

Corporate
Responsibility
Report
2009



Corporate Responsibility Report 2009





Repsol's commitment

These publications, which set out the most important information about Repsol and its evolution throughout 2009, are complemented with additional information in electronic format. This format provides extended content, including videos, interactive maps and animated graphics. The use of **new technologies** in drafting Repsol's annual reports over the past two financial years has led to accumulated **savings** of 50 metric tons of paper, equivalent to around 800 trees.

As well as this **environmental** commitment, every effort has also been made to provide information that is universally **accessible**. Repsol provides these reports on its portal, HYPERLINK "<http://www.repsol.com>" www.repsol.com, in an accessible format, drawn up in collaboration with the ONCE Foundation.

These publications are printed on **environmentally-friendly paper** made from pulp that has been bleached without the use of chlorine gas, using raw materials that come from controlled forests that are properly managed to ensure their **sustainability**.



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A message from the Chairman and CEO

“OUR STRATEGY ON CARBON AND NEW ENERGY SOURCES
WILL MAGNIFY THE RESULT OF OUR CONTRIBUTION TO
EFFORTS TO KEEP GLOBAL WARMING IN CHECK”

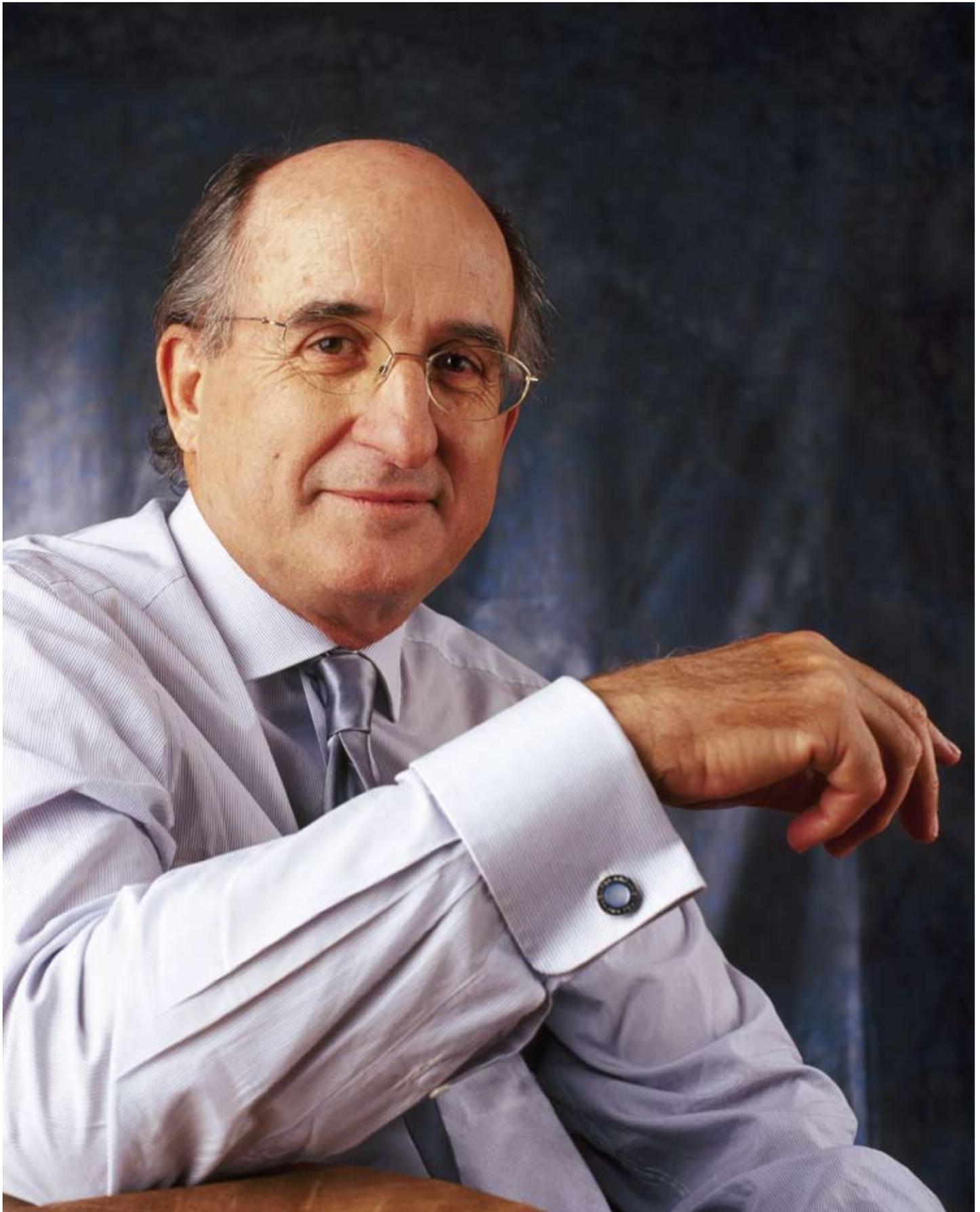
In past decades, the oil and gas industry has striven to provide the world with cheap energy, which we have achieved with outstanding success. Nevertheless, the inconsistencies which have become clear in recent years place us on a collision course with other requirements arising from the new global model that the planet needs.

Oil companies have been slow to act on the signs that this model is coming to an end. We are now at the threshold of change, exemplified by the major factors of growing energy demand, universal access to energy and the fight against climate change.

Energy consumption in the world will increase by around 40% from 2007 to 2030. Most of this

increase will take place in countries with emerging economies. Estimates indicate that the fossil fuel industry will be expected to cover 75% of this increase, which will mean exploring remote regions and developing smaller-scale reserves, under increasingly difficult conditions but with increasingly stringent requirements in terms of sustainability.

Providing the world's poorest people with access to modern energies continues to be a priority issue. Approximately one out of every five people on the planet still lack access to electricity and, according to some predictions, there will be little improvement in the number of people affected by this social injustice over coming decades.



“WE HAVE DEDICATED MORE RESOURCES TO IMPROVING DIALOGUE WITH SOCIAL AGENTS AND THIS EXPERIENCE HAS BEEN EXTREMELY ENRICHING”

Fossil fuel consumption is inexorably linked to CO₂ emissions. Therefore, energy companies should be on the front line in the battle against climate change. It is essential that we provide effective solutions to help maintain levels of greenhouse gases in the atmosphere below 450 parts per million of CO₂ equivalent. Repsol YPF put its Strategy on Carbon and New Energy Sources into place 2009, and this will magnify the results of our contribution to efforts to keep global warming in check.

The new global energy model will mean using every available energy source, which will of course include renewables. These must all be produced and used much more efficiently.

We must break down certain barriers that are preventing adoption of the new global energy model, particularly the poor energy governance and often conservative technological outlook of energy companies. Reinventing the energy model will also mean reinventing the energy company model. We need companies with a comprehensive vision to deal with the energy problem, that are more capable of leveraging

talent and are geared towards the society of the future, enabling them to be seen as allies rather than adversaries in tackling the challenges of our time.

Commitment to technology as the driving force for global change means companies must be willing to change, while simultaneously transforming the sector in which they operate. But it also requires strong support for R&D, from both the public and private sectors. Additionally, the scale of the technology challenges facing us calls for a vision that goes beyond national frontiers.

Carbon capture and sequestration technologies will play a key role in this future. These technologies are considered essential to keeping global warming in check and are a great opportunity for oil and gas companies to contribute their knowledge of drilling, geophysics and subsoil engineering.

The EU and some Latin American countries have agreed medium-term fossil fuel market share objectives, which require heavy

“THE MALE/FEMALE RATIO OF OUR STAFF IS 3:1, BUT THERE IS A GROWING NUMBER OF WOMEN IN THE COMPANY’S GOVERNING BODIES AND AT MANAGEMENT LEVEL”

investment in refining and service station adaptations, which are already underway. We are also carrying out research on second and third-generation 4 biofuels in order to find alternatives to the transport sector’s excessive dependence on fossil fuels.

We believe that our company will only flourish in the future if it incorporates the major commitments of the global society that we form part of, and we are already working to bring this about. Despite the financial crisis, in 2009 we dedicated more resources to improving dialogue with social agents and the experience has been very enriching.

I have often said that Repsol YPF’s employees are the company’s greatest asset. The male/female ratio of our staff is still 3:1, although there is a growing number of women in Repsol YPF’s governing bodies and management. We come from different cultures and countries and speak different languages. We are on the lookout for good professionals, even though their skills may be different, because we strongly believe that the company benefits from what they have to offer.

In reality, Repsol YPF is a community of 41,000 people from more than 30 countries who share common objectives and gladly allow themselves to be governed by our Code of Ethics and Conduct, in the belief that the important thing is not just what we do, but also how we do it.



Antonio Brufau Niubó
CHAIRMAN AND CEO



Milestones

Reduction of emissions

In 2009 we cut 204,334 metric tons of CO₂ equivalent with respect to the levels emitted by *business as usual* scenario, achieving an accumulated reduction of 1,227,263 metric tons of CO₂ equivalent during the 2006-2009 period. The 2009 reductions were 100% verified in line with the ISO 14064 standard.

Strategy on Carbon and New Energy Sources

In June 2009, Repsol YPF approved a new Strategy on Carbon and New Energy Sources that covers activities in the company's different divisions and businesses, which had previously been managed independently, grouping these under a single monitoring system controlled by the Executive Committee, which sets common guidelines and leverages synergies.

Energy Efficiency Policy

At Repsol YPF we approved our Energy Efficiency Policy and committed ourselves to using energy efficiently in our facilities and activities, with the aim of preserving natural resources, reducing atmospheric emissions and helping to offset the effects of climate change.

Intense exploratory campaign

Repsol YPF carried out an intense exploration campaign in 2009, leading to 18 oil and gas findings, including some of the largest made by the sector that year.

Country Corporate Responsibility Committees

In 2009, the Executive Committee agreed to set up Corporate Responsibility Committees the main countries where Repsol YPF operates: Spain, Argentina, Bolivia, Ecuador and Peru. These committees will start operating in 2010.

New People and Organization Executive Department

The People and Organization Executive Department was created in 2009 to give a fresh boost to the company's staff organization and working methods, aimed at ensuring that the company is using the most appropriate human teams, systems and organizational models to ensure its strategy to encourage the professional and personal development of everyone in it is a success.



Corporate Responsibility Management System

In 2009 we developed the concept for a new Corporate Responsibility Management System that will be applied at three levels: corporate, country and operations.

New Regulations for Action in Relations with Indigenous Communities

The regulation governing the policy adopted in 2008 on relations with indigenous communities was approved in 2009, and this is to be applied in every new project undertaken by the company. Repsol YPF has adopted this regulation in order to respect the internationally recognized rights of these peoples.

Fulfillment of the 2007-2009 Corporate Responsibility Master Plan

This plan has involved integrated and coordinated work by various company units to carry out more than 65 actions grouped together in six strategic areas: good governance and ethical conduct; attraction and retention of talent; health and safety; management of environmental impacts; product impact; and dialogue and cooperation with the community.

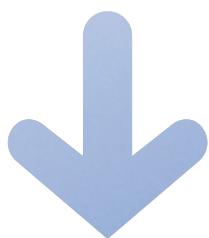
Reduction of our accident rate

Lost time injury frequency (LTIF) (own and contracted personnel) dropped by 22% in 2009 compared to the previous year, reflecting the ongoing downward trend in the accident rate. These good results have allowed us to meet our objectives.

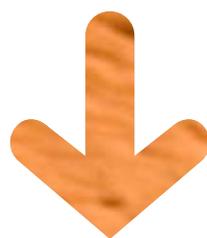
Basic safety rules

In 2009, seven basic rules were approved to prevent the risk situations that cause the greatest number of accidents at our work sites. These rules are mandatory for all Repsol YPF employees and contracted personnel. This set of rules is called: "Seven basic rules that will save your life."

Indicators 2009



Spilled hydrocarbons affecting the ground



Direct CO₂ equivalent emissions



Total energy consumption

Economic

	2007	2008	2009
Investments (million euros)	5,373	5,586	9,003
Investments in R&D (million euros)	77	83	75
% investment in R&D / net profit	2.42	3.25	4.81
Taxes ⁽¹⁾ (million euros)	11,122	11,432	9,986
Net profit (million euros)	3,188	2,555	1,559
Processed materials ⁽²⁾ (million metric tons)	46.6	45.3	41.5
Production ⁽³⁾ (thousand metric tons)	40,696	39,982	36,621
Product sales (thousand metric tons)	49,860	47,086	42,422
Financial aid received from governments (million euros)	107	108	124

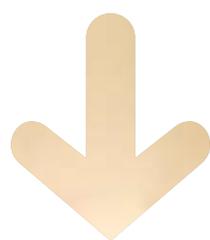
(1) The amounts corresponding to 2007 and 2008 have been recalculated to reflect the taxes accrued from the consolidated losses and gains of the period.

(2) The figure for processed materials refers to refining, marketing and LPG.

(3) Refers to the production of distillates, gasolines, fuel oils, LPG, asphalts, lubricants and others.

Environmental

	2007	2008	2009
Total energy consumption (106 GJ)	344.53	322.56	312.78
Direct CO ₂ equivalent emissions (million metric tons)	27.211	26.466	24.701
Atmospheric emissions of SO ₂ , NO _x , NMVOCs, CO and particles (metric tons)	275,913	253,681	227,360
Distribution of biofuel (kt)	148	208	474
Hydrocarbon spills affecting the land (metric tons)	919	776	688
Environmental investments (million euros)	195	263	246
Water withdrawal (kilotons)	125,167	118,815	115,266



Frequency rate of accidents involving sick leave



Hours of workplace health and safety training



Number of disabled employees



Social investment

Social

	2007	2008	2009
Total number of people at Repsol YPF ⁽⁴⁾	36,700	36,302	41,014
Lost time injury frequency (LTIF) (own and contracted personnel) ⁽⁵⁾	2.4	1.8	1.4
Hours of workplace health and safety training	216,300	153,524	234,460
Number of fatalities ⁽⁶⁾	12	11	9
Number of fatalities, excluding traffic accidents	7	6	3
% people covered by collective agreement ⁽⁷⁾	Not available	63	62
% female employees ⁽⁷⁾	Not available	26	26
% women in management positions ⁽⁷⁾	Not available	10	11
Number of women on the Board of Directors	1	1	2
Turnover in absolute terms ^{(7) and (8)}	Not available	8.48	7
Investment in training ⁽⁷⁾ (million euros)	Not available	17.90	13.02
Hours of training per employee ⁽⁷⁾	Not available	29.94	30.31
Number of disabled employees ⁽⁹⁾	369	422	544
Number of disabled employees who telework	Not available	130	516
Social investment (million euros)	32.30	29.41	31.20
% social investment / net benefit	1.01	1.15	2.00
% local purchases / total purchases	78.4	82.9	84.4
Number of audits made to contractors and suppliers	744	647	947
Expenditure on private and public security (million euros)	Not available	Not available	43.1
Number of communications received by the Ethics Committee directly or indirectly related to the Ethics and Regulation	39	13	26
Number of dismissals relating to failure to comply with the Code of Ethics and Conduct	Not available	Not available	38

(4) The total staff figure is for the consolidated Repsol YPF Group.

(5) Number of fatalities plus Lost time injuries/million hours worked.

(6) Number of accidents suffered by own and contracted personnel.

(7) Personnel data corresponding to 2008 and 2009 has been recalculated to include only staff from companies directly managed by Repsol YPF. For this reason, 2007 data are not available.

(8) Total cases of sick/injury in the company/accumulated average staff.

(9) The figure for social investment in 2008 has been corrected and recalculated from €29.89 million to €29.41 million.



Repsol YPF worker on the Casablanca platform in the Spanish Mediterranean.

Repsol YPF, our company

There are already two women on our Board of Directors. We have invested 4.81% of net profit in R&D. Several of the sector's most significant exploratory discoveries in 2009 were made by Repsol YPF. We have successfully concluded our first Corporate Responsibility Master Plan.



Progress on the objectives set for 2009

Planned activities

To make progress on updating the company's Risk Map.

Degree of progress 2009

The group's Risk Map has been reviewed and updated.





Repsol YPF's headquarters in Madrid (Spain).

Corporate governance

As part of the ongoing process to ensure the principles of corporate governance are adapted to be in line with best practices, the company carried out the following actions in 2009:

- Repsol YPF has fully complied with 45 recommendations of the Unified Code of Good Governance of the Spanish National Securities Market Commission (CNMV), which must be fulfilled by the companies listed on its Annual Corporate Governance Report (IAGC).
- In line with its role to ensure that the selection processes used in new job vacancies are not affected by implicit discriminatory bias and that women meeting the desired professional profile are deliberately sought and included among potential candidates, the Nomination and Compensation Committee of the Board of Directors proposed the appointment of María

Isabel Gabarró Miquel as Independent Outside Director to fill the vacancy created by the resignation of Antonio Hernández-Gil Álvarez-Cienfuegos. This proposal was approved by the General Shareholders' Meeting held on 14 May 2009.

The Board of Directors is made up of 16 directors, of whom two are executive directors, six are institutional outside directors and eight are independent outside directors.

Governing bodies in terms of corporate responsibility

In line with the recommendations of the Unified Code of Good Governance and

the importance that Repsol YPF places on creating value for all its stakeholders in a sustainable, transparent and responsible manner, the full Board of Directors has the power to approve Repsol YPF's corporate responsibility policy. The Strategy, Investment and Corporate Social Responsibility Committee of the Board of Directors sets and guides Repsol YPF Group's corporate responsibility policy, objectives and guidelines, informing the Board of Directors about this area. Additionally, the Audit and Control Committee of the Board of Directors is responsible for setting and guiding the Repsol YPF Group's safety and environment policy, objectives and guidelines.

Evaluation of the Board of Directors

In general, the Board and its committees are evaluated on an annual basis by the Board of Directors itself, without the involvement of third parties external to the company.

Repsol YPF's Board of Directors met 11 times and its committees held 21 meetings in 2009 (see table).

In 2009, the Board of Directors met four times without the full attendance of all members⁽¹⁾. The percentage of non-attendances out of the total number of votes cast during the period was 2,273.

At the latest available date, the most significant holdings in the share capital of Repsol YPF were the following:

Governance Bodies	Number of meetings
Board of Directors	11
Delegate Committee	5
Audit and Control Committee	10
Nomination and Compensation Committee	4
Strategy, Investments and Corporate Social Responsibility Committee	2

Shareholder	Total % of share capital
Sacyr Vallehermoso, S.A. ⁽²⁾	20.01
Criteria CaixaCorp, S.A. ⁽³⁾	14.31
Petróleos Mexicanos ⁽⁴⁾	4.81

(1) The Sacyr Vallehermoso stake is held by Sacyr Vallehermoso Participaciones Mobiliarias, S.L.

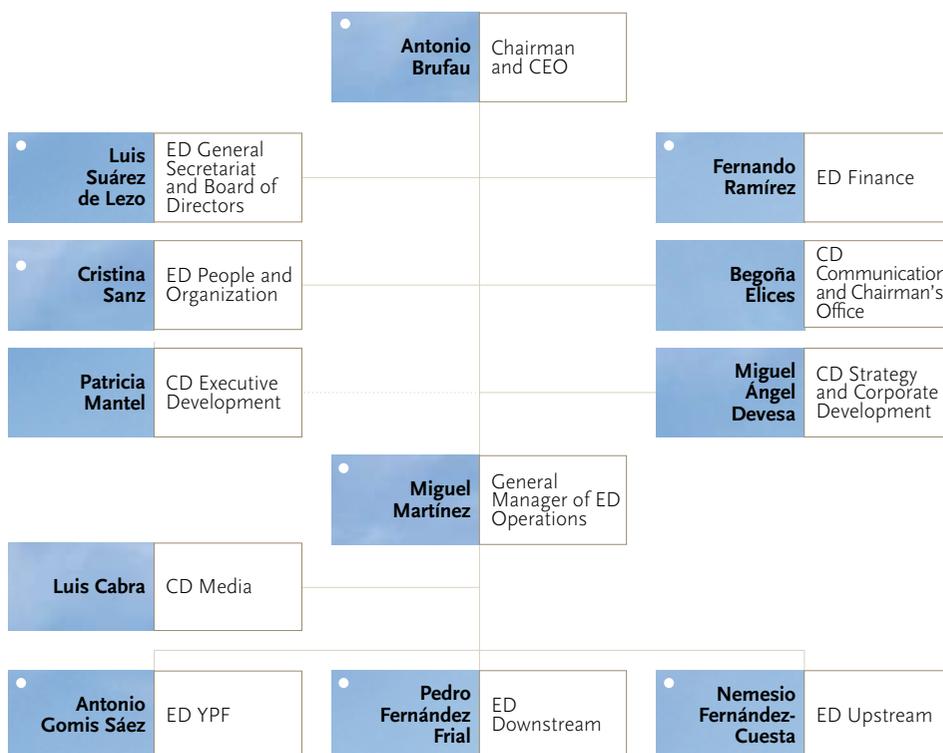
(2) Criteria CaixaCorp, S.A. holds 9.28% directly and 5.02% indirectly through Repinves, S.A. (company in which Criteria CaixaCorp, S.A. has a 67.60% interest).

(3) The shareholding of Petróleos Mexicanos (Pemex) is held through Pemex Internacional España, S.A. and through several equity swap instruments with certain financial institutions that provide Pemex with the financial rights and the exercise of voting rights up to 4.81% of the company's share capital.

TOP EXECUTIVE LEVEL OF REPSOL YPF

In February 2009 the Board of Directors approved a series of changes at the top executive board level of the company with the aim of simplifying and concentrating the executive team, improving coordination

between Repsol's strategic businesses and gaining efficiency in management processes. The new organization reduced the number of Directions by three.



(1) Representations made without specific instructions are also considered non-attendances.

○ Management Committee members



Details of Repsol YPF's facilities in the Puertollano industrial complex (Spain).

Our activities

Upstream

Exploration and Production

Description: range of hydrocarbon exploration, development and production activities. Repsol YPF uses the most advanced technologies to find new hydrocarbon deposits in the Upstream area. The major findings of 2009 resulted from using these technologies in an effective way.

Key actions in 2009:

18 oil and gas findings, which include some of the largest made by the sector. Special mention must be made of the Perla 1x well in Venezuela, which has been confirmed as the greatest gas finding in the history of Repsol YPF and the largest made in this country. Other important discoveries have also been announced in Brazil and the Gulf of Mexico (USA), as well as the historic first findings off the coast of Morocco and Sierra Leone.

Liquefied Natural Gas (LNG)

Description: range of natural gas liquefaction, transport and regasification activities. Repsol YPF carries out integrated LNG projects that involve

natural gas exploration and production, building liquefaction and regasification plants and marketing LNG.

2009 highlights: in Peru the gas liquefaction plant (LNG) project is concluding, and in Canada, the Canaport LNG regasification plant is to be inaugurated in September, it is the first of its type to be built on the eastern coast of North America.

Exploration in difficult areas

The geophysical technology developed in the Kaleidoscope project places Repsol YPF at the forefront of exploration in difficult areas. The objective is to improve the degree of reliability of subsoil images and reduce uncertainty in the search for oil and gas. The techniques developed in the Kaleidoscope project can be used at thousands of meters deep in complex areas with large reserves, such as the US Gulf of Mexico and Brazil, where thick salt layers hide the geological structures of the subsoil.

Downstream

Description: range of refining, logistics and marketing activities focused on crude oils and oil refining products, including liquefied petroleum gases (LPG) and petrochemical products, both in the wholesale and retail markets.

Key actions in 2009: the range of Downstream businesses made a considerable effort to adapt their activity to the international context, which has allowed us to operate effectively at a time when the world has been going through a particularly complex period. Work has continued on expanding the Cartagena and Muskiz (Spain) refineries.

Strategic interests

Repsol YPF has two strategic interests:

- YPF, with an operated interest of 85%.
- GGas Natural SDG, with a non-operated interest of 30%.



How do we manage risk?

Risk management is an ongoing identification and control process. In 2009, the Repsol YPF Group's Risk Map was revised and updated. It defines five risk categories.

- Market risks.
- Financial risks.
- Strategic and economic risks.
- Operational risks.
- Regulatory and compliance risks.

The following risks are included under the operational risks category:

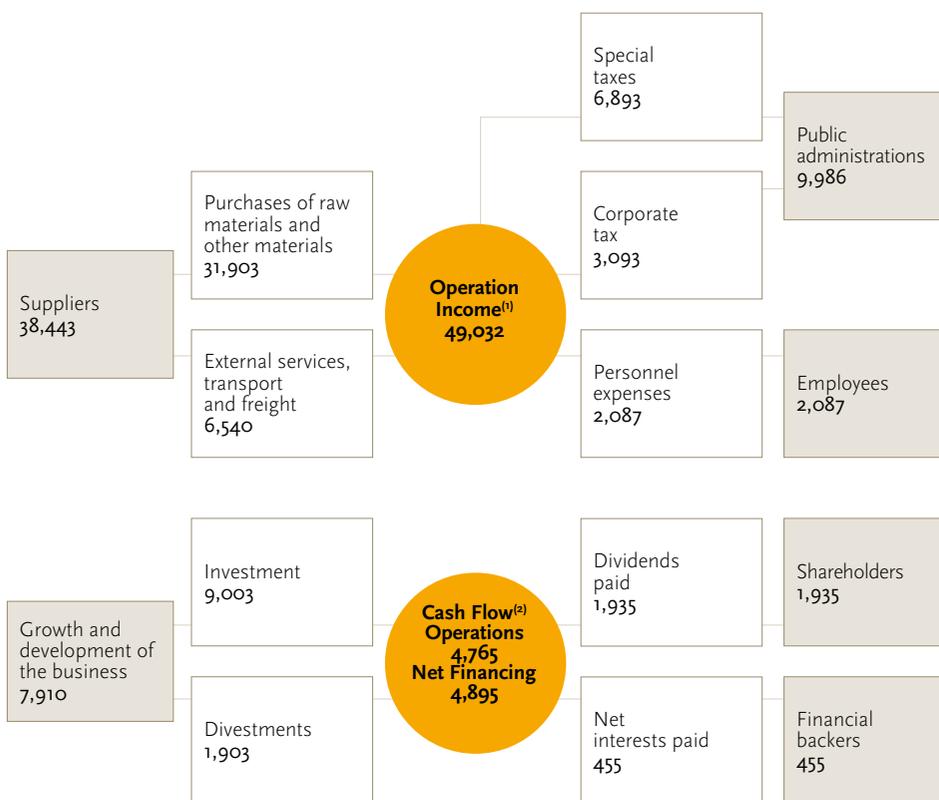
Reputational risks: which can harm, damage or cause the loss of the company's reputation. The corporate departments and related business units are responsible for managing these risks.

Ethical and conduct risks: failure to comply with ethical principles may lead to sanctions, litigation and claims; loss of market value, brand image, reputation, partners, clients and suppliers; or damage relations with governments and authorities, even affecting our ability to continue our operations.

Safety and environmental risks: these relate to accidents associated with the company's operating activities. Management of these risks is fully integrated into the different business units through implementation of the safety and environmental management system, and insurance.

How do we distribute value?

The distribution of value to Repsol YPF's stakeholders gives an idea of the impact of the business activities on society at large. This can be clearly seen in the data below (Dates in Million Euros):



(1) The operating income graphic is based on the consolidated profit and loss account.
(2) The cash flow chart is based on the consolidated cash flow statement.

Innovation and Technology

Repsol YPF invests in research and development (R&D) ⁽¹⁾ to help bring about a more efficient, competitive and sustainable energy model that can meet the major challenge facing our sector: satisfying the growing demand for energy while keeping the pressure placed on the environment and climate in check.

Given the uncertainties about the predominant technologies of the future, the time period within which R&D projects will come to fruition, economic cycles and the cost-cutting tensions at low points in the cycle, Repsol has prepared a Strategic Technology Plan as part of its business strategy.

The lines of work set out in the plan cover all Repsol YPF's traditional businesses and alternative avenues for energy production and use, such as biofuels and the electrification of transport.

Technology prospection studies

Repsol YPF systematically carries out prospection studies to identify long-term opportunities for the main technologies of the energy sector in fields such as bio-energy, future combustion engines, the electrification of transport, hydrogen as an energy vector, renewables and CO₂ capture and storage.

These studies allow us to develop new skills and direct the lines our research will follow.

Registration of inventions

In 2009, the company applied to register patents for inventions developed in areas such as catalysts for optimizing existing processes or developing new processes;

⁽¹⁾ Information is provided in this Corporate Responsibility Report on the different R&D activities carried out by Repsol YPF to meet the challenges of sustainable development and to help maintain responsible relations with our stakeholders.



The MareNostrum supercomputer in Barcelona forms part of the Kaleidoscope project.

for the synthesis of new polymers or polymer applications; production of biofuels; new by-products and their applications; improvement of asphaltting processes; optimization of environmental technologies and natural gas liquefaction processes.

External collaboration

Repsol YPF maintains an active collaboration policy with technology centres and public and private universities, both national and international. The 2009 budget earmarked for these types of agreements stood at more than €8 million in 2009. The company has also increased its participation in consortia with other companies for competitive development of new technologies.

Resources for creating value and knowledge

The role of Repsol YPF's Technology department is to use R&D&I to create value and knowledge and provide technical support for the company's production processes and products. The company's main asset is the knowledge and technological capacity of the more than 380 technicians and researchers responsible for its technological development over the short, medium and long term and ongoing improvements in efficiency and the technical and environmental quality of its processes and products. These activities are programmed in close collaboration with the company's business units. Repsol YPF has two technology centers located in Móstoles (Spain) and La Plata (Argentina).

Participation in R&D financing programmes in 2009

Projects in Spain	18
Projects in the European Union	8

R&D investments

In 2009, Repsol YPF invested a total of €65 million in R&D activities directly carried out at the Móstoles and La Plata technology centers, as well as a further €10 million relating to projects carried out in some of the company's other business units.

The 2009 budget earmarked for these types of agreements stood at more than €8 million. The company has also increased its participation in consortia with other companies for competitive development of new technologies.

R&D investment 2007	2007	2008	2009
Investment (million euros)	77	83	75
Investment in new energy sources as an alternative to fossil fuels (million euros)	3.6	4	4
Percentage of research in new energy sources	4.7%	4.8%	5.3%
R&D investment as a percentage of net profit	2.42%	3.25%	4.85%

Awards 2009



• “Energy Company of the Year” Prize awarded by the publication Petroleum Economist.



• “Global Business Leader Award”, awarded to the Chairman and CEO of Repsol YPF, Antonio Brufau, by the US Chamber of Commerce in Spain.



• “Gold Class” company rating awarded by the 2010 Sustainability Yearbook.



• “Best in Class” company rating awarded by the oil and gas sector, based on the Dow Jones Sustainability Indexes.



• “Best Commercial Technology of the Year” Prize awarded for the Kaleidoscope project during the 2009 Platts Global Energy Awards.

Objectives 2010

Develop Repsol YPF's 2010-2012 Corporate Responsibility Plan.

Approve and implement the operating regulation for corporate responsibility, which includes implementation of the corporate responsibility model at three levels: corporate, country and operations.

Set up corporate responsibility committees in Spain, Argentina, Ecuador and Peru.

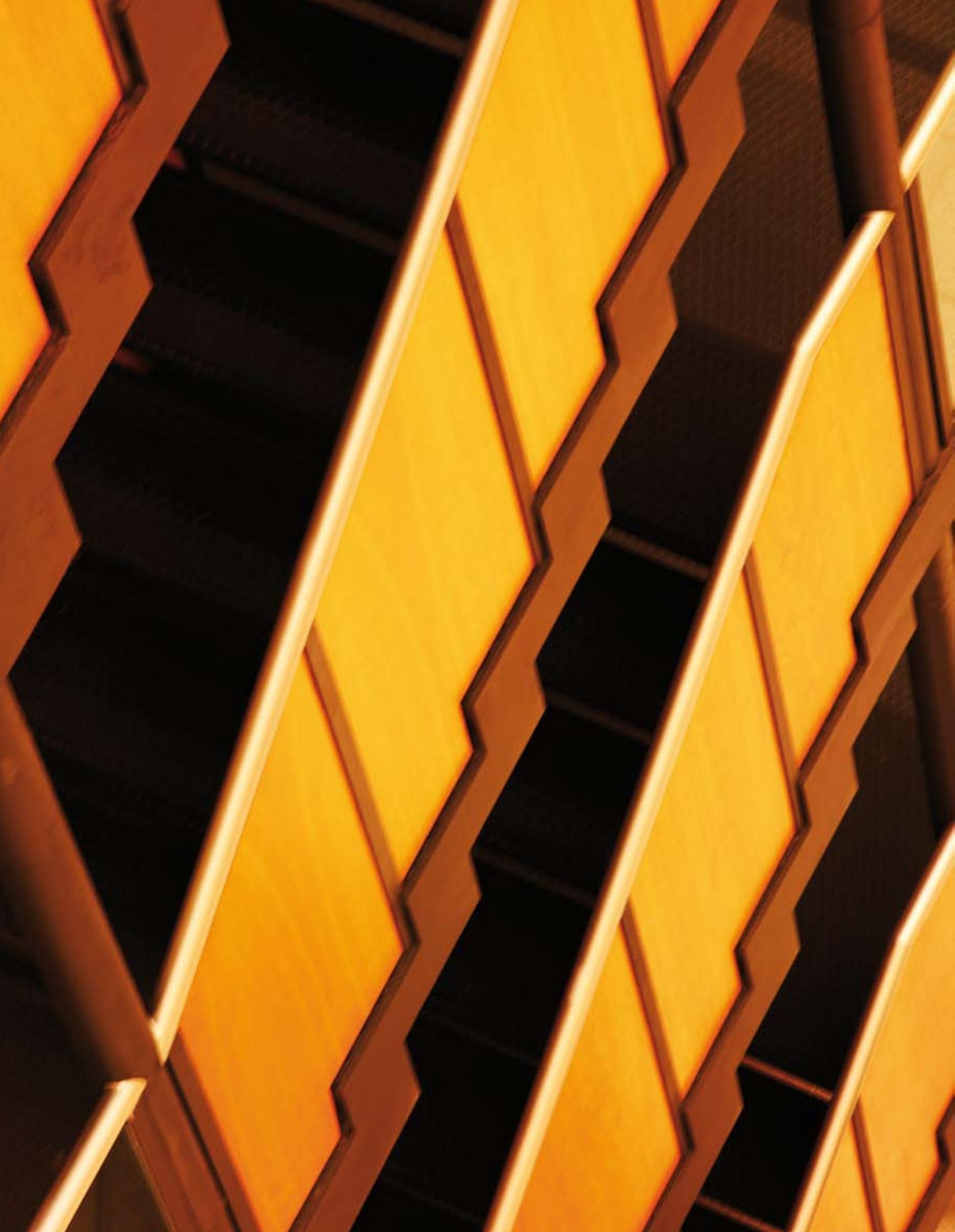
Corporate Responsibility is strategic

In 2009, the final actions of the 2007-2009 Corporate Responsibility Master Plan were carried out, thereby fulfilling the commitments taken on by the company in 2007. The plan included nine programs grouped into six strategic strands, comprising good governance and ethical conduct; attraction and retention of talent; health and safety; management of the environmental impact of operations; and product impact and dialogue and cooperation with the community.

Over this three-year period, all the corporate areas and business units have been involved in implementing these actions, modifying or developing internal processes aimed at fulfilling our stakeholders' expectations. The 2007-2009 Master Plan helped us to move forward on integrating corporate responsibility into the company's business model and provided valuable experience that will help ensure that the next Master Plan, which we are currently working on, is even more effective.

In 2009, Repsol YPF's Corporate Responsibility Committee approved the strategic programs of the new 2010-2012 Corporate Responsibility Master Plan. The new plan will build on existing achievements, helping the company to tackle its new challenges. The plan defines new strategic and cross-cutting programs based on analysis of stakeholder expectations, the lessons learned from the previous plan and the current and medium-term economic and social context.

The go-ahead was also given in 2009 for setting up corporate responsibility committees in those countries where Repsol YPF has its most diversified operations: Spain, Argentina, Bolivia, Ecuador and Peru.



Our challenges



Sustainable energy and climate change

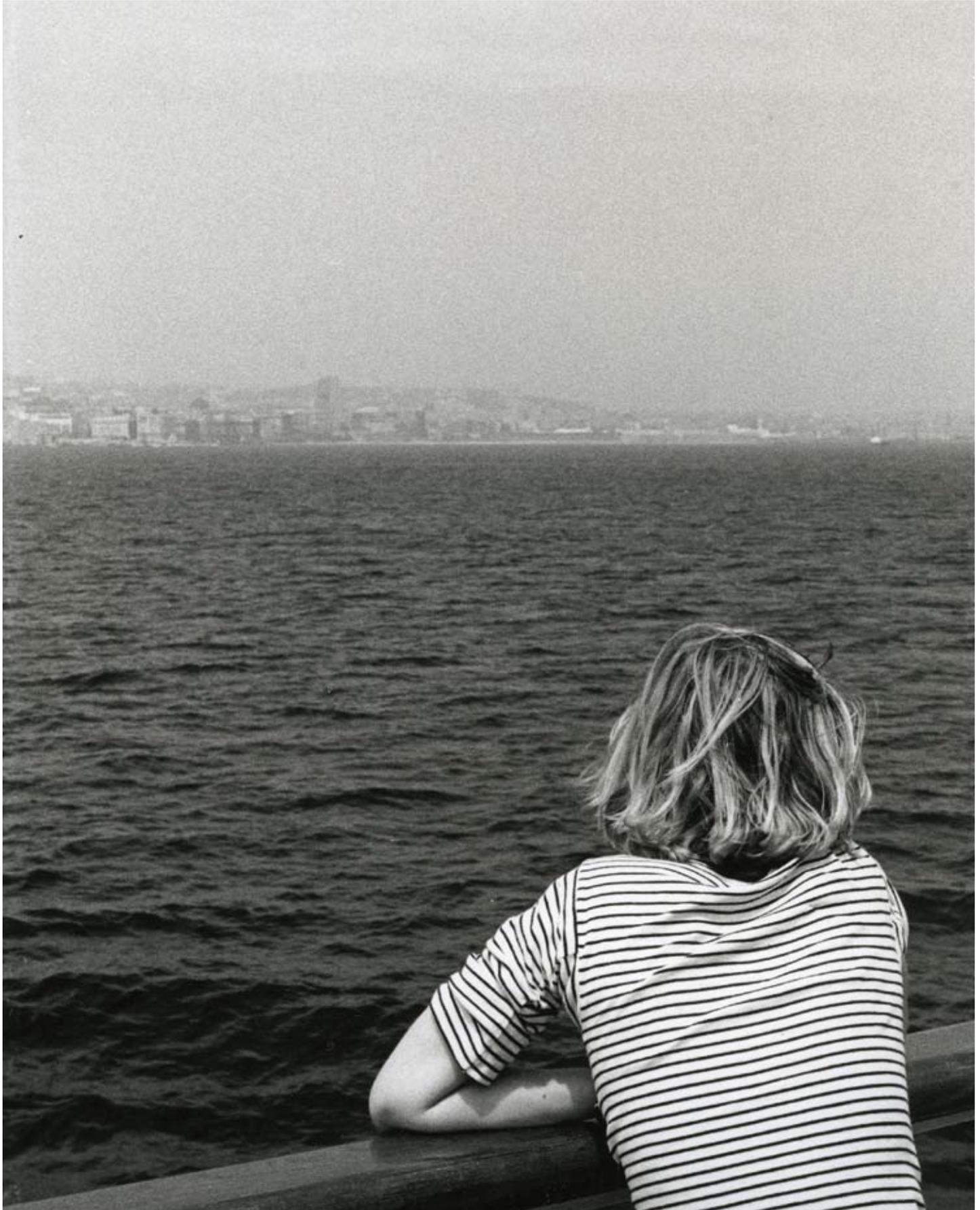
Ethics, transparency and the fight against corruption

Respecting and promoting human rights

Commitment to safety

Environmental impact management

Protecting biodiversity



Sustainable energy and climate change

In June 2009 the company approved a new Strategy on Carbon and New Energy Sources, which brings together all of the programmes that the company has already been carrying out to meet the challenge of providing a responsible energy supply, and establishes new action plans.

Update on 2009 objectives



Planned activities

Reduction of 2.5 million metric tons of CO₂ equivalent from 2005 to 2013 with respect to the *business as usual* scenario.

Verification, according to the ISO 14064 standard, of the greenhouse gas (GHG) inventory and the actions to reduce these emissions.

Programmes and audits for improving energy efficiency.

R&D project: CO₂ capture and storage (CCS).
Geological storage.

R&D project: Turning CO₂ into biomass for energy use.

Degree of progress 2009

Reduction of 204,334 metric tons of CO₂ equivalent compared to the 235,000 metric tons planned as the annual objective. The reduction accumulated during the 2006-2009 period amounts to 1,227,263 metric tons of CO₂ equivalent (49% of the total strategic objective for 2005-2013).

Expanding the scope of ISO 14064 verification of the GHG emission inventory at the La Pampilla (Peru) refinery and the reduction actions involving the other refining activities in (Argentina and Peru). With this new scope, the company has already carried out 53% of its annual CO₂ inventory and 100% of the CO₂ reductions quantified in 2009 and verified according to this standard.

Approval of the company's new Energy Efficiency Policy.
Implementation of energy efficiency programmes in different Repsol YPF businesses.

Carried out energy efficiency audits at the plants of seven industrial refining centres worldwide, four chemical centres in Spain, Argentina and Portugal, three exploration and production facilities in Argentina and 100 service stations in Spain.

Completion of the studies on CO₂ capture costs for the Muskiz and Puertollano (Spain) refineries, including study of different technologies. Subsoil structures identified that could be safely used for the geological storage of CO₂ at regional level. Participation in the NanoGLOWA and TOPCOMBI projects.

Development of methodologies, execution of studies and construction of facilities as part of the SOST CO₂ project (see case study).

Evolution of the international framework

In December 2009, the 15th United Nations Summit on Climate Change (COP15) took place in Copenhagen.



The document finally agreed, the Copenhagen Accord, was drafted by Brazil, China, the USA, India and South Africa and was accepted as a political agreement by most countries. However, since it was not agreed by the 193 United Nations Member States, it could not be considered a legally binding agreement. The most important aspects of the Copenhagen Accord are:

- Acceptance of the scientific view that postulates that, in order to prevent the most harmful effects of climate change, the rise in global temperatures should remain below 2° C.
- The commitment of countries included in Appendix I of the United Nations Framework Convention on Climate Change to implement, individually or jointly, quantified emission reduction objectives. These countries undertake to strengthen the obligations they assumed during the 2008-2012 period.
- The countries not included in Appendix I will implement emission reduction actions known as Nationally Appropriate Mitigation Actions (NAMA). These actions will be monitored, verified and reported.

The negotiations on a binding United Nations legal framework will continue in 2010 and will focus on the principles

of the Copenhagen Accord, as well as agreement on the quantified emission reduction objectives. The European Commission, meanwhile, is promoting a series of measures to increase energy efficiency and mitigate climate change. In this regard, the Climate and Energy Package approved in December 2008 represents a crucial legal framework and decisive step forward towards promoting and developing renewable energy sources. Among other measures,

it contains the European directive on the promotion of the use of energies from renewable sources, which sets the objective of 20% of total consumption being provided by renewable energies by 2020, with binding commitments for each of the EU Member States.

Repsol YPF signs the Copenhagen Communiqué

The Copenhagen Communiqué on Climate Change was an appeal by 960 international companies calling on the world's political leaders to reach an ambitious, effective and fair agreement at the 2009 Summit on Climate Change (COP15).

This communiqué was aimed at establishing the following guidelines, among others, in the agreement to be signed in December:

- A long-term plan to reduce the emission of greenhouse gases between 2013 and 2050.

- A commitment on the part of developed countries to reduce their emissions more than the global average.
- A commitment on the part of developing countries to reduce their emissions in line with their responsibilities and possibilities.





Our response: Strategy on Carbon and New Energy Sources

This new strategy brings together the activities carried out in different areas and businesses of the company, until now managed independently, grouping them in a single monitoring system controlled by the Executive Committee, which leverages synergies and establishes common guidelines. It is also the most suitable action framework for launching and developing new ideas relating to the challenges of sustainable energy and climate change.

The strategy's areas of action include the contents of the Carbon Plan previously developed by the company while also establishing new actions plans. It is based around five main pillars: energy efficiency, carbon markets, biofuels, CO₂ capture and storage and new energy sources.



Energy efficiency

What we do

Our energy efficiency strategy aims to reduce both CO₂ emissions and operating costs. In accordance with the Energy Efficiency Policy approved in 2009, we have boosted our efforts to rationalize energy use in order to ensure our energy management systems are in line with the latest standards.

Our strategy is based on a threefold long-term objective: to identify and constantly update the existing savings potential, to establish quantified energy efficiency objectives and to ensure that these objectives are achieved. To this end, a corporate Energy Management System has been implemented.

The identification of energy saving potential, which involves methods such as audits and energy studies, orients the objectives and action plans set. The monitoring of action plans and the degree to which objectives are met is carried out using energy consumption and efficiency indicators specially developed for this purpose.

2009 results and 2010 objectives

We approved Repsol YPF's Energy Efficiency Policy.

We carried out energy audits at seven refineries in Spain, Argentina and Peru; four chemical plants in Spain, Argentina and Portugal; more than 100 service stations in Spain; and we started up an audit program in four hydrocarbon reservoirs in Argentina. During 2010 we will continue with the development of energy efficiency programs and audits.



Carbon markets

What we do

The strategy for our emission rights portfolio encompasses activities in emission markets focusing on regulated markets, markets within international mechanisms and participation in carbon funds. We are also continuing to develop internal Clean Development Mechanism (CDM) projects and collaborating in external projects. These contribute to technology and knowledge transfer and, when generated internally, also help to reduce consumption, improve energy efficiency and achieve GHG emission reduction objectives. In order to identify and develop internal CDM projects, we have implemented a sequential analysis process (Emission Reduction Opportunities Catalogue) that involves identifying reduction opportunities, evaluating these by means of feasibility studies, recommendations reports and subsequent development of these as CDMs.

2009 results and 2010 objectives

The company has considerably increased its actions in emission markets. The volume of our European Union Allowance (EUA) and Certified Emission Reduction (CER) operations grew in 2009, partly due to structured operations that have added value to the group's position.

In terms of external CDM projects identified in developing countries, one of the most important is the acquisition of CERs to be generated between January 2010 and March 2013 by means of a landfill site gas recovery project in São Jose dos Campos (Brazil). In 2010, the company will increase its participation in external CDMs in order to offset compliance costs in regulated markets.



Biofuels

What we do

Repsol YPF has 15 years of experience in biofuel research, development and marketing, which has made us a major biofuel distributor worldwide and an active player in the development of advanced biofuels.

We have been EU leaders in including ethyl tert-butyl ether (ETBE) from bioethanol in gasoline and we add biodiesel to conventional diesel, amply fulfilling all our regulatory obligations. The action plan for the biofuel strategy includes carrying out major research work with companies, universities, R&D centres and government bodies to develop second-generation biofuels.

2009 results and 2010 objectives

In 2009, Repsol YPF distributed 98,000 metric tons of bioethanol equivalent in gasoline and 376,000 metric tons of biodiesel, accounting for approximately 3.3% of total fuel sales. Our objective for 2010 is to distribute one million metric tons of biodiesel.

In partnership with Renault, we have designed a new BioDiesel e+30 for light vehicles and, in collaboration with Iveco España and FCC, Biodiesel B15 and B30 for heavy vehicles.

In terms of R&D&I, we must highlight our participation in the Research Project for the Promotion of Biodiesel in Spain (PIIBE), developed by the National Strategic Consortium in Technical Research (CENIT), and the vegetable oil co-processing tests conducted at the Puertollano refinery.



CO₂ Capture and Storage (CCS)

What we do

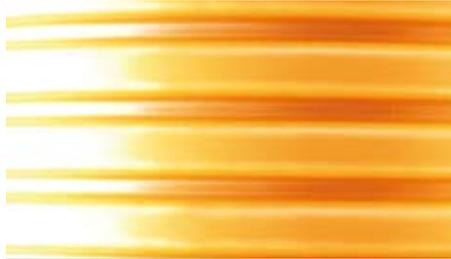
CCS consists of capturing CO₂ from a source, compressing, transporting and injecting it into subterranean geological structures in order to effectively confine it over a long period of time or transform it into biomass and chemical compounds.

Repsol YPF's main objective in terms of CCS is to evaluate the projects that have the greatest potential within our operations and implement them whenever technically and financially viable.

2009 results and 2010 objectives

In 2009 we completed a study on CO₂ capture costs for the Muskiz and Puertollano refineries, with an analysis of different technologies. We also identified subsoil structures that could be safely used for the geological storage of CO₂ at regional level. In terms of prospection and technology monitoring, we have carried out an in-depth study into membrane technology for CO₂ capture and how this could be used in Repsol YPF's processes. With regard to joint projects, we took part in the European projects NanoMembranes Against Global Warming (NanoGLOWA) and Towards Optimised Chemical Processes and New Materials by Combinatorial Science (TOPCOMBI), and in the SOST CO₂ project carried out by the CENIT.

In 2010 we will carry out studies on CO₂ capture at the Cartagena refinery, transport technologies, use of CCS technology in the Upstream business and basin-level subsoil studies.



New energy sources

New transport vectors

What we do

Our objective is to be a leader in energy supply for transport over the long term too, and so in 2009 we carried out studies on automotive vehicle technologies looking ahead to 2020 and 2030, which will help us to position our company well with respect to new hybridisation and vehicle electrification technologies. We also signed an agreement with the Basque Energy Agency to create an electric vehicle charging network in the Basque Country.

We promoted automotive LPG or Autogas, the most widely used alternative fuel in the world, by adapting our service stations and by signing agreements with vehicle manufacturers, governments and companies to supply LPG to their fleets.

2009 results and 2010 objectives

By the end of 2009, 39 of our service stations had been adapted to supply Autogas in Spain, 54 in Portugal and more than 130 inhouse client self-service facilities, and this number will grow thanks to the agreements signed with the Madrid City Council to supply Autogas to the mobile intensive surveillance units (ISU) of the Municipal Emergency and Civil Rescue & Protection Service (SAMUR), with the Confederación Nacional de Autoescuelas (National Confederation of Driving Schools) and Chevrolet, among others.

The technical and economic feasibility of the charging network project will be evaluated in 2010. Other interesting initiatives on methodologies for evaluating charging points are underway at the Repsol Technology Centre and the car park at the company's future headquarters.



Renewables

What we do

Our analysis of energy models in the broadest sense and the role of renewables in the future energy scenario leads in to considering possible diversification strategies in our energy mix. Although energy from fossil sources will continue to predominate at world level, it will do so alongside substantial growth in energy from renewable sources, which is also heavily supported as a result of the commitments taken on by many countries to tackle energy and climate changes challenges.

2009 results and 2010 objectives

In 2009, we carried out the technology prospection studies *The future of energy technologies until 2030* and *Repsol YPF's position on renewable technologies*, which enable us to analyse and identify the synergies between new renewable energy sources and the activities of the operations, products and services of our current businesses. At the end of 2009, Repsol YPF had 300 MW of installed wind and mini hydraulic energy capacity through our interest in Gas Natural SDG-Unión Fenosa, with renewable power generation capacity of 627 GWh. In 2010 we will undertake new technology development projects to integrate renewables into our activities, making up the first ever specific renewable energy technology portfolio. In relation to this, Repsol YPF plans to launch the SolarGas energy solution in 2010, which promotes the use of LPG to back up solar power.

Our emission reduction objective

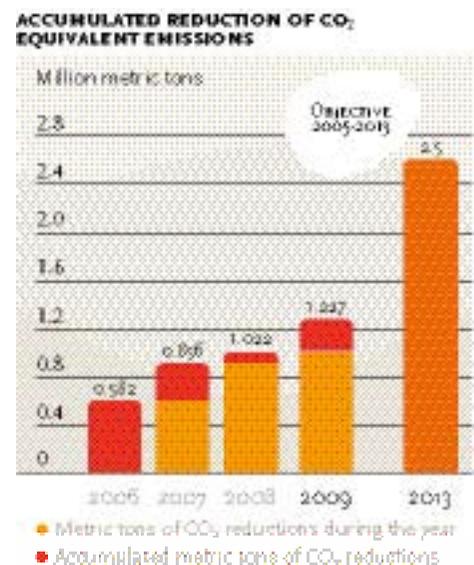
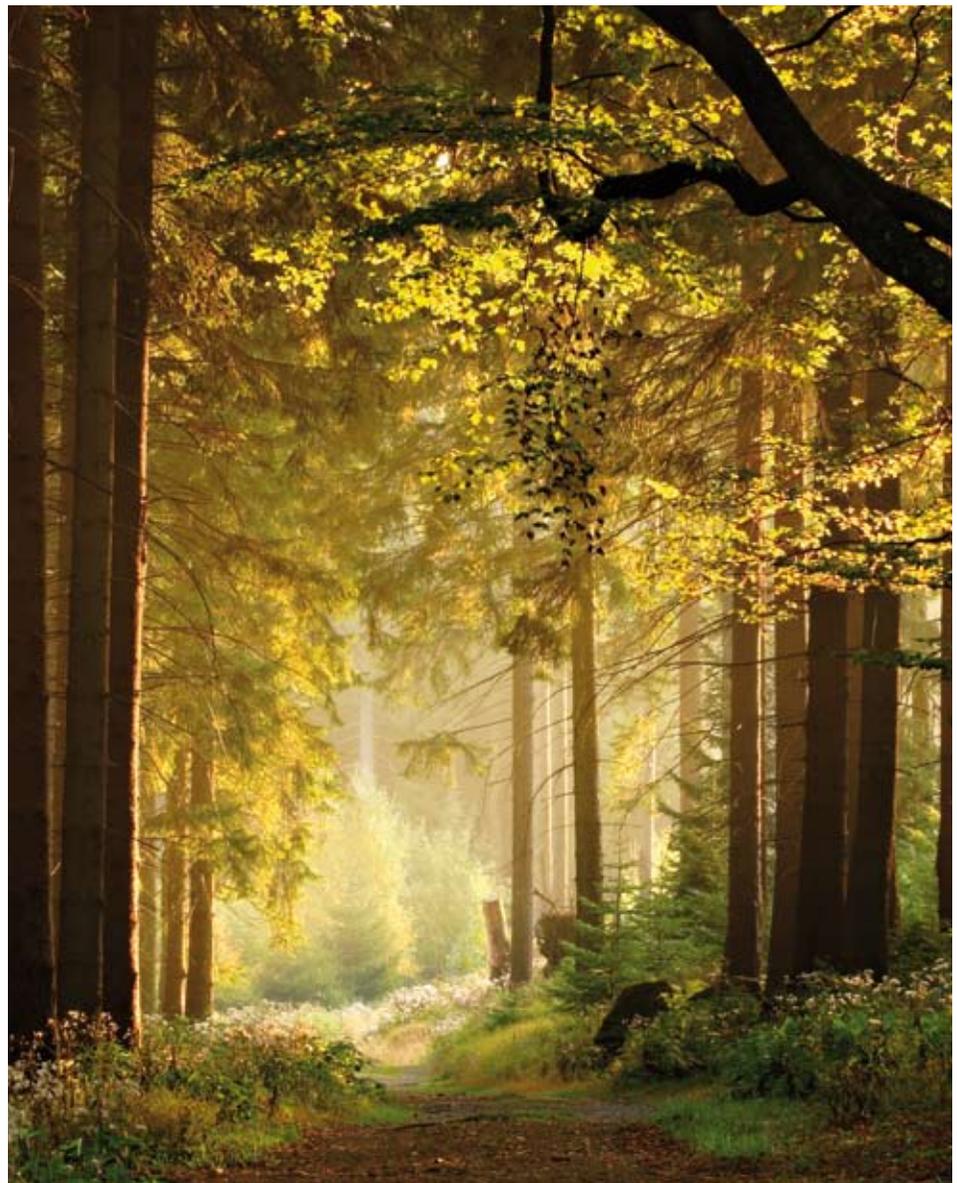
We set annual emission reduction targets linked to meeting the strategic objective, and these are approved by the company's Executive Committee. They form part of the annual targets set for Repsol YPF employees, whose salaries fluctuate according to their success in achieving these goals.

We achieved our previous strategic emission reduction objective of one million metric tons of CO₂ for the 2005-2012 period four years ahead of time in 2008. For this reason, we have set a new strategic goal: to cut 2.5 million metric tons of CO₂ equivalent during the 2005-2013 period with respect to the *business as usual* scenario.

In 2009 we continued to reduce CO₂ emissions. However, the market situation during the year unabled us to implement all the planned reduction actions. Overall, we have achieved a reduction of 204,334 metric tons CO₂ equivalent over the past year, 13% less than the objective set (235,000 metric tons).

With the reductions we achieved in 2009, the accumulated result of all the actions put in place between 2006 and 2009 stands at 1,227,263 metric tons of CO₂ equivalent (49% of the total strategic objective for 2005-2013).

It is important to note that 100% of our CO₂ reductions in 2009 were verified according to the ISO 14064 standard, an improvement over the previous year, when 79% of total reductions were verified.



Our position on climate change

Repsol YPF shares society's concerns about the effects of human activity on the climate.

Despite some doubts about the scale of these impacts in the future, Repsol YPF believes in erring on the side of caution by limiting the atmospheric emissions of greenhouse gases (GHG) from its operations and products, using sustainability criteria including technological and economic feasibility.

Repsol YPF has stated its willingness to collaborate with the governments of countries where it operates to help ensure compliance with international commitments under the Kyoto Protocol and subsequent ones, and to provide constructive help in drafting new regulations. For many years our company has placed great focus on such efforts and maintains its commitment to the future through specific initiatives designed to help limit the impact of its operations and the use of its products. These actions are encompassed in Repsol YPF's Strategy on Carbon and New Energy Sources (ESCANER):

- Direct reduction of GHG emissions, mainly by improving the energy efficiency of our production operations.
- Support for and implementation of market-based instruments that optimise the costs of complying with emission reduction commitments. Repsol YPF is committed to consolidating Clean Development Mechanisms (CDM) as an efficient means of achieving emission reduction targets, while also contributing to technology transfer and countries' sustainable development.
- Development and marketing of improved fuels and biofuels for transport purposes to help our clients travel more efficiently while causing lower global GHG emissions.
- To research and demonstrate the potential of new technologies that could help to reduce the impact of energy production and use on the climate, such as CO₂



capture and storage, the next generation of biofuels made from non-food raw materials, or future vehicles and energies for transport.

We at Repsol YPF firmly believe that technological innovation and development are essential to ensuring reliable and sustainable energy supplies over the long term. Climate change is a global problem and Repsol YPF is fully committed to doing its part to face up to the challenge this poses.

Energy efficiency policy

“Repsol YPF pledges to use energy efficiently in its facilities and activities in order to preserve natural resources, reduce atmospheric emissions and help to offset the effects of climate change.

The company's Management will lead and promote energy efficiency programmes, ensuring that the organization works in line with the principles established within this policy.

Repsol YPF will establish objectives and goals for improving energy efficiency and reducing corresponding greenhouse gas emissions. In order to achieve these objectives, Management will ensure that all necessary information and resources are available.

Repsol YPF will ensure ongoing improvements in the use of energy resources over the entire lifecycle of both its facilities and activities, thereby optimizing process technology and

design, as well as operations at its facilities.

Repsol YPF will comply with all applicable legal requirements, and will also work to adapt its operating procedures and facilities to any legal changes that may arise, and will set common management standards in terms of energy efficiency for all its departments and all countries in which it operates.

In order to promote greater awareness among interested parties, Repsol YPF will provide them with reliable and transparent information on its energy consumption, related greenhouse gas emissions and improvement actions it has undertaken.

Repsol YPF believes that everyone involved with its activities has a responsibility to 'comply with and ensure compliance with' this policy.”

Case studies



Studies on energy integration in process units

Processing in petrochemical plants involves heating the hydrocarbons in various stages so that physical and chemical processes needed to produce fuels take place, and this generates excess heat that can be used to heat other colder currents, thereby making maximum possible use of the energy generated during the process.

We carry out studies into energy integration at units that are already operative, because their design becomes less than optimal over time. In some cases, these studies have enabled plants to increase their production capacity in processes limited by furnace or cooling capacity.

One of these studies was recently carried out on an atmospheric distillation unit at A Coruna's refinery. Following introduction of the changes recommended in mid-2009, the study predicts annual energy savings of 4,210 metric tons of fuel and savings in greenhouse gas emissions of 12,840 metric tons of CO₂ per year.



Edison Plan in service stations

In 2009, we introduced a plan for energy efficiency and sensible energy use at all the Repsol network service stations in Spain, called the Edison Plan. Preliminary studies show that implementing best practices will allow us to reduce normal energy consumption by up to 10%. These savings join those resulting from the introduction of new technologies identified at our Carabanchel Innovation Station pilot project (Madrid).

The Edison Plan involves an investment programme including putting more efficient lighting systems and other power saving devices into place.

An ongoing communication campaign is also underway to raise awareness among service station staff about the importance of saving energy, as well as a regular inspection plan to check the measures adopted are being properly followed.

The implementation of the Edison Plan in 2010 will cost €7.5 million. This initiative is backed by Spain's Ministry of Industry and is being subsidized by the Institute for the Diversification and Saving of Energy (IDAE).



BioDiesel e+30 test in a Renault light vehicle

Renault Spain and the Repsol Technology Centre have worked together for 24 months on a project to study the use of biodiesel and ensure consumers the best adaptations in engine and fuel technologies.

An exclusive package of Biodiesel e+30 additives was designed and specific Repsol lubricating oils were used in the project.

A total of 105 vehicles were used in the test and 500,000 km were covered using a range of modalities and engine technologies. Drivers' perceptions of aspects such as acceleration, noise and recovery were evaluated, as well as any possible incidents caused by the fuel.

This collaboration led to a car manufacturer, in this case Renault, expressly recommending the use of a Repsol YPF fuel for the first time in its vehicles.



Electrical vehicle charging network

Repsol shares society's concerns and is working to develop new energies and technologies for transport. Our objective is to maintain our leading position in supplying fuel for transport, based on criteria of profitability and sustainability. In particular, we are focusing on collaborating with technology development initiatives in the fields of electric and hybrid vehicles, contributing our human, technical and logistics resources, and our experience in the transport sector.

In this context, in October 2009, Repsol YPF and the Basque Energy Agency (EVE) signed an agreement to jointly develop an electric vehicle charging network in the Basque Country. Once the agreement was signed, a steering committee and technical group were created to monitor the activities carried out within this project.

The agreement sets out an initial study phase to analyse the viability of possible electric vehicle battery charging systems and the most appropriate sites. The following stage involves specifying the technical specifications of the electric vehicle charging points and setting up a business plan to evaluate the technical and economic feasibility of the project and, finally, introducing and operating the charging point network in the Basque Country.



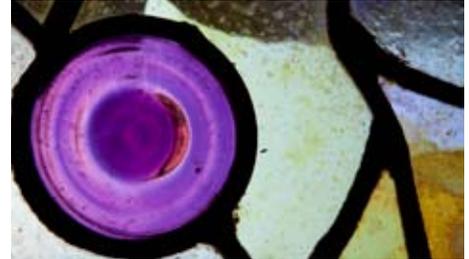
Co-processing of vegetable oils at refineries

The objective of this project is to prove the technical viability of biofuel production (diesel and liquefied petroleum gas) at industrial scale, by co-processing vegetable oils in conventional refining units. The information produced will allow us to establish the right kind of regulatory framework to mass market these biofuels before the summer of 2010.

Repsol YPF is carrying out this project in collaboration with the Ministry of Science and Innovation, the University of Castilla-La Mancha (UCLM), the Institute for the Diversification and Saving of Energy (IDAE) and the Centre for Energy, Environment and Technology Research (CIEMAT). It forms part of the government's Plan E and has been allocated 2,143,000, subsidised by the European Regional Development Fund (FEDER) and other administrations.

The first industrial test has been carried out at the Puertollano refinery, co-processing nearly 400 m³ of refined soybean oil. The results bear out the predictions resulting from experimental testing at pilot plant scale at the Repsol Technology Centre, with no additional technical difficulties found during the unit's operations. The renewable product obtained, 'green diesel', has excellent properties: high cetane value, low density and low sulphur content.

In 2010, Repsol YPF will conduct a second industrial test aimed at optimising operating factors and energy consumption.



CCS collaboration projects

- European Project for NanoMembranes Against Global Warming (NanoGLOWA): Repsol YPF is working to develop polymers for manufacturing CO₂ capture membranes.
- European Project Towards Optimised Chemical Processes and New Materials by Combinatorial Science (TOPCOMBI): in 2009 we completed development of a system for separating and purifying CO₂ from natural gas and helped to develop a CO₂ pressure-swing adsorption system (PSA).
- CENIT project for new sustainable industrial uses of CO₂ (SOST CO₂): in 2009 we worked on developing methodologies to select algae species, classify the biomass generated and to build reactors to cultivate them. We studied cultivating new fast-growing plant species in greenhouses; and we started to build a facility to measure net CO₂ flows between biomass and the environment.

Our results



Panoramic view of the Tarragona coastline at sunset from the Casablanca platform (Spain).

Direct greenhouse gas emissions⁽¹⁾

CO₂ emissions

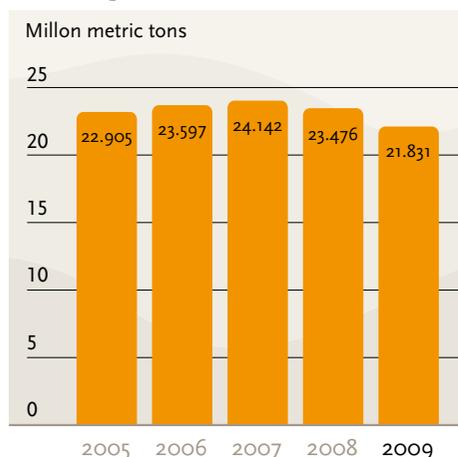
These emissions are produced mainly in combustion facilities and refining processes, as well as during exploration and production activities. In 2009, CO₂ emissions dropped 7%, mainly as a result of reduced refining and chemical activity in

Spain and Portugal and, to a lesser extent, to the reduction programmes implemented. However, refinery-specific CO₂ emissions rose by 2% as a result of lower fuel consumption optimization caused by reduced activity in this business.

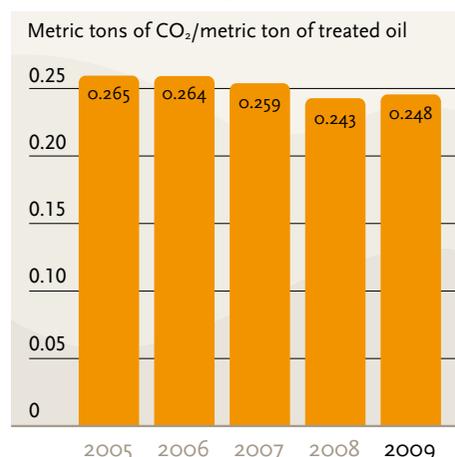
Methane (CH₄) emissions

These emissions stem mainly from exploration and production activities. In 2009, methane emissions dropped more than 3% due mainly to the decrease in vented gas at Rincón de los Sauces (Argentina) and production in Block 16 (Ecuador).

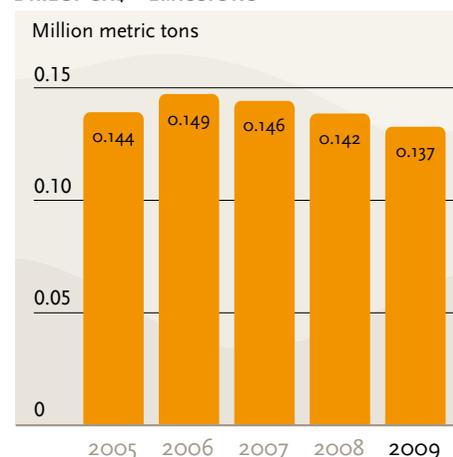
DIRECT CO₂⁽²⁾ EMISSIONS



EVOLUTION OF SPECIFIC CO₂ IN REFINING ACTIVITIES



DIRECT CH₄⁽²⁾ EMISSIONS



(1) Data according to operating control criteria. For further information, see the "Our data" section.

(2) In order to establish common bases for comparison over time, making it possible to determine the evolution of greenhouse gas emissions, the previous year's emissions have been adjusted in line with changes in the company's asset structure. The baseline change criteria are included in the oil industry guidelines for greenhouse gas reporting (API/IPIECA/OGP). No divestments were made in 2009. In the second half of 2008 we sold off the exploration and production activities of Andina in Bolivia and service stations in Ecuador, so the inventories for 2008 and previous years have been adjusted to remove the emissions from the facilities sold.

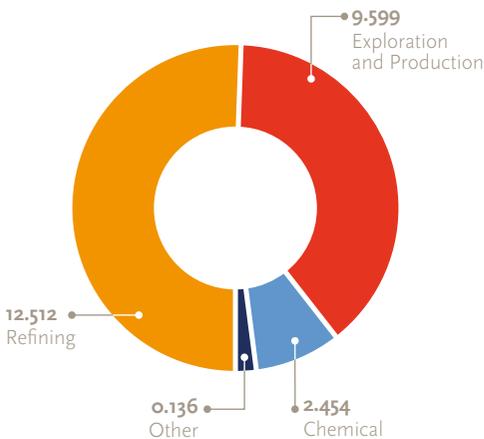
Indirect greenhouse gas emissions

In addition to our direct emissions, we also annually report indirect emissions, which are caused by the company's activities but stem from sources owned or controlled by third parties. There are two basic types of indirect emissions within this category:

- Those related to the energy purchased externally in the form of electricity or steam, which in 2009 accounted for 1.77 million metric tons of CO₂ equivalent.
- Those stemming from the manufacture and transport of hydrogen imported by the company's oil refineries and chemical plants, which in 2009 totaled 0.78 million metric tons of CO₂ equivalent.

CO₂ EMISSIONS BY ACTIVITY

Million metric tons



Emissions from the fuels we market

Emissions associated with the use of fuels we market rose to 148 million metric tons in 2009⁽³⁾.

Energy consumption

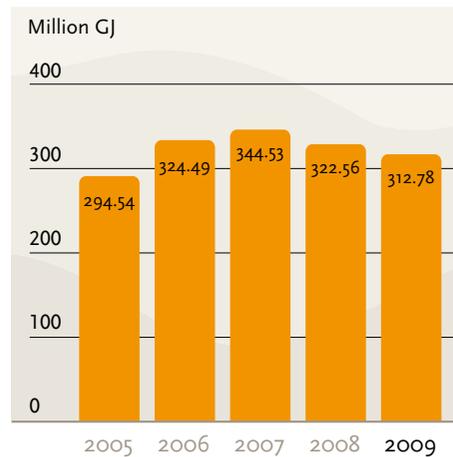
Most energy consumption in our company takes place in refinery combustion facilities and exploration and production facilities.

Energy consumption dropped by 3% in 2009 due primarily to lower refining and

chemical activities in Spain and Portugal. 93 % of the company's total consumption is direct (from its own sources) and 7% is indirect (through the purchase of electricity and/or steam from third parties).

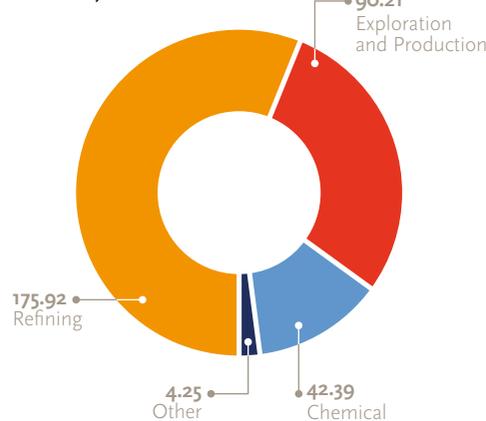
(3) The emission factors used to calculate emissions from the use of the fuels we market are those produced by the American Petroleum Institute (API) in its Compendium of Greenhouse Gas Emissions Methodologies.

EVOLUTION OF ENERGY CONSUMPTION



ENERGETIC CONSUMPTION BY ACTIVITY

Million GJ



Biofuels

The reduction in gasoline demand in 2009 led to a reduction in the amount of bioethanol distributed, although still in line with previous years, in which Repsol YPF

Progress in verifying our emissions

Repsol YPF's adoption of the ISO 14064 standard lends transparency to our greenhouse gas (GHG) inventory figures, while also making it easier to identify and manage GHG-related risks and opportunities. It also guarantees credibility in developing baselines at facilities where Clean Development Mechanism (CDM) projects could be developed.

In 2009, Repsol YPF extended the scope of the ISO 14064 GHG emission inventory verification to cover the La Pampilla (Peru) refinery and reduction actions involving its other refining activities (Argentina and Peru). In total, 53% of the company's annual inventory of CO₂ and 100% of CO₂ reductions quantified in 2009 have been verified according to this standard.

In addition to the La Pampilla refinery, in 2009 we also verified the emissions generated by Repsol YPF's five refineries in Spain (A Coruña, Puertollano, Tarragona, Cartagena and Muskiz). Verification was also carried out at Repsol YPF's five chemical plants in Spain (Tarragona, Puertollano, Dynasol in Santander, General Química in Álava and Polidux in Huesca), as well as at the Sines (Portugal) and Ensenada (Argentina) plants. The verification process, carried out by external organizations, provides our stakeholders with certified data on the amounts of CO₂ emitted.

was the leader in incorporating bioethanol into gasolines in the form of ethyl tert-butyl ether (ETBE), to a level in excess of its legal obligations.

With regard to biodiesel, we fulfilled the new obligations set in 2009 thanks to the work done in previous years, in which our aim was to ensure product quality and properly equip our facilities.

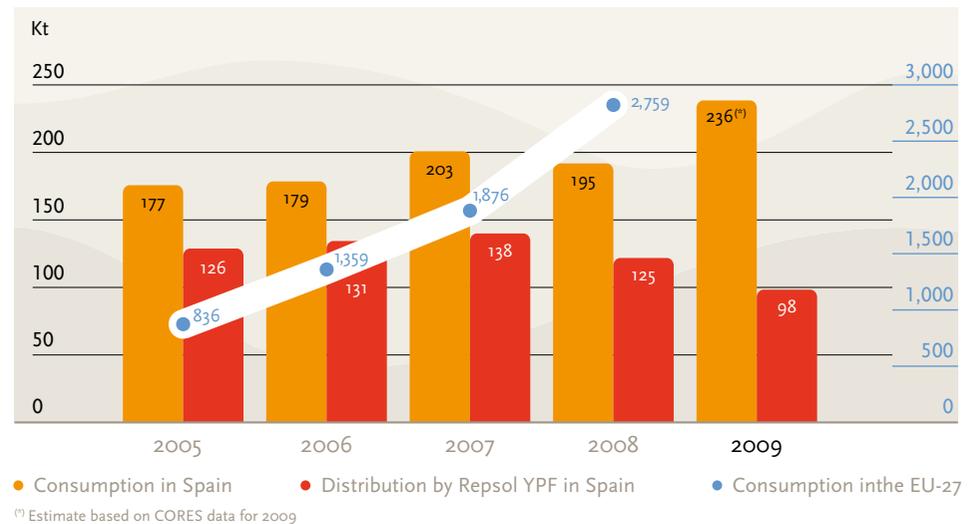
Awards 2009

- For the fourth year running, Repsol YPF got the highest score in the sector in relation to climate change on the Dow Jones Sustainability Index World and Dow Jones Sustainability Index STOXX.
- Repsol also received the Emissions Tracking Carbon Verification Leaders Award 2010 presented by the Environmental Investment Organization (EIO) in recognition of the information provided on its greenhouse gas emissions.

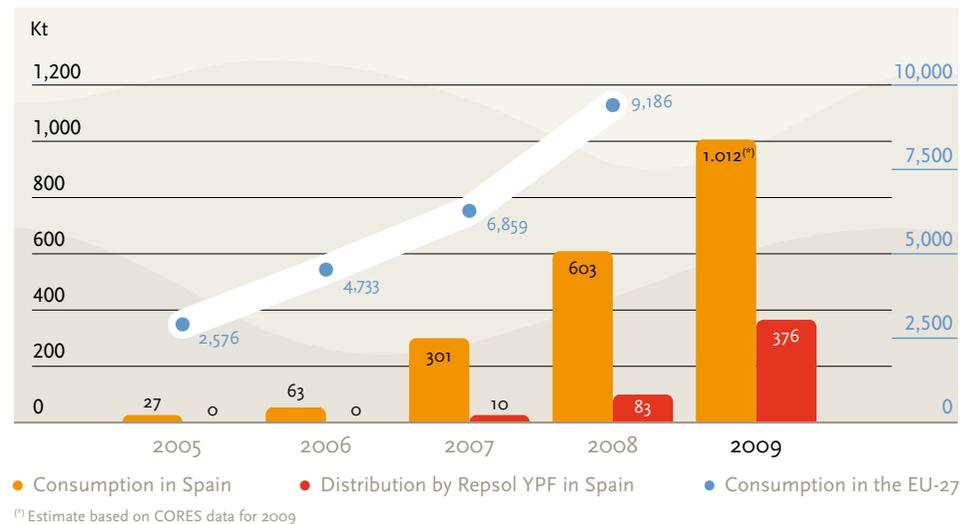
External participation

- Internacional Petroleum Industry Environmental Conservation Association (IPIECA): we are a member of the Climate Change Working Group and various task forces on issues related to emission markets, emission verification, reduction of greenhouse gas (GHG) emissions, reduction of flared gas and development of Clean Development Mechanism (CDM) projects.
- Regional Association of Oil and Gas Companies in Latin America and the Caribbean (ARPEL): in 2008 and 2009 we chaired the Climate Change Working Group. We also took part in the work carried out by the Energy Efficiency Project Team (EPEFEN).

BIOETANOL



BIODIESEL



- Spanish Energy Club: in 2009 we participated in the Energy Efficiency Working Group, which made recommendations for improving energy efficiency within different sectors of the Spanish economy.
- Standardisation Committee AEN/CTN 216 of the Spanish Standardisation Association: in 2009 we participated in Working Group 5, which drafted the UNE 216501 standard for energy audits.
- Spanish Standardisation Association: In 2009 we participated in Working Group 5, which drafted the UNE 216501 standard for energy audits.
- International Energy Agency (IEA) – GHG R&D Programme (CCS): we took part in the Executive Committee and CO₂ technical monitoring and verification group.
- Conservation of Clean Air and Water in Europe (CONCAWE): in 2009 we participated in the CCS task force, which continued with studies on using CO₂ capture and storage at European refineries.
- International Association of Oil and Gas Producers: In 2009 we continued our participation in the CCS task force, which made recommendations on CO₂ storage directive legislation.
- Spanish CO₂ Technology Platform participated in and headed the governing council, management group and technical capture and storage groups. In 2009 we worked mainly on developing the CO₂ storage directive and transposing this into Spanish legislation.

Our data

As a general rule, we include the 100% of data for subsidiaries in which Repsol YPF has a majority holding and/or operational responsibility (control). In addition, greenhouse gas emissions also included the emissions produced by companies in proportion to the number of shares held by Repsol YPF in each one (a), and the indirect emissions associated with the energy purchased from third parties and other relevant indirect emissions (b) and emissions associated with the use of our products (c).

We also follow the Petroleum industry guidelines for reporting greenhouse gas emissions, developed by API (American Petroleum Institute), IPIECA (International Petroleum Industry Environmental Conservation Association) and OGP (International Association of Oil and Gas Producers).

	2005	2006	2007	2008	2009
Emission of greenhouse gases Million metric tons					
CO ₂	22.905	23.597	24.142	23.476	21.831
CH ₄	0.144	0.149	0.146	0.142	0.137
CO ₂ eq	25.931	26.736	27.211	26.466	24.701
Intensity of refinery emissions (metric tons of CO ₂ eq./metric tons of treated oil)	0.265	0.264	0.259	0.243	0.248
Energy consumption					
Fuels (million metric tons) ⁽⁴⁾	6.46	7.04	7.23	6.75	6.25
Electricity (10 ⁶ MWh)	3.84	3.7	3.88	3.74	3.10
Total energy consumption (10 ⁶ GJ)	294.54	324.49	344,53	322.56	312.78
Biofuels					
Distribution of bioethanol (kt)	126	131	138	125	98
Distribution of biodiesel (kt)	0	0	10	83	376

(4) The figure includes 1.37 million metric tons of natural gas consumed.

	2009
Emissions of CO ₂ according to the shareholders' participation criteria (million metric tons) ⁽⁵⁾ (a)	25,022
Indirect CO ₂ emissions (million metric tons) (b)	2,55
CO ₂ emissions stemming from products (million metric tons) (c)	148

(5) Errata: The data related to the emissions of CO₂ according to the shareholders' participation criteria published in the Spanish version of the CRR 2009 has been modified from 32,878 million metric tons to 25,022 million metric tons.

Objectives 2010



Planned activities

Reduction of 2.5 million metric tons of CO₂ equivalent.

Verification according to the ISO 14064 standard.

Improvement in energy efficiency.

Distribution of renewable components in our fuels.

Second-generation biofuels research.

Capture and storage of CO₂ (CCS).

Transformation of CO₂ into biomass for energy use.

Electrification of transport: agreement with the Basque Energy Agency (Ente Vasco de la Energía – EVE).

Integrating renewables into our activities.

Objectives

Reduction of 273,000 metric tons in 2010, as part of the strategic reduction objective for the period 2005-2013 with respect to the *business as usual* scenario.

Extend ISO 14064 verification to other corporate GHG inventory activities and reduction actions.

Continue the development of energy efficiency programmes and audits.

Distribution of one million metric tons of biodiesel.

Second industrial test for obtaining 'green diesel' from a hydrodesulphurisation refinery unit.

Cultivation of microalgae crops at pilot plant scale at a refinery.

Studies on CO₂ capture at the Cartagena refinery, CO₂ transport technologies, application of CCS technologies to the Upstream business and subsoil studies.

Continue the participation in the SOST CO₂ project.

Evaluation of the technical and economic viability of the project.

Creation of a specific renewable energy technology portfolio.



Cooling towers of the plant of Repsol YPF in Tarragona, Spain.

Ethics, transparency and the fight against corruption

Repsol YPF's Ethics and Conduct Regulation defines the conduct guidelines for employees, suppliers, contractors and partners in relation to human rights, transparency and the fight against corruption. In 2009 we participated in the first initiative on financial transparency in the extractive industry developed in Peru. We have paid the governments of the host countries where we operate nearly twice our net profit by way of taxes and royalties. In 2009 no litigation was filed for monopolistic or anticompetitive practices.

The Ethics Committee

The Ethics Committee is in charge of ensuring that employees abide by the Code of Ethics and Conduct. At the time of writing, the committee is made up of a chairman, a vice-chairman and three members.

The Ethics Committee has met on 12 occasions. Its members, who receive no payment to perform their duties, are Repsol YPF managers who contribute, within their respective areas of activity, to investigating communications sent to the committee, implementing resolutions and enforcing the agreements reached, and have sufficient decision-making capacity within the company to do so.

Communications channels with the Ethics Committee

The committee has a communication channel on the corporate intranet and at www.repsol.com, which allows employees and any third party to send comments and queries about the Code of Ethics and Conduct in complete confidence, and also enables it to provide information on possible non-compliance or infringements of this code. The communication channel was



The Ethics Committee

Position	Roles
Chairman	Executive Director of the General Secretariat and Board of Directors
Vice-Chairwoman	Executive Director of People and Organisation
Member	Corporate Director of Labour Relations, oversees Employment Law and Workplace Health issues.
Member	Corporate Director of Legal Services
Member	Director of Audit and Control

Internal control system

The Audit and Control Department ensures the Ethics and Conduct Regulation is properly applied in all projects. This department is in charge of reviewing the control measures in place in the different company units on aspects related to proper use and protection of the company's assets, potential conflicts of interest, information transparency and

confidentiality, relations with customers, suppliers, contractors and partners, protection of personal data, compliance with legislation and financial records. It also helps to investigate ethics-related communications received by the company.

overhauled in 2009 to enable easier processing and management of communications, as well as to make the system function better.

The committee also has a postal address to which these communications can be sent:

Comisión de Ética de Repsol YPF, S.A.
Paseo de la Castellana, 278
28046 Madrid (Spain)

There are similar channels by means of which anybody can report any incident related to accounting, internal accounting controls and audits involving Repsol YPF, in complete confidence, to the Repsol YPF Audit and Control Committee and the YPF Audit Committee. In 2009, a total of 26 communications received through the Ethics Committee communication channels were processed. From its creation until the date of this report, 79 communications related directly

or indirectly to the Code of Ethics and Conduct have been received, mainly in relation to labor conditions (37%), commercial claims (32%), contractual relations with suppliers and contractors (18%) and queries and requests for information (11%). Repsol YPF will not accept any kind of action being taken against employees who report apparent non-compliance in good faith and will sanction any non-compliance or infringements that constitute labor offences according to current employment law, notwithstanding other liabilities that could be incurred.

Dissemination of the Ethics and Conduct Regulation

In 2009, the committee approved a communication campaign to publicize the Ethics and Conduct Regulation, the Ethics Committee and the committee's communication channels. This campaign got underway in November with a

newsletter sent out to all the group's managers and another sent to all the employees.

The actions covered by this campaign included publishing specific news on each of the points stipulated in the Ethics and Conduct Regulation. Information on human rights, public freedoms, equal opportunities and non-discrimination was published in 2009. When an employee joins Repsol YPF, he/she receives a copy of the Ethics and Conduct Regulation and signs a form to acknowledge receipt.

Financial transparency

The extraction industry represents a major source of income for the governments of countries with natural resources. If properly managed, these can and should contribute very positively to their economic growth. But in some cases, they can be a source of corruption, social inequalities and conflict.

NGOs such as Global Witness, Oxfam, Save the Children and Transparency International, among others, have launched the Publish What You Pay campaign, which is aimed at helping the people of resource-rich developing countries to call on their governments to report on how it is using income from the mining and oil industries.

To this end, Publish What You Pay proposes that extraction companies be obliged to include in their financial reports, country by country, the taxes and royalties they pay to host governments, as well as sales between subsidiaries and to third parties, income earned, production volumes and their financial value, and production and development costs.

Repsol YPF is concerned about the situation of the citizens of some resource-rich countries, who may not be benefiting properly from the wealth we generate, and we agree that greater transparency could help to improve this situation.

We are also concerned that making it a legal requirement to publish commercially-sensitive information cannot effectively cover all private and public extraction companies in OECD and non-OECD countries, and worried about



Elevators at the company's head office in Madrid (Spain).

the short and medium-term effects that enforcing this could have on the people we are currently committed to supplying with safe and affordable energy.

Repsol YPF is closely following the evolution of the Publish What You Pay campaign and we are open to dialogue with its representatives and those of its NGOs members. Nevertheless, we have decided to actively support transparency through another international initiative: the Extractive Industries Transparency Initiative (EITI).

What is Repsol YPF's position?

Repsol YPF supports transparency and is opposed to any kind of corruption.

The company has been a member of the Extractive Industries Transparency Initiative (EITI) since it was set up in 2003. This is a global initiative that we feel is better placed to successfully increase transparency through respect for contracts and laws. Repsol YPF has provided financial backing to the secretariat of the EITI ever since it was established, and participates in its publicity initiatives.

EITI brings together governments, international organisations, public and private companies, investors and social agents, working together in a multilateral and voluntary way. The process starts when a government makes a formal



pledge to abide by the principles and standards of the EITI and heads a working group, in which both industry and social agents participate. The group has a period of around two years in which to agree on the necessary regulatory and contractual changes before producing a report on the taxes paid and levied, which must be validated by an independent third party.



As of 31 December 2009, Repsol YPF was an operator in exploration and production projects in the following countries:

- **Exploration:** Algeria, Argentina, Bolivia, Brazil, Colombia, Cuba, Spain, United States, Guyana, Libya, Morocco, Mauritania, Peru, Suriname and Venezuela.
- **Production:** Algeria, Argentina, Bolivia, Colombia, Ecuador, Spain, Mexico, Trinidad and Tobago, and Venezuela.

Of the 30 countries that support the EITI initiative, two have fulfilled their commitments and the rest are undergoing

validation. As of 31 December 2009, Repsol YPF carried out operating control activities in two of the 30 countries that are backing this initiative (see table below).

Repsol YPF forms part of the EITI work group in Peru^(*), the only Latin American country to have joined the EITI. Repsol YPF will dedicate whatever resources are necessary to play an active role in the working groups set up in countries where it operates and which support the EITI.

Actions carried out in 2009 by Repsol YPF aimed at disseminating and promoting the EITI initiative:

- Support to the EITI from the chair of the Corporate Responsibility Committee of the Regional Association of Oil and Natural Gas Companies in Latin America and the Caribbean (ARPEL).
- Participation with presentations at the EITI/ARPEL seminar held in Lima (Peru) on 1, 2 and 3 December 2009.

Payments made to governments

The taxes paid in 2009 by Repsol YPF to the different governments of the countries where it operates amounted to €13.89 billion, of which 79% was in taxes levied and the remainder in taxes borne.

Paid and levied taxes ^(*)	Million euros
Spain	7.102
Argentina	1.951
Rest of the world	1.942
TOTAL	10.995

^(*) Taxes paid and levied in 2009 including those where the Repsol YPF Group acted as a withholder, such as VAT, Personal Income Tax and similar taxes in each country.

Total corporate income tax accrued in 2009, for earnings before tax of €2.776 billion, amounted to €1.130 billion (40.7%).

Accrued corporate income tax	Million euros
Spain	428
Argentina	478
Rest of the world	224
TOTAL	1,130

Repsol YPF expressly declares its political neutrality to public administrations in the host countries where we operate. Likewise, the Repsol YPF Group's Ethics and Conduct Regulation expressly forbids payments to political parties to unlawfully obtain or retain business or other advantages.

Financial aid

Aid granted through subsidies and loans to the Repsol YPF Group at 31 December 2009 amounted to €124 million. The most significant capital subsidies correspond to aid granted for the construction of gas infrastructure to the amount of €108 million. In 2009, operating grants were received to the amount of €3 million.

MINING RIGHTS IN EITI COUNTRIES

	Mining Rights	
	Operated by Repsol	Operated by third parties
Mauritania	1 exploration block	
Peru	3 explorations blocks	2 exploration blocks and 2 production blocks

Transparency of information

Repsol YPF considers transparency of information to be a basic principle that must govern its activities. The company and its employees undertake to communicate both internal and external information in a truthful manner. In no case shall they provide incorrect, incomplete or inaccurate information or information that is confusing to the reader.

Remunerations

The payment received by the members of the Board of Directors in 2009 for their role as members of the board, charged against the aforementioned statutory allowance, stood at €4.9 million⁽¹⁾.

In 2009, the total payment received by management members of the Executive Committee amounted to €12.6 million⁽¹⁾.

Sanctions and litigations arising from monopolistic practices

No new cases involving monopolistic or anti-competitive practices were opened in 2009.

Financial penalties relating to cases closed in 2009 amounted to €19.8 million. Further details for this period are shown in Note 35 of the Consolidated Annual Accounts.



Repsol YPF employees at the Madrid office (Spain).

SANCTIONS AND LITIGATIONS ARISING FROM MONOPOLISTIC PRACTICES

Evolution	2007	2008	2009
No. of open cases	0	1	0
No. of closed cases	1	1	2
No. of cases on going	8	7	6

⁽¹⁾ For further information, please see the Repsol YPF Group's 2009 Consolidated Annual Accounts.

Preventing and combating corruption

Repsol YPF's measures against bribery and corruption, as well as penalties for non-compliance, are detailed in the Repsol YPF Employee Ethics and Conduct Regulation⁽¹⁾.



Access to Repsol YPF facilities in Puertollano (Spain).

Repsol YPF's Audit and Control Department, through its audit project teams, internal financial reporting control, association control, systems audits, regulatory compliance and online audits, implements measures to prevent the risk of fraud.

Internal control of financial reporting

A set of documents establishing the framework for the company's internal financial reporting system have been developed in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act:

- Financial Reporting Fraud Risk Management Manual.
- Inventory of Financial Reporting risk.
- Financial Reporting Internal Control Manual.

Internal regulations have been developed within this regulatory framework to evaluate and control financial reporting fraud risks. Likewise, we have a control inventory aimed at mitigating fraud risks, which is updated annually and which accounted for 23% of Repsol YPF's total control measures in 2009. The effectiveness of these control measures is reviewed every year through tests to

evaluate their functioning, bearing in mind their special relevance.

In 2009 the company also continued to make great efforts towards consolidating a model for separation of functions.

Internal audit

With regard to the internal audit function, the Audit and Control Department gauges fraud risk using the methodology developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as one of the internal control issues that must be reviewed in each of the projects carried out by the different onsite audit units: association audits, information system audits and audit projects.

Additionally, among the qualitative factors evaluated annually for planning purposes,

the possibility of fraud in each auditable unit and process is analyzed.

Meanwhile, online auditing indicators have been designed to give alerts about possible fraud or anomalous situations, among other issues. The objective of online auditing is to carry out ongoing monitoring of a set of indicators from different cycles covering risks identified for each of these cycles, such as purchases, sales and invoicing; investment, collection and payment management; and management of powers of attorney, tax management and financial reporting.

As of 31 December 2009, 866 control points were being monitored per month relating to indicators put in place in 22 companies.

2010 objectives

To strengthen communication and ensure that Repsol YPF's employees receive in the Ethics and Conduct Regulation training.

To promote the EITI initiative among the host governments of countries where Repsol YPF operates.

⁽¹⁾ information can be found at www.repsol.com



Photo taken in the Peruvian Amazon courtesy of the Repsol Foundation.

Respecting and promoting human rights

Repsol YPF undertakes to respect and promote the human rights recognized in the United Nations Universal Declaration of Human Rights and by leading international agreements. In 2009 we updated the regulation for evaluating environmental and social impacts in the Upstream business and approved a Regulation for Action in Relations with Indigenous Communities. We demand that our suppliers and contractors respect human rights.

Update on 2009 objectives

Planned activities

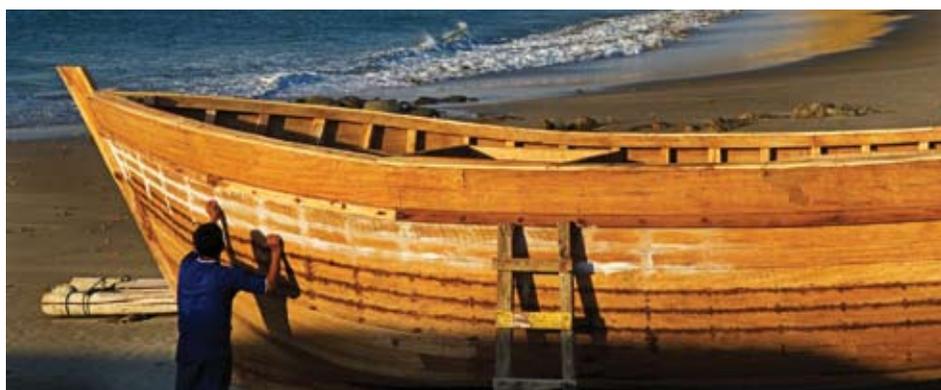
Approve the Regulation for Action in Relations with Indigenous Communities.

Include new training plans relating to the promotion of and respect for human rights.

Degree of progress 2009

The regulation was approved in June 2009.

Progress was made in human rights training in various areas, such as Safety and the Environment, External Relations and Corporate Security, as well as training for the new professionals who have joined Repsol YPF.



Peruvian coast.

What are we doing to respect and promote human rights?

Repsol YPF expressly supports respect for human rights in all the countries where it operates and undertakes to promote these within its area of influence.

Repsol YPF does not discriminate against people working within the company, contractors, suppliers or customers for any reason or in any country where it operates. Likewise, it declares that it does not employ underage workers nor use forced labor, and it respects its employees' right to freedom of association and collective negotiation in every country where it operates. The company also makes every effort to ensure these rights are respected by its partners, contractors, suppliers and distributors. There were no reports of discriminatory incidents in the company in 2009, nor of activities potentially involving child exploitation, forced labor or violation of the right to freedom of association and collective negotiation.

We have incorporated respect for and promotion of human rights into our management system through publicly-stated commitments, including the following corporate regulations:

- Repsol YPF Employee Code of Ethics and Conduct.
- Policy of Respect for People and their Diversity.
- Community Relations Policy.
- Policy and Regulation for Action in Relations with Indigenous Communities.
- Corporate Security Policy.
- Regulation for identifying, evaluating and managing environmental, social, safety and health impacts and risks in the Upstream business.

These regulations are based on international standards such as the principles of the United Nations Global Compact, the fundamental work rights established by the International Labor Organization (ILO), ILO Agreement 169

on Indigenous Communities, the OECD Guidelines for Multinational Enterprises, and the Voluntary Principles on Security and Human Rights and the lines of action of the International Association of Oil & Gas Producers (OGP).

Repsol YPF closely follows the work of Professor John Ruggie, special envoy of the United Nations Secretary General on Human Rights and Transnational Corporations.

We identify and evaluate risks

In 2009, we met the objective established for this period by approving the Repsol YPF's Upstream business regulation for identifying and environmental, social and health impacts assessment (ESHIA), as well as the regulation for hazard identification study (HAZID), which set out the necessary actions to be taken to prevent risks and offset the impacts of our operations. These regulations have been applied to all the projects carried out since they were approved. Repsol YPF's Corporate Security Unit analyses the potential safety issues and risks at our facilities, using quantitative criteria especially designed for the sector. Its objective is to identify, analyze and evaluate the factors that may lead to risks and to adopt measures to prevent and/or lessen them.

We train our people

In 2009 a training session on human rights in the oil and gas industry was included in the induction plan for new staff.

In September, the company's external relations managers in eight countries received an adapted version of the International Petroleum Industry

Environmental Conservation Association (IPIECA)'s human rights training course, with a view to them passing this on to their units.

A talk was also given that month on human rights during the Biodiversity Workshop held in Buenos Aires, which was attended by 35 people from the company's Safety and Environment departments. In December, the same talk was given to all the employees of the Internal Communications department.

We encourage the reporting of possible abuse

Employees may use two channels to report any human rights abuses within the company:

- The channel of communication to the Ethics Committee, via www.repsol.com and the corporate intranet. Through this confidential channel, anyone may report issues relating to compliance with the Code of Ethics, including respect for and promotion of human rights.
- Specific internal Corporate Security mailboxes, which receive anonymous complaints. The Corporate Security Unit is responsible for informing the Ethics Committee about particularly relevant issues.

We demand that our suppliers and contractors respect human rights

Repsol YPF's general conditions for procurement and contracting require successful bidders, anywhere in the world, to have a formal undertaking to follow the basic conventions of the International Labor Organization and other human rights standards.



Inhabitants of Huacaya (Bolivia), where Repsol carries out exploration and production activities.

We apply the Voluntary Principles on Security and Human Rights

We fully apply the Voluntary Principles on Security and Human Rights both in contracts with private security service providers and with the forces of law and order. By doing so, we aim to ensure that security suppliers comply with the principles of respect for human rights in their activities.

We restrict the use of firearms

Pursuant to the Corporate Security Policy, we reject the use of firearms in general by private security service providers, except

in high-risk areas or places where required by national legislation, as is the case in Spain.

We actively support international initiatives

Repsol YPF abides by the United Nations Global Compact and is a member of work groups dedicated to promoting human rights within the International Petroleum Industry Environmental Conservation Association (IPIECA) and Regional Association of Oil & Gas Enterprises of Latin America and the Caribbean (ARPEL).

Corporate Security

The activities of Repsol YPF's Corporate Security Unit are designed to protect people, interests and assets, as well as to anticipate possible aggression and promote a culture of Security.

Protecting facilities and people in a sector as critical as energy is fundamental to ensuring international energy stability. We perform these tasks with the help of contracted personnel from specialized security companies that have been authorized in each of the countries where we operate.

How do we manage safety risks?

- Identification of risk, also taking risks stemming from anti-social activities into account.
- Analysis of risk based on magnitude (function, depth and extension criteria) and probability (aggression and vulnerability criteria).
- Evaluation of risk by applying formulas that weight the criteria mentioned above.
- Classification of risk from "very low" to "high" based on pre-established values.

Safety thresholds have been established for our facilities based on this security risk evaluation methodology. Below these thresholds we recommend that operations cease at the facilities.

Security suppliers

Facility security is outsourced to specialized companies which are expected to undergo human rights training. Additionally, security services

are monitored to avoid any risk of human rights abuses. Should such abuses be detected then preventive measures are put in place.

Protection of critical energy infrastructures

In some countries, governments demand military protection for oil and gas facilities, due to their being strategic resources. Repsol YPF signs collaboration agreements with the forces of law and order that explicitly ensure this relationship cannot be interpreted in any way as the company taking sides in any possible, ongoing armed conflict in the country. These contracts contain clauses relating to respect for human rights.

In 2009, the following agreements with forces of law and order were in force:

- In **Saudi Arabia**, the Ministry of the Interior is responsible for guaranteeing the security of work carried out in the field. Repsol YPF only covers the related logistical costs.
- In **Argentina** there is a Framework Agreement with the National Police Force for protecting the critical facilities located in the different fields. We also sign specific agreements with the Federal Police, Provincial Police and Naval Prefecture, where required.

- In **Algeria**, the Ministry of Defense, through the National Police Force, provides security and protection for activities. Repsol YPF only covers related logistical costs. Private security is also provided at the request of the authorities.
- In **Colombia**, Repsol YPF has signed a contract of association with the state oil company Ecopetrol for the Capachos block, in the municipal district of Tame (State of Arauca). In turn, Ecopetrol has a collaboration agreement with the Ministry of National Defense, which establishes the conditions for Army protection of the facilities operated.
- On 1 February 2009, the Good Faith and Mutual Cooperation Agreement signed in Ecuador with regional military units to protect the facilities of Block 16 and the Bogui, Capiirón and Tivacuno areas came into effect.

Security expenses in 2009		Million euros
Private security		34.4
Public security in Algeria		6
Public security in other countries		2.7
TOTAL		43.1



- The exploration activities carried out in Mauritania in 2009 were protected by the Ministry of Defense in accordance with pre-existing agreements.
- In Venezuela we have sealed an agreement with the National Guard covering protection of the company's employees and assets at the Quiriquire block.

Operations in socially-sensitive environments

In such operations, the company adopts measures according to the particular situation in the area in question, which sometimes requires us to contract highly specialized security personnel. Repsol YPF staff working in Iraq to carry out feasibility studies on possible projects has required protection by highly qualified professionals with extensive experience in war scenarios.

Repsol YPF's Corporate Security Unit has carried out initiatives to hire local staff for its security operations in certain extremely socially-sensitive social contexts.

Tarragona jetty control room (Spain).

Indigenous communities

Repsol YPF has produced corporate regulations that formally set out our commitment to respect the rights of indigenous communities and ensure compliance with related international agreements, regardless of whether these have been incorporated in the legislation of the host countries where we operate.

Repsol YPF formally recognizes the rights of indigenous communities through its Indigenous Community Relations Policy and Regulations for Action in Relations with Indigenous Communities. The latter was approved in June in line with our objectives for 2009, and establishes the principles to govern actions in relations with these communities.

Which commitments have we taken on?

The approval by Repsol YPF of the Regulations for Action in Relations with Indigenous Communities requires the company to make the following commitments:

- To determine the possible existence of indigenous communities which could potentially be affected, in all projects.
- To analyze the degree to which the authorities comply with the right to prior, free and informed consultation. Repsol YPF will ask the authorities to make up for any shortfalls. Repsol YPF will make every effort to cover these if the authorities fail to take action.
- To establish systematic dialogue mechanisms with the indigenous communities affected by all projects in order to reach an agreement or compromise.
- To adopt an Anthropological Contingency Plan in areas where claims are made about the possible existence of isolated indigenous communities, primarily to prevent any contact with them. Likewise, the plan will establish measures to guarantee that, in the event of contact, the Repsol YPF technical team will act in a manner that does not violate the fundamental rights of these people.
- To not carry out projects that involve relocating indigenous communities to areas outside their traditional or



Quechua woman wearing traditional attire.

Indigenous communities affected by Repsol YPF's operations in 2009

Country	Operation	Number of communities	Approximate population	Ethnic group	Communications and consultations made	Agreements signed
Argentina	Loma La Lata	4	Not available	Mapuche	None carried out.	Agreement on the development of turnkey crops.
Bolivia	Caipipendi-Margarita	35	Not available	Guaraní	Communication of the start of construction of the access road and water injection well drilling floor (MWD-1). Program to communicate the regulations on indigenous communities to the members of the National Assembly of the Guaraní People.	Agreement with the Assembly of the Guaraní People of Zone III of Itika Guasu to set up communal plant nurseries. Agreement with local communities for drilling geotechnical wells at the Ivoca stream and Pilcomayo river area.
	Paloma- Surubí	35	Not available	Aymara y Quechua	Consultation process about the Landfarming Paloma project.	Annual inter-institutional agreement with the Municipal District of Entre Ríos for carrying out works and activities.
Colombia	Capachos	1	195	Uwa	15 meetings attended by the Indigenous Governor of the Angosturas Reserve. Three meetings with the Association of Indigenous Reserves of Arauca (Ascatidar).	Not carried out.
Ecuador	Block 16	6 intrablock 30 extrablock	373	Waoorani	Consultation and participation process for the Environmental Impact Assessment (EIA) of the mud pool and drilling waste sump construction project. Consultation and participation process for the EIA of the IRO. A platform expansion project. Consultation and participation process for the EIA on the project to expand the captive power generation system of Block 16. Sixty talks on various subjects to all community members. Three workshops with the Organization of the Huaorani Nation of the Ecuadorian Amazon (ONHAE).	Annual budget of the Organization of the Huaorani Nation of the Ecuadorian Amazon (ONHAE) – Repsol YPF 2009, within the framework of the Agreement on Friendship, Respect and Mutual Support. Agreement on Cooperation and Compensation between Repsol YPF and the Dicaro and Yarentaro communities 2009-2012. Agreement between the Oil Consortium, Block 16, Tivacuno area and University of San Francisco de Quito (USFQ).
Peru	Block 39	12	1,915	Arabela-Quichua	Consultation for the EIA of the 2D seismic expansion project: two workshops carried out and a public hearing.	Three agreements with indigenous communities on compensation: Buena Vista, Shapajal and Flor de Coco. Twelve agreements with the same number of communities on carrying out social projects. One authorization given by the native community of Buena Vista to execute 3D seismics and drilling of 21 exploratory wells.
	Block 57	19	10,570	Ashaninka, Caquinte, Machiguenga, Yine	Sixty informative meetings with authorities and inhabitants. Consultation for the EIA of the Kinteroni 1 exploratory wells: two workshops and one public hearing.	Sixteen authorizations with the same number of communities for carrying out the ESHIA. Five authorizations by the communities to carry out field geology studies. Four collaboration agreements with the Cheni, Tsoroja, Poyeni and Porotobango communities.
	Block 90	7	2,700	Ashaninka, Yine	None carried out.	None carried out.
	Block 109	2	Not available	Awajun, Shayahuita	None carried out.	None carried out.
Venezuela	Quiriquire	1	500	Warao	Community analysis, with involvement of community organizers, in which any issue relating to the company can be discussed.	Annual social investment plan.

historical lands, or projects that impact on places that have historically been of exceptional spiritual importance, unless the government has obtained the express consent of the affected communities.

What is the scope of application?

The new regulations are applied in all the new projects of companies that Repsol YPF's business units form part of and in the subsidiaries and offices where Repsol YPF has responsibility for management.

Contracting conditions for suppliers, contractors and subcontractors will require them to be aware of and abide by these regulations.

In operations where the company does not have management responsibility, it will inform its partners of these regulations and will provide them with its knowledge and techniques to help implement them.

Initiatives for promoting human rights

- **Bolivia:** dental campaign, with 4,800 children from 18 schools near the Paloma and Surubí fields benefiting.

- **Mexico:** we communicated the promotion of human rights, with the help of works supervisors, field managers and security and environment personnel, in all meetings held with the communities living in the Reynosa-Monterrey block, operated by Repsol YPF.

- **Peru:** informative workshops held by Perúpetro and the National Institute for the Development of Andean, Amazonian and Afro-Peruvian Peoples (INDEPA) on hydrocarbons and the rights of

indigenous peoples in the communities of San Rafael, Shapajal, Flor de Coco, Buena Vista and Urbina.

Support for the Ministry of Women and Social Development's Women's Emergency Centre in Satipo, providing logistical support to carry out an educational workshop for combating domestic violence.

- **Venezuela:** collaboration with the Indigenous Health Department in carrying out projects to help reduce health problems among the indigenous population of the state of Monagas.



Educational project in Bolivia.

Block 39 (Peru)

Block 39 houses a heavy oil field located in the north west of Peru, on the Ecuadorian border. It is currently in the exploration phase and being operated by Repsol YPF, which owns a 55% interest.

The operations carried out by Repsol YPF to date cover an area equivalent to 0.015% of the total surface area of the block.

There are 12 indigenous communities of the Arabelaquichua ethnic group living in the area affected by the operations of Block 39. It has also been claimed that isolated communities or communities with little contact with the country's dominant culture may inhabit this densely forested area.

Based on these claims, Repsol YPF has designed and adopted an Anthropological Contingency Plan to prevent our technical team or contractors from having any contact with these communities. The plan also establishes measures to guarantee that, in the event of such contact, the fundamental rights of these people are not violated.

This area is also a sensitive one in terms of biodiversity. For this reason, Repsol YPF has carried out a biodiversity study in partnership with



Q Exploration block

the Smithsonian Institution to gain in-depth knowledge about the local flora and fauna, in order to prevent any serious impact on biodiversity, with particular focus on the most vulnerable species.

For further information, see the chapter on "Protecting biodiversity."

What is the situation with projects currently underway?

Repsol YPF has pledged to carry out a study aimed at finding out the degree of social insertion in company operations in areas inhabited by indigenous communities.

This study will be carried out by an independent third party and Repsol YPF will publish the author's recommendations and the actions finally to be adopted based on the results.

In 2009, work was carried out on the terms of reference for this study, taking into account the opinion of Intermón Oxfam.

Disputes with indigenous communities

It is a priority for Repsol YPF to resolve any disputes that may arise with indigenous communities affected by the company's operations, without prejudice to any of the parties involved, to ensure that agreements are reached that benefit the communities involved.

In 2009 we continued our talks with the Guarani communities of Itika Guasu, in Bolivia, who live in the Margarita field, since no agreement had been reached with this community. In 2009, Repsol YPF also held discussions with Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), the state oil company with a 60% interest in the operation, with a view to signing a final agreement with the Guarani People's Assembly of Itika Guasu.



Florestas do Futuro project, Brazil.

Some indigenous communities complained about the presence of the company in the area of Lot 57 in Peru, where Repsol YPF is the operating partner. After several meetings with the communities of Kitepampani and

Tsoroja, an agreement was reached to allow the continuation of the exploration work in the area. On the other hand, the Ashaninka Centre of the Río Tambo (CART), made up of 50 communities, asked for economic support to help their development. Finally, an agreement was reached to provide support to the communities affected by the exploration work carried out in the area and an authorization was signed allowing the activities to continue.

During the first quarter of 2009, member communities of the Federation of Indigenous Communities of Curaray and Napo (FECONCUNA) blocked all river transport along the Curaray river, which gives access to Block 39, operated by Repsol YPF in Peru, in protest at not having received any reply to the demands they had made to the regional government. A committee was set up bringing together oil companies, the regional government, public institutions and representatives of the indigenous communities, which drew up a work plan in subcommittees focusing on health, work, education, transport and agriculture.

2010 objectives

To develop actions in line with the Voluntary Principles on Security and Human Rights.

To continue giving Repsol YPF staff training on human rights, with special focus on managers, new employees and people responsible for Upstream, Corporate Security and Procurement and Contracting.

To carry out a study to establish the degree of Repsol YPF's social involvement in operations with indigenous communities in Bolivia and Peru.

To carry out actions to publicize our regulations on indigenous communities among our partners and contractors.

Consultation processes the indigenous communities of Peru

- Coordination with the Apus, chiefs of the native communities and communal leaders: by telephone, radio or in person, through visits to their communities and meetings at the Repsol YPF offices. Initial coordination meetings held to determine the decisions made by the community, permits and authorizations required to call meetings, and activities carried out.
- Communal assemblies: meetings with the mass participation by the indigenous

community, with majority agreements taken and noted by means of meeting minutes.

- Rural newspaper: a channel for written communications from Repsol YPF and dissemination of business information about its project activities.
- Suggestions boxes: a way of gathering suggestions and questions from the public at large.



Repsol YPF workers in Puertollano (Spain).

Commitment to safety

The Lost Time Injury Frequency rate (LTIF) dropped 22% with respect to the previous year. We gave 234,460 hours of safety training, representing a year-on-year increase of 53%. We carried out more than 1,000 safety and environmental audits. Last year we rejected 84 transport vessels following 907 safety inspections.

Update on 2009 objectives



Planned activities

Improvement in safety-related issues.

Improved process safety.

Ongoing improvement of the safety management system.

Degree of progress 2009

The Lost Time Injury Frequency rate (own personnel and contractors) fell by 22%, thereby fulfilling our previously established annual objective.

A total of 234,460 hours of training were given in workplace health and safety. Training in workplace health and safety increased by 29%.

Seven basic rules were approved to prevent the risk situations that cause the highest number of fatal accidents at our work sites.

We updated the company's internal regulations on safety and environmental risk management.

We carried out analysis of the human and economic resources needed to comply with company regulations and planned the studies required.

Five new centres or activities were certified according to the OHSAS 18001 international standard.

We updated our internal regulations on incident management.

Management systems

All our operations are subject to stringent health and safety standards.

Though our Health, Safety and Environment Policy we undertake to fulfil the legal requirements in force in each geographical area where we operate.

Our safety and environmental management system is in line with the international Occupational Health and Safety Assessment Series (OHSAS) 18001 standard and European Directive 92/82/EC “Seveso II”, incorporating best practices and insurance market recommendations.

In 2009, the internal regulations setting out the criteria for properly managing any possible incidents occurring in the company’s activities were updated. These regulations are aimed at obtaining key information for gaining in-depth knowledge of risks, knowing how to control them and preventing their consequences, thereby protecting our people, facilities and the environment.

Safety audits

An Environmental and Safety Audit Plan is carried out every year, encompassing “crossed” internal audits carried out by qualified personnel from a centre other than the one being audited, as well as external audits (voluntary and/or legal). The Environmental and Safety Audit Manual establishes common criteria and schedules three-year cycles during which all the centres must be audited.

In 2009 we carried out a total of 1,082 safety and environmental audits, of which 411 were internal⁽¹⁾ and 671 external (141 relating to certification processes and 530 regulatory audits of a legal nature).

(1) Number of “cross-referenced” internal audits (carried out by qualified personnel from a centre other than the one being audited). Internal audits carried out by each centre’s own personnel are not included.



Worker in Trinidad and Tobago.

OHSAS 18001 Certification

External certification processes help us to ensure ongoing improvements in our management system. To this end, we promote progressive certification of our company’s work sites according to the OHSAS 18001 international standard.

In 2009 we certified five new centres or activities:

- Exploration and production activity in Quiriquire Gas (Venezuela).
- Two LPG plants in Peru (Callao and Arequipa).
- Two logistics terminals in Portugal (Banatica and Matosinhos).

The new certifications obtained means

the company’s eight chemical plants are now certified, as well as eight of our nine refineries, 14 of the 15 lubricant and specialities plants, the two technology centres in Spain and Argentina, and a growing number of company facilities: four exploration and production operations, geophysical operations in Argentina, 27 LPG factories and an underground natural gas storage facility. All the certificates obtained can be viewed at www.repsol.com.

Safety criteria in our strategy

Since 2005, the duties of the Audit and Control Committee of the Board of Directors include determining and orienting the company’s policy, guidelines and objectives in the sphere of safety and environment.

Additionally, the company’s Board of Directors establishes the objectives and strategic lines in terms of safety and environmental issues that will serve as a basis for designing the objectives and action plans of each of the company’s businesses. The plans include actions required to improve management and respond to new legislation, as well as to provide necessary investments and expenditure.

Investment in safety actions amounted to €103 million in 2009, while expenses totalled €131 million.

Accident rate results

The Lost Time Injury Frequency rate (LTIF) (own personnel and contractors) dropped by 22% with respect to the year before.

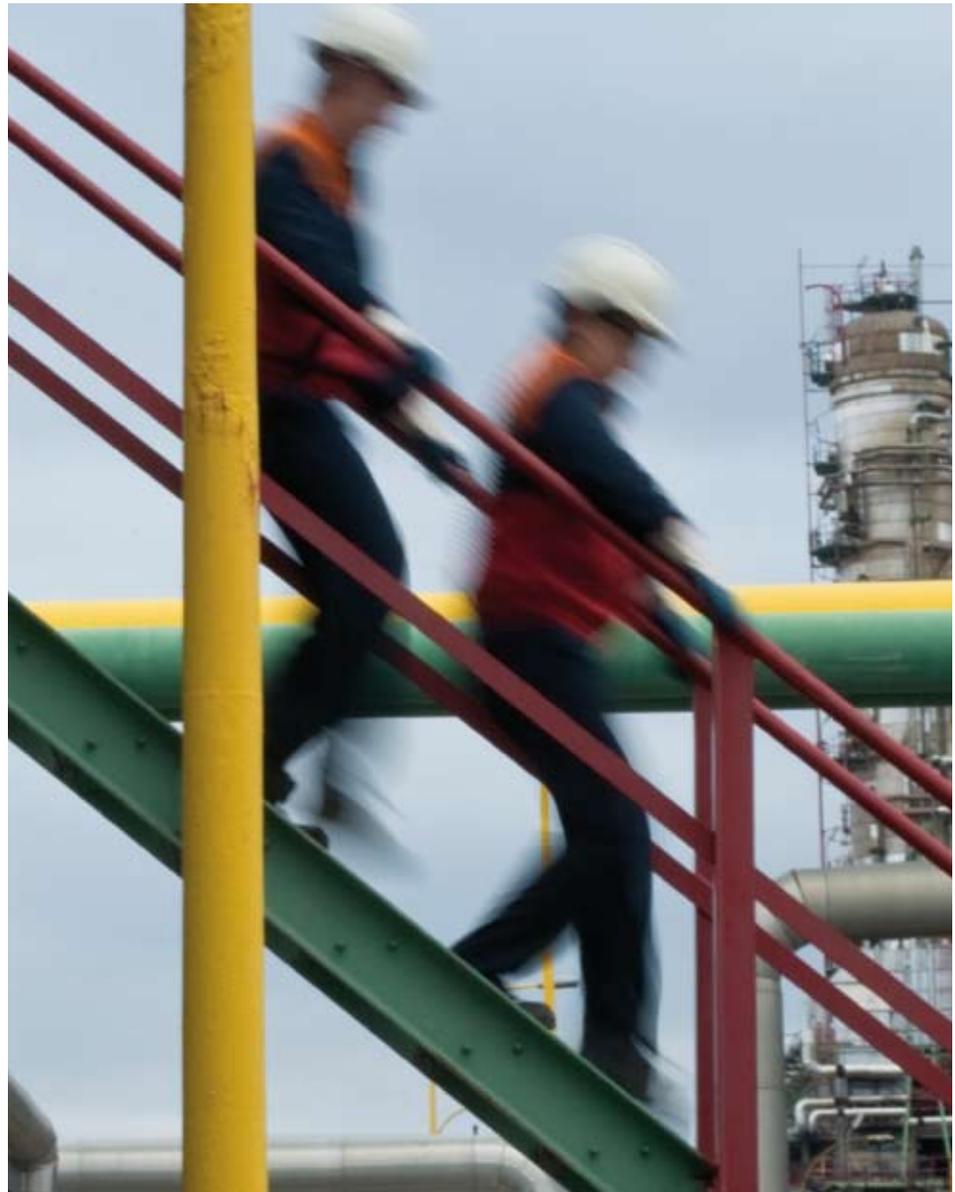
With these results we have met our established annual objective. This is one of the annual objectives for Repsol YPF's employees, who receive a variable salary dependent upon objectives met.

Nevertheless, despite the improvement actions carried out and the progress achieved to date, we suffered a total of nine fatal accidents in the course of our activities in Spain, Argentina, United States and Peru in 2009; one of the victims was an employee and the other eight were contracted personnel. Six of these deaths occurred in traffic accidents.

We work to ensure that accidents are investigated and their underlying causes identified and analysed, as a major part of our proactive safety management. Identifying these underlying causes and implementing corrective actions to combat them helps us to prevent such accidents recurring in our different activities.

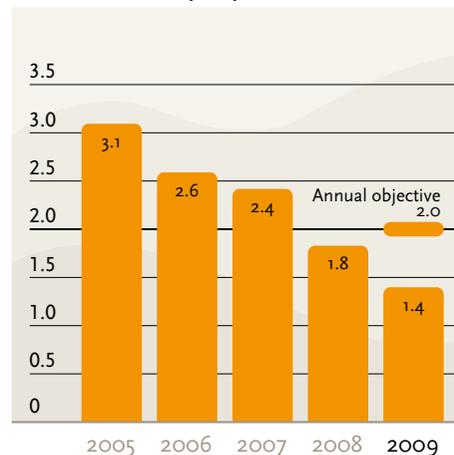
We pay particular attention to investigating near misses as an element of this prevention work, as the underlying causes of such events could be the same as those of more serious ones, despite their less damaging consequences, helping us to identify and manage the actions needed to communicate the lessons learned throughout the organization.

Since 2008 we have established company objectives for investigating high-potential incidents and those that caused accidents during the period, and for implementing improvement actions on the basis of these investigations.



Industrial Complex of Puertollano, Spain.

INTEGRATED LOST TIME INJURY FREQUENCY RATE (LTIF)



⁽¹⁾ Number of accidents, with lost working days and fatalities accumulated within the period for every million hours worked.

NUMBER OF FATALITIES





All Repsol YPF employees are responsible for their own safety, as illustrated by this worker at the Tarragona industrial complex (Spain).

Culture of safety

We foster a culture of safety through information, awareness-raising and training programmes primarily aimed at employees and contractors. We use different channels for disseminating information, regulations and technical documentation.

Seven basic rules that will save your life

All employees are responsible for their own safety, as well as for helping to ensure the safety of their fellow workers.

For this reason, and with the aim of strengthening the culture of safety among employees and contractors and in the company's safety management system, we approved seven basic rules in 2009 to prevent the risk situations that cause the largest number of fatal accidents at our work sites.

These seven basic safety rules consist of simple guidelines that are mandatory for all Repsol YPF employees and contracted personnel.

TRAINING IN WORKPLACE HEALTH AND SAFETY

	Hours	People	Coverage ⁽²⁾
Spain	187,913	8,073	37%
Argentina	23,883	3,965	23%
Rest of Latin America ⁽³⁾	9,488	750	18%
Rest of the world ⁽⁴⁾	13,176	544	27%
TOTAL	234,460	13,332	29%

⁽²⁾ Percentage of people who have carried out training activities with respect to total personnel

⁽³⁾ Bolivia, Brazil, Ecuador, Peru and Venezuela.

⁽⁴⁾ Libya, Portugal and Trinidad and Tobago.

In order to spread the word about these rules, we carried out a major communication campaign called “Seven basic rules that will save your life”, using leaflets, stickers and posters at fields, refineries, chemical complexes, service stations and other industrial centres, and through different internal employee channels, such as the magazine Conecta, our periodic digital newsletter, and our corporate intranet, repsolnet.

We boosted this campaign by holding awareness-raising talks at our different work sites to tell employees about the need to follow these rules.

Other awareness-raising and training programmes

Training and awareness-raising programmes specific to each activity are being implemented at the company's business units.

In 2009, a total of 13,332 employees received 234,460 hours of training in workplace health and safety, 53% more than in 2008 (see table).

Additionally, we have intensified training programmes for contractors in recent years, with the aim of having better

control over typical risk situations in the company's activities. In 2009 we gave around 380,000 hours of training to contracted personnel.

The Marketing Europe (Spain Direct Sales) unit continued promoting the “Awareness is improvement” programme in 2009, aimed at preventing the causes of the most common incidents in our activities, including the transport and supply of fuel in oil tank trucks. Thanks to this programme, there were no such incidents last year.

An incident prevention culture programme was carried out with employees during the construction phase of the new LNG Canoport regasification plant (Canada), which opened in September 2009, including actions such as daily risk analysis and planning in the work areas, quarterly safety audits, field inspections and installation of communication posts across the entire worksite giving information about near misses that had taken place, with the programme implemented being regularly monitored.

Safety in our operations in Venezuela

In 2009 we continued developing the “Safety as a value” project in our Upstream business operations in Venezuela.

The objectives of this project include changing employee behaviour and introducing the leadership and communication skills needed to ensure greater commitment to safety

The programme was initially aimed at supervisors among both our own and contracted personnel. Managers have now also been included in this process. Activities carried out include Reflection and Discussion Workshops (TRT), group coaching and individual coaching.

SEVEN RULES THAT WILL SAVE YOUR LIFE



At the wheel, **drive safely**



For any activity, a current **work permit**.



Lockouts, always secure and marked



Accessing **confined spaces**, only with authorisation



During **excavations**, secure the area



When **working at height**, secure your protections and supports



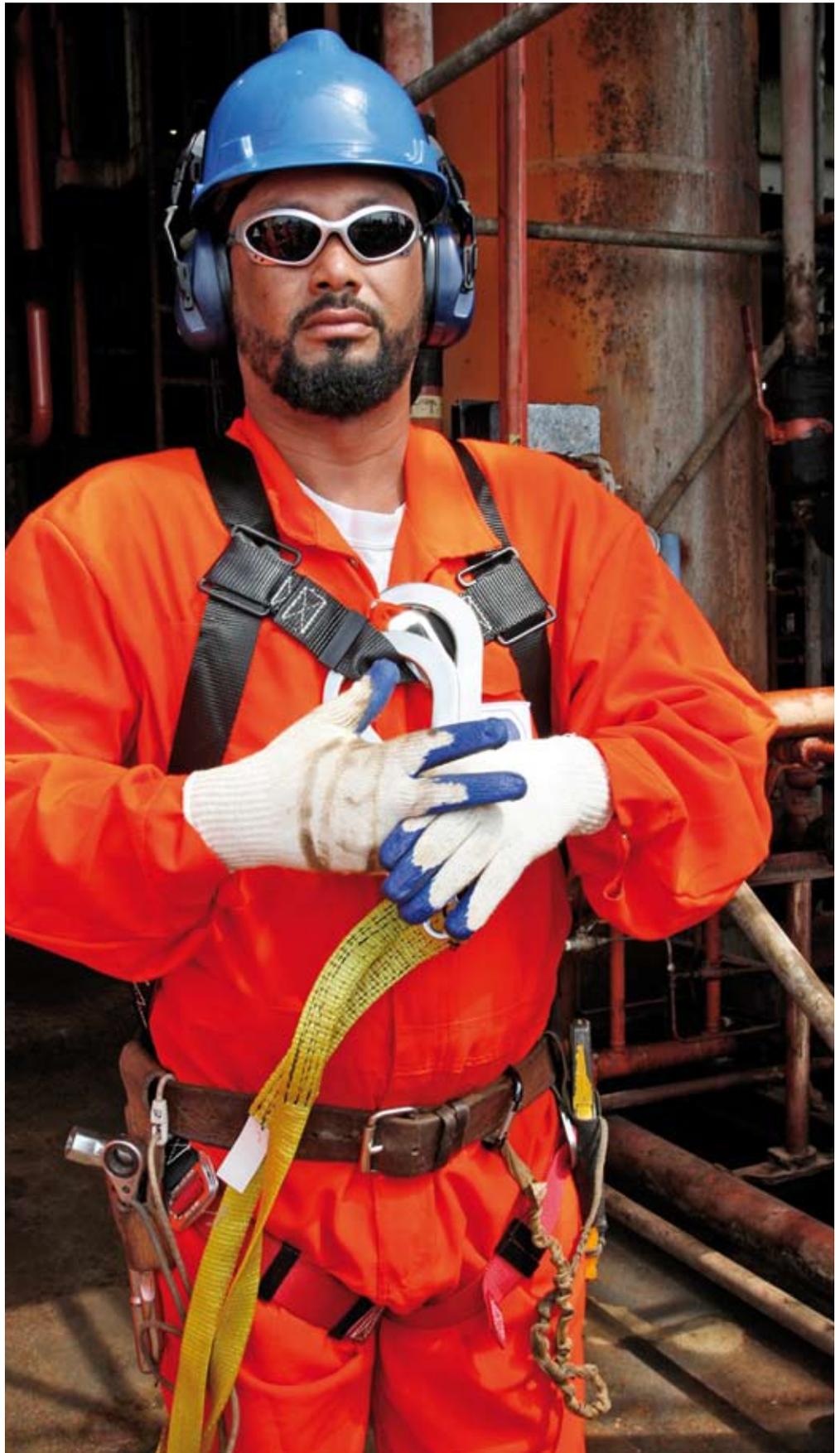
During **lifting operations**, never stand below the load

Process safety

The most effective manner of guaranteeing protection for the company's facilities and safety for employees is to correctly identify industrial risks and manage them properly.

Improving identification, evaluation and management of industrial risks is a key factor in increasing safety at our facilities. At Repsol YPF we have a set of rules and specific guidelines to ensure that risks are correctly identified, quantified and managed throughout the lifecycle of the facilities, in order to prevent harm to people and assets, as well as to minimise environmental impact. These rules were updated in 2009.

Our main objective is to ensure the safety of workers and the facilities where they are working through all stages of the project lifecycle, such as unit design, construction and start-up. Meeting this objective is particularly critical in large-scale and complex projects, such as the projects underway at the Cartagena and Muskiz (Spain) refineries and the construction of the Cartagena-Puertollano pipeline.



Properly-equipped worker at the company's Trinidad and Tobago facilities.

NOA Programme at the Cartagena-Puertollano pipeline

The No-Accidents Programme (NOA) has been implemented since the start of the construction of the Cartagena-Puertollano distillates pipeline. It includes tools such as satellite monitoring of vehicles used for the works, control of worksite access points without perimeter fencing, monitoring of pre-established prevention indicators and creation of risk maps and monthly safety bulletins. Employee participation is fundamental in these, since they include acknowledgements of good performance and promote employee participation in management processes by publishing their opinions and suggestions for improvements (Safety Comments). The workers involved in the tasks carried out have welcomed the programme and have become actively involved.



Control panel at the Puertollano industrial complex (Spain).

Safety in new projects in Cartagena and Muskiz (Spain)

Potential risk scenarios were identified and risks evaluated during the design of both projects, and decisions were made as to the most suitable measures for preventing and/or mitigating these in the subsequent construction and operation phases. The most significant actions included the high degree of coordination between our own workers and those of 52 external companies to ensure these rules and the stringent standards in force were strictly followed.

At present, both projects are at the construction phase. The most significant activities aimed at guaranteeing safety during this stage are:

- Selection of designs to improve the safety of people and facilities under construction, such as prefabricated concrete racks, screwed structures, prefabricated substations, road-surfacing and prior infrastructure installation, and insulation of workshop equipment.
- Improved staff management at worksites through the provision of more risk prevention information and the requirement for rules and procedures to be followed.
- Intensive safety training for employees before they start on such works.
- Compliance with safety regulations in carrying out studies and analyses, as well as in transport and hoisting of large equipment.

Also significant are the efforts made at temporary facilities used for project back-up during the construction phase, enabling workers to carry out their activities in optimum conditions during the period of greatest intensity in this work. In the Cartagena refinery project, we estimate that there will be 6,000 people working simultaneously at any given time, while this figure will stand at nearly 2,000 for the Petronor project.

To date, in the more than six million hours worked, we have achieved a lost time injury frequency rate of 1.0. The same rate for the Spanish construction sector is over 70.

Safe transport

We place particular importance on safety in the transport of people and goods, and produce action plans to improve the safety of all types of transport: by land, air and sea.

Land transport

In 2009, a total of 568 employees received 5,876 hours of training in safe road driving around the world.

In 2009, the liquefied petroleum gas (LPG) and Marketing Europe (service stations) businesses organized actions to reduce traffic accidents caused by tank trucks. Training actions were carried out, a truck drivers' manual was created and disseminated and accident simulations were carried out in conjunction with fire-fighters, the Civil Guard, Civil Protection and the Police.

A Transport Safety Plan was also produced in Peru in 2009, with the drivers and assistants of 20 bulk and bottled LPG distribution contractor companies taking part in the cities of Arequipa, Chiclayo, Huancayo, Lima, Piura and Trujillo. The specific actions included in the plan were, among others: professional capacity-building for the drivers, monitoring of personnel, driving hours and vehicles, and evaluation of en route risks. In order to evaluate the impact of these actions and compliance with these requirements, an audit was carried out among logistics operators.

As part of its commitment to road safety, Repsol YPF has abided by the European Commission's European Road Safety Charter since 2005. This involves the participation of authorities, research institutions, associations and companies, which share ideas to help improve road safety problems and reduce the number of traffic accidents and victims. Further information can be found at www.erscharter.eu.



Drilling platform in Tarragona (Spain).

Air transport

To further improve management of aviation operations, Repsol YPF has drawn up company regulations on air transport safety in its exploration and production activities, which set out the principles, responsibilities and functions for contracting and subsequently operating these services.

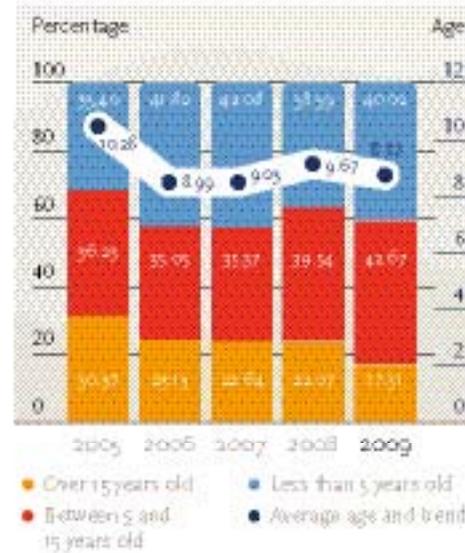
In order to guarantee that air operator services contracted or in the process of being contracted comply with the regulations established, we have put in place a comprehensive audit and inspection programme for operator companies and their aircraft.

Sea transport

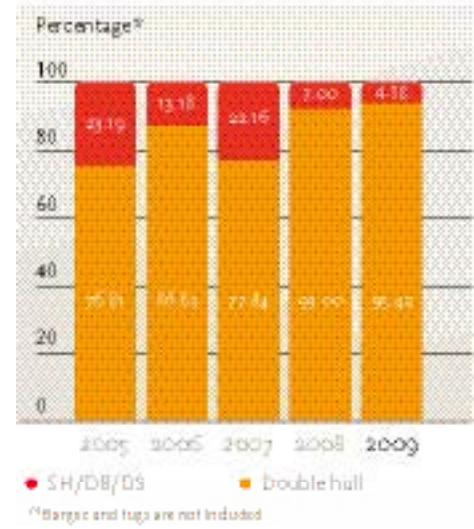
Repsol YPF does not have its own fleet, and so rigorous evaluation and inspection criteria are adopted when hiring vessels from third parties, an activity that is internationally known as vetting. We also carry out this service for other companies.

In order to verify that vessels comply with the most stringent safety regulations, a prior review is carried out of all documentation supplied by the operator, including Repsol YPF's Vetting questionnaire, duly completed; pollution prevention certificates; certificates issued by the classification company; log sheet of the control inspections carried out by the

EVOLUTION AND AGE DISTRIBUTION OF INSPECTED TANKERS



EVOLUTION AND DISTRIBUTION OF HULL TYPE IN >5,000 TDW TANKERS INSPECTED



Port State Control (PSC); any accidents the tanker has had and self-evaluation by the technical operator of the management system, among other documents.

Our inspectors then move on to the physical inspection stage, which is carried out at terminals. Any vessels that do not pass this test are rejected.

In 2009 a total of 1,708 preliminary vessel inspections were carried out, of which 1,230 were acceptable, 455 were unacceptable and 23 led to the declassification of the vessel. Only 72% of the vessels put forward to operate for Repsol YPF were considered acceptable. In addition, 907 physical inspections were carried out, which resulted in 823 approvals and 84 rejections.

The age of vessels inspected has dropped sharply in recent years and there has been an increase in the percentage of double hull vessels inspected.

Our data

We have included safety data for 100% of the employees of subsidiaries in which Repsol YPF holds a majority interest and/or has operating responsibility (control). In the case of contracted personnel we have included any activity carried out under direct contract with Repsol YPF with duration of more than one year.

In order to record, analyse, monitor and consolidate accident rate information, the company makes a proprietary web-based computer tool available to all the

work centres, which enables effective management of accidents and incidents.

A company regulation establishes the common criteria and methodology for recording accidents and incidents in the company, complemented by an incident management indicator guide, which is used to process Repsol YPF's safety indicators.

	2005	2006	2007	2008	2009
Lost time injury frequency rate (own personnel and contractors)	3.1	2.6	2.4	1.8	1.4
Number of fatalities	7	9	12	11	9
Hours of training in workplace health and safety					234,460

2010 objectives

Planned activities

Progress in safety performance.

Improved process safety.

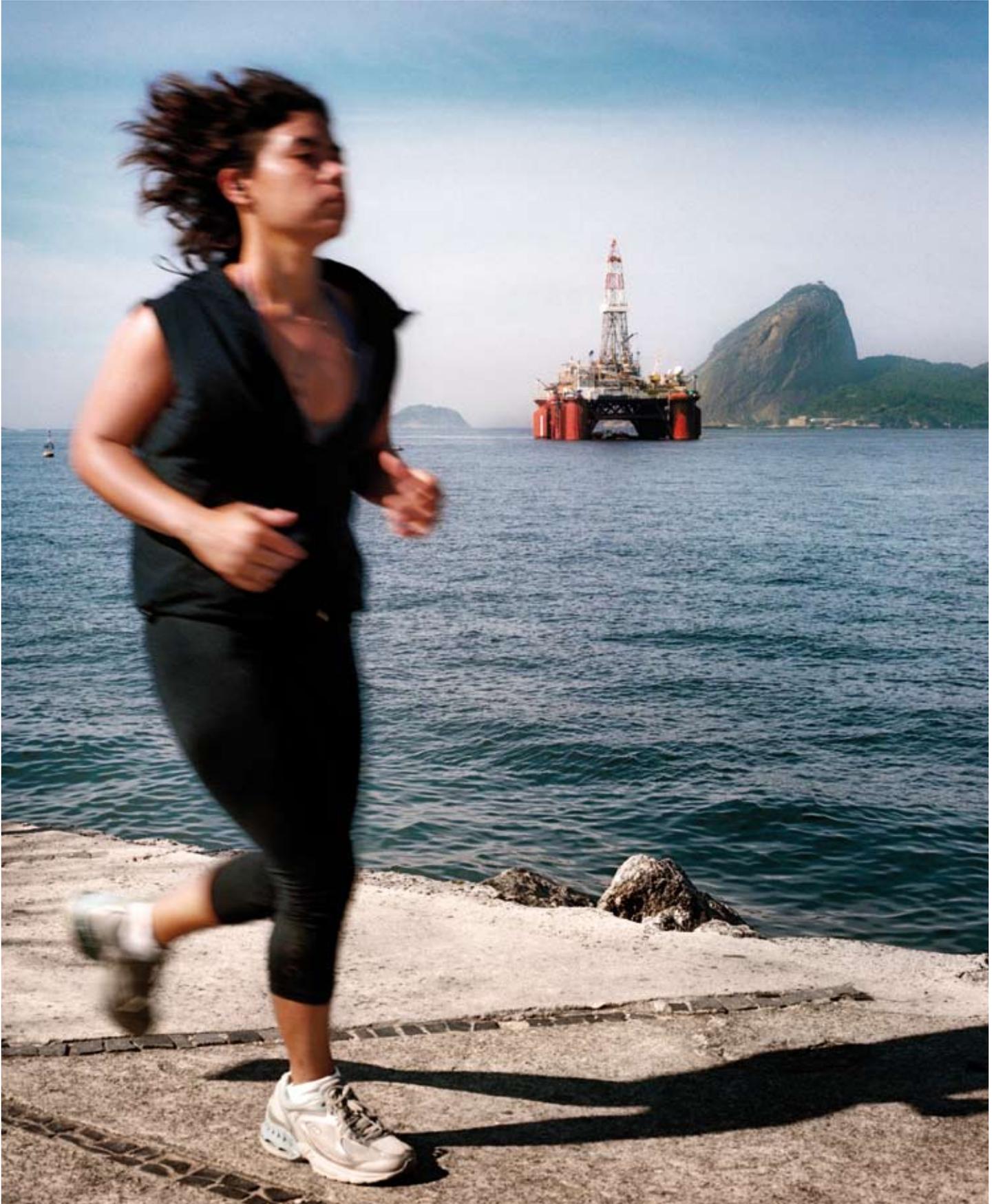
Ongoing improvement of the management system.

Objetives

To continue carrying out actions to improve safety, including safety training and awareness-raising programmes, among others.

To carry out plans to adapt industrial risk analyses to the new industry regulations on risk management.

To continue with the review and ongoing improvement of the company's safety management system.



Platform under construction off the coast of Río de Janeiro (Brazil).

Environmental impact management

Our efforts to prevent and mitigate negative impacts are becoming increasingly effective. The identification, analysis and monitoring of impacts, design of improvements to facilities, processes and management systems and investment in new technologies are all measures that are making our goal of minimising environmental impact in the areas in which we operate into a reality.



Update on 2009 objectives



Planned activities

Reduction of volatile organic compounds (VOCs).

Reduction of hydrocarbon spills.

Optimisation of water use.

Ongoing improvement of the environmental management system.

Degree of progress in 2009

Implementation of programmes for detecting and eliminating leaks in eight of the company's refineries and in two chemical plants.

Completion of installation of Phase II of a vapour recovery system at 42 service stations in the Autonomous Region of Madrid (Spain).

11% reduction in the amount of hydrocarbons spilled compared to 2008 (not counting external actions).

Implementation of programmes in seven refineries in Spain, Argentina and Peru, and in the chemical plant of Tarragona (Spain).

Certification of 10 new centres according to the ISO 14001 standard.

Management model

Concern for the environment is a key aspect for Repsol YPF in managing its activities. This principle is integrated into the company's strategic vision with the commitment to "contribute to the sustainable development and improvement of the social environment and respect for human rights, the environment and safety."

Platform in Tarragona (Spain).



Repsol YPF's safety, health and environmental policy, which is implemented in all of the company's activities through the management system, is based on this commitment. The basis for our environmental management system is the Safety and Environment Manual, which is applied throughout all our business units, and specifies functions and responsibilities, as well as establishing a common system of standards and management tools for the company as a whole. The manual is complemented by a comprehensive set of rules, procedures and technical guides, which are constantly updated to ensure they are properly adapted to best practices in the sector.

Promotion of ISO 14001 certification

We have been promoting the progressive certification of our centres according to

the ISO 14001 international standard for several years. We have obtained certification in 100% of the refining 56 and chemical industrial centres and in a growing number of centres involved in the rest of the company's activities (see table).

In 2009 we continued our upward trend in the number of certified centres. Every centre already certified maintained its certification and we obtained 10 new certificates too:

- Quiriquire Gas exploration and production activity (Venezuela).
- Four LPG plants: Neuquén (Argentina), Pifo and Montecristi (Ecuador), and Arequipa (Peru).
- Banática logistics terminal (Portugal).
- Four marine and fishing supply facilities in Spain.

Additionally, we have obtained ISO 14001 certification for a total of 20 logistics terminals, 21 air plants, 36 marine and fishing supply facilities, three marketing subsidiaries, 33 service stations, 29 LPG factories, five pipelines, one natural gas underground storage facility, geophysics and drilling operations in Argentina, exploratory activities in Libya and direct sales and aviation in Argentina. All these certificates can be viewed at www.repsol.com.

Environmental audits

Every year we draw up a safety and environmental audit plan that encompasses "crossed" internal audits, carried out by qualified personnel from a centre other than the one being audited, and external audits (voluntary and legal). The Safety and Environmental Audit Manual sets out the common methodology for carrying out audits



MAIN ISO 14001 CERTIFICATIONS BY ACTIVITIES IN 2009

Activity	Centres with ISO 14001 certification	%
Refining	9 out of 9	100
Chemicals	8 out of 8	100
Exploration and production	16 out of 17	94
Technology centres	2 out of 2	100
Lubricants and specialties	15 out of 15	100

ENVIRONMENTAL TRAINING

	Hours	Persons	Coverage rate
Spain	1,307	486	2%
Argentina	1,572	128	1%
Rest of Latin America ⁽²⁾	2,878	228	5%
Rest of the world ⁽³⁾	126	24	1%
TOTAL	5,883	866	2%

(1) Internal audits carried out by the centres' own personnel are not included.

(2) Bolivia, Brazil, Peru, Ecuador and Venezuela.

(3) Trinidad and Tobago, Libya and Portugal.

and three-year cycles for auditing the centres. There must be a balanced number of internal and external audits in each cycle.

In 2009 we carried out 1,082 safety and environmental audits, of which 411 were "crossed"⁽¹⁾ and 671 were external audits (141 associated with certification processes and 530 regulatory audits of a legal nature).

Environmental Training

A total of 866 employees received 5,883 hours of environmental training in 2009 (see table).

Environmental criteria in strategic planning

One of the functions of the Audit and Control Committee of the Board of Directors is to set and guide the company's safety and environmental policy, guidelines and objectives.

Every year we establish environmental objectives, within the framework of the safety and environmental strategic lines, which are approved by the company's Executive Committee. These objectives form part of the targets for those Repsol YPF employees with variable remuneration linked to the achievement of objectives.

Environmental investment and expenditure

Environmental investment amounted to €246 million and expenditure to €146 million in 2009.

Investment was spent primarily on ensuring optimum water consumption, improving the quality of effluents, improving the environmental quality of oil products, minimising emissions into the atmosphere, increasing energy efficiency and improving spill prevention systems. The following are some of our most unique projects:



Repsol YPF helps to supply clean drinking water in countries such as Bolivia.

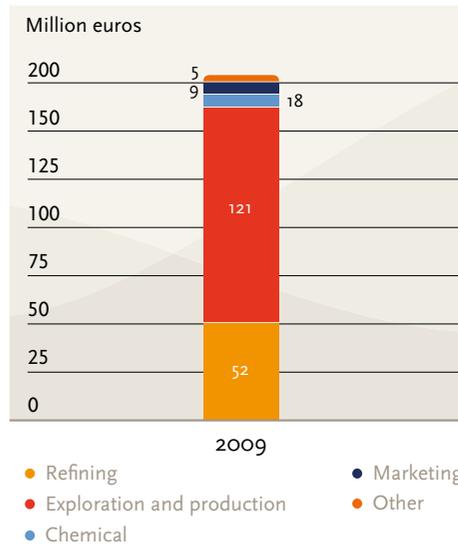
ENVIRONMENTAL INVESTMENT AND EXPENDITURE BY SECTOR⁽⁴⁾

	Million euros	
	Investment	Expenditure ⁽⁵⁾
Protection of the atmosphere	31	20
Water management	64	19
Waste and soils	54	59
Product environmental quality	41	<1
Other	56	48
TOTAL	246	146

(4) The information included in this table refers to companies in which Repsol YPF holds a majority interest and/or has operating responsibility.

(5) Expenditure deriving from the rights required to cover CO₂ emissions is not included.

ENVIRONMENTAL INVESTMENT BY ACTIVITY⁽⁶⁾



(6) The data do not include investments made in the environmental quality of products



Canaport LNG regasification plant (Canada).

Caring for the environment in new projects: Canaport LNG

The start-up of the Canaport LNG regasification plant was one of the milestones of 2009 for many reasons, including the tremendous effort made from the environmental viewpoint.

Environmental impact and other studies revealed the effect that earth movement and construction of the facility had had on wetlands.

Canaport LNG has been in permanent contact with the relevant local, regional and national authorities in environmental matters and has established very ambitious programmes which go beyond simply restoring the affected areas.

Part of this work was carried out in 2009 and the rest is expected to be completed in 2010.

These actions will allow wetland habitat to be conserved by removing sandbanks, restoring the water flow between the wetland area and the Kennebecasis river, recovering local native plants and improving public access.

- Continuation of the logistics biofuels marketing project in Argentina, with an environmental investment of €11 million.

- Project for improving fuel quality at the A Coruña refinery (Spain), with an environmental investment of €11 million.

- Continuation of the project for improving gasoline and diesel quality at the Cartagena refinery (Spain), with an environmental investment of €6 million.

- Project for improving the rainwater collection system at the industrial complex of Puertollano (Spain), with an environmental investment of €13 million.

Minimising environmental impacts is one of our investment priorities. At Canaport LNG, Repsol YPF's new regasification plant in Canada, a tremendous effort has been made to reduce environmental impacts on the surrounding areas to an absolute minimum (see table).

Measures put in place to reduce environmental impacts

Our main efforts are aimed at reducing emissions into the atmosphere, optimising water consumption, improving the quality of effluents, minimising the generation of waste and improving spill prevention systems using the best practices available and state-of-the-art technology.



Exploration platform off the coast of Venezuela.

Main environmental impacts by activity



Refining

Emissions into the atmosphere⁽⁶⁾:
109,914 t
Water withdrawal: 76,102 kt
Treated waste: 103,248 t
Hydrocarbon spills: 35 t



Logistics and transport

Emissions into the atmosphere⁽⁶⁾:
1,513 t
Water withdrawal: 299 kt
Treated waste: 6,178 t
Hydrocarbon spills: 322 t



Marketing

Emissions into the atmosphere⁽⁶⁾:
3,235 t
Water withdrawal: 3,356 kt
Treated waste: 29,471 t



Exploration and production

Emissions into the atmosphere⁽⁶⁾:
91,439 t
Water withdrawal: 12,61 kt
Treated waste: 189,627 t
Hydrocarbon spills: 323 t



Chemicals

Emissions into the atmosphere⁽⁶⁾:
19,407 t
Water withdrawal: 22,132 kt
Managed waste: 38,905 t



LPG

Emissions into the atmosphere⁽⁶⁾:
1,775 t
Water withdrawal: 402 kt
Treated waste: 3,982 t

(6) The figure for atmospheric emissions refers to emissions of SO₂, NO_x, NMVOC, CO and particles.

t: metric tons.
kt: metric kilotons.



Atmospheric emissions

Our main atmospheric emissions are greenhouse gases⁽⁷⁾, sulphur dioxide (SO₂), nitrogen oxides (NO_x), volatile organic compounds (VOC_s) and, to a lesser extent, carbon monoxide (CO) and particles.

Sulphur oxide emissions

SO₂ emissions stem mainly from the sulphur contained in the fuels used in combustion processes at our refineries.

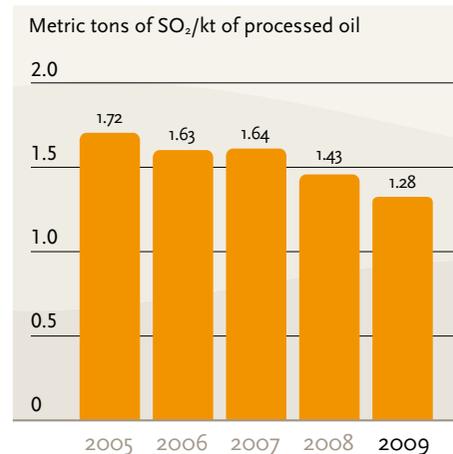
In 2009 we reduced the emission ratio per unit of processed oil in refining by 10% compared with 2008 figures, primarily due to the changes made in the calculation methodology required by the Integrated Environmental Authorisation of the Puertollano (Spain), Muskiz (Spain) and La Pampilla (Peru) refineries, due to an improvement in the quality of the fuels used.

Nitrogen oxide emissions

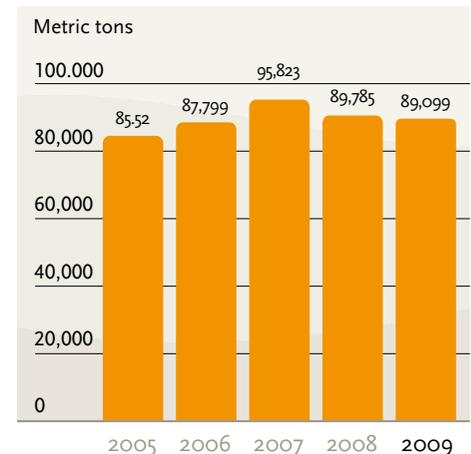
NO_x emissions are mainly produced in the refining and exploration and production businesses during combustion processes. In 2009, NO_x emissions were slightly lower (1%) than in 2008.



EVOLUTION OF SO₂ EMISSIONS IN REFINING

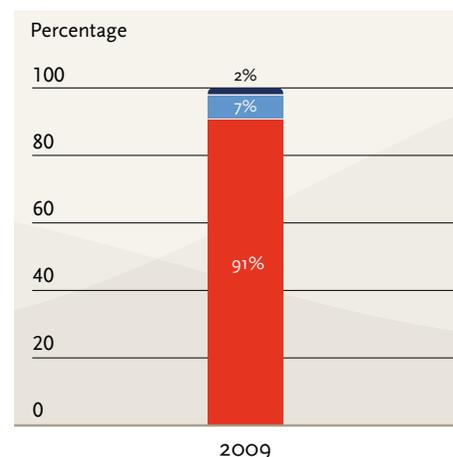


EVOLUTION OF NO_x EMISSIONS



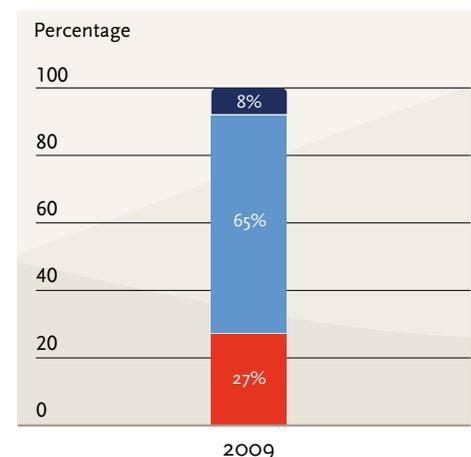
(7) For further information, see the chapter on "Sustainable energy and climate change".

SO₂ EMISSIONS BY ACTIVITY



● Refining ● Exploration and production ● Chemicals

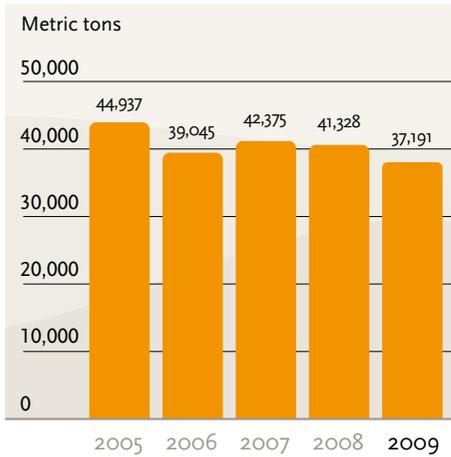
NO_x EMISSIONS BY ACTIVITY



● Refining ● Exploration and production ● Chemicals



EVOLUTION OF NMCOV EMISSIONS



Emissions of non-methane volatile organic compounds (NMVOC)

VOC emissions are produced mainly during refining, exploration and production, through service station activities and fugitive emissions in general. These emissions, due to their diffuse and sometimes discontinuous nature, are difficult to control. In 2009, NMVOC emissions fell by 10% due to reduced activity in the chemical plants of Spain and Argentina.

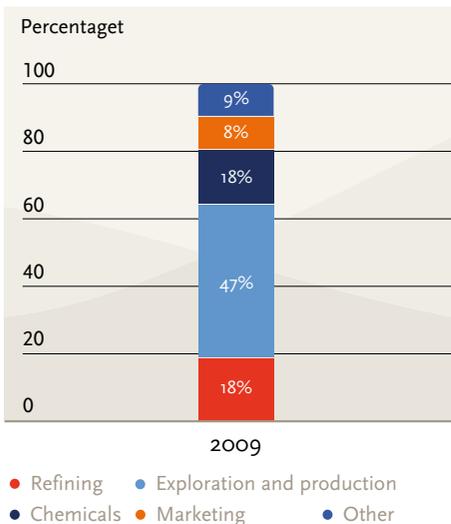
In 2009 we implemented different programmes for detecting and eliminating

leaks using Leak Detection and Repair (LDAR) or similar technologies at eight of the company's refineries and two chemical plants.

The Repsol Technology Centre also evaluated the technologies used to detect and measure the volatile organic compounds (VOCs) fugitive emissions generated by the industrial refining complexes in Spain. This evaluation led to identification of a new technology, which could represent a major step forward in the early detection and elimination of VOC leaks.

During the year, we also completed installation of Phase II vapour recovery at company-owned service stations with the greatest annual gasoline sales, in compliance with the Voluntary Agreement signed by Repsol YPF and the Autonomous Region of Madrid in 2006. These systems prevent VOCs being emitted when vehicles are refuelled. In 2009, we installed these systems at seven service stations completing the total number of systems planned for installation in the region (42), in anticipation of the future national regulation implemented by Directive 2009/126/EC, recently approved by the European Parliament and Council.

NMVOC EMISSIONS BY ACTIVITY



Verification of Smart LDAR technology for detecting and eliminating VOC emissions leaks at refineries

Smart LDAR technology is based on infrared cameras that detect fugitive emissions of volatile organic compounds (VOCs). A VOC leak, which is invisible to the human eye, is picked up by the camera as a plume of smoke.

We decided to test this equipment at the Repsol YPF refinery in Tarragona (Spain). In November and December 2009 we revised 5,000 elements (valves, flanges, pumps, etc.) in the olefin and platforming businesses and compared the results with the conventional method used, a flame ionisation detector (FID).

This technique improves leak detection

and allows us to make repairs more effectively and rapidly, saving time spent on checking equipment and helping us to monitor equipment and reduce the risk of emissions.

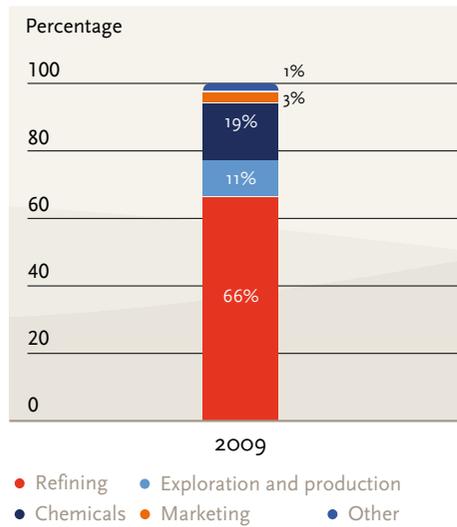
In 2010 we will develop a common protocol for using infrared cameras at all our refining centres. Together with the other VOC reduction actions, this will help us to gradually reduce fugitive emissions at our refining facilities.

Water management and discharge quality

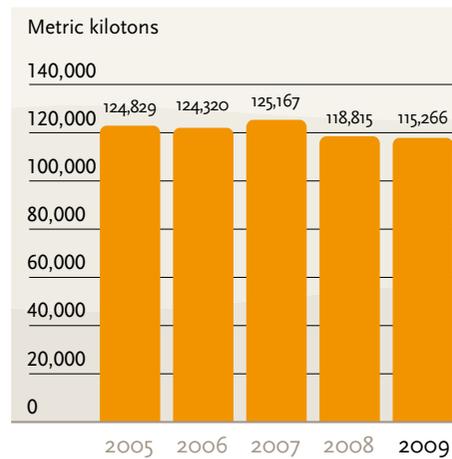
Water is a limited natural resource, which means it must be managed sensibly and its purity preserved.



EXTERNAL WATER WITHDRAWAL BY ACTIVITY



EVOLUTION OF WATER WITHDRAWAL

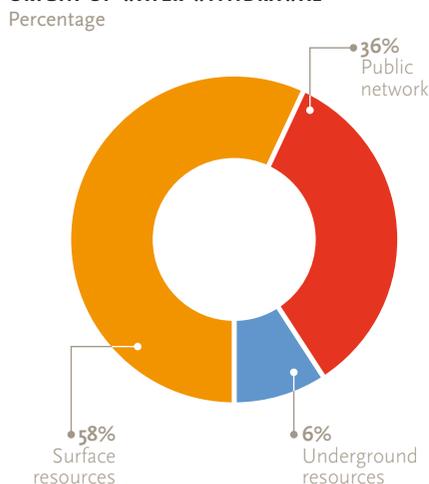


The water consumed comes mainly from surface resources (58%), from municipal supply (36%) and, to a lesser extent, from ground water (6%). In order to optimise water consumption in our operations, we draw up programmes each year that form part of the company's annual objectives.

Some of the most important actions carried out in 2009 include the programmes to optimise water consumption and quality of water discharged at the company's refineries in Spain, Argentina and Peru. These measures have been aimed at achieving greater levels of reuse, increasing use of recovered water and raising awareness about consumption of fresh water. The various actions carried out in 2009 enabled us to reuse 18,127 metric kilotons of water, 15% of the total water withdrawal.

Most of Repsol YPF's water consumption takes place during refining and chemical activities. In 2009, we consumed 115,266 metric kilotons, 3% less than in 2008.

ORIGIN OF WATER WITHDRAWAL



Treatment of rainwater at the industrial complex of Puertollano (Spain)

In 2009 we carried out the project to overhaul the rainwater network at the Puertollano petrochemical complex, aimed at improving its capacity to collect and channel such rainwater.

The project consists of four new ponds and two microtunnels to channel and collect rainwater. This water is then channelled to the wastewater treatment plant and released, totally cleaned, into

the Ojailén river or channelled directly to the industrial cycle of the petrochemical complex to be reused.

The four new ponds are capable of collecting 104,000 m³ which, added to the previous 23,000 m³ capacity available at the facility, adds up to a total of 127,000 m³.

Discharge quality

Effluent quality management involves the provision of technologically advanced facilities for treating discharge and monitoring and separating currents to reduce discharges and contaminant load.

The main contaminants discharged at our facilities are: hydrocarbons, solids in suspension and organic matter likely to undergo oxidation, measured as Chemical Oxygen Demand (COD).

Hydrocarbons

There has been a rising trend in hydrocarbon discharge since 2007, due to the inclusion of the exploration and production activity in Trinidad and Tobago, where improvement measures are being implemented at the water treatment plant to optimise discharge quality. This increase in hydrocarbon discharge has in no case exceeded the legal limits established in the country.

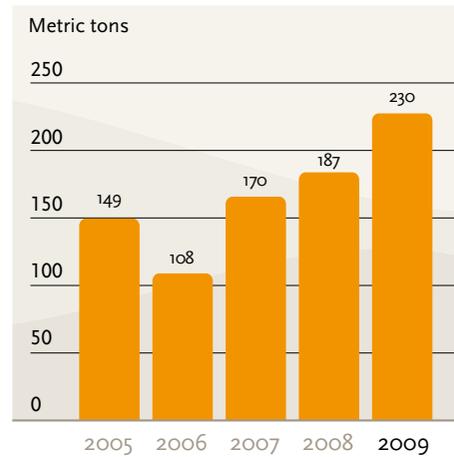
Suspended solids

These have fallen by 12% compared with 2008 figures, mainly due to reduced refining and chemical activity in Spain.

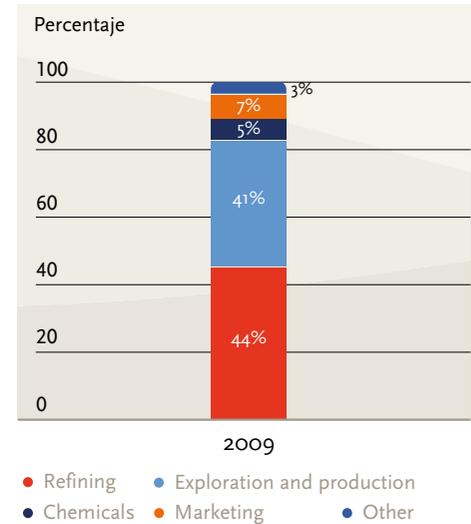
COD

This dropped by 5% compared with 2008 figures, mainly due to the decrease in the activity of the chemical plants in Spain.

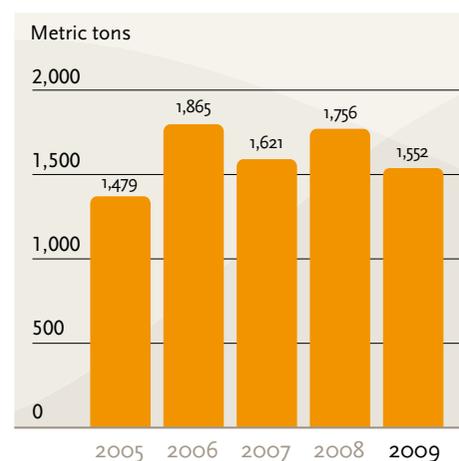
EVOLUTION OF HYDROCARBONS



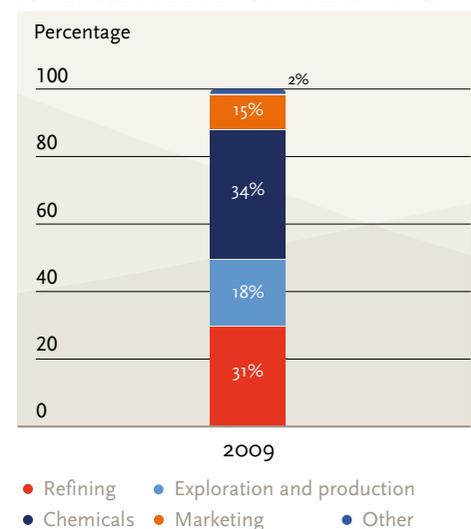
HYDROCARBONS DISCHARGED BY ACTIVITY



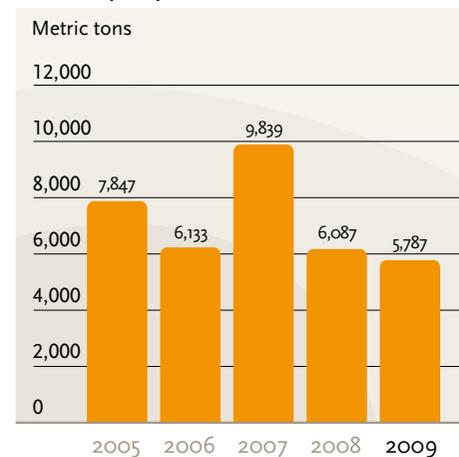
EVOLUTION OF SUSPENDED SOLIDS



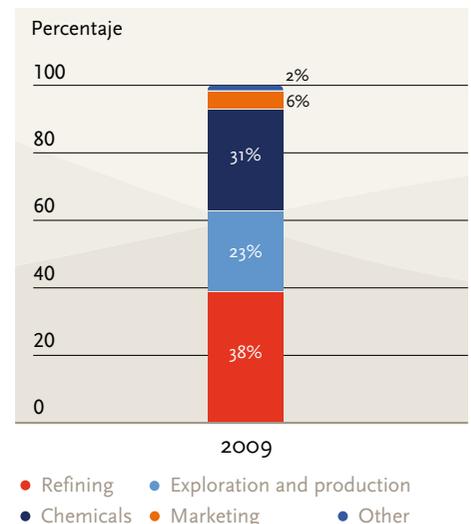
SUSPENDED SOLIDS DISCHARGED BY ACTIVITY



EVOLUTION OF CHEMICAL OXYGEN DEMAND (COD)



COD DISCHARGED BY ACTIVITY



Waste management

We make every effort to minimise the generation of waste and manage it correctly throughout the lifecycle of our activities.

To this end, different measures have been put in place, primarily for improving internal waste management, implementing waste minimisation programmes at every stage of the process, promoting reuse and recycling, and substituting raw materials or additives.

At Repsol YPF, waste is generated mainly during exploration and production, refining and chemical activities. The main waste products generated at our facilities include muds from cleaning the bottom of tanks, drilling muds and hydrocarbon-contaminated soil.

In 2009, we dealt with 43% less hazardous waste than in 2008, mainly due to a smaller quantity of contaminated soil having been produced by exploration and production activities in Argentina.

We have been committed to maximising the reuse and recycling of waste generated at our facilities for several years. In this



Repsol YPF industrial facility.

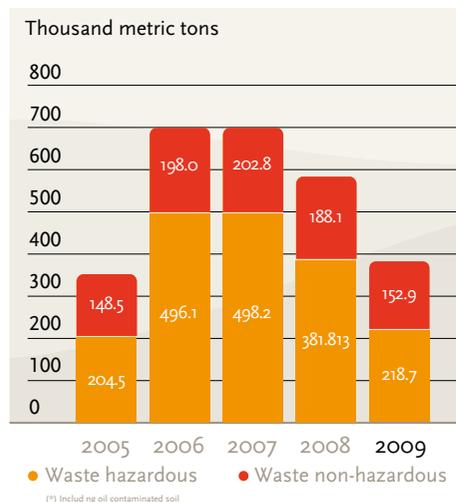
regard, 59% of the hazardous waste and 19% of the nonhazardous waste we dealt with in 2009 was destined for reuse and recycling.

Some of the most important waste generation reduction actions carried out in 2009 included those at the Ensenada chemical complex (Argentina), where we achieved a significant reduction thanks to the improved operation of some units and to the internal reprocessing of special wastes: biocell treatment, maleic incinerator furnace and sulfolane recovery. This waste reduction led to a decrease in our management costs of US\$250,000.

Additionally, the Lubricants and Specialties business unit in Spain has worked on different projects aimed at minimising waste management. These include:

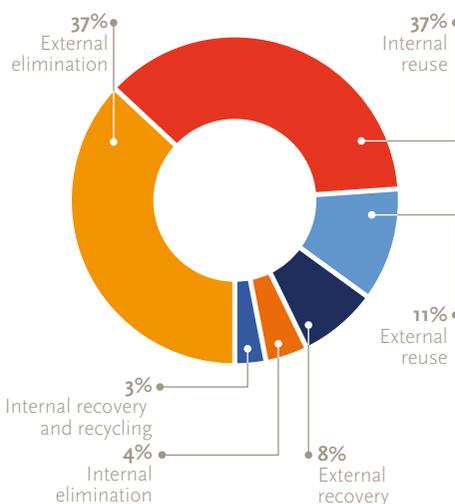
- Continuation of the reverse logistics programme, an integrated system for managing intermediate bulk containers (IBC) and pallets to increase waste recovery and reuse. In 2009, we achieved a 20% reduction in spending on IBCs (compared to 13.7% in 2008) and 25% on pallets (compared to 18% in 2008), representing significant savings for the company.
- Substituting packaged products for bulk products allows us to reduce container waste and improve working conditions, since this waste no longer has to be dealt with.

EVOLUTION OF HAZARDOUS^(*) AND NON-HAZARDOUS WASTE



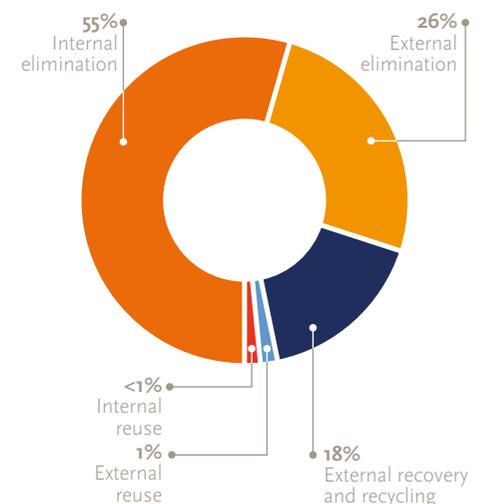
HAZARDOUS WASTE TREATED

Percentage



NON-HAZARDOUS WASTE TREATED

Percentage



Protection of the soil and underground water

Our efforts in this regard involve using the most advanced techniques to prevent and remedy pollution, manage accidental spills, carry out maintenance of facilities and make optimal use of logistics activities.



Most spills that take place in the oil and gas industry result from exploration and production activity. For years we have implemented measures aimed primarily at improving oil lines in exploration and production fields and at detecting, reporting and acting immediately when spills take place.

In 2009, we achieved a 69% reduction in the amount of hydrocarbons spilled, mainly due to the lower incidence of spills deriving from external actions. Without taking these actions into account, the amount spilled decreased by 11%, although the number of spills increased around 11%.

Environmental engineering unit

We have an environmental engineering unit. It provides the business units with specialist advice on preventing and cleaning up after soil contamination and evaluates new techniques for cleaning up contaminated soils together with the Repsol Technology Centre.

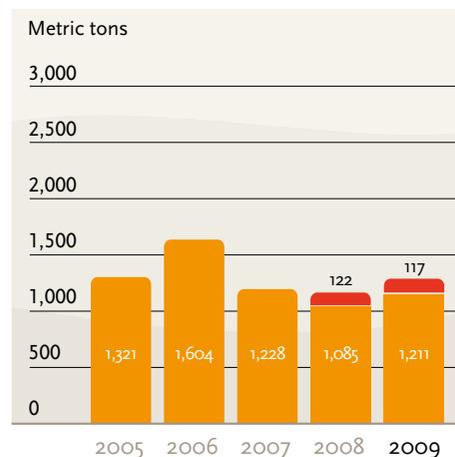
In 2009, we completed cleanups at 52 sites in Spain and Argentina: 48 at service stations, two at diesel distribution bases, one within the lubricants and specialties area, and one within direct sales. These cleanups basically use onsite techniques (not involving excavation): emptying, pumping, air injection into wells and vapour extraction (air sparging) and bioremediation; and in some cases,

usually involving refurbishment or abandonment of facilities, offsite techniques: excavation and proper management of soils and products.

From the prevention viewpoint, we also continued with the project in 2009 to implement an early leak alert system in tanks, called Statistical Inventory Reconciliation (SIR), at company-owned service stations in Spain. This system has been certified by the United States Environmental Protection Agency (EPA)

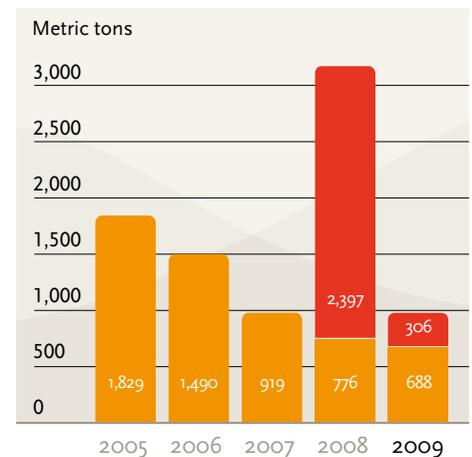
and has been implemented at 150 facilities. We aim to continue to introduce it progressively throughout the rest of the company-owned service station network as a tool to boost efforts to prevent damage to the soil and underground water as a result of accidental fuel spills.

EVOLUTION OF THE NUMBER OF HYDROCARBON SPILLS THAT AFFECT THE SOIL



● Spills caused by actions beyond the company's control

EVOLUTION OF THE QUANTITY OF HYDROCARBON SPILLS THAT AFFECT THE SOIL



Spills greater than one barrel affecting the soil have been included. In 2009, we have broken down the spills resulting from external causes which accounted for 117 spills and 306 metric tons of hydrocarbons spilled.

Analysis of environmental risks

Improving the identification, evaluation and management of environmental risk throughout the company as a whole is a key factor for preventing environmental impacts.



We have been working steadily for several years to develop quantitative methods to evaluate the environmental risks of our operations as a tool to improve our ability to assess and prevent them.

In 2009, risk evaluations took place at several of our industrial complexes, using these recently-developed methodological tools. In the refining business significant developments have been made at the Tarragona and Muskiz industrial complexes (Spain), which will serve as a basis for implementing management tools that will help to better understand risks, prioritise preventive actions and consolidate the experience acquired in our day-to-day operations. The initial evaluation stages have already got underway in the other centres.

With the help of the Environmental Engineering unit, the Spain Direct Sales business unit has carried out risk evaluations at all the diesel distribution centres within the sales department in their corresponding regional offices. A tool has also been provided which not only allows calculations to be made, but which can also be used to re-evaluate

risk in the event of modifications made at the facilities or changes in the surrounding area. It also helps to provide the information required by the current regulations in terms of quantitative analysis of environmental risks and establishment of the financial guarantee.

Environmental Responsibility

Progress is being made to evaluate the environmental risks of industrial complexes in Spain by using the principles established in Regulation 2092/2008 of Act 26/2001 on Environmental Responsibility. This work is part of a programme that will conclude in 2010, and which was completed at the Repsol Chemicals Tarragona and Puertollano centres in Spain in 2009. The evaluation process used takes into

account main danger areas, the channels by which contaminants could flow and environmental features that may potentially be affected by our activity. We use the detailed information about these three areas of activity to come up with accident scenarios, and those considered to be critical are selected for detailed evaluation, using a semi-quantitative evaluation with particular weighting given to aspects such as the volume and type of substance involved, characteristics of the main danger areas and their primary control systems, migration speed and potentially affected environmental features. This analysis provides greater insight into the main risks and most-heavily weighted factors, and helps in prevention work. For example, 76 scenarios were postulated at Chemicals Tarragona and 23 selected for further development and detailed evaluation. This all gives rise to the information needed to comply with the related legal obligations.

Our data

As a general criterion, 100% of emissions into air, water and soil are recorded for subsidiary companies in which Repsol YPF has a majority interest and/or operating responsibility (control).

We have our own computer tool for recording, analysing, monitoring and consolidating environmental information, which is accessible to all of the company's centres by means of the intranet, enabling environmental indicators to be uploaded

and validated. To this end, we use a common methodology throughout all the lines of business, which is included in the company's Environmental Parameters Guide and is based on internationally recognised documents and guides used in the sector.

	2005	2006	2007	2008	2009
Emissions into the atmosphere (metric tons)					
SO ₂	102,292	101,571	102,003	89,872	72,167
NO _x	85,052	87,799	95,823	89,785	89,099
COVNM	44,937	39,045	42,375	41,328	37,191
CO	24,170	25,259	25,726	23,442	21,839
Particles	10,068	10,767	9,986	9,254	7,064
TOTAL	266,520	264,441	275,913	253,681	227,360
Water management (metric kilotons)					
Water withdrawal (surface water, ground water, municipal supply)	124,829	124,320	125,167	118,815	115,266
Other water sources	554	148	147	91	57
Total water withdrawal	125,384	124,468	125,314	118,906	115,323
Discharged	51,173	52,109	58,972	63,606	60,899
Reused	20,818	22,073	20,915	19,571	18,127
Produced	163,314	183,159	191,589	189,365	177,902
Injected	178,973	192,775	196,413	193,580	181,762
Discharges (metric tons)					
Hydrocarbons	149	108	170	187	230
Suspended solids	1,479	1,865	1,621	1,756	1,552
COD	7,847	6,133	9,839	6,087	5,787
Waste management (metric tons)					
Hazardous waste (including contaminated soil)	204,796	496,128	498,236	381,813	218,738
Non-hazardous waste	148,528	198,038	202,833	188,068	152,937
Spills⁽⁸⁾					
Number of hydrocarbon spills that affect the soil	1,321	1,604	1,228	1,085	1,211
Spilled hydrocarbon that affect the soil (metric tons)	1,829	1,490	919	776	688
IEEnvironmental investment and expenditure (million euros)					
Environmental investment (excluding environmental quality of products)	127	116	152	207	205
Investments in environmental quality of products	186	64	43	56	41
Environmental expenditure	153	180	126	145	146
Environmental fines/sanctions⁽⁹⁾ (million euros)					
					0.3

(8) 2008 and 2009 data do not include spills caused by actions beyond the company's control. For further information, please see the section on spills in this chapter.

(9) Includes legal cases or administrative proceedings in excess of €100,000 that were concluded and fines paid in 2009. For further details, see notes 35 and 36 of the Consolidated Annual Accounts Report, "Liabilities, contingencies and commitments" and "Environmental information", respectively.



2009 Awards

In 2009 we obtained the maximum score awarded for the oil and gas sector in the Dow Jones Sustainability World and Dow Jones Sustainability STOXX indexes for our environmental management policy and system.

Repsol Technology
Centre in Móstoles
(Spain).

2010 objectives



Planned activities

Reduction of volatile organic compounds (VOCs).

Reduction of hydrocarbon spills.

Optimisation of water use.

Ongoing improvement of the environmental management system.

Objectives

To continue implementing the programmes in the company's different activities.

To continue with our actions for reducing hydrocarbon spills.

To continue implementing the water optimisation programmes in other company centres.

To continue with ongoing reviews and improvements to the company's environmental management system.



Florestas do Futuro project in Brazil.

Protecting biodiversity

We are carrying out four Biodiversity Action Plans (BAPs) in three different countries (Peru, Ecuador and Trinidad and Tobago) and planning to implement new BAPs in environmentally-sensitive areas in Argentina in 2010. We also held the Third Biodiversity Workshop, which was attended by professionals from every business unit. Our partnership with conservationist associations has been a very positive experience that we can extrapolate to other operations.

Update on 2009 objectives



Planned activities

To incorporate biodiversity into the company's management systems and decision-making processes.

To carry out Biodiversity Action Plans (BAP) in IUCN (International Union for Conservation of Nature) category areas IIV⁽¹⁾ and in other areas considered to be of high ecological value.

To improve identification and reduction of possible impacts caused by the company's operations.

(1) International Union for Conservation of Nature.

(2) Repsol YPF's Biodiversity Information System.

Degree of progress 2009

Actions were carried out to disseminate the biodiversity regulation approved in 2008 at Repsol YPF's Third Biodiversity Workshop, held in a double session in Buenos Aires and Madrid.

Continuation of the BAPs developed in Block 39 (Peru) and in offshore activities in Trinidad and Tobago. Start of the BAPs in blocks 16 and Tivacuno (Ecuador) and in block 57 (Peru).

Planning of new BAPs in sensitive areas.

Various actions carried out to improve identification, prevention and reduction of impacts on biodiversity caused by different company activities. Details of these different actions are provided throughout the chapter. Consolidation of the SIBRY tool⁽²⁾ for use in exploration and production activities worldwide.



Our biodiversity strategy and management

We have basic biodiversity criteria and guidelines, which apply to all company operations.

Repsol YPF recognizes the protection of biodiversity as a strategic issue and establishes the principles that must govern the company's activity in this area.

Repsol YPF's regulations encompass, among other aspects, the requirement to determine ecological sensitivity within the area of influence of its operations and to carry out evaluations on a project-by-project basis on whether to proceed with operations in sensitive areas. This decision is taken on the basis of certain criteria, such as the sensitivity of the area, the scale of the possible impacts on biodiversity or the level to which these can be offset. Decisions on authorizing or ruling out operations in highly sensitive areas are taken at highest decisionmaking level in the company: the Executive Committee.

General biodiversity action guidelines are also set for all operations carried out in sensitive areas, including the commitment to produce and implement Biodiversity Action Plans (BAPs) in IUCN category I-IV areas and other areas considered to be of high ecological value.

In 2009, we carried out various actions to disseminate the biodiversity regulation, with one of the most important being the Third Biodiversity Workshop, held in a double session in Buenos Aires and Madrid. The workshop brought together most of our professionals working on biodiversity-related issues, as well as some external organizations. The objectives of the workshop were:

- To disseminate Repsol YPF's principles on biodiversity and the degree to which the biodiversity work plan had been fulfilled up to 2008, as well to share information on projects underway at the time.
- To identify opportunities, projects and initiatives for strengthening the work plan over coming years and ensuring Repsol YPF's principles on this issue are followed.



Preventing and reducing impacts on biodiversity

Our priority is to prevent and minimize the impacts of our activities, according to the particular characteristics of the areas in need of conservation around our facilities and, where necessary, environmental restoration.

We carry out exploration and production activities in a wide range of sensitive areas from the perspective of biodiversity. We operate in several fields located in IUCN category I to IV areas, shown in table on this page.

We carry out environmental baseline studies in these areas and have taken steps to protect their biodiversity. We are committed to starting to design and implement BAPs in IUCN I-IV category areas and other areas considered to be of high ecological value.

We also consider specific requirements for protecting biodiversity and the environment in every Environmental and Social Impact Assessment (ESIA) that we carry out, in accordance with our ESIA guide for exploration and production activities.

Biodiversity Action Plans (BAPs)

In 2009 we continued to develop the BAPs started in previous years in block 39 (Peru) and for our offshore activities in Trinidad and Tobago. We also started working on several BAPs for the operations at block 16 and Tivacuno (Ecuador) and block 57 (Kinteroni) in Peru.

In 2010 we expect to start developing the BAPs for the areas of Volcán Auca Mahuida and Llancañelo (Argentina), after having completed the environmental studies, which were presented to the authorities in 2008 and 2009, respectively. Work has been carried out over the past two years with the University of Comahue (Argentina) to recover and replant quarries in the Volcán Auca Mahuida area.

Name of protected area	IUCN category	Name of block	Country	Type of activity
El Payún (la Payunia)	Ia	El Cajón de los Cavaos	Argentina	Production
		Cerro Fortunoso (el Payún)		
		Altiplanicie del Payún (el Payún)		
Auca Mahuida	Ib	La Banda	Argentina	Production
El Tromen	II	Río Barrancas	Argentina	Production
Yasuní National Park	II	Block 16	Ecuador	Production
		Tivacuno block		

Additional actions to prevent impacts on biodiversity

In addition to creating BAPs, we also carry out other actions to help protect biodiversity.

In 2009, we worked with the University of Comahue, through the National Comahue University Foundation for Regional Development, on a study to evaluate the presence of endemic species in the Volcán Auca Mahuida area (Argentina) and to prevent, minimize and mitigate impacts on biodiversity in our exploration and production activities carried out in the area.

We also completed the offshore exploratory drilling project in the San Jorge Gulf basin in Argentina (Aurora Project).

Impact prevention in the San Jorge Gulf (Argentina)

We concluded the Aurora Project in 2009, the first offshore exploratory drilling initiative in the San Jorge Gulf basin in the past 30 years. Four exploratory wells were drilled in an extremely environmentally and socially sensitive marine and coastal area in Patagonia.

In 2008 we carried out an environmental, social and biodiversity baseline study and the corresponding environmental and social impact study. Both studies determined the sensitivity of the area and helped us to draw up the maps needed to develop contingency plans

for preventing and offsetting risks. Additionally, stakeholders were identified and the associated risks evaluated, allowing us to define a plan for establishing communication and relations with the community.

During the final execution of the project, we monitored the quality of the water and emissions, the benthic, marine and bird fauna, and social impacts.

Eight marine monitoring campaigns were carried out and the project ended with the expected results in terms of environmental and social management.

Progress on BAPs underway in 2009

Offshore activities in Trinidad and Tobago

Our exploration and production activity in Trinidad and Tobago takes place at three production fields: Teak, Samman and Poui (TSP).

In 2009 we provided the fishing communities with information about the different marine habitats and ecosystems identified in the preceding phase. The information was also exhibited in schools and fishing ports as part of an education and awareness-raising campaign.

A new phase of the project will be starting in 2010, the main objective of which will be to classify the marine habitats and species previously identified according to their sensitivity, commercial importance to the region and their vulnerability. The result will be a valuable source of information to help prepare future Environmental and Social Impact Assessments, improve spill response plans and allow us to set priorities in carrying out local conservation programmes.

Block 39 (Peru)

In 2009 we continued working on the biodiversity and impact-prevention study in this area of the Peruvian Amazon. Some of the most important actions carried out included:

- Informing the indigenous communities in the projects' area of influence about the conclusions of the biodiversity study carried out by the Smithsonian Institution (scientific organization specialized in biodiversity conservation that collaborates with Repsol YPF).
- Incorporating information on local biodiversity produced by the National Institute of Natural Resources (INRENA), the Peruvian Amazon Research Institute and the Smithsonian Institution into our environmental education programmes.
- Recommendations to include aspects such as conservation, biodiversity and sustainable use of natural resources into management of the area.

Kinteroni (Peru)

Block 57 is also located in the Peruvian Amazon. In 2009 Repsol Exploration Peru started up the first phase of a new biodiversity programme, which involves gathering all the existing information about biodiversity and indigenous communities in the area. We also started to identify and evaluate key stakeholders with a view to future consultation processes with them. In 2010 we expect to sign a collaboration agreement with an expert scientific institution to give us its independent external perspective. We will also finish defining the second phase

of the programme, which will include consultations with stakeholders and the start of scientific field work.

Block 16 and Tivacuno (Ecuador)

Repsol YPF Ecuador operates the block 16, with the Yasuní National Park and Biosphere Reserve being located in its direct area of influence. Since 1994 we have been monitoring the processes that impact on the characteristic biodiversity of this Amazonian tropical rainforest. The studies carried out led to definition of the Strategy for the Conservation of Biodiversity and Sustainable Development in block 16, which forms part of the Biodiversity Action Plan (BAP) for this block. This strategy consists primarily of two programmes: the Education and Communication Programme for Conservation and the Community Management Programme for Conservation.

In 2009 an agreement was signed with the University of San Francisco de Quito (USFQ)'s Tiptutini Biodiversity Station, which covers 650 hectares of rainforest within the Yasuní Biosphere Reserve. The USFQ has various research and education programmes that will help us to meet the requirements set by the BAP, which are mainly aimed at working with the indigenous communities living in the area of influence of our operations.

Our involvement in research, conservation and education projects

We have assumed one of the vice-chairmanships of the Biodiversity Working Group of the International Petroleum Industry Environmental Conservation Association (IPIECA) and continue to actively participate and collaborate in workshops and meetings.



Casablanca Platform off the coast of Tarragona, Spain.

In 2009 we coordinated and carried out many collaborative actions with the communities living near our facilities, which have allowed us to improve in the area. Below are some of the most important of these actions:

- In Quiriquire (Venezuela) we held the second conference on biodiversity protection in conjunction with the Environment Department of the State of Monagas, the City Council of Punceres and the community of La Pantalla as part of the programme for raising awareness among and ensuring the participation of this community in conserving the biodiversity of this area.

The aim of this activity is to involve the educational community and community feedback in restoring and conserving biodiversity, through workshops and talks in which local inhabitants, students and teachers can participate.

- In Brazil, we have promoted the Santos basin biodiversity programme, which brought together oil industry, academic and government representatives. The objective of the workshop was to help create a consortium to improve knowledge of the ecosystems of the Santos basin and their interaction with the oil industry.

Sharing knowledge will make it possible to set up a database to be shared among all companies in Brazil, which will help to improve sustainable development. The company's main relationships in this regard can be seen at www.repsol.com.

2009 Awards

In 2009 we obtained the highest possible score in relation to biodiversity protection within the oil and gas sector on the Dow Jones Sustainability World and Dow Jones Sustainability STOXX indexes, for the second year running.

2010 objectives



To continue carrying out biodiversity actions and applying related regulations throughout all our businesses.

To continue to plan and develop Biodiversity Action Plans (BAPs).

To improve identification, prevention and minimisation of impacts on biodiversity throughout the company's different activities.

To identify assess possible strategic relationships international organisations.



Our relations



Dialogue as the driving force in our relations

People at Repsol YPF

Communities

Partners, contractors and suppliers

Customers



Dialogue as the driving force in our relations

Repsol YPF recognises that all stakeholders involved with its activities have a legitimate interest in the various aspects of the company's day-to-day management, and is aware of the key role it plays in the economic and social development of the countries where it operates. 2009 was the start of a new stage in Repsol YPF's direct relationship with some of its stakeholders.

Our stakeholders

Establishing consultation, participation and communication processes with local areas helps us to build up our knowledge, incorporate new ideas and launch new improvement processes.

We can tackle challenges relating to sustainable development and Repsol YPF's responsible action requirements by engaging in transparent dialogue with all the company's stakeholders. Sustainability-related matters are global, but local perspectives and priorities differ significantly, so we aim to engage in dialogue at corporate, country and operations levels.



Repsol YPF facilities in Colombia.

Some dialogue processes at Repsol YPF

Employees and unions

Surveys, group dynamics and interviews to evaluate the work climate.
Annual convention meetings in each business area.
Specific encounters for analyzing CR aspects.
Annual meetings of the Repsol union network.

Governments, public institutions and regulatory entities

Regular events and meetings.
Participation in multilateral associations.
Participation in round tables.

Customers

Satisfaction measurement studies.
Specific meetings.
Suggestions and claims service.

NGOs and other social agents

Collaborative projects.
Events and meetings at our offices.
Participation in round tables.

Shareholders and Investors

General Shareholders' Meeting.
Road shows.
Conferences.
Meetings at Repsol YPF headquarters.
Telephone information service.

Communities

Consultations.
Workshops.
Perception studies.
Permanent communication panels.
Regular meetings.

Contractors and suppliers

Workshops.
Audit reports.
Participation in working groups.

Some of our concerns and expectations

- Support in integrating CR measures.
- Good governance.
- Labour conciliation.
- Pollution and environmental impact.
- Contribution to development of the countries where we operate.
- Regulatory compliance.
- Professional development.
- Diversity and integration.
- Monitoring to prevent double standards.
- Guaranteed supply.
- Generation of employment and local employment.
- Long-term corporate vision and strategy.
- Reduction of emissions.
- Respect for indigenous rights.
- Financial results.
- Safety.
- Subcontracting.
- Transparency.



Working meeting at Repsol YPF's Madrid office (Spain).

Dialogue carried out

In 2009 Repsol YPF carried out various initiatives to promote direct dialogue with different stakeholders. The results of these initiatives have helped to improve the company's management processes.

Dialogue with unions

In 2009, Repsol YPF's Labor Relations and Corporate Responsibility and Institutional Services departments held various meetings with representatives of the UGT (General Union of Workers) and CC.OO. (Workers' Commissions) unions in Spain to discuss improvements in corporate responsibility-related issues.

Some of the points discussed at these meetings included incorporating unions' comments into the Annual Corporate Responsibility Report, a request for information on additional employee-related indicators, the regulation on indigenous communities produced and implemented by Repsol YPF and the process used to prepare our 2020-2012 Corporate Responsibility Plan.

Dialogue with our customers

In a speech given at the 2009 Repsol General Shareholders' Meeting by Alberto

Durán, Secretary General of the Spanish Committee of Representatives of People with Disabilities (CERMI), he alerted us to the problem facing drivers with limited mobility seeking to refuel at service stations at night.

They cannot be assisted by service station personnel since these are prohibited from leaving their secure areas after 9pm, and so we have held several meetings with the CERMI to analyze the current regulatory situation and find a solution to this matter. We will continue working together to overcome the regulatory obstacles so we can jointly devise a service that will be the first of its kind in Europe to help customers with limited mobility during night-time hours throughout the Repsol YPF service station network.

Dialogue with our suppliers and contractors

The first meeting with Ecuadorian suppliers took place on 25 September 2009, with 60 companies taking part, representing 80% of our supply chain in the country. The meeting allowed us to consolidate Repsol YPF's strategic alliance with our contractors and suppliers, based on regulatory compliance, product and service quality and transparency in the procurement management process. Safety and environment-related issues were discussed and we provided detailed information about Repsol YPF's commitments with regard to the Employee Code of Ethics and Conduct and the new Regulation for Action in Relations with Indigenous Communities. The suppliers and contractors signed a letter of understanding, committing themselves to abide by these requirements.



The “Healthy Homes” project is aimed at improving the living conditions of certain communities in Bolivia.

Dialogue with the local community

• **Public Advisory Panel, Puertollano (Spain)**

In February 2009 a Public Advisory Panel was set up for Repsol YPF’s Puertollano industrial complex. This public participation body is made of 15 representatives from the local community of Puertollano and three company representatives.

The panel has held six meetings in which it has established commitments to provide information about priority issues for the community, such as safety, emergencies, products, investments and the company’s social and environmental actions. These meetings were attended by representatives of other institutions, such as the National Police and Civil Protection, in order to clarify issues raised by the certain panel members.

Two extraordinary meetings were called: The first of these was due to a rise in ozone levels, which caused unpleasant odors, and the company explained the causes and for this and the corrective measures; the second was to tell people about the application of a temporary redundancy plan in the Chemicals area of the industrial complex.

• **Safety forum, Barrancas (Venezuela)**

In 2009 we held the second forum designed to communicate the risks relating to the gas and electricity operations in Barrancas (Venezuela), aimed at increasing the local population’s understanding of safety issues. This event took place in the facilities of the Sipororo thermoelectric plant and was attended by landowners and farmers operating near the gas pipeline and wells.

Dialogue with NGOs

Repsol YPF is grateful to Intermón Oxfam for its important help in evaluating the draft version of our Regulation for Action in Relations with Indigenous Communities, which we approved in 2009 and which covers the procedures for implementing the Indigenous Community Relations Policy in the company, which has been in force since 2008.

Last year we held several bilateral meetings in which Intermón Oxfam gave its independent opinion which helped us prepare and review the content of this regulation.

We also held meetings in which the NGO expressed its interest in working together to move forward on promoting financial transparency in the extractive sector.

Dialogue with the academic and educational community

• **Transfer of bibliographic collections**

In 2009, Repsol YPF formally transferred its bibliographic holdings to the Rey Juan Carlos University, significantly augmenting the quantity and quality of its collections. Repsol YPF has the right to consult these volumes.

• **Visit to the Repsol Technology Centre (CTR)**

This facility, located in Móstoles (Madrid), opened its doors in 2009 to students from schools and colleges of the City of Madrid. We hope this initiative will motivate possible future technologists of the future by giving them their first contact with the professional world at our R&D centre.

Group-based dialogue

Repsol YPF participates in numerous national and international associations and initiatives.



United Nations Global Compact: Repsol Ecuador's Exploration and Production business unit signed up to this agreement in

2009, with Spain, Argentina and Bolivia already being actively involved. In Spain, we helped to prepare the guide on responsible supply chain management. We released 2008 company-level progress reports for Bolivia and Argentina.



International Petroleum Industry Environmental Conservation

Association (IPIECA): 2009 we joined the Executive Committee, as well as taking on one of the vice-chairmanships of the Biodiversity Working Group, and we also participated in the Social Responsibility

Working Group. At the start of 2010 we also took on one of the vice-chairmanships of the Climate Change Working Group.



Regional Association of Oil & Natural Gas Companies in Latin

America and the Caribbean (ARPEL): in 2009 we chaired the association's Climate Change Working Group and the Corporate Responsibility Committee, which drew up a new Community Relations Management System. We participated in the annual ARPEL conference, which took place in April.



International Association of Oil & Gas Producers

(OGP): in 2009 we took part in the Safety, Environment, Environmental Quality and Standards committees.



Extractive Industries Transparency

Initiative (EITI): in 2009 we took part in the EITI Peru working group, which published its first reconciliation report on payments made by the extractive industry to the Peruvian Government in November.



World Business Council for Sustainable Development

World Business Council for

Sustainable Development (WBCSD): we started to take part in an Ecosystem Valuation Initiative (EVI) pilot project in 2009.



Corporate Reputation Forum: pin

October we participated in the first Conference on Corporate Reputation in Barcelona, organized in collaboration with the Spanish business school IESE.

2010 objectives

To approve company guidelines on how to communicate with stakeholders.

To develop Repsol YPF's stakeholder map at corporate level.

To develop a project to identify investors that abide by ESG (environmental, social and governance) standards and draw up a related action plan.



Repsol YPF employee at the Tarragona Refinery (Spain).

People at Repsol YPF

The percentage of women in managerial posts rose by 10% in 2009. Repsol YPF staff received an average of 30.31 hours training over the year. The number of employees with different capabilities at Repsol YPF stood at 544, an increase of 29% over the year before. There are now 516 teleworkers at Repsol YPF.

Progress on the targets set for 2009

Activities planned

To boost the processes and tools for professional development and rewarding of merit.

Degree of progress 2009

In the Upstream business we have identified successors for critical posts, guaranteeing that these positions will be covered in the medium and long term.

Career-monitoring actions have included a total of 185 coaching sessions for 37 of the company's staff.

Progress has been made in the management model of Repsol's Further Training Centre (CSF), which will continue in 2010. 2009 saw the consolidation of the Training Circuit as a key programme for new managers.

The Effective Leadership programme was launched to consolidate the basic skills and abilities required by leaders. We organized the first edition of the "Programa de Fundamentos de Management" (Management Essentials Programme) in collaboration with the Instituto de Empresa business school, which was directed at experienced managers and aimed at building up capacity and developing management knowledge.

New action plans were implemented to improve the atmosphere in the workplace. These plans were the outcome of monitoring undertaken in 2008 and individual target-setting for managerial staff.

The teleworking programme spread within the company, extending to 516 teleworkers by December 2009.

Advances were made in developing measures to enable employees to adequately reconcile their professional and private lives, both on an everyday basis and in special situations.

This is described in the section entitled "Diversity, equal opportunities and balance" in this chapter.

This is described in the section entitled "Talent attraction and retention" in this chapter.



To consolidate Repsol YPF's commitment to measuring and reporting employee satisfaction.

To promote diversity, work-life reconciliation and integration among our employees.



To drive initiatives to assure diversity.

Review of the Management through Commitments (MxC) system.

PEOPLE AT REPSOL YPF BY COUNTRIES



Repsol YPF employee at the company headquarters in Madrid (Spain).

Employment at Repsol YPF

The new People and Organization Executive Department

Repsol YPF underwent important changes in the area of people management in 2009. The Human Resources department became the People and Organization Executive Department, which combines the former Management Development Corporate Department and the Information Systems Corporate Department. The new name seeks to reflect its philosophy with two aims: To ensure that the right human teams, systems and organizational models are in place to make the company's strategy a success

EMPLOYEES BY GENDER AND PROFESSIONAL CATEGORY

Professional Categories	2008				2009			
	Men	Women	TOTAL	% Women	Men	Women	TOTAL	% Women
Executive personnel	273	30	303	10%	276	33	309	11%
Technical managers	1,690	342	2,032	17%	1,848	387	2,235	17%
Technicians	10,642	3,242	13,883	23%	11,133	3,409	14,542	23%
Administrative staff	630	1,024	1,654	62%	629	948	1,576	60%
Operatives and junior staff	10,870	3,796	14,666	26%	10,979	3,993	14,972	27%
TOTAL	24,104	8,433	32,537	26%	24,864	8,769	33,633	26%
% Women		26%			26%			



and ensure maximum efficiency and, furthermore, to promote the professional and personal development of all members of the Repsol YPF team.

This involves managing the career paths of the people in the org in an integrated way, ensuring they can all develop their

full potential and put their abilities to use. At 31 December 2009, the Repsol YPF Group had a consolidated payroll of 41,014 employees. Of these, 33,633 belonged to companies directly managed by Repsol YPF, and the figures reported in this chapter refer to this group of

employees⁽¹⁾. The company's employees work in 30 countries spread over four continents (see map).

(1) The 2008 staff figures have been recalculated to include only those persons belonging to companies directly managed by Repsol.

EMPLOYEES BY CONTRACT TYPE AND GEOGRAPHICAL LOCATION

Country	2008			2009				
	% C.B. Agreement	Permanent	Temporary	% C.B. Agreement	% C.B. Agreement	Permanent	Temporary	% C.B. Agreement
Spain	15,618	1,243	16,861	77%	15,718	1,185	16,903	77%
Argentina	9,989	1,340	11,329	51%	10,846	1,408	12,254	51%
Bolivia	182	2	184	0%	183	2	185	0%
Brazil	242	0	242	97%	222	0	222	97%
Ecuador	419	263	682	0%	760	54	814	0%
Peru	756	82	838	23%	802	200	1,002	32%
Portugal	1,169	144	1,313	79%	1,076	126	1,202	75%
Trinidad and Tobago	220	0	220	0%	190	0	190	0%
Venezuela	132	2	134	0%	136	1	137	0%
Rest of the World*	698	36	734	16%	695	29	724	18%
TOTAL	29,425	3,112	32,537	63%	30,628	3,005	33,633	62%

* Other countries where Repsol YPF is present (see map).

Our relations with the people who work at Repsol YPF



In May 2009 the Fifth Framework Agreement was signed with CCOO and UGT, the main trade unions representing the company's staff in Spain. The Fifth Framework Agreement affects all the group's companies in Spain, and some of the most important points it covers include the salary review clause, the strong boost it gives to measures for workers to balance their professional and private lives, and the renewal of the Equality Plan and the Harassment Protocol. Since it was signed, negotiations have taken place on the collective agreements of the various companies in the Group.

Following the introduction of the Harassment Protocol, three incidents were reported in 2009.

Several forums were set up in Repsol YPF to encourage dialogue with the

trade union organizations representing the workers. The most significant of these were the Technical Panels and the Framework Agreement Committees or the committees for each collective agreement. The following bodies were set up in 2009 under the Fifth Framework Agreement: The Equality Technical Panel, the Different Capabilities Committee, the Health and Safety Committee and the Training Committee.

In Argentina, YPF reached a new collective agreement with the United Oil and Hydrocarbons Workers Union (SUPeH in its Spanish acronym). The agreement had the backing of the Ministry of Labor, Employment and Social Security, and covers supervisors working in exploration and production and in the refining activity.

In Cartagena de Indias (Colombia), the first plenary meeting of the Trade Union Network was held from 6 to 8 July. This network comprises the most important trade union organizations in the gas and hydrocarbon sectors, or those most extensively embedded in the companies of the Repsol YPF Group in Spain and the Latin American and Caribbean countries where Repsol YPF has a certain number of employees. The joint session with company management representatives involved an assessment of and discussions about the contracting of services in Repsol YPF.

Repsol YPF's Executive Departments of Labor Relations and Corporate Responsibility and Institutional Services held various meetings throughout 2009 with representatives of the CCOO



Kinteroni Oil Well (Peru).

and UGT unions in Spain to discuss improvements in corporate responsibility matters.

The issues addressed included the submission of union comments to the Annual Corporate Responsibility Report, the request for information on additional indicators affecting employees, the regulation on indigenous communities developed and enacted by Repsol YPF, and the process for drafting the upcoming Corporate Responsibility Plan 2010-2012.

New measures for reconciling professional and private lives (Spain)

The following measures included in the Fifth Framework Agreement are applicable to all the group's companies in Spain, and all of them exceed the requirements of Spanish legislation in this area:

- Staff may request unpaid leave in the event of international adoption proceedings, for personal reasons or due to certain relatives being hospitalized or having serious illnesses.
- Parents will be entitled to a reduction in working hours if they have children up to the recently extended age of 10.
- The period that a post will be reserved in the event of leave of absence to take care of children or dependent relatives has been extended to 18 months.
- The period allowed for breast-feeding can be accumulated to 13 working days.
- When workers take maternity or paternity leave, the company supplements their earnings so they receive 100% of their salary.
- The company considers spouses and partners to have equal rights as beneficiaries of healthcare, paid leave and transfers, amongst others.
- An agreement has been included to progressively introduce teleworking, and any employees fulfilling certain general requirements can apply for this.
- The headquarters in Madrid operates a flexitime system allowing a flexible window of up to two hours for clock-on and lunch break times.
- A continuous, morning-only timetable is applicable for 15 weeks in the summer, but this can extend to up to five months in certain companies and work centers, as well as every.

Attraction and retention of talent

Compensation and remuneration systems

The compensation system is designed to reward individual performance, and is competitive within the market and appropriate for a leading organization such as Repsol YPF.

Entry-level wages vastly exceed the minimum wage in most of the countries (see the accompanying table). The fact that these are the same in the cases of Peru and Ecuador is due to the intense recruitment of people on a service contract who have recently become part of the group's staff.

As regards performance-related remuneration systems, these are applied with the utmost transparency while always ensuring sustainability in profits.

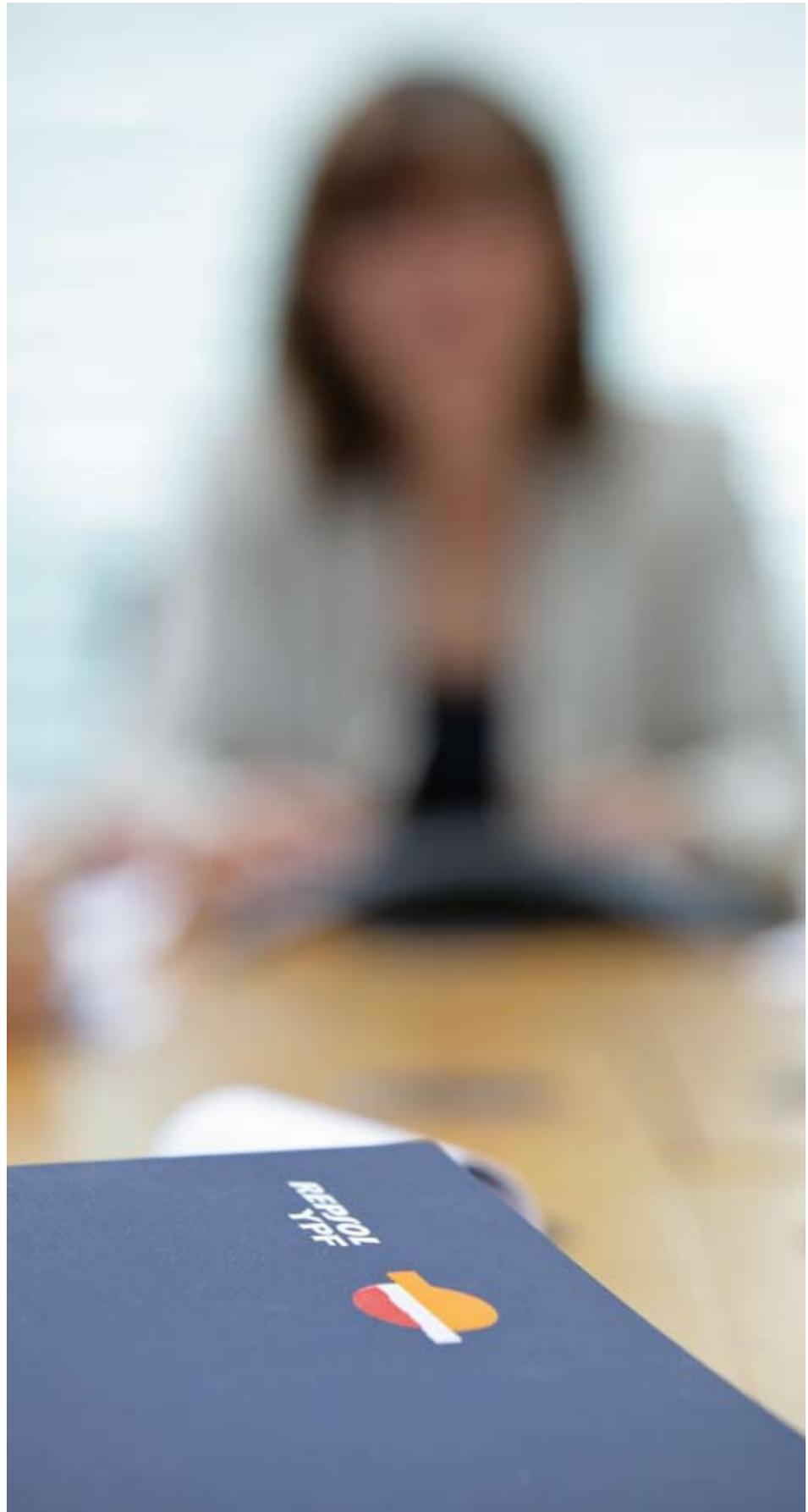
In terms of the fringe benefits which complete the remuneration and compensation package, employees have access to loans, meal subsidies, medical and life insurance in most of the countries where Repsol YPF is present. Staff in Spain, Brazil, Canada, Ecuador and Portugal also have access to pension schemes.

In 2009, spending on these items in the companies managed by the Repsol YPF Group came to approximately €88 million.

Performance assessment and talent retention

The performance-based remuneration system for Repsol professionals known as Management through Commitments (MxC) had been in place for four years in 2009. This system, which takes into account unit objectives and objectives specific to each employee, as well as their conduct, has become consolidated as a tool for rewarding performance that is applied fairly and transparently.

In 2009, The Executive Committee agreed to incorporate a target for reducing spending and investments in all the



executive departments throughout the company. There are objectives relating to environmental and safety issues, and on improving various aspects of the atmosphere in the workplace, such as improving the reconciliation between professional and personal lives.

A total of 13,154 employees underwent an individual performance assessment in 2009 and 12,447 have had an individual annual career development plan set out. The rise over the figure of the year before was due to the fact that individual performance assessment has begun to spread to people included in collective bargaining agreements, with 707 employees from this group having now entered this system.

The key areas of conduct to be assessed under MxC were also consolidated:

- “People development and reward” has combined two previous areas of conduct assessed in order to take full advantage of the complementarity between the two.
- The newly included “Service and customer focus” area aims to motivate every employee to understand and satisfy the needs of internal and external customers, while always acting in a respectful way and being available and prepared to work with others.
- “Collaboration”, “Entrepreneurial spirit” and “Excellence and responsibility” have all been retained.

The company also has a medium-term incentive system, which is applied to the entire management team and key staff with high levels of responsibility. The aim of this system is to make it possible to achieve the four-year objectives of the Strategic Plan and ensure the company’s future sustainability.

RELATIONSHIP BETWEEN ENTRY LEVEL WAGE AND MINIMUM WAGE⁽¹⁾

2009			
Country	Entry wage	Minimum wage	Entry wage/ Minimum wage
Spain	16,150	8,866	1.82
Argentina	5,688	3,614	1.57
Bolivia	11,394	762	14.95
Brazil	5,232	2,440	2.14
Ecuador	1,967	1,967	1.00
Peru	1,585	1,585	1.00
Portugal	15,049	6,300	2.39
Trinidad and Tobago	11,321	2,044	5.54
Venezuela	10,314	3,748	2.75

(1) The entry salary is determined by the minimum wage in the collective agreement of the professional category immediately below.

PERFORMANCE ASSESSMENT

	2008	2009
Total number of people	32,537	33,633
Number of people undergoing performance appraisal and review	11,793	13,154
Percentage of people undergoing performance appraisal and review	36%	39%

Exits in Absolute Terms by Age Group

The higher number of staff exits in Argentina among employees in the 21 to 30 age group is due to resignations at OPESSA service stations.

The turnover rate in Spain stands at 4%, in Argentina at 9%, in the rest of Latin America at 14% and at 11% in the rest of the world.

The search for talent

Following the 2008 change in strategy in the Selection and Integration area, actions aimed at implementing new selection

techniques and undertaking actions to attract candidates by job marketing were strengthened in 2009.

The company is fuelled basically by young talent, people who are interested in taking full advantage of the career opportunities Repsol YPF has to offer. In 2009, 345 people joined the company, 80% of whom were under the age of 35. One of Repsol YPF’s objectives was to increase dissemination of the company values as a means of attracting candidates. To do so, the organization upped its presence at universities by taking part in 12 employment forums: 10 of these

EXITS IN ABSOLUTE TERMS BY AGE GROUP

2009												
Country	Aged under 20		Aged from 21 to 30		Aged from 31 to 40		Aged from 41 to 50		Aged from 51 to 60		Aged over 60	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Spain	1	1	43	39	80	79	35	66	20	116	27	262
Argentina	37	44	255	253	60	140	5	60	9	82	2	71
Rest of Latin America ^(*)	5	3	38	59	20	109	6	37	0	14	1	4
Rest of the World ^(**)	0	1	17	32	44	53	16	38	10	30	1	8
TOTAL	43	49	353	383	204	381	62	201	39	242	31	345

(*) Rest of Latin America: Bolivia, Brazil, Chile, Ecuador, Mexico, Peru and Venezuela.

(**) Rest of the World: Saudi Arabia, Algeria, Canada, United States, Dubai, Iran, Kazakhstan, Libya, Portugal, Russia, Switzerland, Trinidad and Tobago.

being face-to-face and two online. It also continued to support the “Impulsa” Scholarship Program, which is aimed at students in their final years at university. In 2009, 37 Madrid-based students took part in online training in languages, skills and abilities, provided by Repsol YPF.

The employment section on the www.repsol.com website consolidated its position among jobseekers. This section, which has also been launched in English, receives an average of 2,000 hits and queries about each job offer.

People development

Repsol combines its organizational need to have staff with the right skills and to

With regard to promotion and appointments, meanwhile, 2,549 employees saw their professional rating upgraded in 2009 (1,849 promotions and 700 appointments).

Other key actions aimed at identifying talent and fostering employee development in 2009 were as follows:

- Development of a new tool for the People Review system (identification and development of talent), adapting this to include appraisal of employees covered by the collective bargaining agreement, enabling the highest level of technical attributes to be identified. In 2009, 53 People Review sessions were carried out, involving 1,968 employees.



be able to plan for and acquire the skills it will need in future with its commitment to provide the company’s employees with attractive professional development opportunities.

The company’s training, mobility, assessment and other policies and programs allow it to manage the careers of the people who make up the organization in an integrated way, ensuring equal opportunities for all employees, regardless of their origin, gender, age and other personal factors.

Internal mobility at Repsol YPF is seen as an opportunity for the professional development of employees. This horizontal mobility approach was further strengthened in 2009 by means of talent banks, mobility boards and proactive searches, which made a total of 5,316 career moves possible during the year.

- Development Center Programs aimed at detecting and identifying talent within the company. In 2009, 162 staff members took part.

- Continuation of the technical skills and individual training path program, enabling technical talent to be managed in a standardized and effective way, based around a platform of common knowledge shared by all the employees. Throughout 2009 1,330 professionals from Repsol YPF were involved.

Training and knowledge

Training

We see training as any learning process that makes a person better able to carry out his/her job and raises his/her potential to hold work posts involving higher responsibility, as defined in the Company’s Training Policy.

Knowledge management

Repsol YPF is undergoing changes to adapt itself to the needs of a competitive





AVERAGE HOURS TRAINING PER YEAR PER EMPLOYEE

	Total no.people	Total hours training	Average hours/year
Executive staff	309	8,414	27
Technical managers	2,235	75,330	34
Technicians	14,542	695,687	48
Administrative staff	1,576	23,085	15
Operatives and junior staff	14,972	216,809	14
TOTAL	33,633	1,019,326	30

market that calls for constant innovation. We are making knowledge management an inherent part of the daily activities of our professionals at Repsol YPF, of their business processes and appraisal systems. All the staff at Repsol YPF will form part of a permanent knowledge exchange system, which will aim to generate innovative capacities by merging a range of areas of knowledge and approaches. This will create an environment that fosters creativity

and lifelong learning, generating value through the rapid development of ideas and innovation. Informal cooperative knowledge networks, interactive platforms and shared training programmes are being put in place to support this strategy and as an inherent part of the knowledge management tools themselves.

The company also applies the narrative technique (using audiovisual media) to compile and transmit professional experiences felt to be useful to others.

Practically everyone working at Repsol YPF has access to the corporate intranet. Of these, around 64% are knowledge management tool users, such as stakeholders or communities of practice.

The Moebius Project: Innovation associated with knowledge management

From the knowledge management perspective, Repsol YPF believes the new open innovation model is an ideal way of channeling the individual contributions of all its employees and harnessing all their intellectual potential. The Moebius project involves transferring the existing knowledge stored on databases, the intranet, documentary systems and in other places into more easily-accessible formats; as well as the knowledge of our staff in the form of formal, voluntary and authorship skills; and in the business processes in all units.

The Atenea Programme

The Atenea Programme was created to back up implementation of the Strategic Plan for 2008- 2012. Its main aim is to ensure that the people working at Repsol YPF are effectively aligned with the strategy defined and to provide greater understanding of the company's strategic businesses by developing a global view of the entire value chain of an integrated oil company through greater insight into the global portfolio and into how each business contributes to the objectives, understanding of the impact of external factors on decisions and the impact of each business on other links in the chain, together with the understanding of the sector challenges facing business managers.

The company built this program into its development plan for executive



and managerial staff in 2009. It took on fundamental importance within the Strategic Plan and all employees became actively involved in implementing it.

In 2009, the programme was run 19 times, with 492 Repsol YPF staff members taking part, who gave it an average rating of "excellent".



Diversity, equal opportunities and balance

The diversity and balance programme involves a high impact culture shift in Repsol YPF. Its aim is to promote equal opportunities and foster balance between employees' personal and professional lives, to ensure the company is competitive and to make it more attractive and sustainable for present and future generations.

The program is broken down into various projects, each one developed by a leader and a multidisciplinary team, which is responsible for coming up with the plans, developing them and assessing their impact, with the backing of the Diversity and Balance Committee.

This committee decided in 2009 to continue developing the existing program for teleworking and for hiring disabled staff and to work to ensure these programs were applied in every country after being adapted to suit local requirements. Meanwhile, new projects were also launched relating to the working day, time management and adaptation of facilities.

The impact of the improvements made since the program started in 2007 are

reflected in the latest work climate survey, in which employees have rated the efforts made by the company and its commitment to the Diversity and Balance Program very positively.

Equal opportunities

Repsol YPF is working to ensure that its policies and practices, including those on promotion, remuneration, performance and potential assessment, as well as training, respect the principle of equal opportunities for all employees, regardless of their ethnic origin, gender or age. These policies are monitored to ensure they are being effectively implemented and the results for each period are analyzed. Any discrepancies are reported so corrective measures can be put in place.

EXECUTIVE STAFF AT REPSOL YPF
BY NATIONALITY

	2008	2009
Nacionality		
Spain	198	201
Argentina	77	85
Germany	0	1
Belgium	1	1
Bolivia	3	0
Brazil	2	2
Colombia	1	1
Ecuador	1	1
USA	4	4
Egypt	0	1
France	1	1
Great Britain	3	2
Indonesia	1	0
Italy	4	4
Mexico	1	1
Peru	2	2
Portugal	1	1
Venezuela	3	1
Overall Total	303	309
Total women	30	33
% of women in executive posts	10%	11%

The results show a steadily increasing number of women in higher level positions, although their numbers are far from being on a par with those of men. Over the past two years there has been a 25% rise in the number of women in executive positions, and they now account for 11% of all executive staff in the company. The trend in the percentage of female technical managers reflects the results of the policy applied in recent years, which has seen their numbers go from 16.8% in 2008 to 17.3% in 2009.

Meanwhile, the people selection and integration channels encourage the hiring of people in settings where they have traditionally been underrepresented. Thus, the percentage of women in operative or junior posts has risen from 25.8% to 26.7%.

Although women account for 26% of the workforce in the company as a whole, they are very unevenly distributed according to age, with their numbers increasing naturally from year to year. Currently, 34% of employees under the age of 40 are women, and 46% of new entrants in 2009 were women.

From another perspective, the table showing female / male base salary remuneration shows a trend towards equal remuneration in countries and among groups with representative data. In cases where the numbers of women are much lower (below 10% or less than 10 people), the data cannot be considered representative, usually due to women having a shorter length of service in the post than men.

A similar effect can be seen among men in administrative staff posts in Trinidad and Tobago and Portugal.

Integration of people with disabilities

We work to recruit people with different capabilities because we believe they can make contributions that will enrich Repsol YPF, and provide the company with added value.

Some of the most important actions undertaken in 2009 include the following:

- Our collaboration with the ONCE Foundation (Spanish National Organization for the Blind)

We signed the Diversity Foundation Charter (Spain)

As a signatory to the Diversity Charter, Repsol YPF publicly commits itself to:

- Promote the fundamental principles of equality.
- Encourage respect for the rights of all people in the labor market and society to be hired, regardless of the diversity of their individual profiles;
- Recognize the organizational benefits of embracing cultural, demographic and social diversity.
- Implement specific practices to encourage a working environment free from prejudice as regards employment, training and promotion.
- Promote programs to prevent discrimination against disadvantaged groups.

The Women's Institute's Óptima Programme

As a company we promote equal opportunities between men and women through the Óptima Program, organized by the Women's Institute, which is part of the Spanish Ministry of Work and Social Affairs.

WOMEN'S BASE SALARIES COMPARED WITH THOSE OF MEN

	Executive Staff	Technical Managers	Technicians	Administrative Staff	Operatives and Junior Staff
Spain	81%	88%	90%	93%	97%
Argentina	94%	90%	95%	99%	78%
Bolivia	-	64%	87%	-	-
Brazil	-	50%	95%	-	-
Ecuador	-	23%	74%	-	-
Peru	-	31%	92%	95%	-
Portugal	-	94%	92%	156%	99%
Trinidad and Tobago	-	40%	73%	158%	-
Venezuela	-	46%	88%	-	-

The figures shown in orange refer to places where there are fewer than 10 men or women, or they account for less than 10% of total staff.

EMPLOYEE BY AGE AND GENDER

	Women	Men	Total	% Women
Under 20 years of age	85	129	214	40%
Between 21 and 30 years of age	2,804	4,679	7,483	37%
Between 31 and 40 years of age	3,457	7,760	11,217	31%
Between 41 and 50 years of age	1,556	6,172	7,728	20%
Between 51 and 60 years of age	835	5,672	6,507	13%
Over 60 years of age	32	452	484	7%

was renewed for the 2009-2012 period through the Inserta Program, whereby Repsol YPF pledges to encourage its suppliers to comply with the Law on the Social Integration of the Disabled (LISMI in its Spanish acronym).

- Promoting, furthering and developing policies with the managers of the branded service stations network for hiring people with different abilities, by holding awareness-raising activities and occupational training courses for service station attendants to enable them to subsequently be hired and the project monitored.
- Production and publication of the book entitled "Estaciones de servicio accesibles para todas las personas" ("Service stations accessible to all").
- Review of the AENOR 170001-2 certification: Universal accessibility, with audits carried out at two service stations in Spain.

After the success of the project in Spain, efforts have focused on extending the policy to all of the countries where Repsol YPF operates. At 31 December 2009, the company had a

total of 544 employees with different abilities, 357 employees in Spain who had been hired directly, plus 47 by alternative means, accounting for 2.21%(2) of the workforce, based on legally-accepted calculations; 108 in Argentina, 14 in Ecuador, 10 in Peru and eight in Portugal. Initiatives have also been launched in Brazil, the United States and Venezuela to incorporate people with different abilities into the workforce.

Reconciliation between private and working lives

Repsol YPF is a company that values and encourages its employees being able to reconcile their personal and professional lives.

When they were asked about this issue, employees highlighted a strong link between reconciliation and flexibility. Therefore, Repsol YPF's initial endeavors have focused on providing greater 90 flexibility, both in terms of time and space, encouraging the transition from a culture of onsite work to a culture of efficiency.

In 2009, it bolstered these actions by adding measures to promote balance in its management style, encouraging managers to lead by example and be drivers of change.

In addition to increasing flexibility, the company has undertaken actions to expand and enhance similar measures in different countries, adapting them to the local social and legislative environment in order to provide employees with a range of options encouraging reconciliation, both on a daily basis and in special situations, incorporating the desired flexibility.

(2) Calculation according to legal requirements.

INDIVIDUALS WHO WORK REMOTELY AT REPSOL YPF

	2008	2009
Country		
Spain	90	362
Argentina	40	140
Portugal	–	14
TOTAL	130	516

White Paper on the Employment of People with Different Capabilities

In 2009, Repsol YPF published its Libro blanco de la contratación de personas con Capacidades Diferentes. De las palabras a los hechos ("White Paper on the Employment of People with Different Capabilities. From Words to Deeds"). It is the first document of its kind to have been published by a European firm, and it falls squarely within the framework of Repsol's values and social commitment.

The White Paper describes Repsol YPF's experience in recruiting disabled people. It includes best practices introduced over the years, with the aim of being able to spread these further, and also identifies areas for improvement to be worked on over the coming year in order to make adjustments as part of a continuous improvement process.

Teleworking at Repsol YPF

Teleworking is one of the reconciliation measures that the company is committed to, and it sees this as a means of promoting the culture of efficiency and responsibility in achieving objectives.

The measure may be requested by employees meeting certain requirements, irrespective of their professional category. There are some limitations, however, regarding certain posts which require employees to be physically present.

The success of this program is based on the trust between the teleworker and his/her manager, and on work being properly planned and teams properly coordinated. Other key factors include the setting of weekly time limits for teleworking to avoid isolation and provision of the technical equipment to ensure staff can carry out their remote work properly.

Following the positive results achieved in the 2008 pilot test, the teleworking program was rolled out in several phases in 2009, covering 362 employees in Spain, 140 in Argentina and 14 in Portugal

by 31 December 2009. The group of teleworkers in Spain comprised 34% men and 66% women from virtually all areas of the company and professional groups: 30% governed by a collective bargaining agreement, 69% outside such an agreement and 1% executive staff. Of these employees, 48% were aged between 35 and 44, and the most common options chosen were one or two days per week.

According to surveys carried out among managers and teleworkers, productivity was maintained or increased in 100% of the cases and 93% of managers held a positive or highly positive view of teleworking. The teleworkers gave the program a score of 9 points out of 10, saying its main advantages were the time saved on commuting and higher motivation through their appreciation of Repsol YPF's efforts to support them.

Health and safety

Over 2009 we continued developing our standardized regulations on occupational health and safety for the entire Repsol YPF Group.

These actions included finalization of the “Vigilancia de la Salud Individual”

(Individual Health Monitoring) procedure and production of a guide to regular health monitoring in the Repsol YPF Group, containing 17 protocols for action.

The Health and Safety Committee approved guidelines for action against the Swine Flu pandemic, supplemented by an information campaign aimed at all employees, and preventive and hygiene measures were implemented in work centers.

This year also saw the commencement of an internal audit program to assess the degree of compliance with internal

health and safety regulations, which has so far produced positive results in terms of Repsol YPF employees’ degree of knowledge and compliance with these regulations.

In 2009, the rate of absenteeism due to common illness among employees governed by a collective bargaining agreement in Spain stood at 3.16%, down from the 4.03% reported in 2008.

There are no comparable figures on absenteeism in other countries due to the disparity in reporting criteria. This situation will be addressed in 2010.



2009 Awards

- Repsol YPF was awarded the Empresa y Sociedad Foundation prize for actively working on recruiting people with different capabilities.
- Repsol YPF was acknowledged as the best company to work for in the MercoPersonas survey
- Repsol YPF’s corporate culture was recognized by the Top Employer monitor.
- YPF was the first company in Argentina to offer a teleworking system and to incorporate this into its collective bargaining agreement. It received the Mention of Honor in the “Towards family responsibility in companies” prize awarded by the Proyecto Padres Foundation and the Reconciliation and Company Centre of the IAE (Austral

University) for this measure, which it implemented in partnership with the Ministry of Labor, Employment and Social Security.

- Repsol YPF was awarded the “Laurel” prize for the employment of disabled people by the Federation of Organizations Working for People with Intellectual Disabilities and Cerebral Palsy (FEAPS).
- Repsol YPF received the Corporate Social Responsibility certificate for “Equality in the Company” from the Association for the Self-Regulation of Commercial Communication.

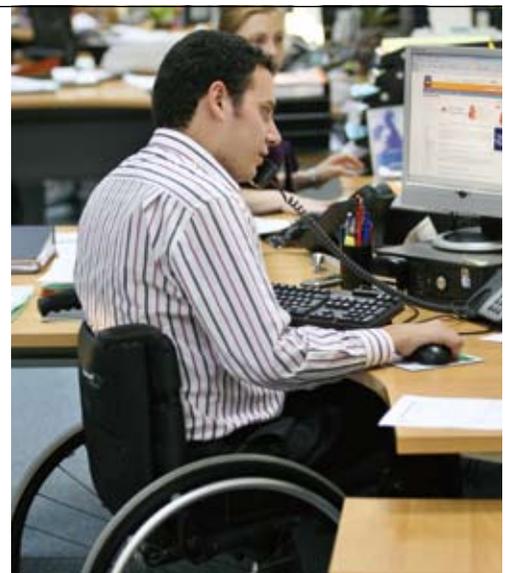
Objectives 2010

To make further progress in detailing the indicators reported at country level and adapting these to those reported in Spain, including absenteeism by country. To adopt benchmark indicators from the management model for companies that act responsibly towards their employees in family matters.

To promote the integration of disabled people in the other countries where the company is present.

To extend the measures and actions associated with reconciliation of private and professional lives to the other countries where Repsol is present.

To enhance employee care channels and set up a formal system for processing suggestions and complaints.





Communities

Repsol YPF spent 2% of its net profit on social investment projects in 2009. Last year we contributed towards to achieving the Millennium Development Goals through more than 600 social projects. A total of 355 company staff members in 14 countries selflessly devoted their time to help in the technical or governance bodies of 314 different institutions.

Update on 2009 objectives



Activities planned

Improvement of the current reporting tools to make it possible to share practices both inside and outside the company.

Adaptation of the London Benchmarking Group (LBG) manuals to reflect the reality of the company.

Approval of updates to the regulations governing the Upstream division: Risk identification and guidelines for environmental, social and health impact assessments.

Assessment of the Puertollano Public Advisory Panel and analysis of how to implement this model in other industrial complexes.

Improvement of current reporting tools used in order to be able to share corporate social responsibility practices both inside and outside the company.

Degree of progress 2009

We have worked on the methodology of the London Benchmarking Group (LBG) through its Spain-based team in order to standardize social investment reporting and measurement.

LBG methodology adopted throughout the group.

Approval of Environmental, Social and Health Impact Assessment (ESHIA) and Hazard Identification (HAZID) procedures, applicable throughout the Upstream division.

Analysis is currently underway to look at how to implement the Public Advisory Panel model at other Repsol YPF industrial complexes.

Progress was made in 2009 and completion is expected along 2010.

Communities and Repsol YPF activity

Through its various businesses, our company has a presence in more than 30 countries. The kinds of populations living in the areas of influence of our operations vary greatly: ranging from large concentrations in urban areas to tiny communities in rural regions.

Repsol YPF's activity has an impact on local communities for many reasons, namely, the occupation of space, construction of infrastructures, the movement of products

and waste, the creation of jobs and wealth through local procurement and contracting, and the rates and taxes we pay for extraction activities. Our commitment is to work to maximize the positive aspects and the opportunities to generate shared value and to prevent and minimize negative impacts through dialogue and community engagement.

MAIN COMMUNITIES AFFECTED BY REPSOL YPF ACTIVITIES IN 2009⁽¹⁾

Country	Communities	Area	Business Area	Activity
Spain	Bens and surrounding towns and villages	A Coruña	Downstream	Industrial Complex
	Tarragona and surrounding towns and villages	Tarragona	Downstream	Industrial Complex
	The Escombreras valley and surrounding towns and villages	Cartagena	Downstream	Industrial Complex
	Puertollano and surrounding towns and villages (Ciudad Real)	Puertollano	Downstream	Industrial Complex
	Muskiz and surrounding towns and villages (Vizcaya)	Muskiz	Downstream	Industrial Complex
Argentina	6 communities in the provinces of Neuquén, Río Negro and Mendoza	Neuquina Basin and others	Upstream	
	5 communities in the provinces of Santa Cruz and Chubut	Golfo de San Jorge Basin	Upstream	
	Plaza Huinul, Cutral Có, Challacó and surrounding towns and villages	Plaza Huinul	Downstream	Industrial Complex
	Luján de Cuyo and surrounding towns and villages	Luján de Cuyo	Downstream	Industrial Complex
	6 communities in the provinces of Neuquén, Río Negro and Mendoza	La Plata	Downstream	Industrial Complex
Algeria	8 communities	Wilaya de Adrar and Wilaya de Illizi	Upstream	8 communities
Bolivia	90 communities	Department of Tarija, Cochabamba and others.	Upstream	90 communities
Brazil	Traditional fishing community in the municipality of Ubatuba and 3 other communities.	State of São Paulo (Santos basin) and Campos basin	Upstream	Offshore
Colombia	11 communities	Department of Arauca (municipality of Tame)	Upstream	
Ecuador	36 communities	Province of Orellana	Upstream	
Mexico	50 communities	Reynosa-Monterrey	Upstream	Construction of a gas pipeline
Peru	40 communities		Upstream	
	Ventanilla and surrounding towns and villages	Ventanilla	Downstream	Industrial Complex
Portugal	Communities of Sines, Santiago de Cacem and surrounding towns and villages	Sines	Downstream	Industrial Complex
Trinidad & Tobago	Fishing community of Mayaro	Guayaguayare	Upstream	Offshore
Venezuela	4 communities	State of Monagas and State of Barinas	Upstream	4 communities

(1) The table only includes those communities affected by activities and operations in which Repsol YPF has control over the operation.

How do we get to know communities?

Having sufficient knowledge of the social context is a prior requisite to forging relations with the multiple and varied communities in the places where we undertake our activities.

In Upstream operations

Hydrocarbons exploration and production often take place in areas that are particularly sensitive, both from a social and environmental perspective, inhabited by communities we must get to know, and who we must be able to talk to and involve in decisions and agreements affecting their development.

Environmental and social impact assessments (ESIA), consultations with the main stakeholders, risk identification and analytical systems are the tools the company uses to gain an insight into the reality of the areas where it operates.

In 2009, four procedures were approved, applicable to the company's Upstream operations, which aid identification,



A social communication project in Brazil

The Social Communication Project in the Santos and Campos basins seeks to inform local communities about exploration and production operations going on there, as well as to monitor any possible environmental impacts not identified at the time the license was obtained. From September 2008 to December 2009, 44 local community consultations were undertaken on this project.

Integrated Project Management (IPM)

The Upstream Executive Department uses the Integrated Project Management (IPM) tool to ensure that all the aforementioned procedures are met and applied throughout the different stages of a project. Implementation of IPM, moreover, enables risks and opportunities to be managed throughout all phases,

with these being built into cost and deadline estimates. This ensures that social impact assessment is included as another factor in the overall financial assessment of the project.

Relations with the local community at the Canaport LNG Project

Canaport LNG is the first terminal for regasification of liquefied natural gas (LNG) in Canada. We were aware from the very start of the importance of working to maintain open dialogue with the local community of St John, and to involve it in all the activities. The Canaport Community Environmental Liaison Committee was created to provide the community with information about

the project, and monthly meetings are held in which the residents of St John, local associations and the company can discuss operations at the plant and their impact on the surroundings. Through this committee, guided tours of the terminal have taken place, to provide the public with interesting information about LNG and how the plant runs.



assessment and management of environmental, social, safety and health risks and impacts:

- Environmental, Social and Health Impact Assessment (ESHIA)
- Hazard Identification Procedure (HAZID).
- Community Relations.
- Health Care Management Procedure.

These procedures are largely applied when defining Upstream projects, which include all seismic, drilling, production and transport activities; and they are mandatory in all exploration and

production projects, even if not required by local legislation.

In Downstream operations

In general, the activities in this business area take place near towns and cities and they are of long duration. In our relations with communities in the areas surrounding our industrial complexes, we seek to minimize the impacts of our activity and contribute to community development by partnering in cultural, social and educational projects.

COMMUNICATION CHANNEL AT INDUSTRIAL COMPLEXES

	Industrial Complexes	Communication Channels
Spain	A Coruña	<ul style="list-style-type: none"> • Formal meetings and informal contacts with residents associations. • Collaboration projects. • Programme of visits to the refinery for stakeholder groups.
	Cartagena	<ul style="list-style-type: none"> • Programme of visits to the refinery for local residents. • Regular meetings with residents from Alumbres. • Study of the refinery surroundings. • Collaboration projects.
	Muskiz	<ul style="list-style-type: none"> • Collaboration in projects and initiatives by local institutions. • Agreements and collaboration projects with other local groups. • Information point “petronor.info” in Muskiz town centre.
	Puertollano	<ul style="list-style-type: none"> • Permanent citizen involvement forum made up of 18 representatives from the local community and three from the company. • Attendance by members of Repsol YPF at events and forums organised by local groups and associations. • Informal contacts. • Collaboration projects.
	Tarragona	<ul style="list-style-type: none"> • Regular meetings with local organisations and associations, and institutions. • Information mailshots about activities at the complex. • Meetings between community stakeholder groups and expert staff from the complex. • Tours of the refinery. • Collaboration projects.
Peru	La Pampilla	<ul style="list-style-type: none"> • Programs of guided tours of the refinery. • Survey of public opinion in the community of Ventanilla about the refinery. • Local radio programme entitled “Así es Ventanilla” (This is Ventanilla). • Local magazine entitled “Así es Ventanilla”. • Education schemes. • Collaboration projects.
Argentina	La Plata	<ul style="list-style-type: none"> • Dialogue with municipal authorities and social leaders. • Organization of educational visits. • Collaboration with local NGOs. • Studies to determine requirements. • Participation in local community events. • Public opinion survey.
	Luján de Cuyo	<ul style="list-style-type: none"> • Institutional visits. • Mailshot of informative notes and public opinion surveys to the community. • Educational tours of the refinery. • Collaboration projects.
	Plaza Huincul	<ul style="list-style-type: none"> • Survey about the social situation and studies to identify micro-business opportunities. • Collaboration projects. • Educational workshops and training sessions on the refinery for local community residents. • Green line for enquiries and complaints. • Refinery open days.

How do we conduct our relations with these communities?

The Policy on Community Relations, approved at the end of 2008, came into force early on in 2009.

This policy formally sets out Repsol YPF's commitment to:

- Identify and assess the needs and aspirations of communities living near our facilities, as well as the potential benefits, risks and social, cultural and environmental impacts of our activities and projects.
- Ensure compliance with this policy throughout the company.
- Draw up a community relations plan for every large project undertaken.
- Prevent risks and mitigate impacts through reasonable and appropriate restoration or compensation.
- Identify opportunities to foster sustainable community development through consultation processes.
- Respect the specific characteristics of each community, guaranteeing their rights in line with the legal framework in place in each country.



Social Investment

Repsol YPF channels social investment projects through its foundations: the Repsol Foundation, the YPF Foundation and the Repsol YPF del Ecuador Foundation; the company's businesses and corporate areas and volunteers from among the staff of Repsol YPF and our customers.

SOCIAL INVESTMENT

	Million euros		
	2007	2008	2009
Social investment	32.30	29.41	31.20
Earnings before tax (EBT)	5,584	4,475	2,776
Social investment / EBT	0.58%	0.66%	1.12%
Earning after tax (EAT)	3,188	2,555	1,559
Social investment / EAT	1.01%	1.15%	2.00%

SOCIAL INVESTMENT SPREAD BY GEOGRAPHICAL AREA

	Thousands of euros		
	2007	2008 ⁽⁴⁾	2009
Spain	13,308	8,982	10,233
Argentina	12,360	14,663	13,444
Rest of Latin America ⁽²⁾	5,166	4,667	4,640
Rest of the world ⁽³⁾	1,468	1,101	2,886
TOTAL	32,302	29,413	31,203

(2) This includes Bolivia, Brazil, Chile, Colombia, Ecuador, Peru and Venezuela.

(3) This includes Algeria, Canada, Libya, Mexico, Portugal and Trinidad and Tobago.

(4) The social investment figure for 2008 has been recalculated and corrected from €29.89 million to €29.41 million.

In 2009 we spent 2% of our net profits on social investment projects, a significant increase on the 1.15% spent the previous year.

In comparison to 2008 expenditure, investment increased in social projects in Spain, Bolivia, Brazil and Peru, while initiatives in Argentina, Ecuador, Portugal and Venezuela required fewer resources than the previous year (see table above).

Repsol YPF uses the London Benchmarking Group (LBG) methodology to draw up its social investment accounts. More than 200 large companies from all over the world use this methodology. The LBG's next step will be to measure the achievements and impacts of this social investment.



Electrification project in Senegal.

Local community development projects, such as providing support for community organizations, constructing infrastructure, granting microloans and setting up local companies, experienced the largest increases in 2009, while education, training (primarily scholarships) and promotion of environmental protection received less funding than in 2008.

Millennium Development Goals

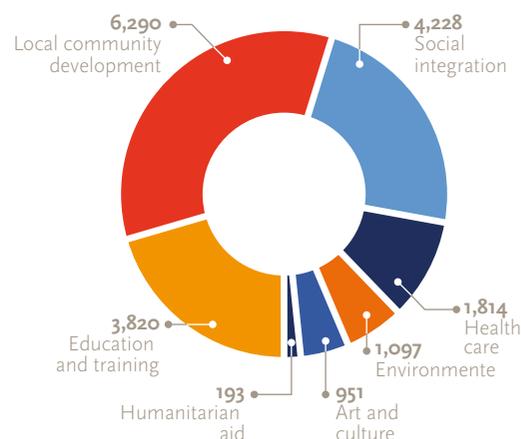
As a company that has signed up to the UN Global Compact, Repsol YPF is working to help achieve the Millennium Development Goals (MDG). Of our 2009 social investment projects, more than 600 were directly related to the MDGs (see table on the following page).

IN SOCIAL INVESTMENT BY PROJECT TYPE

	Thousands of euros		
	2007	2008	2009
Education and training	14,382	10,485	9,638
Local community development	10,263	5,355	7,346
Social integration	1,537	4,582	5,473
Health care	1,709	2,223	2,529
Environment	1,557	4,841	2,742
Art and culture	2,854	1,927	3,176
Humanitarian aid			299
TOTAL	32,302	29,413	31,203

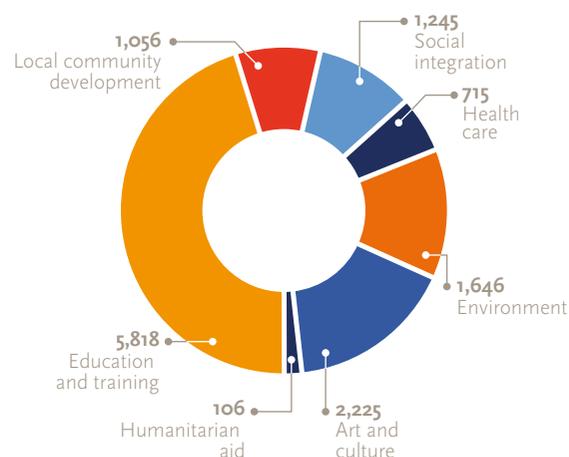
SOCIAL INVESTMENT BY BUSINESSES

Thousands of euros



SOCIAL INVESTMENT BY FOUNDATIONS

Thousands of euros



Contribution to knowledge transfer

In 2009, Repsol YPF was invited to participate in the working groups, committees and boards of trustees of 319 institutions. In response to these requests, 355 of the company's staff members, in 14 countries, selflessly volunteered to get involved. Dozens of company workers also spoke at seminars, meetings, courses and conferences.

The company commissioned the Ipsos Research Institute to carry out a study to assess Repsol YPF's contribution to society in the form of knowledge transfer. The study is based on an online survey of 294 executive staff (not including the company's Board of Directors) and 2,240

middle managers. The survey results show that staff at Repsol YPF:

- devoted 38,545 working hours to external bodies and institutions.
- took 607 flights to respond to this social requirement.
- have provided society with knowledge worth €4,741,128⁽¹⁾.

This valuation is not included in the social investment figures in this report and is offered solely as additional information.

(1) Valuation of hours at the average consultancy fee and of flights at the average cost price to the company. Full information on the study is available at www.repsol.com.

Some social investment projects in 2009

- Through our Redes Socio-Productivas (Social and Productive Networks) project (Venezuela), we have trained more than 60 farmers from local communities surrounding the Repsol YPF operations in the municipality of Punceres, improving their ability to work in association, with a view to setting up social and productive networks based on partnerships and cooperation. We have also improved the technological, financial and environmental aspects of their agricultural and fishing production operations.
- At the Luján de Cuyo complex (Argentina) we collaborate with technical schools to promote vocational training and raise the employment prospects of local inhabitants.
- The Repsol Foundation set up the Muevete y Respeta (“Move and Respect”) Project to help improve peaceful



Social project in Ecuador.

- coexistence and to promote the values of solidarity and respect among the public.
- The YPF Foundation launched its program of scholarships for students from Neuquén, offering basic education and technical instruction to students from low-income families in that province.
 - The project to develop and defend indigenous cultures promoted by the Repsol YPF del Ecuador Foundation helped to improve the quality of life for

indigenous and mixed-race communities around Block 16, by increasing local training, promoting environmental protection and preserving local cultural heritage.

- In Ventanilla (Peru), 70 volunteers from the La Pampilla industrial complex were involved in building a community education unit and five emergency housing units. This project was coordinated by the NGO Un Techo para Mi País.
- With the support of Repsol YPF, a total of 170 pupils in Cartagena (Spain) planted trees under the supervision and guidance of experts from the local city council. The project was developed through the open dialogue channel between the industrial complex and local community’ representatives.
- The Petronor industrial complex, located in Muskiz (Spain), promotes vocational training among the residents of nearby towns. It awarded 68 scholarships in the 2009-2010 academic year.
- The Red Cross and Repsol YPF in Tarragona (Spain) signed a partnership agreement to develop a volunteer force among the workers at the industrial complex.

SOCIAL INVESTMENT PROJECT BY THEIR CONTRIBUTION TO THE MDGS

	Thousands of euros
MDG	
Eradicate extreme poverty and hunger	2,511
Achieve universal primary education	1,584
Promote gender equality and empower women	2,205
Reduce child mortality	1,037
Combat HIV/AIDS, malaria and other diseases	1,434
Ensure environmental sustainability	2,703
Develop a global partnership for development	3,852
TOTAL	15,326

2009 Awards

- We obtained the highest possible score for the oil and gas sector in the category of social impact on the community on the Dow Jones Sustainability World and Dow Jones Sustainability STOXX indexes.
- Diploma of Honor for Collaboration from the Red Cross in acknowledgement of Repsol YPF’s support in the Red Cross Gold Prize Draw.

Objectives 2010

Approval of the corporate social investment guidebook.

Approval of company regulations on Environmental, Social and Health Impact Assessment (ESHIA), to be applied worldwide by all units in the company.

Development of a study to measure social investment achievements and impact, as part of our participation in the London Benchmarking Group (LBG).



Workers on the Stena Drillmax drillship, which has carried out deep sea exploration work for Repsol YPF in the Gulf of Mexico and Brazil.

Partners, contractors and suppliers

In 2009, 84.4% of all procurement and contracting carried out by Repsol YPF was local. We performed 967 supplier and contractor audits. In operations in which Repsol YPF does not have operating control, we do everything we can to ensure that our partners implement our regulations on ethical, social and environmental matters, or apply equivalent policies.

Update
on **2009**
objectives

Activities planned

To continue implementing the new supplier management regulations in other countries and business areas of the company.

Degree of progress 2009

The supplier management system introduced has been implemented in all the countries and business areas of the company.



Relations with our partners

Many of the activities undertaken by Repsol YPF are carried out with partners under agreements or joint ventures. Our regulations governing relations with our partners entail a due diligence process, which lays down the environmental, social, health and safety guidelines to be followed in all operations.



The due diligence process includes assessment and management of risks that may arise in commercial operations involving acquisition or exchange of assets, and in mergers, partnerships or joint ventures. It is particularly important to perform these assessments in socially or environmentally sensitive areas, such as places where indigenous communities live, or in exceptional security situations.

Before taking the decision to acquire an asset, an assessment is made of both existing and potential risks, with particular focus on aspects such as communities affected or the impacts resulting from work carried out in previous phases.

In those activities in which Repsol YPF is not the operating partner, it pledges to do all it can to ensure its partners implement its regulations and management systems, or follow equivalent principles and systems in all ethical, social and environmental matters. Repsol YPF notifies its partners of its requirements in ethical, social, environmental and safety issues primarily at meetings, as well as through technical project reviews. These sessions enable experiences to be shared and project impacts to be analyzed.

Audit and Control Management also verifies non-operated assets. The aim of associations control is to provide reasonable assurance that agreements between partners are complied with in

all aspects. In 2009, 22 audit projects were performed on partnerships in which Repsol YPF is not the operator.

At 31 December 2009, Repsol YPF possessed holdings but did not act as the operator in 243 exploration and production blocks in 16 countries: Algeria, Argentina, Bolivia, Brazil, Canada, Colombia, Kazakhstan, Liberia, Libya, Norway, Peru, Saudi Arabia, Sierra Leone, Trinidad and Tobago the United States and Venezuela. Of these 243 blocks, 165 are devoted to exploration activities and 71 are under development⁽¹⁾.

To find out whether our partners' practices are aligned with Repsol YPF regulations, the company asks its partners to fill out the Foreign Corrupt Practices Act (FCPA) Due Diligence questionnaire, which includes

specific questions on policies and practices to combat corruption.

Moreover, the association contracts include a specific clause (*Conduct of the Parties*), under which the signatory parties agree to reject any type of payment, gift, bribe or favoritism in exchange for any person or entity being able to obtain a benefit or undertake an activity that goes against the principles described in the OECD Convention on Combating Bribery of Foreign Public Officials and in the US Foreign Corrupt Practices Act.

(1) For further information consult the Consolidated Annual Accounts Report 2009.

Joint Operation Agreements

Our relations with our partners in the case of alliances or joint ventures, are governed by Joint Operating Agreements (JOA). The aim of a JOA is to define the responsibilities and limits of each of the partners in the operation and management of an asset.

Two or more companies may enter into a JOA in order to share exploration and/or production risks and costs in

an oil and gas field. One of the parties takes responsibility for day-to-day operations, and all the parties to the JOA share the costs and profits in proportion to their holding. This enables companies to diversify their risks and extend their project portfolio.



The Petronor Refinery in Muskiz (Spain).

Contractor and supplier management

Repsol YPF's relations with its contractors and suppliers, together with management of procurement and contracting of goods and services, are based on a set of regulations common to all the company's businesses in every country.

These regulations encourage integrity on the part of suppliers, contractors and subcontractors, requiring them to comply with the fundamental conventions of the International Labor Organization and current safety and environmental regulations.

Improvements in the supplier management system

At the beginning of 2008, a unified system to manage information on suppliers, known as SIS PRO, came into operation. This is unique, worldwide

in scope, and incorporates all the information produced in supplier rating, authorisation, performance assessment, development and planning processes.

In 2009, this system was fully implemented in the various countries where Repsol YPF operates and it was adapted to meet requirements stemming from the increase in information we request from our suppliers on ethical and social aspects relating to their corporate responsibility. The regulations governing supplier management underwent their

Pilot experience with suppliers in Bolivia

In November a survey was carried out on five local contractors working in mechanical assembly, public works and oil pipeline construction, under the auspices of a working group set up to find local suppliers to take part in future projects in Bolivia. The survey was based around the corporate responsibility questions that are

going to be included in the Repsol YPF rating questionnaire in 2010. The aim was to find out about the level of knowledge and implementation of corporate responsibility matters in companies in this country.

first review at the end of 2009, and this is expected to be completed during the first half of 2010. The areas of improvement include the review and adaptation of our suppliers' corporate responsibility requirements. More specifically, additional areas have been identified for inclusion in the rating questionnaires, concerning integrity and ethics, working practices and human rights.

In order to find out the degree to which our suppliers meet these additional requirements, a pilot study was carried out in November 2009 with important suppliers, who were asked to fill out a brief questionnaire on corporate responsibility, the results of which will be analyzed in the first quarter of 2010.

Rating and audits

The main reasons for suppliers and contractors not passing the rating process can be grouped into three main areas – economic/ financial, safety and technical. The SIS PRO system does not yet enable sufficient details about the rating processes to be filed, which is an area for improvement in 2010.

Repsol YPF's regulations governing procurement and contracting require audits to be carried out in areas of high criticality (level 2). In 2009, 967 rating audits were carried out on suppliers and contractors. The spread by country, according to the geographic location of the facilities of the companies, was as follows:

Some of the areas that supplier and contractor audits focus on include the degree to which occupational risk prevention systems have been implemented, specific safety arrangements, safety policy, monitoring of accident rates and regular monitoring of working and health conditions.

In Argentina, audits are carried out not only on suppliers rated at high criticality levels, but also those with medium criticality (level 1) ratings. This explains why the number of audits performed there is higher.

The increase in the number of audits performed in 2009 is due to the progressive introduction of these regulations in the different businesses and countries where Repsol YPF operates. All the audit reports presented to the audited companies indicate their strong points, areas for improvement and a set of recommendations. We intend to offer a summary of the results of the audits performed in future annual reports.

Rating and audits 2009

During the year, 7,896 rating processes were performed on suppliers and

contractors, of which 6,968 were rated and 928 did not pass.

Ratings	Rating Processes	Not Rated
Goods suppliers	2,514	195
Service contractors	5,382	733
TOTAL	7,896	928

AUDITS IN 2009

Country	Número de auditorías		
	2007	2008	2009
Spain	28	77	200
Argentina	716	539	659
Bolivia	–	–	9
Brazil	–	–	1
Colombia	–	2	0
Chile	–	–	3
China	–	–	3
Ecuador	–	–	20
France	–	–	1
Italia	–	–	1
Peru	–	1	37
Portugal	–	25	26
Trinidad and Tobago	–	2	5
Venezuela	–	1	2
TOTAL	744	647	967



Repsol YPF facilities in Trinidad and Tobago.



Local procurement and contracting

Repsol YPF spent approximately €6,492 million on procurement and contracting in 2009. Around 84% of supplies were obtained from local providers.

LOCAL PROCUREMENT

	2007	2008	2009
Local amount	5,180	7,165	5,481
% of total	78.4%	82.9%	84.4%

Millions euros

PROCUREMENT AND CONTRACTING⁽¹⁾ IN 2009 BY COUNTRY

Country	Total 2009	Local 2009	%
Spain	2,720	2,181	80.18
Argentina	2,250	2,105	93.55
Argelia	173	113	65.32
Bolivia	78	69	88.46
Brazil	258	177	68.60
Canadá	126	125.7	99.76
Colombia	10.2	9.8	96.08
Cuba	6.6	0.3	4.54
Ecuador	84	73	86.90
USA	211	159	75.36
France	5	5	100.00
Libya	99	83	83.83
Morocco	30	0	0.00
Mexico	9.8	9.1	92.86
Peru	136	117	86.03
Portugal	182	149	81.87
Trinidad and Tobago	68	64	94.11
Venezuela	45	41	91.11
TOTAL	6,492	5,481	84.42

Millions euros

(1) The procurement total refers exclusively to operations carried out by the procurement and contracting department. Repsol places priority on using local sources although it does not have a formal policy on this.

Local contractors and suppliers in Ecuador

Our procurement and contracting practices in Ecuador give an advantage to local suppliers, favoring them over international suppliers. In the case of goods purchases, we check that the products are marketed locally and that the manufacturer has a representative in the country.

Only if goods are not available and there is no local representative does Repsol YPF contact international suppliers. In general, services are hired from companies registered in Ecuador.

Enlargement of the local supplier base for future investment projects

Repsol YPF developed a work plan in 2009 to select and rate local suppliers, mainly service contractor firms, to broaden its base of suppliers for the investment projects it is going to carry out over coming years. In 2009, this activity focused on Bolivia and Peru. A multidisciplinary working team made up of members of the company's various divisions and businesses was set up to carry out this selection work.

Service contracting from special employment centers

Repsol YPF helps to create jobs for disabled workers by contracting them via special employment centers (SECs).

In 2009, procurement by Repsol YPF from SECs in Spain totaled more than €1 million.

Safety in contracted services

General procurement and contracting conditions, as well as the framework procedure for rating and assessing suppliers, state that suppliers or contractors must comply with the safety provisions in force and applicable to the order or contract in each country and, in all cases, with those laid down in Repsol YPF's internal regulations and practice.

Furthermore, the company has standards defining the safety criteria applicable to contracted jobs and services. The aim is to establish a management framework which includes the policy on relations with contractors, their safety ratings, requirements for contracting them and the evaluation and monitoring mechanisms to be used while jobs are underway.

Safety certification for contractors in Spain and Portugal

In June 2009, the safety certification system for contractor firms in the service station sector came into force.

This project, in which Repsol YPF has been involved with other operating companies, allows business activities to be coordinated between operators and their service station works and maintenance contractors.

The certification consists of an online system that manages and maintains all the documentation associated with the Law on Occupational Risk Prevention, as well as exchanging information on risks at oil company facilities. Once the documentation has been compiled,

the worker-training process begins, including basic safety issues in works carried out at service stations. Once these requirements have been fulfilled, the contractor obtains a safety passport, a compulsory certification document to allow access to work sites or for carrying out jobs at service stations.

This enables the operating company to ensure that all the safety requirements are complied with before the start of any work at any point of sale in the Iberian Peninsula.



Helipad on the Stena Dr Ilmax drillship.

Outside involvement

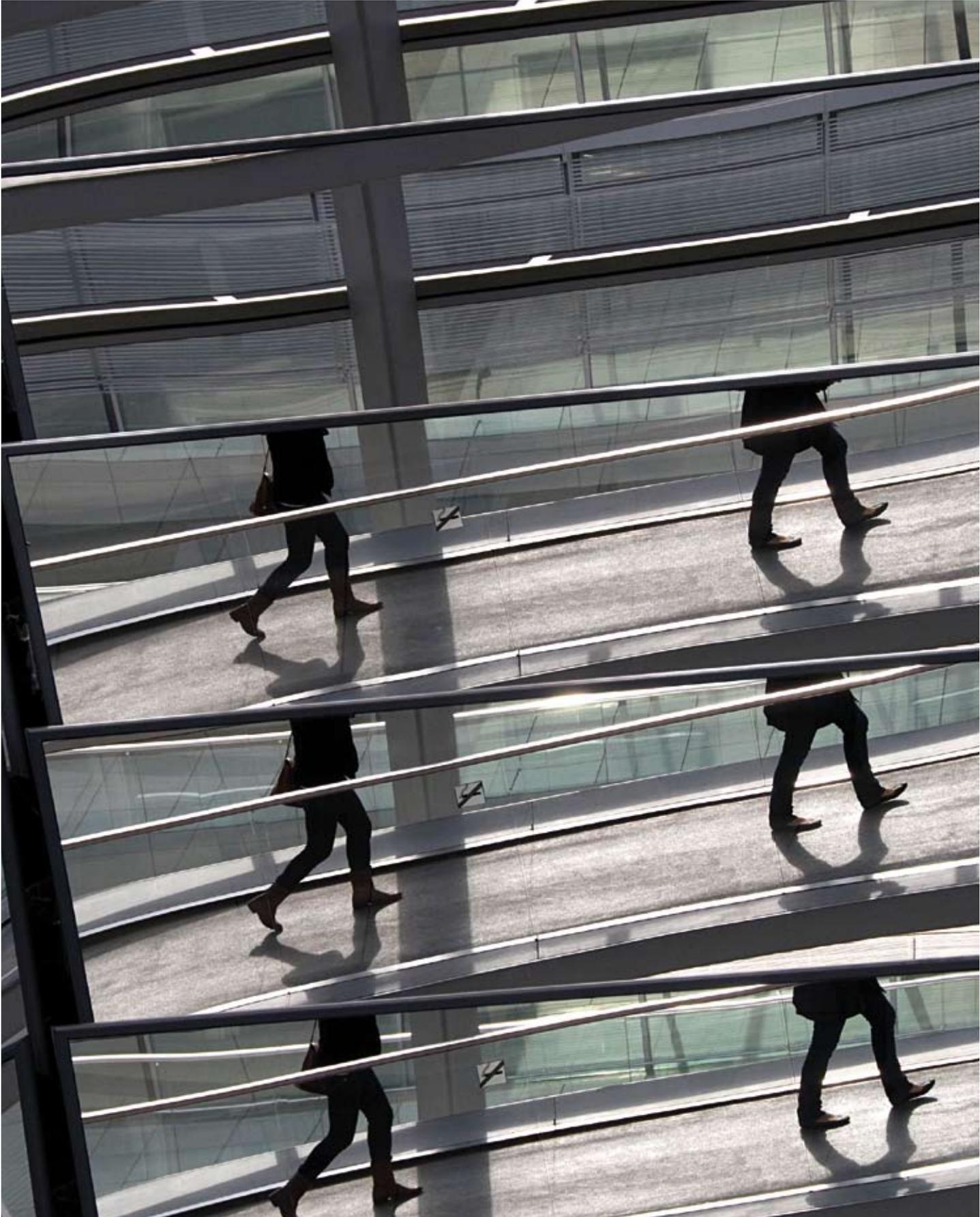
The Repsol YPF Procurement and Contracting division collaborated with and took part in several associations and forums in 2009, some of the most important of these being:

- Collaboration in two working groups within the Spanish Association of Procurement, Contracting and Provisioning (AERCE): “Corporate Social Responsibility in Procurement” and “Supplier Risk Management”.
- Participation in the Global Procurement Forum, a procurement forum to share best practices between companies in the sector.
- Participation in the Second Suppliers and Purchasers Forum organized by Achilles South Europe, with Repsol YPF taking part in the round table entitled “CSR and responsible supplier management”.
- Collaboration in designing a classification model with criteria for rating supplier corporateresponsibility, to be included in the Achilles registration system.

Objectives 2010

To make progress on the supplier management system in order to provide a summary of the results of the rating and audit processes applied to suppliers and contractors.

To complete the review of the corporate responsibility regulations governing supplier management.



Customers

Repsol YPF is committed to satisfying its customers' needs. We aim to fulfill customer expectations and achieve excellence in the service we render. We want to forge customer relations that are based on respect and trust. We are striving to develop safer products and to exercise our influence so that our customers can use our products in the most sustainable way possible.

Update on 2009 objectives

Activities planned

New ways of raising customer awareness about topics relating to sustainability and responsible use of our products.

Degree of progress 2009

We have held specific meetings with customers and consumers in order to promote energy-saving and the safe use of our products.

We have used different advertising methods, bill inserts and regular online newsletters to promote responsible, safe consumption among our customers.



Our customers

Repsol YPF has a wide range of different customers, from institutions and large corporations through to SMEs and private households. The company's customer groups include drivers, haulage firms, households, industrial companies from different sectors, airlines, farmers, shipowners, fishermen, charterers and public authorities.

Through its LPG⁽¹⁾, Marketing⁽²⁾ and Chemical⁽³⁾ business units, Repsol YPF offers its customers a wide range of products and services which it markets either directly or through distributors, and at almost 7,000 service stations around the world.

(1) The LPG division markets liquefied petroleum gases, largely butane and propane, bottled, piped and in bulk. For further information, please visit www.repsol.com and www.ypf.com.

(2) The Marketing division includes service stations, aviation, lubricants and specialities and direct fuel sales businesses, amongst others. For further information, please see www.repsol.com and www.ypf.com.

(3) View detailed information on Repsol YPF products and services at www.repsol.com and www.ypf.com.



Customer focus

In our commercial activities, we aim to satisfy our customers' needs, guarantee the safety of the products we market and ensure quality and sustainability of supply.

Some of the projects undertaken in 2009 were aimed at enhancing Repsol YPF's customer focus.

The 'Reinventing LPG' Project

In 2009, the LPG division launched the 'Reinventing LPG' project, with the aim of making progress on customer focus and innovation. The strategic initiatives in progress are:

- Deepening our customer insight.
- Developing IT tools to improve our communication with them.
- Development of new marketing channels.
- Offering new differentiated or complementary services.
- Boosting marketing activity to create greater customer awareness of the value of the products we offer.

Listening better to customer views

In the Marketing Europe division, the 'Listening Better to Customer Views' project aims to raise knowledge about customers' expectations and perceptions of our service stations, as well as to identify opportunities for improvement. This initiative focuses on two aspects: Consumer satisfaction and dealing efficiently and productively with complaints. The objectives are:

- To find out what expectations end customers have of services stations.
- To gather information on the degree to which these expectations are fulfilled.
- To define lines of action and actions for improvement.
- To improve the way in which complaints arising within the service stations network are managed, in order to detect weaknesses.

Customer focus at Repsol Chemicals

The 'Customer Focus' project began in 2008 and continued throughout last year. A working group comprising 12 members from the different areas in Repsol Chemicals was set up in order to identify the main areas for improvement in the unit's customer focus. As a result of this group's work, a total of 43 actions have been undertaken in five different areas: Sales, operations, corporate image, human resources and employee training, all aimed at improving service and communication.



Customer satisfaction

We perform surveys to find out about customer satisfaction and identify areas for improvement where more work needs to be done. There are different tools for finding out the customer satisfaction index (CSI).

We can use these tools to measure aspects of service such as staff behavior and friendliness, compliance with delivery deadlines, efficiency and speed, product quality, clarity of information on invoices, ease of telephone contact, problem resolution and the technical assistance service.

The tools used to measure customer satisfaction are as follows, depending on the business unit and the customer type:

- Periodic complaints indices.
- Customer satisfaction surveys.
- Global service level indicators, measuring compliance with delivery deadlines.
- Reports from visits made by sales managers.
- Reports from technical assistance and development staff, who gather information from customers to help in developing new products and services.

Customer complaints

In 2009, customer complaints and incidents per unit were as follows:

LPG

The number of complaints in Spain, Argentina and Peru stood at 56,865, 20,757 and 54,917, respectively, as compared with 79,025, 24,411 and 46,418 the previous year. Complaints decreased in Spain and Argentina, but rose in Peru. The most frequent complaints in the LPG business relate to delays in delivery of orders and invoicing errors.

Marketing Europe

Se han atendido 1.743.273 consultas, A total of 1,743,273 enquiries were dealt with, of which 34,865 (2%) were complaints. The most usual incidents were to do with invoicing, delays in the

sending of cards and technical problems with IT applications.

Chemicals

We received 696 complaints from customers in 2009, compared with 826 the year before, which translates into a decrease of 19%.

Measures were taken in all areas to continue improving our service level and thus reduce the number of customer complaints. Measures implemented in 2009 included:

- Increasing the number of issues that can be dealt with by the Customer Care Service (CCS) in order to reduce response and processing times.
- Increasing the number and frequency of training sessions for CCS staff.
- Creating specific working groups focusing on different types of complaints, to analyze their causes and come up with improvement actions.
- Review of invoicing processes.

How do we ensure the supply to our customers?

LPG

In the last two years, we have begun to apply real-time truck location technology and use routing software, which ensures higher quality and security in supplying our customers, together with a saving of some 7% in mileage. These actions have resulted in a decrease both in order delivery times and in complaints.

Chemicals

In 2009 the Carriers Cargo Allocation and Monitoring System came fully into operation. This enables carriers to enter a website where they can accept loads and monitor them in real time. The system sends out an automatic warning of any problems with delivery and acts as a basis for annual appraisal of carrier companies.

Optimization of LPG supply routes

In 2009, YPF Gas introduced a new software application to optimize routes and ensure the delivery deadlines agreed with customers in Argentina are met. A pilot test was put into operation midway through the year and full implementation throughout the country is expected in the first four months of 2010. This new system has improved order authorization times. Urgent orders fell by 33% compared with the figure for 2008.

Trucks are fitted with GPS systems, which provides online details of deliveries made and another means of contacting customers who cannot be located to tell them why the delivery cannot be made, and arrange a new appointment. The average delivery time was cut down by one day for the country as a whole in comparison to 2008.

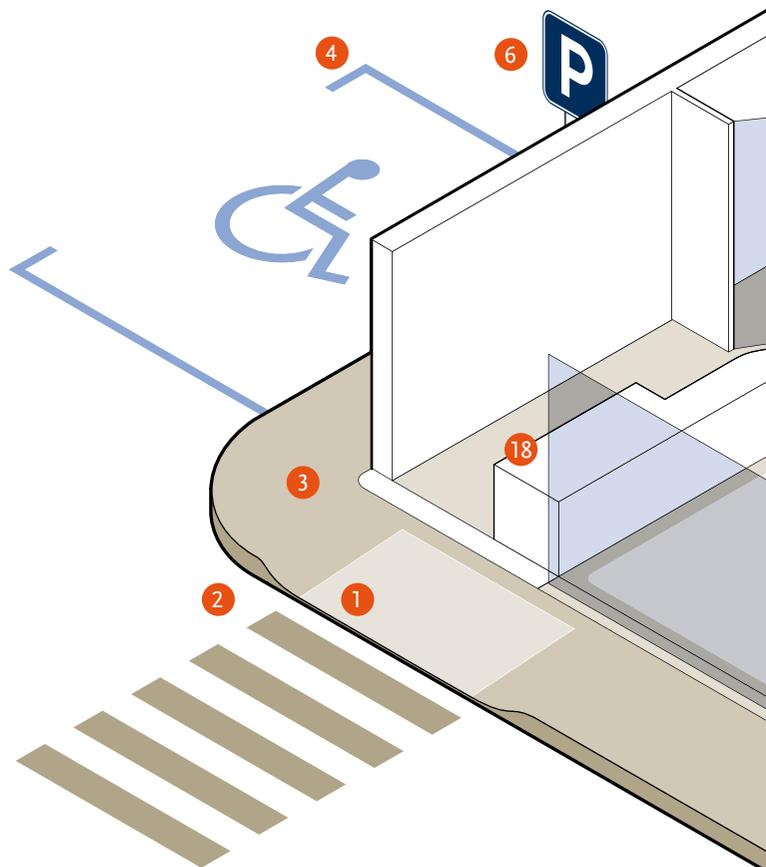
The 'Delta Pioneers' Project

The Tigre Delta, in Argentina, is a belt made up of low-lying islands, rivers and streams, which is heavily populated and in recent years has become an important tourist spot. In order to supply LPG to these communities, Repsol YPF has put a boat service into operation, through YPF Gas, which refills LPG tanks in the

same way as a tank truck. This project received the bronze award from the Argentinean Direct and Interactive Marketing Association (AMDIA) in the Telemarketing-Customer Service category.

Service stations adapted and certified under global accessibility criteria

Repsol YPF now has 81 accessible service stations in Spain, two of which hold the UNE 170001-2 global accessibility certification. This certifies that the facilities are adapted to meet the needs of all members of the public, including disabled people. The modifications a service station requires to receive global accessibility certification are as follows:



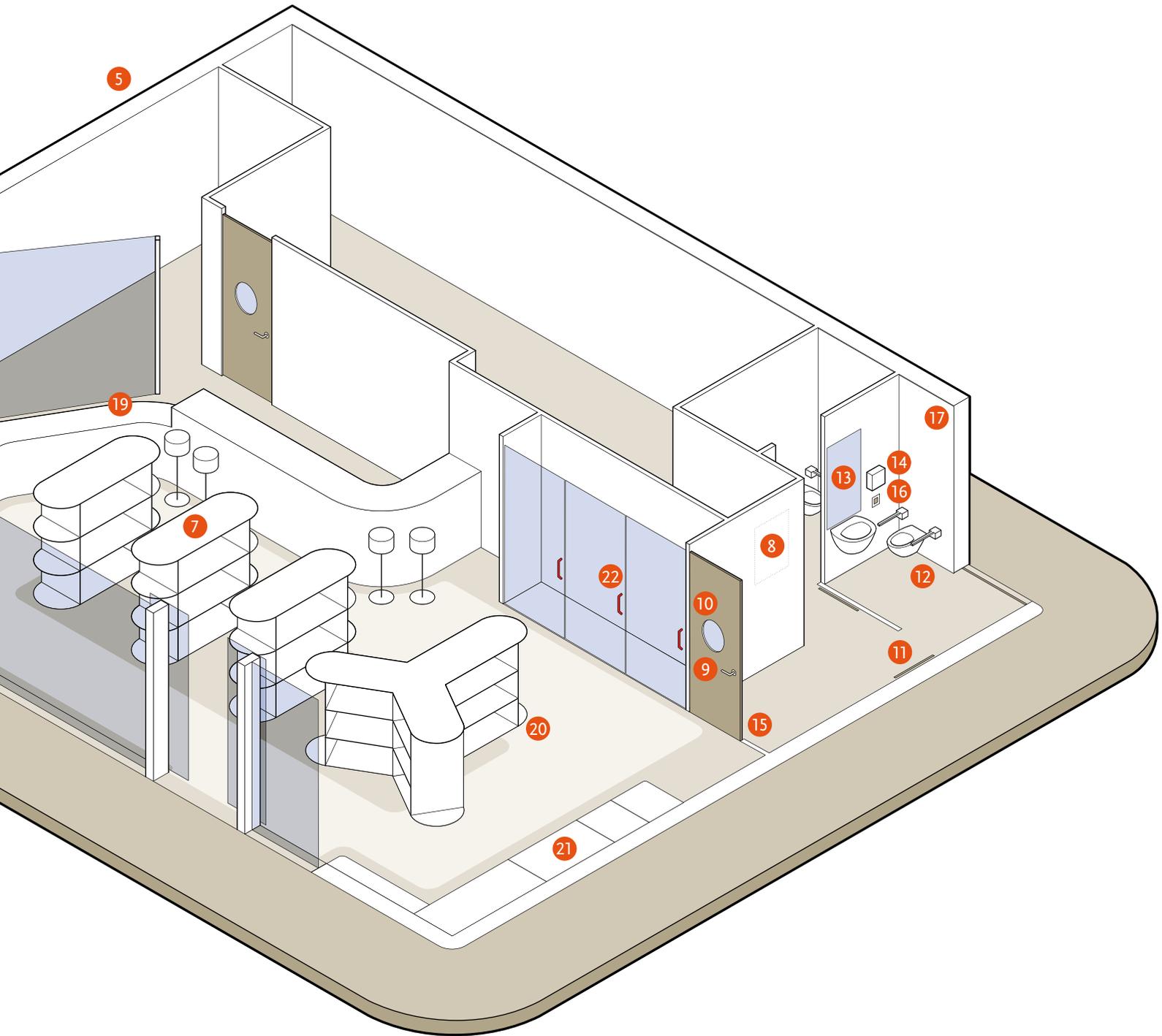
Outdoor space

- 1 **Entrances and exits.** These must contain minimal bends and are in a different color than the sidewalk. Likewise, pedestrian walkways have been made as straight as possible on roundabouts. Slopes are kept to the minimum essential, with no first step in the middle.
- 2 **Pedestrian route.** A pedestrian route has been built to link the sidewalk of the building to the car park, air and water area and the sidewalk of the road outside.
- 3 **Sidewalk width.** The sidewalk surrounding the building is 1.20 meters wide, with corners designed so as not to hinder turning.

- 4 **Car park.** A bay has been reserved for people with reduced mobility beside the services building, and it is clearly signposted. Its location has also been improved, as it is near an entrance with a specific maneuvering area and is large enough.
- 5 **Air and water.** The air and water area, located beside the car park, is fitted with lighting and is clearly signposted.
- 6 **Miscellaneous signage.** Signs have been positioned in such a way as to avoid being an obstacle and are at a height of 2.10 meters.

Services building

- 7 **Furnishings.** Furnishings have been reorganized to avoid problems of lack of space.
- 8 **Telephone.** The public telephone has been removed from the area to avoid customers having to stop in this area to use it.
- 9 **Doors.** All the doors have special handles to make them easy to open and close.
- 10 **Viewing hatch.** The doors into the shop have a viewing hatch for customers in wheelchairs.
- 11 **Adaptation of toilets.** Male and female toilets are adapted so that they can be used by disabled people.



- 12 **Lavatory.** The position of the lavatory has been altered to leave an 80 cm gap, allowing a wheelchair to get past it. The support bars are at a height of 75 cm and at a distance of 70 cm from each other. The lavatory is 45 cm from the ground and the color of the bathroom fixtures contrast with those of the tiling.
- 13 **Mirror.** The mirror has been hung at 90 cm from the floor.
- 14 **Electrical apparatus.** The light switches have been placed at a height of no more than 90 cm. The hand-dryer and soap dispenser are placed at between 70 and 120 cm in height and at least 100 cm from the washbasin so that everyone can use them.

- 15 **Doors.** The doors have been fitted with a system so they can be unlocked from the outside, and which shows whether they are occupied or not. The inside door of the men's toilet is also fitted with a hydraulic device so it can be opened and closed with a maximum pressure of 40 Nw.
- 16 **Bell.** A bell to call for help has been fitted 50 cm from the ground, with an emergency signal.
- 17 **Occupation.** The cubicles have a monitoring mechanism to ensure the lights remain on while somebody is inside.

Furnishings

- 18 **Counter.** The counter has a payment point especially designed for customers in wheelchairs.
- 19 **Bar.** A table has been installed with a special bar.
- 20 **Display shelves.** Display shelf feet have been rounded to foster accessibility.
- 21 **Wall display.** The high wall display has been adapted so that basic and frequently used products are within easy reach.
- 22 **Handles.** The handles for opening refrigerators are colored red, making them more easily visible and accessible.

Added value products and services for our customers

We are working to improve the quality of the products and services we offer our customers through technology development and innovation, with particular focus on energy efficiency and respect for the environment.



Innovative products and services

For our customers in the farming sector

- **Biodegradable insecticides:** We have developed biodegradable insecticides which can replace traditional mineral oils in pest control.
- **Sulphur soil pH correcting agent:** We have developed a sulphur-based product to make land suitable for crop cultivation or to improve its productivity.
- **Plastic film to prolong the life of perishable goods:** In 2009, in collaboration with one of our customers, we began development of an oxobiodegradable film for packaging fruits and root and green vegetables. The resulting film lengthens the life of the packaged product.

For our customers in the haulage sector and drivers.

- **Fuels that improve engine performance and reduce emissions:** We have tested the combined use of biofuels and liquefied petroleum gas (LPG) for vehicles in order to improve engine performance while also reducing CO₂ emissions.

For our industrial customers

- **Recycling of roads:** Reuse of the worn out road surfacing materials for building the new road, thus reducing the need for new gravel layers. We have also developed technologies for cold recycling of asphalts, with a saving of up to 30% in the energy required for paving.
- **Draining road surfaces, noise reduction and road safety improvements:** We have created tarmacs that reduce vehicle noise on roads and which can quickly discharge rainwater, improving road safety.
- **Biodegradable, fire-retardant hydraulic oils:** We offer safer hydraulic oils that reduce fire risk and are biodegradable.

Innovative services

- **The best local products, in the service station shop:** 2009 saw the launch of the 'Food Space' project in our service station shops in Spain, which enabled us to complement the "basic basket" of daily goods with a range of high-quality, local products.
- **LPG purchase via mobile phone:** Repsol YPF, together with the telephone

services companies MoviStar and Presto, launched a new service in Chile in 2009 enabling customers to purchase gas for household use using a mobile phone and the Presto credit card.

- **Accessible service stations:** Repsol YPF now has 81 accessible service stations in Spain, two of which hold UNE 170001-2 certification, certifying they are fully adapted for use by the disabled.
- **Regulatory authorization management:** Repsol YPF is the only company marketing gas for household use in Peru to help its customers obtain the legal permits they need.

The safety of our products

Repsol YPF goes beyond its legal obligations in drawing up safety fact sheets on dangerous products, and it is developing these for all its products.



Industrial consortia for compliance with the REACH regulations

Repsol YPF is a member of the consortia so far set up to comply with the Registration, Evaluation, Authorisation and Restriction of Chemical Substances Regulations (REACH). Most of these consortia are made up of the industrial associations we belong to, such as

Conservation of Clean Air and Water in Europe (CONCAWE), Eurobitume, the European Chemical Industry Council (CEFIC), the European Disocyanate & Polyol Producers Association (ISOPA) and the International Institute of Synthetic Rubber Producers (IISRP).

These fact sheets cover all issues related to product safety, the origin of components, contents, safe usage instructions and disposal methods. We also draw up product safety sheets and information leaflets so that Repsol YPF workers are aware of the risks from chemical products and the preventive measures required when handling them.

These documents are updated in line with changes in legislation and are managed by a computer application, which has given us greater management efficiency and given users greater autonomy.

In 2009, the Product Safety unit undertook activities relating to compliance with Regulation 1907/2006 or the Registration, Evaluation, Authorization and Restriction of Chemical Substances Regulations (REACH), which this year focused on compiling details on the substances that must be registered. No incidents occurred in 2009 regarding the safety of our products and leading to sanctions, fines or penalties.

Advertising communications

Repsol YPF is a member of the Spanish Association for the Self-Regulation of Advertising Communication (Autocontrol), a non-profit organization that seeks to ensure trust and credibility in advertising.

Autocontrol belongs to the European Advertising Standards Alliance (EASA), a body that includes all the European advertising self-regulation entities. The company signed Autocontrol's Self-Regulatory Code on Environmental Claims in Commercial Communications in 2009, out of its desire to abide by a set of rules that supplement current legislation on advertising relating to the environment.

Objectives 2010

Raise the number of accessible service stations.

Increase customer satisfaction levels and reduce the number of complaints we receive.

2009 awards

- Repsol YPF was recognized by the Leaders in Excellence 2009 awards, presented by the magazine Consumer Management in the consumer satisfaction category, in this case relating to gas customers.
- The YPF Gas Customer Care Service (CCS) received the bronze award for the "Delta Pioneers" project in the Telemarketing Customer Service category, presented by the Argentinean Direct and Interactive Marketing Association (AMDIA).
- Our efficient service station in Carabanchel (Spain) received a special jury mention in the Autonomous Region of Madrid awards, in the best thermal facility category.



Dusk over the waters of the Gulf of Mexico from the Stena Drillmax drillship.

About this report

This Corporate Responsibility Report is for 2009 and provides full, reliable and high-quality information about corporate responsibility management at Repsol YPF. The content of this report is supplemented with information available in the corporate responsibility section at www.repsol.com, and in other reports published by Repsol YPF for 2009. These include the Consolidated Annual Accounts Report, Repsol YPF's Consolidated Management Report (documents offering in-depth information on economic and financial management) and the Annual Corporate Governance Report, which focuses on the working of the company's corporate governance bodies.

This report, which is published annually, has been produced according to Global Reporting Initiative Guidelines for drawing up sustainability reports (version G3), obtaining an A+ application level. It is also aligned with the latest version of the AA1000 standard, and consequently the principles of inclusivity, materiality and responsiveness of the AA1000 2008 APS. It is also verified according to the AA1000 2008 AS standard.

Inclusivity

The company, its corporate divisions and business divisions have identified their stakeholders, and the corresponding dialogue and relationship channels and mechanisms are in place. These dialogue processes and tools are described in detail in the chapters entitled "Dialogue as the driving force in our relations", "People at Repsol YPF", "Communities", "Partners, contractors and suppliers" and "Customers".

Relevance

To draw up this report, Repsol YPF has carried out a materiality study based on AA1000 standard recommendations in order to focus information on the most relevant issues, addressing the particular



Repsol YPF employees at the company headquarters in Madrid (Spain).

features and characteristics of Repsol YPF, its stakeholders and the sector in which the company operates. The material issues resulting from the study for this fiscal year have not undergone any substantial changes with respect to those identified in 2008.

Responsiveness

In this report, Repsol YPF aims to address the issues it has identified as material through the dialogue processes in place with its stakeholders, providing reports about its performance in each of these areas throughout 2009.

The scope of this report

This report includes information about the activities of the Repsol YPF Group in the various countries in which it operates.

The data underpinning the environmental information comes from subsidiary companies in which we have a majority holding and/or operating responsibility (control) and where we record 100% of the emissions into the air, ground and water. In the case of greenhouse gases, we also include emissions coming from the company's activities in proportion to our stake in each of these companies, as well as from indirect emissions associated with energy purchases from third parties and other relevant indirect emissions.

On safety matters, we include data for 100% of employees at subsidiary

companies in which we have a majority holding and/or operating responsibility (control). For contractor employees, we have included any activity under a direct contract with Repsol YPF for a period of more than one year.

The figure for Repsol YPF's global payroll is given according to financial information consolidation criteria. The other figures reported in the chapter entitled "People at Repsol YPF" relate to the companies directly managed by Repsol YPF.

Social investment refers to all the activities undertaken by Repsol YPF and its foundations (Repsol Foundation, YPF Foundation and Repsol YPF del Ecuador Foundation) involving contributions to the community or society in the places where we operate. The criterion used for reporting on social investment is the same as that for financial consolidation.

Economic and financial data given in the report that do not refer to the environmental, safety and social aspects mentioned are those published in the Repsol YPF Consolidated Annual Accounts Report 2009, and the Consolidated

Management Report, which may differ in scope from this report. They have also been submitted to external audit.

This report includes quantitative details from previous years. In cases where there have been changes in the way the information has been calculated or in its scope with respect to previous years, these improvements and the reasons for them have been specified.

Assurance

The data included in this report have been reviewed and verified by Deloitte, to guarantee its reliability.

Dissemination

The Corporate Responsibility Report is made available in a printed edition in Spanish and an extended version of this information can be found in electronic format on the company's portal (www.repsol.com), which can be downloaded in PDF format or viewed online.

Enquiries and additional information

Readers of this report may submit questions, enquiries or requests for additional information via the "Contact" and "Repsol listens to you" sections on www.repsol.com.

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4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	40, 41
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	16, 17
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	17, 21
Commitments to external initiatives		
4.11	Explanation of whether and how the precautionary principle is addressed by the organisation	19
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	115
4.13	Memberships in associations and/or national/international advocacy organisations in which the organisation: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or Views membership as strategic	33, 43, 87, 95, 125
Stakeholder engagement		
4.14	List of stakeholder groups engaged by the organisation	92
4.15	List of stakeholder groups engaged by the organisation	92
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	92
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	92
Economic Performance Indicators		
Disclosure on Management Approach		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	19
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	25, 33
EC3	Coverage of the organisation's defined benefit plan obligations	102 (Note 21 of the Repsol YPF Group's consolidated annual accounts)
EC4	Significant financial assistance received from government	43
EC5*	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	103
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	123
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	(1) 106
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	115-117
EC9*	Understanding and describing significant indirect economic impacts, including the extent of impacts.	111-115

Section/Indicator	Verification	Page
Environmental Performance Indicators		
Disclosure on Management Approach		
Materials		
EN1	Materials used by weight or volume	 12
EN2	Percentage of materials used that are recycled input materials	N.A. Repsol YPF's activities mean this is not a material indicator for the company
Energy		
EN3	Direct energy consumption by primary energy source	 12, 35, 36, 37
EN4	Indirect energy consumption by primary source	 (2) 12, 37
EN5*	Energy saved due to conservation and efficiency improvements	 (3) 28
EN6*	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	 (3) 28-29, 36
Water		
EN8	Total water withdrawal by source	 12, 75
EN10*	Percentage and total volume of water recycled and reused	 75, 80
Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	 85, 87
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	 85, 87
EN13*	Habitats protected or restored	 85, 87
EN14*	Strategies, current actions, and future plans for managing impacts on biodiversity	 84
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	 12, 34-37
EN17	Other relevant indirect greenhouse gas emissions by weight	 12, 35
EN18*	Initiatives to reduce greenhouse gas emissions and reductions achieved	 26, 31, 32, 34-37
EN19	Emissions of ozone-depleting substances by weight	N.A. The Repsol YPF Group does not have mechanisms for gathering this information, given that these emissions are not considered to be relevant
EN20	NO, SO and other significant air emissions by type and weight	 12, 73, 80
EN21	Total water discharge by quality and destination	 76, 80
EN22	Total weight of waste by type and disposal method	 77, 80
EN23	Total number and volume of significant spills	 12, 78, 80
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	 67, 132
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	N.A. Repsol YPF's activities mean that this is not a material indicator for the company
Compliance		

Section/Indicator	Verification	Page
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		80
Transport		
EN29* Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	(4)	64, 65, 72, 80
Overall		
EN30* Total environmental protection expenditures and investments by type		71, 80
Social Performance Indicators		
Labour practices and decent work		
Disclosure on Management Approach		
Employment		
LA1 Total workforce by employment type, employment contract, and region	(5)	98, 99
LA2 Total number and rate of employee turnover by age group, gender, and region		In order to calculate the turnover rate, Repsol YPF takes as its base the average cumulative workforce, which it considers reflects the people who have worked in the Company over the year. The system does not currently enable a breakdown to be made of the average cumulative workforce by age group and gender, therefore the turnover rate is only given by region
LA3* Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations		102
Labour/management relations		
LA4 Percentage of employees covered by collective bargaining agreements		13
LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements		The minimum notice periods are set in each country's laws and regulations and there is no specific corporate regulation on this matter.
Occupational health and safety		
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	(3)	100
LA7 Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	(6)	65, 109
LA8 Education, training, counselling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases		61,63
LA9 Health and safety topics covered in formal agreements with trade unions		100
Training and education		
LA10 Average hours of training per year per employee by employee category		104, 105
LA11* Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		104
LA12* Percentage of employees receiving regular performance and career development reviews		102, 103
Diversity and equal opportunity		
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity		17, 107-108
LA14 Ratio of basic salary of men to women by employee category		107

Section/Indicator		Verification	Page
Human rights performance indicators			
Disclosure on Management Approach			
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	 (3)	48
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	 (3)	122
HR3*	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	 (3)	48
Non- discrimination			
HR4	Total number of incidents of discrimination and actions taken	 (7)	48
Freedom of association and collective bargaining			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	 (3)	48
Child labour			
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	 (3)	48
Forced and compulsory labour			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	 (3)	48
Security practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	 (3)	48
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	 (8)	55
Social performance indicators			
Disclosure on Management Approach			
Community			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	 (9)	52, 70, 72, 113, 114
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption	 (3)	45
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	 (3)	41
SO4	Actions taken in response to incidents of corruption	 (10)	12, 41
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying	 (3)	43
SO6*	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	 (3)	44
Anti-competitive behaviour			
SO7*	Total number of actions for causes relating to monopoly practices and against free competition and their results	 (3)	45
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	 (3)	45

Section/Indicator	Verification	Page
Product responsibility		
Disclosure on Management Approach		
Customer health and safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	133
Product and service labeling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	133
Marketing communications		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	133
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. ⁽³⁾	129
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	133
Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	133

* Additional Indicator GRI G3

Icono  Indicator reviewed

Icono  Procedures extended for reasonable certainty of the reported information

N.A. Not Applicable

(1) The report indicates the nationality of senior management staff in the Repsol YPF Group

(2) The report indicates indirect energy consumption, but not broken down by primary source.

(3) The report gives qualitative indications

(4) The impact of staff transport is not considered significant by the Repsol YPF Group

(5) Information only by contract and by region

(6) The report indicates lost time due to ordinary illness in Spain and the Group's accident index and overall number of deaths.

For the latter two figures, additional review procedures have been applied, designed for visits to facilities.

(7) The report indicates internal discrimination incidents

(8) The report indicates the most significant incidents

(9) The report indicates the policies and procedures defined by the Group

(10) The report indicates the number of dismissals for breach of the Ethics and Conduct Regulations

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

Independent Assurance Report on the 2009 Corporate Responsibility Report of Repsol YPF Group

Scope of our work

We have performed a review of the 2009 Corporate Responsibility Report (CRR) of Repsol YPF Group, the scope of which is defined in the chapter "About this report". Our work consisted of the review of:

- The adherence of the content of the CRR to the GRI Sustainability Reporting Guidelines version 3.0 (G3) and the core performance indicators proposed in the aforementioned guidelines.
- The information included in the CRR relating to the application of the principles of inclusivity, materiality and responsiveness set out in the AccountAbility's AA1000 AccountAbility Principles Standard 2008 (AA1000APS).
- The information furnished about the progress in 2009 achieved in the Corporate Responsibility commitments included in the CRR.

The scope of our work is referred to the 2009 information contained in the CRR. The 2008 Corporate Responsibility Report was reviewed by other assurance provider who issued its report on May 29th 2009.

Assurance standards and procedures

We conducted our review in accordance with International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants to achieve limited assurance. Also, we have applied AccountAbility's AA 1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA1000APS and on the sustainability performance indicators (type 2 moderate assurance). Nevertheless, Repsol YPF Group has requested wider review procedures for some key indicators identified on the "GRI Content Index", with a view to obtain a reasonable assurance of the reported information; these additional procedures are detailed at the end of this section.

Our work consisted of making enquiries to management and certain units of Repsol YPF Group involved in the preparation of the CRR, and of carrying out the following analytical procedures and sample-based review tests:

- Meetings with Repsol YPF Group personnel to ascertain the principles, systems and management approaches applied.
- Analysis of the processes and procedures used to gather and validate the sustainability information.
- Review of the steps taken in relation to the identification and consideration of the stakeholders during the year and of the stakeholder group participation processes through the analysis of the available internal information and third-party reports.
- Analysis of the coverage, materiality and completeness of the information included in the CRR on the basis of the understanding of Repsol YPF Group of its stakeholder groups' requirements in relation to the material issues identified by the organisation and described under "Our Relations".
- Review of the information related to the management approaches applied and verification of the existence and scope of the Corporate Responsibility policies, systems and procedures.
- Checking that the contents of the CRR do not contradict any significant information furnished by Repsol YPF Group in its Annual Report.
- Analysis of the adherence of the contents of the CRR to those recommended in the G3 Guidelines and verification that the core indicators included in the CRR agree with those recommended by the GRI G3 Guidelines and that any inapplicable or unavailable indicators are identified.
- Review on a sample basis, of the quantitative and qualitative information relating to the GRI indicators included in the CRR and of the adequate compilation thereof based on the data furnished by the information sources of Repsol YPF Group.
- For some key indicators, identified on the "GRI Content Index", additional review procedures have been carried out during visits to representative installations of the Group activities. Specifically, five installations have been visited in Spain, four in Argentina, one in Portugal, one in Bolivia and one in Peru in which:
 - Processes and procedures related to the collection, aggregation and validation of the sustainability information have been reviewed
 - Assurance reports related to ISO 14064, ISO 14001 y OHSAS 18001 certifications have been reviewed.

Responsibilities of Repsol YPF Group management and of Deloitte

- The preparation and contents of the CRR is the responsibility of Repsol YPF Group's Management, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- Since a limited assurance is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on the CRR.
- This report has been prepared in the interests of Repsol YPF Group management in accordance with the terms and conditions of our Engagement Letter. We do not accept any liability to any third party other than YPF Group management.
- We conducted our work in accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC).
- Our team consisted of a combination of professionals with assurance qualifications and professionals with social, environmental and stakeholder engagement experience and sustainability report assurance experience.

Conclusions

The "GRI Content Index" provides details of the indicators reviewed and of the limitations in the scope of our work, and identifies any indicators that do not cover all the areas recommended by the GRI. As a result of our review, no other matters were disclosed that would lead us to believe that the CRR contained material errors or that it was not prepared in accordance with the guidelines of the Global Reporting Initiative Sustainability Reporting Guidelines version 3.0 (G3).

Also, the review procedures performed did not disclose any matter that would lead us to believe that Repsol YPF Group has not applied the principles of inclusivity, materiality and responsiveness as described in Appendix II "Principles used to prepare this report" in accordance with standard AA1000 2008 APS:

- **Inclusivity:** Repsol YPF Group has developed a participation process for stakeholders that facilitate their involvement in the development of a responsible approach.
- **Materiality:** the process of determining materiality requires an understanding of the material or important matters for Repsol YPF Group and its stakeholders.
- **Responsiveness:** Repsol YPF Group responds with specific actions and commitments related to the material issues identified previously.

Finally, our work did not disclose any matters that would lead us to believe that the information furnished about the progress made on Corporate Responsibility Commitments in 2009 detailed in the CRR contains material errors.

Observations and recommendations

In addition, we presented to the Management of the Repsol YPF Group our recommendations relating to the areas for improvement in Corporate Responsibility management and in the application of the principles of inclusivity, materiality and responsiveness. The most significant recommendations, which do not change the conclusions expressed in this report, are summarised as follows.

Inclusivity and materiality

Repsol YPF Group has multiple communication channels with its stakeholders which allow it to obtain information on matters deemed significant by the latter and, on the basis thereof, define its action and communications strategies in this connection. The formation of the Corporate Responsibility Committees in the main countries in which the Group operates, approved in 2009 and envisaged for 2010, should focus more deeply on the consultation and dialogue processes with the stakeholders, particularly at country and operating centre levels.

In this respect, it would be advisable for these Committees to develop an executive information system that would enable them to carry out integral, coordinated and periodic monitoring of the progress in complying with the objectives relating to significant matters.

Responsiveness

Repsol YPF Group has tools for compiling economic, corporate and environmental information, deemed to be of relevance, methodologies for calculating them, a reporting timetable and control mechanisms for their monitoring. Although we consider that these tools allow the Group to provide a solution to the indicators reported, it would be advisable to strengthen the control procedures established for their prior validation and to automate certain processes, which are currently manual, in order to reduce the risk of errors.

Also, some very important policies and rules were approved in 2009 such as the Energy Efficiency Policy and the Regulation for Action in Relations with Indigenous Communities. The implementation of these policies and rules in 2010 should allow Repsol YPF Group to cater in greater depth for these important issues.

Lastly, the 2009 Corporate Responsibility Report of Repsol YPF Group provides information on the progress made in complying with the objectives proposed for 2008 and on the objectives for 2010. More specific details of the objectives and monitoring indicators used by Repsol YPF Group would make it easier to understand the progress achieved.

DELOITTE, S.L.



Helena Redondo
Madrid, march 30th 2010

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