

Verification report



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Verification Report

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the readers of this Report

Introduction

We have been engaged by REPSOL YPF to review the information on environmental, safety, and social practices included in its 2006 Corporate Responsibility Report (hereinafter the Report). Preparation of the Report, including identification of material issues, is the responsibility of REPSOL YPF Management.

Scope

In the Report, REPSOL YPF describes the efforts and progress it has made towards a more sustainable development. Our responsibility has been to review the Report, assure appropriate application of both the AA 1000 Assurance Standard (AA1000 AS) and the Global Reporting Initiative Version 3 (GRI G3) Guidelines based on REPSOL YPF's level of self-declaration, and offer readers a level of assurance according to the ISAE 3000 (International Standard for Assurance Engagements) standard:

- Reasonable for indicators marked with the "☑" symbol in Annex 1 (GRI Index) for which sufficient evidence has been obtained to reduce the risk of a material error to an acceptable level.
- Limited:
 - for indicators marked with the "☐" symbol in Annex 1 (GRI Index).
 - for the information with which Repsol YPF gives answer to the questions asked by the Independent Experts Committee, identified in the Report as indicated in Annex 3 (Response to the Independent Experts Committee).
 - in relation to the application of the AA1000 AS standard and the GRI G3 Guidelines as per the company's self-declaration (A+ level of application) undertaken by REPSOL YPF, as indicated in the chapter entitled "About this report".

The level of risk corresponding to the three previous points is higher than that of the reasonable level of assurance due to the more limited nature and scope of the procedures we have undertaken to obtain evidence.

The revision of the above-mentioned information has not included the verification of quantitative data corresponding to the case studies included in the Report.

Review criteria

Our work has been carried out in accordance with the ISAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). Among other requirements, this standard establishes the following:

- The engagement team should possess specific professional knowledge and skills necessary to understand and review the information included in the Report, and its members meet the requirements established in the IFAC Code of Ethics for Professional Accountants to ensure their independence.
- When providing limited assurance on the information, which is a lower level than reasonable assurance, a conclusion limited to the work undertaken is used.

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In our revision, the AA1000 AS and GRI G3 Guidelines principles and criteria have been followed, as it is these that REPSOL YPF has applied in the preparation of its Report and whose understanding and application is described in the chapter entitled, "About this report".

Work performed***a) Quantitative information with reasonable level of assurance***

We have reviewed the quantitative data marked with the "☒" symbol in Annex 1 (GRI Index) of the Report as described in the scope, basing our review on the following activities:

- Interviews with personnel responsible for the systems providing information included in the Report.
- Review of the systems used to generate, aggregate, and facilitate the data.
- Analysis of the information included in the Report.
- Review by sampling of the calculations carried out at corporate level and their consistency.
- Review of data generated at 10 sites visited, which represent the company's activities and its geographical field of operation by sampling.

b) Information with limited level of assurance

We have reviewed the information marked with the "☒" symbol in Annex 1 (GRI Index) of the Report, as well as the information with which Repsol YPF gives answer to the questions asked by the Independent Experts Committee identified in the Report as indicated in Annex 3 (Response to the Independent Experts Committee), as described in the scope, basing our review on the following activities:

- Interviews with personnel responsible for providing the information included in the Report.
- Revision that such information included in the Report is adequately supported by internal or third party documentation.

c) Limited review of the alignment of criteria and principles for defining the contents of the Report and its scope based on GRI G3 Guidelines and AA1000 AS

Documentation of the criteria and procedures used to define the contents of the Report has been reviewed in accordance to the described scope.

The criteria for presentation of the aforementioned information in terms of scope, including possible scope limitations, significance, and data integration and aggregation methods based on REPSOL YPF's interests in the different Group companies, are described in general in the appendix, "About this Report," and specifically in the different subchapters on the presentation of environmental, safety, and social related information.

Conclusions

Based on the work described above, the indicators verified with a reasonable level of assurance can be considered to be reliable and representative of their activities. For indicators and information verified with a limited level of assurance, we have not observed circumstances indicating that the data included has not been obtained by reliable means, or that the information is not fairly stated. We have also not identified any significant omissions or differences in the information reviewed.

KPMG ASESORES, S.L.

(Signed)

Julián Martín Blasco

10 April 2007