

**2023-2024**

Annual ESG  
Engagement  
Report

Investor  
Relations  
Team





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## Message from the Director of Investor Relations

Ramón Álvarez-Pedrosa

I am delighted to present Repsol's 10<sup>th</sup> annual ESG Investor Engagement Report, summarising our communication activities held with investors during the second half of 2023 and the first half of 2024.

Across this period, we focused on maintaining excellence in communication and transparency with investors, while seeking to maximise efficiency in our interactions. Our communication efforts focused on explaining Repsol's main commitment to providing clean, affordable, and secure energy, while delivering a profitable energy transition strategy with attractive returns to our stakeholders.

In October 2023, we held the 8th edition of Repsol's ESG Day, our annual flagship in-person ESG investor event. More than 40 ESG investors, financial analysts and other professionals had the opportunity to learn more about Repsol's progress in its commitment towards decarbonisation, along with our CEO's inspiring views about the role of Europe within the energy transition, among other topics.

The main highlight of the last 12 months was, however, the delivery of Repsol's 2024-2027 Strategic Update, announced in February 2024, setting the priorities and objectives for the business to 2027. These priorities and objectives include, focusing on profitable growth, consolidating our multi-energy commitment, and reinforcing our decarbonisation objectives for 2025 and 2030, along with our ambitious net zero emissions goal by 2050.





Under this updated plan, we reaffirmed our decarbonisation targets for the energy transition, seeking to meet the energy demands of our customers. We believe that this approach is the most suitable for us. More than 35% of our net investments from 2024 to 2027 will be allocated to low-carbon initiatives, with the aim of increasing the production of renewable fuels, hydrogen, and biomaterials, accelerating the organic development of a large portfolio of renewable power generation projects, and consolidating our position as a multi-energy leader in Iberia, providing customers with a unique set of products and services.

Public-policy wise, we will continue to advocate that the energy transition must be performed in an orderly manner, without leaving anyone behind. As each sector of the economy has its own specific needs, it should not be expected that all will be able to decarbonise their activities at the same pace or rely on a single solution to achieve this. The protection of our industrial fabric in Europe and the importance of technology neutrality to decarbonise the economy, are also crucial.

With this in mind, I am happy to say that the communication plan with ESG investors and ESG specialists has maintained the same level of activity during this period versus the previous one. We continued to prioritise face-to-face meetings, complementing those with virtual interactions to gain efficiency in our dialogue with the market.

The presence of ESG investors in our institutional shareholder base, a key indicator of the credibility of our ESG strategy and the effectiveness of our engagement with shareholders, stood at 34.8%

as of February 2024. At Repsol, we believe that this indicator illustrates our commitment to transparency and openness in our engagement with investors. This would not be possible without the active role of our CEO, Mr. Josu Jon Imaz, the Executive team, Senior Management and the proactive communication activity of Investor Relations, our Sustainability and Governance teams.

I am proud to say that during this period, we met with more than 100 ESG investors based in 17 countries.

Finally, I would like to share with you that, after more than 38 years at Repsol, it is now time for me to say goodbye. I feel so grateful to have been able to develop most of my professional career at this company and hopefully, to have contributed to Repsol's commitment to the energy transition. During the last six years, it has been a pleasure to lead the Investor Relations team, doing my best to proactively and transparently communicate the company's strategy, while engaging with ESG and financial stakeholders. I have thoroughly enjoyed the challenges of my role, and I would like to thank you for your support.

I am confident you will be in excellent hands with Pablo Bannatyne, as he takes the lead of this team from now on. I am fully convinced that he will continue to support Repsol's stakeholders with dedication.

On behalf of Repsol, I would like to reiterate our commitment to our dialogue with investors. We thank each of them for their continued support and availability to engage with us.

# Monitoring the development of ESG investors in Repsol's shareholder structure

# 1

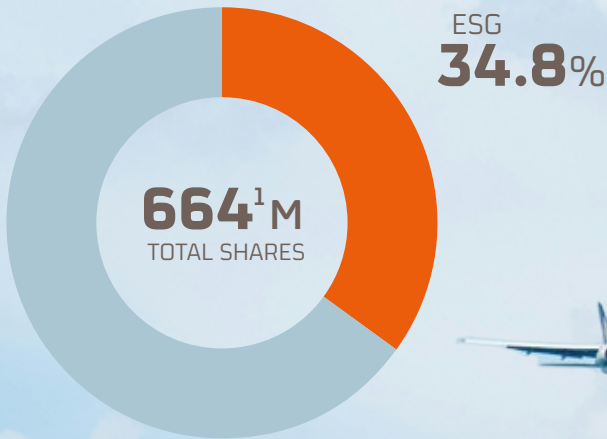
Repsol enjoys a large presence of ESG-focused institutional investors within its shareholder base, according to our data, one of the largest within its sector. This reinforces Repsol's credible story towards the ESG challenges.

# 231M

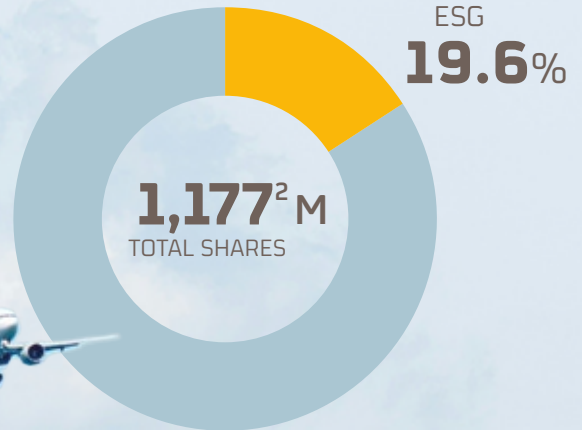
Shares managed under ESG criteria

Repsol's institutional shareholder base percentage almost doubles the 19.5% world-wide sector average.

## Institutional Ownership



## Total Share Capital



Repsol enjoys a large presence of ESG (environmental, social and governance) focused ownership, among its institutional shareholder base, according to our data, one of the largest within its sector.

As of February 2024, ESG investors managed 34.8% of our institutional shareholder base (~231<sup>1</sup> M shares managed utilising advanced ESG criteria<sup>3</sup> out of the 664 M shares managed by institutional investors).

This 34.8 % figure has decreased compared to the 37.1% figure reported last year. This is partially explained by the latest update on the French Socially Responsible

Investment (SRI) labeled funds, which includes new rules on the exclusion of oil and gas companies.

In terms of Institutional ownership, this 34.8% figure almost doubles the 19.5% average found across the oil and gas sector worldwide.

The percentage of ESG investors has increased 314% since 2010. This growth shows the already consolidated importance of ESG issues among investors, along with the rapid adoption of ESG integration by asset managers investing in Repsol and investors' support of its ESG strategy.

1. Institutional shares from the February 2024 Shareholder ID.

2. Repsol's total share capital as of July 2024.

3. According to Leaders Arena's ESG Investor Scorecard methodology: integration conducted by both specialist and mainstream institutional investors that follow a disciplined process to integrate ESG factors in their investment decision making process. ESG thematic investing carried out through mutual funds and ETFs with clearly defined ESG goals such as 'ethical' or 'low carbon' are also included.

# Repsol's ESG ownership evolution

2010	2018	2022	2024
<b>31M</b> Shares <b>8.4%</b>	<b>95M</b> Shares <b>15.8%</b>	<b>255M</b> Shares <b>33.1%</b>	<b>231M</b> Shares <b>34.8%</b>
			VS Institutional ownership

**+314%**

increase since  
2010

2024

2022

2018

2010





A man in a dark suit and red tie is speaking at a white podium. He is looking towards the audience. In the foreground, the backs of several audience members' heads and shoulders are visible. The background is a blue wall. A large white number '2' is positioned in the upper right. A blue box with white text is in the upper left. A white curved line separates the top and bottom text areas.

## Main activities carried out in the last 12 months

# 2

In this chapter we have summarised the activities carried out during this period and, therefore, the dialogue with ESG investors.

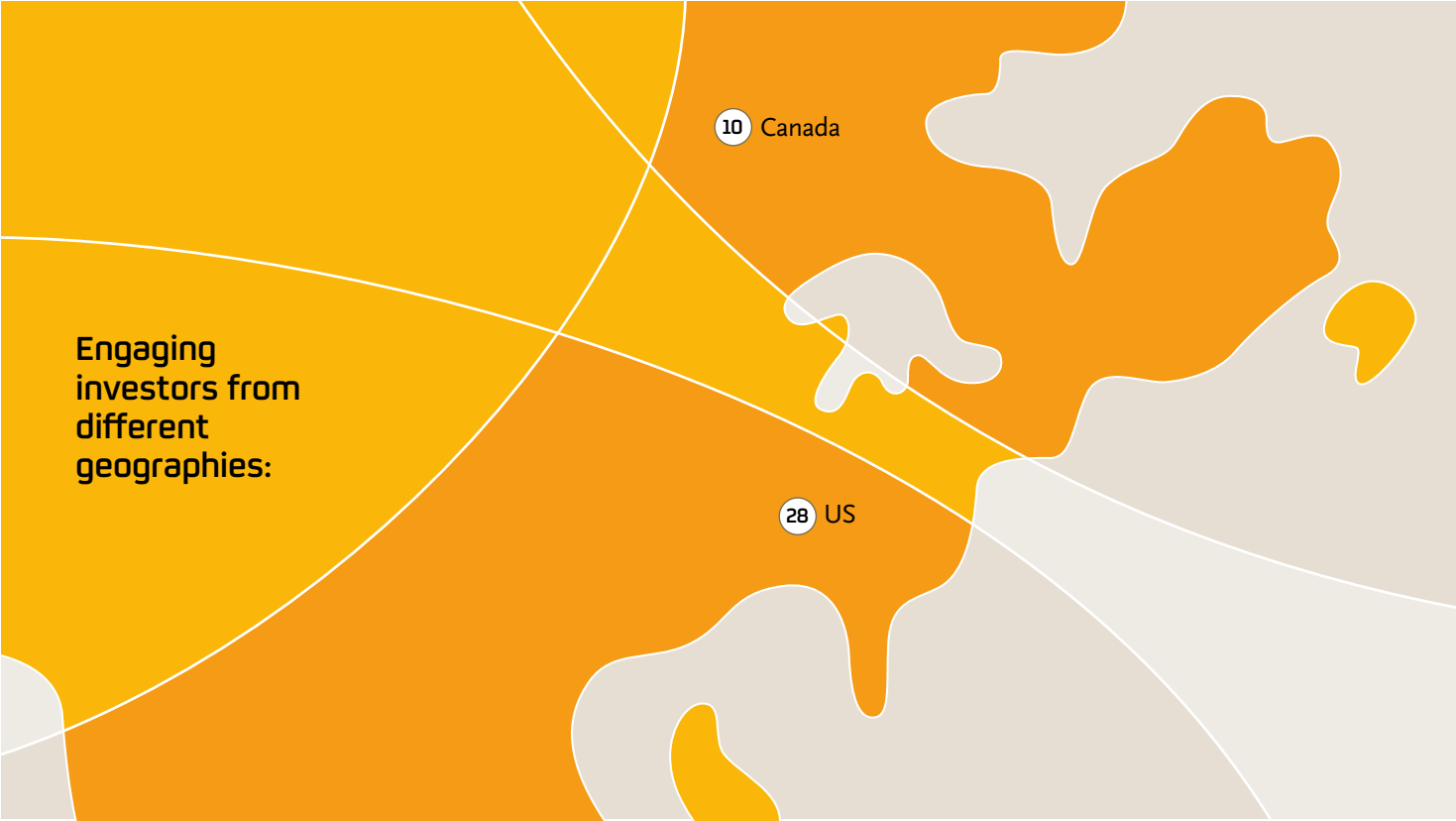
ROADSHOWS

Events  
in the last  
12 months

CONFERENCES

SPECIALIST EVENTS







Our company manages one of the most ambitious ESG investor outreach programmes, which typically involves meeting more than 100 investors in-person or virtually every year. In the last 12 months, investors met accounted for **81% of Repsol's ESG Ownership**.

In addition to in-person meetings, virtual meetings remain part of our day-to-day activities to support our ongoing dialogue with investors, particularly with those located outside of Europe.

The 2023-2024 investor dialogue on ESG has covered a wide range of topics, primarily focused on explaining our challenges ahead, the updated 2024-2027 business strategy and how these will impact our decarbonisation roadmap.

The submission of the company's energy transition to an investor advisory vote at

the 2024 Annual Shareholder's meeting was a key part of our dialogue with stakeholders. In addition, the different opportunities that the energy transition and the regulatory scope bring to Repsol, such as the growing importance of renewable fuels, hydrogen and biomaterials were at the center of our discussions with investors.

During the period covered by this report, the team coordinated 9 roadshows, attended 3 conferences and participated in 2 specialist events.

From a geographical standpoint, we were in touch with investors in various countries such as: **United Kingdom, United States, Netherlands, France, Canada, Spain, Germany, Norway, Belgium, Italy, Japan, Austria, Finland, Ireland, Luxembourg, Sweden and Portugal.**



Alantra

“We value positively that Repsol has increased visibility on its energy transition efforts, which we think is being carried out at a reasonable pace and with financial discipline.”

## 2023 ESG Day and Roadshow with CEO and Executive Management

In October of 2023, Repsol held its **8<sup>th</sup> ESG Day**, our annual in-person ESG flagship event.

The event was held in London on October 3<sup>rd</sup>. A highly specialised audience composed of 44 representatives including ESG investors (Amundi, BlackRock, BNP Paribas, Candriam, Carmignac Gestion, EOS at Federated Hermes and Phoenix Group among others), ESG analysts (Sustainalytics, Carbon Tracker, Morgan Stanley, Oddo), highly influential ESG initiatives (Climate Action 100+) and financial analysts had the opportunity to listen to the content being presented and engage with our CEO and Senior Management leading the presentations. Topics covered included Repsol's renewable fuels, circular materials and subsoil carbon free opportunities along with the company's alignment with the 1.5°C scenarios, among other topics.

The session was led by Repsol's CEO, **Josu Jon Imaz** for the 6<sup>th</sup> time in a row, and was also

attended by several members of the Executive Committee (Antonio Lorenzo, CFO, Luis Cabra, EMD Energy Transition, Technology, Institutional Affairs, & Deputy CEO) along with other Senior Managers. Additionally, a keynote speech was conducted by **Mariano Marzo**, Independent External Director, Lead Independent Director and Chairman of the Sustainability Committee.

Josu Jon Imaz, CEO, opened the session by sharing his thoughts about the role that Europe is playing in the global energy transition and which levers Governments and Regulators should ideally consider to deliver a cost-efficient energy transition that guarantees a sustainable, affordable and secure energy supply. This discussion was followed by four main thematic presentations led by subject-matter experts:

- **Governance in Action: leading the Way.**  
A discussion about Repsol's strong corporate Governance system, aiming to follow the highest governance standards at national and international level, while preserving the long-term interests of our stakeholders and ensuring the sustainability of the Group.



ESG Day presentations and recorded broadcast of the event are available here





“Repsol touted the benefits of integration in its industrial low-carbon projects, expecting high double-digit returns. The alignment with a 1.5°C pathway was re-affirmed.”

- **In search of carbon-free opportunities in the subsoil.** This second presentation focused on how Repsol is unlocking subsurface low-carbon opportunities. Here, we elaborated on our approach to Carbon Capture and Storage alongside other solutions for hydrogen storage and geothermal energy technology opportunities in places such as the Canary Islands, France, and the US.
- **Renewable Fuels and Circular Materials. Synergies and opportunities for Repsol's Industrial Business.** A discussion about how Repsol is applying different technologies to develop a competitive carbon neutral business that will meet customer demand. Specifically focusing on the synergies and opportunities for Repsol in this area such as waste to fuels and other raw materials.
- **Is Repsol aligned with a 1.5°C pathway?** In this final presentation we continued last year's conversation on how Repsol is aligned with a 1.5°C pathway, looking at the technical aspects of the IPCC and IEA scenarios, our transparency on the financial disclosure of

climate change risks and our thoughts on the emerging environmental focal points around natural capital, water, and biodiversity.

Following the ESG Day event, **our CEO Josu Jon Imaz, alongside Senior Management, led a roadshow in London and Paris** to discuss the company's progress towards the energy transition with our ESG-oriented investors.

A total of **13 institutional investors** were met with during this roadshow, holding **225 M shares, 33.9%** of Repsol Institutional shares (**225 M shares out of 664 M shares**)<sup>1</sup>.

Out of these **225 M shares, 149 M** are managed by investors utilising advanced **ESG criteria**<sup>2</sup>. **This figure represents 64.5%** of Repsol's **ESG institutional shares (149 M shares out of 231 M shares)**.

1. Shares estimated as of February 2024.

2. ESG integration conducted by institutional investors that follow a disciplined process to integrate ESG factors in their investment decision-making process. ESG thematic investing carried out through mutual funds with clearly defined ESG goals such as 'ethical' or 'low carbon' are also included.



The event was covered by the Spanish national press and praised by several sell side financial analysts in its daily equity research reports.



During the meetings held, investors highly praised the transparency provided during the ESG day and shared the following feedback:



“As an engaged investor, it is important that investee companies manage to thrive in this energy transition and a company like yours has a role to play in an orderly and just transition while being profitable and sustainable.”

“We found the time with the management team very useful and were impressed by the whole team’s knowledge of the company’s current situation and the future plans for Repsol. We believe Repsol is in a strong position regarding its transition plan and have faith that management will be able to deliver on their plan.”

“We were very grateful for the opportunity to hear directly from the CEO and the senior management representatives on how it is navigating the energy transition and what are the opportunities for Repsol in the near and medium term. The ESG day was very educational.”

“The discussion with Josu Jon Imaz and Luis Cabra was extremely helpful to get a better understanding of: Repsol’s current strategy, challenges raised by the energy transition and the company’s long term assumption to be on a 1.5 trajectory [...]. The net zero strategy is ambitious.”

“Overall feedback was that we found it to be a useful meeting and appreciated that such a large part of the team took the time to sit down with us.”

“Very open and interesting discussion which provided useful elements of context after the ESG day. Both honesty and depth of the discussion were much appreciated.”

“We appreciate very much both the full morning of presentations packed full of detail (ESG Day), as well as the opportunity to meet with the whole management team at our offices [...] The willingness of the team to explain and debate issues, and be so transparent about their methodologies and thinking, is critical to effective investor-issuer dialogue. We wish more were like this! We look forward to the continuing dialogue.”

“We enjoyed the opportunity to meet twice, in person, representatives of the company to discuss in length ESG topics. The company seemed very keen on getting a good understanding of our concerns and provided detailed answers.”

“The meeting was really interesting on the strong commitment on the transition pathway. We had the feeling the company will deliver on renewables and decarbonisation.”





## 2024 ESG & Corporate Governance Roadshow following the Strategic update release

Once Repsol's [Strategic Update 2024-2027](#) was released in February 2024, a roadshow was organised to meet top institutional shareholders of Repsol. The purpose of the meetings was to discuss the highlights of the latest strategic update, and the agenda and [proposed resolutions](#) of Repsol's 2024 Annual Shareholders Meeting. The submission for an advisory vote of both the [Directors Remuneration Report 2023](#) and the [Company's energy transition strategy report](#) were the key topics discussed during the meetings.

The roadshow was highly successful from an investor relations outreach perspective. We met with 6 of our top 7 institutional investor groups, and nearly half of Repsol's top 20 investors, totaling 19 investors met during the roadshow. These investors managed ~317 M shares, 47.8% of total institutional ownership (~317 M shares out of 664 M shares). Out of these ~317 M shares, ~143 M shares were managed under ESG criteria, 61.8% of total ESG shares (~143 M shares out of 231 M shares).

Conversations were very positive, with investors recognising the robustness of the 2024-2027 strategic update while generally praising the improvement made on information disclosures, especially regarding the granularity provided on shareholders' remuneration and capital allocation decisions. Overall, our institutional shareholders recognised the company's efforts in building low-carbon business platforms while seeking to provide attractive shareholder returns.

Furthermore, the reaffirmation of Repsol's ambitious decarbonisation targets for 2030 and the commitment to the allocation of more than 35% of our net investments to low-carbon were very well received by investors.

Conversations also covered the recent changes to the Board of Directors remuneration policy, with few investors asking to formalise the current CEO's practice of purchasing shares quarterly with the cash remuneration he receives as a member of the Board of Directors.

Board composition and skill matrix were other topics discussed.

**Some of the feedback provided:**

“ We really appreciated the time the Repsol team took to come and meet with us in the London office. We found it to be a very **useful and engaging** discussion. We appreciated the information the Repsol team shared regarding its approach to **board composition, evolution, and succession planning, as well as the board's oversight of strategy and risk, including with respect to climate.**”

“ The meeting was very **constructive**, we thank Mr. Cabra and the Repsol team and look forward to continuing this dialogue with Repsol.”

“ It was highly productive to convene face-to-face. Having access to documentation and slides prior to the meeting greatly enhanced our discussions.”



“ We enjoyed the engagement and found it very insightful. **The level of detail** on some topics provided by the company was **very impressive.**”

“ We really appreciated Luis, Iñigo, Beatriz, Ramon and Leticia’s time to visit us in person to discuss the company’s strategy and decarbonisation, **and their openness and patience in explaining the strategy in the near/medium term and the management team’s thinking.** Overall, **the strategy is very clear,** and the management team is very thoughtful, we appreciate that a lot.”

“ We found **the meeting very useful and value the ongoing dialogue.**”

## **Engagement and meetings with the lead Independent Director and other members of the Board**

Not only are the CEO and members of the Executive Committee committed to engaging with ESG investors and proactively taking part in Repsol’s, roadshows and meetings, this commitment is also shared by the Board of Directors. In this respect, the Lead Independent Director and chairman of the Sustainability Committee, **Mr. Mariano Marzo**, and the Independent Non-Executive Director, Chairwoman of the Nomination Committee, Chairwoman of the Compensation Committee and Member of the Audit and Control Committee, **Ms. Aurora Catá**, have also met with institutional investors during the past 12 months.

# Timeline Roadshows 2H 2023 - 1H 2024



Roadshow  
Roadshow  
ESG / CG  
Paris  
11<sup>th</sup>-12<sup>th</sup> March

Roadshow  
Roadshow  
ESG / CG  
London  
13<sup>th</sup>-14<sup>th</sup> March

Specialized events  
Fireside Chat  
Barclays  
Delivering  
Decarbonisation  
Conference  
14<sup>th</sup> March

Specialized events  
Fireside Chat  
Santander  
Iberian  
Conference  
31<sup>st</sup> January

Roadshow  
Remote  
Roadshow  
ESG / CG  
18<sup>th</sup>-19<sup>th</sup> March  
and 11<sup>th</sup> April

Conference  
Societe Generale  
European ESG  
SRI Conference  
26<sup>th</sup> March

Roadshow  
Nordics ESG  
Virtual Roadshow  
7<sup>th</sup>-10<sup>th</sup> November



Roadshow  
ESG Day  
Roadshow  
Paris  
5<sup>th</sup> October



Conference  
Citi's 2023 Energy  
and Climate  
Technology  
Conference Boston  
14<sup>th</sup> May

ESG Day Roadshow  
ESD Day  
Roadshow  
London  
3<sup>rd</sup>-4<sup>th</sup> October

Roadshow  
Boston  
ESG  
Roadshow  
15<sup>th</sup> May

ESG Day  
ESG Day  
3<sup>rd</sup> October



Conference  
Virtual  
ESG Conference  
Kepler Cheuvreux  
29<sup>th</sup> May

Roadshow  
Canada ESG  
Virtual Roadshow  
21<sup>st</sup>-27<sup>th</sup> September

Roadshow  
Virtual  
ESG Roadshow  
with German  
investors  
13<sup>th</sup> June

2023



**V** virtual event

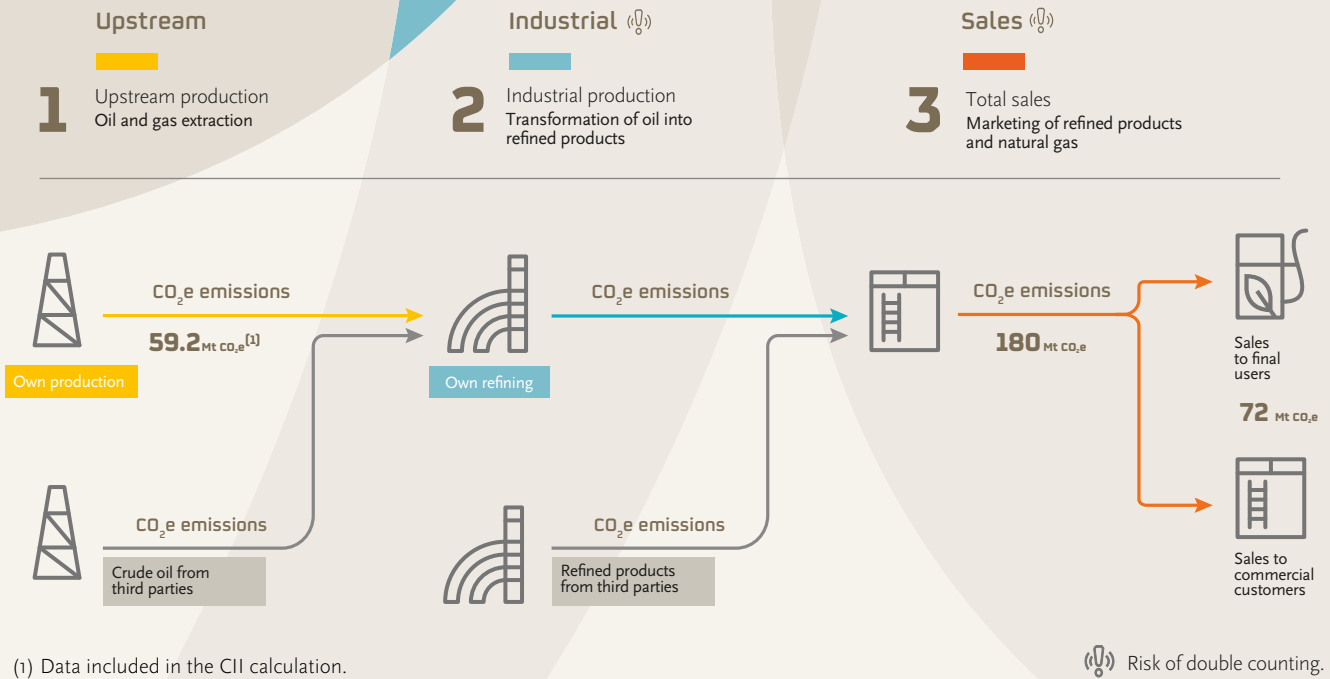


# 3

## Increasing our Transparency on Energy Transition

Following engagement with investors the following information has been shared with our stakeholders during the 2023 ESG Day

## Scope 3 emissions



## Science based metrics? The endless debate

### Increasing our disclosure on Scope 3 emissions based on sales

Repsol's approach towards decarbonisation and the importance of Scope 3 emissions have been once more key engagement focal points during this period.

As mentioned earlier, Repsol decided to link its objective of achieving net zero emissions and its interim targets to a **Carbon Intensity Indicator (CII)** that considers the energy and emissions associated with the **use of energy products** derived from its **primary energy production** (oil and natural gas) as the most appropriate and representative metric to measure progress towards carbon neutrality. Once a company produces oil and gas, these sources will inevitably be converted into useful energy by this company or by other actors in the value chain, with this being done through transformation and marketing activities, that generate all the Scope 1, 2, and 3 emissions that must be accounted for.

Compared to other methodologies that base Scope 3 emissions on sold products, there are other aspects to consider:

- **Hydrocarbon production** is the most capital-intensive activity with the longest investment life cycle in the entire value chain. Today's investment decisions translate into production and consumption many years down the line. Sales and marketing, on the other hand, are much less capital-intensive and more easily adaptable to demand over the short term.
- **Energy products** are bought and sold multiple times along the value chain, so a Scope 3 emissions accounting system based on sales, would result in **multiple accounting** of emissions from the same product if it did not refer exclusively to sales to end users.
- An emissions **accounting system** based solely on **sales** would allow an integrated company to increase its hydrocarbon production without affecting its Scope 3 emissions, provided it sells a greater volume of product than the hydrocarbons it produces.

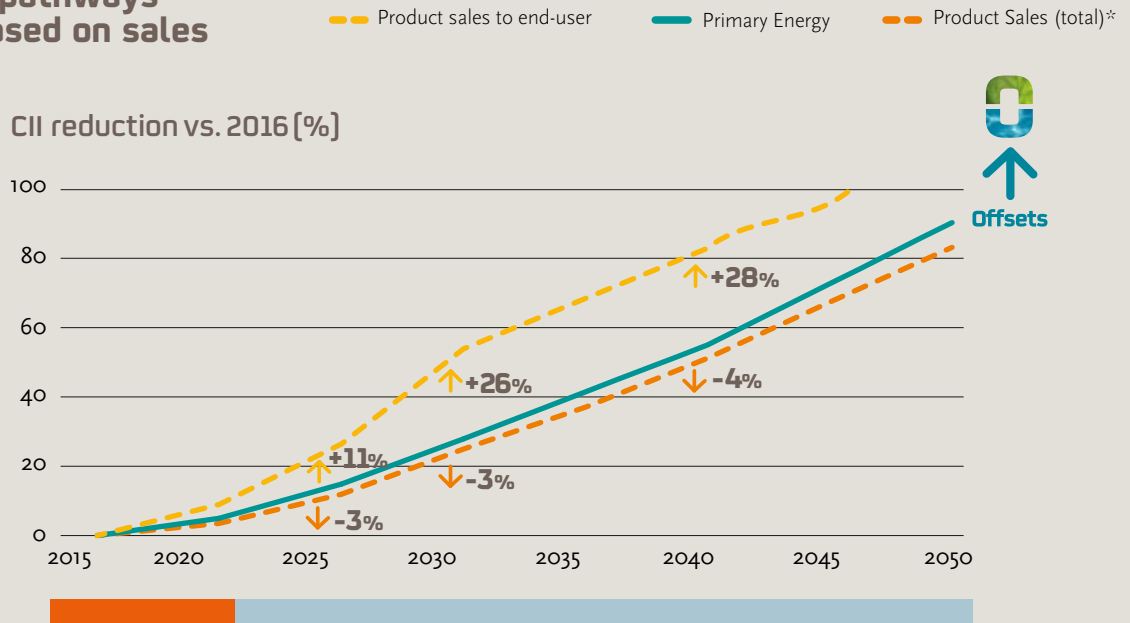


Find out more about Repsol's disclosure on Scope 3 emissions in the 2023 Integrated Management Report





## CII reduction pathways w/Scope 3 based on sales



(\*) Net of purely traded products (bought, and sold to non-end-user without further transformation)

However, Repsol believes that **disclosing** the emissions of products it **sells** can provide a useful **complementary** view to better understand its energy transition strategy. For this reason, in addition to Scope 3 emissions based on primary energy, the following data has been included in our **reporting**:

- **Scope 3 emissions** from **all the products sold**, excluding those that Repsol purchases and resells to a non-end user without any other intermediate processing.
- **Scope 3 emissions** of the products sold by Repsol to the **end user** (the one who uses the fuel and, therefore, generates emissions).

Instead of Scope 3 emissions associated to the use of refinery output products, Repsol discloses Scope 3 **category 11** of **products to commercial customers** and products sold to **end users**. These concepts have a broader scope.

As a result of the engagement with stakeholders, during our last **ESG Day held in London**, the company disclosed two **additional reduction trajectories** of the CII resulting from considering Scope 3 emissions based on total products sold (**to commercial customers**) and to the **end user** (**orange** and **yellow** dashed curves, respectively), together with the reference curve of Repsol with Scope 3 emissions based on **primary energy** (**blue curve**).

### Use of sold products [category 11]

	2023	2022	2021	2020
Use of products sold based on primary energy (Mt CO <sub>2</sub> e)	59.2	68.6	70.9	80.1
Products sold to commercial customer (Mt CO <sub>2</sub> e) <sup>(1)</sup>	180	176	166	168
Products sold to end users (Mt CO <sub>2</sub> e)	72	72	67	68

(1) Excludes products purchased and sold to a third party from the Trading business.



#### ESG Day 2023

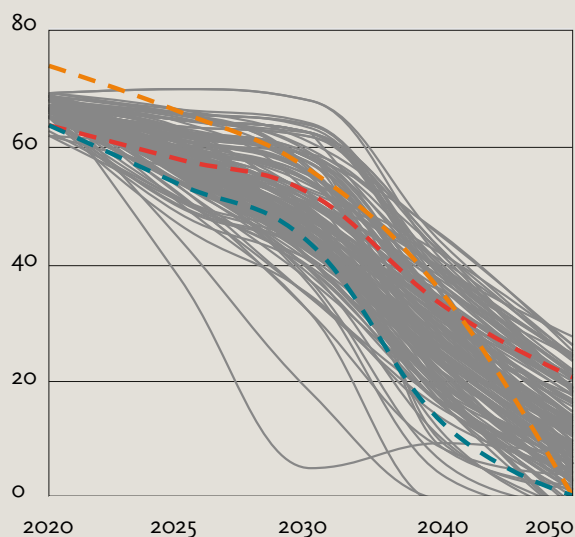
Is Repsol aligned with a 1.5°C pathway?  
Luis Cabra (page 8)



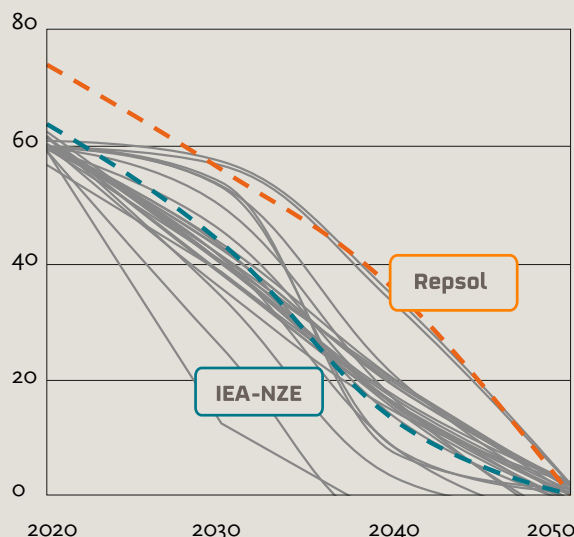




## Carbon Intensity (g CO<sub>2e</sub>/MJ)



Repsol IEA-AP IEA-NZE



\* Scenarios that reach >95% net emission reduction by 2050 from the energy sector vs 2021

## Decarbonisation scenarios. Is Repsol following the right path?

### IPCC 1.5°C scenarios compared to IEA NZE and Repsol's path

The Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), published in 2022, reports more than 200 scenarios consistent with a temperature increase limited to 1.5°C by 2100, of which 28 achieve emissions neutrality by 2050 and the rest later.

Repsol's strategic approach to the energy transition and its alignment with the objective of not exceeding 1.5°C of global warming is based on the principles defined by science in relation to climate change. The IPCC states that there are several ways to achieve the Paris Agreement's objectives, with different implications for regions, industrial sectors, and energy sources.

Repsol has compared its decarbonisation pathway with the different 1.5°C scenarios of the IPCC (Sixth Assessment Report, 2022), calculating a

carbon intensity for the scenarios based on GHG emissions data (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O) and primary energy (IIASA<sup>1</sup>), to draw comparisons with the reduction of Repsol's CII.

As shown in the graph above, Repsol's pathway indicator reduction rate falls (from the short term) within the range of the IPCC 1.5°C scenarios, even though its starting point is influenced by the higher initial weight of oil and gas in the Company's energy production. It should be noted that in most of the IPCC scenarios compatible with the 1.5°C target, carbon neutrality is achieved after 2050.

Only the 28<sup>2</sup> scenarios with near net zero emissions by 2050 are shown in the second graph, including the IEA NZE scenario and Repsol's pathway, which also aims for net zero emissions in that year.

**Repsol considers that it is not scientifically justified to assert that any decarbonisation path which is above the IEA's NZE scenario curve is misaligned with the 1.5°C target.**

1. IIASA: International Institute for Applied Systems Analysis.

2. The 28 scenarios correspond to those that reach zero net emissions from the energy sector with a reduction of > 95% compared to 2022. Scenarios C1 and C2 are included: C1-pathways that consider the stabilization of global temperature at 1.5°C temperature increase, or just below that figure; C2 considers temporarily exceeding a 1.5°C temperature increase before returning to that limit later in the century.



ESG Day 2023

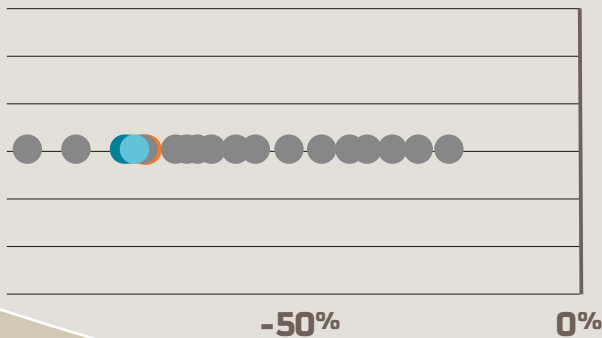
Is Repsol aligned with a 1.5°C pathway?  
Luis Cabra  
(page 11)



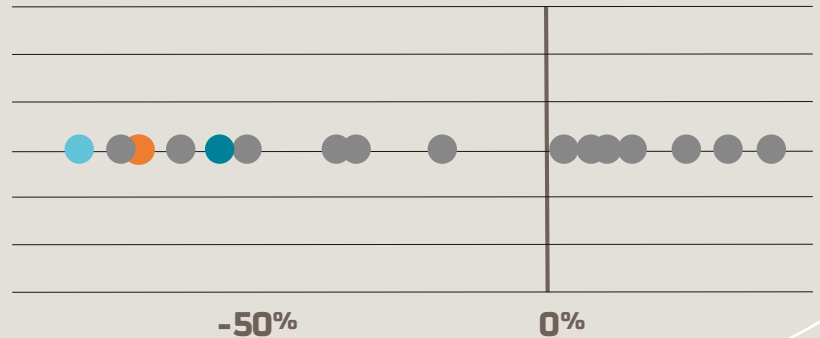
## Oil/Gas variation [2020-2050]

● Repsol ● NZE 2021 ● NZE 2023 ● IPCC Scenarios\*

% Oil variation 2020-2050



% Gas variation 2020-2050



Repsol net equity production path.

(\*) Selected net-zero IPCC scenarios that reach >95% net emission reduction by 2050.

### O&G production reduction for selected IPCC 1.5°C scenarios compared to Repsol path

The company disclosed its expected oil and gas's net equity production reduction levels for the period 2020- 2050 and compared these with that of the IPCC 1.5°C scenarios compatible with net zero by 2050.

It is interesting to note that Repsol's oil and gas variation is deeper than most of IPCC scenarios, being at almost the same level of the latest assumptions of the NZE (updated by 2023) in the case of oil.

### New net zero Scope 1+2 emissions target

Repsol has set a new target of achieving **Scope 1+2** net zero emissions **in operated assets by 2050**, in line with the commitment of the **Oil and Gas Decarbonization Charter (OGDC)** announced during COP28. In 2021, Repsol had already established the goal of reducing its Scope 1+2 emissions in operating assets by 55% by 2030 compared to 2016.

**The OGDC** has an important role in guiding the Scope 1+2 emissions reduction targets. **50 companies**, representing more than **40%** of

world oil production, have joined the initiative this far. Signatories are committed to:

**Net Zero Operations by or before 2050:** we aim to reach net zero CO<sub>2</sub>eq emissions (Scope 1 and 2) for operations under our control and, as applicable, engage with joint operating partners toward net zero CO<sub>2</sub>eq emissions (Scope 1 and 2), by or before 2050. The priority for greenhouse gas emissions mitigation is the avoidance and reduction of operational GHG emissions.



More information available



National oil companies (NOCs) account for more than 60% of the signatories, which is the largest number of NOCs committed to a decarbonisation initiative. This covers more upstream emissions than any other voluntary initiative. **Signatories** have **not only committed to net zero operations by 2050** at the latest, but also to **end routine gas flaring** and to **cut methane emissions to near zero by 2030**. They agree to continue working towards industry best practices in reducing emissions, alongside a series of key actions such as: investing in low-carbon energy, increasing transparency and communication and applying industry best practices in emissions reduction.



#### ESG Day 2023

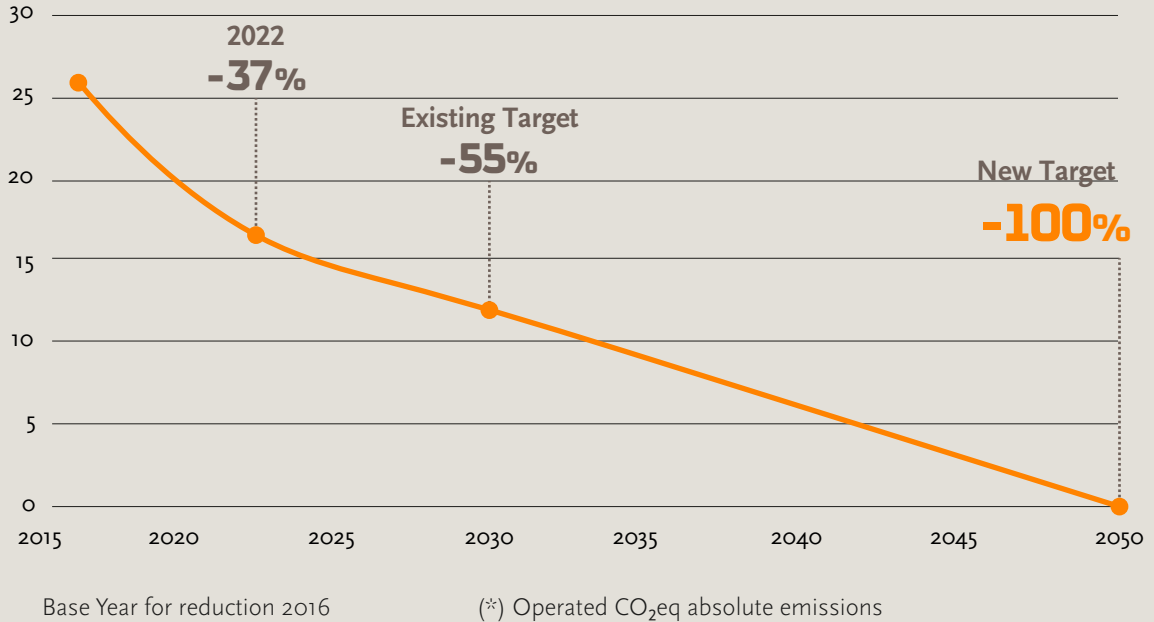
Is Repsol aligned with a 1.5°C pathway?  
Luis Cabra  
(page 12)







## Repsol Scope 1+2 CO<sub>2</sub>e emissions (Mton/yr)\*



The **OGDC** is one of the most important initiatives in the O&G sector. Many of the member companies share operations with Repsol **allowing for the setting of ambitious Scope 1+2 emissions reduction targets, thus increasing accountability in non-operated assets' emissions.**

In **2023**, Repsol already achieved a **42%** reduction in Scope 1+2 emissions through portfolio optimisation of E&P assets, energy efficiency measures, reduction of methane emissions, and reduction of the gas sent to flare in the E&P assets, as well as efficiency actions in the Industrial business.

## Disclosing financial risks as per the TCFD recommendations

In order to assess the **financial resilience** of our strategy in the face of climate change, an economic analysis of the current and future business models was performed for the three scenarios based on IEA forecasts. The results are shown in the following graph in terms of

the **net present value (NPV)** variation in the different scenarios and contexts, taking the **Announced Pledges scenario (APS)** as the baseline.

The **value of the Company does not vary substantially in the different IEA demand scenarios, between -5% and +3%** for the price levels considered in each of the three scenarios, due to the following reasons:

- The **industrial and commercial fuel business** environment was considered **unchanged** in the three scenarios, due to the European Green Deal and the Fit for 55 legislative packages. The strategy includes investments in low-carbon projects (renewable fuels) that preserve the value of these businesses, currently in the first quartile in the EU in terms of their financial margin and market share in Spain.
- Likewise, the **Exploration and Production business** would **hold its value** throughout the decade, which are the years with the greatest impact in terms of NPV, and it undergoes a progressive reduction beginning in **2030** at the rate of the fall in production and the drop in prices due to lower demand.

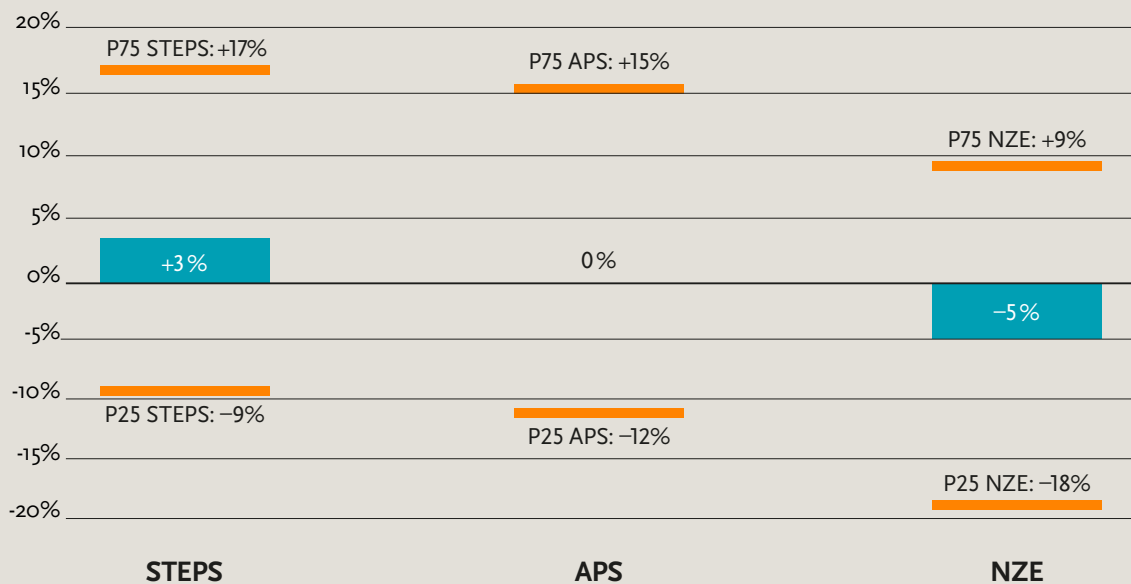


More information available in Repsol 2023 Integrated Management Report





## Probabilistic analysis of NPV variation



- The **Low Carbon Generation** and **Electricity Commercialisation businesses**, on the other hand, **create economic value** due to their growth strategy.

The **limited variation** in the Company's NPV in the three scenarios shows that the proposed strategy is **resilient** to the different paces of the energy transition under these scenarios.

Regarding the **prices** used in each scenario until 2030, an **internal price path** consistent with that of the calculation of the recoverable value of the assets has been used, which is consistent with analysts' and agencies' references. From 2030 onwards, this price scheme has been linearly interpolated to reach IEA prices in 2040 in each of its three scenarios, and then follow these price schemes until 2050.

As an additional reference, the prices estimated by the IPCC have been averaged for those scenarios compatible with a temperature increase limited to 1.5°C by 2100 and in which carbon emissions reach neutrality by 2050. It is noteworthy that the average oil and gas prices in these IPCC scenarios exceed those in the IEA NZE scenario and are comparable

to the STEPS scenario, which shows the highest prices estimated by the IEA.

The IEA estimates a **deterministic price scenario** in each of its demand scenarios. However, the current energy climate brings great uncertainty in the supply/demand balance and commodity prices, which adds to the inherent price volatility. Therefore, for each of the three scenarios, a **probabilistic analysis** of the sensitivity to oil and gas prices, and refining margin has also been carried out based on the historical variability of these indicators.

The probabilistic analysis results in new, wider intervals of NPV. This variation in financial value is more related to the historical volatility of commodity prices than to the impact of the energy transition on those prices, but it is considered to provide useful complementary information. In its price schemes, the IEA does intend to provide an overview of the price impact of the energy transition, calculating it based on the marginal cost of production in the different demand scenarios, without taking into account other factors such as geopolitical factors.



More information available in Repsol 2024 Energy Transition Strategy



# 4

## Natural capital & Biodiversity: working to increase our disclosures on nature-related risks and opportunities





European  
Commission's  
President

“We cannot address biodiversity loss without tackling climate change, but it is equally impossible to tackle climate change without addressing biodiversity loss”

## Repsol's approach towards biodiversity

As an energy company committed to a sustainable world, Repsol works to conserve and protect biodiversity, and to mitigate the impacts that could arise when planning and carrying out its projects and operations, no matter where they are located.

In that sense, Repsol has already made progress in its commitments in recent years. Last updated in 2022, our [Environmental Policy](#) details our commitment to minimise the impacts and dependencies on biodiversity and the resources provided. Moreover, this policy increased the number of Repsol's commitments that promote the protection of natural capital, the application of circular economy principles and energy efficiency measures (among others), while fighting against climate change.

We apply the **mitigation hierarchy** throughout the project life cycle in our operations. First, in order to prevent an impact, and regarding biodiversity's most sensitive areas and impact prevention, Repsol is committed to not undertaking any industrial activity within the boundaries of sites included in the

**UNESCO World Heritage List'** (including Natural, Cultural and mixed sites). Moreover, Repsol is committed to developing **Biodiversity Action Plans** for operated production assets situated in the most biodiversity sensitive protected areas, corresponding to IUCN I to IV and Ramsar protected areas, or located in the buffer zone or adjacent to **World Heritage Sites**.

Repsol is fully aware of the positive role that companies can play in finding solutions to the challenges regarding the loss of biodiversity and ecosystem services. For this reason, the Company's management practices focus on:

- **Holistic view:** making natural capital, biodiversity, and the protection of ecosystem services part of its decision-making processes.
- **Collaboration with stakeholders:** engaging with local communities and other stakeholders to understand their expectations regarding biodiversity.
- **Assessment of impacts and dependencies:** analysing the impacts and dependencies associated with the ecosystem services provided by biodiversity and other components of natural capital.

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1. As listed on January 1<sup>st</sup>, 2023.



- **Application of the mitigation hierarchy throughout the project life cycle:** we implement measures to avoid and minimise impacts on biodiversity and natural capital to restore the environment in which we operate, especially in sensitive, biologically diverse or protected natural areas. Offsetting residual impacts when necessary.
- **Performance monitoring:** developing indicators to measure performance and optimise management efforts. Taking part in research, biodiversity conservation, education, and awareness projects.

In addition to this, Repsol follows a set of **internal environmental management regulations** to perform Environmental, Social and Health Impact Assessments (ESHIA) for all new operations or facilities, even when this is not a local legal requirement. These studies ensure that all potential impacts on biodiversity are identified as early as possible in the project life cycle and are considered in the project design to prevent and mitigate any negative effects (mitigation hierarchy).

More recently, at Repsol we have been working on updating all of this commitments through the **assessment** of our dependencies, the **measurement of** impacts, risks and opportunities on Nature, and the establishment

of targets and metrics on Repsol's material **Natural Capital** issues (including biodiversity).

This analysis will include the financial analysis according to TNFD and the new **Corporate Sustainability Reporting Directive** (CSRD) requirements.

## Repsol's Natural Capital strategy

Repsol has been conducting studies on natural capital at its main operations since 2019, according to its own methodology, named **Reads**<sup>2</sup>. It allows for a comprehensive appraisal of the environmental impacts of projects and operations at a global level.

Reads contribute to natural capital project management by providing key indicators for the economic analysis of the impacts on the following:

- Climate change
- Water resources
- Ecosystem services and Biodiversity, and
- Social well-being.

2. Formerly known as Global Environmental Management Index (GEMI). The methodology has been **published** to allow all companies to benefit from it.





This is a **unique approach** that enables the **economic quantification** and **evaluation** of the services provided by ecosystems in general, and biodiversity in particular, making it easier to include these in management decision-making. Reads conforms to the **Natural Capital Protocol**.

Since 2023, Repsol models its projects and operations under the Reads tool, being able to analyse its portfolio under a natural capital criterion. This analysis provides the company with a better understanding of potential impacts, enabling us to efficiently develop and prioritise specific action plans. Moreover, since Reads enables the inclusion of restoration and offsetting measures, this analysis reveals those installations that are closer to a nature net gain scenario.

## Reporting on Risks and opportunities related to Nature

Current and upcoming disclosure frameworks and environmental legislation expect companies to disclose, (among other issues) impacts, dependencies, risks and opportunities on natural capital, in order to help organisations to identify, measure and value all types of nature-related impacts.

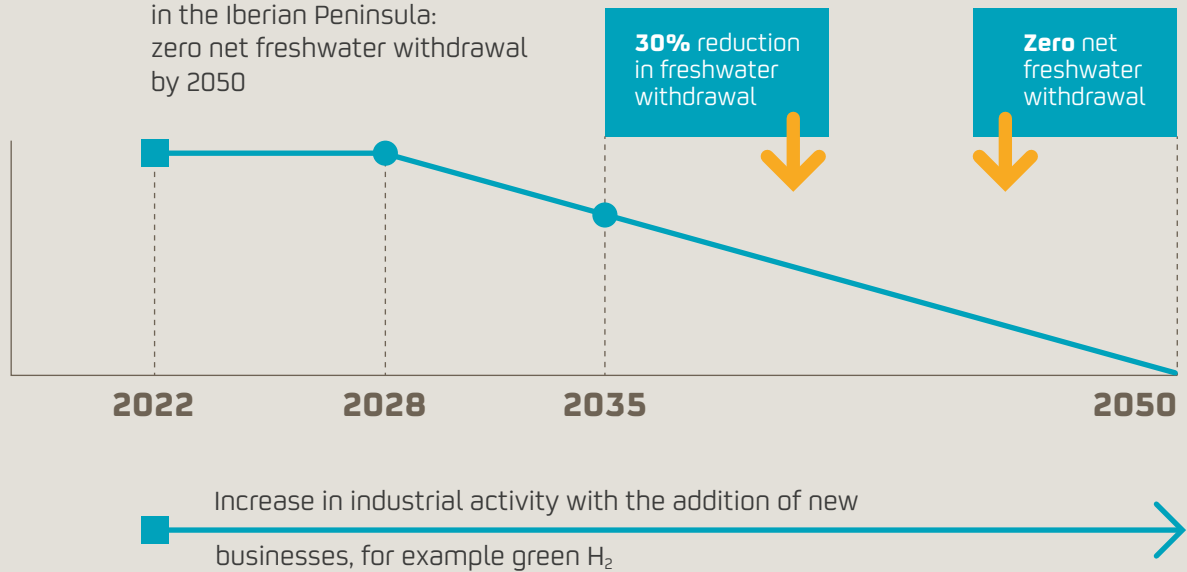
As an energy company committed to a sustainable world, Repsol is well-aware of the urgency and importance of taking action to manage nature-related financial risks and opportunities. We are taking several steps forward in that respect:

- Repsol is working to report in line with the requirements of the **Corporate Sustainability Reporting Directive (CSRD)** starting with our 2024 Integrated Management Report (to be published in 2025). These requirements include the disclosure of risks and opportunities related to nature, including climate change, pollution, resource use, waste, and biodiversity.
- In accordance with our commitment to transparency and the best environmental reporting practices, and following our voluntary adhesion in 2018 to the TCFD (Task Force on Climate-related Financial Disclosures), Repsol has been registered as a **TNFD (Taskforce on Nature-related Financial Disclosures) early adopter**, intending to begin reporting on nature-related impacts, dependencies, risks and opportunities following the recommendations of this working group that seeks to pave the way for business to prioritise nature as a core and strategic risk management issue along with climate change.



## Water Zero target in the industrial area

Ambition for industrial complexes in the Iberian Peninsula: zero net freshwater withdrawal by 2050



Repsol is already carrying out a pilot project following the **LEAP approach**, and a gap analysis with the latest version of TNFD, to define our own pathway to adopt their recommendations.

## Developing new targets on key topics. New water targets

During 2023, we worked with our business units to define **company targets related to water management**, focusing on the reduction of freshwater consumption. We carried out a comprehensive risk analysis in our facilities. As a result of this analysis, we selected those facilities with the highest water risk and greatest dependency in terms of freshwater withdrawal. Finally, as a result, Repsol defined **water targets at all its industrial facilities** in the Iberian Peninsula and at its **Marcellus gas production** asset in the USA.

Repsol's industrial facilities are undergoing a transformation process (green hydrogen, renewable fuels, etc.) that will increase water needs for their operation. Under this demanding context, Repsol has launched the **Water Zero initiative**, through which it is committed to not increasing freshwater withdrawal by 2030 and to reducing freshwater withdrawal by 30% by 2035, as an intermediate step towards achieving the ambition of net zero freshwater withdrawal by 2050<sup>3</sup>.

The Marcellus E&P asset is committed to achieving net zero freshwater consumption by 2035<sup>4</sup>. Firstly, through the implementation of operational efficiency measures that promote the reuse of produced water by 5% in 2026 and up to 10% in 2030 and, secondly, through a project that will allow the regeneration of the natural capital of the riparian ecosystems where the Company's facilities are located from 2035 onwards.

We have shared these targets in our 2023 Integrated Management Report, and the information is available on our [website](#).

3. Based on calculations made with respect to 2022 baseline.

4. Based on calculations made with respect to 2022 baseline.



# 5

## Corporate Governance

## Say on Climate

The Company is committed to submitting its energy transition strategy for a shareholder advisory vote at the Annual General Meeting when updated, or in the event of any significant change in the energy transition strategy or its related key objective of achieving net zero by 2050.

As such, Repsol is committed to being part of the solution to the energy transition challenge and was the first oil & gas company back in December 2019 to publicly pledge to achieve net zero emissions by 2050.

We have engaged with institutional investors, proxy advisors and other stakeholders on ESG issues for over a decade, to understand their views and positions and to explain our practices. As part of this dialogue with our shareholders, including, among others, the **Climate Action 100+** initiative, we submitted, for the first time, our Climate Strategy for an advisory vote at our 2022 General Shareholders' Meeting, which gathered strong support. Since then, we have continued to actively engage with our main institutional shareholders, with the participation of the Chairman of the Sustainability Committee and Lead Independent Director, and the Independent Chairwoman of the Nomination and Compensation Committees, to share and discuss our energy transition strategy and our corporate governance practices.

Following the approval of the 2024-2027 Strategic Update in February 2024, we submitted our **Energy Transition Strategy** for a second shareholder advisory vote at our 2024 Annual General Meeting. **This vote did not replace the Board of Directors' responsibility for setting the Company's strategy**, which, according to the

internal regulations and applicable legislation, is within its own competencies. The Board of Directors also monitored the outcome of the vote closely.

The Company will report annually, through the Integrated Management Report, on the implementation and updates of its energy transition strategy and decarbonisation plans towards net zero emissions.

In the past few years, Repsol has been working to increase its disclosure and transparency of its decarbonisation roadmap, as part of its broader energy transition strategy. The **main features included in the 2024 energy transition strategy** (vs the previous 2022 Say on Climate) are the following:

- more information about the **alignment of Repsol's strategy with IPCC 1.5°C scenarios**,
- **disclosure on sold products by Repsol**, specifically focused on their impact on **Scope 3 and the Carbon Intensity Index**,
- information **on the evolution of the energy mix by 2030**,
- **more detail** of the **physical risks of climate change** are analysed,
- in the medium-long term, **expansion to the three IEA scenarios** under which the financial resilience of the company is evaluated **based on the variation of the NPV** according to commodity prices, and
- disclosure of the so-called "low carbon" investments, complementary to the European taxonomy alignment.



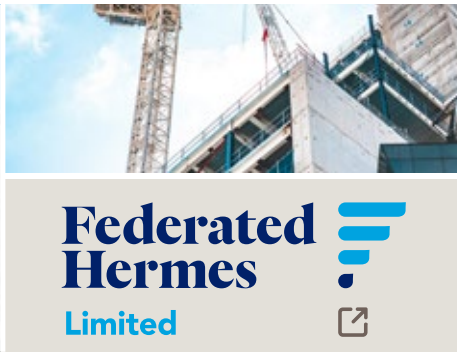
More information available in:



**Repsol's  
engagement  
with EOS  
at Federated  
Hermes Limited:  
a successful  
case study**

**6**





**Federated  
Hermes**  
Limited



Repsol has maintained a well-established dialogue with **EOS at Federated Hermes Limited** since 2010. It is a world-leading stewardship service provider that advises more than \$1.4tn in assets, to deliver corporate engagement and proxy voting services. EOS also co-leads with BNP Paribas Asset Management and Phoenix the engagement with Repsol as part of the Climate Action 100+ initiative.

In addition to the wider engagement on Repsol's alignment with the goals of the Paris Agreement, and since a meeting held with the Chair in 2018, EOS has requested Repsol to improve methane emissions monitoring and to set an ambitious reduction target. Since then, EOS has followed up on this request regularly, including in meetings with the CEO and Executive Managing Director of Energy Transition.

Repsol's 2023 **Integrated Management Report** disclosed that its methane emissions intensity<sup>1</sup> had substantially reduced over recent years from 1.34% in 2017 to 0.15% in 2023. This follows the company setting a more ambitious target back in 2021 to achieve 0.2% methane intensity by 2025 for its operating E&P assets, which it managed to achieve two years earlier than the initial deadline.

Repsol is simultaneously working to improve methane emissions monitoring.

Repsol participates in initiatives aimed at establishing standards of excellence in methane reduction, such as **The Oil & Gas Methane Partnership 2.0** (OGMP 2.0), launched by UN Environmental Program (UNEP) in 2020.

In December 2023, the International Methane Emissions Observatory (IMEO) published its third report and Repsol once again obtained the **Gold Standard** from UNEP for the presentation of its report and implementation plan, which indicates that the Company is on track to achieve the Gold Standard reporting in 2023 for all its operating assets and in 2025 for its non-operating assets.

The company has actively joined collective commitments on methane, through the **Aiming for Zero Methane Emissions initiative** (from OGCI), the COP28 **Oil and Gas Decarbonisation Charter** (OGDC), which includes the commitment to achieve near-zero methane emissions by 2030, and the **Methane Guiding Principles** (MGP), of which Repsol is a founding member.

1. Calculation based on volume. CH<sub>4</sub> emissions/ marketed gas.

# Next Steps 7





Our goal for the remaining of 2024 and beyond is to maintain the same level of excellence in dialogue and interactions with investors and stakeholders. At Repsol we have a clear roadmap to follow, and we want to continue relying on the support of our ESG-minded shareholders in the pursuit of our strategy.

Our dialogue process will continue to be a key factor in identifying the expectations and concerns of the market regarding ESG issues, so as to ensure their consideration when analysing or updating company's strategic decisions.

The company remains steadfast in its commitment to maintaining engagement between Senior Management and ESG investors.



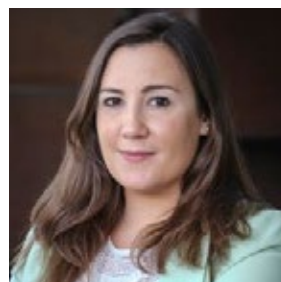
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