

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.

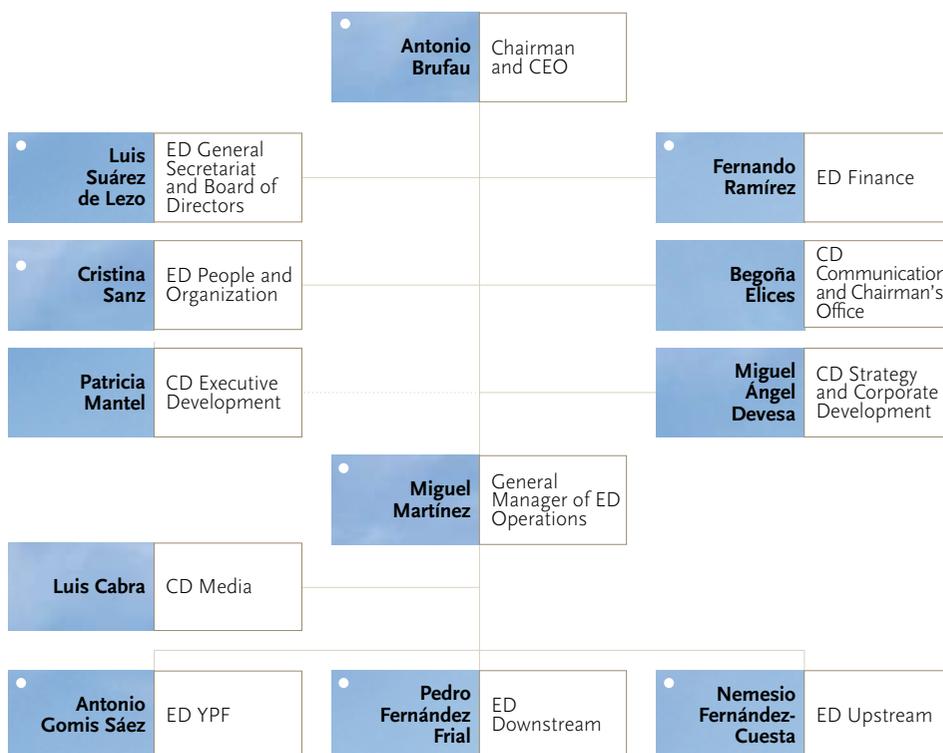
(2) Criteria CaixaCorp, S.A. holds 9.28% directly and 5.02% indirectly through Repinves, S.A. (company in which Criteria CaixaCorp, S.A. has a 67.60% interest).

(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:

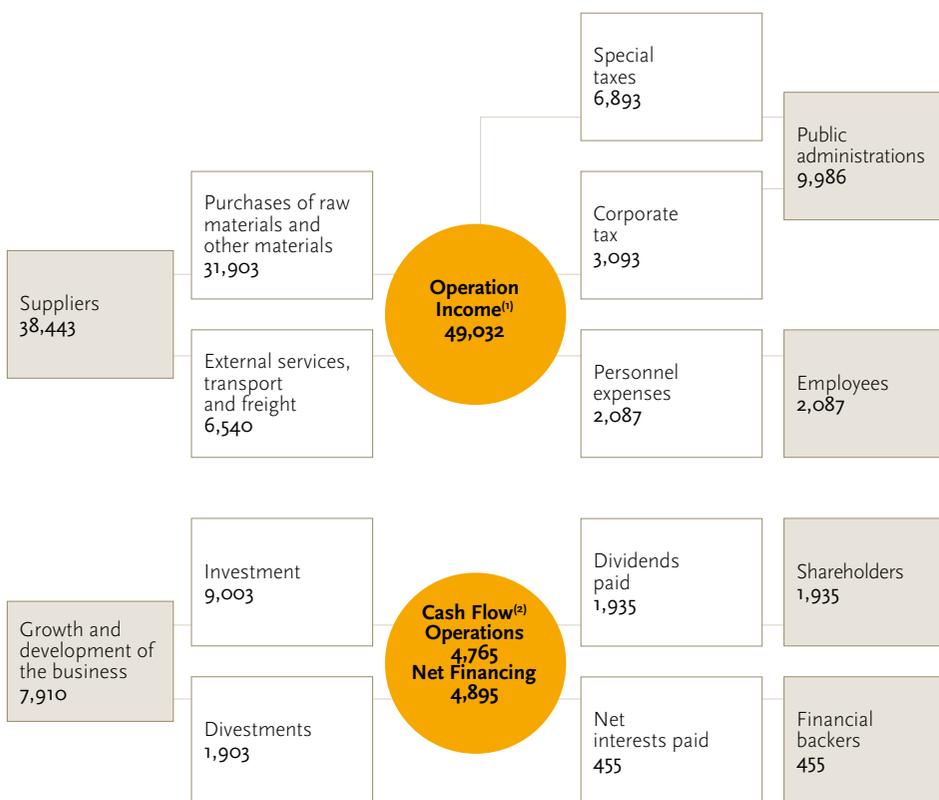
Reputational risks: which can harm, damage or cause the loss of the company's reputation. The corporate departments and related business units are responsible for managing these risks.

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.

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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.