

ANNUAL CORPORATE GOVERNANCE REPORT

LISTED COMPANIES

DETAILS OF ISSUER

DATED END OF YEAR

2013

TAX REGISTRATION NUMBER: A78374725

Name: REPSOL, S.A.

Registered office: C/ Méndez Álvaro, 44 28045 Madrid

**ANNUAL CORPORATE GOVERNANCE REPORT
LISTED COMPANIES**

Read the instructions at the end of this report to correctly understand and complete the form.

A OWNERSHIP STRUCTURE

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

| Date latest modification | Capital (€) | Number of shares | Number of voting rights |
|--------------------------|---------------|------------------|-------------------------|
| 05-07-2013 | 1,302,471,907 | 1,302,471,907 | 1,302,471,907 |

Indicate whether there are different classes of shares with different associated rights:

Yes 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 | Indirect voting rights | | Interest / total voting rights (%) |
|------------------------------------|--------------------------------|--|-------------------------|------------------------------------|
| | | Direct holder of the interest | Number of voting rights | |
| Sacyr , S.A. | 0 | Sacyr Vallehermoso Participaciones Mobiliarias, S.L. | 122,208,433 | 9.38 |
| CaixaBank, S.A. | 156,509,448 | | | 12.02 |
| Temasek Holdings (Private) Limited | 0 | Chembra Investments Pte. Ltd | 82,949,191 | 6.37 |
| Petróleos Mexicanos | 0 | Financial institutions | 67,969,767 | 9.34 |
| | | PMI Holdings BV | 53,703,915 | |
| | | Pemex Internacional España, S.A. | 1 | |

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

| Name of shareholder | Date of transaction | Description of the transaction |
|------------------------------------|----------------------------|---|
| BNP Paribas, Société Anonyme | 11/03/2013 | Interest raised to over 3% of the capital |
| BNP Paribas, Société Anonyme | 12/03/2013 | Interest lowered to below 3% of capital |
| BNP Paribas, Société Anonyme | 13/03/2013 | Interest raised to over 3% of the capital |
| BNP Paribas, Société Anonyme | 04/04/2013 | Interest lowered to below 3% of capital |
| BNP Paribas, Société Anonyme | 10/05/2013 | Interest raised to over 3% of the capital |
| BNP Paribas, Société Anonyme | 14/05/2013 | Interest lowered to below 3% of capital |
| BNP Paribas, Société Anonyme | 10/06/2013 | Interest raised to over 3% of the capital |
| BNP Paribas, Société Anonyme | 11/06/2013 | Interest lowered to below 3% of capital |
| BNP Paribas, Société Anonyme | 12/06/2013 | Interest raised to over 3% of the capital |
| BNP Paribas, Société Anonyme | 25/06/2013 | Interest lowered to below 3% of capital |
| Temasek Holdings (Private) Limited | 04/03/2013 | Interest raised to over 5% of the capital |

A.3 Complete the following tables on directors' voting rights corresponding to shares in the company:

| Name of director | Number of direct voting rights | Indirect voting rights | | Interest / total voting rights (%) |
|-------------------------------|---------------------------------------|--------------------------------------|--------------------------------|---|
| | | Direct holder of the interest | Number of voting rights | |
| Antonio Brufau Niubó | 306,604 | - | - | 0.024 |
| Isidro Fainé Casas | 266 | - | - | 0.000 |
| Manuel Manrique Cecilia | 109 | Cymofag, S.L.U. | 938 | 0.000 |
| Paulina Beato Blanco | 109 | - | - | 0.000 |
| Artur Carulla Font | 49,379 | - | - | 0.004 |
| Luis Carlos Croissier Batista | 1,326 | - | - | 0.000 |

| | | | | |
|----------------------------------|--------|---------------------|--------|-------|
| Rene Dahan | 10,263 | - | - | 0.001 |
| Ángel Durández Adeva | 6,576 | - | - | 0.000 |
| Javier Echenique Landiribar | 0 | Bilbao Orvieto, S.L | 19,012 | 0.001 |
| Mario Fernández Pelaz | 4,420 | - | - | 0.000 |
| María Isabel Gabarró Miquel | 6,445 | | 2,026 | 0.001 |
| José Manuel Loureda Mantiñán | 57 | Prilou, S.L. | 30,067 | 0.002 |
| Juan María Nin Génova | 266 | 0 | | 0.000 |
| Pemex Internacional España, S.A. | 1 | 0 | | 0.000 |
| Henri Philippe Reichstul | 50 | 0 | | 0.000 |
| Luis Suárez de Lezo Mantilla | 24,093 | 0 | | 0.002 |

| | |
|---|-------|
| Total % of voting rights held by board members | 0.035 |
|---|-------|

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

| Name or corporate name of the director | Number of direct stock options | Indirect options | | Equivalent number of shares | % of total stock options |
|--|--------------------------------|------------------|-------------------|-----------------------------|--------------------------|
| | | Direct holder | Number of options | | |
| | | | | | |

A.4 Indicate family, commercial, contractual or corporate relationships among controlling shareholders known to the company, if any, except any that are insignificant and those deriving from ordinary commercial business:

| Name of related parties | Type of relationship | Brief description |
|-------------------------|----------------------|-------------------|
| | | |

A.5 Indicate commercial, contractual or corporate relationships between controlling shareholders and the company and/or its group, if any, except any that are insignificant and those deriving from ordinary commercial business:

| Name of related parties | 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 Comisión Nacional del Mercado de Valores (CNMV) has been duly notified. |

A.6 State whether the company has been notified of any shareholders' agreements that may affect it pursuant to the Companies Act articles 530 and 531. If any, describe them briefly and list the shareholders related by the agreement:

Yes No

| Parties to shareholders' agreement | % of capital affected | Brief description of agreement |
|------------------------------------|-----------------------|--------------------------------|
| | | |

Indicate and describe any concerted actions among company shareholders of which the company is aware:

Yes No

| Parties to concerted action | % of capital affected | Brief description of arrangement |
|-----------------------------|-----------------------|----------------------------------|
| | | |

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

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

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In the event of a discrepancy, the Spanish-language version prevails.

Yes No

| 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 (%) |
|-------------------------|-------------------------------|----------------------------|
| 19,188 | 1,413,492 | 0.11 |

(*) Through:

| Name of direct holder of the shares | Number of direct shares |
|---|-------------------------|
| Repsol Tesorería y Gestión Financiera, S.A. | 1,413,492 |
| Total: | 1,413,492 |

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

| Date of communication | Total direct shares acquired | Total indirect shares acquired | % of capital |
|-----------------------|------------------------------|--------------------------------|--------------|
| | | | |

A.9. Indicate the term and conditions of the authorisation granted by the General Meeting to the Board to issue, buy back 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 5 years, 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 State whether there are any constraints on the transferability of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of constraint or limitation that may hamper takeover of the company through the acquisition of its shares on the market.

Yes No

| Description of constraints |
|---|
| <p>Artide 34 of Royal Decree-Law 6/2000 establishes certain constraints on the exercise 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.</p> <p>These constraints are as follows:</p> <ul style="list-style-type: none">– 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. <p>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.</p> <p>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.</p> |

A.11 Indicate whether the General Meeting has resolved to apply the breakthrough rule against a takeover bid, under Act 6/2007:

Yes No

If yes, explain the measures approved and the terms on which the restrictions will become ineffective:

A.12 State whether the company has issued any shares that are not traded on an EU regulated market:

Yes No

If yes, indicate the different classes of shares and, for each class, the rights and obligations conferred.

At 31 December 2013, Repsol shares in the form of *American Depositary Shares (ADSs)* are listed on the OTCQX market.

In addition, the shares in Refinería La Pampilla, S.A. are listed on the Lima Stock Exchange.

B GENERAL MEETING

B.1 Indicate whether there are any differences between the quorums established for General Meetings and the minimums stipulated in the Companies Act and, if any, explain:

Yes No

| | % quorum differing from that stipulated in the Companies Act article 193 for ordinary resolutions | % quorum differing from that stipulated in the Companies Act article 194 for special resolutions |
|-----------------------------|---|--|
| Quorum required on 1st call | | |
| Quorum required on 2nd call | | |

| Description of the differences |
|--------------------------------|
| |

B.2 Indicate whether there are any differences in respect of the system stipulated in the Companies Act for adopting corporate resolutions and, if any, explain:

Yes No

What differences exist in respect of the system stipulated in the Companies Act?

| | | |
|---|---|--|
| | Larger majority than that established in the Companies Act article 201.2 for cases contemplated in article 194.1 | Other cases requiring a larger majority |
| % established by the company for adopting resolutions | | 75% |
| Describe the differences | | |
| <p>On both, first and second call the favourable vote of 75% of the voting capital attending the general meeting is required to validly adopt resolutions on the following matters:</p> <ul style="list-style-type: none"> • Alteration of Articles 22A and 44A of the Articles of Association on related party transactions and directors' prohibition from competing, or this special regulation. • Authorisation of related party transactions in the cases contemplated in Article 22A of the Articles of Association. • Releasing of a director from his obligation to not compete, pursuant to Article 44A of the Articles of Association. | | |

B.3 Indicate the rules to amend the company's Articles of Association. In particular, indicate the majorities stipulated for amend the Articles of Association and the rules, if any, protecting shareholders' rights in any amendment of the articles.

| |
|---|
| <p>The Articles of Association of Repsol do not establish different conditions for altering articles of association from those set down in the Companies Act, except as provided in Article 22, which provides that to alter Articles 22A ("Related party transactions"), 44A ("No competition obligation") and the special rule on alteration of the Articles of Association set out in Article 22, which requires the favourable vote of seventy-five per cent (75%) of the voting capital attending the general meeting on both first and second call.</p> <p>Article 22 provides that annual and extraordinary general meetings must be attended on first call, in person or by proxy, by shareholders holding at least fifty per cent (50%) of the voting capital in order to adopt valid resolutions to alter the Articles of Association. On second call, the attendance of twenty-five per cent (25%) of that capital will be sufficient.</p> <p>If a general meeting is attended by less than fifty per cent (50%) of the voting capital, resolutions altering the articles may only be validly adopted with the favourable vote of two-thirds of the capital present or represented at the general meeting.</p> |
|---|

B.4 Give details of attendance of general meetings held during the year of this report and the previous year:

| Date General Meeting | Details of Attendance | | | | Total |
|-------------------------|-----------------------|------------|-------------------|--------|--------|
| | % in person | % by proxy | % distance voting | | |
| | | | Electronic vote | Others | |
| 31-05-2013 | 15.329 | 42.418 | 0.0052 | 6.82 | 64.574 |

B.5 Indicate if there are any restrictions established in the articles of association requiring a minimum number of shares to attend general meetings

Yes No

| | |
|---|--|
| Number of shares required to attend general meetings | |
|---|--|

B.6 State whether it has been ruled that certain decisions which entail a structural modification of the company (spin-offs, sale and purchase of essential operating assets, transactions equivalent to liquidation of the company...) are to be laid before the general meeting for approval even though this is not expressly required under commercial law.

Yes No

B.7 Indicate the address and the way to access to the company's website, and where to find information on corporate governance and other information on general meetings that must be made available to shareholders through the company's website.

The information on corporate governance regulated by the Companies Act article 539, Order ECO/3722/2003 of 26 December and the National Securities Market Commission (CNMV) Circular 1/2004 of 17 March, and the information on general meetings is set out in the section "Information for shareholders and investors" on the company's website (www.repsol.com).

C MANAGEMENT STRUCTURE OF THE COMPANY

C.1 Board of Directors

C.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 |

C.1.2 Give details of the board members:

| Name of director | Representative | Position on Board | Date first appointment | Date latest appointment | Election procedure |
|-------------------------|-----------------------|--------------------------|-------------------------------|--------------------------------|---------------------------|
| Antonio Brufau Niubó | | Chairman | 23-07-1996 | 15-04-2011 | Cooptation |
| Isidro Fainé Casas | | Deputy-Chairman | 19-12-2007 | 31-05-2012 | Cooptation |
| Manuel Manrique Cecilia | | Deputy-Chairman | 25-04-2013 | 31-05-2013 | Cooptation |
| Paulina Beato Blanco | | Member | 29-12-2005 | 30-04-2010 | Cooptation |

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| | | | | | |
|----------------------------------|----------------------------|--------------------|------------|------------|-------------------------|
| Artur Carulla Font | | Member | 16-06-2006 | 30-04-2010 | Vote at General Meeting |
| Luis Carlos Croissier Batista | | Member | 09-05-2007 | 15-04-2011 | Vote at General Meeting |
| Rene Dahan | | Member | 31-05-2013 | 31-05-2013 | Vote at General Meeting |
| Ángel Durández Adeva | | Member | 09-05-2007 | 15-04-2011 | Vote at General Meeting |
| Javier Echenique Landiribar | | Member | 16-06-2006 | 30-04-2010 | Vote at General Meeting |
| Mario Fernández Pelaz | | Member | 15-04-2011 | 15-04-2011 | Vote at General Meeting |
| María Isabel Gabarró Miquel | | Member | 14-05-2009 | 31-05-2013 | Vote at General Meeting |
| José Manuel Loureda Mantiñán | | Member | 31-01-2007 | 15-04-2011 | Cooptation |
| Juan María Nin Génova | | Member | 19-12-2007 | 31-05-2012 | Cooptation |
| Pemex Internacional España, S.A. | Arturo F. Henríquez Autrey | Member | 26-01-2004 | 30-04-2010 | Cooptation |
| Henri Philippe Reichstul | | Member | 29-12-2005 | 30-04-2010 | Cooptation |
| Luis Suárez de Lezo Mantilla | | Member & Secretary | 02-02-2005 | 31-05-2013 | Cooptation |

| | |
|----------------------------------|----|
| Total Number of Directors | 16 |
|----------------------------------|----|

Indicate any retirements from the board during the reporting period:

| Name of director | Type of director at time of retirement | Date of retirement |
|-------------------------|---|---------------------------|
| Juan Abelló Gallo | Proprietary | 06-03-2013 |

C.1.3 Complete the following tables on the types of board members:

EXECUTIVE DIRECTORS

| Name of Director | Committee that informed on appointment | Position in company's organisation |
|------------------------------|---|---|
| Antonio Brufau Niubó | Nomination and Compensation Committee | Executive Chairman |
| Luis Suárez de Lezo Mantilla | Nomination and Compensation Committee | Director, Company Secretary and Secretary |

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| | | |
|--|--|--------------|
| | | of the Board |
|--|--|--------------|

| | |
|--|------|
| Total number of executive directors | 2 |
| % of board | 12.5 |

NON-EXECUTIVE PROPRIETARY DIRECTORS

| Name of Director | Committee that informed on appointment | Name of controlling shareholder represented or that proposed appointment |
|----------------------------------|---|---|
| Isidro Fainé Casas | Nomination and Compensation Committee | CaixaBank, S.A. |
| Juan María Nin Génova | Nomination and Compensation Committee | CaixaBank, S.A. |
| Manuel Manrique Cecilia | Nomination and Compensation Committee | Sacyr, S.A. |
| José Manuel Loureda Mantiñán | Nomination and Compensation Committee | Sacyr, S.A. |
| Pemex Internacional España, S.A. | Nomination and Compensation Committee | Petróleos Mexicanos |
| Rene Dahan | Nomination and Compensation Committee | Temasek Holdings (Private) Limited |

| | |
|--|------|
| Total number of proprietary directors | 6 |
| % of board | 37,5 |

NON-EXECUTIVE INDEPENDENT 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 of |

| | |
|-------------------------------|---|
| | Barcelona GSE Foundation and of Balia Foundation. |
| Artur Carulla Font | Graduate in Economics. He has been Executive Director of Arbora & Ausonia, S.L. and 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 Roger Goulart, 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 |

| | |
|-----------------------------|--|
| | <p>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. From July 2009 to November 2012 he has been Chairman of BBK (Bilbao Bizkaia Kutxa), From January 1st, 2012 is Executive Chairman of Kutxabank, S.A., Chairman of its Risk Delegate Committee and Chairman of its Executive Committee, and Vicechairman of Confederación Española de Cajas de Ahorros (CECA). He is also Consul of the Bilbao Consulate and Illustrious of Bilbao. He has also published on mercantile and financial matters</p> |
| <p>Ángel Durández Adeva</p> | <p>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, S.A., Director of Quantica 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</p> |

| | |
|-----------------------------|---|
| | 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 Calinor, 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 Advisory Board of AES Brasil, Member of the Supervisory Board of Peugeot Citroen, S.A., Member of the Supervisory Board of Fives |

| | |
|--|---|
| | Group, 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 |
| % of board | 50% |

State whether any director qualified as independent receives from the company or any other company in the same group any sum or gain other than directors' emoluments, or has or has had a business relationship with the company or any other company in its group during the past year, in his/her own name or as controlling shareholder, director or senior executive of a company which has or has had such a relationship.

If appropriate, include a reasoned statement by the board explaining why it considers that the director in question can perform his/her duties as an independent director.

| Name of director | Description of relationship | Reasoned statement |
|------------------|-----------------------------|--------------------|
| | | |

OTHER NON-EXECUTIVE DIRECTORS

| Name of director | Committee that proposed his/her appointment |
|------------------|---|
| | |

| | |
|--|--|
| Total number of other non-executive directors | |
| % of board | |

Explain why they cannot be considered proprietary or independent directors and their relationships, with the company or its executives or with the shareholders:

| Name of director | Reasons | Company, executive or shareholder with which the director is related |
|------------------|---------|--|
| | | |

Indicate any variations during the reporting period in the type of each director:

| Name of director | Date of change | Previous type | Present type |
|------------------|----------------|---------------|--------------|
| | | | |

C.1.4 Complete the following table with details of the number of female directors over the past 4 years and the type of female directors:

| | Number of female directors | | | | Female directors / total directors of each type (%) | | | |
|----------------------------|----------------------------|----------|----------|----------|---|----------|----------|----------|
| | Year t | Year t-1 | Year t-2 | Year t-3 | Year t | Year t-1 | Year t-2 | Year t-3 |
| Executive | - | - | - | - | - | - | - | - |
| Proprietary | - | - | - | - | - | - | - | - |
| Independent | 2 | 2 | 2 | 2 | 25% | 25% | 25% | 25% |
| Other non-executive | - | - | - | - | - | - | - | - |
| Total | 2 | 2 | 2 | 2 | 12,5% | 13,3% | 12,5% | 12,5% |

C.1.5 Explain any measures taken to endeavour to include in the board a number of women to give a balanced composition of men and women directors

| Explanation of measures |
|---|
| <p>Article 32 of the company's articles of association stipulates that both the general meeting and the board, exercising its power to propose to the board and cooptation to fill vacancies, shall endeavour to apply policies of professional, international and gender diversity suited to the company's activity from time to time in respect of the composition of the board.</p> <p>The Regulations of the Board also include this provision and also expressly assigns to the Nomination and Compensation Committee the duty to oversee that when filling new vacancies or appointing new directors, the selection procedures are not implicitly biased against the selection of female directors and a conscious effort is made to include women with the target profile among the candidates, reporting to the Board on the initiatives taken in this regard and the outcome.</p> <p>In the latest selection processes, the Nomination and Compensation Committee has ensured that there are no implicit biases that may hinder the access of women to the vacancies. It evaluated the skills, knowledge and expertise of all the candidates according to the needs of the governing bodies at any time, assessing the dedication necessary to be able to suitably perform their duties in the light of the principles contained in the Board Regulations.</p> |

C.1.6 Explain any measures agreed by the nomination committee to ensure that the selection procedures are not implicitly biased against the selection of female directors and that a conscious effort is made to include women with the target profile among the candidates:

| Explanation of measures |
|---|
| <p>See previous section above.</p> <p>In 2012 the Nomination and Compensation Committee submitted a proposal to the Board to alter the Articles of Association and Regulations of the Board to incorporate diversity policies as a guideline to be followed by the Board when selecting new candidates, both to fill vacancies by cooptation and to propose the appointment of new directors to the general meeting. The institutionalisation of a policy which promotes professional, international (nationality) and gender while taking account of the business requirements of Repsol from time to time helps to enrich the internal culture of the company and decision-making processes by contributing new experiences and points of view.</p> <p>Repsol currently has two female directors on its governing body.</p> |

If, despite the measures taken, if any, there are few or no female directors, explain the reasons that justify this situation:

| Explanation of reasons |
|-------------------------------|
| See section above. |

C.1.7 Explain the form of representation on the board of shareholders with significant interests.

| |
|--|
| All controlling shareholders with the right to proportional representation are represented on the Repsol board of directors. |
|--|

C.1.8 Explain, if appropriate, why proprietary directors have been appointed at the request of shareholders holding less than 5% of the capital:

| | |
|--|--|
| | |
| | |

State whether any formal requests for presence on the board have been rejected from shareholders holding interests equal to or greater than others at whose request proprietary directors have been appointed. If appropriate, explain why such requests were not met.

Yes No

| Name of shareholder | Explanation |
|----------------------------|--------------------|
| | |

C.1.9 State whether any director has retired before the end of his/her term of office, whether said director explained the reasons for such decision to the Board and through what means, and if the explanations were sent in writing to the entire Board, explain below at least the reasons given by the director:

| Name of director | Reason for retirement |
|-------------------|--|
| Juan Abelló Gallo | Sale by the Torreal Group of all its shares in Sacyr, S.A. (Mr Abelló was Proprietary Director representing the Sacyr Group) |

C.1.10 Indicate the powers delegated to the Managing Director(s), if any:

| Name of director | Brief description |
|------------------|-------------------|
| | |

C.1.11 Name 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 |
|------------------|-----------------------|----------|
| | | |

C.1.12 Name the company directors, if any, who are on the Boards of non-group companies listed on stock exchanges, insofar as the company has been notified:

| Name of director | Listed company | Position |
|-------------------------------|---|---------------------------------|
| Antonio Brufau Niubó | Gas Natural SDG, S.A. | Deputy Chairman |
| Isidro Fainé Casas | Abertis Infraestructuras, S.A. | 1 st Deputy Chairman |
| Isidro Fainé Casas | Telefónica, S.A. | Deputy Chairman |
| Isidro Fainé Casas | CaixaBank, S.A. | Chairman |
| Isidro Fainé Casas | The Bank East of Asia, Limited | Director |
| Isidro Fainé Casas | Banco Português de Investimento, S.A. | Director |
| Manuel Manrique Cecilia | Sacyr, S.A. | Chairman and CEO |
| Manuel Manrique Cecilia | Testa Inmuebles en Renta, S.A. (Grupo Sacyr) | Director |
| Luis Carlos Croissier Batista | Adolfo Domínguez, S.A. | Director |
| Luis Carlos Croissier Batista | Testa Inmuebles en Renta, S.A. | Director |
| Ángel Durández Adeva | Mediaset España, S.A. | Director |
| Javier Echenique Landiríbar | Banco Sabadell, S.A. | Deputy 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 | Testa Inmuebles en Renta, | Director |

| | | |
|------------------------------|---------------------------------------|-----------------------|
| Mantiñán | S.A. | |
| Juan María Nin Génova | CaixaBank, S.A. | Deputy Chairman & CEO |
| Juan María Nin Génova | Gas Natural SDG, S.A. | Director |
| Juan María Nin Génova | Banco BPI, S.A. | Director |
| Juan María Nin Génova | Erste Group Bank, S.A. | Director |
| Juan María Nin Génova | Grupo Financiero Inbursa S.A.B. de CV | Director |
| Henri Philippe Reichstul | Gafisa | Director |
| Henri Philippe Reichstul | Foster Wheeler | Director |
| Luis Suárez de Lezo Mantilla | Gas Natural SDG, S.A. | Director |

C.1.13 Indicate and, where appropriate, explain whether the company has established rules on the number of directorships its directors may hold:

Yes No

| Explanation of the rules |
|--|
| <p>Article 17 of the Board of Directors Regulations provides in its section 5 the following:</p> <p><i>“Directors may not hold more than four (4) other mandates in other listed companies different from Repsol, S.A. To these effects:</i></p> <p><i>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</i></p> <p><i>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.</i></p> <p><i>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.”</i></p> |

C.1.14 Indicate the company policies and general strategies that must be approved 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, annual management objectives and budget | X | |
| Pay policy and performance rating of senior executives | X | |
| Risk management and control policy and regular monitoring of internal reporting and control systems | X | |
| Dividend policy, treasury stock policy and, in particular, the limits established | X | |

C.1.15 Indicate the overall remuneration of the board:

| | |
|---|--------|
| Remuneration of the board (thousand euros) | 11,886 |
| Amount of the overall remuneration corresponding to the vested rights of directors in pension schemes (thousand euros) | - |
| Overall remuneration of the board (thousand euros) | 11,886 |

C.1.16 Name the members of top management who are not executive directors and indicate the aggregate remuneration accrued in their favour during the year:

| Name or corporate name | Position/s |
|---|--|
| Nemesio Fernández-Cuesta Luca de Tena | General Manager Business |
| Miguel Martínez San Martín | General Manager Economics, Finance and Corporate Development |
| Pedro Fernández Frial | General Manager Strategy & Control |
| Cristina Sanz Mendiola | General Manager Personnel & Organisation |
| Begoña Elices García | General Manager Communication & Office of the Chairman |
| Luis Cabra Dueñas | General Manager Exploration & Production |
| Josu Jon Imaz San Miguel | General Manager Industrial Area & Trading |
| Isidoro Mansilla Barreiro | Group Manager Audit and Control |
| Total remuneration top management (thousand euros) | 11,458 |

C.1.17 Name any board members who are also on the boards of companies holding significant interests in the listed company and/or in companies of its group:

| Name of director | Name of related controlling 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) | Chairman |
| José Manuel Loureda Mantiñán | Vallehermoso División Promoción, S.A. (Grupo Sacyr) | Director |
| José Manuel Loureda Mantiñán | Sacyr, S.A.U. (Grupo Sacyr) | Director |
| José Manuel Loureda Mantiñán | Testa Inmuebles en Renta, S.A. (Grupo Sacyr) | Director |
| José Manuel Loureda Mantiñán | Somague S.G.P.S., S.A. (Grupo Sacyr) | Director |
| Manuel Manrique Cecilia | Sacyr, S.A. | Chairman & CEO |
| Manuel Manrique Cecilia | Somague S.G.P.S., S.A. (Grupo Sacyr) | Director |
| Manuel Manrique Cecilia | Testa Inmuebles en Renta, S.A. (Grupo Sacyr) | Director |
| Manuel Manrique Cecilia | Valoriza Gestión, S.A (Grupo Sacyr) | Director |
| Manuel Manrique Cecilia | Sacyr Construcción, S.A.U. (Grupo Sacyr) | Director |
| Manuel Manrique Cecilia | Sacyr Concesiones S.L. (Grupo Sacyr) | Director |
| Manuel Manrique Cecilia | Inchisacyr, S.A. (Grupo Sacyr) | Director |
| Juan María Nin Génova | CaixaBank, S.A. | Deputy Chairman & CEO |

Describe the significant relationships other than those contemplated above of the board members with the controlling shareholders and/or companies in their group:

| Name of related director | Name of related controlling shareholder | Description of relationship |
|---------------------------------|--|---|
| Juan María Nin Génova | Caja de Ahorros y Pensiones de Barcelona | General Manager |
| Luis Carlos Croissier Batista | Sacyr , S.A. | Director of Testa Inmuebles en Renta, S.A. |
| José Manuel Loureda Mantiñán | Sacyr , S.A. | Indirect holder of 8.42% of the capital of Sacyr, |

| | | |
|------------------------------|--|---|
| | | S.A. through Prilou, S.L. and Prilomi, S.L. |
| José Manuel Loureda Mantiñán | Sacyr , S.A. | Representative of Prilou, S.L. on the board of Sacyr Vallehermoso, S.A. |
| Manuel Manrique Cecilia | Sacyr , S.A. | Indirect holder of 5.75% of the capital of Sacyr Vallehermoso, S.A. through Cymofag, S.L.U. |
| Manuel Manrique Cecilia | Sacyr Vallehermoso Participaciones Mobiliarias, S.L. | Sole Director and representative of Sacyr, S.A. |
| Manuel Manrique Cecilia | Sacyr Gestión de Activos, S.L. | Sole Director and representative of Sacyr, S.A. |
| Arturo F. Henríquez Autrey | Pemex Procurement International Inc. | Chairman and General Director |

C.1.18 State whether any modifications have been made during the year to the Regulations of the Board:

Yes No

| Description of modifications |
|---|
| On 24 July 2013, the Board of Directors resolved to alter Article 31 of the Regulations of the Board to adapt the composition of the Executive Committee to Article 38 of the Articles of Association, in turn altered by virtue of the resolution adopted at the General Shareholders' Meeting held on 31 May. |

C.1.19 Describe the procedures for selection, 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.

Selection

The Nomination and Remuneration Committee, by virtue of its power to select Directors, assesses the knowledge, expertise and experience required on the Board and defines accordingly the duties and skills required in the candidates who are to fill each vacancy and assess the time and dedication necessary for them to perform their duties adequately.

In turn, that committee must ensure that, whenever new vacancies arise or when appointing new directors, the selection procedures are not implicitly biased and involve no discrimination whatsoever, and that a conscious effort is made to include women with the target profile among the candidates, reporting to the Board on the initiatives taken in this respect and the results obtained.

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.

Dividends and pension supplements received by Directors by virtue of a former professional or employment relationship shall not be counted for the purpose of this section, provided such supplements are unconditional and, therefore,

the company paying them cannot suspend, modify or revoke them at its own discretion, unless the director in question has defaulted his obligations.

- 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 C.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 section C.1.21.

C.1.20 Indicate whether the board has made any assessment of its activity during the reporting period.

Yes No

If yes, explain to what extent the self-assessment has given rise to major changes in its internal organisation and the procedures applicable to its activities:

| Description of modifications |
|------------------------------|
| |

C.1.21 State the events in which directors are obliged to step down.

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.

C.1.22 Explain whether the Chairman of the Board is the highest executive of the company. If so, state what measures have been adopted to limit the risks of any single person having unfettered powers:

Yes No

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 authorising one of the independent directors to request the calling of a board meeting or the inclusion of new items on the agenda, to coordinate and echo the concerns of non-executive directors and to direct the assessment by the board.

Yes No

Explanation of 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.”*

C.1.23 Are special majorities differing from those stipulated in law required for any type of decision?

Yes No

If yes, describe the differences:

| Description of the differences |
|--|
| Alteration of Articles 19 and 22 of the Regulations of the Board regarding the no competition obligation and related party transactions, respectively, requires the favourable vote of three-quarters of the board members. |
| The favourable vote of two-thirds of the members not involved in a conflict of interest is required to authorise the directors to provide counselling or representation services to the company’s rivals, subject to a favourable report by the Nomination and Compensation Committee. |

The favourable vote of two-thirds of the members not involved in a conflict of interest is also required to release from disqualification due to conflict of interest in respect of a proposal put to the general meeting or an appointment of candidates or directors by cooptation.

Finally, the favourable vote of two-thirds of the members not involved in a conflict of interest is also required to authorise related party transactions of the company with directors, controlling shareholders represented on the board or persons related to them for a sum exceeding 5% of the Group's assets according to the latest consolidated annual accounts approved by the general meeting, in respect of strategic assets of the company, involving the transfer of significant technology of the company, intended to establish strategic alliances and which are not mere agreements of action or execution of existing alliances. This is conditional upon the transaction being fair and efficient for the interests of the company, the Nomination and Compensation Committee having issued a favourable report after obtaining the corresponding report from a reputed independent financial expert indicating that the related party transaction will be made on reasonable, arm's length terms and if it is considered unadvisable to wait for the next general meeting to obtain authorisation, for reasons of opportunity.

C.1.24 Are there any specific requirements, other than those established for directors, to be appointed Chairman of the Board of Directors?

Yes No

| Description of requirements |
|-----------------------------|
| |

C.1.25 Does the Chairman have a casting vote?

Yes No

| Matters on 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. |

C.1.26 Do the Articles of Association or Regulations of the Board establish an age limit for directors?

Yes No

Age limit Chairman

Age limit managing director

Age limit director

C.1.27 Do the Articles of Association or Regulations of the Board establish a limited term of office for independent directors other than as stipulated in law?

Yes No

| | |
|--|--|
| Maximum number of years in office | |
|--|--|

| |
|--|
| |
|--|

C.1.28 Do the Articles of Association or Regulations of the Board establish specific rules for the delegation of votes at board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may hold, and whether it is compulsory to delegate to a director of the same type? If yes, include a brief description.

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.

C.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. Proxies made without specific instructions shall be considered non-attendance:

| | |
|---|----|
| Number of board meetings | 11 |
| Number of board meetings held without the chairman | 0 |

Indicate the number of meetings held by the different Committees of the Board:

| | |
|--|---|
| Number of meetings of the Executive Committee | 7 |
| Number of meetings of the Audit Committee | 8 |
| Number of meetings of the Nomination and Remuneration Committee | 5 |

C.1.30 State the number of meetings held by the Board during the period attended by all its members. Proxies made with specific instructions will be considered attendances:

| | |
|--|--------|
| Attendance of directors | 10 |
| % attendance over total votes during the year | 99.42% |

C.1.31 Are the separate and consolidated annual accounts submitted to the Board for approval previously certified?

Yes No

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

| Name | Position |
|----------------------------|--|
| Antonio Brufau Niubó | Chairman |
| Miguel Martínez San Martín | General Manager Economics, Finance and Corporate Development |

C.1.32 Explain the mechanisms, if any, established by the Board to avoid a qualified auditors' report on the separate 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.

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

Yes No

C.1.34 Explain the procedure for appointment and removal of the Secretary of the Board, indicating whether the Nomination Committee has issued a report for such appointment and removal and whether they were approved by the full board.

| Appointment and removal procedure |
|---|
| 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 responsible especially for overseeing compliance with the recommendations on good governance?

Yes No

| Comments |
|---|
| 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. |

C.1.35 Describe any mechanisms established by the company to preserve the independence of the external 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:

- a) Avoiding any factors that may compromise the warnings, opinions and recommendations of the External Auditors, and
- b) 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 Relation 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.

C.1.36 Indicate whether the external auditors have changed during the year. If so, name the incoming and outgoing auditors:

Yes No

| Outgoing auditor | Incoming auditor |
|------------------|------------------|
| | |

Explain any disagreements with the outgoing auditor:

Yes No

| Explanation of disagreements |
|------------------------------|
| |

C.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 total fees invoiced to the company and/or its group:

Yes No

| | Company | Group | Total |
|---|---------|--------|--------|
| Cost of work other than auditing (thousand euro) | 1,530 | 758 | 2,288 |
| Cost of work other than auditing / Total amount invoiced by the auditors (%) | 47.43% | 18.99% | 31.71% |

C.1.38 Indicate whether the auditors' report on the annual accounts of the previous year was qualified. If so, state the reasons given by the Chairman of the Audit Committee to explain the content and scope of the qualifications.

Yes No

| Explanation of reasons |
|------------------------|
| |

| |
|--|
| |
|--|

C.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 | 12 | 12 |

| | Company | Group |
|--|---------|-------|
| Number of years audited by current auditors / Number of years that the company has been audited (%) | 54.5% | 54.5% |

C.1.40 Indicate, giving details if appropriate, whether a procedure has been established for directors to receive external counselling:

Yes No

| Details of procedure |
|---|
| <p>The Regulations of the Board of Repsol, S.A. expressly recognise the directors' right to advisory services. Article 23 provides as follows:</p> <ul style="list-style-type: none"> - 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. <p>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</p> |

Committee.

C.1.41 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 No

| Details of procedure |
|---|
| <p>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.</p> <p>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:</p> <p>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.</p> |

C.1.42 Indicate, with details if appropriate, whether the company has established any rules obliging Directors to report and, if necessary, retire in any situations that could be detrimental to the prestige and reputation of the company:

Yes No

| Explain the rules |
|---|
| <p>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.</p> <p>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</p> |

the standing and reputation of the company, to enable the board to assess the circumstances, particularly in pursuance of the preceding paragraph.

C.1.43 Has any member of the Board informed the company that he/she has been sued or brought to trial for any of the offences contemplated in article 213 of the Companies Act?

Yes No

| Name of Director | Prosecution | Comments |
|------------------|-------------|----------|
| | | |

Has the Board studied the case? If so, indicate and explain the decision made as to whether or not the director should remain in office or, if appropriate, describe the actions taken by the board up to the date of this report, or which it plans to take.

Yes No

| Decision made / action taken | Reasoned explanation |
|------------------------------|----------------------|
| | |

C.1.44 Describe any significant agreements entered into by the company which enter into force, are modified or terminated in the event of a takeover of the company following a takeover bid, and the effects thereof.

The company participates in the exploration and exploitation of hydrocarbons through consortiums or joint ventures with other oil companies, both public and private. The agreements regulating the relations among partners of the joint ventures commonly grant the other partners a right of pre-emption over the share of the partner affected by a takeover when the value of that share is significant in relation to the total assets of the transaction or when other conditions stipulated in the agreements are met.

The laws regulating the oil and gas industry in several countries in which the company operates also submit to prior authorisation by the competent government of any transfer of all or part of licences for hydrocarbon exploration and exploitation concessions, and such authorisation is sometimes also required for takeovers of the concessionary company or companies, especially the one that operates the mining business.

In addition, the agreements signed between Repsol and Caja de Ahorros y Pensiones de Barcelona in respect of Gas Natural SDG, S.A., announced in regulatory filings with the National Securities Market Commission, the Industrial Action Agreement between Repsol and Gas Natural SDG, S.A. contemplated therein and announced in a CNMV filing on 29 April 2005 contemplate any change in the ownership structure of any of the parties as ground for termination.

| |
|--|
| |
|--|

C.1.45 Indicate globally and describe in detail any agreements made between the company and its directors, executives or employees contemplating golden handshake clauses in the event of resignation or unfair dismissal or termination of employment following a takeover bid or any other type of transaction.

| Number of beneficiaries | 296 |
|--|--|
| Type of beneficiary | Description of the agreement |
| Directors: 7 members of the Management Committee (excluding the Executive Directors) and 287 Directors | <p>The company has established a single statute for executives, defined in the Executive Contract, regulating the severance pay applicable in cases of termination of their employment, contemplating the grounds for compensation stipulated in law. For members of the Management Committee they include resignation by the Executive as a result of takeover of the company or a major change in its ownership, leading to a renewal of its governing bodies or the content of and approach to its main business activity. The amount of severance pay of the current members of the Management Committee is calculated according to the age, seniority and salary of each executive.</p> <p>Further compensation is set to pledge not post-contractual competition of an annuity of total annual remuneration.</p> |
| Executive Directors | A deferred economic compensation is contemplated for executive directors in the event of termination of their relationship with the company, provided it does not occur as a result of default of their obligations or at their own will without one of the justifying causes contemplated in their contract. The details of such compensation are set out in the Remuneration Policy Report to be laid before the shareholders at the AGM 2014. |

State whether these contracts have to be notified to and/or approved by the governing bodies of the company/group companies:

| | Board of Directors | General Meeting |
|-------------------------------------|---------------------------|------------------------|
| Body authorising the clauses | YES | NO |

| | |
|--|-----|
| Is the General Meeting informed on the clauses? | YES |
|--|-----|

C.2. Committees of the Board

C.2.1 Give details of the different committees, their members and the proportion of proprietary and independent directors in each committee:

EXECUTIVE COMMITTEE

| Name | Position | Type |
|-----------------------------------|--------------------|-------------|
| Antonio Brufau Niubó | Chairman | Executive |
| Isidro Fainé Casas | Member | Proprietary |
| Manuel Manrique Cecilia | Member | Proprietary |
| Rene Dahan | Member | Proprietary |
| Javier Echenique Landiríbar | 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 |

| | |
|--|--------|
| % executive directors | 22.22% |
| % proprietary directors | 44.44% |
| % independent directors | 33% |
| % other non-executive directors | - |

AUDIT AND COMPLIANCE COMMITTEE

| Name | Position | Type |
|-------------------------------|----------|-------------|
| Ángel Durández Adeva | Chairman | Independent |
| Paulina Beato Blanco | Member | Independent |
| Luis Carlos Croissier Batista | Member | Independent |
| Javier Echenique Landiríbar | Member | Independent |

| | |
|--|------|
| % executive directors | - |
| % proprietary directors | - |
| % independent directors | 100% |
| % other non-executive directors | - |

NOMINATION AND COMPENSATION COMMITTEE

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

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

| | |
|--|-----|
| % executive directors | - |
| % proprietary directors | 40% |
| % independent directors | 60% |
| % other non-executive directors | - |

STRATEGY, INVESTMENT AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

| Name | Position | Type |
|----------------------------------|-----------------|-------------|
| Juan María Nin Génova | Chairman | 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 |

| | |
|--|-----|
| % executive directors | - |
| % proprietary directors | 60% |
| % independent directors | 40% |
| % other non-executive directors | - |

C.2.2 Complete the following table with information on the number of female directors on the board committees over the past four years:

| | Number of female directors | | | |
|---|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Year t Number - % | Year t-1 Number - % | Year t-2 Number - % | Year t-3 Number - % |
| Executive Committee | - | - | - | - |
| Audit and Compliance Committee | 1 – 25% | 1 – 33.33% | 1 – 33.33% | 1 – 25% |
| Nomination and Compensation Committee | 1 – 20% | 1 – 20% | 1 – 20% | 1 – 25% |
| Strategy, Investment and Corporate Social Responsibility Committee | 1 – 20% | 1 – 16.67% | 1 – 16.67% | 1 – 16.67% |

C.2.3 State whether the Audit Committee has the following duties:

| | Yes | No |
|--|------------|-----------|
| Oversee the preparation and integrity of the company's, and where appropriate the group's, financial reporting, checking compliance with the legal requirements, adequate definition of the consolidated group and correct application of accounting principles | X | |
| Regularly check the internal control and risk management systems, ensuring that the principal risks are adequately identified, managed and reported | X | |

| | | |
|---|---|--|
| Ensure the independence and efficacy of the internal audit duties; propose the nomination, appointment, re-appointment 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 set out in its reports | X | |
| Establish and supervise a “whistle-blowing” procedure so employees can confidentially and, where appropriate, even anonymously report any potentially important irregularities they observe within the company, particularly in financial and accounting aspects | X | |
| Submit to the Board proposals for nomination, appointment, re-appointment and replacement of external auditor, and terms of engagement | X | |
| Receive regularly from the external auditor information on the audit plan and the outcome of its fulfilment and see that top management heeds its recommendations | X | |
| Guarantee the independence of the external auditor | X | |

C.2.4 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 2013.

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. Eight meetings were held in 2013.

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, which shall not be executive 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. Five meetings were held in 2013.

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. One meeting was held in 2013.

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.

C.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 website (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 website (www.repsol.com).

The Audit and Control Committee has drawn up a Report of its activities during 2013.

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 website (www.repsol.com).

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 website (www.repsol.com).

In addition, the Nomination and Compensation Committee has developed a Voluntary Report on the Remuneration Policy of the Board of Directors of Repsol corresponding to 2013

C.2.6 Does the composition of the Executive Committee reflect the participation on the Board of the different types of Director?

Yes No

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| If no, explain the composition of the executive committee |
| |

D RELATED PARTY AND INTER-COMPANY TRANSACTIONS

D.1 Name the competent body and explain the procedure, if any, for approving related party and inter-company transactions:

| Body competent for approving related party transactions |
|---|
| <p>The General Meeting is responsible for authorising, according to the procedure and requirements set out below, any related party transactions with directors, controlling shareholders or persons related thereto which: (i) are for a sum exceeding 5% of the Group's assets according to the latest consolidated annual accounts approved by the general meeting; (ii) involve strategic assets of the company; (iii) involve the transfer of significant technology of the company; or (iv) are intended to establish strategic alliances and are not mere agreements of action or execution of existing alliances.</p> <p>Other related party transactions must be authorised by the Board of Directors, after obtaining a report from the Nomination and Remuneration Committee, unless they meet all of the following three conditions:</p> <ul style="list-style-type: none">i. the transaction is made under contracts or agreements with standard terms and conditions which are applied across the board to clients contracting the type of product or service in question;ii. it is made at prices or rates generally established by the person acting as supplier of the good or provider of the service in question or, if the transaction refers to goods or services for which there are no prices established, on arm's length terms, similar to those applied in commercial relations with clients of a similar nature; andiii. the amount of the transaction does not exceed 1% of the company's annual income. <p>The board's authorisation is not needed either in transactions made on arm's length terms and for a small amount within the normal course of business of the company.</p> |

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Procedure for approving related party transactions

According to Article 22A of the Articles of Association, any transaction that the company makes directly or indirectly with directors, controlling shareholders represented on the board or persons related thereto which (i) are for a sum exceeding 5% of the Group's assets according to the latest consolidated annual accounts approved by the general meeting; (ii) involve strategic assets of the company; (iii) involve the transfer of significant technology of the company; or (iv) are intended to establish strategic alliances and are not mere agreements of action or execution of existing alliances, can only be made if they meet the following conditions:

- a) the transaction is fair and efficient for the interests of the company;
- b) after obtaining the corresponding report from a reputed independent financial expert indicating that the related party transaction will be made on reasonable, arm's length terms, the Nomination and Compensation Committee will issue a report assessing fulfilment of the requirement of (a) above; and
- c) the General Meeting authorises the related party transaction with a favourable vote of seventy-five per cent (75%) of the capital present and represented at the general meeting. This notwithstanding, if it is considered unadvisable to wait for the next general meeting to obtain authorisation, for reasons of opportunity, the transaction may be approved by the board, provided (i) the report by the Nomination and Compensation Committee contemplated in (b) above is favourable for the transaction, and (ii) the resolution is adopted with the favourable vote of at least two-thirds of the board members not affected by a conflict of interest. In this case, the board shall inform shareholders at the next general meeting on the terms and conditions of the transaction.

When calling the general meeting to discuss or be informed on the authorisation of the related party transaction, the board shall make available to shareholders the reports issued by the Nomination and Remuneration Committee and the independent expert contemplated in (b) above and, should it so deem fit, its own report on the matter.

Pursuant to Article 22 of the Regulations of the Board, any related party transactions other than those described above will only require authorisation by the board, subject to a report by the Nomination and Remuneration Committee.

Related party transactions are assessed from the point of view of equal treatment and arm's length terms and are described in the Annual Corporate Governance Report and the regular public information on the terms set out in the applicable laws and regulations.

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Explain whether the power to approve related party transactions has been delegated, if so indicating the person or body to whom it has been delegated.

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| <p>Pursuant to Article 22 of the Regulations of the Board, the related party transactions to be authorised by the board may, in extraordinary circumstances, be authorised by the Executive Committee, subject to prior ratification by the full board, whenever so required in cases of emergency.</p> |
|---|

D.2 List any transactions for a significant amount or object between the company and/or companies in its group and controlling shareholders of the company:

| Name of controlling shareholder | Name of company or group company | Relationship | Type of transaction | Amount (thousand euros) |
|---------------------------------|----------------------------------|--------------|--|-------------------------|
| SACYR, S.A. | REPSOL GROUP | Contractual | Leases | 1,518 |
| SACYR, S.A. | REPSOL GROUP | Commercial | Receipt of services | 3,236 |
| SACYR, S.A. | REPSOL GROUP | Contractual | Purchase of goods (finished or otherwise) | 7,125 |
| SACYR, S.A. | REPSOL GROUP | Contractual | Financial Income | (9) |
| SACYR, S.A. | REPSOL GROUP | Commercial | Rendering of services | (5,069) |
| SACYR, S.A. | REPSOL GROUP | Commercial | Sale of goods (finished or otherwise) | (17,258) |
| SACYR, S.A. | REPSOL GROUP | Commercial | Other revenues | (245) |
| SACYR, S.A. | REPSOL GROUP | Commercial | Purchase of tangible, intangible or other assets | 246 |
| SACYR, S.A. | REPSOL GROUP | Contractual | Guarantees & bonds received | 12,847 |
| SACYR, S.A. | REPSOL GROUP | Contractual | Guarantees & bonds given | 2,324 |
| SACYR, S.A. | REPSOL GROUP | Contractual | Commitments acquired | (2) |
| SACYR, S.A. | REPSOL GROUP | Corporate | Dividends and other distributed profits | 149,973 |
| CAIXABANK ,S.A. | REPSOL GROUP | Commercial | Financial expenses | 29,544 |
| CAIXABANK ,S.A. | REPSOL GROUP | Contractual | Leases | (1,009) |
| CAIXABANK ,S.A. | REPSOL | Commercial | Receipt of services | 2,998 |

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

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|---------------------|--------------|-------------|--|-----------|
| | GROUP | | | |
| CAIXABANK ,S.A. | REPSOL GROUP | Commercial | Other expenses | 26,066 |
| CAIXABANK ,S.A. | REPSOL GROUP | Contractual | Financial income | (12,641) |
| CAIXABANK ,S.A. | REPSOL GROUP | Commercial | Rendering of services | (605) |
| CAIXABANK ,S.A. | REPSOL GROUP | Commercial | Sale of goods (finished or otherwise) | 1,440 |
| CAIXABANK ,S.A. | REPSOL GROUP | Commercial | Other revenues | (241) |
| CAIXABANK ,S.A. | REPSOL GROUP | Commercial | Purchase of tangible, intangible or other assets | 3,150 |
| CAIXABANK ,S.A. | REPSOL GROUP | Commercial | Sale of tangible, intangible or other assets | 211,763 |
| CAIXABANK ,S.A. | REPSOL GROUP | Contractual | Financing agreements: loans and injections of capital (borrower) | 612,614 |
| CAIXABANK ,S.A. | REPSOL GROUP | Contractual | Guarantees & bonds given | 33,056 |
| CAIXABANK ,S.A. | REPSOL GROUP | Contractual | Guarantees & bonds received | 41,292 |
| CAIXABANK ,S.A. | REPSOL GROUP | Contractual | Commitments/Guarantees cancelled | 951 |
| CAIXABANK ,S.A. | REPSOL GROUP | Corporate | Dividends and other distributed profits | 210,390 |
| CAIXABANK ,S.A. | REPSOL GROUP | Contractual | Other operations | 1,124,490 |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Contractual | Purchase of goods (finished or otherwise) | 3,794,962 |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Commercial | Other expenses | 541 |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Contractual | Financial income | (188) |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Commercial | Rendering of services | (21,242) |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Commercial | Sale of goods (finished or otherwise) | (29,821) |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Commercial | Other revenue | (4,805) |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Contractual | Guarantees & bonds given | 92,435 |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Contractual | Commitments acquired | 1,022 |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Contractual | Commitments/Guarantees cancelled | 9 |
| PETRÓLEOS MEXICANOS | REPSOL GROUP | Corporate | Dividends and other distributed profits | 30,919 |
| TEMASEK | REPSOL | Contractual | Other operations | 39,924 |

| | | | | |
|----------------------------------|-------|--|--|--|
| HOLDINGS (PRIVATE) LIMITED | GROUP | | | |
|----------------------------------|-------|--|--|--|

D.3 List any significant transactions for a significant amount or object between the company and/or companies in its group and the directors or executives of the company:

| Name of directors or executives | Name of related party | Relationship | Nature of the transaction | Amount (thousand euros) |
|---------------------------------|-----------------------|--------------|--|-------------------------|
| Company executives | Repsol Group | Contractual | Financing agreements: loans and capital contributions (lender) | 186 |

D.4 Report 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:

In any case, inform on any inter-company transaction with companies established in countries or territories considered tax havens:

| Name of group company | Brief description of the transaction | Amount (thousand euros) |
|---|--------------------------------------|-------------------------|
| Repsol Exploración Liberia, B.V. (sucursal) | Rendering technology services | 25 |
| Repsol International Capital, Ltd. | Guarantees & bonds given | 183,618 |
| Oleoducto de Crudos Pesados, Ltd. | Guarantees & bonds given | 22,332 |

D.5 State the amount of transactions made with other related parties.

D.6 Describe the mechanisms established to detect, define and resolve possible conflicts of interest between the company and/or its group, and its directors, executives or controlling 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.”

D.7 Is more than one company of the Group listed in Spain?

Yes No

Name the subsidiaries listed in Spain:

| |
|----------------------------|
| Listed subsidiaries |
| |

Indicate whether the respective areas of activity and possible business relations between them have been precisely defined publicly and those of the listed subsidiary with other companies in the group:

Yes No

| |
|---|
| Define any business relations between the parent company and listed subsidiary, and between the latter and other group companies |
| |

Describe the mechanisms established to solve any conflicts of interest between the listed subsidiary and other group companies:

| |
|--|
| Mechanisms to solve conflicts of interest |
| |

E RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company’s Risk Management System.

The Repsol Group operates in numerous countries under a variety of regulatory frameworks and in all phases of the oil & gas business value chain.

The company’s operations and results are, therefore, exposed to long-term risks (strategic), short and medium-term risks (operational) and financial risks. Any of these risks could cause a negative impact on the financial position, business or operating income of the Group, hampering the achievement of its goals.

For this reason, the company has an organisation, procedures and system that enable it to manage these risks to a reasonable extent. Risk management is an integral element of the Group’s decision-making processes, both within the corporate governance bodies and in business management.

The Repsol risk management has been bolstered in recent years by specialised units (such as safety, environment, financial, among others).

In this context, Repsol has undertaken to step up its progress towards an integrated risk management model (ERM, Enterprise Risk Management) to anticipate, manage and control as far as possible the risks to which the Group is exposed, with an overall vision. With this aim in mind, the Risk Management unit was set up in early 2013 within the General Management of Strategy and Control. The mission of this unit is to coordinate and enhance the existing risk management, giving it a more integrated focus by implementing the Repsol Integrated Risk Management System (IRMS).

The IRMS is aligned with benchmark international standards in risk management, namely: ISO 31000 and COSO ERM⁽¹⁾, regarding the use of effective methods for the analysis and integrated management of risk in organisations, and the Three Lines of Defence model⁽²⁾, regarding the assignment of responsibilities in risk management and control.

A more integrated management of risks must enable the company to obtain a more complete vision of the risks in all its activities and the interactions and strategies for their mitigation, while at the same time permitting a more efficient use of the resources assigned to this task.

During 2013 the Repsol board of directors passed a new Risk Management Policy, which establishes the integrated risk management commitment which helps to develop the Vision and Values of the company, based on the following principles:

- Management leadership
- Integration in management processes
- Differentiated responsibility
- Global, harmonised management
- Continuous improvement

⁽¹⁾ Enterprise Risk Management Model – Integrated Framework defined by COSO (*Committee of Sponsoring Organizations of the Treadway Commission*)

⁽²⁾ Recommended by FERMA (Federation of European Risk Management Associations) and ECIIA (European Confederation of Institutes of Internal Auditors).

E.2 Name the corporate bodies responsible for preparing and implementing the Risk Management System.

Board of Directors

The full Board of Directors reserves the right to approve the risk management policy.

Audit and Control Committee of the Board of Directors

According to the Regulations of the Board of Directors of Repsol, the Audit and Control Committee regularly checks the efficiency of the internal control and risk management systems to ensure that the principal risks are identified, managed and reported adequately.

Management Committee

The Management Committee approves the governance elements required within the area of risk management, oversees their correct application and monitors the company's performance in respect of risks.

Repsol's Integrated Risk Management System is aligned with the Three Lines of Defence Model on the assignment of responsibilities in risk management and control. In this regard, Repsol is organised as follows:

Risk Management Units (1st Line of Defence)

These units are responsible for direct management of the risk in day-to-day operations, which encompasses tasks of identification, analysis, evaluation and mitigation of risks.

Risk Supervision Units (2nd Line of Defence)

As governance units specialising in the management of certain types of risks, they have the mission of furthering and overseeing the implementation of effective risk management practices in the Management Units and providing counselling for continuous improvement in risk management.

Risk Management

Risk Management governs the function of integrated risk management and ensures that it is global, homogenous, exhaustive and effectively influential in decision-making processes.

Risk Audit Units (3rd Line of Defence)

These units are responsible for evaluating the design and functioning of the Group's risk management systems to ensure that the risks are adequately identified, measured, prioritised and controlled according to the laws and regulations in place and good practice in the industry.

- E.3 Define the main risks that could have a bearing on achievement of the company's business goals.**

The transactions and earnings of the Company are exposed to strategic, operational and financial risks. The main risks to which the Repsol Group is exposed are described below:

Strategic and Operational Risks:

- Uncertainty in the current economic climate
- Possible fluctuations in international prices of crude oil and reference products and in demand, due to factors beyond Repsol's control
- Tax and regulatory framework of Repsol's business activities
- Application to Repsol of exhaustive safety and environmental risks and laws
- Operating risks inherent in the exploration and exploitation of hydrocarbons and dependence on the acquisition or discovery of reserves at a reasonable cost and subsequent development of new oil and gas reserves
- Localization of reserves
- Estimates of oil and gas reserves
- Projects and operations developed through joint ventures and associates
- Repsol may make acquisitions, investments and divestments as part of its strategy
- The insurance cover might not be sufficient for all the operational risks to which Repsol is exposed
- Exposure of activities in the gas sector to certain operational and market risks
- Cyclical nature of the petrochemical industry
- The strategy of the Repsol Group is exposed to continuous efficiency and innovation on a highly competitive market
- The Repsol Group is exposed to administrative, judicial and arbitration proceedings
- Undue conduct or infringement of the applicable laws and regulations by our employees may damage the reputation of the Repsol Group
- Information technology and its reliability and strength are an essential factor in the maintenance of our operations
- Expropriation of the shares held by the Repsol Group in YPF S.A. and YPF Gas S.A.

Financial Risks:

- Liquidity Risk
- Credit Risk
- Market Risk:
 - Exchange rate fluctuation risk
 - Commodities price risk
 - Interest rate risk
 - Credit rating risk

For more information: Chapter 2: Our Company, 2.6. Risk Management (point 2.6.2. Risk factors) of the Repsol Consolidated Management Report 2013.

E.4 State whether the company has a risk tolerance level.

The company has established tolerance levels which, depending on each type of risk, can be expressed on the basis of a numeric indicator (e.g. for market, credit, etc. risks) or as a management guideline establishing obligations or limits on activities or behaviour (e.g. in operational risks).

Repsol has a risk evaluation process based on common, homogenous methodology for the identification and assessment of risks by all areas responsible. The assessment is based on common scales of impact and probability.

The scales of impact used in 2013 contemplated the following dimensions: Economic or Operational, Reliability of financial reporting and compliance with laws and standards, Reputation or Corporate Image, Safeguarding of assets and resources, and People.

A corporate risk map is thus obtained, which is presented regularly to the Management Committee and the Audit and Control Committee of the Board of Directors.

E.5 What risks have occurred during the year?

On 25 February 2014, the Board of Directors of Repsol, S.A. approved an agreement with the Government of the Argentine Republic regarding compensation for the expropriation of shares representing 51% of the capital of YPF, S.A. and YPF Gas, S.A., which were expropriated from the Repsol Group by the Argentine Government in 2012. This agreement recognises a debt of USD 5 billion (approximately 3.6 billion euros) payable by the Government of the Argentine Republic to Repsol. At year-end 2013, in view of the prospects of reaching an agreement regarding the compensation receivable for the expropriated shares, the recoverable value of YPF was adjusted to USD 5 billion, which has had a net impact on the income statement of -1,279 million euros, as reflected in the item income from discontinued operations.

Furthermore, risks deriving from the Company's business materialised during the year. Nevertheless, the control systems established by the company worked properly, enabling adequate handling of those risks.

E.6 Explain the response and supervision plans for the main risks to which the company is exposed.

Repsol has an organisation, procedures and system that enable it to identify, measure, evaluate, prioritise, control and reasonably manage the risks to which the group is exposed, and decide to what extent those risks are accepted, mitigated, hedged or avoided as far as possible.

The response plans are adapted to the peculiarities of each risk. The principal measures taken by the company include:

- Establishment of targets, strategic lines and internal regulations (policy, rules,

procedures, manuals and guidelines)

- Analysis and measurement of different variables associated mainly with financial risks (VaR, CFaR) and analysis of sensitivity to risk factors.
- Definition, monitoring and continuous assessment of the design and functioning of the internal control and compliance systems: Financial Reporting Internal Control System, Compliance Programme for the formal legal obligations of legal persons belonging to the Repsol Group to Entities; Crime Prevention Model in the Group's Spanish companies.
- Taking out insurance cover.

The company also has several independent analysis, supervision and control units and response units specialising in different areas of risk management, such as:

- Management and Control of Financial Risks
- Safety and Environment
- Corporate Security
- Corporate Responsibility
- Information Systems Risks and Continuity
- Reporting and Control of Tax Risks
- Control of Reserves
- Insurance

Finally, the company has an Internal Audit Unit which evaluates and enhances existing controls to make sure that the potential risks (strategic, operational and financial) that may hamper achievement of the Repsol Group goals are reasonably identified, measured and controlled. The Group also has another two audit units: Safety and Environment, and Reserves.

F SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Describe the mechanisms comprising the system of internal control over financial reporting (ICFR) of your company

F.1 Control environment

Report on at least the following, describing their principal features:

F.1.1. What bodies and/or duties are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its oversight?

As indicated in its Articles of Association, the Board of Directors of Repsol, S.A. is responsible for the governance, management and administration of the Company's businesses and interests save insofar as is reserved for the General Shareholders' Meeting. It focuses on the general function of oversight and the consideration of especially important issues for the Company.

The Regulations of the Board of Directors define the powers reserved for the Board, such as laying the individual and consolidated Annual Financial Statements and Directors' Report before the Ordinary (Annual) General Shareholders' Meeting. The Board must draw these documents up in clear, precise terms. It must also make sure they give a true and fair view of the net worth, financial position and results of the company and the group, as stipulated in law. Approval of the risks management and control policy and the annual and half-year financial reports which, as a listed company, the Company is obliged to publish regularly, is also reserved for the Board of Directors. The Board is ultimately responsible for supervising the Repsol Group's Financial Reporting Internal Control System.

The Regulations also establish the Board's responsibility for approving the company's codes of conduct and ethics, its own organisation and functioning and that of the Senior Management, as well as specific duties referring to the company's activity on the securities market.

The Board of Directors has a direct relationship with the members of the Senior Management and the company's auditors, respecting their independence at all times.

In pursuance of Article 31 of the Articles of Association, at 31 December 2013 the Repsol Board of Directors has sixteen members, two of whom are executive directors, six are institutional outside directors and the remaining are independent outside directors.

The Board of Directors has appointed members to sit on several Committees, such as the Audit and Control Committee, whose main purpose according to the Regulations of the Board of Directors is to support the Board in its supervisory duties, through regular checking of the financial reporting process, the effectiveness of its executive controls and the independence of the external auditors, as well as checking fulfilment of all applicable laws and internal regulations.

All the members of the Audit and Control Committee are independent outside directors, with accounting and auditing expertise and experience. The Committee Chairman also has vast experience in business, risk and financial management and a sound knowledge of accounting procedures.

The Board appoints the members of this Committee for a term of four years. Although eligible for reappointment on one or several occasions, they must step down from the Committee on expiry of their term of office, on ceasing to be independent outside directors or whenever so decided by the Board of Directors based on a report by the Nomination and Compensation Committee. The Chairman holds office as such for a maximum of four years, at the end of which he is not eligible for reappointment until one year after leaving office, although he may continue or be reappointed as a member of the Committee.

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

- Supervise the preparation and presentation of regulated financial reporting on the Company and the Group and its integrity, compliance with legal requirements, adequate definition of the consolidated group and correct application of the accounting principles.
- Protect the independence and efficacy of internal auditing; analyse and approve, if appropriate, the annual planning of the Internal Audit Department and obtain information on the extent to which the audited units have implemented the corrective measures recommended by the Internal Audit Department in previous inspections. The Audit and Control Committee reports to the Board any situations that may entail a substantial risk for the Group.
- Before they are presented to the Board and with the necessary requirements to check that they are correct, reliable, sufficient and clear, analyse the Financial Statements of the Company and its consolidated Group contained in the annual, half-year and quarterly reports, and any other financial information which, as a listed company, the Company is obliged to publish regularly, obtaining all the necessary information with the level of aggregation it considers appropriate, for which it will receive the necessary support from the Group's Senior Management, especially the ED Finance and Corporate Development (CFO), and the opinion or recommendations of the Auditor.
- Take care that the Annual Financial Statements to be presented to the Board of Directors to be authorised for issue are certified by the Chairman/CEO and the ED Finance and Corporate Development, as required by the internal or external regulations applicable from time to time.
- Check all significant changes in the accounting principles used and the presentation of the financial statements and make sure they are adequately publicised, expressly stating that the Committee has checked these aspects.
- Examine draft Codes of Conduct and Ethics and modifications thereto, as prepared by the corresponding department of the Group, and issue its prior opinion on the proposals that are to be put to the corporate bodies.
- Ensure especially compliance with the applicable market conduct regulations and oversee the actions of the Company's Internal Transparency Committee.
- Make sure that the internal control and recording procedures and systems are sufficient, adequate and effective in the measurement, valuation, classification and accounting of the Group's hydrocarbon reserves, so that their inclusion in the periodical financial reporting complies at all times with the sector standards and applicable legislation.

Moreover, as established in the Regulations of the Board of Directors regarding internal control and reporting systems, the Audit and Control Committee is responsible, among other duties, for regularly checking the efficacy of the risk management and internal control systems, ensuring that the principal risks are identified, managed and reported adequately.

F.1.2. State whether the following elements exist, especially in respect of the financial reporting process:

- **Departments and/or mechanisms responsible for: (i) designing and reviewing the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for adequately informing the company**

The internal regulations assign to the People and Organisation Direction the duties and responsibilities associated with the proposal, study, approval, informing on and implementation of organisational structures and sizing in the company.

According to those regulations, the organisational structure establishes an hierarchical and functional level for the normal operation of the different business areas within the Group and determining the levels of responsibility, decision-making and duties of each of the business units.

The People and Organisation Direction is responsible for assessing and approving the structure and sizing defined, according to the levels established in the internal regulations. The organisational structure is set out in an organisation chart.

There is also an organisational unit responsible for inputting the approved organisational changes in the computer system, according to the implementation plan defined.

- **Code of conduct, body that approves it, degree of publicity and instruction, principles and values included (stating whether there is any specific mention of the operations register and preparation of financial reporting), body responsible for analysing default and proposing remedial action and penalties**

In addition to the internal regulations, such as the Artides of Association, the Regulations of the Board of Directors, the Regulations of the Internal Transparency Committee and other internal rules, the Group also has the Repsol Code of Ethics and Conduct for Employees, approved by the Board of Directors based on a favourable report by the Audit and Control Committee. This Code is applicable to all Group employees, including all the directors, executives and employees of Repsol, S.A. and the companies within its group, regardless of the type of employment

contract they have, their rank and position and where they work, and anyone transferred temporarily to Repsol to provide professional services (*secondees*). This code develops the values of the Group (integrity, responsibility, transparency, flexibility and innovation), the minimum patterns of conduct that should guide all employees in how they act when performing their professional work and the provisions applicable for any breach of the code. Among other aspects, it contemplates the basic principles for action in respect of transparency, reliable information and control of records, as well as the processing of confidential information, establishing specific obligations regarding the recording of transactions and preparation of financial reporting.

In general, new employees are informed of the existence of the Code of Ethics and Conduct, which is put at their disposal, and sign an undertaking to comply with it. Employees are also regularly offered information and training courses on the Code of Conduct and Ethics, to boost their knowledge and understanding of it.

The Company also has a Welcome Manual, undergoing progressive introduction, which is given to people joining the company, setting out the basic rules that should be known and respected by all employees from their incorporation, regardless of the division or business in which they are working or going to work, including direct access to each one. The first set of rules is the Code of Ethics and Conduct.

Company executives also agree to comply with the Executive Personnel Regulations, as an annex to their contracts. These regulations refer to the principles on which their professional actions should be based and the Company's values and rules.

There is a communication channel for the Repsol Code of Ethics and Conduct for Employees, which provides an effective medium for submitting consultations or informing of possible infringements of the conduct regulated in the Code. It can be consulted by Group employees or third parties through the corresponding applications on the Group website and the internal portal.

The Ethics Committee ensures supervision and compliance with the Code by all Group employees and deals with all notifications received through the communication channel. The Secretary of this Committee is responsible for processing confidentially the notifications received through this channel.

As established in the Regulations of the Repsol Ethics Committee, the committee consists of the General Counsel and Secretary of the Board of Directors, the Managing Director of People and Organisation, the Chief Audit Officer, the Executive Director of Legal Services and the Executive Director of Labour Relations, Legal Labour Management and Safety at Work.

The Group also has an "Anti-Corruption Policy" defining the commitment and principles guiding the actions of Repsol and all its employees in combating

corruption. This Policy is developed in the “Repsol Code of Ethics and Conduct for Employees”.

The Group also has an “Internal Regulation on Conduct regarding the Securities Market”, approved by the Board of Directors following a favourable report by the Audit and Control Committee, which responds to the requirements of Spanish law and develops aspects such as the rules of conduct for dealing in securities and financial instruments issued by the Group that are traded on securities markets, treatment of insider information, reporting of relevant information, trading in own shares, the prohibition to manipulate share prices and the handling and management of conflicts of interest. The Company has formally established mechanisms that promote the publicising and fulfilment of its provisions within the organisation. For this purpose, as stipulated in those Regulations, the Audit and Control Committee shall supervise the obligations established therein and any breach of its provisions will be considered a labour fault, the degree of seriousness of which shall be determined in the ensuing proceedings, pursuant to applicable provisions. An offence may also be considered to exist if the security market regulations are infringed and the infringer may be sued for civil or criminal liability.

- **Whistleblowing channel, through which the audit committee can be informed of any financial or accounting irregularities, any breaches of the code of conduct and irregular activities within the organisation, indicating whether this channel is confidential**

According to the Regulations of the Board of Directors, the Audit and Control Committee is responsible for receiving confidentially and anonymously any communications expressing concern on questionable accounting or auditing practices. The Audit and Control Committee has established a specific whistleblowing channel, through which it may be informed on issues relating to accounting, internal control and auditing that affect the Group. The channel is available to employees and third parties through the corresponding applications on the corporate website and on the internal portal.

- **Training programmes and regular refresher courses for personnel involved in the preparation and review of financial reporting and ICFR system assessment, covering at least accounting standards, auditing, internal control and risk management**

Training in Repsol is geared towards developing the professional capacities required for effective performance of the employees’ work, supplemented with further training to support and foster progression in their careers. It is based on initiatives intended to structure knowledge, develop skills and foster employees’ commitment to the Company’s plans, culture and values throughout their careers.

To achieve this, the Company has a broad selection of training activities covering issues ranging from technical aspects, organised specifically for given groups, to other more general aspects, such as management, safety awareness, etc.

Through collaboration between the Repsol Training Centre and each of the units of the Group, Repsol ensures the acquisition and updating of essential knowledge to perform the Economic Administrative, Risk Management and Internal Audit and Control duties. The training needs are planned to meet both short and long-term needs and the corresponding annual plan is drawn up, identifying and paying attention not only to the form of training best suited to each group while at the same time enabling the Company to monitor attendance level and the quality of training given to each employee.

These needs are met by both internal resources, with training designed and given by its own staff with experience and references in their respective fields, and by reputed firms contracted for their quality and specialization. Other resources are also used, such as conferences, talks, discussion forums, workshops and virtual libraries.

F.2 Evaluation of financial reporting risks

Report at least on the following:

F.2.1. What are the main features of the risk identification process, including risks of error or fraud, indicating:

- **Whether the process exists and is documented;**
- **Whether the process covers all the financial reporting objectives (existence and occurrence; integrity; valuation; presentation, breakdown & comparison; and rights & obligations), whether it is updated and how often;**
- **Whether there is a process for identifying the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures or special purpose vehicles;**
- **Whether the process takes account of the effects of other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements;**
- **Which governing body supervises the process.**

The Group has a system of internal control over financial reporting (ICFR) model, enabling it to meet the requirements stipulated in the Securities Market Act 24/1988 of 28 July, amended by the Sustainable Economy Act 2/2011 of 4 March, Order ECC/461/2013 of 20 March defining the contents and structure of the annual corporate governance report, and the National Securities Market Commission (CNMV) Circular 5/2013 of 12 June, which

establishes the model annual corporate governance reports for listed public limited companies.

The Group has a system of internal control over financial reporting model based on the methodological framework of COSO (*Committee of Sponsoring Organizations of the Treadway Commission*) included in the internal report of Control-Integrated Framework (1992), which aims to ensure that transactions are recorded accurately, in accordance with the corresponding accounting framework, providing reasonable security as to the prevention or detecting of errors which could have a material impact on the information contained in the consolidated annual financial statements. This internal control model is structured around five components through an integrated process:

1. The existence of an adequate **control environment**.
2. The identification, analysis and **assessment of risks**.
3. The definition and implementation of **control activities** to moderate the risks identified.
4. The **information and communication** required to know and accept the different responsibilities in respect of control.
5. **Supervision of the system**, to assess its design, performance quality, adaptation, implementation and effectiveness.

The main risks that could affect the financial reporting objectives related with the existence and occurrence of operations, rights and obligations, the integrity, valuation and presentation thereof and their breakdown and comparability and which, therefore, could produce a material impact on the reliability of the financial reporting are identified by drawing up a financial reporting risk inventory, classified into the following categories:

- Definition of the general control environment
- Monitoring of regulatory changes
- Making of estimates and subjective calculations
- Identification and recording of business transactions
- Preparation of consolidated financial statements
- Financial reporting

This inventory covers the main risks associated with the preparation of individual and consolidated financial statements and other types of risks (operational, financial, tax compliance, labour, regulatory, etc.) insofar as they could affect the financial reporting.

Each of the above-mentioned risk categories consists in turn of one or several specific risks, associated with the corresponding items on the financial statements, the respective processes and the different companies in the Group covered by the system of internal control over financial reporting. In this regard, as mentioned in point F.3.1, there is a process for the identification, determination and regular quarterly updating of the inventories of the different companies in the Repsol Group, from which the consolidation perimeter is determined

The financial reporting fraud factor is also analysed specifically for each and all of these risks, since this is an important element in the design, implementation and evaluation of the internal control model. This analysis is made taking account mainly of the references to consideration of fraud in risk assessment established within COSO ("Assesses Fraud Risk" Principle 8) and 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).

Finally, the potential impact and probably of occurrence is assessed for each and all of the financial reporting risks. The severity of each risk is determined as a result of both of these considerations.

The risks inventory is reviewed annually according to the integrated risks management process of the Repsol Group, as indicated in section E.1. of the Annual Corporate Governance Report.

F.3 Control activities

State whether the company has at least the following, indicating their main features:

F.3.1. Procedures for review and authorisation of financial information to be published in the securities markets and description of the ICFR system, naming the persons responsible, and documentation describing the flows of activities and controls (including those concerning fraud risk) of the different types of transaction that might have a material effect on the financial statements, including the procedure for closing accounts and specific review of significant value judgments, estimates, valuations and projections.

The system of internal control over financial reporting (ICFR) is fully integrated in the organisation through the establishment of structure of roles and responsibilities for the different bodies and functions, which are duly approved and distributed within the Group. In addition to the indications in F.1.1 regarding the processes for checking and authorisation of financial reporting by the Board of Directors and the Audit and Control Committee, below are detailed those others processes, that in this topic are performed by governing bodies and organisational units of the Group:

Chairman/CEO and Executive Director Finance and Corporate Development (CFO):

At year end, all owners of the controls comprising the ICFR system issue a certificate on the validity and effectiveness of the processes and controls within their area of responsibility. These are annual certificates which, through a hierarchical process rising up through the organisational structure, conclude with a certificate issued by the Chairman/CEO and ED Finance and Corporate Development (CFO).

Internal Transparency Committee:

The mission of the Internal Transparency Committee is to promote and bolster the necessary policies to ensure that the information provided for shareholders, markets and regulatory authorities is true and complete, adequately reflects the Company's financial position and the results of its operations and is presented within the times and in accordance with the other requirements established in the standards and general principles for markets and good governance applied by the Company. This Committee provides support and assistance to the Chairman/CEO and the CFO.

According to the Regulations of the Internal Transparency Committee, it has assigned the following duties, among others:

- Supervise the establishment and maintenance of procedures for compiling the information to be published by the Company according to the applicable laws and regulations or which it reports generally to the markets, and all controls and procedures established to make sure that (i) the information is promptly and accurately recorded, processed, summarised and reported, and (ii) the information is compiled and reported to the Senior Management, including the Chairman/CEO and CFO, enabling them to decide in advance on the information to be published, proposing such improvements as they may deem fit.
- Check and assess the accuracy, reliability, adequacy and clarity of the information contained in the documents to be presented publicly, especially any disclosures to be made to the regulating authorities and brokers on the securities markets in which the Company's shares are listed.

The Internal Transparency Committee is made up of the heads of the units responsible for the economic, tax, legal, communication, strategy, audit & control, investor relations, corporate governance, reserves control, management control & planning, people & organisation and business areas.

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 those responsible for ensuring the adequate design

and validity of the processes and the validity, execution and adequate functioning of the controls associated therewith. Of these, the Units with an especially important role in the development, maintenance and functioning of the ICFR system are:

- The Unit that prepares the financial statements and financial reporting and defines the inventory of controls and processes of the ICFR system required to guarantee the reliability of the financial information, coordinating with the Audit and Control Committee, as a result of its process of defining and assessing the Group ICFR system.
- The Unit that guarantees fulfilment of tax obligations, tax counselling, monitoring, evaluation and implementation of changes in law and regulations, identification, control, monitoring and assessment of tax risks, management of tax disputes and conflicts and tax information for the financial statements. Moreover, according to the Code of Good Tax Practice, it reports 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 standards contained in the different regulatory frameworks applicable to the Group.
- The Unit that assures the continuity and development of business plans, guaranteeing the efficient use of financial resources, optimisation of financial earnings and an adequate monitoring and control of financial, market and credit risks.
- The Unit that defines the Annual Training Plan, sets the guidelines and criteria governing development of the regulatory framework and establishes the criteria for defining the organisational structure and sizing of the Group.
- The Unit that ensures that the estimates of the Group's proven reserves of hydrocarbons conform to the regulations issued by the different securities markets on which the Company's shares are listed, makes the internal audits of reserves, coordinates the certificates of the external auditors of reserves and assesses the quality controls regarding information on reserves, making any appropriate suggestions, within a process of continuous improvement and application of the best practices.
- The Units responsible for legal affairs in the Group, which provide legal counselling, legal defence and handling of its legal affairs in all contentious proceedings and processes, providing legal support for the Group's actions, rights and expectations with a view to giving them legal security and efficacy and minimizing possible legal risks.

Activities and Controls

The ICFR system documents are essentially:

- Manual of internal control over financial information
- Corporate Internal Regulations
- Financial reporting risk map
- Model of scopes
- Flow charts of processes through ICFR system
- Inventory of controls identified in the different processes
- Outcome of control design and functioning tests
- Certificates of validity and effectiveness issued for each year

The control activities related with existing policies and procedures are designed and implemented based on the risk inventory. These activities are intended to reduce the risks identified and prevent and detect errors and fraud.

After identifying and drawing up an inventory of the financial reporting risks, the scope model of the financial reporting internal control system is established to determine the items on the financial statements that are affected and the relevant processes and companies. Both qualitative and quantitative criteria are taken into account in this process.

There is a process to identify, determine and update the consolidation scope for the preparation of consolidated financial statements. Controls have been defined in that process to identify and monitor any changes in shareholding interests in the Group companies, establish which companies are included within the consolidation and define the accounting criteria for their adequate classification, registration and presentation, ensuring the integrity, reliability and validity of the financial reporting.

The determination of companies included within the scope of the Group ICFR system takes into account those in which control is exercised directly or indirectly, considering this to mean capacity to direct their operating and financial policies in order to obtain a gain on their activities. Therefore, control over the significant processes of companies in which there is **joint control** is not included in the model, since the strategic decisions regarding operational and financial activities require the unanimous consent of the parties sharing control, so the Group does not have an exclusive power to implement its own control system, alter the existing controls in those companies or assess their effectiveness. However, controls designed to guarantee homogeneity, validity and reliability of the financial information provided by joint ventures for incorporation in the consolidated financial statements are included.

A list of the most significant companies over which the Group has an overall control at 31 December 2013 and their contributions to the principal consolidated accounting items can be found in Note 24 “Joint Ventures” to the Consolidated Annual Financial Statements.

The aggregate amounts on the balance sheet and income statement contributed by the interests held by the Repsol Group in joint ventures at 31 December 2013 are broken down below 2013:

| | 31 December 2013 (million euros) | |
|---|-------------------------------------|-------------|
| | Joint ventures | Total Group |
| Current assets | 7,738 | 22,504 |
| Non-current assets | 15,352 | 42,582 |
| Current liabilities | 4,149 | 14,819 |
| Non-current liabilities | 8,372 | 22,347 |
| Operating income | 9,783 | 56,298 |
| Operating expenses | (8,166) | (53,727) |
| Earnings attributed to the parent company in continuing operations | 808 | 879 |

The ICFR system model is structured into cycles, defined as a set of transaction flows whose operations are systematized and documented. Transactional business cycles are identified for each of the major companies and cross cycles, which operate in the same way, for all companies included within the scope. The combination of all these cycles covers all the processes established for preparation, review and subsequent distribution of the Group’s financial information. Each cycle in turn consists of processes which are assigned a critical factor and a set of control targets to mitigate the risks associated with potential errors related with the identification, recording, valuation, presentation and breakdown of the transactions during preparation of the financial information. Once that assignment has been made, controls are established to cover the risks involved in the process.

The following types of controls are distinguished in the ICFR system:

- Controls implemented on a cycle, process and company level, established to guarantee achievement of the control targets for each process.
- Controls implemented on a global level for the entire Group, including those controls aimed at the risks related with the company’s control environment, information systems and other processes operating across the board for all the companies managed by the Group.

The financial reporting process requires assumptions and estimates to be made, which may affect the amount of assets and liabilities recognised, the presentation of contingent assets and liabilities and the recognised income and expense. These

estimates may be affected, among other causes, by changes in competitive, economic, political, legal, regulatory, social, industrial, business and financial conditions.

In this regard, the Group has methods to identify the areas responsible and establish homogenous criteria for estimates and value judgments in the processes considered important for the preparation of financial reporting, namely those concerning reserves of crude and gas, provisions for litigation and other contingencies, calculation of income tax and deferred tax assets and liabilities, impairment tests of the value of assets and the valuation of financial instruments. The results of these estimates are reported to the management and governing bodies of the Group.

The Group's Senior Management is regularly informed of any business affecting its business development and which could have a material effect on the Group's financial statements. It also regularly monitors the principal environmental variables which have or may affect, directly or through estimates and value judgments, on the quantification of assets and liabilities, income or expense of the Group.

F.3.2. Reporting system policies and procedures for internal control (including, among others, access security, control of changes, operation, operating continuity and separation of duties) of the significant processes in the company referring to the preparation and publication of financial information

The Repsol Group has a specific body of regulations in its IT Systems area based on ISO 27001, laying down the general principles for the different processes in that area.

Considering that the Group's transaction flows are mainly made through IT Systems, some general computer controls have been established which reasonably guarantee the trustworthiness, integrity, availability and confidentiality of the information contained in the relevant applications for financial reporting. The systems linked to the process of preparing financial information conform to the security standards established in the regulations and are audited within the general computer controls.

These general computer controls grouped in the areas of: access security, life cycle systems development and assurance operations, help to guarantee the achievement of several control targets within the ICFR system assessment, since they:

- Contribute towards ensuring the precision, accuracy and validity of the transactions executed in the applications, since they are integrated in the logics of those applications in order to prevent and/or detect unauthorised transactions.

- Are applied to the interfaces with other systems, in order to check that information input is complete and precise, and output is correct.

The scope of the general computer controls reached covers applications and infrastructure elements that serve these applications (e.g. technical platforms, servers, databases, data processing centres, etc.).

The Repsol Group has developed a segregation of duties model in the systems to prevent and reduce the risk of errors (intentional or otherwise), especially the fraud factor in the financial reporting process.

Incompatibility matrices have been installed in the applications used by the relevant processes covered by the ICFR system, with which it is possible to monitor conflicts continuously and detect cases in which the functions are not exercised according to defined profiles.

F.3.3. Internal control policies and procedures to supervise management of the activities subcontracted to third parties and any aspects of assessment, calculation or valuation outsourced to independent experts that may produce a material effect on the financial statements

Within the general computer controls described in point F.3.2. above, the Repsol Group has a specific control to respond to this question. The purpose of this control is to “extend” the Group’s control model to all suppliers which have subcontracting services that process information contemplated in the ICFR system model.

According to this control, the Group IT Systems division must monitor the services outsourced to third parties following the guidelines marked out in the general computer controls, in order to reasonably guarantee that the suppliers of the service have an environment similar to that existing in the Repsol Group or able to comply with the international standards on which those control models are based.

With regard to aspects of assessment, calculation or valuation outsourced to independent experts that may produce a material effect on the financial information, the Reserves Control Unit reviews the valuation based on the estimates of reserves made by the Group’s operating units, through audits contracted to external firms. The significant aspects identified in those audits are taken as the basis for determining the results, according to the Group’s Reserves Manual, which are presented to the Management Committee and the Audit and Control Committee.

F.4 Information and communication

State whether the company has at least the following, indicating their main features:

F.4.1. A specific function to define and keep the accounting policies up to date (accounting policy department or division) and solve any queries or conflicts deriving from their interpretation, maintaining fluent communication with those responsible for operations in the organisation, and an updated accounting policy manual distributed among the units through which the company operates

The Group has a Unit responsible for monitoring, analysing and reviewing the accounting principles and policies established in the different regulatory frameworks applied in the preparation of financial statements, analysing and answering consultations on their interpretation and adequate application. The organisational units involved in preparing financial information are informed on any new aspects in accounting techniques and regulations and the outcome of the different analyses made.

The accounting principles manuals establish the accounting standards, policies and principles applied by the Group. Those manuals are revised and updated every six months and whenever there is a material change in the applicable regulations. The manuals are distributed throughout the organisation through the internal communication network.

F.4.2. Mechanisms for collecting and preparing financial information with homogenous formats, application and use by all units of the company or group, covering the principal financial statements and notes and the information given on the ICFR system

The Group has integrated IT systems for both recognising transactions in the accounts and preparing the individual and consolidated financial statements. It also has processes for centralised coding and parameterizing processes which, together with the accounting principles manuals, guarantee the integrity and homogeneity of the information. Finally, there are also tools used for processing the information in order to obtain and prepare the breakdowns provided in the notes to the financial statements. The systems linked to the preparation and reporting of financial information meet the security standards established by the general computer controls defined for IT systems. (See section F.3.2.)

F.5 Supervision of the functioning of the system

State whether the company has at least the following, indicating their main features:

F.5.1. ICFR system supervisory activities performed by the audit committee and whether the company has an internal audit department which, among other duties, assists the committee in its supervision of the internal control system, including the ICFR system. Indicate the scope of assessment of the ICFR system made in the year and the procedure through which the person

responsible for making the assessment reports on its outcome, whether the company has an action plan describing possible corrective measures and whether its impact on financial reporting has been considered

According to the Regulations of the Board, the Audit and Control Committee is responsible for supervising the assessment and presentation, as well as the integrity of the regulated financial information on the Company and the Group, checking compliance with legal provisions, adequate definition of the consolidated group and correct application of the accounting principles, and regularly checking the effectiveness of the internal control and risk management systems, ensuring that the principal risks are identified, managed and reported adequately.

The Audit and Control Committee also analyses and approves, where appropriate, the annual planning of the Internal Audit Department and other occasional or specific additional plans required as a result of changes in legislation or the needs of the Group's business organisation.

The annual planning of the Internal Audit Department is structured to assess and supervise the correct functioning and adequacy of the control systems established and ensure that they permit identification, management and/or mitigation of operating, financial and reputational risks of the Group.

The Audit and Control Direction reports to the Audit and Control Committee and performs the audit and control duties established in international standards in line with the best market practices, as well as the requirements of the different regulatory frameworks applicable in the countries in which the Repsol Group has businesses and activities. It has a "Quality Assurance and Enhancement Plan", assessed regularly, to assure quality in its duties, the results of which are reported to the Audit and Control Committee.

The Audit and Control Division is responsible for seeing that the design and functioning of the Internal Control and Risk Management Systems in the Group are reasonable and adequate, contributing towards their improvement and covering the following control objectives:

- Any risks that may affect the organisation are adequately identified, measured, prioritised and controlled
- Transactions are efficient and effective
- Transactions are made in compliance of applicable laws, regulations and contracts and prevailing policies, rules or procedures
- The assets are adequately protected and reasonably controlled
- The most significant financial, management and operating information is prepared and reported adequately

The Audit and Control Direction supports the supervisory work of the Board of Directors, Audit and Control Committee and Internal Transparency Committee over the Financial Reporting Internal Control System (ICFR).

The Audit and Control Direction reports to the Audit and Control Committee on the conclusions of all work done, the corrective measures proposed and the degree of fulfilment of each one. This Department provides support to detect any significant irregularities, anomalies or defaults committed by the audited units, reporting to the Board any cases that may entail a major risk for the Group.

The Audit and Control Direction reports any weakness or incident detected in the updating or assessment of the ICFR system to the owners of the controls.

After year-end, the Audit and Control Direction informs the Internal Transparency Committee, the Audit and Control Committee and the Board of Directors on the outcome of the ICFR system assessment and any defects found during the assessment of ICFR system effectiveness.

The Group Management has assessed the effectiveness of the ICFR system corresponding to 2013 and did not find any material defects, concluding that it is effective, based on the criteria established by COSO.

F.5.2. Whether it has a discussion procedure through which the auditor (as established in the technical audit standards), the internal audit department and other experts can inform the senior management and audit committee or company directors on any significant weaknesses in internal control detected during their checking of the annual financial statements or such others commissioned to them. State also whether it has an action plan to correct or mitigate the weaknesses observed

As mentioned in point F.5.1, the Audit and Control Division reports to the Audit and Control Committee on the conclusions of all work done, the corrective measures proposed and the degree of fulfilment of each one.

One of the duties of the Audit and Control Committee is to establish appropriate relations with the External Auditor to receive regular information on the audit plan and results of its implementation, and on any other issues concerning the audit process and corresponding rules and regulations. It also verifies that the management team bears in mind the recommendations made by the External Auditor.

The Audit and Control Committee also requires the External Auditor periodically, at least once a year, to assess the quality of the internal control procedures and systems and discuss with it any significant weaknesses detected during audit, and requests the External Auditor's opinion on the effectiveness of the ICFR system.

F.6 Other relevant information

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F.7 External Auditor's report

Report on:

F.7.1. Whether the ICFR system information remitted to the markets has been checked by the external auditor, in which case the Company should include the latter's report in an annex hereto. Otherwise, state reasons.

The Group has requested the External Audit to check the effectiveness of the system of internal control over financial reporting (ICFR) in respect of the financial information contained in the consolidated annual financial statements of the Repsol Group as at 31 December 2013.

G 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.

If any recommendation is not followed or is only partly followed, include a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to assess the company's actions. General explanations are not acceptable.

1. The Articles of Association of listed companies should not limit the maximum number of votes that may be cast by an individual shareholder or impose other restrictions hampering takeover of the company via the market acquisition of its shares.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24

Complies Explanation

2. When both the parent company and a subsidiary are listed, they should both publish a document specifying exactly:

a) The types of activity they are respectively engaged in and any business dealings between them, and between the listed subsidiary and other group companies;

b) The mechanisms in place to solve any conflicts of interest.

See sections: D.4 and D.7

Complies Partial compliance Explanation Not applicable

3. Although not expressly required in company law, any operations involving a structural alteration of the company should be submitted to the General Meeting for approval, especially the following:

- a) Conversion of listed companies into holdings, through spin-off or “subsidiarisation”, i.e. reallocating to subsidiaries of core activities thereunto performed by the company, even though the latter may retain full ownership of its subsidiaries;
- b) Acquisition or disposal of key operating assets, if this involves an effective alteration of its objects;
- c) Any operations producing effects equivalent to liquidation of the company.

See section: B.6

Complies Partial compliance Explanation

4. Detailed proposals of the resolutions to be adopted at a General Meeting, including the information contemplated in Recommendation 27, should be published simultaneously with the notice of call to the General Meeting.

Complies Explanation

5. Substantially independent items shall be voted separately at General Meetings to enable shareholders to express their preferences separately. This rule is particularly applicable:

- a) To the appointment or ratification of directors, which should be voted individually;
- b) In the case of alterations to the Articles of Association, to each article or substantially independent group of articles.

Complies Partial compliance Explanation

6. Companies should allow split votes, so that financial intermediaries on record as shareholders but acting on behalf of different clients can vote according to the latter's instructions.

Complies Explanation

7. The Board should perform its duties with unity in proposal and independent criteria, affording all shareholders the same treatment and guided by corporate interests, which shall mean maximising the value of the company over time.

It shall also ensure that the company complies with the applicable laws and regulations in its relations with stakeholders; fulfils its contracts and obligations in good faith; respects good customs and practice in the sectors and territories in which

it operates; and upholds any other social responsibility principles that it may have subscribed to voluntarily.

Complies Partial compliance Explanation

8. The Board should undertake, as its principal mission, to approve the company's strategy and the organisation required to put it into practice, and to oversee and ensure that Management meets the targets marked out and respects the objects and corporate interest of the company. For this purpose, the full Board shall approve the following:

a) General policies and strategies of the Company, particularly:

- i) The strategic or business plan, management objectives and annual budgets;**
- ii) Investment and financing policy;**
- iii) Definition of the structure of the corporate group;**
- iv) Corporate governance policy;**
- v) Corporate social responsibility policy;**
- vi) Policy on the remuneration and performance assessment of senior officers;**
- vii) Risk management and control policy and the regular monitoring of internal information and control systems;**
- viii) The dividend policy and treasury stock policy, particularly regarding limits.**

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

- i) Upon recommendation by the chief executive, the appointment and possible removal of senior officers, and corresponding severance clauses;**
- ii) Directors' emoluments and, for executive directors, supplementary remuneration for their executive duties and any other terms and conditions to be included in their contracts;**
- iii) The financial information that listed companies are obliged to disclose periodically;**
- iv) Any investments or transactions considered strategic by virtue of their amount or special characteristics, unless approval corresponds to the General Meeting;**
- v) Creation or acquisition of shares in special purpose vehicles or companies domiciled in countries or territories considered tax havens, and any**

transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

- c) **Transactions between the company and its directors, significant shareholders or shareholders with representatives on the Board, or persons related thereto ("related-party transactions").**

This authorisation will not be necessary for related-party transactions that meet all of the following three conditions:

- 1. Made under contracts with standard terms and conditions applied across the board to large numbers of clients;**
- 2. Made at the general prices or rates established by the person supplying the good or service;**
- 3. Made for a sum not exceeding 1% of the company's annual earnings.**

The Board is recommended to make approval of related-party transactions dependent on a favourable report by the Audit Committee, or such other committee as may be assigned this duty. Apart from not exercising or delegating their vote, the affected Directors shall leave the room during the corresponding discussion and voting by the Board.

It is recommended that these competences of the Board be non-delegable, except those contemplated in paragraphs b) and c), which may be adopted by the Executive Committee in an emergency, subject to subsequent ratification by the full Board.

See sections: D.1 and D.6

Complies Partial compliance Explanation

The company complies with this recommendation except the following paragraphs:

- a.iii) Owing to the complexity and large number of companies currently forming the Repsol Group, it has not been considered convenient to expressly include the contents of this recommendation in the internal strategies and policies of the company.
- b.i) The Regulations of the Board do not reserve for the board decisions on the removal of senior officers, considering that this power should be reserved for the chief executive since they are positions falling within his trust and responsibility, although the board is duly informed. Moreover, the board reserves the right to approve the guarantee or "golden handshake" clauses for the senior officers of the company in cases of dismissal or takeovers, when their terms exceed normal market conditions.

- 9. The Board should have an adequate size to secure efficient, participative performance of its duties. The recommended size is between five and fifteen members.**

See section: C.1.2

Complies Explanation

The general meeting has considered it convenient for the company, considering the structure of its capital and its representation in the governing body, to include persons of professional repute from the sectors of auditing, finance, accounting, industrial and stock market, to increase the board's decision-making capacity and enrich its points of view.

For this purpose, the board put a motion to the shareholders at the AGM of 31 May 2013, within the maximum and minimum limits established in the Articles of Association (9- 16) to set the number of directors at 16.

- 10. Non-executive proprietary and independent directors should have an ample majority on the board, while the number of executive directors should be kept to a minimum, taking account of their equity ownership and the complexity of the corporate group.**

See sections: A.3 and C.1.3

Complies Partial compliance Explanation

- 11. Among the non-executive directors, the ratio of proprietary to independent directors should reflect the proportion between capital represented and not represented on the Board.**

This strictly proportional distribution may be relaxed so that proprietary directors have a greater weight than that corresponding to the total percentage of capital they represent:

- 1. In companies with a high capitalisation with few or no shareholdings considered significant by law, but in which certain shareholders have interests with a high absolute value.**
- 2. In companies with a plurality of unrelated shareholders represented on the Board.**

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

Complies Explanation

- 12. The total number of Independent Directors should represent at least one-third of the total Directors.**

See section: C.1.3

Complies Explanation

- 13. The Board should explain the nature of each Director at the General Meeting at which an appointment is to be made or ratified. The type of director should be confirmed or**

altered, as the case may be, in the Annual Corporate Governance Report, following verification by the Nomination Committee. The reasons why Proprietary Directors have been appointed at the request of shareholders with an interest of less than 5% in the capital shall be explained in that Report, as well as the reasons, where appropriate, for not meeting formal requests for presence on the Board from shareholders with an interest equal or greater than others at whose request proprietary directors have been appointed.

See sections: C.1.3 and C.1.8

Complies Partial compliance Explanation

14. **When there are few or no female directors, the Board should explain the reasons for this situation and the steps taken to correct it. In particular, when vacancies arise on the Board, the Nomination Committee should ensure that:**

- a) **There is no hidden bias against women candidates in the selection procedures;**
b) **A conscious effort is made to include women with the target profile among the candidates.**

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4

Complies Partial compliance Explanation Not applicable

15. **The Chairman, being responsible for the effective operation of the Board, should make sure that directors receive sufficient information in advance; stimulate debate and active participation by directors at all Board meetings, protecting their free stand and expression of opinion on any issues; and organise and coordinate periodic assessment of the Board, and the Managing Director or CEO, if any, with the chairmen of the principal committees.**

See section: C.1.19 and C.1.41

Complies Partial compliance Explanation

16. **When the Chairman of the Board is also the chief executive officer of the company, one of the independent directors should be authorised to request the calling of a board meeting or the inclusion of new items on the agenda; coordinate and express the concerns of the non-executive directors; and direct the assessment by the Board of its Chairman.**

See section: C.1.22

Complies Partial compliance Explanation Not applicable

17. **The Secretary of the Board should especially ensure that the Board's actions:**

- a) **Conform to the text and spirit of the laws and regulations, including those adopted by the market watchdogs;**

- b) Conform to the company's Articles of Association and the Regulations of the General Meeting, the Board and any other internal regulations of the Company;**
- c) Take account of the good governance recommendations contained in this Unified Code endorsed by the company.**

To guarantee the independence, impartiality and professionalism of the Secretary, his/her appointment and removal should require a report by the Nomination Committee and approval by the full Board; and the procedure for appointment and removal should be set down in the Regulations of the Board.

See section: C.1.34

Complies Partial compliance Explanation

- 18. The Board should meet as often as may be necessary to secure efficient performance of its duties, following the calendar and business established at the beginning of the year, although any director may propose other items not initially contemplated to be included on the agenda.**

See section: C.1.29

Complies Partial compliance Explanation

- 19. Non-attendance of Board meetings should be limited to inevitable cases and stated in the Annual Corporate Governance Report. If a director is forced to grant a proxy for any Board meeting, the appropriate instructions should be issued.**

See sections: C.1.28, C.1.29 and C.1.30

Complies Partial compliance Explanation

- 20. When the Directors or the Secretary express concern over a proposal, or, in the case of Directors, the company's performance, and those concerns are not settled by the board, they should be put on record, at the request of those expressing them.**

Complies Partial compliance Explanation Not applicable

- 21. The full Board should assess once a year:**

- a) The quality and effectiveness of the Board's actions;**
- b) Based on the report issued by the Nomination Committee, the performance by the Chairman of the Board and Chief Executive Officer of their respective duties;**
- c) The performance of its Committees, based on the reports issued by each one**

See section: C.1.19 and C.1.20

Complies Partial compliance Explanation

22. All the Directors should be entitled to obtain such supplementary information as they may consider necessary on business within the competence of the Board. Save otherwise stipulated in the Articles of Association or Board Regulations, their requests should be addressed to the Chairman or Secretary of the Board.

See section: C.1.41

Complies Explanation

23. All Directors should be entitled to call on the company for specific guidance in the performance of their duties, and the company should provide adequate means for exercising this right, which in special circumstances may include external assistance, at the company's expense.

See section: C.1.40

Complies Explanation

24. Companies should establish an induction programme to give new Directors a rapid, sufficient insight into the company and its rules on corporate governance. Directors should also be offered refresher courses in the appropriate circumstances.

Complies Partial compliance Explanation

25. Companies should require Directors to devote the necessary time and efforts to perform their duties efficiently. Accordingly:

a) Directors should inform the Nomination Committee of any other professional obligations they may have, in case they may interfere with the required dedication;

b) Companies should limit the number of directorships that its Directors may hold.

See sections: C.1.12, C.1.13 and C.1.17

Complies Partial compliance Explanation

26. Proposals for the appointment or re-appointment of directors submitted by the Board to the General Meeting and the provisional appointment of directors by cooptation should be approved by the Board:

a) At the proposal of the Nomination Committee, in the case of independent directors;

b) Subject to a report by the Nomination Committee for other directors.

See section: C.1.3

Complies Partial compliance Explanation

27. Companies should publish on their websites and regularly update the following information on their directors:

- a) Professional and biographical profile;
- b) Other directorships held, in listed or unlisted companies;
- c) Type of director, indicating in the case of proprietary directors the shareholders they represent or are related with.
- d) Date of first and subsequent appointments as company director; and
- e) Company shares and stock options held.

Complies Partial compliance Explanation

28. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding in the company. They should also resign in the corresponding number when the shareholder disposes of part of its shares to an extent requiring a reduction in the number of proprietary directors.

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

Complies Partial compliance Explanation

29. The Board should not propose the removal of any independent director before the end of the period for which he or she was appointed, unless there are just grounds for doing so, as appreciated by the Board subject to a report by the Nomination Committee. Just grounds are deemed to exist when the director has acted in breach of his/her duties or when he or she falls into any of the circumstances by virtue of which he/she would no longer be considered independent, according to the provisions of Order ECC/461/2013.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or similar corporate operations producing a change in the capital structure of the company, whenever those changes in the structure of the Board correspond to the principle of proportionality established in Recommendation 11.

See sections: C.1.2, C.1.9, C.1.19 and C.1.27

Complies Explanation

30. Companies should establish rules obliging directors to report and, if necessary, resign in any cases that may jeopardise the company's reputation. In particular, directors should be obliged to inform the Board of any criminal proceedings brought against them and the subsequent development of the proceedings.

If a director is tried for any of the offences contemplated in section 213 of the Corporate Enterprises Act, the Board should study the case as soon as possible and, in view of the specific circumstances, decide whether or not the director should remain in office. A reasoned account should be included in the Annual Corporate Governance Report.

See sections: C.1.42 and C.1.43

Complies Partial compliance Explanation

31. All the directors should clearly express their opposition whenever they consider that any proposed decision submitted to the Board may go against corporate interests. The independent and other directors not affected by the potential conflict of interest should also do so when the decisions may be detrimental to shareholders not represented on the Board.

And when the Board adopts significant or reiterated decisions regarding which a director has expressed serious reservations, the latter should reach the appropriate conclusions and, if he or she opts to resign, explain the reasons in the letter contemplated in the following recommendation.

This recommendation also affects the Secretary of the Board, even if he or she is not a director.

Complies Partial compliance Explanation Not applicable

32. If a director resigns or retires from office on whatsoever other grounds before the end of his or her term of office, he or she should explain the reasons in a letter sent to all the Board members. Regardless of whether the retirement is announced as a regulatory disclosure, the reason shall be indicated in the Annual Corporate Governance Report.

See section: C.1.9

Complies Partial compliance Explanation Not applicable

33. Remunerations in the form of shares in the company or group companies, stock options or instruments linked to the value of the share and any variable remuneration linked to the company's performance or welfare schemes should be limited to executive directors.

This recommendation shall not be applicable to the delivery of shares when subject to the condition that the directors keep them up to their retirement from the Board.

Complies Explanation

34. The remuneration of non-executive directors should be sufficient to remunerate their dedication, qualifications and responsibilities, but not so high as to compromise their independence.

Complies Explanation

35. Earnings-linked remuneration should take account of any qualifications in the external auditor's report that may reduce such earnings.

Complies Explanation Not applicable

36. In the case of variable remuneration, the pay policies should establish such limits and the precautions as may be necessary to ensure that such remuneration is related to the professional performance of its beneficiaries, not merely deriving from general trends on the markets or in the company's sector of business or other similar circumstances.

Complies Explanation Not applicable

37. When there is an Executive Committee, the balance between the different types of director should roughly mirror that of the Board and its secretary should be the Secretary of the Board.

See sections: C.2.1 and C.2.6

Complies Partial compliance Explanation Not applicable

38. The Board should be informed at all times of the business transacted and decisions made by the Executive Committee and all Board members should receive a copy of the minutes of Executive Committee meetings.

Complies Explanation Not applicable

39. In addition to the Audit Committee which is mandatory under the Securities Market Act, the Board shall set up a Nomination and Remuneration Committee, or two separate Committees.

The rules on composition and procedure of the Audit Committee and the Nomination and Remuneration Committee or Committees should be set out in the Regulations of the Board, including the following:

- a) The Board should appoint the members of these Committees, taking account of the directors' knowledge, expertise and experience and the duties corresponding to each Committee and discuss their proposals and reports. The Committees should report to the Board on their actions at the first full Board meeting after each Committee meeting, being accountable for the work done.
- b) These Committees should have a minimum of three members, who should be exclusively non-executive directors. This notwithstanding, executive directors or senior officers may attend their meetings when expressly so decided by the Committee members.
- c) The Committees should be chaired by Independent Directors.
- d) They may obtain external assistance whenever this is considered necessary for the performance of their duties.
- e) Minutes should be issued of Committee meetings and a copy sent to all members of the Board.

See sections: C.2.1 and C.2.4

Complies Partial compliance Explanation

- 40. The Audit Committee, Nomination Committee or, if separate, the Compliance or Corporate Governance Committee(s) should be responsible for overseeing compliance with internal codes of conduct and corporate governance rules and regulations.**

See sections: C.2.3 and C.2.4

Complies Explanation

- 41. All members of the Audit Committee, particularly its Chairman, should be appointed in view of their knowledge of and experience in accounting, auditing or risk management.**

Complies Explanation

- 42. Listed companies should have an internal audit department, supervised by the Audit Committee, to guarantee the effectiveness and efficiency of the internal reporting and control systems.**

See section: C.2.3

Complies Explanation

- 43. The chief audit officer should submit an annual work programme to the Audit Committee, reporting directly on any irregularities arising during its implementation and submitting an activity report at each year end.**

Complies Partial compliance Explanation

- 44. The risk management and control policy should define at least:**

- a) The different types of risk (operating, technological, financial, legal, reputational...) to which the company is exposed, including under financial or economic risks any contingent liabilities or other off-balance-sheet exposure;**
- b) The level of risk that the company considers acceptable;**
- c) The measures envisaged to soften the effects of the risks identified, should they materialise;**
- d) The internal reporting and control systems to be used to control and manage those risks, including contingent liabilities or off-balance-sheet risks.**

See section: E

Complies Partial compliance Explanation

- 45. The Audit Committee should:**

1. In connection with the internal reporting and control systems:

- a) Ensure that the principal risks identified through supervision of the effective internal control of the company and internal auditing are adequately managed and disclosed.
- b) Oversee the independence and effectiveness of the internal audit department; propose the nomination, appointment, reappointment and removal of the chief audit officer; propose the budget for this department; receive periodical information on its activities; and check that the top management heeds the conclusions and recommendations set out in its reports.
- c) Establish and supervise a “whistle-blowing” procedure so employees can confidentially and, if considered appropriate, anonymously report any potentially important irregularities they may observe in the company's conduct, especially in financial and accounting aspects.

2. In connection with the external auditor:

- a) Receive regular information from the external auditor on the audit plan and findings and make sure the senior management acts on its recommendations.
- b) Guarantee the independence of the external auditor, and for this purpose:
 - i) The company should inform the CNMV as a significant event whenever the auditor is changed, attaching a declaration on any disagreements that may have arisen with the outgoing auditor and their content.
 - ii) Investigate the circumstances giving rise to resignation of any external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies Partial compliance Explanation

46. The Audit Committee may call any employee or executive of the company into its meetings, even ordering their appearance without the presence of any other senior officer.

Complies Explanation

47. The Audit Committee should report to the Board on the following matters from Recommendation 8 before the latter adopts the corresponding decisions:

- a) The financial information that listed companies are obliged to disclose periodically. The Committee shall ensure that interim financial statements are drawn up under the same accounting principles as the annual statements, requesting a limited external audit if necessary.
- b) Creation or acquisition of shares in special purpose vehicles or companies

domiciled in countries or territories which are considered tax havens, and any transactions or operations of a similar nature which could, by virtue of their complex structure, impair the group's transparency.

- c) Related-party transactions, unless this prior reporting duty has been assigned to another supervision and control committee.**

See sections: C.2.3 and C.2.4

Complies Partial compliance Explanation

- 48. The Board should endeavour to avoid a qualified auditor's report on the accounts laid before the General Meeting, and in exceptional circumstances when such qualifications exist, both the Chairman of the Audit Committee and the auditors shall clearly explain to the shareholders their content and scope.**

See section: C.1.38

Complies Partial compliance Explanation

- 49. The majority of the members of the Nomination Committee – or Nomination and Remuneration Committee if there is just one – should be independent directors.**

See section: C.2.1

Complies Explanation Not applicable

- 50. Apart from the duties specified in preceding Recommendations, the Nomination Committee should:**

- a) Assess the expertise, knowledge and experience of Board members; define the duties and skills required of candidates to fill vacancies; and determine the time and dedication considered necessary for them to adequately perform their duties.**
- b) Study or organise as appropriate the succession of the Chairman or Chief Executive Officer and, if necessary, make recommendations to the Board to secure an orderly, well-planned handover.**
- c) Report on any appointments and removals of senior officers proposed by the Chief Executive Officer.**
- d) Report to the Board on the gender issues contemplated in Recommendation 14.**

See section: C.2.4

Complies Partial compliance Explanation Not applicable

As mentioned in Recommendation 8, the company considers that the power to remove senior officers of the company should correspond to the chief executive, being positions within his trust and responsibility.

51. **The Nomination Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning Executive Directors.**

Any director may request the Nomination Committee to consider potential candidates they consider suitable to fill vacancies on the Board.

Complies Partial compliance Explanation Not applicable

52. **Apart from the duties indicated in the preceding Recommendations, the Remuneration Committee should:**

a) **Submit proposals to the Board on:**

- i) **The remuneration policy for directors and senior officers;**
- ii) **The individual remuneration of executive directors and other terms of contract;**
- iii) **The basic conditions of senior executive contracts.**

b) **Ensure compliance with the remuneration policy established by the company.**

See sections: C.2.4

Complies Partial compliance Explanation Not applicable

53. **The Remuneration Committee should consult the Chairman and Chief Executive Officer, especially on matters concerning executive directors and senior officers.**

Complies Explanation Not applicable

H OTHER INFORMATION OF INTEREST

1. **If you consider there to be any important aspect regarding the corporate governance practices applied by your company or other companies in the group that have not been mentioned in this report, but which should be included to obtain more complete, reasoned information on the corporate governance practices and structure in the company or group, describe them below and give a brief explanation.**

It is noted that the data contained in this report relate to the ended December 31, 2013 financial year, except in those matters in which reference other date specifically stated.

1. Note to A.1.

On January 10, 2014 the Delegated Committee, exercising the powers granted to Repsol's Board of Directors by the General Shareholders Meeting on May 31, 2013 under resolution seventh, 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 1,324,516,020 euros and it is represented by 1,324,516,020 shares and 1,324,516,020 voting rights.

2. Note to A.2.

The details set out in this section, as of December 31, 2013, 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 9.34% of the share capital of the Company as of December 31, 2013.

Furthermore, it is noted that according to the latest information by the Company, the relevant shareholdings are as it follows:

| Name of shareholder | Number of direct voting rights | Indirect voting rights | | Interest / total voting rights (%) |
|------------------------------------|--------------------------------|--|-------------------------|------------------------------------|
| | | Direct holder of the interest | Number of voting rights | |
| Sacyr , S.A. | 0 | Sacyr Vallehermoso Participaciones Mobiliarias, S.L. | 122,208,433 | 9.23 |
| CaixaBank, S.A. | 156,594,317 | | | 11.82 |
| Temasek Holdings (Private) Limited | 0 | Chembra Investments Pte. Ltd | 82,949,191 | 6.26 |
| Petróleos Mexicanos | 0 | Financial institutions | 67,969,767 | 9.30 |
| | | PMI Holdings BV | 55,155,370 | |
| | | Pemex Internacional España, S.A. | 1 | |

3. Note on section A.8

The 0.11% treasury stock percentage indicated as of December 31, 2013 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 14, 2014 and that for accounting effects has been recorded on the financial statements of the Group as of December 31, 2013. 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.

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 C.1.15

According to the instructions for this Report, the total amount indicated corresponds to the amount declared as total accrued compensation in point D.1.c) "Summary of compensations" of the Report on Directors' Compensations of the Repsol Group.

All these items are indicated separately for each director in Note 33 to the Consolidated Annual Report of the Group.

Furthermore, the cumulative vested rights of the Director-Secretary Luis Suárez de Lezo in the pension scheme at 31 December 2013 amount to 1,805 thousand euros, with a contribution of 203 thousand euros in 2013.

By virtue of a resolution adopted by the Board of Directors on 27 February 2013 at the express request of the Executive Chairman, Antonio Brufau, Repsol stopped making contributions to his pension scheme as of 12 March 2013, whereupon the commitment undertaken by Repsol S.A. in respect of his retirement expired. The cost incurred by the Company for 2013 up to the date of cancellation of the commitment, including the corresponding payments on account, was 494 thousand euros.

The Company has no pension commitments to other members of the Board of Directors.

6. Note on section C.1.16

The item "Total remuneration senior executives" includes:

- a) Non-variable remuneration and payment in kind of Senior Executives in 2013.
- b) The annual variable remuneration of the Senior Executives accrued in 2013 and the multi-year remuneration corresponding to the Medium-Term Incentive Programme 2010-2013.

The cumulative vested rights of existing Senior Executives in the pension scheme total 19,038 thousand euros, of which 1,768 thousand euros were contributed in 2013.

7. Note on section D.2.

In the case of Sacyr, S.A., Petroleos Mexicanos and Caixabank, S.A. commitments acquired correspond to volume of purchases commitments in force at December 31, 2013 net of volume of sales commitments.

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

Additionally to the related party transactions mentioned above, at December 31, 2013 the Group has another transactions with “la Caixa” Group, totalled EUR 1,124 million, which include short term investments and deposits in a sum of EUR 500 million and interest rate hedging tools in a sum of 133 million.

8. Note on section D.4.

For related party transactions with group companies established in tax havens or territories considered tax havens parties are informed of all transactions that the Group companies can be made with these companies by amounts corresponding to the individual companies, without considering eliminations for consolidation.

We have considered those transactions with Group companies whose tax domicile is established within any of the territories the list of tax havens dating from 1991 (RD 1080/1991), excluding those who, according to this rule, there is an agreement signed to avoid double taxation or an agreement for the exchange of information.

- 2. This section may be used to include any other information, clarification or qualification relating to the previous sections of the report, provided it is relevant and not repetitive. 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.**

- 3. The company may also state whether it has voluntarily applied any international, sector-based or other codes of ethical principles or good practices. If so, it should name the code in question and the date of its accession.**

Repsol adhesion to the Code of Best Tax Practices (Codigo de Buenas Practicas Tributarias) as of 23 September 2010, this Code was approved by the Forum of Large Enterprises and in the wording proposed by the State Tax Administration Agency (AEAT) and the Company complies with the provisions thereof.

This annual report on corporate governance has been approved by the Company’s Board of Directors on 25th February 2014

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

NO

Repsol, S.A.

Auditors' Report on the System of Internal Control over Financial Reporting

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

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 (ICFR)

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

We have examined the information relating to the system of internal control over financial reporting (ICFR) of Repsol, S.A. and Subsidiaries (the Repsol Group) contained in the accompanying Note F of the Annual Corporate Governance Report for the year ended 31 December 2013. This examination includes an evaluation of the effectiveness of the system of ICFR in relation to the financial information contained in the Repsol Group's consolidated financial statements at 31 December 2013, 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 (1992)".

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 Group'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.

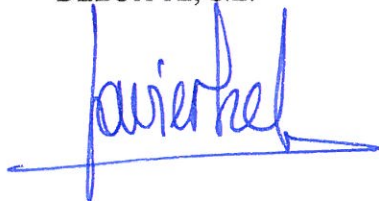
A reasonable assurance engagement includes understanding the system of internal control over the financial information contained in the consolidated financial statements, evaluating the risk of there being material errors therein, performing tests and evaluations of the design and operating effectiveness 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 31 December 2013, 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 (1992)". Also, the disclosures contained in the information relating to the system of ICFR which is included in Note F of the Repsol Group's Annual Corporate Governance Report at 31 December 2013 comply, 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, Spanish National Securities Market Commission Circular 5/2013, of 12 June, and other legislation in force.

As described in the accompanying Note F of the Annual Corporate Governance Report, the system of ICFR does not include controls on companies that are proportionately consolidated in the consolidated financial statements, since the Repsol Group does not have exclusive power to implement its own system, to change the existing controls at the aforementioned companies or to assess the effectiveness thereof. The contribution of the companies under the joint control of the Repsol Group to the main consolidated aggregates at 31 December 2013 is detailed in section 3.1 of Note F of the accompanying Annual Corporate Governance Report. Consequently, our work did not include an examination of the effectiveness of the system of internal control 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 on the terms provided for in 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 25 February 2014 expresses an unqualified opinion on the aforementioned consolidated financial statements.

DELOITTE, S.L.



Javier Ares San Miguel

25 February 2014