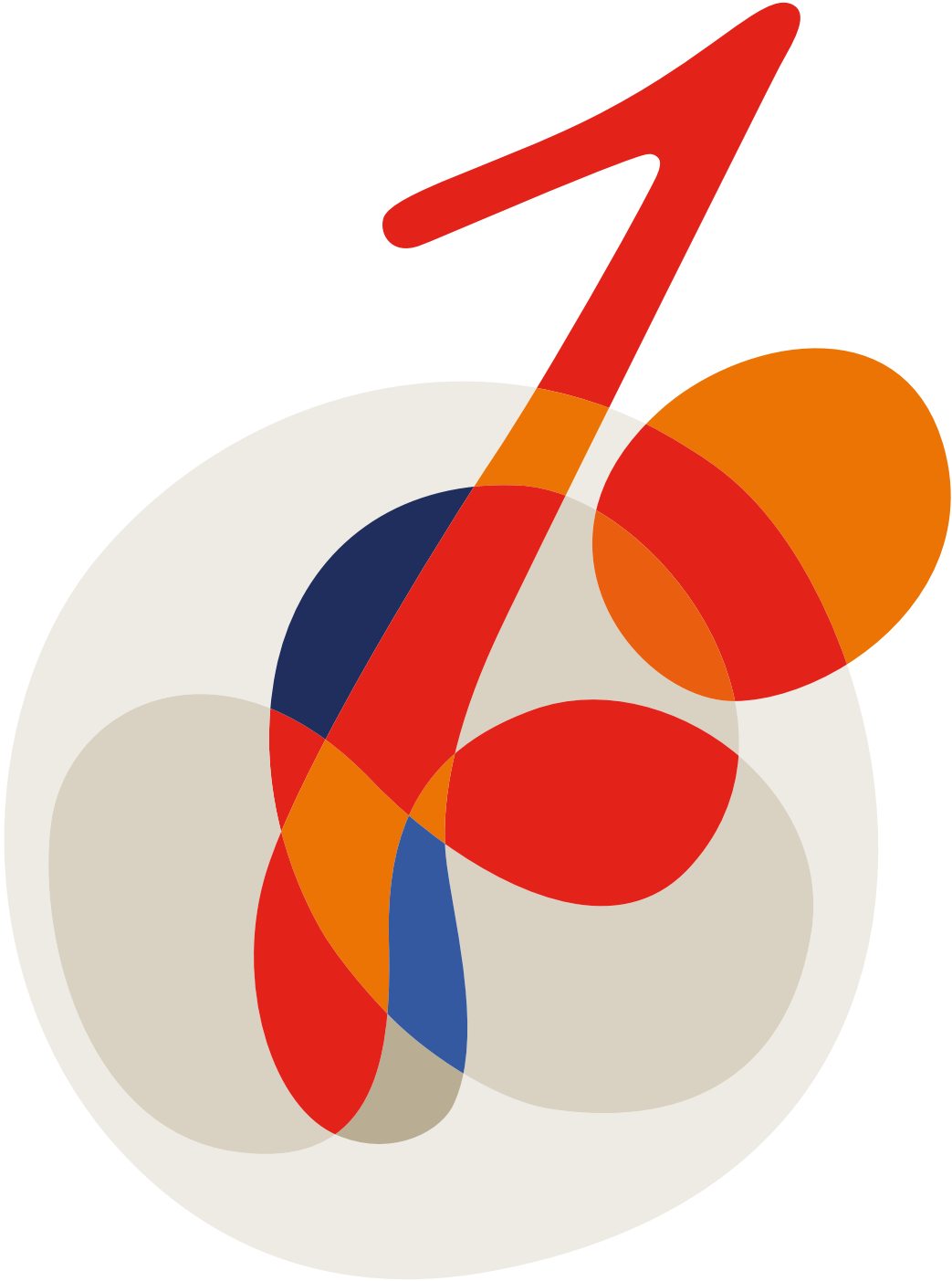


Corporate
Responsibility
Report
2010



Repsol
Corporate
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Report
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Interview with the Chairman and Chief Executive Officer

Antonio Brufau answers some key questions on the challenges to the energy model and the role of our company in sustainable development.



What consequences for energy companies do you see from the profound political and social transformations occurring in the world?

We are seeing a displacement of the center of gravity of world governance, which is transforming the planet into a new multipolar system, structured around the G20 countries. At the same time, the driving force of the large emerging economies, with their immense appetite for natural resources, entails a strong challenge for energy providers in order to simultaneously ensure the reliability of supply, secure competitiveness, and limit the environmental impact.

World population growth and the need to improve levels of development demand that we produce more energy, in fundamentally different ways. What was useful in the past is of no use for the future.

Energy companies need to become involved in this transformation, which will be conditioned by four big questions: first, getting supply in line with the demand for petroleum and gas means searching for resources where they are more difficult and more costly to access; second, there is no doubt that fossil fuels will continue to be an essential part of the energy mix, but we need to supplement them with substantial new energy sources; third, as the reliability of the hydrocarbons supply comes under greater stress, the importance of energy in the world geostrategic panorama will take on greater relevance; and, finally, climate change, a factor which alone would demand we bring about profound changes in the traditional energy model.

What role does Repsol play in these changes and what challenges does it face concerning sustainable development?

We face considerably broader expectations to contribute to sustainable development than was once the case. We are expected to involve ourselves more in many factors of concern to society, such as human rights, combating corruption, our influence on the supply chain, intellectual property rights, fair advertising, the protection of personal information, access to essential resources such as water and energy and responsible consumption.

Standing out among all these is our response to the environmental challenge. The magnitude of greenhouse gas emissions reductions that must take place requires measures that will affect all sectors and all countries. Repsol

must play a very important role in order to face up to this challenge, as we have a responsibility to contribute to development and welfare in all the societies where we operate. We have updated our Carbon Strategy in order to make progress in reducing the carbon intensity of our operations, through fostering opportunities for emissions reduction, making choices that favor energy efficiency, and the exploitation of energy resources with a lower carbon content.

Another very important aspect for us is our public commitment to transparency as a contribution to multilateral efforts to improve governance and fight corruption. Repsol has governance structures in place to ensure ethical conduct and actively promote transparency in all our activities, which are restricted only by the obligation to protect information that may be legally privileged, that might endanger people's security or infringe their privacy, that is commercially sensitive, or interferes with free competition.

What changes are taking place at Repsol and what is the company's sustainability road map?

Repsol's contribution to sustainable development comprises short-, medium- and long-term initiatives. Over the long term, we have many initiatives to enhance our R&D, as well as our acquisition of knowledge and emerging technologies. The short-term initiatives, for the next one or two years, have been chosen as priorities by the Repsol Corporate Responsibility Committee and these make up our Sustainability Plan, whose current version has a 2012 horizon.

This Plan, which anyone can download from our portal, includes specific commitments, with measurable indicators of progress in the areas of ethical conduct, human rights, diversity, integration and work-life balance, safety, and limiting our environmental impact. It also includes a number of actions within the scope of our value chain, through which we will continue to influence our suppliers, contractors, subcontractors, distributors, associates, and customers when their ethical, social, and environmental standards require improvement.

Our Sustainability Plan will be updated each year in light of the initiatives undertaken during the year and new initiatives arising from our business units that respond to the expectations of stakeholders and on the international standards of application.

In 2010 the UN took decisive steps to clarify the role of companies as regards human rights. What does this new framework mean for Repsol?

Although the expression "human rights" is not very common in corporate language, and the subject appears to be emerging as a new priority, we have been concerned for years about employment rights, the eradication of child labor, occupational discrimination, health, safety, and many other matters related to human rights.

The proposed new UN provisions on companies require the integral and systematic management of the 30 rights protected by the Universal Declaration of Human Rights and the international legal instruments

that implement this. These provisions are intended to prevent the company's activities and decisions from interfering in the enjoyment of these rights and ensure that we properly attend to any negative impact, should it occur.

The road map required to ensure that the new corporate standard of human rights is integrated into all the facets of the business will require a great deal of effort. The majority of the controversies we have been managing do not derive from our direct activities, but from situations in which we are involved with third parties, which may be suppliers, contractors, distributors, associates, or even government agencies, where their activities may pose risks related to human rights.

The consensus forged around the UN, which, for the first time in the long history of the debate on companies and human rights, has been very broad, has provided us with a due diligence process, the center of which is the evaluation and prevention of risk. We must learn to adapt and incorporate this process into our operations at a reasonably rapid pace, taking into account the magnitude of the challenge this entails.

What milestones would you highlight as regards Repsol's performance in 2010?

I would especially highlight our safety results. Despite the fact that we have not had a year free from fatalities, which means we cannot feel satisfied, we have continued to reduce the rate of accidents involving our staff and contractors' staff. We are also assigning more resources to increase the safety of our processes as well as improve the quality of our incident investigations.

In terms of our contribution to alleviating climate change, in 2010 we continued to reduce our total consumption of energy and our emissions of CO₂.

We can also say that each year we become a more diverse company. We have more women promoted in equal conditions in the professional rankings, more personnel of various ages and nationalities and more employees with disabilities integrated into our company, and all of us who make up Repsol feel especially proud of this.

Summary of our performance in 2010



2010 indicators

Economic	2008	2009	2010
Investments (millions of euros)	5,597	9,003	5,106
Investments in R&D (millions of euros)	83	75	71
Tax paid (millions of euros) ⁽¹⁾	16,341	13,890	16,168
Net profit (millions of euros)	2,555	1,559	4,693
Financial aid received from governments (millions of euros):			
- Net capital grants	108	124	110
- Operating grants	5	192	227
Environmental	2008	2009	2010
Total energy consumption (10 ⁶ GJ)	322.56	312.78	298.65
Direct emissions of CO ₂ equivalent (millions of tons) ⁽²⁾	25.87	24.11	23.38
Marketing of biofuel (kiloton) ⁽³⁾	278	660	1,449
Emissions into the atmosphere (combined): SO ₂ , NO _x , NMVOC, CO, particles (tons)	253,681	227,360	218,123
Hydrocarbons spilled which affects the environment ⁽⁴⁾ (tons)	3,173	994	923
Environmental investments (millions of euros)	263	246	137
External water withdrawal (thousands of tons)	118,815	115,266	115,805

(1) This amount includes tax paid, as well as collected from the Repsol YPF Group excluding Gas Natural Fenosa.

(2) In order to establish common bases for comparison over time, making it possible to determine the evolution of greenhouse gas emissions, the previous year's emissions have been adjusted in line with changes in the company's asset structure.

(3) The data from 2008 and 2009 was revised due to the inclusion of data from other countries apart from Spain.

(4) Spills greater than one barrel, including internal and external causes.

Social	2008	2009	2010
Repsol employees (number)	36,302	33,633	36,323
Accident frequency rate ⁽⁵⁾ (Repsol and contractor staff)	1.8	1.4	1.2
Training in safety and occupational health (hours)	153,524	234,460	186,982
Fatalities	11	9	5
Persons covered by collective bargaining agreements (percentage)	63	62	62
Women on staff (percentage)	26	26	27
Women in management posts (percentage)	10	11	11
Women on the Board of Directors (number)	1	2	2
Employee turnover rate ⁽⁶⁾ (percentage)	8.48	7	8
Investment in training (millions of euros)	17.90	13.02	14.24
Training per employee (hours)	29.94	30.31	34
Repsol staff receiving performance evaluations (percentage)	36	39	44
Persons with disabilities on the staff (number)	422	544	599
Persons on staff doing telework (number)	130	516	691
Incidents concerning discrimination (number)	N.a.	0	4
Voluntary social investment (millions of euros)	28.32	30.25	29.99
Local purchases / total purchases (percentage) ⁽⁷⁾	82.48	85.17	85.39
Evaluations of the performance of contractors and suppliers (number)	112	1,306	1,456
Audits on contractors and suppliers (number)	647	967	798
Expenditure on private and public security (millions of dollars)	N.a.	43.1	67.3
Litigation due to allegations of anti-competitive behaviour (Number of cases initiated) ⁽⁸⁾	0	0	0
Communications received under the Ethics and Conduct Regulation (number) ⁽⁹⁾	13	26	131
Dismissals related to failures to comply with the Ethics and Conduct Regulation (number)	N.a.	38	25
Complaints from customers (number)	N.a.	95,398	101,132

(5) No. of deaths plus accidents involving sick leave / million hours worked.

(6) Total persons leaving the company / total staff on December 31, 2010.

(7) The difference in the amount of purchases for the years 2008 and 2009 as compared to the difference facilitated in previous years is due to the fact that some orders underwent slight changes owing to the revisions made in the first months of the following year.

(8) See details in chapter on "Ethical conduct and combating corruption."
There is no information on YPF.

(9) The 2008 and 2009 data includes the communications received by the Ethics Committee. That from 2010 includes the communications concerning the Ethics and Conduct Regulation received through several channels, including the communication channel with the Ethics Committee.

Our progress against our 2010 objectives

2010 objectives	Degree of progress ⁽¹⁰⁾
REPSOL AND CORPORATE RESPONSIBILITY	
Carry out our 2010-2012 Repsol Corporate Responsibility Plan.	We approved the 2012 Sustainability Plan, with 9 strategic programs and 61 actions.
Approve and implement the Corporate Responsibility Function Regulation, which implements the corporate responsibility management model at corporate, country, and main operating center levels.	During 2010, the Corporate Responsibility Function Regulation was developed and is currently in the process of approval.
Set up corporate responsibility committees in Spain, Argentina, Ecuador, and Peru.	During 2010, we worked to develop the functions and units comprising the national Corporate Responsibility Committees in Spain, Argentina, Bolivia, Ecuador, and Peru, which will hold their first meetings during 2011.
Approve company guidelines on communicating with stakeholders.	We drew up draft guidelines for dialogue with interested parties.
Develop the Repsol stakeholder map at corporate level.	During 2010, we developed the Corporate Reputation Strategic Plan, including a corporate level stakeholder map.
Identify Repsol investors that apply ESG (environmental, social, and governance) criteria and define an action plan to engage with them.	During 2010, we worked to identify high-priority investors in our company that incorporate sustainability considerations in their investment policies and criteria.
INCREASING OUR COMMITMENT TO SAFETY	
Continue taking action to improve safety, including safety training and awareness-raising programs, among others.	The lost time injury frequency rate for our employees and contractors fell by 14%, fulfilling our previously established annual objective. We gave a total of 186,982 training hours on health and safety in the workplace, extending to 35% of our workforce.
Adapt our analysis of industrial risks to the new risk management policy on environmental safety of industrial assets.	Our internal regulations for safety and environmental risks in industrial assets were approved. We developed plans in our business units to adapt company installations to the requirements set out in the new policies.
Continue our review and ongoing improvement of the company's safety management system.	49 new centers or activities were certified according to the OHSAS 18001 international standard. We have updated our internal regulations on the investigation of incidents and the computer tools that support them.

(10) More information on the degree of progress regarding each objective may be found in the corresponding chapter of this report.

2010 objectives	Degree of progress
PROMOTING A LOW CARBON STRATEGY	
Reduce our CO ₂ equivalent emissions by 273,000 metric tons in 2010, as part of the strategic reduction objective for the period 2005-2013.	We reduced our emissions by 385,556 tons of CO ₂ equivalent. Our total reduction from 2006-2010 amounted to 1,612,819 tons (65% of the total of the 2005-2013 strategic objective).
Extend ISO 14064 verification to other activities of the company, to the inventory of greenhouse gases (GHG) and to reduction-related activities.	We extended certification to the La Plata and Luján de Cuyo (Argentina) refineries. With this new scope, the company has already carried out 69% of its annual CO ₂ inventory, and 100% of the CO ₂ reductions quantified in 2010 were verified according to this standard.
Continue to develop our energy efficiency programs and audits.	We have worked to execute our business units' action plans. We carried out energy efficiency audits in plants at 8 industrial refinery centers, 4 chemical centers and 8 exploration and production centers at global level, at 2 LGP bottling factories and at more than 250 service stations in Spain.
Distribute one million metric tons of biodiesel.	Our global distribution of biodiesel (FAME) ⁽¹¹⁾ amounted to 1.2 million tons.
Carry out a second industrial test for producing 'green diesel' from a hydrodesulphuring refinery unit.	A second industrial test was carried out on the coprocessing of vegetable oils at the Cartagena refinery, within the framework of Plan E, enabling us to make progress in its recognition as a biofuel.
Cultivate microalgae crops at pilot plant scale at a refinery. Continue our participation in the SOST CO ₂ project ⁽¹²⁾ .	We commissioned the first pilot plant (three cubic metres) to cultivate microalgae crops beyond the laboratory level. A first crop without carbon enrichment was grown on a small scale with high-performance results. We built an installation to study the net flows of CO ₂ between biomass and the environment.
Undertake studies on carbon capture in the Cartagena refinery, CO ₂ transport technologies, the application of technologies for CO ₂ capture and storage in the upstream business, and studies on CO ₂ and subsoil.	We completed studies on carbon capture for the five refineries in Spain, a feasibility study of the transport of CO ₂ in methane tankers, and a detailed study of the Spanish subsoil to identify structures which might be used for the geological study of CO ₂ .
Support transport electrification through agreement with the <i>Ente Vasco de la Energía</i> (EVE), the Basque Government's energy agency, to evaluate the technical and economic feasibility of creating a recharging network for electric vehicles in the Basque Country.	The feasibility study concluded, culminating with the creation of the company IBIL, Gestor de Carga de Vehículo Eléctrico, S.A., with a 50% stake held by Repsol and by EVE.
Integrate renewable energy into our activities through creation of a specific portfolio on renewable energy technologies.	We set up the Department of New Energy Technology with a portfolio of projects including bioenergy, carbon capture and storage of CO ₂ and other alternative technologies such as fixing CO ₂ in biomass, emerging technologies for renewable electricity generation and electrical energy supply systems, the recharging and storage of electricity for hybrid and electric vehicles.

(11) Fatty Acid Methyl Ester is the most widely used biodiesel. It can be mixed in different proportions of diesel or used directly in combustion engines.

(12) For more information please see the chapter *Promoting a low carbon energy strategy*.

2010 objectives	Degree of progress
MINIMIZING ENVIRONMENTAL IMPACTS	
Continue to implement our programs to reduce volatile organic compounds in our business.	We carried out programs to detect and eliminate leaks in our new refineries in Spain, Argentina, and Peru and in four of the eight company chemical plants in Spain and Argentina.
Continue our actions to reduce hydrocarbons spills.	We have approved new internal regulations for the management of sea and river spills. We are starting up Comprehensive Plans to prevent spills in exploration and production activities in Argentina and in the maritime area of Tarragona.
Continue to implement our water optimization programs in other company centers.	We carried out programs in eight of the new refineries in Spain, Argentina, and Peru, and in two chemical plants in Spain and Argentina.
Continue to develop our Biodiversity Action Plans (BAP).	We have been working to extend the BAPs developed in blocks 57 (Peru), 16 and Tivacuno (Ecuador) and in the offshore activities in Trinidad and Tobago. We have initiated the design of new BAPs in the Auca Mahuida Vulcano and Llancanelo (Argentina) areas and in the Caipipendi (Bolivia) block.
Identify and evaluate possible strategic relationships with international organizations.	We have been undertaking analysis of several projects with NGOs and/or with the public administration, in collaboration in some cases with the Repsol Foundation.
Carry out biodiversity actions and apply related policies throughout all our businesses.	We have been taking focused actions to consolidate the requirements included in our corporate policies and broadening our knowledge of the importance of biodiversity in our activities. To this end, we have been holding a conference with specialists from the Ministry of the Environment, Rural and Marine Affairs of Spain to exchange good management practice.
Improve the identification, prevention and minimization of impact on biodiversity in our activities.	We held four workshops in Spain and Argentina to involve people from all our businesses to identify improvements in our environmental management in sensitive areas.
Continue our ongoing reviews and improvements to the company's environmental management system.	We have certified 12 new centers according to the ISO 14001 standard. We have approved new internal policies for safety and environmental risks in industrial assets of the company.
ETHICAL CONDUCT AND COMBATING BRIBERY	
Reinforce communication and promote employee training in our Ethics and Conduct Regulation.	We are carrying out programs to detect and eliminate leaks in our new refineries in Spain, Argentina, and Peru and in four of the eight company chemical plants in Spain and Argentina.
Promote the EITI initiative among the host governments of the countries where Repsol operates.	In Peru we continue our participation in the group working to support Peru becoming a compliant country.

2010 objectives	Degree of progress
RESPECT FOR HUMAN RIGHTS	
Develop our actions in line with the Voluntary Principles on Security and Human Rights (VPs).	We have worked to define minimum requirements of ethical and human rights conduct in our selection criteria for security suppliers, to include human rights clauses in contracts signed after 2010 and to provide training in human rights.
Continue training Repsol staff in human rights, especially management, new employees, key staff in our upstream business, Corporate Safety and Purchasing and Contracts.	In 2010 we provided human rights training to professionals from purchasing and contracting, safety, health, environment, engineering, technology, and new professionals joining the company.
PEOPLE AT REPSOL	
Increase our reporting of key indicators at country level and harmonize them with those reported in Spain, including absenteeism by country. Adopt benchmark indicators for employer responsibility on employees' family issues.	In 2010 we made progress in the information we collect, including more indicators reported by country, such as: partially retired staff; reduction of the working day and part time; executives and technical heads by country; Repsol employees represented on Health and Safety Committees; index of occupational diseases.
Promote the employment of disabled people in the countries outside Spain where the company is present.	In 2010 our disabled personnel increased by 10% from 2009.
Put in place measures related to work-life balance in the countries outside Spain where Repsol has a presence.	On December 31, 2010, Repsol had 691 teleworking employees, a 34% increase from 2009. New relevant measures were also analyzed, such as flexible timetables and improved time management.
Enhance our employee support efforts and set up a formal system for processing suggestions and complaints.	We created an opinion form called "Help us to improve. Give us your opinion" and posted it on the Intranet. This gives employees a way to communicate any suggestions and complaints.

2010 objectives	Degree of progress
LOCAL COMMUNITIES	
Carry out a study to establish the degree to which Repsol's operations have a social impact on indigenous communities in Bolivia and Peru.	In 2010 we carried out studies on our operations' interaction with indigenous communities in Peru and Bolivia.
Raise awareness of our regulation on indigenous communities among our partners and contractors.	We worked to promote our Policy on Relations with Indigenous Communities among our employees and suppliers in Bolivia, as well as communicating it to neighboring communities in our areas of operation.
Approve our Corporate Social Investment Guidebook.	Based on the London Benchmarking Group methodology, we drew up draft internal policies for reporting on social investment and guidelines for strategic planning of social investment. Both will be approved in 2011.
Approve our Corporate Policies for Environmental, Social and Health Impact Assessment (ESHIA), to be applied worldwide by all units in the company.	During 2010, the Safety and Environment, Health and Corporate Responsibility units of Repsol have worked to develop these new Policies. We expect to approve them for use during the first half of 2011.
Undertake a study to measure social investment achievements and impact, as part of our participation in the London Benchmarking Group (LBG).	Repsol, together with other Spanish companies, participated in a program to develop measurement systems for social investment impacts. This program was convened by the LBG in the United Kingdom and draws on the experiences of all companies in the working group. Work will continue on the development of a common methodology during 2011.
PARTNERS, SUPPLIERS, AND CONTRACTORS	
Improve our supplier management system to report the results of our rating and audit processes applied to suppliers and contractors.	During 2010, we incorporated into our supplier system the obligation to state the reasons for a company being denied approval to supply us. As this modification was made mid-year, we do not have significant data yet.
Complete our review of our corporate responsibility policies governing supplier management.	We completed our review of Repsol policies on purchasing and contracting, and the ethical and human rights aspects were strengthened.
OUR CUSTOMERS	
Increase customer satisfaction levels and reduce the number of complaints.	During 2010, we took action to reduce complaints and improve Repsol customer satisfaction. The satisfaction index increased in large parts of our business.
Increase the number of disabled-accessible service stations.	In 2010 we increased from 81 accessible stations to 291.

Repsol and Corporate Responsibility

Repsol is a socially responsible company. This means we work to understand the expectations of our stakeholders, evaluate them in light of our ethics and principles, and endeavor to give a transparent and accountable response.



Corporate governance

The Board of Directors is our highest-level governance body with corporate responsibility duties.

The Repsol Board of Directors is composed of 16 Directors, of whom two are Executive Directors, six are External Directors representing institutional shareholders, and eight are independent Non-executive Directors.

There are two female Directors: Ms Paulina Beato Blanco, a Member of the Audit and Control Committee; and Ms María Isabel Gabarró Miquel, who serves on the Strategy, Investment and Corporate Responsibility Committee.

During 2010, the Board of Directors met 13 times. Seven of these meetings proceeded without the attendance of all Members. The percentage of non-attendances out of the total number of votes cast during the period was 3.36. Members who provide no specific instructions as to their votes are considered failures to attend.

In general, the Board of Directors itself evaluates the performance of the Board and its Committees on an annual basis, without the involvement of third parties external to the company.

At its meeting held on January 26, 2011, the Board of Directors agreed that its functioning during the 2010 financial year, as well as that of the Delegate Committee, the Audit and Control Committee, the Appointments and Remuneration Committee, and the Strategy, Investment and Corporate Responsibility Committee, was satisfactory and that these bodies and the Chairman of the Board of Directors properly carry out the functions they have been entrusted with under the law and internal policies applicable.

The members of the Board of Directors, including Executive Directors, received remuneration of 4.91 million euros⁽¹³⁾.

(13) This amount does not include remuneration for carrying out management functions nor for belonging to the Boards of Directors of affiliates. For more information, see note 33 of the 2010 consolidated annual accounts 2010 of the Repsol YPF group.

Significant share ownership

Repsol's largest shareholders are the following institutions:

Shareholder	Total % of the share capital
Sacyr Vallehermoso, S.A. ⁽¹⁴⁾	20.01
Criteria CaixaCorp, S.A	12.97
Petróleos Mexicanos ⁽¹⁵⁾	4.81

More information on the Board of Directors, its Committees, remuneration, policies, and corporate governance monitoring at repsol.com

The Strategy, Investment and Corporate Responsibility Committee

The Strategy, Investment and Corporate Responsibility Committee is comprised of six Directors, four of whom are External Directors representing institutional shareholders, and two are independent Directors. The Committee is chaired by an External or Non-executive Director.

The Committee is charged with understanding and directing Repsol's policy, objectives, and guidelines on Corporate Responsibility and informing the Board of Directors about these, as well as reviewing and advising on the Group Corporate Responsibility Report prior to its submittal to the Board of Directors.

During 2010, the Strategy, Investment and Corporate Responsibility Committee met three times. Their agenda included the Strategic Plan, the 2009 Corporate Responsibility Report, and aspects related to safety and the environment.

Organization and activities

Repsol's activities and organizational structure⁽¹⁶⁾ are divided into five business areas:

Three integrated strategic businesses (not including YPF):

1. **Upstream**, responsible for exploration operations and development of reserves of crude oil and natural gas;
2. **LNG**, our Liquefied Natural Gas business;
3. **Downstream**, our refining operations and marketing of petroleum, chemical, and LPG products.

Two stakeholdings in strategic companies:

1. **YPF**, which includes the operations of YPF, S.A., and the companies of its Group in all the businesses detailed above. We have an operated participation of 79.81%.
2. **Gas Natural Fenosa**, whose main activities are the marketing of natural gas and the generation, distribution, and marketing of electricity. We have a non-operated participation of 30.13%.

(14) The Sacyr Vallehermoso stake is held by Sacyr Vallehermoso Participaciones Mobiliarias, S.L.

(15) 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.

(16) See the section "About this report" for details of the reporting boundary applied to all the information and data in this Corporate Responsibility Report.

NEW BUSINESS UNIT FOR NEW ENERGY

In 2010 we set up a business unit for New Energy to boost and provide a business grounding to new initiatives that contribute to a more diversified energy future with reduced CO₂ emissions intensity.

The new unit is part of the Downstream Division and its mission is to identify opportunities, promote projects and carry out business initiatives in areas such as bioenergy and renewable transport fuels, and to other areas where there may be synergies with current Repsol businesses and our areas of operation.

It will also develop new business related to CO₂ emissions reduction and carbon pricing, with an emphasis on its capture and storage.

Business area	Description	Geographic environment	Highlighted actions in 2010
Upstream	Exploration and production of petroleum and natural gas outside Argentina.	Participation in exploration and production blocks in 26 countries, operator in 20 of these.	<ul style="list-style-type: none"> - Repsol and Sinopec agreed to carry out exploration and production projects in Brazil, creating one of the biggest energy companies in Latin America. - We made 4 discoveries in Brazil (Creal B and Piracucá 2), Sierra Leone (Mercury-1) and Venezuela (Perla 2). - We entered into areas with high offshore exploration potential in Angola, Indonesia, and Norway.
LNG	Liquefaction, transport, marketing, and regasification of liquid natural gas activities (LNG) and marketing of natural gas in North America.	Presence in 7 countries.	<ul style="list-style-type: none"> - We brought the Peru LNG liquefaction plant, in Pampa Melchorita (Peru) into production. - We signed a multi-year agreement to supply LNG for the Canaport LNG plant (Canada) with Qatargas.
Downstream	Supply and trading of crude oil and products, refining of petroleum, marketing of petroleum products and LPG, and the production and marketing of chemical products.	Presence in 10 countries.	<ul style="list-style-type: none"> - Repsol created the new business unit for New Energy. - We made progress in our projects to extend the Cartagena refinery and to convert the Muskiz refinery. - We made an agreement with the Malayan industrial group UMV for the manufacture and distribution of Repsol lubricants in Malaysia, China and other countries in the region. - We made an agreement with Dynasol, a Repsol affiliate and the Chinese company Xing'an to manufacture and market synthetic rubber.
YPF	Exploration, production, refining, logistics, marketing activities and chemical products assumed by YPF and its affiliates independently.	Argentina	<ul style="list-style-type: none"> - We presented the company's strategic guidelines for 2010-2019 - We made a discovery of non-conventional natural gas (shale gas) in the Neuquén basin.

The horizon 2014 strategic plan

During 2010, we presented our Horizon 2014 Strategic Plan, which sets out our commitments for the 2010-2014 period. The significant exploration success achieved during 2008 and 2009, and the changes that affected the sector due to the financial crisis, led us to fine-tune our group objectives. This will enable us to address the next phase of growth.

The main strategic guidelines governing each business are as follows:

- Upstream: the growth engine of the company
 - Maintain a presence in geographic areas with high exploration potential and recognized capacity for exploration in deep water.
 - Develop a solid portfolio of strategic projects.

- Downstream: optimization and improvement of profitability
 - Boost our operating margins by applying leading technology at the refineries.
 - Produce solid revenues.
- YPF: uncover hidden value in the company
 - Rigorously manage our investments and costs.
 - Create growth in earnings and dividends.

New top executives at Repsol YPF

As of 30 December 2010, Repsol YPF had noted the following appointments:

Mr. Miguel Ángel Devesa del Barrio, previously Corporate Director of Corporate Strategy and Development, was appointed Chief Financial Officer.

In addition, Ms Begoña Elices García, previously Corporate Director of Communication and the Chairman's Office., was appointed General Director of Communication and the Chairman's Office.

Both Mr Miguel Ángel Devesa and Ms Begoña Elices became Members of the company Executive Committee in January 2011.

In 2010, Members of the Executive Committee, including Executive Members, received remuneration of 18.5 million euros in total.

More information on Repsol activities, business, and management structures at repsol.com

Our contribution to economic value

ECONOMIC VALUE GENERATED AND DISTRIBUTED	
Item	Millions of euros
Economic value generated	59,927
Sales and other operating income ⁽¹⁷⁾	56,710
Financial income	159
Earnings from disposal of fixed assets	3,058
Economic value distributed	53,601
Purchases and other operating and training expenses	37,422
Staff expenses (except training)	2,392
Tax paid: Tax accrued in the financial year and included as expenses in the consolidated statements of the Group, including Corporate Tax and Special Taxes	11,437
Dividend and financial expenses ⁽¹⁸⁾	2,320
Community investment	30
Retained economic value	6,326

(17) This includes special taxes and others of a similar nature amounting to 7,234 million euros.

(18) This includes the 1,282 million euros for dividends corresponding to the proposal for the allocation of earnings from the 2010 financial year which will be submitted for approval.

How we identify and manage risks

Our procedures and systems department is responsible for our approach to risk. Their role is to identify, measure, evaluate, prioritize, control, and manage the risks to which we are exposed in our business. They also assess whether we have taken adequate steps to ensure those risks are assumed, mitigated, covered, or prevented.

Repsol, as a petroleum and gas company, is active in many countries, each with different regulatory frameworks. As a consequence, we face a number of risks:

- Market risks deriving from the volatility of global oil and gas prices, exchange, and interest rates.
- Financial risks, including those related to our liquidity and solvency, as well as those deriving from our contractual obligations and our commercial commitments with suppliers and customers.
- Strategic risks related to company strategy, how we manage our portfolio and how we make resource allocation decisions requiring Executive Committee or Board of Directors approval.
- Risks in the business environment beyond the company's control, such as the macroeconomic context, trends in our sector, specific countries, natural catastrophes, the competition, partnerships, and our stakeholders' perceptions.
- Regulatory and compliance risks, such as changes to laws, regulations and compliance mechanisms related to legal, fiscal, safety and environment matters, as well as reporting and aspects of corporate governance.
- Operational risks pertaining to our effectiveness and efficiency as a result of deficient internal processes, as illustrated in the following table:

We consider that our highest priority risks are those that may compromise our ability to achieve the objectives of our Strategic Plan. We manage assets and businesses prudently. However, many of the risks mentioned are inherent to carrying out our work.

At Repsol, our identified risks are managed by the company units. Moreover, we use independent analysis, supervision, and control units in areas such as Internal Audit, Internal Control of Financial Reporting, Insurance, Credit Risk Management, Market Middle Office, Risk Monitoring, Safety and Environment, Corporate Responsibility, and Control of Reserves.

We review our risk map annually; this is coordinated by our Audit and Control Management group. Each unit with risk management responsibility helps update the risk map in light of trends in our main indicators and conditions in our operating environment. Each risk is linked to the business units responsible for managing it, our existing controls and parameters, and relevant legislation.

Operational risks

Ethical and conduct risks

These relate to failure to comply with our ethical principles, which may lead to sanctions, litigation and claims; loss of market value, brand image, reputation, partners, clients, and suppliers; or impaired relations with governments and authorities, even affecting our ability to operate.

Safety and environmental risks

These relate to accidents resulting from the company's operating activities. Management of these risks is fully integrated into the different business units through our safety and environmental, and insurance management system.

Human rights risks

These relate to the impact on human rights that can result from our activities, including those that may result from relations with communities, partners, distributors, suppliers, and contractors.

During 2010, we conducted an in-depth examination of our efforts to manage operating risks of our principal business units in accordance with a methodology for identifying, prioritizing and evaluating the risks that could affect achievement of our company objectives.

Our Audit and Control Department is responsible for planning our audit activities every year. Our audit projects focus on risks, with an emphasis on those units, processes, or countries we believe are critical. To do this, we rely on a methodology we have developed for the identification and evaluation of risks, beginning with our risk map.

We continually monitor our progress on a set of indicators in processes relevant for the company. This helps us minimize risks as it extends our coverage of the transactions audited, and contributes to the early detection of incidents. As of December 31, 2010, 1,000 control points were being monitored each month related to indicators in use at 25 Repsol companies.

The Internal Control System for financial reporting comprises a total of 1,028 controls, which make it possible for us to be reasonably assured of the reliability of our Group financial reporting. These controls are subject to an ongoing process of evaluation and improvement.

Our Legislative Compliance Program monitors our conformance with our formal legal obligations (to governments, public administrations and/or public authorities) connected to our activities. This helps us limit our compliance-related risks. This program extends to 42 countries and is based on periodic self-evaluation of compliance in a number of areas.

More information on our risk identification and management at corporateresponsibility.repsol.com

For the fifth consecutive year, Repsol's Corporate Responsibility performance was acknowledged by our continued inclusion in the prestigious Dow Jones Sustainability, FTSE4Good, and Ethibel Sustainability indices.



The Repsol model of Corporate Responsibility

During 2010, we drafted a new regulation – the Corporate Responsibility Model – to be applied across the entire company. By applying this model, we can help contribute to sustainable development. The model encourages systematic dialogue with our stakeholders, which means we seek to learn their expectations of the company's responsibilities and to establish internal mechanisms to take account of these expectations in our decisions.

The Corporate Responsibility Committee, comprised of 14 executives representing a large part of the Repsol business and corporate units, met twice during 2010, with further communication by email. Among the subjects they discussed and took decisions on were: the sustainability plan, corporate responsibility performance, the corporate responsibility model, analysis of our stakeholders' concerns, internal corporate responsibility priorities, and our annual corporate responsibility reporting process.

During 2010, we took steps to plan the components and functions of the Corporate Responsibility Committees in Spain, Argentina, Bolivia, Ecuador, and Peru, which are expected to hold their first meetings in 2011.

Detailed information on awards and acknowledgements for our performance in Corporate Responsibility in 2010 and previous years at acknowledgements.repsol.com

More information on the sustainability indices where Repsol is included at indexes.repsol.com

2012 Sustainability plan

In 2010 we put our second Sustainability Plan into action. It is comprised of 9 strategic programs and 61 actions, which are divided in turn into sub-actions with associated milestones and indicators. A large number of our business and corporate units participated in its drafting. All the actions of this second Plan will help us to continue to direct our business along an ethical path, to respect human rights, and to minimize the environmental impact as our company grows and undertakes new investment projects.

More information on the Corporate Responsibility Model, the functions of the governance bodies and the actions of the 2012 Sustainability Plan at RCmodel.repsol.com

The initiatives that constitute this Plan are not intended to be a single solution to our company's sustainability challenge. Rather, they represent a road map, which can and must be updated and extended with new initiatives each year.

2012 SUSTAINABILITY PLAN

Strategic program	Number of actions	Dates for achieving the actions
Ethical conduct and combating corruption	9	2010, 2011 AND 2012
Respect for human rights	6	2011 AND 2012
Commitment to our people	6	2010, 2011 AND 2012
Increased safety	7	2010, 2011 AND 2012
Participation in the community	9	2010, 2011 AND 2012
Sustainable energy and climate change	5	2010, 2011 AND 2012
Control and minimization of environmental impact	8	2010, 2011 AND 2012
Influencing our suppliers, contractors, subcontratistas, subcontractors, distributors, partners and customers	6	2010, 2011 AND 2012
Take into account our social and environmental responsibility	5	2010, 2011 AND 2012

Relationships with our shareholders and investors

Repsol looks after our relationships with our shareholders, institutional investors, and stock market analysts through our shareholder information office (SIO) and Investor Relations Department.

Shareholders

Through our SIO, shareholders can request any the information they might need, by visiting the office, using a free telephone line – 900 100 100 – or by mail or email. The SIO attended to approximately 52,000 calls during 2010, an average of 200 per day. The most common consultations focused on the share price, the General Meeting, the policy and dates for the payment of dividends, as well as a variety of facts about the company. Moreover, in 2010, we received about 5,000 emails requesting information on Repsol.

MANAGING OUR REPUTATION

In 2010 Repsol restructured its organization chart in the area of communication, revitalizing the management of reputation. This year we created a specific unit to define the policies, strategy, and management aspects related to corporate reputation, and to periodically monitor its status.

Its first mission was to develop a Strategic Corporate Reputation Plan to diagnose the current situation and create a reputation indicator chart, making it possible to monitor, identify priority needs and establish plans to improve the diagnosis in the medium term.

The new technologies and the explosion of social networks mean that today citizens can express themselves simply and directly on the net. At Repsol we consider our digital reputation to be the public perception of us, our products, trademarks and leaders, on the Internet. In order to manage this, in 2010, we laid the foundations for managing our online presence from the corporate area, through a strategy that makes it possible to promote and manage content and assets using social media.

Investors

The Investor Relations Department communicates freely with institutional investors and stock market analysts. During 2010:

- We presented several roadshows and meetings with institutional investors in Europe and the United States.
- Investors visited the company offices, which, together with other activities, meant that we made contact with 300 institutional investors during 2010.
- We attended several sector conferences in Europe and in the United States, which included meetings organized with institutional investors.
- We organized a field trip in Peru, focused on helping analysts and institutional investors to get to know the operations of the company in person. It was attended by 23 analysts who follow our performance.

It is important to us to understand the priority institutional investors grant to ethical, social, environmental, and good governance matters. This enables us to align our practices and improve our performance. During 2010, we worked to identify investors that incorporate sustainability considerations in their investment policies and criteria. This analysis was aimed at gathering information that helps us to identify relevant matters and the strengths and weaknesses in our ethical, social, and environmental performance. As a result of this analysis, during 2010, we planned the first roadshow on matters of corporate responsibility, which was carried out in the first weeks of 2011.



Our challenges

Increasing our commitment to safety

Promoting a low carbon strategy

Minimizing our environmental impact

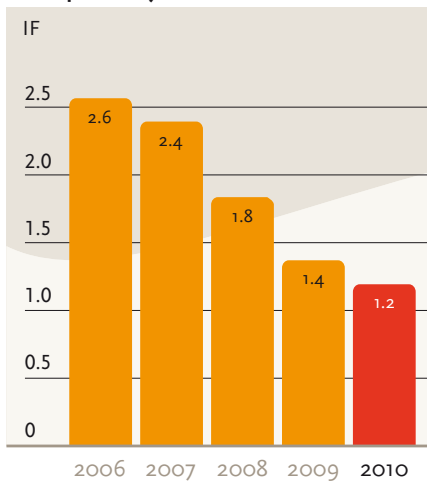
Ethical conduct and the fight against corruption

Respecting human rights

Increasing our commitment to safety

At Repsol we demand a high level of safety in all our operations. During 2010 our Lost Time Injury Frequency Rate (LTIFR) decreased by 14% compared to the previous year, and more than 50% since 2005. We provided 186,982 hours of safety training. We carried out more than 1,100 safety and environment audits.

Lost Time Injury Frequency Rate⁽¹⁹⁾



Improving our accident results

Our Lost Time Injury Frequency Rate (employee and contractor) decreased by 14% compared to the previous year, achieving our annual target. Our objective is to meet no accidents during the development of our activities. In the past five years we have reduced our LTIF by more than 50%. However, during 2010, we regret five contractors died accidents occurred during work-related activities.

Traffic accidents in Peru and Spain caused three of the deaths, and the remaining two occurred during maintenance operations in processing plants in our refineries in Spain.

Improving our accident rate results would not be possible without joining forces throughout our business.

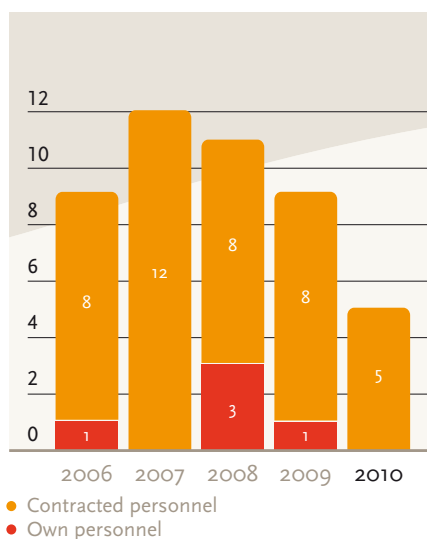
During 2010, several installations achieved outstanding results. In our upstream activities in Venezuela, the gas units of Quiriquire and Cardón IV achieved more than 365 days without a single lost time injury. In addition, the La Pampilla refinery, in Peru, achieved two million hours with no lost time injuries. For the first time, the seismic groups at our Libyan installations were recognized for achieving one million hours without accidents.

We work to investigate incidents

As a preventive strategy, we work to investigate incidents and identify their basic causes. This, together with corrective action, makes it possible to prevent accidents in the future. Furthermore, we pay special attention to the investigation of near misses, as they are similar in nature to more serious events.

In 2008 we set out objectives concerning incident investigation and the implementation of improvement actions. We achieved these objectives in 2010.

Number of fatalities



(19) Lost Time Injury Frequency Rate: measured as the number of lost time accidents and fatal accidents accumulated during the year per million hours worked.

SAFETY IN THE EXTENSIONS AT THE CARTAGENA AND MUSKIZ (SPAIN) REFINERIES

Both projects involved a substantial challenge for the organization, due to their size. Thus, integrating accident prevention within the work management system was essential for creating a safe environment during the construction phase and the subsequent operations.

In order to guarantee safety, we carried out numerous activities, including:

- Incorporation of international best practices regarding work management (positioning of the work on site, establishing project and engineering offices, areas for contractors, medical clinics, training classrooms, etc.)
- Management of the general services required to meet workers' needs (first aid posts, clinics, surveillance services, control of access points, rescue teams, etc.)
- Compliance with regulations and standards, thanks to the high level of coordination among our previously trained/instructed specialists and experts from outside companies.
- Preventative audits carried out by specialized technicians to assess compliance with safety regulations and identify instances of non-conformity, which were corrected almost immediately. The audits looked at ordinary situations (assembling, dismantling), extraordinary situations, forecasts of bad weather, control and traceability of materials, and the quality of soldering.

Almost 15,000 people participated in the Cartagena refinery project, while the Muskiz refinery project involved the participation of 1.600 workers on site.

During more than 21 million hours worked, we achieved a Lost Time Injury Frequency Rate of 1.3, while the rate for the Spanish construction sector rate is about 50⁽²⁰⁾.

NO-ACCIDENT PROGRAM IN THE CARTAGENA-PUERTOLLANO OIL PIPELINE

Throughout 2010, we continued implementing and improving the No-Accident preventive management program (NOA) as regards the construction work on the Cartagena-Puertollano distillation oil pipeline.

The program strengthens the preventative requirements and techniques for safe construction with the application of tools such as satellite control of vehicles assigned to the work with no perimeter closure, monitoring of previously established preventative indicators, and the drafting of risk maps and monthly safety bulletins. One of the key factors for success is the collaboration and commitment of all the workers who, through safety observations, make their opinions and proposals public.

The program was so successful (there have been no lost time injuries since the beginning of the project) that we adapted the program for implementation at the port of El Musel (Gijón), where we transfer LPG from docked vessels.

Demanding safety management

Safety criteria in our strategy

We demand a high level of safety in all our operations, carrying them out in accordance with strict safety and health standards. Our main concern is to protect the people who work at our installations, our customers, and all the inhabitants of the communities where we operate.

This requires a substantial commitment at all levels in our organization. Since 2005, the Audit and Control Committee of the Board of Directors has overseen and directed the policy, guidelines, and objectives of the company in terms of safety and the environment.

(20) Source: 2008 Yearbook of the Ministry of Employment and Immigration of Spain.

Our Executive Committee also sets out the objectives and the strategic guidelines in terms of safety and environmental issues, which are the basis for drafting the objectives and action plans for all the company's business. These plans identify actions required for the continual improvement of management, investments and associated expenses, and adapting to new legislative requirements. Moreover, the annual objective established for the Lost Time Injury Frequency Rate forms part of the annual objectives in the business units.

Investment in safety actions amounted to €66 million in 2010, while expenses totaled €126 million.

Our management system shows a high level of commitment to safety

In the Repsol Health, Safety and Environment Policy we commit to comply with the legal requirements in force in each location, as well as to establish common standards of conduct as regards safety, health and the environment, regardless of the geographic area where work is carried out. Our management system incorporates demanding requirements and international best practices as regards safety.

We undertake audits in order to monitor our management system, foster improvements in the protection of our installations and workers, and improve risk management. Every year we implement a safety and environment plan that includes external audits (voluntary and/or legal for certification) such as 'crossed' internal audits in which qualified personnel from different business units audit one another. See the table *Safety and environment audits carried out in 2010*.⁽²¹⁾

Safety and environment audits carried out in 2010	Number
Internal	406
Certification	149
External (legal)	566
TOTAL REPSOL	1,121

More information on safety management aspects and improvement actions at safety.repsol.com

(21) The internal audits made by our own personnel from each center are not included.

We maintain our OHSAS 18001 certifications

Our safety and environment management system is aligned with the OHSAS 18001 international standard and we encourage the progressive certification of our company sites in accordance with this standard. During 2010, we certified 49 new centers or activities to OHSAS 18001. The table *Principal OHSAS 18001 certifications in 2010* lists the principal installations certified on December 31, 2010.

PRINCIPAL OHSAS 18001 CERTIFICATIONS IN 2010

Activity	Centers certified with OHSAS 18001	%
Refining	9 of 9	100
Chemicals	8 of 8	100
E&P	4 of 18	22
LPG	31 of 54	57
Lubricants and Specialities	16 of 17	94

More information on certification
at certificatesearch.repsol.com

Process safety

Improving the identification, evaluation, and management of industrial risks is a key factor for increasing safety. At Repsol we have a number of requirements and guidelines in place to ensure that risks are correctly identified, quantified, and managed throughout the lifecycle of an installation, from design until it is abandoned or dismantled. This prevents damage to people and assets, as well as minimizing environmental impact. In 2010, after exhaustive updating work, our requirements for safety and environment risk management in industrial assets were approved. To achieve an effective implementation, the company units developed plans to adapt their installations to the requirements.

In addition, in order to improve the safety of our installations, we are developing process safety indicators, paying special attention to prevention indicators, in line with international standards.

Safety management on offshore platforms

We are experienced in offshore operations and have carried out drilling in deepwater wells, both in the Gulf of Mexico and in other parts of the world (see the attached map of offshore operations).

OFFSHORE ACTIVITIES

As of December 31, Repsol was operating 258 blocks at sea in 13 countries. We also had a non-operated participation in 180 blocks in 12 countries.

OFFSHORE BLOCKS OPERATED BY REPSOL

Country	Exploration	Development	Total
Spain	20	12	32
Argentina	3	1	4
Brazil	8		8
Cuba	1		1
Equatorial Guinea	1		1
Guyana	1		1
Indonesia	1		1
Libya	1		1
Marocco	4		4
Norway	1		1
Surinam	1		1
Trinidad and Tobago		3	3
United States	200		200
TOTAL	242	16	258

As part of the continual improvement cycle we periodically review our standards and procedures, incorporating lessons learned, recommendations, and international best practices.

The actions we have taken to improve safety include:

- **Processes:** For the construction of wells, the most significant risks are identified and actions are implemented in order to prevent to prevent damage to persons, the environment, and the installations.
- **Inspections and audits:** Our wells and their equipment are inspected and audited by third parties, covering technical and maintenance aspects. Our upstream activities are also certified by third parties in the areas of safety and environmental management. We have ISO 14001 certifications in our operations in Trinidad and Tobago, Casablanca, Poseidon, and Bermeo, and OHSAS 18001 in Trinidad and Tobago.
- **Competency and training:** We have a formal competency management programme to ensure the technical competence of all personnel involved in operations.
- **Emergency response planning:** We have contingency plans in the event of unexpected incidents in offshore operations, prepared in accordance with the worst-case scenario and based on local regulations, internal procedures, and industry best practices. These plans

are reviewed and updated prior to the start of drilling operations and when there are changes that might affect the normal functioning of the operations. These plans are subject to internal approval processes and to the approval of the appropriate government authorities in the country of operation.

- **Authorization for drilling:** Before the start of well construction operations, we ensure that all technical aspects have been correctly implemented and verified, and this is documented.
- **Management of contractors:** We have standards that establish specific safety criteria in contracted work and services. This includes a rigorous process of evaluation when contracting suppliers and services, as well as internal and third-party inspections and audits, prior to operations. The services contracted are subject to periodic supervision and inspection during operations in order to ensure that local regulations, internal procedures, and industry best practices are applied.

Moreover, we are active members of OGP (Oil and Gas Producers Association), the main forum of the sector as regards health, safety, and environment. We participate in its working groups to benefit from the lessons learned in the industry. Repsol also participates in initiatives concerning the response to spills in the Gulf of Mexico.

Transport safety

Improving safety in the transport of goods and personnel is one of our key objectives. Thus, we take action to control the associated risks.

Developing programs to improve land transport

We continually establish programs intended to reduce land transport accidents. We focus on two aspects:

- Encouraging awareness and reinforcing driving skills through training. During 2010, we provided 8,191 hours of training to drivers who transport our products. For example, courses were given on preventative and defensive driving while transporting products in our Marketing business in Spain. We also provide training to employees who use their cars to commute to work. For example, in our Technology Center in Madrid, all employees have received training in safe driving. Additionally, the 'Do not be distracted' campaign in Marketing in Spain has continued, and one of its objectives is to raise awareness so workers drive safely and prudently.
- Equipping vehicles with satellite navigation systems in order to track their location in real time. These systems make it possible to improve vehicle monitoring and make progress in understanding the main areas of risk in upstream activities.

At Repsol we are committed to improving road safety and, as a result, we collaborate in several initiatives with different institutions.

We have joined the *European Road Safety Charter*, an initiative of the European Union, which takes action to reduce road accidents and share good practice to resolve transport safety problems (www.erscharter.eu/). We also collaborate with the Spanish Road Association, which aims to achieve a safer and higher-quality road network (www.aecarretera.com).

Requirements in sea and river transport

Our company does not have its own sea and river transport fleet; therefore, when contracting vessels from third parties, we adopt rigorous evaluation and inspection criteria, and we provide other companies with this vetting service.

We continually verify that the vessels comply with the most demanding safety regulations. Our procedures include review of the operator’s documentation and a physical inspection during operations at the terminal, discarding vessels that fail to pass this test.

In 2010, we carried out a total of 1,936 preliminary vessel inspections, of which 1,287 were acceptable, 636 were unacceptable, and 13 led to the declassification of the vessel. Only 66.5% of the tankers put forward to operate for Repsol were considered acceptable. In addition, 956 physical inspections were carried out, which resulted in 835 approvals and 121 rejections.

The continued reduction in the age of vessels and the increase in the number of double hull vessels inspected contribute to reducing risks in our activities.

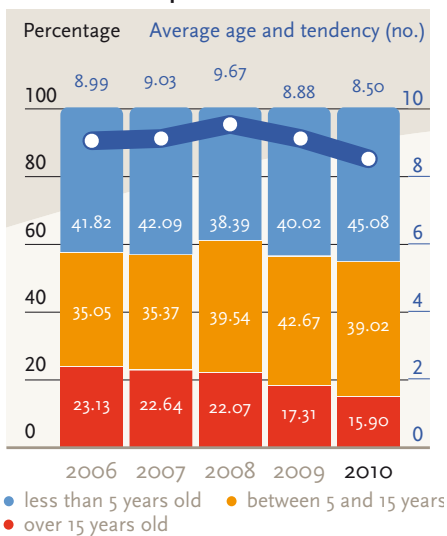
We also pay special attention to river transport. For example, for our upstream activities in Peru, we are implementing a management system for river transport, which includes procedures for vessels, safety inspections of these vessels, protocols for river navigation, training and induction of all personnel in safety and the environment, and risk analysis for logistical operations and river transport in general.

Promoting air transport audits and inspections

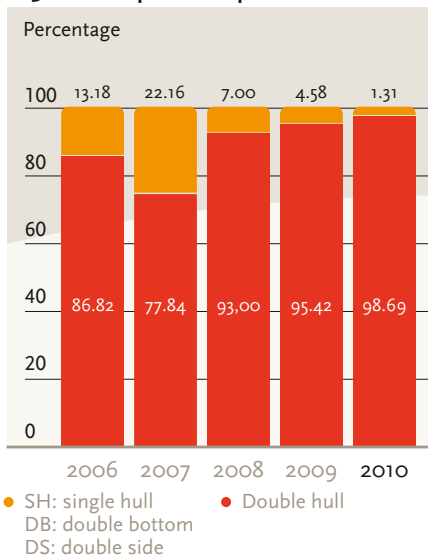
We have standards designed to manage air transport in upstream activities, and we carry out audits and inspections for the operating companies and their aircraft to ensure that they comply with our requirements.

In addition, at the Peru Upstream Exploration Unit, we have designed and implemented a fire extinguishing system developed through our SEI (Implementation of the Fire Extinguishing Service) project. Based on the Peruvian Department of Civil Aviation’s regulations, the system guarantees an adequate response level in the event of a possible air emergency. The investment project included the acquisition of a fire service truck equipped for use in airports, a fire brigade consisting of professional fire fighters, and the training of response teams to fight fires. We estimate our investment in the project to be two million US dollars.

Trends in age of the vessels inspected



Trends and distribution of hull types >5,000 tpm inspected⁽²²⁾



(22) Barges and tugs are not included.

7 rules to save your life



At the Wheel, drive safely.



For any activity, a current work permit.



Lockouts always secure and marked.



Accessing confined spaces, only with authorization.



During excavations, secure the area.



When working at height, secure your protection and supports.



During lifting operations, never stand below the load.

More information on this campaign and its results at basicsafetyrules.repsol.com

Safety culture

We prevent risk situations in work centers through the seven basic rules for saving lives.

All our employees are responsible for safety, as well as contributing to the safety of all the people around us.

In 2009, in order to bolster our safety culture, the seven basic rules that prevent risk situations (which lead to most fatal accidents in our centers) were approved and an exhaustive communication plan was drawn up. We communicated and distributed this in order to raise awareness of the importance of compliance. During 2011 as a continuation of the work carried out, this campaign will be reinforced specifically for each business.

We encourage a safety culture

We encourage a safety culture through information, consciousness, awareness, and training aimed at employees and contractors, as well as the people around us. We use different channels for disseminating information, rules, and technical documentation.

In 2010, a total of 13,497 employees received 186,982 hours of training occupational health and safety.

The main training programs we carried out during 2010 relate to safety and environmental risk management and change management, as well as reinforcing knowledge of the HAZOP analysis methodology. We customized training given in Spain, Argentina, Peru, and the United States.

In addition, we continue to intensify our training programs for contractors with a view to improving the control of typical risk situations in company activities. In 2010 we gave around 591,940 hours of training to contracted personnel.

Sharing good practice in the company

In order to improve the culture of safety in our company, we worked to support the exchange of experiences and good practice by different Repsol units.

A program focused on knowledge exchange was implemented at the Asphalt Unit in the Marketing Europa division. This involved the temporary exchange of facility heads for a brief period of time in order to

TRAINING IN SAFETY AND OCCUPATIONAL HEALTH 2010⁽²³⁾

	Hours	Persons ⁽²⁴⁾	Extension rate ⁽²⁵⁾
Spain	136,975	7,785	43%
Argentina	23,074	3,696	26%
Rest of Latin America ⁽²⁶⁾	13,764	1,098	22%
Rest of the world ⁽²⁷⁾	13,169	918	52%
TOTAL	186,982	13,497	35%

(23) The data includes training of our regular and temporary personnel. This does not include the training of contractor personnel.

(24) Persons attending courses.

(25) Percentage of persons who have undergone training in relation to the total staff.

(26) Bolivia, Brazil, Colombia, Ecuador, Peru, and Venezuela.

(27) EEUU, Libya, Norway, Portugal, and Trinidad and Tobago.

learn from other people from other facilities, contribute experiences and performance improvements, and jointly take advantage of best practices. The program encouraged the exchange of knowledge, contributing to improved plant management.

The Marketing Portugal unit has been promoting safety program awards since 2005. These programs promote a culture of safety, preventing accidents through the identification of potential incidents (probable scenarios with the potential to cause damage to persons, equipment, or the environment). All Marketing Portugal personnel can participate in this program, including associated companies, contractors, and others. At periodic meetings, where safety and environment matters are analyzed, the winning PINs are selected from each Business or function and all the employees of Marketing Portugal and the associated companies are notified of the results.

External awareness - raising campaigns

Following are our 2010 highlights:

- We undertook a training campaign pertaining to our upstream activities at Cardon IV for local communities and trade unions designed to develop and improve the quality of local labor as potential candidates for employment in offshore work. Training related to several aspects of health, safety, and environment, as well as other courses taught through the Cooperating School of Employers and Drivers of Maracaibo R.S.
- We participated as exhibitors and as a member of LADS (Latin American Drilling Safety), in Peru. The La Pampilla refinery collaborated in producing a geographic information system to identify the essential resources for responding to natural disasters (earthquakes/tsunamis) in Lima and Callao. The program is promoted by the Peruvian Civil Defense Institute (INDECI) and the United Nations Development Program. The La Pampilla refinery participated in the module on energy supply, as it is the main supplier of Lima and Callao, and due to its strategic location. We designed an emergency action plan and collected information to create a database under the auspices of international institutions such as the French Institute for Research for Development (IRD) and Cooperazione Internazionale (COOPI) in Italy. The refinery also participated in the communications network so that the complex would have appropriate communications in place in the event of an emergency.
- We carried out training activities at the LPG unit in Spain, aimed at personnel from collaborating companies (Repsol Gas Services, Official Services, tanker drivers, etc.) with the aim of updating their knowledge to achieve best practices in their activities. Several conferences took place on accident interventions, including theoretical and practical training with real fire, for firefighters, civil defense, and local police.

Our results

We have included safety data for 100% of the employees of subsidiaries in which Repsol holds a majority interest and/or has operational (control). In the case of contractors we have included any activity carried out under direct contract with Repsol with a duration of more than one year.

In order to record, analyze, monitor, and consolidate accident rate information, the company has a proprietary web-based computer tool available to all work centers, which enables effective management of incidents.

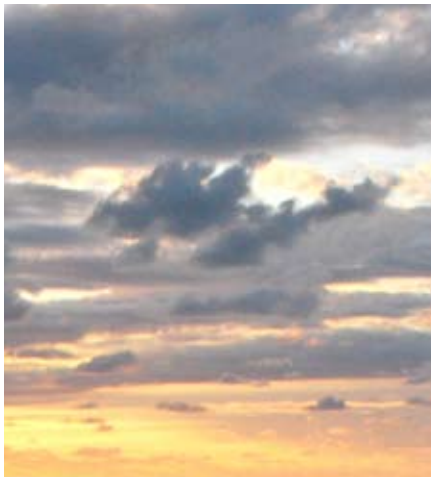
Our company rules establish common criteria and a methodology for recording incidents, complemented by an incident management indicator guide, which is used to process Repsol's safety indicators.

	2006	2007	2008	2009	2010
Lost Time Injury Frequency Rate (employee and contractor)	2.6	2.4	1.8	1.4	1.2
Lost Time Injury Frequency Rate (employee)	2.5	1.9	1.4	1.2	1.2
Lost Time Injury Frequency Rate (contractor)	2.8	2.7	2.0	1.5	1.2
Fatalities	9	12	11	9	5

More information on our safety results at performanceandobjectives.repsol.com

Promoting a low carbon strategy

We endeavor to promote, boost and provide a business grounding to new initiatives that contribute to a more diversified future energy mix with lower CO₂ emissions. To achieve this, we created the New Energy business unit, the Department of New Energy Technologies, the Environmental Footprint Department and the Carbon Unit, as well as the Alternative Energy and New Business units at YPF.



Advancements in international agreements

The UN Framework Convention on Climate Change COP-16 meeting at Cancún ended with no consensus, but with the adoption of the 'Cancún Agreements', which include: strengthening the objectives regarding CO₂ reduction by industrialized countries considered in the Copenhagen Agreement; maintaining the objective to hold the increase in global temperature below 2°C by 2050; greater support for the reduction of deforestation and the creation of a Green Fund and a technological mechanism. The future of carbon markets is strengthened by reforms that help to recognize projects for CO₂ capture and storage, such as the Clean Development Mechanism (CDM) and the introduction of new mechanisms.

Evolution of our strategy

We commenced a new stage of our Carbon Strategy after the creation of the New Energy business unit and the development of our position and action plans. The main objective is to foster a common culture toward carbon reduction and steer our deployment of initiatives, both in Upstream and Downstream businesses and in New Energy, identifying synergies among them.

The Repsol YPF Carbon Strategy is oriented towards six action areas:

1. Energy efficiency to reduce the emissions of CO₂ and operating costs.
2. Carbon Markets, focused on managing our role in the EU emissions trading system (EU ETS), developing Clean Development Mechanisms and obtaining Certified Emissions Reductions (CER).
3. Research, development, and implementation of technologies for the capture and geological storage of CO₂, or its use and transformation into biomass or chemical products.
4. A biofuels strategy encompassing research, development, production, mixing, and distribution.

5. Development of new transport technologies, which contribute to securing supply with cleaner fuel and with less impact on the environment.
6. The search for business opportunities for renewable electricity generation, establishing synergies with our current operations.

NEW UNITS TO BOOST THE LOW CARBON STRATEGY

The mission of the New Energy Unit is to identify opportunities, promote projects, and carry out business initiatives in areas such as bioenergy and renewable transport fuels and to other areas that may present synergies with current Repsol business and our geographic presence. Likewise, an Alternative Energies and New Businesses unit was created at our affiliate YPF.

The Environmental Footprint Department and the Carbon Unit coordinate our global management of carbon, including the areas of carbon markets, and the identification processes of GHG-emissions-reduction opportunities associated with investment proposals for the entire company.

The Department of New Energy Technologies boosts and reinforces our R&D and demonstration projects on bioenergy, the capture and geological storage of CO₂, and other alternative technologies such as fixing CO₂ through biomass, and the emerging technologies for renewable electricity generation and supply, as well as recharging and storage for hybrid and electrical vehicles.

ADDITIONAL INFORMATION ON THE CARBON DISCLOSURE PROJECT

Every year, Repsol participates in the *Carbon Disclosure Project* (CDP), the most important analysis at world level, which analyzes the carbon strategies of the companies in the *FTSE Global Equity Index series (Global 500)*. All the responses can be seen at: <https://www.cdproject.net>

This questionnaire provides more details on the company's carbon strategy as regards the following aspects:

- Progress against our objectives for emissions reductions
- Ongoing initiatives to reduce emissions (type, description of the activity, annual monetary savings, investment required, and repayment period).
- Methods used to direct our investments in carbon reduction-related activities.
- Risks and opportunities presented by climate change (regulatory, physical, and changes in other developments related to climate).
- More detailed data on "scope 1 and 2" emissions (our direct emissions, and our indirect emissions from our own purchased energy), including a breakdown by country, business and installation, and indicators of emissions intensity.
- Sources of "scope 3" emissions (other indirect emissions).

The information contained in this Report, on our corporate website repsol.com, and in our CDP submission constitutes the Repsol information on climate change.

More information on sustainability ratings at indexes.repsol.com

Energy efficiency

Our energy efficiency strategy seeks to reduce CO₂ emissions and save costs through global and systematic management of energy. Our strategy is based on a threefold long-term objective: continually identify potential savings, provide the company with quantified objectives for energy efficiency, and ensure these are achieved through the adoption of specific actions that help us improve our efficiency.

During 2010, we consolidated the process for establishing energy efficiency annual plans and objectives across the whole company, using common guidelines. The annual plan for 2010 was satisfactorily executed, accomplishing more than 90% of the targets. We use energy audit programs as a valuable tool to identify energy saving opportunities. Our audit programs were extended very significantly in the Exploration and Production businesses and in LPG in 2010.

We have developed an energy efficiency indicator for the whole company that integrates performance indicators across all Units. This work required the development of several indicators at Unit level and will direct how we define our annual objectives at all the Units during the 2011-2015 period.

Finally, we began a project to adapt our energy management system in place at the Coruña Industrial Complex (Spain) to the requirements of European standard EN 16001, Energy Management Systems Certification. By the end of 2010, our progress was at a very advanced stage, with the certification of the center anticipated for the first half of 2011.

ENERGY STUDY AT THE TARRAGONA CHEMICAL COMPLEX

In 2010 we carried out an energy study on the following installations of the chemical complex in Tarragona: Cogeneration II, Degasifier, Compressed Air, Steam and Refrigeration Towers Network. Our objective was the energy optimization of the plant, and led to an improvement in the quality of the services provided and a longer useful life of the equipment, with no impairment of our production standards.

In the first phase of the study, technical information was collected from each of the installations in order to identify key aspects in energy management, such as operating characteristics, performance and technical specifications. Subsequently, we made a number of visual inspections (leaks, regulation systems, instrumentation) and took energy consumption readings on the equipment in operation in order to identify opportunities for energy savings.

Based on the information collected, a detailed diagnosis was carried out on each installation and diagrams of the distribution of energy consumption were made, which made it possible to distinguish the main energy consumers in each installation.

As a result, we identified savings measures of four main types: improvements in the management and control of energy, optimization of the methods used in key processes, reengineering, and using process residual energy. The combined potential of these energy saving measures was calculated at 266 TJ/year, which is the equivalent of a reduction in emissions amounting to 19,000 tCO₂/year.

NEW FURNACE INSTALLATIONS AT LA PAMPILLA REFINERY (PERU)

During 2010, two furnaces at La Pampilla Refinery were replaced with a new, more efficient furnace designed to run on cleaner fuels.

This change of furnace technology project makes it possible to achieve greater heat recovery and, therefore, a reduction in our fossil fuel consumption. Furthermore, the new furnace is designed to use natural gas, replacing the petroleum refinery vacuum waste used previously, thus achieving an even greater reduction in emissions.

With this change, the efficiency levels increased considerably, increasing the average performance of the furnaces from approximately 65% and 73% respectively, to a new level of 85%. This improvement in efficiency is estimated to provide future fuel savings amounting to 293 TJ/year, and a reduction in emissions amounting to 24,000 tCO₂/year.

Carbon markets

Our strategy in the area of carbon markets is focused on managing our role in the EU emissions trading system (EU ETS), developing Clean Development Mechanisms (CDM) and obtaining Certified Emissions Reductions (CER).

During 2010, we achieved substantial results in covering long-term compliance and in the development of CDMs within the Group. To meet our carbon reduction obligations, we negotiated the purchase of CER for two CDM projects: a biogas project in rural homes in China and the replacement of light bulbs with LEDs in India. These are expected to achieve more than 1.2 million Certified Emission Reductions, (CER) in the next few years.

With regard to our Group CDM projects, we obtained United Nations approval for the recovery of flare gas at the La Plata refinery (Argentina). This milestone recognizes Repsol's technological investment and commitment to emissions reduction.

REGISTRATION OF OUR FIRST CLEAN DEVELOPMENT MECHANISM

Repsol defined an important aspect of its strategy to mitigate climate change, which includes our strong choice to develop Clean Development Mechanisms (CDM). The CDM is an instrument provided for under the Kyoto Protocol, which enables companies to undertake projects to reduce greenhouse gases (GHG) in developing countries, thus favoring sustainable development and the implementation of clean technologies in countries where investment is made.

The United Nations approved the industrial project for the YPF refinery in La Plata (Argentina) as a CDM, the first project of its type approved in the world. The project will enable a substantial reduction in greenhouse gas emissions (approximately 200,000 tons of CO₂/year) from the use of process waste gases, which were previously burned in the process known as flaring. The use of this gas in refinery equipment partly displaces the use of natural gas or fuel oil.

In order to achieve the project's approval, it was necessary to develop a new methodology which was approved by the United Nations in 2007 under the name AM0055 *Baseline and Monitoring Methodology for the recovery and utilization of waste gas in refinery facilities*. Currently, there are four projects being developed by other companies in the world applying this methodology.

Capture and storage of CO₂

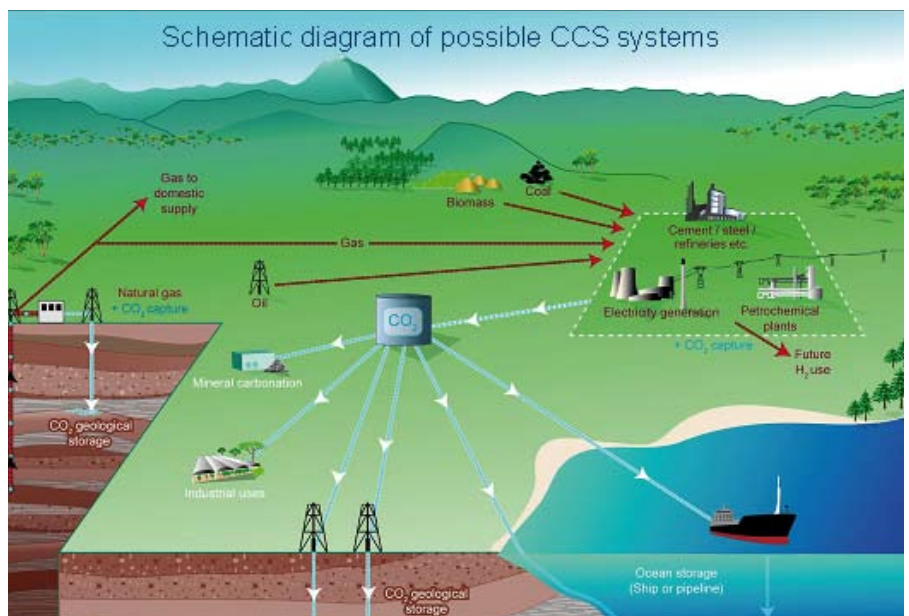
Carbon capture and storage (CCS) consists of capturing CO₂ from an emissions source and compressing it, transporting it, and injecting it into underground rock structures to achieve effective long-term confinement, or converting it into biomass and chemical compounds.

Repsol's main objective in terms of CCS is to evaluate the projects that have the greatest potential within our operations and implement them wherever technically and financially viable.

In 2010 we finalized studies on the capture of CO₂ for the Repsol refineries in Spain, including analysis of technologies for capture with amines, nitrogen-based compounds. In addition, we concluded the detailed study of the Spanish subsoil for the identification of structures that might be used in the geological storage of CO₂ for Repsol industrial centers in Spain. Moreover, we identified the best projects for the capture and geological storage of CO₂ in our refineries. Finally, we undertook a feasibility study on the planned transport of CO₂ in methane tankers. The R&D investment in CCS projects was approximately one million euros.

We continued to work on national and international collaboration projects in the area of CCS, including: *NanoMembranes Against Global Warming* (NanoGLOWA), with polymer films designed to separate CO₂ in combustion gas currents, and *Towards Optimized Chemical Processes and New Materials by Combinatorial Science* (TOPCOMBI), which studied two systems for separating CO₂ in natural gas production, and the Spanish CENIT SOST CO₂ project on new sustainable uses of CO₂. This project involved the study of high-yield energy crops (Kenaf) and a field installation began work to measure the net flows of CO₂ between the biomass and the environment.

More information on participation
in external collaborations
at externalinvolvement.repsol.com



Source:
Intergovernmental Panel
on Climate Change (IPCC) -
SRCCS Figure TS-1

PLAN E CO₂ FUNNELS

In 2010 we launched a new demonstration project for the cultivation of fast-growing vegetable species in semi-closed systems using carbonic fertilization. The project was launched in the area of the Repsol refinery in Puertollano.

The main objective of the project is to study the productivity of biomass energy crops using fast-growing vegetable species, such as sorghum, triticale, camelina, spurge, switchgrass, and arabidopsis thaliana, grown in open and semi-closed production systems (the Mediterranean greenhouse), with carbonic fertilization from refinery gases. In addition, the flows of CO₂ in air and soil were studied for each of these crops in each of the study conditions.

It is important for Repsol to have technological resources engaged in studying vegetable species, cultivation systems, and the processing of the biomass generated in order to undertake projects to collect CO₂ and transform it into biomass in ways that are profitable and bring us competitive advantage.

The construction of the greenhouses and project infrastructure began in November.

Biofuels

In 2010, we launched our business dedicated to second-generation biofuels. In partnership with the Mexican group KUO, we created the company KUOSOL, which is engaged in the development of bioenergy based on the cultivation of *Jatropha curcas*, an oil seed with a high non-edible oil content (see the case study *Development of second generation biofuels based on Jatropha*). We also acquired 20% of AlgaEnergy, a leading company in research into microalgae, which complements and strengthens the Repsol lines of research in the use of microalgae for the production of advanced biofuels.

Our research on advanced biofuels achieved the following milestones: We began the construction of the photobioreactors for a project on microalgae cultivation at the Tarragona refinery; we commissioned the first pilot plant (three cubic meters) for the cultivation of microalgae crops above laboratory levels (CENIT SOSTCO₂ project); we undertook studies on the composition of oils from some microalgae species and their suitability for use in biofuels; we issued a report on the technological prospects of microalgae in the manufacture of biofuels.

In 2010, we marketed 273 kt of bioethanol equivalent in gasoline and 1200 kt of biodiesel (FAME) in diesel fuel. We carried out a second industrial test on the co-processing of vegetable oils at the Cartagena refinery (Spain), within the framework of Plan E, which helped us to make progress in its recognition as a biofuel. We also developed a new fuel consisting of a mixture of LPG (see section *New modes of transport*) containing up to 20% biofuel.

DEVELOPMENT OF SECOND GENERATION BIOFUELS BASED ON JATROPHA

Our KUOSOL joint venture undertakes activities ranging from agricultural production to industrial installation using biomass from crops of *jatropha curcas*, the production of oil as a raw material for biofuels and the generation of electric energy through cogeneration with strong sustainability criteria.

The company project makes use of barren land for use in pig farming and uses water recycled from the farms, which is rich in nutrients, for irrigation.

The KUOSOL objectives are the following:

- Planting and cultivation of 10,000 hectares of *jatropha* in Yucatan, Mexico, by 2012, with priority given to its own land, and the development of land belonging to third parties with a positive impact on rural communities.
- Producing 40 million liters of oil, the raw material for biodiesel. This will be produced using biomass from the plantations, along with steam cogeneration and production of electricity for its own consumption, and the sale of excess stock.
- Generating more than 400 direct jobs and almost 2,000 temporary jobs.

It is estimated that the agricultural development will be concluded in the next two years, which will enable industrial production to begin in 2013.

New modes of transport

2010 was a key year for developing our offering on electrical mobility. We began a project under an agreement with *Ente Vasco de la Energía* (EVE), the Basque Government's energy agency, to study the development of an electric-vehicle recharging network in the Basque Country. This culminated in the creation of a new company called IBIL, Gestor de Carga de Vehículo Eléctrico, S.A., with Repsol and EVE each holding a 50% stake. IBIL's goal is to have 125 recharging points in 2011, in both private garages and public areas such as car parks, city streets, malls, etc. Recharging points will also be installed in the Repsol Technology Centre (CTR) and at headquarters in Madrid.

We have 52 service stations adapted to supply Autogas (LPG for automobiles) in Spain, 55 in Portugal, 142 in Peru (52 owned by Repsol), and 2 in Ecuador. We also have more than 130 supply stations for private customers in Spain, a figure that will increase thanks to several agreements that have already been signed. In addition, we are studying how best to increase the availability of Autogas in service stations.

At the same time, our CTR is undertaking research and development that will enable us to be leaders in long-term energy supply. Between 2010 and 2015, we made a comparative study of fuels and engines; we added several technology projects to our electric-mobility portfolio (pertaining to electric vehicles, rechargeable or extended-autonomy hybrids; vehicle recharging systems; vehicle energy storage; use of renewable energy etc.); and we undertook research into renewables for use in LPG for automobiles and GTL (Gas to Liquids) products.

More information on new transport modes case studies and other aspects of our Carbon Strategy at casestudies.repsol.com

Renewable electricity generation

We acquired 47% of Orisol, an international company that promotes renewable energy projects. The current portfolio of projects represents approximately 2,000 MW (of which 1,900 MW come from wind energy projects), primarily in Spain, Italy, and the U.S.

The operation will enable us to develop know-how in renewable generation and the development of an attractive project portfolio, by taking advantage of synergies with our own technology and markets, and highlighting their competitive advantages. The Orisol business plan emphasizes energy modes of strategic importance, such as offshore wind energy, wave, and geothermal energies. At the same time, we will invest in research and development in these fields.

Currently, Repsol has 289 MW of wind and minihydraulic (hydroelectricity whose installed generation capacity is <50 MW) through our partnership in Gas Natural Fenosa, with renewable electricity generation amounting to 762 GWh.

Our emission reduction objective

At Repsol, we make decisions and establish action plans related to climate change at the highest company level. The Repsol Executive Committee is responsible for the approval of company carbon strategy and for evaluating its implementation. Moreover, since 2005, the Audit and Control Committee of the Board of Directors includes among its responsibilities understanding and directing the policy, guidelines, and objectives of the company in safety and environment areas, including aspects related to climate change.

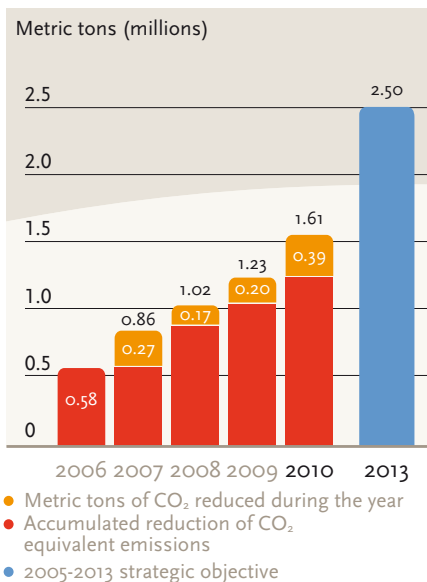
Annually, Repsol sets objectives for emissions reductions linked to our strategic objective to reduce our emissions by 2.5 million tons from 2005-2013 related to "business as usual" scenario. These objectives are approved by the company Executive Committee and form part of the annual objectives of the Business Units.

During 2010, we reduced our emissions of CO₂ equivalent in 385,556 tons through specific energy saving actions. This reduction is substantially greater than the objective established for the year (273,000 tons). This enables us to strengthen our reduction plans in order to achieve our strategic objective. The accumulated reduction as a consequence of all our actions between 2006 and 2010 amounted to 1,612,819 tons of CO₂e, 65% of our full strategic objective.

The reduction in CO₂e achieved during the year was a result of 30 investment and operating improvement actions taken throughout the company's operations. These actions included: projects to reclaim flare gas at the La Plata and Luján de Cuyo refineries; achieving optimum performance in heat equipments with system integration to optimize the load and consumption; waste heat reclamation in furnaces; and optimization of steam networks.

100% of the CO₂e reductions activities in 2009 and 2010 were verified in accordance with the ISO 14064 standard.

Accumulated reduction of CO₂ equivalent emissions



Our results

Greenhouse gas emissions

The direct emissions of CO₂e are mainly produced via combustion during the refinery processes, as well as in our exploration and production activities.

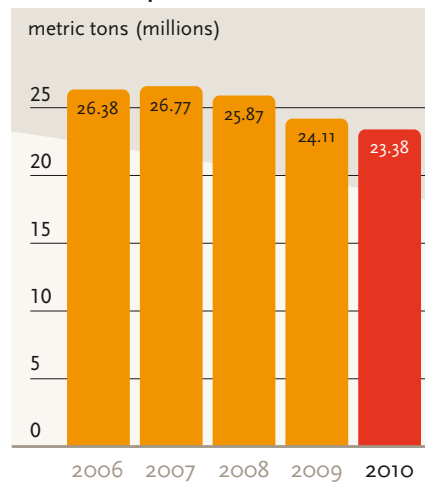
During 2010, we reduced our emissions of CO₂ mainly through the sale of assets from the exploration and production activities at Termobarrancas in Venezuela. Discounting these asset sales, our emissions fell by 3% compared to 2009, due mainly to lower activity and the scheduled work stoppages at the refineries in Spain and, to a lesser extent, to the reduction-related action we took during the year.

Additionally, the direct methane emissions are produced mainly in exploration and production activities. During 2010, we reduced our emissions of methane by 2%, due mainly to stoppages at the exploration and production plants at Santa Cruz (Argentina).

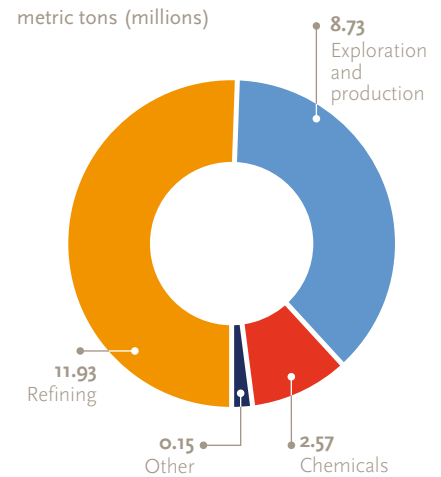
During 2010, Repsol extended the scope of our verification activities to our emissions at the refineries of La Plata and Luján de Cuyo in Argentina. As a result, 69% of the company's global emissions inventory is verified according to the ISO 14064 standard.

More information on the verification of our emissions at performanceandobjectives.repsol.com

Direct emissions of CO₂ equivalent⁽²⁸⁾⁽²⁹⁾



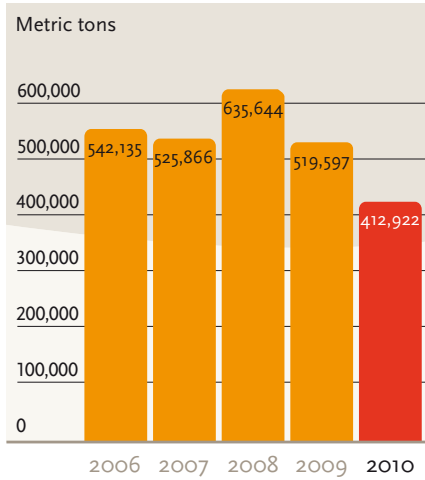
Direct emissions of CO₂ equivalent by activity



(28) Data provided on operational control basis. For further information, see the section on *Our Data* [page 44].

(29) To make comparisons over time possible, the emissions reported in previous years have been adjusted to reflect changes in the assets of the company. The criteria used for adjusting this baseline are included in the oil industry guidelines for greenhouse gas reporting (API/IPIECA/OGP). In the second quarter of 2010 we sold our exploration and production activities at Barranca and Termobarrancas in Venezuela; therefore the inventories for 2010 and the two previous years have been adjusted to remove the emissions from the facilities sold.

Trends in flared gas



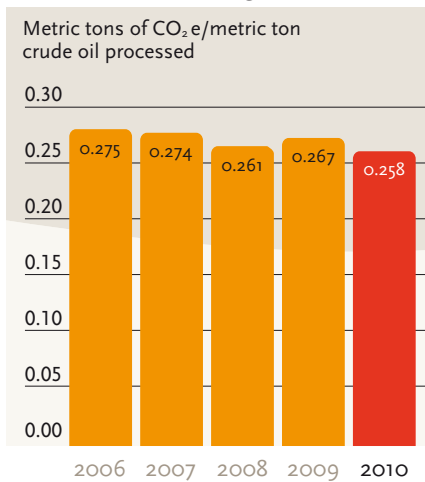
Flared gas is produced mainly in the exploration, production, and refining activities. It is present wherever hydrocarbons are and occurs as a result of the combustion of liquid and gaseous currents.

In 2010 we decreased our flared gas by 21% thanks mainly to the implementation of a flare gas compressor project at the refinery in La Plata in Argentina (see graph *Trends in Flared Gas*).

In addition to our direct emissions, we also annually report our indirect emissions, which are caused by the company's activities but stem from sources owned or controlled by third parties. There are two basic types of indirect emissions:

- those associated with the purchase of electricity or steam energy, which amounted to 2,06 million metric tons of CO₂e in 2010.
- those stemming from the manufacture and transport of hydrogen imported by the company's oil refineries and chemical plants, which in 2010 totaled 0.79 million metric tons of CO₂e.

Trends in emissions of CO₂e: Refining⁽³⁰⁾



Emissions from the fuels we market⁽³¹⁾

Emissions stemming from our customers' use of our fuels stood at 147 million metric tons in 2010.

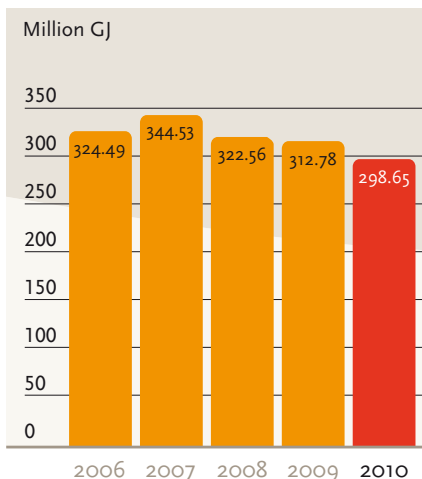
Energy consumption

Most energy consumption in our company takes place in refinery combustion facilities and exploration and production facilities.

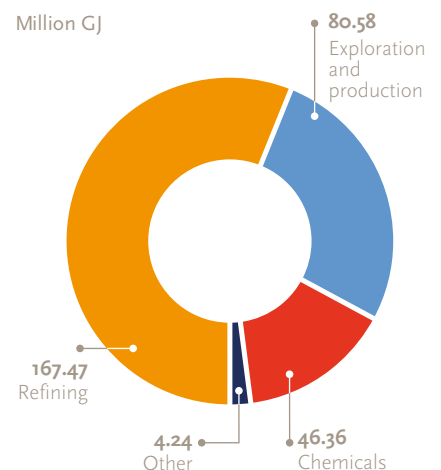
In 2010, energy consumption was reduced by 5% thanks mainly to the sale of assets in the exploration and production areas at Termobarancas in Venezuela and, to a lesser extent, to our energy efficiency improvement activities at the La Plata refinery in Argentina (see graph *Trends in Energy Consumption*)

Of the company's total consumption, 92% is direct (from our own sources) and 8% is indirect (through the purchase of third-party electricity and/or steam).

Trends in energy consumption



Energy consumption by activity



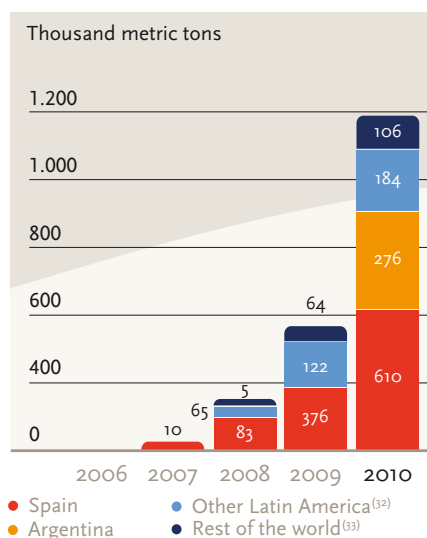
(30) Data calculated based on CO₂e from direct emissions and from indirect emissions associated with the purchase of electricity and steam

(31) The emission factors used to calculate emissions from the use of the fuels we market are those produced by the American Petroleum Institute (API) in its *Compendium of Greenhouse Gas Emissions Methodologies*.

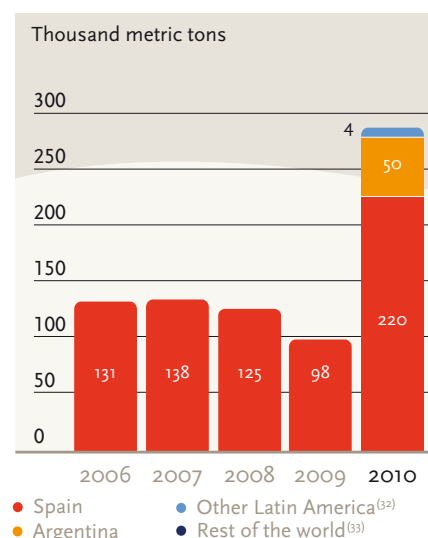
Marketing of biofuels

We considerably increased our global sales of products containing biodiesel (FAME fatty acid methyl ether) and bioethanol (ETBE ethyl tert-butyl ether) as compared to previous years. In Spain, the technical specifications for gasoline and diesel fuel were officially modified, making it possible to incorporate a greater percentage of biofuels in our conventional products. In Spain, the technical specifications for gasoline and diesel fuel were officially modified, making it possible to incorporate a greater percentage of biofuels in our conventional products, which offset the reduction due to the contraction in the total demand for fuel. In 2010, we sold 610,000 metric tons of biodiesel and 220,000 metric tons of bioethanol (see graphs *Sales of biodiesel* and *Sales of bioethanol*).

Sales of biodiesel



Sales of bioethanol



Our data

For the most part, our data reflect 100% of the performance of the companies in which Repsol has a majority participation and/or operating responsibility, using the principle of operational control. We also include greenhouse gas emissions arising from operations in which we are shareholders, wherein our reported emissions are calculated in accordance with our shareholding percentage in the relevant companies. We also give information on the indirect emissions associated with the purchase of electricity and steam, indirect emissions associated with the purchase of hydrogen, and on those deriving from the commercialization of our products (see table *Additional information on emissions*).

For our greenhouse gas reporting, we follow the industry guidelines drawn up by the *American Petroleum Institute* (API), the *International Petroleum Industry Environmental Conservation Association* (IPIECA) and the *International Association of Oil and Gas Producers* (OGP).

(32) Peru and Brazil.

(33) Portugal and Italy.

	2006	2007	2008	2009	2010
Direct greenhouse gases emissions	(millions of tons)				
CO ₂	23.24	23.70	22.88	21.24	20.57
CH ₄	0.15	0.15	0.14	0.14	0.13
CO ₂ e	26.38	26.77	25.87	24.11	23.38
Intensity of greenhouse gases emissions					
Intensity of refinery emissions (metric tons of CO ₂ e/metric ton of processed crude oil) ⁽³⁴⁾	0.275	0.274	0.261	0.267	0.258
Energy consumption					
Fuel (millions of metric tons) ⁽³⁵⁾	7.04	7.23	6.75	6.25	5.96
Purchased electricity (10 ⁶ MWh)	3.7	3.88	3.66	3.10	3.56
Purchased steam (10 ⁶ GJ)	6.23	7.69	16.65	10.26	12.59
Total energy consumption (10 ⁶ GJ)	324.49	344.53	322.56	312.78	298.65
Sales of biofuels	(thousands of metric tons)				
Biodiesel	0	10	153	562	1,176
Bioethanol	131	138	125	98	273

Additional information on emissions (millions of metric tons)	2010
Direct emissions of CO ₂ e related to our shareholding participation criteria	27.50
Indirect emissions of CO ₂ e associated with purchased electricity and steam	2.06
Indirect emissions of CO ₂ e associated with purchased hydrogen	0.79
Emissions of CO ₂ e deriving from the use of our products by customers	147

More information on recognition for accounting and verification of our emissions at acknowledgements.repsol.com and on the details of our results at performanceandobjectives.repsol.com

(34) Data on the emissions intensity includes the emissions of CO₂ equivalent both direct and indirect (associated to the purchase of electricity and steam).

(35) Data on 2010 includes 1.39 million metric tons of natural gas consumed (1.37 million metric tons on 2009).

Minimizing our environmental impact

Our commitment to the environment is shown in the ever-expanding efforts we make to prevent impacts from our operations. To achieve this, we have adopted several measures such as impact identification, analysis and mitigation, improvement in the design of installations, processes and management systems, as well as continual investment in the best available technology.



Demanding environmental management

Our strategic commitment to the environment

For Repsol, looking after the environment and protecting biodiversity are essential in the management of our activities. Our strategic concept assumes and reaffirms this principle with the commitment to contribute to sustainable development and respect for human rights, the environment, and safety.

In order to achieve this, substantial commitment is required at all levels in our organization and, since 2005, among the functions of the Audit and Control Committee of the Board of Directors is knowing and directing the policy, the guidelines, and the objectives of the company in the area of safety and environment.

Our Executive Committee also sets out the objectives and the strategic safety and environment lines, which are the foundations for drafting the objectives and action plans of all the company businesses. These plans involve the action required for the continual improvement of management, investments and associated expenses, and the adaptations to new legislative requirements. In addition, the annual objectives established for the programs for the minimization of the impact on the environment form part of the annual objectives of the Business Units.

Our commitment to the environment is reflected in our management model

Our environmental principles are defined in the Health, Safety and Environment Policy, applicable throughout the company. One of these principles is to incorporate environmental, health, and safety criteria throughout the entire project cycle, in order to minimize the environmental impact. This is achieved through the safety and environment management system, based on a set of requirements, procedures, and guidelines that are continually adapted and updated in accordance with international best practices.

More information on environmental,
health and safety management
issues and actions
at environment.repsol.com

Audits demonstrate the effectiveness of our management system

Every year we develop a safety and environment plan that includes external audits (voluntary and/or legal for certification) and internal audits, such as 'crossed' audits performed by qualified personnel from different business units who audit one another. See table *Safety and environment audits in 2010* ⁽³⁶⁾.

Safety and environment audits in 2010	Number
Internal	406
Certification	149
External (legal)	566
TOTAL REPSOL	1,121

In addition, we have worked to achieve certification of our centers in accordance with the international ISO 14001 standard for environmental management systems. 100% of our refinery and chemical industrial centers are certified to the standard, as are a growing number of centers related to other activities of the company. During 2010, we continued to increase the number of certified centers, obtaining 12 new certifications. See table *Principal ISO 14001 certifications in 2010*.

More information on certificates at
certificatesearch.repsol.com

PRINCIPAL ISO 14001 CERTIFICATIONS IN 2010		
Activity	Certified ISO 14001 centers	%
Refining	9 of 9	100
Chemicals	8 of 8	100
E&P	16 of 18	89
LPG	34 of 54	63
Technological centers	2 of 2	100
Lubricants and Specialty chemicals	17 of 17	100

We bolster environmental protection through awareness and training programs

In 2010, 1,190 employees received 8,446 hours of training in environmental matters.

ENVIRONMENTAL TRAINING 2010 ⁽³⁷⁾			
	Hours	Persons ⁽³⁸⁾	Rate of coverage ⁽³⁹⁾
Spain	3,301	551	3%
Argentina	2,635	343	2%
Other Latin America ⁽⁴⁰⁾	2,165	263	5%
Rest of the World ⁽⁴¹⁾	346	33	2%
TOTAL	8,446	1,190	3%

(36) The internal audits made by own personnel from each center are not included.

(37) The data includes training for our regular and temporary personnel. This does not include the training of contractor personnel.

(38) Persons attending courses.

(39) Percentage of personnel who have undergone training as compared with the entire staff.

(40) Bolivia, Brazil, Colombia, Ecuador, Peru and Venezuela.

(41) EEUU, Libya, Norway, Portugal and Trinidad and Tobago.

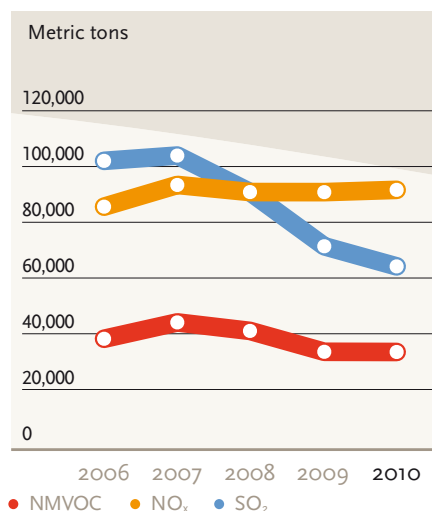
Environmental risk analysis

In 2010, the company approved a new corporate standard for safety and environmental risk management for our industrial assets to ensure that the risks that might affect the safety of persons, the installations, and the environment are identified, studied, and minimized throughout the entire lifecycle of our industrial assets. The requirement establishes the environmental studies to be complied with at each stage of the lifecycle, based on the risks associated with each asset. Moreover, we are developing a similar corporate standard to establish common guidelines for assessing the environmental, social, and health impact patterns in all company operations.

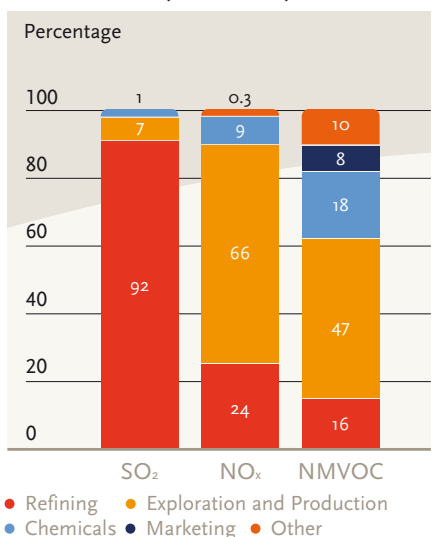
In recent years, we have worked to develop quantitative methods to evaluate environmental risks in operations as a tool to better evaluate and prevent such risks, and since 2009, these have been applied in several of our industrial complexes, detailed below:

- In 2010 we undertook studies on the environmental baseline and the evaluation of environmental risks at three refineries in Spain (A Coruña, Cartagena, and Puertollano). In evaluating environmental risk, we ranked scenarios in terms of their likelihood, and we made an inventory of actions designed to prevent or mitigate the environmental risk. As a result, we have developed processes for modeling sites, identifying scenarios for analysis, specifying the reasons and the conditional probability factors, ranking these scenarios, and specifying the actions to prevent or mitigate risk. We also completed our evaluation of environmental risk in Tarragona, including deployment of a computer tool. Furthermore, progress in our evaluation of environmental risk continues at Muskiz.
- The Spain Direct Sales business units have implemented an environmental control system for our own diesel fuel (Repsol Directo) in all its installations based on ground-level monitoring of the installations to assess the state of each installation and manage the assets correctly.
- At Spain Direct Sales, together with the Service Stations Spain business unit, we carried out a project to draw up a risk evaluation system in accordance with the Law on Environmental Responsibility at diesel distribution bases (DDCC) and at installations for supplies to ports. Customers, business associations (National Confederation of Commercial Distributors), operators (Repsol, Cepsa, Galp), and representatives of the sector (DDCC Repsol). The objective is to define a simple, cost-effective model of risk analysis common to the whole sector, and submit this to the Ministry of the Environment and the Rural and Marine Environment, through the Association of Petroleum Operators, for its review and approval.

Trends in emissions of SO₂, NO_x, NMVOC



Emissions of SO₂, NO_x, NMVOC by activity



More information on our air emissions reduction programs and actions at casestudies.repsol.com

Atmospheric emissions

Our main air emissions⁽⁴²⁾, are greenhouse gases, sulfur dioxide (SO₂), nitrogen oxides (NO_x), volatile non-methane organic compounds (NMVOCs) and, to a lesser extent, carbon monoxide (CO) and particulate matter.

Our main sources of emissions of SO₂ and NO_x are the combustion processes in refineries and exploration and production activities. In addition, there are fugitive emissions of methane and VOCs mainly in refining, in the operations for the extraction of crude oil and gas, in storage terminals, and in service stations during the handling of gasoline.

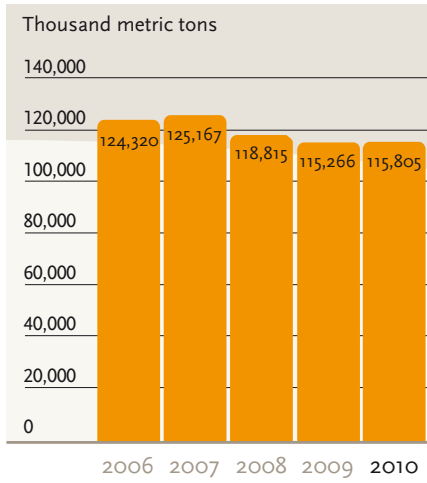
In 2010, our emissions of SO₂ were reduced by 13% due to reduced activity and scheduled work stoppages in Spain, principally in Puertollano and at Muskiz. The emissions of NO_x and VOCs remained at levels similar to the previous year.

During 2010, we carried out several programs to minimize emissions to air, including:

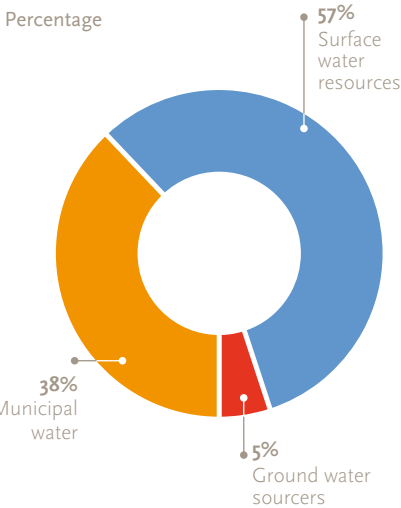
- Continuing our programs to detect and eliminate leaks with Leak Detection and Repair (LDAR) technologies or similar, at nine refineries and at four chemical plants.
- We completed our own methodology for the inspection of leaks, through the combined use of infrared cameras FID detectors. This involves hybrid LDAR methodology, which was successfully tested in 2009 at the Tarragona Refinery and used in 2010 in the A Coruña Refinery, achieving a leak reduction of 40%. The project will continue in 2011 with the detailed quantification of the potential benefits of repairs, which may vary from €10 to €100,000 per year. At the same time, we will undertake a study of the feasibility of this methodology in the industrial chemical complexes in Europe and in our LPG factories.
- Reducing our particulate emissions from the FCC of the Petronos Refinery (Spain) through the use of third-stage separators. During the 2010 work stoppage, the cyclons were replaced by 75 state of the art microcyclons. We took samples to evaluate the environmental improvement achieved after this modification, which show a reduction in the concentration of particulates, from 80-90 mg/Nm³ to 50 mg/Nm³.

(42) Information on our greenhouse gas (GHG) emissions may be found in the Chapter on Encouraging a low carbon strategy.

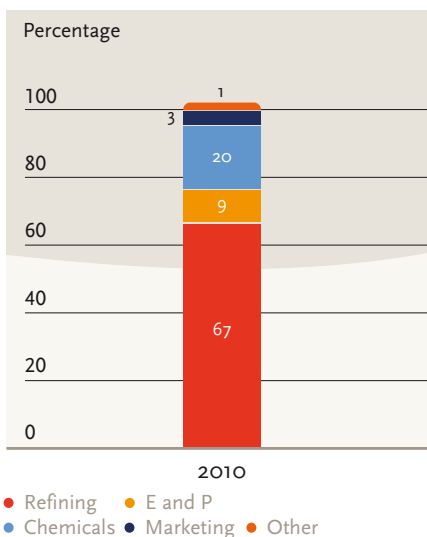
Trends in external water withdrawal



Sources of external water withdrawal



External water withdrawn by activity



Water management

We are aware of the risks the company is exposed to in the use of water at our installations. Therefore, as a part of our annual objectives, we establish programs to optimize its rational use and conserve its quality, with more intense action in sensitive and water-stressed areas. Furthermore, we give our full attention to the numerous water initiatives being developed concerning water, including actively participating in a water working group in the sector.

Most of our water consumption relates to refining and chemical activities. During 2010, we collected 115,805 metric tons, an amount similar to that used in 2009. Thanks to our efforts, in 2010 we managed to reutilize 15,966 metric tons of water, 14% of the water collected.

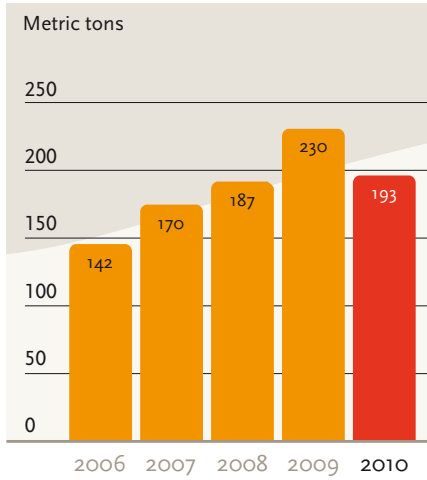
Our main water sources are surface water resources (57%) and the municipal water (38%), and to a lesser extent ground water sources (5%).

OUR ACTIONS TO IMPROVE WATER MANAGEMENT IN REFINERIES IN SPAIN

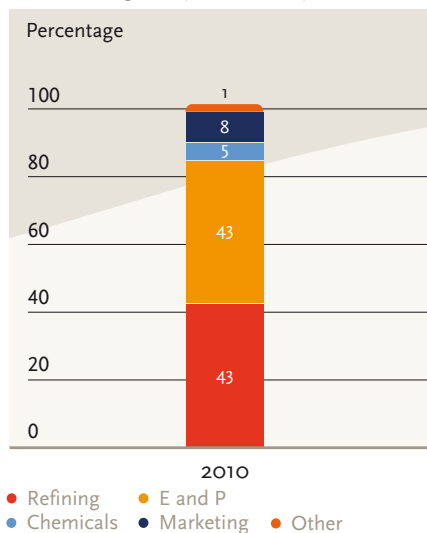
The Refining Operating Improvement Group (GMO) in Spain continues to make progress in developing programs to optimize water consumption. Our action plans for 2010 focused mainly on water reuse, increasing the use of recycled water, and improving awareness of fresh water consumption. We have also invested in remodeling and improving installations toward these aims.

- Puertollano refinery: We took action to prevent possible breakdowns, achieving savings in maintenance costs and an operating improvement of around €400,000/year. We made modifications at the processing plant to increase airing capacity (from 12% to 17%), resulting in more effective purification and reduced energy consumption in the air supply blowers and reduced emissions of VOCs from biological processing. In addition, new emergency ponds were built to prevent overflows in the event of heavy rain. In 2010, the last of the four ponds entered into service with a volume of 3,500m³, capable of collecting 104,000m³, which, added to the 23,000m³ which the installation already had, makes a total of 127,000m³.
- A Coruña refinery: We developed improvement plans to optimize the water recycled water from tertiary processing, guaranteeing its quality. Moreover, we took action to reduce water consumption through awareness and the search for opportunities for savings, achieving savings of 134,499m³ as compared to 2009, and financial results of approximately €87,000/year.
- Muskiz refinery: We undertook the first phase of remodeling our water processing installations, increasing capacity, reducing odors, and improving the quality of the water processed. We are planning a second phase to update the installations in the next two years.
- Cartagena refinery: We took action to increase our use of recycled water in hydraulic tests on tanks, which means a reduction in water consumption of 1,500 m³/day and savings estimated at €130,000.
- Tarragona refinery: We launched campaigns to reduce waste through locating possible leaks in underground systems, achieving a reduction in the flow of spills amounting to 5m³/h. Furthermore, we are planning additional action, including modifications to the DAF to reduce spills and to replace fresh water with recycled water from the coking plant, with savings estimated between €76,000 and 147,000/year in the latter case. In addition, we remodeled the airing system for biological processing to eliminate odors released.

Trends in hydrocarbons discharged to water



Hydrocarbon discharge by activity



More information on the optimization of water consumption programs and other actions to improve the quality of discharged water at casestudies.repsol.com

WATER SAVINGS IN LPG TANK RESISTANCE CHECKS

In 2010, Repsol began to use resistance checks through acoustic emissions to test that LPG tanks are suitable for service, replacing the traditional hydraulic tests. These entailed filling the tank with water up to a pressure of 29 bar and subsequently testing the tank’s structural resistance at this pressure for a period of 10 minutes.

The new technique consists of the use of a mobile laboratory, which extracts the liquid gas from the tanks, vaporizes it, and puts it back as vapor, gradually increasing the pressure in the tank. The increase in pressure on the steel of the tank makes it emit ultrasonic waves, which are registered by microphones placed on the surface of the tank. Readings are studied by an expert who uses software to determine the tank’s integrity for service. This method makes it possible to locate defects, for instance from cracks or corrosion, with precision. It also reduces wasteful consumption of water, does not require construction work or the interruption of supply to customers, and is faster than the traditional method.

Improving discharged water quality

We manage the quality of our discharges using advanced technologies for processing, controlling, characterizing, and separating the flows in order to minimize discharge and the contaminant load.

The main contaminants discharged at our facilities are: hydrocarbons, suspended solids, and organic matter likely to undergo oxidation, known as Chemical Oxygen Demand (COD).

During 2010, the discharge of hydrocarbons was reduced by 16%, due mainly to improvements in the effluent plants at the Tarragona Refinery in Spain and at the La Pampilla Refinery in Peru. The improvements in water processing at these refineries and reduction in activity at the chemical plant in Tarragona led to a reduction in suspended solids of 11%. The COD was 8% higher than in 2009, due mainly to problems at the exploration and production effluent processing plant in Trinidad and Tobago.

During 2010, we launched a campaign to adapt three refineries in Spain (A Coruña, Muskiz, and Tarragona) to the Framework Directive on Water, and verified that all of the installations meet the legal limits established on priority substances in discharges. In 2011, we will undertake a more extensive study to cover a greater number of substances and to include the five refineries in Spain.

Waste management

At Repsol we endeavor to minimize our generation of waste and improve its management throughout the lifecycle of our activities. We adopt measures aimed at improving internal waste management, developing programs to minimize waste at all stages of the process, encouraging reuse and recycling, and the replacement of raw materials and additives.

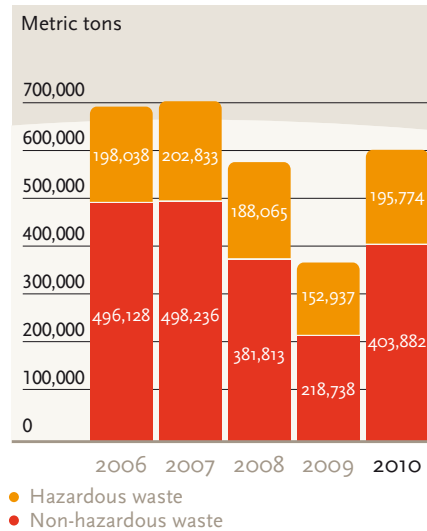
The majority of our waste arises from our exploration and production activities. Among these, largest contributor is the drilling mud, soil contaminated with hydrocarbons, and the mud from cleaning the bottom of tanks.

During 2010, there was an increase in our hazardous waste of 85% compared to 2009, due mainly to the final disposal of waste from contaminated soil processing in exploration and production activities, mainly in Neuquén in Argentina.

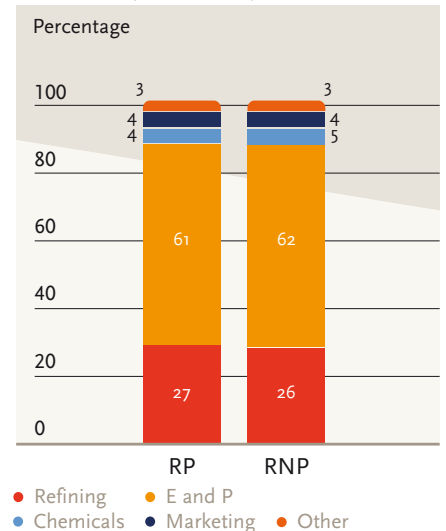
In addition, our non-hazardous waste increased by 28% as compared to the previous year, due, to a great extent, to the stoppages at the refineries in Spain, mainly at Muskiz, and the drilling work in the exploration and production activities in Brazil.

During 2010, 66% of the hazardous waste and 19% of the non-hazardous waste we dealt with was destined for reuse and recycling.

Trends in hazardous and non-hazardous waste



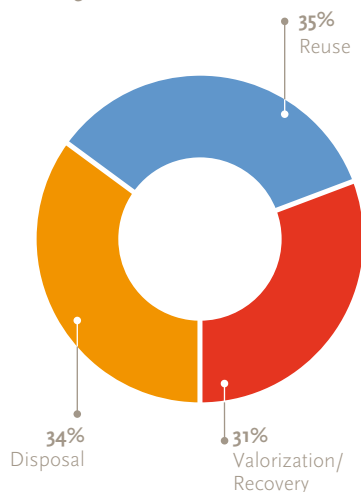
Hazardous and non-hazardous waste by activity



We took action during 2010 to improve and optimize waste management, including the following:

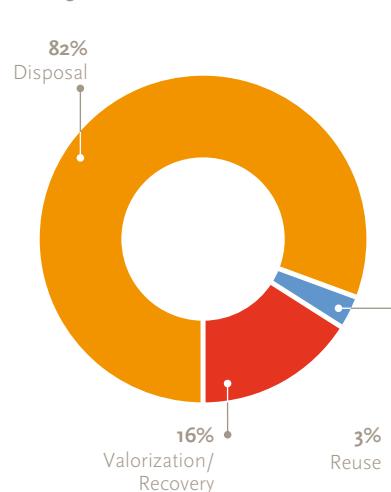
Hazardous waste management in 2010

Percentage



Non-hazardous waste management in 2010

Percentage



- Implementing integral waste management programs at the exploration and production business units of YPF in Argentina, minimizing waste production at origin, maximizing recycling and reuse, and safely disposing of waste with no value. Integral waste management is now functioning at El Portón and in Loma de la Lata. This type of management makes it possible to reduce the environmental impact and develop new products from recycling, donating some of these to the community, such as ecological firewood and organic soil amendments.
- Working at the Lubricants and Specialty Chemicals business unit in Spain to minimize the impact of our lubricant oils on the environment, by increasing use of renewable raw materials in the manufacture of our products. Moreover, we are working to achieve the ecological label (Eco-label) for the Bio Telex line, a biodegradable liquid with excellent lubricating qualities. The Eco-label is awarded to products with the best environmental performance.

More information on programs and other action regarding waste management at casestudies.repsol.com

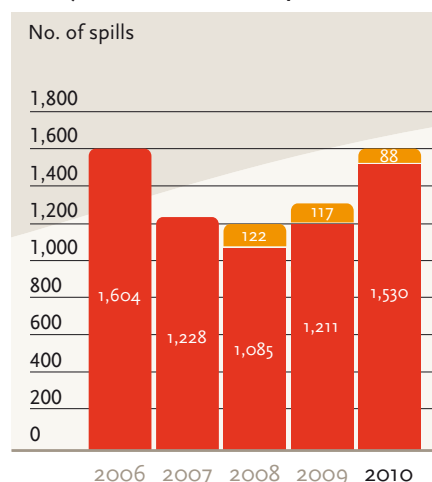
Prevention of spills

At Repsol, we adopt the most advanced techniques for preventing and remedying pollution, for managing accidental spills, and for maintaining our installations.

Most spills that take place in the oil and gas industry result from exploration and production activity.

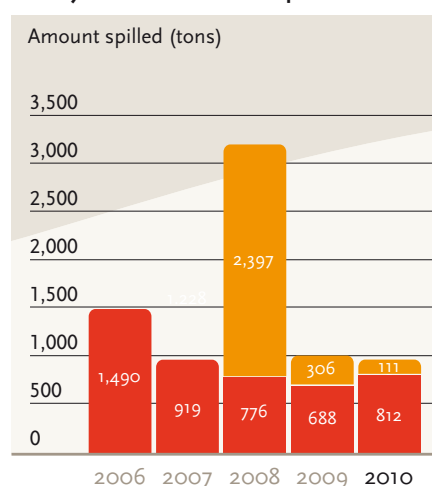
In 2010, the amount of hydrocarbons spilled decreased by 7% compared to 2009, although the number of spills increased by 22%. If we do not take into account the spills that were caused by third-party actions, the amount spilled and the number of spills increased by 18% and 26% respectively. These results were due mainly to the increase of spills in our exploration and production operations in Argentina. This was

Trends in the number of hydrocarbons spills⁽⁴³⁾⁽⁴⁴⁾



- n° of HC spills affecting the environment arising from extreme events
- n° of HC spills affecting the environment arising from operating activities

Trends in the amount of hydrocarbons spilled⁽⁴³⁾⁽⁴⁴⁾



- HC spills affecting the environment arising from operating activities
- HC spills affecting the environment arising from extreme events

due to our implementation of a Comprehensive Plan for Installations. This plan involves: designing a methodology for repairing piping based on each unit's current condition, carrying out staff training in each of the areas, and drafting plans for the replacement of pipes based on the risks and record of breakages. In 2010, we began projects to replace pipes and, in 2011, we will invest \$7 million in these plans.

Furthermore, to support the continuous improvement of our safety and environmental management system, in 2010 we approved a new regulation on the "Marine and fluvial spill management". This sets out the basic and common guidelines and company requirements for the way we manage, prevent and respond to incidents produced by marine and fluvial spills of hydrocarbons and hazardous and noxious substances, in our operation activities. To raise awareness of this plan, we held two specific workshops in Madrid and Buenos Aires.

INTEGRATED ACTION PLAN IN THE MARITIME AREA OF TARRAGONA (SPAIN)

In light of two spills on the coast of Tarragona, one at the Casablanca platform in December 2010, another in the refining operation area in January 2011, and another spill that occurred in July 2009 during drilling activities, Repsol developed an integrated action plan in the maritime area of Tarragona. At the beginning of 2011, we submitted this plan to the authorities. The aim of the plan is to contribute to the improvement of environmental protection, bolstering the quality and safety of company operations on the coast.

This plan, which will be put into action immediately and will involve the investment of €130 million over the next four years, involves measures that will affect all our activities on the coast of Tarragona. These measures are mainly concentrated on:

- Developing an investment plan aimed mainly at the improvement of the Casablanca platform and the installations on the coast, the prevention and detection of spills, and the provision of resources for immediate intervention in adverse situations. Among the actions planned is the provision of a second 24-hour surveillance vessel with hydrocarbons collection systems; the renewal and improvement of the wooden quay and the rack along the River Francolí; and the implementation of new advanced technology for the early detection of spills, which is being tested by the researchers from the Repsol Technology Center.
- Reviewing our organization and operating procedures to find opportunities for improvement, including the creation of a Manager for the Marine Environment for all Repsol operations on the coast of Tarragona, with sufficient power to act in the event of any situation.
- Supporting our staff to ensure the proper implementation of this Comprehensive Plan, with an emphasis on intensified technical training and increasing the numbers of our own maintenance staff on the Casablanca platform.
- Creating a monitoring committee, through which Repsol will periodically keep the authorities informed of the progress of the Comprehensive Plan.

(43) Spills greater than one barrel which affect the environment.

(44) Since 2008, we break down our figures on spills stemming from extreme events separately. In 2010, these numbered 88, with a total spillage of 111 tons of hydrocarbons.

Prevention and cleanup of contamination

Repsol has an environmental engineering unit that provides specialized advice to the other business units on soil contamination prevention and cleanup. It also studies and evaluates new techniques for cleaning contaminated soil with the Repsol Technological Center.

During 2010, cleanups were carried out at 42 locations in Spain: 37 decontamination processes at service stations and five marketing affiliate bases in direct sales. These cleanups mainly use onsite techniques (not involving excavation): emptying, pumping, air injection into wells and vapor extraction (air sparging), and bioremediation. In some cases, usually when a site is in the process of refurbishment or abandonment, we use offsite techniques: excavation and proper management of soils and products.

Furthermore, during 2010, we took further action to prevent and remedy pollution, including:

- To help prevent pollution, we continued our effort to apply *Statistical Inventory Reconciliation (SIR)* as a system for the early detection of leaks in underground tanks at service stations we manage. Currently, this system is in place and carrying out analysis at 304 installations.
- We continued our research program on subsoil and underground water at YPF Exploration and Production in more than 70 surface installations with storage tanks, focused on the prevention and minimization of impact caused by potential losses from these tanks. The objectives of the program were: to assess the state of the installations with respect to underground contamination; to determine the scope of any underground contamination and its impact; to define cleanup criteria; to document the actions we take and results we achieve; and carry out efforts to prevent risks to safety and the environment. After the studies were completed, it was concluded that no further remedial work was required, and implementing networks for monitoring and waterproofing the areas was recommended.

More information on programs
and other actions relating to preventing
and cleaning up contamination
at casestudies.repsol.com

IMPLEMENTATION OF NEW TECHNOLOGIES FOR THE PREVENTION AND CLEANING UP OF CONTAMINATION

During 2010, we took several actions at the Repsol Technology Center to prevent and clean up contamination in our operations. Below are details of these actions and their main results:

- To improve detection of spills, we implemented a new analytical method known as 'Identification of marine and soil petroleum spills'. This consists of the use of biomarkers to determine the source of the spill and in which have obtained positive results.
 - To improve our decontamination of soil affected by light products, tests were made with the Modified Fenton technique (an onsite chemical oxidation technique) on a significant scale allocated in the service station network.
-

Protection of biodiversity

At Repsol, we give consideration to the specific characteristics of the environment where we operate to conserve and, where possible, restore the natural environment. Our company's position on biodiversity recognizes biodiversity to be a strategic component and establishes the principles that regulate our activities in this regard. One of these is the obligation to determine the sensitivity of the environment influenced by our operations and to evaluate for each project whether or not to proceed, depending on the sensitivity of the area, the severity of the possible impact, or the level of mitigation required. In areas of maximum sensitivity, the Executive Committee of the company is responsible for authorizing or disposing of the operation.

We operate in several fields located in sensitive areas considered to have a high ecological value, including areas designated as category I-IV by the IUCN (International Union for the Conservation of Nature). Our commitment is to progressively design and carry out Biodiversity Action Plans (PAB) in these areas.

During 2010, we continued to develop the PABs begun in previous years in block 57 (Kinteroni) in Peru, in Block 16 and Tivacuno in Ecuador, and in offshore activities in Trinidad and Tobago. We also commenced new PABs in the areas of the Auca Mahuida Vulcan and Llanquanelo in Argentina, and in the Caipipendi block adjacent to the Aguarague National Park in Bolivia.

We achieved our most significant progress during 2010 at:

- **Kinteroni in Perú:** The biodiversity program in the block 57 exploration area, located in the Peruvian Amazon, involved collecting information on biodiversity and indigenous communities. During 2010, we signed an agreement with the Smithsonian Institution (SI) to implement the Program of Evaluation, Monitoring and Conservation of Biodiversity (PEMCOB), whose innovative character and high quality is an example in the industry for projects in tropical forests. We intend to expand our knowledge of the current status of biodiversity, evaluate impacts, propose mitigation measures, and verify their effectiveness, while contributing to conservation with initiatives led by the Repsol Group.
- **Auca Mahuida Vulcan and Llanquanelo in Argentina:** We undertook work during 2008 and 2009 with the University of Comahue (Argentina) to recover and replant quarries in the Volcán Auca Mahuida area. In 2010, we finished the first stage of the project to design a PAB in this area, which involved drafting a report on the identification of sensitive species and habitats. In 2011, we will carry out the second stage of the PAB design. This will involve identifying biodiversity needs and the possible risk of impact on habitat and on species; and prioritizing and planning a number of measures to achieve adequate biodiversity management. The work included the establishment of specific biodiversity indicators to monitor impact and conservation action, research, and education projects.

Further information on operations in sensitive areas, development of PABs and other efforts to protect biodiversity at biodiversity.repsol.com

- **Caipipendi in Bolivia:** Although our company operations fall outside the boundaries of the Aguarague National Park, Repsol will begin work to determine the area potentially influenced by our activities and carry out basic studies in line with the cooperation agreement we made with the communities in the area affected.

Research, conservation and education projects

At Repsol, we have strengthened our commitment to the environment through collaboration with organizations, in projects, and with communities near our installations. Thus, in 2010 we were involved in numerous collaborative projects, including:

- Since 2005, we have participated with the SOS Mata Atlántica Foundation, Brazil, in the Florestas do Futuro project for the restoration of forests surrounding rivers and lakes in order to prevent the disappearance of these water resources. We planted two woods in Pinheiral and Salesópolis, which together meant the planting of 30,000 saplings, and providing a benefit to eight million people who enjoy direct contact with the rivers of this region. In addition, we are part of an environmental education project with the Instituto Educa Mata Atlántica, an organization associated with SOS Mata Atlántica. The project teaches environmental protection to students who then present environmental conferences for the community and companies, providing local social and environmental analysis of proposals and alternatives to improve quality of life and environmental and social outcomes.
- We collaborated with the University of San Francisco in Quito (Ecuador), carrying out a conservation education and communication program and an additional program on community management for conservation. In 2011, we will continue to identify and develop new projects.
- In 2008 we subscribed to an agreement with the United Nations Environment Programme – World Conservation Monitoring Center (UNEP-WCMC) to participate in the Proteus project, created in 2002 to design an updated, easy-to-use system for archiving and monitoring all protected areas at a global level. Since 2006, Proteus commenced work on the renewal of the World Database on Protected Areas (WDPA), the only global database of land and marine protected areas. Over the next five years, the 2012 Proteus Plan's main objectives include the development of better tools to support decision-making for the private sector to collect information on protected areas and species in danger of extinction, and the subsequent development of marine and coastal information.

More information on our partnerships and collaboration projects on environmental protection at externalinvolvement.repsol.com and biodiversity.repsol.com

Environmental investment and expenses

In 2010, our investments in the environment amounted to €137 million and our expenses⁽⁴⁵⁾ €138 million, of which €45 million comprise expenses related to soil and underground water management.

Among our main environmental investments in 2010 were the following:

- The continuation of our project to improve fuel quality at La Coruña (Spain) refinery with an environmental investment amounting to €26 million.
- Our project to improve the water processing plant at the Muskiz refinery with an investment of €7 million. The global project includes an investment of €14 million.
- Our project to improve fuel quality at La Pampilla (Peru) refinery with an environmental investment of €4 million.

Our results

As a general practice, we report 100% of the environmental emissions of subsidiary companies in which Repsol has a majority holding and/or operating control.

We have our own computer tool for recording, analyzing, monitoring, and consolidating environmental information, which is accessible to all of the company's centers via our intranet, enabling environmental indicators to be uploaded and validated. To this end, we use a common methodology throughout all the lines of business, which is included in the company's Guide to Environmental Parameters and is based on internationally recognized documents and guides used in the sector.

More information on our results
on environmental matters at
performanceandobjectives.repsol.com

(45) The expenses deriving from the rights necessary to cover emissions of CO₂ are not included.

	2006	2007	2008	2009	2010
Atmospheric emissions (metric tons)					
SO ₂	101,571	102,003	89,872	72,167	63,042
NO _x	87,799	95,823	89,785	89,099	90,124
NM VOC	39,045	42,375	41,328	37,191	37,130
CO	25,259	25,726	23,442	21,839	21,638
Particles	10,767	9,986	9,254	7,064	6,190
TOTAL	264,441	275,913	253,681	227,360	218,123
Water management (metric kilo tons)					
External withdrawal	124,320	125,167	118,815	115,266	115,805
Discharged	52,109	58,972	63,606	60,899	66,629
Reused	22,073	20,915	19,571	18,127	15,966
Produced	183,159	191,589	189,365	177,902	185,059
Injected	192,775	196,413	193,580	181,762	190,022
Discharges (metric tons)					
Hydrocarbons	142	170	187	230	193
Suspended solids	1,865	1,621	1,756	1,552	1,389
COD	6,133	9,839	6,087	5,787	6,272
Waste management (metric tons)					
Hazardous waste	496,128	498,236	381,813	218,738	403,882
Non-hazardous waste	198,038	202,833	188,068	152,937	195,774
Spills					
Number of hydrocarbons spills which affect the environment ⁽⁴⁶⁾	1,604	1,228	1,207	1,328	1,618
Hydrocarbons spilled which affect the environment (tons)	1,490	919	3,173	994	923
Environmental investment and expenses (million euros)					
Environmental investments (including environmental quality of products)	180	195	263	246	137
Environmental expenses	180	126	145	146	138
Environmental fines/sanctions⁽⁴⁷⁾ (millions of euros)				0.3	0

(46) Greater than one barrel.

(47) These include litigation or administrative proceedings finalized and settled in the year, with an amount greater than €50,000 notified by the Group companies. For more details on the 2010 data, see the Annual Report of the Annual Consolidated Accounts, Note 34 'Liabilities, contingencies and commitments' and note 35 'Information on the environment'.

Ethical conduct and the fight against corruption

The Ethics and Conduct Regulation for employees, a fundamental pillar of the ethical framework of our performance, is based on the values of integrity, transparency, and security – essential and unchanging principles of our company.



Repsol's ethical commitment

Our public commitment to ethical conduct is set out in our Ethics and Conduct Regulation. This is the fundamental element underpinning our entire body of requirements, and defines the conduct expected of our organization and all the people within it, in the functions we perform, and in our relations with stakeholders.

It includes guidelines for conduct with regard to respect for human rights, action against fraud and corruption, and relations with stakeholders, among other issues.

Training and awareness-raising

Training and awareness-raising about our Ethics and Conduct Regulation is an essential requirement in ensuring that it is better understood and followed.

In 2010, we undertook a significant awareness-raising action, which was aimed at the more than 5,000 employees of the company-owned Service Station Network. A session on ethics and human rights was also held during the annual CD Media Forum, which brings together the Safety and Environment, Purchasing and Contracts, and Engineering and Technology units, and was attended by 650 participants. Both these events covered all the aspects of the Ethics and Conduct Regulation. These campaigns altogether covered 16% of our employees in 2010.

Reporting non-compliance

Repsol staff can communicate any compliance failure or violation of the conduct set out in the Ethics and Conduct Regulation. They may do this by informing the head of their department or by reporting it to the Ethics Committee. Repsol will not tolerate any kind of action being taken against employees who report allegations of non-compliance in good faith, and will punish any violations of our regulations that constitute labor offences under the law, without prejudice to other liabilities that these may also incur.

The Ethics Committee has a communication channel on the corporate intranet and at www.repsol.com, which enables employees and third parties to submit queries about the Ethics and Conduct Regulation in

complete confidence, as well as to report possible compliance failures or infringements of this regulation.

Monitoring and control system

The Ethics Committee has responsibility for managing the system to monitor and ensure compliance with the Ethics and Conduct Regulation. The Committee met on three occasions in 2010 to discuss our response to reports received and files processed on the issue of ethics, and the ethical and conduct commitments that Repsol has assumed as part of its 2012 Sustainability Plan.

From the creation of the Ethics Committee up to 31 December 2010, its communication channel had received 84 reports directly or indirectly related to the Ethics and Conduct Regulation. Some of the main issues raised relate to labor situations (36%), commercial complaints (32%), contractual relationships with suppliers and contractors (16%), and queries and information requests (12%).

The Repsol Audit and Control Department oversees compliance with the Ethics and Conduct Regulation in all of the company's projects. This involves revising existing controls within the various units, including non-operated assets. The issues addressed include aspects related to potential conflicts of interest, the proper use and protection of company assets, bribery and corruption, information transparency and confidentiality, relationships with customers, suppliers, contractors and partners, personal data protection, compliance with the law, and financial records. In 2010, we carried out 59 audits related to ethical issues.

General controls have been identified in the Internal Control of Financial Reporting model. These are designed to cover the main risks relating to employees' ethical conduct.

Likewise, the Audit and Control Department is involved in investigating reports received by the Ethics Committee and the Audit and Control Committee through the non-compliance communication channels.

In 2010, 61 sanctions were imposed for failure to comply with the Ethics and Conduct Regulation, of which 25 were classed as very serious and grounds for dismissal.

More information on the Ethics and Conduct Regulation, the make-up of the Ethics Committee and the description of the non-compliance communications channels can be found at ethic.repsol.com

Measures to fight bribery and corruption

Our mechanisms to prevent, detect, and investigate cases of corruption

The Repsol Audit and Control Department took various actions to prevent the risk of fraud in 2010 through its teams dedicated to audit, internal control of financial reporting, association control, systems auditing, regulatory compliance, and online audit:

- We maintained and updated our internal policy on the evaluation and control of financial reporting fraud risks.
- We updated our inventory of controls designed to mitigate financial reporting fraud risks, something we do annually. In 2010, this accounted

for 25% of overall company controls. The effectiveness of these controls is reviewed each year through tests to evaluate the extent to which they function in the way they were intended.

- In 2010 we continued significant efforts to strengthen our approach to the separation of functions associated with the Internal Control System of Financial Reporting within Repsol.
- We assess fraud risk in our internal audits through use of the methodology developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our audits review the possibility of fraud within each unit. Some of the qualitative factors evaluated each year in order to produce the plans is the possibility of fraud being committed within each unit and process subject to auditing.
- The Online Audit Unit has designed indicators that alert us to the possibility of fraud or anomalous situations. The indicators cover, for example, controls related to the management of powers of attorney, human resources, acquisitions, payments, and others.
- The Association Control Department reviews the accounting records of the associations in which the Group participates on a sampling basis. Part of this review involves analyzing the possibility of corruption, including violations of the US Foreign Corrupt Practices Act, unsupported payments, and others.
- Detailed audits are also carried out before entering new areas, to ensure that any unsupported expenditure or undue payment is rejected and reported at the correct level.

Coverage across our units

The Internal Control System on Financial Reporting identified 263 controls specifically aimed at covering the various aspects of fraud risks in financial reporting across the group Repsol YPF:

- Intentional error in Financial Accounting.
- Improper use of assets.
- Ability of management to bypass the control process.
- Inadequate separation of functions in key financial reporting processes.

As part of the separation of functions model linked to the Internal Control System on Financial Reporting, corrective actions were studied and put in place based on the results periodically obtained from the 49 information systems created.

In addition, 39% of the indicators monitored by the Online Audit unit are focused, at least to a certain degree, on fraud. These indicators were implemented in 25 companies in the Group over the course of 2010, representing 11% of the total.

Our response to incidents of corruption

In cases where a potential incident of corruption is identified, the Audit and Control Department launches an investigation that aims to properly understand how it originated. Once the problem has been analyzed, it is notified and reported at the appropriate levels so that the relevant disciplinary steps can be taken. Subsequently, the action plan is monitored to ensure that the agreed measures have been properly implemented.

More information on association control and the mechanisms in place to detect and prevent corruption within the value chain can be found in the chapter *Partners, suppliers and contractors*.

Financial transparency

Repsol's position

Repsol is in favor of transparency and opposed to any kind of corruption. The company has been a member of the Extractive Industries Transparency Initiative (EITI) from its inception. The EITI is the global initiative that we consider best placed to achieve the goal of increasing transparency within the context of respect for contracts and the law. Repsol provides the EITI secretariat with financial support and participates in its initiatives to spread good practice.

The EITI's priorities in 2010 were:

- To oversee the validation of 24 of the 28 candidate countries with a deadline of 2010. By the end of the year, only five of these had passed the process to become compliant countries.
- To support compliant countries in making progress towards implementation.
- To develop an EITI policy using lessons learned from the validation process.
- To promote the initiative in other countries.

Repsol and the EITI group in Peru

Repsol plays an active part in the EITI Group in Peru. In 2010, aside from reconciling the payments and revenue of the extractive industries, the way in which this public revenue is used was reviewed and analyzed as part of an EITI regional pilot program in the Cajamarca area.

The Lima forum, which took place in July 2010, brought an end to a period of public promotion of this initiative, which had started in March, and which involved actions in Moquegua Ancash, Loreto, Cusco, and Cajamarca. These promotional campaigns publicized the results of the national reconciliation study, presented at the end of 2009, explaining to the public how extractive industry companies make payments to the State, and the mechanisms that the State uses to receive these funds and distribute them to the regions.

On 14 December 2010, the EITI Council identified Peru as a country that is close to complying with the validation process, and it has been given six months, until 12 June 2011, to complete the corrective actions required in order to achieve compliant status.

DIALOGUE WITH CIVIL SOCIETY ON TRANSPARENCY

Repsol had contact with various civil society organizations throughout 2010 in the area of financial transparency.

- The company is involved in ongoing talks with a development NGO about providing specific financial information on a country-by-country basis, and has offered to provide detailed explanations and analysis of our activities in certain countries viewed as tax havens under Spanish legislation, and the rationale for these activities.
- Repsol accepted an invitation from the Publish What You Pay coalition, a group of global civil society organizations, to take part in a roundtable event held in collaboration with the Revenue Watch Institute to discuss individual countries' submissions to an International Accounting Standard Board's Discussion Paper, with a view to a possible future international accounting regulation for the extractive industry, which would update the current *International Financial Reporting Standard*, IFRS6.
- Repsol responded to a questionnaire from Transparency International related to transparency in the oil and gas sector. Repsol is the only company judged to be among the top 10 for the three sections evaluated in the study: information on anti-corruption programs; dissemination of information about the organization; and country-by-country reporting.
- Repsol YPF Ecuador took part in the international conference *Transparency in the oil sector: new challenges and opportunities*, which was held on October 21 and 22 in Quito. We participated in the 'Building Multisectorial Alliances' working group made up of government, civil society, and private companies working on the issue of transparency.

TAXES PAID BY COUNTRY

Millions of euros	2010
Spain	7,930
Argentina	4,477
Brazil	518
Italy	301
Libya	584
Peru	594
Portugal	1,043
Trinidad and Tobago	455
Venezuela	103
Other countries ⁽⁴⁹⁾	163
TOTAL	16,168

Payments made to governments

Taxes paid by the Repsol YPF Group in 2010⁽⁴⁸⁾ stood at €16,168 billion, of which approximately 49% comprised special taxes imposed on the manufacture and/or sale of hydrocarbons and 28% related to taxes withheld or passed on to third parties (such as withholdings on salaries and VAT).

(48) Excluding Gas Natural Fenosa.

(49) Includes taxes of less than €100 million paid in other countries where the Repsol Group operates.

ADHERENCE TO THE CODE OF GOOD TAX PRACTICES

As part of our commitment to transparency, in November 2010 Repsol signed the Code of Good Tax Practices, produced by the Large Business Forum and the Spanish Tax Agency. The aim of this initiative, promoted by the Spanish Government, is to encourage transparency, good faith, and cooperation with the Spanish Tax Agency (AEAT) in business tax practices and legal security in the application and interpretation of tax regulations.

Involvement in the European Commission register of interest representatives

In line with its firm commitment to transparency, Repsol joined the European Commission register of interest representatives at the start of 2011. This initiative aims to make transparent firms' lobbying activities. We provided the following information on 2010:

Item	Description	Information provided by Repsol
Associations and networks	Information on the company's membership of any associations, federations or confederations, and its participation in any networks, as well as the nature of the links it has.	Our primary memberships: – Sectoral: Concaawe, Europia, CEFIC ⁽⁵⁰⁾ , PlasticEurope, OGP ⁽⁵¹⁾ Europe, IETA ⁽⁵²⁾ , CEN ⁽⁵³⁾ e ISOPA ⁽⁵⁴⁾ . – Business: ERT ⁽⁵⁵⁾ .
Financial data	Estimation of costs related to direct interest-representation activities at European Institutions carried out by the entity this year: Other financial data or supplementary clarifications provided by the entity for transparency purposes:	Between €250,000 and €300,000. The amounts declared are our best estimates of expenditure related to direct lobbying activities, meetings, direct correspondence and involvement by our employees in preparing documents and in the working groups of various associations and think tanks. We take into consideration both the cost of the time invested and of any travel taken. We do not include membership fees, given that these are declared separately by the various associations.
Interest-representation activities	Purpose of the main interest-representation activities carried out by the company:	The main representation activities we carried out in Europe have been focused on European policies in the fields of energy, industry, environment, climate change, and foreign trade.

(50) European Chemical Industry Council.

(51) International Association of Oil and Gas Producers.

(52) International Emissions Trading Association

(53) Comité Europeo de Normalización.

(54) European Isocianate & Polyol Producers Association.

(55) European Round Table of Industrialists.

Repsol YPF expressly declares its political neutrality with regards to the public authorities of the countries where it operates. Likewise, the Repsol Ethics and Conduct Regulation expressly prohibits payments to political parties intended to illicitly obtain or maintain business or other advantages.

Tax havens

In our business dealings, Repsol does not use special purpose vehicles or any other kind of structures to hide, cover up, or reduce the transparency of its activities before the tax authorities or any other stakeholder.

In particular, by signing up to the Code of Good Tax Practices, Repsol has expressly committed itself not to use opaque structures for tax purposes. Opaque structures are anything designed to prevent the tax administration from identifying responsible parties or owners of goods or rights, through the use of special purpose entities in tax havens or territories that do not cooperate with the tax authorities.

In support of this commitment, the company has been working actively over recent years to reduce its already limited presence in territories classified as tax havens or territories that do not cooperate with tax authorities. The Repsol Board of Directors, via the Audit and Control Committee, must always be notified of the creation or acquisition of stakes in entities domiciled in countries or territories considered to be tax havens.

Repsol's presence in territories included in the April 2009 OECD list of non-cooperative tax havens is limited to Liberia, where we carry out hydrocarbons exploration activities through a local branch office.

Spanish legislation⁽⁵⁶⁾ provides a broader definition of tax havens. By this definition, we have 10 active companies constituted in such countries, specifically Bermuda and the Cayman Islands. Out of these companies, only three are controlled by Repsol. Their purposes are insurance activities (Bermuda), financial activities (Cayman Islands), and industrial share holdings (Bermuda). In addition, four companies not constituted in tax havens have a presence in these countries, where they are involved in hydrocarbons exploration activities (Liberia, as mentioned previously), trading in oil products (Singapore), and industrial share management (Barbados). It is foreseeable that all of these apart from Liberia will soon no longer be considered tax havens, having negotiated or being in the process of negotiating information exchange agreements, or agreements to avoid dual taxation with the Spanish authorities.

Grants received

Grants recorded in our balance sheet, which stood at €110 million and €124 million in 2010 and 2009, respectively, related primarily to construction of gas infrastructure (€80 million in 2010 and €108 million in 2009).

Our profit and loss account shows the corresponding income under the sub-heading including capital subsidies in the results. Meanwhile, the amount of operating subsidies recorded as yearly revenue under the sub-heading 'Other revenue' stood at €227 million and €192 million in 2010 and 2009, respectively.

(56) Royal Decree 1080/1991, of July 5.

Lawsuits arising from anti-competitive practices

Repsol faced no sanction procedures initiated in 2010 due to allegations of anti-competitive practices (excluding YPF). All the supplementary information on the contingent liabilities and commitments of the Repsol YPF Group for 2010 is detailed in Note 34 of the annual consolidated accounts of Repsol YPF, S.A.

SHARING INFORMATION ON SERVICE STATION CONTRACTS

Repsol, through its subsidiary Repsol Comercial de Productos Petrolíferos, is the only oil company that reached a commitment with the European Union to publish the expiry dates of the contracts binding service stations to Repsol.

Publishing these dates enables other market operators to submit bids for Repsol service stations approaching the end of their exclusive supply agreements, with the owner of the service station then being free to accept bids submitted either by Repsol or any of its competitors. This is therefore a means of encouraging and promoting competition in the Spanish service stations market.

More information about transparency, our involvement in the EITI initiative and the progress made by the EITI group in Peru is available at transparency.repsol.com

Respecting human rights

Respect for human rights is one of the development pillars of our business around the world. The company has criteria based on the values of integrity, transparency, accountability, and safety, which are global and enforceable in all our operations, and constitute our framework for action.



Human rights and Repsol

We are aware that the nature of our activities and the conditions of some of the environments and countries in which we operate mean that we can have an impact on people and economies. For this reason, and because it is our responsibility, Repsol's commitment to human rights is a thread that runs right through our organization.

We abide by the United Nations 'Protect, Respect and Remedy' framework for business and human rights. There are three aspects to this framework: the State duty to protect against human rights abuses, the corporate responsibility to respect human rights, and people's need for effective access to remedies. In 2010, we closely followed the work of the Special Representative of the UN Secretary General on human rights and transnational corporations and other business enterprises on the 'Guiding Principles' for putting this framework into place, through the social responsibility working group of the International Petroleum Industry Environmental Conservation Association (IPIECA).

Public commitment

We have incorporated respect for human rights into our company and we ensure these rights are respected throughout our entire sphere of influence, by means of the publicly-stated commitments contained in our policies, which are applied worldwide: Ethics and Conduct Regulation, Policy of Respect for People and their Diversity, Labor Relations Policy, Contracts and Purchasing Policy, Policy on Community Relations, Regulation for Action in Relations with Indigenous Communities, and Corporate Security Policy.

In 2011, we will create a multidisciplinary working group, which may involve participation by outside experts, who will work to produce a draft Repsol Policy on Respect for Human Rights, bringing together and further developing the commitments we have undertaken in our current policies.

Identification and evaluation of risks and impacts

The risk of human rights violations is addressed in our corporate risk map, specifically in the 'operating business risks' category and within the strategic and environmental risks of the 'country risk' category. We

reviewed our risks related to human rights as part of our effort to update the corporate risk map in 2010.

The Repsol Safety and Environment, Health, and Corporate Responsibility units worked in 2010 to develop the Corporate Policy on Environmental, Social and Health Impact Assessment to ensure that all impacts on human rights are identified at the earliest possible stages of all investment projects and are taken into account in designing such projects, in order to prevent and mitigate them. The policy, which is currently in a draft state, incorporates the comments and suggestions of four well-known and respected social stakeholders: a development NGO, a human rights protection NGO; a global governance institution in the area of labor; and a union organization. The objective is for the policy to be approved in 2011.

Notification of possible abuses

We maintain several channels for reporting of possible human rights abuses:

- Our Ethics Committee communication channel⁽⁵⁷⁾.
- Corporate security mailboxes are set up to receive anonymous complaints.
- A new application called CISEC (Communication of Corporate Security Incidents). This was put in place in 2010 to communicate, manage, and record incidents. It provides an additional mechanism for evaluating, monitoring, and resolving incidents. We will complete its implementation throughout the company over the course of 2011.

Training and raising awareness among employees

We are aware that having a corporate policy in place is not enough to prevent improper conduct in our company. Such conduct may occur through lack of awareness, short-term needs, or relationships with third parties. Human rights training and raising awareness among Repsol staff, and the resultant capacity to respond to unforeseeable situations in a 'pro-people' way, play a fundamental role in integrating human rights into our business. To this end, we have continued to make progress on providing human rights training within the various company units, a campaign we launched in previous years and which in 2010 covered 2% of our workforce. Among our key efforts:

- We provided an ethics and human rights module in the annual training forums for Purchasing and Contracts staff, which reached 40 attendees.
- We included an ethics and human rights module in the welcome forums for new employees, which reached 35 attendees.
- We gave a session on human rights in the Madrid and Buenos Aires workshops with business and country Health, Safety and Environment heads, which reached 84 attendees.

⁽⁵⁷⁾ See chapter on Ethical conduct and the fight against corruption.

All the policies described above, as well as further information about our human rights management systems, can be found at humanrights.repsol.com

- We held a session on ethics and human rights during the annual CD Resources Forum, which brings together the company's Safety and Environment, Purchasing and Contracts, Engineering and Technology units, which reached 650 attendees.

Priority human rights issues

The field of human rights is very broad, but at Repsol we have worked with our stakeholders to identify certain aspects that we consider to be priority issues.

1. Respecting the human rights of our employees

As stated in our policies on labor relations, Repsol does not discriminate in hiring or against the people working for us for any reason in any country. Similarly, the company investigates all allegations related to discrimination that may occur. Four incidents of this kind were investigated and processed in 2010, one for sexual discrimination and a further three for bullying. Of these cases, three have been resolved and one is still ongoing. Of the cases resolved, one ended with the dismissal of an employee.

Repsol does not employ underage workers, nor do we use forced labor. We did not identify any activities carried out by Repsol employees in 2010 that entailed any potential risk of child exploitation or forced labor.

We respect and support our workers' right to free association and collective bargaining in all the countries in which we operate, including those in which these rights may be under threat, an examples are:

- Repsol workers in Trinidad and Tobago set up a union last year, and were negotiating their first collective agreement in 2010.
- In Algeria, meetings were held with workers' representatives in 2010, and a *Règlement Intérieur* was approved.
- The Repsol Union Network is made up of the unions of the Latin American countries in which the company has a presence: Argentina, Bolivia, Brazil, Colombia, Ecuador, Peru, Trinidad and Tobago, and Venezuela, as well as the Spanish unions Comisiones Obreras (CCOO) and Unión General de Trabajadores (UGT).

2. Respecting the human rights of indigenous communities

Indigenous communities are key stakeholders for our company in several places where we operate. We are aware of the importance of respecting the internationally recognized rights of these peoples, and in particular their right to be consulted and to have their culture and traditions respected. In relation to this, we worked in 2010 to implement the policy we developed in 2009 in the various countries where our operations affect indigenous communities. More information about Repsol and indigenous communities can be found in the chapter *Local communities*.

3. Respect for human rights by our suppliers and contractors

We are keen to ensure that our suppliers, contractors, and distributors respect human rights. Every year, we work to fine-tune our supplier management system and supply chain to exert our influence and prevent risks of human rights violations through our selection, classification, and control processes. More information on human rights management aspects in the supply chain can be found in the chapter *Partners, suppliers and contractors*.

4. Corporate security and human rights

At Repsol, we are committed to continuously improving the security of our staff and facilities, based on respect for human rights.

Relationships with our security suppliers

We require our security suppliers to meet criteria in line with our Corporate Security Policy and international standards, such as the United Nations' Universal Declaration of Human Rights, Voluntary Principles on Security and Human Rights, and Basic Principles on the Use of Force and Firearms.

We include clauses in all our contracts that oblige security companies to formally abide by these standards. We also include clauses that provide for a contract to be terminated should any non-compliance be identified.

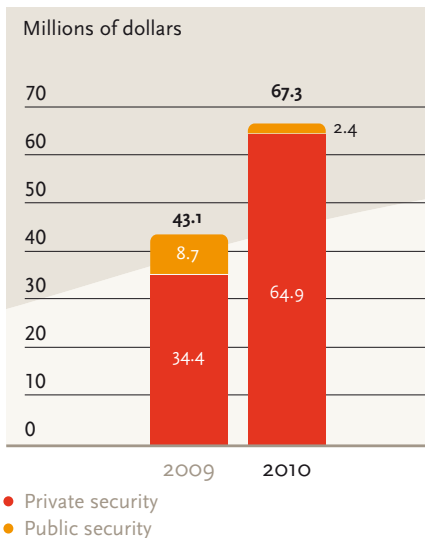
In protecting our facilities, our Corporate Security Policy generally rejects the use of firearms by private security contractors, except in areas of serious risk or where this is a requirement under national legislation. Private security workers are armed in seven countries, though not in all settings, due to the particular security conditions or the demands of current local legislation.

In 2010, we signed or renewed 22 contracts with private security companies that provide services at our facilities in Argentina, Algeria, Colombia, Ecuador, Peru, and Trinidad and Tobago.

The strategic importance of energy infrastructures makes them vulnerable to the risk of terrorism or other risks arising from armed conflicts. In some countries, we have to protect these kinds of facilities in collaboration with public security forces, as required by local governments.

Repsol formalizes its relationship with public security forces through collaboration agreements that protect our neutrality with regard to any armed conflicts that may take place in these countries.

Security expenditure



SECURITY EXPENDITURE			2010 (MILLIONS OF DOLLARS)
Country	Private security	Public security	Description
Spain	20.44	–	
Argentina	36.8	1.1	Agreements with Security Forces to ensure the security of infrastructures deemed to be at risk
Algeria	0.42	0.81	Agreement with the Gendarmerie Nationale, operated by the Ministry of Defense, covering logistics relating to the protection of facilities
Bolivia	0.69	–	
Brazil	0.32	–	
Colombia	0.69	0.29	Collaboration agreement with the Ministry of Defense to protect operations of our partner Ecopetrol in the Capachos Block
Ecuador	1.81	0.22	Goodwill and Mutual Cooperation Agreement with the Fourth Army Division to patrol the operations area of Block 16 and neighboring areas
Peru	2.6	–	Agreement with the National Police of Peru for protection of the La Pampilla Refinery facilities
Trinidad and Tobago	0.44	–	
Venezuela	0.71	0.008	Agreement with the Guardia Nacional to patrol and protect the operations areas of the Quiriquire Block
SUBTOTAL	64.9	2.4	
TOTAL		67.3	

The increase in private security expenditure since 2009 is due to the inclusion of expenditure stemming from security services contracted for industrial complexes, primarily in Spain and Argentina.

The decline in public security expenditure in Algeria is due to the fact that we have reduced the number of our exploratory campaigns, which also led to a fall in the logistical costs of protection services received from the public security forces.

Voluntary Principles on Security and Human Rights (VPSHR)

Repsol's Fifth Corporate Security Forum took place in 2010, and looked at various areas in which the company is making progress to properly implement the Voluntary Principles on Security and Human Rights:

- **Selecting security suppliers:** We have included minimum requirements with regard to ethical conduct and human rights in our criteria for selecting security suppliers.
- **Specific contract clauses:** We have included clauses in security services provision contracts expressly referring to the VPSHR, more precisely describing human rights responsibilities and commitments.
- **Human rights training:** We require our contractors' security personnel to receive human rights training as an essential requirement to be eligible for contracting to us. We also request documentary evidence that enables us to verify this training has taken place. We supplement this training with talks and basic courses, which include a review of our security procedures and procedures on relationships with public security forces. These courses encompass a review of the corporate policies enshrining our human rights commitments.
- **Checks on our security suppliers:** We monitor our contracted security services to identify any potential human rights abuses. We use audits to verify compliance with the provisions, policies, and procedures established for our operations, the conflict-resolution actions of security companies, and respect for the law. Through the audits we carried out in 2010 we identified six cases of non-compliance. Three of these cases gave rise to the termination of contracts.

More information on security risk management and Repsol's corporate security management policies, regulations and system; the criteria used for selecting security companies; contractual requirements for security suppliers with regard to human rights; the content of the human rights training required for security suppliers; and our relationship with public and private security forces can be found at humanrights.repsol.com

More information about our involvement in corporate security working groups can be found at externalinvolvement.repsol.com



Our relationships

People at Repsol

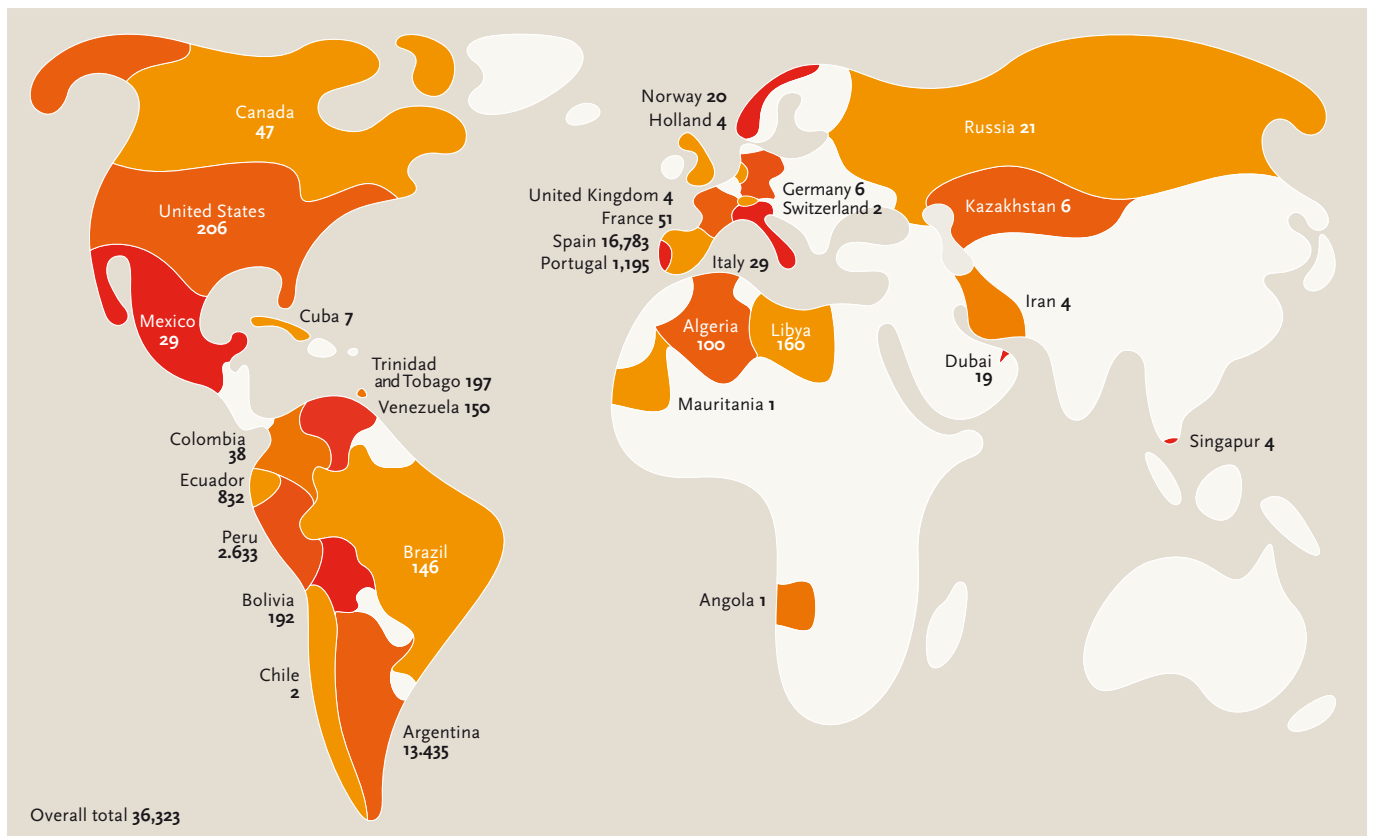
Local communities

Partners, suppliers and contractors

Our customers

People at Repsol

Repsol has employees of more than 70 different nationalities. The percentage of women in the company continues to grow, reaching 27% in 2010.



(58) The data in this chapter excludes employees with an annual working day equal to or less than 20% of that set in the collective agreement, as well as employees of Gas Natural Fenosa and other investee companies in which Repsol does not have management control. Likewise, the workforce figure is in accordance with the group's accounting consolidation criteria, which is why the workforce of Repsol Brasil and Dynasol Elástomeros are calculated by proportional integration at 60% and 50% respectively, entailing decimal adjustments to these figures. More information on the area of consolidation in this CSR report can be found in the chapter *About this report*.

Employment at Repsol

As of December 31, 2010, there were 36,323 people working at Repsol, all of them belonging to companies over which Repsol has operating control and therefore directly manages. All the indicators and information in this chapter refer to these people⁽⁵⁸⁾.

The main variation in the workforce was in Peru, where integration of services saw the number of employees increase by 1,631 people.

INDIVIDUALS BY GENDER AND PROFESSIONAL CATEGORY								
Category	2009				2010			
	Women	Men	Total	% Women	Women	Men	Total	% Women
Executive staff	33	276	309	11	32	273	304	11
Technical managers	387	1,848	2,235	17	443	1,899	2,341	19
Technicians	3,409	11,133	14,542	23	4,350	12,527	16,877	26
Administrative staff	948	629	1,577	60	916	503	1,419	65
Operational and junior staff	3,993	10,979	14,972	27	4,132	11,250	15,382	27
TOTAL	8,769	24,864	33,633	26	9,873	26,450	36,323	27

INDIVIDUALS BY CONTRACT TYPE AND GEOGRAPHIC LOCATION								
Country	2009				2010			
	Permanent	Temporary	Total	% covered	Permanent	Temporary	Total	% covered
Spain	15,718	1,185	16,903	77	15,560	1,223	16,783	75
Argentina	10,846	1,408	12,254	51	11,913	1,522	13,435	62
Bolivia	183	2	185	0	192	0	192	0
Brazil	222	0	222	97	146	0	146	97
Ecuador	760	54	814	0	823	9	832	0
Peru	802	200	1,002	32	2,355	278	2,633	14
Portugal	1,076	126	1,202	75	1,105	90	1,195	80
Trinidad and Tobago	190	0	190	0	197	0	197	0
Venezuela	136	1	137	0	149	1	150	0
Rest of world ⁽⁵⁹⁾	695	29	724	18	740	21	761	14
TOTAL	30,628	3,005	33,633	62	33,180	3,144	36,323	62

No collective agreements have been established in Bolivia, Ecuador, Trinidad and Tobago, or Venezuela.

91% of Repsol employees are on permanent contracts, as in previous years. This indicator illustrates the level of the company's commitment to ensuring stable employment for its employees. Repsol is firmly committed to using non-traumatic mechanisms in order to optimize the workforce throughout the company as a whole.

An example of this commitment is the case of Repsol Chemicals in Puertollano, where the closure of two plants, SMOP and Glycols, affected a total of 101 workers. These people were relocated to other posts within the organization, or took up the early retirement offers agreed with union representatives and authorized by the government.

Part-time contracts are those that provide services for a certain number of hours per day, per week, per month, or per year that are less than those in the working day of an equivalent full-time worker.

(59) Other countries in which Repsol operates.

Likewise, the reduced working day is a legally enshrined work-life balance measure that the company has implemented for Spanish employees. This enables employees to have a limited or reduced working day appropriate to their personal circumstances, including legal guardianship or personal care of a family member; breast-feeding or premature birth, or birth of a child subsequently hospitalized; as well as comprehensive protection measures against gender violence.

STAFF BY TYPE OF WORKING DAY

Countries	Reduced working day	Part-time day
Spain	350	292
Argentina	53	33
Portugal	NA	6

In addition, we make use of partial retirement contracts. 1,325 people in Spain and a further 13 in Portugal have taken advantage of these. More information can be found in the section *Preparing for retirement*.

Relations with the people who work for us

We have established regular channels for communicating with our employees. Given that one of the defining features of our company is the diversity of our human resources, we manage our internal communications to reach as many distinct internal audiences as possible. These are grouped together according to various characteristics, for example, their country, area of business or activity, professional level, or number of years working in the company, among others.

There are two types of communication initiatives: planned, regular activities, included in the various annual internal communication plans; and ad hoc ones, which are necessarily managed in response to developments as they arise.

How we measure employee satisfaction

We carry out a range of initiatives every year to evaluate the satisfaction of the people who work for us. The fundamental element of this is the work climate survey, a general study carried out every two or three years among company employees, depending on the extent to which we have implemented action and improvement plans stemming from previous studies.

In 2010, we carried out part of the preparation for the work climate survey to be carried out in 2011. This included a qualitative phase, with 10 in-depth interviews being carried out with company upper management representatives, and three group dynamic sessions with employees from various professional categories. The objective of these actions was to identify employees' needs, expectations, and concerns and to analyze which ones were of key importance in determining their satisfaction and

commitment. The results of this phase are essential to developing the questionnaire for the 2011 survey.

We also undertook other employee studies during the year, in order to analyze their perception of, and satisfaction with, specific aspects. This included an evaluation of teleworking and the corporate intranet, as well as internal customer satisfaction studies, to analyze the degree of employees' satisfaction with the service provided by certain company units.

The Employee Service Desk (SAE) is one of the main communication channels available to people working at Repsol in Spain, Argentina, Peru, Brazil, Ecuador, Venezuela, and Bolivia designed to deal with issues related to people management. This service provides information, answers queries, and provides services at employees' request, such as procedures regarding social benefits, permits and licenses, and issuance of certificates. The SAE processed 116,112 cases in 2010.

A new channel was activated on the corporate intranet in 2010, called 'Help us to improve. Give us your opinion', designed to allow employees to express and convey their suggestions, criticisms, problems, and complaints to the company.

Relations with employee representatives

In 2010, Repsol kept open our communication and dialog channels with employee representatives in the various countries in which we have a presence.

In **Algeria** we held 10 meetings with the workers' legal representative and a *Règlement Intérieur* was approved to govern various aspects of labor relations, including the disciplinary system.

In **Brazil** we held monthly meetings with the internal accident prevention committee, which acts as the employees' representative in questions relating to general services. We currently have two collective agreements in force in Brazil.

We reached five agreements on salary adjustments in **Portugal**, as well as the division of work between three shifts, health insurance, and the installation of video surveillance cameras. To reach these agreements, we held 18 meetings, 14 of them with the workers' committee and four with union leaders.

In **Trinidad and Tobago** we held 12 meetings with union representatives of our employees. We reached various partial agreements on salary increases, sick leave, holidays, and permits for offshore workers.

In **Venezuela** we have signed a *Framework agreement for non-associated gas operations* with the union organization Sinutrapetrol, which we review every two years. We held various meetings with this union in 2010.

ANNUAL MEETING OF THE COORDINATOR OF THE LATIN AMERICA-SPAIN UNION NETWORK

The second plenary meeting of the Coordinator of the Repsol Latin America-Spain Union Network took place in September in Seville (Spain). This meeting was attended by union representatives from Spain, Argentina, Bolivia, Brazil, and Colombia. Repsol Management was represented at one of the sessions.

The union representatives gave an overview of the general situation from the union viewpoint in each of the countries represented. Among other issues, discussions were held on matters relating to industrial policy, security, health, the environment, and subcontracting of activities.

The Repsol representatives presented the new policy relating to alcohol and drug use, environmental and social impacts, subcontracting of activities, and the company's strategic plan, Horizon 2014.

According to the Repsol agreements in force in Spain, a series of prior requirements must be fulfilled to provide information to the workers' legal representatives before any changes are made to the organizational chart that affect employees subject to the collective agreement.

In 2010, the company received 213 legal complaints from its workers, five of which were collective while the rest were individual. The situation is as follows: 88 cases resolved in the company's favor, 22 cases resolved through conciliation, 21 cases resolved in favor of the workers, and 82 cases still ongoing. The total number of cases does not include 15 complaints relating to workers' seniority, where an overall agreement has been reached with the unions with greatest representation.

Preparing for retirement

Since 2003, the Group's companies' collective agreements in Spain have included voluntary access to partial retirement and the replacement of these workers through external contracting. The Plan gives people access to partial retirement, with an 85% reduction in the working day from the age of 60 for all workers voluntarily requesting it, as long as they have worked in the group for at least six years, and have made 30 years' worth of Social Security payments. Simultaneously, a permanent work contract (relief contract) is signed with an unemployed worker or one with a temporary contract who is hired to replace the service vacated by the partially retired employee. This situation comes to an end when the partially retired worker reaches the age of 65.

Employees who intend to retire can share their knowledge over this period, while also having the opportunity to arrange their personal lives. This type of contracting is enshrined in labor legislation in Spain and Portugal.

More information about the Repsol Labor Relations Policy, its relationship with employees' representatives, and the Latin America-Spain Union Network can be found at people.repsol.com

Attracting and retaining talent

Compensation and remuneration systems

Remuneration is an important element in attracting and retaining the professionals the company needs. Our compensation system is designed to reward individual performance, at competitive market rates, and is suitable for an organization such as Repsol.

Our variable remuneration systems are applied with utmost transparency, ensuring that they are coherently in line with the individual performance of each employee, and guaranteeing sustainability in the company's results.

RATIO OF REPSOL MINIMUM SALARY TO THE LEGAL MINIMUM SALARY IN EACH COUNTRY			
			(Euros / month)
Country	Minimum salary in country	Repsol minimum salary^(6o)	Repsol salary/ country salary
Spain	633	1,085	1.71
Argentina	332	335	1.01
Bolivia	70	1,045	14.94
Brazil	137	300	2.18
Ecuador	178	178	1.00
Peru	239	239	1.00
Portugal	475	485	1.02
Trinidad and Tobago	167	930	5.56
Venezuela	211	571	2.71

The starting salary at Repsol greatly exceeds the minimum salary in most countries. The fact that they are identical in Peru and Ecuador is a result of the recent integration of services there.

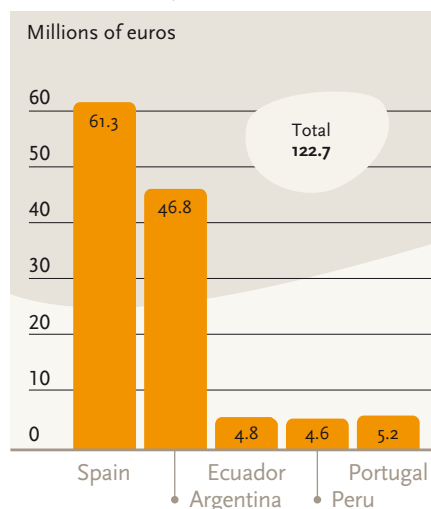
Social benefits

Repsol provides its employees with a range of social benefits to supplement their salary package. Employees on part-time or reduced working day contracts have the same social benefits as coworkers working a full day.

COST OF SOCIAL BENEFIT BY TYPE IN 2010	
Benefit	Euros
Healthcare	20,845,315
Meal vouchers	27,044,773
Funding for studies	2,730,436
Pension fund provision	35,206,247
Accident and death insurance	3,976,083
Loans subsidy	585,114
Personal transport	30,101,119
Other benefits	2,262,254
TOTAL	122,751,341

(6o) Minimum salary of lower category agreement.

Cost of social benefits per country⁽⁶¹⁾



Our expenditure on these benefits in 2010 stood at €122.7 million. Other benefits include social and sporting activities to encourage employee integration, with these often extended to their families. Particularly noteworthy in 2010 was our worldwide children's painting contest.

The search for talent

In 2010, we took more than 20 actions to identify professionals and recruit them to join the company. We took part in employment forums and trade fairs, working breakfasts with universities and social organizations, and we held talks, conferences, and seminars at schools, universities, and various associations.

Through this outreach with universities, academic and teaching centers, we signed more than 200 collaboration agreements in 2010, which enabled us to take on around 300 students for work experience in the company.

We selected more than 70 new professionals, most with technical and management experience, to be hired in Spain, Brazil, and Peru by means of Masters programs via the Repsol Further Training Center and our New Professionals Plan.

Some of our most significant initiatives in 2010 included the updating of our Welcome and Integration Program, aimed at optimizing and standardizing the welcome processes for new employees, as well as for those moving between the various units in the organization. The objective is to help these employees adapt more quickly to their new working environment, ensuring that they engage fully with the company and its values.

Performance assessment

15,573 employees underwent individual performance assessment in 2010. An annual individual career development plan was drawn up for each of them. The increase over recent years is the result of our efforts to gradually extend individual performance assessment to cover people included in collective agreements, with 2,055 employees from this group already included.

PERFORMANCE ASSESSMENT AT REPSOL

	2008	2009	2010
Number of people undergoing performance assessment and review	11,793	13,154	15,573
Percentage of total employees	36%	39%	43%

(61) Benefits are reported relating to countries with than 2% of the average company workforce works. The combined total of reported countries represents more than 95% of the workforce.

Turnover

The total turnover rate is calculated as the number of total departures of staff from the permanent Repsol workforce as a percentage of the total workforce as of December 31, 2010.

TOTAL STAFF TURNOVER RATE	21-30 y.		31-40 y.		41-50 y.		51-60 y.		Over 60		Total
	F	M	F	M	F	M	F	M	F	M	
	Spain	3%	3%	4%	2%	4%	3%	6%	6%	NA	
Argentina	11%	14%	4%	5%	1%	3%	6%	8%	11%	25%	7%
Peru	34%	31%	11%	13%	3%	2%	13%	2%	0%	3%	20%
Rest of Latin America ⁽⁶²⁾	NA	NA	7%	11%	0%	15%	6%	16%	0%	57%	15%
Rest of the world ⁽⁶³⁾	9%	9%	9%	8%	4%	8%	3%	7%	0%	22%	8%
	NA	NA	5%	5%	3%	4%	6%	7%	NA	NA	8%

We calculate the voluntary staff turnover rate as the number of voluntary departures from the permanent workforce with regard to the total Repsol workforce as of 31 December 2010.

VOLUNTARY STAFF TURNOVER RATE	21-30 y.		31-40 y.		41-50 y.		51-60 y.		Over 60		Total
	F	M	F	M	F	M	F	M	F	M	
	Spain	1%	1%	2%	1%	1%	1%	0%	0%	0%	
Argentina	9%	10%	2%	2%	0%	1%	0%	1%	0%	1%	4%
Peru	31%	27%	10%	9%	3%	2%	7%	1%	0%	0%	18%
Rest of Latin America ⁽⁶²⁾	12%	6%	5%	6%	0%	6%	6%	12%	0%	46%	7%
Rest of the world ⁽⁶³⁾	7%	5%	5%	4%	3%	3%	3%	2%	0%	2%	4%
	10%	8%	3%	2%	1%	1%	0%	1%	0%	3%	4%

More information on the impulsa scholarship program, the Repsol employment channel, social benefits, and Repsol's management by commitment can be found at people.repsol.com

Turnover rates have increased in Peru due to the integration of services in this country, in a sector with a high turnover rate.

Professional development programs

Internal mobility provides people with the opportunity for professional development by taking on new roles and challenges. A total of 5,892 staff moved within the company in 2010, of whom 30% were women. This mirrors the gender distribution within the Repsol workforce.

In 2010, 2,844 people had their professional classification changed, representing an 11% increase on the year before. Of these, 29% were women.

The People Review program is another significant tool that the company has been using for several years to identify talent and plan development actions. In 2010, we held 78 sessions during which we reviewed 3,712 people.

(62) Bolivia, Chile, Cuba, Ecuador, Mexico, Venezuela.

(63) Algeria, Canada, UAE, United States, France, Kazakhstan, Libya, Holland, Portugal, Switzerland, Trinidad and Tobago.

Training

EAt Repsol we view training as any learning process that increases people's ability to carry out their work and to take on work posts with other responsibilities, as stated in our Training Policy.

In order to improve our training and learning model and activities, in 2010 we designed and implemented the new technology-based Repsol Virtual Learning Environment (VLE). This is used to help and encourage employees to access online training courses.

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE

	2009		2010	
	Hours of training per year	Average hours per year per employee	Hours of training per year	Average hours per year per employee
Executive staff	8,414	27	9,348	31
Technical managers	75,330	34	101,106	43
Technicians	695,687	48	694,611	41
Administrative staff	23,085	15	22,145	16
Operational and junior staff	216,809	14	397,490	26
Unspecified ⁽⁶⁴⁾	NA	NA	6,228	NA
TOTAL	1,019,326	30	1,230,929	34

Another of the initiatives carried out in 2010 was our promotion of the 'Repsol Style' to more than 700 managers in 14 countries. The 'Repsol Style' is the hallmark of Repsol managers; it sets out the conduct and attitudes that the company expects and needs to make its strategic plans a reality. This has involved combining, simplifying, and integrating the tools we use to describe the abilities, generic skills, and behavior and to drive forward the culture of leadership and management in our organization.

The total amount we invested in training was €14,238,875. This is an increase of 9.5% over 2009.

More information on talent identification tools such as People Review and knowledge-management projects can be found at people.repsol.com

Diversity, equal opportunities and balance

In 2010, the Repsol Diversity and Balance Committee continued to drive forward the culture of respect, which values and promotes diversity and helps to ensure a balance between employees' working and personal lives.

The Repsol Diversity and Balance Committee, headed by an Executive Director, and which includes executive representatives from all departments, met in 2010 to discuss and take decisions on the five projects that make up the Repsol diversity and reconciliation program: teleworking; hiring of disabled people; working day; time management; and adaptation of facilities.

(64) No breakdown for online training available according to professional category.

Equal opportunities

At Repsol we work to ensure that our policies and practices, including those related to promotion, remuneration, performance, and potential assessment and training, respect the equal opportunities of all employees, regardless of their background, gender, or age. We monitor the effective implementation of policies and analyze the results from each period, taking note of any deviations so that these can be corrected.

Notification of the appointment of a new Executive Director was given on December 30. She joined the Executive Committee on January 1, 2011, increasing the number of women on this Committee from one to two.

PEOPLE BY AGE AND GENDER						
	2009			2010		
	Women	Men	% Women	Women	Men	% Womens
Under 20	85	129	40%	118	113	51%
Between 21 and 30	2,804	4,679	37%	3,477	4,365	44%
Between 31 and 40	3,457	7,760	31%	4,808	8,084	37%
Between 41 and 50	1,556	6,172	20%	2,186	5,849	27%
Between 51 and 60	835	5,672	13%	1,229	5,403	19%
Over 60	32	452	7%	139	552	20%

WOMEN'S SALARY IN COMPARISON WITH MEN'S⁽⁶⁵⁾

Country	Executive staff	Technical managers	Technicians	Administrative staff	Operational and junior staff
Spain ⁽⁶⁶⁾	94%	85%	92%	94%	Not relevant
Argentina	88%	91%	90%	98%	59%
Bolivia	Not relevant ⁽⁶⁷⁾	104%	103%	Not relevant	Not relevant
Brazil	Not relevant	70%	83%	Not relevant	97%
Ecuador	Not relevant	58%	100%	64%	162%
Peru	Not relevant	44%	40%	83%	Not relevant
Portugal	Not relevant	94%	90%	Not relevant	98%
Trinidad and Tobago	Not relevant	94%	73%	134%	Not relevant
Venezuela	Not relevant	97%	75%	Not relevant	Not relevant

(65) New methodology has been established, which means a fairer comparison can be made, using the company's internal classification system.

(66) The Executive Staff data for Spain does not include Executive Managing Directors/ Managing Directors/ Corporate Directors.

(67) When the percentage of men or women in the group is below 10%.

The previous table, *Women's salary in comparison with men's*, reflects the trend towards salary equality in the countries and groups that the data represents. In general, the differences are due to the relative length of time employees spend in post. In cases where the number of women or men is very low there may be significant variations from one year to the next, and so these should not be considered as representative. Figures from groups with less than 10 people are marked in italics.

We believe that ensuring diversity in our management team and including local managers in country management teams provides us with a high-value competitive advantage, since it enables us to properly understand the expectations and needs of the societies in which we operate, allowing us to offer appropriate solutions that translate into business success.

EXECUTIVE STAFF AND TECHNICAL MANAGERS BY NATIONALITY IN 2010⁽⁶⁸⁾

Country	Local Executive Staff and Technical Managers	Total Executive Staff and Technical Managers	Percentage
Spain	1,112	1,260	88%
Argentina	831	897	93%
Ecuador	25	27	93%
Peru	46	67	69%
Portugal	47	52	90%

EQUALITY RECOGNITION FOR REPSOL YPF S.A.

Repsol YPF S.A. received the 2010 Equality in Business Award. This award is given by the Spanish Government's Ministry of Health, Social Policy and Equality to entities that have made outstanding, relevant, and particularly significant use of policies to ensure equal treatment and opportunities for their workers.

Recruitment of people with disabilities

In the field of diversity, Repsol has made significant progress in its program to recruit people with different capabilities. Particularly noteworthy in 2010 were our actions designed to boost recruitment of disabled employees in our industrial activities in Spain.

The awareness-raising actions we have taken since the program started have been strengthened, with 900 taking part in the various forums organized in the company's different centers. The Awareness-Raising Forum for the Recruitment of People with Different Capabilities, held at the Puertollano industrial complex, was attended by more than 400 people. Aside from strengthening our collaboration with the ONCE Foundation by signing the second INSERTA agreement, new collaboration contracts were agreed with the Seeliger y Conde Foundation, the PADEIA Foundation (A Coruña), and the Imserso CRMF (recovery center for the physically disabled), IVADIS and Afanias, among others.

In December 2010, Repsol had a total of 463 disabled workers in Spain, of whom 360 were directly hired, while a further 103 were equivalent people hired under alternative measures prescribed in Spanish regulation, representing 2.56% of the workforce, in accordance with legal calculations. We also continued to make progress on promoting the recruitment of disabled people in other countries where we have a presence, with 90 disabled employees in Argentina, 25 in Ecuador, 10 in Peru, and 11 in Portugal.

(68) The table Executive Staff and Technical Managers by country of origin in 2010 shows the figures for the countries with more than 2% of the company workforce, together representing more than 95% of our workforce. It can be seen that all these countries have a high percentage of local managers.

OVERCOMING BARRIERS GUIDE

The objective of this guide is to facilitate the recruitment of disabled people and to set out guidelines on conduct to help achieve this and overcome any communication barriers that may arise.

This guide provides a fundamental tool to help further strengthen diversity in our organizational culture.

The guide has been published and distributed to all employees, and has been made available to other companies via the Inserta Forum, along with the other two Repsol publications on this issue (*White Paper on the Employment of People with Different Capabilities: From Words to Deeds and Service Stations Accessible to All*).

We signed an agreement in 2010 with the Miguel Hernández University (UMH) in Elche (Spain) to develop 'The Best Work Experience in the World' for disabled people. This involved a Telecommunications Engineering student taking part in a training program at Repsol, enabling him not only to learn about our structure, operations, and activities, but also to help design and develop the new generation of corporate web applications – and particularly the www.repsol.com corporate portal – to improve its accessibility, operation, and features.

The student is reporting on his experiences during this internship through a blog, telling his fellow students about the day-to-day reality of his work at Repsol, the progress he has made, and what he has learned in this professional work project.

REPSOL RECOGNIZED FOR ITS WORK TO HIRE PEOPLE WITH DISABILITIES

In January 2011, Repsol received the *Telefónica Ability Award* for the best large private company efforts to support people with disabilities. This award, presented at an event attended by Queen Sofia, publicly recognizes Spanish companies and institutions that operate according to sustainable business models, and which incorporate disability into their value chain, whether employees, suppliers, or customers.

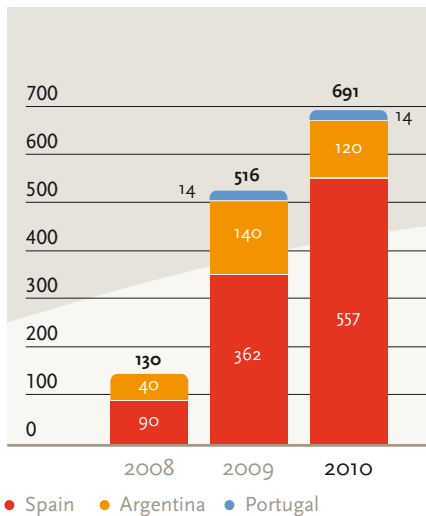
Repsol YPF Ecuador also received the *First business award for best practices social inclusion and employment of people with disabilities*. This initiative was carried out nationwide by the General Ecuatorian Foundation, with technical support of the Vice Presidency of the Republic, to identify best business practices that support the social inclusion and employment of disabled people.

Work-life balance

Repsol has continued to implement measures to promote balance between its employees' personal and working lives, adapting these where necessary to the specific requirements of the businesses and cultural environments in which the company operates.

Teleworking is one of the most accepted such measures. In December 2010, more than 557 employees in Spain were working remotely, 20 of whom did so as part of a pilot trial being carried out at industrial complexes. A further 120 employees in Argentina and 14 in Portugal have taken advantage of this means of working, which offers flexibility as to the place of work, and was one of the most frequently requested working styles in the 2006 employees' work climate survey.

Employees who work remotely at Repsol



More information about people at Repsol according to age, gender and country, nationality of executives, and information on the work-life measures in place can be found at people.repsol.com

Teleworking, which started as a pilot program at Repsol in 2008 and was extended during various phases throughout 2009, has become a completely standard means of working in the company, very highly valued both by the staff who use it and by their managers. Both highlight the planning of tasks and making full use of technological advances as key factors in ensuring that teleworking is successful.

The teleworking group is made up of people from virtually all areas within the company, and all professional groups and age ranges. The gender breakdown is 35% men and 65% women.

Also in the area of work-life balance, we have monitored the use of flexitime at the main work sites, and carried out a study to identify possible actions to support work-life balance. We also undertook a study of initiatives to improve time management.

We also adapted our facilities, with emphasis on universal accessibility and on creating environments adapted to the new forms of cooperative and interdisciplinary work.

All these initiatives were driven by the Diversity and Balance Committee.

Health and safety

We continued to use internal audits throughout the year to evaluate compliance with our internal occupational health and safety policy put in place the year before. In 2010 we carried out these audits at the Puertollano and Muskiz industrial complexes (Spain), thereby completing the process initiated in 2009 by Refining Spain MD.

We also carried out health promotion campaigns in a variety of countries. In Spain we ran campaigns on early detection of colon cancer, detection and control of high blood pressure, prostate cancer, and cardiovascular disease. In Colombia, Ecuador, and Venezuela we worked on malaria and hepatitis A prevention programs, as well as contagious disease prevention programs in Brazil, Colombia, and Ecuador. Particularly noteworthy in Trinidad and Tobago was the AIDS prevention program.

Meanwhile, our health department created the Health Management System, which aims to standardize the functions and tasks of our medical services around the world.

In the quest to achieve a positive culture of health and safety, 100% of Repsol workers are represented by health and safety committees in Spain, 12% in Colombia, 75% in Ecuador, 92% in Portugal and 100% in Venezuela. These Repsol committees are organized at a work center and country level.

The rate of absenteeism due to common illnesses at Repsol Spain was 3.10% in 2010. This was slightly below the rate of the year before, which stood at 3.16%.

The rate of work-related illnesses, meanwhile, stood at 0.69% in Spain, 0.59% in Brazil and 1% in Ecuador.

We have an annual workplace risk prevention plan, which includes first aid training for nearly all the countries in which we have a presence. Similarly, we have a contagious disease prevention plan in place in countries with a high risk or incidence of contagious diseases.

In 2010, we devoted 186,982 hours of training to occupational health and safety⁽⁶⁹⁾.

More information on occupational health management and the Repsol occupational health policy can be found at **people.repsol.com**

(69) More information can be found in the chapter Safety.

Local communities

Community relations contribute to the long-term success of our business and development of the communities where we operate.



Our activity and its impact on communities

Repsol's activities range from exploring remote areas in the search for hydrocarbons, to processing crude oil and gas at large industrial centers, to supplying essential energy by marketing oil products for transport and heating. We know that all of these activities have impacts on neighboring people and communities, direct and indirect, positive and negative. We occupy space, we build infrastructure, we move products and waste, we generate employment, and we create wealth through local purchasing and contracts, the fees and taxes we pay for extractive activities, and the supply of energy for transport, industrial and domestic uses.

In 2010, more than 300 communities were directly or indirectly affected by our upstream area activities⁽⁷⁰⁾ and more than 20 cities and their outlying populations were affected by our industrial complexes.

We are committed to working to maximize positive aspects and opportunities to generate shared value and to prevent and minimize negative impacts through dialogue and community involvement. This commitment is contained in our Policy on Community Relations.

COMMUNITIES AFFECTED BY OFFSHORE OPERATIONS

Offshore operations can have an impact on the economic activity of some coastal communities and populations.

Our criteria for determining which populations we consider to be within our area of influence focus on those locations:

- Where we have air support bases for operations with helicopter landing pads.
- Where there is a logistical support base for our operations with ship docking facilities.
- That could be affected by crude oil spills in the event of an accident.

All our upstream operations in Brazil are carried out offshore, in three marine basins. We determine the places and communities most affected in line with the above criteria. They are:

1. Santos Basin: city of Ubatuba (province of São Paulo), city of R o de Janeiro and city of Niter o (province of R o de Janeiro).

(70) See description of our upstream activities in the chapter Repsol and Corporate Responsibility.

2. Campos Basin: city of Vila Velha (province of Espírito Santo) and cities of Niterói, Macaé, Arraial do Cabo and Rio de Janeiro (province of Rio de Janeiro).
 3. Espírito Santo Basin: cities of Guarapari, Itapemirim, Piúma, Vila Velha and Vitória (province of Espírito Santo).
-

How do we assess impact?

In 2010, the Repsol Safety and Environment, Health and Corporate Responsibility units worked to develop our Corporate Policy on Environmental, Social and Health Impact Assessment, which is awaiting approval. The aim of this policy is to ensure that any potential environmental or human rights impact is identified as soon as possible in the life cycle of each project and taken into account at the project design stage so that it can be avoided. We will undertake impact assessment on every new project and on any project facing changes.

In managing our social impact on communities, we will take into consideration direct activities by Repsol and any that result from our supply chain, partners, the government or its agencies.

The impacts of our activities on communities can be linked to people's rights to self-determination about their own development, freedom of movement, privacy and adequate living standards. Some of the areas in which upstream and downstream operations can potentially affect communities, and which must therefore be included in impact assessments, are land use, reduction of natural resources, immigration, resettling of communities, impact on communities' spiritual or cultural heritage or resources, employment generation, local inflation, urban sprawl, and impacts on public health.

How we understand community expectations

One of the elements we are working to promote within our corporate responsibility management is involvement with our stakeholders. We need to have the necessary resources to maintain dialogue with society, both external and internal, and to understand the expectations of our stakeholders at all times, despite difficulties that may arise, such as the challenges of identifying legitimate community representatives, or the inconsistent or contradictory expectations of some stakeholders in other cases. We are heavily involved in a process to identify our principal stakeholders, both internally and externally, at company, country and operational level, and to establish suitable and systematic channels for information and dialogue.

Our relationships with neighbors at our industrial complexes

Our industrial complexes are often located in or near urban environments with large populations. Repsol maintains systematic dialogue with stakeholders in these communities and establishes formal and informal communication channels in order to further develop our links with them. Some examples from our main industrial complexes are shown below:

SPAIN

Industrial complex	Mechanisms for stakeholder dialogue	2010 Highlights
A Coruña	<ul style="list-style-type: none"> Formal meetings and informal contacts with neighborhood associations. Program of visits for stakeholders. Protocol for receiving, recording and dealing with complaints from local residents, via 24-hour telephone helplines. 	<ul style="list-style-type: none"> Agreement with the Education Ministry of the Xunta de Galicia (regional government) for education and development of special vocational training modules for chemical plant operators. Agreement with the Coruña Down's Association to facilitate hiring of people with different capabilities.
Cartagena	<ul style="list-style-type: none"> Program of visits to the refinery for local residents. Periodic meetings with the local residents of Alumbres. The presidents of the various community associations are invited to the meetings along with local officials. 	<ul style="list-style-type: none"> Internal safety awards were given to companies that have carried out significant prevention activities.
Muskiz	<ul style="list-style-type: none"> Creation of petronor.info information point in the city center of Muskiz. Creation of a dedicated facility website. Response given to all complaints received, which are recorded as required by the facility's quality procedure. Our internal dialogue procedure establishes that no distinction is to be made between the various groups and that all will be treated in the same way. 	<ul style="list-style-type: none"> Vocational training grants have been provided, sponsored by Petronor, for students from local towns.
Puertollano	<ul style="list-style-type: none"> Permanent citizens' participation forum made up of 15 representatives from the local community and three from Repsol. Attendance at local groups' and associations' events. Our internal dialogue procedure establishes that no distinction is to be made between the various groups and that all will be treated in the same way, without any kind of discrimination. 	<ul style="list-style-type: none"> Six meetings and five talks have been held by the Permanent Participation Forum. Repsol attendance at events of 74 local institutions, groups and associations.
Tarragona	<ul style="list-style-type: none"> Periodic meetings with local associations and organizations. Creation of a dedicated facility website. Program of visits to the refinery by local residents. 	<ul style="list-style-type: none"> We signed an agreement in July with the local residents' association of Barrio de Riu Clar in Tarragona to support the association's activities in the neighborhood.

ARGENTINA

Industrial complex	Mechanisms for stakeholder dialogue	2010 Highlights
La Plata	<ul style="list-style-type: none"> · 24-hour telephone helpline. · Channel for dealing with local residents' complaints and queries about the functioning, operations and impact of the various industrial facilities. · Educational visits to increase understanding of the industrial processes and the facility's relationship with local communities. 	<ul style="list-style-type: none"> · In 2010, 2,900 people visited the refinery as part of the program of educational visits. · Agreement with the towns of Ensenada, Berisso and La Plata to take part in local community events, maintain nearby public spaces and to carry out public works to help the community.
Luján de Cuyo	<ul style="list-style-type: none"> · Institutional visits. · Information notes and questionnaires sent out to gauge community opinion. · Educational visits to the refinery. · Personal meetings. 	<ul style="list-style-type: none"> · Framework agreement with the University of Cuyo to carry out research projects . · Framework agreement between the San Juan National University and YPF.
Plaza Huincul	<ul style="list-style-type: none"> · Meetings with members of the community. · Educational workshops and training forums for members of the local community. · Helpline for queries and complaints. · Open day at the refinery. 	

PERU

Industrial complex	Mechanisms for stakeholder dialogue	2010 Highlights
La Pampilla	<ul style="list-style-type: none"> · Educational-environmental radio program <i>Así es Ventanilla</i>. · Local magazine <i>Así es Ventanilla</i>. · Program of guided visits to the refinery facilities, with the participation of interested students, local residents and authorities. 	<ul style="list-style-type: none"> · We undertook a study of community perceptions of the La Pampilla refinery.

Encouraging minority participation

Our policies establish that dialogue with local communities, especially our informed consultation process, must ensure effective participation by all those affected by all our operations, including the elderly, women and ethnic minorities. Below are some examples of how we do this:

- At the Cartagena industrial complex in **Spain**, we invite the leadership of the various social associations to meetings with the representatives of Alumbres, including the Association of Elderly People and the Women's Association. A public participation forum is in place at the Puertollano industrial complex, in which all the social groups are represented.
- In **Argentina**, dialogue at the La Plata industrial complex involves minorities through the organizations that represent them, such as retired people's associations, disabled people's associations, and entrepreneurial women's groups.
- In **Algeria**, Repsol is negotiating collaboration agreements with local authorities, local associations and international associations such as the Red Crescent, the Spanish Agency for International Development

Cooperation (AECID) and UNICEF, which makes it possible to create channels for dialogue with communities and minorities.

- In **Bolivia**, there are several projects that aim to encourage female involvement in productive activities. Women in the labor force are being motivated and stimulated to participate in community decision-making.
- In **Ecuador**, the gender balance in the communities within our area of influence is very similar. Waorani culture does not view women as a minority, so participation and decisions are community and group-based. Elderly people make up a Pikenanis council, which has a decisive say in community and organization decisions.
- In **Mexico**, there are “Commonland Commissioners” in each community, who lead the activities carried out in all the rural settlements. Participation by women and elderly people is relatively high in these communities due to the high rates of migration by young men and adults to the United States.
- In our upstream operations in **Peru**, we invite all community members to take part in public workshops and meetings, and use additional measures, such as the communities' own spokespeople (*parlantes*), to ensure the authorities encourage participation by all community members, including minorities. At the La Pampilla complex, women are involved in the programs by means of mothers' associations.
- In **Trinidad and Tobago**, where all our activities are offshore, there is close collaboration with the Women in Fishing Association, whose aim is to provide women with training and tools to be self-sufficient.

How we channel complaints and suggestions

We are working to systematically implement mechanisms to allow communities to submit their complaints and grievances about our operations and activities, as well as their suggestions. Examples include:

- Maintaining 24-hour telephone helplines at our **industrial complexes** in Spain. There are also internal protocols for receiving, recording and dealing with community complaints. In 2010, complaints were made to the Muskiz industrial complex about noise and smells. We responded to them, but also made them known to the city council and the Government of the Basque Country.
- In **Brazil**, the *Fale Repsol* communication channel has both an email address and a telephone line, which are publicized in all the communities and towns in the area affected by our operations.
- The community relations management system in **Bolivia** includes a form for recording complaints, enabling them to be tracked until they are resolved.
- In **Colombia**, while the El Queso Block project was being developed, we set up a supervision and control group, staffed by people from communities in the area affected, in order to monitor the project, identify opportunities for improvement, and set up channels for communication and grievances from the community. Communities in the area of direct

influence and indigenous people living near the operations area of the Capachos Block can submit their complaints and grievances to the company through the Social Management Support office in Tame, or by email or telephone.

- In upstream operations in **Peru**, communities can communicate their concerns and complaints about the operations of Repsol and its contractors and sub-contractors by means of letters, official submissions, or directly to the community relations staff in the operational areas.

COMPREHENSIVE ACTION PLAN FOR COASTAL PROTECTION IN TARRAGONA

In 2011 the President of Repsol, Antonio Brufau, in a meeting with officials from various municipalities along the coast of Tarragona, Spain, announced the immediate launch of a comprehensive plan of action to strengthen the quality and safety of Repsol operations on the coast. The specifics of this plan are described in detail in "Prevention of spills" in the chapter "Minimising our environmental impacts" in this report.

Our contributions to community development

In 2010, Repsol spent €35.41 million on community development projects as part of our commitment to promoting the development of local communities affected by our operations. There is a wide range of community development projects: support for and strengthening of community organizations, providing microloans, and help with setting up local companies.

LOCAL RECRUITMENT IN PERU

In 2010, we undertook local employment programs in Peru in support of the project to expand 454 km of 2D seismic being carried out in Lot 39, and the project to drill exploratory wells in Kinteroni 1. Local hiring for these projects provided work for more than 250 people from communities in the area affected by the projects. People to be hired were selected by the local community. Meanwhile, the local recruitment program in the LNG area⁽⁷¹⁾ gives priority to hiring local labor.

More information on the Policy on Community Relations and all the communities affected by Repsol's activities, by country and by mechanisms for dialogue and engagement can be found at **communities.repsol.com**

(71) See description of the LNG activities in the chapter *Repsol and Corporate Responsibility*.

Indigenous communities

Repsol has formally recognized the rights of indigenous communities enshrined in international law, and works to ensure compliance with all existing international agreements, such as Convention 169 of the International Labor Organization, regardless of whether they are incorporated into the laws of the countries we operate in.

In 2010, we worked to implement and deploy our Indigenous Community Regulations, which was approved in 2009 and is to be applied to new projects, extensions of existing projects, and winding down or closure of projects. We particularly focused on programs to raise awareness of this new policy with employees and contractors. We also publicized the policy among the indigenous communities.

RELATIONS WITH INDIGENOUS COMMUNITIES AFFECTED BY REPSOL'S OPERATIONS IN 2010

Country	Operation	N° of communities and approx. population	Ethnic group	Dialogue and consultation	Agreements reached
Argentina	Loma la Lata (development)	4: Paynemil, Kaxipayiñ, Purrán y Cortes.	Mapuche	Dialogue committee made up of YPF staff to arrange joint activities with the Mapuche Paynemil and Kaxipayiñ communities.	Collaboration agreements with the Paynemil and Kaxipayiñ communities to provide school assistance, social work for elderly people, supplies of gas and energy and maintain irrigation equipment.
Bolivia	Margarita (development)	4 directly affected and 32 indirectly affected. (2,000 people)	Guaraní	Consultation and public participation processes on Environmental Impact Assessments (EIA): production facilities of the Huacaya X-1 well, Caipipendi Area, and collection and evacuation lines and access routes to the Margarita field.	<ul style="list-style-type: none"> Friendship and Cooperation Agreement between the Assembly of the Guaraní Itika Guasu People, signed for 20 years. Signing of a document to validate agreements for the consultation and participation process with the Assembly of the Guaraní Itika Guasu People. The consultation and participation process was carried out by the Hydrocarbons Ministry, with the support of the United Nations Development Program (UNDP). Pro Habitat agreement - Improvement and completion of 37 homes in the Guaraní community of Iguirati in the zone III Original Community Lands (TCO) Itika Guasu and construction of five social houses. Luis Herrera beekeeping agreement - Monitoring of "Make Life Sweeter" project and implementation of three basic carpentry workshops for beekeepers in Guaraní communities (Zapaterambia, Yuati and Kumandaroti). Agreement with communities in Zone III Itika Guasu - Direct support focused on immediate needs for health, education and productive development in communities in our area of direct influence.
	Paloma -Surubí (development)	10	Aymara and Quechua	Block sold in 2010. An inter-institutional agreement was signed with the town of Entre Ríos in Cochabamba and the agro-livestock union federation Mamoré-Bulo Bulo to carry out a range of work and activities to be funded jointly by the company and the local council.	
	North Charagua (exploration)	5	Not available	This block is in the process of being handed back, and so no agreements were signed in 2010 although the company collaborated in a water project to benefit the community of El Espino.	
Colombia	Capachos (development)	1 indirectly affected (250 people)	Uwa	11 meetings on various issues related to the activities, construction work, social investment and status of the block.	Procedures have been initiated to acquire an area of land of cultural importance to the Uwa people, where the Yopo tree, their sacred plant, historically grew.

RELATIONS WITH INDIGENOUS COMMUNITIES AFFECTED BY REPSOL'S OPERATIONS IN 2010

Country	Operation	N° of communities and approx. population	Ethnic group	Dialogue and consultation	Agreements reached
Ecuador	Block 16 (development)	7 directly affected: 5 intra-block: Dikaro, Yarentaro, Timpoka, Guiyero and Peneno; and 2 far-flung settlements (411 people) of the Waorani ethnic group. 2 with impact due to logistics activity: Pompeya and Indillama (926 people), of the Kichwa ethnic group. 28 indirectly affected (1,816 people)	Quechua and Waorani	<ul style="list-style-type: none"> Public consultation and participation processes for the EIAs on: extension of the Iro A platform, drilling of nine wells, extension and drilling of three additional wells; and the provision of drill cuttings in the Bogi and Daimi A areas. More than 100 talks, information meetings, workshops and accountability events on various issues contained in the environmental management plan for Block 16 and the Tivacuno Area, as well as on issues suggested by the communities, including: Biodiversity Action Plan (PAB) workshops, carried out with the collaboration of the San Francisco University in Quito; Workshops to improve the quality of handicrafts with the Association of Waorani Women in Ecuador AMWAE; Planning and accountability meetings with communities and the governing councils and presidents of Waorani nationality communities from outside the block in Ecuador. 	<ul style="list-style-type: none"> Ending of the annual operating plan and execution of the 2009 budget signed by Repsol YPF Ecuador S.A. and NAWE; Approval of the action plan to support Waorani communities and the Waorani Nationality of Ecuador (NAWE) organization. Cooperation and compensation agreement between Repsol YPF Ecuador S.A. and the Peneno community 2010 – 2013.
Peru	Block 39 (exploration)	12 (1,915 people)	Arabela and Quechua	<ul style="list-style-type: none"> Various consultation and participation processes on two EIAs for the projects to extend 454 km of 2D seismic and for 3D seismic prospecting and drilling of 21 exploration wells. Information workshop during production of the EIA held in the community of Buena Vista in November 2010 and approval of the public. 	In July 2010, two compensation agreements were signed with the communities of Buena Vista and Hurbina, to provide compensation for the impact of the seismic project. These agreements were contained in the EIA of the project to extend 454 km of 2D seismic.
	Block 57 (exploration and development)	21 (10,570 people.)	Asháninka, Kakinte, Maachiguenga and Yine	<ul style="list-style-type: none"> Consultation and participation process on two EIAs: 2D - 3D seismic project and drilling of 21 wells, and the project to develop the southern area of the Kinteroni field. Two information workshops with directly-affected communities and the Directorate General for Environmental and Energy Affairs. 	<ul style="list-style-type: none"> 25 collaboration agreements with the indigenous communities and federations and those in charge of executing the contracts to administer the Machiguenga and Ashaninka community reserves. A compensation agreement with the community of Nuevo Mundo regarding the drilling of exploratory wells and completion of Well 57-29-1XST in the Kinteroni location.
	Block 109 (exploration)	20 (3,850 people)	Awajún / Chaya-huitas	Work is being done to develop strategies to build relations and to start holding information workshops and consultation processes.	None established as yet
	Block 90 (in process of being handed back)	7 (2,700 people)	Asháninka and Yine	In 2010, the block was returned to the Peruvian State. However, actions are being taken to improve reforestation of the areas affected, as well as necessary actions to compile supporting documentation to show that all social commitments made to the indigenous communities affected in previous years have been fulfilled. In 2010, a consultation and participation process was carried out on the program to improve reforestation in Sipán, contained in the termination plan for Lot 90.	
Venezuela	Quiriquire (development)	1 indirectly affected (500 people)	Warao		Projects were agreed in the area of health, with actions coordinated with the Regional Indigenous Health Directorate.

More information on our Policy on Relations with Indigenous Communities, the Regulation for Actions in Relations with Indigenous Communities and the Repsol management system for indigenous communities can be found at communities.repsol.com

Measuring our performance

To evaluate our social performance in ongoing operations with indigenous communities, we have committed ourselves to carrying out independent third-party studies. These studies analyze our compliance with our Policy on Relations with Indigenous Communities in our ongoing projects in countries where our operations affect these communities.

In 2010, we carried out studies on our operations in Peru and Bolivia.

Methodology	Development	Results
Carrying out of study by an independent third party	3 operations analyzed in Peru (two in exploration and one in development).	Final report with 79 recommendations for Repsol (October 2010).
Review of Repsol corporate and local documentation	1 operation analyzed in Bolivia (production).	
Analysis of disputes and claims against Repsol in relation to its operations	More than 70 interviews with stakeholders: Local communities, Indigenous communities, Indigenous federations, Public administrations, International bodies, NGOs.	Action Plan to be carried out by Repsol (January 2011, being developed).
Identification of stakeholders at company, national and local level	Interviews with local Repsol employees	Approval of Action Plan (2011).
Preparation of interviews	Interviews with Repsol operation contractors.	
Participation by two civil society experts with comments and recommendations at all project phases.	Interviews with Repsol operation partners.	Publication of Action Plan (www.repsol.com)

Disputes arising

In Bolivia:

- In September, leaders of the National Assembly of the Guaraní People (APG) called Repsol to a joint meeting with the Hydrocarbons Ministry in the community of Tentayapi, in order to consider reclassifying the environmental report on the 3D seismic project in Huacaya from medium to high impact. The Hydrocarbons Ministry modified the project category without objection from Repsol. After this meeting, the community in question published a press release saying that it would not accept any kind of activity in its territory. Repsol is reviewing its operations so they may be carried out in areas in which the communities are in favor of the project.
- In December 2010, the signing of a Friendship and Cooperation Agreement with the Assembly of the Guaraní People of Itika Guasu (APGIG) put an end to the dispute with the communities of the Original Community Lands (TCOs, by its Spanish acronym) negotiations on which were stalled from 2006 until May 2010.

In Peru:

- Expanded information was provided to the central office of the Ashaninka people of the Tambo river on the Environmental Impact Assessment for the 2D - 3D seismic project and drilling of 21 wells as a decisive factor for continuing with the public hearings that had to be carried out.

In Ecuador:

- In December 2010, a report from an Environmental Clinic working group claimed that the money from the *Friendship, Respect and Mutual Support Agreement* signed in 1993 by the Waorani Nation of Ecuador (NAWE) and the company Maxus, previous operator of Block 16, was destroying the Waorani people. In a subsequent press release, the NAWE denied the statements in the report and defended the Waorani people's right to development, growth and defense of their territory.

Our community investment

In 2010, Repsol spent €29.99 million on social investment projects. Added to those arising from legal, regulatory or contractual requirements, these brought the total spent in 2010 to €35.41 million.

VOLUNTARY SOCIAL INVESTMENT⁽⁷²⁾

Million euros	2008	2009	2010
Social investment	28.32	30.25	29.99

As in previous years, we have continued to use the London Benchmarking Group (LBG) methodology for reporting social investments, which provides a general overview and makes it possible to compare the results with those of other companies using the same methodology.



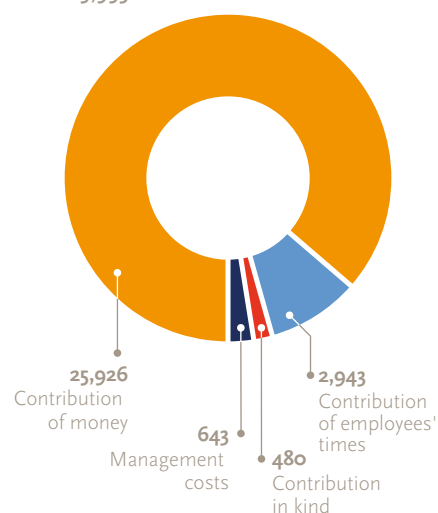
The LBG methodology guides the way in which companies report their community contributions, be they money, employees' time, in-kind or in management costs. We are reporting our social investment for the first time this year by type of contribution:

- Contribution of money refers to the monetary amount that we spent on social investment projects.
- Contribution of time is the proportional cost of the hours of paid work of employees who have carried out community projects.
- Contribution in kind includes products, equipment, the provision of company facilities and other non-monetary resources.
- Management costs include expenditure incurred for the general management of social investment projects that cannot be assigned to specific projects.

(72) The social investment figures for 2008 and 2009 were recalculated this year due to the modification of social investment in Venezuela, which incorporated the obligatory social investment outlined in the 2009 CR report. This modification has been applied in all the figures in this section relating to 2008 and 2009.

Type of contribution

Thousands of euros
Total: 29,993



Our community contribution is broken down by project type in the table Social investment by project type:

SOCIAL INVESTMENT BY PROJECT TYPE

Thousands of euros	2008	2009	2010
Education and training	9,912	9,624	10,430
Local community development	5,248	7,202	6,337
Social integration	4,582	4,963	3,898
Health	1,796	2,231	2,144
Environment	4,841	2,743	2,050
Art and culture	1,942	3,186	3,637
Humanitarian aid	NA	299	530
Fees and associations	N.a.	N.a.	965
TOTAL	28,321	30,248	29,993

Social projects in 2010 led to an increase in our social investment over the previous year in every country except Libya, Mexico and Venezuela.

DISTRIBUTION OF SOCIAL INVESTMENT BY COUNTRY

Thousands of euros	2008	2009	2010
Spain	8,982	10,233	12,319
Argentina ⁽⁷³⁾	14,663	13,444	6,254
Algeria	0	37	458
Bolivia	416	506	1,164
Brazil	213	307	738
Canada	0	119	163
Colombia	129	72	275
Ecuador	1,433	843	1,576
Libya	0	1,516	671
Mexico	62	63	34
Peru	913	1,362	4,830
Portugal	709	388	390
Trinidad and Tobago	194	96	411
Venezuela	471	405	131
Other	136	857	577
TOTAL	28,321	30,248	29,993

In our 2010 figures, we have incorporated our in-kind and management cost contributions, which were not included in previous years. Aside from these, the most significant variations in social investment have been:

- The significant increase in social investment in **Algeria**, resulting from the launching of a social and cultural investment strategy,

(73) The 2010 figure corresponds to verified social investment. In addition, there are other social investment projects that have not been included due to the unreliability of their records.

with the commencement of projects designed and negotiated at the end of 2009.

- The increase in **Bolivia** was primarily due to the signing of the Friendship and Cooperation Agreement with the Assembly of the Guaraní Itika Guasu People, through which Repsol committed ourselves to make financial contributions to properly implement the community development plan.
- In **Brazil** the increased investment in 2010 was due to the Repsol Educational Platform program for the fishing community having operated for a duration of 10 months, compared with six months in 2009.
- The increased social investment in **Colombia** was due to the start of exploratory activities in the El Queso Block and the social programs associated with this project. The Repsol Foundation also made a donation in 2010 to the victims of the winter weather in Colombia by means of the Colombia Humanitaria Campaign spearheaded by the Presidency of the Republic.
- The increase in **Ecuador** was linked to the launching of a special training project and the start-up of a new social project aimed at the poorest inhabitants of the town of Orellana.
- A larger social investment was made in **Libia** in 2009 to construct a hospital in Ubari.
- In **Peru** social investment increased as a result of greater activity in the operated blocks.
- The increase in social investment in **Trinidad and Tobago** was linked to a project to build three new greenhouses and the Repsol Foundation's contribution to health projects in cooperation with the Red Cross.
- The voluntary social investment in **Venezuela** fell because Repsol's operations in the Barrancas area and at the Termobarrancas electricity generation plant in Barinas came to an end in 2009. Social investment projects were carried out during the whole of 2008 and part of 2009 in the areas of our operations.

Mandatory contributions

These are contributions made by Repsol to the community as a result of legal, regulatory or contractual requirements. This kind of contribution was made in eight countries in 2010: Argentina, Bolivia, Colombia, Ecuador, Libya, Mexico, Peru and Venezuela.

SOCIAL INVESTMENT BY TYPE OF CONTRIBUTION			
In euros	Voluntary contribution	Mandatory contribution	Total
Spain	12,319,383	0	12,319,383
Argentina	6,254,179	431,405	6,685,585
Algeria	458,469	0	458,469
Bolivia	1,163,979	1,507,159	2,671,138
Brazil	737,559	0	737,559
Canada	163,424	0	163,424
Colombia	275,296	23,336	298,632
Ecuador	1,576,313	176,338	1,752,650
Mexico	33,715	43,743	77,458
Libya	670,777	688,772	1,359,549
Peru	4,830,041	441,429	5,271,471
Portugal	390,261	0	390,261
Trinidad and Tobago	410,712	0	410,712
Venezuela	131,417	2,108,515	2,239,933
Other	576,993	0	576,993
TOTAL	29,992,517	5,420,698	35,413,215

The Millennium Development Goals

Repsol, as a UN Global Compact signatory company, works to encourage and promote the uptake of the Millennium Development Goals (MDG), an ambitious set of targets designed to enable governments, businesses, foundations and civil society groups to meet the needs of the world's poorest people. In 2010, approximately 296 social investment projects carried out by Repsol related to the Millennium Development Goals.

SOCIAL INVESTMENT PROJECTS BY THEIR CONTRIBUTION TO THE MDGs		(thousands of euros)
Millennium Goal	2010	
Eradicate extreme poverty and hunger	1,566	
Achieve universal primary education	1,340	
Promote gender equality and empower women	1,431	
Reduce child mortality	213	
Improve maternal health	101	
Combat HIV/ AIDS, malaria and other diseases	573	
Ensure environmental sustainability	1,515	
Develop a global partnership for development	4,048	
TOTAL	10,787	

REPSOL FOUNDATION: SOCIAL ENERGY

Responsible citizenship

The Repsol Foundation Responsible Citizenship project is an initiative designed to promote a culture of participation and commitment and to foster the values of responsibility, solidarity and respect. In the 2010 campaign, the Responsible Citizenship caravan, a mobile exhibition and interactive vehicle with games and workshops, travelled around various cities in Spain, raising awareness among young people about the importance of using energy responsibly and efficiently, and the need to care for and respect the environment. The caravan received more than 37,700 visits during its journey.

Energy observatory

This is a platform to promote rational energy use and lay the groundwork for an energy model that will improve competitiveness and sustainability. The observatory has developed two new measurement indices to help contribute to improving knowledge and policies designed to promote energy saving and efficiency among the public. Firstly there is an Energy Efficiency Index, which measures how energy efficiency is evolving in Spain and provides overall and detailed information on the most significant sectors in terms of energy consumption. Secondly, a Social Indicator of Energy Efficiency analyzes and measures trends, attitudes and behavior among Spaniards in relation to energy and energy use. The Energy Efficiency Index was updated in 2010, with a new index being created, the Index of Greenhouse Gas Emissions Intensity.

This provides sector-based information on greenhouse gas emissions associated with the production, distribution and use of energy in Spain and the EU 15.

Integration and diversity

One of the areas in which the Foundation is increasingly involved is making a contribution to the social inclusion and employment of disabled people, and it is working on initiatives in the areas of education, culture and sports. The educational awareness-raising program *Your education has no limits. Develop your future* was put into action in the last quarter of the year, in collaboration with the ONCE Foundation. The objective of this program is to help disabled people to go to university and to standardize the processes whereby they can join the labor market. Also significant is the collaboration program with the Bobath Foundation, which has enabled young people suffering from paralysis and brain damage to take part in official vocational training in Administrative Management, which will give them an opportunity for employment. The first three students obtained their qualifications in 2010. The Foundation also supports sporting initiatives that enable athletes with various disabilities to take part in adapted mountain sports and cycling activities in a normal environment with their families and friends. The Foundation also carries out specific literary and theater workshops for this social group, in collaboration with other organizations.

One such initiative is *Rethink*, designed to raise social awareness about the problems faced by people with various disabilities. *Rethink* is an interactive space that provides a sensory trail, in which participants carry out a series of activities that illustrate the difficulties that disabled people face in their daily lives.

Education and training

Aside from the grant programs and collaboration with universities and other academic institutions, the Foundation also supported scientific research and the generation and dissemination of knowledge. Particularly noteworthy is the Movilab program, carried out with the Spanish National Research Council (CSIC), to narrow the gap between science and the general public and, in particular, to promote schoolchildren's interest in scientific careers. Throughout the academic year, this mobile laboratory inside a truck trailer traveled around the main provincial capitals and various towns in Spain, offering interactive and scientifically-rigorous workshops using teaching techniques.

International cooperation

In the sphere of international cooperation and development aid, the Repsol Foundation has taken an active role in the reconstruction work in Haiti. It has drawn up a global aid plan to contribute to development and reconstruction in this Caribbean country, with projects to boost agricultural, fisheries and livestock production, as well as to process these products and sell them in local markets. These programs are being carried out in collaboration with Solidaridad Internacional. In Senegal the Foundation has provided infrastructure for schools and health centers in various communities south of Dakar, in collaboration with the Por una Sonrisa en Africa Foundation, directly and indirectly benefiting more than 6,000 people.

Country actions

The Repsol Foundation carries out activities in countries where the company has a presence, with specific projects designed to suit the requirements of each area. In Ecuador it is running a microcredit program in the provinces of Orellana and Sucumbíos for women on low incomes, enabling them to generate their own employment resources. In Peru it has set up the Center for Studies and Integrated Human Development for young people at risk of social exclusion in Arequipa, and has improved the educational infrastructure in Pachacútec by building a secondary school and a basic training classroom at the Center for Studies and Community Development (CEDEC). It has also started to build the Luisa Astrain School to provide children living in extreme poverty with access to schooling.

In Bolivia, in the area of health, work has started on building a pediatrics and emergency clinic in Santa Cruz de la Sierra, a region which has enormous needs in this area. It has also continued with the healthy housing program to combat Chagas disease in some communities in the country.

Social studies

The Foundation also promotes and carries out general interest studies with the aim of gaining a deeper understanding of the most pressing social needs and problems in society, and to help to generate and disseminate knowledge. Its research guidelines cover various thematic areas: social energy observatory, responsible travel, and science and society. Two complementary studies were launched in 2010 in the area of responsible travel: *Food on road trips: Habits and behavior*, which is studying the principal food habits and behavior of drivers and their passengers on road trips and *Nutritional recommendations on trips*, which sets out the most suitable guidelines for eating on different kinds of journeys.

Art and culture

Providing access to art and culture is another way of contributing to community development and progress. The Foundation collaborates with museums, institutions and other cultural foundations to bring music, theater, art and literature to the public.

More information on Repsol's social investment projects in each country can be found at communities.repsol.com

More information on the Repsol Foundation and all its programs can be found at foundation.repsol.com

Partners, suppliers and contractors

We develop our activities with the support of partners, suppliers and contractors, who put our principles into action. During 2010, we worked with 24,077 suppliers and contractors from 79 countries.



Relations with our partners

At the end of 2010, we had non-operating interests in 259 blocks in 19 countries, three more than the year before, as a result of our entry into Angola, Indonesia and Oman. Of these blocks, 166 were dedicated to exploration activities, 81 are under development and the remaining 12 are service contracts.

Our relations with our partners are governed by joint operating agreements (JOA), which define the responsibilities of each partner, and in particular, the operating partner.

In activities where Repsol is not the operating partner, we undertake to use our influence to ensure that our partners implement our management policies and systems, or that they abide by ethical, social and environmental principles and systems that are equivalent to ours. We notify our partners of our corporate responsibility requirements primarily via the technical committees.

Given the importance of our partners' implementing ethical, social and environmental standards in their operations that are similar to our own, we have pledged, as part of our 2012 Sustainability Plan, to include clauses containing these criteria in all new JOAs.

Using our influence where we are not the operator

In 2010 we carried out 25 audits on non-operated assets⁽⁷⁴⁾ in 17 countries. Due to the increased investment in non-operated activities resulting from recent exploratory successes, we have rolled out a plan that aims to audit virtually all of the company's non-operated assets, in line with the highest industry standards for technical quality. As part of this process, we foresee a considerable increase in the number of audits to be carried out in 2011.

When we audit a non-operated asset, we carry out a comprehensive analysis whose scope is adapted to the needs and peculiarities of each partnership, covering areas such as verification of contractual compliance, reviews of transactions and division of production, internal control processes and analysis of technical aspects.

(74) Each of the auditable non-operated assets is a partnership that is not operated by the company, and is governed by a private contract between the parties. These associations may in turn be the holders of exploration and operation rights on various blocks.

Any non-compliance detected as a result of our audits is formally reported in writing. Should any aspects be identified that, because of their relevance or urgency, require immediate action, there are additional channels for reporting them both internally and to partners, for example by issuing audit notes, sending formal letters, and through work meetings with partners or the committee in charge of monitoring the operation.

MECHANISMS FOR COMBATING CORRUPTION

In order to combat corruption, our audits on non-operated assets include selective reviews of transactions and payments made by the contractor. Should any inappropriate or insufficiently justified payments be detected, these are analyzed and, if necessary, the relevant formal complaints are made. These incidents are reported to Repsol senior management.

Audits are also carried out prior to the acquisition of assets, which include an exhaustive review of past costs incurred and contract negotiation and signing processes, with particular focus on possible risks of corruption or failure to comply with the Foreign Corrupt Practices Act.

More information on the countries where we have non-operated assets, the requirements we include in joint operation agreements with our partners, and the technical and association control committees can be found at partners.repsol.com

Responsible management of contractors and suppliers

Repsol's supply chain policies and management system ensure the integrity of our relations with suppliers and contractors. Our contractors are required to meet internationally-recognized standards such as the United Nations Universal Declaration of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

INVOICING BY LEADING SUPPLIERS AND CONTRACTORS

Percentage of total invoicing	2008	2009	2010
3 largest suppliers	4.61	5.05	6.12
10 largest suppliers	9.79	10.60	13.81
20 largest suppliers	14.79	16.40	19.88

We ensure that all our suppliers and contractors provide equal opportunities when subcontracting goods and services by means of rating and contract-awarding processes that prevent our purchases from being concentrated in the hands of only a few suppliers.

How we ensure the corporate responsibility of our suppliers and contractors

We supplemented our body of policies in 2010 by incorporating new criteria and guidelines to strengthen our commitment to ensuring ethical conduct and respect for human rights on the part of our suppliers and contractors. These modifications will be applied from 2011 onwards:

- We extended the questionnaire used to determine would-be suppliers' qualifications with a specific Ethics and Human Rights section,

asking suppliers to tell us about their position with regard to internationally-recognized rights and the fight against all forms of fraud, corruption and bribery. These questions, which can be the basis for exclusion from supplying to Repsol, go into greater detail in the case of suppliers providing goods or services with Medium or High criticality levels.

- We have incorporated ethical conduct and respect for human rights into the rating process we use to evaluate suppliers, in the same way as we do other aspects such as the supplier's financial status, the implementation level of its management systems and the degree to which it meets technical requirements.
- We keep a list of the countries and areas of activity (goods or services) considered to pose the greatest risk of corruption and human rights abuses. We have established additional requirements, such as filling in self-assessment questionnaires or carrying out specific ethics and human rights audits, in purchasing or contracting processes where the combination of corruption and human rights abuses is high or very high.

The company has a unified supplier information management system for this purpose, called SISPRO. This system is unique, applied worldwide, and includes the information generated during the supplier rating, performance assessment, development and planning processes. It also contains the information we demand of our suppliers on ethical and social aspects of their corporate responsibility.

TRAINING AND AWARENESS-RAISING

In **Argelia** we have created an interdisciplinary work group, with the participation of our purchasing and contracts, communication, external relations and legal services departments, to create new contractual clauses addressing the values and commitments adopted in our Ethics and Conduct Regulation in all new contracts managed by each business unit.

In **Bolivia** and **Ecuador**, we have publicized our regulation on relations with indigenous communities through workshops with contractors and suppliers, and we have included this policy in all the bidding terms and conditions. This provides our suppliers of goods and services with prior and timely information about the company's social standards before becoming involved with our activities. All contractors who work in the field in these countries must undergo a training session on Repsol's Ethics and Conduct Regulation.

In **Mexico**, the purchasing and contracts unit has put a new plan called C6ndor into operation to train local contractors. This will also entail a system to evaluate them. This system will apply to all contractors wishing to supply services to the company.

Contractor and supplier ratings

We oblige all suppliers and contractors, before embarking on any commercial relationship with us, to pass a qualification process in line with the level of criticality of the goods or services they hope to provide. This criticality level determines the strictness of the rating process. In 2010 we increased from three to four levels of criticality, called Very Low,

SUPPLIER AND CONTRACTOR RATING PROCESSES			
	2008	2009	2010
Suppliers of goods:			
Qualified	128	1,329	1,858
Provisionally qualified ⁽⁷⁵⁾	22	5	36
Not accepted	18	76	96
Services contractors			
Qualified	362	2,451	3,190
Provisionally qualified	55	35	143
Not accepted	73	279	285

Low, Medium and High.

In 2010, 6.8% of suppliers and contractors failed to pass the Repsol rating process. The main reasons for this were:

- For suppliers of goods:
 - Quality system failed to ensure sufficient traceability of the goods.
 - Manufacturing system failed to ensure compliance with Repsol technical specifications.
- For services contractors:
 - Occupational risk prevention system failed to comply with Repsol requirements.
 - High workplace accident rates.

Control mechanisms

Repsol's Contracts and Purchasing Policy requires audits to be carried out on suppliers operating in activities involving areas of high criticality. In 2010, 798 audits were carried out in 13 countries.

Repsol mainly contracts external companies to carry out our audits. Repsol personnel accompany the audit company on some of the visits; and some of the audits are even carried out exclusively by in-house staff.

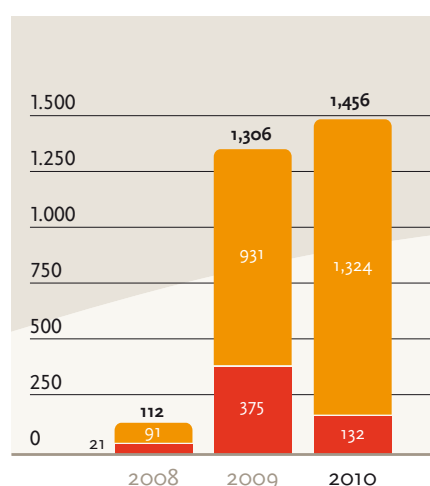
(75) On some occasions a supplier may be "provisionally qualified" when it is found that they fail to comply with some minor requirement that prevents it from being classified as "qualified". This is a temporary situation that should be possible to remedy within a short period.

AUDITS ON SUPPLIERS AND CONTRACTORS

Country	2008	2009	2010
Spain	77	200	111
Argentina	539	659	610
Bolivia		9	
Brazil		1	
Chile		3	
China		3	3
Colombia	2		
Ecuador		20	6
France		1	
Germany			1
Italy		1	3
Japan			3
Mexico			1
Peru	1	37	41
Portugal	25	26	14
Russia			3
Trinidad and Tobago	2	5	
USA			1
Venezuela	1	2	1
TOTAL	647	967	798

The reduction in the number of audits carried out in comparison with 2009 is a result of the fact that our 2010 purchases were primarily from recently qualified suppliers providing goods in areas of high criticality, so there was no need to initiate a new audit process or renew their ratings.

Subcontractors must also pass Repsol's rating process, which is applied in accordance with the criticality level of the service they seek to provide. We are looking into the possibility of drawing up action protocols including specific requirements for the project or area of activity that will be demanded of these companies. These would mandate the requirements necessary to carry out their activity, taking into account the kind of facility where they will be operating, with the requirements adapted to suit these circumstances.

Assessments carried out

- Suppliers of goods
- Service contractors

PERFORMANCE ASSESSMENT

Repsol has established a systematic and documented assessment process to cover the most significant aspects of our relations with our suppliers. Those that have supplied us with goods and services of high criticality over the past 12 months must receive at least one annual performance assessment.

The results of these evaluations enable the supplier to continuously improve, and Repsol to make more objective decisions. All the evaluations carried out are recorded in our supplier information management system, SISPRO.

These assessments cover issues including operational and commercial aspects, the supplier's compliance with ethical, human rights and environmental requirements, management systems and compliance with current legislation.

Repsol's Contracts and Purchasing Policy, contractor and supplier management system, detailed information on changes in the supplier-rating procedure, the ethical and human rights requirements in the rating questionnaires, contractors' safety accreditation, communication channels with suppliers and contractors, and Repsol's relationship with subcontractors can be found at suppliers.repsol.com

The measures we take to resolve the situation are established according to the gravity and frequency of any non-compliance detected, including giving formal warnings; if the situation continues, we revoke the contracts or elect not to renew them. In 2010, 10 contracts were revoked due to problems with the supplier's performance.

Local purchasing and contracts

Over the course of 2010 we obtained goods and services from 24,077 suppliers in 79 different countries.

In countries such as Cuba and Morocco, where we carry out exploration activities, it is not always possible to find specialised local suppliers. In these cases it is necessary to work with international suppliers.

EVOLUTION OF PURCHASING AND CONTRACTS	Million euros		
	2008	2009	2010
Total purchases ⁽⁷⁶⁾	8,572	6,251	7,565
Total suppliers	25,417	24,005	24,077
Local purchasing	7,070	5,324	6,461
% OF TOTAL	82.48%	85.17%	85.41%

PURCHASING AND CONTRACTS IN 2010 ⁽⁷⁷⁾			Million euros
Country	Total	Local	% purchases from local suppliers
Spain	2,723	2,255	82.81%
Argentina	3,011	2,814	93.45%
Algeria	22	16.5	74.84%
Bolivia	149	126.5	84.90%
Brazil	705	443	62.85%
Canada	64.4	64.1	99.54%
Colombia	16.9	16.4	97.23%
Cuba	3.3	2.2	66.79%
Ecuador	136	130	95.89%
France	5	5	100.00%
Libya	73.3	71.4	97.50%
Morocco	24	0.06	0.25%
Mexico	9.7	9.5	97.96%
Norway	0.6	0.6	100.00%
Peru	217	166.7	76.73%
Portugal	274	219	80.00%
Trinidad and Tobago	65	59	90.76%
USA	42	39	92.58%
Venezuela	23.7	22.4	94.50%
TOTAL	7,565	6,461	85.41%

(76) The difference in the figures for purchases in 2008 and 2009 with respect to those given in the reports for previous years is due to the fact that some orders underwent slight changes as a result of revisions carried out in the first months of the subsequent year.

(77) The purchasing total refers exclusively to purchases made by the Department of purchasing and contracts.

PROGRAM OF DIRECT PURCHASING FROM THE MANUFACTURER

In **Mexico** the purchasing and contracts unit places priority on local suppliers, developing direct relationships with them and cutting out middlemen. This enables the unit to ensure that the value generated is properly distributed throughout the entire supply chain, promoting local capacity development.

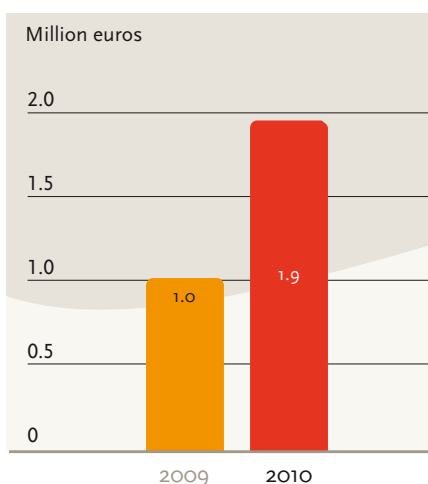
INCLUSIVE BUSINESSES IN ECUADOR

Inclusive businesses are economic activities that enable the most disadvantaged groups in society to become involved in generating value. In short, these are financially profitable business initiatives that use a mutually beneficial structure to incorporate low-income communities into their value chains and improve their quality of life.

Over the course of 2010, the purchasing and contracts unit worked with the Repsol Ecuador Foundation to develop this model, enabling us to identify inclusive suppliers, with whom we contract to supply various products and services for the company.

More information about the countries of origin of all our suppliers and contractors, the percentage of long-term contracts with local suppliers and contractors by country, our contribution to local employment creation and our relationships with local suppliers can be found at suppliers.repsol.com

Purchases from CEEs



Purchasing and contracts from special employment centers

Special employment centers (CEE, by its Spanish acronym) are companies in which at least 70% of the workforce must be made up of disabled people with at least a 33% reduction in their working capacity.

Aside from having workers with disabilities in its workforce, Repsol also contributes to employment creation by purchasing goods and contracting services from CEEs. In 2010, we made purchases from 36 special employment centers in Spain. These goods and services included promotional items, IT consumable goods, document printing, and gardening, porter and catering services.

Our customers

Our LPG⁽⁷⁸⁾, Marketing⁽⁷⁹⁾ and Chemicals business units provide our customers with a wide range of products and services, which we market directly as well as via retailers and service stations.



Customer focus

We aim to meet our customers' expectations in all our activities, improve our communications with them, and ensure the quality and sustainability of our products.

Our communication channels with our customers include individual attention, a telephone help service, the company website (www.repsol.com), email, and a mobile telephone number.

We carried out projects and initiatives all over the world in 2010 aimed at strengthening our customer focus:

- In the **LPG** area, in Argentina, we set up a service to accept LPG orders via SMS text message. In Brazil we introduced the *Customer Connection Bulletin*, which we send out to our LPG customers every month. In Chile, we set up a new home-based service for cell phone top-ups, insurance, and account payment. In Spain, we instituted video operator customer care service on www.repsol.com. We provided our customer care service in various languages and introduced bilingual billing and communications. We introduced the SAP PM Customers project in Peru, which creates automatic preventive and corrective maintenance alerts to optimize maintenance work, allowing us to provide our customers with a speedier service.
- In **Chemicals**, we introduced an incentives system for our sales agents, aimed at improving our customer service. Similarly, we have put in place a resource-optimization project at our Dynasol plant in Santander (Spain), which reduces delivery periods, storage, and transportation costs, leading to a reduction in the final costs paid by our customers.
- In the **Marketing** area, we incorporated a 24-hour telephone service for disabled people in our service stations network, helping them to access the services on offer at any time of the day or night.

(78) The LPG area markets bottled, piped, and bulk liquid petroleum gases, primarily butane and propane.

(79) The Marketing area includes businesses such as service stations, aviation fuels, lubricants, and specialties and direct fuel sales.

MORE ACCESSIBLE SERVICE STATIONS

In 2010, we continued to work to improve the accessibility of our service stations. The number of accessible service stations in our network has grown from 81 to 291. The modifications we carried out to improve accessibility include designated, reserved parking places for the disabled and pregnant women; ramps to access stores; using rounded display shelf feet; highway assistance systems; and adapted toilets.

The Service Station Accessibility Book (*Libro de Accesibilidad en Estaciones de Servicio*) was unveiled in February in collaboration with the ONCE Foundation. This contains guidance to help disabled people access service stations more easily, and looks in detail at aspects that should be taken into consideration when building such facilities, to ensure that construction is done in line with accessibility criteria.

INNOVATIVE PRODUCTS

Our products have a number of innovative applications that provide a variety of benefits:

Use of LPG in outboard motors

New outboard motors can be converted to run on LPG. This provides advantages for users and the environment, since it improves engine performance and prevents marine pollution caused by spillages.

Energy savings in greenhouses

The introduction of refrigeration equipment running on LPG in hothouses results in better crop production and energy savings.

New products for the agricultural sector

- New packaging concept for transporting fruits and vegetables, lengthening the lifetime of foodstuffs.
- Biodegradable oil that effectively combats pests.

Asphalt road surfacing

New asphalt road surfacing can reduce the emission of NOx compounds. The laboratory phase of research has been completed, with industrial trials now being planned. It is estimated that this product could achieve a 40% reduction in these compounds in areas near to roads.

Information on all the products and services marketed by Repsol, our distribution networks, our customer relations channels in the various business areas, the progress made on the Reinventing LPG project, and other customer-focused projects we carried out in 2010 in each of our commercial areas can be found at customers.repsol.com

Our customers' experience

We perform surveys to assess customer satisfaction and identify areas for improvement where we still have work to do. Since our products and business areas are very diverse, a global index of all our customers' satisfaction would not present a meaningful picture. We measure satisfaction according to each service or product, although the methodology used has become standardized over time in each of the commercial areas.

Our customer satisfaction studies are carried out at least every two years, although there may be exceptions depending on the country and the business. These surveys are carried out by external companies. In Spain, Argentina, France, and Portugal, we use the Customer Satisfaction Index (CSI), a scale from one to five, with five being the highest mark possible. In Ecuador and Peru, a percentage scale is used, with

100 being the maximum satisfaction level. The indicator used to evaluate the satisfaction for our Chemicals customers is the percentage of orders delivered on time.

CSI FOR SERVICE STATION CUSTOMERS			
	2008	2009	2010
Spain ⁽⁸⁰⁾	NA ⁽⁸¹⁾	4.02	NA
Peru	71%	83%	76%
Portugal	NA	3.91	3.95

LPG CUSTOMERS CSI			
	2008	2009	2010
Spain			
Private customers bulk	4.03	NA	4.15
Companies bulk	4.11	NA	4.11
Piped	3.95	NA	3.95
Bottled	4.21	4.18	NA
Argentina			
Bulk	NA	4.3	4.4
Ecuador			
Bulk	NA	95.07%	94.43%
Bottled	NA	84%	88%
Portugal			
Piped ⁽⁸²⁾	NA	3.77	NA
Bottled ⁽⁸³⁾	NA	4.21	NA
Bulk ⁽⁸⁴⁾	NA	3.99	NA
Peru			
Bulk ⁽⁸⁵⁾	N.a.	N.a.	91%

OVERALL CHEMICALS SERVICE LEVEL			
	2008	2009	2010
Overall service level	92.7	89.5	86.9

The level of overall service measures the alignment between the customer's requested delivery date and the actual delivery date. The main reasons for the decline in service in 2010 were delays in transport to Europe in the last quarter of the year, and the lower number of days of available stock throughout the year.

Complaints we have received

All the complaints we receive from our customers are analyzed so that we can implement corrective actions.

The increase in the number of complaints received in Peru is partially due to the opening of new service stations, with 20 more than in

(80) The CSI for 2006 was 4.23. The CSI was not performed in 2007.

(81) Means the CSI was not performed that year.

(82) The CSI in 2007 was 3.73.

(83) The CSI in 2007 was 4.21.

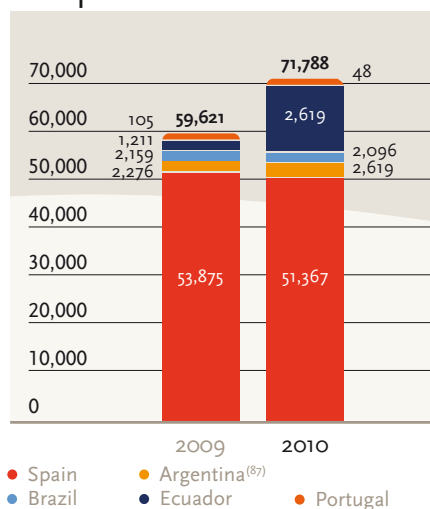
(84) The CSI in 2007 was 4.02.

(85) No data on customer satisfaction of the service provided in Peru is available before 2010.

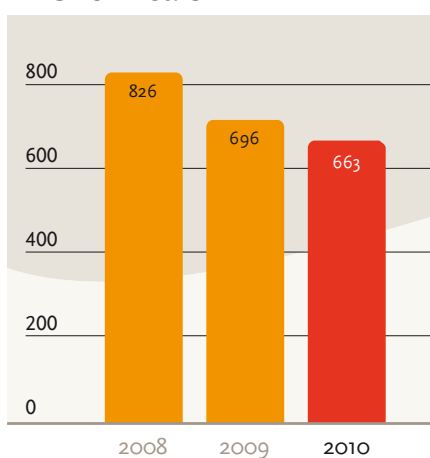
Number of complaints to Marketing



Number of LPG complaints



Number of complaints in Chemicals



(86) These figures only relate to service stations

(87) The figures on complaints in Argentina reported in the 2009 CR report relate to all the communications received, and not the total number of communications that were complaints.

2009, and information campaigns we launched to publicize our customer care service and its new website and email channels. The most frequent complaint related to poor service. For this reason, a training program has been put in place with the aim of improving customer service. Just one complaint was received by the service stations in relation to customer data protection.

No uniform system is used in all the countries to gauge complaints relating to the LPG area.

In Spain, two complaints were dealt with relating to the confidentiality of personal data: one in March, which was submitted by the Spanish Data Protection Agency, which was resolved in Repsol's favor, and another in December from a person receiving messages from Repsol on their cell phone, and who said they were not a customer.

The most common complaints in Argentina were due to delays in delivering orders and missing documentation.

The 2009 data for Ecuador relates to the second half of the year, while the 2010 data is for the whole year. In addition, the complaints-gathering system was improved in 2010, incorporating new communication channels, with complaints about sales agents now being recorded.

In **Chemicals**, no complaints relating to the confidentiality of personal data were dealt with in 2010.

Corrective measures

We took the following steps in 2010 in response to the complaints we received:

- Increased number of staff in the customer care service in various business areas in order to reduce the time taken to respond and attend to customers.
- Set up specific preventive maintenance programs in some commercial areas.
- Increased collaboration between the commercial, logistics departments, and customer care services in order to optimize and improve the frequency of routes and supplies.

EFFICIENT USE OF GAS BOILERS

The Danish Gas Center, Athens University, and the Repsol Materials Testing Laboratory joined forces on a project that aims to provide information about the use and performance of gas boilers for developers, installers, and the general public. The collaboration has produced a database of European boilers, as well as a performance calculation program. This is available on the Internet in the language of each country, in order to help promote the use of products that increase energy efficiency.

The safety of our products

The Repsol Product Safety unit evaluates, monitors and issues information about the health and environmental risks of the products we market. We do this by analyzing the danger posed by the raw materials and end products. We also produce safety data sheets to communicate risks throughout the entire supply chain, as well as registration reports as required by the EU's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) Regulation.

There were no non-compliance incidents relating to product health, safety, or labeling in 2010 resulting in any sanction, fine, or warning.

The information on product safety is provided by means of safety data sheets, which are available to both customers and employees.

Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)

The European Union created its REACH Regulation to register, evaluate, and regulate the use of chemical substances. The European authorities analyze the dangers posed by these substances and act on this evaluation, restricting their use or prohibiting any substances that pose a high level of risk. Our companies collaborate by providing information on the chemical substances we manufacture and use. As of 23 November 2010, Repsol had made 168 REACH registrations covering 100% of the products required by these regulations.

Classification, labeling, and packaging of substances and mixtures

Another European regulation we worked on in 2010 was the CLP Regulation, which modifies the classification, labeling, and packaging system for dangerous chemical products. In response to this regulation, we have improved the IT application we use to manage safety data sheets, and have compiled all the necessary information to update the classification of all substances on time.

Responsible advertising

Repsol is a member of associations that promote voluntary mechanisms and codes to ensure the transparency and veracity of advertising communications.

One of these is the Association for the Self-Regulation of Commercial Communication (Autocontrol), under whose auspices we have signed a Self-Regulatory Code on Environmental Claims in Commercial Communications. This code, created alongside Spain's Ministry of the Environment, Rural and Marine Affairs, imposes an additional set of rules we must follow beyond compliance with the law in regard to advertising that mentions the environment.

We also signed the Ethical Code of Online Trust.

There were no complaints about any advertising produced by Repsol in 2010.

More information on the methodologies used to calculate customer satisfaction, our actions and initiatives to encourage responsible use, safety data sheets, and our approach to responsible advertising can be found at customers.repsol.com

Objectives for 2011

The corporate responsibility objectives we have set ourselves for 2011 are contained in the 2012 Repsol Sustainability Plan, which we initiated in 2010.

Greater detail on our actions planned for 2011 and the progress we have achieved is available at sustainabilityplan.repsol.com

About this report

This corporate responsibility report is for the year **2010**. Its prime objective is to provide complete, reliable and high-quality information on Repsol's corporate responsibility. Its content is supplemented by information in the corporate responsibility section of www.repsol.com, and all the other corporate information produced and published by Repsol in 2010. This includes the Consolidated Annual Account Report, the Management Report, which provides more in-depth information on the company's financial management, and the Annual Corporate Governance Report, which focuses on information relating to the functioning of the company's governing bodies.

Repsol produces and publishes this report yearly in accordance with the **Global Reporting Initiative** Sustainability Reporting Guidelines (version G3), to an **A+ application level**.

This report also incorporates the principles of inclusivity, materiality and responsiveness as described the **AA1000 Accountability Principles Standard (2008)**. It has also been verified according to the **AA1000 Assurance Standard (2008)**.

Inclusivity

The company, its corporate divisions and business units have identified their stakeholders, and have put in place channels and mechanisms for dialogue and relationships. The processes and tools used for dialogue with stakeholders are detailed in various chapters of this report: Repsol and corporate responsibility, People at Repsol, Communities, Partners, contractors and suppliers and Customers.

In addition, Repsol also held various discussions in 2010 on sustainability issues with union organizations and NGOs. Some of the results and advances resulting from these dialogue processes are included in this report.

Materiality

In order to produce this corporate responsibility report, we carried out a materiality study based on the recommendations of the AA1000 APS standard. This study was intended to ensure that our corporate responsibility report focused on the most relevant issues given the individual characteristics of Repsol, its stakeholders and our sector. The material issues identified in the study carried out for this year do not represent any substantial modifications with respect to those from previous years.

Responsiveness

This report aims to respond to the issues identified as material for the company by means of the dialogue processes established with its stakeholders, and to provide an account of its 2010 performance in each of these areas.

Scope of the report

This report includes information on the activities of the Repsol YPF Group on an operating control basis; that is, subsidiary companies in which we have a majority holding and/or operating control. Throughout the entire corporate responsibility report, the name Repsol is used to refer to Repsol YPF Group companies in which we have operating control.

The data underpinning the environmental information comes from subsidiary companies in which we have a majority holding and/or operating control and where we record 100% of emissions into the air, ground and water. In the case of greenhouse gases, we also include emissions from the company's activities in proportion to our ownership interest in each of these companies, as well as from indirect emissions associated with energy purchases from third parties and other relevant indirect emissions.

On safety matters, we include data for 100% of employees at subsidiary companies in which we have a majority holding and/or operating control. For contractor employees we include any activity under a direct contract in excess of one year with Repsol.

The information on Repsol employees relates to the companies that Repsol directly manages as a result of our operating control.

Social investment refers to all the activities carried out by Repsol and its three foundations (Repsol Foundation, YPF Foundation and Repsol YPF Ecuador Foundation) that involves contributions to the community or society in the areas where operate. We provide information on social investment for 100% of the operations in which we have operating control.

This report includes quantitative details from previous years where available. In those cases where the scope or means of calculating information has undergone any modification with respect to previous years, specify the change and the reason for it.

Verification of the report

The data in this report has been reviewed and verified by Deloitte, to ensure its reliability.

Distribution

An electronic version of this report can be sent by email to interested parties, and it can also be provided on a USB drive in Spanish and English. This report is also available at www.repsol.com, where the document can be downloaded in pdf format.

Enquiries and additional information

Readers of this report may send their questions, enquiries or requests for additional information through the Contact and Repsol listens to you sections on www.repsol.com.

MATERIALITY STUDY

We undertook a materiality study to produce this corporate responsibility report, and to ensure it focused on those issues that are of most relevance to Repsol's stakeholders and reflect the company's individual characteristics.

We carried out the dialogue process with stakeholders and identification of particular issues using a variety of approaches and methods that meet AA1000 Assurance Standard requirements.

In the study's initial phase, we identified the relevant issues, beginning with an analysis of the ethical, social and environmental criteria used by institutional investors, the requirements of relevant international bodies in the field of sustainability, and the importance that the media places on these issues, among others.

The issues identified were reviewed via in-depth interviews with representatives of various civil society stakeholders identified by Repsol.

Eleven relevant thematic areas and 111 issues were identified by the study. Repsol has attempted to provide full information on these in this report. The issues identified by this materiality study are supplemented with other issues of relevance to the company identified through internal analysis.

G3 Content Index		ISO 26000		
PART I: PROFILE DISCLOSURES				
Profile Disclosure	Description	Subjects & Themes	Clauses	Cross-reference/ Direct answer
1. Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization.	Organizational governance	6.2	CRmodel.repsol.com
1.2	Description of key impacts, risks, and opportunities.	Organizational governance	6.2	Page 19
2. Organizational Profile				
2.1	Name of the organization.			Page 15 repsol.com
2.2	Primary brands, products, and/or services.			Page 16 customers.repsol.com/ repsol.com
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Organizational governance	6.2	Page 15 repsol.com
2.4	Location of organization's headquarters.			repsol.com
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.			Page 76 repsol.com
2.6	Nature of ownership and legal form.			Page 15 and 16
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).			customers.repsol.com
2.8	Scale of the reporting organization.			Page 8
2.9	Significant changes during the reporting period regarding size, structure, or ownership.			Page 18
2.10	Awards received in the reporting period.			acknowledgements. repsol.com
3. Report Parameters				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.			Page 117
3.2	Date of most recent previous report (if any).			Page 117 repsol.com
3.3	Reporting cycle (annual, biennial, etc.)			Page 117 repsol.com
3.4	Contact point for questions regarding the report or its contents.			Page 119 repsol.com
3.5	Process for defining report content.			Page 118 and 119
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.			Page 118

G3 Content Index		ISO 26000		
PART I: PROFILE DISCLOSURES				
Profile Disclosure	Description	Subjects & Themes	Clauses	Cross-reference/ Direct answer
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).			Page 118
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.			Page 118
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.			Page 118
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).			Page 118
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.			Page 118
3.12	Table identifying the location of the Standard Disclosures in the report.			Page 120 - 136
3.13	Policy and current practice with regard to seeking external assurance for the report.	Verification	7.5.3	Page 119
4. Governance, Commitments, and Engagement				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Organizational governance	6.2	Page 15 repsol.com
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Organizational governance	6.2	Page 15 repsol.com
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Organizational governance	6.2	Page 15 repsol.com
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Organizational governance	6.2	Page 15 repsol.com

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PART I: PROFILE DISCLOSURES				
Profile Disclosure	Description	Subjects & Themes	Clauses	Cross-reference/ Direct answer
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Organizational governance	6.2	repsol.com
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Organizational governance	6.2	Page 20 and 61 CRmodel.repsol.com
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Organizational governance	6.2	Page 20 CRmodel.repsol.com
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Organizational governance	6.2	CRmodel.repsol.com
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Organizational governance	6.2	Page 15 CRmodel.repsol.com
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Organizational governance	6.2	Page 15
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Organizational governance	6.2	Page 19
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Organizational governance	6.2	Page 98 initiatives.repsol.com
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Organizational governance	6.2	initiatives.repsol.com

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PART I: PROFILE DISCLOSURES					
Profile Disclosure	Description	Subjects & Themes	Clauses		Cross-reference/ Direct answer
4.14	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Organizational governance	6.2		Corporate Responsibility Report 2009 page 91 in repsol.com
4.15	List of stakeholder groups engaged by the organization.	Organizational governance	6.2		Corporate Responsibility Report 2009 page 91 in repsol.com
4.16	Basis for identification and selection of stakeholders with whom to engage.	Organizational governance	6.2		Page 119 Corporate Responsibility Report 2009 page 91 in repsol.com
4.17	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Organizational governance	6.2		Page 119 repsol.com
PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
Economic					
Economic performance					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Community involvement and development	6.8	✓	Page 18 transparency.repsol.com
		Community involvement	6.8.3		
		Wealth and income creation	6.8.7		
		Social investment	6.8.9		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Climate change mitigation and action	6.5.5	✓	Chapters 2.1 to 8.6 of Repsol's Investor CDP 2010 response (https://www.cdproject.net/Sites/2010/69/15669/Investor%20CDP%202010/Pages/DisclosureView.aspx - free registration required)"
EC3	Coverage of the organization's defined benefit plan obligations.			✓	Page 101 Consolidated annual account report (Note 18) in repsol.com
EC4	Significant financial assistance received from government.			✓	Page 66 transparency.repsol.com
Market presence					
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Conditions of work and social protection.	6.4.4	✓	Page 80 people.repsol.com
		Community involvement and development	6.8		

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PART III: PERFORMANCE INDICATORS

Performance Indicator	Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Promoting social responsibility in the value chain.	6.6.6	✔	Page 109 suppliers.repsol.com
		Community involvement and development	6.8		
		Employment creation and skills development	6.8.5		
		Wealth and income creation	6.8.7		
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Community involvement and development	6.8	✔	Page 67 and 85 suppliers.repsol.com
		Employment creation and skills development	6.8.5		
		Wealth and income creation	6.8.7		
Indirect economic impacts					
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Economic, social and cultural rights	6.3.9	✔	Page 98 communities.repsol.com and humanrights.repsol.com
		Community involvement and development	6.8		
		Community involvement	6.8.3		
		Education and Culture.	6.8.4		
		Employment creation and skills development	6.8.5		
		Technology development and access	6.8.6		
		Wealth and income creation	6.8.7		
Social investment	6.8.9				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Economic, social and cultural rights	6.3.9	✔	Page 98 communities.repsol.com and humanrights.repsol.com
		Promoting social responsibility in the value chain.	6.6.6		
		Respect for property rights	6.6.7		
		Access to essential services	6.7.8		
		Community involvement and development	6.8		
		Employment creation and skills development	6.8.5		
		Technology development and access	6.8.6		
		Wealth and income creation	6.8.7		
		Social investment	6.8.9		

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
Environmental					
Materials					
EN1	Materials used by weight or volume.	The Environment Sustainable resource use	6.5 6.5.4	✓	Section: "Business areas" (Group's main operating highlights table) of the Consolidated management report in repsol.com
EN2	Percentage of materials used that are recycled input materials.	The Environment Sustainable resource use	6.5 6.5.4	N.A.	Repsol's activities mean that this is not a material indicator for the company
Energy					
EN3	Direct energy consumption by primary energy source.	The Environment Sustainable resource use	6.5 6.5.4	✓	Page 43 performanceandobjectives.repsol.com
EN4	Indirect energy consumption by primary source.	The Environment Sustainable resource use	6.5 6.5.4	✓ ⁽¹⁾	Page 43 and 45 performanceandobjectives.repsol.com
EN5	Energy saved due to conservation and efficiency improvements.	The Environment Sustainable resource use	6.5 6.5.4	✓ ⁽²⁾	Page 34 and 37
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	The Environment Sustainable resource use	6.5 6.5.4	✓ ⁽²⁾	Page 39, 40, 41 and 44 environment.repsol.com
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	The Environment Sustainable resource use	6.5 6.5.4	N.A.	The Repsol Group actually does not have mechanism for give this information.
Water					
EN8	Total water withdrawal by source.	The Environment Sustainable resource use	6.5 6.5.4	✓	Page 50 and 59 performanceandobjectives.repsol.com
EN9	Water sources significantly affected by withdrawal of water.	The Environment Sustainable resource use	6.5 6.5.4	N.A.	The Repsol Group actually does not have mechanism for give this information.
EN10	Percentage and total volume of water recycled and reused.	The Environment Sustainable resource use	6.5 6.5.4	✓	Page 50 and 59 performanceandobjectives.repsol.com

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PART III: PERFORMANCE INDICATORS					
Performance Indicator	Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer	
Biodiversity					
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	The Environment Protection of the environment & biodiversity, and restoration of natural habitat	6.5 6.5.6	✓ ✓	Page 56 and 57 biodiversity.repsol.com
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	The Environment Protection of the environment & biodiversity, and restoration of natural habitat	6.5 6.5.6	✓ ✓	Page 56 and 57 biodiversity.repsol.com
EN13	Habitats protected or restored.	The Environment Protection of the environment & biodiversity, and restoration of natural habitat	6.5 6.5.6	✓ ✓	Page 56 and 57 biodiversity.repsol.com
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	The Environment Protection of the environment & biodiversity, and restoration of natural habitat	6.5 6.5.6	✓ ✓	Page 56 and 57 biodiversity.repsol.com
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	The Environment Protection of the environment & biodiversity, and restoration of natural habitat	6.5 6.5.6	N.A. N.A.	The Repsol Group actually does not have mechanism for give this information
Emissions, effluents and waste					
EN16	Total direct and indirect greenhouse gas emissions by weight.	The Environment Climate change mitigation and action	6.5 6.5.5	✓ ✓	Page 42 and 43 performanceandobjectives.repsol.com
EN17	Other relevant indirect greenhouse gas emissions by weight.	The Environment Climate change mitigation and action	6.5 6.5.5	✓ ✓	Page 43 performanceandobjectives.repsol.com
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	The Environment Climate change mitigation and action	6.5 6.5.5	✓ ✓	Page 38 and 41 performanceandobjectives.repsol.com
EN19	Emissions of ozone-depleting substances by weight.	The Environment Prevention of pollution	6.5 6.5.3	N.A. N.A.	Repsol does not have mechanisms for gathering this information, given that these emissions are not considered to be relevant

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
EN20	NOx, SOx, and other significant air emissions by type and weight.	The Environment Prevention of pollution	6.5 6.5.3		Page 49 and 59 performanceandobjectives.repsol.com
EN21	Total water discharge by quality and destination.	The Environment Prevention of pollution	6.5 6.5.3	(s)	Page 51 and 59 performanceandobjectives.repsol.com
EN22	Total weight of waste by type and disposal method.	The Environment Prevention of pollution	6.5 6.5.3		Page 52, 53 and 59 performanceandobjectives.repsol.com
EN23	Total number and volume of significant spills.	The Environment Prevention of pollution	6.5 6.5.3		Page 53, 54 and 59 performanceandobjectives.repsol.com
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	The Environment Prevention of pollution	6.5 6.5.3	N.A.	The Repsol Group actually does not have mechanism for give this information
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	The Environment Sustainable resource use Protection of the environment & biodiversity, and restoration of natural habitat	6.5 6.5.4 6.5.6	N.A.	The Repsol Group actually does not have mechanism for give this information
Products and services					
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	The Environment Sustainable resource use Promoting social responsibility in the value chain Sustainable consumption	6.5 6.5.4 6.6.6 6.7.5		Page 46, 49, 50, 52 and 53 certificatesearch.repsol.com
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	The Environment Sustainable resource use Sustainable consumption	6.5 6.5.4 6.7.5	N.A.	Repsol's activities mean that this is not a material indicator for the company

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
Compliance					
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	The Environment	6.5	✓	Page 59 performanceandobjectives.repsol.com
Transport					
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	The Environment Sustainable resource use Promoting social responsibility in the value chain	6.5 6.5.4 6.6.6	✓ ⁽⁴⁾	Page 29, 30 and 59 environment.repsol.com
Overall					
EN30	Total environmental protection expenditures and investments by type.	The Environment	6.5	☑	Page 58 and 59
Social: Labor Practices and Decent Work					
Employment					
LA1	Total workforce by employment type, employment contract, and region.	Labour Practices Employment and employment relationships	6.4 6.4.3	✓	Page 76 people.repsol.com
LA2	Total number and rate of employee turnover by age group, gender, and region.	Labour Practices Employment and employment relationships	6.4 6.4.3	☑	Page 82 people.repsol.com
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Labour Practices Employment and employment relationships Conditions of work and social protection	6.4 6.4.3 6.4.4	✓	Page 80 people.repsol.com
Labor/management relations					
LA4	Percentage of employees covered by collective bargaining agreements.	Labour Practices Employment and employment relationships Conditions of work and social protection Social dialogue Fundamental principles and rights at work	6.4 6.4.3 6.4.4 6.4.5 6.3.10	✓	Page 76 people.repsol.com

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Labour Practices	6.4	✓	Page 79 The minimum notice periods are set in each country's laws and regulations and there is no specific corporate regulation on this matter.
		Employment and employment relationships	6.4.3		
		Conditions of work and social protection	6.4.4		
		Social dialogue	6.4.5		
Occupational health and safety					
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Labour Practices	6.4	✓ ⁽⁵⁾	Page 87
		Health and safety at work	6.4.6		
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Labour Practices	6.4	✓ ⁽⁶⁾	Page 24, 25, 33, 87 and 88 people.repsol.com/ safety.repsol.com
		Health and safety at work			
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Labour Practices	6.4	✓	Page 24, 25, 31, 32, 87 and 88 safety.repsol.com
		Health and safety at work	6.4.6		
		Community involvement and development	6.8		
		Community involvement	6.8.3		
		Education and culture	6.8.4		
LA9	Health and safety topics covered in formal agreements with trade unions.	Labour Practices	6.4	✓	Page 88 people.repsol.com
		Health and safety at work	6.4.6		
Training and education					
LA10	Average hours of training per year per employee by employee category.	Labour Practices	6.4	✓	Page 83 people.repsol.com
		Human development and training in the workplace	6.4.7		
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Labour Practices	6.4	✓	Page 77, 79 and 83 people.repsol.com
		Human development and training in the workplace	6.4.7		
		Employment creation and skills development	6.8.5		

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
LA12	Percentage of employees receiving regular performance and career development reviews.	Labour Practices	6.4	✓	Page 81 and 82 people.repsol.com
		Human development and training in the workplace	6.4.7		
Diversity and equal opportunity					
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Discrimination and vulnerable groups	6.3.7	☑	Page 84 and 87 people.repsol.com
		Fundamental principles and rights at work	6.3.10		
		Labour Practices	6.4		
		Employment and employment relationships	6.4.3		
LA14	Ratio of basic salary of men to women by employee category.	Discrimination and vulnerable groups	6.3.7	✓	Page 84 people.repsol.com
		Fundamental principles and rights at work	6.3.10		
		Labour Practices	6.4		
		Employment and employment relationships	6.4.3		
		Conditions of work and social protection	6.4.4		
Social: Human Rights					
Investment and procurement practices					
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Human Rights	6.3	✓ ⁽²⁾	Page 68 and 69 humanrights.repsol.com
		Due diligence	6.3.3		
		Avoidance of complicity	6.3.5		
		Promoting social responsibility in the value chain	6.6.6		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Human Rights	6.3	✓ ⁽²⁾	Page 108 humanrights.repsol.com
		Due diligence	6.3.3		
		Avoidance of complicity	6.3.5		
		Employment and employment relationships	6.4.3		
		Promoting social responsibility in the value chain	6.6.6		

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Human Rights	6.3	✓	Page 69 and 70 humanrights.repsol.com
		Avoidance of complicity	6.3.5		
Non-discrimination					
HR4	Total number of incidents of discrimination and actions taken.	Human Rights	6.3	✓ ⁽⁷⁾	Page 70 humanrights.repsol.com
		Resolving grievances	6.3.6		
		Discrimination and vulnerable groups	6.3.7		
		Fundamental principles and rights at work	6.3.10		
		Employment and employment relationships	6.4.3		
Freedom of association and collective bargaining					
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Human Rights	6.3	✓	Page 70 humanrights.repsol.com
		Due diligence	6.3.3		
		Human rights risk situations	6.3.4		
		Avoidance of complicity	6.3.5		
		Civil and political rights	6.3.8		
		Fundamental principles and rights at work	6.3.10		
		Employment and employment relationships	6.4.3		
Social dialogue	6.4.5				
Child labor					
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Human Rights	6.3	✓	Page 70 humanrights.repsol.com
		Due diligence	6.3.3		
		Human rights risk situations	6.3.4		
		Avoidance of complicity	6.3.5		
		Discrimination and vulnerable groups	6.3.7		
		Fundamental principles and rights at work	6.3.10		

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
Forced and compulsory labor					
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Human Rights	6.3	✓	Page 70 humanrights.repsol.com
		Due diligence	6.3.3		
		Human rights risk situations	6.3.4		
		Avoidance of complicity	6.3.5		
		Discrimination and vulnerable groups	6.3.7		
		Fundamental principles and rights at work	6.3.10		
Security practices					
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Human Rights	6.3	✓ ⁽²⁾	Page 73 and 74 humanrights.repsol.com
		Avoidance of complicity	6.3.5		
		Employment and employment relationships	6.4.3		
		Promoting social responsibility in the value chain	6.6.6		
Indigenous rights					
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Human Rights	6.3	✓ ⁽⁸⁾	Page 97 and 98 communities.repsol.com
		Resolving grievances	6.3.6		
		Discrimination and vulnerable groups	6.3.7		
		Civil and political rights	6.3.8		
		Respect for property rights	6.6.7		
Social: Society					
Community					
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Economic, social and cultural rights	6.3.9	✓ ⁽⁹⁾	Page 48, 90, 95 and 96 communities.repsol.com
		Community involvement and development	6.8		
		Employment creation and skills development	6.8.5		
		Wealth and income creation	6.8.7		
		Respect for property rights	6.6.7		

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
Corruption					
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fair Operating Practices	6.6	✓	Page 62 and 63 ethic.repsol.com
		Anti-corruption	6.6.3		
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fair Operating Practices	6.6	✓ ⁽¹⁰⁾	Page 60 ethic.repsol.com
		Anti-corruption	6.6.3		
SO4	Actions taken in response to incidents of corruption.	Fair Operating Practices	6.6	✓ ⁽¹¹⁾	Page 61 ethic.repsol.com
		Anti-corruption	6.6.3		
Public policy					
SO5	Public policy positions and participation in public policy development and lobbying.	Fair Operating Practices	6.6	✓	Page 65
		Responsible political involvement	6.6.4		
		Community involvement	6.8.3		
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fair Operating Practices	6.6	✓ ⁽²⁾	Page 65 ethic.repsol.com
		Responsible political involvement	6.6.4		
		Community involvement	6.8.3		
Anti-competitive behavior					
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fair Operating Practices	6.6	✓ ⁽¹²⁾	Page 67
		Fair competition	6.6.5		
		Respect for property rights	6.6.7		
Compliance					
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fair Operating Practices	6.6	✓	Consolidated annual account report (Note 34) in repsol.com
		Respect for property rights	6.6.7		
		Wealth and income creation	6.8.7		

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
Social: Product Responsibility					
Customer health and safety					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Economic, social and cultural rights	6.3.9	✓	Page 115 customers.repsol.com
		Promoting social responsibility in the value chain	6.6.6		
		Consumer Issues	6.7		
		Protecting consumers' health & safety	6.7.4		
		Sustainable consumption	6.7.5		
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Economic, social and cultural rights	6.3.9	✓	Page 115 customers.repsol.com
		Promoting social responsibility in the value chain	6.6.6		
		Consumer Issues	6.7		
		Protecting consumers' health & safety	6.7.4		
		Sustainable consumption	6.7.5		
Product and service labelling					
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Consumer Issues	6.7	✓	Page 115 customers.repsol.com
		Fair marketing, factual and unbiased	6.7.3		
		Protecting consumers' health & safety	6.7.4		
		Sustainable consumption	6.7.5		
		Consumer service, support and complaint and dispute resolution	6.7.6		
		Education and awareness	6.7.9		
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Consumer Issues	6.7	✓	Page 115 customers.repsol.com
		Fair marketing, factual and unbiased	6.7.3		
		Protecting consumers' health & safety	6.7.4		
		Sustainable consumption	6.7.5		
		Consumer service, support and complaint and dispute resolution	6.7.6		
		Education and awareness	6.7.9		

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PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Consumer Issues	6.7	✔	Page 111, 112 and 113 customers.repsol.com
		Protecting consumers' health & safety	6.7.4		
		Sustainable consumption	6.7.5		
		Consumer service, support and complaint and dispute resolution	6.7.6		
		Access to essential services	6.7.8		
		Education and awareness	6.7.9		
Marketing communications					
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Consumer Issues	6.7	✔	Page 115 customers.repsol.com
		Fair marketing, factual and unbiased	6.7.3		
		Consumer service, support and complaint and dispute resolution	6.7.6		
		Education and awareness	6.7.9		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Consumer Issues	6.7	✔	Page 115 customers.repsol.com
		Fair marketing, factual and unbiased	6.7.3		
		Consumer service, support and complaint and dispute resolution	6.7.6		
		Education and awareness	6.7.9		
Customer privacy					
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Consumer Issues	6.7	✔	Page 114 customers.repsol.com
		Consumer data protection and privacy	6.7.7		

G3 Content Index		ISO 26000	External Verification		
PART III: PERFORMANCE INDICATORS					
Performance Indicator		Subjects & Themes	Clauses	Verification	Cross-reference/Direct answer
Compliance					
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Consumer Issues	6.7	✓	Page 115 customers.repsol.com
		Consumer service, support and complaint and dispute resolution	6.7.6		

All references related to the web, correspond to the information on the ISO 26,000 or further details of the GRI indicators.

✓ Revised Indicator

☑ Expanded procedures for reasonable assurance of the reported information

N.A. Not Applicable

(1) Not broken down by primary sources

(2) It is reported qualitatively

(3) Not informed of the Destination of discharges

(4) The impacts of personal transportation have been considered insignificant by Repsol YPF

(5) It is reported from Spain, Colombia, Ecuador, Portugal and Venezuela

(6) Illness absence common in Spain, index of occupational diseases in Spain, Brazil and Ecuador, and rate of accidents and deaths in the Group are reported.

(7) Incidents of internal discrimination are reported

(8) The most significant incidents are reported

(9) Policies and procedures defined by the Group are reported

(10) Awareness raising activities regarding the Ethics and Conduct Regulation are reported

(11) The number of fired employees in case of breaches of the Ethics and Conduct Regulation is reported

(12) Information about YPF is not included



Statement GRI Application Level Check

GRI hereby states that **Repsol YPF** has presented its report "Corporate Responsibility Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 22 March 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a large, faint watermark of a globe in the background.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Repsol YPF has submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 22 March 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Independent Assurance Report on the 2010 Corporate Responsibility Report of Repsol YPF Group

Scope of our work

We have performed a review of the 2010 Corporate Responsibility Report (CRR) of Repsol YPF Group, the scope of which is defined in the chapter "About this report". Our work consisted of the review of:

- The adherence of the content of the CRR to the GRI Sustainability Reporting Guidelines version 3.0 (G3) and the core performance indicators proposed in the aforementioned guidelines.
- The information included in the CRR relating to the application of the principles of inclusivity, materiality and responsiveness set out in the AccountAbility's AA1000 AccountAbility Principles Standard 2008 (AA1000APS).
- The information furnished about the progress in 2010 achieved in the Corporate Responsibility commitments included in the chapter "Our progress against our 2010 objectives".

Assurance standards and procedures

We conducted our review in accordance with International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with Guidelines for engagements relating to the review of Corporate Responsibility Reports issued by the Spanish Institute of Certified Public Accountants to achieve limited assurance. Also, we have applied AccountAbility's AA 1000 Assurance Standard (2008) (AA1000AS) to provide moderate assurance on the application of the principles established in standard AA1000APS and on the sustainability performance indicators (type 2 moderate assurance). Nevertheless, Repsol YPF Group has requested wider review procedures for some key indicators identified on the "GRI Index", with a view to obtain a reasonable assurance of the reported information; these additional procedures are detailed at the end of this section.

Our work consisted of making enquiries to management and certain areas and business units of Repsol YPF Group and subsidiaries involved in the preparation of the CRR, and of carrying out the following analytical procedures and sample-based review tests:

- Meetings with Repsol YPF Group personnel to ascertain the principles, systems and management approaches applied.
- Analysis of the processes and procedures used to gather and validate the sustainability information.
- Review of the steps taken in relation to the identification and consideration of the stakeholders during the year and of the stakeholder group participation processes through the analysis of the available internal information and third-party reports.
- Analysis of the coverage, materiality and completeness of the information included in the CRR on the basis of the understanding of Repsol YPF Group of its stakeholder groups' requirements in relation to the material issues identified by the organisation and described under "Our Relations".
- Review of the information related to the management approaches applied and verification of the existence and scope of the Corporate Responsibility policies, systems and procedures.
- Checking that the contents of the CRR do not contradict any significant information furnished by Repsol YPF Group in its Annual Report.
- Analysis of the adherence of the contents of the CRR to those recommended in the G3 Guidelines and verification that the core indicators included in the CRR agree with those recommended by the GRI G3 Guidelines and that any inapplicable or unavailable indicators are identified.
- Review on a sample basis, of the quantitative and qualitative information relating to the GRI indicators included in the CRR and of the adequate compilation thereof based on the data furnished by the information sources of Repsol YPF Group.
- For some key indicators, identified on the "GRI Index", additional review procedures have been carried out during visits to representative installations of the Group activities. Specifically, six installations have been visited in Spain, six in Argentina and one in Ecuador (in 2009, five installations were visited in Spain, four in Argentina, one in Portugal, one in Bolivia and one in Peru) in which:
 - Processes and procedures related to the collection, aggregation and validation of the sustainability information have been reviewed
 - Assurance reports related to ISO 14064, ISO 14001 y OHSAS 18001 certifications have been reviewed.

Responsibilities of Repsol YPF Group management and of Deloitte

- The preparation and contents of the CRR is the responsibility of Repsol YPF Group's Management, which is also responsible for defining, adapting and maintaining the management and internal control systems from which the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- Since a limited assurance is substantially less in scope than a reasonable assurance engagement, we do not provide reasonable assurance on the CRR.
- This report has been prepared solely for Repsol YPF Group management in accordance with the terms and conditions of our Engagement Letter.
- We conducted our work in accordance with the independence standards required by the Code of Ethics of the International Federation of Accountants (IFAC).
- Our team consisted of a combination of professionals with assurance qualifications and professionals with social, environmental and stakeholder engagement experience and sustainability report assurance experience.

Conclusions

The "GRI Index" provides details of the indicators reviewed and of the limitations in the scope of our work, and identifies any indicators that do not cover all the areas recommended by the GRI. As a result of our review, no other matters were disclosed that would lead us to believe that the CRR contained material errors or that it was not prepared in accordance with the guidelines of the Global Reporting Initiative Sustainability Reporting Guidelines version 3.0 (G3).

Also, the review procedures performed did not disclose any matter that would lead us to believe that Repsol YPF Group has not applied the principles of inclusivity, materiality and responsiveness as described in Appendix II "About this report" in accordance with standard AA1000 2008 APS:

- **Inclusivity:** Repsol YPF Group has developed a participation process for stakeholders that facilitate their involvement in the development of a responsible approach.
- **Materiality:** the process of determining materiality requires an understanding of the material or important matters for Repsol YPF Group and its stakeholders.
- **Responsiveness:** Repsol YPF Group responds with specific actions and commitments related to the material issues identified previously.

Finally, our work did not disclose any matters that would lead us to believe that the information furnished about the progress made on Corporate Responsibility Commitments in 2010 detailed in the chapter "Our progress against our 2010 objectives" contains material errors.

Observations and recommendations

In addition, we presented to the Management of the Repsol YPF Group our recommendations relating to the areas for improvement in Corporate Responsibility management and in the application of the principles of inclusivity, materiality and responsiveness. The most significant recommendations, which do not change the conclusions expressed in this report, are summarised as follows.

Inclusivity and materiality

In addition to the Group's existing communication channels, and to prepare the 2010 CRR, Repsol carried out an external materiality study, which was supplemented internally by specific meetings with the main operating units. Also, in 2010 the Repsol YPF Group developed the Corporate Responsibility Function Standard, currently at the draft stage, in order to strengthen the dialogue with its main stakeholders. Its approval and implementation will facilitate knowledge of the economic, social and environmental context in which the Group operates and will strengthen the definition of internal mechanisms for taking the expectations of stakeholders into account in decision making.

With regard to its implementation, emphasis should be placed on the criteria used by the organisation when prioritising the significant matters identified.

The objective proposed in 2009 on the constitution of the Corporate Responsibility Committees in the main countries where the Group operates was postponed until 2011. In 2010 the Repsol Group worked on the planning of the functions of these committees and the most appropriate units that will form them. Accordingly, the development of country-specific management reporting structures, overseen by these committees, would enable complete, coordinated and regular monitoring of the progress in achieving the objectives set.

Responsiveness

The Repsol Group has the methodology, information systems and control mechanisms to compile its significant Corporate Responsibility indicators. Although it continues to work on full-computerisation, there are still manual processes for which specific control measures would have to be defined.

In 2010 Repsol continued to implement the Action Standard approved in 2009 relating to interaction with indigenous communities. However, we recommend that their implementation is reinforced, taking into consideration the recommendations of the Social Evaluation Report prepared in 2010 for Peru and Bolivia. Accordingly, the standardisation of the measurement and social reporting criteria established by LBG, assumed by the Repsol in 2010, and the implementation thereof at a corporate level, will facilitate the monitoring of action in this area.

As regards purchase management and the reputational risk associated with the supplier portfolio, mention should be made of the development of rating questionnaires that include specific aspects of ethical behaviour and respect for human rights, including different measures according to the inherent risk identified in relation to a supplier.

Although the 2010 CRR indicates the degree of progress in relation to the objectives for 2010, further specification of the definitions of the quantitative criteria that enable the degree of achievement of the objectives to be measured objectively is recommended. Also, in order to better understand the progress in relevant areas, greater explanation of the correlation between the objectives for 2011 and the matters identified as important in terms of Corporate Responsibility would improve communication of the Repsol Group's strategy in this regard.

DELOITTE, S.L.

Helena Redondo
Madrid, march 28th 2011



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