

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

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REPSOL S.A.

Annual Report
on the
Remuneration
of Directors



The English version is a translation of the original in Spanish for information purposes only. In case of any discrepancy, the Spanish original will prevail.

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1. PRESENTATION OF THE REPORT

This Annual Report on Directors' Remuneration corresponding to financial year 2020 (the "**Report**") has been prepared by the Compensation Committee of Repsol S.A. ("**Repsol**" or the "**Company**") pursuant to section 541 of the Spanish Companies Act (*Ley de Sociedades de Capital*) and based on the model and instructions stated in Circular 1/2020 of the National Securities Market Commission ("CNMV")¹.

In accordance with the option offered by Circular 1/2020, Repsol has chosen to prepare the report, as in previous years, in a free format, including the content required by the regulations, the statistical appendix included in Circular 1/2020 itself, as well as other relevant information to understand the remuneration system for Repsol Directors. This report therefore responds to Repsol's desire to remain at the forefront of transparency in its remuneration arrangements and to make it easier for shareholders to understand the remuneration systems currently in place.

This Report provides complete and detailed information about the implementation of the remuneration policy of the Directors approved in a binding manner by the General Shareholders Meeting on May 31, 2019 (the "**Remuneration Policy**"), both in the performance of their executive functions and the supervision and decision-making functions inherent to the office.

Please consult the Remuneration Policy available on Repsol's website at the following link:

https://www.repsol.com/imagenes/global/en/2019_2021_remuneration_policy_directors_tcm14-150990.pdf

In business terms, 2020 has been marked by the unprecedented global crisis caused by Covid-19 to which Repsol has responded prioritizing its labour as an essential service, keeping its facilities in operation and guaranteeing the supply of its products and services, indispensable for society. The global pandemic has also caused a drastic drop in international commodity prices, with Repsol adjusting its price assumptions in this context. To face the exceptional circumstances derived from this pandemic, the Company launched a Resilience Plan in March that established a specific roadmap to reinforce cash generation and strengthen the balance sheet.

The Company has demonstrated its strength in this difficult scenario, with a positive cash flow and a net debt reduction and has presented its new Strategic Plan 2021-2025 to boost its transformation and meet the target of zero net emissions by 2050. During 2020, the Company has launched initiatives to move forward towards this goal, notably two innovative industrial decarbonization projects in Bilbao,

¹ Circular 1/2020, of 6 October, of the National Securities Market Commission, amending Circular 5/2013, of 12 June, which establishes the models for the annual corporate governance reports of listed public limited companies, savings banks and other entities that issue securities admitted to trading on official securities markets; and Circular 4/2013, of 12 June, which establishes the models for the annual remuneration report of directors of listed public limited companies and of the members of the boards of directors and of the control committees of savings banks that issue securities admitted to trading on official securities markets.



Spain's first advanced biofuel plant, in Cartagena, and the development of renewable assets and the international expansion of this business.

Finally, during 2020, Repsol has continued its engagement campaign with shareholders and proxy advisors, focused particularly on ESG issues (Environmental, Social and Governance), within the framework of the new Strategic Plan, thus consolidating a pioneering initiative in Spain of two-way dialogue with these stakeholders on these matters². The communication activity carried out has been very fruitful, visiting almost 80 investors in specific ESG forums and investors have highly valued the transparency and dialogue with the Company, as well as the progress on the path to carbon neutrality. In this sense, the [Climate Action 100+ initiative](#), which brings together 545 investors who manage approximately USD 52 billion, has pointed to Repsol as an example for its good practices of transparency and dialogue with socially responsible investors. [Federated Hermes](#), a leader in interaction services with socially responsible investors at a global level, has highlighted the results of the dialogue held with [Repsol](#) since 2013, as well as the participation in it of the Chairman of the Board of Directors and the CEO.

As established in art. 541 of the Spanish Companies Act, this Annual Remuneration Report, that has been unanimously approved by the Board of Directors at its meeting of February 17, 2021 will be subject to a consultative vote by shareholders at the 2021 General Shareholders Meeting as a separate item on the agenda.

Madrid, February 17, 2021

² For more information about the engagement carried out in 2020 with ESG investors please see [Engagement Report 2019-2020](#).

2. COMPENSATION COMMITTEE



Chairwoman

Ms. Carmina Ganyet i Cirera
[Independent Director]



Ms. Maite Ballester Fornés
[Independent Director]

Mr. José Manuel Loureda Mantiñán
[External Institutional Director]

Mr. Mariano Marzo Carpio
[Independent Director]

In accordance with the Bylaws and Regulations of the Board of Directors, as of December 31, 2020 the Compensation Committee was comprised entirely by External Directors, the majority of whom (three) were Independent, while the other one was Institutional. All the Committee members have extensive experience and expertise in the duties to be performed.

The functions of the Board of Directors of Repsol and its Compensation Committee in matters of remuneration are regulated in the Bylaws (arts. 45, 45 bis and 45 ter) and the Regulations of the Board of Directors (arts. 5 and 36).

The Compensation Committee has, among others, the following functions:

- Propose to the Board the remuneration policy thereof, assessing the responsibility, dedication and incompatibilities required of Directors; and, for Executive Directors, propose to the Board the additional remuneration for their executive functions and other terms of their contracts;
- Propose to the Board of Directors the remuneration policy for general directors or whomever performs the senior executive functions under the Board's direct supervision. Likewise, this Committee will analyse the proposals for the long-term incentives plans that affect the Group's Senior Executives and, in particular, those that may be established in relation to the value of the share and will be familiar with the fundamental aspects related to the Company's general salary policy.
- Propose to the Board of Directors the basic terms for Senior Executives' contracts;
- Verify that the remuneration policy established by the Company is observed;
- Periodically review the remuneration policy applied to Directors and Senior Executives, including share-based remuneration systems and their application;
- Ensure that possible conflicts of interest do not jeopardise the independence of the external advisory services provided to the Committee;
- Verify the information on the remuneration of Directors and Senior Executives contained in the various corporate documents, including the Annual Report on Directors' Remuneration;
- Any other functions related to matters for which they are responsible and that they

are asked to perform by the Board of Directors or by its Chairman;

- Report, in advance, to the Board of Directors the cases envisaged under the law and the Company's internal regulations and, in particular, in those cases contained in articles 21 and 22 of the Board of Directors' Regulations related to the use of corporate information and assets for private purposes, as well as the exploitation of business opportunities; and
- Report to the Board of Directors in all cases in which the Board itself or its Chairman request a report.

Accordingly, it should be noted that the Committee has the power to require any member of the management team or the Company's personnel to attend its meetings, who must accept any invitation from the Chairwoman of the Committee to attend under the terms stated therein.

Notwithstanding the fact that the Chairwoman of the Committee reports on the content of its meetings and the Committee's activities at the Board meetings, every quarter all Directors are given a copy of the minutes of all Committee meetings held during the period.

2.1. Most relevant activities carried out by the Committee in 2020 and 2021

In 2020, the Compensation Committee convened on three occasions. In 2021, as of the publication date of this Report, the Committee has met on one occasion.

At the aforementioned meetings, the Committee has discussed, among others, the following issues, and resolved, where appropriate, to submit them to the Board of Directors for approval:

- Report on the proposals to settle the 2016-2019 and 2017-2020 Long-Term Incentive Programmes (LTIs).
- Report on the proposals for new 2020-2023 and 2021-2024 Long-Term Incentive Plan with partial allocation in shares.
- Remuneration proposal for serving on the Board of Directors and its Committees for the financial years ending 2020 and 2021, including for the Chairman of the Board of Directors and for the Lead Independent Director.
- Additional remuneration proposal for Directors who perform executive functions, specifically:
 - Proposal of fixed remuneration for the CEO for 2020 and 2021.
 - Proposal to settle the annual variable remuneration of the CEO for financial years 2019 and 2020.
 - Proposal of annual variable remuneration for the CEO for 2020 and 2021.
 - Proposal to settle the long-term variable remuneration of the CEO corresponding to the 2016-2019 and 2017-2020 Long-Term Incentives Programmes.

- Proposal of long-term variable remuneration for the CEO for the new 2020-2023 and 2021-2024 Long-Term Incentive Plans with partial allocation in shares.
- Proposal of Annual Reports on Directors' Remuneration for financial years 2019 and 2020.
- Verification of information pertaining to the remuneration of Directors and Senior Managers contained in the annual consolidated financial statements for the financial years ending 31 December 2019 and 31 December 2020.
- Verification of the compliance with the Remuneration Policy for Directors of Repsol, S.A. approved by the Annual General Meeting.
- Proposals and reports for the 2020 and 2021 General Shareholders Meeting concerning:
 - Approval of new additional Cycles of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs.
 - Approval of the new Long-Term Incentive Plan with partial allocation in shares.
 - Annual Directors' Remuneration Reports for 2019 and 2020.
 - Directors' Remuneration Policy of Repsol, S.A. for 2021-2023.
- Definition of 2020-2021 Long-Term Incentive targets and subsequent adjustment of the targets included in the Long-Term Incentive Plans 2018-2022 and 2019-2022 to the new Strategic Plan.
- Report on the evolution of the workforce and expenses at the Strategic Plan 2021-2025.
- Planning the Compensation Committee's schedule of meetings and activities for the financial years ending 2020 and 2021.
- Internal assessment of the Remuneration Committee's performance in 2019.
- Analysis of the amendments of the Good Governance Code of Listed Companies of the Spanish National Securities Market Commission.

2.2. External consultants

In accordance with the provisions of the Regulations of the Board of Directors, for the better performance of its functions the Compensation Committee may apply to the Board to engage the services of specialised external consultants at the Company's expense.

Thus, in 2021, EY Abogados, an independent consultant specialized in the field of remuneration of Directors and Senior Management, has advised the Compensation Committee in the preparation of this Report. In addition, Willis Towers Watson has advised the Compensation Committee on the preparation of benchmarking for the CEO's remuneration.

2.3. Proposed resolutions for the General Shareholders Meeting regarding Director remuneration in 2021

It is expected to submit the following proposed resolutions for approval at the 2021 General Shareholders Meeting:

- Annual Report on Directors' Remuneration for the financial year closing 31 December 2020.
- Directors' Remuneration Policy for 2021-2023.

2.4. Actions taken to mitigate risk in the Remuneration Policy

The measures designed to ensure the Directors' Remuneration Policy addresses the Company's long-term results are:

- CEO's total compensation consists of various remunerative elements that include, essentially: (i) fixed remuneration, (ii) short-term variable remuneration, and (iii) long-term variable remuneration (LTI). The variable remuneration has a weight of around 69% of total remuneration of the CEO in a scenario of 100% compliance with targets and it is linked to the objectives established in the Strategic Plan.
- LTI Plans are part of a multi-year framework (four years) to ensure that the evaluation process is based on long-term results and considers the underlying economic cycle of the Company, as well as the achievement of

strategic objectives. Moreover, the Company has established a three-year period, beginning when the shares are delivered, during which the Executive Directors may not transfer or hedge (directly or indirectly) the Company shares delivered in payment for such programmes, notwithstanding the shareholding policy described below.

- The Company has a Share Purchase Plan for the beneficiaries of the Long-Term Incentive Plans aimed at aligning the interests of the participants with those of the shareholders.
- Repsol has a permanent shareholding policy, according to which, for the duration of their tenure, Executive Directors must retain ownership of the shares in their portfolio, as well as other shares received as payment under the LTI Programmes or linked to the Share Purchase Plan, until they reach, at least, an amount equivalent to twice their fixed remuneration.
- As of 31 December 2020, the Compensation Committee consists of four members, two of whom are also members of the Audit and Control Committee. The existence of a cross-presence on these two committees helps when assessing the risks associated with remunerations during deliberations and in their proposals to the Board of Directors, when determining and evaluating annual and multiannual incentives.
- In addition, two members of the Compensation Committee are also members of the Sustainability Committee

aspects related to the sustainability of the Company, the maximisation of long-term value, and the fulfilment of indicators related to the target of becoming a zero net emission company by 2050. As such, the cross-presence of Directors also allows for the consideration of aspects relevant to the issues that concern the remuneration of the CEO and Senior Managers.

The Remuneration Policy, meanwhile, establishes an adequate and efficient balance between the fixed and variable components of remuneration in line with best corporate governance practices. The variable components are set so that, in the event minimum objectives are not achieved, no payment will be made, and there are no guaranteed variable remunerations.

The Compensation Committee may recommend the Board of Directors to adjust to the elements, criteria, thresholds and limits of variable remuneration, whether annual or multiannual, in exceptional circumstances

3. PAY FOR PERFORMANCE

The compliance of the predetermined and measurable targets established at the beginning of the financial year, by the Board of Directors, at the proposal of the Compensation Committee, to calculate the annual variable remuneration of the CEO is aligned with the performance of the Company in 2020. Thus, the main milestones achieved in the year have been:

- The Company has presented its new Strategic Plan 2021-2025 to boost its

prompted by extraordinary internal or external factors, which will not imply that the targets will be less challenging. In the event that such an adjustment occurs, the Company will provide detailed information on the reasons justifying its application.

The Compensation Committee is also responsible for examining and analysing the Remuneration Policy for Directors and Senior Managers and its application, in as much as the professional activities of these personnel can have a material impact on the Company's risk profile. Moreover, the Compensation Committee assesses compliance with the objectives established in the long-term variable remuneration plans and submits them to the Board of Directors to approve the level of incentive to be paid.

transformation and meet the goal of zero net emissions by 2050.

- During 2020, the Company has launched initiatives to move forward towards this goal, notably two innovative industrial decarbonization projects in Bilbao; Spain's first advanced biofuels plant, in Cartagena; and the development of renewable assets and the international expansion of this business.

- Repsol has obtained an adjusted net income of 600 million euros in a complicated environment marked by the unprecedented global crisis caused by the covid-19, to which Repsol has responded prioritizing its labour as an essential service, keeping its facilities in operation and guaranteeing the supply of its products and services, indispensable for society.
- The global pandemic has caused a drastic drop in commodity prices, with a negative impact of 978 million euros on the Company's inventories. In this context, Repsol has revised its price assumptions, which has fundamentally affected the value of Exploration and Production assets.
- In order to face the circumstances arising from the pandemic, the Board of Directors approved, in March, a Resilience Plan for 2020, which established a specific roadmap to reinforce cash generation and strengthen the balance sheet.
- Repsol has demonstrated its strength in this difficult scenario, with a positive cash flow of 1,979 million euros and a reduction in net debt of 1,178 million during the year, to stand at 3,042 million.

In 2021 the specialised firm Willis Towers Watson has carried out a benchmarking analysis for the Total remuneration of the CEO. The following criteria have been taken into consideration in order to determine the comparison group:

- a) Listed Companies within the energy and utilities sector comprising the following indices (EURO STOXX 600 Oil & Gas/DJ

Titans Oil & Gas 30, Stoxx Europe 600 Utilities/ S&P 500 Utilities).

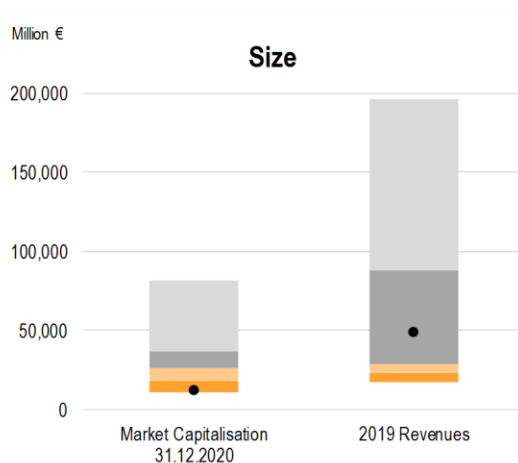
- b) Headquarters location: Europe and USA.
- c) Dimension and complexity comparable to Repsol considering a range of revenues and market capitalization between 30% and 320% of Repsol's figures, as well as the volume of total assets and the number of employees.
- d) Global and international geographic scope.
- e) Companies that are part of the peer group that Repsol has defined for the purposes of measuring Shareholder Total Return ("TSR") within its Long-Term Incentive Programs.
- f) Companies that are part of the peer group considered by the proxy advisor Institutional Shareholder Services ("ISS") for carrying out the pay for performance analysis in their Voting Recommendation Report.

The abovementioned group excludes companies in the financial sector and those companies that have considerable state involvement and are not considered highly comparable with Repsol.

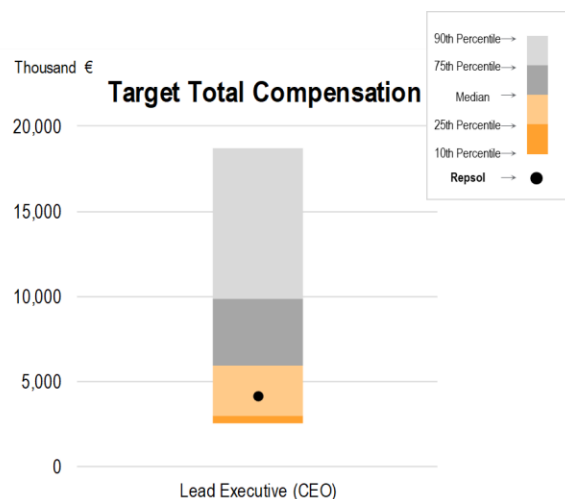
Taking into consideration the above, the resulting comparison group would be composed of the following 18 companies: - BP, Centrica, Cepsa, ConocoPhillips, Endesa, ENGIE, ENI, Iberdrola, Marathon Petroleum, National Grid, Naturgy, Phillips 66, Royal Dutch Shell, Schlumberger, Snam, Suez, Total and Veolia Environment.

The following are the results of the analysis in which the position of the Chief Executive Officer is shown against the comparison group in relation to the Total Target Compensation in which the following remuneration items are

included : fixed remuneration for its supervisory duties as Directors; executive duties fixed remuneration; annual variable remuneration; long-term incentive plan; social welfare schemes.



Source: Willis Towers Watson



In terms of total target remuneration, the CEO lies between the 25th percentile and the median of the comparison group.

4. REMUNERATION POLICY 2021

Further to the provisions of section 529 *novodecies* of the Companies Act, the General Shareholders Meeting held on 31 May 2019, approved, at the proposal of the Board and following a report from the Remuneration Committee, the Director's Remuneration Policy to be applied in 2019, 2020 and 2021. Likewise, it is foreseen that the Board of Directors agrees to submit to the next the General Shareholders Meeting, a new Director's Remuneration Policy for 2021, 2022 and 2023.

The defining principle of the Remuneration Policy is the creation of reciprocal value for the Group and for the directors and the alignment

of their interests over the long-term with those of the shareholders, ensuring total transparency.

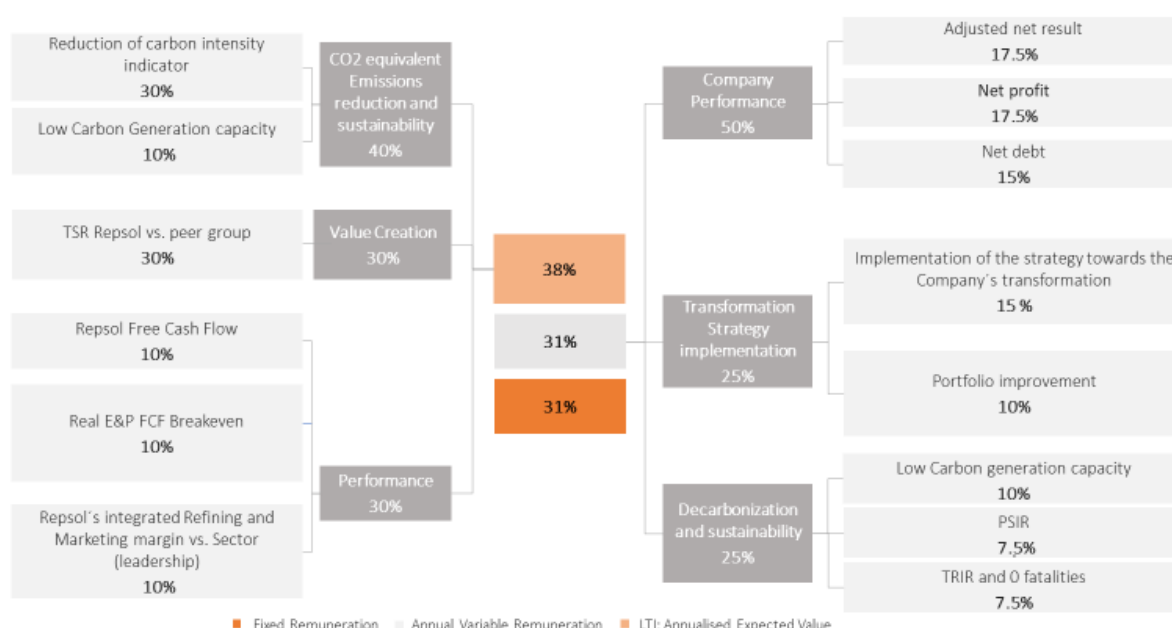
The Remuneration Policy is therefore reviewed on a regular basis to ensure it is in line with best corporate governance practices and market trends, and is submitted for approval at the General Shareholders Meeting whenever it is necessary or when it is recommended that it be amended and at least every three years, as provided for under the Companies Act.

4.1. Concerning the Chief Executive Officer

The remuneration package for the Chief Executive Officer for the performance of executive duties, in accordance with the Remuneration Policy, essentially consists of a fixed item, a short-term variable item and a long-term variable item, aligned with Company's management objectives under the Strategic Plan with the sustained maximisation of the Company's value. Furthermore, his Remuneration Package also includes pension schemes and specific in-kind payment systems.

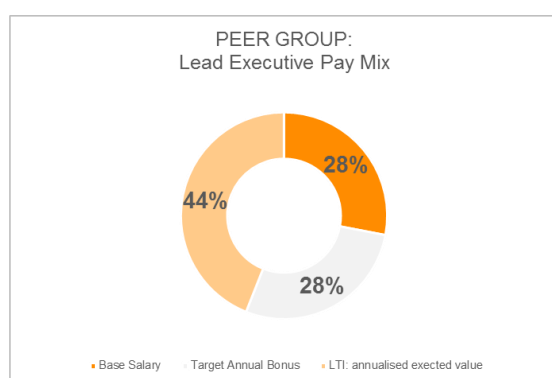
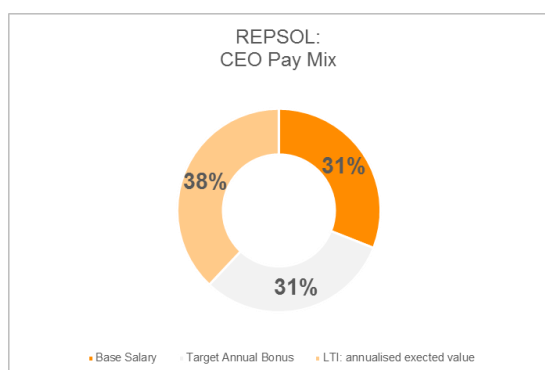
In line with previous years, the proposed pay package for 2021 is a suitably balanced and efficient mix of fixed and variable pay items in which the fixed component accounts for a

sufficiently high percentage of the total remuneration. The variable pay items must be flexible to the point that they can be completely removed from the pay package, in a given year, if the targets linked to those items have not been achieved. In this case, the CEO will only receive fixed remuneration, as well as other items relating to their participation in pension schemes and in-kind benefits. The CEO's remuneration mix reflects the Company's philosophy of competitive compensation that encourages the achievement of corporate objectives while preventing excessive risk assumption.



Assuming a scenario where the 100% of the targets are met in 2021, fixed remuneration for the CEO would account for 31% of the total remuneration (fixed, annual variable and long--

term variable) and the variable remuneration 69% (approximately 45% short term variable pay and 55% long-term variable pay).



Source: Willis Towers Watson

This compensation structure allows the variable remuneration package of the CEO to vary depending on Repsol's earnings and may vary between zero (in the case of insufficient achievement of targets) and a maximum of 220% of his fixed remuneration (100% for short-term and 120% for long-term³). Notwithstanding this, the Board of Directors may adjust, to a maximum of 20% upwards or downwards, the final quantitative results for the variable remuneration, depending on the quality of results, individual performance and other issues that require qualitative measurement. Thus, the maximum amounts of the long-term variable remuneration for the CEO are the following:

³ To the extent that the new 2021-2024 Long-Term Incentive Program implies partial allocation in shares, this reference value calculated on the date of granting of the Incentive could be

Chief Executive Officer

Maximum amount of annual variable remuneration

100% of his fixed remuneration +/- 20% of qualitative adjustment to be approved, as the case may be, by the Board of Directors at the time of payment.

Maximum amount of long-term variable remuneration

120%³ of his fixed remuneration +/- 20% of qualitative adjustment to be approved, as the case may be, by the Board of Directors at the time of payment.

In case the Board of Directors, based on a proposal of the Compensation Committee, agrees to adjust –upwards or downwards– the variable remuneration of the CEO, the Company will provide detailed information of the rationale that justifies the qualitative adjustment.

When establishing the remuneration package of the CEO, the Compensation Committee considers, among others, the provisions of the Remuneration Policy, guidelines from institutional investors and proxy advisors' guidelines, the information received by the latter in the engagement process carried out by Repsol, as well as market data.

Listed below are the items of the remuneration package of the CEO for 2021 and its main characteristics:

4.1.1. Fixed Remuneration

The fixed remuneration of the CEO for the performance of his executive duties considers the level of responsibility of these functions, his position and his professional experience. This remuneration is reviewed on a regular basis,

modified by the fluctuation of the value of Repsol's share during the validity of the Program until its liquidation.

considering the Company's results, market data and the remuneration conditions within the organisation, ensuring that it is competitive with respect to the reference market.

Based on this, the Compensation Committee proposes annually to the Board, for its approval, the fixed remuneration for the CEO for performing their executive functions, considering the framework of the Remuneration Policy approved.

In order to determine the fixed remuneration and any possible updates to it, the Compensation Committee considers, among other matters, the specific characteristics of each position and the dedication required, market analyses and average increases in the remuneration of the Company's Senior Executives. All the foregoing in order to establish compensation that befits the function performed, guaranteeing that it is competitive with respect to the reference market.

The Board of Directors resolved, at its meeting of 17 February 2021, at the proposal of the Compensation Committee, to keep the fixed remuneration of the CEO for 2021 in the same amounts as those established for 2020, namely 1,200 thousand euros.

The fixed remuneration of the CEO has remained unchanged since his appointment in 2014.

4.1.2. Annual Variable Remuneration

The annual variable remuneration appraises the individual contribution of the CEO towards the fulfilment achievement of predetermined, specific and measurable targets. The Compensation Committee performs an annual

review of the conditions of the system in response to Repsol's strategy, its needs and the business situation and establishes the corresponding objectives at the beginning of each year.

The following table details the goals, indicators and weightings proposed by the Compensation Committee for the current year, in respect of

the CEO's annual variable compensation, and approved by the Board of Directors at its meeting of 17 February 2021⁴:

CATEGORY	WEIGHT	METRIC	WEIGHTING
COMPANY PERFORMANCE	50%	Adjusted net Income	17.5%
		Net Income	17.5%
		Net debt and Net Debt/EBITDA CCS	15%
TRANSFORMATION / IMPLEMENTATION OF THE STRATEGY	25%	Implementation of the Company's strategy towards its transformation	15%
		• Industrial: Progress of energy transition projects	
		• E&P: Focus on efficiency through FCF Breakeven	
		• Customer Centric: focus on the customer, with an impact on the internal organization and operations	
		• Efficiency of the Corporation: Recurring costs	
• Deployment of the transversal programs of Digitization and Procurement			
DECARBONISATION AND SUSTAINABILITY	25%	Improvement of the portfolio	10%
		Low Carbon generation capacity	10%
		Process Safety Incident Rate (PSIR) = 0.77	7.5%
		Total Accident Frequency Index (1.23) and 0 fatalities	7.5%

The Company maintains a continuous dialogue on ESG (environmental, social and governance) matters with its main shareholders and proxy advisors, in order to know first-hand their opinion and positioning regarding these matters and to explain the practices of the Company. As a result of this engagement and the resolution passed by the Board of Directors on December 2, 2019 to align the Company with the objectives of the Paris Agreement the objectives related to sustainability and

decarbonization in the 2021 annual variable remuneration of the CEO represent 25% and 40% of the long-term variable remuneration as indicated in section 4.1.3 below.

A scale of achievement is associated to each indicator defined according to its variability and level of achievement. These scales have a minimal compliance threshold, below which they do not generate a right to an incentive, and a maximum level, set at 110%, although the

⁴ Some of the performance targets for the annual bonus are commercially sensitive and it would be detrimental to the interests of the Company to disclose them before the start of the relevant performance period. The performance targets and level

of achievement will be disclosed after the end of the relevant financial year in that year's remuneration report subject to the sensitivity no longer remaining.

degree of achievement overall the objectives to be determined by the Compensation Committee shall not exceed 100%.

For the calculation of the amount of the variable remuneration the fulfilment and the weighting of each of the targets will be considered. In order to ensure that the annual variable remuneration retains an effective relationship with the professional performance of the beneficiaries, when determining the level of compliance with the quantitative objectives, positive or negative economic effects that arise from extraordinary events and that could distort the assessment results are eliminated.

At year-end, the Compensation Committee conducts an appraisal based on the information provided by the Financial and Persons and Organization areas on the results obtained by the Company. Depending on the level of compliance of each objective and its weighting, a weighted average fulfilment level is calculated.

With regards to the CEO, the structure of his annual variable remuneration for 2021 is maintained in the same terms as per 2020, with amounts varying between 0%, if the minimum fulfilment threshold is not reached, and 100% of his fixed remuneration, if 100% of the established targets is reached.

Therefore, in a scenario where 100% of the targets are achieved, the CEO would receive 1,200 thousand euros as annual variable remuneration. Notwithstanding that, the Board of Directors retains the ability to adjust, to a maximum of 20% upwards or downwards, the final quantitative results for the annual variable remuneration, depending on the quality of results, individual performance and other issues

or circumstances that require qualitative measurement. Thus, the maximum amount of the annual remuneration for the CEO could amount up to 1,440 thousand euros in the event of overachievement of targets and outstanding personal and Company's performance. In case the Board of Directors resolves on such adjustment, the Company will provide additional and detailed information about the rationale of the adjustment.

The annual variable remuneration is paid entirely in cash.

4.1.3. Long-term Variable Remuneration

Repsol has implemented many long-term incentive plans (LTIs) for managers and other employees of the Group, including the CEO, to promote the reciprocal generation of value for the Group, for its shareholders and for its employees; to foster the commitment of its beneficiaries as well as to compensate the creation of sustainable value for shareholders at long-term.

These programs are independent of each other, but their main characteristics are the same:

- They are structured in overlapping cycles of 4 years and are linked to the fulfilment of objectives and commitments set out in the Company's Strategic Plan in force at any given time.
- Their objectives are linked to maximising the Company's value, the performance of Repsol's businesses and sustainability.
- They are linked to their beneficiaries remaining until the end of the

measurement period, except under special circumstances that can cause their early settlement.

Each metric in the LIP has an associated achievement scale defined based on its variability and level of demand. These scales will have a minimum compliance threshold, below which they will not generate incentive rights, and a maximum set at 100%.

At the proposal of the Remuneration Committee, the Board establishes the weighting of the objectives and metrics associated with the LIPs, taking into account Repsol's strategy, its needs and the situation of the business.

Once the measurement period has ended, the Remuneration Committee will assess the level of compliance achieved in each of the objectives and the plan as a whole according to the information provided by the Finance and the People and Organisation areas, as well as the beneficiary's personal performance, and will propose the corresponding incentive

amounts based on the achievement scales established.

In 2020, the Company has implemented a new Long-Term Incentive Plan, where the main difference with regard to the previous Plans is based on the partial allocation of shares, through performance shares, as part of the long-term incentive granted, and not only as part of the payment under this plan. This new LTI is in line with regulations, corporate governance recommendations and best market practices.

In this regard, the 2020 General Shareholders Meeting approved three independent cycles of the new Long-Term Incentive Plan for 2020-2023 (First Cycle), 2021-2024 (Second Cycle) and 2022-2025 (Third Cycle).

Therefore, the long-term incentive plans in which the Chief Executive Officer participates and that will be in force in 2021 will be as follows:

PLAN	CASH VALUE IN THOUSANDS OF EUROS	NUMBER OF PERFORMANCE SHARES GRANTED	% OF FIXED REMUNERATION
Long Term Incentive Programme 2021-2024	720	84,791	120%
Long Term Incentive Programme 2020-2023	720	51,633	120%
Long-Term Incentive Programme 2019-2022	1,440	Not applicable	120%
Long Term Incentive Programme 2018-2021	1,440	Not applicable	120%

4.1.3.1. Long Term Incentive Programme LTIP 2021-2024

At its meeting of 17 February 2021⁵, the Board of Directors, at the proposal of the

Remuneration Committee, approved the targets, metrics and weights of the Second Long-Term Incentive Cycle for the period 2021-2024 as indicated below:

CATEGORY	WEIGHT	METRIC	WEIGHTING
DECARBONISATION AND SUSTAINABILITY	40%	Reduction of the Carbon Intensity Index compared to 2016, in line with the SP 21-25 target (12% by 2025)	30%
		Low-carbon generation capacity in line with SP 21-25 commitments (7.5GW in 2025)	10%
PERFORMANCE	30%	Free Cash Flow of the Repsol Group	10%
		Breakeven of the Free Cash Flow of Exploration and Production (\$/bbl)	10%
		Integrated Refining and Marketing Margin vs. comparable companies (Eni, Total, Cepsa, Galp, Saras, OMV, MOL, Neste Oil, Hellenic)	10%
VALUE CREATION	30%	TSR Repsol vs. comparable companies (Total, RD Shell, BP, ENI, OMV, Statoil, GALP, Iberdrola, Naturgy and Endesa)	30%

The linking of the 40% of the long-term variable remuneration of executives and leaders, including the Chief Executive Officer and senior executives, to objectives addressed to comply with the Paris Agreement and, therefore, to the

sustainability and its leadership in the energy transition.

Position Repsol TSR	Degree of compliance
1st or 2nd	100%
3rd or 4th	75%
5 th	50%
6th	25%
≥ 7th	0%

As regards the TSR metric, it measures the relative performance of Repsol's total shareholder return in the period compared with the TSRs of a benchmark group (the "Benchmark Group") made up of the following listed companies: Total, Shell BP, ENI, OMV, Equinor, GALP, Iberdrola, Naturgy and Endesa. A degree of compliance is assigned based on the relative position of Repsol's TSR with regard to the Benchmark Group, which will be determined according to the below table, so that if the position reached by Repsol is below the median, the degree of achievement of the target will be zero:

progressive decarbonisation of the Company shows the Company's strong commitment to

⁵ Some of the data relating to performance targets is sensitive information and disclosure of this information prior to the reporting period could be detrimental to the Company's interests. However, after the end of the measurement period in question,

target values and compliance levels will be reported in the relevant annual Remuneration Report, provided that the information is no longer considered to be of a sensitive nature.

TSR is the difference (expressed as a percentage) between the end value of an investment in ordinary shares of Repsol and the initial value of this same investment during the period in question, factoring in to the calculation of the final value the gross dividends or other similar instruments (such as the Repsol Flexible Dividend Programme) received by shareholders in relation to this investment during the corresponding period of time as if an investment had been made in more shares of the same type at the first date on which the dividend or similar instrument was payable to shareholders and at the closing share price at that date. To obtain this calculation, the *Cumulative_Tot_Return_Gross_DVDS* function of the Bloomberg tool –or a similar tool if it is no longer available– will be used, taking the average value for the month of December of each appraisable year as a reference and adjusting, for each company of the Benchmark Group and Repsol, the resulting TSR by the percentage of change in the benchmark index of each market.

In the case of the Chief Executive Officer, the long-term variable remuneration structure is implemented by granting the right to receive a certain number of Repsol, S.A. shares (performance shares), as well as an amount in cash, in a proportion of 50% each with regard to the total incentive⁶ at the time of granting.

To this regard, the total incentive that the Board of Directors has resolved to assign to the CEO as 2021-2024 Long-Term Incentive is the 120% of his fixed remuneration, in a proportion of

84,791 Repsol performance shares⁷ and 720 thousand Euros.

Once the measurement period for the 2021-2024 Long Term Incentive Plan has ended, in the first four months of 2025 the Compensation Committee will assess the level of compliance achieved with regard to each of the objectives and the 2021-2024 LTI as a whole, considering the information provided by the Company and the personal performance of the Chief Executive Officer, and will propose the corresponding incentive amounts based on the achievement scales established, which may vary between 0%, if a level of compliance above the minimum threshold is not reached, and 84,791 Repsol shares and 720 thousand Euros if the level of overall compliance with the objectives is 100%.

Notwithstanding the above, the Board retains the ability to increase or decrease, by up to a maximum of 20%, the final result of the long-term variable remuneration, in view of the quality of the results, individual performance or other matters that require qualitative measurement. Therefore, the maximum long-term variable remuneration of the Chief Executive Officer could amount to 101,749 Repsol, S.A. shares and EUR 864 thousand, if objectives have been exceeded and in the case of extraordinary performance both on the part of the Company and the Chief Executive Officer. Should the Board agree to this adjustment, detailed information will be provided on the reasons justifying its application.

⁶ For the rest of the beneficiaries of the LIP, the proportion of the incentive award is 70% in cash and 30% in shares, except for members of the Executive Committee, where the proportion is equal to that of the Chief Executive Officer (50% in shares and 50% in cash).

⁷ Each performance share gives the right to receive, in case of fulfilment of the established objectives, a Repsol share, so that the reference value calculated on the concession date could be modified by the fluctuation of the Repsol share value itself during the validity of the Program until its liquidation.

The Chief Executive Officer may not transfer the Company shares received, or directly or indirectly hedge them until three years have elapsed since the shares were received, without detriment to the permanent shareholding policy approved by the Company, according to which the Executive Directors will retain ownership of the shares that they hold in their portfolio, as well as any other shares transferred to them as payment for the LTIP programmes or linked to the Share Purchase Plan, for as long as they remain in their position, until they reach an amount equivalent to at least twice their fixed remuneration. Nor may he directly or indirectly hedge the shares prior to their receiving them.

The shares delivered, where applicable, to the Chief Executive Officer pursuant to this long-term variable remuneration plan may be calculated for the purpose of the investment in shares referred to in the Beneficiaries' Share Purchase Plan of the Long-Term Incentive Plans described in section 4.1.4 below.

4.1.3.2. Long-Term Incentive Programmes LTIP 2018-2021 and LTIP 2019-2022

As a consequence of the approval of the new Strategic Plan 2021-2025, on 25 November, the Long-Term Incentive Programmes LTIP 2018-2021 and LTIP 2019-2022 were also revised in order to align the targets established in them with those of the Strategic Plan.

In the LTIP 2018-2021, the production growth metric in the Upstream category, which was weighted at 5%, was eliminated for 2021, and the weighting of the *low-carbon* business development metric in the CO₂ Reduction and Sustainability category was increased from 5% to 10%.

In LTIP 2019-2022, for the years 2021 and 2022. (i) the overall weight of the Upstream target category was reduced from 25% to 15%, eliminating the reserve replacement ratio metric (12.5%) and increasing weight of the *breakeven* of E&P free cash flow from 12.5% to 15%; and (ii) a new metric, with a weight of 10%, related to the free cash flow of the Group was introduced in the Value Creation target category, consequently increasing the weight of the category from 35% to 45%. This new metric will be measured in the same way as for the LTIP 2020-2023.

4.1.4. Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs

The purpose of this plan is to promote the alignment of the interests of its beneficiaries (which include the CEO and high-potential employees) with the long-term interests of shareholders and the Company.

The Plan (whose first ten cycles have already been approved by the General Meeting in 2011 and 2016 and the last three at the 2020 General Meeting) allows its beneficiaries to invest a maximum amount in Repsol shares, so that if they hold those shares for a period of three years and comply with the Plan's other conditions, the Company will give them one additional share for every three shares initially bought by them at the end of the specified period.

In order to simplify its implementation, only the beneficiaries of the Long-Term Incentive programs -as the group of employees targeted by both programs- can participate in the Plan and the maximum amount to be invested is 50%

of the gross amount vested of the LTI corresponding to each beneficiary under such programs.

Beneficiaries that are Executive Directors or have Senior Management status, meaning those directors who are part of the Executive Committee -or any other equivalent committee that may replace it in the future- have additional performance targets. Thus, these beneficiaries will only be entitled to receive the extra share if, in addition to complying with the general conditions of the Plan applicable to all the beneficiaries, the overall a level of compliance of the targets established for the Long-Term Incentive program closed in the financial year immediately preceding the date of delivery of the shares, is at least 75%.

At 2020-year end, the Eighth (2018-2021), Ninth (2019-2022) and Tenth (2020-2023) cycles of the Beneficiaries' Share Purchase Plan for the Long-Term Incentive Programs were in force.

The consolidation period of the 8th Cycle of the Plan (2018-2021) is expected to be completed in 2021, which the CEO participate in, as well as the launching of the Eleventh Cycle of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Program (2021-2024).

4.1.5. Ex-post control of the annual and long-term variable remuneration

In accordance with the terms of the Remuneration Policy, the Compensation Committee has the power to propose the cancellation of the payment of the short and long-term variable remuneration, upon the emergence of circumstances that show that the remuneration was paid based on inaccurate or

erroneous data. Thus, the Compensation Committee may claim for the reimbursement (clawback) of the variable components of the CEO' remuneration when the payment has not been adjusted to the performance conditions or when it has been awarded based on data that is subsequently shown to be inaccurate.

In particular, the conditions of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs establish, that the accrual of the extra shares is conditional upon not having occurred, in the period prior to each allocation of shares, in the opinion of the Board of Director, based on a report by the Compensation Committee, the material restatement of the Company's financial statements if this affects the degree of fulfilment of the objectives set for the relevant long-term remuneration program, except when this is due to a change to the accounting principles.

With regard to conflicts of interest, the Board Regulation, the Internal Code of Conduct for the Repsol Group as regards securities markets, and the Code of Ethics and Conduct (www.repsol.com) regulate the framework of actions that must be followed by individuals facing a potential conflict of interest.

4.1.6. Long-Term Saving Systems

The CEO participates in the Group's Executives' Benefits Plan, a defined contribution system. According to the formula envisaged in its Regulations, the annual retirement contributions are equivalent to approximately 20.5% of his fixed remuneration. The contingencies covered in the Plan are retirement, total or absolute permanent disability, severe disability and death.

Should the Chief Executive Officer's contractual relationship with the Company be terminated, as a result of the factors indicated below, the capital accumulated in the Plan will only be received at the time of his actual retirement or in the event of death or permanent disability prior to retirement:

- A unilateral decision by the Company, provided that it is not based on the grounds envisaged in articles 40, 41 or 50 of the Spanish Workers' Statute (*Estatuto de los Trabajadores*).
- An unjustified disciplinary dismissal.
- An objective dismissal or if the relationship is terminated due to organisational, economic, productive or technical grounds, whether or not it is declared or recognised as justified or unjustified.
- A termination according to the CEO's decision for any of the reasons envisaged in articles 40, 41 or 50 of the Spanish Workers' Statute.

Additionally, the CEO participates in the Repsol pension scheme, also a defined contribution plan, the maximum contribution to which is set at 7 thousand euros per year.

The long-term savings systems do not stipulate that the CEO must be paid when he ceases to perform his executive functions or cease to be director of the Company. However, the amount of the CEO' long-term savings systems, which he will receive when any of the contingencies covered by the Plan occurs, are compatible with the benefits in the event of termination of the

relationship envisaged in his contract and that is explained in paragraph 4.1.8 of this Report.

Taking into account the foregoing, the expectation is that in 2021 contributions will be made to the CEO' pension plan and benefits plan, amounting to 254 thousand euros.

4.1.7. Other benefits

The CEO is the beneficiary of certain payments in kind that include, among other matters, life and disability insurance and health insurance. As applicable, these payments also include the payments on accounts linked to cash remuneration. The amount of these perceptions for 2021 will be in line with the amount paid in 2020 and will be detailed in the 2020 Annual Report on the Remuneration of Directors.

Repsol's policy does not provide for the Company granting any advances, loans or guarantees to the CEO.

4.1.8. Main conditions of the contract of the CEO

The remuneration, rights and financial rewards of the CEO are determined in his contract, in accordance with the provisions of the Company's Bylaws and the Remuneration Policy.

The contract signed with the CEO is indefinite, does not provide a notice period for Repsol for its termination and establish a post-contractual non-compete obligation in companies similar to Repsol and activities of a similar nature during its term and for one year after its extinction.

The contractual conditions of the CEO include a severance pay limit agreed for new executive directors, equivalent to two years' fixed and annual variable remuneration -including non-competition payment-, pursuant to the commitment assumed by the Board of Directors at its meeting of 25 February 2014, at the proposal of the Compensation Committee. This severance payment will apply when the

contract is terminated for grounds attributable to Repsol or by mutual agreement, if it is in the interest of the Company. If the contract is terminated by unilateral decision of the CEO, he must notify the Company three months in advance and will only receive one year of his fixed and variable remuneration as compensation for the non-competition clause.

4.2. Regarding Directors in their capacity as such

In accordance with the Directors' Remuneration Policy approved by the General Shareholders Meeting on May 31, 2019, the remuneration of the Directors, in their capacity as such, seeks to adequately and sufficiently compensate the dedication, qualification and responsibilities of the Directors, without going so far as to jeopardise their independence of judgment. Such remuneration is in line with the recommendations issued by supervisory bodies, as well as market practices and trends in remuneration, considering the remuneration in other listed business groups of similar size, complexity of their business and operations and geographical distribution of their assets.

This remuneration is made up exclusively of fixed items and does not apply to variable remuneration systems or pension schemes.

Furthermore, as provided in Article 45 of the Bylaws, the Company has taken out a collective liability insurance policy that covers to the Directors, managers and other employees of the Group who exercise management-related functions. The policy covers the different companies of the Group under certain circumstances and conditions.

4.2.1. Maximum limit

In accordance with article 45 of the Articles of Association, the Directors, as members of the Board and for performing the collective supervision and decision-making functions specific to this body, are entitled to receive a fixed remuneration that may not exceed the amount set for such purposes by the General Shareholders' Meeting or in the Directors' Remuneration Policy.

The current Directors' Remuneration Policy approved by the General Shareholders' Meeting on 31 May 2019, establishes a maximum limit for these purposes of €8.5 million, including the remuneration of the Chairman of the Board of Directors.

The Board is responsible for determining the exact amount to be paid within the aforementioned limit and its distribution among the various Directors, taking into account the functions and responsibilities attributed to each one, the committees they belong to, the roles they perform within the Board and other objective circumstances it considers relevant.

4.2.2. Calculation of remuneration

The calculation of Directors' remuneration for carrying out their collegiate supervision and decision-making duties, except for that relating to the Chairman of the Board of Directors, is carried out by assigning points, with an equivalent remuneration, for belonging of the Board of Directors or of the various Committees or for the performance of particular commitments.

For FY 2021 the Board of Directors resolved, at this meeting of 17 February 2021, upon recommendation by the Compensation Committee, to maintain the value of the point in 2021 at the amount set for 2020, i.e. 88,297.11 euros gross/year. In this way, remuneration for membership of the Board of Directors has risen only 2.5% since 2009.

The Board has also agreed to specifically remunerate the performance of the duties of the Lead Independent Director with the allocation of 0.25 points, which is equal to an amount of EUR 22,074.28.

The approved points table for FY 2021 is as follows:

Body	Points
Board of Directors	2
Delegate Committee	2
Audit and Control Committee	1
Nomination Committee	0.25
Compensation Committee	0.25
Sustainability Committee	0.5
Lead Independent Director	0.25

4.3. Regarding the Chairman of the Board of Directors

The remuneration of the Chairman of the Board of Directors is established in the Directors' Remuneration Policy approved at 2019 General Shareholders Meeting and reflects the importance of the Chairman's role, his active involvement in the institutional representation of the Company and his contribution in the office he has held since 30 April 2015, as well as any other criteria contained in the said Policy.

The remuneration of the Chairman of the Board of Directors is formed exclusively by fixed items and its amount, which includes amounts for sitting on the Board of Directors and Committees of Repsol's Group, multi-group and associated companies, amounts to 2,500 thousand euros per year. This amount has not varied since his re-election by the General Shareholders Meeting in 2015.

Also, the Chairman of the Board of Directors is also the beneficiary of certain in-kind benefits that include medical insurance, the cost of the residence that the Company provides him as a home and for the institutional representation of the Company, the corresponding payments on account arising from such items and the economic compensation for the applicable personal taxation arising from the aforementioned in-kind remuneration (withholdings). The amount of these perceptions for 2021 will be in line with the amount paid in 2020 and will be detailed in the corresponding Annual Remuneration Report.

The remuneration, rights and economic compensation of the Chairman of the Board of Directors is contained in his new contractual

conditions, in force as from 1 May 2015 that contemplate a one-year post-contractual non-compete commitment, although he will no

longer receive any financial compensation for the termination of his contract

5. IMPLEMENTATION OF THE REMUNERATION POLICY IN 2020

This section details the remuneration received by the Directors in 2020 in line with the Remuneration Policy approved by the General Shareholders Meeting.

5.1. Concerning the Chief Executive Officer

5.1.1. Fixed Remuneration

The total amount of the fixed remuneration of the CEO, for performing executive duties, in 2020 has been the following:

	Fixed remuneration 2020 in thousands of euros
Mr. Josu Jon Imaz	1,200

5.1.2. Annual Variable Remuneration

The categories of targets, indicators and weightings in the CEO's 2020 annual variable remuneration, as well as their corresponding degree of fulfilment, determined by the Board of Directors at the proposal of the Compensation Committee, are as follows:

CATEGORY	WEIGHT	METRIC	WEIGHTING	TARGET VALUE 2020	VALUE ACHIEVED	DEGREE OF ACHIEVEMENT ⁽²⁾
COMPANY PERFORMANCE	40%	Adjusted net result	15%	Adjusted Net Income: 2,411 M€ in AB20; and 429 M€ in Resilience Plan	2020: 600 M€	7.23%
		Net profit	15%	2,381 M€	2020: -3,289 M€	0%
		CFFO Improvement	10%	6,667 M€ in AB20 and 4,419 M€ in Resilience Plan	2020: 3,197 M€	2.60%
STRATEGY	15%	Strategic Plan: Define and release the new Strategic Plan focused on decarbonisation and sustainability	15%	To be assessed by the Remuneration Committee taking into account existing evidences of market impact/reactions	A rating of 100% is proposed, based on the market reception of the Strategic Plan. See details on share performance, Target Price and roadshow feedback ⁴ .	15%
OPERATIONS AND EFFICIENCY	20%	Exploration & Production CFFO	5%	3,337 M€ in AB20 and 1,764 M€ in Resilience Plan	2020: 1,736 M€	3.45%
		CCS vs Margin Indicator Spread and Conversion Utilisation	5%	CCS vs. Margin Indicator Spread AB20 (2.5%) Conversion Utilisation = 104.8% (2.5%)	CCS vs. Margin Indicator Spread < AB20 Conversion Utilisation = 86.0%	3.21%
		Reliability in Chemical industrial plants	5%	96.6%	96.02%	4.95%
		Digitalisation	5%	Pre-tax FCF Digital: 0.3B€ in AB20 and 0.2B€ in Resilience Plan	Pre-tax FCF: 0.199 B€	3.51%
DECARBONISATION AND SUSTAINABILITY	25%	Gas & Power Business Performance: Clients & Generation capacity	10%	Clients: 1,180,000 (5%) Generation capacity: 3.7 GW (5%)	Clients: 1,131,015 Generation capacity: 3.3 GW	8.84%
		Reduction in the carbon intensity emissions indicator	10%	Reduction of the carbon intensity index by 3% with respect to 2016	2020: 3.7 ⁽⁴⁾ %	11%
		Total Recordable Incident Rate & Fatalities	5%	Total Recordable Incident Rate: 1.24 and 0 fatalities	Total Recordable Incident Rate 2020: 1.11 and 0 fatalities	5.5%
	100%			DEGREE OF ACHIEVEMENT¹		65.3%

(1) The total Degree of Achievement of Objectives to be applied shall not exceed 100%.

(2) The degree of achievement has been calculated weighting the target values of the 2020 Annual Budget and the 2020 Resilience Plan approved by the Board of Directors on March 25.

(3) In assessing the impact generated by the new Strategic Plan on the markets, the following has been taken into account, fundamentally:

- The positive opinions and evaluations of financial analysts, who also improved the average target price of the Company by 10% in their reports after the presentation of the new Strategic Plan.
 - The positive evolution of Repsol's price on the stock market, also when compared with companies in the sector and with the reference market (Ibex 35). In this regard, it should be noted that in the period from November 20 to December 10, 2020, the price of Repsol's share increased from 7.7 to 9 euros per share, more than 15%. This price increase was 4.35% higher than that shown in the same period by comparable companies (BP, Eni, Equinor, Galp, OMV, Shell and Total) and by 13.3% the Ibex 35.
 - Investor coverage achieved during the Road Show after the presentation of the new Strategic Plan and its result. It should be noted that Senior Management was involved in the Road Show in which more than 60 meetings were held with investors who own approximately 350 million Company shares, representing 50% of Repsol's institutional shareholders and located in more than ten areas geographic. Additionally, the feedback obtained from participating investors, through brokers and collaborators in the organization of the Road Show and its meetings, was very positive.
 - Market recognition of the leadership position that Repsol continues to maintain in the sector in terms of ESG and energy transition with the new Strategic Plan.
- (4) In 2020, Repsol reduced its carbon intensity indicator by 5% compared to the 2016 baseline. This is well above the 3% set as the initial target. Adjusted for the reduced activity level due to the coronavirus, the reduction was 3.7%. Since 2014, the company has reduced 2.4 million tons of CO₂e.

On the basis of the foregoing, at its meeting of 17 February 2021, at the proposal of the Compensation Committee, the Board of Directors resolved to pay the amount indicated below as the annual variable remuneration of the CEO corresponding to 2020, that represents 65.3% of his fixed remuneration.

**2020 annual variable remuneration in
thousand euros**

Mr. Josu Jon Imaz	784
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For these purposes, the ex-post control mechanism—provided for in the Remuneration Policy pursuant to section 4.1.5. of this report—has not been applied to the annual variable remuneration of the CEO.

5.1.3. Long-Term Variable Remuneration

The Long-Term Incentive 2017-2020 Program closed on December 31, 2020 as per its terms and condition.

The following table details the objectives, weightings, indicators and scales of attainment for each category of targets that determined the remuneration payable:

CATEGORY	WEIGHT	METRIC	WEIGHTING	CUMULATIVE VALUE 2017-2020	% individual achievement	% overall achievement
UPSTREAM	27.5%	Annual Breakeven FCF	15%	Actual Breakeven E&P FCF < Breakeven E&P FCF predicted E&P FCF has been below predicted in all years due to the efficiency and cost optimization plans, working capital and investments executed during the period.	100%	94.7%
		Investment optimisation	5%	Actual Capex < Capex predicted in current Strategic Plan 2017-2020 accumulated capex has been more than 30% less than predicted	100%	
		Execution of projects (time and cost): Reggane, Kinabalu, MAR, Sagari and CRD	2.5%	Delay ≤ 6 months and real cost ≤ 110% vs. FID 4 projects have been executed in time and 3 of them below the FID	79%	
		Operational excellence vs. competitors (evolution EBITDA/barrel)	5%	Positioning in the first 2 quartiles during the period in relation to the comparison group (Apache, BP, Chevron, ConocoPhillips, ENI, Exxon, Hess, Marathon, Murphy, Occidental, OMV, Shell, Statoil and Total)	81.3%	
DOWNSTREAM	20%	Repsol's integrated refining and marketing margin vs sector (leadership)	10%	Positioning among the Top 3 during the period in relation to the comparison group (Eni, Total, Cepsa, Galp, Saras, OMV, MOL, Neste Oil, Hellenic)	93.8%	96.9%
		Free Cash flow generation	10%	Actual FCF ≥ FCF predicted in the current Strategic Plan Accumulated FCF of 17-20 higher than the target accumulated FCF, despite a year 2020 affected by a very negative business environment	100%	
VALUE CREATION AND FINANCIAL DISCIPLINE	42.5%	Opex Synergies and Efficiency Programme	5%	Actual opex savings ≥ opex savings predicted in the programme	100%	66.2%
		Digitalisation	5%	Positive pretax impact on actual CFFO versus Positive pretax impact on target CFFO. Partial compliance as the positive impact expected by the 2020 Resilience Plan is affected	25%	
		Adjusted net income	12.5%	Actual adjusted net income compared to Adjusted net income foreseen in the current Strategic Plan. Adjusted net income negatively impacted by the environment at the end of the period	50%	
		Divestment plan	5%	Actual divestments compared to Divestments predicted in the current Strategic Plan	50%	
		Shareholder remuneration (TSR)	15%	Top 3 Repsol TSR vs. comparable companies on all the years (Total, RD Shell, BP, ENI and OMV)	87.5%	

			Average (actual TRIR – target TRIR for 2017-2020) ≤ 0.	
		Total Recordable Incident Rate (TRIR)	5%	During all the years of the plan the values have been more than 10% below the TRIR target, ending the period with a TRIR of 1.11
SUSTAINABILITY	10%		
				100%
				100%
		CO ₂ emissions reduction plan	5%	Actual value of emissions reduction ≥ Target value of emissions reduction More than one million tons of CO ₂ equivalent emissions reduced in the 2017-2020 period, being above the target
DEGREE OF ACHIEVEMENT - GCO				83.5%

The Compensation Committee has employed mathematical formulae to calculate the degree of fulfilment of the pre-established targets based on the information received from the Financial and the People and Organisation areas on the results obtained and based on the objective values initially defined.

Likewise, to determine the amounts of long-term variable remuneration payable to the CEO, the Compensation Committee has also valued his personal performance during the plan. In this way, the final settlement of the Long-Term Incentive is determined as the product of the initial target incentive amount granted for said program (LTI target) by the Overall Achievement of his Objectives (GCO) and by the average reached in his individual performance evaluation during the years included in the measurement period of each program (D).

$$\text{Incentive to pay} = \text{LTI target} \times D \times \text{GCO}$$

Consequently, the Board of Directors approved at its meeting on February 17, 2021, at the proposal of the Remuneration Committee, the following amount as the long-term variable remuneration 2017-2020 of the Chief Executive Officer, which represents 71.44% of its

maximum attainable and equivalent to 85.73% of its annual fixed remuneration.

Long-Term Variable Remuneration 2020 in thousands of euros

Mr. Josu Jon Imaz	1.028
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In accordance with the resolutions passed by the General Shareholders Meetings on May 19, 2017 and as indicated under paragraph 4.1.3 above, the amount of the Long-Term Incentive 2017-2020 will be paid to the CEO in a proportion of 70% in cash and 30% in Company shares, so that he will receive 865 thousand euros in cash and 19,337 Company shares – equivalent to 163 thousand euros–.

For these purposes, the ex-post control mechanism –provided for in the Remuneration Policy pursuant to section 4.1.5 of this report– has not been applied to the annual variable remuneration of the CEO.

5.1.4. Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs

In May 2020, the process of voluntary inclusion in the 10th cycle of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive

Program (2020-2023) took place. The CEO allocated a total of 59,544 shares to the Plan, 14,743 of which correspond to shares delivered as partial payment for the 2016-2019 LTI, and 44,801 of which were acquired by Mr. Imaz in order to reach the maximum possible investment in the Plan, equal to 50% of the gross amount of the long-term incentive. At the end of the Cycle, in June 2023, and provided that the conditions established in its Regulations are met, the CEO may receive a maximum of 19,848 shares.

Additionally, it should be noted that on May, 31 2020 the consolidation period was completed of the Seventh Cycle of the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Program (2017-2020). As a result of this the CEO consolidated, rights to delivery of 3,644 gross shares valued at EUR 9.53 per share, which entails an amount equivalent to EUR 34,734.

As of the date of the present Report, the CEO has 438,365 Company shares representing more than twice his current non-variable remuneration.

5.1.5. Long-Term Saving Systems

In 2020, Repsol has contributed 246 thousand euros to the Executives' Benefits Plan explained

5.2. Regarding Directors in their capacity as such

The Board of Directors resolved, at its meeting of 19 February 2020, upon recommendation of the Compensation Committee, to maintain the value of the point in 2020 at the amount of 88,297.11 euros gross/year.

in paragraph 4.1.6 above in which the CEO participates. In addition, the CEO is also unitholder of a defined contribution company pension scheme of Repsol, the contribution to which for FY 2020 was seven thousand euros.

5.1.6. Other benefits

During 2020, the CEO has been beneficiary of certain payments in kind that include, among other matters, life and disability insurance and health insurance. The expenditure associated with in kind benefits received in 2020 amounts to 31 thousand euros.

Meanwhile, in 2020 the Company has not granted any advance payments, loans or guarantees to the CEO.

5.1.7. Main conditions of the contracts of the CEO

The remuneration, rights and financial rewards of the CEO are determined in his contract, always adhering to the Company's Articles of Association and Remuneration Policy and are described under section 4.1.8 of this Report.

For said Financial Year, the total amount of compensation of the Directors for their non-executive functions amounted to 6.937 million euros, including the remuneration of the Chairman of the Board of Directors.

In the Individual Remuneration Tables section, the detail of each Director's compensation is broken down.

The overall amount of the premium for the collective liability insurance policy that covers the Directors, managers and other employees of the Group who exercise management-

related functions, and that also extends to different companies of the Group under certain circumstances and conditions amounted to 3.8 million euros in 2020. This amount corresponds to all the insured of the Group and therefore does not refer exclusively to the members of the Board of Directors of Repsol, S.A.

5.3. Regarding the Chairman of the Board of Directors

For 2020 the total fixed remuneration of the Chairman of the Board of Directors has amounted to 2,500 thousand euros.

In addition, as provided in the Remuneration Policy, the Chairman is the beneficiary of certain in-kind benefits that include, among others, medical insurance, the cost of the residence that the Company provides him as a home and for the institutional representation of the Company, the corresponding payments on

account arising from such items and the economic compensation for the applicable personal taxation arising from the aforementioned in-kind remuneration (withholdings). The expenditure associated with payments in kind to the Chairman of the Board of Directors amounted to 286 thousand euros.

The Chairman of the Board of Directors has not received any advance payment, loan or guarantee by the Company.

6. INDIVIDUAL REMUNERATION TABLES

6.1. Remuneration of the CEO for the Financial Year 2020

The following table shows a summary of the accrued gross total remuneration of the CEO during FY 2020:

(In thousands of euros)

Director	Fixed Remuneration	Annual Variable Remuneration	Remuneration for duties as Director ¹	2017-2020 LTI		Total
				Long-Term Variable Remuneration in cash ²	Long-Term Variable Remuneration in shares ³	
Mr. Josu Jon Imaz	1,200	784	353	865	163	3,365

1. Remuneration for duties as Director: includes the fixed allocation for belonging to the Board and Committees of Repsol S.A.

2. Long-Term Variable Remuneration in cash: refers to the remuneration corresponding to the Long-Term Incentive 2017-2020 paid in cash.

3. Long-Term Variable Remuneration in shares: refers to the remuneration corresponding to the Long-Term Incentive 2017-2020 paid in shares.

With regards to the **Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs**, on 31 May 2020 the consolidation period of the Seventh Cycle (2017-2020) was completed, whereby the CEO consolidated the right to receive gross shares for total value shown:

Director	No. gross shares	Total value (in thousands of euros)	No. net shares delivered
Mr. Josu Jon Imaz	3,644	35	2,520

Shown below are the number of shares purchased by the CEO on the Cycle 2020-2023:

Number of shares acquired by the CEO	
Director	2020-2023 Cycle
Mr. Josu Jon Imaz ¹	59,544

1. These shares will generate, in the event that the CEO holds for a period of three years and the entire plan's other conditions are met, a delivery of one additional share for every three shares initially purchased.

The following table shows a breakdown of the cost incurred by the Company in contributions to **pension plans** and **welfare schemes** for the CEO for 2020, as well as other remuneration in kind received in that period:

(In thousands of euros)

Director	Contributions to Pension Plans	Contributions to Long-Term Saving Plans	Long-Term Saving Systems
Mr. Josu Jon Imaz	7	246 ¹	254

1. *Contributions to the Executives' Benefits Plan that imply a defined contribution equivalent to approximately 20.5% of the annual fixed remuneration of the CEO.*

(In thousands of euros)

Director	Life Insurance Premiums	Health Insurance and Other Welfare Benefits	Total Payment In Kind
Mr. Josu Jon Imaz	22	8	31

6.2. Directors' compensation in their condition as such for FY 2020

The personal attendance of the Directors to the Board and Committees meetings in 2020 has been the following:

	Board of Directors	Delegate Committee	Audit and Control Committee	Nomination Committee	Compensation Committee	Sustainability Committee
Number of meetings	11	4	9	6	3	4
Executive Directors						
<i>Josu Jon Imaz San Miguel</i>	11/11	4/4	--	--	--	--
External Institutional Directors						
<i>Manuel Manrique Cecilia</i>	11/11	4/4	--	--	--	--
<i>José Manuel Loureda Mantiñán</i>	11/11	--	--	--	3/3	4/4
Independent Directors						
<i>Maite Ballester Fornés</i>	11/11	--	9/9	--	3/3	--
<i>Rene Dahan</i>	11/11	4/4	--	--	--	--
<i>Arantza Estefanía Larrañaga¹</i>	11/11	--	--	5/6	--	4/4
<i>Carmina Ganyet i Cirera²</i>	11/11	--	8/9	6/6	3/3	--
<i>Teresa García-Milá Lloveras</i>	11/11	--	9/9	6/6	--	--
<i>Ignacio Martín San Vicente</i>	11/11	4/4	--	--	--	--
<i>Mariano Marzo Carpio</i>	11/11	--	--	6/6	3/3	4/4
<i>Isabel Torremocha Ferrezuelo</i>	11/11	--	9/9	--	--	4/4
<i>J. Robinson West</i>	11/11	4/4	--	--	--	--
Other External Directors						
<i>Antonio Brufau Niubó</i>	11/11	4/4	--	--	--	--
<i>Henri Philippe Reichstul¹</i>	11/11	4/4	--	--	--	--
<i>Luis Suárez de Lezo Mantilla</i>	11/11	4/4	--	--	--	--

(1) Due to other commitments assumed prior to the convening of the February 19, 2020 meeting of the Appointments Committee, Ms. Estefanía attended it represented by Ms. Ganyet. The documentation of the meeting was sent to her prior to the meeting, so she transmitted her considerations on it and precise voting instructions prior to the meeting.

(2) Due to other commitments assumed prior to the convening of the meeting of January 28, 2020 of the Audit and Control Committee, Ms. Ganyet attended the meeting represented by Ms. Torremocha. The documentation of the meeting was sent to him prior to the meeting, so he transmitted his considerations on it and precise voting instructions prior to the meeting.

The amounts accrued individually by the Directors during the last year in their condition as such and their membership of the various Board Committees have been as follows:

(In thousands of euros)

Director	Fixed allocation	Remuneration for membership of Board Committees	TOTAL 2020
Executive			
<i>Josu Jon Imaz San Miguel</i>	177	177	354
Institutional			
<i>Manuel Manrique Cecilia</i>	177	177	354
<i>José Manuel Loureda Mantiñán</i>	177	66	243
Independent			
<i>Maite Ballester Fornés</i>	177	110	287
<i>Rene Dahan</i>	177	177	354
<i>Arantza Estefanía Larrañaga</i>	177	66	243
<i>Carmina Ganyet i Cirera</i>	177	132	309
<i>Teresa García-Milá Lloveras</i>	177	110	287
<i>Ignacio Martín San Vicente</i>	177	177	354
<i>Mariano Marzo Carpio¹</i>	199	88	287
<i>Isabel Torremocha Ferrezuelo</i>	177	132	309
<i>J. Robinson West</i>	177	177	354
Other outside			
<i>Antonio Brufau Niubó</i>	2.500	-	2.500
<i>Henri Philippe Reichstul</i>	177	177	354
<i>Luis Suárez de Lezo Mantilla</i>	177	177	354

1. Mr. Marzo receives an additional remuneration of 22,074.28 as Lead Independent Director.

(In thousands of euros)

Directors	Remuneration for Board membership	Remuneration por Committees membership	Fixed Remuneration	Short-term Variable Remuneration	Long-term Variable Remuneration	Compensation	Other items ¹	Total FY 2020	Total FY 2019	Contributions to Long-term saving plans
Executive										
<i>Josu Jon Imaz San Miguel</i>	177	177	1,200	784	1,028	--	66	3,432	3,575	254
Institutional										
<i>Manuel Manrique Cecilia</i>	177	177	--	--	--	--	--	354	354	--
<i>José Manuel Loureda Mantiñán</i>	177	66	--	--	--	--	--	243	252	--
Independent										
<i>María Teresa Ballester Fornés</i>	177	110	--	--	--	--	--	287	287	--
<i>Rene Dahan</i>	177	177	--	--	--	--	--	354	354	--
<i>Arantza Estefanía Larrañaga</i>	177	66	--	--	--	--	--	243	157	--
<i>Carmina Ganyet i Cirera</i>	177	132	--	--	--	--	--	309	300	--
<i>Teresa García-Milá Lloveras</i>	177	110	--	--	--	--	--	287	182	--
<i>Ignacio Martín San Vicente</i>	177	177	--	--	--	--	--	354	363	--
<i>Mariano Marzo Carpio²</i>	199	88	--	--	--	--	--	287	256	--
<i>Isabel Torremocha Ferrezuelo</i>	177	132	--	--	--	--	--	309	291	--
<i>J. Robinson West</i>	177	177	--	--	--	--	--	354	354	--
Other External										
<i>Antonio Brufau Niubó</i>	2,500	--	--	--	--	--	286	2,786	2,919	--
<i>Henri Philippe Reichstul</i>	177	177	--	--	--	--	--	354	354	--
<i>Luis Suárez de Lezo Mantilla²</i>	177	177	--	--	--	--	--	354	19.620	--
TOTAL	5,000	1,943	1,200	784	1,028	--	352	10,307	29,876	254

- 1. Other Items** Total amount of the remaining compensation accrued in the financial year and not covered by any of the other headings, including remuneration in kind and the amount of the shares received under the Share Purchase Plan for Beneficiaries of the Long-Term Incentive Programs. Regarding Mr. Suárez de Lezo, the liquidation of the amount accrued on his own account in the Investment Fund "Premio de Permanencia" (equivalent to 2,939,930 euros) and the compensation for the commitment of the post-contractual non-competition agreement (for an amount of 2,560,650 euros) are also included.
- 2.** Mr. Marzo receives and additional remuneration of 22,074.28 as Lead Independent Director.

7. TABLES OF VOTING RESULTS IN GENERAL MEETINGS

The following table lists the vote percentages obtained at the Company's Ordinary General Shareholders Meeting, held in 2020 in relation to the Annual Report on Directors' Remuneration:

Annual Report on Directors' Remuneration		
	Number	% of votes cast
Votes in favour	675,561,581	89.56%
Votes against	76,844,516	10.19%
Abstaining	1,885,905	0.25%

In light of the foregoing and having approved the 2019 Report on Directors' Remuneration with a favourable vote of 89.56%, the remuneration of the Board of Directors is considered consistent with the expectations of the Company's shareholders and will therefore remain unchanged.