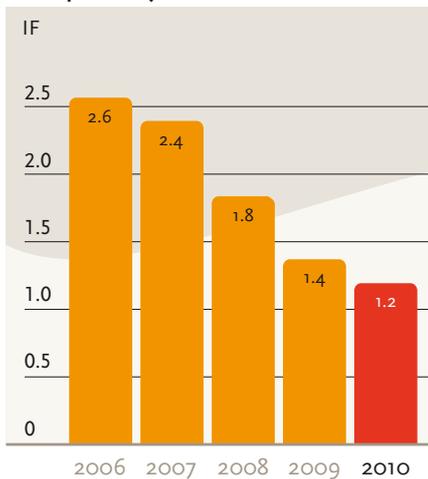


Increasing our commitment to safety

At Repsol we demand a high level of safety in all our operations. During 2010 our Lost Time Injury Frequency Rate (LTIFR) decreased by 14% compared to the previous year, and more than 50% since 2005. We provided 186,982 hours of safety training. We carried out more than 1,100 safety and environment audits.

Lost Time Injury Frequency Rate⁽¹⁹⁾



Improving our accident results

Our Lost Time Injury Frequency Rate (employee and contractor) decreased by 14% compared to the previous year, achieving our annual target. Our objective is to meet no accidents during the development of our activities. In the past five years we have reduced our LTIF by more than 50%. However, during 2010, we regret five contractors died accidents occurred during work-related activities.

Traffic accidents in Peru and Spain caused three of the deaths, and the remaining two occurred during maintenance operations in processing plants in our refineries in Spain.

Improving our accident rate results would not be possible without joining forces throughout our business.

During 2010, several installations achieved outstanding results. In our upstream activities in Venezuela, the gas units of Quiriquire and Cardón IV achieved more than 365 days without a single lost time injury. In addition, the La Pampilla refinery, in Peru, achieved two million hours with no lost time injuries. For the first time, the seismic groups at our Libyan installations were recognized for achieving one million hours without accidents.

We work to investigate incidents

As a preventive strategy, we work to investigate incidents and identify their basic causes. This, together with corrective action, makes it possible to prevent accidents in the future. Furthermore, we pay special attention to the investigation of near misses, as they are similar in nature to more serious events.

In 2008 we set out objectives concerning incident investigation and the implementation of improvement actions. We achieved these objectives in 2010.

Number of fatalities



(19) Lost Time Injury Frequency Rate: measured as the number of lost time accidents and fatal accidents accumulated during the year per million hours worked.

SAFETY IN THE EXTENSIONS AT THE CARTAGENA AND MUSKIZ (SPAIN) REFINERIES

Both projects involved a substantial challenge for the organization, due to their size. Thus, integrating accident prevention within the work management system was essential for creating a safe environment during the construction phase and the subsequent operations.

In order to guarantee safety, we carried out numerous activities, including:

- Incorporation of international best practices regarding work management (positioning of the work on site, establishing project and engineering offices, areas for contractors, medical clinics, training classrooms, etc.)
- Management of the general services required to meet workers' needs (first aid posts, clinics, surveillance services, control of access points, rescue teams, etc.)
- Compliance with regulations and standards, thanks to the high level of coordination among our previously trained/instructed specialists and experts from outside companies.
- Preventative audits carried out by specialized technicians to assess compliance with safety regulations and identify instances of non-conformity, which were corrected almost immediately. The audits looked at ordinary situations (assembling, dismantling), extraordinary situations, forecasts of bad weather, control and traceability of materials, and the quality of soldering.

Almost 15,000 people participated in the Cartagena refinery project, while the Muskiz refinery project involved the participation of 1.600 workers on site.

During more than 21 million hours worked, we achieved a Lost Time Injury Frequency Rate of 1.3, while the rate for the Spanish construction sector rate is about 50⁽²⁰⁾.

No-ACCIDENT PROGRAM IN THE CARTAGENA-PUERTOLLANO OIL PIPELINE

Throughout 2010, we continued implementing and improving the No-Accident preventive management program (NOA) as regards the construction work on the Cartagena-Puertollano distillation oil pipeline.

The program strengthens the preventative requirements and techniques for safe construction with the application of tools such as satellite control of vehicles assigned to the work with no perimeter closure, monitoring of previously established preventative indicators, and the drafting of risk maps and monthly safety bulletins. One of the key factors for success is the collaboration and commitment of all the workers who, through safety observations, make their opinions and proposals public.

The program was so successful (there have been no lost time injuries since the beginning of the project) that we adapted the program for implementation at the port of El Musel (Gijón), where we transfer LPG from docked vessels.

Demanding safety management

Safety criteria in our strategy

We demand a high level of safety in all our operations, carrying them out in accordance with strict safety and health standards. Our main concern is to protect the people who work at our installations, our customers, and all the inhabitants of the communities where we operate.

This requires a substantial commitment at all levels in our organization. Since 2005, the Audit and Control Committee of the Board of Directors has overseen and directed the policy, guidelines, and objectives of the company in terms of safety and the environment.

(20) Source: 2008 Yearbook of the Ministry of Employment and Immigration of Spain.

Our Executive Committee also sets out the objectives and the strategic guidelines in terms of safety and environmental issues, which are the basis for drafting the objectives and action plans for all the company's business. These plans identify actions required for the continual improvement of management, investments and associated expenses, and adapting to new legislative requirements. Moreover, the annual objective established for the Lost Time Injury Frequency Rate forms part of the annual objectives in the business units.

Investment in safety actions amounted to €66 million in 2010, while expenses totaled €126 million.

Our management system shows a high level of commitment to safety

In the Repsol Health, Safety and Environment Policy we commit to comply with the legal requirements in force in each location, as well as to establish common standards of conduct as regards safety, health and the environment, regardless of the geographic area where work is carried out. Our management system incorporates demanding requirements and international best practices as regards safety.

We undertake audits in order to monitor our management system, foster improvements in the protection of our installations and workers, and improve risk management. Every year we implement a safety and environment plan that includes external audits (voluntary and/or legal for certification) such as 'crossed' internal audits in which qualified personnel from different business units audit one another. See the table *Safety and environment audits carried out in 2010*.⁽²¹⁾

Safety and environment audits carried out in 2010	Number
Internal	406
Certification	149
External (legal)	566
TOTAL REPSOL	1,121

More information on safety management aspects and improvement actions at safety.repsol.com

(21) The internal audits made by our own personnel from each center are not included.

We maintain our OHSAS 18001 certifications

Our safety and environment management system is aligned with the OHSAS 18001 international standard and we encourage the progressive certification of our company sites in accordance with this standard. During 2010, we certified 49 new centers or activities to OHSAS 18001. The table *Principal OHSAS 18001 certifications in 2010* lists the principal installations certified on December 31, 2010.

PRINCIPAL OHSAS 18001 CERTIFICATIONS IN 2010

Activity	Centers certified with OHSAS 18001	%
Refining	9 of 9	100
Chemicals	8 of 8	100
E&P	4 of 18	22
LPG	31 of 54	57
Lubricants and Specialities	16 of 17	94

More information on certification
at certificatesearch.repsol.com

Process safety

Improving the identification, evaluation, and management of industrial risks is a key factor for increasing safety. At Repsol we have a number of requirements and guidelines in place to ensure that risks are correctly identified, quantified, and managed throughout the lifecycle of an installation, from design until it is abandoned or dismantled. This prevents damage to people and assets, as well as minimizing environmental impact. In 2010, after exhaustive updating work, our requirements for safety and environment risk management in industrial assets were approved. To achieve an effective implementation, the company units developed plans to adapt their installations to the requirements.

In addition, in order to improve the safety of our installations, we are developing process safety indicators, paying special attention to prevention indicators, in line with international standards.

Safety management on offshore platforms

We are experienced in offshore operations and have carried out drilling in deepwater wells, both in the Gulf of Mexico and in other parts of the world (see the attached map of offshore operations).

OFFSHORE ACTIVITIES

As of December 31, Repsol was operating 258 blocks at sea in 13 countries. We also had a non-operated participation in 180 blocks in 12 countries.

OFFSHORE BLOCKS OPERATED BY REPSOL

Country	Exploration	Development	Total
Spain	20	12	32
Argentina	3	1	4
Brazil	8		8
Cuba	1		1
Equatorial Guinea	1		1
Guyana	1		1
Indonesia	1		1
Libya	1		1
Marocco	4		4
Norway	1		1
Surinam	1		1
Trinidad and Tobago		3	3
United States	200		200
TOTAL	242	16	258

As part of the continual improvement cycle we periodically review our standards and procedures, incorporating lessons learned, recommendations, and international best practices.

The actions we have taken to improve safety include:

- **Processes:** For the construction of wells, the most significant risks are identified and actions are implemented in order to prevent damage to persons, the environment, and the installations.
- **Inspections and audits:** Our wells and their equipment are inspected and audited by third parties, covering technical and maintenance aspects. Our upstream activities are also certified by third parties in the areas of safety and environmental management. We have ISO 14001 certifications in our operations in Trinidad and Tobago, Casablanca, Poseidon, and Bermeo, and OHSAS 18001 in Trinidad and Tobago.
- **Competency and training:** We have a formal competency management programme to ensure the technical competence of all personnel involved in operations.
- **Emergency response planning:** We have contingency plans in the event of unexpected incidents in offshore operations, prepared in accordance with the worst-case scenario and based on local regulations, internal procedures, and industry best practices. These plans

are reviewed and updated prior to the start of drilling operations and when there are changes that might affect the normal functioning of the operations. These plans are subject to internal approval processes and to the approval of the appropriate government authorities in the country of operation.

- **Authorization for drilling:** Before the start of well construction operations, we ensure that all technical aspects have been correctly implemented and verified, and this is documented.
- **Management of contractors:** We have standards that establish specific safety criteria in contracted work and services. This includes a rigorous process of evaluation when contracting suppliers and services, as well as internal and third-party inspections and audits, prior to operations. The services contracted are subject to periodic supervision and inspection during operations in order to ensure that local regulations, internal procedures, and industry best practices are applied.

Moreover, we are active members of OGP (Oil and Gas Producers Association), the main forum of the sector as regards health, safety, and environment. We participate in its working groups to benefit from the lessons learned in the industry. Repsol also participates in initiatives concerning the response to spills in the Gulf of Mexico.

Transport safety

Improving safety in the transport of goods and personnel is one of our key objectives. Thus, we take action to control the associated risks.

Developing programs to improve land transport

We continually establish programs intended to reduce land transport accidents. We focus on two aspects:

- Encouraging awareness and reinforcing driving skills through training. During 2010, we provided 8,191 hours of training to drivers who transport our products. For example, courses were given on preventative and defensive driving while transporting products in our Marketing business in Spain. We also provide training to employees who use their cars to commute to work. For example, in our Technology Center in Madrid, all employees have received training in safe driving. Additionally, the 'Do not be distracted' campaign in Marketing in Spain has continued, and one of its objectives is to raise awareness so workers drive safely and prudently.
- Equipping vehicles with satellite navigation systems in order to track their location in real time. These systems make it possible to improve vehicle monitoring and make progress in understanding the main areas of risk in upstream activities.

At Repsol we are committed to improving road safety and, as a result, we collaborate in several initiatives with different institutions.

We have joined the *European Road Safety Charter*, an initiative of the European Union, which takes action to reduce road accidents and share good practice to resolve transport safety problems (www.erscharter.eu/). We also collaborate with the Spanish Road Association, which aims to achieve a safer and higher-quality road network (www.aecarretera.com).

Requirements in sea and river transport

Our company does not have its own sea and river transport fleet; therefore, when contracting vessels from third parties, we adopt rigorous evaluation and inspection criteria, and we provide other companies with this vetting service.

We continually verify that the vessels comply with the most demanding safety regulations. Our procedures include review of the operator’s documentation and a physical inspection during operations at the terminal, discarding vessels that fail to pass this test.

In 2010, we carried out a total of 1,936 preliminary vessel inspections, of which 1,287 were acceptable, 636 were unacceptable, and 13 led to the declassification of the vessel. Only 66.5% of the tankers put forward to operate for Repsol were considered acceptable. In addition, 956 physical inspections were carried out, which resulted in 835 approvals and 121 rejections.

The continued reduction in the age of vessels and the increase in the number of double hull vessels inspected contribute to reducing risks in our activities.

We also pay special attention to river transport. For example, for our upstream activities in Peru, we are implementing a management system for river transport, which includes procedures for vessels, safety inspections of these vessels, protocols for river navigation, training and induction of all personnel in safety and the environment, and risk analysis for logistical operations and river transport in general.

Promoting air transport audits and inspections

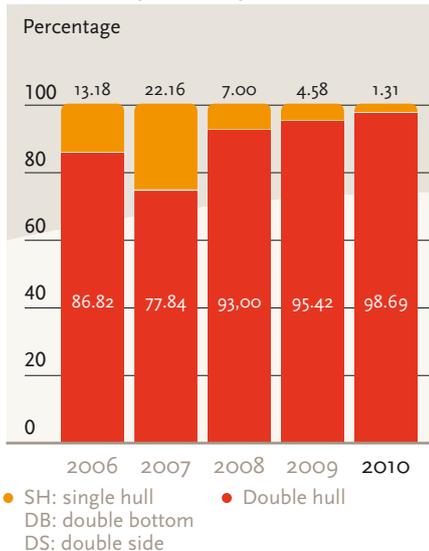
We have standards designed to manage air transport in upstream activities, and we carry out audits and inspections for the operating companies and their aircraft to ensure that they comply with our requirements.

In addition, at the Peru Upstream Exploration Unit, we have designed and implemented a fire extinguishing system developed through our SEI (Implementation of the Fire Extinguishing Service) project. Based on the Peruvian Department of Civil Aviation’s regulations, the system guarantees an adequate response level in the event of a possible air emergency. The investment project included the acquisition of a fire service truck equipped for use in airports, a fire brigade consisting of professional fire fighters, and the training of response teams to fight fires. We estimate our investment in the project to be two million US dollars.

Trends in age of the vessels inspected



Trends and distribution of hull types >5,000 tpm inspected⁽²²⁾



(22) Barges and tugs are not included.

7 rules to 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 authorization.



During excavations, secure the area.



When working at height, secure your protection and supports.



During lifting operations, never stand below the load.

More information on this campaign and its results at basicsafetyrules.repsol.com

Safety culture

We prevent risk situations in work centers through the seven basic rules for saving lives.

All our employees are responsible for safety, as well as contributing to the safety of all the people around us.

In 2009, in order to bolster our safety culture, the seven basic rules that prevent risk situations (which lead to most fatal accidents in our centers) were approved and an exhaustive communication plan was drawn up. We communicated and distributed this in order to raise awareness of the importance of compliance. During 2011 as a continuation of the work carried out, this campaign will be reinforced specifically for each business.

We encourage a safety culture

We encourage a safety culture through information, consciousness, awareness, and training aimed at employees and contractors, as well as the people around us. We use different channels for disseminating information, rules, and technical documentation.

In 2010, a total of 13,497 employees received 186,982 hours of training occupational health and safety.

The main training programs we carried out during 2010 relate to safety and environmental risk management and change management, as well as reinforcing knowledge of the HAZOP analysis methodology. We customized training given in Spain, Argentina, Peru, and the United States.

In addition, we continue to intensify our training programs for contractors with a view to improving the control of typical risk situations in company activities. In 2010 we gave around 591,940 hours of training to contracted personnel.

Sharing good practice in the company

In order to improve the culture of safety in our company, we worked to support the exchange of experiences and good practice by different Repsol units.

A program focused on knowledge exchange was implemented at the Asphalt Unit in the Marketing Europa division. This involved the temporary exchange of facility heads for a brief period of time in order to

TRAINING IN SAFETY AND OCCUPATIONAL HEALTH 2010⁽²³⁾

	Hours	Persons ⁽²⁴⁾	Extension rate ⁽²⁵⁾
Spain	136,975	7,785	43%
Argentina	23,074	3,696	26%
Rest of Latin America ⁽²⁶⁾	13,764	1,098	22%
Rest of the world ⁽²⁷⁾	13,169	918	52%
TOTAL	186,982	13,497	35%

(23) The data includes training of our regular and temporary personnel. This does not include the training of contractor personnel.

(24) Persons attending courses.

(25) Percentage of persons who have undergone training in relation to the total staff.

(26) Bolivia, Brazil, Colombia, Ecuador, Peru, and Venezuela.

(27) EEUU, Libya, Norway, Portugal, and Trinidad and Tobago.

learn from other people from other facilities, contribute experiences and performance improvements, and jointly take advantage of best practices. The program encouraged the exchange of knowledge, contributing to improved plant management.

The Marketing Portugal unit has been promoting safety program awards since 2005. These programs promote a culture of safety, preventing accidents through the identification of potential incidents (probable scenarios with the potential to cause damage to persons, equipment, or the environment). All Marketing Portugal personnel can participate in this program, including associated companies, contractors, and others. At periodic meetings, where safety and environment matters are analyzed, the winning PINs are selected from each Business or function and all the employees of Marketing Portugal and the associated companies are notified of the results.

External awareness - raising campaigns

Following are our 2010 highlights:

- We undertook a training campaign pertaining to our upstream activities at Cardon IV for local communities and trade unions designed to develop and improve the quality of local labor as potential candidates for employment in offshore work. Training related to several aspects of health, safety, and environment, as well as other courses taught through the Cooperating School of Employers and Drivers of Maracaibo R.S.
- We participated as exhibitors and as a member of LADS (Latin American Drilling Safety), in Peru. The La Pampilla refinery collaborated in producing a geographic information system to identify the essential resources for responding to natural disasters (earthquakes/tsunamis) in Lima and Callao. The program is promoted by the Peruvian Civil Defense Institute (INDECI) and the United Nations Development Program. The La Pampilla refinery participated in the module on energy supply, as it is the main supplier of Lima and Callao, and due to its strategic location. We designed an emergency action plan and collected information to create a database under the auspices of international institutions such as the French Institute for Research for Development (IRD) and Cooperazione Internazionale (COOPI) in Italy. The refinery also participated in the communications network so that the complex would have appropriate communications in place in the event of an emergency.
- We carried out training activities at the LPG unit in Spain, aimed at personnel from collaborating companies (Repsol Gas Services, Official Services, tanker drivers, etc.) with the aim of updating their knowledge to achieve best practices in their activities. Several conferences took place on accident interventions, including theoretical and practical training with real fire, for firefighters, civil defense, and local police.

Our results

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

In order to record, analyze, monitor, and consolidate accident rate information, the company has a proprietary web-based computer tool available to all work centers, which enables effective management of incidents.

Our company rules establish common criteria and a methodology for recording incidents, complemented by an incident management indicator guide, which is used to process Repsol's safety indicators.

	2006	2007	2008	2009	2010
Lost Time Injury Frequency Rate (employee and contractor)	2.6	2.4	1.8	1.4	1.2
Lost Time Injury Frequency Rate (employee)	2.5	1.9	1.4	1.2	1.2
Lost Time Injury Frequency Rate (contractor)	2.8	2.7	2.0	1.5	1.2
Fatalities	9	12	11	9	5

More information on our
safety results at
performanceandobjectives.repsol.com