the shareholder reduces its shareholding interest to a level requiring a reduction in the number of its External Proprietary Directors.
 - Executive Directors, when they cease to hold the executive positions outside the Board to which their appointment as director was linked.

B.1.21 Explain whether the Chairman of the Board is the Chief Executive Officer of the company. If so, state what measures have been adopted to limit the risks of one single person accumulating powers:

YES

Measures for limiting risks

According to Article 25 of the Regulations of the Board of Directors of Repsol, S.A., the Chairman of the Board shall be the Chief Executive Officer of the Company. Notwithstanding this, section 5 of said Articles provides also that:

"When the Chairman of the Board of Directors holds the role of CEO, the Board shall appoint, upon proposal by the Appointments and Remuneration Committee, an independent director who, under the name of Lead Independent Director, may perform the following tasks:

- a) Request to the Chairman of the Board, when he deems appropriate, the calling of the Board.
- b) Request the inclusion of items on the Board's meetings agenda according to Article 9.3 of these Regulations.
- c) Coordinate and give voice to the concerns of external directors.
- d) Lead the Board's evaluation of the Chairman.
- e) Call and chair meetings of independent directors as he deems necessary or desirable".

Additionally, Article 9 of the Regulations of the Board of Directors provides that *“The Chairman may call additional Board meetings whenever he deems appropriate. The call shall be mandatory when requested by the Lead Independent Director or by at least one-quarter of the directors, without prejudice to the provision of Article 17.2.e) of these Regulations. The Chairman shall draw up the agenda for meetings, although any of the directors may, prior to call, request the inclusion of any business they consider ought to be transacted at the meeting. Such inclusion is mandatory when the request has been made 48 hours prior to the date specified for the meeting”*.

On the other hand, said Article 25 also stipulates that the Chairman of the Board shall act at all times in accordance with the decisions and criteria established by the General Shareholders' Meeting and the Board of Directors.

Article 4 of the Regulations of the Board of Directors reserves the following duties and powers to this corporate body:

“The Board shall approve the company strategy and the organisation needed to put it into practice, and oversee and ensure that Management meets the targets set and respects the company's objects and social interest; approve acquisitions and disposals of assets which are, for whatsoever reason, considered especially important for the company or its subsidiaries; establish its own organisation and procedures and those of the Top Management and, in particular, amend these Regulations; exercise any powers that the General Meeting has granted to the Board -which the Board may delegate solely if expressly so indicated in the resolution adopted by the General Meeting- and any other powers granted to it in these regulations”.

Similarly, Article 5 of the Regulations of the Board reserves to the Board in full the following issues:

1. Submission of the Annual Accounts and Management Report of Repsol, S.A. and consolidated companies, as well as any other proposals which must legally originate with the Company's administrators, to the Ordinary Shareholders' Meeting.
2. The general strategies and policies of the Company, such as:
 - a) The Strategic Plan of the Group, management objectives and Annual Budgets;
 - b) The investment and financing policy;
 - c) The corporate governance policy;
 - d) The corporate social responsibility policy;
 - e) Top Management pay policy;
 - f) Risk management and control policy; and
 - g) Dividend policy, treasury stock policy and, especially, the limits thereon.
3. The following decisions:
 - a) Appointment of Directors in the event of vacancies, up to the next succeeding General Meeting, and acceptance of resignations tendered by Directors;
 - b) Appointment and removal of the Chairman, Vice-Chairmen, Secretary and Vice-Secretary of the Board and the Directors who are to sit on the different Committees contemplated in the Regulations of the Board, and the delegation of powers to any of the Board members, on the terms stipulated in the law and Articles of Association, and revocation of such powers;
 - c) Directors' compensation and, in the case of executive directors, additional consideration for their management duties and other contract conditions
4. The annual and half-year financial reports, which Repsol, being a listed company, is obliged to publish.
5. The following investments and transactions, save when approval corresponds to the General Meeting:
 - a) Incorporation of companies and entities or initial acquisition of stakes in existing companies or entities of more than six million Euros.
By exception, decisions on investments provided for in sufficient detail in the Group's annual budgets and/or strategic plan shall be left up to the Chairman.
 - b) Creation or acquisition of shares in special purpose vehicles whenever they go beyond the ordinary administration of the company.

- c) Mergers, takeovers, spin-offs or concentrations of strategic importance of interest for any of the major subsidiaries or investees in which any of the companies in the Repsol group has a direct interest.
- d) Sale of shares in companies or other fixed assets with a value of over thirty million euro; the Delegate Committee shall approve such sales valued at between fifteen and thirty million euro, informing the Board at the next meeting of all sales authorised.
- e) Approval of investment projects with a value of over thirty million euro; the Delegate Committee shall approve projects valued at between fifteen and thirty million euro, informing the Board at the next meeting of all investments approved.
By exception, the Chairman shall decide, after discussion by the Management Committee if necessary, whether to approve the following investment projects:
 - Those involving the prospecting or working of oil fields in fulfilment of commitments deriving from the corresponding contracts, concessions or licences.
 - Those performed in fulfilment of legal provisions binding on the company concerned, concerning environmental protection, safety of installations, product specifications or similar.
 - Those provided for in sufficient detail in the group's annual budgets and/or strategic plan.
 In these cases, the Chairman shall report on the approval of these investments to the Board or Delegate Committee, depending on their values and as established in the first paragraph of this point e), wherever possible before commencement of the respective projects.
- f) Notes, debentures or other issues made by Repsol, S.A. or its majority-owned or controlled subsidiaries.
- g) Granting of bonds to secure the obligations of entities not controlled by the group except in the following cases:
 - the guarantor, directly or by means of counter guarantees, is finally liable for the debt or obligation in a proportion not higher to the economic participation of the Group in the entity which obligations are secured; and
 - the granting of the security is part of the ordinary and usual process of tender, negotiation, management and exploitation of the Group's businesses..
- h) Assignment to third entities or persons not controlled by the Group, of rights over the trade name and trade marks, and over any other patents, technology and any form of industrial or intellectual property of economic importance belonging to Repsol, S.A. or group companies.
- i) Creation, investment and supervision of the management of employee pension schemes and any other commitments to employees involving long-term financial responsibilities for the Company.
- j) Signing of long-term commercial, industrial or financial agreements of strategic importance for the Repsol Group.
Unless a different regime is approved when passing the correspondent resolution, an investment or a transaction shall not need an additional approval if in its execution a deviation not higher than 10% or 30 million euros over the initial amount authorized by the Board of Directors or its Delegate Committee is produced.

6. Any other business or matter reserved in these Regulations for approval by the full Board. The Chairman, or otherwise the Vice-Chairmen, shall implement the resolutions adopted by the Board in accordance with this Article, report on any authorisation or approval given where appropriate or issue instructions to carry out the actions required by the resolutions adopted. Should circumstances so require, the powers of the Board contemplated in 3c), 4 and 5 above may be exercised by the Delegate Committee and subsequently ratified by the full Board.

Apart from all this, the Chairman of the Board of Directors shall receive reports and proposals from the Audit and Control Committee, the Nomination and Compensation Committee and the Strategy, Investment and Corporate Social Responsibility Committee, on matters within their respective competence. For greater guarantee, all the members of these Committees shall be External Directors.

Indicate and, if appropriate, explain whether rules have been established to enable one of the independent directors to request the calling of the Board or the inclusion of new items on the agenda, to coordinate and echo the concerns of external directors and to direct the assessment by the Board of Directors:

YES

Explain the rules

The Board of Directors of Repsol, in its meeting held on February 23, 2011, agreed to amend its regulations to, among other matters, incorporate into Company's system of corporate governance the figure of Lead Independent Director. According to current Article 25,5 of the Regulations of the Board of Directors:

"When the Chairman of the Board of Directors holds the role of CEO, the Board shall appoint, upon proposal by the Nomination and Compensation Committee, an independent director who, under the name of Lead Independent Director, may perform the following tasks:

- a) Request to the Chairman of the Board, when he deems appropriate, the calling of the Board.
- b) Request the inclusion of items on the Board's meetings agenda according to Article 9.3 of these Regulations.
- c) Coordinate and give voice to the concerns of external directors.
- d) Lead the Board's evaluation of the Chairman.
- e) Call and chair meetings of independent directors as he deems necessary or desirable".

Additionally, Article 9 of the Regulations of the Board of Directors provides that "The Chairman may call additional Board meetings whenever he deems appropriate. The call shall be mandatory when requested by the Lead Independent Director or by at least one-quarter of the directors, without prejudice to the provision of Article 17.2.e) of these Regulations. The Chairman shall draw up the agenda for meetings, although any of the directors may, prior to call, request the inclusion of any business they consider ought to be transacted at the meeting. Such inclusion is mandatory when the request has been made 48 hours prior to the date specified for the meeting".

B.1.22 Are special majorities differing from those stipulated in law required for any type of decision?

YES

Explain how resolutions are adopted on the Board, indicating at least the quorum and the majorities required for adopting resolutions:

Adopting resolutions

Description of resolution	Quorum	Type of majority
Amendment of Article 19 of the Board of Directors Regulation	Half plus one of the Directors	Three quarters of the Board members
Amendment of Article 22 of the Board of Directors Regulation	Half plus one of the Directors	Three quarters of the Board members
Authorization to Directors to provide advice or representation services to competing companies, provided a favourable report from the Nomination and Compensation Committee is obtained.	Half plus one of the Directors	Two thirds of the Board members not affected by the conflict of interests
Waiving the incompatibility due to conflict of interest in case of proposal to the Shareholders' meeting or appointment by co-optation of candidates or Directors.	Half plus one of the Directors	Two thirds of the Board members not affected by the conflict of interests

Authorization of related party transactions performed by the Company with Directors, significant Shareholders' represented on the Board or persons related thereto that exceed the 5 % of the Group's assets according to the latest consolidated annual accounts approved by the General Shareholders' Meeting, aimed at strategic assets of the Company, involve transfer of the Company's relevant technology, or aimed at establishing mechanisms for collaboration and strategic alliances and do not consist on simply agreements of performance or execution. The above provided that the transaction is fair and efficient from the standpoint of the Company's corporate interest, that after obtaining the relevant report of an independent external consultant renowned in the financial community on the reasonableness and arm's length terms of the related party transaction, the Nominating and Compensation Committee issues a favourable report and that special circumstances advise not to wait until the next General Shareholders' Meeting.	Half plus one of the Directors	Two thirds of the Board members not affected by the conflict of interests
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B.1.23 Are there any specific requirements, other than those established for directors, to be appointed Chairman?

NO

Description of requirements

B.1.24 Indicate whether the Chairman has casting vote:

YES

Matters in which there is a casting vote

According to Article 36 of the Articles of Association, save where greater majorities have been specifically established, resolutions of the Board shall be approved by the absolute majority of directors attending, and in the event of a tie, the Chairman or acting chairman shall have the casting vote.

B.1.25 Indicate whether the Articles of Association or the Board regulations establish any age limit for directors:

NO

Age limit Chairman

Age limit managing director

Age limit director

B.1.26 Indicate whether the Articles of Association or the Board regulations establish any limit on the term of office for independent directors:

YES

Maximum term of office	12 years
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B.1.27 If there are few or no female directors, explain why and what actions have been taken to remedy this situation.

Explanation of reasons and actions

The appointment of all the Board members has been made objectively, taking account the prestige, expertise and professional experience required to perform their duties, and without any kind of discrimination.

Both, Article 33 of the Bylaws and Article 3.2 of the Board of Directors Regulations provide expressly that in the proposal submitted by the Board of Directors to the Shareholders' meeting and/or in the resolutions adopted by the Board in cases of cooptation in order to fill vacancies, the Board shall endeavour to maintain a composition in which, among others, professional, international and gender diversity policies are applied and are adequate to the activity the Company carries out.

On the other hand, The Board of Directors Regulations assigns, among other matters, to the Nomination and Compensation Committee the duty of assessing the necessary knowledge, expertise and experience of the Board, defining in consequence the duties and qualifications required of the candidates for filling each vacancy and assessing the time and dedication required to adequately perform their duties.

Furthermore, Article 33 of the Regulations of the Board of Directors expressly provides that the Nomination and Compensation Committee ensure that whenever new vacancies are foreseen or on appointing new directors, the selection procedures are not affected by implicit bias that could entail some kind of discrimination and that women who meet the professional profile sought are deliberately sought and included among the potential candidates, informing the Board on the initiatives taken in this respect and the results thereof.

In particular, state whether the Nomination and Compensation Committee has established procedures to ensure that the selection procedures are not affected by implicit bias that could hamper the selection of female directors and that women with the required profile are deliberately included among the candidates:

NO

Describe the main procedures

B.1.28 Indicate whether there are any formal processes for proxy voting in the Board of directors. If so, briefly describe these.

Without prejudice to the directors' duty to attend the meetings of the bodies they belong to or, if they are unable for justified reasons to attend the meetings to which they have been called, to issue the appropriate instructions to the director who is to represent them, if any, each Board member may grant a proxy to another member, with no limit on the number of proxies that may be held by any director for attendance of Board meetings.

Absent directors may grant proxies by any written means, including telegram, telex or telefax addressed to the Chairman or Secretary of the Board.

B.1.29 State the number of meetings held by the Board of Directors during the year, indicating, if appropriate, how many times the Board has met without the Chairman:

Number of Board meetings	12
Number of Board meetings held without the Chairman	0

Number of meetings held by the different Committees of the Board:

Number of meetings of the Delegate Committee	7
Number of meetings of the Audit Committee	9
Number of meetings of the Nomination and Compensation Committee	4
Number of meetings of the Nomination Committee	–
Number of meetings of the Compensation Committee	–

B.1.30 Indicate the number of meetings held by the Board of Directors during the year without the attendance of all its members, counting as non-attendance any proxies made without specific instructions:

Number of non-attendances by directors during the year	7
Non-attendances/total votes during the year (%)	3.89

B.1.31 Indicate whether the individual and consolidated annual accounts presented for Board for approval are previously certified:

YES

If appropriate, name the person(s) who certify the individual or consolidated annual accounts of the company before they are approved by the Board:

Name	Position
Antonio Brufau Niubó	Chairman
Miguel Martínez San Martín	Chief Financial Officer and Corporate Development Executive Managing Director

B.1.32 Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the individual and consolidated accounts laid before the General Meeting.

The Audit and Control Committee, set up on 27 February 1995, has as main duty, the supporting to the Board in its supervisory duties, through regular checking of the preparation of economic and financial reporting, the effectiveness of its executive controls and the independence of the external auditors, as well as supervising the internal audit department, and checking the compliance with all the legal provisions and internal regulations applicable to the Company. This Committee has the following duties, among others:

- Supervise the integrity and process of preparing the financial information on the company and its group, ensuring compliance with all requirements, adequate definition of the consolidated group and correct application of the accounting principles.
- Regularly check the internal control and risk management systems, ensuring that the principal risks are identified, handled and reported on adequately.
- Prior to their submission to the Board, analyse the financial statements of the company and its consolidated group included in the annual, half-year and quarterly reports and any other

financial information that the company is obliged to publish regularly by virtue of being a listed company, with the necessary requirements to ensure that they are correct, reliable, adequate and clear. For this purpose it shall have all the necessary information and such degree of aggregation as it may deem fit, assisted as necessary by the top management of the group, particularly its financial management and the company's auditor. It shall, in particular, see that the annual accounts that are to be submitted to the Board are certified by the Chairman, the Managing Director(s), if any, and the Chief Finance Officer (CFO) pursuant to the internal or external regulations applicable from time to time.

- Regularly receive information from the external auditors on the audit plan and results of their work, and check that the executives heed their recommendations.
- Regularly require the external auditors, and at least one a year, to assess the quality of the group's internal control procedures and systems.
- Be informed of any situations requiring adjustments that may be detected during the work of the external auditors whenever they are significant, considering this to mean any situations which, per se or in combination with others, may cause a material impact or damage to the net worth, results or reputation of the group. This consideration shall be left to the discretion of the external auditors, who shall, in case of doubt, opt for notification. The Chairman of the Committee shall be notified accordingly as soon as the auditors become aware of the situation in question.
- Oversee the degree of fulfilment by the audited units of the corrective measures recommended by the internal audit department in previous audits.
The committee shall be informed of any significant irregularities, anomalies or defaults detected by the internal audit department in the course of its work.

For this purpose, the members of this Committee shall have the necessary experience, capacity and dedication to perform their duties. Moreover, the Chairman shall have experience in business management and a working knowledge of accounting procedures, and at least one of the members shall have the financial experience that may be required by the regulatory bodies of the stock markets on which the stocks or shares of the company are listed.

B.1.33 Is the Secretary of the Board a Director?

YES

B.1.34 Explain the procedures for appointment and removal of the Secretary of the Board, indicating whether a report is issued by the Nomination Committee and whether they are approved by the full Board.

Procedure for appointment and removal

As provided in Article 42 of the Articles of Association, the Board chooses its Secretary and Vice-Secretary, if any, who may or may not be Directors.

Moreover, pursuant to Articles 5 and 33 of the Regulations of the Board of Directors, the Board shall appoint or remove its Secretary and Vice-Secretary, subject to a report by the Nomination and Compensation Committee.

	YES	NO
Does the Nomination Committee issue a report on the appointment?	X	
Does the Nomination Committee issue a report on the removal?	X	
Does the full Board approve the appointment?	X	
Does the full Board approve the removal?	X	

Is the Secretary of the Board commissioned especially to see that the good governance recommendations are heeded?

YES

Remarks	
	Article 42 of the Articles of Association establishes that the Secretary will ensure that the Board actions comply in form and substance with the law and that the company's procedures and rules of governance are respected. Furthermore, in pursuance of Article 27 of the Regulations of the Board of Directors, the Secretary of the Board is commissioned to ensure compliance with any provisions issued by regulatory bodies and heeding of their recommendations, if any, and to ensure that the corporate governance principles of the company are observed.

B.1.35 Describe any mechanisms established by the company to preserve the independence of the auditor, financial analysts, investment banks and rating agencies.

One of the powers of the Audit and Control Committee contemplated in Article 39 of the Articles of Association is that of receiving information on any issues that may jeopardise the independence of the External Auditors.

In development of this provision of the Articles of Association, the Regulations of the Audit and Control Committee establish, as one of its duties, ensuring the independence of the External Auditors, in two ways:

- Avoiding any factors that may compromise the warnings, opinions and recommendations of the External Auditors, and
- Establishing and overseeing any incompatibilities between auditing and consultancy services and any others, the limits on concentration of the External Auditor's business and, in general, all other rules established to guarantee the independence of the auditor.

According to these duties, in 2003 the Audit and Control Committee agreed on a procedure to approve previously all the services, auditing or otherwise, provided by the External Auditor, whatever their extent, scope and nature. This procedure is regulated in an Internal Rule mandatory for the whole of the Repsol Group.

In addition, Article 32 of the Regulations of the Board of Directors (the *Audit and Control Committee*) provides that the Committee shall receive, annually, from the External Auditor written confirmation of its independence towards the Company or entities related to the same directly or indirectly, as well as the information of the additional services of any type provided to these entities by said Auditors or companies, or by the people or entities linked to the latter, in accordance with that established in the regulations governing the activity of auditors. The Committee shall issue annually, prior to the delivery of the Auditing report, a report stating an opinion on the independence of the Auditors. In any case, this report must make a declaration on the additional services provided and referred to.

Furthermore, Repsol Group has the Investor Relations Corporate Division whose responsibilities include ensuring that the information supplied by the Company to the market (financial analysts and investment banks, amount other) is transmitted fairly, commensurate and in useful time and, according with the Repsol Group Internal Conduct Regulations Regarding the Securities Market, that such information is accurate, clear, complete and, when required by the nature of the information, quantified, and shall by no means be misleading or confusing.

B.1.36 State whether the Company has changed its external auditor during the year. If so, name the outgoing and incoming auditors:

NO

Outgoing auditor	Incoming auditor

Did the Company have any disagreements with the outgoing auditor? If so, explain what they consisted of:

NO

Description of the disagreement

B.1.37 State whether the firm of auditors does any work for the Company and/or its Group other than standard audit work and if so, declare the amount of the fees received for such work and the percentage it represents of the fees invoiced to the company and/or its group:

YES

	Company	Group	Total
Cost of work other than auditing (thousands of euro)	1,056	699	1,755
Cost of work other than auditing/Total amount invoiced by the auditors (%)	37.3	19.23	27.14

B.1.38 State whether the auditors' report on the Annual Accounts of the previous year contains any qualifications. If so, indicate the reasons given by the Chairman of the Audit Committee to explain the contents and scope of those qualifications.

NO

Description of reasons

B.1.39 State the number of years in succession that the current firm of auditors has been auditing the annual accounts of the company and/or its group. Indicate the ratio of the number of years audited by the current auditors to the total number of years that the annual accounts have been audited:

	Company	Group
Number of years in succession	11	11

	Company	Group
Number of years audited by current auditors/No. years that the company has been audited (%)	50%	50%

B.1.40 Indicate the company Board members' shareholdings, reported to the company, in companies engaging in the same or similar activities as those within the company's or group's scope of business. Indicate their positions or duties in these companies:

Name of director	Name of company	% stake	Position or duties
Antonio Brufau Niubó	Gas Natural SDG, s.A.	0.008	Vice-Chairman
Isidro Fainé Casas	Gas Natural SDG, s.A.	0.011	–
José Manuel Loureda Mantiñán	Valoriza Gestión, s.A.	0.000	Chairman
José Manuel Loureda Mantiñán	Vallehermoso División Promoción, s.A.	0.000	Director
Juan María Nin Génova	Gas Natural SDG, s.A.	0.000	Director
Luis Suárez de Lezo Mantilla	Gas Natural SDG, s.A.	0.002	Director
Luis Suárez de Lezo Mantilla	Repsol – Gas Natural LNG, s.L.	0.000	Director

B.1.41 Indicate, with details if appropriate, whether there is an established procedure for directors to receive external advice:

YES

Details of procedure

The Regulations of the Board of Repsol, S.A. expressly recognise the directors' right to advisory services. Article 23 provides as follows:

- The Directors shall likewise have the power to propose to the Board, by majority vote, the contracting at the Company's expense of legal advisers, accountants, technical, financial, and commercial experts, and experts of any other kind they consider necessary to the Company's interests, to provide assistance in the performance of the Directors' functions in regard to concrete problems of some magnitude and complexity relating to their positions.
- Said proposals must be submitted to the Chairman of the Company through the Secretary of the Board. The Board of Directors may veto their approval on the grounds that they are unnecessary to the performance of the assigned functions, or that the number is disproportionate to the importance of the problem and to the Company's assets and income, or that the technical assistance in question could be adequately provided by experts within the Company.

Furthermore, the Regulations of the Board of Directors establish that the Audit and Control Committee, the Nomination and Compensation Committee and the Strategy, Investment and Corporate Social Responsibility Committee may obtain counselling from lawyers or other independent professionals, in which case the Secretary of the Board shall, at the request of the Chairman of the Committee, take whatever action may be necessary to engage the services of such lawyers or other professionals, which shall be provided directly to the corresponding Committee.

B.1.42 Indicate, with details if appropriate, whether there is an established procedure for directors to obtain sufficiently in advance any information they may need to prepare the meetings of the governing bodies:

YES

Details of procedure

The Regulations of the Board of Directors of Repsol, S.A. establish that the notice of call to Board meetings shall be sent to each director at least 48 hours prior to the date specified for the meeting, and shall include the agenda. The minutes of the previous meeting shall be enclosed, regardless of whether they have been approved, and any information considered necessary and that is available.

The Regulations of the Board of Directors of Repsol, S.A. contemplate procedures to ensure that directors have the necessary information sufficiently in advance to prepare Board meetings. In this regard, Article 23 provides as follows:

- The Directors shall have access to all the Company's services and may obtain, with the broadest possible powers, the information and advising they need on any aspect of the Company provided they request it in connection with the performance of their functions. The right to information extends to the subsidiaries, whether national or foreign, and shall be channelled through the Chairman or the Secretary of the Board of Directors or of the appropriate Board Committee, who shall respond to Directors' requests and directly furnish them the information, offering them access to appropriate sources or taking all necessary measures to answer questions.

B.1.43 Indicate, with details if appropriate, whether the company has established rules obliging directors to report and, if necessary, resign in any cases that could be detrimental to the company's reputation:

YES

Explain the rules

According to Article 16 of the Regulations of the Board of Directors, Directors shall offer their resignation and, should the Board deem fit, step down as directors if, in the opinion of the Board, in view of a report by the Nomination and Compensation Committee, their remaining on the Board could jeopardise the interests of the company or adversely affect the functioning of the Board or the standing and reputation of the company.

In this regard, Article 17 of the Regulations of the Board of Directors provides that Directors shall notify the Board as soon as possible and keep it up to date on any situations in which they may be involved and that could be detrimental to the standing and reputation of the company, to enable the Board to assess the circumstances, particularly in pursuance of the preceding paragraph.

B.1.44 Indicate whether the Company has been notified by any Board member that he has been sued or is being tried for any of the offences contemplated in Article 124 of the Joint Stock Companies Act:

NO

Name of Director	Criminal Case	Comments
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Indicate whether the Board has studied the case. If so, give a reasoned explanation of the decision made as to whether or not the director in question should remain in office.

NO

Decision made	Reasoned explanation
Should or shouldn't remain in office	

B.2

Board of Directors' Committees

B.2.1 List all the committees of the Board of Directors and their members:

DELEGATE COMMITTEE		
Name	Position	Type
Antonio Brufau Niubó	Chairman	Executive
Isidro Fainé Casas	Member	Proprietary
Juan Abelló Gallo	Member	Proprietary
Javier Echenique Landiribar	Member	Independent
Artur Carulla Font	Member	Independent
Pemex Internacional España, s.A.	Member	Proprietary
Henri Philippe Reichstul	Member	Independent
Luis Suárez de Lezo Mantilla	Member & Secretary	Executive

AUDIT AND CONTROL COMMITTEE		
Name	Position	Type
Ángel Durández Adeva	Chairman	Independent
Paulina Beato Blanco	Member	Independent
Javier Echenique Landiribar	Member	Independent

NOMINATION AND COMPENSATION COMMITTEE		
Name	Position	Type
Artur Carulla Font	Chairman	Independent
María Isabel Gabarró Miquel	Member	Independent
José Manuel Loureda Mantiñán	Member	Proprietary
Juan María Nin Génova	Member	Proprietary
Mario Fernández Pelaz	Member	Independent

STRATEGY, INVESTMENT AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Name	Position	Type
Juan María Nin Génova	Chairman	Proprietary
Juan Abelló Gallo	Member	Proprietary
Luis Carlos Croissier Batista	Member	Independent
María Isabel Gabarró Miquel	Member	Independent
José Manuel Loureda Mantiñán	Member	Proprietary
Pemex Internacional España, s.A.	Member	Proprietary

B.2.2 Indicate whether the following duties correspond to the Audit Committee:

	YES	NO
Supervise the integrity and process of preparing the financial information on the company and its group, ensuring compliance with all requirements, adequate definition of the consolidated group and correct application of the accounting principles	X	
Regularly check the internal control and risk management systems, ensuring that the principal risks are identified, handled and reported on adequately	X	
Guarantee the independence and efficiency of the internal audit department; propose the selection, appointment, re-election and removal of the chief audit officer; propose the budget for this department; receive regular information on its activities; and check that the top management heeds the conclusions and recommendations of its reports	X	
Establish and oversee a mechanism whereby employees may report, confidentially and, if appropriate, anonymously, any potentially important irregularities, especially financial and accounting irregularities, that they may detect within the company	X	
Submit proposals to the Board for the selection, appointment, re-election and replacement of the external auditors and the terms and conditions of their engagement	X	
Regularly receive information from the external auditors on the audit plan and results of their work, and check that the executives heed their recommendations	X	
Guarantee the independence of the external auditors	X	
In the case of groups, encouraging the group auditors to audit the group companies.	X	

B.2.3 Describe the rules of organisation and procedure and the responsibilities attributed to each Committee.

Delegate Committee

The Delegate Committee consists of the Chairman of the Board and up to a maximum of seven directors from the three existing categories (executive, proprietary and independent), endeavouring to maintain a similar proportion to that existing on the Board of Directors. Its members shall be appointed with a majority of at least two-thirds of the current Board members.

All the powers of the Board are permanently delegated to the Delegate Committee, except those that may not be lawfully delegated and those considered as such by the Articles of Association or the Regulations of the Board of Directors.

The Chairman of the Delegate Committee shall be the Chairman of the Board and the Secretary shall be the Secretary of the Board, who may be assisted by the Vice-Secretary.

Whenever the business is sufficiently important, in the opinion of the Chairman or three members of the Delegate Committee, the resolutions adopted by the Delegate Committee shall be submitted to the full Board for ratification. The same shall be applicable in any business referred by the Board to be studied by the Delegate Committee, while reserving the ultimate decision thereon. In all other cases, the resolutions adopted by the Delegate Committee shall be valid and binding with no need for subsequent ratification by the Board.

At the end of the meeting, the Secretary issues the minutes of the resolutions adopted, that will be reported to the Board at the following full Board meeting, and makes available to the Board members a copy of the minutes. Seven meetings were held in 2012.

Audit and Control Committee

The Audit and Control Committee consists exclusively of Independent External Directors, no fewer than three in number, appointed by the Board on the basis of their experience and expertise in accounting, auditing or risk management.

The Board shall appoint the members of this Committee for a term of four years. Without prejudice to one or several re-elections, they shall retire at the end of that term, when they retire from the Board, in case they cease to be considered as External Independent Directors or whenever so resolved by the Board, subject to a prior report by the Nomination and Compensation Committee. The chairman shall hold office as such for a maximum of four years, after which he shall not be eligible for re-election until one year has passed, without prejudice to his continuation or re-election as member of the Committee.

This Committee, set up on 27 February 1995, supports the Board in its supervisory duties, through regular checking of the preparation of economic and financial reporting, executive controls, supervision of the systems for recording and controlling the company's hydrocarbon reserves, the internal audit department and the independence of the external auditors, as well as checking compliance with all the legal provisions and internal regulations applicable to the company. This Committee is competent to submit proposals to the Board regarding the appointment of external auditors, extension of their appointment, their removal and the terms of their engagement. It shall also inform the General Meeting, through its Chairman, on any issues raised by Shareholders' regarding matters within its competence.

Its duties shall also include knowing and guiding the company's environmental and safety policies, objectives and guidelines and drawing up an Annual Report on its activities, on which it shall report to the Board.

The Committee shall appoint one of its members to be Chairman and the Secretary shall be the Secretary of the Board.

The Committee shall meet as often as necessary, in the opinion of the Chairman, to perform the duties commissioned to it, although an annual calendar of meetings shall be drawn up before the end of each year for the following year, as well as an Action Plan for each year, informing the Board accordingly. Meetings shall be called whenever so requested by any two of its members. Nine meetings were held in 2012.

The Chairman of the Committee shall regularly report to the Board on the actions taken by the Committee.

At least once a year, the Committee shall assess its functioning and the quality and efficiency of its work, reporting to the full Board.

The Secretary of the Committee shall issue minutes of the resolutions adopted at each meeting, which shall be made available to Board members.

Nomination and Compensation Committee

This Committee consists of no fewer than three directors appointed by the Board, taking account of the expertise, skills and experience of the directors and the duties of the Committee. Most of its members shall be External Independent Directors.

The Board shall appoint the members of this Committee for a term of four years. Without prejudice to one or several re-elections, they shall retire at the end of that term, when they retire from the Board or whenever so resolved by the Board, subject to a prior report by the

Audit and Control Committee.

This Committee, which was set up on 27 February 1995, has the duties of proposing and reporting to the Board on the selection, appointment, re-election and removal of Directors, Managing Director, Chairman, Vice-Chairman, Secretary, Vice-Secretary and the Directors who are to sit on the different Committees of the Board; proposing the Board compensation policy and, in the case of Executive Directors, the additional consideration for their management duties and other contract conditions; reporting on the appointment of Senior Executives of the Company and their general pay policy and incentives; reporting on the compliance by Directors of the corporate governance principles or the obligations established in the Articles of Association or the Regulations of the Board; and, in general, proposing and informing on any other business related with the above at the request of the Chairman or the Board of Directors.

The Chairman of this Committee shall be one of its members, who shall necessarily be an External Independent Director, and the Secretary shall be the Secretary of the Board.

The Committee shall meet whenever the Board or Chairman of the Board requests reports or proposals within the scope of its duties, and whenever called by the Chairman of the Committee, requested by two Committee members or when reports are required to be able to adopt the corresponding resolutions. Four meetings were held in 2012.

The Chairman of the Committee shall regularly report to the Board on the actions taken by the Committee.

At least once a year, the Committee shall assess its functioning and the quality and efficiency of its work, reporting to the full Board.

The Secretary of the Committee shall issue minutes of the resolutions adopted at each meeting, which shall be made available to Board members.

Strategy, Investment and Corporate Social Responsibility Committee

On December 2007, the Board of Directors of Repsol, S.A. resolved, within the modification of its Regulations, to change the name of the Strategy, Investment and Competition Committee, set up on 25 September 2002, to Strategy, Investment and Corporate Social Responsibility Committee.

The Strategy, Investment and Corporate Social Responsibility Committee consists of no fewer than three directors appointed by the Board, taking account of the expertise, skills and experience of the directors and the duties of the Committee. Most of its members shall be External or Non-Executive Directors.

The Board shall appoint the members of this Committee for a term of four years. Without prejudice to one or several re-elections, they shall retire at the end of that term, when they retire from the Board or whenever so resolved by the Board, subject to a prior report by the Nomination and Compensation Committee.

This Committee has the duties of reporting on the principal highlights, landmarks and reviews of the Group's strategic plan; major strategic decisions for the Repsol Group; and investments or divestments in assets which, by virtue of their value or strategic nature, the Executive Chairman believes should be first considered by the Committee.

It must also be familiar with and steer the policy, objectives and guidelines of the Repsol Group on Corporate Social Responsibility and inform the Board thereon; check and report on the Corporate Responsibility Report of the Repsol Group before it is submitted to the Board; and, in general, perform any other duties related with the matters within its competence and requested by the Board or its Chairman.

One of the members of this Committee shall be appointed Chairman and the secretary shall be the Secretary of the Board.

The Committee shall meet with the established frequency or whenever called by its Chairman or requested by two of its members. Two meetings were held in 2012.

The Chairman of the Committee shall regularly report to the Board on the actions taken by the Committee.

At least once a year, the Committee shall assess its functioning and the quality and efficiency of its work, reporting to the full Board.

The Secretary of the Committee shall issue minutes of the resolutions adopted at each meeting, which shall be made available to Board members.

B.2.4 Indicate, where appropriate, the powers of advising, consultation and, where appropriate, delegations of each Committee:

Committee	Brief description
Delegate Committee	See B.2.3
Audit and Control Committee	See B.2.3
Nomination and Compensation Committee	See B.2.3
Strategy, Investment and Corporate Social Responsibility Committee	See B.2.3

B.2.5 Indicate the existence, if appropriate, of regulations of the Board committees, where they are available for consultation and any modifications made during the year. State whether an annual report has been issued voluntarily on the activities of each Committee.

Delegate Committee

The internal regulation of the Delegate Committee is currently set out in the Articles of Association and the Regulations of the Board of Directors.

The Articles of Association and the Regulations of the Board of Directors are entered in the Madrid Trade Registry and accessible to the public through the company's web site (www.repsol.com).

Audit and Control Committee

The internal regulation of the Audit and Control Committee is currently set out in the Articles of Association and the Regulations of the Board of Directors.

The Articles of Association and the Regulations of the Board of Directors are entered in the Madrid Trade Registry and accessible to the public through the company's web site (www.repsol.com).

The Audit and Control Committee has drawn up a Report of its activities during 2012.

Nomination and Compensation Committee

The internal regulation of the Compensation Committee is currently set out in the Regulations of the Board of Directors.

The Regulations of the Board of Directors are entered in the Madrid Trade Registry and accessible to the public through the company's web site (www.repsol.com).

Strategy, Investment and Corporate Social Responsibility Committee

The internal regulation of the Strategy, Investment and Corporate Social Responsibility Committee is currently set out in the Regulations of the Board of Directors.

The Regulations of the Board of Directors are entered in the Madrid Trade Registry and accessible to the public through the company's web site (www.repsol.com).

B.2.6 Does the composition of the Delegate Committee reflect the participation on the Board of the different types of Director?

YES

If no, explain the composition of your Executive Committee

C Related party transactions

C.1 Indicate whether the full Board has reserved approval, subject to a favourable report by the Audit Committee or any other committee commissioned this task, of any transactions that the company may enter into with directors, significant Shareholders' or Shareholders' represented on the Board, or with persons related to them:

YES

C.2 List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and significant Shareholders' of the company:

Name of significant shareholder	Name of company or group company	Nature of the relationship	Type of transaction	Amount (thousand euro)
Sacyr Vallehermoso, s.A.	Grupo Repsol	Commercial	Services received	2,345
Sacyr Vallehermoso, s.A.	Grupo Repsol	Commercial	Purchase of tangible assets, intangible or other assets	95,550
Sacyr Vallehermoso, s.A.	Grupo Repsol	Contractual	Leases	520
Sacyr Vallehermoso, s.A.	Grupo Repsol	Corporate	Dividends and other distributed profits	137,179
Sacyr Vallehermoso, s.A.	Grupo Repsol	Commercial	Services rendered	10,225
Sacyr Vallehermoso, s.A.	Grupo Repsol	Commercial	Sales of goods (finished or outstanding)	58,540
Sacyr Vallehermoso, s.A.	Grupo Repsol	Commercial	Other incomes	293
Sacyr Vallehermoso, s.A.	Grupo Repsol	Contractual	Purchase of goods (finished or outstanding)	6,557
Sacyr Vallehermoso, s.A.	Grupo Repsol	Contractual	Commitments acquired	3,000
Sacyr Vallehermoso, s.A.	Grupo Repsol	Contractual	Bonds and guarantees received	23,375
Caixabank, s.A.	Grupo Repsol	Commercial	Financial expenses	16,477
Caixabank, s.A.	Grupo Repsol	Contractual	Leases	200
Caixabank, s.A.	Grupo Repsol	Commercial	Services received	3,287
Caixabank, s.A.	Grupo Repsol	Commercial	Other expenses	28,592
Caixabank, s.A.	Grupo Repsol	Contractual	Financial incomes	24,260
Caixabank, s.A.	Grupo Repsol	Commercial	Sales of goods (finished or outstanding)	15
Caixabank, s.A.	Grupo Repsol	Commercial	Other incomes	327
Caixabank, s.A.	Grupo Repsol	Commercial	Services rendered	420
Caixabank, s.A.	Grupo Repsol	Commercial	Sales of tangible assets, intangible or other assets	244,543
Caixabank, s.A.	Grupo Repsol	Contractual	Financing agreements, loans and capital contributions (lender)	773,167
Caixabank, s.A.	Grupo Repsol	Contractual	Financing agreements: loans and capital contributions (borrower)	1,032
Caixabank, s.A.	Grupo Repsol	Contractual	Bonds and guarantees received	33,827

Name of significant shareholder	Name of company or group company	Nature of the relationship	Type of transaction	Amount (thousand euro)
Caixabank, s.A.	Grupo Repsol	Contractual	Bonds and guarantees provided	118,778
Caixabank, s.A.	Grupo Repsol	Corporate	Dividends and other distributed profits	263,387
Petróleos Mexicanos	Grupo Repsol	Commercial	Services received	322
Petróleos Mexicanos	Grupo Repsol	Contractual	Purchase of goods (finished or outstanding)	3,995,389
Petróleos Mexicanos	Grupo Repsol	Commercial	Other expenses	309
Petróleos Mexicanos	Grupo Repsol	Contractual	Financial incomes	313
Petróleos Mexicanos	Grupo Repsol	Commercial	Services rendered	32,991
Petróleos Mexicanos	Grupo Repsol	Commercial	Sales of goods (finished or outstanding)	210,175
Petróleos Mexicanos	Grupo Repsol	Commercial	Other incomes	4,214
Petróleos Mexicanos	Grupo Repsol	Contractual	Bonds and guarantees provided	99,785
Petróleos Mexicanos	Grupo Repsol	Contractual	Commitments acquired	693,000
Petróleos Mexicanos	Grupo Repsol	Corporate	Dividends and other distributed profits	66,923

C.3 List any significant transactions involving a transfer of resources or obligations between the company and/or companies in its group and the directors or executives of the company:

Name of director or executive	Name of company or group company	Nature of the transaction	Type of transaction	Amount (thousand euro)
Company Executives	Repsol Group	Contractual	Financing Agreements: credits and capital contributions (lender)	145

C.4 List any significant transactions with other companies in the group that are not eliminated in the consolidated financial statements and which do not, by virtue of their object or terms, correspond to the normal business of the Company:

Name of group company	Brief description of the transaction	Amount (thousand euro)
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C.5 Indicate whether any company directors have been in any conflicts of interest during the year, pursuant to Article 127 ter of the Joint Stock Companies Act.

YES

Name of Director	Description of the conflict of interest situation
Antonio Brufau Niubó	All the resolutions regarding the Chairman's remuneration have been passed without the participation of the Chairman.
Luis Suárez de Lezo Mantilla	All the resolutions regarding the Secretary's remuneration have been discussed and passed without the participation of the Secretary.
Isidro Fainé Casas	<p>a. The resolution regarding the submission to the Annual General Meeting of his re-election as member of the Board has been passed, on the Board's meeting of April 17, 2012, without the participation of said Director.</p> <p>b. The resolution regarding his re-election as Vice-Chairman of the Board has been passed, on the Board's meeting of May 31, 2012 without the participation of said Director.</p> <p>c. The resolution regarding his re-election as member of the Delegated Committee has been passed, on the Board's meeting of May 31, 2012, without the participation of said Director.</p>
Juan María Nin Génova	<p>a. The resolution regarding the submission to the Annual General Meeting of his re-election as member of the Board has been passed, on the Board's meeting of April 17, 2012, without the participation of said Director.</p> <p>b. The resolution regarding his re-election as member of the Nomination and Compensation Committee has been passed on the Board's meeting of May 31, 2012, without the participation of said Director.</p> <p>c. The resolution regarding his re-election as Chairman of the Strategy, Investment and Corporate Social Responsibility Committee has been passed, on the Board's meeting of May 31, 2012, without the participation of said Director.</p>
Pemex Internacional España, s.A.	The resolution regarding the subscription of an Industrial Strategic Alliance by and between Repsol S.A. and Petróleos Mexicanos (Pemex) has been passed, on the Board's meeting of February 28, 2012, without the participation of said Director.

C.6 Explain the mechanisms established to detect and resolve possible conflicts of interests between the company and/or its group, and its directors, executives or significant Shareholders'.

The Regulations of the Board of Directors require directors to avoid any direct or indirect conflicts of interest with the Company's interests, notifying the Board whenever any such conflicts inevitably exist. In the event of a conflict, the director affected shall abstain in the discussion and decision dealing with the issues giving rise to the conflict.

Any directors affected by proposals for appointment, re-election or removal shall abstain in the discussions and voting dealing with those matters. Ballots shall be secret.

Directors shall inform the Nomination and Compensation Committee of any other professional obligations they may have and any material change in their professional situation, as well as any affecting the nature or condition by virtue of which they have been appointed Director.

Finally, directors shall tender their resignations and step down from the Board, should the latter deem fit, whenever they incur in any of the events of incompatibility or disqualification established in law, the Articles of Association or Regulations.

In this regard, Articles 19-22 of the Regulations of the Board of Directors set out the obligations to be met by Directors in respect of non-competition, use of corporate information and assets and taking advantage of business opportunities, and the requirements established in respect of related party transactions between the Company and the Directors, significant Shareholders' represented on the Board or persons related to them.

Similarly, the Repsol Group Internal Conduct Regulations regarding the Securities Market, applicable to directors, top management and the executives of certain departments and divisions with access to privileged information of the company or its group and who carry out tasks related with the Securities Market, contemplate the preclusion and solving of conflicts of interest in Articles 8.3. and 8.4., as follows:

"To control potential conflicts of interest, the executives and employees of Repsol Group must inform the person responsible for their respective Area, sufficiently in advance for timely decisions to be made and before conducting the transaction or concluding the business in question, of

any situation which may potentially involve, and in each concrete circumstance that actually involves, the appearance of a conflict of interest with Repsol, S.A. or any company of its Group.

If the person affected is a member of the Board of Directors, the conflict must be reported to the Board of Directors, which, if it considers fit, will apply for the opinion of the Audit and Control Committee.

In case of a doubt about the existence of a conflict of interest, the executives and employees of Repsol Group must act prudently and inform the person responsible for their respective Area or the Board of Directors, as the case may be, about the specific circumstances of the case, for the appropriate consideration of the situation by the latter.

The general principle to be considered in the resolution of all kind of conflicts of interest is abstention. Therefore, persons subject to conflicts of interest must refrain from making decisions that could affect the individuals or legal entities with which said conflict is posed. They must likewise refrain from exerting any influence on said decision-making and must act with full loyalty to the Repsol Group in all cases. In any situation of conflict of interest between the executives and employees of Repsol Group and Repsol or any company within the Group, the former must act in all moments with loyalty to the Repsol Group, giving preference to the interest of the Repsol Group over its own interests".

Finally, the Ethics and Conduct Regulation for Repsol Employees which applies to all employees of Repsol including its executives and its Directors, has been reviewed and updated on December 19, 2012 and provides in its Article 3.6, the following:

"Conflicts of interest appear when the personal interests of the employees, directly or indirectly, are contrary to or could potentially be a conflict with the interests of the Company, interfere with the proper fulfilment of their duties and professional responsibilities or involve them in a personal way in any transaction or economic operation of the Company.

Repsol recognises and respects the participation of its employees in financial and corporate activities other than those which they carry out for the Company, provided they are legal and ethical and do not collude with their responsibilities as employees of Repsol.

Repsol employees shall avoid situations that could give rise to a conflict between their personal interests and those of the Company; they shall refrain from representing it and from intervening or influencing in the decision taking in any situation in which, directly or indirectly, they personally or the persons related with them, have a personal interest. They shall always act loyally in fulfilling their responsibilities, and in defence of the interests of Repsol. To these effects, related persons shall be understood to be the spouse or persons with analogous relationship, the ascendants, descendants and brothers and sisters of the employee and of his/her spouse; the spouses of the ascendants, descendants and brothers and sisters of the employee and the companies directly or indirectly controlled by the employee or by an intermediary.

Furthermore, Executive Directors and individuals in an employment relationship with Repsol shall not either personally or for another party, carry out tasks, work or provide services in benefit of companies in the sector or companies that develop activities liable to compete directly or indirectly with those of Repsol or which could eventually do so.

When faced with a situation of possible conflict of interest the Repsol employees shall observe the following general working principles:

- a) Communication: they shall inform the hierarchical superiors in writing about the conflicts of interest in which they are involved, before undertaking the operation or concluding the business in question, in order to adopt the appropriate decisions in each specific circumstance, and thus avoid the possibility of compromising their impartial action.
- b) Abstention: they shall refrain from intervening or influencing, directly or indirectly, in the decision making that could affect the entities of Repsol with which there is conflict of interest. They shall refrain from participating in meetings at which such decisions are raised and of accessing confidential information that affects such conflict.
- c) Independence: they shall act at all times with professionalism, with loyalty to Repsol and its Shareholders' and independently of their own or third party interests. They shall consequently refrain in all events from giving priority to their own or third party interests at the expense of those of Repsol".

C.7

Are more than one of the Group companies listed in Spain?

NO

Name the subsidiaries listed in Spain:

Listed subsidiaries

State whether they have publicly and accurately defined their respective areas of activity and any possible business relationships among them, as well as those between the listed dependent company and the other companies within the Group:

Describe the possible business relationships between the parent company and the listed subsidiary, and between the subsidiary and the other companies within the Group

Describe the mechanisms established to resolve possible conflicts of interest between the listed subsidiary and the other companies within the Group:

Mechanisms for the resolution of possible conflicts of interest

D

Risk control systems

D.1

General description of the risk policy of the company and/or its group, including details and assessment of the risks covered by the system, together with justification that those systems adapt to the profile of each type of risk.

Repsol operates in numerous countries, under numerous regulatory frameworks and in different areas of the oil and gas business. Consequently, Repsol is exposed to:

- market risks, deriving from the price volatility of oil, natural gas and by-products, exchange rates and interest rates,
- financial risks, including those related to Repsol's liquidity and solvency positions as well as the counterparty risks, deriving from financial arrangements and commercial commitments with suppliers or clients,
- risks related to the strategy of the Company, portfolio management and allocation of resources connected to internal decisions which shall be approved by the Executive Committee or the Board of Directors,
- regulatory and compliance risks related to regulatory changes and to the compliance of the applicable regulation on legal, tax, security and environmental, reporting and corporate governance matters,
- operating risks related to the effectiveness and efficiency of the transactions which could take place in case the existing internal processes were not suitable or wrong (including the risks of accidents and natural catastrophes, uncertainty regarding the geological characteristics of oil and gas fields, safety and environmental risks and reputation risks, such as those relating to corporate ethics and the social impact of Repsol's business).
- economic environment risks related with external factors to the Company such as the macroeconomic context, the sector in which it performs its activity, country risk, natural disasters, competitors, relations with partners and the different perceptions of the interested parties.

The Company considers the most important risks to be those that could hamper it in achieving the goals established in its Strategic Plan. Repsol manages its assets and businesses prudently. Nevertheless, many of the risks mentioned above are inherent in the activities it performs, are beyond the control of the company and cannot be entirely eliminated.

Repsol has an organisation, procedures and systems that enable it to identify, measure, assess, prioritize and control reasonably the risks to which the group is exposed, and decide to what extent those risks are to be assumed, managed, reduced or avoided. Risk analysis is an integral element in the group's decision-making processes, both in the centralised governing bodies and in the management of the different businesses, paying special attention in all cases to the existence of several risks at the same time or the effects of diversification that may occur on an aggregate level.

The following independent analysis, supervision and control units specialise in different areas of risk management:

- Audit Projects Unit, focusing on the assessment and improvement of existing controls to verify that potential risks (strategic, operational, financial, environment, regulatory, etc.) that could hamper achievement of the strategic goals of the Repsol Group are reasonably identified, measured and controlled. When performing said duty it is specially foreseen that the existing controls of the Company ensure the reasonable compliance with the applicable regulation, the adequate safeguarding of the assets as well as the reliability of the financial information and the managing and prevention of fraud.
- Financial Risk Control and Management Unit which breaks down itself in:
 - Credit Risk Management Unit, responsible for:
 - monitoring and controlling the Group's credit risk,
 - coordinating the development of specific rules and regulations concerning market and credit risks of the different business units and corporate areas of the Group and establishing methods for measuring and assessing such risks according to the best practices,
 - analysing and controlling the credit risk generated by the Group's activities, establishing individual third-party credit risk limits,
 - defining the criteria regarding the funding and use of provisions for insolvency, refinancing and judicial claiming of debts,
 - acceptance, validation and guarding of guarantees delivered to third parties,
 - the solvency analysis of the financial counterparties,
 - the approval of extensions in client payment conditions.
 - Market Risk Management Unit, responsible for:
 - identifying, monitoring, measuring and controlling foreign exchange, interest rate and treasury stock risks positions through:
 - The identification, calculation and market assessment of risk positions and financial instruments;
 - The analysis and measurement of the risk (VaR) associated to risk positions and financial instruments and the analysis of sensitivity of risk positions and results;
 - The calculation of the management results connected to those risks.
 - calculating the accounting results of the derivatives subscribed as well as preparing the documentation related to the accounting coverings.
 - controlling and reporting the treasury stock transactions.
 - designing, preparing and implementing standards and valuation processes of instruments, sensitivity analysis and risk measuring.
 - calculating and controlling the cash positions and its effects derived from the derivatives operative as well as calculating and analysing the results of managing said positions.
 - preparing and validating the regulation related to the definition, management, control, measuring and operative of said positions and risks.
 - calculating, analysing, and controlling the credit risk exposure of financial counterparties related with the activity of cash managing and financial derivatives subscription.

- Risk Monitoring Unit, responsible for:
 - coordinating the development of specific rules and regulations concerning commodities price risk of the different business units and corporate areas of the Group, and establishing methods for measuring and assessing these risks according to best practices,
 - monitoring and controlling Group's commodities price risk.
- Insurance Unit, responsible for:
 - analysing and assessing any accidental risks that could affect the assets and activities of the Group in order to assess the insurance needs,
 - defining the most efficient financing policy for these risks, through an optimum combination of self-insurance and risk transfer measures,
 - taking out such insurance cover as may be considered convenient in each case,
 - negotiating the compensations deriving from insured accidents.
- Safety and Environment Unit, responsible for:
 - defining and monitoring the company's safety and environmental strategic policies and objectives,
 - establishing the corporate rules and regulations (policy, rules, procedures, manuals and guidelines) on safety and environment throughout the company worldwide and the mechanisms required to publicise them,
 - identifying and leading corporate safety and environment projects, counselling business units in their implementation and monitoring the progress,
 - establishing key indicators of performance, monitoring the company's performance in safety and environmental matters and proposing actions for improvement,
 - promoting the creation of working groups and exchanging the best practices in safety and the environment,
 - monitoring safety and environmental audits
- Corporate Responsibility Unit, within the Direction of Corporate Responsibility and Institutional Services, responsible for advising, promoting and coordinating the joint Company's Corporate Responsibility strategy. The Direction of Corporate Responsibility and Institutional Services is responsible for the following duties:
 - Monitoring the Company's performance in the 7 principles of the CR, reporting to the Board of Director's Investment, Strategy and Corporate Responsibility Committee, the Executive Committee and the Corporate Responsibility Committee.
 - Monitoring the tools to coordinate the CR system.
 - Propose to the Corporate Responsibility Committee the strategic guidelines of the CR and coordinate in collaboration with the units of the Company the development of the CR multi-annual plans.
 - Coordinating the dialogue with the Company's stakeholders at corporate level and submitting their expectations to the Corporate Responsibility Committee.
 - Proposing corporate government elements, such as corporate regulations, manuals or guides, goals, indicators and other management tools of CR.
 - Consolidate the CR information in a corporate level and coordinate the development of the Company's communication tools on CR at this level, such as the Annual Report on CR, the Repsol's CR website; and prepare the necessary information for quotation in selective sustainability index or required by the Shareholders' or investors in relation to ethical and social-environmental criteria.
 - Identification and leading of projects and initiatives on CR, advising the units in its implementation and tracking.
- Compliance and Risk Unit: assumes the functions for monitoring the reviewing procedures and assessing the internal control and compliance models as follows:
 - Continuous defining, monitoring and assessing of the design and functioning of the Internal Control over Financial Information Reporting System, in accordance with the methodology on the basis of the COSO model.

- Monitoring the Regulation Compliance Programme related to the legal obligations of the Group's legal entities within the Public Administrations regarding the activities performed in different countries.
 - Monitoring the Fraud Prevention Model for the Spanish companies of the Repsol Group, cooperating with the Legal Services and Corporate Governance areas; assuming the responsibility of monitoring the proceedings for reviewing and evaluating periodically the model; designing and implementing a response plan for any breach identified; and designing and executing the dissemination and training programs regarding the compliance of the regulations and procedures related to the Fraud Prevention Model.
 - Coordinating the preparation of the Risks Map in order to provide the Group a common and uniform methodology for identifying and evaluating the critical risks by all the areas involved, looking after the correct implementation of the method guidelines provided and reporting, periodically, the results obtained to the relevant Responsible or Bodies of the Group that may be determined from time to time.
- Reserves Control Unit, which aims to make sure that the estimates of Repsol proved reserves comply with prevailing legislation on the different Securities Markets on which the company is listed. It also makes internal audits of reserves, mandates, coordinates and validates reserves external audits and assesses the quality controls on reserve reporting, making the appropriate suggestions within a process of continuous improvement and application of best practices.
- There are also several functional and business committees responsible for the oversight of the risk management activities performed within their respective areas of responsibility. Additionally, with the purpose of continue developing the risk management and to align the Company's model with the best practices, since the beginning of year 2013 the Group has a Risk Unit responsible for the coordination and improvement of the existing risk management system.

D.2 Indicate whether any of the risks (operating, technological, financial, legal, reputational, tax, etc.) affecting the company and/or its group have actually materialised during the year:

YES

If so, indicate the underlying circumstances and whether the established control systems worked adequately.

Risks occurred during the year	Causes of risks	Operation of Control Systems
Expropriation by the Argentinean State of the 51% of "Class D" shares of YPF, s.A. owned by Repsol and the 60% of "Class A" shares of Repsol YPF Gas, s.A. owned by Repsol Butano, s.A.	On May 7, 2012 it was published in the Official Bulletin of the Argentinian Republic the Law 26,741 (penalized and published on May 3 and 4, 2012 respectively) that declares of public utility and subject to expropriation the 51% of the assets of YPF, s.A. owned by Repsol, s.A. and the 60% of Repsol YPF Gas, s.A. owned by Repsol Butano, s.A.	When developing its activities Repsol is subject to different risks which are described in the consolidated Management Report. Some of these risks, as the expropriation, are out of Repsol's control.
Risks inherent to the Company's business.	Circumstances of business development.	Control systems established by the Company have worked correctly, making possible to manage the risks appropriately.

D.3 Is there a Committee or other governing body responsible for establishing and supervising the control systems?

YES

If so, state its duties.

Name of Committee or governing body

Audit and Control Committee

Description of duties

The main duty of the Audit and Control Committee, as advisory body to the Board of Directors, is to support the Board in its oversight duties, among other actions by regularly checking the risk management and internal control systems, to ensure that the principal risks are identified, managed and adequately publicised.

With this aim, the Audit and Control Committee monitors the development of the Annual Corporate Audit Plan, drawn up to assess and oversee the correct functioning and adequacy of the established control systems, to ensure that they are sufficient to identify, manage and/or mitigate the operating, financial and reputation risks of the Repsol Group. The Corporate Audit Department informs the Committee on any material irregularities, anomalies or defaults of the audited units reporting to the Board whenever they are considered to represent a significant risk for the Group.

Moreover, the Audit and Control Committee ensures that the procedures and systems for recording and internal control of the measuring, assessment, classification and entering in the accounts of the Group's hydrocarbon reserves are sufficient, adequate and efficient.

Finally, the Committee is informed by the corresponding divisions of the company and steers the environmental and safety policies, guidelines and objectives of the Repsol Group.

D.4 Identification and description of processes for compliance with the different regulations affecting the company and/or its group.

The Audit and Control Committee supports the Board in its oversight duties, watching over the compliance with all legal and internal laws and regulations applicable to the company. It oversees compliance with applicable national and international rules and regulations on market conduct and data protection and ensures that the Internal Codes of Conduct and Professional Ethics and of Market Conduct applicable to Group employees meet all the legal requirements and are adequate for the company.

The Audit and Control Committee also supervises the preparation and integrity of the financial information on the Company and the Group, checking compliance with the applicable legal requirements and correct application of the accounting principles.

E General meeting

E.1 Indicate whether there are any differences between the quorums for General Meetings and the minimums stipulated in the Joint Stock Companies Act and, if appropriate, explain.

NO

	% quorum different from that established in Art. 102 Joint Stock Companies Act for general cases	% quorum different from that established in Art. 103 Joint Stock Companies Act for the special cases of Art. 103
Quorum required on first call		
Quorum required on second call		
Description of differences		

E.2 Explain whether there are any differences between the system used for adopting corporate resolutions and the system stipulated in the Joint Stock Companies Act, and if so give details:

YES

	Qualified majority other than that established in section 103.2 of the Joint Stock Companies Act for the cases set forth in section 103.1	Other instances in which a qualified majority is required
% established by the entity for the adoption of resolutions		75%
Describe the differences		
There is a requirement for, on both first and second call, the favourable votes of seventy-five per cent (75%) of the voting capital attending the Shareholders' meeting, to validly adopt resolutions on the following matters:		
a. modification of Articles 22bis and 44bis of the Bylaws concerning related party transaction and the prohibition of competition by Directors, or this special rule;		
b. authorization of related party transactions in the cases contemplated in Article 22bis of the Bylaws; and		
c. waiving a Director from the no competition obligation pursuant to Article 44bis of the Bylaws.		

E.3 Describe any Shareholders' rights in respect of General Meetings differing from those established in the Joint Stock Companies Act.

According to Article 23 of the Articles of Association, general meetings may be attended by Shareholders' holding any number of shares, provided they have been recorded in the corresponding accounting record five days prior to the date of the meeting and the shareholder has obtained the attendance card proving that the above requirements have been met. Attendance cards shall be issued by the institutions indicated in law and shall be non-transferable.

The Regulations of the Board of Directors of Repsol S.A. provide as follows regarding Shareholders' right to participate and information:

"6.3. The Board of Directors shall take all the measures it sees fit to ensure that the Shareholders' Meeting performs its proper functions. To that end it shall place all the legally demandable information, as well as information which is not legally required but is of interest to the Shareholders' and can reasonably be furnished, at the Shareholders' disposal prior to the Shareholders' Meeting. It shall likewise respond with the greatest possible diligence to information requests and questions from Shareholders' prior to the Shareholders' Meetings or while they are underway.

6.4. The information given to Shareholders' and other financial market participants by the Company shall be complete, accurate, fair, symmetrical, and timely.

To achieve maximum transparency and immediacy in the dissemination of information, the Company shall make use of the generally available procedures and technologies to which companies and private citizens have access. To that end, the Board of Directors shall intensify the use of the Company's Web page and determine the contents to be transmitted through that medium, which shall include among other documents the Articles of Association, the Board of Directors' Regulations, the quarterly and annual reports, the notices of Shareholders' Meetings, their regulations and the resolutions or decisions adopted at the previous meeting, and any other information considered of interest".

Furthermore, pursuant to Article 5 of the Regulations of the General Shareholders' Meeting, concerning Shareholders' right to information and participation, the notice of call to General Meetings shall state "the place and times at which Shareholders' may consult the documents to be laid before the general meeting and such other reports as may be required by law or decided by the Board, without prejudice to the right of Shareholders' to request and receive, free of charge, copies of all the above-mentioned documents".

Article 5 of the Regulations of the General Shareholders' Meeting also provides that "in addition to the requirements stipulated in law or the Articles of Association, as from the date of publication of the notice of call to the general meeting, the company shall publish on its web site the text of all proposed resolutions submitted by the Board in connection with the items on the agenda, including, with regard to proposals for the appointment of directors, the information contemplated in Article 47.13 of the Articles of Association ((I) professional and biographic profile, (II) list of other Boards they are on, (III) indication of the type of director, indicating, in the case of proprietary directors, the shareholder they represent or with which they have ties, (IV) date of first appointment as company directors, and subsequent appointments, and (V) company shares and options they hold).

An exception may be made to this rule for proposals which the law and Articles of Association do not require to be made available to Shareholders' as from the notice of call, if the Board considers there are just grounds for not doing so.

If a supplementary notice of call is published, the company shall thereafter publish on its web site the text of the justified proposals for resolutions contained in that supplementary notice, provided they have been sent to the company".

Article 6.1. of the Regulations for the General Shareholders' Meeting further provides that:

"Through the Shareholders' Information Office of the Company's web page, Shareholders' may at any time, upon entering proof of identification as such, raise any questions or make suggestions relating to the activities and interests of the Company and which they consider should be discussed at a General Shareholders' Meeting.

Once a General Shareholders' Meeting has been called and up to seven consecutive days before the date set for the meeting on first call, Shareholders' may utilize the same means to comment upon or make suggestions in writing regarding the proposals included on the Agenda thereof.

The Company's Departments will examine the Shareholders' questions, suggestions and comments, and the responses will be disclosed, grouped together as pertinent, on the Company web page or, if the Board of Directors considers it appropriate, they will be considered at the General Shareholders' Meeting, even if they are not included on the Agenda".

Apart from the foregoing and with a view to facilitating access by Shareholders' to the information on the company, Repsol set up the Shareholders' Information Office mentioned above, offering Shareholders' a free call service and an email address at which they may request whatever information they may require. Shareholders' may also visit the Office, where they will receive personal attention.

E.4

Describe the measures adopted, if any, to encourage the participation of Shareholders' at General Meetings.

To encourage Shareholders' to participate in general meetings, Article 6 of the Regulations of the General Shareholders' Meeting, establishes Shareholders' right to information and participation, indicating that they may raise any questions or make any suggestions in connection with the company's activities or interests which they consider ought to be discussed by the General Meeting, through the Shareholders' Information Office or the company's web site (www.repsol.com).

Apart from these measures, which are expressly contemplated in the Repsol, S.A. Rules of Corporate Governance, the company also encourages Shareholders' to participate in general meetings with the following measures:

- Publication of the notice of call sufficiently in advance in the Official Commercial Registry Bulletin (*Boletín Oficial del Registro Mercantil –BORME*), and/or one of the daily newspapers having the largest circulation in Spain, the website of the National Securities Market Commission (CNMV), in the Company's website (www.repsol.com) and in any other means that the Board of Directors decides in order to provide more publicity to the calling. A copy is also sent to the stock exchanges on which its shares are listed and to the depositaries of its shares, so that they can issue the necessary attendance cards.
- Warning in the notice of call that the general meeting will be held on second call.
- Practices to encourage attendance, by delivering gifts and even, if appropriate, paying attendance premiums.
- Holding general meetings at a large-capacity location with ideal conditions for the procedure and following of the meeting, providing transport.
- Possibility of exercising or delegating the vote through distance means (post or electronic means), providing for Shareholders':
 - A form prepared for postal votes on the company's web site and at the Shareholders' Information Office.
 - An application on the web site to exercise or delegate the vote by electronic means, for all Shareholders' having a recognised or advanced electronic signature based on a recognised, valid electronic certificate issued by the Spanish Public Certification Entity (CERES).
- Possibility of fractioning votes through the voting platform and delegation by post and electronic means.
- Assistance and personalized guidance for all Shareholders' who wish to participate through staff of the Shareholders' Information Office.
- Possibility of connecting to a live broadcast of the meeting through the company's web site (www.repsol.com).
- Publication through the company's web site (www.repsol.com) of the proposed resolutions corresponding to the items on the Agenda and the Board's report on each of the proposed resolutions to be laid before the General Meeting.
- Enabling, with the occasion of the General Shareholders' Meeting, an Electronic Shareholders' Forum in the web site of the Company (www.repsol.com), which will be accessible for both individual Shareholders' and voluntary associations that may be established in accordance with current regulations, in order to facilitate communication prior to the General Shareholders' Meeting. Proposals claiming to be a complement to the agenda posted on the announcement, applications to support such proposals, initiatives to achieve the percentage sufficient to execute a right for minorities under the law, as well as offers or requests for voluntary representation may be published in the Forum.

E.5

Indicate if the Chairman of the Board chairs the General Meeting.
List any measures adopted to ensure the independence and correct operation of the General Meeting:

YES

Details of measures

The Board traditionally requests, on its own initiative, the presence of a Notary to attend the General Meeting and issue minutes thereof.

Consequently, neither the Chairman nor the Secretary of the General Meeting participate in the preparation of the minutes, for which a notary or other public attesting officer is engaged, with the consequent guarantee of neutrality for the Shareholders'.

E.6

Indicate any modifications made during the year to the Regulations of the General Shareholders' Meeting.

The Annual Shareholders' Meeting held on May 31, 2012, approved the following amendments of its Regulations:

- I. Adding of the new sections 3.8 and 3.9 and amendment of section 3.10 (formerly 3.8) of Article 3 ("Powers of the Shareholders' meeting").
- II. Article 5 ("Calling").
- III. Section 6.2 of Article 6 ("Shareholders' right to participation and information").
- IV. Article 8 ("Representation").
- V. Section 9.2 of Article 9 ("Quorum").
- VI. Adding of new sections 13.7, 13.8 and 13.11, amendment of section 13.6 and reordering of sections 13.9 and 13.10 (formerly 13.7) of Article 13 ("Deliberation and passing of resolutions").

The above amendments of Articles 5, 6, 8 and 14 were made to adjust the text of the Regulations of the General Shareholders' Meeting to the most recent law amendments and in particular to those introduced in the Companies Act by Act 25/2011 of August 1, the Royal Law-Decree of March 16 and Act 2/2011 of March 4.

Meanwhile, the amendments of Articles 3, 9, and 13 of the Regulations of the General Shareholders' Meeting intended to reinforce the Company's protection in case of conflicts of interest, originated, particularly, by related party transactions and situations of competition.

The referred amendments were notified to the CNMV on June 11 and 19, 2012 and they have been entered in the Madrid Trade Register.

The Regulations of the General Shareholders' Meeting may be consulted on the company's web site (www.repsol.com).

E.7

Give details of attendance of General Meetings held during the year:

Details of attendance

Date General Meeting	% attending in person	% attending by proxy	% Distance voting		
			Electronic vote	Others	Total
05/31/2012	15.329	42.418	0.0052	6.82	64.574

E.8

Give a brief account of the resolutions adopted at the General Meetings held during the year and percentage of votes with which each resolution was approved.

Only one General Shareholders' Meeting of Repsol, S.A., the Annual General Meeting, was held during 2012, on May 31, 2012, at which the following resolutions were adopted with the majorities indicated below:

1. Review and approval, if appropriate, of the Annual Financial Statements and the Management Report of Repsol YPF, S.A., of the Consolidated Annual Financial Statements and the Consolidated Management Report, for the fiscal year ended 31st December 2011, and of the proposal of application of its earnings.

- Votes for 723,874,545 shares, votes against 82,536 shares, abstentions 251,228 shares.
2. Review and approval, if appropriate, of the management by the Board of Directors during year 2011.
Votes for 713,294,157 shares, votes against 6,897,527 shares, abstentions 4,016,625 shares.
 3. Appointment of the External Auditor of the Company and its consolidated Group for 2012 fiscal year.
Votes for 717,704,172 shares, votes against 46,235,587 shares, abstentions 268,550 shares.
 4. Modification of Articles 19, 20, 28 and 47 and addition of a new Article 45bis of the Bylaws; and modification of Articles 5, 6, 8 and 14 of the Regulations of the General Shareholders' Meeting to adjust the Company's corporate governance regulations to the recent changes in law.
Votes for 723,841,422 shares, votes against 98,593 shares, abstentions 268,294 shares.
 5. Modification of Articles 27, 32, 37, 39 and addition of a new Article 45ter of the Bylaws to improve the functioning of the Board of Directors and other aspects of the Company's corporate governance.
Votes for 723,696,963 shares, votes against 238,171 shares, abstentions 273,175 shares.
 6. Modification of Article 22 and addition of new Articles 22bis and 44bis of the Bylaws; and modification of Articles 3, 9 and 13 of the Regulations of the General Shareholders' Meeting to reinforce the protection of the Company against conflicts of interest.
Votes for 723,840,571 shares, votes against 105,924 shares, abstentions 261,814 shares.
 7. Re-election as Director of Mr. Isidro Fainé Casas.
Votes for 607,862,685 shares, votes against 109,386,721 shares, abstentions 6,958,903 shares.
 8. Re-election as Director of Mr. Juan María Nin Génova.
Votes for 567,372,080 shares, votes against 149,990,478 shares, abstentions 6,845,751 shares.
 9. Share Acquisition Plan 2013-2015.
Votes for 723,659,818 shares, votes against 285,797 shares, abstentions 262,694 shares.
 10. Increase of share capital in a determinable amount pursuant to the terms of the resolution, by issuing new common shares having a par value of one (1) euro each, of the same class and series as those currently outstanding, charged to reserves, offering Shareholders' the possibility of selling the free-of-charge allocation rights to the Company itself or on the market. Delegation of powers to the Board of Directors or, by substitution, to the Delegate Committee, to fix the date the increase is to be implemented and the terms of the increase in all respects not provided for by the General Meeting, all in accordance with Article 297(1)(a) of the Companies Act. Application for admission of the newly issued shares to listing on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) and on the Buenos Aires stock exchange.
Votes for 722,354,059 shares, votes against 543,568 shares, abstentions 1,310,682 shares.
 11. Second increase of share capital in a determinable amount pursuant to the terms of the resolution, by issuing new common shares having a par value of one (1) euro each, of the same class and series as those currently outstanding, charged to reserves, offering Shareholders' the possibility of selling the free-of-charge allocation rights to the Company itself or on the market. Delegation of powers to the Board of Directors or, by substitution, to the Delegate Committee, to fix the date the increase is to be implemented and the terms of the increase in all respects not provided for by the General Meeting, all in accordance with Article 297(1)(a) of the Companies Act. Application for admission of the newly issued shares to listing on the Madrid, Barcelona, Bilbao and Valencia stock exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) and on the Buenos Aires stock exchange.
Votes for 722,350,637 shares, votes against 543,550 shares, abstentions 1,314,122 shares.

12. Modify the corporate name of the Company and subsequent modification of Article 1 of the Bylaws.
Votes for 723,864,271 shares, votes against 95,564 shares, abstentions 248,474 shares.
13. Delegation to the Board of Directors of the power to issue fixed rate, convertible and/or exchangeable securities for company shares or exchangeable for shares in other companies, as well as warrants, including the possibility of excluding totally or partially the pre-emptive subscription rights of the Shareholders' of said issues.
Votes for 688,696,067 shares, votes against 34,035,556 shares, abstentions 1,476,686 shares.
14. Ratification of the creation of the Company's corporate website www.repsol.com.
Votes for 723,870,371 shares, votes against 106,729 shares, abstentions 231,209 shares.
15. Advisory vote on the Report on the Remuneration Policy for Directors of Repsol YPF, S.A. for 2012.
Votes for 519,624,861 shares, votes against 181,977,728 shares, abstentions 22,605,720 shares.
16. Delegation of the Powers to complement, develop, execute, amend and formalize the resolutions adopted by the General Shareholders' Meeting.
Votes for 722,573,007 shares, votes against 1,385,248 shares, abstentions 250,054 shares.

E.9 State whether any restrictions are established in the Articles of Association requiring a minimum number of shares to attend General Meetings:

NO

Number of shares required to attend General Meetings

E.10 Describe and justify the company's policies on proxy votes at General Meetings.

According to Article 8 of the Regulations of the General Shareholders' Meeting, all Shareholders' entitled to attend may be represented at general meetings by another person, who need not be a shareholder. Proxies shall be granted in writing or by distance communication, especially for each general meeting.

For this purpose, apart from the possibility of sending proxies for attendance and voting at general meetings through the members of "Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores S.A". (Iberclear), Shareholders' also have the Shareholders' Information Office, where they may deliver proxies by post or by hand, and another office opened exclusively for this purpose at the registered office, where attendance cards may be received and the corresponding gifts are handed out.

An application is made available on the web site for electronic proxies, available for Shareholders' who have a recognised or advanced electronic signature based on a recognised, valid electronic certificate issued by the *Entidad Pública de Certificación Española* (CERES).

E.11 Indicate whether the company is aware of the policies of institutional investors regarding their participation or otherwise in company decisions:

NO

Describe the policy

E.12

Indicate the address and access to the corporate governance contents on the company's web site.

The information on corporate governance, regulated in Article 539 of the Companies Act, Order ECO/3722/2003 of 26 December, and the *Comisión Nacional del Mercado de Valores* (CNMV) Circular 1/2004 of 17 March, is published in the section "Shareholders' and investors" on the company's web site (www.repsol.com).

F

Extent of compliance with the Corporate Governance recommendations

Indicate the degree of compliance by the company with the recommendations of the Unified Good Governance Code.

In the event of non-compliance with any recommendations, explain the recommendations, standards, practices or principles applied by the company.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchases on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Comply

2. When a dominant and a subsidiary company are stock market listed, the two should provide detailed disclosure on:
 - a. The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies;
 - b. The mechanisms in place to resolve possible conflicts of interest.

See sections: C.4 and C.7

Not applicable

3. Even when not expressly required under company law, any decisions involving a fundamental corporate change should be submitted to the General Shareholders' Meeting for approval or ratification. In particular:
 - a. The transformation of listed companies into holding companies through the process of subsidiarisation, i.e. reallocating core activities to subsidiaries that were previously carried out by the originating firm, even though the latter retains full control of the former;
 - b. Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
 - c. Operations that effectively add up to the company's liquidation.

Comply

4. Detailed proposals of the resolutions to be adopted at the General Shareholders' Meeting, including the information stated in Recommendation 28, should be made available at the same time as the publication of the Meeting notice.

Comply

5. Separate votes should be taken at the General Shareholders' Meeting on materially separate items, so Shareholders' can express their preferences in each case. This rule shall apply in particular to:
 - a. The appointment or ratification of directors, with separate voting on each candidate;
 - b. Amendments to the bylaws, with votes taken on all Articles or groups of Articles that are materially independent.

See section: E.8

Comply

6. Companies should allow split votes, so financial intermediaries acting as nominees on behalf of different clients can issue their votes according to instructions.

See section: E.4

Comply

7. The Board of Directors should perform its duties with unity of purpose and independent judgement, according all Shareholders' the same treatment. It should be guided at all times by the company's best interest and, as such, strive to maximise its value over time.

It should likewise ensure that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Comply

8. The Board should see the core components of its mission as to approve the company's strategy and authorise the organisational resources to carry it forward, and to ensure that management meets the objectives set while pursuing the company's interests and corporate purpose. As such, the Board in full should reserve the right to approve:

a. The company's general policies and strategies, and in particular:

I. The strategic or business plan, management targets and annual budgets;

II. Investment and financing policy;

III. Design of the structure of the corporate group;

IV. Corporate governance policy;

V. Corporate social responsibility policy;

VI. Remuneration and evaluation of senior officers;

VII. Risk control and management, and the periodic monitoring of internal information and control systems;

VIII. Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b. The following decisions:

I. On the proposal of the company's chief executive, the appointment and removal of senior officers, and their compensation clauses.

See section: B.1.14

II. Directors' remuneration and, in the case of executive directors, the additional consideration for their management duties and other contract conditions.

See section: B.1.14

III. The financial information listed companies must periodically disclose.

IV. Investments or operations considered strategic by virtue of their amount or special characteristics, unless their approval corresponds to the General Shareholders' Meeting;

V. The creation or acquisition of shares in special purpose entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c. Transactions which the company conducts with directors, significant Shareholders', Shareholders' with Board representation or other persons related thereto ("related party transactions").

However, Board authorisation need not be required for related party transactions that simultaneously meet the following three conditions:

1. They are governed by standard form agreements applied on an across-the-Board basis to a large number of clients;

2. They go through at market rates, generally set by the person supplying the goods or services;

3. Their amount is no more than 1% of the company's annual revenues.

It is advisable that related party transactions should only be approved on the basis of a favourable report from the Audit Committee or committee handling the same function;

and that the directors involved should neither exercise nor delegate their votes, and should withdraw from the meeting room while the Board deliberates and votes.

Ideally the above powers should not be delegated with the exception of those mentioned in b) and c), which may be delegated to the Delegate Committee in urgent cases and later ratified by the full Board.

See sections: C.1 and C.6

Partial compliance

The Company complies with this recommendation, except for the following sections:

- a.III. Owing to the complexity and large number of companies in the Repsol Group at present, it has not been considered convenient to expressly include the contents of this recommendation in the company's internal regulations.
 - a.VII. The Company complies with this recommendation, except regarding the periodic monitoring of internal information and control systems. In this regard, since recommendation 50.1 of the Unified Code assigns duties to the Audit and Control Committee involving supervision of the information, internal control and risk management systems, and Repsol was subject to the US Sarbanes-Oxley Act (Section 404) until June 2011, according to which the Audit Committee must oversee and control the functioning of the Internal Financial Reporting Control system, the Company has considered it convenient to assign that Committee the duty of supervising the risk management, internal control and information systems of the company, without prejudice to reporting to the Board on these matters.
 - b.I. The Regulations of the Board of Directors does not reserve to the Board the removal of senior officers. The Company considers that this power over the top management should be reserved for the chief executive, since these positions come under his trust and responsibility, without prejudice to reporting to the Board. Nevertheless, the Board of Directors reserves the power to approve any guarantee or golden parachute clauses for senior executives of the company in cases of dismissals or changes of ownership, when the conditions exceed those normally established on the market.
9. In the interests of maximum effectiveness and participation, the Board of Directors should ideally comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Comply

10. External directors, proprietary and independent, should occupy an ample majority of Board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.2, A.3, B.1.3 and B.1.14

Comply

11. In the event that some external director can be deemed neither proprietary nor independent, the company should disclose this circumstance and the links that person maintains with the company or its senior officers, or its Shareholders'.

See section: B.1.3

Not applicable

12. That among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the company's capital.

This proportional criterion can be relaxed so the weight of proprietary directors is greater than would strictly correspond to the total percentage of capital they represent:

- 1. In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
- 2. In companies with a plurality of Shareholders' represented on the Board but not otherwise related.

See sections: B.1.3, A.2 and A.3

Comply

13. The number of independent directors should represent at least one third of all Board members.

See section: B.1.3

Comply

14. The nature of each director should be explained to the General Meeting of Shareholders', which will make or ratify his or her appointment. Such determination should subsequently be confirmed or reviewed in each year's Annual Corporate Governance Report, after verification by the Nomination Committee. The said Report should also disclose the reasons for the appointment of proprietary directors at the urging of Shareholders' controlling less than 5% of capital; and explain any rejection of a formal request for a Board place from Shareholders' whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

See sections: B.1.3 and B.1.4

Comply

15. When women directors are few or non-existent, the Board should state the reasons for this situation and the measures taken to correct it; in particular, the Nomination Committee should take steps to ensure that:

- a. The process of filling Board vacancies has no implicit bias against women candidates;
- b. The company makes a conscious effort to include women with the target profile among the candidates for Board places.

See sections: B.1.2, B.1.27 and B.2.3

Comply

16. The Chairman, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of Board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board and, where appropriate, the company's chief executive, along with the chairmen of the relevant Board committees.

See section: B.1.42

Comply

17. When a company's Chairman is also its chief executive, an independent director should be empowered to request the calling of Board meetings or the inclusion of new business on the agenda; to coordinate and give voice to the concerns of external directors; and to lead the Board's evaluation of the Chairman.

See section: B.1.21

Comply

18. The Secretary should take care to ensure that the Board's actions:
- a. Adhere to the spirit and letter of laws and their implementing regulations, including those issued by regulatory agencies;
 - b. Comply with the company bylaws and the regulations of the General Shareholders' Meeting, the Board of Directors and others;
 - c. Are informed by those good governance recommendations of the Unified Code that the company has subscribed to.

In order to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment and removal should be proposed by the Nomination Committee and approved by a full Board meeting, the relevant appointment and removal procedures being spelled out in the Board's Regulations.

See section: B.1.34

Comply

19. The Board should meet with the necessary frequency to properly perform its functions, in accordance with a calendar and agendas set at the beginning of the year, to which each director may propose the addition of other items.

See section: B.1.29

Comply

20. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

See sections: B.1.28 and B.1.30

Comply

21. When directors or the Secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, the person expressing them can request that they be recorded in the minute book.

Not applicable

22. The Board in full should evaluate the following points on a yearly basis:
- The quality and efficiency of the Board's operation;
 - Starting from a report submitted by the Nomination Committee, how well the Chairman and chief executive have carried out their duties;
 - The performance of its committees on the basis of the reports furnished by the same.

See section: B.1.19

Comply

23. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's competence. Unless the bylaws or Board regulations indicate otherwise, such requests should be addressed to the Chairman or Secretary.

See section: B.1.42

Comply

24. All directors should be entitled to call on the company for the advice and guidance they need to carry out their duties. The company should provide suitable channels for the exercise of this right, extending in special circumstances to external assistance at the company's expense.

See section: B.1.41

Comply

25. Companies should organise induction programmes for new directors to acquaint them rapidly with the workings of the company and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Comply

26. Companies should require their directors to devote sufficient time and effort to perform their duties effectively, and, as such:
- Directors should apprise the Nomination Committee of any other professional obligations, in case they might detract from the necessary dedication;
 - Companies should lay down rules about the number of directorships their Board members can hold.

See sections: B.1.8, B.1.9 and B.1.17

Comply

27. The proposal for the appointment or renewal of directors which the Board submits to the General Shareholders' Meeting, as well as provisional appointments by the method of co-option, should be approved by the Board:
- On the proposal of the Nomination Committee, in the case of independent directors.
 - Subject to a report from the Nomination Committee in all other cases.

See section: B.1.2

Comply

28. Companies should post the following director particulars on their websites and keep them permanently updated:
- Professional experience and background;
 - Directorships held in other companies, listed or otherwise;

- An indication of the director's classification as executive, proprietary or independent; in the case of proprietary directors, stating the shareholder they represent or have links with.

- The date of their first and subsequent appointments as a company director, and;

- Shares held in the company and any options on the same.

Comply

29. Independent directors should not stay on as such for a continuous period of more than 12 years.

See section: B.1.2

Comply

30. Proprietary directors should resign when the Shareholders' they represent dispose of their ownership interest in its entirety. If such Shareholders' reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

See sections: A.2, A.3 and B.1.2

Comply

31. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where just cause is found by the Board, based on a proposal from the Nomination Committee. In particular, just cause will be presumed when a director is in breach of his or her fiduciary duties or comes under one of the disqualifying grounds enumerated in section III.5 (Definitions) of this Code.

The removal of independents may also be proposed when a takeover bid, merger or similar corporate operation produces changes in the company's capital structure, in order to meet the proportionality criterion set out in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Comply

32. Companies should establish rules obliging directors to inform the Board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the crimes stated in Article 124 of the Public Limited Companies Law, the Board should examine the matter and, in view of the particular circumstances and potential harm to the company's name and reputation, decide whether or not he or she should be called on to resign. The Board should also disclose all such determinations in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Comply

33. All directors should express clear opposition when they feel a proposal submitted for the Board's approval might damage the corporate interest. In particular, independents and other directors unaffected by the conflict of interest should challenge any decision that could go against the interests of Shareholders' lacking Board representation.

When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation should also apply to the Secretary of the Board; director or otherwise.

Not applicable

34. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the Board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the Annual Corporate Governance Report.

See section: B.1.5

Not applicable

35. The company's remuneration policy, as approved by its Board of Directors, should specify at least the following points:
- a. The amount of the fixed components, itemised where necessary, of Board and Board committee attendance fees, with an estimate of the fixed annual payment they give rise to;
 - b. Variable components, in particular:
 - I. The types of directors they apply to, with an explanation of the relative weight of variable to fixed remuneration items;
 - II. Performance evaluation criteria used to calculate entitlement to the award of shares or share options or any performance-related remuneration;
 - III. The main parameters and grounds for any system of annual bonuses or other, non cash benefits; and
 - IV. UAn estimate of the sum total of variable payments arising from the remuneration policy proposed, as a function of degree of compliance with pre-set targets or benchmarks.
 - c. The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar arrangements), with an estimate of their amount or annual equivalent cost.
 - d. The conditions to apply to the contracts of executive directors exercising senior management functions. Among them:
 - I. Duration;
 - II. Notice periods; and
 - III. Any other clauses covering hiring bonuses, as well as indemnities or 'golden parachutes' in the event of early termination of the contractual relation between company and executive director.

See section: B.1.15

Comply

36. Remuneration comprising the delivery of shares in the company or other companies in the group, share options or other share-based instruments, payments linked to the company's performance or membership of pension schemes should be confined to executive directors.

The delivery of shares is excluded from this limitation when directors are obliged to retain them until the end of their tenure.

See sections: A.3 and B.1.3

Comply

37. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Comply

38. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Comply

39. In the case of variable awards, remuneration policies should include technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, atypical or exceptional transactions or circumstances of this kind.

Comply

40. The Board should submit a report on the directors' remuneration policy to the advisory vote of the General Shareholders' Meeting, as a separate point on the agenda. This report can be supplied to Shareholders' separately or in the manner each company sees fit.

The report will focus on the remuneration policy the Board has approved for the current year with reference, as the case may be, to the policy planned for future years. It will address all the points referred to in Recommendation 34, except those potentially entailing the disclosure of commercially sensitive information. It will also identify and explain the most significant

changes in remuneration policy with respect to the previous year, with a global summary of how the policy was applied over the period in question.

The role of the Remuneration Committee in designing the policy should be reported to the Meeting, along with the identity of any external advisors engaged.

See section: B.1.16

Comply

41. The notes to the annual accounts should list individual directors' remuneration in the year, including:
- a. A breakdown of the compensation obtained by each company director, to include where appropriate:
 - I. Participation and attendance fees and other fixed director payments;
 - II. Additional compensation for acting as chairman or member of a Board committee;
 - III. Any payments made under profit-sharing or bonus schemes, and the reason for their accrual;
 - IV. Contributions on the director's behalf to defined-contribution pension plans, or any increase in the director's vested rights in the case of contributions to defined-benefit schemes;
 - V. Any severance packages agreed or paid;
 - VI. Any compensation they receive as directors of other companies in the group;
 - VII. The remuneration executive directors receive in respect of their senior management posts;
 - VIII. Any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted as a related party transaction or when its omission would detract from a true and fair view of the total remuneration received by the director.
 - b. An individual breakdown of deliveries to directors of shares, share options or other share-based instruments, itemised by:
 - I. Number of shares or options awarded in the year, and the terms set for their execution;
 - II. Number of options exercised in the year, specifying the number of shares involved and the exercise price;
 - III. Number of options outstanding at the annual close, specifying their price, date and other exercise conditions;
 - IV. Any change in the year in the exercise terms of previously awarded options.
 - c. Information on the relation in the year between the remuneration obtained by executive directors and the company's profits, or some other measure of enterprise results.

Comply

42. When the company has a Delegate Committee, the breakdown of its members by director category should be similar to that of the Board itself. The Secretary of the Board should also act as secretary to the Delegate Committee.

See sections: B.2.1 and B.2.6

Comply

43. The Board should be kept fully informed of the business transacted and decisions made by the Delegate Committee. To this end, all Board members should receive a copy of the Committee's minutes.

Comply

44. In addition to the Audit Committee mandatory under the Securities Market Law, the Board of Directors should form a committee, or two separate committees, of Nomination and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Nomination and Remuneration should be set forth in the Board regulations, and include the following:

- a. The Board of Directors should appoint the members of such committees with regard to the knowledge, aptitudes and experience of its directors and the terms of reference of each committee; discuss their proposals and reports; and be responsible for overseeing and evaluating their work, which should be reported to the first Board plenary following each meeting;
- b. These committees should be formed exclusively of external directors and have a minimum of three members. Executive directors or senior officers may also attend meetings, for information purposes, at the Committees' invitation.
- c. Committees should be chaired by an independent director.
- d. They may engage external advisors, when they feel this is necessary for the discharge of their duties.
- e. Meeting proceedings should be minuted and a copy sent to all Board members.

See sections: B.2.1 and B.2.3

Comply

45. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Nomination Committee or, as the case may be, separate Compliance or Corporate Governance committees.

Comply

46. All members of the Audit Committee, particularly its chairman, should be appointed with regard to their knowledge and background in accounting, auditing and risk management matters.

Comply

47. Listed companies should have an internal audit function, under the supervision of the Audit Committee, to ensure the proper operation of internal reporting and control systems.

Comply

48. The head of internal audit should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Comply

49. Control and risk management policy should specify at least:
 - a. The different types of risk (operational, technological, financial, legal, reputational...) the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks;
 - b. The determination of the risk level the company sees as acceptable;
 - c. Measures in place to mitigate the impact of risk events should they occur;
 - d. The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: D

Comply

50. The Audit Committee's role should be:
 1. With respect to internal control and reporting systems:
 - a. Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.
 - b. Review internal control and risk management systems on a regular basis, so main risks are properly identified, managed and disclosed.
 - c. Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.

- d. Establish and supervise a mechanism whereby staff can report confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.
2. With respect to the external auditor:
 - a. Make recommendations to the Board for the selection, appointment, reappointment and removal of the external auditor, and the terms and conditions of his engagement.
 - b. Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.
 - c. Monitor the independence of the external auditor, to which end:
 - I. The company should notify any change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
 - II. The Committee should ensure that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other requirements designed to safeguard auditors' independence;
 - III. The Committee should investigate the issues giving rise to the resignation of any external auditor.
 - d. In the case of groups, the Committee should urge the group auditor to take on the auditing of all component companies.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Comply

51. The Audit Committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Comply

52. The Audit Committee should prepare information on the following points from Recommendation 8 for input to Board decision-making:
 - a. The financial information that all listed companies must periodically disclose. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.
 - b. The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.
 - c. Related party transactions, except where their scrutiny has been entrusted to some other supervision and control committee.

See sections: B.2.2 and B.2.3

Comply

53. The Board of Directors should seek to present the annual accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report. Should such reservations or qualifications exist, both the Chairman of the Audit Committee and the auditors should give a clear account to Shareholders' of their scope and content.

See section: B.1.38

Comply

54. The majority of Nomination Committee members –or Nomination and Remuneration Committee members as the case may be– should be independent directors.

See section: B.2.1

Comply

55. The Nomination Committee should have the following functions in addition to those stated in earlier recommendations:

- a. Evaluate the balance of skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b. Examine or organise, in appropriate form the succession of the chairman and the chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
- c. Report on the senior officer appointments and removals which the chief executive proposes to the Board.
- d. Report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: B.2.3

Partial compliance

As mentioned in respect of Recommendation 8 above, the Company considers that the power to remove senior officers of the company should be reserved to the chief executive, since they are positions within his trust and responsibility.

56. The Nomination Committee should consult with the company's Chairman and chief executive, especially on matters relating to executive directors.

Any Board member may suggest directorship candidates to the Nomination Committee for its consideration.

Comply

57. The Remuneration Committee should have the following functions in addition to those stated in earlier recommendations:

- a. Make proposals to the Board of Directors regarding:
 - I. The remuneration policy for directors and senior officers;
 - II. The individual remuneration and other contractual conditions of executive directors.
 - III. The standard conditions for senior officer employment contracts.
- b. Oversee compliance with the remuneration policy set by the company.

See sections: B.1.14 and B.2.3

Comply

58. The Remuneration Committee should consult with the Chairman and chief executive, especially on matters relating to executive directors and senior officers.

Comply

G

Other information of interest

If you consider there to be an important principle or aspect regarding the corporate governance practices applied by your company that have not been mentioned in this report, indicate them below and explain the contents.

This section may be used to include any other information, clarification or qualification relating to the previous sections of the report.

In particular, state whether the company is subject to any laws other than the laws of Spain on corporate governance and, if this is the case, include whatever information the company may be obliged to supply that differs from the information included in this report.

1. Note on section A.1

On January 11, 2013 the Delegated Committee, exercising the powers granted to Repsol's Board of Directors by the General Shareholders' Meeting on May 31, 2012 under resolution eleventh, and in accordance with the substitution of said powers made by the Board of Directors in favour of the Delegated Committee on said date, has agreed to complete and execute the free-of-charge capital increase of Repsol so that the current share capital of the company is 1,282,448,428 euros and it is represented by 1,282,448,428 shares and 1,282,448,428 voting rights.

2. Note on section A.2.

Due to the fact the company's shares are issued in book-entry form, the company does not have up-to-date information on the identity of its Shareholders' or details of their stakes. Therefore, the details set out in this section, as of December 31, 2012, are obtained from the last information supplied by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, Sociedad Anónima Unipersonal* (IBERCLEAR), and from the information sent by Shareholders' to the Company and to the *Comisión Nacional del Mercado de Valores* (CNMV).

Petróleos Mexicanos (Pemex) holds its stake through Pemex Internacional España, S.A., PMI Holdings B.V. and through several swap instruments (equity swaps) with certain financial entities which enable Pemex to exercise the economic and political rights of a percentage of up to 9.43% of the share capital of the Company as of December 31, 2012.

In addition, it should be noted that as a result of the execution of the capital increase of the Company, agreed on January 11, 2013, the relevant shareholdings are as follows:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights ^(*)	total voting rights
Sacyr Vallehermoso, s.A.	o	122,208,433	9.53
CaixaBank, s.A.	156,509,448		12.20
Petróleos Mexicanos	o	120,167,553	9.37

(*) Through

Name of the indirect holder of the stake	Through: Name of the direct holder of the stake	Number of direct voting rights	% total voting rights
Sacyr Vallehermoso, s.A.	Sacyr Vallehermoso Participaciones Mobiliarias, s.L.	122,208,433	9.53
Petróleos Mexicanos	Financial entities	62,934,554	4.91
Petróleos Mexicanos	PMI Holdings BV	57,232,998	4.46
Petróleos Mexicanos	Pemex Internacional España, s.A.	1	0.00

3. Note on section A.8

The 5.05% treasury stock percentage indicated as of December 31, 2012 has been calculated considering the shares issued on the free-of-charge capital increase that, within the framework of the Shareholders' pay-out programme "Repsol Flexible Dividend", was recorded on the Madrid Commercial Registry on January 15, 2013 and that for accounting effects has been recorded on the financial statements of the Group as of December 31, 2012. As a result of said capital increase and in relation to the referred calculation, the Group received the proportional amount of new shares corresponding to the shares held as treasury stock before said capital increase.

The amount of 49,938 thousand euros refers to the patrimonial effect generated due to transactions with shares issued by the Company.

4. Note on section A.10

With regard to the legal restrictions on the purchase or sale of shares in the capital, under Supplementary Provision 11th to the Hydrocarbons Act 34/1998, as drafted in Royal Decree-Law 4/2006 of February 24, prior administrative authorisation by the *Comisión Nacional de Energía* must be sought for certain acquisitions or investments in companies that engage in regulated activities or activities subject to significant oversight by administrative bodies that implies special regulation.

On July 28, 2008, the European Court of Justice determined that Spain had, through the imposition of this requirement of administrative authorisation by the *Comisión Nacional de Energía*, failed to fulfil its obligations under Articles 43 and 56 of the EC Treaty.

5. Note on Section B.1.7.

Mr. Brufau and Mr. Suárez de Lezo have occupied respectively the positions of Chairman and Director of YPF, S.A. until April 16, 2012 when the Argentine Government announced the start of a process of parliamentary approval of a law for the expropriation of the 51% of the shares of said company, all of them owned by Repsol. The Argentinian Government approved also, on the same date, a Decree (*Decreto de Necesidad y Urgencia*) with immediate effect and by which it appointed an Argentinean Minister with all the powers of the Board of Directors.

6. Note on section B.1.11.

Following the former practice of Repsol, S.A. and to supplement the information supplied in section B.1.11., the sums accrued by members of the Board during 2012, individually and by types of remuneration, or other benefits, are set out in this Annual Report on Corporate Governance.

a. Due to membership of the Board

Under the system established and approved by the Nomination and Compensation Committee, the amounts of the annual remunerations earned in 2011 and 2012 by virtue of membership of each of the Group's managing bodies are as follows:

Governing Body	2011	2012
Euros		
Board of Directors	176,594	176,594
Delegate Committee (DC)	176,594	176,594
Audit and Control Committee (ACC)	88,297	88,297
Strategy, Investment and Corporate Social Responsibility Committee (SICRC)	44,149	44,149
Nomination and Compensation Committee (NCC)	44,149	44,149

The amount of the remunerations earned by the members of the Board of Directors for belonging to same in 2012 and payable against the aforesaid assignment in the Articles of Association was EUR 4.812 million, itemised as follows:

Director	Board Committees					TOTAL
	Board	DC	ACC	NCC	SICRC	
Antonio Brufau Niubó	176,594	176,594	–	–	–	353,188
Luis Suárez De Lezo Mantilla	176,594	176,594	–	–	–	353,188
Pemex Internacional España, s.A.	176,594	176,594	–	–	44,149	397,337
Henri Philippe Reichstul	176,594	176,594	–	–	–	353,188
Paulina Beato Blanco	176,594	–	88,297	–	–	264,891
Javier Echenique Landiribar	176,594	176,594	88,297	–	–	441,486
Artur Carulla Font	176,594	176,594	–	44,149	–	397,337
Juan Abelló Gallo	176,594	176,594	–	–	44,149	397,337
José Manuel Loureda Mantiñán	176,594	–	–	44,149	44,149	264,891
Luis Carlos Croissier Batista	176,594	–	–	–	44,149	220,743
Isidro Fainé Casas	176,594	176,594	–	–	–	353,188
Juan María Nin Génova	176,594	–	–	44,149	44,149	264,891
Ángel Durández Adeva	176,594	–	88,297	–	–	264,891
M ^a Isabel Gabarro Miquel	176,594	–	–	44,149	44,149	264,891
Mario Fernández Pelaz	176,594	–	–	44,149	–	220,743
TOTAL	2,648,913	1,412,754	264,891	220,743	264,891	4,812,192

It should also be noted that:

- The members of the Board of Directors of Repsol, S.A. have not been granted any loans or advances by any Group company, jointly controlled entity or associate.
- No Group company, jointly controlled entity or associate has pension or life insurance obligations to any former or current member of the Board of Directors of Repsol, S.A., except in the case of the Executive Chairman and the General Counsel whose remunerations, as Executive Directors, are governed by the obligations provided for in their contracts for services, which envisage a defined contribution system.

b. Due to the holding of executive positions and performing executive duties

The fixed monetary remuneration earned in 2012 by the Board members who had performed executive duties in the Group during the year totalled EUR 3.351 million, corresponding EUR 2.368 million to Antonio Brufau and EUR 0.983 million to Luis Suárez de Lezo.

Additionally, the remuneration in kind (housing, etc.), annual variable and multi-annual variable calculated on the basis of the degree to which targets of the Medium Term Incentives Program 2009-2012, accrued by Antonio Brufau, totalled EUR 1.885 million. The remuneration in kind, annual variable and multi-annual variable, multi-annual as a participant of the above program, earned by Luis Suárez de Lezo, totalled EUR 1.305 million.

The referred amounts do not include those indicated in the section e) below.

c. Due to membership of the Boards of Directors of subsidiaries

The remuneration earned in 2012 by the members of the Board of Directors of Repsol, S.A. in their capacity as directors of other Group companies, jointly controlled entities and associates amounted to EUR 0.445 million, according to the following details:

Euros	YPF	Gas Natural	TOTAL
Antonio Brufau	19,899	265,650	285,549
Luis Suárez de Lezo	19,899	139,150	159,049

d. Due to third-party liability insurance premiums

The Board members are covered by the same third-party liability insurance policy as that covering all the directors and executives of the Repsol Group.

e. Due to retirement and disability insurance policies and contributions to pension plans and long service bonus

The cost of retirement, disability and death insurance policies, and contributions to pension plan and the long service bonus, including the corresponding on account payments, if any, incurred by the Company in relation to Board members who discharged executive duties at the Group during 2012 totalled EUR 3.037 million, of which EUR 2.739 million corresponded to Antonio Brufau and EUR 0.298 million to Luis Suárez de Lezo.

Further to Mr. Brufau's petition, Repsol will not contribute any additional amount to his pension plan as of March 12, 2013.

f. Indemnity payments to members of the Board of Directors

No director has received any indemnity payment from Repsol in 2012.

g. Transactions with Directors

Apart from the remuneration earned, the dividends corresponding to the shares they hold and, in the case of External Proprietary Directors, the transactions with significant Shareholders', the directors of Repsol did not perform any relevant transaction other than in the normal course of business or other than on an arm's-length basis with the Company or with Group companies.

Notwithstanding the above, the Company has implemented cycles 2011-2014 and 2012-2015 of the Delivery Share Plan for Beneficiaries of Pluriannual Remuneration Programmes which were approved, respectively, by the Shareholders' on the Annual General Meeting that took place on April 15, 2011 and on May 31, 2012. The purpose of said Plan is to enable its beneficiaries (among which are the Executive Directors and the other members of the Executive Committee), to invest

in Repsol's shares up to the 50% of the gross amount that they will receive in accordance with the pluriannual remuneration programme so that if the beneficiary holds the shares during a period of three years and the other conditions of the Plan are met, they will have the right to receive from the Company shares in Repsol to the proportion of one share for every three shares acquired initially. Both the CEO and the General Counsel have adhered to cycles 2011-2014 and 2012-2015 of the Plan, buying the number of shares indicated herein below, as informed to the National Stock Exchange Commission (*Comisión Nacional del Mercado de Valores*)

	Cycle 2011-2014	Cycle 2012-2015
CEO	31,981	24,461
General Counsel	6,373	12,230

h. Related to Company's profit

Remuneration accrued by Executive Board Members, as detailed under sections a, b and c of this note, amounted to EUR 7.7 million, representing the 0.37% of the period's profit.

7. Note on section B.1.12.

For the purposes of this Annual Report on Corporate Governance, Repsol considers "senior management" to be members of the Executive Committee of Repsol Group, the other executives who report directly to the Executive Chairman and the Corporate Director of Audit and Control.

This description, for informational purposes only, does not replace or is configured as interpreting elements of other "senior management" concepts established in the rules applicable to the Company (as Royal Decree 1382/1985), and has not the effect of creation, recognition, modification or termination of rights or legal or contractual obligations.

The information about senior management supplied in paragraph B.1.12 does not include the managerial staff with condition of executive director.

In addition, it should be noted that on May 28, 2012 the Company agreed to modify its organizational structure to include that Mr. Nemesio Fernández Cuesta has changed from Upstream Executive Managing Director to Business Units Executive Managing Director, Mr. Pedro Fernández Frial from Downstream Executive Managing Director to Strategy and Control Executive Managing Director and Mr. Miguel Martínez San Martín from CFO and Executive Managing Director of Participated Entities to CFO and Corporate Development Executive Managing Director. On the other hand, Ms. M^a Victoria Zingoni, Corporate Director of Investor Relations and Mr. Pedro Antonio Merino García, Director of Studies and Analysis of the Environment began to report directly to the CFO and Corporate Development Executive Managing Director instead of the Executive Chairman and Mr. Antonio Gomis Sáez, Executive Managing Director of YPF, began to report directly to the General Counsel and Secretary of the Board of Directors. Finally, Mr. Josu Jon Imaz and Mr. Luis Cabra were appointed respectively Executive Managing Director of Industrial and New Energy Unit and Executive Managing Director of Exploration and Production, as well as members of the Executive Committee.

The amount of EUR 11.685 million corresponds to the total remuneration of senior management includes the remuneration of senior management mentioned in paragraph B.1.12. during the period in which they have been considered as "senior management".

This amount does not include the cost of contributions to pension plans, life insurance, contingent plans and award for permanency, which totalled EUR 2.178 million.

8. Note on section B.1.13

The Report on the Remuneration Policy for Directors of Repsol for 2011, which was approved by the General Shareholders' Meeting, held on May 31, 2012, includes in its Section 5.5 information about the compensation clauses provided in the Executive Directors agreements.

9. Note on section B.1.39

Deloitte S.L. has been Repsol's individual and consolidated annual accounts auditor, uninterruptedly, since 2002.

Before said year, Repsol's auditor was the firm Arthur Andersen. As a result of the disappearance of such firm in 2002, the company through which it operated in Spain, became integrated into the international network of Deloitte. As per Spain, the other companies through which Arthur Andersen carried out its activity in the different countries decided their adherence to other existing international networks different from Deloitte. Before the integration of Arthur Andersen in Deloitte Spain, Deloitte operated in this country but it was not until such integration that Deloitte became Repsol's Group auditor.

10. Note on section C.2.

In the case of Sacyr Vallehermoso, S.A. and Petróleos Mexicanos commitments acquired correspond to volume of purchases commitments in force at December 31, 2012 net of volume of sales commitments.

The lease data refer to those leasings in which the Group acts as lessee net of those in which it acts as lesser.

Additionally to the related party transactions mentioned above, at December 31, 2012 the Group has another transactions with "la Caixa" Group, totalled EUR 1,639 million, which include short term investments in a sum of EUR 667 million, exchange rate hedging tools in a sum of EUR 158 million and interest rate hedging tools in a sum of 115 million.

11. Good Tax Practice Code

Repsol is adhered to the Good Tax Practice Code, sponsored by the Large Business Forum and the State Tax Agency, and complies with the provisions contained therein.

Binding definition of Independent Director:

Indicate whether any of the independent directors have or have had any relationship with the company, its significant Shareholders' or its executives, which, if sufficiently significant or important, would have meant that the director could no longer be considered independent, pursuant to the definition set out in section 5 of the Unified Good Governance Code:

NO

This annual report on corporate governance was approved by the Board of Directors of the Company on February 27, 2013.

Indicate whether any Directors have voted against or abstained in connection with the approval of this Report.

NO

Name of the director that did not vote in favor of the approval of this report	Reasons (opposed, abstained, absent)	Explain the reasons
--	--------------------------------------	---------------------

Annex to Repsol, S.A. 2012 Corporate Governance Annual Report

This Annex contains information supplementing the Corporate Governance Annual Report pursuant to Article 61 bis of the Securities Market Act 24/1988 of 28 July, as amended by the Sustainable Economy Act 2/2011 of 4 March.

Since these contents are not included in the current model of Corporate Governance Annual Report approved by the National Securities Market Commission Circular 4/2007 of 27 December, this Annex sets out the additional information required by the Securities Market Act, Article 61 bis.

1. Securities that are not traded on a regulated EU market, indicating the different classes of shares, if any, and the rights and obligations conferred for each class of shares

All the Repsol, S.A. (the “Company”, or “Repsol”) shares have the same voting and economic rights; no Shareholders’ have different voting rights.

The Repsol shares are issued in book-entry form and are listed in the electronic dealing system (continuous electronic market) of the stock exchanges of Spain (Madrid, Barcelona, Bilbao and Valencia) and Buenos Aires (Bolsa de Comercio de Buenos Aires). On December 31, 2012 the Repsol shares issued as *American Depositary Shares* (ADSs) are listed on the OTCQX market. In addition, the shares of Refinería La Pampilla, S.A. are listed on the Lima Stock Exchange.

The shares and ADSs of YPF, S.A. are listed on the Bolsa de Comercio de Buenos Aires and the New York Stock Exchange (NYSE), respectively. Last April 16, 2012 the Argentine Government announced the start of a process of parliamentary approval of a law for the expropriation of 51% of YPF S.A.’s shares, all of them owned by Repsol, and passed a Decree (*Decreto de Necesidad y Urgencia*) with immediate effect, establishing the intervention of YPF, S.A. As a result of these actions YPF does not belong to Repsol Group since the referred date.

2. Restrictions on the transferability of securities and voting rights

This information is set out in Section A.10 and the Note to Section A.10 included in point G (*Other Information of Interest*) in the Corporate Governance Annual Report.

3. Rules for amending the Company's Articles of Associations

Repsol’s Articles of Association do not establish any conditions differing from those set out in the Companies Act for amending said Articles except for Article 22 which provides that the amendment of Articles 22bis (“Related Party Transactions”), 44bis (“Prohibition of competition by Directors”) or the special rule contained in Article 22, will require the favourable votes of seventy-five per cent (75%) of the voting capital attending the General Shareholders’ Meeting, on both first and second call.

On the other hand, Article 22 of the Articles of Association establishes that in order to adopt valid resolutions to modify the Articles of Association, ordinary or extraordinary Shareholders’ meetings must be attended, in person or by proxy, by Shareholders’ holding at least fifty per cent (50%) of the subscribed voting capital on first call, or twenty-five per cent (25%) of that capital on second call.

When attended by Shareholders’ representing less than fifty per cent (50%) of the subscribed voting capital, resolutions to alter the Articles may only be validly adopted with the favourable vote of two-thirds of the capital present or represented at the general meeting.

4. Significant resolutions passed by the company which enter into force or are modified or terminated in the event of takeover of the company following a tender bid, and the ensuing effects

The Company participates in hydrocarbon exploration and operation through joint ventures with other state-owned and private oil companies. The contracts regulating the relationships between members of those joint ventures generally grant the other members a right of pre-emption over the interest of any member that is taken over whenever the value of that interest is significant in respect of the total assets of the transaction or when other conditions established in the contracts are met.

In addition, the laws regulating the oil and gas industry in several countries in which the Company operates require prior authorisation by the competent authorities for any transfer of all or part of the licences for exploration or operating concessions granted, and sometimes also for any change in the control of the concessionaire(s), especially for operators of mining areas.

Moreover, the agreements signed between Repsol and Caja de Ahorros y Pensiones de Barcelona in respect of Gas Natural SDG, S.A., announced through regulatory disclosures to the National Securities Market Commission (CNMV); the Industrial Action Agreement between Repsol and Gas Natural SDG, S.A. contemplated in those agreements and announced in a regulatory disclosure on 29 April 2005; and the Shareholders’ Agreement between Repsol and Gas Natural SDG regarding Repsol-Gas Natural LNG, S.L. contemplate a change in the control structure of any of the parties as grounds for termination.

5. Agreements between the company and its executives and employees establishing indemnities for resignation, unfair dismissal or termination of their contracts due to a takeover bid

The consequences established in law and collective agreements of the termination of employment or service relationships between employees and the company are not homogenous but vary according to the employee(s) in question, the position they hold, the type of contract they have, the laws and regulations governing their employment or services relationship and other factors.

This notwithstanding, the Company has a single legal statute for executives, set down in the Executive Agreement, which regulates the indemnity payable in different cases of termination of employment, establishing as grounds for compensation those stipulated in prevailing laws. For members of the Executive Committee, these grounds include resignation by the executive following a business succession or major change in ownership of the company bringing about a renewal of the governing bodies or alteration of the contents and approach of the company’s main business activity. The indemnities of existing members of the Executive Committee are calculated according to each executive’s age, seniority and salary.

A deferred economic compensation is contemplated for Executive Directors on termination of their relationship with the Company, provided that termination is not a consequence of default of their obligations or of their own will whenever this is not justified by any of the grounds contemplated in their contracts. The details of compensations are set out in the Compensation Policy Report, which will be submitted to Shareholders’ at the Annual Shareholders’ Meeting 2013.

6.

Description of the principal characteristics of the system of internal control and risk management over the financial reporting process (sifcr) of the Repsol group

6.1 Introduction

According to the reference frameworks on internal control, companies must have models enabling them to implement, manage and assess their control systems in order to guarantee their effectiveness.

In this regard, the Repsol Group (the “Group”) has an internal control model of the financial information based on the generally accepted reference methodology framework COSO (*Committee of Sponsoring Organizations of the Treadway Commission*), being its purpose to contribute to the consistent registration of the transactions carried out, in accordance with the accounting framework, and to provide a reasonable security in relation to the prevention and identification of mistakes that may have a relevant impact on the annual consolidated accounts. This internal control model of the financial information has been developed through a process consisting of five components:

1. The **company's control environment** is the foundation for the other components; it is the control awareness within an organisation. The aim pursued with this component is to establish and promote a collective attitude to achieve effective internal control over the organisation's processes.
2. **Risk assessment** points to the need to assess all risks inherent in the company's business and consists of identifying and analysing any factors that could hamper achievement of its strategic objectives and, based on that analysis, designing control activities to reduce the risks and determine how they should be managed.
3. The **control activities** refer to the policies and procedures, are designed to mitigate the risks identified, which should exist in all duties and at all levels of the company, focusing on the prevention and detection of errors and fraud.
4. **Information and communication**, focuses on the need to identify, gather and report significant information in such a way and within a time that will enable each part of the organisation to assume its responsibilities. Management must put across a clear message to all employees regarding the importance of the responsibilities of each one in respect of control.
5. **Monitoring the functioning of the system**, since it is necessary to assess its adequate design, the quality of its performance, its adaptation, implementation and effectiveness. The aim pursued by observing this component is to assess on the effectiveness, detecting and correcting any deficiencies identified in the internal control system.

As part of this internal control model, the Group has implemented a System of Internal Control over Financial Reporting (“SICFR”) in accordance the best practices in internal control over financial reporting, which responds to and complies with the requirements established by Securities Market Law 24/1988 of 28 July, as amended by Sustainable Economy Law 2/2011 of 4 March and other legislation in force.

In addition, the SICFR enabled the Group, since its implementation, to respond, during the time when Repsol was registered with the U.S. Securities and Exchange Commission (“SEC”), to the requirements established in US laws and regulations. In particular to the provisions of the Sarbanes-Oxley Law in accordance with the guidelines issued by the SEC and the Public Company Accounting Oversight Board (“PCAOB”), which, among other issues, require an opinion by the External Auditor on the effectiveness of the SICFR. During the referred period the opinion of the External Auditor has always been unqualified.

6.2 The company's control environment

The control environment lays down the guidelines for the Group's behaviour and has a direct influence on employees' level of awareness of control. It is the foundation for all other internal control aspects, providing discipline and structure.

The control environment includes the following elements, tangible and intangible:

- Integrity and ethical values
- Organisational structure and governability

- Management Philosophy and operating style
- Assignment of authority and responsibilities
- Human Resources policies and procedures
- Commitment to competence in the different organizational units.

The Governing Bodies and the Management of the Group have a strong influence over the control environment through the establishing of rules, a code of conduct and other behavioural patterns, through its actions and behaviour, and by effectively promulgating policies and written procedures.

The SICFR is fully integrated within the organisation through the establishment of an outline of roles and responsibilities for the different bodies and functions, which are duly approved and promulgated within the Group, especially the following:

6.2.1 Board of Directors:

According to the Articles of Association, the Repsol Board of Directors is responsible for governing, managing and administrating the company's businesses and interests in all aspects that are not specifically reserved for the Shareholders' General Meeting. It focuses on its general function of supervision and the consideration of matters of special importance for the Company.

The Regulations of the Board of Directors define the powers to be exercised by the Board, such as presenting the separate and consolidated Annual Financial Statements and Management Reports at the Ordinary Shareholders' Meeting. The Board must draw up those documents in clear, precise terms, endeavouring to avoid a qualified report by the external auditors. The Board must ensure that they give a true and fair view of the equity, financial position and results of the Company and the Group, pursuant to the applicable legal provisions. It must also approve the risk management and control policy and the annual and half-year financial statements which the Company, as a listed company, is obliged to publish regularly.

The Regulations also establish the Board's responsibility for approving the Company's codes of ethics and conduct, regulating its own organisation and functioning and those of the Senior Management, and specific duties related with the Company's trading on stock markets.

The Board deals directly with the members of the Senior Management of the Company and the external auditors, respecting at all times the independence of the latter.

In pursuance of Article 31 of its Articles of Association, at 31 December 2012 the Repsol Board has fifteen members: two executive directors, five proprietary directors and eight independent directors.

The Board of Directors has set up the following Committees, the Delegate Committee with decision-making powers and the others with supervisory, reporting, advisory and proposal duties:

- a. The **Audit and Control Committee** of Repsol, set up on 27 February 1995, which main object, according to the Regulations of the Board of Directors, is to support the Board of Directors in its oversight duties, through regular checking of the financial reporting process, the effectiveness of the executive controls and independence of the External Auditor, as well as checking compliance with all legal provisions and internal regulations applicable to the company.

According to the Regulations of the Board of Directors, the duties of the Audit and Control Committee related with the financial reporting process include the following:

- Supervise the process of preparing and presenting the regulated financial information on the Company and its Group, as well as its integrity, the compliance with all requirements, adequate definition of the scope of consolidation and correct application of the accounting principles.
- Watch over the independence and efficiency of the internal audit department; analyse and approve, if appropriate, the Annual Internal Audit Plan and oversee the degree of fulfilment by the audited units of the corrective measures recommended by the internal audit department in previous actions. The Audit and Control Committee shall inform the Board of any cases that may entail a major risk for the Group.
- Prior to their submission to the Board, analyse the financial statements of the company and its consolidated Group included in the annual, half-year and quarterly reports and any other financial information that the company is obliged to publish regularly by virtue of being a listed company, with the necessary requirements to ensure that they are correct, reliable,

adequate and clear. For this purpose it shall have all the necessary information and such degree of aggregation as it may deem fit, assisted as necessary by the top management of the Group, particularly the Finance and Corporate Development Department, and with the opinion and recommendations of the external auditor.

- Provide that the Annual Financial Statements to be submitted to the Board of Directors for authorisation are certified by the Executive Chairman and the Chief Financial Officer and Executive Director of Corporate Development, pursuant to the internal or external regulations applicable from time to time.
- Check all significant changes in the accounting principles applied and the presentation of financial statements, ensuring that adequate notification is given thereof, expressly stating that the committee has checked them.
- Examine the draft ethic and conduct codes and amendments thereto prepared by the corresponding area of the Group and issue an opinion before proposals are submitted to the corporate bodies.
- Oversee with special diligence compliance with the rules on securities market conduct and supervise all actions of the company's Internal Transparency Committee.
- Supervise the sufficiency, adequacy and effective functioning of the recording and internal control systems and procedures in the measuring, valuation, classification and accounting of the hydrocarbon reserves of the Repsol Group, ensuring that they are included in the Group's regular financial reporting in accordance with the sector standards and applicable laws and regulations.

According to the Regulations of the Board of Directors, the Audit and Control Committee is responsible for receiving confidential, anonymous communications expressing their concern over possible dubious practices in accounting or auditing. The Audit and Control Committee has established adequate procedures, mechanisms and controls to receive, process and follow-up any communications received through the communication channel for the Audit and Control Committee, through which the Committee can be informed on any issues related with accounting, internal control and auditing. This channel is available to employees and third parties through the corresponding applications on the corporate web site and the internal portal.

In accordance with the Board of Directors Regulations, all members of the Audit and Control Committee are external independent directors with expertise and experience in accounting and auditing. The Chairman of the Committee also has extensive experience in business, risk and financial management and a thorough knowledge of accounting procedures.

The Board appoints the members of this Committee for a term of four years. Without prejudice to their possible reappointment, they shall step down from the Committee on expiry of the aforesaid term, when they cease to be Directors, in case they cease to be considered as Independent Directors, or whenever so resolved by the Board following a report by the Nomination and Compensation Committee. The Chairman is appointed for a maximum term of four years, after which he cannot be re-elected until one year after leaving the position, without prejudice to his continuation or re-election as member of the Committee.

- b. According to the Articles of Association and the Regulations of the Board of Directors, the Delegate Committee of Repsol has been permanently delegated all the powers of the Board of Directors except those whose delegation is prohibited by law, the Articles of Association and/or the aforesaid Regulations.

The Delegate Committee consists of the Chairman of the Board and seven directors from the three different groups of directors (executive, proprietary and independent), in a proportion similar to that existing within the Board of Directors.

- c. According to the Articles of Association and the Regulations of the Board of Directors, the Nomination and Compensation Committee of Repsol, set up on 27 February 1995, has among others, duties related to the appointments and compensation of both Directors and Senior Executives of the Company.

Additionally it shall inform the Board of Directors in cases concerning non-compete obligations, use of corporate information and assets, business opportunities and related party transactions as well as on compliance by directors with the corporate governance principles or the obligations established in the Articles of Association or Regulations of the Board of Directors.

Finally, it also reviews the Corporate Governance Annual Report before its approval by the Board of Directors to check the nature attributed to each director (executive, proprietary, independent or external).

The Nomination and Compensation Committee is entirely made up of external directors, three of which are independent and the other two proprietary. They all have adequate expertise, skill and experience to perform the duties of the Committee.

- d. The Strategy, Investment and Corporate Social Responsibility Committee of Repsol was created on 25 September 2002. According to the Regulations of the Board of Directors, it is responsible, among other duties, for:

- Inform the Board of Directors and/or Delegate Committee on the principal highlights, landmarks and reviews of the Group's strategic plan and any other major strategic decisions within the Group.
- Inform on investments or divestments in assets which, by virtue of their value or strategic nature, the Executive Chairman believes should be first considered by the committee.
- Know and steer the policy, objectives and guidelines of the Repsol Group on corporate social responsibility and inform the Board thereon; check and report on the Corporate Responsibility Report of the Repsol Group before it is submitted to the Board.

The Strategy, Investment and Corporate Social Responsibility Committee is made up entirely of external directors, two of whom are independent and the remaining four proprietary. They all have adequate expertise, skills and experience for the Committee's duties.

6.2.2 Internal Transparency Committee:

The Internal Transparency Committee of Repsol was set up on 29 January 2003 and, as established in its Regulations, its main object is to promote and strengthen whatever policies may be necessary to ensure that the information provided for Shareholders', markets and regulatory bodies is true and complete, present fairly its financial position and the results of its operations and is reported within the deadlines and in compliance with any other requirements stipulated in the applicable laws and standards and the general market and good governance rules binding on the Company, providing support for the Executive Chairman and the Chief Financial Officer and ED Corporate Development.

According to its Regulations, the Internal Transparency Committee has the following duties, among others:

- Supervise the establishment and maintenance of the procedures for preparing the information that the Company is obliged to publish according to the applicable rules and regulations or, in general, any information it may announce to the markets, and the controls and procedures designed to ensure that (1) such information is recorded, processed, summarised and announced accurately and in due time and that (2) the information is compiled and submitted to the senior management, including the Executive Chairman and the Chief Financial Officer and ED Corporate Development, enabling decisions to be made in advance on the information to be publicly announced and proposing such improvements as it may deem fit.
- Check and ensure that the information set out in the documents to be published, especially announcements or disclosures to be made to the regulators and agents operating on the securities markets on which the Repsol shares are traded, are correct, reliable, adequate and clear.

The members of the Internal Transparency Committee are: the Corporate Director of Tax and Economic Affairs, as Chairman, the Corporate Director for Legal Affairs, as Secretary, the Media Director, Strategy Director, Corporate Audit and Control Director, Administrative Economic Director, Corporate Investor Relations Director, Corporate Governance Affairs Director, Reserves Control Director, Management Control and Planning Director, a representative of General Management of People and Organisation and a representative of General Management of Business.

6.2.3 The Audit and Control Corporate Department:

Reporting to the General Management of Strategy and Control, this Department assesses whether the design and functioning of the internal control and risk management systems in the Group are reasonable, helping to improve them and including any processes to ensure that:

- Any risks that may affect the organisation are adequately identified, measured, ranked and controlled, especially those affecting financial reporting.

- All operations are performed efficiently and effectively.
- The operations are performed in accordance with the applicable laws and regulations and the internal policies, rules and procedures established within the Group, assessing their adequacy and guaranteeing their compliance.
- The assets are adequately protected and reasonably controlled.
- The most important financial, management and operating information is adequately prepared.

It also monitors the assessment of design and functioning of the Group's SICFR reporting the Audit and Control Committee about the results obtained

6.2.4 Business Units and Corporate Areas identified as "owners of the controls":

Within the Group, the different Business Units and Corporate Areas identified as "owners of the controls" are responsible for guaranteeing the present validity, implementation and functioning of the controls and the adequate design of related processes. Of those Units, those with an especially important role in the development, maintenance and operation of the SICFR are described below:

- The Unit that prepares the financial statements and corresponding financial report and defines the inventory of SICFR controls and processes required to guarantee the reliability of the financial information, in coordination with the Audit and Control Corporate Department, as a result of its process of defining and assessing the Group SICFR.
- The unit that is responsible for ensuring compliance with all tax obligations; giving tax advice; monitoring, assessing and implementing changes in legislation; pinpointing, controlling, monitoring and assessing tax risks; handling tax disputes and conflicts and preparing the tax information for financial statements. According to the Code of Good Tax Practices, this unit is also responsible for reporting annually to the Audit and Control Committee on the tax policies applied by the Company.
- The Unit that monitors, analyses, reviews and interprets the accounting regulations and standards set out in the different regulatory frameworks applicable to the Group.
- The Unit that ensures the continuity and development of business plans, guaranteeing efficient utilisation of financial resources, optimisation of financial results and adequate monitoring and control of financial, market and credit risks.
- The Unit that defines the Annual Training Plan lays down the instructions and criteria for developing the regulatory framework and establishes the guidelines for defining the organisational structure and sizing of the Group.
- The Unit that makes sure that the estimates of proved hydrocarbon reserves of the Repsol Group comply with prevailing legislation on the different securities markets on which the Company is listed. It also makes internal audits of reserves, coordinates certification of reserves by external auditors and assesses the quality controls on reserve reporting, making the appropriate suggestions within a process of continuous improvement and application of best practices.
- The Units that provide adequate legal assistance to the Group on issues related with corporate governance and business or corporate areas. This assistance is provided through: (I) legal counselling to provide the necessary legal basis for the actions and decisions of the different corporate and business areas; (II) preventive legal security to see that the Group acts at all times in accordance with all applicable laws and internal regulations; (III) defence in legal proceedings; and (IV) legal and corporate management.

6.2.5 Other issues concerning the company's control environment

Internal regulations have been developed to define the lines of responsibility and authority related with the organisational structure, establishing the organisational criteria and principles to ensure adequate sizing and distribution of tasks. These internal regulations have been formally approved and distributed throughout the entire Group through the internal communication network.

A specific body of rules has been developed, identifying the units participating in the preparation of the financial statements and the duties and responsibilities assigned to each unit.

Apart from the internal rules and regulations contemplated hereinabove, such as the Articles of Association, the Regulations of the Board of Directors and the Regulations of the Internal Transparency Committee, the Group also has a "Code of Conduct and Professional Ethics of

the Employees of Repsol", approved by the Board of Directors following a favourable report by the Audit and Control Committee, which is applicable to all the Group's employees. This code develops the ethical values of the Repsol Group (integrity, responsibility, transparency, flexibility and innovation), the minimum rules of conduct that should guide all employees during the performance of their professional work and the penalties applicable when those rules are broken. Among other aspects, the code lays down the basic principles for action in information transparency and reliability, control of registries as well as processing of reserved and confidential information.

As a general rule, the new employees receive a copy of the Code of Conduct and Professional Ethics on joining the Group and sign an acknowledgement of receipt. Employees also regularly receive information on the applicable rules of ethics.

There is a communication channel on the Code of Conduct and Professional Ethics of the Employees of Repsol, which provides an effective means for submitting consultations or reporting possible breaches of conduct under the code. This channel is accessible to both Group employees and third parties, through internal and/or external communication networks, particularly through the corresponding applications on the corporate web site and the internal portal.

The Ethics Committee, formally created on 4 December 2006, oversees compliance with the Code by all employees of the Repsol Group and resolves the communications received through the channel. The Secretary of this Committee is responsible for processing, confidentially, all communications received through this channel.

According to the Regulations of the Repsol Ethics Committee, the committee consists of the General Counsel and Secretary of the Board of Directors, the Managing Director for People and Organisation, the Audit and Control Corporate Director, the Corporate Director of the Repsol Legal Services and the Corporate Director of Industrial Relations, Occupational Legal Management and Safety in the Workplace.

In addition, the Group has an "Anti-corruption policy" which contains the commitment and the principles that should guide Repsol's and all its employees' behaviour for fighting corruption. This Policy is further developed in the "Code of Conduct and Professional Ethics of the Employees of Repsol".

The Group also has an "Internal Code of Market Conduct", approved by the Board of Directors following a favourable report by the Audit and Control Committee, which meets the requirements stipulated in Spanish law, developing aspects such as rules of conduct for dealings in financial instruments and securities issued by the Group, treatment of inside information, reporting of important information, treasury stock dealing, prohibition of price rigging and the handling and management of conflicts of interest. The Company has formally established mechanisms promoting promulgation and compliance with the Code throughout the organisation.

As regards training programmes and regular refresher courses for employees, the Group has a formally approved Training Plan to support and promote the achievement of the Group's challenges and objectives through training and learning, by means of an integral, homogenous management of training requirements, coordination of that training and assessment of its impact and results.

Along these lines, internal regulations have been drawn up establishing powers and responsibilities in respect of training.

The units involved in preparing and checking the financial information and assessment of the SICFR have a special Training Plan designed to meet the specific training needs of these employees to perform their duties correctly.

6.3 Assessment of financial reporting risks

The Group has a risk map structured into five major types: strategic, operational, financial, environmental and regulatory or compliance (the "**Map**"). It defines the units participating in the management, control and supervision of each risk, the parameters and controls established and the applicable rules and regulations.

The Map is updated each year by the head of each of the different risks identified, within a process coordinated by the Audit and Control Corporate Department.

Within the compliance risks, the Group has identified a type called accounting and reporting risks.

An *inventory of financial reporting risks* has been drawn up to cover the principal risks affecting the reliability of the financial reporting, based on the following categories:

- General environment risks
- Risks in monitoring changes in regulation
- Business transaction risks
- Estimate and subjective calculation risks
- Preparation of consolidated financial statement risks
- Economic and financial information reporting risks.

This document, which is subject to annual review, identifies, measures, assesses and categorises the Group's financial reporting risks.

Updates of the inventory of financial reporting risks are subject to final approval by the Executive Committee and the Audit and Control Committee.

This inventory covers the principal risks associated with the process of preparing the financial statements (separate and consolidated) and other different risks (operational, financial, tax compliance, labour, regulatory, etc.) insofar as they have any effect on financial reporting.

The problems associated with the risk of fraud in financial reporting have also been considered an important factor to be taken into account when designing and implementing the SICFR. Accordingly, a *model for preventing fraud in financial reporting* has been developed, set out in the manual "Management of fraud risks in financial reporting", based on the framework established by the AICPA (*American Institute of Certified Public Accountants*) in its document "Consideration of Fraud in a Financial Statement Audit", Section 316 (*Standard Auditing Statement 99*) and by the Public Company Accounting Oversight Board (PCAOB) in its document "An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements" (*Auditing Standard number 5*). This model for preventing fraud in financial reporting identifies all those controls to cover the risk of fraud in financial reporting.

The Group has also a *segregation of duties model* to prevent and reduce the risk of fraud in the financial reporting process. This model has permitted the implementation in the reporting systems covered by the SICFR of matrixes of incompatibilities defined for each of the major processes enabling it to establish continuous, routine monitoring of any conflicts and detect any cases in which the functions are not performed according to the previously defined profiles.

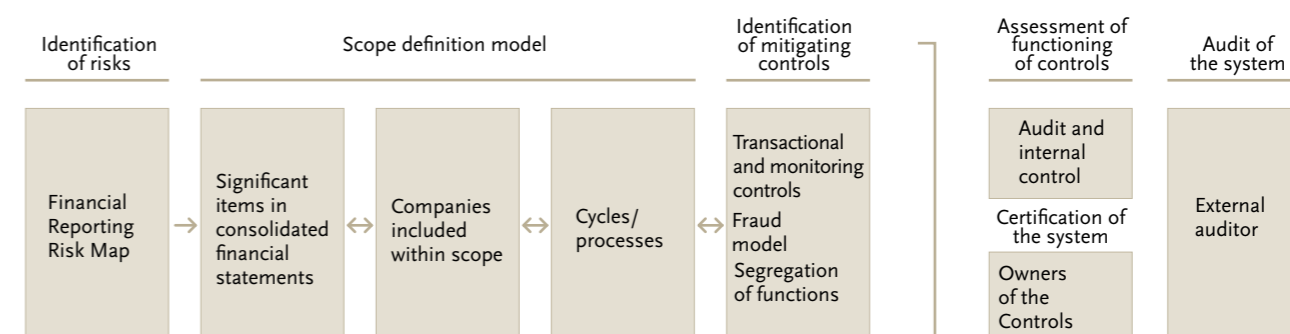
6.4 Control activities

The financial information review and authorisation processes performed by the Board of Directors, Audit and Control Committee and the Internal Transparency Committee have been described hereinabove in the section "The company's control environment".

The *Manual of Internal Control of Financial Reporting*, reviewed annually and distributed throughout the Group, describes the methods and main features of the SICFR implemented.

The Group has developed corporate applications covering the processes of monitoring, assessment of functioning and certification of the SICFR, enabling it to maintain and update the model expeditiously and efficiently.

Broadly speaking, the SICFR consists of the following phases:



The *scope of the model* is defined by identifying the financial reporting risks and associating them with important items, companies and processes of the consolidated financial statements, considering both qualitative and quantitative criteria.

The scope of the Group's SICFR does not include controls over the relevant processes of those companies that are integrated in the consolidated financial statements under the method of proportional consolidation, since the Group does not have the exclusive power to implement its own system, modify the existing controls in those companies or to assess their effectiveness. Notwithstanding this, the SICFR includes controls addressed to look after the homogeneity, validity and reliability of the economic and financial information provided by said companies for its inclusion in the consolidated financial accounts.

The contribution of the Repsol Group's jointly controlled companies to the main consolidated aggregates at December 31, 2012 is the following:

Millions of Euros	Companies integrated proportionally	Total Group
Current assets	8,241	20,161
Non-current assets	14,402	44,760
Current liabilities	(3,767)	(13,310)
Non-current liabilities	(8,504)	(24,139)
Operating incomes	10,125	59,593
Operating expenses	(8,432)	(55,307)
Net Income attributable to the parent	878	1,890

The most relevant companies controlled jointly by the Group on December 31, 2012 are included in Note 26 of the consolidated financial statements.

The SICFR model is structured in cycles defined as the set of transaction flows, for which operations are systematized and documented. Business transaction cycles (fixed assets, inventories, acquisitions and income) are identified for the major companies and cross cycles (salaries and human resources, financial management, collections and payments, data processing environment, risk hedging and insurance, environmental management, legal and regulatory management, tax management, financial reporting, credit risk management, estimation of hydrocarbon reserves and *Entity and Company level*) which work in the same way for all the companies included within the scope.

Each cycle consists of *processes*, which are assigned a degree of criticality, and a set of *control objectives* intended to reduce the risks associated with the *potential errors* (validity, valuation, cut-off, integrity, recording and presentation) in the preparation of financial reporting. Following this assignment, the controls that will cover the risks of the process will be defined.

The following types of controls are defined in the SICFR:

- Controls implemented at a cycle, process and company level, established by the Group to guarantee reaching the control objectives of each process.
- Controls implemented at a global level for the entire Group, including general and global controls in relation to the issues included under the previous section in this document, "The company's control environment", general computer controls, Group-level cross-process controls and anti-fraud controls.

Considering that the Group's transaction flows are basically carried out through the information systems, some **general computer controls** have been identified and established to reasonably guarantee the reliability, integrity, availability and confidentiality of the information contained in the relevant applications for financial reporting.

The general computer controls have a direct effect on the achievement of several control objectives and are considered in the assessment of the SICFR, grouped into the following areas:

- Development of information systems
- Modifications of information systems
- Operations
- Control of access to programmes and data.

The controls over applications have the following characteristics:

- They contribute towards guaranteeing the precision, accuracy, authority and validity of the transactions effected in the applications.
- They apply to interfaces with other systems to check that inputs are complete and accurate and outputs are correct.
- In general, they are integrated within the programme logics to prevent and/or detect unauthorised transactions.

The scope of the general computer controls is delimited firstly by the applications covered in the business transaction cycles and cross cycles and secondly by the infrastructure used for those applications, such as technological platforms, servers, data bases or data processing centres.

The Group has internal rules on information systems, which lay down the general guidelines and principles of action for the different processes in this area covered by the general computer controls.

Controls for outsourced activities have been identified within the financial reporting processes to provide reasonable cover for the financial reporting risks and associated control objectives. The Reserves Control Unit engages external firms to audit the reserve estimates made by the operating units within the Group. The most relevant issues identified in these audits serve as basis to determine the reserves, in accordance to the Group Reserves Manual, being presented to the Executive Committee and the Control and Audit Committee.

The process of preparing the economic and financial information requires making assumptions and estimates that may affect the amount of the assets and liabilities recorded, the presentation of contingent assets and liabilities as well as the expenses and incomes registered. These estimates may be affected, among other reasons, for changes on the competing, economic, political, legal, regulatory, social, industrial, business and financial conditions.

In this sense, the Group has a methodology addressed to identify the departments in charge and to establish homogenous criteria on estimates and valuations for the processes considered as relevant in the preparation of economic and financial reporting, particularly those concerning crude and natural gas reserves, provisions for lawsuits and other contingencies, calculation of corporate income tax and deferred tax assets, assets impairment test and derivative financial instruments. The results of these estimates are reported to the governing bodies of the Group.

The functioning of all the controls of the model is assessed based on their scores in terms of impact on the financial statements and probability of failure in their execution. The results of the control tests provide evidence on which to base the report on effectiveness of the SICFR issued by the Group Management at year end.

In this sense, it has also been established an internal procedure defining the calculation methods to be used to assess and classify the deficiencies detected during the assessment of the SICFR. These methods contemplate quantitative and qualitative factors and are based on the reference framework for assessing financial reporting internal control deficiencies developed jointly by the leading firms of auditors, listed companies and other institutions.

At year end, the Company requires the owners of the controls comprising the SICFR to issue a certificate on the validity and effectiveness of the processes and controls for which they are responsible. These are annual certificates through an ascending process on the organizational structure that ends with the certificate issued by the Executive Chairman and the Chief Financial Officer and Executive Director of Corporate Development.

The SICFR documents consist essentially of the following: flowcharts of the processes covered by the SICFR, control matrixes identified therein, results of the tests on design and functioning of the controls and certificates of the validity and effectiveness of the controls by their respective owners.

6.5 Information and communication

In order to identify and establish the consolidating perimeter for preparing the consolidated financial statements, the Group has implemented a process and has identified the corresponding controls that enable it to identify the companies that are part of the consolidating perimeter and to provide the accounting criteria for their adequate classification, registration and presentation, looking after the integrity, reliability and validity of the economic and financial information.

In this regard, it should be noted that the Group has integrated information systems both for the bookkeeping of transactions and for preparing the separate and consolidated financial statements. It also has centralised coding and parameterization processes which, together with the Accounting Criteria Manual, guarantee the homogeneity of the information. Finally, there are also tools for processing information on how to obtain and prepare the breakdown of information contained in the notes of the annual report. The systems related with the process of preparation and reporting of economic and financial information conform to the security standards established by the general computer controls.

Additionally, there is a unit responsible for monitoring, analysing and reviewing the accounting laws and regulations contained in the different regulatory frameworks applicable to the elaboration of the consolidated Financial Statements, and for analysing and answering consultations on the interpretation and adequate application of those laws and regulations. The organisational units involved in preparing financial information are formally informed of any new laws, regulations or accounting techniques and the results of the different analyses made.

The **Accounting Criteria Manual** establishes the accounting rules, policies and principles adopted by the Group. The Manual is revised and updated every six months and whenever there are material changes in the laws and regulations. The Manual is distributed throughout the organisation through its internal communication network.

6.6 Supervision of the functioning of the system

The financial reporting review processes performed by the Board of Directors, Audit and Control Committee and the Internal Transparency Committee have been described hereinabove in the section "The company's control environment".

In addition to the supervising mechanisms described above, the Audit and Control Committee analyses and approves, if appropriate, the **Annual Internal Audit Plan** and any other occasional or ad hoc plans that may be required following changes in regulation or to meet the needs of the Group's business organisation.

The annual internal audit plan is designed to assess and supervise the correct functioning and adequacy of the control systems established and to ensure that they enable identification, management and/or reduction of the operating, financial and reputational risks of the Group. As mentioned earlier, the Audit and Control Committee must be informed on the degree of fulfilment of the corrective measures recommended by the Internal Audit Corporate Department in previous actions and relies on that department to obtain information on any significant irregularities, anomalies and defaults by audited units, informing the Board of any cases that may entail a major risk for the Group.

Within the annual internal audit plan and based on a defined test plan, the Audit and Control Corporate Department performs its design and effectiveness **testing strategy** on an annual basis.

The Audit and Control Corporate Department is responsible for informing the owners of the controls on the results of the tests made on the design and functioning of effectiveness of the SICFR and any weakness detected in the updating and assessment process of the system.

After year-end, the Audit and Control Corporate Department reports to the Internal Transparency Committee and the Audit and Control Committee on the outcome of the SICFR assessment. The Audit and Control Committee is also informed of any deficiencies detected by the Audit and Control Corporate Department during its assessment of the effectiveness of the SICFR.

As mentioned in the section "The company's control environment", the Audit and Control Commission's duties include establishing liaisons with the external auditor to receive regular information on the audit plan and results of its implementation, and on any other issues concerned with the auditing process and corresponding laws and standards. It also checks that the management team heeds the recommendations made by the external auditor.

The Audit and Control Committee also regularly requires the external auditor, at least once a year, to assess the quality of the internal control procedures and systems, discusses with the external auditor any significant weaknesses detected during the audit and requests an opinion on the effectiveness of the SICFR.

The Group Management has made its assessment of the effectiveness of the SICFR in 2012 and did not detect any significant deficiency, concluding that the SICFR is effective, based on the criteria established by COSO.

6.7 Report of the External Auditor

The Group has submitted to the review of the External Auditor, the effectiveness of its SICFR in relation to the financial information contained in the consolidated financial statements of the Group at December 31, 2012. It is attached herein the Report issued by the External Auditor in relation to its assessment on the effectiveness of the SICFR.

Deloitte.

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

AUDITORS' REPORT ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (SICFR)

To the Board of Directors of Repsol, S.A.:

We have examined the information relating to the System of Internal Control over Financial Reporting (SICFR) of Repsol, S.A. and Subsidiaries ("the Repsol Group") contained in the accompanying "Description of the Principal Characteristics of the System of Internal Control and Risk Management over the Financial Reporting Process (SICFR) of the Repsol Group". This examination includes an evaluation of the effectiveness of the SICFR in relation to the financial information contained in the Repsol Group's consolidated financial statements at December 31, 2012, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Repsol Group. The objective of this system is to contribute to the transactions performed being presented fairly under the aforementioned accounting framework and to provide reasonable assurance in relation to the prevention or detection of any errors that might have a material effect on the consolidated financial statements. The aforementioned system is based on the rules and policies defined by Repsol Group management in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its report "Internal Control-Integrated Framework".

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) guarantee that these transactions are only performed in accordance with the authorisations established; (iii) provide reasonable assurance as to the proper recognition of transactions to make it possible to prepare the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisitions, uses or sales of the company's assets which could have a material effect on the financial information. The limitations inherent to any system of internal control over financial reporting might give rise to errors, irregularities or fraud that might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that the internal controls are rendered inadequate as a result of future changes in the applicable conditions or that there is a reduction in the future in the degree of compliance with the policies or procedures established.

Repsol Group management is responsible for maintaining the system of internal control over the financial information included in the consolidated financial statements and for evaluating its effectiveness. Our responsibility is limited to expressing an opinion on its effectiveness, based on the work performed by us in accordance with the requirements established in Standard ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issuance of reasonable assurance reports.

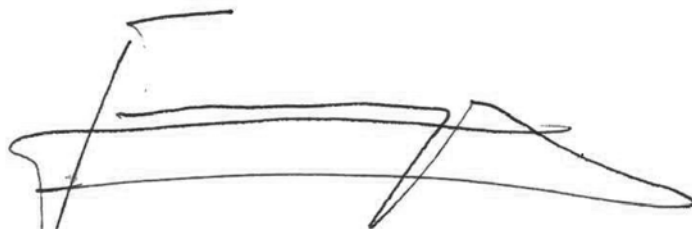
A reasonable assurance engagement includes understanding the system of internal control over the financial information contained in the consolidated financial statements, evaluating the risk of there being material errors therein, performing tests and evaluations of the design and operating effectiveness of the system, and performing such other procedures as we consider appropriate. We consider that our examination provides a reasonable basis for our opinion.

In our opinion, at December 31, 2012, the Repsol Group maintained, in all material respects, an effective system of internal control over the financial information contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by Repsol Group management in accordance with the guidance established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its report "Internal Control-Integrated Framework". Also, the disclosures contained in the information relating to the SICFR which is included in the Repsol Group's Annex to the corporate governance annual report at December 31, 2012 are in accordance, in all material respects, with the requirements established by Securities Market Law 24/1988 of 28 July, as amended by Sustainable Economy Law 2/2011 of 4 March, and other legislation in force.

As described in the accompanying "Description of the Principal Characteristics of the System of Internal Control and Risk Management over the Financial Reporting Process (SICFR) of the Repsol Group", the SICFR does not include controls over the companies that are integrated in the consolidated financial statements under the method of proportional consolidation, since Repsol Group does not have the exclusive power to implement its own system, modify the existing controls in those companies or to assess their effectiveness. The contribution of the Repsol Group's jointly controlled companies to the main consolidated aggregates at December 31, 2012 is detailed in section 6.4 of the accompanying "Description of the Principal Characteristics of the System of Internal Control and Risk Management over the Financial Reporting Process (SICFR) of the Repsol Group". As a result, our work did not include an examination of the effectiveness of the internal control system over the generation of the financial information of the aforementioned companies included in the consolidated financial statements of the Repsol Group.

This examination does not constitute an audit of financial statements and is not subject to the Consolidated Audit Law approved by Legislative Royal Decree 1/2011 of 1 July, and, therefore, we do not express an audit opinion under the terms of the aforementioned legislation. However, we have audited, in accordance with the audit regulations in force in Spain, the consolidated financial statements of Repsol, S.A. and Subsidiaries prepared by the directors of Repsol, S.A. in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Repsol Group, and our report dated February 27, 2013 expresses an unqualified opinion on the aforementioned consolidated financial statements.

DELOITTE, S.L.

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and lines, positioned above the printed name.

Jorge Izquierdo Mazón

February 27, 2013