

This document is intended to demonstrate to the Board of Directors and the public that the operation currently complies, or within a reasonable timeframe will comply, with the IIC's Environmental and Social Sustainability Policy.

1. Overview of Scope of IIC E&S Review

The environmental and social review of the Manantiales-Behr Wind Farm Project ("the Project") sponsored by YPF Energía Eléctrica S.A. (YPF-EE) was carried out between April and July 2016. The review included information provided by YPF-EE, mainly including the Environmental Impact Assessment (EIA) for the 100 MW wind farm and the Environmental Project Report (EPR) for the 19 km, 132 kV high tension line and transformer substations (SET Manantiales Behr and SET Escalante), as well as other studies and relevant documents. A site visit was carried out (June 14-16) including the wind farm and transmission line areas, meetings were conducted with YPF staff and consultants, and interviews were held with relevant stakeholder groups (government authorities, academics, and organizations). Publicly available information was reviewed for YPF-EE and YPF S.A., as 95% owner of YPF-EE. ¹

2. Environmental and Social Classification and Rationale

According to the IIC Environmental and Social Sustainability Policy, this is a Category B project: potential environmental and social risks and impacts are limited to the project facilities, are largely reversible, and can be mitigated via measures that are readily available and feasible to implement in the context of the operation.

3. Environmental and Social Context

The Project is located within YPF's active Manantiales-Behr oil and gas field. The nearest towns are Diadema (15 km) and Comodoro Rivadavia (40 km). It is part of the Patagonian steppe ecoregion. The area's avifauna currently includes the Black-chested buzzard-eagle, Variable hawk, Harris's hawk, American kestrel, Upland goose, and sandpipers. The area does not have any "endangered" or "critically endangered" species and is not considered an important route for migratory species. No bats were detected. There is no record of indigenous communities in the Manantiales-Behr area. The economic structure of the Province of Chubut is based on three main activities: hydrocarbon exploitation, ranching, and tourism. The area's archaeological and paleontological sensitivity is low. Archaeological chance finds during earth movements are still a possibility.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

The Project will conduct its quality, environmental, safety, and health (QESH) management pursuant to its QESH policy and the management system already established for YPF-EE. In addition, the Project will certify its Environmental Management System under ISO 14001, as required by ENRE Resolution 555/11.

The Environmental Impact Assessment (EIA) "Manantiales-Behr Windfarm" was approved by Order No. 137/16-SGAyDS. The site chosen for the wind farm largely avoids environmental and social risks and impacts because it is located on the Manantiales-Behr oil and gas field, the site of hydrocarbon extraction activity. The site is located far from any communities and is not a critical habitat for biodiversity. The Project Environmental Report (PER) "Construcción de Línea Aérea de Transmisión de 132kV entre SET Manantiales Behr y SET Escalante" was approved through Order No. 155/16-

SGAyDS. The route of the transmission line affects as little natural land as possible, minimizes the length of the transmission lines, and takes advantage of areas where the land had been previously cleared and areas of existing infrastructure. YPF-EE will document the analysis of alternatives performed.

Based on the EIA of the wind farm and the EPR of the transmission line, no severe environmental or social impact was identified. Moderate and typical construction impacts were identified, which can be mitigated with good industry practices. Similarly, the following moderate impacts were identified for the operation stage: effects on fauna (birds) due to collisions with wind turbines and electrocution from the high-tension line; effects on the landscape; use of energy resources and inputs. There were no severe impacts identified for the operation.

The project establishes an environmental management plan with specific measures, including a waste and effluents management program, environmental monitoring program, audit program, and monitoring following abandonment. Detailed plans will also be prepared for managing the impact on birds, traffic management, community communication and relations, environmental liability management, and interference.

YPF-EE uses the GAMA system for recording environmental, health and safety accidents and incidents. GAMA is a corporate system that maintains the information and investigations and allows for sharing lessons learned between business units. GAMA is an auditable system produces records and reports for evaluation.

A public hearing was conducted with the main social actors led by the Ministry of the Environment and Sustainable Development Control in order to present the results of the EIA and EPR. In general, attendees viewed the implementation of the Project positively. The main questions had to do with employment, technical features of the renewable energy, and environmental aspects such as audits, birds, and monitoring. Multiple local newspapers covered the public hearing. YPF-EE will develop a Communication and Community Relations Plan to maintain an open communication and information disclosure process. This plan will include a grievance mechanism for the community and a process for external communication and managing expectations.

In order to contribute to the development of an assessment of cumulative effects, should the IIC decide to conduct one, YPF-EE will share relevant information (e.g., data on bird monitoring) and participate in the dialogue with other stakeholders in the area on the cumulative effects assessment.

4.2 Labor and Working Conditions

The Project's workforce is estimated at 100 construction workers and 4 operational workers for the windfarm, and 15 construction workers and 3 operational workers for the high-tension line. The YPF Chubut labor relations department will handle the hiring and relations with the workers according to its hiring procedures and agreements with unions. The Health, Safety, and Environmental Requirements for Companies Hiring for Construction Projects spell out the labor conditions that must be provided to all contractors. YPF-EE will conduct audits of the contractors on the working conditions provided to their workers.

YPF-EE supports equal opportunities and non-discrimination. The grievance mechanism will be designed to assist workers, while maintaining other existing mechanisms for dialogue and negotiation (e.g., union or legal mechanisms).

The QESH management system has adequate health and safety management procedures for handling the Project's activities. Also, the accident and environmental management tool is used for

investigating and taking corrective and preventative actions.

4.3 Resource Efficiency and Pollution Prevention

The greenhouse gas (GHG) emissions that the project will displace on the grid were estimated at 241.571 tCO₂e annually, using an emissions factor of 0.492 tCO₂e and annual electricity generation of 490,998 MWh.

During construction, the Project will minimize energy and water consumption, estimated at 6.7 m³ per day for the concrete plant and 17.2 m³ per day for the domestic consumption of 115 workers, plus 2 liters per person per day of potable water for workers. The electricity will come from power generators. During construction, the liquid effluent will be disposed of in accordance with provincial regulations. The solid waste will be managed by type: household (incinerated); inert industrial (authorized fill) and hazardous (disposed of by licensed companies).

The construction material will be obtained from a quarry located within the oil field, and the excess material will be disposed of within the oil field as well. The topsoil will be saved to restore temporary construction areas.

Given the project's location within the YPF Chubut field, there is a potential to encounter environmental liabilities (contaminated soil) during excavations as well as the risk of damaging underground pipelines. Environmental liabilities are to be managed by YPF Chubut. YPF-EE will develop a protocol for managing interferences and environmental liabilities, which will describe the responsibilities and coordination mechanisms with YPF Chubut, as well as action mechanisms, resources, equipment and personnel.

4.4 Community Health and Safety

The Project is located far from any communities or homes. A route will be established for transporting the wind turbines and equipment from the port of Comodoro Rivadavia to the Project, with pre-established days and times for transport. The National Roads Authority will be notified and will provide support on transport days. YPF has a corporate standard for use of light vehicles in place to prevent traffic impacts. It includes a driving monitoring system that uses GPS. The grievance mechanism will provide an additional channel for reporting claims associated with transportation.

4.5 Land Acquisition and Involuntary Resettlement

The Project's wind farm is located in lot 3-EI-38, owned by YPF. YPF-EE has a field permit allowing it use of the land. No homes or inhabitants are located in the wind farm area or on the transmission line route, so the Project will not involve any physical resettlement. The transmission line is located on two lots owned by YPF (6.3 km) and four lots owned by others (14.6 km). YPF-EE has obtained permits for three of the four lots and only the permit for lot 146 is pending. YPF-EE expects this negotiation to be conducted by mutual agreement. YPF-EE will document efforts to consult landowners and their access to the grievance mechanism.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

While the project is within the Manantiales-Behr field, the area is a natural habitat because native species and natural ecological processes still predominate. The vegetation is typical of Patagonian steppe. The route of the transmission line prioritizes areas that were previously cleared and existing infrastructure such as roads and trails. However, a large portion of the land includes natural habitats for common species of vegetation, two relatively wet low-lying areas, and at least one mallin (type of wetland). There are no areas within the Project's direct area of influence that are protected or internationally recognized as Important Bird Areas (IBAs) or Ramsar Sites due to the high value of their biodiversity.

Regarding the avifauna, no species were categorized as "endangered" or "critically endangered" and the area is not considered an important route for migratory species. However, migratory flocks of birds like Upland geese (*Chloephaga* spp.), sandpipers (*Calidris* spp.) and plovers (*Pluvialis* spp., *Charadrius* spp. and *Oreopholis ruficollis*) may be present. The Upland goose (*Chloephaga picta*) is listed as a vulnerable species in Argentina and of Least Concern internationally by the IUCN. YPF-EE will collect information on the avifauna during pre-construction and monitor birds during construction and operation. It will also conduct a bird mortality census during operation. This will be supplemented by a study of birds and other biodiversity values in spring 2016. The project will pay particular attention to the species most at risk and that are known to suffer from collisions and electrocutions: the Black-chested buzzard-eagle (*Geranoaetus melanoleucus*), the Variable hawk (*Geranoaetus polyosoma*), Harris's hawk (*Parabuteo unicinctus*), the American kestrel (*Falco sparverius*) and migratory species. During the operation, not all wind turbines will present the same danger and collision risk, some might be more deadly (the so-called "killer" turbines). YPF-EE will implement an action plan detailing the steps to follow should bird mortality be detected due to "killers". For the transmission line, YPF-EE will install bird guards.

YPF-EE will conduct a search of the Project area to detect the presence or absence of bats. YPF-EE will look at restoring temporarily affected habitats, calculating the areas affected permanently, and making a restoration plan for improving the habitats previously impacted in the area of influence that takes into consideration any species that is endangered, endemic, or that has a restricted range (eg, the lizard *Liolaemus morandae*).

4.7 Indigenous Peoples

There are no indigenous communities in the Manantiales-Behr area where the Project's wind farm is to be located. The transmission line crosses six lots, two of the lots are owned by YPF and private individuals that do not belong to any indigenous groups own the other four lots. No land in the Project's area of influence is subject to community use.

4.8 Cultural Heritage

The Project area's archaeological and paleontological sensitivity is low. There are no records of archaeological finds of significance on the site. There was one isolated find (ArqMB (PE) -1) located near the wind farm. However, chance finds are possible during construction. YPF-EE prepared archeological and paleontological heritage prevention and mitigation measures that will be included in the Project's management plans, including a procedure for chance finds, and a plan for archeological action, monitoring, and training.

5. Local access to project documentation

The environmental studies are published on the website of the Provincial Government of Chubut:

Windfarm EIA: <http://www.chubut.gov.ar/portal/wp-organismos/ambiente/wp-content/upload...>

High-tension line

EPR: <http://www.chubut.gov.ar/portal/wp-organismos/ambiente/wp-content/upload...>

The portal also provides information on the scheduling of the public hearing:

Wind Farm EIA (May 5,

2016): <http://www.chubut.gov.ar/portal/wp-organismos/ambiente/2016/05/05/convoc...> .

High-tension line EPR (January 26,

2016): <http://www.chubut.gov.ar/portal/wp-organismos/ambiente/2016/01/26/convoc...>

6. Environmental and Social Action Plan

No.	Issue / Gap	Action	Deliverable / Compliance Indicator	Date delivered
ND 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Environmental permits	Maintain a record of the environmental permits needed and obtained.	1. Matrix of environmental permits and their status	1. Biannually, from financial close
1.2	Environmental and Social Management System	Supplement the corporate QESH management system with plans and procedures specific to the risks and impacts from building and operating the wind project, including the Contingency Plan updated based on HAZID and the performance indicators.	1. Development and implementation of construction plans. 2. Development and implementation of operating plans and procedures.	1. Prior to the first disbursement and biannually 2. Six months prior to the start of the operation and annually
1.3	Contractor management	Develop and implement mechanisms for inspecting, monitoring, auditing, and managing ESHS contractors.	1. Management indicators for ESHS contractors	1. Biannually, from financial close
1.4	Alternatives Analysis	Document in an analysis of alternatives the selection of the transmission line (132kV) and distribution lines (35kV) routes.	1. Analysis of Alternatives	1. Prior to the first disbursement
1.5	Community relations and communication plan	Undertake prior communication with project-affected people from the transmission line regarding construction activities. Develop and implement a Communication and Community Relations Plan appropriate to the risks and impacts of the Project, including a grievance mechanism for the community and a strategy for managing job expectations, as well as the associated performance indicators.	1. Communication with LAT project-affected people 2. Community Relations and Communication plan 3. Grievance mechanism	1. Prior to financial close 2. Prior to the first disbursement and biannually 3. Prior to the first disbursement and biannually
1.6	Cumulative impacts	Contribute to developing a cumulative impact assessment (CIA), should the IIC decide to conduct one, by sharing relevant information and participating in a dialogue with other relevant actors.	1. CIA-relevant data and participation in CES related dialogue with other actors	1. Biannually, from financial close

No.	Issue / Gap	Action	Deliverable / Compliance Indicator	Date delivered
1.7	Reports	Prepare a consolidated report covering environmental, social, health and safety, and labor issues, including the progress of actions under the Environmental and Social Action Plan with respect to the established indicators.	1. Construction stage compliance report. 2. Operation stage compliance report.	1. Biannually during construction. 2. Biannually for two years and then annually.
ND 2: Labor and Working Conditions				
2.1	Labor conditions	Conduct and document an audit of contractors on the working conditions of their workers.	1. Audit report	1. Biannually, from financial close
2.2	Major accidents, including fatalities	Notify IIC of any major accident, including a root-cause analysis and corrective actions.	1. Accident notification. 2. Root-cause analysis and corrective actions.	1. Within the first 48 hours 2. 30 days after the accident
ND 3: Resource Efficiency and Pollution Prevention				
3.1	Greenhouse gases (GHG)	Quantify and document Project's construction-related GHG generation.	1. Quantification of GHG generation.	1. Prior to the second disbursement
3.2	Environmental liabilities	Develop and implement a protocol for managing interferences and environmental liabilities (contaminated soil) that indicates the responsibilities, coordination mechanisms, preventive measures, actions and resources.	1. Protocol for managing interference and environmental liabilities.	1. Prior to the first disbursement
ND 4: Community Health and Safety				
4.1	Transportation Management Plan	Develop and implement a plan for managing transportation of large equipment (ie, turbines) and for other heavy and light vehicle traffic.	1. Transportation Management Plan	1. Prior to the first disbursement
ND 5: Land Acquisition and Involuntary Resettlement				
5.1	Acquisition of easement	Provide documentary evidence of the agreements signed with the landowners for obtaining land use permission for the transmission line. Provide evidence of efforts to communicate with landowners and disclose information to and consult with them, including the grievance mechanism.	1. Documentary evidence of the easement. 2. Evidence of consultation with the owners	1. Prior to the first disbursement 2. Prior to the first disbursement
ND 6: Conservation of biodiversity and sustainable management of living natural resources				
6.1	Mitigation measures for the transmission line	Implement mitigation measures to minimize the impact of bird electrocution and collision with the high-tension line (132kV). As a minimum, the measures must include bird flight diverters / bird guards in strategic locations such as the longer sections of line, where the line crosses wetlands (<i>mallines</i>), and/or cable guards.	1. Design of mitigation measures. 2. Implementation of mitigation measures.	1. Prior to financial close 2. Biannually during construction.

No.	Issue / Gap	Action	Deliverable / Compliance Indicator	Date delivered
6.2	Bird monitoring and mortality census	Implement the monthly bird monitoring program during pre-construction, construction, and operation (except during the winter). Prepare a supplemental report with the spring 2016 avifauna biodiversity results (according to the specialist's proposal) and a survey (2-3 days) of flora, fauna and ecosystem services. Conduct the mortality census fortnightly during operation during at least the first two years of operation.	1. Supplementary biodiversity report (2016) 2. Monthly bird monitoring results. 3. Results of the bird mortality census.	1. Prior to the first disbursement 2. Biannually 3. Biannually during the first two years of operation.
6.3	Bird collisions with "killer" wind turbines	Design and implement an action plan detailing the steps to follow should bird mortality due to "killers" be detected. The plan must follow the mitigation hierarchy and good practices for wind farms.	1. Action plan for mitigating collisions with killer turbines.	1. Six months before the start of operation.
6.4	Impact on bats	Conduct a search or seek out bat dens and/or hibernation sites and conduct sampling using mist nets within the wind farm's boundaries and in nearby areas (radius of 8 km). If bats are found, adequate mitigation measures must be implemented.	1. Results of the bat study.	1. Prior to the second disbursement.
6.5	Zero net loss of natural habitat	Implement mitigation hierarchy, including minimizing affected areas, restoring temporarily affected areas, calculating the areas that will be permanently altered by the Project, and preparing a restoration plan for improving the previously impacted habitat.	1. Mitigation measures for natural habitats. 2. Implementation of mitigation measures	1. Prior to the second disbursement 2. Biannually after financial closure
ND 8: Cultural Heritage				
8.1	Chance finds.	Develop a procedure for handling chance finds, based on the measures recommended by Arqueo Ambiental and the EIAs.	1. Chance finds procedure.	1. First disbursement.

* Numbering in the table goes from #6 to #8 given that Performance Standard #7 Indigenous People is not applicable to this Project.

¹ YPF S.A. is a publicly traded company in the New York Stock Exchange (NYSE). The NYSE and the National Commission of Stock Exchange in Argentina require YPF S.A. to report publicly any relevant environmental issue on a quarterly basis. In addition, the public offering documents disclosed annually include information on environmental, social and labor risks and liabilities, legal claims, remediation activities, environmental regulatory compliance, insurance and cost provisions of their assets.