

## ANTONIO BRUFAU: “PRIORITY MUST BE GIVEN TO SHORT-TERM ECONOMIC MEASURES TO OVERCOME THIS CRISIS AS QUICKLY AS POSSIBLE”

- At the company’s Annual General Meeting, Repsol Chairman Antonio Brufau said that short-term economic measures must be applied to achieve a rapid recovery of our economy.
- “It is necessary to achieve a rapid recovery, prioritizing short-term goals to avoid causing structural damage to our productive fabric, always ensuring that these measures are compatible with the long-term goals,” said Brufau.
- In his speech, he added that “now is the time to opt for industry.” “By giving industry a greater weight in our economy, it will become easier to overcome the crisis,” he said, before arguing for a grand alliance in favor of the sector.
- “When this crisis emerged, Repsol made the decision to place all of our capacities, human and intellectual, as well as, naturally, industrial and technological, at the service of resolving and mitigating it. Our society is setting an example of solidarity and unparalleled sacrifice. Repsol and all of its people are too,” said Brufau.
- “We have always been keenly aware that our primary contribution to resolving the crisis was to maintain our activities, to continue supplying the energy that our ambulances, our hospitals, our healthcare workers, and our homes were going to need in the fight against Covid-19. And, of course, to supply all those petrochemical products that, both as prophylaxis against the virus and as raw materials for a great many healthcare products and tools, are needed in this battle,” he asserted.
- Chief Executive Officer Josu Jon Imaz reviewed Repsol’s performance in 2019, a “very important year where we advanced in the diversification of our activities, and where we have been pioneers in our sector in setting the target of being a net zero emissions company by 2050.”

Repsol has placed all of its capacities at the service of society to help mitigate the health crisis

Antonio Brufau said that it is necessary to give priority to short-term economic measures to overcome the crisis

Brufau: “We have always been keenly aware that our primary contribution to resolving the crisis was to maintain our activities”

The 2020 Resilience Plan makes it possible to maintain the commitment to deliver shareholder remuneration

Repsol's Chairman, Antonio Brufau, said industry should be the driving force for overcoming the crisis brought on by Covid-19. In his speech at the Annual General Meeting, held online today as an exceptional prevention measure against the coronavirus, Brufau pointed out that "we must prioritize short-term economic measures to avoid causing structural damage to our productive fabric, always ensuring that these measures are compatible with the long-term goals." At the same time, the Chairman argued for a grand alliance in favor of industry because "by giving industry a greater weight, our economy will become more resilient."

Antonio Brufau began his speech to the shareholders by expressing his condolences to all those suffering from the pandemic, with a special remembrance for the passing of the former Chairman of Repsol Alfonso Cortina.

Brufau highlighted the work Repsol has been doing from the first stages of the pandemic, placing all its "capacities, human and intellectual as well as, naturally, industrial and technological, at the service of resolving or mitigating it."

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The company's priority in this health crisis, taking precedence over the usual criteria of profitability, has been to provide essential services in the countries where it operates, as well as to apply all available means to protect the health and safety of its employees, customers, and suppliers.

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ambulances, our hospitals, our healthcare workers, and our homes were going to need in the fight Covid-19," said Antonio Brufau. To this, he added the essential "supply of all the petrochemical products that, both as protection against the virus and as raw materials for a great many healthcare products and tools, are needed in this battle." "Not a single liter of diesel, nor a molecule of gas, nor a canister of butane, nor the supply of electricity has been lacking where it was needed," he stressed.

In addition to ensuring the essential maintenance of its activities, Repsol has collaborated in the fight against the coronavirus with a series of donations of material, such as protective equipment and hydroalcoholic gel, to 90 different entities, mainly hospitals and nursing homes. Among other initiatives, the company has adapted the facilities of its technology center in the outskirts of Madrid to produce hydroalcoholic gel to supply nearly 12 hospitals. It has also donated more than 36 tons of petrochemical material for the manufacture of protective equipment. At the same time, its service stations have provided free coffee and pastries to truck drivers, emergency service workers, and law enforcement agents.

In the opinion of Repsol's Chairman, these actions of the company are grounded in the commitment to "being useful, not only to our shareholders but also, of course, to society. Otherwise, we would not be fulfilling our mission."

### **Short-term economic measures to overcome the crisis**

Brufau said that “we need to achieve a rapid recovery, prioritizing short-term goals to avoid causing structural damage to our productive fabric and applying strategies that are compatible with our long-term goals.”

“Now is the time to concentrate on what we are going to do to quickly overcome the recession that nearly all countries are facing, by strengthening our economic structure to make it more resilient to the next crises that are sure to come,” he said. To do so, “it is necessary for the economy to return to a healthy state where it generates resources to maintain the welfare state, applying sufficient resources to sustain and improve the healthcare system, employment, and the living conditions of the most vulnerable.”

Brufau also pointed out that “industry is essential to overcome the recession that the health crisis will trigger, as quickly as possible,” and that it is necessary to strengthen the economic structure and make it more resilient in similar situations in the future.

In this task, he deemed it essential to support the export sector, “that, in the face of the weakness in internal demand, will pull us out of the crisis thanks to its competitiveness which we should not undermine with excessive or inadequate regulation.”

The Repsol Chairman stressed that the countries that have made a commitment to a modern and digitized industry now possess clear competitive advantages. He cited the examples of Germany, South Korea, and the Czech Republic, “where industrial GDP, with the addition of outsourced high-value services (engineering, R&D, consulting, etc.) has grown.”

The competitiveness that defines Spanish and European industries, of which Repsol is a proud member, is another aspect Antonio Brufau wanted to highlight. It is also a sector that is characterised by “generating the most stable and best-paying jobs”, and it relies on “much greater investment in technology and research and development than other economic segments.” These are all factors that are very relevant for facing the challenges we will encounter after Covid-19. “Without the industry, it is very difficult for research, technological development, and design to flourish,” he emphasised.

In Brufau’s words, support for the automotive industry will be key to overcoming the crisis, and therefore he advocated for “the implementation of a vehicle replacement scheme focused on the types and ranges of vehicles manufactured in Spain, both conventional and hybrid.” Furthermore, he said that this would also be the most efficient tool for reducing CO2 emissions and improving air quality, given the greater efficiency of today’s engines.

For this strategy to work, the Repsol Chairman believes that “regulatory uncertainties that hamper decision-making and consumption should be eliminated.” This would also benefit investments in biofuel technologies and industrial plants or the development of synthetic fuels in Spain.

**To Antonio Brufau, support for the automotive industry and eliminating regulatory uncertainties are key to overcoming the current crisis**

Brufau also reaffirmed Repsol’s commitment to leading the energy transition and the decarbonization of the economy, even at times as complicated as these. “All forms of decarbonization are complementary and valid, and incentives that make all contribute, without exception, will be what speeds up the energy transition. All are necessary and they should contribute to overcoming the crisis and making our country and planet more sustainable. Let us find the most efficient solutions, now that public money has evident priorities,” he concluded.

## Pioneers in the fight against climate change

In his speech, the CEO of Repsol, Josu Jon Imaz, reviewed the macroeconomic environment, the company's performance in 2019, the resilience plan for 2020, and the future strategic perspectives, setting the target of becoming a net zero emissions company by 2050 as a reference point.

The CEO described 2019 as a very important year for the company. It was a year "in which we have advanced in the diversification of our activities and in our commitment to the energy transition, being pioneers in the sector after setting the target of net zero emissions by 2050." During 2020, the company will reduce its Carbon Intensity Index by 3%, with respect to its 2016 baseline, reduce CO2 emissions in all businesses, and significantly expand its renewable generation capacity.



Josu Jon Imaz: "We have advanced in the diversification of our activities and in our commitment to the energy transition"

Imaz expressed his satisfaction with Repsol becoming consolidated as an important player in the renewable power generation industry. Today, the company has nearly 3,000 MW of low-carbon generation assets in operation, to which must be added nearly 2,000 MW that are in the pipeline. Additionally, in 2019, the company surpassed one million electricity and gas customers, an increase of 31% compared to when this activity began, and it launched innovative solutions for self-consumption and distributed generation.

Repsol also made progress in the internationalization of its commercial businesses and in the implementation of its strategy to differentiate the chemicals area, whose contribution to the fight against the coronavirus is proving essential. The company's refineries incorporated technological improvements to adapt to the new international regulation on marine fuels (IMO) which entered into force at the beginning of this year. For its part, the Upstream business has focused on prioritizing value generation over production growth, maintaining flexibility as a strategic axis and placing emphasis on rotation and improvement of the asset portfolio and the generation of cash flow.

## 2020 Resilience Plan

Imaz highlighted the impact that the health crisis is having on the economic climate, with the hydrocarbon market "in a situation of excess supply not seen in decades that is slashing oil prices." All of this, after a 2019 marked by a quite challenging dynamic that has now been unpredictably surpassed in the first quarter of this year, with oil prices, during the last days of March, under 23 dollars per barrel.

To address this situation, Repsol has adopted a Resilience Plan for 2020. It includes initiatives that will represent additional reductions of more than 350 million euros in operating expenses and over 1 billion in investments, as well as optimizations of working capital of nearly 800 million euros, compared to what was initially budgeted.

"For many years, Repsol has been demonstrating that it is a resilient company, capable of advancing even in unfavorable circumstances. In the current context of falling prices and the Covid-19 crisis, all the teams have turned their attention once again to deploying all available mechanisms to confront this enormous challenge," stated Imaz.

Repsol is one of the best-valued companies in its sector and with the greatest proportion of ESG investors among its shareholders

The CEO explained that the Resilience Plan “allows us to keep two commitments: delivering on shareholder remuneration and the target of being a net zero emissions company by 2050.” The company will continue advancing on the path of the energy transition, as a multi-energy supplier, towards a low-emissions energy model, and “we will take the first step this year by achieving our goal of reducing our Carbon Intensity Indicator by 3%,” he stressed.

Josu Jon Imaz highlighted that the efforts that Repsol is carrying out along these lines have made it one of the best-valued companies in its sector and with the greatest proportion of ESG (environmental, social and governance) investors among its shareholders. This means that the company “is prepared to face the challenges presented in an increasingly decarbonized world as a key player in the development of the energy model of the future,” he concluded.

Associations like the Transition Pathway Initiative (TPI), that brings together 60 of the largest global investors managing assets of over 18 trillion dollars, in 2019 recognized Repsol as one of the only two companies in its sector on a global level that had a strategy compatible with the objectives of the Paris Agreement. At the end of January 2020, Repsol was included in the FTSE TPI Climate Transition Index, the only stock index aligned with the objectives of the Paris Agreement.

At the same time, the Climate Action 100+ initiative, which groups over 450 international investors managing over 39 trillion dollars, and the Institutional Investors Group on Climate Change (IIGCC), consisting of more than 200 members that manage over 30 trillion euros, have recognized Repsol “for committing itself to aligning its activities and investments with the goals of the Paris Agreement.” “By taking firm steps toward net zero emissions and setting intermediate decarbonization goals, Repsol has set a higher bar for the industry,” they have said.

Additionally, Standard & Poor’s has ranked Repsol among the companies in its industry that have the most advanced sustainability strategies. S&P has made a very positive assessment of the diversification of the company’s businesses and its firm commitment to the Paris Agreement.

### **Maintaining the commitment to delivering shareholder remuneration**

To safeguard the overall interests and the health and safety of shareholders, employees, and others involved in preparing and holding the Annual General Meeting, it was carried out at the company’s corporate headquarters in Madrid under strict health and safety measures and with only essential staff present. At the same time, Repsol provided its shareholders with the necessary tools for them to exercise all their rights online.

Among the proposals approved, the company’s shareholders backed remuneration of 0.55 euros per share, in lieu of a traditional complementary dividend and to be paid out in July of this year under the formula of a scrip dividend. With this amount, Repsol is fulfilling its 2020 remuneration commitment assumed in the current Strategic Plan, despite the current adverse circumstances.

Moreover, the Annual General Meeting also authorized that a capital reduction by means of a repurchase of company shares aimed at the offsetting the dilution effect of the scrip dividend be maintained in 2020.