

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

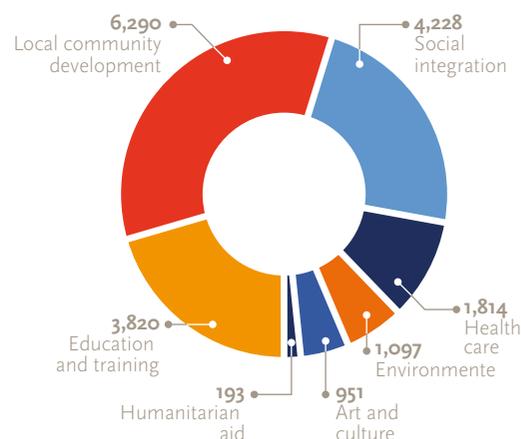
As a company that has signed up to the UN Global Compact, Repsol YPF is working to help achieve the Millennium Development Goals (MDG). Of our 2009 social investment projects, more than 600 were directly related to the MDGs (see table on the following page).

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

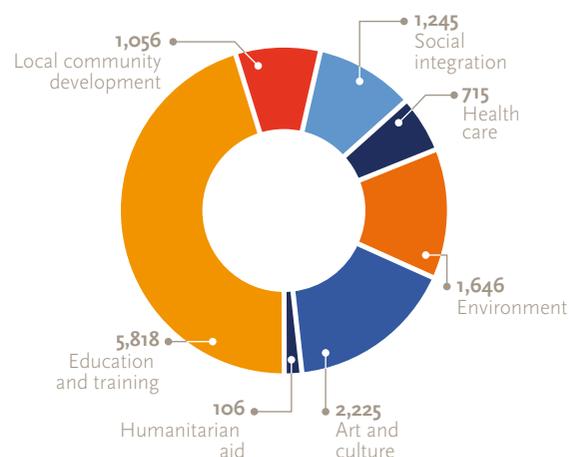
SOCIAL INVESTMENT BY BUSINESSES

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).