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Independent Experts Committee

Repsol YPF has requested the collaboration of an Independent Experts Committee to encourage transparency of the information disclosed in Corporate Responsibility Report

Repsol YPF, in line with its transparency commitment, wanted to come near its stakeholders in order to better understand their expectations. As such, it has solicited the collaboration of an Experts Independent Committee (EIC), to drive the transparency of this report's divulged information and assure the response, an to what degree, is addressing the uncertainties, with the elaboration of a report with greater value added for all, as the end result. At the same time, with this collaboration, the intent is to strengthen the interested parties' interaction channels.

EIC has valued the responses to the different questions posed. The report's complete text is published in the final section of this report.

The answers to EIC's questions are identified in the report in accordance with Annex III (Responses to the Experts Independent Committee).



Independent Experts Committee

Conclusions Report

Chairman

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Repsol YPF has requested us, with a purpose of knowing if, in the opinion of the people that compose this Committee if the 2006 Corporate Responsibility Report contains the appropriate information on matters of more relevance for its stakeholders and other social agents. Moreover, in what measure does it reflect an understanding of, and has answered their expectations.

Parallely, for this reason, and abiding our own criteria the following questions have been sent to the Company Management.

Questions formulated by Repsol YPF Executive Committee

1. On January 26, 2006, Repsol YPF announced 25% reserves reduction, which represented a downward estimated revision of 1.254 millions Bep in its proven reserves and 50 million euros in asset valuation. Which measures did the management team of Repsol YPF adopt to reinforce reserves registry procedures and avoid the repetition of similar mistakes?
2. How has incorporated Repsol YPF in its business strategy the need to mitigate climate change impact from its activities? Which is its investment volume in investigation and development of alternative sources fuels besides those of fossil origin? Which is its turnover resulting from alternative fuels to those of fossil origin?
3. Which methodology and quantitative procedures are used for the consolidation or aggregation of corporation's individual information, business policies, etc., in order to elaborate the global information that is published, both regarding environmental indicators, gathered in the Environmental Parameters Guide of the organization, as well as Safety Indicators, gathered in Data and Safety Indicators Guide of the own company?
4. Information provided in Repsol YPF CSR report 2005 in page 38, shows a global objective for 2012 of 1 million tons reduction of CO₂eq. Which amount of this reduction is due to European Directive on Trade Emissions? What global assessed obligations or objectives per year does Repsol YPF have for greenhouse gas emission decrease regarding commitments established in Kyoto? Have they accomplished these objectives in 2006?
5. Considering the report, it is not clear if Repsol YPF and its contractor companies use in other countries the same parameters and standards obliged by European and Spanish environmental legislation. Is Repsol YPF using the same environmental and social criteria in its operations abroad than in its origin country or they apply those of the countries in which they operate although they are less demanding?
6. Taking into account that one of Repsol YPF's main impacts is the environmental one, what percentage of the resources allocated to Repsol YPF or its foundations projects is assigned to environmental conservation and defence? Which amount does it involve from the foundation's total budget? What amount does it foresee to invest during the next years?
7. To what extent has the CSR 2006 Index been prepared according to Global Reporting Initiative (GRI) 2006, and have incorporated changes contained in G3 version regarding GRI 2002 Guide?; and in similar terms, what new social, environmental and safety indicators have been incorporated in 2006 CSR Report? Which new areas have been covered, and what proportion do the new indicators represent regarding the existing ones in 2005 Report?
8. Is a comparative or/and benchmarking process carried out regarding information and indicators elaborated by Repsol YPF according to GRI Guide in relation to other companies from the same sector, either national or international wide, or regarding some companies from other sectors or/and countries? Is a comparative analysis carried out among the own Group or participated companies by Repsol YPF? If so, is this information sent to the own participated companies?
9. Which hierarchical position does the CSR manager and the environment manager occupy in Repsol YPF? Which/how many managers and resources at their charge?

10. What information, communication and, in short, transparency systems exist in Repsol YPF in order for employees and other persons or workers related to the functioning and the activities of Repsol YPF, can notify or communicate fast and spontaneously non-compliance of social, environmental or safety regulation in the own company?
11. Regarding Repsol YPF Human Rights management, are there specific documents that explain both policy and management system of Human Rights? How do they assure contractor and supplier fulfilment? Who are responsible for Human Rights management and what complaint/claim channels have been enabled? Which are the evaluations results if they have been carried out?
12. Regarding community co-operation projects, do they follow any lines or strategic plan? What percentage of these projects is developed in the concrete regions where the company has installations? Which international organizations (for example PNUD) participate or contrast the projects, particularly those originated in developing countries and/or with indigenous communities? Are there available measurements of the social/environmental impact obtained?
13. Regarding health and work safety procedures described in pages 43 and 44, they indicate that approximately one third of the staff received health, safety and environmental training, as well as risks analysis training, but can the number and percentage of employees who have received the above mentioned training be broken down regarding the subject matter (environment/ safety /training), country, operative areas and contractual relation type (permanent and temporary)? What training intensity of employees in these fields is imposed to contractors?
14. What measures has adopted Repsol YPF's management team to ensure biodiversity protection in protected or high risk regions in which it operates? And to assure control of other environmental impacts of their activities?
15. Which have been main environmental decontamination and restoration projects undertaken by Repsol YPF after last year's spill incidents and which are yet to fulfil about the spillage occurred in the last five year? How many hectares have been recovered and what recovery indexes do they show?

After having considered the answers given to our questions by the Repsol YPF Group and studied the content of the public information of this company, below you will find our opinion of the way the previously referred topics are dealt with as a response to the questions. Not in any case does this opinion form part of an external verification process of the Report, which was carried out by an independent external verifier.

Conclusions

When evaluating the situation and activities in the social and environmental area of an entity such as the Repsol group, it should be taken into consideration that a multinational company that operates in an important number of countries, in which it develops varied types of operations (purchasing, sales, investments, etc.), the difficulties it faces to operate in an optimally in all countries and activities.

In any event, the function of this Committee is to evaluate the diverse aspects of social, ethical, environmental and labour character of this entity with more relevance for its stakeholders and other social agents and, its dealing with the 2006 Corporate Responsibility Report, with a spirit to demonstrate the positive aspects, and in part, the inconveniences, inadequacies or questions that are improvable of the situation and activities of this managerial Group in its area of responsibility. For this reason, this Committee wishes to make the following comments:

Of the answers and informative contents analyzed in reference to the previous fifteen questions, we must distinguish three groups or levels of adaptation for the answers required by this Committee:

Partly, there is a group of questions that have been responded in an appropriate and coherent way, revealing top-level answers, as in the related and complementary information. Those are the following 9 questions: Numbers 1, 3, 5, 7, 9, 10, 12, 13, and 14. In any event, and in spite of the level of quality or adaptation, the Committee members feel it is fitting to carry out some specific indications on two of these.

In that relative to question 12, in respect to cooperation projects, a greater level of information is recommended on the possible existence of concrete strategic lines in this area, as well as the corresponding priorities that have been settled in this respect. As for question 13, a greater data breakdown is recommended as in type of employees' labour contract/relation.

On the other hand, there exists a second group of questions which the answers and/or added information has, in our opinion, a less precise level, and to such effect we have formulated some recommendations. Questions 4 and 8.

In the case of question 4, it is recommended that of the information disclosed a more precise explanation should be included on the possible existence or not of the annual objectives for reducing gas emissions, and in what dimension this is possible. In that relative to question 8, although, in the first part it has been answered in a very detailed way, not enough information is provided. On the other hand, there is no information on that related to participating companies

and the group, it is very recommendable that this type of information is included.

Finally, there is a third group of questions of which answers and/or information contributed is, in our opinion, insufficient, for the following reasons: To questions 2, 6, 11 and 15.

Although question 2 values positively information relevant to Company policies and orientations, information regarding comparative data contrasting the turnover of alternative fuels in respect to fossil fuels is insufficient. On the other hand, in question 6, the information provided could be improved in that relative to social expenses for environmental protection.

In question 11, the Committee considers that although this contains information on company policy, there is not sufficient information on the human rights management, except in the case of employee training; it is also recommended, to indicate the existence of concrete strategies or evaluations. On the other hand, it is recommended that the company include in its RSC Report more detailed information on litigations that have existed in connection with human rights, even though this data may have been included in other issued Reports.

Finally, in that related to question 15, although the company appropriately describes the systems and applicable internal protocols in the event of contamination, as well as added varied data of interest, it should enlarge the level of information on basic data (names and locations) of the main decontamination projects; also, the information offered is clearly concentrated on the supposed cases of Argentina and Spain, and does not singling out other regions with important exploration production activities, although the relative importance in these countries is not on a large scale, a future amplification of the geographical spectrum is recommended on referred information for these matters.

Apart from opinions, inadequacies and indicated recommendations this Committee positively values of a multinational company such as that valued, and is the fact that it is clearly exposed to risk in numerous analyzed aspects, it has demonstrated good will in being the objective of a detailed and critical examination, in many cases with very demanding questions, on behalf of a Committee of independent experts such as ours, integrated by members from non-profit entities, or of an academic or supranational character that in some way or other represent society, and working more every day as an instrument of surveillance and guarantee for the compliance of ethics, social and environmental regulations on behalf of all companies. In addition, we understand that this informative opening demonstrated by some companies serves as a reference to other companies for achieving a greater socioeconomic transparency that is demanded by a modern society such as ours.

And for it his Chairman signs on March 23, 2007

(signed)

Jesús Lizcano Alvarez