



**SUSTAINABILITY
REPORT
2016**

YPF

**SUSTAINABILITY
REPORT
2016**

ENERGY IN
EVOLUTION.
PROTAGONISTS
OF A SUSTAINABLE
ENERGY FUTURE.

YPF

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SUSTAINABILITY REPORT

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

MESSAGE FROM THE CHAIRMAN



As the leading Argentine energy company, sustainability is embedded in our identity, our goals and the way we work.

We are facing major challenges in the sector, with disruptive changes that affect how we operate. Companies need to adapt rapidly to this scenario by adopting new technologies and innovation strategies, and reconciling the growing demand for energy and a future low in carbon emissions coupled with environmental stewardship. We strongly believe that sustainability has to be at the core of our strategy for successfully tackling these challenges.

At YPF we are committed to acting as a beacon company for providing the sustainable energy that our community and customers need, supporting their projects and empowering the development of all Argentine citizens. While moving forward in this direction, we are focused on an efficient and sustainable energy paradigm, anticipating our customers' expectations and getting ready to supply the energy of the future.

The key priorities for our business strategy are in line with a number of vectors. With respect to our upstream operations, we are focused on the active management of our portfolio as well as the expansion of unconvensionals and natural gas, the cleanest fossil fuel. We are also working to improve the quality of our fuels and lubricants on a constant basis so as to contribute to a more efficient transportation sector in terms of emissions. In addition, our strategy includes strengthening our electricity business through new thermal and renewable power generation projects. Finally, we ensure operational excellence, innovation and sustainability across all our business operations.

YPF's long-term commitment to creating sustainable value involves an ongoing dialogue with its stakeholders and is in line with the 2030 Agenda for Sustainable Development Objectives, the calling for the Paris Climate Change Agreement and its chapter for Argentina, and the UN Global Compact's ten principles.

We have to meet these commitments, and to do so, we need to address vital issues such as our employees' health, safety, training and commitment. For this reason, among other initiatives, we have revamped our diversity and gender equality agenda, as well as team and individual professional development plans. We thus reaffirm our determination to continue strengthening YPF as a comprehensive, responsible and competitive energy company leading energy transition in Argentina.

Miguel Ángel Gutiérrez
Chairman, YPF S.A.

MESSAGE FROM THE EXECUTIVE MANAGEMENT COMMITTEE



Committed to business transparency, we are releasing today our Sustainability Report 2016, which outlines the company's advancements in economic, governance, social and environmental aspects, as well as our main challenges and goals for a sustainable future.

Business competitiveness is at the core of YPF's strategy. Although in 2016 we made considerable achievements, we also experienced difficulties. In the context of a global crisis in the energy sector and a reduction of oil prices in the domestic market, results in Argentine pesos showed an increase in revenues of 34.6%, an increase in EBITDA of 22.4%, and a decrease in operating income before impairment of assets of 44.1%. Charges for impairment of assets (property, plants and equipment) were significant.

The company focused even more on operational efficiency and productivity, managing to keep extraction costs below annual inflation. Investment levels totaled 63.91 billion pesos, 2.7% greater than the cumulative investment of 2015.

Production remained stable in 2016, with 577 M boe per day –equivalent to 2015 levels–, while exploratory investment rose to 1.392 billion pesos. The reserve replacement ratio was affected by a downward trend in domestic crude oil prices.

The company's goal is to contribute to Argentina's sustainable energy development in a responsible and transparent business environment that supports and promotes innovation, new technologies and the best world-class practices.

YPF has thus started on a transformation path to become a comprehensive energy company.

Based on the highest standards of corporate governance, we seek not only to adapt to the ongoing energy transition towards a low-emission economy, but also to take advantage of new business opportunities within this global scenario.

That is why, as hydrocarbon producers, we strive to be as efficient as possible and encourage the development of new forms of energy. Some important steps in this direction included the creation of the Gas and Energy Executive Vice Presidency in 2016, the strengthening of the power generation business and the startup of the Manantiales Behr project, one of the major wind energy undertakings in Argentina.

YPF aims to maximize its value in the next few years by:

- Becoming a comprehensive energy company that is also modern, profitable and competitive.
- Focusing on the customer.
- Growing in an efficient and profitable manner amid globally low oil prices.
- Actively managing its portfolio of oil and gas projects, while focusing on higher energy efficiency, increased natural gas production and the development of unconventional resources.
- Strengthening investments in new forms of energy, innovation and technology.

- Improving its refining capacity and petrochemical business.
- Creating a solid capital structure.
- Doing business on the basis of operational excellence and sustainability.

To us, sustainability means being a comprehensive, profitable and competitive energy company that is committed to generating value for all its stakeholders. For this reason, our long-term commitment to creating value is in line with the principles set forth in the UN Global Compact and the Sustainable Development Objectives.

We have confidence in our capabilities, competences and leadership to achieve these goals.

Carlos Alfonsi
Executive Vice President for Operations and Transformation,
Executive Management Committee



A BEACON COMPANY

YPF is the leading energy company in Argentina. Along with our subsidiary companies we make up the main energy group in the country, with leading market positions across the oil and gas value chain (production, refining and sale of fuels).

The company is a publicly traded corporation pursuant to the General Corporations Act N°19,550, incorporated and existing under the laws of Argentina. It operates under the legal name “YPF Sociedad Anónima”. Corporate headquarters are located at Macacha Güemes 515, Ciudad Autónoma de Buenos Aires, Argentina.

YPF’s securities trade on the Bolsa de Comercio de Buenos Aires and the New York Stock Exchange (NYSE). The federal government –through the Ministry of Energy and Mining– owns 51% of the shares in YPF, while the remaining 49% shares are floating stock trading on the BCBA and the NYSE. The company is subject to the public offering system under the Capital Markets Act 26831, Argentine Securities and Exchange Commission (Comisión Nacional de Valores – “CNV”) rules and United States Securities and Exchange Commission (“SEC”) rules.

01 THE COMPANY



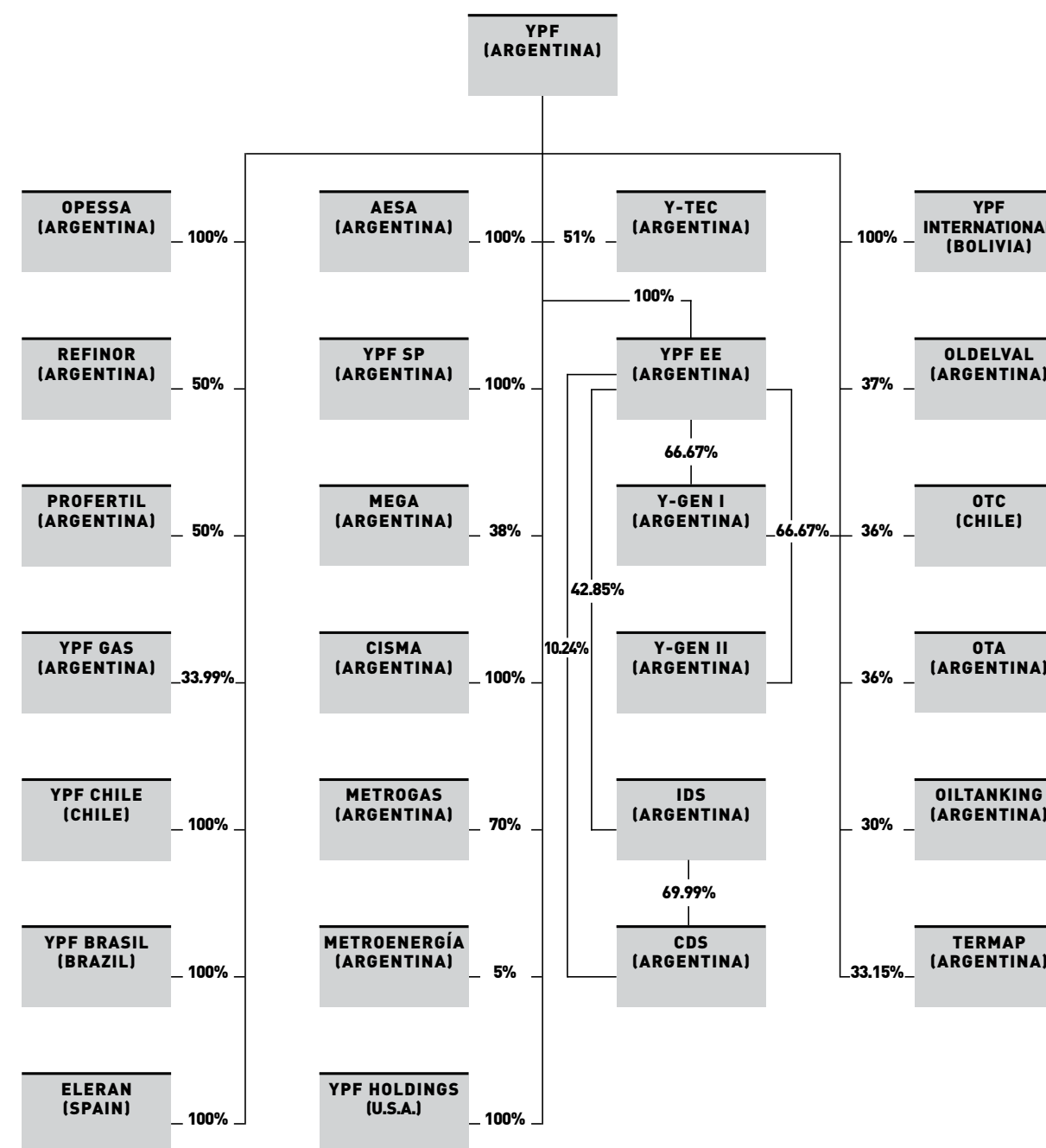
Beginning in 2016, in a global context of change and new challenges for the industry, YPF started on a transformation path to become a comprehensive energy company focused on contributing to sustainable energy development in Argentina.

This vision has led us to revamp the strategy for strengthening the company's competitiveness and diversifying its project portfolio.

In 2016 the relevant investment plan continued to prioritize hydrocarbon production projects focused on unconventional resources. In addition, it was designed to boost natural gas production and the electricity business, as well as to start a new one in renewable energy.

Most of our operations, property and customers are located in Argentina. However, the Group holds equity interests in one exploratory area in Chile, sells lubricants and derivatives in Brazil and Chile, and conducts oil and gas-related construction activities in Uruguay, Bolivia, Brazil and Peru through AESA and its subsidiaries.

The chart on page 13 shows our organizational structure, including the main companies in the Group as of Sept. 30, 2017*.



* Date of publication of this report. For more information, please see the Consolidated Financial Statements as of Dec. 31, 2016 at <http://www.ypf.com/inversoresaccionistas/Lists/InformacionFinanciera/EECC-YPF-S.A.-.pdf>.

MAIN FIGURES

ITEM	2016 RESULTS	2015 RESULTS
TOTAL HYDROCARBON PRODUCTION	577 KBOE/D	577 KBOE/D
NATURAL GAS PRODUCTION	44.6 M M3/D	44.2 M M3/D
CRUDE OIL PRODUCTION	245 KBBL/D	250 KBBL/D
NATURAL GAS LIQUIDS PRODUCTION	52.6 KBBL/D	49.2 KBBL/D
REFINERY PROCESSING LEVELS	91.9%	93.6%
SHARE OF ARGENTINA'S REFINING CAPACITY	57.5%	55.8%
SHARE OF ARGENTINA'S GASOLINE SUPPLY	55%	56.8%
SHARE OF ARGENTINA'S DIESEL SUPPLY	56%	58.5%
DIESEL PRODUCTION	40.6 M BOE	40.6 M BOE
GASOLINE PRODUCTION	24.6 M BOE	24.5 M BOE
FUEL OIL PRODUCTION	1,554 K T	1,878 K T
TOTAL PROVED RESERVES **	1,113 M BOE	1,226 M BOE
SALES *	M AR\$ 210,100	M AR\$ 156,136
EBITDA*	M AR\$ 58,216	M AR\$ 47,556
OPERATING INCOME BEFORE IMPAIRMENT OF ASSETS *	M AR\$ 10,697	M AR\$ 19,123
GAS STATIONS	1,547	1,538
NUMBER OF DIRECT EMPLOYEES (YPF AND CONTROLLED COMPANIES)	19,257	22,025

For further information regarding the main company figures in this report, please see the Consolidated Financial Statements as of December 31, 2016 and the Annual Report for the fiscal year ended December 31, 2016 filed with the Securities and Exchange Commission (SEC) on Form 20-F at <http://www.ypf.com/inversoresaccionistas/Paginas/informacion-financiera.aspx>

* The 2016 results in Argentine pesos show an increase in revenues of 34.6%, an increase in EBITDA of 22.4%, and a decrease in operating income before impairment of assets of 44.1%. These results were in line with the company's budget forecasts for 2016, in the context of a global crisis in the energy sector. They were approved by the company's Board of Directors and filed with the Buenos Aires and New York Stock Exchange Markets.

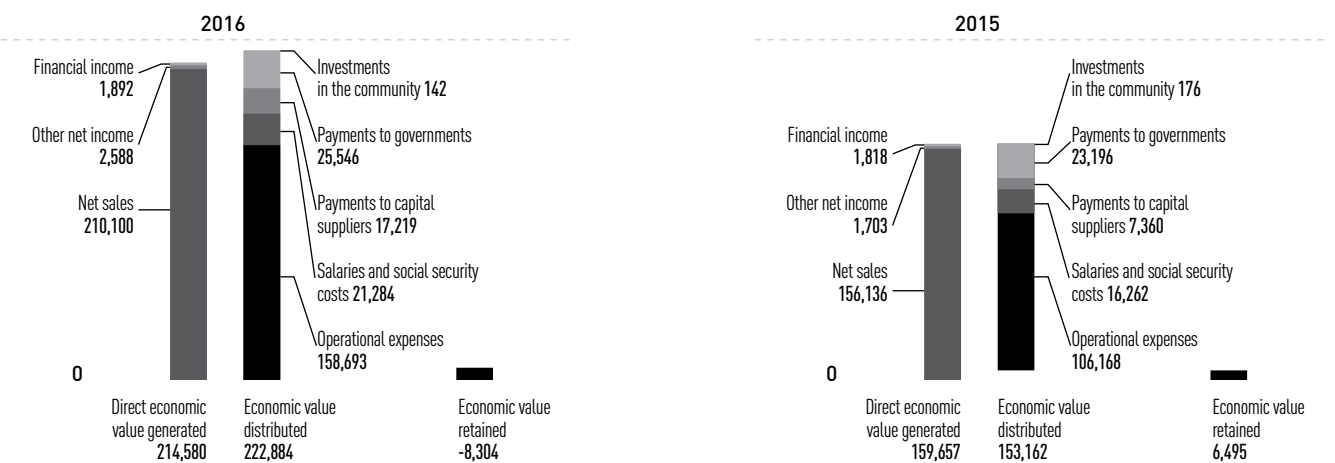
** Estimates of reserves were prepared using standard geological and engineering methods generally accepted by the petroleum industry and in accordance with SEC and CNV (Argentina's Securities and Exchange Commission) regulations. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history. For further information, please see the Consolidated Financial Statements as of December 31, 2016 and Form 20-F.

References

BBL: Barrels
BOE: Barrels of oil equivalent
EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortization.
K: thousand (s)
M3: Cubic meter (s)

T: Ton (s)
M: Million (s)
AR\$: Argentine pesos
USD: U.S. dollars

ECONOMIC VALUE GENERATED AND DISTRIBUTED (IN MILLIONS OF PESOS)



**WE DELIVER
ENERGY
TO AN EVER-
EVOLVING
WORLD.**

VALUE CHAIN

YPF is the leading energy company in Argentina, with leading market positions across the oil and gas value chain (production, refining and sale of fuels).

Beginning in 2016, it started on a transformation path to become a comprehensive energy company.

NEW ENERGIES

YPF Energía Eléctrica S.A. Development of wind and solar energy projects and increase in natural gas production to replace fuel oil or diesel power generation.

EXPLORATION

Search for and identification of new oil and gas reservoirs.

PRODUCTION

Recovery of oil and gas resources –either conventional or unconventional– by means of extraction processes.

DEVELOPMENT

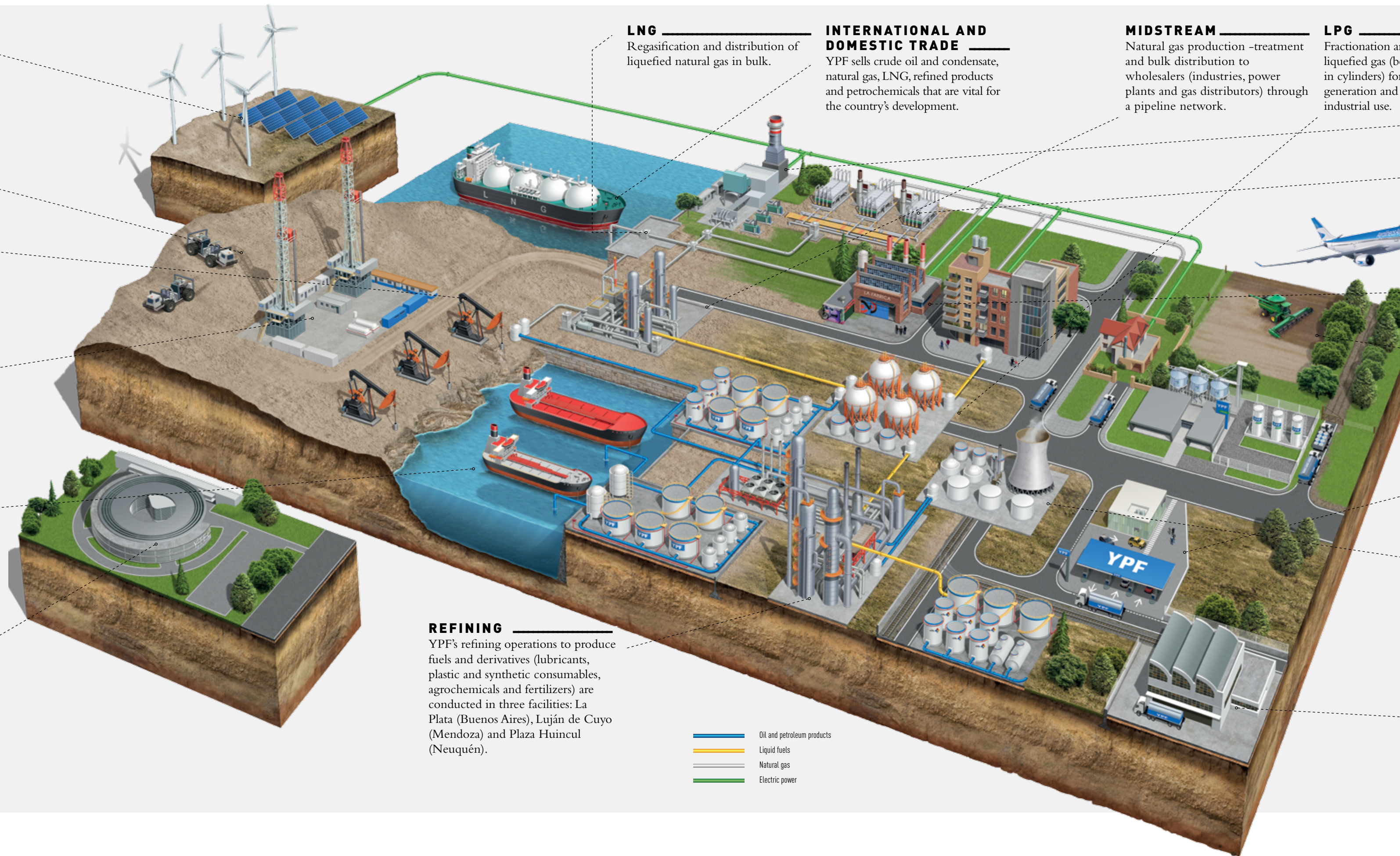
Preparation for production in areas with oil and gas reservoirs. Includes definition of development type and investment level.

STORAGE AND TRANSPORTATION

Use of oil and gas pipelines, vessels and trucks to transport crude oil and condensate, dry and liquefied natural gas. Use of multi-purpose pipelines, tankers and trucks to distribute refined products.

INNOVATION AND TECHNOLOGY - Y-TEC

Strengthening of Y-TEC, a leading company in the generation and transfer of innovative technological solutions for a sustainable energy industry.



LNG

Regasification and distribution of liquefied natural gas in bulk.

INTERNATIONAL AND DOMESTIC TRADE

YPF sells crude oil and condensate, natural gas, LNG, refined products and petrochemicals that are vital for the country's development.

MIDSTREAM

Natural gas production –treatment and bulk distribution to wholesalers (industries, power plants and gas distributors) through a pipeline network.

LPG

Fractionation and distribution of liquefied gas (both in bulk or packed in cylinders) for electric power generation and for household and industrial use.

POWER PLANTS

Provision of natural gas to power plants, including two YPF-owned power plants: Tucumán and Loma Campana.

GAS DISTRIBUTORS

YPF is engaged in the supply and distribution of household natural gas by holding a majority stake in Metrogas.

INDUSTRY

Provision of energy, supplies and services to the domestic industry.

AGRICULTURE

Sale of diesel, lubricants, agrochemicals and fertilizers. Provision of services to the agricultural sector or to SMEs through YPF DIRECT.

RETAILERS

A leading company in selling fuels and lubricants, with convenience stores in over 1,500 gas stations nationwide.

CHEMICALS

YPF is the largest producer of petrochemicals in Argentina, with two company-owned facilities: Ensenada (Buenos Aires) and Plaza Huincul (Neuquén). It also holds a 50 percent interest in Profertil S.A. Bahía Blanca (Buenos Aires).

LUBRICANTS AND SPECIALTIES

Design, production and sale of lubricants and specialties.

— Oil and petroleum products
— Liquid fuels
— Natural gas
— Electric power

OUR OPERATIONS

UPSTREAM

EXPLORATION, DEVELOPMENT AND PRODUCTION

Upstream operations consist of exploring, developing and producing crude oil, natural gas and LPG.

This involves locating and identifying new oil and gas reserves, as well as implementing production processes to recover these natural resources –whether conventional or unconventional.

Our strategy envisages three types of exploration projects (1) low- to medium-risk programs to locate new reservoirs in already-producing basins; (2) programs to outline and test new sources of unconventional resources; and (3) programs to explore new frontiers such as the Argentine offshore continental shelf.

As of December 31, 2016, we have stakes in 110 active oil and gas fields in Argentina. According to the Ministry of Energy and Mining, these assets accounted for approx. 49.9% of the country's total production of crude oil and

approx. 43% of its total natural gas production

A pioneer company for unconventional development in Latin America

We are the leading Latin American company in unconventional exploration and production projects. The most important of them is Vaca Muerta, in Neuquén. The Loma Campana field is located in this geological formation, and in just two years has become the second largest shale reservoir in the world after the U.S. It is also the second largest oil producing field in Argentina, with a total operated output of 67,400 boe/d and 577 active wells. In 2016 the project continued in operation with world-class partners such as Chevron, Dow Chemical, Petronas and Total.

Development of other unconventional formations included a new source rock (D-129), which was drilled into in the Golfo San Jorge Basin, in Chubut and Santa Cruz. In addition, unconventional oil resources were discovered in the Agrio shale, in Filo Morado, north of Neuquén and south of Mendoza. These findings enable us to expand exploration, confirm Argentina's potential and strengthen YPF's leading role in unconventional hydrocarbons.

DOWNSTREAM

Downstream operations include refining, selling, transporting and distributing oil and a wide range of petroleum products, petroleum derivatives, petrochemicals, LPG and bio-fuels.

We are Argentina's leading refiner, operating three wholly-owned refineries with a combined annual refining capacity of approx. 116 M bbl (319.5 K bbl/d). We also hold a 50 percent equity interest in Refinería del Norte, S.A. ("Refinor"), an entity jointly controlled with and operated by Petrobras Energía S.A., with a refining capacity of 26.1 K bbl/d.

As of December 31, 2016, our retail distribution network for automotive fuels consisted of 1,547 YPF-branded gas stations, of which we own 112 directly and through our fully-owned subsidiary Operadora de Estaciones de Servicios S.A. ("OPESSA"). We own approx. 36% of the gas stations in Argentina.

We develop products, services and business solutions for other market segments:

→ Agriculture: we offer a wide range of products, including diesel, lubricants, agrochemicals, fertilizers and ensiling bags. These products are delivered through YPF DIRECT, a distribution channel.

→ Industry: We provide energy, supplies and services for all segments of the domestic industry such as mining, oil & gas, infrastructure, aviation and transportation as a whole. We also offer special fleet control and

technical assistance services, and distribute all types of products: fuels, lubricants, coal, asphalts, paraffin and by-products.

→ LPG: We supply bulk LPG directly to the wholesale market and over 46,000 customers from the household, business, agriculture, industry and institutional segments. LPG is sold in containers or cylinders and delivered through a network of 52 official distributors, thus reaching over a million homes.

Our Logistics Division is responsible for transporting and storing crude oil and products that are delivered to refineries. The transportation network includes multiple-purpose pipelines, maintenance terminals in five ports, and hired vessels and trucks.

The International Trade division sells crude oil and refined products to international customers, and crude oil to domestic oil companies. Exports may include crude oil, unleaded gasoline, diesel, fuel oil, LPG, light naphtha and virgin naphtha.

We are also one of the leading petrochemical producers in Argentina and the Southern Cone of Latin America, with operations at our Ensenada industrial complex ("CIE") and Plaza Huincul refinery. In addition, Profertil S.A. ("Profertil"), a company jointly controlled with Agrium Holdco Spain S.L. ("Agrium"), is one of the leading urea producers in the Southern Cone

GAS & ENERGY

We are the largest producer of natural gas in Argentina, with total natural gas sales of 13.2 mmcm in 2016, accounting for 34% of the market.

We participate in the operation of three power generation plants with an aggregate installed capacity of 1,622 MW. Two of them –Central Térmica Tucumán (410 MW combined cycle) and Central Térmica San Miguel de Tucumán (370 MW combined cycle)– are fully-owned through YPF Energía Eléctrica S.A. The energy produced by both combined cycle plants was 5.8% higher in 2016 compared to 2015. In the third one – Central Dock Sud (775 MW combined cycle and 67 MW gas turbines), we have a 40% interest directly and through Inversora Dock Sud S.A., in which we have a 42.8% interest.

We also own and operate three power plants fueled by self-produced natural gas.

In 2016, YPF Energía Eléctrica S.A. engineered and built an important new thermal power plant, Central Térmica Loma Campana, located in Añelo, Neuquén. This new generation plant was designed to supply YPF's internal energy.

We operate UTE Escobar (a joint venture between YPF and ENARSA) and Terminal Bahía Blanca, which in turn operates LNG Escobar, a regasification terminal, and LNG Bahía Blanca.

Along with Petrobras and Dow Argentina, YPF has an equity interest in Mega, a company focused on adding value to natural gas by the

separation and fractionation of its rich components. We also hold a stake in Metrogas, one of the main public utility companies in Argentina and the leading natural gas distributor nationwide.

At the forefront of a national energy transition

YPF has started on a path towards developing a more diverse energy matrix. It has strengthened its electricity business through the creation of YPF Energía Eléctrica S.A. (YPFEE S.A.), a subsidiary that expects the increase in its power generation capacity will come from diverse energy sources –natural gas, thermal, solar and wind power.

Current power generation is equivalent to 5% of the energy consumed in the country. YPFEE S.A.'s goal for 2022 will be to position itself among the three leading energy generators in the country. At the date of publication of this report, YPF had already started construction of its first wind farm project, one of the most important in Argentina.

For more information on this topic, refer to Chapter 5: Environmental Management and Safety.

For further information regarding the company and its operations, please see the Consolidated Financial Statements as of December 31, 2016 and the Annual Report for the fiscal year ended December 31, 2016 filed with the Securities and Exchange Commission (SEC) on Form 20-F at

<http://www.ypf.com/english/investors/Lists/InformeAnnualForm20/YPF-2016-20-F.pdf>

INNOVATION AND TECHNOLOGY - Y-TEC

Innovation and ongoing improvement are key to business success. For this reason, YPF has decided to lead energy solutions through a new company: Y-TEC.

Born from a unique combination between YPF (with a 51%-interest) -and its operative experience- and CONICET (National Council of Scientific and Technical Research) (with a 49%-interest) -and its scientific capabilities-, Y-TEC is the leading Argentine company for generating and transferring technology solutions for the energy industry.

Located in Berisso, Y-TEC has become the largest center for applied research in the country, with a 13,000 m²-surface area, 47 labs and 12 experimental plants. With a world-class professional team of 320 scientists and technical experts, the company is currently expanding and consolidating its R&D capabilities. It is engaged in professional

training, knowledge transfer and the provision of services to companies in the industry.

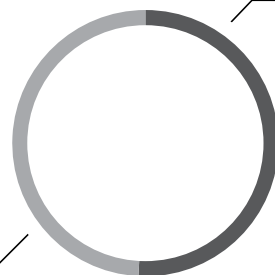
Y-TEC has implemented an open innovation strategy that aims to consolidate strategic relationships to generate high-impact technology products:

- Scientific system: we share knowledge, senior expertise and equipment with public and private organizations in new innovative spaces.
- Productive system: we liaise with technology-based companies from other sectors to offer creative solutions for the energy industry.
- Global partnerships: we are connected with companies all over the world to boost capabilities and adopt better practices, while being at the forefront of cutting-edge knowledge vital to the industry.

In 2016 Y-TEC and FAAM SpA -Italy's largest battery manufacturer- signed an agreement to establish a lithium-ion battery plant, the first in Argentina. The agreement is intended to promote technology transfer to set up the plant and foster joint research and technical cooperation between centers in both countries. Y-TEC's strategic objective is to add value to lithium production, as Argentina's lithium reserves are among the highest in the world.

EQUITY INTERESTS IN Y-TEC

WE ADDRESS SPECIFIC INDUSTRY TECHNOLOGY NEEDS BY APPLYING SCIENTIFIC SYSTEMS; IDENTIFY BUSINESS OPPORTUNITIES; VISUALIZE VALUE-CREATING IDEAS AND GENERATE INNOVATIVE SOLUTIONS THAT PRODUCE REAL RESULTS.



YPF
51%

CONICET
49%



KEY CAPABILITIES

- Industrial processes
- Product development
- Materials and nanotechnologies
- Reservoir engineering
- Computer modeling and simulation
- Facilities engineering
- Analytical technology
- Geosciences
- Environment
- Renewable energies
- Biotechnology

We explore a wide range of opportunities for the energy sector in six areas:

FIELDS OF ACTION

MATURE FIELDS	UNCONVENTIONAL RESOURCES	NEW ENERGIES
ENVIRONMENTAL SUSTAINABILITY	GAS	REFINERY AND PETROCHEMICAL OPERATIONS

For further information about Y-TEC, please check the following link:

<https://y-tec.com.ar/Paginas/home.aspx>

CORPORATE GOVERNANCE

YPF knows how important it is for organizations to have a corporate governance system that points the structure and operations of its bodies in the interest of the company and its shareholders. The foundations for YPF's corporate governance system which lay in the company's bylaws, the Board Rules, the Disclosure Committee Rules, and the Code of Ethics and Conduct (including its Annex I: Internal Code of Conduct in capital markets) are transparency, shareholder involvement, the Board's efficient operation and the external auditor's independence.

These codes and rules and regulations, along with other documents and instruments, highlight YPF's determined drive towards sound corporate governance, transparency and social responsibility.

BOARD OF DIRECTORS

The Board of Directors is responsible for managing the company's business. As of Dec. 31, 2016, the Board was made up of 15 regular directors and 10 alternate directors, as approved at the General Ordinary and Extraordinary Shareholders' Meeting held on April 29, 2016.

The Board exercises management of the company, acting diligently and sensibly according to the good businessman standard set forth in the General Corporations Law 19550 and National Securities and Exchange Commission rules. It establishes overall policies and strategies to meet corporate needs.

The following are the members of the Board of Directors of YPF S.A.:¹

NAME	POSITION	STATUS	CLASS OF SHARES REPRESENTED	TERM
Miguel Ángel Gutiérrez	Chairman	Independent	Class D	One fiscal year
Roberto Luis Monti	Director	Independent	Class D	One FY
Norberto Alfredo Bruno	Director	Independent	Class D	One FY
Néstor José Di Pierro	Director	Independent	Class D	One FY
Juan Franco Donnini	Director	Independent	Class D	One FY
Enrique Andrés Vaquié	Director	Independent	Class D	One FY
Armando Isasmendi	Director	Independent	Class D	One FY
Carlos Alberto Felices	Director	Independent	Class D	One FY
Daniel Gustavo Montamat	Director	Independent	Class D	One FY
Fabián Jorge Rodríguez Simón	Director	Independent	Class D	One FY
Inés María Leopoldo	Director	Independent	Class D	One FY
Daniel Alberto Kokogian	Director	Not independent	Class D	One FY
Octavio Oscar Frigerio	Director	Independent	Class D	One FY
Luis Augusto Domenech	Director	Independent	Class D	One FY
Emilio José Apud	Director	Independent	Class A	One FY
Gerardo Damián Canseco	Alternate	Independent	Class D	One FY
Alejandro Rodrigo Monteiro	Alternate	Independent	Class D	One FY
Luis Gustavo Villegas	Alternate	Independent	Class D	One FY
Lucio Mario Tamburo	Alternate	Independent	Class D	One FY
Pedro Martín Kerchner Tomba	Alternate	Independent	Class D	One FY
Facundo Daniel Massafra	Alternate	Independent	Class D	One FY
Daniel Cristián González Casartelli	Alternate	Not independent	Class D	One FY
Carlos Alberto Alfonsi	Alternate	Not independent	Class D	One FY
Fernando Raúl Dasso	Alternate	Not independent	Class D	One FY
Fernando Pablo Giliberti	Alternate	Not independent	Class D	One FY

¹For further information on the current composition of the Board, please check the following link: <https://www.ypf.com/english/investors/Corporate-governance/Paginas/Board-of-Directors.aspx>

During 2016, the percentage of women's participation on the Board was maintained at 6.6%.

According the bylaws, the Board has the power to create and appoint the integration of the

Board Committees that considers necessary to carry out its mission in an effective way, guaranteeing transparency in the fulfillment of its functions.

The Board Committees are:

Audit Committee

The Audit Committee has been established pursuant to SEC rules, CNV rules, and the Capital Markets Law 26831. Its duties include overseeing the internal control and administrative-accounting systems, as well as, ensuring the reliability of financial information or other relevant facts to be reported, and verifying compliance with applicable domestic and international regulations on corporate behavior and the capital markets.

Concerning the last of these, the Audit Committee must ensure that the Code of Ethics and Conduct applicable to employees and controlled companies is adequate for the company and complies with current laws and regulations.

The Committee is made up of five members, all of whom are independent. Its Chairman is a Financial Expert pursuant to SEC rules.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been created following domestic and international practices on corporate governance. It is aimed at assessing and setting guidelines for the remuneration paid to the company's CEO, senior management, and Board members with executive duties, if any. YPF has adopted internal control mechanisms to meet legal and bylaw provisions regarding approval of Board members' remuneration. These mechanisms are set forth in the Board Operating Rules, along with tools that ensure an objective and transparent operation.

Risk and Sustainability Committee

The Risk and Sustainability Committee has been formed to establish comprehensive management policies for business risks and monitor their suitable implementation; identify and evaluate major risk factors specific to the company and/or its activities; and monitor risks and implement the relevant mitigation actions, among other duties. It is also in charge of reviewing corporate sustainability policies. The Committee is made up of five regular Board members.

Compliance Committee

The Compliance Committee has been formed to (1) encourage compliance with laws, regulations, rules, policies and/or organizational codes, as well as with principles of good corporate management and ethical standards applicable to the company; (2) monitor YPF process control systems in accordance with the rules that regulate YPF's operation, reducing exposure to financial, legal and operational risks associated with illegal behavior and safeguarding corporate image and reputation; and (3) promote, facilitate and regulate internal cooperation in the company to ensure the effectiveness of measures and actions to prevent, detect, punish and eradicate corruption, among other functions.

Strategy and Transformation Committee

In August, 2017, the Board set up this Strategy and Transformation Committee to (1) discuss medium- and long-term corporate strategy issues; (2) act as a liaison between the Board and the Executive Management Committee and senior management to facilitate and speed up internal discussion of overall business development strategies; (3) promote and review the following agendas across the company: a. a corporate transformation agenda, including excellence standards and the industry's best operating practices; b. a business agenda, in order to adopt a customer-centric business model; c. a digitization and technological innovation agenda; and d. streamline support areas, focusing on a cultural change in human resources; (4) approve any necessary operation or action in the event of unforeseen or emergency situations.

The Board of Directors has the power to appoint the General Manager or CEO and its senior management team (in YPF they are called “Vice Presidents”), which will assist the General Manager in conducting corporate operations and discharging its duties, as assigned.

Since the last amendment of the Bylaws in April, 2016, the Chairman of the Board shall not serve as General Manager

The General Manager is the corporation’s chief executive officer and is responsible for executive management.

EXECUTIVE MANAGEMENT COMMITTEE - COMPOSITION

POSITION	NAME
FINANCIAL EXECUTIVE VICE PRESIDENT (CFO)	DANIEL CRISTIAN GONZÁLEZ CASARTELLI
UPSTREAM EXECUTIVE VICE PRESIDENT	PABLO BIZZOTTO
DOWNSTREAM EXECUTIVE VICE PRESIDENT	SANTIAGO MARTÍNEZ TANOIRA
EXECUTIVE VICE PRESIDENT OF GAS AND ENERGY	MARCOS BROWNE
EXECUTIVE VICE PRESIDENT OF TRANSFORMATION AND OPERATIONS	CARLOS ALFONSI
EXECUTIVE VICE PRESIDENT OF CORPORATE AFFAIRS, COMMUNICATIONS AND MARKETING	SEBASTIÁN MOCORREA

YPF’s internal rules define authorization levels for corporate operations, as well as general principles and delegation criteria. However, there is a number of matters, such as the annual budget, strategic plan and consolidated financial statements, which always requires Board approval. Additionally, some operations –including procurement and contracting awards, investments

Currently the YPF’s senior management team integrates the Executive Management Committee. It is a collective body in charge of the ordinary business of the company, and it is formed by the Executive Vice Presidencies of Upstream, Downstream and Gas and Energy; the CFO; and the new Executive Vice Presidencies of Corporate Affairs, Communications and Marketing, and Operations and Transformation, as approved by the Board on Aug. 28, 2017. The Committee reports to the Board of Directors.

and divestments, and new business projects, among others– exceeding certain amount and/or period specified for them requires Board approval. The Financial Executive Vice Presidency and the Executive Vice Presidency of Transformation and Operations –through the Vice Presidencies of Human Resources and Environment, Health and Safety– are in charge of economic, environmental and social issues.

REMUNERATION OF THE BOARD OF DIRECTORS AND MANAGEMENT

YPF has a well-defined remuneration policy for Board members and senior management, in accordance with legal and bylaw regulations. The Nomination and Remuneration Committee assesses and sets guidelines for the remuneration paid to the company’s CEO, senior management, and Board members with executive duties.

All remuneration received by the Board of Directors requires approval at the annual shareholders’ meeting, as provided by corporate bylaws and the General Corporations Law 19550. Such remuneration is determined by the Shareholders’ meeting on the basis of financial and economic results for the relevant fiscal year and pursuant to section 261 of the General Corporations Law 19550, Comisión Nacional de Valores (CNV) rules and other legal requirements.

SELECTION AND NOMINATION OF BOARD MEMBERS

The process for nomination of Board members is conducted at the shareholders’ meeting in

accordance with the Bylaws, the General Corporations Law 19950 and other applicable provisions in force. Directors are appointed by a majority vote of each class of shares. At Class D special shareholders’ meetings called for the nomination of directors, election may be determined by cumulative voting, pursuant to section 263 of Act 19550. Under the Bylaws, the Argentine government, as the sole holder of Class A shares, is entitled to appoint one director and one alternate director for these shares.

All directors are selected on the basis of criteria that will ensure the candidates’ adequacy and expertise. Shareholders intend that the candidates selected are of high solvency, competence and experience, from a variety of public and private business sectors. All rules and regulations applicable to business organizations subject to private law are taken into consideration.

As regards independence criteria, the Board of Directors currently consists of fourteen independent members and one director who is not independent, according to CNV rules. Today, 93% of Board directors are independent, following the nominations made at the General Shareholders’ Meeting of April 28, 2017.

MANAGEMENT OF CONFLICTS OF INTEREST

Apart from complying with current laws and regulations, YPF has in place specific procedures for conflict of interest resolution in its Code of Ethics and Conduct.

There is an internal procedure on “Conflicts of Interest” that defines how to handle inquiries and/or complaints on this issue; and a procedure specific to the Audit Committee for handling conflict of interests complaints within the Board of Directors.

As regards transactions between related parties, before the company may perform and act or enter into a contract involving a significant amount with one or more related parties, it must obtain approval from the Board and an opinion –prior to Board approval– from its Audit Committee or from two independent valuation firms stating that the terms of the transaction are fair and on an arm’s-length basis. The acts or contracts referred to above must be disclosed to the CNV (YPF’s supervisory body) immediately after being approved by the Board of Directors.

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

The shareholders acting at an ordinary meeting have the power to evaluate the performance of the Board of Directors, in accordance with the Bylaws and the General Corporations Law 19950. The Audit Committee completes an annual self-evaluation of its performance, the results of which are submitted to the Board for consideration.



ETHICS AND TRANSPARENCY

YPF S.A. is a company widely known for the high standards of values and principles it promotes. Ethics is embedded in all its activities, focusing not only on results but also on how they are achieved. YPF S.A. expects integrity across the organization and does not tolerate the accomplishment of goals in violation of laws or ethical principles.

YPF's Corporate Ethical Values are the basic guidelines that should inspire Directors' and Employees' behavior in the performance of

their duties, in compliance with the principles of corporate loyalty, good faith, integrity, respect for the law and ethical values. They also define the rules of conduct that should be observed by all of us in our professional activity.

INTEGRITY:

Keeping an irreproachable behavior coupled with rectitude and honesty. Promoting strict coherence between corporate practices and corporate ethical values.

TRANSPARENCY:

Disclosing true, proven, adequate and faithful information about corporate management and establishing clear internal and external communications.

RESPONSIBILITY:

Assuming responsibilities and acting accordingly, making every effort to achieve corporate goals.

SAFETY:

Providing optimum working conditions in terms of health and safety. Demanding high safety standards for processes, facilities and services, focusing on the protection of employees, contractors, customers and local environment, while conveying this principle to the whole organization.

SUSTAINABILITY:

Contributing to sustainable energy development in its three dimensions -economic, environmental and social- through a responsible and transparent business based on innovation, new technologies and the best practices.

HUMAN RIGHTS:

Respecting human rights is a cornerstone of how we conduct business. YPF is committed to their protection in all aspects of its work.

GENDER EQUALITY:

Ensuring women and men are accorded equal treatment and equal growth opportunities at work. This includes equal work and pay conditions for the same work, as well as equitable access to corporate programs and benefits.*

YPF's Corporate Ethical Values are reflected in its Code of Ethics and Conduct. The company expects all subject persons to conduct themselves in full compliance with the provisions of the Code.

CODE OF ETHICS AND CONDUCT

YPF's current Code of Ethics and Conduct (the "Code of Ethics" or the "Code") was approved by a participatory process including all corporate areas of the company. It is grounded on such core values as Integrity, Transparency, Responsibility, Safety, Sustainability and Human Rights.

The Code of Ethics cannot cover every potential situation that may arise at the workplace. However, it provides basic guidelines relative to acceptable individual or corporate behavior.

It sets forth the values and vision to guide YPF's corporate behavior. Its provisions are applicable to directors and employees, as well as to contractors, subcontractors, suppliers and business partners interacting with YPF.

*New corporate value included in the Code of Ethics in 2017.

All activities undertaken at YPF shall be based on ethical values and basic performance principles that guide our corporate ethical conduct. The Code addresses, among others, the following issues:

- Commitment to ethical standards of business conduct
- Equal opportunities and non-discrimination
- Use and protection of assets
- Conflict of interests
- Gifts, gratuities and business courtesies
- Transparency of information
- Use of privileged information
- Prohibited periods for trading YPF's securities
- Unfair competition and protection of competition
- Anti-bribery and anti-corruption measures

The Code provides for the creation of an Ethics Committee, implementation of an Ethics Line, and the creation of the function of an Ethics and Compliance Officer. The Ethics Line is a system for reporting situations and/or behavior that might constitute an actual or potential breach of the Code, such as irregular practices, fraud or corruption, unethical or illegal behavior, or suspected conflicts of interest involving any subject person.

Its main features are:

- **Confidentiality and anonymity of whistleblower:** a number of measures have been implemented to maintain a reporting party's anonymity. The internal reporting process is confidential, involving only the areas and/or persons strictly relevant to the investigation at hand.
- **Services by impartial and independent third-party:** according to business ethics best practices, reception and preliminary evaluation of reports is conducted by external and independent professional third-parties.
- **Non-retaliation:** YPF encourages use of the Ethics Line, ensuring that the principle of non-retaliation will be applied in order to protect the employment and/or contractual relationship of those reporting suspicious activities in good faith.

In addition, to strengthen corporate transparency, a mechanism –required by the Sarbanes-Oxley Act– has been implemented to report to YPF's Audit Committee any complaints about potentially irregular practices associated with the organization's accounting and auditing matters, as well as with internal control over financial reporting (Whistleblower Line).

Both, the Audit and Ethics Committees are jointly responsible for investigating complaints or allegations of a breach of the Code of Ethics according to their respective operational scope. Also, the annual internal audit plan provides for devices to detect and control situations that may fall within the scope of the Code.

The Code of Ethics has been effectively distributed to all subject persons, who have duly signed a document (attached to their record and included in their personal training file). To help them understand and uphold the Code of Ethics, YPF provides training courses. Since the release of the new version of the Code, the company has been giving on-site courses (with theoretical and practical components) to a large number of employees and suppliers.

CODE OF ETHICS- ITS ROUTE



*The Code of Ethics was communicated in person at these sites and by video conference to other oil fields (Malargüe, Vizcacheras, Catriel, Turbo, Expander, Plaza Huincul, etc.)



Additionally a module on the Code of Ethics has also been included in the Business Management Program, offered every year to high-potential middle and top management.

In addition, Young Professionals who wish to join the company complete an entry course that includes training on expected principles and values that should guide their behavior in the company, pursuant to the Code of Ethics and Conduct.

All cases discussed in corporate training programs are customized to different audiences, with topics and scenarios specific to each area.

When launching the Code of Ethics in controlled companies (OPESSA, Y-TEC and AESA, among others), relevant training was provided to all their employees. In the case of OPESSA, for example, more than 170 of its station supervisors received in-person training in Mendoza, San Luis, Mar del Plata, the Province and City of Buenos Aires, and Córdoba in 2016. They, in turn, were able to train more than 4,000 employees in different service stations across the country. A copy of the Code of Ethics was handed out to each employee along with a three-page leaflet so as to adequately communicate corporate principles and values.

In 2016 YPF's suppliers also received training on the Code of Ethics in corporate offices located in Neuquén, Mendoza, Comodoro Rivadavia, Buenos Aires and Tierra del Fuego. It is important to highlight that the Code must be accepted by all contractors and suppliers; and YPF has the right to terminate any agreement entered into with such parties for non-compliance with the company's ethical standards.

A mandatory e-learning course on problem solving has been launched for corporate staff. Candidates who do not attain the set passing mark will have to complete the course again until they pass.

Additionally, an e-learning course is currently being designed that is targeted to contractors and suppliers.

All ethics information and communication channels are available in YPF's Ethical Space, which is placed in a prominent place on the company's intranet site. Employees may access it to look up information and log in to the Ethics Line to report any conduct contrary to the Code.

RISK MANAGEMENT

The Board of Directors approves policies on risk management and control, and supervises their implementation through the Audit Committee, the Risk and Sustainability Committee, and the Internal Audit Department. These policies are constantly under review to reflect current best practices.

The company has developed several functions and responsibilities which, coupled with internal control systems in place, contribute to ensure, to a reliable degree, compliance with current laws and regulations, reliability of financial information, and efficient and effective operations.

The Audit Committee periodically reviews the Company's financial and economic information, and oversees internal financial control systems and independence of external auditors.

The Board regularly evaluates the main topics of the company, including economic, environmental and social matters, and their associated impacts, risks and opportunities. One of its duties includes reviewing information on these issues that is required to be included in financial statements, Forms 20-F, proposals to shareholders (prior to each Meeting), the Code of Corporate Governance and the Sustainability Report, among others.



With respect to issues of concern for the company, the vice president of the area where the event or incident in question has taken place should report it to the Chairman of the Board and/or the Audit Committee and/or the relevant Committee, according to the issue involved. If applicable, the issue should be included on the agenda of the Board of Directors' meetings; or an extraordinary meeting should be convened to address the issue.

The Board addresses, among others, the following important matters: investment and divestment agreements, changes in top

management and Board structure, mergers, related party transactions, notices of shareholders' meetings, proposals to shareholders, and other matters that the Board is under a legal duty to consider. Moreover, issues that may have an impact on the trading value of YPF's securities are reported to CNV, shareholders, stock exchanges and securities markets and the market at large.

For more information on economic, business opportunity and risk topics including climate change, please see Form 20-F.

PARTNERSHIPS FOR DEVELOPMENT

We have implemented programs and projects for sustainable development through partnerships with the public and private sector. The following were implemented in 2016:

ORGANIZATION	ACTIVITIES
United Nations Global Compact -Argentine Network	Commitment to the UN Global Compact and its Ten Principles on Human Rights, Labor Rights, the Environment and the Fight against Corruption, in the context of the 2030 Global Agenda for Sustainable Development.
Corporate Social Responsibility Funds	Together with our operating partners, and in accordance with current provincial legislation, we have set up corporate social responsibility and sustainable development funds for various provinces where the company operates.
Agreement with IADB for Sustainable City Development	YPF S.A. and YPF Foundation, along with the Inter-American Development Bank, and federal, provincial and municipal authorities, have undertaken to design and implement sustainable development plans for cities of operational importance to the company, such as Añelo (Neuquén), Las Heras (Santa Cruz), Allen (Río Negro), and Malargüe (Mendoza).
Partnership with the Ministry of Labor to implement an employability training program	We have entered into a new agreement with Argentina's Ministry of Labor, Employment and Social Security to continue with YPF Foundation's Trades Education and Training Program, designed to provide professional training and improve employability.
Partnership with the Ministry of Energy and Mining	YPF Foundation, along with Argentina's Ministry of Energy and Mining, and San Andrés University, has launched the Energy and Environmental Education Program targeted to teachers and education leaders across Argentina.

AWARDS AND ACKNOWLEDGEMENTS

- Fortuna Award: “Largest Company in Argentina” (in terms of turnover).
- Latin Finance Awards – Deals of the Year: “Quasi - Sovereign Bond of the Year - YPF 300m Swiss Franc Bond Sale”.
- 2016 Obrar Awards - Category “Large Enterprises”: Advertising campaign “Aces at the Wheel”.
- Martín Fierro Nominee – Category “Best Commercial”: INFINIA DIÉSEL.
- IAPG (Argentine Oil and Gas Institute) gave AESA the 2016 Occupational Health, Safety and Environment Award in the category “Construction and Engineering” for its manufacturing, construction and engineering business units.
- The Argentine Safety Institute (Instituto Argentino de Seguridad) and international corporation 3M gave La Plata Industrial Complex an important award in the category “Work Safety” for its performance in preventing and reducing work-related accidents and diseases.
- The Argentine Advertising Council gave YPF’s commercials “Observe speed limits” and “Keep your eyes on the road” -from the road safety campaign “Aces at the Wheel”- the 2016 Obrar Award in the category “Large Enterprises” for Best commercial in Public Assets.
- You and Energy: this educational project was recognized by Koln International School of Design as one of the best three visual communication projects in Argentina in the last 10 years. It was exhibited in Koln, Germany, and selected for Madrid Ibero-American Biennial of Design.
- The Trades Education and Training Program, jointly carried out since 2013 by YPF S.A., YPF Foundation and Argentina’s Ministry of Labor, Employment and Social Security, won the second place “Towards a Company with a Human Face” 2016 Enrique Shaw – ACDE Award.

LEADER



02 COMMITMENT TO SUSTAINABILITY

NEW CHALLENGES

The hydrocarbon industry is undergoing a time of profound changes that require reconciling a growing energy demand with new challenges in terms of costs and profitability, diversification of the energy matrix and an increasing concern about climate change.

Amid this context, YPF has started a transformation process to become a comprehensive energy company that can be taken as a beacon for sustainable energy development in Argentina. This vision shapes our commitment to sustainability.

We are working hard to be a comprehensive, profitable and competitive company, committed to generating value for our shareholders, customers, employees, suppliers, the communities where we operate, and our country.

We aim to contribute towards sustainable energy development in its three dimensions –economic, environmental and social–, through a responsible and transparent business, based on innovation, new technologies and the best practices.

In 2016, YPF renewed its commitment to the UN Global Compact and its Ten Principles on Human Rights, Labor Rights, the Environment and the Fight against Corruption. YPF also remained as a Board member of the Argentine Network until the end of 2017.

In 2016, we carried on the exploratory process on the role that the company can play to contribute towards the Sustainable Development Goals established in 2015 by the UN as the core of the 2030 Global Agenda for Sustainable Development. These Goals were ratified by Argentina, and YPF is determined to find the best ways of working towards achieving them. We have some initiatives well under way that are in line with these Goals and are described in this Report. This process will continue for the next few years.



**YPF HAS BEEN
A MEMBER OF
THE UNITED
NATIONS
GLOBAL
COMPACT
SINCE 2007,
AND WAS A
BOARD MEMBER
OF THE
ARGENTINE
NETWORK
FROM 2016-2017**



HUMAN RIGHTS

The company operates within a framework of recognition and respect for human rights, in compliance with current regulations in Argentina. It even goes beyond existing standards on working conditions, occupational health and safety, trade unions and the right to collective bargaining, diversity and equal employment opportunity, as well as on respect for the communities where the company operates. In this regard, we are committed to conducting our business in a way consistent with the Ten Principles of the UN Global Compact that the company signed.

Direct dialogue coupled with other current management mechanisms facilitates constant communication and detection of situations where people may be at heightened risk of becoming vulnerable or marginalized. The company's Code of Ethics and Conduct, applicable to partners and suppliers, establishes not only

that "respect for Human Rights is a fundamental value underlying YPF's operations – a value which is safeguarded by the company within its field of action-", but also defines specific situations involving equal employment opportunities and non-discrimination policy.

This Report includes topics related to human rights, particularly in the following chapters: Environmental Management and Safety, Our People, and Community. In addition, there are specific segments on human rights and safety, labor relations, engagement with indigenous communities, and impact on key communities.

Concerning the preventive approach to respect for human rights, in 2016, YPF took part in a pilot project on Human Rights Risk Assessment conducted jointly by the Argentine Business Council for Sustainable Development and consulting firm Deloitte.

SUSTAINABILITY TOPICS IN 2016

At YPF we believe that the best way to create value for our stakeholders is by understanding their concerns and expectations while keeping an ongoing dialogue with them.

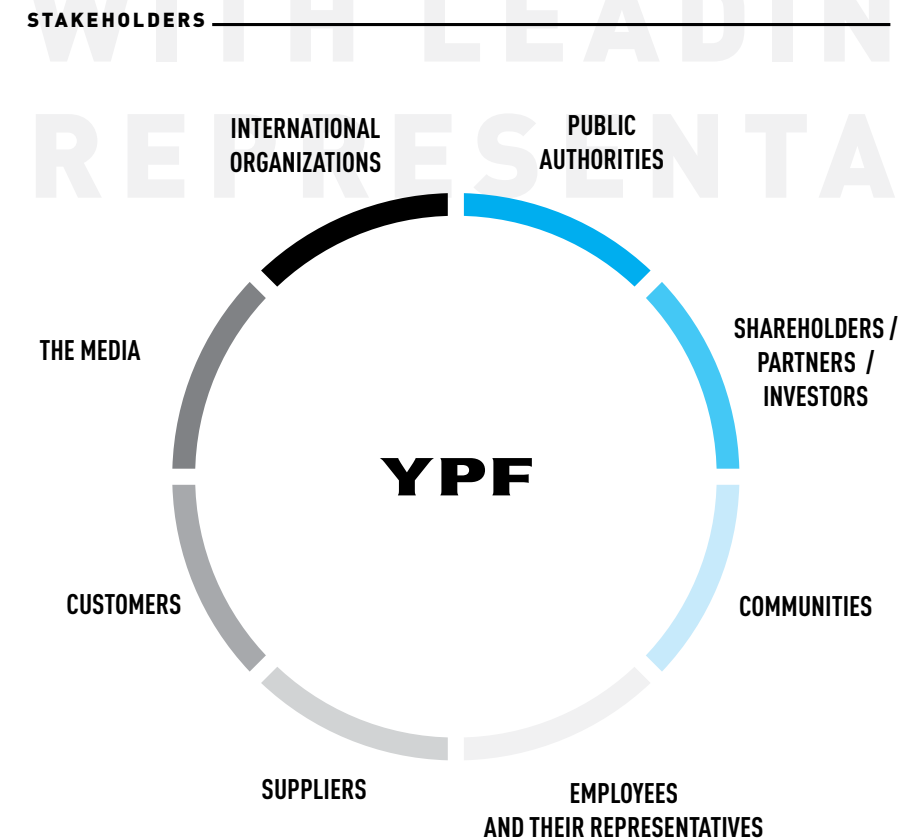
Our stakeholders include all individuals and organizations that are linked to the company in its role as energy producer and supplier, employer or partner. In this sense, our aim is to create long-term, transparent and mutually beneficial relationships with them.

We have defined and developed the contents of this Report by taking into account those internal and external groups. Their opinions and suggestions were collected in several dialogue instances, through different corporate communication channels, and by analyzing public opinion surveys, and reputation and brand positioning research, among others.

When preparing the Sustainability Report 2016, we decided to strengthen this process through direct dialogue in meetings with leading representatives of these stakeholder groups. These meetings –which included corporate Board members and employees, representatives of government and academic entities, sustainability experts, the media, peers in the industry and in leading Argentine companies, and representatives of international organizations–, were designed to analyze and prioritize the most relevant topics towards a culture of responsible business in the sector and across the company. The objectives of the meetings were:

- To open a discussion forum to address the role of YPF’s sustainable management, asking a wide cross-section of people to participate.
- To obtain feedback on the company’s Sustainability Report 2015.
- To carry out a survey of expectations about the future of both the company and the energy industry.

DIRECT DIALOGUE WITH LEADING REPRESENTATIVES



MATERIAL TOPICS

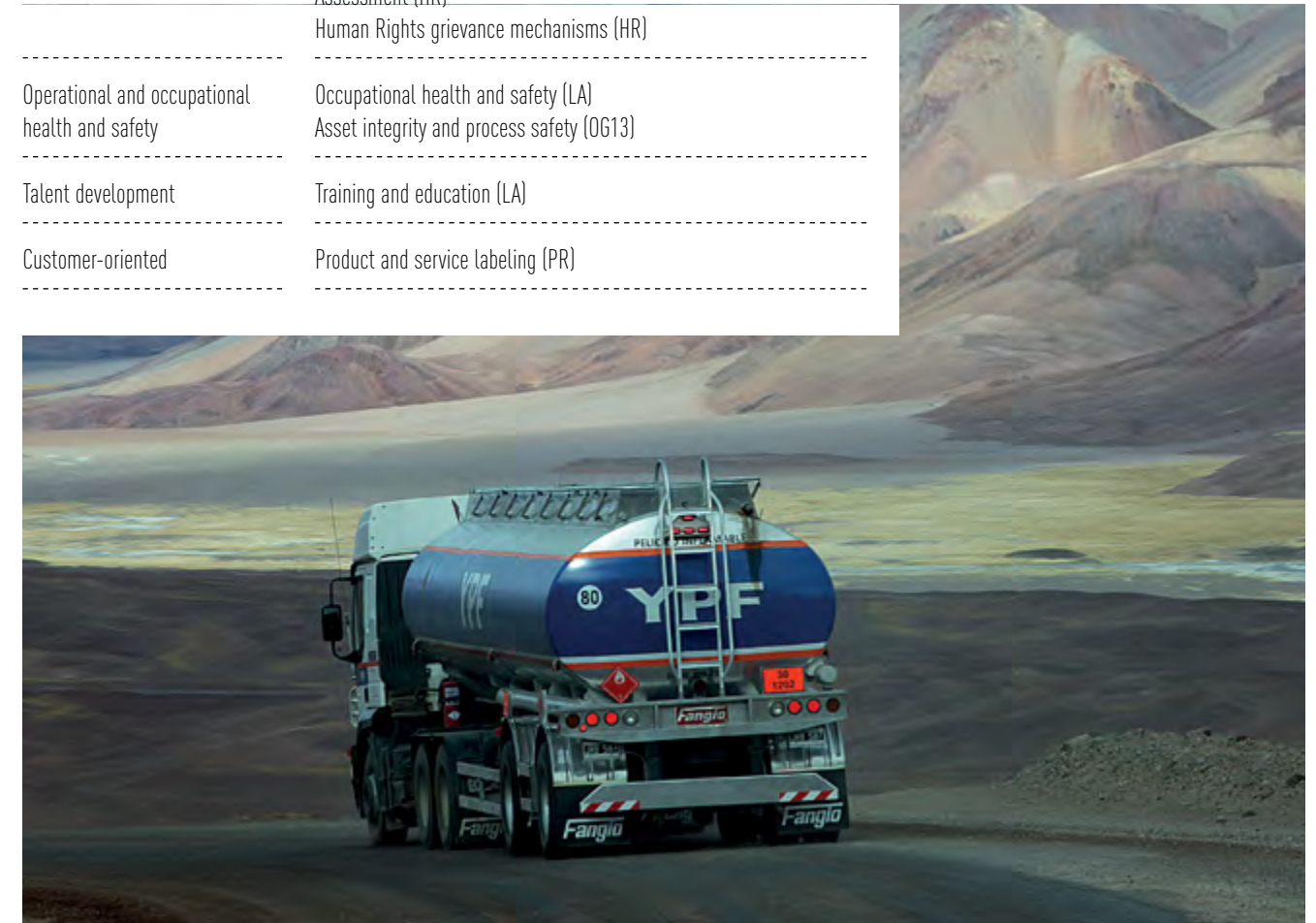
ECONOMIC	ENVIRONMENTAL AND SAFETY	SOCIAL
<ul style="list-style-type: none"> → Profitable, competitive and responsible business → Comprehensive company in the energy, petrochemical, and related services sector → Value chain → Innovation and technology → Customer-oriented business → Transparency, ethics and integrity 	<ul style="list-style-type: none"> → Climate change → Occupational health and safety → Environmental management → Renewable energies 	<ul style="list-style-type: none"> → Human rights → Local economic and social development → Talent development → Quality-employment creation

TOPICS FOR A RESPONSIBLE BUSINESS

MATERIAL TOPICS LINKED TO GRI G4 - GLOBAL REPORTING INITIATIVE ASPECTS

MATERIAL TOPICS	LINK TO GRI G4
Comprehensive energy company	Management approach
Profitable, competitive and responsible business	Economic development (EC) Reserves (EC OG1) Fossil fuel substitutes (PRPG14)
Climate change	Emissions (EN) Energy (EN)
Environmental management	Products and services (EN) Water (EN) Biodiversity (EN) Effluents and waste (EN)
Local economic and social development	Economic development (EC) Procurement practices (EC) Indirect economic impacts (EC) Local communities (SO-OG10/11) Involuntary resettlement (SO-OG12) Rights of Indigenous Peoples (HR-OG9)
Transparency, ethics and integrity	Regulatory compliance (EN) Labor practices grievance mechanisms (LA) Fight against corruption (SO) Public policy (SO) Unfair competition practices (SO) Regulatory compliance (SO) Environmental grievance mechanisms (EN)
Innovation and technology	Energy (EN-OG2/3)
Value chain	Supplier assessment for labor practices (LA) Supplier environmental assessment (EN) Supplier Human Rights assessment (HR)

MATERIAL TOPICS	LINK TO GRI G4
Quality-employment creation	Freedom of association and collective bargaining (HR) Diversity and equal opportunity (LA) Relationships between workers and management (LA) Employment (LA)
Human Rights	Investment agreements and contracts (HR) Non-discrimination policy (HR) Freedom of association and collective bargaining (HR) Child labor (HR) Forced labor (HR) Safety measures (HR) Assessment (HR) Human Rights grievance mechanisms (HR)
Operational and occupational health and safety	Occupational health and safety (LA) Asset integrity and process safety (OG13)
Talent development	Training and education (LA)
Customer-oriented	Product and service labeling (PR)



ABOUT THIS REPORT

The Sustainability Report 2016 has been prepared in compliance with the G4 Guidelines of the Global Reporting Initiative–GRI, including its Oil and Gas Sector Supplement.

The report is published on a yearly basis, covering the period from January 1st, 2016 to December 31st, 2016. It deals with YPF S.A.'s operations and, in the area of human resources, it also includes indicators from controlled companies. The Community chapter describes all the actions taken by the company along with YPF Foundation.

We have identified neither significant changes in the scope of the Report 2016 nor major effects from reformulating data of previous years. There have been no significant modifications to the structure, shareholdings or supply chain of the organization. The last Report was released in 2015.

This publication includes a table of contents that shows its main topics. It was submitted to an analytical review process by Deloitte & CO S.A. which entailed examining the identification process of material aspects, the applicability of GRI and Global Compact Principles, as well as the location of improvement opportunities.

If you have any questions about the contents of this Report, please contact us at:

ypf@ypf.com



THE CONTENTS OF THIS REPORT HAVE BEEN DEFINED AND DEVELOPED TAKING INTO ACCOUNT THE EXPECTATIONS OF **YPF STAKEHOLDER GROUPS.**

COMMITMENT



03 OUR PEOPLE

TEAMWORK

At YPF we make collaborative efforts between the organization and the people to carry out our mission to produce and supply energy.

The company's top priorities are respect for human rights, and compliance with and enhancement of current rules in terms of standards on decent work, working conditions, safety and health stewardship, labor union membership and the right to collective bargaining, as well as diversity and equal opportunity.

YPF's Code of Ethics and Conduct specifically sets forth equal opportunity and non-discrimination policy. One of the rules included in the Code provides that directors and employees will treat each other with respect, and promote a comfortable, healthy and safe environment. It also provides that they will refrain from offensive behavior or discrimination, and will not engage in harassment, abuse of authority, threats, pressure, psychological harassment, or any other insulting, aggressive and hostile behavior.

These commitments are reflected in the management system, initiatives and specific programs. In addition, all employees have an Ethics Line available as a labor practices grievance mechanism.

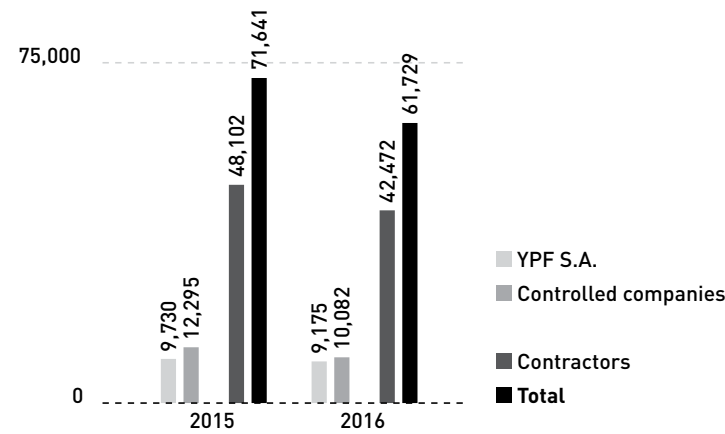
In 2016, as part of our adaptation efforts, and to remain competitive in the industry scenario described above, we implemented a program to improve our organizational efficiency. Within this framework, the numbers of YPF's own staff and contractors' staff recorded almost a combined 14% decrease against 2015. As for own staff at companies belonging to YPF Group (YPF S.A. and its controlled companies), the total number of new employees' registered in 2016 amounted to 1,917 people (including

11% women), while in 2015 there were 3,743 people, with an external recruitment rate of 9% and 17% for the respective years 2016 and 2015.

Our commitment is to work towards the company's economic sustainability, relying on an ongoing dialogue and the Management's collaborative relationship with employees' and labor unions' representatives, under a common scheme including the regulatory authority.

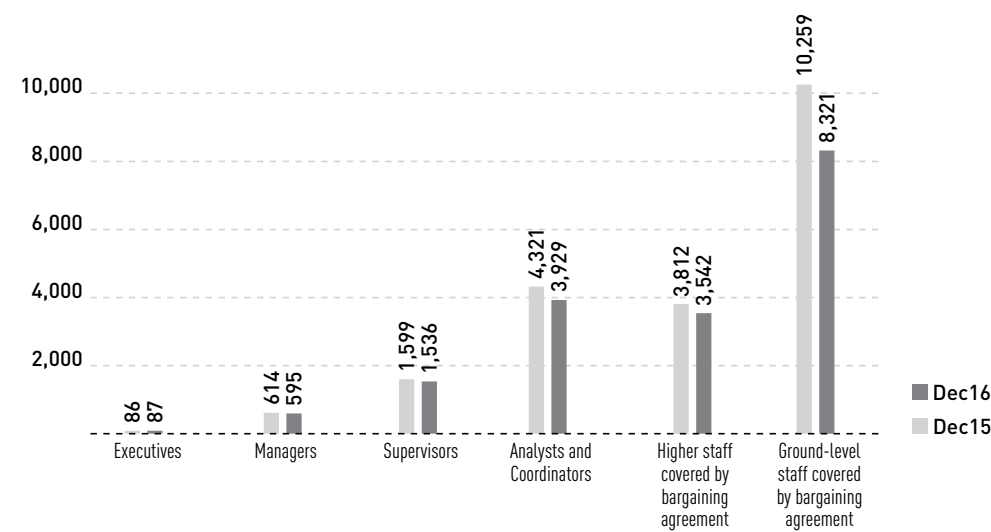
PEOPLE EMPLOYED

DATA ON PEOPLE EMPLOYED



96% of the employment contracts for employees at YPF S.A. and controlled companies are contracts of indefinite duration.

STAFF DISTRIBUTION BY GRADE LEVEL



*Details for MetroGAS, AESA Countries and YPF Holdings not included.

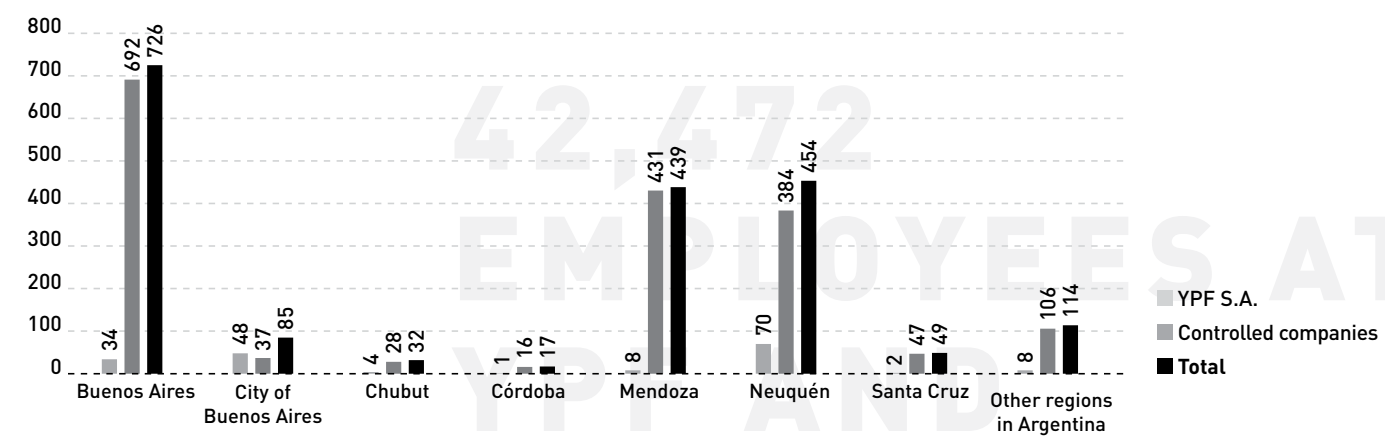


PEOPLE EMPLOYED IN 2016 BY GEOGRAPHICAL LOCATION*

Geographical Location	EMPLOYEES %
TUCUMÁN	0.58
CÓRDOBA	1.98
MENDOZA	15.24
NEUQUÉN	24.51
SANTA CRUZ	12.23
SANTA FE	1.76
CITY OF BUENOS AIRES	7.93
BUENOS AIRES	22.48
RÍO NEGRO	1.92
CHUBUT	7.53
OTHER REGIONS IN ARGENTINA	3.66
OTHER COUNTRIES	0.18

* Staff at YPF S.A., controlled companies and contractors. Details for MetroGAS, AESA Countries and YPF Holdings not included

AGGREGATE REGISTRATION OF NEW EMPLOYEES IN 2016 BY PROVINCE

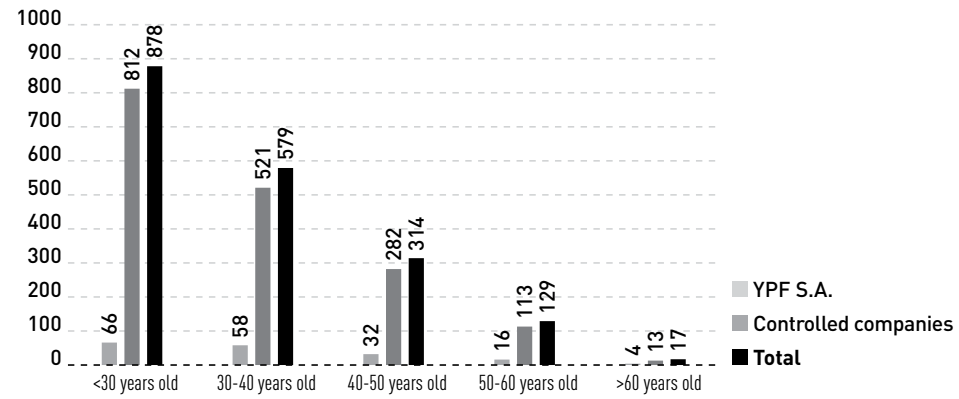


* Details for MetroGAS, AESA Countries and YPF Holdings not included.

42,472 EMPLOYEES AT YPF AND CONTROLLED COMPANIES

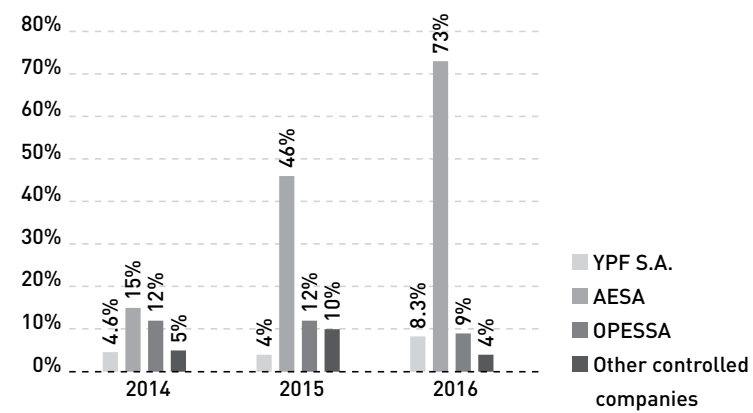


AGGREGATE REGISTRATION OF NEW EMPLOYEES BY AGE GROUP 2016



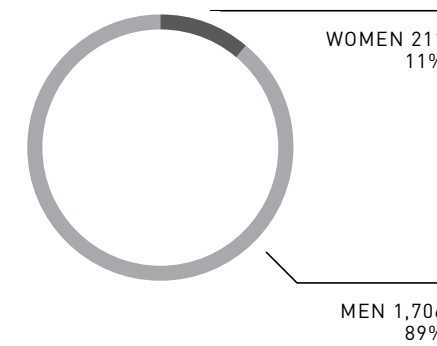
*Details for MetroGAS, AESA Countries and YPF Holdings not included.

TOTAL JOB ROTATION RATE

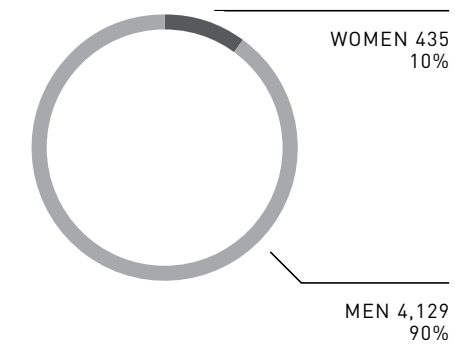


*Details for MetroGAS, AESA Countries and YPF Holdings not included.

REGISTRATION OF NEW EMPLOYEES BY GENDER 2016
YPF GROUP REGISTRATION OF NEW EMPLOYEES



EMPLOYMENT DEREGISTRATION BY GENDER 1ST HALF 2016
YPF GROUP DEREGISTRATION



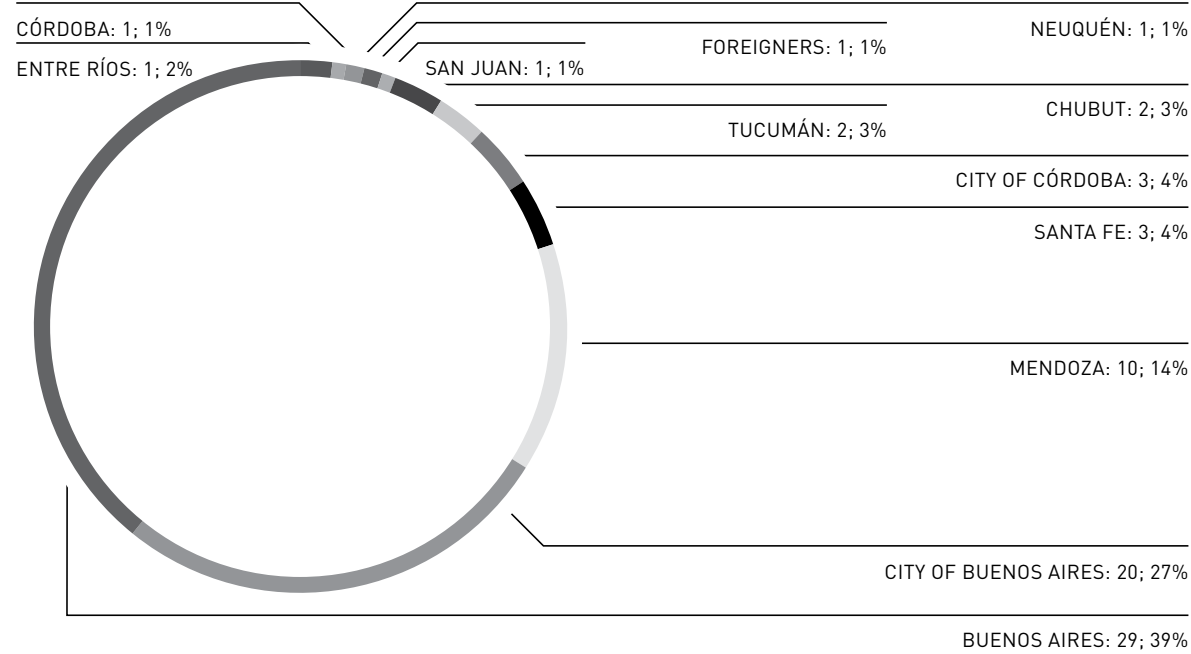
DIVERSITY AND INCLUSION

YPF is a company that operates all across Argentina and is fully committed to promoting diversity. We understand that diversity entails different and new ways of thinking. It helps us to attract, develop and retain the best talents, while being essential for the company's successful and sustainable evolution.

As regards non-discrimination policies, for YPF, each employee's professional growth is closely related to their comprehensive development as a person. For this reason, the company promotes employee training by fostering an atmosphere where equal employment opportunity is guaranteed to each and everyone. Promotion is based on merit, ability and performance of professional tasks. We encourage respectful treatment among the company's employees, promoting a comfortable, healthy and safe environment, while refraining from any kind of offensive behavior or discrimination on the grounds of race, religious beliefs, political opinions, trade union membership, nationality, language, gender, condition, age, disability, or any other personal characteristic.

With respect to diversity of origin, it is reflected in the staff and executive officer composition. Ninety-nine percent of the executive positions are held by people born in 11 different provinces across Argentina.

EXECUTIVE OFFICERS BY PROVINCE



RECRUITMENT AND SELECTION

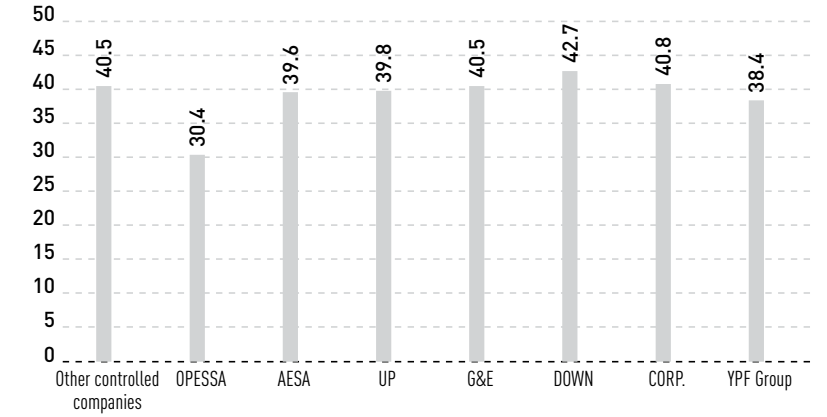
Recruitment seminars are also organized at universities in different provinces across Argentina.



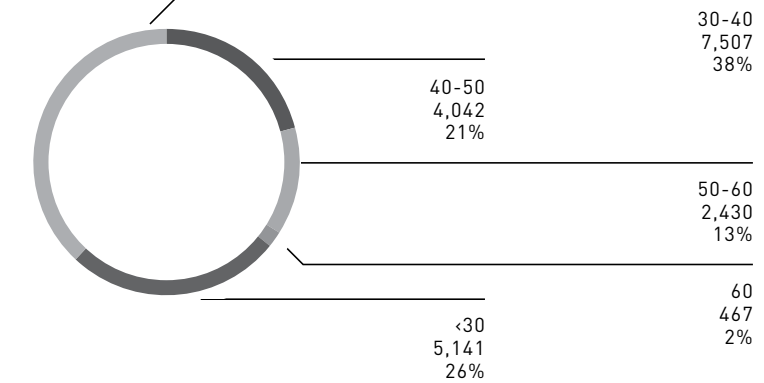
RECRUITMENT SEMINARS AT UNIVERSITIES

Province	University	Participants	Preselected
1 UNSA	Geosciences	29	4
	Drilling	19	-
	Engineering	27	9
2 UNSJ	Geosciences	49	8
	Engineering	24	-
3 UNCOMA	Geosciences	30	6
	Engineering	67	8
4 I. Balseiro	Geosciences	8	4
	Engineering	67	8
5 UNL	Geosciences	37	11
	Engineering	2	-
6 UNC	Geosciences	55	8
	Engineering	2	-
7 UBA	Geosciences	23	5
	Engineering	27	9
8 UNLP	Geosciences	59	8
	Engineering	24	-
9 UNS	Geosciences	23	7
	Engineering	67	8

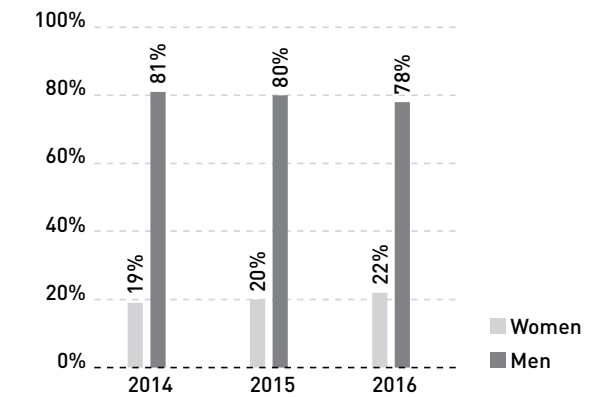
AVERAGE AGE BY BUSINESS



EMPLOYEE DISTRIBUTION 2016 BY AGE RANGE

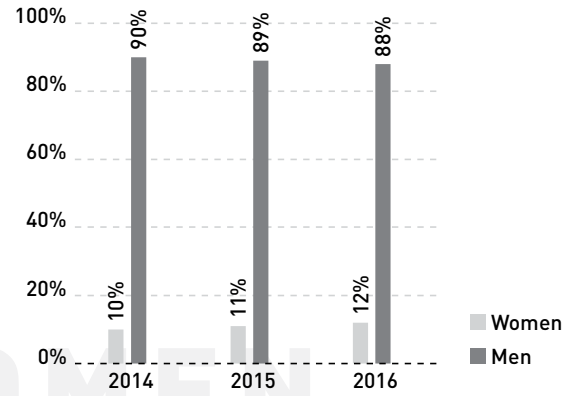


DISTRIBUTION BY GENDER



*Charts for YPF Group only. Details for MetroGAS, AESA Countries and YPF Holdings not included.

FEMALE LEADERSHIP (WOMEN HOLDING MANAGERIAL AND EXECUTIVE POSITIONS)



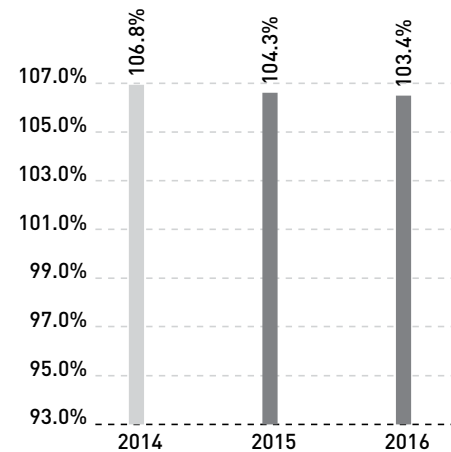
*Charts for YPF Group only. Details for MetroGAS, AESA Countries and YPF Holdings not included.

In 2016 -albeit slightly- the number of women working for YPF Group and holding leading positions continued to grow. This path has just begun, and our company is determined to stay on that track.

As for remuneration levels, our policy is equal pay for equal position, experience and performance. Nonetheless, the company rewards people on the basis of transparent tools that assess merit and performance.

In this sense, at YPF the pay gap between men and women is narrower than that in Argentina's marketplace. It has effectively shrunk over the last years, and we are committed to keeping this policy.

RELATIONSHIP BETWEEN WAGES FOR MEN AND WOMEN (YPF GROUP, STAFF NOT COVERED BY BARGAINING AGREEMENT, WEIGHTED BY CATEGORY)



As for the relationship between the total annual remuneration earned by the best-paid person in the organization against the average total annual remuneration, the ratio is 21 for YPF S.A. and 27 for YPF Group. In 2016 the percentage remuneration increase for the first item was 17.5 % and for the average, 17.2 %.

The wage for entry-level positions in the organization is more than twice the current minimum wage in Argentina as of Dec. 2016.



MATERNITY - GRADUAL RETURN POLICY

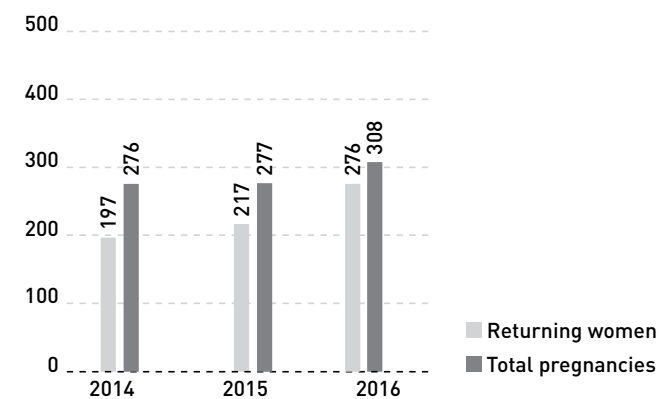
This policy was first implemented in 2016 as a pilot initiative, with some female employees not covered by the relevant bargaining agreement. The benefit includes the following:

- YPF extended maternity leave: 1 month added to maternity leave, as established in Argentina's Employment Contract Act; and
- regular workday reduced to six hours during newborn's first 12 months, with no wage reduction.

MATERNITY

DESCRIPTION	PREGNANCY		NEWBORN'S FIRST YEAR												
	8	9	1	2	3	4	5	6	7	8	9	10	11	12	
STATUTORY MATERNITY LEAVE		•	•	•											
YPF EXTENDED MATERNITY LEAVE					•										
REGULAR WORKDAY REDUCED TO 6 HOURS DURING NEWBORN'S FIRST 12 MONTHS						•	•	•	•	•	•	•	•	•	•

RETURNING TO WORK AFTER MATERNITY LEAVE*



*Details for YPF Group. All 217 women who returned to work in 2015 continued working in 2016.

MORE AND BETTER
INCLUSION OF
YOUNG ADULTS
AND PEOPLE WITH

LABOR INCLUSION

Young Adults with a Future Program

With the aim of improving employability conditions, this program offers qualifying practices for young adults aged 18-24 years from vulnerable sectors. The program targets those who are high school dropouts, or have no accredited professional training or significant work experience. In 2016, 71 young adults from different locations across Argentina entered the program, joining more than 200 participants who had already gone through this experience. The 10-month program is developed in gas stations of YPF's own network.

Apprenticeship Program

YPF's Apprenticeship Program offers young university students across Argentina the chance to engage in training practices for one year (renewable for a further six months), under the supervision of an instructor throughout the program. It provides labor flexibility so that participants can complete their degree. It also gives them insight about the company's several business activities and the possibility of being employed after completion of the program. During 2016, more than 300 participants took part, all of them advanced students from different state-run or private universities under collaboration agreements with YPF. The selection was based on the participants' academic profiles and behavioral aspects.

"I've been an apprentice in the area of Border Exploration (New Basins) for six months now. This is an extremely enriching experience since, for the first time, I can learn from the inside what it's like working in the industry. Needless to say, YPF is a great company to get started, develop your capabilities and grow in the area of your choice."

**EMILIA MÁRQUEZ,
GEOLOGY
APPRENTICE**

"I'm a Geology student at University of Buenos Aires. Since I started my degree, I have always dreamed about the time when I'd be able to apply my knowledge to industry issues. Fortunately, I went to several technical talks and courses closely related to my degree. It's incredible how much I've learnt in these five months as an apprentice. I'm gaining knowledge and/or tools beyond the academic."

**AILEN DIMITROFF,
GEOLOGY
APPRENTICE**

"An apprentice tutorship represents the challenge of transferring -in a relatively short time- as many work experiences as possible to a would-be young professional. At YPF we give apprentices a wide range of tools: new and specific knowledge about oil, practical experience, a job background, flexi-time for university classes and exams, and economic aid. But above all, we help them get acquainted with the industry from the inside, so that they can complete their professional training."

**RICARDO MANONI,
TUTOR, QUALITY
CONTROL SUPERVISOR,
EXPLORATION MANAGEMENT**



Training Program for Employability of People with Disabilities

The aim of this program is to improve employability conditions for people aged 18-45 years with different kinds of disabilities. Breaking the prejudice barrier is the most important lesson for everybody involved in the program. In July 2016 we completed the first edition of this initiative, in collaboration with Argentina's Ministry of Labor, Employment and Social Security. We nominated 300 people and selected 60 candidates in eight provinces. Each one was assigned an instructor, who had previous training at La Usina, an NGO for raising awareness about people with disabilities. The program promotes mutual learning among participants, instructors and welcoming teams. We will be launching the second edition in 2017.



STAFF DEVELOPMENT

At YPF we are committed to people's professional development, encouraging them to share their knowledge and have ongoing training.

This is a key factor for successful business growth, while contributing to inclusive, egalitarian and high-quality education, with learning opportunities available to everybody.

To this end, in 2016 YPF continued investing in training its operational, technical and professional teams.

TRAINING HOUR LOAD

	2014	2015	2016
YPF	353,921	391,287	381,932
CONTROLLED COMPANIES	251,077	162,537	134,117
TOTAL	604,998	553,824	516,049

AVERAGE TRAINING HOUR LOAD PER EMPLOYEE

	2014	2015	2016
YPF	37.61	40.21	41.63
CONTROLLED COMPANIES	19.89	13.22	13.30

TRAINING BY TIME (2016)

	HOURS	%
TECHNICAL	179,030	47%
QESH	70,111	18%
MANAGEMENT	132,701	35%
TOTAL	381,842	100%



Training was offered through different methods (external, in-house classroom and in-house web-based) that were useful in reaching large numbers of people irrespective of their geographical location.

As regards performance assessment, 83% of the company's own employees were subject to regular performance assessment. Of those assessed, 25.5% were women; 85%, analysts and coordinators; 10%, supervisors; 4%, managers and 0.6%, executive officers.

TUTOR PROGRAMS

YPF's employees voluntarily supervise university students who have an academic scholarship awarded by YPF Foundation. From a human resources view, this fosters an early contact with candidates eligible for apprenticeships or programs for new professionals. At the same time, it is useful to capitalize on tutors' experience as an action for development.

The program is jointly coordinated by YPF Foundation and Integrar Foundation. During 2016, we launched the second edition of this program with 50 working pairs.

SCHOOL OF LEADERS AND TEDxYPF

During 2016, we resumed two projects that started in 2015: the School of Leaders and TEDxYPF. The School of Leaders, focused on strengthening leadership culture, was attended by 301 people, who took part in several educational modules, including, among others, workshops on diversity.

TEDxYPF has been conceived as a forum to share experiences among people from different divisions in the company. It was re-launched at Y-TEC's conference hall in the City of Berisso (Province of Buenos Aires). Fifty-five ideas from 14 cities were presented, with eight selected speakers sharing their views and two TED.com talks before an audience of 190.

#ENRED COMMUNICATION

This internal social network is used for releasing training contents -such as tutorials-, forming communities, and developing contents in a collaborative way. It is also a helpful tool for employees' learning and development. In 2016 new communities were created on #EnRed: Human Resources, Purchases and Contracts, Gas & Energy, and Environment, Health and Safety (EHS).

#ENRED IN NUMBERS:

5
Institutional Zones

4
Regional Zones

3
Corporate Zones

+12,400
logged users

+7,600
trained users

+80
trained moderators

+180,000
visits to zones and groups

+250,000
contents seen by users

+25,000
shared contents

PROFESSIONAL
TRAINING
FOR
EMPLOYEES

EMPLOYEE BENEFITS

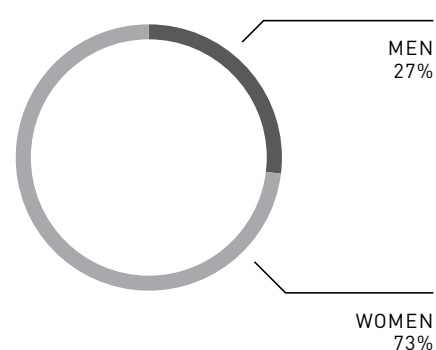
YPF aims to become one of the most attractive employers for talents in the marketplace. It offers its employees benefits that improve their quality of life in the workplace.

Telework is a management tool targeted at those with high levels of autonomy and commitment who, at some point of their personal lifetime and/or professional career, need to work from their homes 1-3 days a week.

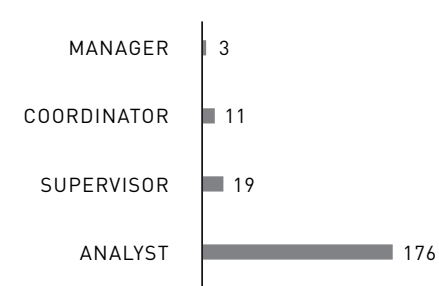
In 2016, telework was implemented for 209 people, 73% of whom were women, with an increase in men participation from 21%-27% compared to the previous year.

TELEWORK

BY GENDER



BY POSITION



In 2016, a quantitative study was conducted to measure the impact of this tool through a survey of 153 supervisors, assessing the level of job knowledge and appraisal of this practice.

- 15% had been teleworking for more than 5 years.
- 13% had been providing services from 2-5 years through a telework arrangement
- 23% of teleworkers improved their performance, while only 18% lowered their performance.

In 2016, we added a new practice called “Remote Work”, which allows employees to perform their duties at home when particular or extraordinary situations arise. This initiative was further extended to include 825 employees.

Considering the value of integration and the balance between personal and professional life, YPF has carried out several initiatives addressed to employees’ children. One of them is awarding children a scholarship to make sure they have access to industry-related training. In 2016, we granted 230

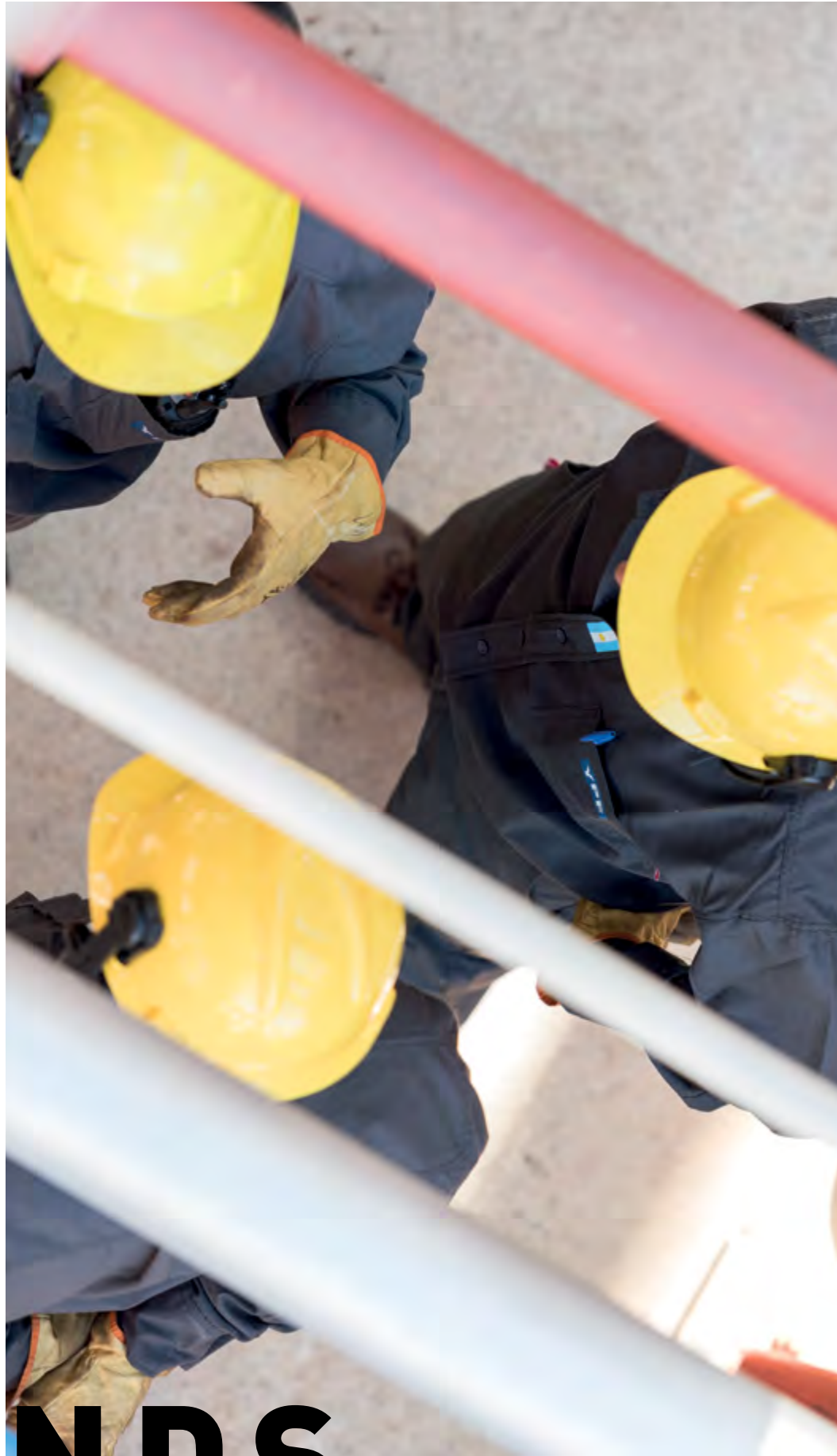
scholarships, 100 of which were for undergraduate and associate degrees, while 130 for post-high school programs.

Another initiative involves celebrating Family Day during winter break. Its main objective is for children to have fun and learn from playing games in their parents’ workplace.

During 2016, corporate workshops covered topics such as sustainability, energy consumption and environmental stewardship. They included 10 seminars attended by 1,200 children under 12 and 850 adults. For older children, we organized a series of educational visits to the refinery in the City of La Plata and YPF’s project “A Space for Energy”.

Another valuable benefit is the company’s pension plan. Any employee who decides to join it will pay between 3% and 10% from their monthly remuneration; and the organization will contribute an equal amount.

BETTER QUALITY OF LIFE IN THE WORKPLACE



BONDS

EMPLOYEES' REPRESENTATION

At present, employees under collective bargaining agreements, who are employed directly by YPF S.A. or indirectly by contractors, carry out essential tasks for the company's business on a daily basis. These tasks range from upstream well drilling and oil production to downstream industrial installation, storage, transport, shipment and sale. At YPF, we consider that a solid and responsible relationship with labor unions or other related associations is crucial for developing the business. To this end, employees have a director representing the union sector in the corporate Board. We also have a Labor Relations Policy and a specific area that articulates the relationship between employees, labor unions or representatives of related associations and working conditions.

YPF employees and contractors' employees provide their services subject to the current labor laws and the regulations contained in collective bargaining agreements. Forty-five percent of the employees at YPF S.A. are represented by the Labor Union of Oil and Hydrocarbons (SUPeH), which is responsible for negotiating bargaining agreements and wages applicable to employees working for YPF and OPESSA. Applicable health and safety standards are set forth in the Collective Bargaining Agreement 1261/12 "E" issued by SUPeH, which is available at www.federacionsupeh.org.ar

Among other purposes, this Collective Agreement -entered into with SUPeH and in force since 2012- allows the company to adopt agreed criteria on employees' labor issues and family-work life balance, enhancing the provisions in Argentina's current legislation. It is also a useful regulatory framework for collective bargaining negotiations every year.

Under the provisions contained in this collective agreement, companies undertake full responsibility for health and safety in the workplace, in accordance with current legislation. Employees should be aware of environmental health, social diseases, accident rates and safety measures. They should also perform their tasks in healthy and risk-free settings. For its part, the company has undertaken major projects that made it necessary to create an ad hoc Safety Committee.

As for contractors, they are represented by sixteen labor unions. Fifty-five percent of contractors' employees -most of them on upstream operations- are represented by nine labor unions.

With respect to Argentina's current Employment Contract Law, it provides that an agreement cannot be terminated by one party without prior notice -ranging from 15 days to 2 months, depending on the employee's years of service-; or, in the absence of a notice, payment of the relevant compensation.

During 2016, labor unions in the oil industry were presented with an addendum to the current Collective Bargaining Agreements (signed by the Labor Union of Private Oil and Gas and the Labor Union of Senior and Professional Personnel of Private Oil and Gas Companies from the Provinces of Neuquén, Río Negro and La Pampa). The long-awaited addendum introduced changes to the regulatory framework for hydrocarbon extraction at the reservoirs in the Neuquén basin. This agreement, signed by the parties in January 2017, is aimed at enhancing project productivity, encouraging investments, and creating genuine jobs.

COMMITMENT TO OCCUPATIONAL HEALTH AND SAFETY

At YPF, occupational health and safety, as well as our commitment to maintaining a healthy workplace environment, are the company's top priorities.

We have a comprehensive health model implemented in an egalitarian and universal way through 53 health units in 10 regions, and an Occupational Health and Safety management team. These resources are focused on reducing or eliminating exposure to risk factors and implementing programs promoting employees' physical and emotional health.

YPF's own staff may be exposed more significantly to physical (basically noise and ergonomics) or to chemical risk factors, especially during industrialization of oil and gas. For this reason, a risk map based on exposure factors is updated on a yearly basis, including specific regular health exams for at-risk staff. The map is prepared by the Occupational Health and Safety Management, validated by the Occupational Health team and submitted to the Occupational Risk Insurer -in charge of performing the exams. In addition, the company has a management scheme to identify dangers, assess risks, and adopt control measures.

Based on the data gathered, we update staff training and instruction, define specific actions and investment plans, and decide an ensuing course of action on disease prevention and health promotion.

Regarding compliance with external and internal regulations, any required control measures are adopted in order to minimize or eliminate employees' exposure to risk. These measures basically consist in providing suitable facilities, safe labor practices, emergency detection and mitigation methods, and personal protection elements and equipment.

Among its control measures, the company has health risk management programs in place, which include measurements, instruction and training of staff, as well as specific health examinations for at-risk staff. A traceability approach also helps us -throughout the life cycle of our facilities- to fulfill our commitments towards EHS Policy.

At the same time, yearly health examinations for all YPF's own employees are compulsory, enabling people's overall health evaluation, detecting prevalence diseases, and implementing the relevant prevention programs. In 2016, the medical exam compliance rate of YPF employees was 90%. These tests supply information on disease prevalence, and serve as guidance to define prevention and health promotion measures.

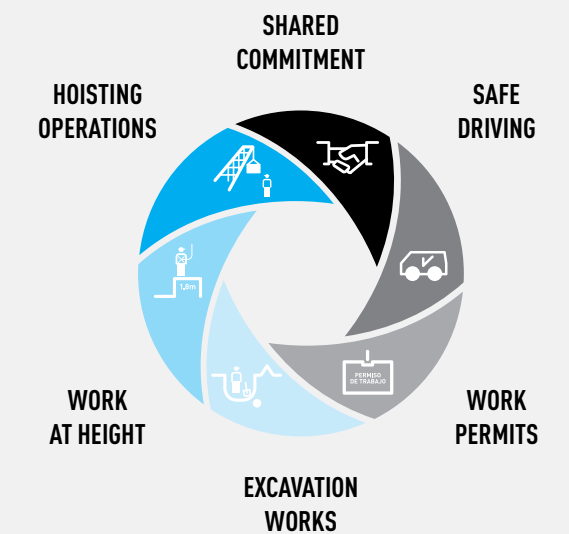
Absences due to non-work-related diseases amounted to 87,563 days in 2016. The absence rate for women is higher than that for men: 3.84 and 1.25, respectively.*

*This rate calculates the number of absence days per year, based on an average 22 working days per month.

The industrial accident rate continued to drop in 2016, with 0.74% compared to 0.91% in 2015. There were no records of fatal accidents. As to accident-related injuries, 45% involved trauma and 55%, hand injuries. An analysis of type of injuries is included in work planning so as to constantly improve health and safety conditions.

During 2016, this model was enhanced with additional actions. They included: 1. implementing the High-Quality Occupational Health Management System; 2. aligning the Health Occupational Management Standard with WHO Rules; 3. establishing health standards to be included in all contracts on the basis of a universal model; 4. designing a Quality Assurance Program jointly with the Argentine University Health Institute (Instituto Nacional Universitario de Salud -INUS), focused on reinforcing the Service Network; and 5. strengthening the management tool for learning, prevention, assistance, and follow-up of employee's health until medical discharge of the patient. In addition, we continued with the digitization of clinical records and documents to favor an adequate and professional management of medical information during 2016. This process had been implemented in 2015 and led to substantial improvements in the service.

The determination to protect employees' physical integrity is reflected in our commitment towards the Six Golden Safety Rules. All labor unions and contractors receive training on the Rules through e-learning platforms or in-house classroom courses (for more information on this topic, refer to Chapter 5, Environment and Safety).



THE 6 GOLDEN RULES

Shared commitment

Your commitment is essential. Commitment means "agreement between both parties", and this is what we need to improve our Quality, Environmental, and Health and Safety management.

Safe driving

You should consider all necessary actions to minimize traffic accidents, and be aware of prevention criteria for road safety, applicable legal requirements, and related corporate internal procedures.

Work permits

Have your work permits processed. This will enable you to manage risks and generate a written document that is a guarantee of safety before rendering services.

Excavation works

Make sure you take risk control measures to prevent trapping accidents or breakage of buried elements during excavation or ditching works. Planning is the solution for this type of operations.

Work at height

You should consider issues such as task planning, implementation of control measures, and use of personal protection equipment.

Hoisting operations

Use adequate equipment and accessories, and know the load to be moved. This will allow you to transport the load in a controlled way, with the level of prevention required for these operations.

HEALTH TRAINING	
TOPICS	PARTICIPANTS IN 2016
CPR	6,850
FIRST-AID ASSISTANCE	6,404
PREVENTION OF PSYCHOACTIVE SUBSTANCE ABUSE	18,726

PHYSICAL AND EMOTIONAL HEALTH PROGRAMS

Our comprehensive health model includes programs aimed at generating and promoting safe and healthy work conditions through different initiatives.

During 2016, we managed to train 6,850 employees in CPR, and 6,404 in first-aid assistance. Besides, we implemented programs for cardiovascular prevention, tobacco cessation, and prevention of psychoactive substance abuse at work (all of them based on registered prevalence).

We continued developing the prevention program for psychoactive substance abuse at work. Beginning in 2014, the program was implemented in agreement with labor unions. Among its goals are preserving people's health, and decreasing the risks of drug and alcohol abuse. From its inception, we have conducted more than 22,600 preventive medical exams in the workplace and organized training courses for more than 29,900 participants.

This program, which targets YPF's own employees and contractors' employees, has managed to reinforce work strategies and has so far detected 170 occasional drug and alcohol users; 44 problematic drug users -with no need for extended leave-, and 25 people with addictions who needed longer leaves depending on their personal situation.

At present, 49 people are under professional follow-up to see how they respond to treatment and progress. Twenty-three of them are on work leave under regular follow-up and supervision.

At the same time, in 2016 we adopted the Emotional Health Standard -which establishes criteria for implementing the Emotional Health Program- and included it in the health system. The program seeks to improve family-work life balance, raise the motivation of employees, increase their productivity, take care of critical and emergency situations, help in risk prevention, and basically ensure protection of employees' integrity.

It is an employee-oriented program that involves:

- Sensitization and psycho-educational activities in topics related to psycho-emotional health, including reflection and support workshops on stress control, mourning, family-work life balance and mindfulness.
- A psychological space for employees, staffed by YPF's professional psychologists.

To this end, we assembled a team of professional psychologists and psychiatrists. It tripled in size in 2016 and now serves in all Occupational Health Services operational regions.

In 2016, the Emotional Health Program, mainly through orientation support and progress follow-up, saw a 37%-decrease in the average number of missed days due to psychopathologies.

At their inception, mindfulness meditation techniques were a novelty, aimed at improving people's quality of life. In November of 2016, we organized two talks with 92 participants and a practical workshop with 30 guests.

A
COMPREHENSIVE
HEALTH
MODEL



AT YPF, RESPECT FOR EMPLOYEES' RIGHTS, OCCUPATIONAL HEALTH AND SAFETY, DIVERSITY AND EQUAL OPPORTUNITY ARE KEY FACTORS IN OUR DAILY WORK.

RESPECT



04 COMMUNITY

CREATING SOCIAL VALUE

YPF is the largest company in Argentina and plays a crucial role within the energy sector, which is key to economic development and competitiveness, as well as to the well-being of the population. The company's activities help, in different ways, to boost the national and provincial economies of Argentina. This includes creation of quality employment and training of human resources, procurement of goods and services, payment of taxes and royalties, and investment in science and technology.

The most significant contributions towards society are related to (1) job generation -more than 19,000 jobs at YPF and more than 42,000 jobs at contractor companies; (2) procurement of goods and services – at both national and regional level; and (3) direct contributions to governments through the payment of taxes and rates, as well as royalties and easements, which totaled more than 22 billion Argentine pesos in the reported period.

SOCIAL SUPPLY MODULES: YPF GOES WHERE OTHERS DON'T

SOCIAL INVESTMENT

YPF makes direct social investments, initiatives and donations; develops programs and provides sponsorship –all of which contribute to building mutually beneficial bonds with local players based on two strategic pillars: education and local development. In 2016, the company's total investment for these items was 141.8 million Argentine pesos. This includes the annual donation (AR\$ 31 million) to YPF Foundation, an entity which makes collaborative efforts with YPF S.A. as a key player in social sustainability. This chapter describes its activities.

More than 43 million Argentine pesos out of the total investment mentioned were allocated to help with life plans for indigenous communities in the areas where the company operates.

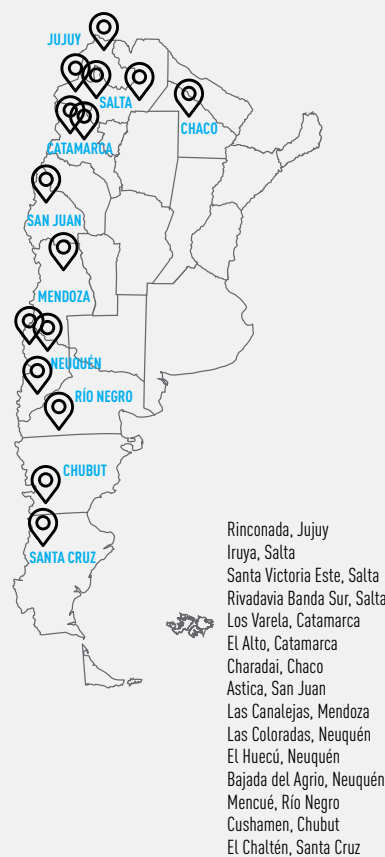
YPF also uses available tax credit instruments at national and provincial level to allocate contributions for cultural, training and learning programs. In this

sense, in 2016 it invested more than AR\$ 34 million in over 60 projects –an amount higher than that of the previous year.

During 2016, YPF continued contributing to CSR and sustainable development funds in Argentina's provinces. Between 2013 and 2016, the company invested in these items more than USD 142 million along with its operating partners*. These funds are created within the framework of current provincial regulations; hence, they are managed by local authorities. YPF S.A. and YPF Foundation have different levels of participation in defining the allocation of funds. These funds are basically used to contribute to the development of communities in such matters as social infrastructure, education, health, environment, culture, science and research.

*The amount stated in the 2015 Report included USD 30 million to be allocated to the historical redress of the Province of Chubut, which are not recorded this year.

Throughout 2016, the company continued operating 15 Social Supply Modules (MAS in Spanish), whose goal is to enable energy access in remote areas of the country by providing quality fuels. These modules are fully designed and developed in Argentina, featuring flexibility, sustainability, operational safety and environmental protection.



INVESTMENTS

MADE (STATED IN AR\$)

	TOTAL 2016	TOTAL 2015
DONATIONS	AR\$ 44,035,803	AR\$ 45,736,520
RELATIONSHIP WITH THE COMMUNITY	AR\$ 54,370,926	AR\$ 72,356,538
INDIGENOUS COMMUNITIES	AR\$ 43,451,093	AR\$ 58,388,895
TOTAL	AR\$ 141,857,822	AR\$ 176,481,953
EDUCATIONAL INITIATIVES AND CULTURAL PROMOTION THROUGH TAX CREDIT	AR\$ 34,134,311	AR\$ 28,662,338



INDIGENOUS COMMUNITIES

YPF operates with full respect for human rights and the culture of indigenous communities and citizens. The company has an open-dialogue policy with inhabitants in the areas where it operates, irrespective of their legal status in relation to land tenure. This policy aims to solve any claims by community members who live in the area and/or carry out economic activities, even if they are not landowners.

In this sense, a detailed assessment is made of the communities' vulnerabilities, needs and demands, which is based on fundamental rights and updated from time to time.

The provisions of ILO Convention 169 concerning Indigenous and Tribal Peoples –which have been incorporated into Argentina's domestic legal system, but are still unregulated by local competent authority– are taken as our guidelines for the relationship with these communities, notwithstanding the fact that the Convention is only mandatory for States parties.

Other than difficulties with some leaders and representatives at different stages, we have managed to establish community bonds based on ongoing dialogue and respect. YPF maintains a particularly proactive relationship with indigenous communities in Neuquén, where it conducts its core hydrocarbon operations.

DIALOGUE WITH INDIGENOUS COMMUNITIES

BONDS WITH INDIGENOUS COMMUNITIES

COMMUNITY	COMPANY'S AREA OF INTEREST
PAYNEMIL	LOMA LA LATA
KAXIPAYIÑ	LOMA LA LATA
CAMPO MARIPE	LOMA CAMPANA
LONKO PURRAN	PORTEZUELO NORTE + CERRO BANDERA
GELAY KO	ANTICLINAL CAMPAMENTO + BARDITA ZAPALA
ANTIPAN	CERRO GRANITO
LUCERO PICHINAU	AUCA MAHUIDA VOLCANO

RELATIONSHIP STRATEGY

Process based on fluid and ongoing dialogue with community authorities. Daily interaction and analysis of particular situations based on a grievance mechanism jointly predefined with the community. Role of due diligence in Operating Projects. Virtuous circle of sanitation in environmental impact situations supervised by the regulatory authority, with active, open and transparent community participation. Design and implementation of projects

Role of due diligence in operating processes, validated by the regulatory authority in environmental matters. Complex dialogue process, resulting from groundless limitations and impediments by some community leaders concerning tasks which had been already validated and/or authorized by competent regulatory authorities. There are still requests to receive disproportionate compensation by community members in relation to operating and environmental improvement projects proposed by YPF. Beyond these issues,

The relationship model in this case is subject to a land claim filed by community members before provincial authorities which has not arrived at a definitive resolution yet. Part of the land being claimed, located in YPF concession areas, belongs to the Province and another part to third parties. The regulatory authority carried out the relevant data gathering process about the land and the occupation of the territory, and decided to declare only part of the land claimed as an indigenous reserve. The community rejected this decision and has been obstructing company operations in the area. This situation has also led to court claims involving land disputes with private third parties holding ownership.

Constant and participatory dialogue with community authorities. Ongoing cooperation relationship and management of agreements and commitments. Role of due diligence in operating projects.

Ongoing and constructive dialogue with community authorities. Establishment of a mechanism to record communications, claims, requests and suggestions. Role of due diligence in operating projects. Project agreements to improve and strengthen members' social, cultural and community life, such as the Early

Ongoing dialogue with community authorities to identify projects involving, for example, improvement of the water network for animal consumption and safe drinking water supply.

Ongoing and participatory dialogue with community authorities. Design of proposals to strengthen the Tehuelche people's cultural identity in a cultural

involving social and educational investment, such as Intercultural High School for Adults and Pillmatun Recreational Space. In addition, other projects are carried out to enhance the quality of life and strengthen the culture of community members, including electricity installation in homes, safe drinking water access, gas and heating supply, health insurance provision, school transport, and land systematization for alfalfa and corn crops.

YPF promotes an enhanced quality of life for community members by developing social investment initiatives focusing on health insurance provision, electricity installation in homes, surveillance stations for community safety, safe drinking water supply, bulk gas supply, and school transport, among others.

Amid this context, YPF keeps its overall relationship policy and has taken actions towards enhancing the community's quality of life by implementing a crop production project in the area reserved for them by a 2013 provincial decision. YPF, together with CORFONE (Corporación Forestal Neuquina S.A.), have designed and implemented the systematization of 46 hectares of land for alfalfa crops, generating a dialogue-based productive development opportunity for the community.

Projects are being undertaken to improve members' quality of life, including provision of safe drinking water, and upgrade of roads and accesses.

Alert Project, implemented in remote areas. Constant support in cooperative projects for the restoration of degraded sites by using native plant nurseries and engaging young community members.

Due diligence in operating projects.

and tourist project that highlights their values, beliefs and sites of interest closely linked to their origins.



YPF FOUNDATION

YPF Foundation promotes energy and environmental education at different educational levels and supports sustainable development in communities where the company operates. It works together with YPF S.A. and a network of private and state-run universities, national and provincial government organizations, NGOs, the National Scientific and Technical Research Council (CONICET), and the Inter-American Development Bank.

STRATEGIC PLAN 2013 - 2017

STRATEGIC LINES	GOALS	INITIATIVES	PEOPLE AND PLAYERS INVOLVED	ACHIEVEMENTS FROM 2013 - 2016
EDUCATING FOR ENERGY	To promote professional training and development of joint knowledge between universities and industry.	Undergraduate scholarships for energy, environmental and Earth Sciences degrees.	Young university students across Argentina. YPF professionals acting as tutors. <i>Integrar</i> Foundation.	100 scholarships renewed every year since 2013. 50 YPF tutors, 39 graduation recognition awards presented.
	To make contributions towards a better and deeper understanding of energy and environmental challenges.	Field-training programs.	University students pursuing energy and environmental degrees.	1,600 students and 16 universities involved.
	To nurture vocation.	Oil and Energy University Network (Red de Universidades del Petróleo y de la Energía - RUPE). Oriented research with the National Scientific and Technical Research Council (CONICET). Energy and environmental education for teachers' trainers and education leaders. University and high schools.	Universities offering degrees related to oil, gas and Earth Sciences; and Argentina's Ministry of Education. Researchers from Argentina's Scientific Research System. Education leaders, public servants in education, teachers' trainers, National and Provincial Ministries of Education, National Ministry of Energy, University of San Andrés (UdeSA). Young students at high schools and the general public.	23 academic units across Argentina. 319 researchers from 11 provinces, 29 research projects, 21 postgraduate and postdoctoral fellowships. 250 education leaders and teachers' trainers in nationwide seminars and workshops (City of Buenos Aires, Province of Río Negro and Province of Mendoza). + 41,000 students from 1,000 high schools participated in Science Weeks, with the University of Buenos Aires School of Exact and Natural Sciences, and in Engineers for One Day, with the University of Buenos Aires School of Engineering.
LOCAL SUSTAINABLE DEVELOPMENT	To enhance sustainable development of communities where YPF operates, creating shared value.	Integrating Communities, through sports and culture	School-aged children. Families in communities where YPF operates.	TV and Internet series: 8 episodes and 10 micro-series, + 6,000,000 viewers. Screened on Telefé and Canal Encuentro TV channels, and at university and exhibition events. Educational web portals: Vocations and Energy in my Country, together with EDUC.AR. +81,000 people visited the educational trailer "Discover your Energy", featuring 54 presentations in 12 provinces. +90,000 copies of the book "You and Energy" handed out, +6,000 children in 118 workshops, 900 teachers in training and general knowledge workshops. Development of Teachers' Guidelines and educational web portal "You and Energy".
		Sustainable cities. Design and implementation of Action Plans together with IADB; national, provincial and local governments; and other social players.	Local inhabitants in communities where YPF operates.	+ 10,000 children in sports and value-based events, + 40,000 participants in artistic and cultural activities. Design and implementation of Action Plan in the cities of Las Heras (Province of Santa Cruz) and Añelo (Province of Neuquén). Design of Action Plan in process in the cities of Allen (Province of Río Negro) and Malargüe (Province of Mendoza).
		Education and training focused on improving the population's employability	Young people and adults in communities where YPF operates.	4,156 people trained, 7,431 certificates awarded, 260 courses delivered, 18 towns, 6 provinces.

EDUCATING FOR ENERGY

EDUCATING FOR ENERGY

Sustainable energy development needs in Argentina require a special focus on the role of the educational system. With this in mind, YPF S.A. and YPF Foundation promote greater coordination between the industry and universities through different initiatives.

SCHOLARSHIPS AND AWARDS

Since 2013, this program has cultivated a new generation of professionals in energy, environment, technology and Earth Sciences. YPF Foundation, in collaboration with Argentina's Ministry of Education, and the Oil and Energy University Network, provides support to 100 students pursuing undergraduate degrees in the country.

Along with Argentina's Ministry of Education and state-run universities, YPF S.A. has promoted university education with the creation of six industry-related associate degrees. In 2016 students were on their second or third year of study for these degrees.

The Oil and Energy University Network continued its activities with several initiatives. Contributions were made for institutional strengthening of educational entities. These included allocation of funds for upgrading lab

equipment for geophysics students at universities in Argentina's provinces. In addition, to reinforce students' training, field-practice spaces were kept for Earth Sciences students – an initiative set up with the group of universities listed below.

University of Buenos Aires
National University of La Plata (UNLP)
National University of Comahue
National University of Río Negro (UNRN)
National University of Rosario
National University of Cuyo
National University of Patagonia
San Juan Bosco (UNPSJB)
National University of Jujuy (UNJu)
National University of Salta (UNS)
National University of the South
National University of Litoral
National University of San Juan
National University of Santiago del Estero
National University of Tucumán
National University "Arturo Jauretche" (UNAJ)
National University of Río Cuarto
National Technological University (UTN)



ORIENTED RESEARCH

YPF Foundation, jointly with the National Scientific and Technical Research Council (CONICET), encourages oriented research through projects and postdoctoral fellowships on renewable and non-renewable energies, with a special focus on industry-related environmental and socio-economic impact.

The goal is for researchers to bring their knowledge and help solve issues and needs in sustainable development in the energy industry.

ENERGY AND ENVIRONMENTAL EDUCATION

The Energy and Environmental Education Program has continued its initiatives to gain better understanding of energy and environmental challenges across Argentina.

Contents and seminars were developed for teachers, while general knowledge workshops were organized for children and young people. These initiatives were carried out jointly with the Ministries of Education of Argentina and of several provinces, universities and NGOs.

ENERGY AND ENVIRONMENTAL EDUCATION

TRAINING FOR EDUCATION LEADERS	INITIATIVES FOR SCHOOL-AGED CHILDREN, YOUNG PEOPLE AND THE GENERAL PUBLIC			INITIATIVES FOR HIGH SCHOOL STUDENTS
	"YOU AND ENERGY"	EDUCATIONAL TRAILER "DISCOVER YOUR ENERGY"	ONLINE INTERACTIVE CONTENTS	
Initiative targeted at public servants in education and teachers at different levels of Argentina's education system.	Education program including workshops with experiments and games to educate children in science and the energy world. For this purpose, educational printed and digital materials as well as teachers' guidelines were prepared.	Interactive trailer with touch screens, games, experiments and models to show the importance of renewable and non-renewable energies for people's life.	Online educational contents targeted at high school students: - Educational web portal "Energies in my Country". - Interactive platform "Vocations". - TV and Internet series "The Unconventionals".	Program "University and High School", aimed at raising young people's interest in scientific and engineering careers.

LOCAL SUSTAINABLE DEVELOPMENT

Both YPF S.A. and YPF Foundation encourage sustainable development in communities by creating shared value.

SUSTAINABLE CITIES

The Sustainable Cities Program is focused on strategically planning local development and implementing social priorities through the joint efforts of public, private and international organizations.

This program has been put in place to ensure that the demographic and economic growth resulting from oil and gas development is sustainable and inclusive, in order to improve people's quality of life.



Based on the methodology of the Emerging and Sustainable Cities Initiative (ESCI) of the Inter-American Development Bank (IADB), the program is divided into different stages. These include: (1) planning and participatory diagnosis; (2) preparation of strategic long-term action plans for every selected city; and (3) implementation of strategic courses of action, such as improvement of public services, boost to local development and expansion of public infrastructure, as established in each plan.

A PROGRAM MOVING FORWARD

During 2016, we focused on the ongoing implementation of the program in Añelo (Province of Neuquén) and on developing the first stages of the action plan in Allen (Province of Río Negro) and Malargüe (Province of Mendoza).

In Añelo, a strategic course of action includes construction of social infrastructure works through agreed investments (both public and private) and social and productive development to improve quality of life.

In 2016 we reinforced implementation of a program -introduced in 2015 jointly with the SME (small and medium-sized enterprise) Center in Neuquén- for improving urban economy's competitiveness and favor job creation on the basis of productive diversification. Apart from using working capital financing for production equipment and materials, we offered technical support and training to 32 local small businesses (in vegetables, fruit, mushrooms and poultry), which help supply the local food market, and started trading their produce in the province's central market. Small businesses were encouraged to manufacture processed food. We organized jam and canned food workshops, including correct food manipulation, which were mainly attended by women. Together with Mitsubishi, we worked to enlarge and equip the food preparation room and start operation of the poultry slaughtering room.

Financed by the Corporate Social Responsibility Fund for Neuquén set up by YPF and Chevron, we moved forward with the construction of Añelo's Training Center, which will offer the Trades Education and Training Program and other courses targeted to the local community.

INTEGRATING COMMUNITIES

The Integrating Communities Program was focused on reinforcing the collective identity and social integration of the communities where YPF operates. The program involved the organization of cultural and sports activities with the participation of more than 10,000 people.

BOOSTING LOCAL DEVELOPMENT



EDUCATION AND TRAINING FOR EMPLOYMENT

Thanks to the joint efforts of YPF, YPF Foundation and Argentina's Ministry of Work, Employment and Social Security, the Trades Education and Training Program is an initiative open to the community, which is designed to improve employability conditions.

The Program is focused on several training lines:

- Energy industry specializations: industrial and household electricity, construction, welding, and metal mechanics.
- Productive diversification: agricultural production, afforestation and protection of native species, air conditioning installation, and clothing manufacturing.
- Cross-cutting skills: basic capabilities, health and safety, IT, CAD programs, and small business management.

In 2016, 2,966 certificates were awarded to more than 1,300 people who received training in 110 courses -twice the number of training courses and vacancies available in 2015. Since the inception of the program in 1993, 7,431 certificates have been awarded to more than 4,156 people.

We also designed a new training line on renewable energies and envisioned a traveling classroom equipped with innovative educational tools and panels to begin teacher training in 2017.

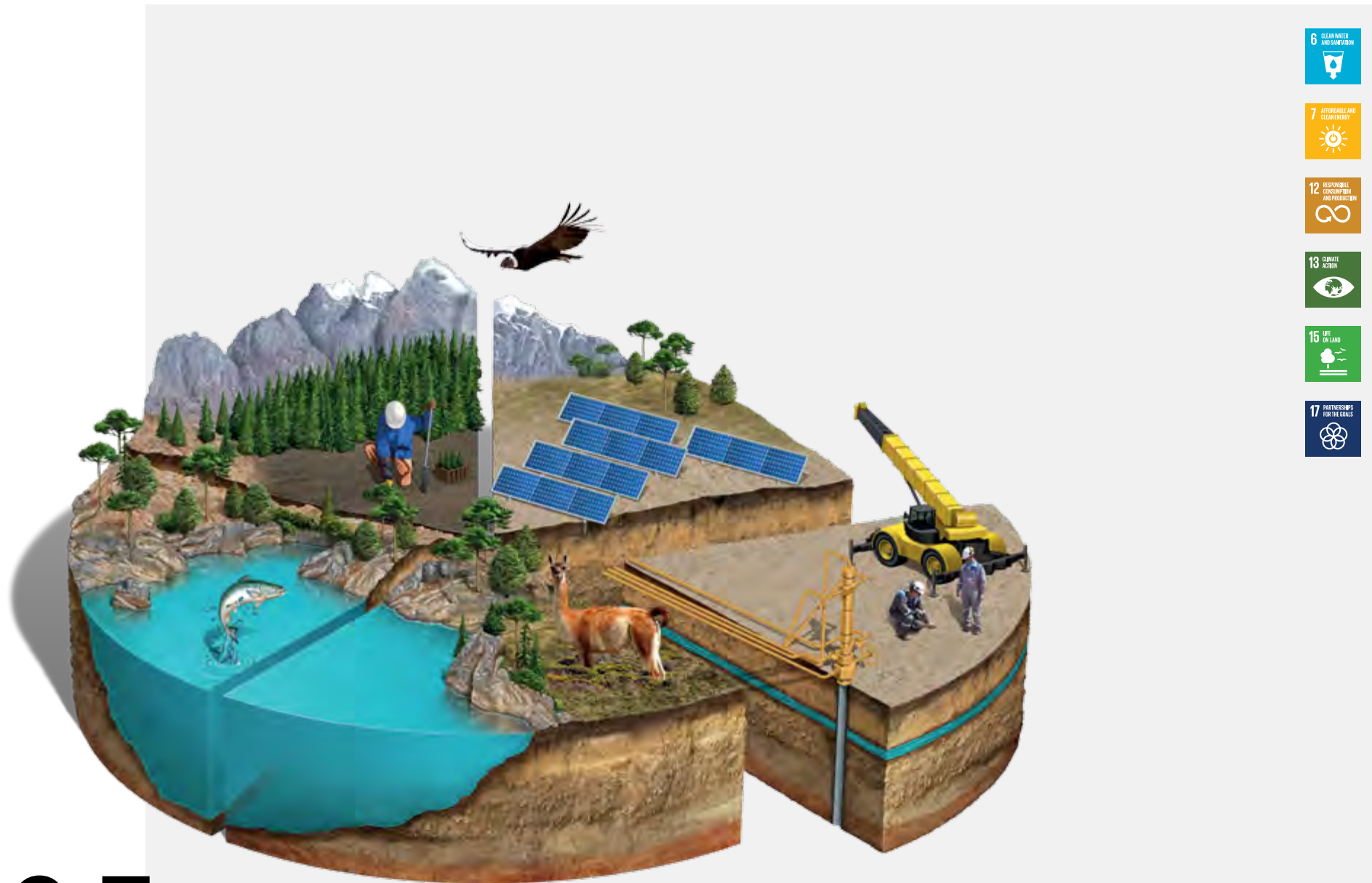
THE CHRISTIAN BUSINESS LEADERS ASSOCIATION'S ENRIQUE SHAW AWARD 2016

"HACIA UNA EMPRESA CON ROSTRO HUMANO" (Towards a Business with a Human Face) was given to the Trades Education and Training Program. This award seeks to recognize companies which, through sustained efforts, implement projects, programs, policies and practices towards reducing the social debt owed to the communities where they operate.

**YPF AND
YPF FOUNDATION
ARE COMMITTED
TO CREATING
SHARED VALUE FOR
ARGENTINA AND THE
COMMUNITIES WHERE
THE COMPANY OPERATES.**



SHARE



05 ENVIRONMENTAL MANAGEMENT AND SAFETY

ENVIRONMENTAL AND SAFETY POLICY

YPF strives to conduct its operations in balance with its surroundings. Accordingly, it carries out its mission of producing and supplying energy fully committed to environmental stewardship, seeking to minimize impacts and focusing on maximizing the positive effects associated with its work, while protecting its employees, the environment and the overall community as its top priority.

In July 2016, the company adopted the new Safety, Environmental Protection and Health Preservation Policy, which embodies a commitment to identifying hazards and mitigating risks and impacts.

It builds upon the prevention and development of a strong corporate safety and protection culture and includes three fundamental principles:

- Minimizing our environmental impact.
- Providing safe working conditions through the implementation of international best practices.
- Maintaining a healthy working environment for all employees and surrounding communities.

These guidelines govern YPF's work and provide the framework for outlining a risk and opportunity map while developing and maintaining contingency plans for tackling potential incidents.

This Policy spans the value chain and is aimed at (1) working with suppliers and contractors who adhere to these principles and implement their own environmental protection, health and safety policies; and (2) establishing business and industrial relationships with partners living up to these high standards.

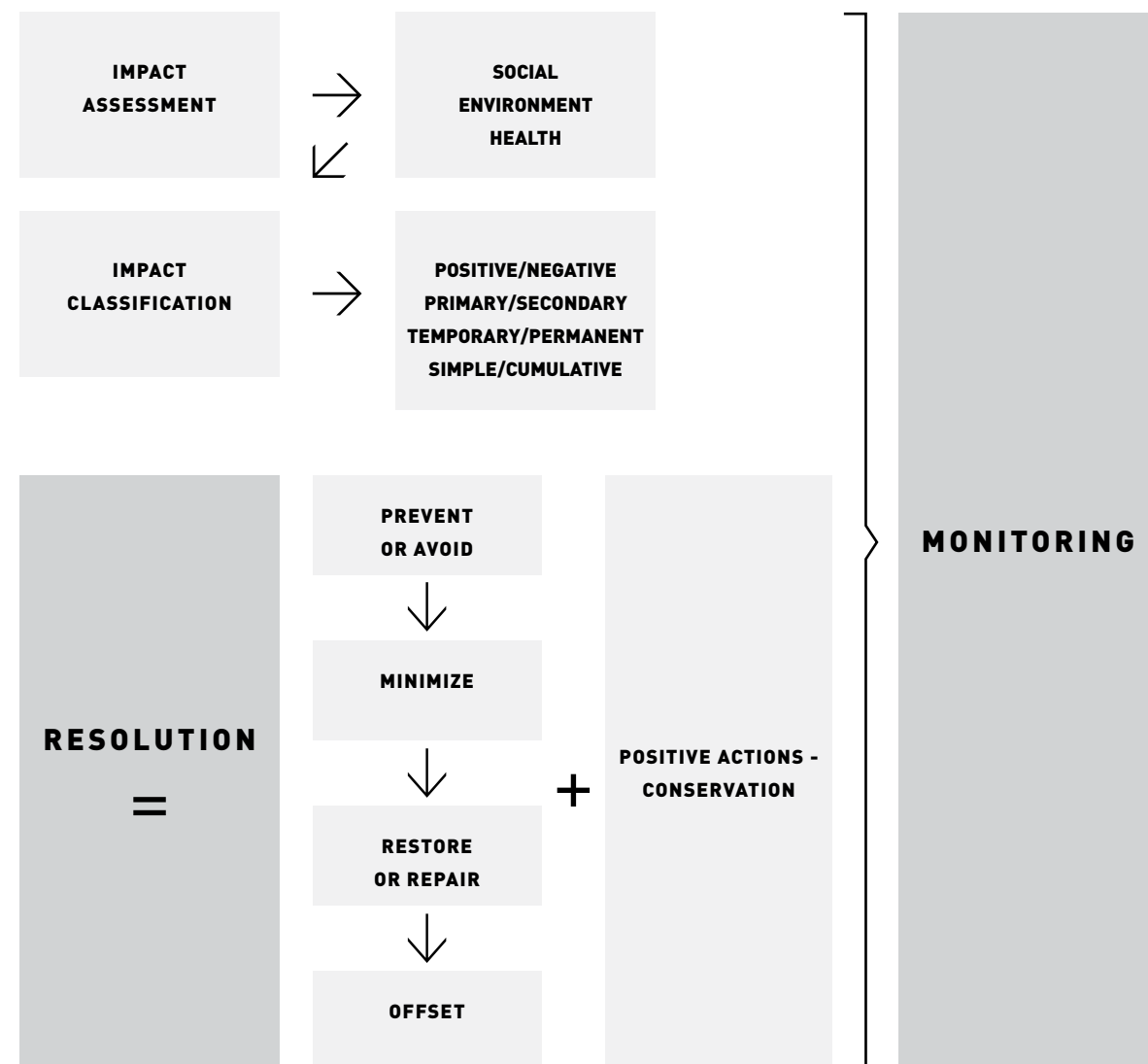
ENVIRONMENTAL IMPACT ASSESSMENT

The company has an environmental, social and health impact assessment standard (ESHIA) which is complementary to the above-mentioned Policy.

The breadth and level of detail of the assessment are in line with the stages and characteristics of each project and its development area.

The working model established by this standard is described in the following chart:

RISK MANAGEMENT



CLIMATE CHANGE CHALLENGES

YPF is committed to supplying the amount of energy required to meet the growing demand of the population while preserving the environment. As such, it has taken on the challenges posed by Climate Change in line with the Argentine government's commitments rooted in the Paris Agreement. The company is aware of the need to take appropriate actions aimed, first, at preventing a spike in emissions and, second, at reducing them. This situation is a key challenge for the oil and gas industry, and although hydrocarbons will form the basis of our project portfolio for the coming years, we are determined to operate as an efficient producer in terms of carbon emissions and develop initiatives focused on reducing specific GHG emissions. Additionally, we have started a nascent business centered on renewable energies.

The company believes that collaboration among government organizations, the private sector, and research and academic institutions is paramount in finding suitable ways to achieve a low-emission scenario.

EMISSION MANAGEMENT

YPF works towards the incorporation of management systems for emission quantification by means of Greenhouse Gas (GHG) inventories and application of the ISO 14064-1 standard.

This further contributes to the reduction targets pledged by Argentina in connection with COP 21 held in Paris. Since the beginning of the process, back in 2008, several locations and projects have been added, extending the scope of such targets.

During 2016, the company completed an audit of all emissions from industrial complexes and refineries, and started implementing the ISO 14064-1 Standard at Plaza Huincul Refinery and its methanol plant. An external audit was conducted on the complete GHG inventory of La Plata and Luján de Cuyo industrial complexes. Plaza Huincul Refinery also started to implement this inventory to be later audited by an independent entity during 2017.

The evolution of total direct GHG emissions (Scope 1) in tons of CO₂eq shows a slight growth slowdown in the past year, while the analysis of the intensity of these emissions (by processing unit) shows a similar scenario to that of the past three years.

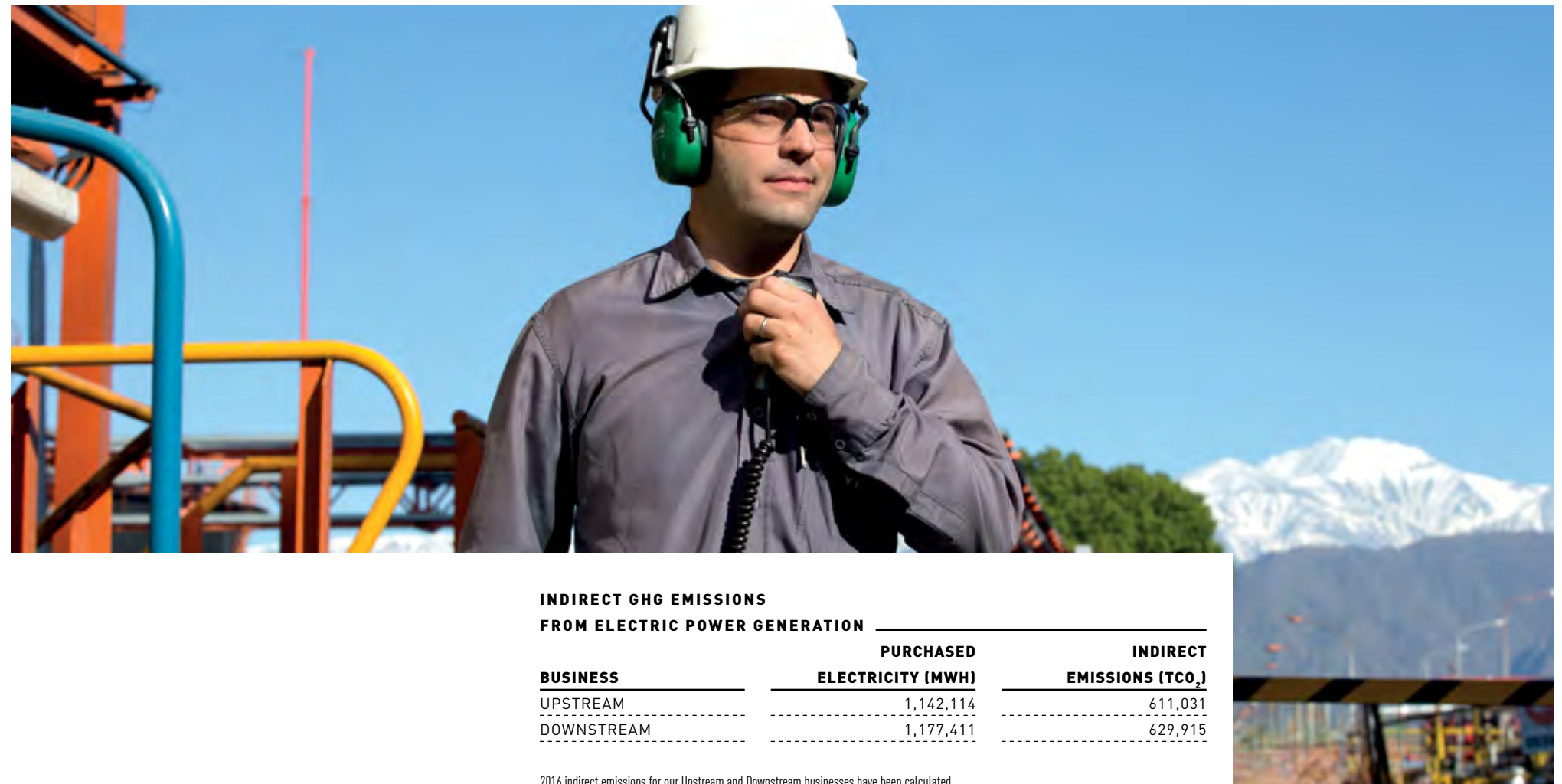
Monitoring GHG emissions and identifying their intensity in each business will allow us to set medium-term GHG reduction targets that will govern the company's operating activities.

TOTAL DIRECT GHG EMISSIONS

YEAR	TONS OF CO ₂ eq *
2014	15,064,097
2015	15,488,916**
2016	15,715,958

* These emissions include the following gases: CO₂, N₂O and CH₄. TCO₂eq have been calculated based on the global warming potential according to the Intergovernmental Panel on Climate Change AR₄ report (CH₄: 25 and N₂O: 298).

** The total tons of CO₂eq reported for 2015 show a variation over the information disclosed in the Sustainability Report 2015 as a result of an internal data review and the adjustment of an emission calculation factor for a regional area.



INDIRECT GHG EMISSIONS FROM ELECTRIC POWER GENERATION

BUSINESS	PURCHASED ELECTRICITY (MWH)	INDIRECT EMISSIONS (TCO ₂)
UPSTREAM	1,142,114	611,031
DOWNSTREAM	1,177,411	629,915

2016 indirect emissions for our Upstream and Downstream businesses have been calculated based on purchased electricity. To that end, the report considers the latest Emission Factor for the operating margin of the Argentine Power Grid published on November 2, 2016 by the Ministry of Energy and Mining; year 2015 calculation.

INTENSITY OF DIRECT GHG EMISSIONS

INTENSITY BY BUSINESS	2014	2015	2016
INTENSITY OF GHG EMISSIONS IN DOWNSTREAM (TCO ₂ EQ/T OF CRUDE OIL PROCESSED)	0.28	0.29	0.29
INTENSITY OF GHG EMISSIONS IN UPSTREAM (TCO ₂ EQ/T OF OIL&GAS PRODUCED)	0.40	0.39	0.40
INTENSITY OF GHG EMISSIONS IN O&G (TCO ₂ EQ/MWH OF ELECTRICITY PRODUCED)	0.41	0.41	0.40

The intensity of GHG emissions is calculated by factoring in the emissions contemplated in Scope 1 (direct emissions) by processing unit. For the Downstream Business, the business emissions by ton of crude oil processed in refineries; for the Downstream Business, the direct emissions by ton of oil and gas produced; and for the Oil&Gas Business, the emissions calculated based on the MWh produced.

EMISSIONS MONITORING AND CONTROL

CLEAN DEVELOPMENT MECHANISMS

A noteworthy initiative within this framework is the continuing implementation of GHG emission-reduction projects registered under the Clean Development Mechanism (CDM), which has been established as one of the tools for compliance with the Kyoto Protocol.

This new methodology was developed to reduce emissions in refineries, as they concentrate the highest GHG emissions in downstream operations. A project to recover flare gas in refineries was thus started first in La Plata Industrial Complex, followed by another project in Luján de Cuyo Industrial Complex in the Province of Mendoza.

Both projects are similar and share the goal of recovering residual gases produced at the different stages and processes of crude oil refining which, in the absence of the CDM project, used to be channeled to a waste gas combustion system (flaring) as a safety measure. As a result of the project, these gases are compressed and then injected into the fuel system to feed furnaces and boilers.

The project lowers emissions by reducing other fossil fuels used for heating, specifically replacing natural gas and fuel oil consumption.

On December 18, 2010, the United Nations granted its approval for the project located at La Plata Refinery, which became the first flare gas recovery project for GHG emission reduction in the world; and on December 14, 2011, the company was given approval for the project located at Luján de Cuyo Refinery.

In 2011, the project located in La Plata was audited by a United Nations-Designated Operating Entity to certify the emission reduction for the period from December 18, 2010 through July 31, 2011. On September 7, 2012, the United Nations confirmed an emission reduction certification for 89,930 tons of CO₂ during such period.

From then on, the company continued running the project and monitoring emission reduction in accordance with the established methodology.

Ozone-depleting substance emissions

YPF's operations do not produce any of the ozone-depleting substances listed in the Montreal Protocol.*

* <http://ozone.unep.org/en/handbook-montreal-protocol-substances-deplete-ozone-layer/44>

Other gaseous emissions

YPF has implemented follow-up programs to monitor emissions associated with its different operations. The main air emissions being monitored — apart from GHG emissions — are: SO₂, NO_x, CO, NMVOC (non-methane volatile organic compounds), and particulate.

EVOLUTION OF MAIN AIR EMISSIONS (IN TONS)

EMISSIONS	2014		2015		2016	
	TONS	%	TONS	%	TONS	%
SO ₂	9,633	7%	10,002	7%	6,307	4%
NO _x	46,592	34%	57,313	40%	61,653	43%
NMVOC	62,136	46%	55,796	39%	56,534	39%
CO	14,125	10%	15,184	11%	14,929	10%
PARTICULATES	3,914	3%	3,873	3%	3,977	3%
TOTAL	136,400		142,168		143,400	

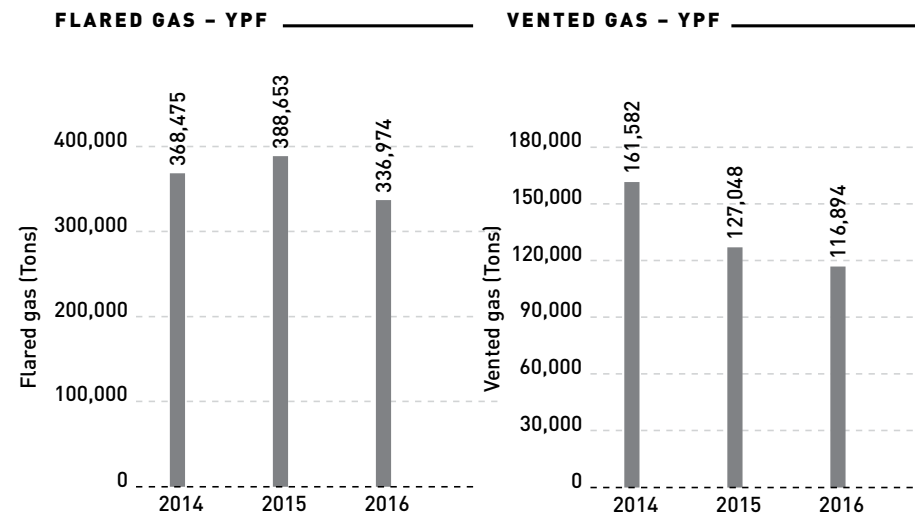
EMISSIONS FROM YPF'S MAIN BUSINESS UNITS (IN TONS)

EMISSIONS	UPSTREAM	REFINING	CHEMICALS	OIL & ENERGY	BUSINESS	LOGISTICS
SO ₂	407	5,634	191	-	-	75
NO _x	53,093	4,672	340	978	17	2,552
NMVOC	42,640	6,298	2,737	224	2,129	2,505
CO	9,372	1,818	2,839	117	4	778
PARTICULATES	346	3,569	2	1	5	54



FLARE GAS AND VENTED GAS

We continue working on our commitment to minimizing the amount of gas sent to flares in compliance with the requirements set forth by National Resolutions 236/93 and 143/98 issued by the former Argentine Secretariat of Energy and by all applicable provincial regulations.



As part of the actions aimed at reducing and potentially recovering the associated gas sent to flares and/or vented, we are currently working on projects for the recovery and use of these gases in an attempt to reduce emissions

and, also, reuse this recovered gas in industrial operations, generation of electricity, or in gas pipelines for household use.

ENERGY EFFICIENCY

YPF produces energy consumed by the population and industries and, in doing so, contributes to economic development. It seeks to manage the energy it uses as efficiently as possible in every production stage. Along these lines, although consumption remained at similar levels for the past three years, there has been a noticeable improvement in energy intensity. Upstream operations alone have shown an increase associated with the growing number of secondary recovery projects more intensive in terms of energy consumption, and with adjustments in the heating value of the fuels used.

The company has strengthened its approach to identifying opportunities for improvement based on energy balances prepared by business area, and has kicked off a process for implementing and certifying an Energy Management

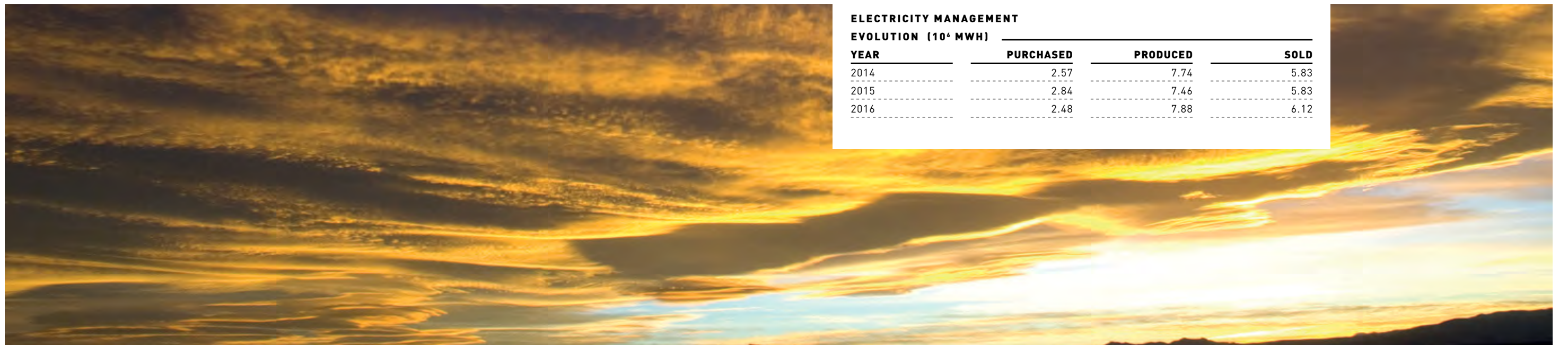
System in several facilities (pursuant to the ISO 50001 Standard).

This model is intended to help organizations achieve an ongoing reduction of energy consumption and, consequently, of their costs and GHG emissions. In 2016, the company obtained the certification for its Petrochemical Plant in La Plata, while others, like AESA, Y-TEC, La Plata Refinery, and YPF Tower in Puerto Madero, have followed suit and begun their own processes.

Likewise, key initiatives have been carried on or introduced. In YPF Tower—the company’s headquarters in Buenos Aires—consumption was reduced by 4.45% between 2015 and 2016 (a cumulative 31.3% between 2012 and 2016) owing to an improvement program launched in 2013. In upstream operations, a five-year plan was additionally introduced to replace low-performing units with technically high-performing units that would allow improving energy generation efficiency by 5%.

ELECTRICITY MANAGEMENT EVOLUTION (10⁶ MWH)

YEAR	PURCHASED	PRODUCED	SOLD
2014	2.57	7.74	5.83
2015	2.84	7.46	5.83
2016	2.48	7.88	6.12



TOTAL ENERGY CONSUMPTION (KGJ)

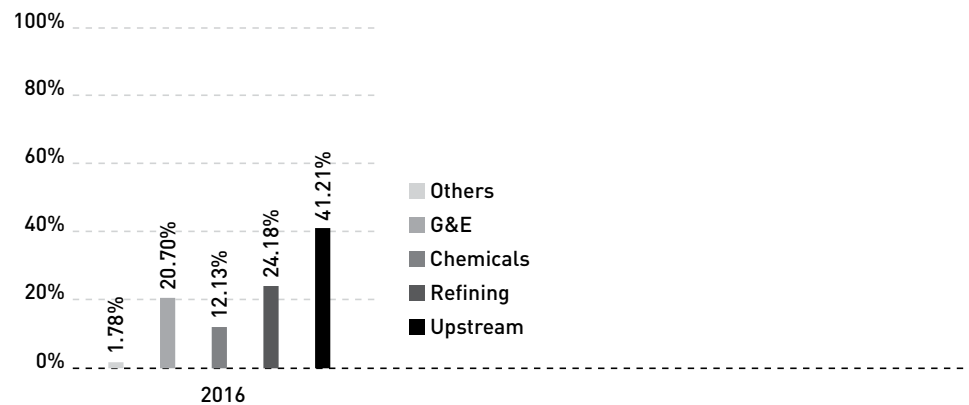
Energy consumption is calculated based on the energy contained in fuels consumed or used in YPF's activities. It also takes into account the energy equivalence of purchased electricity. The following table describes the evolution of energy consumption in the past years.

	YEAR	ENERGY CONSUMPTION
	2014	186,236
	2015	191,586
	2016	195,761

SOURCES OF ENERGY CONSUMPTION

	2014	2015	2016
FUEL CONSUMPTION (10 ⁶ TONS)	3.29	3.58	3.56
PURCHASED ELECTRICITY (10 ⁶ MWH)	2.57	2.84	2.48
PURCHASED STEAM (10 ⁶ GJ)	8.14	7.22	8.28

ENERGY CONSUMPTION BY ACTIVITY IN 2016



ENERGY INTENSITY

ENERGY INTENSITY BY BUSINESS *	2014	2015	2016
ENERGY INTENSITY IN UPSTREAM (GJ/T OF OIL&GAS PRODUCED)	3.07	3.22	3.50
ENERGY INTENSITY IN DOWNSTREAM (GJ/T OF CRUDE OIL PROCESSED)	5.45	5.18	5.00
ENERGY INTENSITY IN G&E (GJ/MWH OF ENERGY PRODUCED)	7.38	7.43	7.19

* Calculated on the basis of Business consumption by processing unit. For the Downstream Business, gigajoules consumed for each ton of crude oil processed in refineries; for the Upstream Business, gigajoules consumed for each ton of oil and gas produced; and for the Gas&Energy Business, the MWh produced.

REVAMPING OF PLAZA HUINCUL INDUSTRIAL COMPLEX (CIPH)

In March 2015, the company approved the H-101 topping furnace revamping project aimed at improving efficiency, reducing environmental impact, and achieving significant energy savings. The project was successfully implemented during 2016. Furnace safety and performance were enhanced (around 8%), while gas consumption, emissions, and the Energy Intensity Index (EII) of the refinery were reduced beyond the figures estimated during the project stage.

	ESTIMATED	ACTUAL
ENERGY SAVINGS EII REDUCTION WITHIN THE COMPLEX	2,633 TFOE/YEAR	3,040 TFOE/YEAR
CO ₂ EQ REDUCTION	7.2 POINTS	7.2 POINTS
NO _x EMISSIONS REDUCTION	6,210 T/YEAR	7,203 T/YEAR
SO ₂ EMISSIONS REDUCTION	9.32 T/YEAR	10.78 T/YEAR
INITIAL INVESTMENT ESTIMATED SAVINGS	0.7 T/YEAR	0.81 T/YEAR
	KUSD 2,994	KUSD 2,427
	KUSD 790/YEAR	KUSD 700-900/YEAR(*)

* If the tFOE (ton of fuel oil equivalent) value for natural gas at CIPH prices is considered, estimated savings amount to KUSD 700 per year; if the value used for projects involving energy savings is considered, savings amount to KUSD 900 per year.

EFFICIENCY



AFFORESTATION

Since 1998, YPF has been carrying out an afforestation program in the Province of Neuquén according to which it has planted around 7,000 hectares of pines, indigenous, and other species. This initiative was instrumented through agreements with the province on the principle of achieving sustainable development of the resource by protecting the natural system, preserving and safeguarding the integrity of key ecosystem components, ensuring the future availability of forest resources, and boosting regional economies.

These efforts are coordinated through Corporación Forestal Neuquina (Corfone). Its activities combine restoration of degraded

environments, expansion of the total forest surface—both natural and planted—, and preservation and protection of significant natural resources.

Afforestation seeks to strengthen the local timber industry and incorporate state-of-the-art technology to improve the quality of its value chain.

Within this framework, production facilities were installed for the sustainable use of planted woods, giving birth to the industrialization of high value-added products—as building blocks for social and ecological housing projects. According to headline indicators, in 2016, the program generated 2,608 work days for women and 36,646 work days for men in forestry, forestry-industrial, and new forest planting activities.



In an attempt to encourage employability of the area's inhabitants, a Forestry Training Center was established in the municipal property Las Ovejas, supported by YPF Foundation's core competencies, digital literacy, and project management courses delivered through its Trades Training Program.

In 2016, YPF decided to take a new inventory of planted fields for the purpose of quantifying wood stock and establishing a baseline for monitoring tree growth and adjusting the CO₂ capture estimate. The first calculation of carbon dioxide capture under the project since its creation in 1984 through 2013 was performed in 2014.

This calculation yielded an estimated capture of 760,000 tons of CO₂ and was made based

on (1) the Clean Development Mechanism methodology for large-scale afforestation projects AR-ACM0003 approved by the United Nations Framework Convention on Climate Change; (2) TARAM (Tool for Afforestation and Reforestation Approved Methodologies) spreadsheet, developed by the Tropical Agricultural Research and Higher Education Center and the World Bank and; (3) other tools available in the United Nations. The technical variables used for calculation were—inter alia—the type of species planted, wood density, carbon fraction, and biomass expansion factor.

Additionally, in 2016, the company moved forward with the Green Lung Project of Loma Campana Thermal Power Plant in Neuquén which had started a year before.

This project provides for the afforestation of 60-hectare land assigned by the Municipality of Añelo for environmental purposes. The useful afforested area will be 32.5 hectares where approximately 40,000 trees will be planted. Based on the environmental conditions surveyed on the site, afforestation will be made with Salicaceae, a fast-growing species—mainly poplars—, under irrigation and sustainable forest management (SFM). An integrated pest management (IPM) plan will also be implemented, and the entire process will be supplemented by instruction and training to technical and operating staff.

NEW ENERGIES

Notwithstanding the company's commitment to making its oil & gas portfolio more efficient in terms of carbon emission reduction—coupled with a 32% increase in natural gas production in the past five years—, YPF has set out on the road to diversification of the energy matrix. To such end, it has strengthened its electric power generation business through the creation of YPF Energía Eléctrica S.A., a subsidiary with a current generating capacity of 1,338 MW and an additional 600 MW under construction. YPF Energía Eléctrica expects the increase of its generating capacity to derive from different energy sources (natural gas, thermal, solar and wind).

YPF's current generation is equivalent to 5% of the energy consumed in the country. The company's goal is to position itself as one of the three leading generators in the country by 2022. YPF's plan for that year is to have 20% of its own generation come from renewable energies.

This business plan will initially be supported by 18 electric power projects comprising renewable energies and thermal power generation.

MANANTIALES BEHR WIND FARM

This project—one of the major ones in the country in terms of size and resource quality— has placed YPF on its road to producing renewable energies. The project will allow generating electricity in the Comodoro Rivadavia area, strengthening supply for the region and YPF's operations.

BENEFITS

FOR THE COUNTRY	FOR DOMESTIC ACTIVITY	FOR YPF
Diversification of the energy matrix	Reinforcement of electricity supply to meet Comodoro Rivadavia's demand	Getting started with renewable energies
Utilization of a high-potential resource	Renewable energy supply equivalent to 140,000 homes	Efficient self-generation to comply with the Renewable Energy Act

The project—consisting of two stages of 50 MW each—is currently underway with a total investment estimated at USD 190 million. It is scheduled to start operations in 2018.



ENERGY EQUIVALENCES OF MANANTIALES BEHR WIND FARM

HOUSEHOLD ELECTRICITY	DIESEL FUEL SAVINGS	NATURAL GAS SAVINGS	EMISSIONS SAVINGS
130,000 HOMES	47,500 M ³ (~1,600 TRUCKS)	80,000,000 M ³ (HALF THE ANNUAL CONSUMPTION OF COMODORO RIVADAVIA)	241,600 TONS OF CO ₂

As of the date of publication of this Report, the company had invested USD 0.102 billion and ARS 1.97 billion in studies for six renewable energy projects: four of them based on solar energy, one on wind, and one on biomass.

Simultaneously, the company launched a project linked to electric mobility that involves the installation of over 200 charging stations for electric vehicles to be sent to market nationwide in 110 gas stations*.

*As of the date of publication of this Report, the first charging points had already been installed through an alliance with the international ABB group and QEV Argentina

DIVERSIFICATION OF THE ENERGY MATRIX

ENVIRONMENTAL IMPACT MANAGEMENT

RESOURCE STEWARDSHIP

YPF is committed to an efficient use of resources using the best available techniques and practices. This entails reusing and recycling as much as possible for the purpose of minimizing environmental impact and operating costs.

WATER MANAGEMENT

In the hydrocarbon industry, the highest water consumption levels are found in refining activities. They are due to evaporation loss in cooling circuits, purges in the steam production system, and product purification processes.

In upstream operations (exploration and production), higher consumption is caused by a need to inject water into wells to improve production as well as to carry out conventional and unconventional well stimulation. YPF is committed to an integrated water management approach as embodied in its corporate regulations establishing the principles for proper management.

This commitment involves consumption optimization, ensuring an adequate treatment of the water used in processes to enable treated water reuse.

WATER WITHDRAWAL INTENSITY

Water withdrawal is more intense in downstream operations. Water withdrawal per ton of processed crude oil has remained stable through 2015 and 2016.

WATER WITHDRAWAL INTENSITY

	2014	2015	2016
DOWNSTREAM (KT OF WATER WITHDRAWN /KT OF CRUDE OIL PROCESSED)	3.22	3.27	3.28
UPSTREAM (KT OF WATER WITHDRAWN/KT OF CRUDE OIL AND GAS PRODUCED)	0.46	0.38	0.40
GAS&ENERGY (KT OF WATER WITHDRAWN/ MWH OF ELECTRICITY PRODUCED)	0.0009	0.0009	0.0010

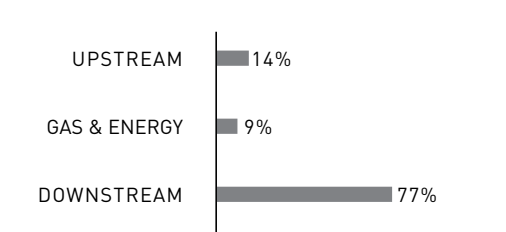
WATER MANAGEMENT EVOLUTION IN YPF (IN KILOTONS)

	2014	2015	2016
WATER WITHDRAWN FROM EXTERNAL SOURCES	62,390	63,074	63,642
DISCHARGED	27,721	28,082	27,918
REUSED	10,001	9,776	9,945
PRODUCED	159,967	174,558	175,591
INJECTED	172,464	185,929	186,476

WATER WITHDRAWAL BY SOURCE (IN KILOTONS)

YEAR	PUBLIC WATER SUPPLIES	SURFACE WATER	GROUND WATER	TOTAL WATER WITHDRAWN	% COMPARED WITH PREVIOUS YEAR
2014	1,230	53,797	7,362	62,389	
2015	1,496	54,138	7,440	63,074	1%
2016	1,440	54,001	8,201	63,642	1%

WATER WITHDRAWN BY THE COMPANY'S MAIN BUSINESSES





One of YPF's ongoing commitments is optimizing water consumption and encouraging water reuse. During 2016, the Refining business achieved 22% of reuse of withdrawn water.

In 2015, the company performed a benchmarking study to survey and identify worldwide water management trends in the Oil&Gas industry.

The analysis concluded that the Local Water Tool (LWT) developed by GEMI (Global Environmental Management Initiative) is a custom-made tool for hydrocarbon companies that allows assessing external impacts, business risks, opportunities, and management plans in connection with water use and disposal in specific operating sites.

During 2016, the company started to use this tool in pilot projects developed at Luján de Cuyo Industrial Complex and Tucumán Thermal Power Plant. The implementation of this tool led to an Action/Management Plan being drawn up to improve system efficiency.

This tool will continue to be used throughout 2017 at other facilities to supplement our company's water management analysis.

Volume and disposal of formation water

During 2016, in the Upstream business, the volume of water involved in oil and gas operations —called "Formation Water"—reached 175,591 kilotons (kt). Depending on the oilfield, this water —once treated—is reused for secondary recovery or injected for final disposal into deep injection wells duly authorized by the relevant enforcement authority.

Discharge water

The company needs water for its operations. A portion of the water used must be discharged in accordance with the provisions of and as authorized by the regulatory authority of the discharge site. In such places without specific regulations, YPF discharges water in accordance with current industry standards.

Before being discharged, effluents from industrial processes undergo a treatment to adjust their properties so as to enable proper disposal in accordance with the relevant legal requirements. Owing to the dissimilar nature of the company's activities, the type of treatment plant used will vary depending on the characteristics of the effluents produced.

YEAR	DISCHARGED		
	WATER (KT)		
2014	27,721		
2015	28,082		
2016	27,918		
BUSINESS	2014	2015	2016
DOWNSTREAM (T HC)	42.74	40.80	39.82



Surface water monitoring

Pursuant to the procedures for controlling oilfield activities, since 2010 the company performs ongoing surface water monitoring in its areas of operation, such as Neuquén River and Mari Menuco and Barreales Lakes, in the Province of Neuquén. The goals of the monitoring program are:

- Diagnosing resource conditions in the area.
- Monitoring environmental variables to assess their evolution over time.
- Scheduling sampling instances and reviewing identified issues based on the outcome of each campaign.

→ Analyzing collected samples in renowned laboratories.

The importance of monitoring lies in the varied uses of these resources in their direct and indirect area of influence, including:

- Source of water for treatment for human consumption not only for neighboring communities, but also for the cities of Neuquén, Cutral Co and Plaza Huincul.
- Source of water supply for irrigation.
- Source of water for industrial use and hydrocarbon activity.

→ Hydroelectric power generation.

→ Recreational areas.

Sampling stations have been established along the course of Neuquén River, upstream and downstream YPF's operations, and at intermediate points on its way to the oilfield.

WASTE MANAGEMENT

Waste management consists in classifying generated waste based on status and provenance (source of generation), storage, and management methods up to its final disposal, in compliance with the Environmental Policy, legal requirements, and the environment.

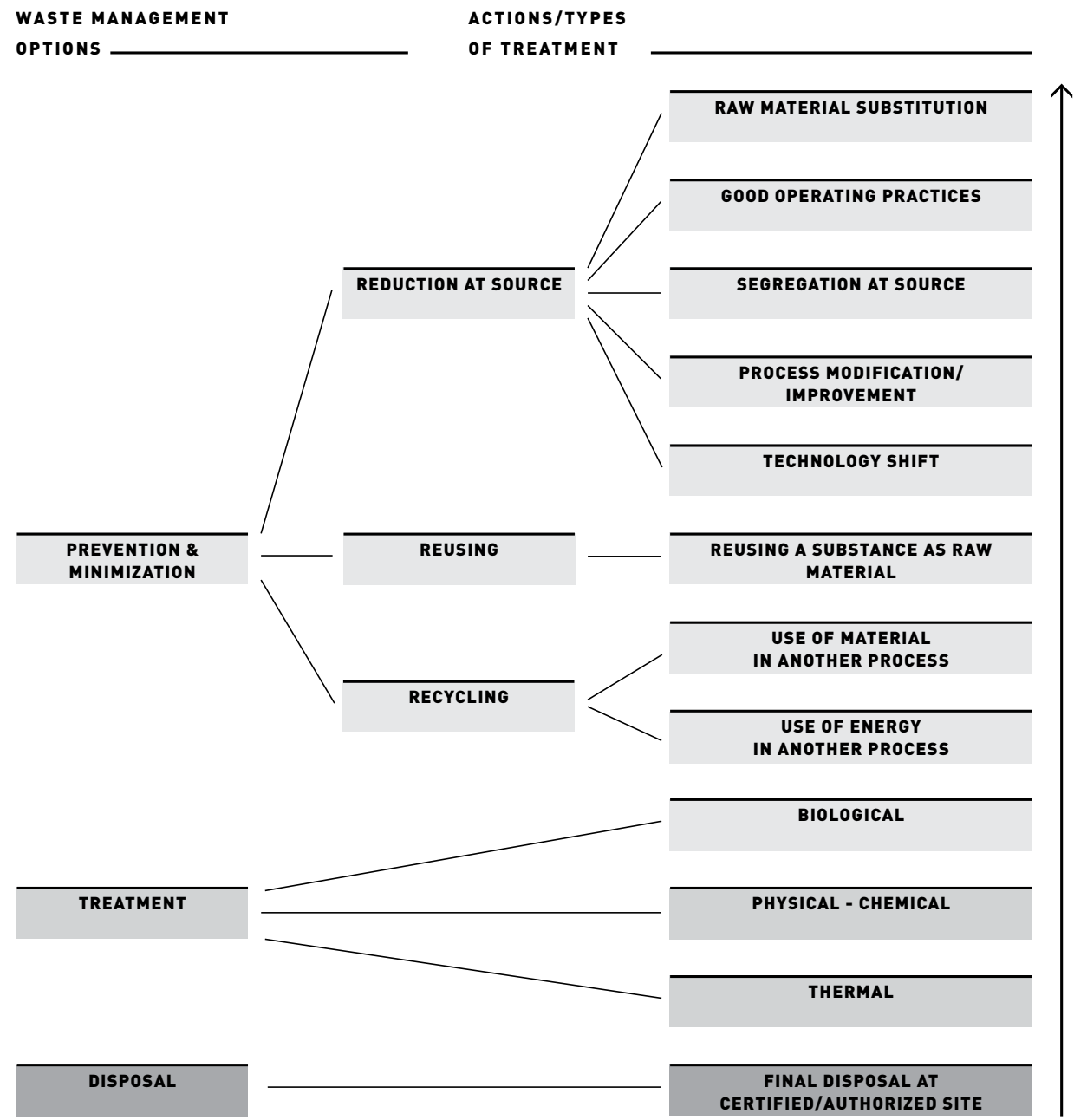
Proper waste management seeks to achieve the following goals:

- Phasing out waste generation, promoting waste reduction at source, reuse, and recovery/recycling.

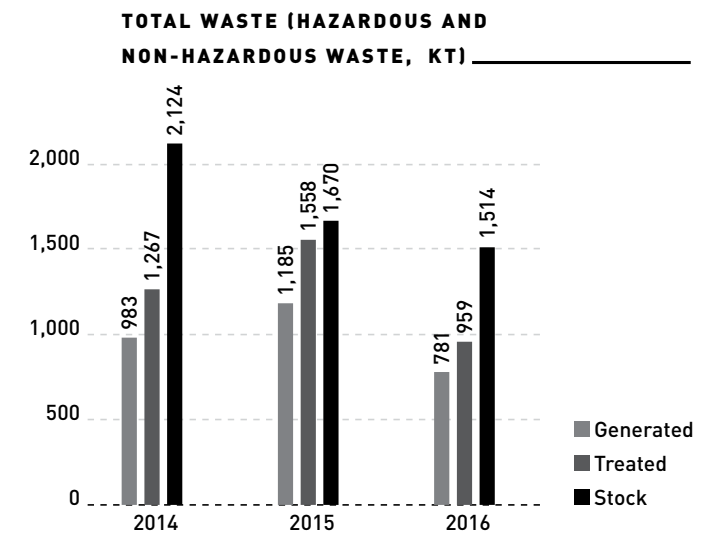
→ Reducing waste hazardousness.

→ Establishing continuous improvement programs in the different waste management stages.

→ Reducing environmental risks from waste generation, storage, transportation, treatment and final disposal.



Waste management improvement is one of the company's priorities. It is carried out following YPF's strategic guidelines.



WASTE GENERATED BY TYPE OF ACTIVITY IN 2016 (TONS)

	HW	NHW	TOTAL
UPSTREAM	802,231	88,831	891,062
REFINING	33,601	3,920	37,521
CHEMICALS	2,171	442	2,613
GAS & ENERGY	85	180	265
BUSINESS	10,979	5,090	16,069
LOGISTICS	9,714	327	10,041
OTHERS	7	1,123	1,130
TOTAL	858,788	99,913	958,701

Biotreatment is the waste treatment methodology applied to hazardous waste in the Upstream Business. It is the most commonly used technique in our oilfields for eligible waste streams.

During 2016, no hazardous waste—as identified by Annexes I, II, III and VIII of the Basel Convention—was exported or treated.



SPILL PREPAREDNESS AND RESPONSE

Our performance for the past five years reveals our efforts to reduce spills. Out of the total volume spilled in upstream operations in 2016, 91% accounts for produced water associated with crude oil, and 9%, for hydrocarbons.

To such end, the company has a Spill Prevention and Control Plan in place including (1) an investment plan focused on the maintenance and improvement of facilities and production lines; (2) a procedure for immediate reporting and responding to spills to ensure minimum impact; and (3) fast implementation of the required contingency and remediation plans.

All information relating to spill occurrence and management is entered into a software program that automatically issues a communication to the relevant environmental authority within 24 hours from detection.

In Downstream operations, improvement measures have focused on:

Truck transportation:

→ Training and awareness campaigns for tank truck drivers.

→ Phasing out of the coupling system.

→ Blocking of top covers in tanks.

→ Ban on night driving.

Pipeline transportation:

→ Regular pipeline inspection with smart scrapers.

→ Land and air pipeline inspection.

Storage:

→ Tank inspection and repair plan.

SPILL FREQUENCY RATE

UPSTREAM	2011	2012	2013	2014	2015	2016
UPSTREAM OPERATIONS	17.33	18.73	19.82	14.59	11.37	12.03

SFR: (Number of spills/gross production + accumulated injected water) x 10⁶.

DOWNSTREAM LOGISTICS	2011	2012	2013	2014	2015	2016
DOWNSTREAM OPERATIONS	0.18	0.19	0.19	0.17	0.14	0.18

SFR: Number of impact spills x 1,000,000 / transported cubic meters.

SPILL PREVENTION AND CONTROL



BIODIVERSITY

Biodiversity is a comprehensive concept dealing not only with ecosystems and their living components, but also with the ecological processes that keep them running and the valuable services they provide.

As such, we are concerned with the evaluation as well as the protection of ecosystems and biodiversity, and are fully committed to complying with regulations, standards and best practices for the purpose of minimizing the impact of our operations.

Although the company's Safety, Environmental Protection and Health Preservation Policy provides the basic guidelines for biodiversity management, YPF has its own corporate standards on biodiversity establishing the mandatory fulfillment of the following commitments to ensure proper management:

- Preventing and minimizing adverse ecological impacts in connection with all operations, particularly in natural, sensitive, biologically diverse, or protected environments.
- Integrating biodiversity into the company's management systems and decision-making processes, including environmental and social assessments.
- Taking part in research, conservation, education, and awareness projects.
- Reporting biodiversity issues and collaborating with communities and other stakeholders.

The project evaluation process follows a "go/no go" analysis to identify potential risks, which may result in no bids being placed in early evaluation stages, or in not moving a project forward in later stages.

MONITORING AND ACTION PLANS

This analysis takes place when, during the early stage of project assessment, the area of influence is found to be in or fall into any of the following situations:

- Area subject to Category I of the IUCN (International Union for the Conservation of Nature).
- Core Area in Biosphere Reserves according to UNESCO's MAB (Man and the Biosphere) program.
- Natural, Cultural, or Mixed Sites on UNESCO's World Heritage List.

Standards require business units to draft a proposal with the analysis of the situation and project details by way of a report to be submitted to the Executive Management Committee, which will approve or disapprove the specific project development.

Furthermore, the identification of future areas of operation is subject to the performance of environmental impact studies to identify areas based on their specific biodiversity preservation requirements.

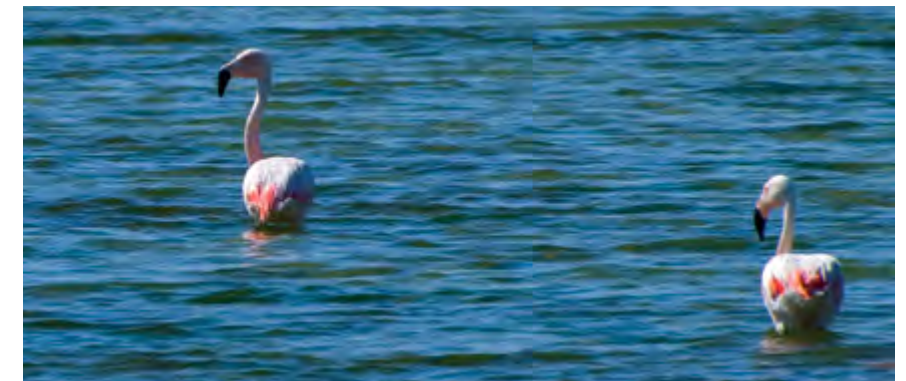
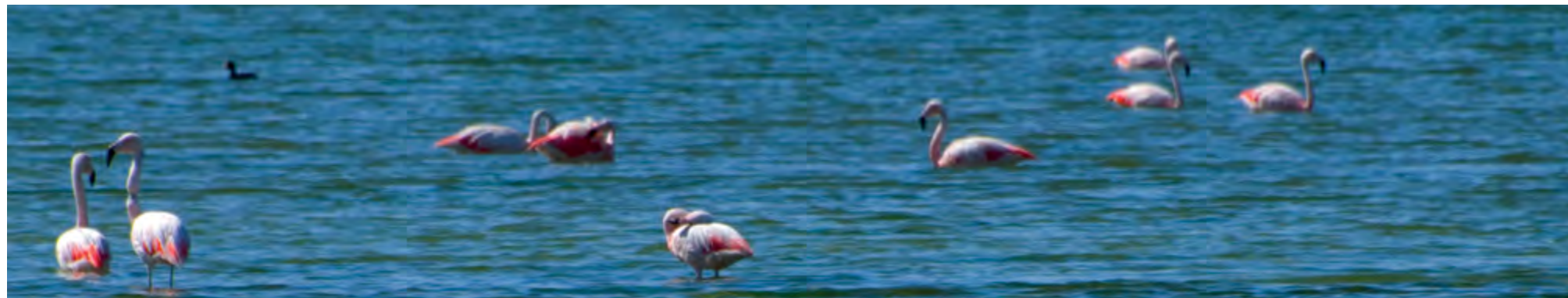
At present, YPF is operating in two sites where Biodiversity Action Plans (BAP) have been developed to enable proper management.

Activities aimed at achieving suitable biodiversity management involve actions imposing operational changes—such as building multiple sites or camouflaging drilling equipment—and even actions unrelated with the company's activities—such as site adaptation to favor the presence of specific animal species. At the same time, the company carries out biodiversity monitoring activities.

This is a complex process as it requires identifying natural periodic changes suffered by wildlife populations, ecosystems and

ecological processes in the long and medium term, which are difficult to quantify or detect.

This type of information makes it possible to implement actions for biodiversity protection and—when applicable—recovery, and to ensure a sustainable use of natural resources and early identification of non-sustainable activities.



LLANCANELO

Llancanelo Lagoon is a natural reserve located in the south of the Province of Mendoza, 75 km away from the City of Malargüe. This wetland —with an area of 65,000 ha located 1,300 at masl— has been

declared a RAMSAR site by the Convention on Wetlands due to its high ecological value.

The following table shows the number of species present in the

area and those included in IUCN’s Red List of Threatened Species and in national conservation lists, as their habitats are found in operating areas.

	CR (CRITICALLY ENDANGERED)							DD (DATA DEFICIENT)	EXOTIC
	TOTAL	EN (ENDANGERED)	TH (THREATENED)	VU (VULNERABLE)	NT (NOT THREATENED)	LC (LEAST CONCERN)	DD (DATA DEFICIENT)		
BIRDS*	95	0	0	0	6	89	0		
	CR (CRITICALLY ENDANGERED)							DD (DATA DEFICIENT)	EXOTIC
	EX (EXTINCT)	EN (ENDANGERED)	TH (THREATENED)	VU (VULNERABLE)	LC (LEAST CONCERN)	DD (DATA DEFICIENT)			
MAMMALS*	16	0	0	1	2	10	0	3	

* AvA and SAyDS (Aves Argentinas and Secretariat of Environment and Sustainable Development). B. López-Lanús, P. Grilli, E. Coconier, A. Di Giacomo and R. Banchs. Categorization of Argentine birds according to conservation status. Report from Aves Argentinas /AOP and Secretariat of Environment and Sustainable Development. 1st edition, AOP, Buenos Aires, Argentina, 2008.

** SAREM (Sociedad Argentina para el Estudio de los Mamíferos – Argentine Society for the Study of Mammals 2012). R. A. Ojeda, V. Chillo, G. B. Díaz Isenrath (publishers). Libro Rojo de los Mamíferos Amenazados de la Argentina 2012 (Red Book of Endangered Argentine Mammals 2012). SAREM, 257 pages, 2012.

Several prevention, mitigation and monitoring initiatives have been developed to fulfill environmental commitments and improve biodiversity conservation management within the area.

IDENTIFIED RISKS	PREVENTION AND MITIGATION MEASURES
FACILITIES, OPENING OF SITES AND NEW ROADS.	Construction of multiple sites. Camouflaging facilities with paint mimicking the surroundings.
FUEL OR CHEMICAL SPILLS ON SOIL AND WATERWAYS	All tanks are equipped with waterproof containment (reinforced concrete), hazard identification and signage, with level meter, ground connection, flame arrestor, and remote monitoring. Truck beds are also sealed and equipped with drain pans.
NOISE EMISSIONS FROM THE USE OF GENERATORS	Noise-emitting equipment is equipped with protections intended to reduce noise emissions.

AUCA MAHUIDA

This protected area is located in Auca Mahuida Provincial Reserve, created by the Government of the Province of Neuquén in 1996 through Provincial Decree No. 1446. It is classified as Category VI –also known as Multiple Use Management Area– according to the criteria adopted by the Argentine legislation on Protected Natural Areas from the International Union for the Conservation of Nature (IUCN). This category provides for the conservation of areas that encourage a harmonious interaction between human activities and resource maintenance. The total surface area of the Reserve is 77,020 hectares and includes the Plains and Plateaus Ecoregion and the Patagonian Steppe.

It has also been declared a Protected Paleontological Area by Provincial Decree No. 3603/98 for the safeguard of cultural resources found in archeological and paleontological sites, particularly in the south, with a high concentration of fossil eggs.

Seasonal monitoring (fall, winter, spring and summer) is carried out in the area to report on the tasks performed and identify and check avifauna and mammalian fauna. Bimonthly monitoring is also carried out of strategically located groundwater level meters and of marshlands, for water table control. These monitoring activities are performed with Laboratorio de Análisis Especiales de la Universidad de Cuyo (Special Tests Laboratory of the University of Cuyo), and the presence of the Regulatory Authority (Departamento General de Irrigación – DGI (General Department of Irrigation)).

The 2017 winter campaign plans a bird count in the sampling area to monitor the species-richness trend.

The analysis of results showed that the number of species present in each environment during winter 2017 suggests an upward trend in richness vis-à-vis the seasonal values for previous years.

Monitoring of surface and ground water quality is carried out on sites chosen by YPF’s staff, the General Department of Irrigation (DGI),

and the Dirección de Protección Ambiental (DPA – Environmental Protection Bureau). The parameters analyzed are: pH, conductivity, temperature, total dissolved solids, total phosphorus, total nitrogen, total petroleum hydrocarbons, aromatic hydrocarbons (BTEX), lead, cadmium, mercury, barium, arsenic, total chromium, sodium, chlorides, dissolved oxygen, and redox potential. The results from these analyzed parameters show values within the limits authorized by applicable legislation and no signs of water quality being affected by the hydrocarbon activities developed in the area.



Number of species

The following table shows the number of species present in the area and those included in IUCN's Red List and in national

conservation lists, as their habitats are found in operating areas.

SPECIES					
FAUNA	TOTAL	THREATENED	NOT THREATENED	VULNERABLE	ENDANGERED
Birds	82	2	73	6	1
		LEAST CONCERN	NEAR THREATENED	VULNERABLE	EXOTIC SPECIES
Mammals	17	12	2	2	1
		NOT THREATENED	VULNERABLE	DATA DEFICIENT	NOT EVALUATED
Reptiles	17	7	2	2	6

Large fauna is mainly found in the Andean and Patagonian regions where the guanaco stands out. Its population was monitored by means of an aero photogrammetric survey (UAV). This monitoring

allowed us to determine the population size of the guanaco within the protected area and evaluate its evolution. The estimated average density for the entire surveyed area is 0.1352 guanaco/ha.

IDENTIFIED RISKS

FACILITIES,
OPENING OF SITES
AND NEW ROADS

PREVENTION AND MITIGATION ACTIONS

Construction of multiple sites.
Camouflaging facilities with paint mimicking the surroundings.

Scientific Research Project called "Evaluation of Habitat Recovery Measures in Auca Mahuida Protected Natural Area", approved by order No. 06/16. The pilot test was performed during the summer 2015-2016.

Reuse of the topsoil removed during site building/expansion activities to promote revegetation of affected soils and construction of artificial shelters with rock piles for the herpetofauna.

FAUNA-VEHICLE COLLISIONS.

Posting maximum speed limit signs in the area, monitoring driving speed of light and heavy vehicles. Training of operating staff in environmental matters.

IMPACT ON THE NUMBER OF BIRTHS OF GUANACOS

Drilling operations are carried out only between April and November in consideration of the species' reproductive cycle.

NOISE EMISSIONS FROM ELECTRIC POWER GENERATORS AND DRILLING EQUIPMENT.

Implementing soundproof structures and/or acoustic panels to reduce noise emissions.



PROTECTION AND SAFETY

YPF's utmost priority is the safety and protection of people, communities and assets.

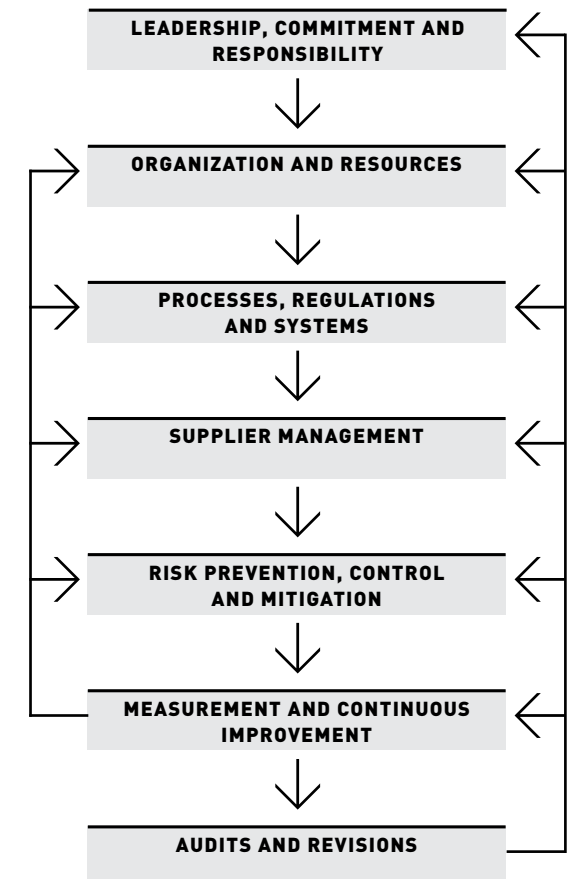
This priority is governed by the Safety, Environmental Protection and Health Preservation Policy. It is exercised through a management system focused on occupational risks, industrial risk mitigation, and the integration of process safety principles to monitor risks and operational impacts.

Our goal is to implement the highest international industry standards in our overall industrial operations and facilities while driven by a continuous improvement approach.

We are committed to working with suppliers and contractors who abide by our principles and are capable of implementing a policy in line with them, as well as with business and industrial partners adhering to high standards.

Our approach is rooted in the fulfillment and development of a strong corporate culture based on environmental protection and safety.

Our management system consists of policies, standards, procedures, and continuous improvement activities aimed at protecting our people. It is shaped around the following seven elements:



The Leadership, Commitment and Responsibility elements —together with the Policy— embody the 6 Golden Safety Rules that are mandatory for all company members and included in service contracts. Their dissemination and enforcement are supplemented by training and drills. (For more information, see Chapter 3, Our People).

The management system mentioned before and its implementation are certified to OHSAS 18001 (Safety) and ISO 14000 (Environment) standards in the company's main industrial complexes.

All our industrial and logistics facilities have been audited by international reinsurers that have rated us “Average or Above Average”, a testament to the ongoing development of risk prevention and mitigation projects in accordance with the highest world-class standards.

Our professionals are engaged in nine collaborative organizations in environmental, health and safety matters, such as CCPS (Center for Chemical Process Safety - American Institute of Chemical Engineers), ARPEL (Asociación Regional de Empresas del Sector Petróleo, Gas y Biocombustibles en Latinoamérica y el Caribe - Regional Association of Oil, Gas and Biofuels Companies in Latin America and the Caribbean) and IAPG (Instituto Argentino del Petróleo y del Gas - Argentine Oil and Gas Institute).

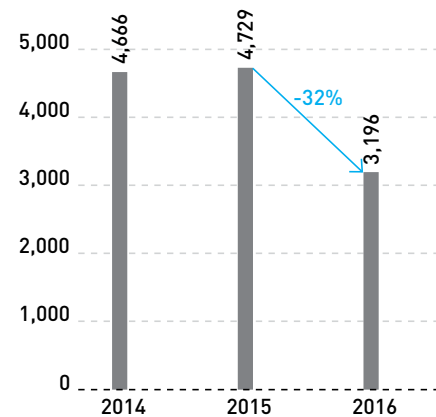
ENVIRONMENTAL AND SAFETY ACCIDENT AND INCIDENT PREVENTION

Year 2016 ended without any fatal accidents and the number of reported incidents was considerably lower than previous year figures. In accordance with the company's procedures, high potential incidents during 2016 were the subject of investigations to find root causes and identify any aspects to help us improve safety in the future.

TOTAL NUMBER OF REPORTED INCIDENTS

YEAR	REPORTED INCIDENTS
2014	4,666
2015	4,729
2016	3,196

REPORTED INCIDENTS - YPF

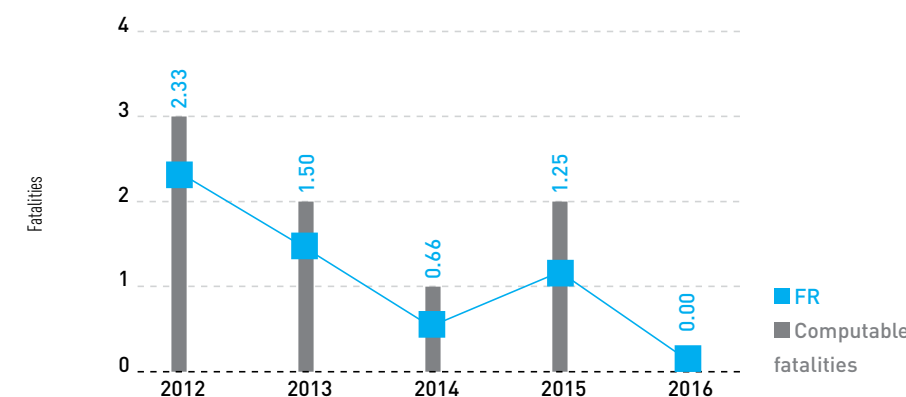


HIGH-POTENTIAL INCIDENTS, INVESTIGATIONS

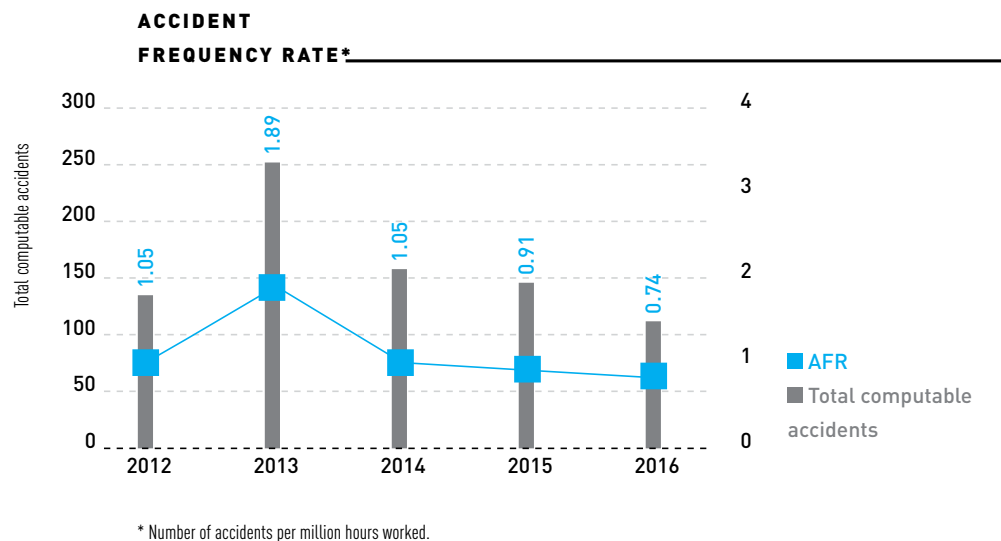
Every high-potential incident is investigated as a precautionary measure and as a means to ensure the continuous improvement cycle. In 2016, over 940 high-potential incidents were investigated.

INVESTIGATIONS	NUMBER OF INCIDENTS	%
CLOSED	942	94%
ONGOING	21	2%
OVERDUE	39	4%

FATALITY RATE (OWN AND HIRED STAFF)*



* Number of fatalities per 10⁶ hours worked.



The total number of computable accidents continued its downward trend in recent years, reaching an Accident Frequency Rate of 0.74.

The total number of days lost by the company’s workforce due to work-related and in-transit accidents was 20,269, with a similar absentee* rate for men (0.42) and women (0.40).

*This index shows the number of absentee days per year based on an average of 22 work days per month.

PHYSICAL SECURITY AND HUMAN RIGHTS

The company has a physical security standard specifically intended to safeguard both people and asset integrity by adopting timely preventive and reactive measures and encouraging safety awareness among its staff.

The area responsible for enforcing this standard —reporting to the Vice-presidency of Environmental, Health and Safety— performs the relevant vulnerability, risk and threat assessments, and proposes and implements any required mitigating actions.

One of the provisions of this physical security policy —in force since 2013— is: “To ensure that all people performing security duties at YPF and its controlled companies have a solid training in human rights; and to respect and ensure respect for human rights at all times, in all places and

under all circumstances, adopting the best practices pursuant to the legislation in force”. Along these lines, all surveillance and access control agreements require personnel to have knowledge of and training in human rights, and to be fully committed to respecting and ensuring respect for them”. Failure to do so will be deemed a serious offense. Control is exercised to ensure compliance with this requirement and any relevant provincial legislation.

At present, over 90% of security contractors’ personnel are trained in human rights and the remaining 10% is scheduled for training before the end of 2017.

LEADERSHIP,
COMMITMENT AND
RESPONSIBILITY



06 SUPPLIERS AND CUSTOMERS

WORKING WITH SUPPLIERS

YPF's commitment is to ensure that the supply of products or services from its suppliers, contractors, subcontractors, and business partners complies not only with technical and operational requirements and their relevant financial costs, but also with the ethical values, and environmental and social requirements outlined by the company. These aspects are embedded in the different procurement stages.

Selection → Qualification → Award

In line with the importance given to the value chain and the efforts to improve management, in 2016 YPF completed the certification of its entire procurement process to the ISO 9001 Standard. Consequently, all procurement operations undertaken by the company follow the same procedure nationwide.

IN 2016, YPF COMPLETED THE CERTIFICATION OF ITS ENTIRE PROCUREMENT PROCESS TO THE ISO 9001:2015 STANDARD

The entire procurement process —from suppliers’ offerings to technical and economic evaluations, and to final contracts— is ruled by specific standards in an attempt to achieve the most efficient and traceable management system possible.

The whole process involves an aggregate of 5,137 suppliers with updated qualification information in 2016.

GEOGRAPHICAL DISTRIBUTION OF SUPPLIERS BY SERVICE PROVISION CAPABILITY

	TOTAL
ARGENTINA	4,325
CITY OF BUENOS AIRES	37
CENTRAL AREA	23
GREATER LA PLATA AREA	134
COASTAL AREA	41
NORTHWESTERN AREA	4
WESTERN AREA	355
PAMPEAN AREA	18
SOUTHERN AREA	200



CONTRACTOR AND SUPPLIER ASSESSMENT

All companies providing critical services are screened using relevant management, quality, safety, health, and/or environmental criteria in line with the company’s current guidelines and policies. Our Code of Ethics and Conduct establishes the company’s values and vision and applies not only to directors and employees, but also to contractors, subcontractors, suppliers, and business partners.

Suppliers are registered and classified into three levels of criticality (high, medium, and low) based on the goods and services offered and a number of requirements. These give rise to different control systems, implementation conditions, management system certifications (quality, safety and/or environmental), and internal and external audits.

SERVICES BY LEVEL OF CRITICALITY*

	2015	%	2016	%
HIGH	589	20%	809	13%
MEDIUM	1,495	50%	2,652	43%
VERY LOW	929	31%	2,757	44%
	3,015		6,218	

* Data for all registered contractors and suppliers.





The control system in place seeks to keep commitments and management systems current over time. Some contractual aspects are subject to frontline monitoring while others are controlled by corporate areas involving Human Resources, Industrial Relations, Procurement and Contracts, and Environment, Health and Safety. To this end, monthly compliance reports and quarterly risk maps are drafted. The latter assess (1) YPF's exposure to contractors' order fulfillment risk; and (2) contractors' operating, financial, and quality/safety performance. Contractors' performance is then inputted into the supply chain scorecard.

During 2016, 48 new companies were audited (40 of them in relation to safety and environmental matters). An overall total of 706 audits were completed that year.

Specific controls are exercised to ensure that the staff allocated by suppliers to perform work at our facilities is fully covered and protected.

They are also focused on ensuring that contractors comply with general regulations and pension obligations in force, and include

—among others— aspects like annual health checks, safety courses, labor union debt-free certificates, defensive driving examinations for light vehicles, and security –beyond legal obligations.

In 2016, five new suppliers were incorporated for labor services, after being assessed using labor practices criteria.

Based on the different assessment tools employed by the company, no significant risks of incidents of child, forced or compulsory labor, or of violations of the freedom of association have been identified involving operations or suppliers under current contracts in the reporting period.

PROCUREMENT

YPF is strongly committed to developing the domestic industry and strengthening local suppliers. Year 2016 witnessed the continuation of several programs and initiatives for carrying out specific projects with high-impact suppliers critical to the business and the industry. The goal is to improve productivity and quality, seizing opportunities for growth.

The Quality and Productivity Improvement Program —supported by technical advisory services provided by INTI (*Instituto Nacional de Tecnología Industrial* – National Institute of Industrial Technology), and implemented for contractors selected by YPF— is primarily intended to maximize processes and improve management. YPF further assists in obtaining subsidies and non-refundable contributions that are fundamental for supplier development either through instruments of its own or of government entities.

PROCUREMENT*	2016	2015
PROCUREMENT AND CONTRACTS FOR THE REPORTING PERIOD	102,280	73,284

*In millions of pesos. For more information, please see the Consolidated Financial Statements as of 12/31/2016 at <https://www.ypf.com/english/investors/Lists/InformacionFinanciera/Financial-Statements-12-31-2016.pdf>

PROCUREMENT DISTRIBUTION

BY REGION IN 2016

DESCRIPTION	UPSTREAM %
DOMESTIC	51%
CHUBUT	6%
MENDOZA	8%
NEUQUÉN AND RÍO NEGRO	26%
SANTA CRUZ	10%

DESCRIPTION	DOWNSTREAM %
DOMESTIC	62%
LA PLATA	28%
MENDOZA	9%
NEUQUÉN AND RÍO NEGRO	1%

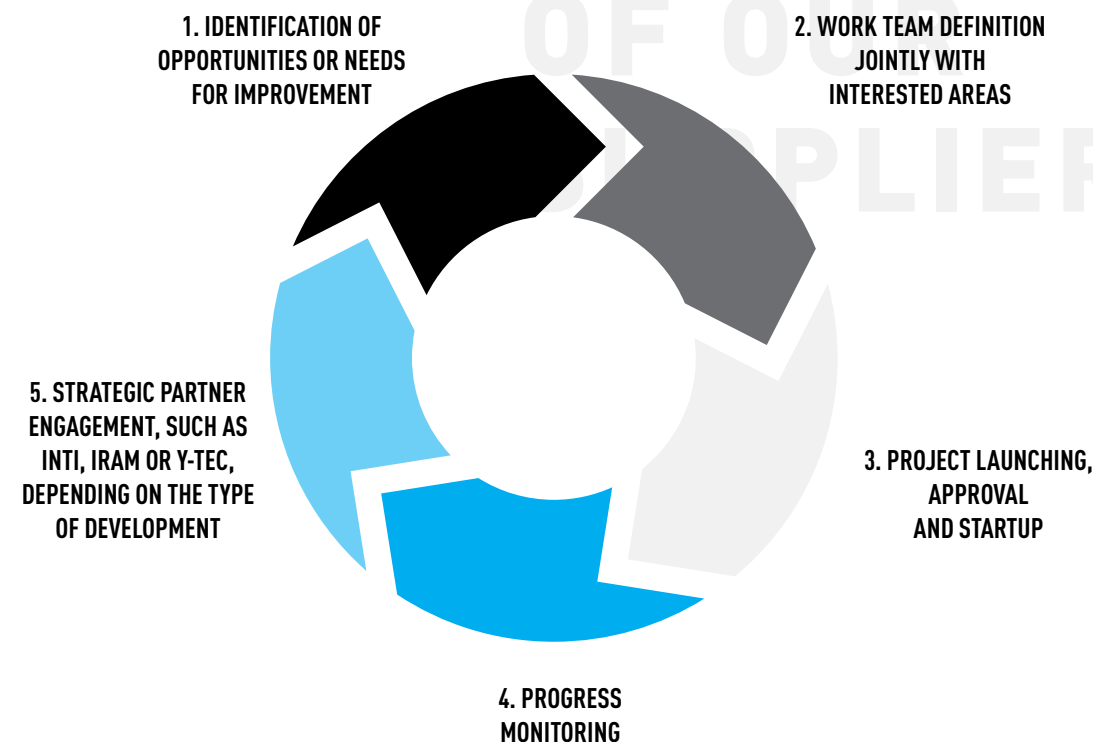


Digital purchases

During 2016, the company successfully completed implementation of digitally made and signed contracts. This technological breakthrough allows remote process completion from different locations in the country, enabling a higher degree of control and organization while eliminating the need for hard copies of transactions.

This solution not only makes time, control, data traceability, and document access more efficient, but also helps to lower corporate costs and resource use –a reduction of close to 2,400,000 liters of water potentially used for paper manufacturing, with raw material equivalent to 156 trees.

WORK METHODOLOGY



DEVELOPMENT OF OUR SUPPLIERS

SUSTAINABLE SUPPLIER DEVELOPMENT

This program was designed to help boost companies within the value chain, strengthen the industry in YPF's areas of operation, and provide responses to meet business needs.

The program has the following goals:

- Strengthening micro, small and medium enterprises in the company's areas of operation.
- Improving supplier productivity, competitiveness, and quality.
- Becoming a liaison between the company's varied businesses and the supplying market.

Sustainable supplier development yields

higher market competition	improved company productivity	national integration	financing and support to management
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Quality and Productivity Improvement Program

The Quality and Productivity Improvement Program —addressed to micro, small or medium enterprises— continued during 2016 in an attempt to boost the development of the industry value chain in the company's main areas of operation.

This initiative resulted from the collaboration with the Argentine Ministry of Production and national and provincial government entities implementing programs and subsidies aimed at supporting suppliers and bolstering industry-based projects. It builds on the experience gained under the Productivity Improvement Program, jointly launched with INTI in 2015; and under YPF's Sustenta Program, undertaken in 2012.

The program —funded by YPF— is based on an agreement signed with the National Institute of Industrial Technology (INTI), which provides technical advisory and professional services. The first step involves an overall diagnosis to identify opportunities for improvement, from which a four- to six-month work plan is outlined. The proposed management tools seek to increase productivity (improving delivery times, cutting down production costs, and enhancing workplace conditions).

The program was launched in Comodoro Rivadavia (Chubut), Las Heras (Santa Cruz), Mendoza, and La Plata (Buenos Aires), and has already diagnosed to date over 80 suppliers selected from the company's key operations. It has also made it possible to build up training in YPF's Code of Ethics and Conduct, to which both contractors and suppliers must adhere.

YPF helps its suppliers to access different public and private programs and instruments to aid in their development for improved future performance in the industry. Forty small and medium-sized enterprises have already benefited from different tools subsidizing production or innovation efforts.

40 SUPPLIERS HAVE OBTAINED FINANCING FOR OVER 268 MILLION PESOS.

A SUCCESS CASE

Mecannen is a company established in Neuquén that received help from YPF to secure financing for the purchase of production equipment. This company was engaged in the development of materials to improve unconventional well production in Loma Campana, Neuquén.

After noticing a spike in demand, both worked to find financing alternatives that would allow Mecannen to buy a numeric control lathe to expand its production capacity. The solution came up through application for and approval of a loan financed by Banco de la

Nación Argentina. Today, Mecannen has managed to improve its company's productivity and meet additional demand.

Along these lines, the company has worked in the development and technology transfer of cementing and fracturing equipment. This has allowed introducing, in 2016, the first HT-2000 Fracturing Equipment assembled in Argentina.

INCLUSIVE PROCUREMENT

According to a study by the Network of Pro-Diversity Enterprises, 12.9% of the country's population has some form of disability. Of these people, 75% over 17 years old are unemployed, and 38.4% lack a healthcare plan.

The inclusive procurement program that started in 2015 continued during 2016, asking foundations, associations, NGOs and protected workshops to enter their data in the Supplier Self-Registration Form. In this way, any venture engaged in labor inclusion of disabled people will be able to take part in the company's tender processes for the procurement of goods and services.

The Self-Registration Form is directly accessed through the company's web page, from the drop-down menu "YPF and the Industry / Do you want to become an YPF supplier?", where suppliers may specify whether their company is an Organization Committed to Including People with Disabilities (OCIPwD).

COMMITTED COMPANIES

GRANJA ANDAR	MORENO. BS. AS.
REDACTIVOS	BUENOS AIRES
APAD	SAN MIGUEL
LA USINA	BUENOS AIRES

In 2016, YPF worked with three companies committed to the inclusion of people with disabilities: Asociación Andar, for event catering at YPF Tower in Puerto Madero (hired by Communications and Image); redACTIVOS, for the purchase of YPF Foundation's merchandising material; and La Usina Asociación Civil, for training workshops for YPF's tutors working with people with some form of disability.

This year, the company has also undertaken a labor inclusion initiative among suppliers providing merchandising material. To this end, every company with a valid contract under way has been invited to sign a commitment letter to consider procurement of stamping, bagging, labeling, customizing and any other activity requiring the use of intensive labor from an Organization registered as Committed to Including People with Disabilities.

The *Asociación Mutual Israelita Argentina* (AMIA – Argentine-Israeli Mutual Association) and the *Asociación de Institutos Educativos Privados Especiales Argentinos* (AIEPEsA – Association of Private Special Education Centers) joined YPF in spreading and supporting this initiative. An outreach campaign has also been organized at YPF to communicate this initiative to its employees in detail, and have them promote it and recommend companies and workshops for registration.

Learn more about the program at: <http://www.ypf.com/Proveedores/Paginas/desarrollo-sus-tentable-de-proveedores.aspx>

SOLUTIONS FOR OUR CUSTOMERS

CUSTOMER-ORIENTED PRODUCTS AND SERVICES

Product quality and customer focus are YPF's priorities. The company is committed to developing competitive products, services, and solutions in line with the needs and challenges posed by sustainable energy production in Argentina.

YPF has the largest fuel and lubricant supply network in the country, serving the public at large through service stations and convenience stores spanning the territory. It also supplies the domestic markets (mining, oil

and gas, infrastructure, aviation, and transport) with all types of products: fuels, lubricants, coke, asphalt, paraffin, and byproducts. One of the company's major customers is the agro-industrial sector, to which it sells diesel fuel, agrochemicals, and fertilizers.

OPINION POLLS

Every year, YPF conducts a public opinion poll and corporate image assessment through a nationwide quantitative research.

WHAT IS YOUR IMPRESSION OF YPF? (%)

VERY POSITIVE	34.5	74.4
POSITIVE	39.8	
POOR	9.7	12.8
VERY POOR	3.1	
DON'T KNOW	13.0	

THINKING ABOUT YPF, HOW MUCH DO YOU AGREE WITH THE FOLLOWING STATEMENTS? (%)

	PERCENTAGE OF PEOPLE POLLED				
YPF PLAYS A KEY ROLE IN THE COUNTRY'S ECONOMY	54.4	30.3	6.5	2.0	6.8
YPF PROVIDES QUALITY PRODUCTS AND SERVICES	34.6	46.7	9.3	1.5	7.9
YPF IS AN APPROACHABLE COMPANY PRESENT IN MY EVERYDAY LIFE	40.0	35.5	13.7	3.3	7.5
YPF IS AN ARGENTINE COMPANY THAT MAKES ME FEEL PROUD	47.6	27.0	15.0	1.9	8.5
YPF IS STRONGLY COMMITTED TO DEVELOPMENT	33.4	34.9	17.7	3.7	10.3
YPF IS A COMPANY MANAGED BY PROFESSIONALS	31.1	37.2	17.3	2.1	12.3
YPF IS A LEADER IN TECHNOLOGY INNOVATION AND DEVELOPMENT	27.9	37.8	17.2	2.9	14.2
YPF IS AN ENVIRONMENTALLY FRIENDLY COMPANY	23.5	34.9	16.1	6.3	19.3

- Strongly agree
- Agree
- Disagree
- Strongly disagree
- Don't know



DURING 2016, *YPF SURPASSED 370,000 CONTACTS.

Our fuels are specifically designed with environmental stewardship in mind. This is achieved at our three refineries featuring state-of-the-art equipment.

This launch is consistent with YPF's ongoing efforts to produce fuels meeting the most stringent quality and environmental standards, which is reflected in their composition.

In 2016, YPF launched INFINIA DIESEL, a smart fuel that helps protect modern diesel engines. These engines are required to meet the emission limits of the Euro 5 standards in force in Argentina since 2016, and the Euro 6 standards, already in force in the European Union.

Argentine legislation establishes the maximum acceptable values of several fuel components. To this end, YPF invests in technology development, seeking innovative solutions to maximize content reduction. This has translated into improvements in refineries, giving rise to greater requirements. YPF uses no heavy metal-based additives in its fuels.

ASTERISCO YPF

In an attempt to get customer feedback, the company has opened a feedback and complaint channel called ASTERISCO YPF (Asterisk YPF) that enables direct communication with customers to translate their suggestions into solutions and improvement plans.

This new fuel suits the requirements of modern vehicles —both passenger and cargo— which must comply with emission limits.

QUALITY FUELS

All fuels sold in the market meet and exceed the quality specifications in force in Argentina. YPF manufactures gasoline with higher octane ratings than those required by regulations, in line with modern automobile industry demands.

INFINIA DIESEL is an ultra-low sulfur fuel with multi-purpose agents that clean and keep the injection circuit clear. These agents also prevent new deposit formation as they remove carbon impurities and inhibit future dirt generation. It also features the Metallic Deactivation Technology (TDM, in its Spanish acronym), which maintains the original qualities of the fuel, contributes to its stability, and protects and increases the life of engines.

INFINIA DIESEL has a higher cetane rating (over 55) which leads to a more efficient combustion, facilitating engine start and reducing the noise level inherent in diesel engines.

Likewise, average sulfur and benzene contents in YPF's fuels are well below the values set forth by law.

SULFUR:

- Grade 2 gasoline (SÚPER): 70 ppm (150 ppm max).
- Grade 3 gasoline (INFINIA): 35 ppm (50 ppm max).
- Grade 2 high-density diesel fuel (D500): 350 ppm (500 ppm max).
- Grade 2 low-density diesel fuel (ULTRA): 700 ppm (1,500 ppm max).
- Grade 3 diesel fuel (INFINIA DIESEL): 7 ppm (10 ppm max).

BENZENE:

- Gasoline: 0.7 (1 ml/100 ml).

In the formulation and trading of its products, the company also complies with the mandatory biofuel blend in diesel fuels and gasoline established by Argentina's Act 23093.

During 2016, the required content levels of biodiesel in diesel fuels and of bioethanol in gasoline were 10% and 12%, respectively

**GRAINS:
1,200,000 TONS
OF GRAINS
(CEREALS AND
OIL SEEDS).**

BIOFUELS

BIODIESEL, FAME (T)	613,791
ETHANOL (M ³)	488,680

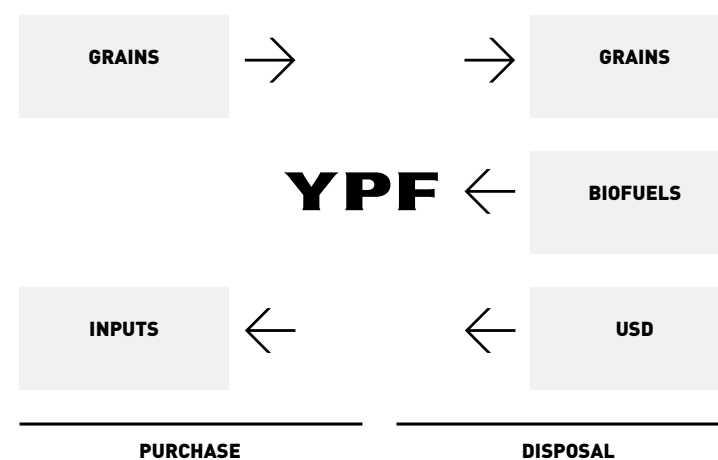
EXCHANGE OF GRAINS FOR USE IN BIOFUELS

YPF offers a comprehensive product and service solution and a business organization focused on the agro-industrial segment, by exchanging grains for inputs as a key business tool to maintain its competitiveness. Part of the grains obtained through exchange is used as raw material in YPF's biofuel manufacturing process. The rest is directly or indirectly traded, as soy undergoes a milling process yielding sub-products mainly sold in the foreign market.

GRAIN TRADE

AMERICA	3%
EUROPA	28%
AFRICA	26%
ASIA	42%

GRAIN EXCHANGE - CONCEPTUAL DIAGRAM



GAS STATION NETWORK

YPF has the largest gas station network, strategically located across Argentina.

Focused on providing a comprehensive quality service to everyday customers, the following improvement plans were implemented in 2016.

1. Connection Project

It was launched in 2016, with the goal of delivering enhanced customer experience based on a three-pronged approach:

- Customer experience
- Productivity
- Commitment

Aimed at boosting team skills, maximizing operating management and, more importantly, redefining supplier-customer relationship at our gas stations, the project included the following key milestones:

- Implementing different initiatives to cut down expenses and enhance collection management supported by new technologies, business tools, and improvement in the management model process. These initiatives include: (1) launching a cash-recycling ATM pilot project; (2) implementing a cash-back option in the entire network and ATMs with banknote verification systems; and (3) improving withdrawal frequency.
- PASS, a technology innovation program seeking to improve customer's fueling experience, launched in 10 gas stations during 2016.

**A 4%-INCREASE
IN VOLUMES
OBTAINED FROM
BIODIESEL
(FAME) (TONS).
AN 11%-
INCREASE IN
VOLUMES
OBTAINED FROM
ETHANOL (M³)
IN 2016.**

→ Gas pump controller and Capture Network: the project includes an update of Cem 44, YER and Serviclub applications in the entire network. A pilot test was conducted in 2016 at Ugarte and La Lucila gas stations.

→ Smart Coupons (coupon book): a new tool seeking to boost sales and cross-selling activities between gas stations by issuing discount coupons. Coupons are issued following preset rules according to customer type, offering special promotions to each specific customer based on their needs and buying choices. At present, a pilot test has been implemented at Jumbo Pilar.

These initiatives on customer service improvement are reflected in customer satisfaction surveys.

* YPF's Own Network: refers to a response rate of about 17% over an aggregate of 818,000 surveys.

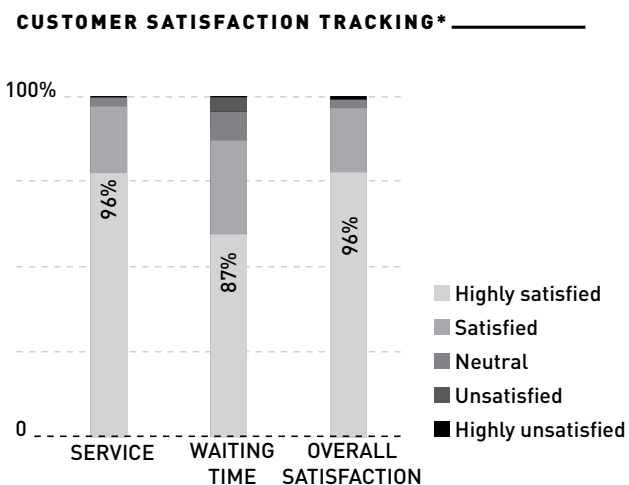
** Associates' Network: refers to a response rate of about 16% over an aggregate of 8,900 surveys.

**1,547
SERVICE
STATIONS IN
2016**

2. Point-of-sale experience

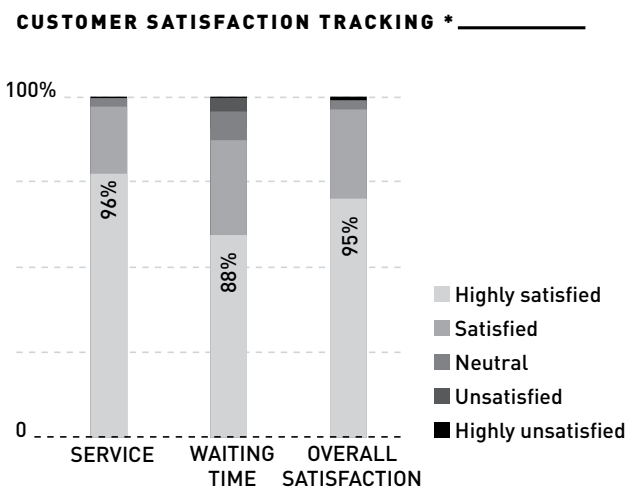
Based on the point-of-sale experience, YPF performs an ongoing measurement of customer satisfaction. In 2016, the following results were obtained for both YPF's Own Network* and Associates' Network**:

→ Customer satisfaction tracking in YPF's Own Network



* Based on Serviclub's ongoing member survey (140,000 responses)

→ Customer satisfaction tracking in Associates' Network



*Based on Serviclub's ongoing member survey (3,000 responses)

3. Environmental, health and safety management system in the network

During 2016, efforts have been intensified to meet the highest environmental, health and safety quality standards.

As an example, the Safety and Environmental Management in Industrial Assets and Change Management standard (10065-PR-370400-100M) has been implemented in YPF's Own Network. Station and regional supervisors in critical areas have been trained in mandatory documents to be submitted in the event of inspection by proper authorities.

The company has worked towards creating its own scorecard for environmental incidents, which records every infrastructure and/or operating event involving environmental impact risks.

Additionally, the Six Golden Safety Rules were strengthened through countrywide training to encourage policy enforcement.

**100%
COMPLIANCE
IN UNDERGROUND
HYDROCARBON
STORAGE SYSTEM
(SASH) AUDITS.**

**348
FIRE DRILLS
CONDUCTED**

**360
MEASUREMENTS
IN CONNECTION WITH
OCCUPATIONAL
HEALTH AND SAFETY**

SERVICLUB

Serviclub is YPF's customer fidelity program. It is quite a simple program: members earn kilometers that later translate into discount days, outings, prize draws and benefits. The program offers discounts and promotions at every YPF service station in the country. Points can be redeemed for discounts in fuels, products available in FULL stores, ELAION lubricant changes in BOXES, and automobile care products.

Kilometers are changed to miles for traveling on Aerolíneas Argentinas and enable members to take part in monthly draws for a brand new Chevrolet Tracker. This is coupled with entertainment discounts and benefits offered by Nativa and Club La Nación cards.

Serviclub is reaching an all-time record of active members.

1,575,500
ACTIVE
MEMBERS

8,000,000
REDEMPTIONS
FOR DIFFERENT
BENEFITS.

	2014	2015	2016
MEMBERS	923,900	1,135,000	1,575,500
2016 INCREASE			39%

Several actions were carried out in 2016 that have helped increase the number of members and improved the use of benefits.

Main actions carried out in 2016 to increase the number of program members and uses.	Launching of fuel savings by redeeming kilometers.	Program enrollment at service stations
	Agreement with Aerolíneas Argentinas to change kilometers to miles.	Eight self-liquidating promotion initiatives available at service stations

In 2016, YPF implemented PASS Serviclub, an unrivaled system in the gas station market aimed at improving customers' purchasing experience by reducing waiting times through payment process automation. It is an innovative approach offering speed and agility to YPF Serviclub's members.

To learn more about the program, visit:
<http://www.ypf.com/serviclub/Paginas/Home.aspx>

ACES AT THE WHEEL

During 2016, YPF continued a road safety awareness campaign to help reduce traffic accidents in Argentina. Aces at the Wheel features sixteen 3-D advertising spots giving basic road safety tips. By means of simple and playful language, strategically addressed to children, the spots encourage them to bring up the topic to their family.

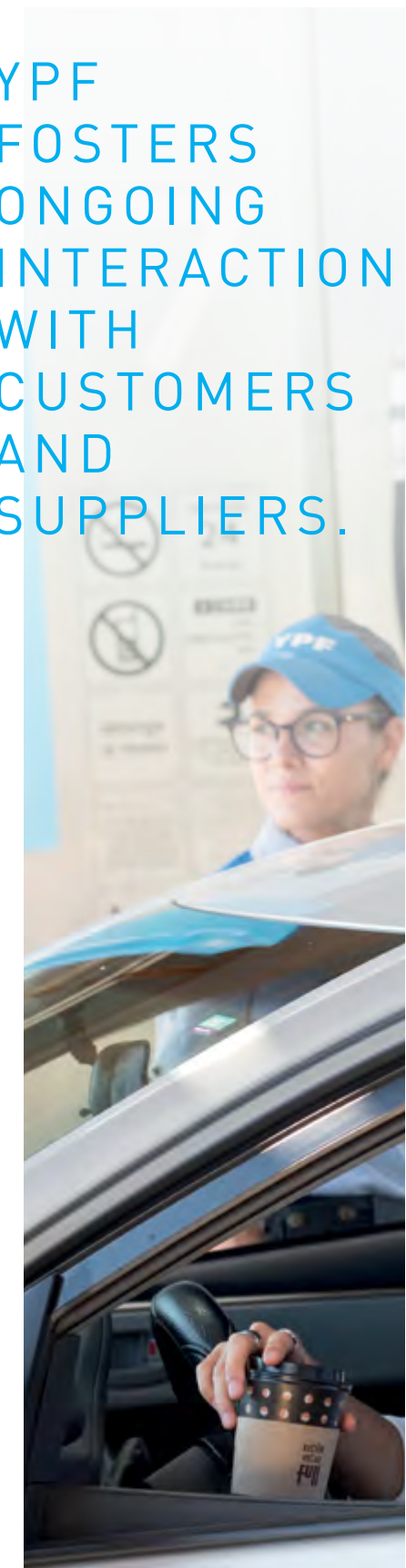
Characters teach drivers and passengers the following:

- Getting the car ready;
- Correct use of lights on the road;
- Seat belt use;
- Speed limit compliance;
- Use of helmets when driving motorcycles; and
- Danger of mobile phone use while driving.

Launched in 2016, the new Respect Campaign consisted of three 20-second spots showing everyday, potentially dangerous situations and the Aces at the Wheel correcting them. The new feature was that the spots were addressed not only to motor vehicle drivers but also to pedestrians, bikers, skaters, roller skaters and motorcyclists.

This initiative coordinates educational, advertising, and awareness actions in YPF's more than 1,500 services stations. In addition, a recreational and educational space was set up in Tecnópolis, which had more than 20,000 visitors. And areas of interaction were created along the Argentine Atlantic Coast during the summer season.

YPF
FOSTERS
ONGOING
INTERACTION
WITH
CUSTOMERS
AND
SUPPLIERS.



ETHICS

GRI INDICATORS

# INDICATOR GRI G4	GLOBAL COMPACT	DESCRIPTION	LOCATION IN REPORT 2016 / RESPONSE
Strategy and Analysis			
G4-1		Statement from the most senior decision-maker.	Ch. 1 Messages from the Chairman and the Executive Management Committee
G4-2		Description of key impacts, risks, and opportunities	Ch. 1: The Company
Organizational Profile			
G4-3		Name of the organization	Ch. 1: The Company
G4-4		Organization's primary brands, products, and services.	Ch. 1: The Company
G4-5		Location of the organization's headquarters.	Ch. 1: The Company
G4-6		Countries where the organization operates.	Ch. 1: The Company
G4-7		Nature of ownership and legal form.	Ch. 1: The Company
G4-8		Markets served.	Ch. 1: The Company
G4-9		Scale of the organization (employees, operations, sales, capitalization, products and services).	Ch. 1: Main figures
G4-10	P6	Breakdown of employees (employment contract, region, and gender)	Ch. 3: Diversity and inclusion
G4-11	P3	Percentage of employees covered by collective bargaining agreements.	Ch. 3: Employees' representation
G4-12		Organization's supply chain.	Ch. 1: Value chain infographics
G4-13		Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	No significant changes occurred during the reporting period
G4-14		How the precautionary principle is addressed by the organization.	Ch. 1: Corporate governance / Code of Ethics and Conduct / Risk management
G4-15		Social charters, principles, or other external initiatives to which the organization has subscribed.	Ch. 1: Partnerships for development Ch. 2: Commitment to sustainability
G4 - 16		Memberships of national or international advocacy associations and organizations.	Ch. 1: Partnerships for development
Material Aspects and coverage			
G4-17		Entities included in the organization's consolidated financial statements.	Ch. 1: The Company
G4-18		Process for defining the report content and the aspect boundaries.	Ch. 2: Commitment to sustainability
G4-19		Material aspects identified in the process for defining report content.	Ch. 2: Sustainability topics in 2016
G4-20		Aspect boundary within the organization for each material aspect.	Ch. 2: Sustainability topics in 2016
G4-21		Aspect boundary outside the organization for each material aspect.	Ch. 2: Sustainability topics in 2016
G4-22		Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Ch. 2: About this report

# INDICATOR GRI G4	GLOBAL COMPACT	DESCRIPTION	LOCATION IN REPORT 2016 / RESPONSE
G4-23		Significant changes from previous reporting periods in the scope and aspect boundaries.	Ch. 2: About this report
Stakeholder Engagement			
G4-24		Stakeholder groups engaged by the organization.	Ch. 2: Sustainability topics in 2016
G4-25		Basis for selection of stakeholders with whom to engage.	Ch. 2: Sustainability topics in 2016
G4-26		Organization's approach to stakeholder engagement.	Ch. 2: Sustainability topics in 2016
G4-27		Key topics and concerns that have been raised through stakeholder engagement.	Ch. 2: Sustainability topics in 2016
Report Profile			
G4-28		Reporting period.	Ch. 2: About this report
G4-29		Date of most recent previous report.	Ch. 2: About this report
G4-30		Reporting cycle.	Ch. 2: About this report
G4-31		Contact point for questions regarding the report content.	Ch. 2: About this report
G4-32		The 'in accordance' option the organization has chosen.	Ch. 2: About this report
G4-33		Organization's policy and practice with regard to seeking external assurance.	Ch. 2: About this report
Governance			
G4-34		Governance structure of the organization.	Ch. 1: Corporate governance / Code of Ethics and Conduct / Risk management
G4-35		Process for delegating authority from the highest governance body.	Ch. 1: Corporate governance / Executive Management Committee
G4-36		Executive-level position or positions with responsibility for economic, environmental and social topics.	Ch. 1: Corporate governance / Board Committees
G4-38		Composition of the highest governance body and its committees.	Ch. 1: Corporate governance / Executive Management Committee / Board Committees
G4-39		The chair of the highest governance body is also an executive officer.	Ch. 1: Corporate governance / Executive Management Committee
G4-40		Nomination and selection processes for the highest governance body and its committees.	Ch. 1: Corporate governance / Selection and nomination of Board members
G4-41		Processes for the governance body to ensure potential conflicts of interest are avoided and managed.	Ch. 1: Corporate governance / Risk management
G4-42		The governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social impacts.	Ch. 1: Corporate governance / Risk management
G4-44		Processes for evaluation of the governance body's performance.	Ch. 1: Corporate governance / Performance evaluation of the Board of Directors
G4-51		Remuneration policies for the governance body and senior executives.	Ch. 1: Corporate governance / Remuneration
G4-52		Process for determining remuneration.	Ch. 1: Corporate governance / Remuneration
Ethics and Integrity			
G4-56	P10	Organization's values, principles, standards and norms.	Ch. 1: Corporate governance / Ethics and transparency
G4-57	P10	Internal and external mechanisms for seeking advice on ethical and lawful behavior.	Ch. 1: Corporate governance / Code of Ethics and Conduct
G4-58	P10	Internal and external mechanisms for reporting unethical or unlawful behavior.	Ch. 1: Corporate governance / Code of Ethics and Conduct
Economic			
Economic performance			
EC1		Direct economic value generated and distributed.	Ch. 1: The Company / Main figures
EC2	P7	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Ch. 1: Corporate governance / Risk management

# INDICATOR GRI G4	GLOBAL COMPACT	DESCRIPTION	LOCATION IN REPORT 2016 / RESPONSE
EC3		Coverage of the organization's benefit plan obligations (pension plan).	The company has a pension plan covering every YPF S.A. employee. Each subscriber may contribute an amount varying between 3% and 10% of their monthly remuneration and the Company will contribute an equal amount. More information available in the Consolidated Financial Statements as of 12/31/2016. https://www.ypf.com/english/investors/Paginas/home.aspx
EC4		Financial assistance received from government.	Information available in the Annual Report 20-F. http://www.ypf.com/inversoresaccionistas/Paginas/informacion-financiera.aspx
Indirect Economic Impacts			
EC7		Development and impact of infrastructure investments and services supported.	Ch. 4: Sustainable cities
EC8		Significant indirect economic impacts, including the extent of impacts.	Ch. 1: Main figures Ch. 4: Educating for energy, Trades Education and Training Ch. 6: Sustainable supplier development
Procurement Practices			
EC9		Proportion of spending on local suppliers at significant locations of operation.	Ch. 6: Working with suppliers
Reserves (EC)			
OG1		Volume and type of estimated proved reserves and production.	Ch. 1: Main figures
Environmental			
Energy			
EN3	P7-P8	Energy consumption within the organization.	Ch. 5: Energy efficiency
EN5	P8	Energy intensity.	Ch. 5: Energy efficiency
EN6	P8-P9	Reduction of energy consumption.	Ch. 5: Energy efficiency
OG2	P9	Total amount invested and developed in renewable energy.	Ch. 5: New energies
OG3	P9	Total amount of renewable energy generated by source.	Ch. 5: New energies
Water			
EN8	P7	Total water withdrawal by source.	Ch. 5: Water management
EN9	P8	Water sources significantly affected by withdrawal of water.	In YPF's operations, particularly during 2016, no activities have been identified affecting water sources by withdrawal of water. Ch. 5: Water management
EN10	P8	Percentage and total volume of water recycled and reused.	Ch. 5: Water management
Biodiversity			
EN12	P8	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Ch. 5: Biodiversity: Llancanelo and Auca Mahuida
EN13	P8	Habitats protected or restored.	Ch. 5: Afforestation
EN14	P8	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Ch. 5: Biodiversity
Emissions			
EN15	P7	Direct greenhouse gas emissions (SCOPE 1).	Ch. 5: Climate change
EN16	P7	Energy indirect greenhouse gas emissions (SCOPE 2).	Ch. 5: Climate change
EN18	P8	Greenhouse gas emissions intensity.	Ch. 5: Emission Management
EN19	P8-P9	Reduction of greenhouse gas emissions.	Ch. 5: Emission management
EN20	P7	Emissions of ozone-depleting substances.	Ch. 5: Emission management
EN21	P7	NOx, SOx, and other significant air emissions.	Ch. 5: Emission management
Effluents and Waste			
EN22	P8	Total water discharge by quality and destination.	Ch. 5: Water management
EN23	P8	Total weight of waste by type and disposal method.	Ch. 5: Waste management
EN24	P8	Total number and volume of significant spills.	Ch. 5: Spill preparedness and response

# INDICATOR GRI G4	GLOBAL COMPACT	DESCRIPTION	LOCATION IN REPORT 2016 / RESPONSE
EN25	P8	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	During 2016, no waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII has been exported or treated.
EN26	P8	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	Ch. 5: Surface water monitoring
OG5	P7-P9	Volume and disposal of formation or produced water.	Ch. 5: Volume and disposal of formation water
OG6	P7-P9	Volume of flared or vented hydrocarbon.	Ch. 5: Flared gas and vented gas
OG7	P7	Amount of drilling waste (drill mud and cuttings).	Ch. 5: Waste management
Products and Services			
EN27	P7-P9	Extent of impact mitigation of environmental impacts of products and services.	Ch. 6: Quality fuels
OG8		Benzene, lead, and sulfur content in fuels.	Ch. 6: Quality fuels
Compliance			
EN29	P8	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Information available in the Consolidated Financial Statements as of 12/31/2016 and Form20-F https://www.ypf.com/english/investors/Paginas/home.aspx
Supplier Environmental Assessment			
EN32	P8	Percentage of new suppliers that were screened using environmental criteria.	Ch. 6: Working with suppliers
Environmental Grievance Mechanisms			
EN34	P8	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	Information available in the Consolidated Financial Statements as of 12/31/2016 and Form20-F https://www.ypf.com/english/investors/Paginas/home.aspx
Social Performance: Labor Practices and Decent Work			
Employment			
LA1	P6	Number and rates of new employee hires and employee turnover by age group, gender, and region.	Ch. 3: Our people
LA2		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Ch. 3: Our people
LA3	P6	Return to work and retention rates after parental leave, by gender.	Ch. 3: Maternity
Labor/Management Relations			
LA4	P3	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Ch. 3: Employees' representation
Occupational Health and Safety			
LA6		Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities, by region and by gender.	Ch. 3: Commitment to occupational health and safety Ch. 5: Protection and safety
LA7		Workers with high incidence or high risk of diseases related to their occupation.	Ch. 3: Commitment to occupational health and safety
LA8		Health and safety topics covered in formal agreements with trade unions.	Ch. 3: Employees' representation
Training and Education			
LA9	P6	Average hours of training per year per employee by gender, and by employee category.	Ch. 3: Staff development
LA10		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Ch. 3: Staff development
LA11	P6	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Ch. 3: Staff development

# INDICATOR GRI G4	GLOBAL COMPACT	DESCRIPTION	LOCATION IN REPORT 2016 / RESPONSE
Diversity and Equal Opportunity			
LA12	P6	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Ch. 3: Diversity and inclusion
Supplier Assessment for Labor Practices			
LA14		Percentage of new suppliers that were screened using labor practices criteria.	Ch. 6: Working with suppliers
Labor Practices Grievance Mechanisms			
LA16		Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	Information on grievances available in the Consolidated Financial Statements as of 12/31/2016 https://www.ypf.com/english/investors/Paginas/home.aspx
Social Performance: Human Rights			
Investment			
HR1	P2	Number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Justification for omission: this indicator will be addressed for inclusion in future reports.
HR2	P1	Hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Ch. 1: Code of Ethics and Conduct Ch. 5: Physical security and human rights
Non-discrimination			
HR3	P6	Number of incidents of discrimination and corrective actions taken.	All reported situations and conducts actually or potentially violating the provisions of the Code of Ethics and Conduct are subject to investigation. In 2016, there was one reported incident of discrimination that was addressed in accordance with the Code of Ethics and Conduct and the company's internal procedures.
Freedom of Association and Collective Bargaining			
HR4	P3	Centers and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	Ch. 3: Employees' representation Ch. 6: Working with suppliers
Child Labor			
HR5	P5	Centers and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the abolition of child labor.	Ch. 6: Working with suppliers
Forced or Compulsory Labor			
HR6	P4	Centers and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Ch. 6: Working with suppliers
Security Practices			
HR7	P1	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations.	Ch. 5: Physical security and human rights
Indigenous Rights			
HR8	P1	Number of incidents of human rights violations involving indigenous peoples and actions taken.	No cases of indigenous rights violations were identified in our operations during 2016.
OG9		Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.	Ch. 4: Indigenous communities
Assessment			
HR9	P1	Number and percentage of centers that have been subject to human rights reviews or impact assessments.	Ch. 6: Working with suppliers
Supplier Human Rights Assessment			

# INDICATOR GRI G4	GLOBAL COMPACT	DESCRIPTION	LOCATION IN REPORT 2016 / RESPONSE
HR10	P2	Percentage of new suppliers that were screened using human rights criteria.	Ch. 6: Working with suppliers
Human Rights Grievance Mechanisms			
HR12	P1	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	Justification for omission: the structure and implementation of this indicator are being addressed for inclusion in future reports.
Social Performance: Society			
Local Communities			
S01	P1	Percentage of centers with implemented local community development, impact assessments, and engagement programs.	Ch. 4: Sustainable development of communities
Anti-Corruption			
S0-4	P10	Communication and training on anti-corruption policies and procedures.	Ch. 1: Corporate governance / Code of Ethics and Conduct
Anti-competitive Behavior			
S07		Number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	No reports or complaints based on the Anti-Trust Law have been received during the reporting period for the reasons mentioned above.
Compliance			
S08		Monetary value of significant fines and number of non-monetary sanctions for non-compliance with laws and regulations.	Information available in the Consolidated Financial Statements as of 12/31/2016 and Form 20-F https://www.ypf.com/english/investors/Paginas/home.aspx
Involuntary Resettlements (S0)			
OG12		List, quantification, and description of involuntary resettlement cases required for the company's activities.	No involuntary resettlements were registered during the reporting period.
Asset Integrity and Process Safety (S0)			
OG13		Number of process safety accidents and events, by business activity.	Information available in the Consolidated Financial Statements as of 12/31/2016 https://www.ypf.com/english/investors/Paginas/home.aspx
Social Performance: Product Responsibility			
Product and Service Labeling			
PR3		Type of information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	Information on products and services available at YPF's web page http://www.ypf.com/productosyservicios
PR5		Results of surveys measuring customer satisfaction.	Ch. 6: Customer-oriented products and services
Fossil Fuel Substitutes (PR)			
OG14		Volume of biofuels produced and purchased meeting sustainability criteria.	Ch. 6: Quality fuels

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OUR REPORTS

- To access the Annual Financial Report, Quarterly Earnings Reports, and Sustainability Report, visit the following links:
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