



2020-2021



Annual ESG
Engagement
report

Investor
Relations
Team

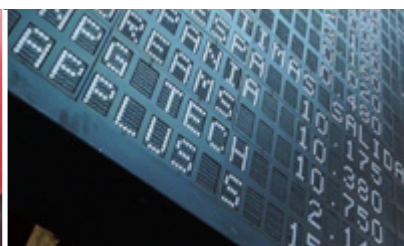
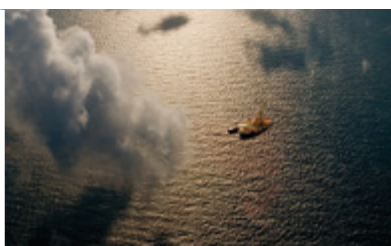




Table of contents

Message from the Director of Investor Relations..... 4

1

At the forefront of the Energy Transition 6



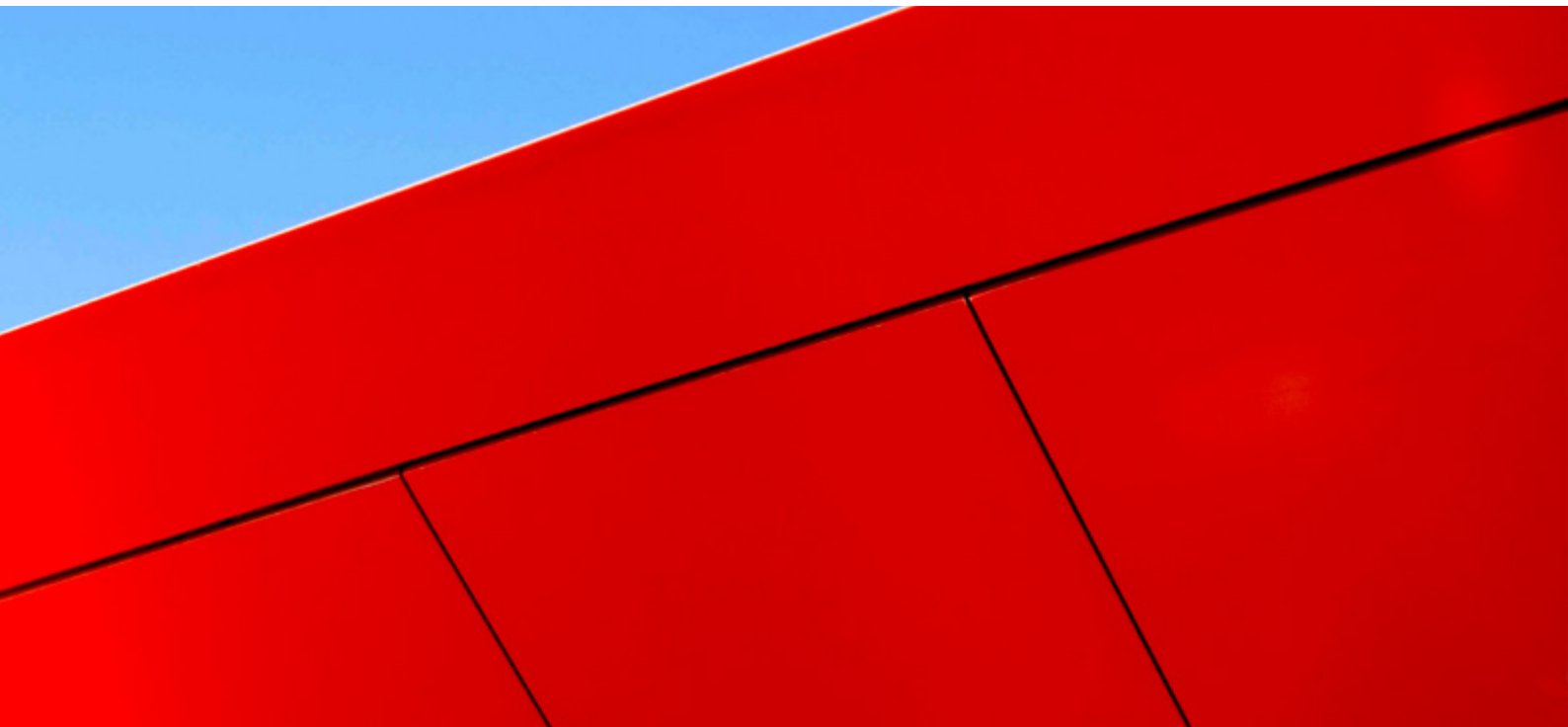
Net zero emissions by 2050. Roadmap towards decarbonisation.....8

Repsol capex is aligned with net zero emissions commitment by 2050..... 9

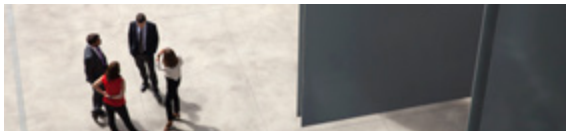
Joining Forces to reduce methane emissions. EU Methane Strategy.....10

Update of Repsol's participation in industrial associations11

Leading energy companies announce Transition Principles 13



2
Monitoring of the development
of ESG investors in Repsol's
shareholding structure..... 14



3
Main activities carried out
in the last 12 months..... 18



Strategic Plan 2021- 2025. Roadshow with
CEO and Senior Management 22
Other events. Timeline Roadshows
2020-2021 25

4
Repsol's engagement with
Sustainability dialogue initiatives
and investors 26



Climate Action 100+ 28
Federated Hermes. The story
of a successful engagement process 29
Engagement International 31

5
Aspects of Corporate
Governance 32



Message from the Director of Investor Relations

Ramón Álvarez-Pedrosa

I am pleased to present Repsol's seventh Annual **ESG Investor Engagement Report**, where we summarise the communication activities that we have held with our investors during the second half of 2020 and the first half of 2021.

During this period, we have prioritised communication and transparency with investors, seeking to maximise efficiency in our interactions. I am proud to say that, despite the challenges presented by the Covid pandemic, we have met remotely with more than 160 ESG focused investors based in 10 different countries. We will keep on maintaining virtual communications and resume face to face activity when travel restrictions allow us to.

The presence of **ESG focused investors** in our institutional shareholder base has continued to increase, reaching **34.1%** as of March 2021, compared to **32%** in January 2020.

This increase has taken place during a crucial period in which we have presented our company's Strategic Plan that lays out a path to achieve our commitment to the energy transition.

In words of our **CEO**, Josu Jon Imaz, "our new Strategic Plan will help us become a stronger, more profitable, and more competitive company, the 2021–2025 plan makes our progress towards decarbonisation and net zero emissions compatible with presenting a profitable, and attractive value proposition to investors and with a strong commitment to shareholder remuneration".

Launched in November 2020, Repsol's new Strategic Plan calls for a **total investment of €18.3 billion** in the period **2021-2025**. Approximately, 30% of it (and 40% of capital employed) will go towards **low-carbon projects** that will bring the company closer to its goal of reaching net zero emissions by 2050.

The new strategic guidelines reaffirmed our commitment to shareholders, employees, and to society to become carbon neutral by 2050.

The plan includes a reorganisation of our business activities into four **business areas** aimed at stepping up the energy transition, while ensuring profitability and maximum value for our shareholders:



Upstream, centred around key areas, selecting the best targets with short payback periods with a focus on efficiency as the main driver to deliver low breakeven. We will concentrate on flexibility, efficiency and technological ability to generate positive cash-flow to fund the energy transition. Volume is no longer a priority. Repsol also targets to become tier 1 lowest carbon intensity with a 75% reduction.

The Industrial unit will aim to grow profits by transforming its business platforms, focusing on decarbonisation through the production of sustainable biofuels, green hydrogen and chemical circularity.

The customer centric area deepens its commitment to digitalisation and the multi-energy approach. Through transversal loyalty programs, we seek to reach 8 million customers (100% digital) by 2025, along with generating incremental profit margins.

Finally, the **Low-Carbon Generation area** will grow in profitability and consolidate its international expansion. The company targets a low carbon installed capacity of more than 8 GW by 2025.

The company is in an excellent position to undertake this transformation, relying on technological innovation and digitalisation as key drivers.

Our aim is to continue developing an orderly energy transition in which hydrocarbons, the circular economy, renewable energy, and hydrogen each play their role and offer their emission reduction opportunities.

We also believe that two elements are essential in the pathway to a low carbon economy: protecting the **industrial fabric in Spain** and the commitment with **technological neutrality**.

From Repsol's ESG communications standpoint, we believe that these highlights summarise well our ESG strategy and the commitment from our CEO and Senior Management team, our Investor Relations team, and our Sustainability and Governance teams' specialists to play an active role in communicating our ESG story to investors.

I would like to take the opportunity to thank you for your trust and reiterate our firm commitment to maintaining a constructive dialogue with our investors.



At the forefront of the Energy Transition





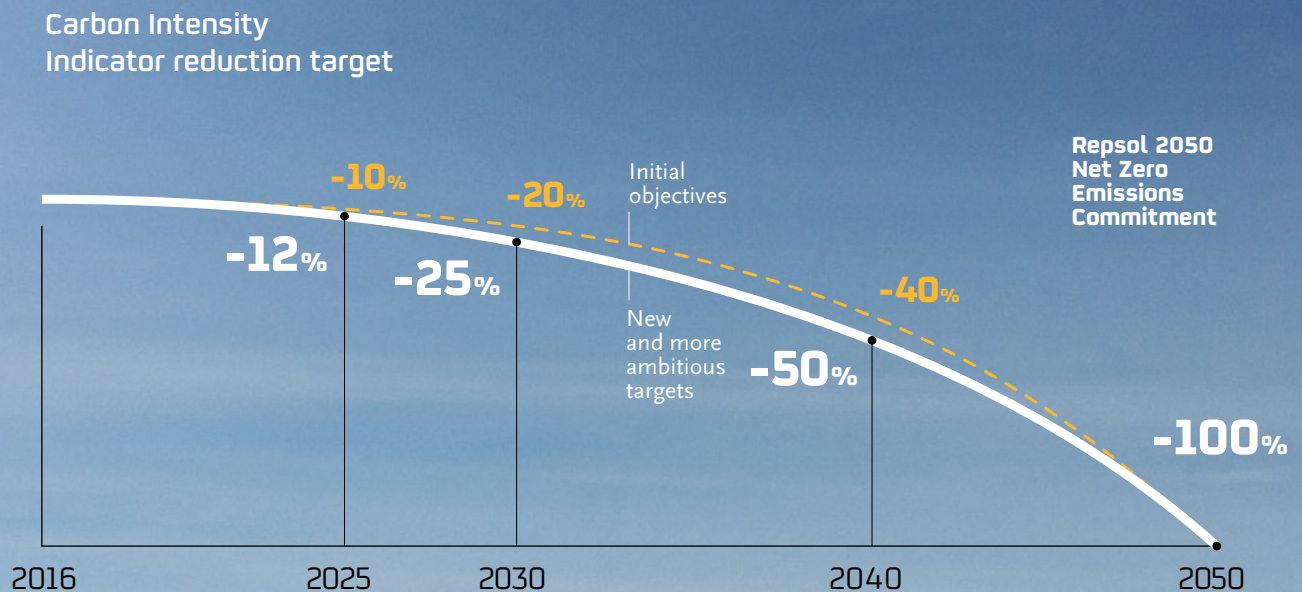
In this chapter we summarise the company's main advances and collaborations on Energy Transition



Net zero emissions by 2050. Roadmap towards decarbonisation



Find out more
Net zero emissions by 2050



Repsol increases its previous intermediate decarbonisation targets and gives more transparency about its methodology.


The main purpose of the new [Strategic Plan 2021-2025](#) is to help us become a net zero emissions company by 2050, in line with the targets set out in the Paris Agreement on climate change. To continue to make successful progress towards this goal, our company has set itself a demanding roadmap, which includes ambitious emissions reduction targets, with a reduction in carbon intensity of **12%** by 2025, **25%** by 2030 and **50%** by 2040, compared to previously set targets of **10%**, **20%** and **40%**, respectively.

The Carbon Intensity Indicator (CII) is a response to the company's need to move towards a business model compatible with the Paris Agreement, achieving net zero emissions

by 2050. This indicator will be used to monitor progress and apply the most suitable and timely efficient levers. It is expressed in **g CO₂eq/MJ**.

Our metric refers to the use of products obtained from our primary energy production¹. It is a rational approach to establish a common sectoral framework for all oil and gas companies along their value chain, without double counting emissions and focused on the progression of the primary energy mix as the key driver of the energy transition towards net zero emissions.

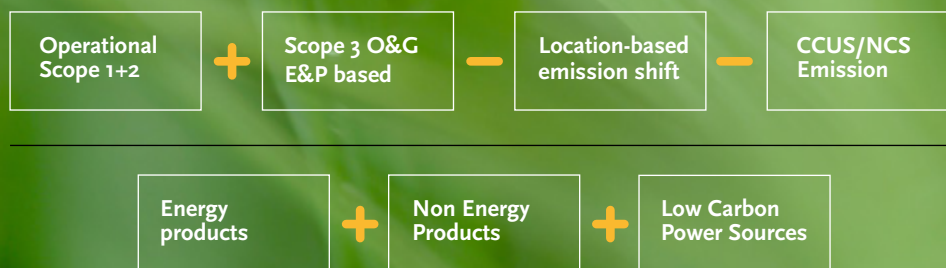
¹ Other methodologies used by various stakeholders consider products sold instead of primary energy production, regardless of whether the volume of products obtained by the company's primary energy is higher or lower than the volume of products sold. For the sake of transparency, we have applied this methodology by calculating the products sold going forward according to our projection of their demand, leading to a decarbonisation of **-75%** in 2050.

 Find out how our indicator is calculated

Repsol capex is aligned with net zero emissions commitment by 2050

Repsol's carbon intensity indicator

CII =



Low Carbon Day

Repsol will celebrate its Low Carbon Day, on **October 5th, 2021, at 14.00 (CET) via webcast.**

This virtual event will provide an update on specific business areas which are supporting Repsol's decarbonisation pathway, a core aspect of our 2021-2025 Strategic Plan.

Further details of the event will be communicated soon.

We will be delighted to have all investors joining us at this event.

Every investment proposal submitted to the Executive Committee must include a **report drawn up by the Sustainability Department**, describing the impact that the investment will have on the Company's Carbon Intensity Indicator.

An investment will qualify as Paris Compliant if it does not modify the Carbon Intensity indicator base case or improves upon it and brings the Company closer to achieving net zero emissions by 2050.

An investment that does not strictly qualify as Paris Compliant may qualify as an **Energy Transition Enabler** if it negatively impacts the Carbon Intensity Indicator by **no more than 1%** and the Company will offset the impact through other initiatives so as not to affect the global decarbonisation roadmap.

Find out more about the incentive mechanisms for decarbonisation in [Repsol's 2020 Integrated Management Report](#) (page 69)

Joining Forces to reduce methane emissions. EU Methane Strategy



Find out more
about the key role of natural gas

1. Supporting regulations aimed at reducing methane gas emissions.

We are committed to reducing methane emissions from our operations, and we support the role that methane-specific regulations can play in achieving this, along with voluntary efforts such as **our goal to reduce the methane emissions intensity of operated exploration and production assets by 25% by 2025 and to achieve a methane intensity of 0.2% by 2030.**

Our ambition is to **proactively engage with other players in the gas value chain**, including joint venture partners in the gas production and transportation sector, to encourage them to commit to comparable efforts.

2. EU Methane Strategy


Governments have a pivotal role in developing and implementing policies and regulations that achieve ambitious methane emission reduction outcomes. For that reason, Repsol, together with BP, the Environmental Defense Fund, Eni, Equinor, the Florence School of Regulation,

the Rocky Mountain Institute, Shell, Total, and Wintershall Dea, proposed a number of policy recommendations to the European Commission in May 2020, aimed at driving the reduction of methane emissions within the framework of Europe's Green Deal.

Repsol welcomes the opportunity offered by the European Commission with the publication of the EU methane strategy to reduce methane emissions on October 14th, 2020.

In our continuous pursuit of transparency, **we strongly support the Commission's proposal on monitoring, reporting, and verification (MRV) processes** for energy-related methane emissions, building on the methodology established by the Oil & Gas Methane Partnership (OGMP). The establishment of an independent international methane emissions observatory is key for transparency and will enable industry to unify criteria and methodologies.

New measures on mandatory leak detection and repair (LDAR) across the gas value chain

 Find out more about the Methane policy recommendations for the European Union

Update of Repsol's participation in industrial associations

and the implementation of new technologies and improved data from satellites will help to speed up the mitigation actions. In order to address real reductions, we acknowledge the need of a performance standard, including from imports. **Our OGCI collective ambition** of an intensity-based 0.2% for the upstream segment by 2025 can be used as a reference, as suggested in our **recommendations** to the European Commission.

We work to ensure that all partnerships and initiatives in which Repsol participates are aligned with meeting the goals of the Paris Agreement.

In our first associations' report titled **"Assessing Repsol's participation in industry initiatives and associations: Climate Change"**, published on May 2020, we assessed our participation on 28 different initiatives and associations.

Once all the information was analysed into detail, we proceeded to the following classification of the associations:

- **Aligned:** expressly displays a commitment to meeting the goals of the Paris Agreement and supports the lines of action that underpin Repsol's climate change strategy.
- **Partially aligned:** has not voiced its opinion publicly on one or more of Repsol's main lines of action or the Paris Agreement.
- **Non-aligned:** has a public position that is contrary to Repsol's climate strategy and/or the Paris Agreement.



On this update, we have reevaluated the associations classified as “partially aligned” on the 2020 analysis. The remaining associations or initiatives, including those that have been incorporated in this review, are aligned with our climate strategy.

Focusing on **“partially aligned”** associations, we have established an open and constructive dialogue in order to enhance their implication, collaboration and commitment in their conduct to face climate change. Next, the main findings and conclusions:

American Petroleum Institute (API)

First, we would like to recognize the efforts made by API on the climate change side. On March 2021, API published its line of climate action which includes an update of its previous positions:

- a) API publicly supports the Paris Agreement.
- b) Regarding methane emissions, API supports the policies and direct regulations that allow

to reduce methane emissions from new and existing sources in the supply chain.

- c) The association also supports a carbon pricing policy as the best tool to progress on the reduction of CO₂ emissions from an economic perspective.

With all these improvements, **Repsol still maintains the “partially aligned” classification** while evaluating the impacts of its new and positive positioning.

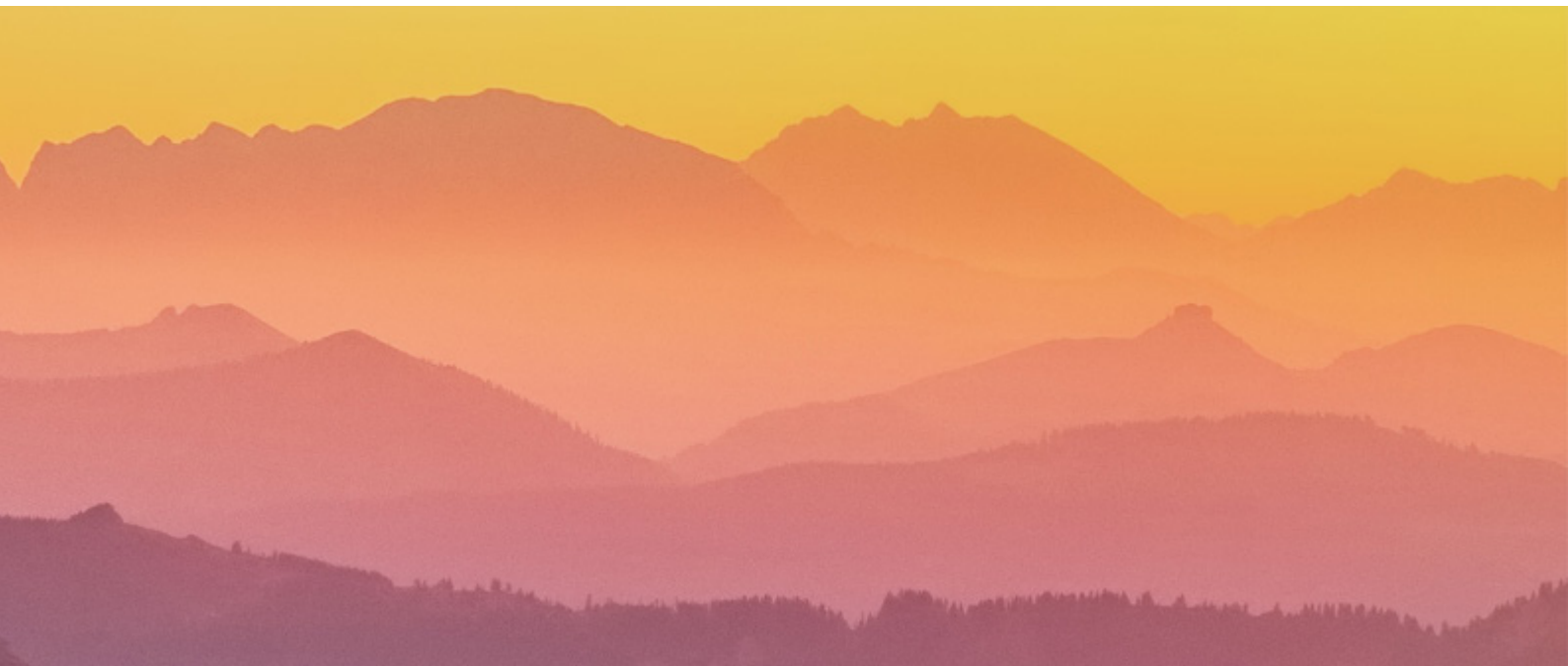
To conclude, **Repsol will again review and update in 2022 its participation in associations and industrial initiatives.**

Leading energy companies announce Transition Principles



Find out more about our commitment

Find out more
Leading energy companies announce Transition Principles



We jointly developed a **collaboration commitment to the energy transition alongside seven leading companies in the sector.**

The principles agreed on support collective industry acceleration to contribute to the Paris Agreement and make progress in reducing emissions, among others.

“Meeting the challenge of tackling climate change requires unprecedented collaboration between energy companies, governments, investors and other stakeholders. The principles will act as a framework for actions leading energy companies are taking together, as well as a platform for collaborating with wider stakeholders.” said the CEOs of the participating companies.

Our principles

Quoting **Adam Matthews**, Chair of the Climate Action 100+ European Investor Working Group on a Net Zero Standard: “This is an important foundational commitment. It represents a significant consolidation of the progress that has

been made in Europe whilst also seeing the first US oil and gas company joining with their European peers. As CA100+ investors we are in extensive and detailed dialogue with the oil and gas sector and it is extremely helpful to have a position from these companies that unifies around core principles including on scope 3 emissions and corporate lobbying amongst others.”

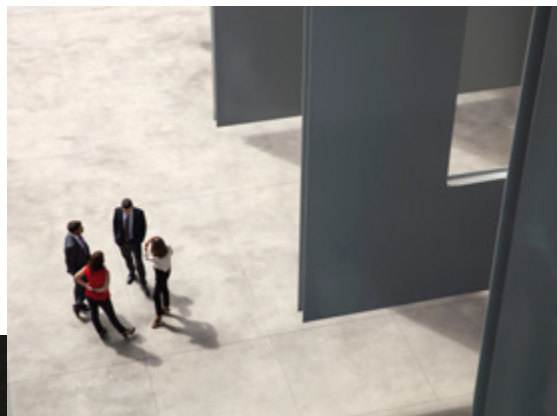
According to **Anne Simpson**, from Climate Action 100+ and Board Member from CalPERS: “We welcome the Energy Transition Principles which focus industry attention not just on what each company needs to do alone, but what all must do together. This cross-sector work will be vital to achieving the goal of Net Zero emissions in the real economy by 2050 or sooner.”



Monitoring of the development of ESG investors in Repsol's shareholding structure



Repsol has one of the largest presence of ESG (environmental, social and governance) focused investors among its shareholders within its sector. This reinforces Repsol's strong position to face the challenges presented in an increasingly decarbonised world as a key player in the development of the energy model of the future





The presence of ESG investors in Repsol has reached historic highs in 2021, surpassing **34%** of our institutional shareholder base

The presence of ESG investors in Repsol has reached historic highs in 2021, surpassing **34%** of our institutional shareholder base.

As of **March 2021**, ESG investors managed **34.1%**¹ of our institutional shareholder base (~**246 million** shares managed exclusively under **ESG criteria**² out of **721 million** shares) vs **31.8%** as of February 2020.

This **34.1%** figure more than doubles the **15.7%** average of the sector.

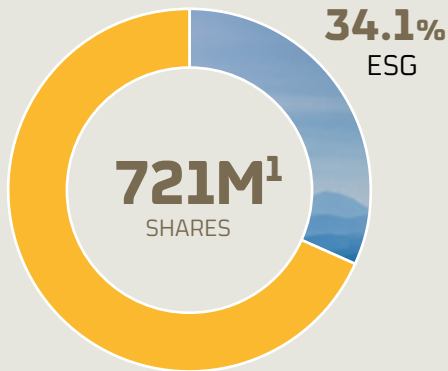
¹Source: Repsol's Shareholders ID December 2020 (Nasdaq OMX); Leaders Arena Factset. Federated Hermes and Norges Bank Investment Management positions updated as of February and March 2021.

²According to Leaders Arena's ESG Investor Scorecard methodology: integration conducted by non-specialist or mainstream institutional investors that follow a disciplined process to integrate ESG factors in their investment decision-making process. ESG thematic investing carried out through mutual funds and ETFs with clearly defined ESG goals such as 'ethical' or 'low carbon' are also included <https://www.leadersarena.global/>

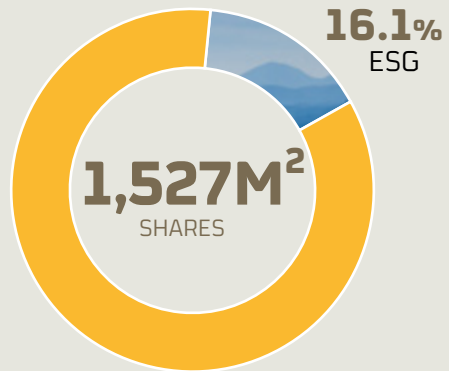
The **percentage of ESG investors** with presence in Repsol's institutional shareholder base has increased more than **300%** since 2010.

This growth highlights once more the stakeholder's credibility on Repsol's ESG strategy and the dedication from the company's CEO and senior management to play an active role in communicating Repsol's ESG story to investors. This is particularly true in the context of the challenge of the pandemic over the last 12 months and the profound changes in business strategy the oil and gas industry is going through.

Institutional Ownership



Total Share Capital



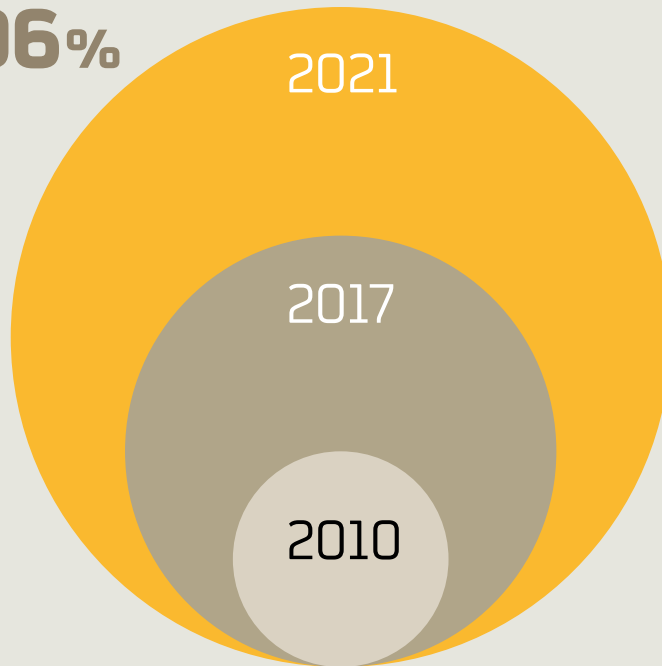
Shares managed under ESG Criteria



246M

Repsol's institutional shareholder base percentage more than doubles the 15.7% average of the sector

+306%



2021

246M

34.1%

VS Institutional ownership

2017

71M Shares

12.8%

VS Institutional ownership

2010

31M Shares

8.4%

VS Institutional ownership

¹Repsol's Shareholders ID December 2020 (Nasdaq OMX); Leaders Arena Factset. Federated Hermes and Norges Bank Investment Management positions updated as of February and March 2021.

² As of December 2020

3

Main activities carried out in the last 12 months



In this chapter we have summarized the activities carried out during this period and the dialogue with ESG investors



Events Summary 2S 2020 and 1S 2021

11 Roadshows

9 Conferences

4 Specialised
Virtual Events



Our company manages a very ambitious ESG investor outreach program which typically involves meeting more than 100 investors in person and virtually every year.

Along with our CEO and Senior Management, Repsol's ESG Investor Relations team has been able to implement a thorough ESG communications program that has effectively contributed to the positive perception of the company by the ESG investment community.

Since March 2020 and due to the Covid pandemic, our approach has adapted to the circumstances. Virtual meetings have become part of our daily activities to keep in touch with our investors.

During the second half of 2020 and the first half of 2021, the team has coordinated **11 Roadshows**, attended **9 Conferences** and participated in **4 specialised virtual events**. Additionally, conference calls with different investors have been maintained all over the year.

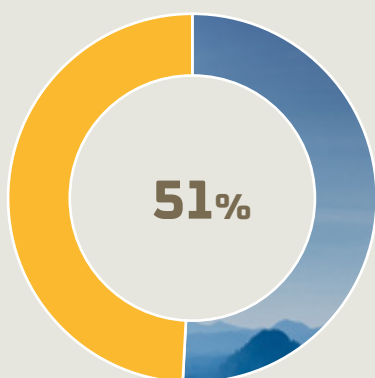
During this period, **we met a total of 164 ESG specialists**, accounting for 92% of Repsol's ESG ownership.

We have been in contact with investors from different geographies such as: **United Kingdom, United States, Netherlands, France, Canada, Spain, Switzerland, Germany, Belgium and Japan**.

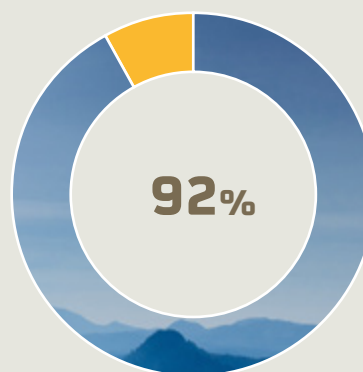
369* million shares visited, representing 51% of the institutional ownership (~369 million shares out of 721 million shares)

225* million shares visited, representing 92% of the ESG ownership (~225 million shares out of 246 million shares)

Shares visited 2s20 and 1s21
Total Institutional Repsol Shares



Total ESG shares visited 2s20 and 1s21
Total Repsol ESG Ownership



*Shares estimated as of March 2021 and met in the last 12 months



Voted on by an independent panel of investors, Repsol has been nominated to the European IR Awards for **best ESG Communication and ESG Materiality** in 3 consecutive years: 2018, 2019 and 2020.

IR Magazine Awards Europe celebrated on October 2020, awarded Repsol in the category: **best ESG materiality reporting, large cap.**



Strategic Plan 2021-2025. Roadshow with CEO and Senior Management




Following the announcement of the Strategic Plan, **a roadshow led by our CEO Josu Jon Imaz, with Senior Management also participating**, was organised virtually to explain our most relevant ESG investors the main headlines of our strategy.

A total of **31 institutions** were met during the roadshow, representing **260 million shares, 36% of Repsol Institutional shares (260 million shares out of 721 million shares)**¹.

Out of this **260 million** shares, **156 million** are managed exclusively under **SRI criteria. This figure represents ~64% of Repsol's ESG institutional shares (156 M / 246 M)**².

¹ Shares estimated as of March 2021.

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

 Find out more
Repsol share price

Investor Geographies



Roadshow Summary in Figures

6

Meeting Days
[Nov 27th – Dec 3rd
& Dec 11th]

31

Firms met

30

Roadshow meetings

36%

of total institutional shares:
out of 721M shares

64%

of ESG shares:
out of 246M shares

17%

of total S/O:
out of 1,527 shares

These meetings were highly valued by the investors and ESG specialists, as it is shown in the following feedback they provided:

“Great to see the net zero ambition coming to life. We are hoping to discuss progress on climate, just transition, and diversity”

“I thought it was a good presentation. Best in your sector and credible. Realistic ambitions and I liked the granularity and the financials. The shareholder remuneration plan makes sense, including not using scrip going forward”

“Impressed by the renewable plan and diversified energy mix of renewable energy resources”

“We applaud your strong commitment to Energy Transition”

“Recognizing the energy transition won't be easy and appreciated Repsol's role as a leader globally in executing”.
“Wish you success”

“Regarding the alignment of Capex with 2° C scenarios, I am glad to hear about the implementation of the capex alignment tool”

“I really appreciate your transparency drive and the role of the oil & gas industry in the energy transition”

“After I made you aware of my strong views during our last meeting in Frankfurt, I am very happy with your new strategy”

“30% of capex on renewables is really welcomed”

“Pleased with the plan you have already disclosed with a clear trajectory”

“We welcome your 2050 net zero decarbonisation pathway”

Other events. Timeline Roadshows 2020- 2021

2020

Conference

CBI Conference
8th September

Roadshow

Roadshow Poland
23rd September

Specialised virtual events

Hermes EOS Event
28th September

Roadshow

**Strategic Plan 2021-2025.
Roadshow**
27th November
03rd December

Roadshow

**Banco Sabadell: spanish
investors met the CFO**
15th December

Conference

**Berenberg Energy
Transition Conference
Fireside chat**
22nd March

Roadshow

**Roadshow
Green and Transition
Framework**
12th-15th March

Conference

**UBS Energy Virtual
Conference 2021**
17th March

Roadshow

**Roadshow
Japan**
08th-09th April

Specialised virtual events

**Societe Generale
Expert event
Repsol Biofuels**
05th May

Conference

**Citi 2021 Global
Energy
& Utilities Virtual
Conference**
12th May

Conference

**Goldman Sachs
Top Projects
Investor Trip**
19th May

Conference

**Bestinver Securities
Conferences**
27th May

Conference

**Morgan Stanley ESG
Conference**
09th June

Specialised virtual events

**IR Magazine Forum
Europe 2021**
10th June

Roadshow

**Roadshow Netherlands
and Norway**
17th June

Roadshow

**Roadshow Sustainable
Finance Framework**
21st-22nd June

2021

Conference

**Alantra Renewables
Conference**
27th January

Specialised virtual events

**HSBC Hydrogen
Week Virtual**
26th February

Conference

**Deutsche Bank
Access ESG
Engagement Series**
01st March



Repsol's engagement with Sustainability dialogue initiatives and investors



During 2020 and 2021, Repsol has strengthened its engagement with sustainability dialogue initiatives and highly focused ESG investors. In this chapter we summarise the progress made during our engagement



Climate Action 100+



A campaign for ESG investor collaboration launched at the COP21 'One Planet Summit' in Paris, December 2017. The initiative is backed by over 545 international investors who handle assets worth more than **\$52 trillion**, together with organizations involved in Principles for Responsible Investment (UN-PRI), the Institutional Investors Group on Climate Change (IIGCC) and CERES. **Their goal** is to reach out to the companies (starting with 100 of them) so as to draw their attention towards the risks of climate change and call on them to help make the goals of the Paris Agreement more attainable.

Repsol joined the engagement initiative in January 2018, upon request from **BNP Paribas Asset Management**, who leads the engagement with Repsol along with **Federated Hermes EOS**.

Repsol

praised by **Climate Action 100+** in the latest **progress report**

An initiative backed by over

545

international investors

who handle assets worth more than

\$52 trillion

1 Climate Action 100+ tracks the progress of focus companies against several key indicators through regular progress reporting and benchmarking. Annual progress reports also provide key information about the evolution and operation of Climate Action 100+.

The positive dialogue maintained with Repsol has been praised by the initiative in its latest **Progress report** published in December 2020.

Climate Action 100 + highlights, among others, Repsol's bold commitment to be carbon neutral by 2050, the assumptions of new oil and gas scenarios compatible with Paris Agreement, the progress made under the TCFD (Task Force on Climate-related Financial Disclosures) reporting guidelines and Repsol's internal assessment to ensure the industry associations and initiatives it takes part were aligned with the goals

Federated Hermes. The story of a successful engagement process



of the Paris Agreement and its own climate change strategy.

2 Net-Zero company benchmark

The Climate Action 100+ Net-Zero Company Benchmark assesses the world's largest corporate greenhouse gas emitters on their progress in the transition to the net zero future.

Along with other European peers, Repsol participated in a series of roundtables to discuss about the main aspects of the methodology.

The first set of assessments was published in March 2021. Repsol looks forward to continue its dialogue with the initiative and participating in future assessments.

EOS at Federated Hermes is a leading stewardship service provider. Its engagement activities enable long-term institutional investors to be more active owners of their assets, through dialogue with companies on environmental, social and governance issues. The institution believes this is essential to build a global financial system that delivers improved long-term returns for investors, as well as better, more sustainable outcomes for society.

Engagement with Repsol started in 2010, with most of the meetings being led by Executive Board members that have enjoyed discussions about the challenges of climate change and governance topics such as board diversity, independence, and executive remuneration.

Andy Jones, Associate Director Investor Stewardship and ESG at Hermes and lead engager



Andy Jones
Associate Director
Investor Stewardship
and ESG at Hermes



for Repsol as part of the ongoing Climate Action 100+ engagement process, summarises some of the positive outcomes seen during the dialogue Repsol had with Hermes over the years.

The engagement of EOS at Federated Hermes (which advises on **\$1.5 trillion** of assets¹) with Repsol began in 2010. Since then, we have met regularly with the **CEO** and other senior executives, focusing on the company's climate strategy, reporting and targets, as well as broader governance, safety and human rights. **Repsol has been a leading example of willingness to engage on these important topics.**

In 2020, together with our co-leads for the company under Climate Action 100+, we submitted a **statement to the company's annual meeting. We congratulated the company on**

its net-zero commitment and asked whether the prior oil price situation and pandemic crisis would have had a material impact on its climate change strategy and commitments to invest in low-carbon solutions. We were **reassured to hear the company reaffirm its commitment to leading the energy transition.**

The EOS-Repsol dialogue represents an excellent example of the value that ESG engagement can deliver. Repsol has listened, and continues to listen, to our feedback, requests and suggestions while raising them to the board. It has taken action on climate targets, plans and disclosure in line with our requests.

More recently, we had the opportunity to discuss with Repsol management its **latest strategic plan** announced in November 2020, with the **energy transition at its core.** Whilst the company was **the first to set a net-zero target** for upstream

¹ As of 31 March 2021

Andy Jones, Associate Director Investor Stewardship and ESG at Hermes

“ The EOS-Repsol dialogue represents an excellent example of the value that ESG engagement can deliver ”



production, climate action across the industry has continued to raise expectations from shareholders and other stakeholders. **It will be important for Repsol to remain at the forefront of the sector** by demonstrating the full alignment of its strategy and targets with the Paris and net-zero goals in the short- and medium-term.

The focus for dialogue in the near term will be alignment with the new Net Zero Standard for Oil & Gas, to which Repsol has been an **active contributor**, and **progress in delivering the net-zero commitments**.

We look forward to continuing our dialogue.

In addition, Repsol's engagement was also highlighted in **latest Hermes's annual report**, published in August 2020.

Founded in **Copenhagen, Denmark**, in 2014, **Engagement International** is an independent ESG engagement provider, supporting institutional investors to be active responsible owners through corporate engagement dialogues. In addition to meeting the investee companies to discuss their most material ESG issues on behalf of its investor clients, it also support clients' own engagement efforts with bespoke solutions.

Repsol is proud to have initiated a positive and constructive engagement with the firm's representatives in January 2021.



Aspects of Corporate Governance





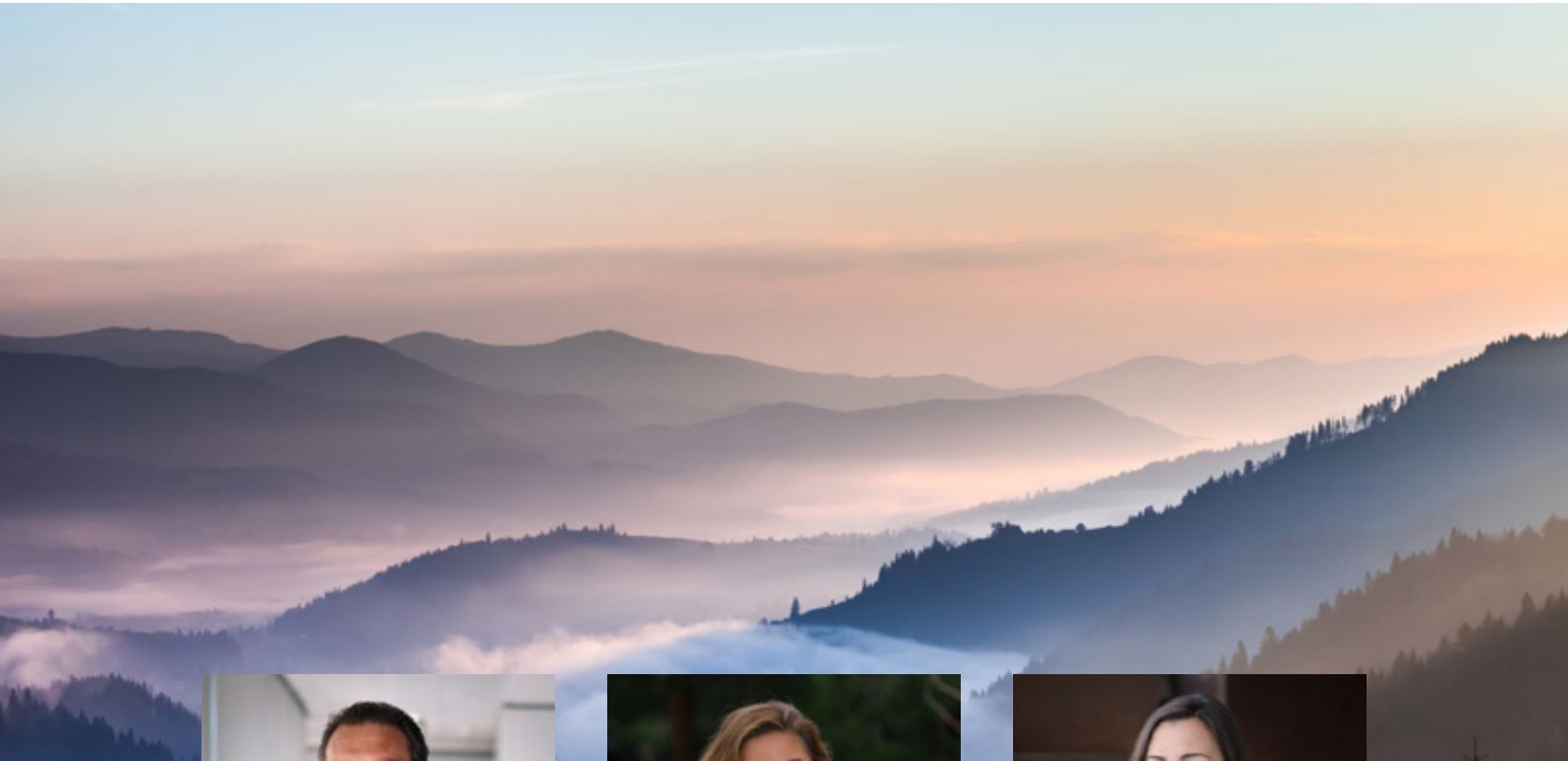
As mentioned along this report, it is a priority for Repsol to maintain a continuous and two-way dialogue throughout the year with the most important shareholders, institutional investors, and proxy advisors, in order to share information about the proposals and objectives related to corporate governance issues. As a result of this dialogue and according to the resolution passed by the Board of Directors on December 2nd, to align the company with the objectives of the Paris Agreement, the objectives related to sustainability and decarbonisation in the **2021 annual variable remuneration of the CEO** have been increased up **to 25%** and up to **40%** of the **long-term variable remuneration**.

For the rest of employees, the **sustainability targets** in the **annual variable remuneration** weight between **10%** in corporate areas and **25%** in business areas.

For **the long-term variable remuneration**, the weight of targets related to decarbonisation and sustainability is **40%** for managers and leaders, including the CEO and Executive Committee.

Linking variable remuneration to objectives aims to comply with the Paris Agreement.

In terms of Board independence and diversity, after the appointments made at the **last AGM 2021**, **the independent members at the Board represent 60%**. As for **gender diversity**, Repsol has been increasing over the last years the number of women at the Board and they currently represent 33%. Notwithstanding this, the Company has publicly committed to increase this percentage to at least **40%** before the end of 2022.



Ramon Álvarez- Pedrosa
Director of Investor Relations
ralvarezp.ir@repsol.com



Leticia Padura
Investor Relations - ESG Manager
lpadurafn@repsol.com



Sara Elizalde
Investor Relations - ESG Analyst
sara.elizalde@repsol.com



Printed in recycled paper