

Responses to the Independent Experts Committee

Question 1

Page 36

Repsol YPF has published its R&D&i expenses for 2006 as euros 72 million. What percentage of these expenses has been earmarked for projects related to new energy sources, renewable energy resources and/or alternatives to conventional fossil fuels? The company has also stated that it has earmarked euros 2,525 million for projects related to alternative fuels within its R&D programmes. What are the differences for Repsol YPF between R&D&i programmes and R&D programmes, particularly in relation to renewable and/or alternative sources of energy? We recommend that the figures provided are compared with the average for the sector.

Question 2

Pages 60-61

What global quantifiable greenhouse gas reduction targets has Repsol YPF set for each year with regard to Kyoto Protocol commitments? Have the objectives set for 2006 been met?

Question 3

Page 162

With regard to the environmental restoration projects mentioned by Repsol YPF on page 143 et seq. of the Corporate Responsibility Report (CRR), of which several examples are given (such as the Capachos Block in Colombia), we would like to know how much of the land is being rehabilitated or restored as a percentage of the total areas in which Repsol YPF's social and environmental impact studies have detected ecological impacts? In those areas where projects are underway, what levels of environmental recovery have been reached or are expected?

Question 4

Page 135

Has Repsol YPF performed an independent external audit of the environmental and social impact of its activities? If not, does the company plan to perform and publish an audit? Would it be included in the sustainability report?

Question 5

Page 161

Repsol YPF has approved a biodiversity protection policy and designed an action plan for the coming years which will operate in some of the most biologically diverse natural parks and protected areas in the world, something which would not be possible in Spain. Does the company plan to reject oil operations in protected areas in the future by applying Spanish standards?

Question 6

Page 45

According to published information, Repsol YPF leads the PiIBE project to promote biodiesel in Spain. Given that sustainability is one of Repsol YPF's objectives and that biodiesel is already having a tremendous environmental impact around the world, what certification and verification mechanisms does the company have in place to guarantee its customers that its biodiesel has been produced in a sustainable manner, and particularly that no raw materials have been used that may have been obtained from the destruction of rainforests?

Question 7**Page 92**

With regard to management of human rights by Repsol and its suppliers, why are requirements different for suppliers in Spain compared to other countries? Outside Spain breaches of the core conventions of the ILO (relating purely to labour issues) and other safety and environmental aspects (unspecified) are considered a cause for rescission of contract. However, subcontractors do not appear to be required actively to comply, as is the case for the documents signed by suppliers in Spain. How is compliance with these standards by suppliers and subcontractors verified?

Question 8**Page 98**

How does Repsol YPF quantify the risks associated with potential human rights abuses in its areas of activity? What regular consultations are carried out with governments and, where applicable, non-governmental organizations and communities, relating to the potential impacts of security provisions on local communities? What type of training do security forces receive to prevent abuses? What internal monitoring does Repsol YPF carry out to prevent possible abuses reported? Which person/position is responsible for the management of human rights at corporate level in Repsol and each of its regional units?

Question 9**Page 109**

According to the annual notes, Repsol YPF and its foundations donated euros 25.4 million to 763 social and cultural programmes focused on healthcare, training, social projects, education, art and culture. Despite being one of the most significant areas affected by company operations the environment is not mentioned. What criteria are applied to approve these projects? Are the priorities of the local populations taken into consideration? What percentage of the above-mentioned amount is applied to support environmental protection programmes?

Question 10**Page 16**

Why are there so few female directors at Repsol YPF? What measures have been adopted to correct that situation? In particular, have initiatives been adopted so that, when new vacancies arise, the Nominations Committee ensures that: a) selection procedures do not implicitly impede the appointment of female directors; b) the company deliberately seeks, and includes among potential candidates, women that meet the professional profile sought?

Question 11**Pages 122-123**

Page 70 of the 2006 CRR includes an analysis of pay equality between men and women and indicates inequalities. Are measures being adopted to mitigate this inequality? Page 73 refers to 11 improvement measures to facilitate equal opportunities between men and women. One of these measures is to “design a scorecard and monitor the development of women”. Will the 2007 report include the scorecard, objectives proposed and results achieved during the first year of the 11 point improvement scheme?

Question 12**Pages 102-103**

In spite of the reference to the Commitment to the Community Programme, it has not been possible to identify information on specific initiatives planned within the framework of this programme. This Committee recommends that this shortcoming be addressed in the 2007 CSR report. What measures have been adopted by Repsol YPF's management team to identify and improve those aspects within its control to guarantee a balanced contribution to the economic development of the regions where the company operates in emerging economies? Which mechanisms has Repsol YPF implemented to deal constructively with disputes related to its management brought to light by social organizations, media or other organizations?

Question 13**Page 96**

How much information is gathered on foreseeable trends or contractual and labour relations, social and safety expectations, based on the political situation in certain countries (for example Venezuela, Bolivia, Iran, Argentina, etc.) where Repsol group activities, facilities and companies are located, and the changing position of their governments regarding companies from other countries?

Question 14**Page 90**

Have the contents of the Extractive Industries Transparency Initiative (EITI), backed by multiple international participants, and therefore the principles, initiatives and questions included in the manual published in various languages by the aforementioned EITI, been effectively taken into account?

Question 15**Page 18**

When preparing the Corporate Responsibility Report, is the transparency involved, in complete and detailed compliance with International Accounting Standards number six taken into account relating to the identification and explanation of amounts recognised in the financial statements deriving from the exploration for and evaluation of mineral resources separating Assets and Liabilities, Income and Expense and Assets derived from exploration and evaluation of mineral resources?

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