

REPSOL S.A.

2018 Annual Corporate
Governance Report



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





DETAILS OF ISSUER

Dated end of year 31/12/2018

TAX REGISTRATION NUMBER: A-78375725

Name: Repsol, S.A.

Registered office: C/ Méndez Álvaro, 44, Madrid

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A. EXECUTIVE SUMMARY

1. Presentation by the Chairman of the Board of Directors

Our corporate governance practices have the purpose of ensuring that both the management model of the Company and the Board of Directors and Committees decisions will be oriented to preserve the long interest of our stakeholders and to guarantee the sustainability of the group. Our corporate governance system is in a constant revision process and improvement, and incorporates the most developed international market recommendations and the tendencies in this matter.

The Directors that compose our Board have an extense professional experience which have diversity on the grounds of formation, origin, genre and age. After the last appointment of directors, the percentage of women has reached the 20% and we keep on working to fulfil the Governance Code recommendations in this matter. This year, as a new element, it is important to highlight that our Board has fifteen members within the limits proposed by the Code of Good Governance.

During the year 2018, the Board and the Committees have kept on working in the supervision of the main issues for the Company and taking decisions in the relevant issues, such it is the update of the Strategic Plan 2018-2020, the sustainability plan and the implementation of a remuneration aligned with the market.

In relation to this Annual Corporate Government Report, I would like to highlight the new free format permitted under the Circular 2/2018 of the CNMV, with a structure and design renewed, in an analogous way to other initiatives such as the Voluntary Remunerations Report undertaken in the last years which have had good reception by Repsol shareholders and investors and that answers to Repsol' wishes to continue in the vanguard of the transparency in the corporate governance information and facilitate its shareholders' understanding.

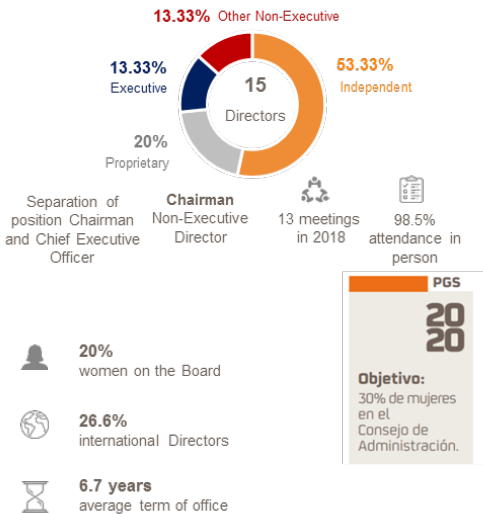
This year we will keep on working in the exercise of Corporate Governance system, helped by the continuous dialogue with our stakeholders under strict respect of our values, integrity, responsibility, transparency, flexibility and innovation, made them participates of Repsol's future.

Antonio Brufau Niubo

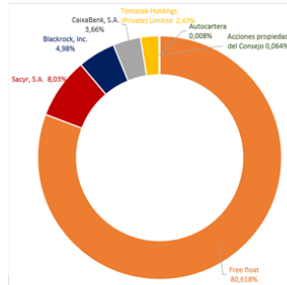
Chairman of the Board of Directors

2. At a glance

Board of Directors



Shareholder composition (% of share capital)

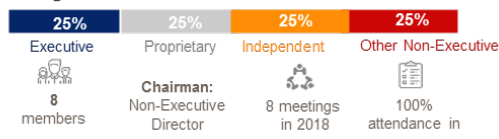


General Shareholders Meeting

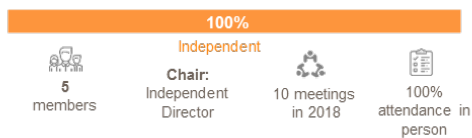
- May 11, 2018
- Shareholders in attendance represented **58.8%** of the Company's share capital
- All proposals submitted were **approved** (14)
- The **proposals** were approved with an average of **96.824% votes in favor** of the share capital in attendance
- Directors hold **0.064%** of the Company's share capital

Board Committees

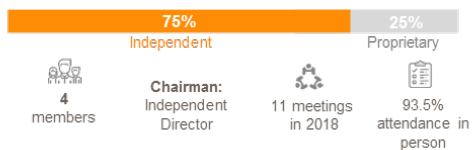
Delegate Committee



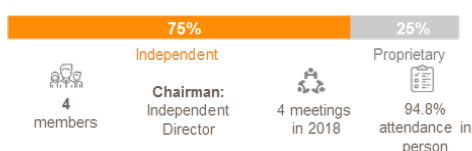
Audit and Control Committee



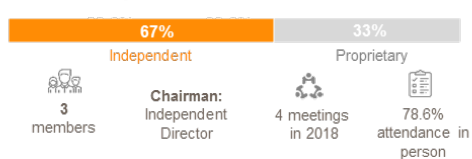
Appointments Committee



Remuneration Committee



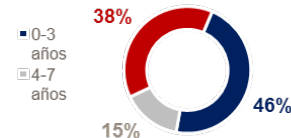
Sustainability Committee



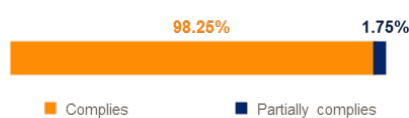
Board of Directors' skills



Years of service of Non-Executive Directors



Compliance with the recommendations of the Good Governance Code

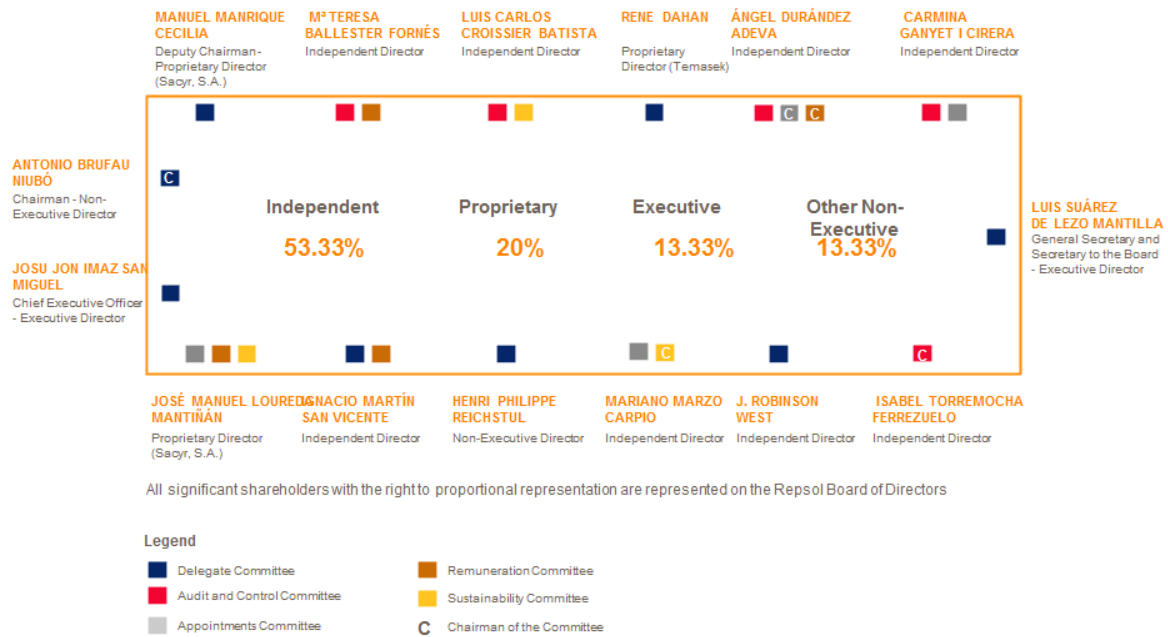




3. The Board of Directors

The Company's system of corporate governance, which was established in accordance with best practices in Spain and abroad, guides the functioning of the Board of Directors and is based on the principles of transparency, independence and responsibility.

Repsol's Board of Directors has the size and structure necessary to promote efficient functioning and maximize participation, in accordance with the Company's share capital structure. Its composition was determined based on criteria of complementarity, balance, and diversity of knowledge, professional experience, nationality and gender¹.



¹ Further information on the composition of the Board of Directors may be consulted in section "B. REGULATORY INFORMATION – 3. Repsol's governance body" of this Report.



Executive Directors Total no.: 2 % total: 13.3%		Proprietary Directors Total no.: 3 % total: 20%		Independent Directors Total no.: 8 % total: 53.3%	Other Non-Executive Directors Total no.: 2 % total: 13.3%	
Name of director	Position in company's organization	Name of director	Name of significant shareholder represented or that proposed appointment	Name of director	Name of director and reasons	Company, executive or shareholder with which the director is related
Mr. Josu Jon Imaz San Miguel	Chief Executive Officer	Mr. Manuel Manrique Cecilia	Sacyr, S.A.	Ms. Maite Ballester Fornés Mr. Luis Carlos Croissier Batista Mr. Ángel Durández Adeva Ms. Carmina Ganyet i Cirera Mr. Ignacio Martín San Vicente Mr. Mariano Marzo Carpio Ms. Isabel Torremocha Ferrezuelo Mr. J. Robinson West	Mr. Antonio Brufau Niubó ² Mr. Henri Philippe Reichstul ³	Repsol, S.A. Repsol, S.A.
Mr. Luis Suárez de Lezo Mantilla	General Director Secretary and Secretary to the Board of Directors	Mr. José Manuel Loureda Mantiñán Mr. Rene Dahan	Sacyr, S.A. Temasek Holdings (Private) Limited			

As established in the Company Bylaws, the Board must be formed by a maximum of sixteen (16) and a minimum of nine (9) Directors. The Board of Directors is currently comprised of fifteen (15) members and the Board of Directors, at the proposal of the Nominations Committee, agreed to propose to fix in this number the members of the Board at the next Annual General Meeting.

² Mr. Brufau was the Chairman and CEO of Repsol until April 30, 2015 and, therefore, cannot be considered an Independent Director. He also cannot be classified as a Proprietary Director, given that he does not have a significant stake and has not been appointed as a result of being a shareholder or representing shareholders of the Company.

³ Mr. Reichstul was an Independent Director from December 2005 to May 2017 and, therefore, cannot be considered an Independent Director. He also cannot be classified as a Proprietary Director, given that he does not have a significant stake and has not been appointed as a result of being a shareholder or representing shareholders of the Company.

Key issues

Changes to the composition of the Board in 2018

- Reduction in the number of Board members to **15**.
- Appointments of Carmina Ganyet i Cirera and Ignacio Martín San Vicente at the General Meeting of May 11, 2018.
- Appointment of Henri Philippe Reichstul by co-optation on October 30, 2018.
- Expiry of the term of office of Artur Carulla Font and resignations of Mario Fernández Pelaz, Gonzalo Gortázar Rotaeché and Jordi Gual Solé prior to the end of their term of office.

Structure

- Ample majority of Non-Executive Directors **86.7%**
- More than half of Independent Directors **53.3%** and rotation in the position. The average current term of office is four years.
- Independence of the Committees.

Diversity

- Presence of women on the Board of **20%** following the appointment of Carmina Ganyet i Cirera.
- Repsol's commitment to increase the percentage of women on the Board of Directors to **30%** by **2020**.
- International representation on the Board of **26.6%**: Rene Dahan (Dutch), Robinson West and Maite Ballester (Americans) and Henri Philippe Reichstul (Brazilian).

Separation of the role of Chairman and CEO

- The positions of Chairman of the Board of Directors and the Company's Chief Executive have been **separate** since April 2014.
- **Josu Jon Imaz** is the **Chief Executive Officer** and discharges executive functions and **Antonio Brufau** holds the position of **Chairman of the Board of Directors**.
- The separation of functions ensures the balance of powers, promoting the independence and objectivity of the Board in its supervisory tasks, while simultaneously reinforcing the management capacity of the businesses to increase their efficiency and ability to create value.

4. Interaction with investors

Repsol is committed to following best practices, and voluntarily incorporates recommendations from shareholders, investors, proxy advisors and other stakeholders, such as financial analysts, regulatory and supervisory bodies, or credit rating agencies, among others.

The Company therefore continuously assesses the expectations of these stakeholders, engages in ongoing dialogue with them and regularly reports in a transparent manner on its financial, governance, environmental and social performance. The Chief Executive Officer, Josu Jon Imaz, manages and leads specific roadshows on the Company's environmental, social and corporate governance (ESG) matters, responding to requests for information from stakeholders.

The Board of Directors is informed on a regular basis of the perceptions and expectations of shareholders, investors, proxy advisors and other stakeholders.

In 2018 Repsol held the 5th Sustainability Day with ESG investors⁴, for the purpose of making them aware of its strategy and performance regarding sustainability, as well as the actions being taken by the Company to respond to the energy transition challenge.

⁴ Environmental, Social and Governance. These investors apply sustainability criteria when making decisions.



Activity with ESG investors and shareholders in 2018

139 visits buy side/sell side

42 investors visited for the first time in 2018

19 roadshows

12 cities visited

Interaction with shareholders that hold:

~190M shares of the Company's total shares → **~28%** of institutional shareholders

The total number of investors visited during the year represents 72% of the total socially responsible shareholding

Presence on ESG indexes

FTSE4Good Index	Euronext Vigeo Eiris
<p>Presence on the FTSE4Good index series since 2011, which measures the performance of companies that demonstrate sound environmental, social and governance (ESG) practices. FTSE4Good indexes are used by a wide variety of market participants to create and evaluate responsible investment funds and other products.</p>	<p>Repsol is included on the Euronext Vigeo Europe 120 and Euronext Vigeo Eurozone 120 indexes, which recognize us as one of the 120 European and Eurozone companies with one of the best levels of performance in corporate responsibility. The companies included in this index have achieved the highest scores, according to the revision of up to 330 indicators.</p>
CDP Climate	Ethibel
<p>The CDP recognizes the companies with the best energy and carbon management. Since 2006, Repsol has been ranked as one of the best companies in its sector. In 2018, Repsol ranked at the management level in the fight against climate change with a B rating. Holding a position at the management level means that the Company strives to mitigate the risks arising from climate change and to include climate change in the company's strategy.</p>	<p>The Company's presence on the Ethibel Sustainability Index (ESI) Excellence Global and Ethibel Sustainability Index (ESI) Excellence Europe for its sustainability practices.</p>
	ISS-oekom
	<p>In 2018, ISS-oekom awarded us the "Prime" rating with regard to ESG, which means that the Company complies with the sustainability performance requirements required by the analyst for companies in our sector.</p>



Activity with other investors and shareholders in 2018

325 investors contacted **17** conferences
20 roadshows **19** cities visited

Interaction with shareholders that hold:

~314M shares of the Company's total shares → **~56%** of institutional shareholders

Repsol Shareholders Community

In order to strengthen the Company's direct and two-way relationship with individual shareholders, Repsol established the "Repsol en Acción Community" channel, where the Company's shareholders may sign up voluntarily.

More than **75,000** shareholders registered

~30,000 queries resolved by mail or telephone calls

More than **12** roadshows of results in various Spanish cities

Repsol Shareholders Advisory Committee

The Company has had the Repsol Shareholders Advisory Committee since 2014, which was created with the aim of improving the dialogue between the company and its shareholders and is part of the Repsol Group's corporate governance policy, as an initiative to promote and establish channels for a regular exchange of information with groups of shareholders. The Committee is composed of twelve (12) minority shareholders, the ED CFO, who chairs it, and the ED Investor Relations Director as the Vice-chairman.

The shareholders members of the Committee have submitted various proposals to improve the relationship and communication with this group, which have been analyzed in full and applied when deemed appropriate.

Information provided to the market

The Repsol Group has a Investor Relations Division whose responsibilities include ensuring that the information supplied by the Company to the market (financial analysts and institutional investors, among others) is transmitted in an equitable and symmetrical manner and on a timely basis and, in accordance with the Repsol Group's Internal Code of Conduct in relation to the Securities Market, that such



information is accurate, clear, complete and, when required by the nature of the information, quantified, without being misleading or confusing.

The Repsol Group has also approved and published a [communication and contact policy for shareholders, institutional investors and proxy advisors](#) that defines and establishes the principles and guidelines for contacting and communicating with these groups.

B. THE REPSOL CORPORATE GOVERNANCE SYSTEM

1. Regulatory framework

The external regulatory framework of reference and the Company's internal regulations regarding corporate governance are described below.

1.1. External regulatory framework

<p>Revised Text of the Spanish Corporate Enterprises Act, approved by Legislative Royal Decree 1/2010, of July 2 (the "Corporate Enterprises Act")</p>	<p>CNMV Circular 5/2013, of June 12 ("Circular 5/2013"), amended by CNMV Circular 2/2018, of June 12 ("Circular 2/2018")</p>						
<p>It constitutes the main regulation that governs in general the functioning of corporate enterprises under Spanish law.</p> <p>With regard to companies whose shares are admitted to listing on an official secondary market, particular mention should be given to Title XIV of this law, which governs the special characteristics applicable to these types of companies under the ordinary regime. These include the obligation to report to the Spanish National Securities Market Commission (the "CNMV") and publish a corporate governance report on an annual basis (the "Annual Corporate Governance Report") as a Material Event.</p>	<p>This Circular establishes the annual corporate governance report models for listed companies, savings banks and other entities that issue securities listed for trading on official securities markets.</p> <p>This Circular has recently been modified in order to allow to present this report in a free format. Repsol has made use of this possibility in order to adapt the structure of the information to its context and circumstances.</p> <p>. It also intends to enhance, so as to better explain the Company's performance, the information provided with regard to its corporate governance, respecting at all times the minimum content required of the annual corporate governance report model and including the required statistical appendix in accordance with the models established in Circular 5/2013.</p> <p>This annual corporate governance report was approved by a majority of the Board of Directors at its meeting on February 27, 2019.</p>						
<p>Good Governance Code for Listed Companies, approved by resolution of the Board of the CNMV on February 18, 2015 (the "GGC")</p>							
<p>This is the reference framework in Spain on best practices regarding corporate governance. It is voluntary and follows the "comply or explain" principle.</p>							
<p>With regard to the structure of the GGC, it should be noted that a series of general principles (25) have been identified, which are those that inspire and underpin the (64) recommendations on each specific matter.</p>							
<p>Degree of compliance with good governance recommendations</p>							
<table border="1"> <thead> <tr> <th>Compliance Status</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Complies</td> <td>98.25%</td> </tr> <tr> <td>Partially complies</td> <td>1.75%</td> </tr> </tbody> </table>		Compliance Status	Percentage	Complies	98.25%	Partially complies	1.75%
Compliance Status	Percentage						
Complies	98.25%						
Partially complies	1.75%						
<p>Appendix I of this annual corporate governance report contains detailed information on compliance with the recommendations of the GGC, as well as any relevant explanations, where applicable.</p>							



1.2. Internal regulatory framework

The complete and updated texts of the Company's internal regulations that are described below, as well as other corporate governance information and other information on general meetings that must be made available to shareholders, are available for consultation on the Company's corporate website(www.repsol.com), under the 'Shareholders and Investors - Corporate Governance' section.

These regulations are reviewed on a regular basis in order to incorporate best corporate governance practices and maintain the highest degree of transparency of information in relation to the Company's shareholders and other stakeholders.

This not only evidences compliance on the part of Repsol with applicable regulations, but also its intent to go beyond the inclusion of and adherence to recommendations, best practices and trends in corporate governance, both at a national and international level.

Company Bylaws	<ul style="list-style-type: none">• Basic regulations, approved at the General Shareholders Meeting, that govern the internal functioning of the Company and, among other matters, the rights and obligations of the shareholders and the structure, functioning and composition of the General Shareholders Meeting, the Board of Directors and its various Committees. The Bylaws were amended on three occasions in 2018 (January 9, July 10 and November 14, 2018), with these amendments affecting Articles 5 and 6.
Regulations of the General Meeting	<ul style="list-style-type: none">• Regulations, approved at the General Shareholders Meeting, the purpose of which is to govern the Repsol General Shareholders Meeting, establishing for such purpose the principles of its organization and operation and the rules governing its legal and bylaw-stipulated activities and supplementing the applicable rules established in current commercial legislation and in the Company Bylaws.• Approved on April 4, 2003 and last amended on April 30, 2015.
Board Regulations	<ul style="list-style-type: none">• Regulations, approved by the Board of Directors, the purpose of which is to govern its structure, competencies and functioning, as well as that of its Committees⁽¹⁾.• Approved on December 19, 2007 and last amended in July 2016.
Internal Code of Conduct in the Securities Market	<ul style="list-style-type: none">• Regulations, approved by the Board of Directors, the purpose of which is to govern the rules of conduct that must be observed by the persons included in its scope of application in its actions related to securities markets.• Approved on July 11, 2003 and last amended on January 28, 2019.
Ethics and Conduct Code	<ul style="list-style-type: none">• Regulations, approved by the Board of Directors, the purpose of which is to establish the reference framework to understand and put into practice the behaviors and expectations that Repsol has in the persons that form part of the Company in their daily work.• Approved on July 27, 2016.
Corporate policies	<p>In addition to the aforementioned internal regulations, the Board of Directors has approved the following policies:</p> <ul style="list-style-type: none">• Director selection policy.• Policy of communication and contact with shareholders, institutional investors and proxy advisors.• Sustainability policy.• Anti-corruption policy.• Tax Policy• Risk Management Policy

(1) The specific rules governing Board committees are included in Articles 33, 34, 35, 36 and 37 of the Board of Directors Regulations.

2. Ownership structure of the Company

2.1. Ownership structure

Share capital structure

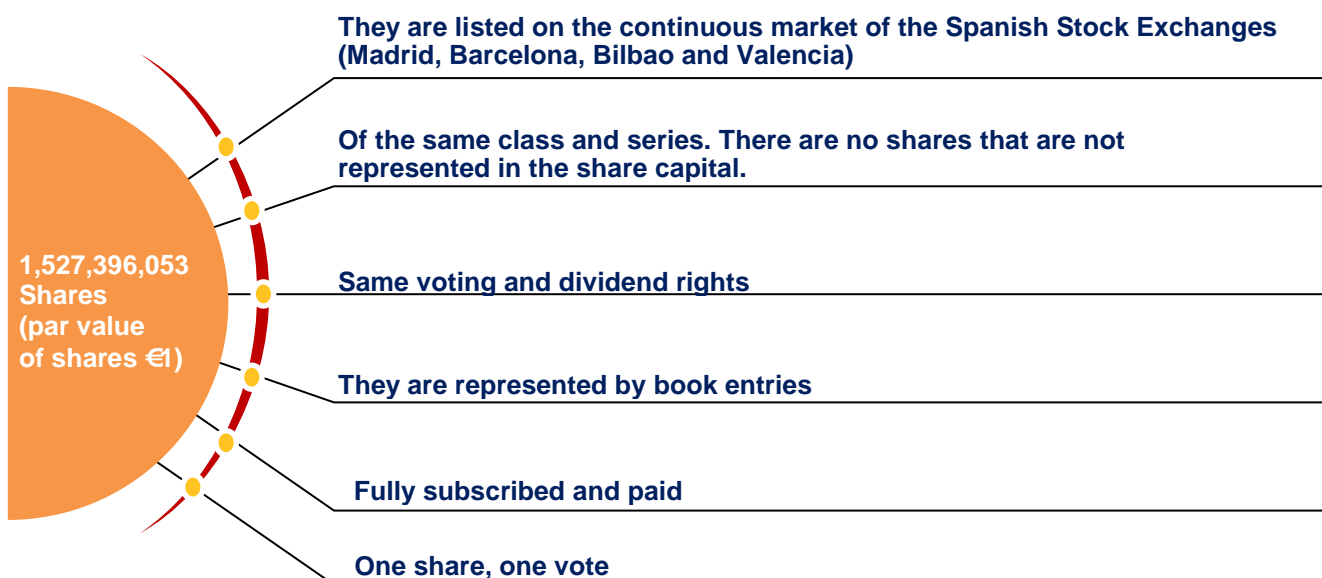
SHARE CAPITAL AT DECEMBER 31, 2018

€1,527,396,053

In 2018 share capital was altered on three occasions:

January 9, 2018	Closing of the paid-up capital increased approved as item 7 of the agenda for the General Shareholders Meeting held on May 19, 2017.
July 10, 2018	Closing of the paid-up capital increase approved as item 7 of the agenda for the General Shareholders Meeting held on May 11, 2018.
November 14, 2018	Execution of the reduction of capital reduction through cancelation of own shares approved as item 6 of the agenda for the General Shareholders Meeting held on May 11, 2018

Likewise, the second Repsol's paid-up capital increase approved as item 5 of the agenda of the General Shareholders Meeting held on May 11, 2018, bringing the Company's share capital to €1,558,877,582, divided into 1,558,877,582 shares and 1,558,877,582 voting rights.

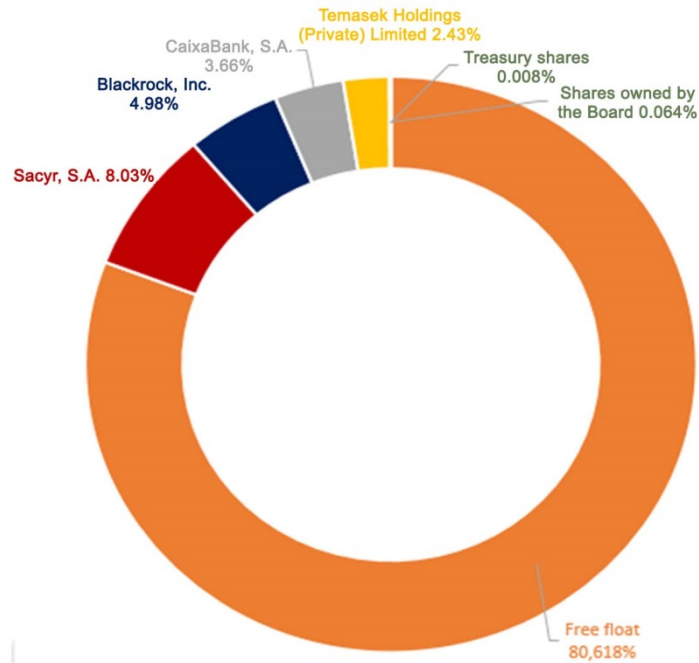


Repsol, S.A. shares were negotiated on the Buenos Aires Stock Exchange until January 28, 2019, the date on which the exclusion from listing of the Repsol share came into effect in Argentina.



Repsol also has American Depositary Shares (“ADS”) that are listed on the United States OTCQX market, and shares of the Peruvian company Refinería La Pampilla, S.A., belonging to the Company's consolidated group, which are listed on the Lima Stock Exchange in Peru.

At December 31, 2018, the share capital, with the free float representing 80.618% of share capital, was distributed as follows:



There is no individual or legal entity that exercises or may exercise control over the Company, understanding as control what is established in article 42 of the Commercial Code, for the purposes of Article 5 of the revised text of the Securities Market Law, approved by Legislative Royal Decree 4/2015, of October 23 (the “Securities Market Law”).

Significant interests

At December 31, 2018, the direct and indirect holders of significant interests in Repsol, excluding the Directors, are as follows:

	% of voting rights attributed to shares		% of voting rights through financial instruments		% of total
	Direct	Indirect	Direct	Indirect	
SACYR, S.A.	--	8.03	--	--	8.03
BLACKROCK, Inc. (1)	--	4.63	--	0.35	4.98
CAIXABANK, S.A. (2)	3.66	--	--	--	3.66
TEMASEK HOLDINGS (PRIVATE) LIMITED	--	2.43	--	--	2.43

Breakdown of direct holders with indirect interests

Indirect holder	Direct holder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total
SACYR, S.A.	SACYR INVESTMENTS, S.A.	1.96	--	8.03
	SACYR INVESTMENTS II, S.A.	4.76	--	
	SACYR SECURITIES, S.A.	1.31	--	
BLACKROCK, INC.	ENTITIES CONTROLLED BY BLACKROCK	4.63	0.35	4.98
TEMASEK HOLDINGS (PRIVATE) LIMITED	CHEMBRA INVESTMENT PTE, LTD.	2.43	--	2.43

(1) BlackRock, Inc. holds its stake through various controlled entities. The information relating to BlackRock, Inc. is based on the statement filed by this entity with the CNMV on August 2, 2018 on the share capital figure of 1,596,173,736 shares.

(2) On September 20, 2018, CaixaBank, S.A. reported the resolution passed by its Board of Directors to proceed with the sale of its entire shareholding in Repsol, S.A.



The details set out in this section, as of December 31, 2018, from the information supplied by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), and from the information sent by shareholders to the Company and to the Spanish National Securities Market Commission (CNMV).

Principal changes to the shareholder structure in 2018

Name of significant shareholder	Date of transaction	Description of the transaction
BLACKROCK, INC.	January 24, 2018	Interest has risen above 5% of share capital
BLACKROCK, INC.	March 9, 2018	Interest has fallen below 5% of share capital
BLACKROCK, INC.	May 31, 2018	Interest has risen above 5% of share capital
BLACKROCK, INC.	June 6, 2018	Interest has fallen below 5% of share capital
BLACKROCK, INC.	June 15, 2018	Interest has risen above 5% of share capital
BLACKROCK, INC.	June 27, 2018	Interest has fallen below 5% of share capital
BLACKROCK, INC.	July 9, 2018	Interest has risen above 5% of share capital
BLACKROCK, INC.	July 31, 2018	Interest has fallen below 5% of share capital
TEMASEK HOLDINGS (PRIVATE) LIMITED	September 13, 2018	Interest has fallen below 3% of share capital
CAIXABANK, S.A.	September 25, 2018	Interest has fallen below 5% of share capital

Company voting rights held by Board members

Total voting rights held by the Company's Directors amounted to **0.064%**.

	Breakdown of individual positions									
	Number of shares		% of voting rights attributed to shares		% of voting rights through financial instruments		Total number of shares	% of total	% of voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect	Direct	Indirect			Direct	Indirect
Antonio Brufau Niubó	516,409	--	0.034	--	--	--	516,409	0.034	--	--
Josu Jon Imaz San Miguel	226,398	--	0.015	--	--	--	226,398	0.015	--	--
Rene Dahan	60,838	--	0.004	--	--	--	60,838	0.004	--	--
Ángel Duráñez Adeva	12,801	--	0.001	--	--	--	12,801	0.001	--	--
José Manuel Loureda Mantiñán	80	90,383	0.000	0.006	--	--	90,463	0.006	--	--
Luis Suárez de Lezo Mantilla	60,820	--	0.004	--	--	--	60,820	0.004	--	--
Isabel Torremocha Ferrezuelo	9,396	--	0.001	--	--	--	9,396	0.001	--	--
Maite Ballester Fornés	--	--	0.000	--	--	--	--	0.000	--	--
Luis Carlos Croissier Batista	1,764	--	0.000	--	--	--	1,764	0.000	--	--
María del Carmen Ganyet Cirera	19	--	0.000	--	--	--	19	0.000	--	--
Manuel Manrique Cecilia	140	1,247	0.000	0.000	--	--	1,387	0.000	--	--
Ignacio Martín San Vicente	6,794	--	0.000	--	--	--	6,794	0.000	--	--
Mariano Marzo Carpio	--	--	0.000	--	--	--	--	0.000	--	--
Henri Philippe Reichstul	50	--	0.000	--	--	--	50	0.000	--	--
J. Robinson West	--	--	0.000	--	--	--	--	0.000	--	--

Breakdown of direct holders with indirect interests (mentioned above)

	Direct holder	% of voting rights attributed to shares	% of voting rights through financial instruments	% of total	% of voting rights that may be transferred through financial instruments
José Manuel Loureda Mantiñán	PRILOU, S.L.	0.006	--	0.006	--
Manuel Manrique Cecilia	CYMOFAG, S.L.U.	0.000	--	0.000	--

Representation of significant shareholders on the Board of Directors

The appointment of Directors José Manuel Loureda Mantiñán and Manuel Manrique Cecilia was proposed by the significant shareholder Sacyr, S.A., whom relation is detailed below:

Relationships of the Directors with the significant shareholder Sacyr, S.A. and/or entities of its group

Name of related director or representative	Name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship/position
Jose Manuel Loureda Mantiñán	SACYR, S.A.	SACYR, S.A.	<ul style="list-style-type: none"> Indirect holder of 8% of the share capital of Sacyr, S.A. through Prilou, S.L. and Prilomi, S.L. Representative of Prilou, S.L. on the board of Sacyr, S.A.
		VALORIZA GESTIÓN, S.A.	Chairman
		SACYR CONSTRUCCIÓN, S.A.	Director
Manuel Manrique Cecilia	SACYR, S.A.	SACYR, S.A.	<ul style="list-style-type: none"> Chairman - Chief Executive Officer Indirect holder of 1.535% of the share capital of Sacyr, S.A. through Cymofag, S.L.U.
		SACYR FLUOR, S.A.	Director
		SACYR INGENIERIA E INFRAESTRUCTURAS, S.A.	Director
		SACYR SERVICIOS, S.A.	Director
		SACYR CONCESIONES, S.L.	Director
		VALORIZA GESTIÓN, S.A.	Director
		SACYR PARTICIPACIONES MOBILIARIAS, S.L.	Representative of Sacyr, S.A. as Sole Director of Sacyr Vallehermoso Participaciones Mobiliarias, S.L.
SACYR FINANCE, S.A.	Representative of Sacyr, S.A. as Sole Director of		



Relationships of the Directors with the significant shareholder Sacyr, S.A. and/or entities of its group

Name of related director or representative	Name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship/position
			Sacyr Finance, S.A.

In accordance with the notice submitted to the CNMV on September 13, 2018, the shareholding of Temasek Holdings (Private) Limited reduced to 2.975% of share capital. Therefore, with regard to the Proprietary Non-Executive Director appointed by Temasek, Rene Dahan, on October 30, 2018 the Board of Directors, following a report from the Nominations Committee, agreed that he should remain as Director based on his experience, knowledge, prestige and contribution. Due to the stake that Temasek still holds in Repsol, Mr. Dahan must continue to be considered a Proprietary Director.

The Company does not have any record of any family, commercial, contractual or corporate relationships between holders of significant stakes, or any significant relationships of this type or those arising from ordinary trading activities between the holders of significant stakes and the Company.

Restrictions on voting rights and nomination of members of management bodies

The exercise of voting rights corresponding to shares and its capacity to appoint members of the Board of Directors may be affected by the following regulations applicable to the Company.

Article 34 of Royal Decree-Law 6/2000, of June 23, on urgent measures to intensify competition in goods and services markets ("Royal Decree-Law 6/2000")	Law 3/2013, of June 4, on the creation of the Spanish National Markets and Competition Commission
<p>It establishes restrictions on the voting right and the ability to directly or indirectly appoint members of the management bodies of companies that have the status of principal operator in the same market or sector, including, among others, markets for the production and distribution of fuels, liquefied gases of oil and natural gas as well as generation and supply of electricity. The main operator is defined as the entities that hold the five largest shares of the market in question.</p> <p>These limitations are specified in individual or legal entities who, directly or indirectly, participate in the capital or in the voting rights of two or more companies that have the status of principal operator in the same market or sector, or have themselves the condition of principal operator in the same market or sector may not exercise the voting rights in a second company that has the same status of principal operator in the same market or sector, in a share of more than 3% of the total in the capital or in other securities that confer political rights of that other company, nor may they directly or indirectly appoint members of the administrative bodies of said company</p> <p>These constraints will not be applicable to parent companies that are principal operators in respect of their subsidiaries that are in the same position, provided this structure is imposed by law or the result of a mere redistribution of securities or assets among group companies.</p> <p>However, the Spanish National Markets and Competition Commission (the "CNMC") may authorize the exercise of the voting rights corresponding to the excess with regard to interests or the appointment of members of the governance bodies, provided this does not favor the exchange of strategic information among operators or imply any risks of coordination of their strategic actions.</p>	<p>It establishes a procedure for controlling certain business transactions in the energy sector, among them the acquisition of interests in companies that carry out oil refining activities, transportation through oil pipelines and storage of petroleum products. All these facilities that are also considered as strategic assets.</p> <p>In particular, the acquisition of a stake in the share capital that give a significant influence in the management of those companies that, directly or through controlled companies, carry out such activities have to be communicated to the CNMC who will be competent to hear such operations in accordance with the provisions of the ninth additional provision of Law 3/2013, of June 4, until the competent Ministry has the necessary means to exercise said competence. Said operations may be subject to the imposition of conditions relating to the exercise of the activity of the affected companies or to the purchaser, if the latter is not a national of the European Union or the European Economic Area and it is considered that there is a real and sufficiently serious threat that risks arise for the guarantee of supply of hydrocarbons.</p>

Furthermore, and in line with recommendation number 1 of the Good Governance Code for Listed



Companies, Repsol's Bylaws do not contain any restrictions as to the maximum number of votes that may be cast by a single shareholder, or impose any other restrictions that may hinder the acquisition of a controlling stake in the market.

Lastly, it should be noted that in 2018 the Company did not resolve to take any measures to neutralize a takeover bid pursuant to Article 135 of the Securities Market Law.

Shareholders agreements

The Company has not been notified of any shareholders agreements that affect it, and no concerted actions have taken place between its shareholders.

Significant agreements that may be affected by a change in control of the Company as a result of a takeover bid

The Company usually participates in the exploration and exploitation of hydrocarbons through consortiums or joint ventures with other oil companies, both public and private. The agreements regulating the relations among partners of the joint ventures commonly grant the other members a right of pre-emption, in the case that any of the members in the cases in which one of the members intends to directly or partially transfer their participation. , in some cases, this could also be applied in cases of indirect transmission, that is, when a change of control occurs in a member.

The laws regulating the oil and gas industry in several countries in which the company operates also submit to prior authorization by the competent government of any transfer of all or part of licenses for hydrocarbon exploration and exploitation concessions, and such authorization is sometimes also required for takeovers of the concessionary company or companies, especially the one that operates the mining business.

Treasury shares

At 2018 year-end, the Company directly held:

Treasury shares

129,084

% of voting rights

0.008%

Significant changes during the year

In addition to the discretionary treasury share transactions, noteworthy of mention are the purchases made under the Share Repurchase Program to be subsequently redeemed, which began on September 4 and ended on November 8, through which 62,705,079 shares were acquired.

In addition, on November 14 a capital reduction was carried out through the redemption of 68,777,603 treasury shares, with a par value of one euro each, approved by the Repsol General Shareholders Meeting held on May 11, 2018 as item six on the agenda.

With regard to treasury share transactions, the Board of Directors is currently authorized to carry out the derivative acquisition of Repsol shares, either directly or through subsidiaries, by virtue of the



authorization approved at the Company's Annual General Meeting held on second call on May 11, 2018, as item 8 of the agenda, the resolution of which is transcribed as follows:

“One. To authorize the Board of Directors for the derivative acquisition of shares of Repsol, S.A., by sale, purchase, exchange or any other onerous legal business modality, directly or through subsidiaries, up to a maximum number of shares, that added to those already own by Repsol, S.A. and its subsidiaries, not exceeding 10% of the share capital and for a price or equivalent value that may not be lower than the nominal value of the shares nor exceed the quoted price on the stock market.

The authorization includes the acquisition of shares that, if any, may be disbursed among the employees and directors of the Company and its Group or used to satisfy the exercise of option rights that such persons may hold.

This authorization, which is subject to compliance with all other applicable legal requirements, will be valid for 5 years from the date of this General Shareholders Meeting, rendering null and void, with regard to the part not used, the authorization granted at the Annual General Meeting held on March 28, 2014 as item twenty on the Agenda.

Two. To authorize the Board of Directors to in turn delegate (with the power of delegation, where appropriate) to the Delegate Committee and/or the Chief Executive Officer, pursuant to that established in Article 249 bis.1) of the Corporate Enterprises Act, all the powers that may be delegated that are referred to in this resolution, and all without prejudice to the powers of attorney that exist or may be conferred in relation to the content of this resolution.”

2.2. General Shareholders Meeting

The General Shareholders Meeting is the sovereign corporate body through which the shareholders' right to participate in the Company's decision-making process is exercised. The basic principles of its organization and operation are governed in the Company Bylaws and in its Regulations, which contain the rules governing its legal and bylaw-stipulated activities and supplement the applicable rules established in current commercial legislation and the Company Bylaws.

The General Meeting, duly called and convened, will decide by the majorities required in each case by law, the Company Bylaws and the Regulations of the General Meeting on the matters within its competence and, in particular, on the following:

Powers of the General Meeting

- Approval of the financial statements of Repsol and the consolidated financial statements of its group, the management of the Board of Directors, and the proposed allocation of profit or loss.
- Increase and reduction of share capital, including authorization to the Board of Directors to increase share capital under the terms established in the Corporate Enterprises Act and the removal or limitation of pre-emption rights.
- Approval of the issue of debentures and authorization to the Board of Directors to do so.
- Appointment and removal of directors, and ratification or revocation of appointments by co-optation made by the Board.
- Acquisition, disposal or contribution to another company of the Company's essential operating assets.
- Transfer to subsidiaries of essential activities performed up until that time by the Company, even if the Company retains full control over these activities.
- Approval, when permitted by law, of structural modifications and, in particular, the transformation, merger, spin-off, global assignment of assets and liabilities, and transfer of the registered office abroad.
- Approval of the Directors' remuneration policy.
- Releasing of Directors, on an individual basis, from the obligations deriving from their duty of loyalty in the following cases:
 - a. Authorization of related party transactions in the cases contemplated in Article 22 bis of the Company Bylaws.
 - b. Release from the prohibition of obtaining advantages or remuneration from third parties, other than the Company and its Group, associated with the performance of their duties, unless these are merely courtesies.
 - c. Release from the obligation not to compete with the Company, pursuant to Article 44 bis of the Company Bylaws.
- Approval of operations that have the equivalent effect of liquidating the Company.
- Authorization for the acquisition of treasury shares.
- Approval of the final liquidation balance sheet.
- Appointment and, as case may be, removal of auditors.
- Approval of amendments to the Bylaws in accordance with Law and the Company Bylaws.
- Dissolution of the Company.

Accordingly, the Company has not made any decisions that must be submitted for approval at the General Shareholders Meeting, other than those established by law, which involved the acquisition, disposal or contribution to another company of essential assets or any other similar corporate transaction.

Quorums for calling the meeting and voting

The quorum required to validly convene the General Shareholders Meeting is governed by the rules established in the Corporate Enterprises Act.

However, with regard to the majorities necessary for passing resolutions, the Company Bylaws, as authorized by law, establish a larger quorum, both on first and second call, of 75% of the share capital with voting rights attending the General Meeting to validly pass the resolutions indicated below.

Matters that require larger majorities (75% of the share capital with voting rights)

- Authorization of related party transactions in the cases contemplated in Article 22 bis of the Company Bylaws.
- Releasing of a Director from their obligation of non-competition pursuant to Article 44 bis of the Company Bylaws.
- Amendment to Articles 22 bis and 44 bis of the Company Bylaws on related party transactions and prohibition of competition for Directors.
- Amendment to Article 22.3 of the Company Bylaws, which explains the larger majority for voting.
- Amendment to Article 13.8 of the Regulations of the General Shareholders Meeting, which explains the larger majority for voting.

Amendments to the Company Bylaws are governed by the following articles:

Article 21 of the Company Bylaws	Article 22 of the Company Bylaws
<p>This article indicates that in order for the General Meeting, whether annual or extraordinary, to be able to validly agree to any amendment to the Bylaws, the following will be necessary:</p> <p>First call: the attendance of shareholders, in person or by proxy, representing at least 50% of the subscribed share capital with voting rights.</p> <p>Second call: the attendance of shareholders representing 25% of the share capital.</p>	<p>This article indicates that in order to validly pass a resolution to amend the Bylaws, the following majorities are required:</p> <p>If the share capital in person or by proxy exceeds 50% of the subscribed share capital with voting rights, the favorable vote of the absolute majority will be sufficient, such that the resolution will be deemed to have passed when the votes in favor represent more than half of the votes corresponding to the shares present in person or by proxy at the meeting. When shareholders attending the meeting on second call represent 25% or more of the subscribed share capital with voting rights, but less than 50%, the favorable vote of two thirds of the share capital present in person or by proxy at the meeting will be required.</p> <p>However, and in accordance with that indicated above, a special requirement is established with regard to the regime set forth in the Corporate Enterprises Act for the amendment of Article 22 bis ("Related party transactions") and Article 44 bis ("Prohibition of competition") of the Bylaws, and the amendment of the special rule itself (Article 22.3). In order to validly approve these amendments to the Bylaws, they will require, both on first and second call, the favorable vote of 75% of the share capital with voting rights attending the General Meeting.</p>

Right to attend

Those shareholders that meet the following conditions may attend the General Meeting:

- Their shares are registered in the corresponding accounting record five days before the meeting is held.
- They have the corresponding attendance, proxy and distance voting card.

There are no other restrictions established in the bylaws requiring a minimum number of shares to attend General Meetings.



Attendance, proxy and distance voting cards are issued by the corresponding member of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR) in each case or by the Company itself.

These cards may be exchanged on the date of the meeting for other standardized documents for recording attendance, issued by the Company, in order to:

- facilitate the compiling of the attendance list;
- exercise voting rights, and
- exercise other shareholders' rights.

Voting by remote means of communication prior to the meeting

Shareholders with the right to attend may vote by remote means of communication on the proposals regarding the items on the agenda prior to the date of the meeting, provided the identity of the shareholder exercising their voting rights is duly guaranteed (Article 23 of the Company Bylaws and Article 7 of the Regulations of the General Shareholders Meeting).

Details of attendance and main resolutions passed at the 2018 General Meeting

At 12:00 p.m. on May 11, 2018, the Repsol Annual General Meeting was held at Palacio Municipal de Congresos, Avenida de la Capital de España-Madrid, sin número, Campo de las Naciones. The General Meeting was held on second call.



Data on attendance at General Shareholders Meetings

Date of General Meeting	% of attendance in person	% by proxy	% of distance voting		Total
			Electronic vote	Others	
May 20, 2016	18.87%	32.43%	0.02%	1.54%	52.86%
Of which is free float:	0.13%	32.43%	0.02%	1.54%	34.12%
May 19, 2017	8.35%	46.74%	0.02%	1.88%	56.99%
Of which is free float:	0.10%	36.89%	0.02%	1.88%	38.89%
May 11, 2018	8.09%	50.07%	0.02%	0.58%	58.76%
Of which is free float:	0.15%	40.22%	0.02%	0.58%	40.97%

Right to information

Information and documentation on corporate governance and on the most recent general meetings are available on Repsol's corporate website (www.repsol.com), under the 'Shareholders and Investors - Corporate Governance' section, through the following links:

<https://www.repsol.com/en/shareholders-and-investors/corporate-governance/index.cshtml>

<https://www.repsol.com/en/shareholders-and-investors/corporate-governance/annual-general-meeting/index.cshtml>

At the Annual General Meeting held on May 11, 2018, the Chairman and the Chief Executive Officer notified shareholders, among other matters, of the following: (i) the macroeconomic environment; (ii) the energy transition; (iii) compliance with strategic obligations; (iv) the results of 2017 and the first quarter of 2018; and (v) the outlook of the Company.

It should also be noted that the Company continued to bring its procedures and internal regulations into line with the recommendations of the Good Governance Code approved by the CNMV. All proposals on the agenda of the 2018 Meeting were approved by an ample majority of shareholders. The voting results for each of the resolutions are indicated below.

Results of the vote on the proposed resolutions for the items on the agenda

Resolutions		Number of shares ⁵	% of share capital in attendance ⁶
One. Review and approval, if appropriate, of the Financial Statements and Management Report of Repsol, S.A. and the Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2017.	For	908,144,454	99.298 %
	Against	207,011	0.023 %
	Abstained	130,694	0.014 %
Two. Review and approval, if appropriate, of the proposed allocation of profit in 2017.	For	907,405,593	99.217 %
	Against	956,325	0.105 %
	Abstained	120,241	0.013 %
Three. Review and approval, if appropriate, of the management of the Board of Directors of Repsol, S.A. during 2017.	For	885,330,399	96.813 %
	Against	22,702,555	2.483 %
	Abstained	360,513	0.039 %
Four. Share capital increase for an amount to be determined in accordance with the terms of the resolution, by issuing new common shares with a par value of one (1) euro each, of the same class and series as those currently in circulation, charged to reserves, offering the shareholders the possibility of selling the scrip dividend rights to the Company itself or on the market. Delegation of powers (...)	For	907,492,679	99.227 %
	Against	864,289	0.095 %
	Abstained	125,191	0.014 %
Five. Second share capital increase for an amount to be determined in accordance with the terms of the resolution, by issuing new common shares with a par value of one (1) euro each, of the same class and series as those currently in circulation, charged to reserves, offering the shareholders the possibility of selling the scrip dividend rights to the Company itself or on the market. Delegation of powers (...)	For	907,471,175	99.225 %
	Against	876,595	0.096 %
	Abstained	134,389	0.015 %
Six. Approval of a share capital reduction for an amount to be determined in accordance with the resolution, through the redemption of the Company's treasury shares. Delegation of powers (...)	For	908,140,904	99.298 %
	Against	186,354	0.020 %
	Abstained	154,901	0.017 %
Seven. Delegation to the Board of Directors, in accordance with the provisions of Article 297.1.b) of the Corporate Enterprises Act, of the power to increase share capital, once or on several occasions and at any time within a period of five years, through monetary contributions, up to a maximum nominal amount of €778,232,482, rendering null and void the second resolution passed by the General Shareholders Meeting held on March 28, 2014 under item nineteen on the Agenda. Delegation of the power to exclude the pre-emption right, in accordance with Article 506 of the Corporate Enterprises Act.	For	760,913,104	83.200 %
	Against	142,787,194	15.613 %
	Abstained	4,781,861	0.523 %
Eight. Authorization to the Board of Directors, with express power of delegation, for the derivative acquisition of Repsol, S.A. shares, directly or through subsidiaries, within a period of five years from the resolution of the Meeting, rendering null and void, with regard to the part not used, the authorization	For	892,084,629	97.542 %
	Against	15,843,002	1.732 %

⁵ Repsol holds treasury shares which, pursuant to Article 148 of the Corporate Enterprises Act, are calculated at the General Meeting for the purpose of establishing the required quorum and pass the resolutions, however, they are not calculated for voting purposes as the exercise of voting and other rights are suspended.

⁶ The percentage of share capital in attendance represented by votes in favor, votes against and abstentions, which is published on the Company's corporate website and reproduced herein, is calculated by taking into account the effect of treasury shares.



granted at the Annual General Meeting held on March 28, 2014 under item twenty on the Agenda.	Abstained	554,528	0.061 %
Nine. Ratification of the appointment by co-optation and re-election as Director of Jordi Gual Solé.	For	839,686,295	91.813 %
	Against	68,520,889	7.492 %
	Abstained	274,975	0.030 %
Ten. Appointment of María del Carmen Ganyet i Cirera as Director.	For	904,777,399	98.930 %
	Against	3,428,721	0.375 %
	Abstained	276,039	0.030 %
Eleven. Appointment of Ignacio Martín San Vicente as Director.	For	897,341,837	98.117 %
	Against	10,855,611	1.187 %
	Abstained	284,711	0.031 %
Twelve. Advisory vote on the Repsol, S.A. Annual Report on Directors' Remuneration for 2017.	For	864,094,909	94.491 %
	Against	32,954,738	3.604 %
	Abstained	11,343,820	1.240 %
Thirteen. 2019-2021 Share Acquisition Plan.	For	906,137,508	99.079 %
	Against	2,157,073	0.236 %
	Abstained	187,578	0.021 %
Fourteen. Delegation of powers to interpret, supplement, develop, execute, rectify and formalize the resolutions passed by the General Meeting.	For	908,082,944	99.292 %
	Against	265,794	0.029 %
	Abstained	133,421	0.015 %

3. Repsol's governance body

3.1. Composition of the Board of Directors

As established in the Company Bylaws, the Board of Directors must be formed by a maximum of sixteen (16) and a minimum of nine (9) Directors. The Board of Directors is currently formed by fifteen (15) directors, although the number set at the General Meeting of April 30, 2014 was sixteen (16). The Board of Directors has therefore agreed, at the proposal of the Nomination Committee, to propose reducing the number of Board members to 15 at the next Annual General Meeting.

The composition of the Board of Directors at December 31, 2018 is shown in the table below:

Director	Profile	Committees	First appointment	Last appointment	Selection procedure	Date of birth
Antonio Brufau Niubó	Chairman - Other Non-Executive	C	7/23/1996	4/30/2015	General Shareholders Meeting Resolution	3/12/1948
Josu Jon Imaz San Miguel	Chief Executive Officer - Executive		4/30/2014	4/30/2015	General Shareholders Meeting Resolution	9/6/1963
Manuel Manrique Cecilia	Deputy Chairman - Proprietary Non-Executive		4/25/2013	5/19/2017	General Shareholders Meeting Resolution	1/1/1954
M ^a Teresa Ballester Fornés	Director - Independent Non-Executive	C	5/19/2017	5/19/2017	General Shareholders Meeting Resolution	5/13/1963
Luis Carlos Croissier Batista	Director - Independent Non-Executive	C	5/9/2007	4/30/2015	General Shareholders Meeting Resolution	8/19/1950
Rene Dahan	Director - Proprietary Non-Executive		5/31/2013	4/30/2015	General Shareholders Meeting Resolution	8/26/1941
Ángel Durández Adeva	Director - Independent Non-Executive	C	5/9/2007	4/30/2015	General Shareholders Meeting Resolution	3/21/1943
Carmina Ganyet i Cirera	Director - Independent Non-Executive		5/11/2018	5/11/2018	General Shareholders Meeting Resolution	4/8/1968
José Manuel Loureda Mantiñán	Director - Proprietary Non-Executive		1/31/2007	4/30/2015	General Shareholders Meeting Resolution	6/20/1939
Ignacio Martín San Vicente	Director - Independent Non-Executive		5/11/2018	5/11/2018	General Shareholders Meeting Resolution	5/4/1955
Henri Philippe Reichstul	Director - Other Non-Executive		10/30/2018*	10/30/2018	Co-optation	4/12/1949
Mariano Marzo Carpio	Director - Independent Non-Executive	C	5/19/2017	5/19/2017	General Shareholders Meeting Resolution	9/8/1951
J. Robinson West	Director - Independent Non-Executive		1/28/2015	4/30/2015	General Shareholders Meeting Resolution	9/16/1946
Luis Suárez de Lezo Mantilla	Director Secretary - Executive		2/2/2005	5/19/2017	General Shareholders Meeting Resolution	11/24/1951
Isabel Torremocha Ferrezuelo	Director - Independent Non-Executive	C	5/19/2017	5/19/2017	General Shareholders Meeting Resolution	1/25/1964

Committees of the Board of Directors

■ Delegate Committee	■ Remuneration Committee
■ Audit and Control Committee	■ Sustainability Committee
■ Appointments Committee	C Chairman of the Committee

* Mr. Reichstul previously held the position of Company Director from December 2005 to May 2017.

Resignations in 2018:

RESIGNATIONS FROM THE BOARD OF DIRECTORS IN 2018					
Director	Category when standing down from office	Date of last appointment	Date of retirement	Committees of which they were a member	Comments
Mario Fernández Pelaz	Independent	4/30/2015	2/20/2018	<ul style="list-style-type: none"> ▪ Remuneration Committee ▪ Audit and Control Committee ▪ Nomination Committee 	Mr. Fernández Pelaz submitted his letter of resignation prior to the end of his term of office as a result of the notice of the Supreme Court decision dismissing his appeal against the judgment handing down by the Provincial Court of Vizcaya on March 20, 2017.
Artur Carulla Font	Independent	3/28/2014	5/11/2018	<ul style="list-style-type: none"> ▪ Delegate Committee ▪ Nomination Committee ▪ Remuneration Committee 	Expiry of the term of office of Artur Carulla Font as Director of the Company.
Gonzalo Gortázar Rotaeché	Proprietary director in representation of Caixabank, S.A.	5/20/2016	9/20/2018	<ul style="list-style-type: none"> ▪ Delegate Committee ▪ Remuneration Committee 	Gonzalo Gortázar Rotaeché, First Deputy Chairman of the Board of Directors, submitted his letter of resignation, prior to the expiry of the term of office, as a result of the announcement of Caixabank, S.A. to proceed with the sale of all of its stake in the Company
Jordi Gual Solé	Proprietary director in representation of Caixabank, S.A.	5/11/2018	9/20/2018	<ul style="list-style-type: none"> ▪ Nomination Committee ▪ Sustainability Committee 	Jordi Gual Solé submitted his letter of resignation, prior to the expiry of the term of office, as a result of the announcement of Caixabank, S.A. to proceed with the sale of all of its stake in the Company



Chairman of the Board of Directors (Other Non-Executive)

Antonio Brufau Niubó. Degree in Economics from the University of Barcelona. Named Doctor Honoris Causa by Ramon Llull University in Barcelona

CURRENTLY

- Chairman of Repsol since 2004
- Chairman of the Repsol Foundation
- Member of the Board of Acción Empresarial of CEOE
- Member of the Spanish Association of Executives and Círculo de Economía
- Trustee of the Instituto Ildelfons Cerdà Private Foundation
- Trustee of the CEDE Foundation (Spanish Confederation of Directors and Executives)
- Honorary Chairman of the GLOBALLeida Inter-Institutional Consortium
- Trustee of Real Instituto Elcano
- Trustee of FUNSEAM
- Trustee of COTEC (Foundation for Technological Innovation)
- Trustee of the Princesa de Girona Foundation

PRIOR EXPERIENCE AS

- Partner and Director of Auditing at Arthur Andersen
- Deputy Managing Director of the “la Caixa” Group
- Managing Director of the “la Caixa” Group from 1999 to 2004
- Chairman of the Gas Natural Group from 1997 to 2004

Chief Executive Officer (Executive)



Josu Jon Imaz San Miguel. PhD in Chemical Sciences from the University of the Basque Country. He graduated from the School of Chemical Sciences in San Sebastián and received the award of excellence upon completion of his degree.

CURRENTLY

- Chief Executive Officer of Repsol since 2014
- Trustee of the Repsol Foundation

PRIOR EXPERIENCE AS

- Chairman of Petronor
- Director of New Energies at Repsol
- Managing Director of the Industrial Area and New Energies at Repsol
- Deputy Chairman of Gas Natural SDG, S.A. from September 2016 to February 2018
- Visiting scholar at Harvard Kennedy School in the US
- Director of Industry, Trade, and Tourism of the Basque Government in 1999
- President of the Basque Nationalist Party (EAJ-PNV)

Deputy Chairman (Proprietary Non-Executive Director proposed by Sacyr, S.A.)



Manuel Manrique Cecilia. Degree in Civil Engineering from Escuela Técnica Superior, Madrid.

CURRENTLY

- Chairman and Chief Executive Officer of Sacyr, S.A.
- Chairman and Chief Executive Officer of Sacyr Construcción, S.A.U.
- Director of other Sacyr Group companies
- Chairman of the Sacyr Foundation
- Member of the Executive Committee of the Sacyr Vallehermoso Group

PRIOR EXPERIENCE AS

- Founding Partner of Sacyr
- Head of International at Sacyr, S.A.
- Managing Director of Construction at Sacyr, S.A.

Independent Non-Executive Director



María Teresa Ballester Fornés. Graduated Cum Laude in Finance and Political Science from Boston College. MBA from Columbia University in New York City.

CURRENTLY

- Founder and managing partner of the private equity fund Nexxus Iberia I.
- Director of Prisa Radio, S.A.
- Member of the Círculo de Empresarios
- Member of the Institute of Directors and Administrators (ICA)
- Member of the Women Corporate Directors (WCD)
- Member of the International Women's Forum (IWF)

PRIOR EXPERIENCE AS

- Financial executive at GTE Corporation (Verizon) in the US
- Strategy consultant at Booz, Allen & Hamilton
- Chief Executive Officer of 3i in Spain
- From 2014 to January 2017, she provided services to EY as an external advisor of the Transaction Services (TAS) division
- President of the Spanish Association of Venture Capital Entities (ASCRI)



Independent Non-Executive Director

Luis Carlos Croissier Batista. Degree in Economics from Complutense University of Madrid. Postgraduate studies and PhD from Université de la Sorbonne - Université de Paris.

CURRENTLY

- Director of Adveo, S.A.
- Director of Alantra Partners, S.A.
- Sole Director of Eurofocus Consultores, S.L.

PRIOR EXPERIENCE AS

- Professor in charge of economic policy at Complutense University of Madrid.
- Subsecretary of the Ministry of Industry and Energy
- President of the National Institute of Industry (I.N.I.)
- Minister of Industry and Energy
- President of Spanish National Securities Market Commission (CNMV)



Proprietary Non-Executive Director proposed by Temasek Holdings (Private) Limited

Rene Dahan

CURRENTLY

- Member of the International Advisory Board of the IE Business School in Madrid
- Chairman of the Dahan Family Foundation
- Chairman of the Supervisory Board of the Dutch company NRGV Retail Nederland B.V. since 2016

PRIOR EXPERIENCE AS

- Director and Executive Deputy Chairman of ExxonMobil until 2002
- From 2002 to 2009, he served as Director on the Supervisory Boards of VNU N.V., TNT N.V. and Aegon N.V. and the Advisory Boards of CVC (private equity) and the Guggenheim Group in New York.
- Chairman of the Supervisory Board of Royal Ahold, N.V., a position he held until 2013



Independent Non-Executive Director

Ángel Durández Adeva. BA in Economics, Professor of Commerce, chartered accountant and founding member of the Registry of Economic Auditors.

CURRENTLY

- Director of Prosegur, S.A.
- Director Quantica Producciones, S.L.
- Director of Ideas4all, S.L.
- Chairman of Arcadia Capital, S.L.
- Member of the Independiente Foundation
- Deputy Chairman of the Euroamérica Foundation
- Chairman of the Foros Foundation

PRIOR EXPERIENCE AS

- Partner of Arthur Andersen from 1976 to 2000.
- Up until March 2004, he headed the Euroamérica Foundation, of which he was a founding trustee.
- Chairman of OJD-Oficina de Justificación de la Difusión, S.A. from 2004 to 2016.
- Member of the Board of Directors of Mediaset España, S.A.



Independent Non-Executive Director

Carmina Ganyet i Cirera. Degree in Economics and Business Administration from Universitat Autònoma de Barcelona. Postgraduate studies at ESADE.

CURRENTLY

- Corporate Managing Director of Inmobiliaria Colonial and forms part of its Management Committee.
- Member of the Board of Directors of Société Foncière Lyonnaise.
- Member of the Management Board of Círculo de Economía
- Member of the Board Ethos Ramon Llull - Ethics and Business
- Member of the Executive Committee of Barcelona Global
- Member of the Management Board of Esade-Alumni

PRIOR EXPERIENCE AS

- Auditor at Arthur Andersen
- Head of Investment and Management Control of the Financial, Real Estate and Insurance Group of Caixa Holding (currently Criteria) since 1995
- In 1999, she led the IPO of Colonial and in 2000, she was appointed Financial Director and became part of its Management Committee.
- In 2004, she led the takeover bid for Société Foncière Lyonnaise (real estate company listed on the Paris Stock Exchange), consolidating Colonial as a benchmark real estate development company in Europe.
- She participated in designing the takeover bid for Axiare and in all the operations of organic and corporate growth that have allowed Colonial to be part of the Ibex 35 and a benchmark pan-European real estate office leader.

-
- Member of the Board of Directors of SegurCaixa Adeslas and of its Audit Committee
 - Member of the Board of Directors of ICF (Instituto Catalán de Finanzas); President of the Remuneration Committee and Executive Committee
 - Member of the Board of SIIC of Paris
 - Professor at the School of Business Administration of Universitat Ramon Llull and Trustee of the Ramon Llull Universitat
 - Founder of l'Espai Vicens Vives



Proprietary Non-Executive Director proposed by Sacyr, S.A.

José Manuel Loureda Mantiñán. *Civil Engineer.*

CURRENTLY

- Director of Sacyr, S.A. (in representation of Prilou, S.L.)
- Chairman of Valoriza Gestión, S.A.U.
- Director of Sacyr Construcciones, S.A.U.

PRIOR EXPERIENCE AS

- Founder of Sacyr, where he was Chief Executive Officer until 2000 and Chairman until 2004.
- From 2003 to 2004, following the merger of Sacyr and Vallehermoso, he was Chairman of the Sacyr Vallehermoso Group.



Independent Non-Executive Director

Ignacio Martín San Vicente. Industrial Electrical Engineer from the University of Navarra.

CURRENTLY

- Director of Bankoia-Credit Agricole
- Director of Indra Sistemas, S.A.
- Director of Acerinox, S.A.

PRIOR EXPERIENCE AS

- Managing Director of GKN Automotive International
- Member of the Global Executive Committee of GKN Automotive International
- Chief Executive Officer in the US of GKN Automotive International
- Deputy Managing Director to the Chairman of Alcatel España
- General Manager of Operations in Europe for the GKN Driveline Group
- Executive Deputy Chairman of the GSB Group, where he led the merger with Corporación Industrial Egaña, which gave rise to CIE Automotive
- Chief Executive Officer of CIE Automotive until 2012
- Executive Chairman of Gamesa from 2012 until its merger with Siemens Wind Power in May 2017



Other Non-Executive Director

Henri Philippe Reichstul. Degree in Economics from the University of São Paulo. PhD from Hertford College in Oxford.

CURRENTLY

- Member of the Advisory Board of Lhoist do Brasil Ltda.
- Member of the Supervisory Board of Vigilancia de PSA Peugeot Citroen, S.A.
- Chairman and Member of the Supervisory Board of the Fives Group
- Member of the Board of Directors of the LATAM Airlines Group
- Member of the Board of Directors of TAM Linhas Aéreas
- Chairman of the Brazilian Foundation for Sustainable Development (FBDS)

PRIOR EXPERIENCE AS

- Secretary of the State Business Budget Office
- Deputy Minister of Planning in Brazil
- Executive Deputy Chairman of Banco Inter American Express, S.A. from 1988 to 1999
- Chairman of Brazilian State Oil Company Petrobrás from 1999 to 2001



Independent Non-Executive Director

Mariano Marzo Carpio. Degree in Geology from the University of Barcelona. PhD in Geological Sciences. Professor of Stratigraphy, Energy Resources and Petroleum Geology in the Earth Sciences Department of the University of Barcelona.

CURRENTLY

- Member of the American Association of Petroleum Geologists
- Member of the European Association of Petroleum Geoscientists & Engineers.
- Member of the Advisory Board of the Spanish Energy Club

PRIOR EXPERIENCE AS

- Head of Section 4 (Earth Sciences) of the Reial Acadèmia de Ciències i Arts de Barcelona [Royal Academy of Sciences and Arts of Barcelona].
- He has served on several advisory boards on energy for central and regional governments and other bodies.
- He maintains an ongoing relationship with the oil and gas industry through applied research on the exploration and sedimentological characterization of sites.
- He is a member of the editorial boards of internationally renowned magazines in the field of geology, such as Basin Research, Geology and Sedimentology, and has published several papers and given numerous lectures.



Independent Non-Executive Director

J. Robinson West. Graduate of the University of North Carolina Chapel Hill and Jurist Doctor from Temple University Law School in Philadelphia.

CURRENTLY

- Managing Director of The Boston Consulting Group
- Member of the National Petroleum Council
- Member of the Council on Foreign Relations
- Chairman of the German Marwill Fund of the US
- Chairman Emeritus of the United States Institute of Peace

PRIOR EXPERIENCE AS

- Founder of PFC Energy, a company over which he presided until 2013.
- Assistant Secretary of the Interior during the Reagan administration, where he developed and implemented the five-year leasing plan for the U.S. Outer Continental Shelf (OCS), the largest non-financial auction in the world at that time.
- Deputy Assistant Secretary of Defense for International Economic Affairs during the Ford administration, receiving the Secretary of Defense Medal for Outstanding Civilian Service.



Independent Non-Executive Director

Isabel Torremocha Ferrezuelo. Degree in Chemistry from the Universidad Autónoma of Madrid. Specialization course in Plastics and Rubber from the CSIC, Leadership Program at the IMD Business School, Program for Management Development (PMD) at IESE Business School, Corporate Finance Course at IE Business School and Executive Program on Singularity University.

CURRENTLY

- Trustee and Chairman of the Nomination Committee at the "Plan Internacional" Foundation
- Mentor in the start-up accelerator "Atelier by ISEM" of the University of Navarra
- Member of the Institute of Directors and Administrators (ICA)
- Member of Women Corporate Directors (WCD)
- Member of Foundation Forum of Forums

PRIOR EXPERIENCE AS

- Managing Director and member of the Board of Directors of Accenture España
- Director of Transformation Opportunities at Accenture in the industry of Telecommunications, Media and High Technology (CMT)
- Director of Operations in Europe, Africa and Latin America in CMT
- Responsible for diversity and equality for Europe, Africa and Latin America



General Secretary Director and Secretary to the Board of Directors (Executive)

Luis Suárez de Lezo Mantilla. Law Degree from Complutense University and State Counsel (on leave of absence).

CURRENTLY

- Deputy Chairman of the Repsol Foundation

PRIOR EXPERIENCE AS

- Director Legal Affairs of Campsa until the oil monopoly ended.
- Attorney at law, primarily in the energy sector
- Secretary of the Board of Directors of Banco Herrero
- Member of the Board of Directors of Port Aventura, S.A.
- Member of the Board of Directors of Compañía Logística de Hidrocarburos CLH, S.A. from 2005 to 2010
- Member of the Board of Directors of Naturgy Energy Group, S.A. (formerly Gas Natural SDG, S.A.) from 2010 to 2018

Presence on other boards

In accordance with the Board of Directors Regulations, the Company's Directors may not hold more than four board mandates in other listed companies other than Repsol⁷.

The Directors that in turn are directors or representatives of Directors that are legal entities of other listed companies are indicated below⁸:

Name of director	Name of listed company	Position
Luis Carlos Croissier Batista	ADVEO, S.A.	Director
	ALANTRA PARTNERS, S.A.	Director
Manuel Manrique Cecilia	SACYR, S.A.	Chairman - Chief Executive Officer
Ángel Durández Adeva	PROSEGUR, S.A.	Director
Jose Manuel Loureda Mantiñán	SACYR, S.A.	Representative of Prilou, S.L. on the board of Sacyr Vallehermoso, S.A.
Carmina Ganyet i Cirera	SOCIÉTÉ FONCIÈRE LYONNAISE	Director
Ignacio Martín San Vicente	INDRA SISTEMAS, S.A.	Director
	ACERINOX, S.A.	Director
Henri Philippe Reichstul	LATAM AIRLINES GROUP, S.A.	Director

⁷ Pursuant to Article 18 of the Board of Directors Regulations, and to these effects:

(a) all boards of companies that form part of the same group, as well as those board memberships held as proprietary director proposed by any company of this group, will be calculated as a single board mandate; and (b) those board mandates on asset-holding companies or companies that are vehicles or ancillary to exercising the professional services by the Director, their spouse or domestic partner, or their close family members will not be calculated. Exceptionally and due to reasons properly justified, the Board may waive the Director from this prohibition. In addition, the Director must inform the Nomination Committee of any other professional obligations they may have and any material changes in their professional situation, as well as any that may affect the nature or condition by virtue of which they have been appointed Director.

None of the Company's current Directors assume the position of director, representative of director or executive in other companies of the Group.

Trend in the presence of women on the Board of Directors

The Company set the target of increasing the presence of women on the Board of Directors to 30% by 2020. In order to meet this target, the number of women on the Board has increased in recent years, and the shareholders at the Annual General Meeting held on May 11, 2018 approved the appointment of a new female Independent Director – Carmina Ganyet i Cirera–, thus increasing the presence of women on the Board of Directors to 20%.

The following table reflects the trend in the presence of women on the Board and the Board Committees over the last four years:

	2018		2017		2016		2015	
	No.	%	No.	%	No.	%	No.	%
Board of Directors	3	20%	2	12.5%	1	6.25%	1	6.25%
Delegate Committee	0	-	0	-	0	-	0	-
Audit and Control Committee	3	60%	2	40%	0	-	0	-
Nomination Committee	1	25%	0	-	1	20%	1	20%
Remuneration Committee	1	25%	0	-	1	20%	1	20%
Sustainability Committee	0	-	0	-	1	20%	1	20%

With regard to the percentage of Independent Non-Executive Directors, the category to which all women that form part of the Board belong, this figure rose from 12.5% in 2015 to 37.5% in 2018.

	% Board of Directors	% Independent Directors
2018	20%	37.5%
2017	12.5%	25%
2016	6.25%	12.5%
2015	6.25%	12.5%



Promoting diversity

The Company has a Director Selection Policy that was approved by the Board of Directors on December 16, 2015, which establishes the criteria for diversity, in the broadest sense, which must be met with regard to the composition of the Board of Directors. In accordance with this policy, Director candidates must be persons whose appointment favors diversity regarding professional experience, knowledge, nationality and gender on the Board of Directors.

The Board of Directors Regulations expressly state that the Nomination Committee must ensure that, when new vacancies arise or when new Directors are appointed, the selection procedures are not implicitly biased in such a way that could lead to discrimination of any type and that women who have the desired professional profile are deliberately sought and included among the potential candidates, and it must inform the Board of the initiatives adopted with respect thereto and the outcome.

Likewise, Article 32 of the Company Bylaws states that both the General Shareholders Meeting and the Board of Directors, performing their functions of submitting proposals to the General Shareholders Meeting and co-optation to fill vacancies, must endeavor to ensure, in relation to the composition of the Board of Directors, that professional, knowledge and experience, international and gender diversity policies are applied.

The Nomination Committee is in charge of ensuring that the Director Selection Policy favors diversity on the Board of Directors, aiming to ensure that female Directors represent at least 30% of Board members by 2020.

Accordingly, the Repsol Global Sustainability Plan establishes some challenges and specific targets for 2020, organized around the pillars of the Sustainability model: climate change, people, safe operation, the environment, innovation and technology, and ethics and transparency. These targets include the aforementioned target regarding 30% female representation.

The guidelines of the Company's Ethics and Conduct Code, applicable to the Directors, also include equal opportunities, whereby discrimination based on race, ethnicity, religion, political affiliation, trade union membership, nationality, language, gender, marital status, social status, age, disability, sexual orientation or any other condition is prohibited.

In 2018, and in order to facilitate and prepare the proposals it had to submit to the General Meeting in relation to the appointment of Independent Directors, the Nomination Committee hired an external advisor specializing in the selection of candidates, which prepared and presented a list of potential candidates for the position of Director, in accordance with the guidelines established in the Director Selection Policy and, in particular, with regard to the inclusion of women who have the desired professional profile, in order to favor gender diversity on the Board. The Nomination Committee has also ensured that there is no discrimination for any other reasons, in particular, with regard to age or disability.

The shareholders at the General Meeting held on May 11, 2018 therefore approved the appointment of Carmina Ganyet i Cirera as an Independent Director, with this appointment thus contributing to gender diversity in the composition of the Board, in line with the target set in Repsol's Director Selection Policy.



Compliance with the Director Selection Policy

In compliance with the principles contained in the Director Selection Policy, throughout the year the Nomination Committee carried out an ongoing analysis of the structure, size and composition of the Board of Directors, as well as the competencies, knowledge and experience necessary on the Board.

In 2018, there were a total of four vacancies on the Board of Directors, of which two corresponded to Independent Directors and the other two to Proprietary Directors.

The first vacancy arose on February 20, 2018, following the resignation tendered by the Independent Director Mario Fernández Pelaz, and the second vacancy arose at the General Meeting of May 11, 2018, due to the expiry of the term of office of the Independent Director Artur Carulla Font, who had held the position for 12 years. In relation to these two vacancies, the Nomination Committee carried out a preliminary analysis on the needs of the Repsol Group and the competencies and skills that would be desirable to include or strengthen on the Board of Directors. In order to facilitate and prepare the proposals it had to submit to the General Meeting in relation to the appointment of Independent Directors and to have a variety of candidates that would enable their selection by the Committee, the Nomination Committee agreed to hire an external advisor specializing in the selection of candidates.

After analyzing the various profiles submitted, confirming their availability and compatibility of the position with their other professional obligations and assessing their suitability to become Directors of Repsol based on the needs of the Group and the challenges faced by the Company, the Nomination Committee agreed to propose to the Board of Directors –to subsequently be submitted at the General Shareholders Meeting–, the appointment of Carmina Ganyet i Cirera and Ignacio Martín San Vicente as Independent Directors of the Company. These appointments were approved at the General Shareholders Meeting held on May 11, 2018.

Subsequently, on September 20, 2018 two Proprietary Directors proposed by CaixaBank tendered their resignation – Jordi Gual Solé and Gonzalo Gortázar Rotaeché–, and the Committee began a new process of analyzing the composition of the Board and the competencies and skills that would be most desirable to include or strengthen on this managing body. In this regard, the Nomination Committee, at its meeting held on September 26, 2018, began to analyze two potential candidates with the appropriate characteristics with regard to knowledge and experience to cover the aforementioned vacancies. One of these candidates was Henri Philippe Reichstul, who was an Independent Director of Repsol from 2005 to 2017, with his term of office being characterized by his excellent contributions. Given that Mr. Reichstul had already been an Independent Director for twelve years, he was appointed as a Non-Executive Director.

With regard to the proposals relating to the composition of the Board of Directors that should be submitted at the General Shareholders Meeting in 2019, in view of the expiry of the terms of office of Mr. Brufau, Mr. Imaz, Mr. Croissier, Mr. Duráñez, Mr. Loureda and Mr. West, the Committee considered that it was especially necessary to plan ahead of time for the resolutions relating to the Chairman and the Chief Executive Officer. In this regard, the Committee agreed that Mr. Brufau and Mr. Imaz should continue in their position for a new term, due to their excellent management and results obtained, the fact they are highly regarded by investors, and their contribution to achieving the strategic objectives.



With regard to the other proposals relating to the appointment of the Directors that will hold the vacancies that will arise in 2019, upon expiry of the term of office of two Independent Directors, who this year will have held office for twelve years, the Committee agreed to begin analyzing and searching for candidates, through internal or external means, for the purpose of identifying several people that meet the criteria in the Director Selection Policy.

Subsequently, at the meeting held on October 8, 2018, the Chairman of the Nomination Committee reported on the progress made with regard to analyzing the composition of the Board of Directors and confirmed the full availability of Mr. Reichstul to be appointed Director, the compatibility of the position with his other professional obligations and his suitability as Director of Repsol. With regard to the analysis of candidates to cover the vacancies envisaged, the Chairman and the Secretary of the Committee have the power to select and potentially contract a specialized external advisor, for the purpose of having a variety of candidates, which must include women who have the desired professional profile sought in accordance with the Director Selection Policy, the Company Bylaws and the Board of Directors Regulations.

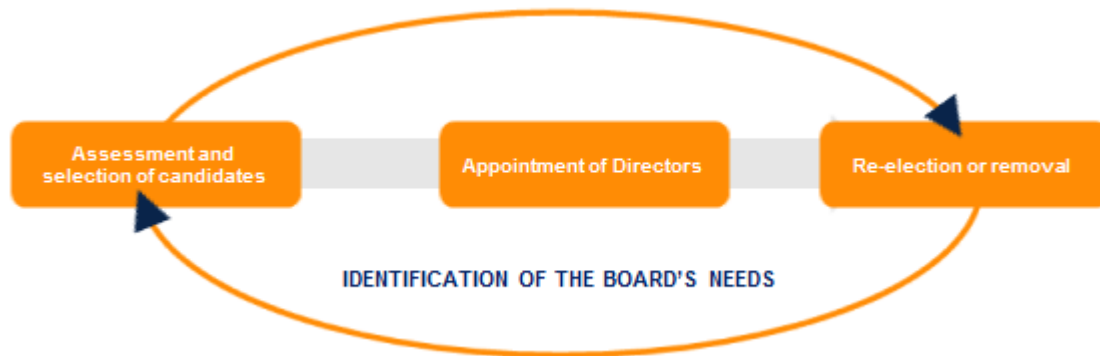
On October 22, 2018, the Nomination Committee held another meeting in which, among other matters, it resolved to: (i) propose the appointment of Henri Philippe Reichstul as Non-Executive Director and member of the Delegate Committee; (ii) continue analyzing other potential candidates for Independent Directors; (iii) propose to the Board of Directors, which in turn agrees to submit the proposal at the General Meeting, the re-election of the Chairman of the Board of Directors and the Chief Executive Officer; (iv) propose to the Board of Directors, which in turn agrees to submit a proposal at the General Meeting, reducing the number of Directors to fifteen and thus comply with recommendation 13 of the Good Governance Code for Listed Companies.

At its meeting on October 30, 2018, the Board of Directors approved the aforementioned proposals and publicly disclosed the resolutions through the corresponding material event.

The Nomination Committee verified that the Director selection and appointment procedures carried out in 2018 complied with that set forth in the Company Bylaws, the Board of Directors Regulations and the Director Selection Policy, favoring diversity regarding professional experience, knowledge, nationality and gender on the Board of Directors, without any discrimination with regard to age or disability, among other matters.

Director selection process

The director selection process is governed by the Director Selection Policy approved by the Board on December 16, 2015⁹.



1. Assessment and selection of candidates

The Nomination Committee is the body in charge of assessing the knowledge, expertise and experience required on the Board, determining the duties and skills required of the candidates who are to fill each vacancy and assessing the time and dedication necessary for them to perform their duties adequately.

2. Appointment of Directors

Board members are appointed by the General Meeting, without prejudice to the right of the Board to nominate shareholders by co-optation to fill any vacancies that arise, up to the next General Meeting.

The proposals for the appointment, ratification or re-election of Directors that are submitted at the General Meeting, as well as appointments by the co-optation, will be approved by the Board: (i) upon proposal by the Nomination Committee in the case of Independent Directors, or (ii) subject to a report by the Nomination Committee in the case of other Directors.

Within its powers to submit proposals at the General Meeting or appointment by co-optation, the Board may not propose as candidates or appoint as Directors any persons affected by any of the incompatibilities or prohibitions established by law, the Company Bylaws or regulations or any persons, companies or entities with a permanent conflict of interests with the Company, including its competitors or their directors, executives or employees, or any persons related to or proposed by them.

In order to be considered for appointment, candidates must have recognized prestige and sufficient professional experience and expertise to perform their duties, in addition to meeting the requirements stipulated for the position by law and the Company Bylaws.

Furthermore, those persons indicated in Article 13.2 of the Board of Directors Regulations may not be nominated or appointed as Independent Directors. A Director who holds a stake in the Company may be appointed as an Independent Director, provided they meet all the conditions established in the Board of Directors Regulations and inapplicable legislation, and they do not hold a significant interest.

For the purpose of assessing the independence of the Directors, the Appointments Committee takes into account the provisions

⁹ To access the Director Selection Policy: https://www.repsol.com/imagenes/global/en/00-00538PO_Directors_Selection_Policy_en_tcm14-66877.pdf

of the Corporate Enterprises Act, the Good Governance Code for Listed Companies, internal regulations (Director Selection Policy and Article 13.2 of the Board of Directors Regulations), and the policies of the most significant shareholders and proxy advisors, and verifies that Independent Directors do not have any significant direct or indirect relationship with Repsol that could interfere with the independent performance of their duties and carries out the necessary materiality tests.

The Company Bylaws and the Board Regulations do not establish any age limit for Directors or set any additional limit regarding the term of office for Independent Directors other than that stipulated in applicable legislation. Likewise, no specific requirements are established to be elected as Chairman of the Board in addition to those established for the selection of Directors.

The proposals and reports on the appointment of Directors that were submitted for approval at the 2018 Annual General Meeting are available for consultation on the corporate website through the following link: https://www.repsol.com/imagenes/global/es/informes_consejo_administracion_propuestas_acuerdos_jga18_tcm13-127842.pdf

It should also be noted that in 2018 no Proprietary Directors were appointed at the request of shareholders with a stake of less than 3% in the share capital, and there were no formal requests for a place on the Board from shareholders whose stake is equal to or greater than that of others that had been appointed Proprietary Directors.

3. Re-election of Directors

Directors will hold office for a maximum of four years, after which they will be eligible for re-election for one or several periods of equal duration. Directors appointed by co-optation will hold office until the next General Meeting following their appointment, at which their appointment will be subject to ratification.

The Nomination Committee is responsible for assessing the quality of their work and dedication of the Directors proposed during their previous term in office.

4. Cessation

Directors will stand down from office upon expiry of the term for which they were appointed and in all the other cases where this is required by law, the Company Bylaws and the Board of Directors Regulations.

The Board of Directors will not propose the removal of any Independent Non-Executive Director before the end of the period for which they were appointed, except where just cause is found by the Board, based on a proposal from the Nomination Committee. In particular, such a proposal will be justified if the Director (i) has failed to discharge the duties inherent to their position; (ii) is in any of the situations described in Article 16.2 of the Board of Directors Regulations, which is reproduced in subsection "Resignation of Directors" below; or (iii) falls into any of the circumstances of incompatibility to be considered an Independent Non-Executive Director.

The removal of an Independent Non-Executive Director may also be proposed as a result of takeover bids, mergers or other similar corporate transactions which involve a change in the Company's capital structure, to the extent that such removal is necessary in order to establish a reasonable equilibrium between Proprietary Non-Executive Directors and Independent Non-Executive Directors based on the ratio of capital represented by the former to the rest of the capital.

Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all other members of the Board of Directors.

Resignation of Directors

Directors must tender their resignation to the Board of Directors and, if the Board considers it appropriate, resign in the following cases:

- a) When they are involved in any of the situations of incompatibility or prohibition established by law, the Company Bylaws or applicable regulations.
- b) When they have been seriously reprimanded by the Nomination Committee or by the Audit and Control Committee for having breached their duties as Directors.
- c) When, in the opinion of the Board, based on a report by the Nomination Committee:
 - i. Their remaining on the Board could jeopardize the interests of the Company or adversely affect the functioning of the Board or the standing and reputation of the Company; or



- ii. When the reasons for their appointment no longer exist. Directors will find themselves in this position, particularly in the following cases:
 - Proprietary Non-Executive Directors, when the shareholder they represent or who proposed their appointment transfers its entire shareholding. They will also offer their resignation and, should the Board deem fit, step down from the Board, in the corresponding proportion, if the shareholder reduces its shareholding interest to a level requiring a reduction in the number of its Proprietary Non-Executive Directors.
 - Executive Directors, when they cease to hold the executive positions outside the Board with which their appointment as Director is associated.

Article 19 of the Board of Directors Regulations provides that Directors will notify the Board as soon as possible and keep it up to date on any situations in which they may be involved and that could harm the Company's name or reputation, to enable the Board to assess the circumstances, particularly in this regard.

In 2018, no members of the Board of Directors notified the Company that they had been indicted or tried for any of the offences stated in Article 213 of the Corporate Enterprises Act.

3.2. Competencies of the Board of Directors

The Repsol Board of Directors met on 13 occasions in 2018. Director absences were kept to a minimum, and proxies were granted with specific instructions in those cases where a Director could not attend the meeting.

No. of Board meetings

13

- No. of meetings with attendance in person or by proxy with specific instructions of all Directors: **13**
- No. of meetings with attendance in person of at least 90% of Directors: **13**
- No. of meetings held without the Chairman: **0**

% of total attendance at meetings

100%

- % of attendance in person over total votes during the year: **98.46%**
- % of votes issued with attendance in person and by proxy with specific instructions over total votes during the year: **100%**

Attendance at Board of Directors meetings

Director	In person	By proxy	% of attendance in person in 2018
Antonio Brufau Niubó	13	--	100%
Josu Jon Imaz San Miguel	13	--	100%
Manuel Manrique Cecilia	13	--	100%
Maite Ballester Fornés	13	--	100%
Luis Carlos Croissier Batista	13	--	100%
Rene Dahan	13	--	100%
Ángel Durández Adeva	13	--	100%
Carmina Ganyet i Cirera ⁽¹⁾	7	--	100%
José Manuel Loureda Mantiñán	11	2	84.62%
Ignacio Martín San Vicente ⁽²⁾	7	--	100%
Henri Philippe Reichstul ⁽³⁾	2	--	100%
Mariano Marzo Carpio	13	--	100%
J. Robinson West	13	--	100%
Luis Suárez de Lezo Mantilla	13	--	100%
Isabel Torremocha Ferrezuelo	13	--	100%
Artur Carulla Font ⁽⁴⁾	6	--	100%
Gonzalo Gortázar Rotaeché ⁽⁵⁾	9	--	100%
Jordi Gual Solé ⁽⁶⁾	8	1	88.89%
Mario Fernández Pelaz ⁽⁷⁾	1	--	100%

(1) Ms. Ganyet was appointed Director of Repsol, S.A. on May 11, 2018.

(2) Mr. Martín was appointed Director of Repsol, S.A. on May 11, 2018.

(3) Mr. Reichstul was appointed Director of Repsol, S.A. on October 30, 2018.

(4) The term of office of Mr. Carulla as Director of Repsol, S.A. ended on May 11, 2018.

(5) Mr. Gortázar resigned from his position as Director of Repsol, S.A. on September 20, 2018.

(6) Mr. Gual resigned from his position as Director of Repsol, S.A. on September 20, 2018.

(7) Mr. Fernández resigned from his position as Director of Repsol, S.A. on February 20, 2018.



Duties of the Directors

The duties of the Directors are included in the Board of Directors Regulations. These Regulations indicate that Directors must perform their duties with the diligence of an orderly businessman and a loyal representative, working in good faith in the Company's best interest.

Articles 19 to 23 of the Board of Directors Regulations set out the obligations to be met by Directors in accordance with their duty of diligence and loyalty with regard to non-competition, use of information on corporate assets and taking advantage of business opportunities, and the requirements established in respect of related party transactions between the Company and the Directors, significant shareholders represented on the Board or persons related to them.

Voting procedures

The adoption of resolutions by the Board of Directors requires the vote in favor of the majority of the Directors attending in person or by proxy, except in those cases indicated below.

Matters that require larger majorities other than those stipulated by law

- Amendments to Articles 20 and 23 of the Board of Directors Regulations regarding the obligation of non-competition and related party transactions, respectively, requires the favorable vote of three-quarters of the Board members.
- The favorable vote of two-thirds of the members not involved in a conflict of interest is required to authorize the Directors to provide advisory or representation services to the Company's competitors, subject to a favorable report by the Nomination Committee. The favorable vote of two-thirds of the members not involved in a conflict of interest is also required to waive the conflict of interest incompatibility in respect of a proposal put to the General Meeting or an appointment of candidates or Directors by co-optation.
- The favorable vote of two-thirds of the members not involved in a conflict of interest is also required to authorize the Company's related party transactions with Directors, significant shareholders represented on the Board or persons related to them for an amount exceeding 5% of the Group's assets, in accordance with the most recent consolidated financial statements approved by the General Meeting, in respect of the Company's strategic assets, involving the transfer of significant technology of the Company, intended to establish strategic alliances and which are not mere agreements of action or execution of existing alliances. This is conditional upon the transaction being fair and efficient from the standpoint of the Company's interests, the Appointments Committee having issued a favorable report after obtaining the corresponding report from an independent expert of renowned prestige in the financial community indicating that the related party transaction will be made on reasonable, arm's length terms and if it is considered unadvisable to wait for the next General Meeting to obtain authorization, for reasons of opportunity.

Without prejudice to the Directors' duty to attend the meetings of the bodies they belong to or, failing this, if they are unable for justified reasons to attend the meetings to which they have been called, to issue the appropriate instructions to the director who is to represent them, if any, each Board member may grant a proxy to another member, with no limit on the number of proxies that may be held by any director for attendance of Board meetings, all subject to the provisions of the applicable laws..

Proxies for absent Directors may be granted by any written means, including a letter, telegram, telex, fax or email sent to the Chairman or the Secretary to the Board.

3.3. Activities of the Board of Directors

Repsol's Board of Directors is the holder of the Company's organic representation and the governance body in charge of directing and managing the businesses and interests of the Company, unless reserved for the General Shareholders Meeting. In particular, the Board of Directors is responsible for approving the Company's strategy and the organization needed to put it into practice; overseeing and ensuring that Management meets the targets set and respects the Company's corporate purpose and interests; approving acquisitions and disposals of assets belonging to the Company or its subsidiaries that, for whatever reason and notwithstanding the involvement of the General Meeting when applicable by law, are considered especially significant.

The specific rules relating to its powers, composition, term of office, the convening of and quorum for meetings, the manner in which resolutions are passed and the distribution of positions on the Board are included in the [Company Bylaws](#) (Articles 31 to 36) and in the [Board of Directors Regulations](#).

Main activities in 2018

In 2018 the Board examined, discussed and issued proposals and reports on those matters reserved for its competence, most notably including the following:

- Authorization for issue of the Financial Statements and Management Report for 2017.
- Approval of the Annual Financial Report for 2017 and of the Half-Yearly Financial Report for the first half of 2018.
- Approval of the quarterly financial statements for Q1 and Q3 of 2018.
- Approval of the publication of certain financial information (Trading Statement).
- Follow-up on the 2017 budget and the results of the exploratory activity in 2017.
- Information on the progress made during the year.
- 2018 Annual Budget.
- Approval of transactions carried out with significant shareholders.
- The Company's investments and transactions reserved for approval by the Board of Directors.
- Report on the tax policies applied by the Company.
- Reflection on the main strategic lines and follow up on the commitments established in the Strategic Plan.
- Updating of the 2016-2020 Strategic Plan.
- Review of corporate reports on companies in the Oil & Gas sector.
- Approval of the acquisition of the unregulated low-emissions electricity generation businesses of Viesgo as well as its gas and electricity retail business.
- Approval of the sale of the stake in Naturgy.
- Technology strategy for 2018-2022.
- Cybersecurity report.
- Follow-up on the Digitalization Project.
- Convening of the 2018 General Shareholders Meeting, preparation of the proposed resolutions and reports on these proposals, and execution of the resolutions passed.
- Annual Corporate Governance Report for 2017.
- Assessment of the Board and its Committees with external advisors.
- Annual Report on Directors' Remuneration for 2017.
- Approval of Directors' remuneration as a result of belonging to the Board and its Committees and, in the case of Executive Directors, for performing their executive duties.
- Approval of the termination of the 2014-2017 Long-Term Incentive and proposal of the 2018-2021 Long-Term Incentive.
- Execution of the Repsol Flexible Dividend Program.
- Execution of the 2019 Share Acquisition Plan.
- Approval of the changes in the organizational structure.
- Appointment and re-election of the trustees of the Repsol Foundation.
- Appointment of the members of the Board of Directors Committees.
- Follow-up on projects financed with the issue of the green bond.
- Analysis of legislative changes related to climate change.
- Report on Repsol's 5th Sustainability Day held and the ESG (Environmental, Social and Governance) roadshow

3.4. Functioning of the Board of Directors

There is a working environment of open dialogue on the Board that enables Directors to freely express and adopt their positions.

The matters to be discussed at the meetings of the Board and the Committees are planned prior to the beginning of each year by the Chairman of the Board and by the Committee Chairs, who encourage the participation of the Directors, per the definition thereof, along with Company Management.

Main responsibilities of the Chairman	Main responsibilities of the Chief Executive Officer
<p>Antonio Brufau Niubó, the Non-Executive Chairman of the Board of Directors, is the maximum authority responsible for the efficient functioning of this body and as such is responsible for carrying out the following specific duties:</p> <ul style="list-style-type: none">· Call and chair the meetings of the Board of Directors and the Delegate Committee, setting their agenda and leading the discussions and debates, in order to ensure that all matters are given sufficient time for discussion, encouraging the active participation of Directors at the meetings, taking into account their skills, experience, knowledge and, where applicable, independence;· Ensure that the Board has effective decision-making processes, in particular in relation to proposals of greater scale;· Ensure that prior to the meeting the Directors receive the appropriate information necessary to discuss the items on the agenda;· Ensure that the Board committees are adequately structured and have appropriate rules of operation;· Regularly review and agree on with each Director their training and development needs;· Ensure that the actions of the Board and its Committees are assessed at least once a year, and take action based on the results of this assessment;· Maintain regular communication with the chief executive, providing the appropriate support, and report to the Board of Directors on their activity and performance.· Chair the General Shareholders Meeting, in accordance with applicable regulations.	<p>Josu Jon Imaz was appointed Chief Executive Officer and a member of Repsol's Delegate Committee, by resolution of the Board of Directors dated April 30, 2014, with such appointment being subsequently ratified. He was reelected by the General Shareholders Meeting on April 30, 2015.</p> <p>Mr. Imaz has been delegated all functions of the Board of Directors, except for those that cannot be delegated by law or under the bylaws, is the Company's chief executive and is responsible for the management of the businesses and the Company.</p>

Information provided to Directors

The Chairman, assisted by the Secretary to the Board, ensures that the Directors are provided with the information necessary, and sufficiently in advance, in order to effectively carry out their responsibilities and adequately prepare for the meetings.

The call notices for Board and Committee meetings will be sent at least 48 hours prior to the meeting and include any documentation related to the agenda and minutes of the previous meeting. Since November 2018, and as a result of the proposals submitted by the Directors in their assessment of the Board for 2017, the Company has continued to work towards the digitalization of the functioning of the Board and the Committees and has implemented the Director Portal, which is a specific computer application that facilitates the performance of the Directors' duties and the exercise of their right to information. This Portal includes the documentation and information deemed suitable for preparing the Board and Committee meetings in accordance with the agenda, including all presentations given, as well as any training materials aimed at Directors and any other information that may be of interest to them.

All Directors will also be provided with the minutes for all Committee meetings, which are also made available on the Director Portal.

Directors have access to all the Company's services and may obtain, with the broadest possible powers, the information and advice they need to perform their functions. The right to information is channeled through the Chairman or the Secretary to the Board of Directors, who respond to Directors' requests and directly furnish them with the information, offering them access to appropriate sources or taking all necessary measures to answer questions.

Interaction of the Board of Directors with executive personnel

The Board of Directors has a direct and ongoing relationship with the members of the Company's Senior Management. Key executives attend Board and Committee meetings with sufficient frequency so as to report on the matters within their competence, and on any other matter that may affect the Company's performance.

When executives are required to attend Board and Committee meetings, they will remain only for those specific items on the agenda where their presence is required.

Likewise, the Chairmen of the various Board Committees will meet on a regular basis with the heads of various corporate and business areas.





Director training

Repsol offers ongoing training programs and refresher courses on subjects in which the Directors have shown an interest. Among other matters, in 2018 training and information sessions were carried out in relation to the following content:

Board of Directors	Tax policies applied to the Company, cybersecurity, technology strategy, energy transition and climate change.
Audit and Control Committee	New accounting standards (IFRS 9, IFRS 15 and IFRS 16), risk management in projects with partners, new methods for the depreciation of exploratory assets, and a specialized meeting on the reserve control system.
Sustainability Committee	Energy transition, recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), culture of safety, natural capital, advances in energy and climate change, community relations and human rights, and the principal international standards on sustainability and corporate responsibility.

The Company also has an induction process for new Directors so that they are able to rapidly acquire sufficient knowledge of the Company and its corporate governance rules.

Orientation Program for New Directors		
Information pack	Training sessions	Specific meetings
<ul style="list-style-type: none"> General information on the Company and its strategic plan Presentation of the Company's governance bodies and organizational structure Ethics and Conduct Code Company Bylaws Regulations of the General Shareholders Meeting Board of Directors Regulations Internal Code of Conduct relating to the Securities Market 	<ul style="list-style-type: none"> Functioning of Repsol's main businesses and corporate areas: Exploration and Production, Refining, Chemistry and Marketing Economic and energy environment 	<ul style="list-style-type: none"> Specific sessions with the various heads of the Company's business and corporate areas Visits to the Company's various facilities

External advisory services

The Directors have the power to propose to the Board of Directors, by majority vote, the contracting at the Company's expense of legal advisers, accountants, technical, financial, and commercial experts, and experts of any other kind they consider necessary to the Company's interests, to provide assistance in the performance of their functions with regard to specific problems of particular importance and complexity relating to their positions.

The proposal must be submitted to the Chairman of the Company through the Secretary to the Board. The Board of Directors may veto their approval on the grounds that they are unnecessary to the performance of the assigned functions, with regard to their cost (disproportionate in relation to the importance of the problem and the Company's assets and income), or if the technical assistance in question could be adequately provided by experts within the Company.



Assessment of the Board of Directors

In accordance with the provisions of Article 45 quater of the Company Bylaws and Article 11 of the Board of Directors Regulations, at least once a year the Board will assess its performance and the quality and efficiency of its work. It also annually assesses the work of its Committees, based on the reports they submit. The Chairman organizes and coordinates the periodic assessments of the Board with the Committee Chairs. At least once every three years, the Board of Directors is assisted in the assessment process by an external consulting firm.

The assessment for 2018 was carried out through questionnaires that include, among others, various matters related to the composition of the Board of Directors and the Committees, their organization and functioning, and the performance of their responsibilities, as well as the performance of the Chairman of the Board, the Chief Executive Officer and the other Directors.

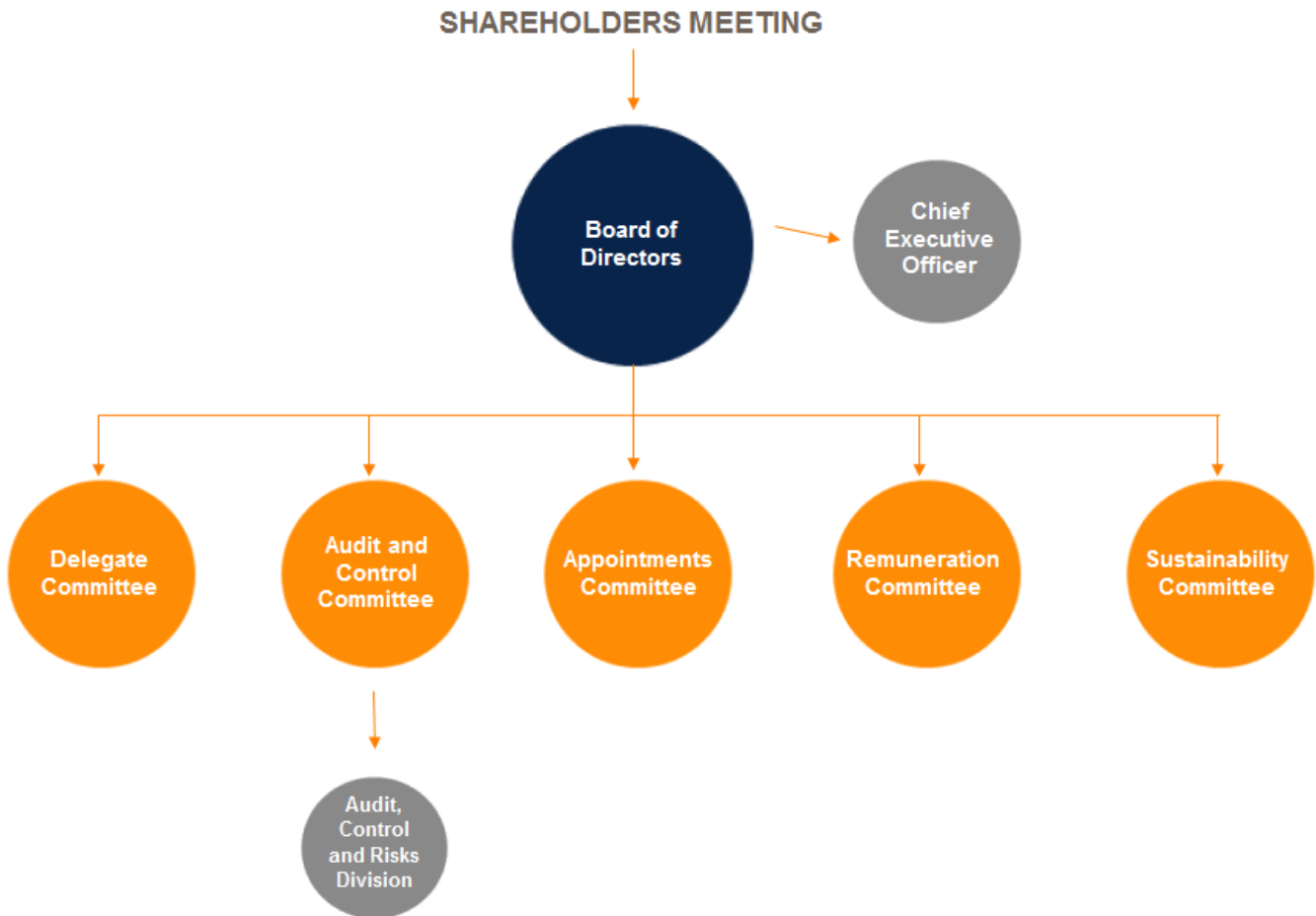
In the assessment for 2018, the Directors showed a high level of satisfaction with regard to the functioning and effectiveness of the Board and its committees and on the role carried out by the Chairman of the Board, the Chief Executive Officer and the General Secretary Director. Specifically, the atmosphere of open dialogue on the Board of Directors, on the quality of the discussions, the reporting by the Committees, the information made available thereto, the strategic discussions and interaction with executive personnel are noteworthy of mention.

The assessment process was completed with the approval of the conclusions report at the Board of Directors meeting on February 27, 2019.

With regard to implementing the actions considered in the work plan of the assessment for 2017, the Company has continued to work towards the digitalization of the functioning of the Board and the Committees by implementing the specific computer application of the Director Portal, through which documentation related to the Board and Committees meetings, as well as training materials and other information of interest to the Directors, are made available electronically to the Directors.

4. Committees of the Board of Directors

Without prejudice to the Board's capacity to create other Committees in accordance with the Bylaws, the Company currently has a Delegate Committee, Audit and Control Committee, Nomination Committee, Remuneration Committee and Sustainability Committee.



Regulation

The composition, functioning and competencies of the Committees of the Board of Directors are governed by the provisions of Articles 37 to 39bis of the Bylaws and Articles 32 to 37 of the Board of Directors Regulations.

Functioning

The Committees will be considered validly convened when one half plus one of its members attend the meeting in person or by proxy.

The members of the Committees will be relieved of their duties once their tenure as Director ceases or when agreed by the Board. Any vacancies that arise will be promptly filled by the Board of Directors.

The Committees will meet as and when called by the Chairman or requested by the majority of its members.

In order to better carry out its duties, this Committee may seek out advice from lawyers and other external professionals, in which case the Secretary to the Board, at the request of the Chairman of the Committee, will take whatever action necessary to engage the services of such lawyers or other professionals, which will be provided directly to the Committee.

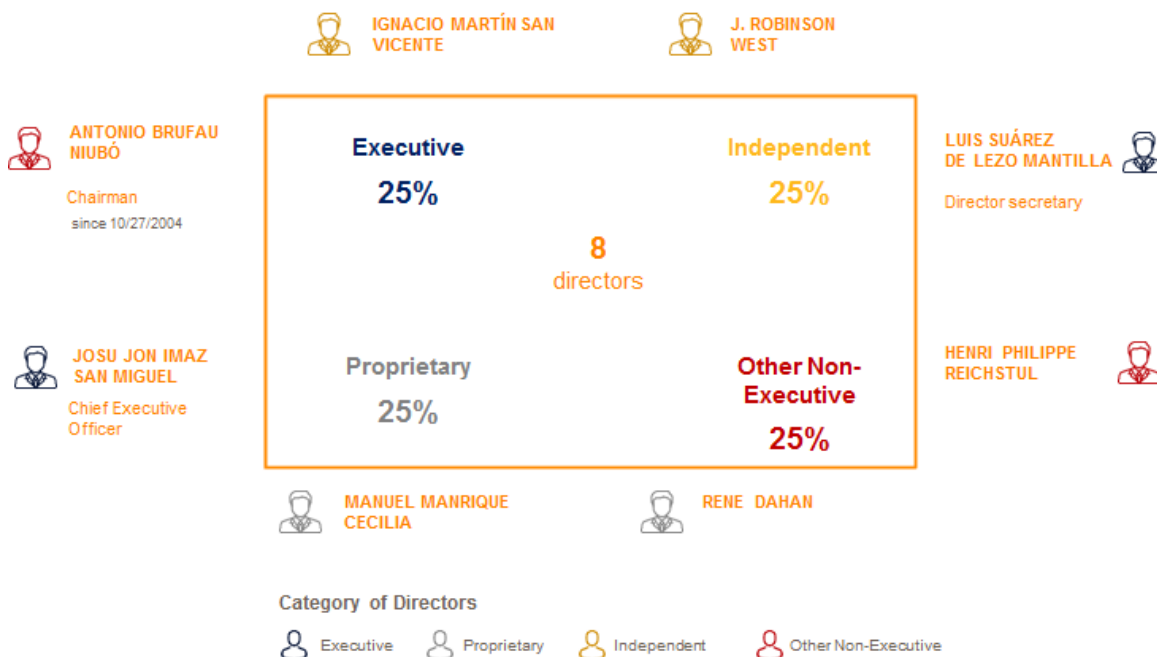
The Committees establishes an annual calendar of meetings, as well as an Action Plan for each year.

4.1. Delegate Committee

Composition

In accordance with the Board of Directors Regulations, the Committee will be composed of the Chairman of the Board of Directors and a maximum of eight Directors belonging to different categories, while maintaining a similar proportion to that of the Board of Directors. The Delegate Committee reflects the percentage on the Board of the various Directors by category. Committee members are appointed with a vote in favor of at least two-thirds of the current Board members. The Chairman and the Secretary of the Delegate Committee will be those of the Board of Directors.

The current composition of the Delegate Committee is as follows:



Competences and activities in 2018

All powers of the Board are permanently delegated to the Delegate Committee, except those that may not be delegated by law or under the Board Regulations. Whenever considered advisable owing to the importance of the business, in the opinion of the Chairman or three members of the Delegate Committee, or when required by the Board of Directors Regulations, the resolutions will be submitted to the Board in plenary session for ratification. The same will be applicable with regard to any matters referred by the Board to be studied by the Delegate Committee, which reserves the right to make the final decision on such matters. In all other cases, the resolutions passed by the Delegate Committee will be valid and binding with no need for subsequent ratification by the Board in plenary session.

No. of meetings in 2018

8

Main activities

- Approval of investment projects for amounts over EUR 40 million.
- Analysis and monitoring of relevant projects for the Company.
- 2018 Annual Budget.
- Reflection on the main strategic lines.
- Updating of the 2016-2020 Strategic Plan.
- Report on Venezuela.
- Report on technologies related to climate change.

Attendance at Delegate Committee meetings

Director	In person	By proxy	% of attendance in person in 2018
Antonio Brufau Niubó	8	--	100%
Josu Jon Imaz San Miguel	8	--	100%
Gonzalo Gortázar Rotaeché ⁽¹⁾	5	--	100%
Manuel Manrique Cecilia	8	--	100%
Artur Carulla Font ⁽²⁾	4	--	100%
Rene Dahan	8	--	100%
Ignacio Martín San Vicente ⁽³⁾	4	--	100%
Henri Philippe Reichstul ⁽⁴⁾	1	--	100%
J. Robinson West	8	--	100%
Luis Suárez de Lezo Mantilla	8	--	100%

(1) Gonzalo Gortázar Rotaeché resigned from his position as Director on September 20, 2018.

(2) The term of office of Mr. Carulla as Director ended on May 11, 2018.

(3) Mr. Martín was appointed member of the Delegate Committee on May 11, 2018.

(4) Henri Philippe Reichstul was appointed member of the Delegate Committee on October 30, 2018.

4.2. Audit and Control Committee

This Committee was voluntarily set up on February 27, 1995, and became mandatory for listed companies in 2002. It is an internal body for information and advisory purposes created by the Board of Directors, without executive functions, but with information, advisory and proposal powers within its area of activity.

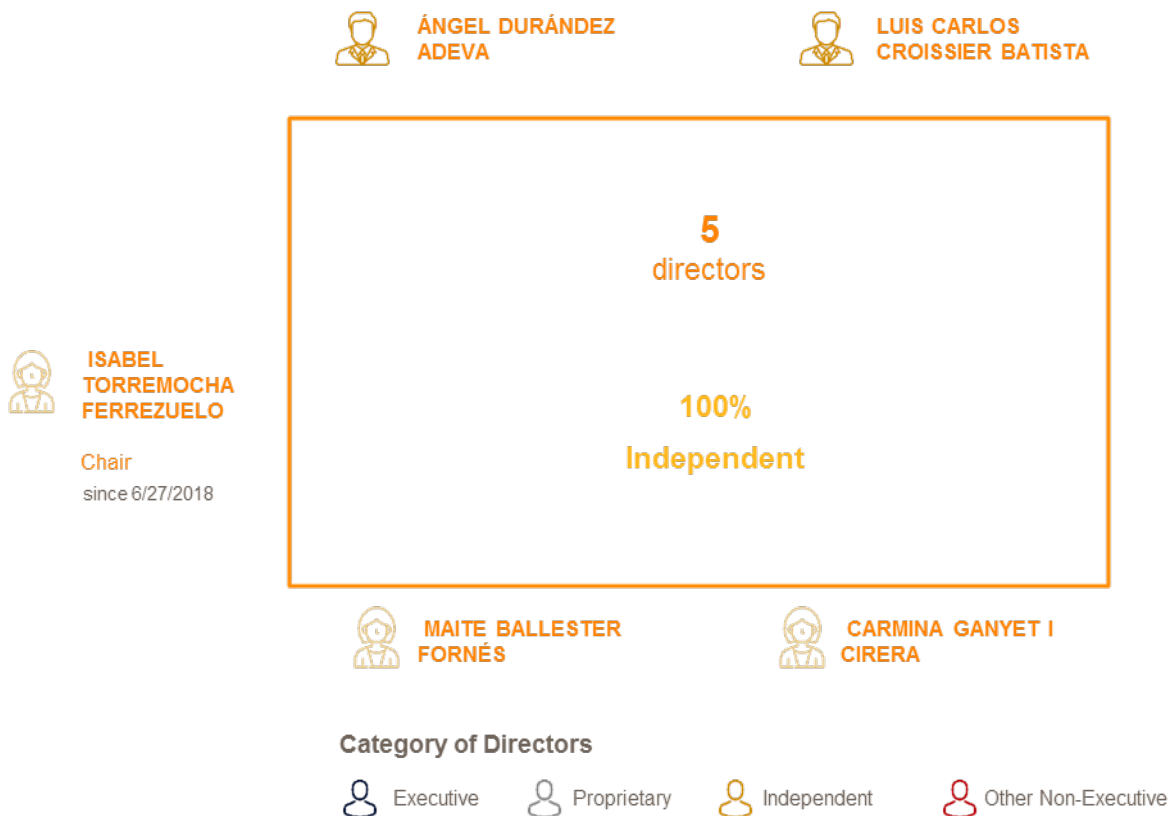
On June 27, 2017, the CNMV published Technical Guide 3/2017 on Audit Committees of Public Interest Entities, which includes additional good practices and criteria on the scope of the functions and responsibilities of audit committees, which the Committee has analyzed, implementing those considered most appropriate.

The Committee will also prepare an annual Activities Report that includes all matters discussed by the Committee. This document is made available to shareholders on the corporate website along with the call notice for the Annual General Meeting.

Composition

In accordance with the Board of Directors Regulations, the Audit and Control Committee will consist exclusively, and no fewer than three, of Independent Non-Executive Directors. Its members are appointed by the Board of Directors for a period of four years, taking into account their expertise and experience in accounting, auditing or risk management. Without prejudice to one or more re-elections, they will be relieved of their duties at the end of the term, when their tenure as a Director ceases, when they are no longer considered Independent, or when agreed by the Board of Directors, subject to a prior report by the Nomination Committee. The Chairman will be appointed from among its members and will hold office as such for a maximum of four years, after which they may not be re-elected until one year has passed, without prejudice to their continuation as a member of the Committee. The Secretary will be the Secretary to the Board of Directors.

The current composition of the Audit and Control Committee is as follows:



The Audit and Control Committee is composed of 60% women and all its members have knowledge and experience in accounting, auditing or risk management, as well as various other competencies related to the sectors of telecommunications, information technologies, private equity, finance, risk control and management, energy or the securities market.

In accordance with the Board Regulations, the two Directors that have been Chairs of the Audit and Control Committee in 2018 – Ángel Durández Adeva and Isabel Torremocha Ferrezuelo– have experience in business and risk management and knowledge of accounting procedures.

Directors appointed based on their expertise and experience in accounting, auditing or both

- Isabel Torremocha Ferrezuelo
- Ángel Durández Adeva
- Luis Carlos Croissier Batista
- Maite Ballester Fornés
- Carmina Ganyet i Cirera

Competences and activities in 2018

The Committee supports the Board of Directors in its supervisory duties, by regularly reviewing the preparation of economic and financial reporting, the efficacy of internal controls, and the independence of the Auditor, as well as verifying compliance with all the legal provisions and internal regulations applicable to the Company. The Committee is in charge of submitting proposals regarding the appointment, renewal and removal of the External Auditors, as well as proposals on the terms of their contract, monitoring and reviewing the internal control and information systems, and overseeing the independence and effectiveness of the internal audit function. Before they are presented to the Board and with the necessary requirements to check they are correct, reliable, sufficient and clear, the Committee also analyzes the financial statements of the Company and its consolidated Group, as well as any other financial information that the Company is obliged to publish as a listed company, reviews the relevant changes regarding the accounting policies used and ensures that the Board of Directors submits the financial statements at the General Meeting without reservations or qualifications in the auditor's report.

No. of meetings in 2018

10

Main activities

- Monitoring of the financial information.
- Approval of the services contracted from external auditors, issuance of the report on the independence of the external auditor and fee proposal.
- Monitoring of the information and internal risk control systems.
- Analysis of communications received regarding accounting, internal accounting and auditing controls.
- Monitoring of the tax policies applied by the Company.
- Monitoring of the activity of the Chief Compliance Officer and the Ethics and Compliance Committee.
- Monitoring of the reserves control.
- Monitoring of discretionary treasury share transactions.
- Review of the Risk Map, as well as emerging and climate change risks.
- Review of the reports and recommendations issued by Internal Audit.
- Analysis of new accounting standards.

Attendance at Audit and Control Committee meetings

Director	In person	By proxy	% of attendance in person in 2018
Isabel Torremocha Ferrezuelo	10	--	100%
Maite Ballester Fornés	10	--	100%
Luis Carlos Croissier Batista	10	--	100%
Ángel Durández Adeva	10	--	100%
Mario Fernández Pelaz ⁽¹⁾	1	--	100%
Carmina Ganyet i Cirera ⁽²⁾	6	--	100%

(1) Mario Fernández Pelaz resigned from his position as Company Director on February 20, 2018.

(2) Carmina Ganyet i Cirera was appointed member of the Audit and Control Committee on May 11, 2018.

Without prejudice to the functions described above, the Audit and Control Committee will study any other matter that is submitted by the Board in plenary session, by the Delegate Committee or by the Chairman of the Board of Directors.

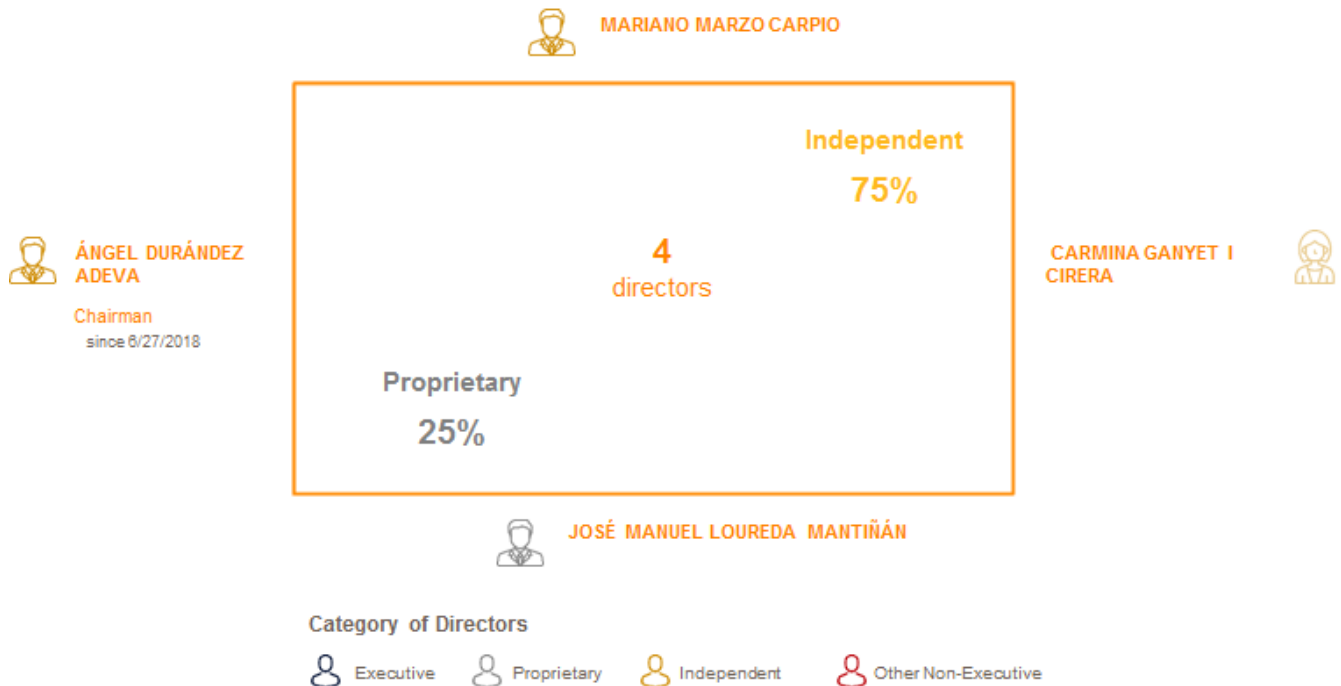
4.3. Nomination Committee

This Committee was created by the Board of Directors, with information, advisory and proposal powers within its area of activity.

Composition

In accordance with the applicable rules, the Nomination Committee consists of no fewer than three Non-Executive Directors, the majority of which must be Independent. Its members are appointed by the Board of Directors for a period of four years, taking into account the expertise, skills and experience of the Directors and the duties of the Committee. Without prejudice the possible re-elections, they will be relieved of their duties at the end of the term, when their tenure as a Director ceases, when they are no longer considered Independent, or when agreed by the Board of Directors, subject to a prior report by the Audit and Control Committee. The Chairman of this Committee will be one of its members, who must be an Independent Director, and the Secretary will be the Secretary to the Board.

The current composition of the Nomination Committee is as follows:



Competences and activities in 2018

The duties of this Committee include, among others, submitting proposals and reporting to the Board of Directors on the selection, appointment, re-election and removal Directors, establishing a representation target for the less well-represented gender on the Board, preparing guidelines on how to reach this target, reporting on the proposed appointment and removal of Senior Managers of the Group, reporting to the Board on compliance by Directors with the corporate governance principles and other obligations, and on matters relating to the non-competition obligations of the Directors and related party transactions.

No. of meetings in 2018 **11**

Main activities

- o Analysis of the competencies and skills required on the Board of Directors based on the needs of the Group.
- o Proposals on the composition of the Board of Directors.
- o Verification of compliance with the Director Selection Policy.
- o Verification of the status of each Director.
- o Assessment of the functioning of the Board of Directors and its Committees.
- o Analysis of related transactions with significant shareholders.
- o Change in organizational structure.
- o Analysis of the proposed Technical Guide of the Spanish National Securities Market Commission on Appointments and Remuneration Committees.

Attendance at Nomination Committee meetings

Director	In person	By proxy	% of attendance in person in 2018
Artur Carulla Font ⁽¹⁾	4	--	100%
Ángel Duráñez Adeva ⁽²⁾	7	--	100%
Mario Fernández Pelaz ⁽³⁾	N.A.	N.A.	N.A.
Carmina Ganyet i Cirera ⁽⁴⁾	7	--	100%
José Manuel Loureda Mantiñán	10	1	90%
Mariano Marzo Carpio	11	--	100%
Jordi Gual Solé ⁽⁵⁾	4	2	66.67%

(1) The term of office of Mr. Carulla as Director ended on May 11, 2018.

(2) Ángel Duráñez Adeva was appointed member of the Nomination Committee on May 11, 2018.

(3) Mario Fernández Pelaz resigned from his position as Company Director on February 20, 2018.

(4) Carmina Ganyet i Cirera was appointed member of the Nomination Committee on May 11, 2018.

(5) Jordi Gual Solé resigned from his position as Company Director on September 20, 2018.

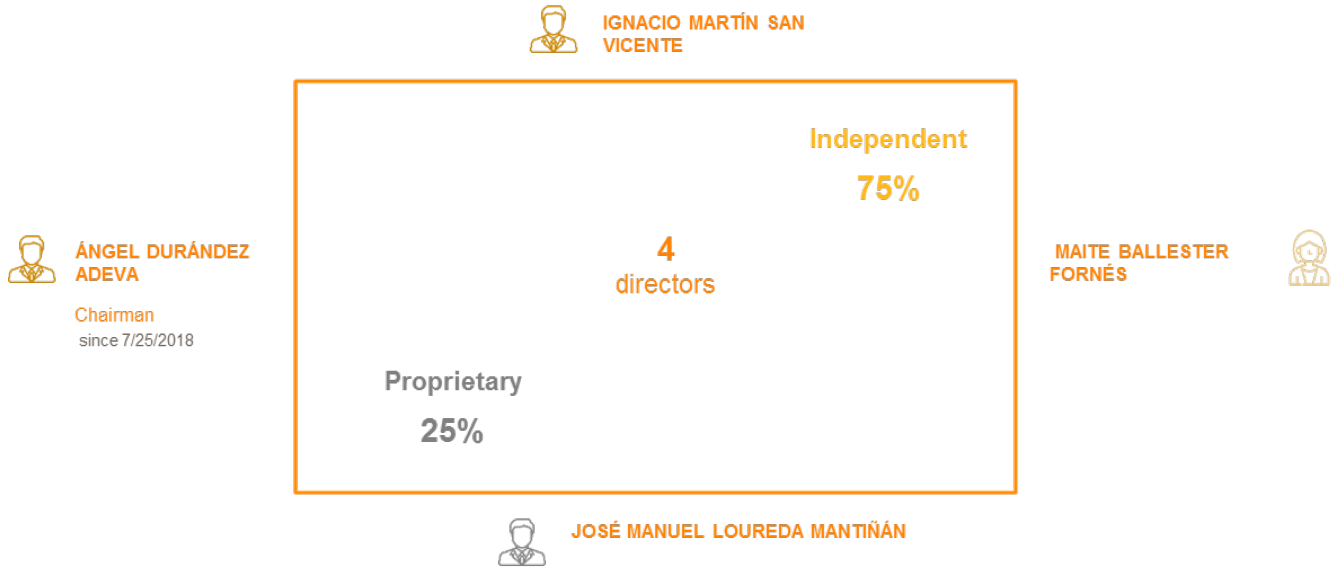
4.4. Remuneration Committee

This Committee was created by the Board of Directors, with information, advisory and proposal powers within its area of activity.

Composition

The Remuneration Committee consists of no fewer than three Non-Executive Directors, the majority of which must be Independent. Its members are appointed by the Board of Directors for a period of four years, taking into account the expertise, skills and experience of the Directors and the duties of the Committee. Without prejudice to one or more re-elections, they will be relieved of their duties at the end of the term, when their tenure as a Director ceases, when they are no longer considered Independent, or when agreed by the Board of Directors, subject to a prior report by the Audit and Control Committee. The Chairman of this Committee will be one of its members, who must be an Independent Director, and the Secretary will be the Secretary to the Board.

The current composition of the Remuneration Committee is as follows:



Category of Directors

-  Executive
-  Proprietary
-  Independent
-  Other Non-Executive

Competences and activities in 2018

The duties of this Committee include, among others, submitting proposals and reporting to the Board of Directors on the remuneration policy for Directors and Senior Management and its application, including the share-based remuneration systems, on the standard terms of the contracts of Senior Management, verifying compliance with the remuneration policy established by the Company, ensuring that any potential conflicts of interest do not impair the independence of the external advisory services provided the company, verifying the information on remuneration contained in the various corporate documents or reporting on the use of company information and assets for private purposes.

No. of meetings in 2018 **4**

Main activities

- o Report on the proposal for the termination of the 2014-2017 Long-Term Incentive Program and proposal of the 2018-2021 Long-Term Incentive Program.
- o Proposed remuneration for belonging to the Board of Directors and its Committees for 2018.
- o Proposed additional remuneration for Directors that discharge executive functions.
- o Annual report on directors' remuneration for 2017.
- o Verification of information on remuneration of Directors and Senior Managers included in the notes to the consolidated financial statements for 2017.
- o Proposals and reports for the General Shareholders Meeting relating to:
 - 2019-2021 Share Acquisition Plan.
 - Voluntary report on directors' remuneration for 2017.
- o Report on the remuneration structure of Executives.
- o Analysis of the proposed Technical Guide of the Spanish National Securities Market Commission on Appointments and Remuneration Committees.

Attendance at Remuneration Committee meetings

Director	In person	By proxy	% of attendance in person in 2018
Artur Carulla Font ⁽¹⁾	2	--	100%
Maite Ballester Fornés ⁽²⁾	4	--	100%
Ángel Durández Adeva	3	1	75%
Mario Fernández Pelaz ⁽³⁾	N.A.	N.A.	N.A.
Gonzalo Gortázar Rotaeche ⁽⁴⁾	3	--	100%
José Manuel Loureda Mantiñán	4	--	100%
Ignacio Martín San Vicente ⁽⁵⁾	2	--	100%

(1) The term of office of Mr. Carulla as Director ended on May 11, 2018.

(2) Ms. Ballester was appointed member of the Remuneration Committee on May 11, 2018.

(3) Mario Fernández Pelaz resigned from his position as Company Director on February 20, 2018.

(4) Mr. Gortázar resigned from his position as Director on September 20, 2018.

(5) Mr. Martín was appointed member of the Remuneration Committee on May 11, 2018.

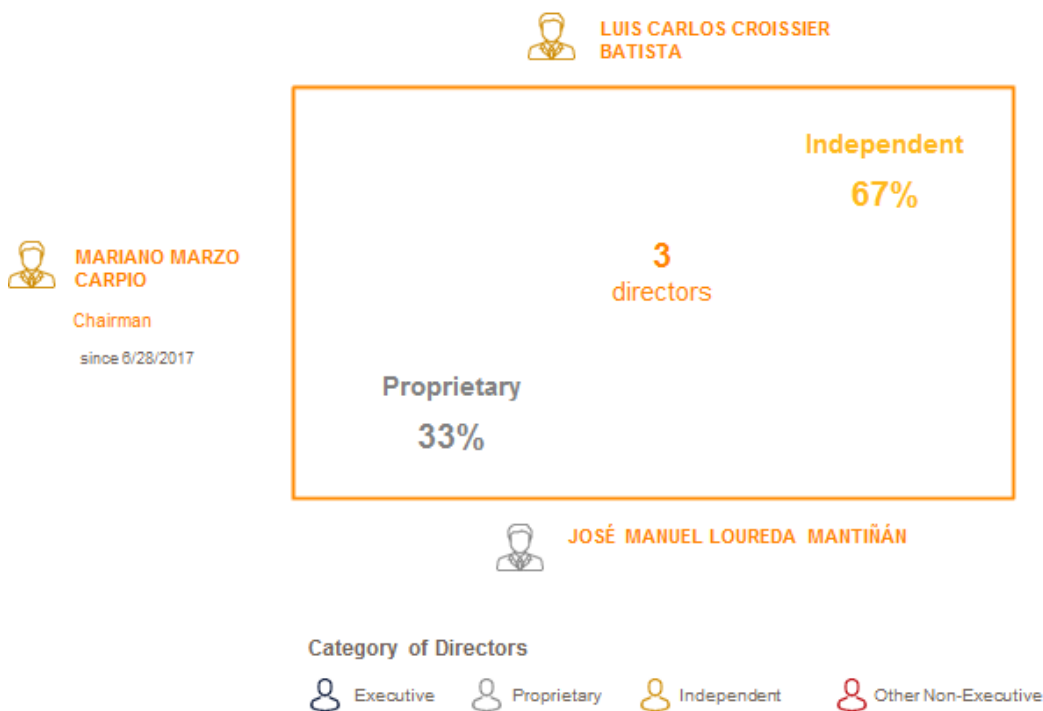
4.5. Sustainability Committee

This Committee is an internal body for information and advisory purposes created by the Board of Directors, without executive functions, but with information, advisory and proposal powers within its area of activity.

Composition

The Committee consists of no fewer than three Directors, the majority of which must be Non-Executive. Its members are appointed by the Board of Directors, taking into account the expertise, skills and experience of the Directors and the duties of the Committee. Members will be appointed for a term of four years. Without prejudice to one or more re-elections, they will be relieved of their duties at the end of the term, when their tenure as a Director ceases, or when agreed by the Board of Directors, subject to a prior report by the Nomination Committee. One of the members of this Committee will be appointed Chairman and the Secretary will be the Secretary to the Board.

The current composition of the Sustainability Committee is as follows:



Competences and activities in 2018

The duties of this Committee include, among others, being familiar with and shaping the Group's policies, objectives and guidelines on environmental, safety and social responsibility matters, analyzing and reporting to the Board of Directors on the expectations of the Company's various stakeholders and supervising the relations with them, proposing to the Board of Directors the approval of a Sustainability Policy and reviewing and evaluating the management and control systems for non-financial risks.

No. of meetings in 2018

4

Main activities

- o Monitoring of non-financial information: 2017 Integrated Management Report.
- o Monitoring of the Company's sustainability strategy: proposal of the 2018 objectives and monitoring, assessment and closing of the 2017 objectives.
- o Global sustainability plan.
- o Sustainability risk map.
- o Sustainability communication plan.
- o Culture of safety at Repsol.
- o Strategic reflection on security and the environment for 2025.
- o Establishment of emission reduction targets for 2025.
- o Analysis and monitoring of performance in:
 - Security: accident rate and indicators scorecard.
 - Energy and climate change.
 - Community relations and human rights.
- o Analysis of international benchmark standards regarding sustainability.
- o Training module on energy transition.
- o Analysis of the Task Force on Climate-related Financial Disclosures.

In addition, all matters related to climate change were reviewed at all Committee meetings held in 2018.

Attendance at Sustainability Committee meetings

Director	In person	By proxy	% of attendance in person in 2018
Mariano Marzo Carpio	4	--	100%
Luis Carlos Croissier Batista	3	1	75%
José Manuel Loureda Mantiñán	3	1	75%
Jordi Gual Solé (1)	1	1	50%

(1) Jordi Gual Solé resigned from his position as Company Director on September 20, 2018.

5. Remuneration of Directors and Senior Management

(thousand of euros)

14,162

4,744

0

Remuneration accrued in
2018 by the Board of
Directors

Amount of accumulated
pension rights of current
Directors

Amount of accumulated
pension rights of former
Directors

11,947*

Total remuneration of Senior Management in 2018

Breakdown of the members of Senior Management in 2018 that are not Executive Directors

Luis Cabra Dueñas	EMD of Technological Development, Resources and Sustainability
Begoña Elices García	EMD of Communication and Chairman's Office
Arturo Gonzalo Aizpiri	EMD of People and Organization
Miguel Klingenberg Calvo	EMD of Legal Affairs
Antonio Lorenzo Sierra	EMD of CFO
Miguel Martínez San Martín	EMD of CFO (until October 1, 2018)
Isabel Moreno Salas	D. Audit, Control and Risks
Fernando Ruiz Fernández	D. Sustainability (1)
María Victoria Zingoni	EMD of Commercial Businesses and Chemistry
Tomás García Blanco	EMD of Exploration and Production (until September 15, 2018)
Juan Antonio Carrillo de Albornoz Tejedor	ED of Industrial Businesses and Trading (since December 19, 2018)

(1)Mr. Ruiz was directly in charge of the CEO until September 14, 2018, when he became hierarchically dependent on Mr. Cabra, following the organizational evolution agreed by the Board of Directors.

Termination benefits, guarantee or golden parachute clauses agreed between the Company and its directors, executives or employees

The Company has established a single legal statute for executive personnel, comprised of 7 Managing Directors (excluding Executive Directors) and another 242 Directors (the "Directors").

This legal statute is specified in the *Executive Contract*, approved by the Board of Directors, which governs the indemnity terms applicable in cases where the employment relationship is terminated and which considers grounds for termination to be those envisaged in current legislation. In the case of

* The amount indicated in this section does not include the amounts paid to the Senior Management that has terminated in compensation for termination of contract and compensation for the non-compete agreement amounting to 14.78 million euros.



Managing Directors, these grounds for termination include the resignation of the executive as a result of a takeover of the company or a major change in its ownership, leading to a renewal of its governance bodies or the content of and approach to its main business activity.

The amount of severance pay for the Managing Directors and the rest of the executives appointed before December 2012 is calculated according to the age, seniority and salary of each executive. In the case of executives appointed after that date, the amount is calculated based on their salary and years of service, within a range between 12 and 14 months, or the amount stipulated by law if higher.

Further compensation is set for a post-contractual non-competition obligation equal to one year's total remuneration in the case of the Managing Directors (six months in the case of one of them) and one year's total or fixed remuneration for other executives, depending on the years of service. The contracts of executives in certain countries do not include the post-contractual non-competition obligation or do not establish any compensation in this regard.

Accordingly, deferred economic compensation is contemplated for Executive Directors in the event of termination of their relationship with the Company, provided it does not occur as a result of a breach of their obligations or at their own will without one of the justifying causes contemplated in their contract. The details of such deferred economic compensation are set out in the Annual Report on Directors' Remuneration.

6. Related party and intra-group transactions

Mechanisms to detect, determine and resolve conflicts of interest

The Regulations of the Board of Directors require the Directors to adopt the necessary measures to avoid incurring in situations in which their interests, whether on their own behalf or on behalf of others, may conflict with the corporate interest and with their duties towards the Company. to the Board of Directors, through its Chairman or Secretary, any situation of conflict, direct or indirect, that they or persons linked to them may have with the interest of the Company and, in the event of such conflict, refrain from participating in the deliberation and voting of the corresponding agreements.

Directors must inform the Nomination Committee of any other professional obligations and remunerated activities of any kind, as well as any material change in their professional situation or any changes that affect the nature or condition by virtue of which they have been appointed Director.

Finally, Directors must tender their resignation and step down from the Board, should the latter deem fit, whenever they incur in any of the events of incompatibility or disqualification established by law, the Bylaws or regulations.

The Repsol Group's Internal Code of Conduct relating to the Securities Market, applicable to the Directors, Senior Management and Executives of certain divisions and areas with access to privileged information of the Company and its Group or that carry out activities related to be Securities Market, includes mechanisms for preventing and resolving conflicts of interest. Finally, the Repsol Group's Ethics and Conduct Code, which applies to the Board members and all Repsol employees, also defines and regulates the action procedure in situations where a potential conflict of interest may arise.

Competence for approving related party transactions

Pursuant to Article 22 bis of the Company Bylaws and Article 23 of the Board of Directors Regulations, any transactions that the Company performs directly or indirectly with Directors, significant shareholders represented on the Board or persons related thereto (i) that are for a sum exceeding 5% of the Group's assets according to the latest consolidated financial statements approved by the General Meeting; (ii) that involve strategic assets; (iii) that involve the transfer of significant technology of the Company; or (iv) that are intended to establish strategic alliances and are not mere agreements of action or execution of existing alliances, can only be performed if they meet the following conditions:

- a) the transaction is fair and efficient from the standpoint of the Company's interests;
- b) after obtaining the corresponding report from an independent expert of renowned prestige in the financial community indicating that the related party transaction will be made on reasonable, arm's length terms, the Nomination Committee issues a report assessing fulfillment of the requirement indicated in (a) above; and



- c) the General Meeting authorizes the related party transactions with a vote in favor of 75% of the share capital attending in person and by proxy. However, if it is considered unadvisable to wait for the next General Meeting to obtain authorization, for reasons of opportunity, and provided the value of the transaction does not exceed 10% of assets, the transaction may be approved by the Board of Directors, provided (i) the report from the Nomination Committee indicated in (b) above is favorable for the transaction, and (ii) the resolution is passed with the favorable vote of at least two-thirds of the Board members not affected by a conflict of interest. In this case, the Board will inform shareholders at the next General Meeting of the terms and conditions of the transaction.

When calling the General Meeting to discuss or be informed on the authorization of the related party transaction, the Board of Directors will make available to shareholders the reports issued by the Nomination Committee and the independent expert contemplated in (b) above and, should it so deem fit, its own report on the matter.

Other related party transactions must be authorized by the Board of Directors after obtaining a report from the Nomination Committee. On an exceptional basis, and for reasons of urgency, related party transactions that would normally require approval by the Board may be authorized by the Delegate Committee, subject to subsequent ratification by the Board in plenary session.

This authorization is not needed for related party transactions that meet all three of the following conditions:

- a) they are performed under contracts with standard terms and conditions which are applied across the board to a large number of clients;
- b) they are performed at prices or rates generally established by the person acting as supplier of the good or provider of the service in question or, if refers to goods or services for which there are no prices established, on arm's length terms, similar to those applied in commercial relations with clients of a similar nature; and
- c) the amount of the transaction does not exceed 1% of the Company's annual income.

Related party transactions are assessed from the point of view of equal treatment and arm's length terms and are described in the Annual Corporate Governance Report and the regular public information on the terms set out in the applicable laws and regulations.

Significant related party transactions due to their amount or importance

Between the Company or Group entities with the Company's significant shareholders.

Repsol related party transactions are assessed from the point of view of equal treatment and arm's length terms. There are related parties: i) significant shareholders that have that condition (at December 31st Sacyr S.A. and Temasek Holdings (Private) Limited) ii) Directors and Senior Management and (iii) Persons, Companies and Group entities (if there are transactions which are not eliminated during the consolidation process).

In Note 28 of the Consolidated Group Financial Statements are detailed the incomes, expenses, other transactions and registered balances at December 31st with related parties.

List of any transactions (incomes, expenditures and other transactions¹⁰) with significant shareholders:

Name of controlling shareholder	Name of company or group Company	Relationship	Type of transaction	Amount (thousand euros)
SACYR, S.A.	REPSOL GROUP	Contractual	Operating lease contracts	1,085
SACYR, S.A.	REPSOL GROUP	Commercial	Receipt of services	19,039
SACYR, S.A.	REPSOL GROUP	Contractual	Purchase of goods finished or not	91
SACYR, S.A.	REPSOL GROUP	Commercial	Rendering of services	4,982
SACYR, S.A.	REPSOL GROUP	Commercial	Sale of goods finished or not	8,721
SACYR, S.A.	REPSOL GROUP	Commercial	Others	28,416
SACYR, S.A.	REPSOL GROUP	Commercial	Purchase of property and equipment	84,024
SACYR, S.A.	REPSOL GROUP	Contractual	Guarantees & bonds	7,874
SACYR, S.A.	REPSOL GROUP	Corporate	Dividends and other distributed profits	57.309
CAIXABANK ,S.A.	REPSOL GROUP	Contractual	Interest paid	7,361
CAIXABANK ,S.A.	REPSOL GROUP	Contractual	Interest accrued but not paid	37
CAIXABANK ,S.A.	REPSOL GROUP	Commercial	Receipt of services	806
CAIXABANK ,S.A.	REPSOL GROUP	Commercial	Contributions to pension plans and life insurance	6.397
CAIXABANK ,S.A.	REPSOL GROUP	Contractual	Interest charged	3,735
CAIXABANK ,S.A.	REPSOL GROUP	Commercial	Rendering of services	856
CAIXABANK ,S.A.	REPSOL GROUP	Commercial	Sale of goods finished or not	11
CAIXABANK ,S.A.	REPSOL GROUP	Contractual	Guarantees & bonds	44,862
CAIXABANK ,S.A.	REPSOL GROUP	Corporate	Dividends and other distributed profits	34,553
CAIXABANK ,S.A.	REPSOL GROUP	Contractual	Others	51,229
TEMASEK HOLDINGS	REPSOL GROUP	Commercial	Sale of goods finished or not	170,829

¹⁰ The list do not considers Repsol's balances for accounts receivable and payable that Repsol had at December 31st 2018 with significant shareholders. The balances with Sacyr Group at December 31st 2018 were 2 million and 9 million of euros respectively.



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- (1) The amounts are expressed in absolute values.
- (2) The transactions identified as "Others" with CaixaBank Group refer mainly to amortizations and cancellations are included mainly in the period of loans and guarantees issued with the Caixa as guarantor.
- (3) The transactions identified as "Others" with Sacyr, S.A. refer primarily to purchase commitments in effect.

Repsol related transactions with its group of companies, and transactions among them correspond to the normal business of the Company.

For related party transactions in 2018 of Repsol,S.A. with Group companies¹¹ established in tax havens or territories considered tax havens¹², are limited to a payment of 38,777 thousand euros to OCP Limited, a resident entity in the Cayman Islands. Repsol SA issued, in the past, a guarantee in favor of its ecuadorian subsidiary Repsol Ecuador, S.A. to ensure compliance with the contractual obligations in accordance with the transport agreement signed between Repsol Ecuador, S.A. and Oleoducto de Crudos Pesados (OCP) Ecuador, S.A (ISTA, Initial Shipper Transportation Agreement). By virtue of this guarantee, in 2017 the entity has recognized payment obligations to the entity beneficiary of the guarantee (OCP Limited) that have been liquidated in 2018 with said payment.

Between the Company or Group entities with the Company's directors are executives.

In The Note 28 and 30 of the Consolidated Annual Accounts and in the Remunerations Reports is informed the remunerations with Directors and Senior Management, below are identified:

Name of directors or executives	Name of related party	Relationship	Nature of the transaction	Amount (thousand euros)
Company executives	Repsol Group	Contractual	Financing agreements: loans	367

7. Financial reporting and audits

7.1. Required financial reporting

The Company's separate and consolidated financial statements that were submitted to the Board of Directors for authorization for issue are first certified by the Chief Executive Officer, Josu Jon Imaz San Miguel, and by the CFO, Antonio Lorenzo Sierra.

The Board of Directors has established mechanisms to prevent the separate and consolidated financial statements prepared from being submitted to the General Meeting with a qualified auditor's report.

¹¹ For related party transactions with group companies established in tax havens or territories considered tax havens, the transactions carried out by Repsol with such companies are reported, broken down by the amounts corresponding to the individual companies, without considering eliminations for consolidation.

¹² We have considered those transactions with group companies whose tax domicile is established within any of the territories on the list of tax havens contained in RD 1080/1991, excluding those with which there is double taxation treaty in place with Spain that includes a clause for sharing tax information in which it is explicitly stated that they are not considered tax havens



To that effect and as mentioned above in section B.4.2. the Audit and Control Committee regularly review the preparation of economic and financial reporting, its internal controls and the independence of the external auditor, supervision of Internal Audit, and the compliance with all the legal provisions and internal regulations applicable to the Company.

For that, the Committee regularly receives information from the External Auditor on the audit plan and results of their work, and checks that executive personnel are acting on its recommendations. At least once a year, the External Auditor is also required to assess the quality of the Group's internal control systems regarding financial information. The Committee is also responsible for being informed of any situations requiring adjustments that may be detected over the course of the external auditor's work whenever they are significant, and consideration as such will be left to the discretion of the External Auditor, who, if there is any doubt, must opt to report the issue and notify the Chairman of the Committee as soon as it becomes aware of the situation in question. The Committee must also be informed of the degree of fulfillment by the audit units of the corrective measures recommended by Internal Audit and will be informed of any significant irregularities, anomalies or breaches, provided they are considered significant, detected by Internal Audit in the course of its work.

For such purpose, the members of the Audit and Control Committee have the dedication, skills and experience necessary to carry out their duties; and the Committee's Chairman must have experience in business and risk management and expertise in accounting procedures. Additionally, at least, one of its members must have the financial experience that may be required by the bodies regulating the securities markets on which the Company's shares or securities are listed.

7.2. Audits

External auditor

In 2018 the Company has substituted Deloitte, S.L. for PricewaterhouseCoopers, S.L. as its external auditor without disagreements with the outgoing auditor. The new auditor was appointed for 2018, 2019 and 2020, being year 2018 the first year that this firm audits the Company.

Mechanisms to preserve independence of the External Auditor

One of the duties of the Audit and Control Committee consists of ensuring the independence of the External Auditors, in two ways:

- a) Avoiding any factors that may compromise the warnings, opinions and recommendations of the Auditors, and
- b) Overseeing any incompatibilities between auditing services and any others, the limits on concentration of the Auditor's business and, in general, all other rules established to guarantee the Auditor's independence.

The Audit and Control Committee has established a procedure for preliminary approval of all services, auditing or otherwise, provided by the External Auditor, whatever their extent, scope and nature. This procedure is regulated in an Internal Rule that is mandatory for the entire Repsol Group.

Likewise, the Committee must receive annual written confirmation from the External Auditor of its independence towards the Company or entities directly or indirectly related thereto, as well as

information on additional services of any kind provided to these entities by the Auditors or by individuals or entities related to them and the fees charged, in accordance with the regulations governing the activity of auditors.

The Committee will issue, prior to the delivery of the auditor's report, an annual report expressing an opinion on the independence of the External Auditor. This report must contain a reasoned assessment of any non-auditing services rendered, considered both individually and as a whole, in relation to the rules governing independence or the regulations of the auditing profession.

On the other hand, part of the meetings with the auditor takes place without the presence of the entity's management, so that the specific issues arising from the reviews carried out can be discussed exclusively with them.

Other work for the Company carried out by the external auditor

The audit firm carried out other non-audit work for the Company and/or its Group. The amount of the approved fees (1) for this work and the percentage they represent of the approved fees to the Company and/or its Group, for the year 2018:

	Company	Group companies	Total
Amount of non-audit work (thousands of euros)	414	421	835
Amount of non-audit work / Amount of audit work (%)	13%	10%	11%

(1) Amounts approved by the Audit Committee and Control for the year 2018.

(2) Includes the amount of other services related to the audit (verifications and certifications for partners and official bodies, reports for the issuance of obligations and other negotiable securities (Comfort letters), as well as verification of the non-financial information in the management report consolidated), and other services (mainly advisory work in the field of information technology).

Reservations or qualifications in the auditor's report

The auditor's report on the financial statements for 2018 presented by the External Auditor has been presented without qualifications.

Number of consecutive years that the auditors have been carrying out the audit

	Separate	Consolidated
No. of consecutive years	1	1
No. of years audited by current audit firm / No. of years that the Company or its Group has been audited (%)	3.45%	3.45%

8. Risk control and management

8.1. Risk Control and Management Systems

The information requested in sections E.1, E.2, E.3, E.4, E.5 and E.6 of Circular 2/2018 is included in Annex II: Risks of the Consolidated Management Report 2018 of Repsol, of which this Annual Corporate Governance Report forms part as Annex VII.

8.2. Systems of Internal Control over Financial Reporting (ICFR)

Control environment

Bodies responsible

In accordance with the Company Bylaws, the Board of Directors of Repsol, S.A. is the body in charge of governing, directing and managing the businesses and interests of the Company, unless reserved for the General Shareholders Meeting. It focuses on the general function of supervision and the consideration of especially important issues for the Company.

The Board of Directors Regulations define the powers reserved for the Board, such as drafting the separate and consolidated Financial Statements and Management Report and submitting them to the General Shareholders' Meeting. The Board must draw these documents up in clear, precise terms. It must also make sure they give a true and fair view of the equity, financial position and results of the Company and the Group, as stipulated in law. Approval of the risk management and control policy, including tax risks, supervision of internal reporting and control systems, the determination of the Group's fiscal strategy, the definition of the corporate structure and approval of the financial information which Repsol, as a publicly listed company, is obliged to publish regularly, are also reserved for the Board of Directors.

The Regulations also establish the Board's responsibility for approving the company's ethics and conduct codes, its own organization and functioning and that of the Senior Management, as well as specific duties referring to the Company's activity on the securities market.

The Board of Directors has a direct relationship with the members of Senior Management and the Company's auditors, respecting their independence at all times.

Section B.3.1 of this Report contains information on the structure and composition of the Board of Directors.

The Board of Directors has appointed members to sit on several Committees, such as the Audit and Control Committee, whose main purpose according to the Board of Directors Regulations is to support the Board in its supervisory duties, by regularly reviewing the preparation of economic and financial reporting, the effectiveness of its executive controls and the independence of the external auditors, as well as checking fulfillment of all applicable laws and internal regulations.

All members of the Audit and Control Committee are Independent Non-Executives Directors with accounting, auditing and/or risk management expertise and experience. The Committee Chair also has extensive experience in business, risk and financial management and sound knowledge of accounting procedures. The structure and functioning of this Committee are included in section B.4.2 of this Report, which expressly refers to the system for appointing the Chairman of this Committee.

As established in the Board of Directors Regulations regarding internal control and reporting systems, the Audit and Control Committee is responsible, among other duties, for regularly reviewing the efficacy of the internal control, internal audit and risk management systems, including tax risks, ensuring that the principal risks are identified, managed and reported adequately.

Moreover, according to these Regulations, the Audit and Control Committee is responsible for the following duties related to financial reporting process:

- Supervise the preparation and presentation of mandatory financial reporting on the Company and the Group and its integrity, compliance with legal requirements, adequate definition of the consolidated group and correct application of the accounting principles.
- Before they are presented to the Board and with the necessary requirements of checking that they are correct, reliable, sufficient and clear, analyze the Financial Statements of the Company and its consolidated Group contained in the annual, half-year and quarterly reports, and any other financial information which, as a listed company, the Company is obliged to publish regularly, obtaining all the necessary information with the level of aggregation it considers appropriate, for which it will receive the necessary support from the Group's executive management.
- Ensure that the Financial Statements to be presented to the Board of Directors to be authorized for issue are certified as required by the internal or external regulations applicable from time to time.
- Check all significant changes in the accounting principles used and the presentation of the financial statements and make sure they are adequately publicized.
- Ensure that the Board of Directors submits the financial statements at the General Meeting without any reservations or qualifications in the auditor's report and that in those exceptional cases where there are qualifications, both the Chairman of this Committee and the auditors provide the shareholders with a clear explanation of the scope and contents of the reservations or qualifications.
- Examine draft ethics and conduct codes and modifications thereto, as prepared by the corresponding department of the Group, and issue its prior opinion on the proposals that are to be put to the corporate bodies.
- Take particular care in ensuring compliance with the applicable market conduct regulations and overseeing the actions of the Company's Internal Transparency Committee.

- Supervise the sufficiency, adequacy and efficient functioning of the recording and internal control systems and procedures in the measuring, valuation, classification and accounting of the hydrocarbon reserves of the Repsol Group, ensuring that they are included in the Group's regular financial reporting in accordance with sector standards and applicable laws and regulations.
- Protect the independence and efficacy of internal auditing; and that it has the training and adequate means to perform its functions in the Group; analyze and approve, if appropriate, the annual planning of the Internal Audit Department and obtain information on the extent to which the audited units have implemented the corrective measures recommended by the Internal Audit Department in previous inspections. The Audit and Control Committee reports to the Board any situations that may entail a substantial risk for the Group.

Elements of the process of preparing financial information

- **Departments and/or mechanisms responsible for designing and reviewing the organizational structure and defining the lines of responsibility**

The internal regulations assign to the People and Organization Executive Department the duties and responsibilities associated with the study, design, approval and implementation of organizational structures and sizing in the company.

In accordance with these regulations, the organizational structure establishes the hierarchical and functional level for the normal development of the Group's various areas of activity and determines the levels of responsibility, decision and functions of each of the organizational units.

The organizational structure is represented by means of an organization chart and the sizing defined. Approval of a structure requires two approving roles, the line approver and the People and Organization Executive Department, according to the levels established in the regulations.

The organizational principle that governs structure approval is based on the premise that a structure cannot be approved by the person who is directly responsible for it, but rather by their hierarchical superior.

There is also an organizational unit responsible for inputting the approved organizational changes in the computer system, according to the implementation plan defined, which makes it possible to ensure compliance with the requirements established as regards internal control.

- **Ethics and Conduct Code and body responsible for ensuring the monitoring and compliance**

Repsol has an Ethics and Conduct Code, approved by the Board of Directors, based on the favorable report of the Audit and Control Committee, the Sustainability Committee and the Ethics and Compliance Committee, which applies to all directors, executives and employees of the Repsol Group. The Code establishes the minimum conduct guidelines that should govern the behavior of all employees when performing their professional duties and the penalty regime applicable in the event of failure to comply with those rules.



The Code contemplates, among others aspects, the basic principles of performance in relation to integrity and conduct, reliability of information and control of records, as well as the processing of sensitive information and intellectual property. It also specifies obligations in relation to human rights, community relations, measures against bribery, corruption, and money laundering and the commitment to carry out activities in accordance with prevailing legislation in all the areas of performance and countries.

The people who join the Company have a Welcome Plan with the aim of achieving their quick adaptation to the team. This Plan includes information on the essential regulations that every employee should know and respect when they join, regardless of the area or business they will be working in, including a direct channel for employee consultations. The framework of this regulation is the Ethics and Conduct Code.

In addition, employees are involved in communication campaigns and attend training courses on the Ethics and Conduct Code, to strengthen their knowledge and compliance with its contents. Specifically, a new training activity on the Ethics and Conduct Code was carried out in 2018 for all employees, based on a dynamic game, the purpose of which was to consolidate the knowledge already acquired in previous years and achieve a higher level of understanding of expected behaviors.

Furthermore, Company executives agree to comply with the Executive Personnel Statute attached to their employment contracts. This Statute refers to the principles on which their professional actions must be based, as well the Company's principles of conduct and standards, with special emphasis on the Ethics and Conduct Code.

There is a communications channel, the "Repsol Ethics and Compliance Channel", that allows Company employees and any third party to make consultations or to communicate, among others, possible breaches of the Ethics and Conduct Code and Crime Prevention Model, confidentially and without fear of reprisal. The channel is managed by an independent company and is available 24 hours a day, 7 days a week, by phone and online.

The Ethics and Compliance Committee oversees and monitors compliance with the Code and is responsible for resolving on the communications considered relevant that are received through the channel.

According to the provisions of the Regulations of the Ethics and Compliance Committee, this is multidisciplinary and made up of representatives of the General Division of the General Secretariat and Board of Directors, the People and Organization Executive Department, the Audit, Control and Risks Division, the Legal Services Corporate Division and CCO, and the Legal and Employment Affairs Management and Occupational and Health Division.

Eleven policies compose Repsol's regulatory corpus within the framework of its Ethics and Conduct Code. These policies define its public commitment and management fundamentals, establishing principles and guidelines for all Repsol employees for the purpose of fostering relationships, processes and decision-making that align with the Company's values.

These policies include the "Anti-corruption Policy" reiterating Repsol's commitment to strict compliance with legislation on the prevention and fight against corruption, rejecting any form of corruption and extending its compliance not only to all employees of the companies in which the Repsol Group exercises direct or indirect management control, but also to our Business Partners.



Likewise, in its "Third-Party Commercial Relationships Policy", Repsol agrees to ensure that its commercial and business relationships with partners, suppliers, contractors and customers are legal and based on Repsol's ethical principles and values.

Furthermore, Repsol also has a mandatory "Tax Policy" for all of its employees and Group companies that includes various commitments aimed at ensuring that tax matters are managed according to best tax practices and acting with transparency, including responsible and efficient payment of taxes, the fostering of cooperative relationships with governments and the firm intention to strive to avoid significant risks and unnecessary conflicts.

In addition, there is a "Repsol Group Internal Code of Conduct in relation to the Securities Market", approved by the Board of Directors, with the prior favorable report of the Audit and Control Committee, containing aspects such as the rules of conduct, for people affected by this Regulation, relating to transactions with financial securities and instruments issued by the Group that are traded on securities markets, treatment and communication of insider information, own-share transactions, prohibitions against manipulating stock prices and the treatment and management of conflicts of interest. The Company has formally established mechanisms in those regulations to promote its communication and compliance with its provisions. For these purposes, and pursuant to these Regulations, the Audit and Control Committee is responsible for supervising and the obligations established therein, whereby any failure to comply with its provisions will be considered an act of professional misconduct, the seriousness of which will be determined in the proceedings that follow in accordance with current legislation, without prejudice to any infringement that may arise as a result of contravening any securities market regulations or to any third-party or criminal liability to which the infringing party may be subject.

Finally, in the field of Spanish companies and under the framework of Spanish regulations on the criminal liability of legal entities, the Ethics and Compliance Committee has been appointed as the Crime Prevention Body. Likewise, there is a rule for "Management of the Crime Prevention Model" and another for "Internal Investigations of the Ethics and Compliance Committee", which structures the prevention model and the mechanism to respond to data on or indications of potential crimes committed with regard to the Repsol Crime Prevention Model or suspected breaches of this Model. In addition, Repsol has a Crime Prevention Manual designed to improve the understanding of criminal risks and the actions and conduct expected of employees, with a plan for disseminating the manual that began in 2017. This plan included carrying out new classroom-based training sessions in 2018 for Repsol's executives and directors, as well as an online course for those responsible for managing the controls of the Model.

- **Ethics and Compliance Channel**

In accordance with the Board of Directors Regulations, the Audit and Control Committee is responsible for establishing a mechanism that allows employees to report confidentially and, if possible, anonymously, irregularities of potential significance, especially of a financial and accounting nature.

In this sense, the Company has an "Ethics and Compliance Channel" through which Company employees and any third party may communicate confidentially and, if possible according to the different jurisdictions, anonymously, any matters related to accounting, internal control and audit. The channel is managed by an independent company and is available 24 hours a day, 7 days a week, by phone and online.



- Training programs and regular refresher courses

Training in Repsol is geared towards developing the professional capacities required for effective performance of the employees' work, supplemented with further training to support and foster progression in their careers. It is based on initiatives intended to structure knowledge, develop skills and foster employees' commitment to the Company's plans, culture and values throughout their careers.

To achieve this, the Company has a broad selection of training activities covering issues ranging from technical aspects, organized specifically for given groups, to other more general aspects, such as management, safety awareness.

Through collaboration between the Repsol Training Center and each of the units of the Group, Repsol ensures the acquisition and updating of essential knowledge to perform the economic administrative, risks management and internal audit and control duties. The training needs are planned to meet both short and medium-term requirements and the corresponding annual plan is drawn up, identifying and paying attention not only to the form of training best suited to each group but also time enabling the Company to monitor the stated objectives and the quality of training given to each employee. As part of this plan, there are actions designed to distribute the internal control models, in particular the System of Internal Control over Financial Reporting (ICFR), to the different people and areas affected by these models.

These needs are met by both internal resources, with training activities designed and given by its own personnel with experience and references in their respective fields, and by reputed firms contracted for their quality and specialization. Other resources are also used, such as conferences, talks, discussion forums, workshops and virtual libraries.

Risk assessment in financial reporting

Features of the risk identification process, including risks of error or fraud

- Risk identification process

The Repsol Group has an integrated risk management process as indicated in section 8.1 of this Report. This process establishes a homogenous methodology of risk identification and assessment by all responsible divisions in the organization. As a result of the described process, the Repsol Group Risk Map was created, which includes financial reporting risks.

The identification of the principal risks that could affect the financial reporting objectives related to existence or occurrence, integrity, valuation and assignment, presentation and disclosure of operations, rights and obligations and which could therefore have a material impact on the reliability of the financial reporting leads to the development of a Risk Map of Financial Reporting, in which the various risks are grouped into the following categories:

- Definition of the general control environment
- Regulatory changes and monitoring
- Valuations subject to analysis and complex estimates
- Identification and recording of business transactions
- Preparation of consolidated financial statements
- Financial reporting

The risk of fraud in financial reporting, which is part of the inventory of financial reporting risks in the category of “General Control Environment” is analyzed precisely because of its relevance to the design, implementation and evaluation of the internal control model. This analysis is made taking account mainly of the references to consideration of fraud in risk assessment established within COSO 2013 (“Assesses Fraud Risk” Principle 8) and by the American Institute of Certified Public Accountants (AICPA) in its document “Consideration of Fraud in a Financial Statement Audit”, Section 316 (Standard Auditing Statement 99). To this end, the following categories of financial reporting fraud risk have been defined:

- Management’s ability to elude internal controls
- Intentional error on the financial statements
- Inappropriate use of assets

- Scope and updates

The process of identifying and evaluating financial reporting risks covers all financial reporting objectives related to existence or occurrence, integrity, valuation and assignment, presentation and disclosure of operations, and rights and obligations, that may have a significant impact on the reliability of the financial reporting.

Each of the aforementioned risk categories consists, in turn, of one or more specific risks, which are linked to the corresponding headings of the financial statements, the respective processes and to the different companies of the Group.

Lastly, the potential impact of each of the financial reporting risks is assessed, as well as the probability of their occurrence. From these two factors, the severity of each of the risks is established.



The risk inventory and the assessment of these risks in terms of impact and probability is reviewed on an annual basis in accordance with the Repsol Group's integrated risk management process, as indicated in Annex II regarding risks of the 2018 Consolidated Management Report.

- **Process for identifying the scope of consolidation**

There is a process in place for identifying changes in shareholding structure of Group companies. Once the changes are reported, the control structure is analyzed on the basis of the applicable accounting standards and principles in order to determine which consolidation method should be used for that company.

From the scope of consolidation and in coordination with the process of identification and regular updating of the inventory of financial reporting risks, a ICFR Scope Model is determined, along with the and companies that should be included in the scope on account of their relevance and materiality. This identification is made on the basis of both quantitative and qualitative criteria.

The determination of companies that are part of the model takes into account those in which control is exercised directly or indirectly. For these purposes, an investor is deemed to control an investee when it is exposed, or has rights, to variable returns from its involvement in the Group and has the ability to affect those returns through its power over the investee. Therefore, companies in which there is joint control are not included in the model, since the strategic decisions require the unanimous consent of the parties sharing control. However, controls are established in the model to ensure the homogeneity, validity and reliability of the financial information validated by them for incorporation into the consolidated financial statements.

- **Other types of risks**

In the process of identifying and evaluating financial reporting risk, the Repsol Group considers other types of risk that could have a relevant impact on the attainment of the organization's operational and strategic goals, such as compliance, insofar as these may have a significant effect on the preparation of financial statements.

- **Body in charge of supervising the process**

The Board of Directors reserves the power to approve the risk management and control policies, including financial reporting and tax risks, and to supervise internal information and control systems.

In accordance with the Board of Directors Regulations of Repsol, the Audit and Control Committee periodically reviews the efficiency of internal control, internal audit and risk management systems, including tax risks, so as to identify, manage and properly communicate the main risks.

The Executive Committee approves the governance elements required within the area of risk management, oversees their correct application and monitors the Company's performance in respect of risks.

The Internal Audit Unit is responsible for evaluating the design and operation of the Group's risk management systems.

Control activities

Procedures for reviewing and authorizing the financial information and description of the ICFR system

The Repsol Group has a system of Internal Control over Financial Reporting (ICFR) that allows it to meet the requirements established by the applicable regulations for listed companies and that is described in the Annual Corporate Governance Report.

The ICFR model is defined from the COSO (2013) methodological framework (Committee of Sponsoring Organizations of the Treadway Commission) contained in its report, Internal Control-Integrated Framework, for the purpose of ensuring that all transactions are properly accounted for in accordance with the accounting framework, providing reasonable assurance of the prevention or detection of errors that could have a material impact on the information in the consolidated financial statements. This financial reporting internal control model is organized around an integrated process that includes the five components developed in seventeen principles, as established in the COSO 2013 framework.

1. The existence of an adequate **control environment**.
2. The identification, analysis and **assessment of risks**
3. The definition and implementation of **control activities** to mitigate the identified risks.
4. **Reporting and communication** to facilitate understanding and the assumption of risk control responsibilities.
5. **Supervision of system operations** in order to evaluate their design, performance quality, adaptation, implementation and effectiveness.

The ICFR system is integrated in the organization through the establishment of structure of roles and responsibilities for the different bodies and functions, which are described in procedures that have been duly approved and distributed within the Group. In addition to what's indicated above regarding the processes for checking and authorization of financial reporting by the Board of Directors and the Audit and Control Committee, below are detailed the other **governance bodies and organizational units of the Group assigned relevant roles on this matter**:

- ***Chief Executive Officer (CEO) and Chief Financial Officer (CFO).***

All owners of the controls comprising the ICFR system, in relation to compliance with the requirements established in terms of internal control, certify that all controls associated with processes and risks, of which they are owners, are in force at the closing of the fiscal year and operate properly on that date. This is an annual certification process that concludes with a certificate issued by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO).

- **Internal Transparency Committee:**

The purpose of the Internal Transparency Committee is to promote and strengthen the policies necessary to ensure that the information provided to shareholders, the markets and regulatory authorities is true and complete, adequately reflects the Company's financial position and the results of its operations and is presented in a timely manner and in accordance with the other requirements established in the standards and general principles for markets and good governance applied by the Company. This Committee provides support and assistance to the Chairman of the Board of Directors and the Chief Executive Officer.

According to the Regulations on the Internal Transparency Committee, it is assigned the following duties, among others:

- Supervising the establishment and maintenance of procedures for compiling the information to be published by the Company according to the applicable laws and regulations or which it reports generally to the markets, and all controls and procedures established to make sure that (i) the information is promptly and accurately recorded, processed, summarized and reported, and (ii) the information is compiled and reported to the Group's Senior Management, enabling them to decide in advance on the information that should be published, proposing such improvements as they may deem fit.
- Checking and assessing the accuracy, reliability, adequacy and clarity of the information contained in the documents to be presented publicly, especially any disclosures to be made to the regulating authorities and brokers on the securities markets in which the Company's shares are traded.

The Internal Transparency Committee is made up of the heads of the units responsible for the economic, tax, legal, communication, strategy, audit and control, investor relations, corporate governance, reserves control, management control and planning, people and organization and the different business areas.

- **Business Units and Corporate Areas identified as "owners of the controls":**

Within the Group, the different Business Units and Corporate Areas identified as "owners of the controls" are those responsible for ensuring the validity, execution and adequate functioning of the controls associated therewith. Of these, the Units with an especially important role in the development, maintenance and functioning of the ICFR system are:

- The Unit that prepares the financial statements and economic-financial reporting, the inventory of controls and processes of the ICFR system required to guarantee the reliability of the financial information, coordinating with the Audit, Control and Risks Division, as a result of its process of defining and assessing the Group ICFR system.
- The Unit that guarantees fulfillment of tax obligations, tax counseling, monitoring, evaluation and implementation of changes in law and regulations, identification, control, monitoring, assessment and management of tax risks, and tax information for the financial statements. Moreover, according to the



Code of Best Tax Practices (Repsol signed the Code of Best Tax Practices on 23 September 2010), Law 31/2014, which amended the Corporate Enterprises Act for enhanced corporate governance, and the Repsol's Group Tax Policy, the Board of Directors, as part of its powers that may not be delegated regarding tax matters, verifies that the Company's tax policies are being properly applied on a yearly basis.

- The Unit that monitors, analyzes, reviews and interprets the accounting standards contained in the different regulatory frameworks applicable to the Group.
- The Units that guarantee the efficient use of financial resources, optimization of financial earnings and an adequate monitoring and control of financial, market and credit risks so as to ensure the continuity and development of business plans.
- The Unit that establishes the criteria for defining the organizational structure and sizing of the Group and sets the guidelines and criteria governing development of the internal regulatory framework and defines the Annual Training Plan.
- The Unit that ensures that the estimates of the Group's proven reserves of hydrocarbons conform to the regulations issued by the different securities markets on which the Company's shares are listed, makes the internal audits of reserves, coordinates the certificates of the external auditors of reserves and assesses the quality controls regarding information on reserves.
- The Units responsible for legal and tax affairs in the Group, which provide legal counseling, legal defense and handling of its legal affairs in all contentious proceedings and processes, providing legal support for the Group's actions, rights and expectations with a view to giving them legal security and efficacy and minimizing possible legal risks.
- The Units that define the guidelines, criteria and indicators of management control monitors the business activities and the approved investments and oversees compliance with the commitments assumed, proposing corrective measures as needed.

- ***Processes, activities and controls***

The ICFR system documents basically comprise the following:

- Financial reporting risk map
- Scope model
- Descriptive documentation for processes through the ICFR system
- Inventory of controls identified in the different processes
- Outcome of assessing the design and functioning of the controls
- Certificates of validity and effectiveness of the controls issued for each financial year

The ICFR model is supported by a set of standards and procedures and is described in the Internal Control over Financial Reporting Manual.



The system of internal control over financial reporting is articulated through a process which, based on the identification and evaluation of financial reporting risks, defines a scope model that includes the most important headings in the financial statements, the companies affected, the relevant processes involved in preparing, reviewing and subsequently distributing the financial information and the control activities intended to prevent and detect potential errors, including fraud.

In order to define the companies involved, the first step is to update the list of consolidated companies. As has been explained when talking about the characteristics of the risk identification process of this Report, there is a process for updating the list of consolidated companies based on changes in shareholdings and the effects of these changes on the control structure of investees according to applicable accounting standards. The ICFR includes operating controls for those companies that are directly or indirectly controlled by Repsol. For all other relevant non controlled companies not included in the scope of consolidation, it also includes controls designed to protect the homogeneity, validity and reliability of the financial information submitted by the companies for inclusion in the consolidated financial statements.

For each one of the relevant processes and companies included on the consolidation list, the significant financial reporting risks are identified along with the control activities to mitigate those risks.

The following types of controls are distinguished in the ICFR system:

- **Manuals:** those carried out by human actions, using computerized tools or applications.
- **Automatic:** those carried out with computerized tools or applications.
- **General computer controls:** those that reasonably guarantee the reliability, integrity, availability and confidentiality of the information contained in applications relevant to the financial reporting.

As well, these three types of controls are characterized as:

- **Preventive:** created to prevent errors or cases of fraud that could result in an error in the Repsol Group's financial reporting.
- **Detective:** their goal is to detect existing errors or cases of fraud that could result in an error in the Repsol Group's financial reporting.
- **Relevant judgements, estimates, valuations and forecasts**

The financial reporting process sometimes requires making judgements and estimations, which may affect the amount of assets and liabilities recognized, the presentation of contingent assets and liabilities and the recognized income and expenses. These estimates may be affected, among other causes, by changes in competitive, economic, political, legal, regulatory, social, industrial, business and financial conditions.

In this regard, the Group's methodology is designed to identify the areas responsible and establish homogeneous criteria for judgements, estimates and valuations in the processes considered important



for the preparation of financial reporting. Specifically, and in accordance with that set forth in Note 3 "Estimates and judgements" of the Repsol Group's Consolidated Financial Statements for 2018, they include those relating to reserves of crude oil and gas, business combinations, assessment of the investments in Venezuela, provisions for litigation, decommissioning and other contingencies, calculation of income tax and deferred tax assets and liabilities, impairment tests and the recoverable value of assets, and the market value of financial instruments. The results of these estimates are reported to the management and governance bodies of the Group.

In addition, the aforementioned bodies are regularly informed of any business affecting its business development and which could have a material effect on the Group's financial statements. It also periodically monitors the main variables which have or may have an impact, directly or through estimates and judgements, in quantifying assets, liabilities, income and expenses of the Group.

[Internal control policies and procedures for financial information systems that support the relevant processes for the preparation and publication of the financial information.](#)

The Repsol Group has a specific body of regulations in its IT Systems area based on ISO 27001, laying down the general principles for the different processes in that area.

Considering that the Group's transaction flows are mainly made through IT Systems, an Information Systems Control Framework, consisting of a set of controls called "general computer controls", has been established which reasonably guarantee the trustworthiness, integrity, availability and confidentiality of the information contained and processed in the relevant applications for financial reporting.

The systems linked to the process of preparing financial information conform to the security standards established in the regulations and are audited to ensure proper functioning of the Information Systems Control Framework by validating its constituent general computer controls.

These general computer controls grouped into the areas of: access security, life cycle systems, and process of assuring the validity of data and assurance operations, help to guarantee that several control targets are obtained within the ICFR system assessment, since they have the following features:

- Contribute towards ensuring the precision, accuracy and validity of the transactions executed in the applications, since they are integrated in the logics of those applications in order to prevent and/or detect unauthorized transactions.
- They are applied to the interfaces with other systems, in order to check that information input is complete and precise, and that output is correct.

The scope of the general computer controls covers applications relevant for financial reporting and infrastructure elements that serve these applications (e.g. technical platforms, servers, databases, data processing centers, etc.).

The Repsol Group has developed a segregation of duties model in the systems for preventing and reducing the risk of errors (intentional or otherwise), especially the fraud factor in the financial reporting process. Incompatibility matrices have been installed in the applications used by the relevant processes covered by the ICFR system, with which it is possible to monitor conflicts continuously and detect cases in which the functions are not exercised according to defined profiles.

Internal control policies and procedures for supervising management of the activities subcontracted to third parties and any aspects of assessment, calculation or valuation outsourced to independent experts, that may affect materially to the financial statements

The Repsol Group has a procedure for identifying, establishing control criteria and supervising the activities of third party subcontractors in different business processes. According to this procedure, the group analyzes the types of activities carried out by these suppliers and their impact and draws conclusions as to whether the activities have a material impact on the financial statements from the following perspectives:

- Significant transactions for the Group's financial statements.
- Manual or automated procedures for initiating, recording, processing or reporting significant transactions from the beginning until they are included in the financial statements.
- Manual or automatic accounting records that support the collection, recognition, processing and reporting of specific transactions, information or accounts on the Group's financial statements.
- Relevant information systems for capturing significant events and conditions for inclusion in the operating results and preparation of the financial statements.
- Financial reporting process used to prepare the financial statements, including the accounting estimates and the disclosure of significant information.

Once the subcontracted activities that can have a material effect on the financial statements have been identified, the internal controls of the services rendered are supervised to ensure their adequacy. In this regard, in accordance with the COSO 2013 methodology and ISA 402 (International Standard on Auditing), the Repsol Group adapts based on the characteristics of the supplier or third party subcontracted, carrying out supervision tasks based on the following approaches:

- Requesting independent auditors' reports from third party subcontractors to obtain relevant information on their internal control systems. Some examples of the reports include SOC (Service Organization Control) under Standard SSAE 16 of the American Institute of Certified Public Accountants (AICPA) or standard ISAE 3402 (International Standards on Assurance Engagements 3402).
- Understanding on the part of the user of the service of the nature of the service and identification of mitigating controls within the financial reporting process of the Repsol Group.

- Conducting independent evaluations of the supplier's internal control systems.

Information and communication

Units responsible for the accounting policies

The Group has a Unit responsible for monitoring, analyzing and reviewing the accounting principles and policies established in the regulatory framework that applies to the preparation of financial statements, analyzing and answering consultations on their interpretation and adequate application. The organizational units involved in preparing financial information are periodically informed of any new aspects of accounting techniques and regulations and the outcome of the different analyzes made.

There are also accounting principles manuals, which establish the accounting standards, policies and principles applied by the Group. These manuals are revised and updated periodically and whenever there is a material change in the applicable regulations. The manuals are available on the internal communication network.

In 2018, the Group's accounting manuals were updated as a result mainly of changes in International Financial Reporting Standards adopted by the European Union and of mandatory application from 1 January 2018.

Mechanisms for collecting and preparing financial information

The Group has integrated IT systems for both recognizing transactions in the accounts and preparing the separate and consolidated financial statements. It also has processes for centralized coding and parameterization processes which, together with the accounting principles manuals, guarantee the integrity and homogeneity of the information. Finally, there are also tools used for processing the information in order to obtain and prepare the breakdowns provided in the notes to the financial statements. The systems linked to the preparation and reporting of financial information meet the security standards established by the general computer controls defined for IT systems. (See section 8.2. of this report regarding the internal policies and procedures over information systems).

Supervision of the functioning of the system

Role of the Audit Committee, internal audit function, scope of ICFR assessment and action plans

According to the Board of Directors Regulations, the Audit and Control Committee is responsible for supervising the assessment and presentation, as well as the integrity of the financial information on the Company and the Group, checking compliance with legal provisions, adequate definition of the consolidated group and correct application of the accounting principles, and regularly checking the effectiveness of the internal control, internal audit and risk management systems, including tax risks, ensuring that the principal risks, are identified, managed and reported adequately.



The Audit and Control Committee also analyzes and approves, where appropriate, the annual planning of the Internal Audit Department and other occasional or specific additional plans required as a result of changes in legislation or the needs of the business organization of the Group.

The annual planning of the Internal Audit Department is structured to assess and supervise the correct functioning and adequacy of the Group's internal control and risk management systems (operational, strategic, financial and compliance).

The Audit, Control and Risks Division reports to the Audit and Control Committee and performs its duties established in international standards in line with the best market practices, as well as the requirements of the different regulatory frameworks applicable in the countries in which the Repsol Group has businesses and activities. It has a "Quality Assurance and Enhancement Plan", assessed regularly, to assure quality in its duties, the results of which are reported to the Audit and Control Committee.

The Audit, Control and Risks Division is responsible for seeing that the design and functioning of the Internal Control and Risk Management Systems in the Group are reasonable and adequate, contributing towards their improvement and covering the following control objectives:

- Any risks that may affect the organization are adequately identified, measured, prioritized and controlled in accordance with that established in the Risks Policy signed by the Board of Directors.
- Transactions are efficient and effective.
- Transactions are made in compliance of applicable laws, regulations and contracts and prevailing policies, rules or procedures.
- The assets are adequately protected and reasonably controlled.
- The most significant financial, management and operating information is prepared and reported adequately.

The Audit, Control and Risks Division reports to the Audit and Control Committee on the conclusions of all work performed, as well as the corrective measures proposed and the degree of compliance with these measures. This Division provides support for any significant irregularities, anomalies or non-compliance on the part of the audited units, reporting any cases that may entail a significant risk for the Group to the Board of Directors.

With regard to the System for Internal Control over Financial Reporting (ICFR), the Audit, Control and Risks Division provides support in the ICFR supervisory tasks carried out by the Board of Directors, the Audit and Control Committee and the Internal Transparency Committee and notifies the owners of the controls of any weakness or incident detected in the process of updating and assessing the ICFR system.

After the reporting date, the Audit, Control and Risks Division informs the Internal Transparency Committee, the Audit and Control Committee and the Board of Directors on the outcome of the ICFR system assessment and any defects found during the assessment.

The Audit, Control and Risks Division has assessed the effectiveness of the ICFR system corresponding to 2018, and did not find any significant or material weaknesses, concluding that it is effective, in accordance with the criteria established by COSO 2013.



Procedure for discussion with Senior Management, the Audit Committee and the Company's directors regarding any significant internal control weaknesses identified during the review processes and action plans

As indicated in a section below of this Report, the Audit, Control and Risks Division reports to the Audit and Control Committee on the conclusions of all work performed, as well as the corrective measures proposed and the degree of compliance with these measures.

One of the duties of the Audit and Control Committee is to establish appropriate relations with the External Auditor to receive regular information on the audit plan and the results of its implementation, and on any other issues concerning the audit process and corresponding rules and regulations. It also verifies that the management team bears in mind the recommendations made by the External Auditor.

The Audit and Control Committee also requires the External Auditor periodically, at least once a year, to assess the quality of the internal control procedures and systems and discuss with it any significant weaknesses detected during audit, and requests the External Auditor's opinion on the effectiveness of the ICFR system. In this regard, the external auditor carried out its review of reasonable assurance on the design and effectiveness of the ICFR system for 2018 as well as the description of this system included in this Report.

Other relevant information

On November 2, 2018 the Repsol Group signed the final agreement for the acquisition of the assets corresponding to the unregulated low-emissions electricity generation businesses of Viesgo as well as its gas and electricity retail business.

At 2018 year-end, those processes and controls that reasonably ensure coverage of the risks arising from the inclusion of these assets in the Repsol Group's financial reporting were identified in the Repsol Group's ICFR system.

External auditor's report

The Group submitted for review by the External Audit (PricewaterhouseCoopers Auditores, S.L.) the design and effectiveness of the System of Internal Control over Financial Reporting (ICFR), in relation to the financial information contained in the Repsol Group's consolidated financial statements at December 31, 2018, and the description thereof included in this Report.

Appendix I: Analysis of compliance with the recommendations of the Good Governance Code for Listed Companies

Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 1</p> <p>The bylaws of listed companies should not limit the maximum number of votes that may be cast by a single shareholder or impose other obstacles to the takeover of the company by means of share purchases on the market.</p>	X				
<p>Recommendation 2</p> <p>When the parent company and a subsidiary are listed, they should both provide detailed disclosure on:</p> <p>a) The type of activity they engage in and any business dealings between them, and between the listed subsidiary and other group companies.</p> <p>b) The mechanisms in place to resolve any conflicts of interest.</p>				X	
<p>Recommendation 3</p> <p>During the annual general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:</p> <p>a) Changes taking place since the previous annual general meeting.</p> <p>b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative procedures followed in its stead.</p>		X			<p>During the General Shareholders' Meeting, the Chairman of the Board reports on the most relevant aspects of the corporate governance of the Company and, specifically, on the progress made in matters of corporate governance. The specific compliance information by Repsol with the Good Governance Code recommendations is already included in the Annual Corporate Governance Report, which is published as a Material Event and is made available to all shareholders and any interested parties on the website of the Company and the CNMV. Also, shareholders may request that the Annual Corporate Governance Report be sent in paper format prior to the AGM and it is also provided the day of the meeting. Therefore, a verbal report by the Chairman during the Meeting on compliance with the recommendations is not considered to provide any relevant additional information for shareholders.</p>



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 4</p> <p>The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.</p> <p>This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.</p>	X				
<p>Recommendation 5</p> <p>The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emption rights for an amount exceeding 20% of capital at the time of such delegation.</p> <p>When a board approves the issuance of shares or convertible securities without pre-emption rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.</p>	X				
<p>Recommendation 6</p> <p>Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:</p> <ul style="list-style-type: none"> a) Report on auditor's independence. b) Reviews of the operation of the audit committee and the appointments and remuneration committee. c) Audit committee report on related party transactions. d) Report on corporate social responsibility policy. 	X				
<p>Recommendation 7</p> <p>The company should broadcast its general meetings live on the corporate website.</p>	X				

Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 8</p> <p>The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without reservations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.</p>	X				
<p>Recommendation 9</p> <p>The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.</p> <p>Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.</p>	X				
<p>Recommendation 10</p> <p>When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:</p> <ul style="list-style-type: none"> a) Immediately circulate the supplementary items and new proposals. b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors. c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes. d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals. 				X	
<p>Recommendation 11</p> <p>In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.</p>				X	



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 12</p> <p>The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximizing its economic value.</p> <p>In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.</p>	X				
<p>Recommendation 13</p> <p>The board of directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.</p>	X				
<p>Recommendation 14</p> <p>The board of directors should approve a director selection policy that:</p> <ul style="list-style-type: none"> a) Is concrete and verifiable; b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs; and c) Favors a diversity of knowledge, experience and gender. <p>The results of the prior analysis of board needs should be written up in the Nomination Committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.</p> <p>The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before the year 2020.</p> <p>The Nomination Committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.</p>	X				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 15</p> <p>Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum necessary, bearing in mind the complexity of the corporate group and the ownership interests they control.</p>	X				
<p>Recommendation 16</p> <p>The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion of the capital represented on the board by these directors to the remainder of the company's capital.</p> <p>This criterion can be relaxed:</p> <p>a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.</p> <p>b) In companies with a plurality of shareholders represented on the board but not otherwise related.</p>	X				
<p>Recommendation 17</p> <p>The number of independent directors should be at least half of all board members.</p> <p>However, when the company does not have a large market capitalization, or when a large cap company has shareholders individually or concertedly controlling over 30% of capital, independent directors should occupy, at least, a third of board places.</p>	X				
<p>Recommendation 18</p> <p>Companies should disclose the following director particulars on their websites and keep them regularly updated:</p> <p>a) Professional experience and background.</p> <p>b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.</p> <p>c) Statement of the director category to which they belong, in the case of proprietary directors indicating the shareholder they represent or with whom they have ties.</p> <p>d) Dates of their first appointment as a board member and subsequent re-elections.</p> <p>e) Shares held in the company, and any options on the same.</p>	X				

Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 19</p> <p>Following verification by the Nomination Committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3% of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.</p>				X	
<p>Recommendation 20</p> <p>Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.</p>				X	
<p>Recommendation 21</p> <p>The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the Nomination Committee.</p> <p>In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.</p> <p>The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.</p>		X			
<p>Recommendation 22</p> <p>Companies should establish rules obliging directors to disclose any circumstance that might harm the organization's name or reputation, tendering their resignation as the case may be, and, in particular, to inform the board of any criminal charges brought against them and the progress of any subsequent trial.</p> <p>The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in light of the particular circumstances, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.</p>		X			



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 23</p> <p>Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independents and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.</p> <p>When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.</p> <p>The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.</p>				X	
<p>Recommendation 24</p> <p>Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Whether or not such resignation is disclosed as a material event, the motivating factors should be explained in the annual corporate governance report.</p>	X				
<p>Recommendation 25</p> <p>The Nomination Committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.</p> <p>The board of directors regulations should lay down the maximum number of company boards on which directors can serve.</p>	X				
<p>Recommendation 26</p> <p>The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.</p>	X				
<p>Recommendation 27</p> <p>Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.</p>	X				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 28</p> <p>When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book if the person expressing them so requests.</p>				X	
<p>Recommendation 29</p> <p>The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.</p>	X				
<p>Recommendation 30</p> <p>Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programs when circumstances so advise.</p>	X				
<p>Recommendation 31</p> <p>The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.</p> <p>For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.</p>	X				
<p>Recommendation 32</p> <p>Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.</p>	X				
<p>Recommendation 33</p> <p>The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.</p>	X				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 34</p> <p>When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or deputy chairmen; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.</p>	X				
<p>Recommendation 35</p> <p>The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.</p>	X				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 36</p> <p>The board in plenary session should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:</p> <ul style="list-style-type: none"> a) The quality and efficiency of the board's operation. b) The performance and membership of its committees. c) The diversity of board membership and competences. d) The performance of the chairman of the board of directors and the company's chief executive. e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees. <p>The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the Nomination Committee.</p> <p>Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. This facilitator's independence should be verified by the Nomination Committee.</p> <p>Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.</p> <p>The process followed and areas evaluated should be detailed in the annual corporate governance report.</p>	X				
<p>Recommendation 37</p> <p>When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should also act as secretary to the executive committee.</p>	X				
<p>Recommendation 38</p> <p>The board of directors should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.</p>	X				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 39</p> <p>All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.</p>	X				
<p>Recommendation 40</p> <p>Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.</p>	X				
<p>Recommendation 41</p> <p>The head of the unit handling the internal audit function should present an annual work program to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.</p>	X				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 42</p> <p>The audit committee should have the following functions over and above those legally assigned:</p> <p>1. With respect to internal control and reporting systems:</p> <p>a) Monitor the preparation and the integrity of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the correct application of accounting principles.</p> <p>b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programs, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.</p> <p>c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.</p> <p>2. With regard to the external auditor:</p> <p>a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.</p> <p>b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.</p> <p>c) Ensure that the company reports any change in the external auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons behind them.</p> <p>d) Ensure that the external auditor has a yearly meeting with the board in plenary session to inform it of the work undertaken and developments in the company's risk and accounting positions.</p> <p>e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.</p>	<p>X</p>				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 43</p> <p>The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior manager.</p>	X				
<p>Recommendation 44</p> <p>The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyze the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.</p>	X				
<p>Recommendation 45</p> <p>Risk control and management policy should identify at least:</p> <ul style="list-style-type: none"> a) The different types of financial and non-financial risk (including operational, technological, financial, legal, social, environmental, political and reputational risks) that the company is exposed to, with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks. b) The determination of the risk level the company sees as acceptable. c) The measures in place to mitigate the impact of the identified risks, should they occur. d) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks. 	X				
<p>Recommendation 46</p> <p>Companies should establish an internal risk control and management function, performed by one of the company's internal units or departments, and under the direct supervision of the audit committee or, where applicable, some other dedicated board committee. This function should be expressly charged with the following responsibilities:</p> <ul style="list-style-type: none"> a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks to which the company is exposed are correctly identified, managed and quantified. b) Participate actively in the preparation of risk strategies and in key decisions about their management. c) Ensure that risk control and management systems are mitigating risks effectively within the framework of the policy defined by the board of directors. 	X				

Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 47</p> <p>Appointees to the appointments and remuneration committee – or of the Nomination Committee and the remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.</p>	X				
<p>Recommendation 48</p> <p>Large cap companies should operate separately constituted appointment and remuneration committees.</p>	X				
<p>Recommendation 49</p> <p>The Nomination Committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.</p> <p>When there are vacancies on the board, any director may approach the Nomination Committee to propose candidates that they might consider suitable.</p>	X				
<p>Recommendation 50</p> <p>The remuneration committee should operate independently and have the following functions in addition to those assigned by law:</p> <ul style="list-style-type: none"> a) Propose to the board the standard conditions for senior manager contracts. b) Monitor compliance with the remuneration policy set by the company. c) Periodically review the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other directors and senior managers in the company. d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages. e) Verify the information on director and senior managers' pay contained in corporate documents, including the annual report on directors' remuneration. 		X			
<p>Recommendation 51</p> <p>The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior managers.</p>	X				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 52</p> <p>The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:</p> <ul style="list-style-type: none"> a) Committees should be formed exclusively by non-executive directors, with a majority of independent directors. b) They should be chaired by independent directors. c) The board should appoint the members of such committees having regard to the knowledge, skills and experience of its directors and the remit of each committee, and discuss their proposals and reports; and the committees should report the business transacted and account for the work performed at the first board plenary session following each committee meeting. d) They may engage external advice, when they feel it necessary for the discharge of their functions. e) Meeting proceedings should be minuted and a copy made available to all board members. 	<p>X</p>				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 53</p> <p>The task of supervising compliance with corporate governance rules, internal codes of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the Nomination Committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organization, with at the least the following functions:</p> <ul style="list-style-type: none"> a) Monitor compliance with the company's internal codes of conduct. b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders. c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of remaining stakeholders. d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation. e) Monitor corporate social responsibility strategy and practices and assess their degree of fulfillment. f) Monitor and evaluate the company's interaction with its stakeholders. g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks. h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks. 		X			

Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 54</p> <p>The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholders, specifying at least:</p> <ul style="list-style-type: none"> a) The goals of its corporate social responsibility policy and the support instruments to be deployed. b) The corporate strategy with regard to sustainability, the environment and social issues. c) Specific practices in matters related to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts. d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks. e) The mechanisms for supervising non-financial risk, ethics and business conduct. f) Channels for stakeholder communication, participation and dialogue. g) Responsible communication practices that prevent the manipulation of information and protect the company's honor and integrity. 	X				
<p>Recommendation 55</p> <p>The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.</p>	X				
<p>Recommendation 56</p> <p>Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.</p>	X				
<p>Recommendation 57</p> <p>Variable remuneration linked to the company's profit and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.</p> <p>The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.</p>	X				

Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 58</p> <p>In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure such remuneration reflects the professional performance of the beneficiaries and not simply the general performance of the markets or the company's sector or other similar circumstances.</p> <p>In particular, variable remuneration items should meet the following conditions:</p> <ul style="list-style-type: none"> a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome. b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies. c) Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events. 	X				
<p>Recommendation 59</p> <p>A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.</p>	X				
<p>Recommendation 60</p> <p>Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce their amount.</p>				X	
<p>Recommendation 61</p> <p>A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.</p>	X				



Recommendation	Complies	Partially complies	Explanation	Not applicable	Explanation
<p>Recommendation 62</p> <p>Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.</p> <p>The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.</p>	X				
<p>Recommendation 63</p> <p>Contractual arrangements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.</p>	X				
<p>Recommendation 64</p> <p>Termination payments should not exceed a fixed amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria.</p>	X				





This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

**INDEPENDENT REASONABLE ASSURANCE REPORT
ON THE DESIGN AND EFFECTIVENESS OF THE
INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)**

To the Board of Directors of Repsol, S.A.:

We have carried out a reasonable assurance report of the design and effectiveness of the Internal Control over Financial Reporting (hereinafter, ICFR) and the description of it that is included in the attached Report that forms part of the corresponding section of the Annual Corporate Governance Report of the Directors Report accompanying the consolidated financial statements of Repsol, S.A. and investees comprising the Repsol Group (hereinafter, the Repsol Group) as at December 31, 2018. This system is based on the criteria and policies defined by the Repsol Group in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control-Integrated Framework 2013" report.

An Internal Control over Financial Reporting is a process designed to provide reasonable assurance over the reliability of financial information in accordance with the applicable financial reporting framework and includes those policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) provide reasonable assurance as to the proper recognition of transactions to make it possible to prepare the financial information in accordance with the accounting principles and standards applicable to it and that they are made only in accordance with established authorizations; and (iii) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisitions, use or sales of the Group's assets that could have material effect on the financial information.

Inherent Limitations

In this regard, it should be borne in mind that, given the inherent limitations of any Internal Control over Financial Reporting, regardless of the quality of the design and operation of the system, it can only allow reasonable, but not absolute security, in relation to the objectives it pursues, which may lead to errors, irregularities or fraud that may not be detected. On the other hand, the projection to future periods of the evaluation of internal control is subject to risks such that said internal control being inadequate as a result of future changes in the applicable conditions, or that in the future the level of compliance of the established policies or procedures may be reduced.

Director's responsibility

The Directors of Repsol, S.A. are responsible for taking the necessary measures to reasonably ensure the implementation, maintenance and supervision of an appropriate Internal Control over Financial Reporting, as well as the evaluation of its effectiveness, the development of improvements to that system and the preparation and establishment of the content of the information relating to the ICFR attached.



Our Responsibility

Our responsibility is to issue a reasonable assurance report on the design and effectiveness of the Repsol Group Internal Control over Financial Reporting, based on the work we have performed and on the evidence we have obtained. We have performed our reasonable assurance engagement in accordance with "International Standard on Assurance Engagements 3000 (ISAE 3000)" (Revised), "Assurance Engagements other than Auditing or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

A reasonable assurance report includes the understanding of the Internal Control over Financial Reporting, assessing the risk of material weaknesses in the internal control, that the controls are not properly designed or they do not operate effectively, the execution of tests and evaluations on the design and effective implementation of this ICFR, based on our professional judgment, and the performance of such other procedures as may be deemed necessary.

We believe that the evidence we have obtained provides a sufficient and adequate basis for our opinion.

Our Independence and Quality Control

We have complied with the independence requirements and other ethical requirements of the Accounting Professionals Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our firm applies the "International Standard on Quality Control 1 (ISQC 1)" and maintains an exhaustive qualitative control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory provisions.

Opinion

In our opinion, the Repsol Group maintained, as at December 31, 2018, in all material respects, an effective Internal Control over Financial Reporting for the period ended at December 31, 2018, which is based on the criteria and the policies defined by the Repsol Group's management in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control-Integrated Framework 2013" report.

In addition, the attached description of the ICFR Report as at December 31, 2018 has been prepared, in all material respects, in accordance with the requirements established by article 540 of the Consolidated Text of the Capital Companies Act and with the Circular 5/2013 of June 12, 2013 of the CNMV, as amended by CNMV Circular No. 7/2015 dated December 22, 2015 and CNMV Circular No. 2/2018 dated June 12, 2018 for the purposes of the description of the ICFR in the Annual Reports of Corporate Governance.

This work does not constitute an audit nor is it subject to the regulations governing the audit activity in force in Spain, so we do not express any audit opinion in the terms provided in the aforementioned regulations.

PricewaterhouseCoopers Auditores, S.L.



Iñaki Goirienea Basualdu

February 28, 2019