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Second Party Opinion

Repsol Sustainable Financing Framework

March 20, 2025

Location: Spain

Sector: Oil and Gas

Alignment Summary

Aligned = Conceptually aligned = Not aligned =

- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023
- ✓ Sustainability-Linked Bond Principles, ICMA, 2024
- ✓ Sustainability-Linked Loan Principles, LMA/LSTA/APLMA, 2023

See [Alignment Assessment](#) for more detail.

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Dark green

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our [Shades of Green Analytical Approach](#) >

Strengths

Repsol's decarbonization strategy and capital expenditure plan to 2027 aim to address its value chain's most material emissions. It will allocate over 35% of investments to low-carbon projects (€5.6 billion-€6.6 billion).

Repsol has updated its greenhouse gas (GHG) emission reduction targets in 2025 to be aligned with the 1.5°C scenario and has established an absolute emission reduction target covering scope 1, 2, and 3 emissions from the use of sold products based on sales. Through this key performance indicator (KPI), the company can measure its impact on climate change from a value chain perspective.

Repsol has developed a semi quantitative methodology to evaluate the physical risks of climate change at existing and new facilities. The analysis is informed by global warming scenario analysis Representative Concentration Pathways (RCP) 8.5, 4.5, and 2.6 for 2030, 2040, and 2050. Based on the identified materiality of the risks, the issuer commits to implementing the necessary adaptation measures.

Weaknesses

Repsol's portfolio consists of a substantial share of fossil-fuel-based assets for exploration and production of crude oil and natural gas. While we believe that its diversification strategy is somewhat relevant, considering renewable energy and low carbon fuels will represent close to 30% of its energy mix in 2030, oil and gas will still represent 70%. Repsol is expanding its low carbon activities, but not at the expense of its traditional business in oil and gas, as it continues to acquire stakes in oil and gas exploration companies.

Areas to watch

Repsol is facing multiple legal challenges in Peru due to an oil spill that occurred in 2022.

According to Repsol, 10,396 barrels were spilled. It is dealing with a collective action lawsuit involving 30,000 alleged victims and a civil lawsuit. Repsol has completed cleanup efforts and allocated compensation.

Eligible projects may include equity-like investments in pure players (entities where at least 90% of revenue is derived from one or more of the Green Eligible Project Categories). This includes minority stakes, which could limit the issuer's ability to control investees' activities and ensure they remain pure play. However, Repsol conducts due diligence at the time of acquisition, and has confirmed that it will exclude the companies that will not meet the eligibility criteria under the framework.

Repsol may issue various types of debt, including commercial paper (CP) and revolving credit facilities (RCFs) under this framework. Reporting on the CP may be challenging due to the short tenure of these instruments. That said, Repsol commits to meeting all reporting commitments annually (until maturity) for any instrument issued under the framework.

Shades of Green Projects Assessment Summary

Repsol has provided the breakdown of its current eligible asset portfolio. While we understand it will evolve in the future and hence have no certainty on the allocation of proceeds, we have used it as a base to estimate the expected allocation of proceeds under the framework for the next three years following issuance of the financing: 79% toward the renewable energy category, 12% toward biofuels and biogas category, 8% toward hydrogen from renewable energy category, and less than 1% toward clean transportation, circular economy adapted products, production technologies and processes, and carbon storage categories.

The issuer further expects the majority of proceeds to be allocated to refinancing projects.


Based on the project category shades of green detailed below, and consideration of environmental ambitions reflected in Repsol's Sustainable Financing Framework, we assess the use of proceeds section of the framework Dark green.

Renewable energy

 Dark green

Investments and expenditures related to development, acquisition, construction, installation, maintenance, and storage of renewable power plants

Biofuels and biogas

 Medium green

Investments and expenditures related to production, distribution, and refining of biogas and biofuels for use in transport

Clean transportation

 Dark green

Investments and expenditures related to the construction and installation of electric charging points and station networks to serve vehicles with zero tailpipe CO2 emissions

Hydrogen from renewable energy

  Dark to Medium green

Manufacture of hydrogen from electrolysis using renewable electricity, biogas, and bioliquid reforming, and photo-electrocatalysis with solar energy.

Carbon storage

 Dark green

Investments in the infrastructure associated with the storage of captured CO2

Circular economy adapted products, production technologies and processes

 Light green

Investments and expenditures related to increase recycled content in chemical products.

See [Analysis Of Eligible Projects](#) for more detail.

EU Taxonomy Assessment Summary

We believe all activities listed in the framework meet the EU Taxonomy technical screening criteria (TSC) for substantial contribution to climate change mitigation, and the "do no significant harm" (DNSH) criteria for the other environmental objectives. Additionally, Repsol's procedures meet the minimum safeguards. For more information, please see The EU Taxonomy Assessment segment of the report below.

Repsol may finance or refinance projects in Europe and elsewhere and commits to meeting the TSC and DNSH criteria for all projects it finances or refinances under the framework. The financing may include:

- Capital and operating expenditure (such as maintenance costs that increase either the lifetime or the value of the assets) on physical assets meeting the eligibility criteria described in the Use of Proceeds section of the Sustainable Financing Framework;
- Research and development expenditure aiming at developing new products and solutions as per the eligibility criteria specified in the Use of Proceeds section of the Sustainable Financing Framework; and
- Equity investments in pure play companies and meeting the respective eligibility criteria.

To meet the climate adaptation DNSH requirements Repsol has developed a semi quantitative methodology to evaluate in detail the physical risks of climate change at existing and new facilities. The analysis is informed by global warming scenario analysis Representative Concentration Pathways (RCP) 8.5, 4.5, and 2.6 for 2030, 2040, and 2050. Based on the identified materiality of the risks, the issuer commits to implementing the necessary adaptation measures.

The Environmental Impact Assessments (EIAs) carried out by Repsol assess and report on biodiversity risks as well as mitigation and compensation measures adopted in the affected terrestrial ecosystems guaranteeing compliance with the DNSH criteria for biodiversity. The issuer has confirmed that these measures and assessments will also be conducted for future projects financed through the framework.

Economic activity	Technical screening criteria (TSC)		Minimum safeguards (Issuer level)	Overall alignment
	Substantial contribution	Do no significant harm		
3.1 Manufacture of hydrogen - NACE code: C20.11	✓	✓		✓
3.17 Manufacture of plastics in primary form - NACE code: C20.16	✓	✓		✓
4.1 Electricity generation using solar PV technology - NACE code: D35.11, F42.22	✓	✓		✓
4.3 Electricity generation from wind power - NACE code: D35.11, F42.22	✓	✓		✓
4.5 Electricity generation from hydropower - NACE code: D35.11, F42.22	✓	✓	✓	✓
4.10 Storage of electricity	✓	✓		✓
4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids- NACE code: D35.21	✓	✓		✓
5.12 Underground permanent geological storage of CO2 - NACE code: E39.00	✓	✓		✓

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6.15 Infrastructure enabling low-carbon road transport and public transport - NACE code: F42.11, F42.13, M71.12, M71.20	✓	✓	✓
7.6 Installation, maintenance and repair of renewable energy technologies - NACE code: F42, F43, M71, C16, C17, C22, C23, C25, C27, C28	✓	✓	✓

Aligned = ✓ Not aligned = ✗ Not covered by the technical screening criteria = —

See [EU Taxonomy Assessment](#) for more detail.

Sustainability-Linked: Selected KPIs And SPTs

KPI	SPT	Baseline	2023 performance
Absolute scope 1, 2, and 3 GHG emissions in Mt CO2e	20% of reduction in absolute scope 1, 2, and 3 emissions (Category 11: Use of Sold Products) by 2030 compared to the 2018 baseline.	224 Mt CO2e (2018)	196 Mt CO2e
Carbon Intensity Indicator (CII) in gCO2e/MJ	SPT 2.1 and 2.2: 28% reduction of CII by 2030 and 55% reduction of CII by 2040 against a 2016 baseline.	76.8 gCO2e/MJ (2016)	68.1 gCO2e/MJ
Installed renewable energy capacity, GW	SPT 3.1 and 3.2: Reach 9 GW of renewable energy capacity by 2027 and 15 GW by 2030.	-	2.8 GW
Renewable fuel capacity, Mt	SPT 4.1 and 4.2: Reach 1.5 Mt of renewable fuels capacity by 2027 and 2.2 Mt by 2030.	-	1.0 Mt
Renewable hydrogen capacity, GWe	SPT 5.1 and 5.2: Reach 0.5 GWe of renewable hydrogen capacity by 2027 and 1.6 GWe by 2030.	-	0 Gwe

gCO2e--grams carbon dioxide equivalent. MJ--Megajoules. GHG--Greenhouse gas. Mt--Megatons. GW--Gigawatts. GWe--Gigawatts equivalent.

See [Sustainability-linked Alignment](#) for more detail.

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Company Description

Repsol is an integrated energy company, headquartered in Madrid, Spain, that operates globally. The company's upstream segment engages in exploration, development, and production of crude oil and natural gas reserves. Its downstream, or industrial, segment is involved in refining and petrochemicals, as well as the trading, marketing, transportation, and sale of crude oil, natural gas, and liquefied natural gas. Its commercial and renewables segment develops new energy projects, solar, and wind projects, trades gas and power, provides mobility solutions, and markets petroleum products and liquefied petroleum gas. In 2023, total income amounted to €58,948 million, with the low-carbon generation segment accounting for 2% (€1,003 million). As part of its renewable energy strategy, Repsol completed inorganic acquisitions of Asterion and ABO Wind, along with the takeover of the Antofagasta wind farm in 2023. Until year-end 2027, Repsol will allocate more than 35% of its total net capital expenditure to low-carbon projects (€5.6 billion-€6.6 billion).

Material Sustainability Factors

Climate transition risks

Climate transition is the most material exposure for the oil and gas sector. Stakeholders are increasingly pushing to reduce GHG emissions to fight climate change, shaping the strategic directions of a growing number of oil and gas companies toward less carbon-intensive operations, while reducing emissions throughout their value chains. More sector participants are detailing strategies, including changes to capital allocation, to reduce emissions or reach “net zero.” This transition away from new oil and gas production activities, while still early, will likely be strongly influenced by government policies favoring low-carbon transportation and renewable energy. Due to the immense social and economic risks climate change poses, sovereign and local governments globally have been enacting stricter policies and regulations, while also providing subsidies aimed at reducing both GHG emissions from burning fossil fuels and spurring investment in more nascent technologies like carbon capture and storage and green hydrogen. The EU, with its Fit for 55 and REPower EU legislative packages, has taken steps toward becoming the first carbon-neutral continent, implementing regulations that promote electrification, renewable liquid and gaseous fuels, including hydrogen, and the recycling of used products. Transport regulation and the pursuit of low-emission mobility solutions are of special relevance to Repsol. The demand for mineral fuels from oil will progressively decrease due to improvements in energy efficiency and the gradual substitution by electricity and renewable fuels (advanced biofuels, biomethane, hydrogen, and synthetic fuels).

Pollution

Pollution associated with both upstream and downstream oil and gas operations can heavily affect the environment and society, often leading to important biodiversity, health, and economic consequences for sector participants and the communities in which they operate. This includes air pollution, to which the refining industry is particularly exposed through nitrogen and sulfur oxide emissions, although asset modernization investments have helped reduce emissions intensity. Large-scale pollution catastrophes are very rare but have severe consequences. Most pollution events, including pipeline spills, are small in scale and financially and operationally manageable by the industry, but still carry a risk of reputational damage, especially if not managed effectively.

Physical climate risks

Climate-related physical events such as hurricanes, rising sea levels, or flooding, can be disruptive to oil and gas operations, and, if severe enough, can directly affect large communities (notably by impeding the ability to work) and businesses around the globe by destroying homes and vital infrastructure. According to the World Bank's Climate Risk Country Profiles, many of the countries where Repsol has operations are vulnerable to physical risks such as storm, floods, drought, wildfire, and extreme weather.

Sustainable products and services

There is a growing need to provide sustainable products to gradually replace fossil-based fuels and chemicals in response to increasingly stringent government-led regulations and public awareness of the externalities linked to the extraction and combustion of hydrocarbons. This may mean greater demand for biofuels or other environmentally friendly substitutes and less for crude oil and refined products in the long run. Renewable road fuels and sustainable aviation fuels (SAFs) lower emissions compared with traditional fuels, and benefit from regulatory credits, including low carbon fuel standards, biodiesel tax credits, and renewable identification numbers, to encourage fossil fuel conversion investments. Still, some of these products are not yet mature technologically.

Impact on communities

Operating oil and gas projects in remote areas or densely populated areas can harm communities given land use requirements that can mean displacing populations, pollution affecting public health, and using local resources, such as water. Ongoing dialogue with governments and communities is key to avoid backlash that could undermine a project's success. Positive impacts through employment, economic activity, and local tax payments can create a more supportive operating environment.

Issuer And Context Analysis

Repsol's framework includes eligible projects that address the company's most material sustainability factors. Investments in renewable energy, biofuels, biogas, clean transportation, and hydrogen from renewable energy are important levers to mitigating climate transition risk, which we consider to be the company's most material risk factor. We also believe that climate physical risks, biodiversity risks, pollution, and impacts on communities are highly relevant and mitigated across most project categories in the framework.

Repsol plans to continue growing its low carbon business, although its portfolio constitutes a substantial share of fossil-fuel-based assets for the exploration and production of crude oil and natural gas reserves. We understand that as part of its 2024-2027 strategy, Repsol will allocate more than 35% of its total net capital expenditure to low-carbon projects (€5.6 billion-€6.6 billion), including: renewable electricity generation and sale; production and sale of biofuels, renewable hydrogen, and synthetic fuels; chemical products (long life polymers); circular economy projects, carbon capture and storage (CCS) and energy efficiency improvements to carbon-intensive assets, among others. While energy efficiency gains are positive, and a necessary step to achieve the energy transition, we note that portfolio optimization toward less carbon-intensive assets in upstream and downstream operations have a carbon lock-in effect. That said, Repsol plans to invest €230 million-€327 million of capital expenditure in low-carbon projects through to 2027 for energy efficiency gains. We believe that Repsol's diversification strategy remains somewhat material, considering renewable energy and low-carbon fuels will represent close to 30% of its energy mix in 2030. This said, oil and gas will still represent 70%. However, Repsol expects that by 2050 renewable fuels will make up around 75%-85% of its energy mix. Although the company's investments in exploration have decreased, Repsol continues to acquire stakes in oil and gas exploration companies, for example the recent acquisition of remaining shares in its joint venture, Repsol Sinopec Resources UK (RSRUK). Repsol is expanding its low-carbon activities but is maintaining its traditional business in oil and gas.

Repsol has assessed all investments against its decarbonization strategy since 2021. Any investment or divestment proposed to the executive committee and board of directors is assessed to measure its carbon intensity and impact on the company's decarbonization goals. Out of the 31 investments proposed in 2023, 71% were considered not to affect the goals, 19%

were considered activities that would enable the energy transition, and 10% were considered misaligned with the decarbonization strategy.

Repsol intends to reduce its GHG emissions by expanding its investments in low-carbon energy. In 2023, Repsol completed the inorganic acquisition of a 35% stake in the Antofagasta wind farm (Chile) and a 100% stake in Asterion Energies. Through these acquisitions, it expanded its renewable operating capacity to 2.8 gigawatts (GW) globally. It also signed an agreement to acquire the renewable energy company ConnectGen, which holds a 20-GW pipeline and development capabilities. By 2030, the company aims to have over 40% of its capital employed in low-carbon businesses, and intends to reach 15 GW of installed renewable energy capacity (approximately 19% of Repsol's energy mix in 2030). Additionally, Repsol is also developing low-carbon fuels for road, maritime, and air transport, as well as renewable hydrogen through electrolysis and biomethane reforming, organic waste fuel, and synthetic fuels from CO₂ and renewable hydrogen. Currently, low-carbon technology investment accounts for 58% of the company's research and development spending (totaling €68 million in 2023).

The projects and targets set under the framework represent key levers in Repsol's climate transition strategy, which aims to reach net zero emissions by 2050 across its value chain.

Although the framework does not specifically reference ICMA's Climate Transition Finance Handbook (CTFH), we believe it partly addresses the recommendations under its four elements. Repsol discloses its transition strategy, which has been verified by Repsol's external auditor as aligned with the 1.5°C scenario as part of the limited assurance verification process of its consolidated management report. The strategy, which is overseen by the board of directors, incorporates targets across scopes 1, 2, and 3 emissions. Additionally, we believe the strategy is relevant to the material segments of Repsol's business, as it addresses the decarbonization of its core activities. Furthermore, Repsol discloses its expected climate-related project pipeline and has committed to disclosing progress toward its decarbonization targets. The company intends to reduce its carbon intensity indicator (CII) by 100% by 2050 compared with 2016, and hence have net-zero emissions by that year. To do so, it focuses on optimizing its asset portfolio in upstream operations and developing CCS technologies to reduce its operational emissions in specific projects. It also has a target to reach net zero methane emissions by 2030, and to reduce to zero routine flaring emissions by the same year against the 2018 baseline. Its intermediate targets include a 55% reduction of its CII indicator by 2040 from a 2016 base-year and a 20% reduction of absolute scope 1, 2 and 3 emissions (from the use of sold products) by 2030 from a 2018 base year. Both targets represent a substantial commitment toward decarbonization in our view. As already mentioned, it also aims to increase investments on low-carbon energy solutions (to €5.6 billion-€6.6 billion by 2027).

The nature of fixed assets and Repsol's global geographical presence expose the company to physical climate risks.

The company operates across various countries, including regions with high exposure to physical climate risks like storms, floods, wildfires, and extreme weather. To address these risks, Repsol has developed a semi-quantitative methodology and analysed the Intergovernmental Panel on Climate Change's (IPCC) global warming scenario over three periods (to 2030, 2040, and 2050) considering RCP 8.5, 4.5, and 2.6 scenarios. According to the issuer, the current physical assessment demonstrated a low impact on the company due to its strong mitigation measures. Repsol also has operations in water-stressed areas; to address water-related issues, it conducts water risk assessments on all its operating assets using the internally developed Repsol Water Tool (RWT).

Repsol's strategy also focuses on minimizing the emission of polluting substances in its operations.

The company has reduced its sulfur dioxide emissions by 18%, nitrogen oxide emissions 40%, particulate matter emissions 79%, and non-methane volatile organic compound (VOC) emissions 47% in 2023 compared with the previous five years. To reduce these emissions, the company relies on low-emission nitrogen oxide burners, vapor recovery systems, and filters that reduce particulate matter emissions, sulfur dioxide emissions, VOC emissions, and leaks. Furthermore, to minimize fugitive emissions the company conducts leak detection and repair campaigns periodically. Repsol also offers clean energy alternatives, including renewable fuels,

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Blue+ fuels, Master Range lubricants, LPG, AutoGas, LNG, and low-emission diesel for boilers to reduce pollution.

The group's primary business activities can have a substantial impact on local communities and marine biodiversity. The company experienced an oil spill in Ventanilla, Peru in 2022 of 10,396 barrels. The spill killed more than 1,850 wildlife species and negatively impacted approximately 350,000 people, according to the issuer. The company claims it has contracts in place to quickly respond to marine spills and implemented immediate and medium-term compensatory measures in the local community. Furthermore, it also has spill prevention measures in place that focus on fast response of high and very high alarms, and prevention of operational spills through monitoring of discharges, employee training, and asset integrity including tank and pipeline leak testing, double wall tank linings, and equipment inspections, among others. Repsol is facing a class action lawsuit involving 30,000 alleged victims seeking compensation for the Ventanilla spill. Additionally, it is embroiled in another civil lawsuit related to the spill.

Repsol has implemented measures to tackle social risks associated with the energy transition.

Among other measures, it promotes job creation in new low-carbon activities by relocating the teams from exploration and upstream to new subsoil activities such as capture and storage of carbon dioxide, and new fuel production, including green hydrogen.

Alignment Assessment

This section provides an analysis of the framework's alignment to Green Bond and Loan principles.

Alignment Summary

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2023

✓ Use of proceeds

All the framework's green project categories are shaded in green, and the issuer commits to allocate the net proceeds issued under the framework exclusively to eligible green projects. Please refer to Analysis of Eligible Projects section for more information on our analysis of the environmental benefits of the expected use of proceeds.

Repsol commits to allocate an amount equivalent of the net proceeds from the green financing instruments to finance or refinance eligible green projects related to renewable energy, biofuels and biogas, clean transportation, hydrogen from renewable energy, carbon storage, as well as circular economy-adapted products, and production technologies and processes. Some proceeds may be allocated to investments in shares of pure-play companies that derive at least 90% of their revenue from green activities that meet the framework's eligibility criteria. For the minority investments, Repsol conducts environmental and social (E&S) due diligence to ensure the company complies with local regulations and E&S standards at the time of acquisition. Furthermore, Repsol confirmed that it will exclude companies that fail to meet the eligibility criteria. The maximum refinancing look-back period is three years from the time of issuance, in line with market practice.

✓ Process for project evaluation and selection

To facilitate the project evaluation and selection process, Repsol has a dedicated Sustainable Financing Committee (SFC), chaired by the financial director, which includes the sustainability director, the head of energy transition and climate change, the head of strategy on sustainability, and relevant representatives from the business and corporate divisions. The SFC is responsible for selecting, reviewing, and evaluating green eligible projects and, on a biannual basis, monitors the allocation of eligible projects. Furthermore, to identify and manage environmental and social risks, the issuer conducts an environmental and

social risk assessment. The framework excludes funding activities that are related to fossil fuel projects, such as exploration, extraction, and refining, as well as projects that have direct applications to fossil fuel projects.

✓ Management of proceeds

Repsol will track that net proceeds are allocated to projects meeting the framework's criteria through internal procedures and has established a register to monitor the green eligible projects. Furthermore, in the case that projects and assets are divested, or are no longer in line with the framework's eligibility criteria, Repsol will replace them with other eligible projects within 36 months from relevant issuance or borrowing date. Unallocated proceeds will be held in cash or cash equivalents, bank accounts/deposits and monetary funds managed by the group's treasury department.

✓ Reporting

Repsol commits to reporting annually on the allocation and impact of proceeds until full allocation of the green financing instrument. The allocation reporting will include the compliance of the project with the framework, the total amount of allocated green bond proceeds, proceeds allocation for eligible projects by category, geographical region, and year of implementation, and the balance of unallocated proceeds. On a best-effort basis, the issuer will disclose relevant impact metrics at a project level on an aggregate basis, as laid out in the framework. Furthermore, it commits to reporting a calculation methodology and underlying assumptions. We view positively that Repsol commits to receiving limited assurance from its external auditor on the allocation of the net proceeds.

Sustainability-Linked Alignment

Issuer’s Sustainability Objectives

The issuer has set a comprehensive decarbonization strategy that includes short-, medium- and long-term targets and financial commitments. We view positively that the strategy has been informed by climate scenario analysis. Repsol’s energy transition strategy is supported by the vision of becoming a net-zero emissions company across all scopes by 2050. Its strategic plan 2024-2027 commits to decarbonization across four main business lines: upstream, industrial, customer, and low carbon generation. Repsol will invest €16 billion–€19 billion in this timeframe, allocating approximately 35% to low-carbon initiatives (€5.6 billion–€6.6 billion). Additionally, the issuer has set an internal carbon price of \$75 per ton of carbon dioxide (tCO₂) for 2024-2025, increasing to \$110 per ton by 2030. Furthermore, the company presents and holds a shareholder vote on its transition plan at its annual general meeting (AGM).

The main drivers of Repsol’s decarbonization plan are energy efficiency and asset portfolio optimization of its current operations; renewable electricity generation, production of renewable liquid and gaseous fuels including biofuels, synthetic fuels, and green hydrogen, and the deployment of carbon capture, usage, and storage technologies. Repsol is expanding its low carbon activities and expects to reduce its oil products and natural gas production and sale in order to meet its targets. This said, in 2023 it continues to acquire stakes in oil and gas exploration companies.

The company has developed its sustainability-linked financing framework to strengthen the link between its financing and its decarbonization commitments. The issuer has confirmed that sustainability-linked instruments under this framework will only be issued by Repsol International Finance (RIF) and Repsol European Finance (REF). The framework includes a wide portfolio of financing instruments, which the issuer says will include bonds and loans, and may also include other green financing instruments such as CP and RCFs. Within the framework’s broad, open-ended list of instruments, we understand the issuer plans to use those instruments whose economic characteristics can vary depending on the achievement of the SPTs.

We view positively that Repsol commits to integrate its carbon intensity indicator and/or the absolute scope 1, 2, and 3 GHG emissions KPI (the latter on a best effort basis) on each sustainability-linked financing transaction as it considers these are the most material and holistic indicators to assess the progress of the company towards its decarbonization pathway. The company may also add one or more KPIs to highlight specific initiatives or main levers of its strategic plan depending on the contemplated financing instrument.

Alignment Summary

Aligned = ✓ Not aligned = ✗

- ✓ Sustainability-Linked Bond Principles, ICMA, 2024
- ✓ Sustainability-Linked Loan Principles, LMA/LSTA/APLMA, 2023

✓ Selection of key performance indicators (KPIs)

The Principles make optional recommendations for stronger structuring practices, which inform our relevancy opinion as aligned, strong, or advanced. For each KPI, we consider how relevant the KPI is for sustainability by exploring the clarity and characteristics of the defined KPI; its significance for the issuer’s sustainability disclosures; and how material it is to the issuer’s industry and strategy.

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KPI 1 Absolute Scope 1, 2, and 3 GHG emissions

Not aligned	Aligned	Strong	Advanced
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We view this KPI as advanced, given that the scope, objective, and calculation methodology are clearly articulated in the framework. Furthermore, we consider this KPI to be closely linked with Repsol's decarbonization strategy, and with climate transition risks, which we view as one of the most material sustainability issues faced by the oil and gas sector.

This KPI measures the group's direct and indirect scope 1, 2, and 3 GHG emissions on a gross basis in million metric tons of carbon dioxide equivalent (Mt CO₂e)--covering approximately 90% of Repsol's overall carbon footprint). It includes the company's direct and indirect emissions from the development, production, transformation, and commercialization of hydrocarbon activities (about 7% of its overall footprint), and the indirect emissions associated with the use of sold products (category 11 of the GHG protocol), which is the most significant source of emissions for the company (representing roughly 85% of its total footprint, and 91% of scope 3 emissions in 2024), and for the broader oil and gas sector. The scope of the KPI is based on operational reporting criteria (includes emissions from assets where Repsol has operational control), which Repsol estimates to cover approximately 89% of equity-based emissions.

Repsol defined this KPI in 2025, in response to stakeholder requests and new requirements from the Corporate Sustainability Reporting Directive (CSRD), building on its previous absolute indicator. We view positively that for the first time Repsol includes scope 3 emissions associated with the use of sold products based on sales, rather than based on production. This means that the KPI covers both the emissions associated with Repsol's oil and natural gas production, and the emissions derived from the oil supplied from third parties to Repsol's refineries (about 79% of the oil refined by Repsol). This allows the company to measure its impact on climate change from a value chain perspective. It is calculated using the GHG Protocol, which is commonly used in the market, thus allowing for external benchmarking. Additionally, we view positively that this KPI has been externally verified as part of the Integrated Management Report verification process in 2025.

We view positively that the KPI is directly linked the most relevant and pressing sustainability issues faced by the issuer's sector: climate transition risks (see "[ESG Materiality Map Oil And Gas](#)" published May 18, 2022, on RatingsDirect). The oil and gas sector faces increasing pressure to reduce its global GHG emissions and to evaluate the risks to its existing business model from the energy transition (World Energy Outlook, IEA, 2020). Additionally, we note positively that the KPI is directly linked with Repsol's decarbonization strategy, as this KPI has been defined as one of the two main metrics for monitoring Repsol's progress toward achieving net zero emissions by 2050 (together with the second KPI to the framework, the CII).

KPI 2 Carbon Intensity Indicator (scope 1, 2, and 3), gCO₂e/MJ

Not aligned	Aligned	Strong	Advanced
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We consider KPI 2 to be aligned with the principles, given the scope, objective, and calculation methodology are clearly articulated in the framework. Repsol has defined its CII as one of the main metrics for monitoring its progress toward achieving net zero emissions by 2050, when 100% reduction in CII (the KPI) is to be achieved. Furthermore, we consider this KPI to be directly linked with Repsol's decarbonization strategy, and with climate transition risks, which we view as the most material sustainability issues faced by the oil and gas sector.

The KPI covers scope 1, 2, and 3 GHG emissions derived from Repsol's activity, and from the use of fuel products resulting from primary energy production (Repsol's own oil and natural gas production), covering 42% of Repsol's overall carbon footprint. It leaves out of scope all

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emissions associated with the oil supplied from third parties to Repsol's refineries (which amounts to close to 79% of the total oil refined by Repsol). The issuer states that, by focusing on its own production, this KPI better reflects the governance of Repsol's transition strategy and decarbonization levers. Additionally, we believe this KPI complements the absolute scope 1, 2, and 3 emissions based on sales (also included in the framework), but we note that a sales approach for this KPI would result in a larger percentage of material emissions in scope, considering the quantity of hydrocarbons it purchases from third parties.

Repsol calculates the KPI using proprietary methodology it has developed itself, and updated in February 2025, based on subfactors, some of which use the GHG protocol. The numerator includes:

- Gross GHG emissions scope 1 and 2; and
- Scope 3 emissions on an equity production basis (i.e., emissions derived from the use of oil and gas produced and refined by Repsol, as well as emissions from third-party hydrogen plants that supply the company's refineries, and emissions from the final disposal of chemical products).

The denominator factors in the energy supplied by the company to society (equity production basis, which includes oil and natural gas produced by Repsol, chemicals and non-energy products, and renewable energy).

We view positively that Repsol updated the CII methodology in 2025 with three objectives. Firstly, to enhance the transparency and comparability of the KPI by removing avoided emissions from the numerator and replacing these with the "substitution method" to make energy from renewable electricity comparable to that from fossil fuels. Secondly, to better define the carbon sinks that can be used (distinguishing between CCS and direct air capture projects) to further enhance transparency. And, thirdly to apply the same company perimeter to financial and nonfinancial metrics. Additionally, we view positively that this KPI has been externally verified as part of the Integrated Management Report verification process in 2025.

The use of an intensity metric can provide comparability against other market participants, and indeed, the removal of avoided emissions enhances the metric's comparability in our view. However, this KPI is calculated based on production rather than sales and includes other subfactors (besides the production of oil and gas), such as the use of carbon sinks, that, while not uncommon in the oil and gas sector, make it less comparable, in our view. To counterbalance this, Repsol is committed to ensuring full transparency in the reporting of carbon sinks by disclosing this term separately from the final CII figure. This approach guarantees full visibility of any emission reductions related to carbon sinks. The information will be subject to independent verification under the ISSA 5000 standard, providing reasonable assurance on the integrity of the reported data. The metric cannot be compared against a sector standard, as currently there is not a commonly established or accepted reference point for the oil and gas sector. The company has compared its decarbonization path against the Intergovernmental Panel on Climate Change (IPCC) C1 scenarios, which we view positively. The KPI is otherwise quantifiable and externally verifiable.

The KPI is directly linked the most relevant and pressing sustainability issues faced by the issuer's sector: climate transition risks (see "[ESG Materiality Map Oil And Gas](#)" published May 18, 2022). Also, we note positively that the KPI is directly linked with Repsol's decarbonization strategy, as the KPI has been defined as one of the main metrics for monitoring its progress toward achieving net zero emissions by 2050 (together with the first KPI of this framework, Absolute Scope 1, 2, And 3 GHG Emissions).

In this regard, we view positively that Repsol will integrate the CII indicator, and/or the Absolute Scope 1, 2 and 3 GHG Emissions KPI (on a best effort basis) on each sustainability-linked financing transaction as they are the most material and holistic indicators to assess the company's progress on its decarbonization pathway. Repsol may also add one or more KPIs to highlight specific initiatives or the main levers of its strategic plan depending on the contemplated financing instrument.

KPI 3 Installed renewable energy capacity, GW

Not aligned	Aligned	Strong	Advanced
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We view this KPI as strong, considering the scope, objective, and calculation methodology are articulated in the framework. Furthermore, we consider this KPI to be linked with Repsol's decarbonization strategy, and with climate change mitigation, which we view as one of the most material sustainability issues faced by the oil and gas sector.

The KPI includes installed energy capacity from renewable energy sources such as wind, solar, hydro, battery energy storage systems, and any other non-fossil fuel source of electricity generation derived from natural resources. The scope covers installed renewable energy worldwide and the issuer has informed us that it expects a similar amount to be distributed among the U.S., Europe, and Latin America. Renewable power generation assets may be considered installed if they have reached mechanical completion even if they are not connected to the grid. While externally acquired installations would limit the additionality in our view (given no additional renewable generation capacity would be built) the issuer has informed us that its strategy is based on acquiring projects under development, or developing them from the beginning, which we view positively.

The KPI directly addresses climate mitigation, which is a key sustainability challenge for Repsol, as its activities produce high quantities of GHG emissions. We note that increasing the electricity generation capacity of renewable energy sources will contribute to its decarbonization efforts, and hence view the KPI as being aligned with Repsol's strategy to reach carbon neutrality (scope 1, 2 and 3) by 2050. Furthermore, we view positively that the ICMA registry lists installed renewable energy capacity as a core KPI for the energy sector, and that the KPI is commonly used in the market, allowing for external benchmarking.

The issuer has set absolute targets for increasing installed renewable energy capacity, expecting to reach 9 GW by 2027 and 15 GW by 2030. This KPI is common for the industry, which enhances comparability.

KPI 4 Renewable fuel capacity, Mt

Not aligned	Aligned	Strong	Advanced
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We view this KPI as strong given the scope objective and calculation are articulated in the framework, and considering it directly addresses one of the issuer and sector's most relevant sustainability challenges--the decarbonization of the oil and gas sector and its customers, including in the transport sector. The KPI measures Repsol's available group-wide renewable fuel capacity. This includes fuels derived from first generation biofuels (food and feed crops), used cooking advanced biofuels (non-food organic waste) and synthetic or e-fuels. Capacity is considered available once the relevant power generation facilities are in operation. Like for KPI 3, this KPI is common for the industry, which enhances comparability.

Repsol identified renewable fuel capacity as a KPI because it is directly related to the group's energy transition strategy, which includes increasing renewable fuel production. Specifically, Repsol anticipates that its increased use of renewable fuels will help reduce its carbon intensity indicator by 9%-11% by 2030 compared with 2016, helping contribute to the overall target of 28% by 2030. Increasing renewable fuel production is also a key component of the EU's wider decarbonisation objectives, particularly in the transportation sector. As part of the EU Renewable Energy Directive III (RED III), a binding target was set for at least 5.5% of fuels supplied to the transport sector to be advanced biofuels or (RFNBOs) by 2030. RFNBOs are renewable liquid or gaseous transport fuels for which none of the energy content comes from biological sources, for example renewable hydrogen.

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The KPI does not exclude food and feed crops, leading to potential environmental risks such as competition for food and land use change (see “Sustainability Insights Research: [E-fuels: A Challenging Journey To A Low-Carbon Future.](#)” published March 25, 2024). However, according to Repsol, biofuel projects are most likely to use waste-based feedstock. Furthermore, all fuels will be produced in line with RED III. EU RED II also introduced a cap that no more than 7% of energy consumption in transport should come from first generation biofuels (i.e., produced from types of biomass that are often used for food, such as corn, soy, and sugarcane), following the Indirect Land use Change Directive. This limit will reduce to 0% by 2030. More generally, Repsol will apply the same measures to manage environmental risks related to biofuels as mentioned in the ‘Biofuels and biogas’ project category in the Use of proceeds section of this report. Synthetic fuels will also contribute to the target, however in the short term Repsol has no planned synthetic fuel projects beyond a demo project in Bilbao.

KPI 5 Renewable Hydrogen capacity, GWe



We view this KPI as strong given the scope objective and calculation are articulated in the framework, and considering it directly addresses one of the issuer’s and sector’s most relevant sustainability challenge—the decarbonization of the oil and gas sector and its customers. The KPI measures the available renewable hydrogen capacity of the group. Capacity is considered available once the relevant power generation facilities are in operation. This KPI is common for the industry, which enhances comparability.

Repsol identified renewable hydrogen capacity as a KPI because it is directly related to the group’s energy transition strategy, which involves increasing renewable hydrogen production. Increasing renewable hydrogen production will help Repsol with its own decarbonization activities, in addition to supporting the transport and industrial sectors with their transition. Additionally, the company is increasing hydrogen production in line with the EU’s wider framework to support the uptake of low-carbon fuels including hydrogen, to decarbonize the EU. As part of this, the EU aims to develop 10 million tonnes of renewable hydrogen by 2030.

We expect renewable hydrogen production to be by electrolysis using renewable energy and biomethane reforming. For our wider considerations on Repsol’s renewable hydrogen production, please see the “Manufacture of hydrogen” analytical considerations as part of the “Use of proceeds” section of this report.

✓ Calibration of sustainability performance targets (SPTs)

The Principles make optional recommendations for stronger structuring practices, which inform our ambition opinion as aligned, strong, or advanced. We consider the level of ambition for each target by assessing its clarity and characteristics, how the issuer defines the target with reference either to its past performance, or to external or competitor benchmarks, and how it explains what factors could influence future performance.

SPT 1 20% of reduction in absolute scope 1, 2, and 3 emissions (Category 11: Use of Sold Products) by 2030 compared with the 2018 baseline.



We consider the ambition, clarity, and characteristics of SPT 1 to be aligned with the requirements of the Principles. The framework outlines the strategy to reach its SPTs, including information on external factors beyond Repsol’s control that could hinder Repsol’s ability to reach the target by the target observation date. It also lays out trigger events, one observation date in 2030, and commits to set annual observation dates in line with the defined trajectory in

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case loans are issued under the framework. Additionally, the framework provides three years of historical performance (2018, 2023, and 2024), in line with the Principles' requirements.

Repsol intends to reduce absolute scope 1, 2, and 3 emissions from the use of sold products by 20% by 2030 from a 2018 base year. Repsol had already achieved a more than 12% reduction by 2023 (approximately an annualized 2% reduction). To achieve the target the company will need to reduce in-scope emissions by an additional 8% by 2030, which requires a rate of reduction below that achieved in the past (approximately 1% per year). Nonetheless we appreciate that the company achieved a large decrease of its scope 3 emissions between 2018 and 2023 as a result of a decline in gas production and sale, and from the reduction of oil products sold. The issuer states that while this was partly driven by the pandemic and consumer behavior change, demand has now recovered, and maintaining emissions at reduced levels and preventing them from increasing further requires continuous effort and efficient implementation of decarbonization strategies.

To demonstrate the ambitiousness of the target, the company has provided a benchmarking exercise against sector peers that shows that the target is among the most ambitious targets for the oil and gas sector. Also, Repsol is one of the first companies in the sector to introduce a KPI that includes absolute scope 3 emissions (from use of sold products) based on sales, which we view favorably.

We view positively that Repsol has compared its decarbonization pathway with that of the IPCC's different 1.5°C scenarios. It has focused its analysis on C1 scenarios (limit warming to 1.5°C in 2100 with a likelihood greater than 50%, with no or limited overshoot throughout the 21st century). These scenarios reveal a global GHG emissions reduction of 40%–50% by 2030, consistent with the 45% reduction cited in climate literature. According to these scenarios, emissions reductions vary significantly by energy source. For instance, by 2030, coal emissions decline by 75%, while oil and gas emissions fall more modestly by 10%, reflecting the distinct roles of different energy sources in global decarbonization. Taking this into account, Repsol's decarbonization efforts go beyond the 10% reduction in oil and gas production projected by 2030, since, to meet its target, the company expects a decrease in its oil product sales by approximately 15% by 2030. We see as a strength that Repsol's strategy has been verified as aligned with the 1.5°C scenario by Repsol's external auditor, as part of the limited assurance review of its consolidated management report in 2025. Repsol confirms that the auditor reviewed the scenarios, methodologies, and assumptions as part of this process.

The framework outlines Repsol's strategy to achieve the target by the established observation date. To reduce scope 1 and 2 emissions it includes levers such as the implementation of energy efficiency measures, the electrification of industrial complexes and the substitution of fossil-based hydrogen with renewable hydrogen. To reduce scope 3 emissions the company will continue to decrease its oil products and natural gas production and sale, and to grow its renewable energy business. The framework also outlines some factors beyond Repsol's control that could affect the achievement of the SPT, including the introduction of new regulatory constraints that significantly affect Repsol's current activity or limit any key lever of decarbonization identified by the company, or events of force majeure.

Baseline	20% of reduction in absolute scope 1, 2, and 3 emissions (Category 11: Use of Sold Products) by 2030 compared with the 2018 baseline.		
2018	2023	2024	2030
224 Mt CO ₂ e	196	193	179
	Reduction equivalent (unit of measure)		
	12.4%	13.8%	20%

SPT 2.1 and 2.2 28% reduction of CII by 2030 and 55% by 2040 against a 2016 baseline.

Not aligned	Aligned	Strong	Advanced
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We consider the ambition, clarity, and characteristics of SPTs 2.1 and 2.2 to be aligned with the requirements of the Principles. The framework outlines the strategy to reach its SPTs, including information on external factors beyond Repsol's control that could affect its ability to meet the targets. The framework lays out the trigger events, two observation dates in 2030 and 2040, and commits to set annual observation dates in line with the defined trajectory toward its 2040 objective in case loans are issued under the framework. Additionally, the framework provides four years of historical performance (2016, 2022, 2023, and 2024), in line with the Principles' requirements.

Repsol targets to reduce by 55% its CII indicator compared with the baseline (2016) by 2040, with an intermediary target of 28% reduction in 2030. Repsol had already reduced its CII by 11% by 2023--approximately 1.6% reduction annually. This reduction was mainly due to an increased proportion of gas in its energy mix), The trajectory to reach both the 2030 and 2040 targets requires a larger annual improvement in terms of emission intensity than what has been achieved in the past (approximately 2.4% annually until 2030 and 2.7% annually until 2040). However, we note that the KPI measures carbon intensity, and hence absolute emissions could increase and Repsol still meet the SPTs by the target observation dates. That said, Repsol has additional targets relative to absolute scope 1, 2, and 3 reductions to 2030 and 2050, which we view positively.

Since the announcement of the first decarbonization path in 2019, Repsol has twice increased its CII targets (in 2020 and 2021). While we note the baseline selected for the SPT is 2016, we understand that this is because it was the first year in which Repsol consolidated all assets of ROCGI, formerly Talisman Energy Inc., following its acquisition. This acquisition made Repsol one of the largest energy groups worldwide and reinforced its upstream business.

Similar to SPT 1, we view positively that Repsol has compared its decarbonization pathway with that of different IPCC 1.5°C scenarios (focusing on C1 scenarios). Again, Repsol's analysis shows that its decarbonization pathway goes beyond the 10% reduction in oil and gas production projected by 2030, since, to meet its target, the company expects a decrease in its oil product sales and gas sales greater than that required by the analysis projections. While we acknowledge the achievement of the first SPTs (2030) is less linked to the company reducing its sales of oil and gas (and more focused on its internal decarbonization levers) we believe that reduction in sales can further reduce Repsol's upstream hydrocarbon production, which will likely affect the achievement of the SPT. As for SPT 1, We see as a strength that Repsol's strategy has been verified as aligned with the 1.5°C scenario by Repsol's external auditor. Also, to demonstrate the ambitiousness of the target, the company has provided a benchmarking exercise against sector peers that shows that its SPTs are within range for the oil and gas sector. From the data provided, we understand that while other companies in the sector have net zero emission targets by 2050 (like Repsol), the metric is calculated using a proprietary methodology, and its scope covers primary energy production (leaving out of scope the hydrocarbons the company purchases from third parties), which limits the comparability of the target, in our view.

The framework outlines Repsol's strategy to achieve the targets by the established observation dates. In this regard, the issuer expects to reach 28% reduction of its CII by 2030 (from a 2016 baseline) by increasing efficiencies of its portfolio (leading to an 6%-8% reduction of CII), increasing its renewable fuel capacity (6%-7% reduction of CII), increasing its renewable electricity generation (12%-13%) and deploying carbon capture and storage solutions (CCS; 0%-1%). There is more uncertainty regarding the relative importance of the decarbonization levers established by Repsol toward the achievement of the 2040 target. However, we note that besides the strategies mentioned before, the company will rely on reducing its hydrocarbon

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production, and the potential use of natural climate solutions to offset the residual and most difficult to abate emissions in 2050, if necessary.

The framework outlines some additional factors beyond the issuer's control that could affect the achievement of SPTs 2.1 and 2.2, namely the introduction of new regulatory constraints that could affect Repsol's activities and/or limit any key levers of decarbonization, and lack of regulatory support, among others.

Baseline		28% reduction of CII by 2030 and 55% by 2040 against a 2016 baseline.		
2016	2023	2024	2030	2040
76.8	68.15	66.5	55.3	34.6
Reduction equivalent (unit of measure)				
	-11.3%	-13%	-28%	-55%

SPT 3.1 and 3.2

Reach 9 GW of renewable energy capacity by 2027 and 15 GW by 2030

Not aligned	Aligned	Strong	Advanced
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We consider the ambition, clarity, and characteristics of SPT3.1 and SPT3.2 to be aligned with the requirements of the Principles. The framework outlines the strategy to reach its SPTs, including information on external factors beyond Repsol's control that could hinder Repsol's ability to reach the target by the target observation date. It also lays out observation dates in 2027 and 2030, and trigger events, should the issuer fail to achieve or report on those by the target dates. The issuer commits to set annual observation dates in line with the defined trajectory in case loans are issued under the framework. The framework provides over three years of historical performance (2021, 2022, 2023, and 2024), in line with the Principles' requirements.

Repsol intends to increase renewable energy capacity to reach 9 GW by 2027 and 15 GW by 2030 compared with 2.8 GW in 2023. Historical performance shows a slight increase in installed renewable energy capacity between 2021 and 2022 (to 1.6 GW from 1.5 GW) and a more marked improvement between 2022 and 2023 (to 2.8 GW from 1.6 GW), with a compound annual growth rate (CAGR) over the two-year period of 37%. Repsol achieved the increase through the acquisition of projects under development (acquisition of 100% of Asterion Energies and ConnectGen), therefore providing additional benefit by displacing fossil fuels from the energy mix, which we view positively. Based on the SPTs reported in the framework, we expect a CAGR of 21% by 2027 and 27% by 2030 compared with 2023 levels.

The company has provided a benchmarking exercise against sector peers that shows that Repsol is among the oil and gas players that will most grow in terms of installed capacity (compared with 2023 levels), further demonstrating the ambitiousness of the targets.

Repsol's strategy to reach its targets hinges on developing renewable energy generation sources. The issuer expects most of its newly installed capacity to come from new solar and wind renewable projects in Spain, Chile, and the U.S.

Baseline		Reach 9 GW of renewable energy capacity by 2027 and 15 GW by 2030		
2021	2023	2024	2027	2030

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1.5	2.8	3.7	9	15
Increase equivalent with respect to baseline (unit of measure)				
	+87%	+147%	+500%	+900%

SPT 4.1 and 4.2

Reach 1.5 Mt of renewable fuels capacity by 2027 and 2.2 Mt by 2030.

Not aligned	Aligned	Strong	Advanced
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We consider the ambition, clarity, and characteristics of SPT 4.1 and SPT 4.2 to be aligned with the requirements of the Principles. The framework outlines the strategy to reach the SPTs, including information on external factors beyond Repsol's control that could hinder Repsol's ability to reach the target by the target observation date. It also lays out observation dates in 2027 and 2030, and trigger events, should the issuer fail to achieve or report on those by the target dates. The issuer commits to set annual observation dates in line with the defined trajectory in case loans are issued under the framework. The framework provides over three years of historical performance (2021, 2022, 2023, and 2024), in line with the Principles' requirements.

Repsol intends to increase its renewable fuels capacity to 2.2 Mt by 2030, with an intermediary target of 1.5 Mt by 2027. Historical performance shows the company had increased its renewable fuels capacity by 56% in 2023 compared with 2021 data. To achieve the target, Repsol needs to increase its capacity by 244% compared with 2021 by 2030. This requires an annualized average increase of 12%, which is less than that achieved in the past (26% annualized average). We note the pace of expected improvement is faster from 2027 to 2030 than between 2024 and 2027 (14% annualized, versus 11% annualized) however it is still below the historical trajectory pace. Nonetheless, we acknowledge that the growth to 1 Mt of renewable fuels in 2023 has been obtained through co-processing bio and mineral fuels in the existing hydrodesulfurization units at the issuer's refineries, which demanded lower intensity in terms of operational expenditure (€53 million) as Repsol already had the units in place and only small modifications were needed. From 2024, any increase in renewable fuel capacity will come from 100% dedicated renewable assets, which require significant investments (approximately €1.2 billion-€1.5 billion). We believe the effort required to achieve the targets demonstrates its ambitiousness, and hence we view the SPTs as in line with the Principles. Also, Repsol informs us that the return of the projects under each of the production routes will vary and will depend on their technology readiness level, market development, feedstock positioning, and financing support.

Moreover, the issuer has provided a benchmark against peers for these SPTs, showcasing that it is in the higher quartile of companies by number of projects that are either operational, under construction, or planned by 2030, which also supports our assessment of the ambitiousness of the targets.

The framework outlines Repsol's strategy to achieve the target by the established observation date. To do so, it plans to evolve three of its industrial complexes into multi-energy hubs. The issuer's transition strategy envisions renewable fuels capacity to reach 1.5 Mt-1.7 Mt in 2027 and 2.2 Mt-2.4 Mt in 2030. For both SPTs the company has selected the lower range of the projections included in the strategy. We would view the SPTs as more ambitious if the higher end of the projections had been selected, but we understand that would present more challenges in terms of the regulatory environment, technological advancements, and market uncertainties. Nevertheless, this limits our assessment of the ambitiousness of the targets selected.

Reach 1.5 Mt of renewable fuels capacity by 2027 and 2.2 Mt by 2030

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2021	2024	2027	2030
0.64	1.25	1.5	2.2
increase equivalent (unit of measure)			
	95% increase compared with 2021	134% increase compared with 2021	244% increase compared with 2021

SPT 5.1 and 5.2 Reach 0.5 GWe of renewable hydrogen capacity by 2027 and 1.6 GWe by 2030.

Not aligned	Aligned	Strong	Advanced
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We consider the ambition, clarity, and characteristics of SPTs 5.1 and 5.2 to be aligned with the requirements of the Principles. The framework outlines the strategy to reach the SPTs, including information on external factors beyond Repsol's control that could hinder its ability to reach the targets by the observation dates. It also lays out trigger events, two observation dates in 2027 and 2030, and commits to set annual SPTs in line with the defined trajectory in case loans are issued under the framework. While there is no historical data for renewable hydrogen generation, Repsol carried out a peer benchmark in setting the targets which allows us to assess the target as ambitious, in line with the requirements of the Principles.

Repsol aims to increase its renewable hydrogen capacity to 1.6 GWe by 2030, with an intermediary target of 0.5 GWe by 2027. The company had zero renewable hydrogen capacity at the end of 2024. We acknowledge that there are a limited number of players in the energy sector (globally) that are currently investing in renewable hydrogen generation. Projects are at a nascent stage, and policy uncertainties, cost inflation, and the difficulties to secure a competitive offtake agreement are barriers that are delaying project implementation. While the companies that Repsol has compared the SPTs against have slightly higher targets (to reach at least 2 GW of renewable hydrogen capacity by 2030) we note that all these companies currently have a much larger renewable energy installed capacity, hence more energy available for water electrolysis to produce the green hydrogen. Although there are other factors, such as the infrastructure for electrolysis, and the integration with hydrogen storage and distribution systems, we believe having a smaller renewable energy installed capacity (compared with companies that are more established in renewable energy generation), limits the quantity of green hydrogen Repsol can produce by 2030. While Repsol operates in a hard-to-abate sector, it is creating strong demand for renewable hydrogen.

Furthermore, we note Spain intends to have an installed electrolyzer capacity of 4 GW in 2030 (which represents 10% of the European target to reach 40 GW of renewable hydrogen in the same timeframe). Repsol represents 40% of the Spanish goal, showcasing the ambitiousness of the selected targets, in our view.

The framework provides information on the strategy to reach the targets by the established observation dates. It plans to install electrolyzers at its five industrial sites in Spain. Also, Repsol has already announced the start of renewable hydrogen production at the Petronor industrial center in October 2023 with an investment of €11 million. The 2.5 MW electrolyzer has sufficient capacity to generate 350 metric tons per year of renewable hydrogen for industrial use, mainly at the refinery, as a raw material to manufacture products with a lower carbon footprint. At the end of 2023, Petronor has already signed an agreement to export green hydrogen to the Netherlands and Germany, through ports of Amsterdam and Duisburg respectively, with the aim of forming an intra-European hydrogen corridor.

Baseline	Reach 0.5 GWe of renewable hydrogen capacity by 2027 and 1.6 GWe by 2030.	
2024	2027	2030
0	0.5	1.6

✓ Instrument characteristics

The Principles require disclosure of the type of financial and/or structural impact involving trigger event(s), as well as the potential variation of the instrument’s financial and/or structural characteristics

Disclosure score



Instruments issued under the framework will be subject to changes in the financial and/or structural characteristics triggered by the failure to achieve the stated SPTs by the target observation dates. The specific variations (that can include a coupon step-up or increased redemption fees, among others) will be specified in the relevant transaction document for each specific instrument.

The transaction documents will detail the KPI definition, calculation methodologies, SPTs, and trigger events as well as the exact financial/ structural characteristic variations mechanisms. Additionally, we note that the transaction documents may include, if needed, a fallback mechanism in case the SPTs cannot be calculated or observed in a satisfactory manner.

Finally, the issuer commits to set annual observation dates in line with the trajectories defined for each and all SPTs in the case that loans are issued under the framework, in line with the Sustainability-Linked Loan Principles.

✓ Reporting

The Principles make optional recommendations for stronger disclosure practices, which inform our disclosure opinion as aligned, strong, or advanced. We consider plans for updates on the sustainability performance of the issuer for general purpose funding, or the sustainability performance of the financed projects over the lifetime of any dedicated funding, including any commitments to post-issuance reporting.

Disclosure score



Repsol commits to annually report on the performance of all KPIs until the SPTs are achieved by the target observation dates on its website. It also commits to report on any additional information that allows investors to monitor the progress of the SPTs, as well as an annual verification assurance report on the performance achieved.

We also note that Repsol will disclose quantitative and qualitative explanations of the main factors behind the evolution of the KPIs, including M&A activity, as well as an illustration of the positive sustainability impacts deriving from the performance improvement or to report on any reassessments and/or pro forma adjustments of baseline or KPI scope, as well as any potential restatements of KPIs and SPTs.

✓ Post-issuance review

The Principles require post-issuance review commitments including the type of post-issuance third-party verification, periodicity and how this will be made available to key stakeholders. Our opinion describes whether the documentation is aligned or not aligned with these requirements. Please note, our second party opinion is not itself a post-issuance review.

Disclosure score

Not aligned

Aligned

Repsol commits to have the performance against all SPTs verified annually by its external auditor at the limited assurance level. The company's external auditor will provide a report with limited assurance at the reference date, confirming the performance against the SPTs and the related impact, the timing of such impact, on the instrument's financial characteristics. This verification report will be disclosed within 12 months of each financial year end.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)".

Overall Shades of Green assessment

Based on the project category shades of green detailed below, and consideration of environmental ambitions reflected in Repsol's Sustainable Financing Framework, we assess the use of proceeds section of the framework Dark green.

Dark green

Activities that correspond to the long-term vision of a low-carbon climate resilient future.

Our [Shades of Green Analytical Approach](#) >

Green project categories

Renewable Energy

Assessment

 **Dark green**

Description

Development, acquisition, construction, installation, maintenance, and storage of renewable power plants, generating energy using:

- Wind power: onshore and offshore;
- Solar power: PV solar power;

Hydroelectric power from a run-of-river plant that does not have an artificial reservoir; with power density of the electricity generation facility above 5 watts per square meter (W/m²); or life-cycle GHG emissions from the generation of electricity from hydropower are lower than 100 gCO₂e/kilowatt hour (kWh).

Analytical considerations

- We assess the issuer's investments in wind, solar, and hydropower as Dark green, as these projects support the modelled pathways that limit global warming to well below 2°C. These pathways imply that almost all electricity is supplied from zero or low-carbon sources by 2050.
- The hydropower projects will have a power density above 5 W/m², or life-cycle emissions below 100 gCO₂e/kWh, or run-of-river plants without artificial reservoirs, in line with the EU taxonomy's substantial contribution technical screening criteria for the climate mitigation objective. These investments also include pumped-hydropower storage, as part of the Aguayo plant expansion project. We see positively investments in storage, since these bolster the efficiency by storing the renewable energy surplus, curbing reliance on fossil fuels, tackling the intermittence of renewables, and ultimately cutting CO₂ emissions.
- Repsol's output renewable electricity produced will be either sold directly to the wholesale market, or through PPAs, or otherwise through the retail company of the group. The issuer confirmed that the electricity generated from renewable sources will not be used for operations directly related to fossil fuels.
- Across all renewable energy-related projects, including hydropower, solar, and wind power projects, Repsol seeks to progress toward a circular economy, mainly focusing on eco-design also through suppliers' involvement. The eco-design efforts target the prolonging of wind turbines and solar panels useful lifespan, and their reusability and recyclability when reaching end-of-life . For example, for wind turbines the estimated lifespan is up to 30 years.
- Renewable energies like solar, wind, and hydro are vital, but their infrastructures can affect local biodiversity if not managed properly. Especially for hydropower, potential impacts on aquatic biodiversity can affect local habitats. For all projects included

in the category, legal requirements in Spain mandate an Environmental Impact Assessment (EIA) which includes biodiversity impacts assessment. Furthermore, for the projects developed in other jurisdictions, the issuer commits to carry out EIAs. The related environmental impact study performed, and the necessary authorization from authorities, capture the preventive and corrective measures that need to be implemented during both construction and operation of the assets.

- Covering all existing and new facilities, across all project categories, the issuer developed a semi-quantitative methodology to assess physical climate risk. The analysis relies on the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP 8.5, RCP 4.5, and RCP 2.6), covering three different time horizons (by 2030, by 2040, and by 2050). Based on the identified materiality of the risks, the issuer commits implementing the necessary adaptation measures. Currently, the assets show a low or moderate exposure to risk, according to Repsol.

Biofuels and Biogas

Assessment

 **Medium green**

Description

Production, distribution, and refining of biogas and biofuels for use in transport meeting the below criteria: The greenhouse gas emission savings from the manufacture of biofuels and biogas for use in transport and from the manufacture of bioliquids are at least 65% in relation to the GHG saving methodology and the relative fossil fuel comparator set out in Annex V to Directive (EU) 2018/2001.

Analytical considerations

- Biogas and biofuels can contribute to the transition to more sustainable transportation systems, though their climate risks and impacts depend on the management of life-cycle emissions, including considerations on feedstock type and sustainability, (indirect) land use change, and impact on carbon sinks. While the project category includes the production of both biogas, and biofuels, our understanding is that Repsol will use most of the proceeds to produce biofuels.
- Feedstock type and sourcing is key for biofuels production life-cycle emissions, and for other environmental impacts (such as land-use change). The issuer intends to utilize entirely waste-based feedstock; however, the eligibility criteria do allow for the inclusion of non-waste-based feedstock, which could potentially result in lower life-cycle emissions savings and higher land-use change risk. This flexibility in feedstock selection contributes to the Medium green shading of the project. Nevertheless, both the feedstock and the associated life-cycle emissions must comply with the EU Renewable Energy Directive II (RED II) requirements to ensure sustainability, adhering to local regulation or through the voluntary sustainability schemes (such as ISCC EU and SURE) adopted.
- Biogas and biofuels produced within this category must achieve a reduction in GHGs by at least 65% compared with traditional fossil fuels, in line with the EU Taxonomy substantial contribution criteria. While the issuer did not perform a full life-cycle-analysis of its biofuels, it carried out the calculations of the advanced biofuels from the Cartagena site based on the EU Directive 2018/2001. The Cartagena plant is a newly running bioenergy plant, where all feedstock comes from biogenic waste, such as used cooking oil, palm mill residues, and biowaste fractions from households, in line with RED II requirements. The GHG reduction estimates, validated by an external certification body, show a 90% improvement compared with conventional fossil fuels.
- For feedstock procurement and outbound logistics, the issuer is implementing monitoring systems of the transportation related CO2 emissions. Based on the monitoring outcomes, the issuer may choose alternative transportation means, relying on cleaner solutions. However, this process still appears to be on a case-by-case basis. Lastly, transportation contracts include terms encouraging suppliers to optimize fuel consumption or choose cleaner ones.
- In line with project categories above, the issuer performed a physical climate risk assessment covering all existing and new facilities, across all project categories. Further details can be found in the Renewable Energy analytical considerations.

Clean Transportation

Assessment

 **Dark green**

Description

Investments and expenditures related to the development, construction, and installation of projects contributing directly or indirectly to a reduction of CO2 emissions or energy consumption per km-passenger:

Infrastructure: electric charging points and station networks to serve vehicles with zero tailpipe CO2 emissions

Analytical considerations

- According to the IPCC’s sixth assessment report, the transportation sector accounts for roughly 15% of total GHG emissions and about 23% of global energy-related CO2 emissions. The largest source of transportation emissions is the movement of passengers and freight in road transport (69%). Repsol intends to fund the development, construction, and installation of electric charging points and station networks to serve vehicles with zero tailpipe CO2 emissions in petrol stations and other public spaces. We view this solution as Dark green considering that electrification of transportation modes is critical to decarbonizing the economy, and this requires significant expansion of low-carbon transport specific infrastructure, such as charging stations.
- The development of charging infrastructure can support Spain’s aim to reach 5.5 million electric vehicles (including hybrid vehicles) as well as its decarbonization goals. We note the actual emissions reduction that the vehicles can provide is dependent on the electricity source of the charging station (i.e., if the charging stations are connected to the local grid, the reductions depend on the local grid's profile), as well as on the type of electric vehicle using the asset. In this regard, the issuer has informed us that the electricity supplied to the charging points in its network (i.e., where Repsol is the electricity supplier) will be 100% renewable, which we view positively. That said, we lack visibility on the percentage of charging stations that will be built within Repsol’s network compared with the ones that will be connected to the grid. Both Spain and Portugal have a relatively similar energy mix with about 46% of the energy supplied deriving from coal and oil, 24% natural gas, with the remaining deriving from nuclear, wind, solar, hydro, biofuels, and waste. Their grids showcase emissions lower than that of other European countries (153g CO2/kWh in Spain and 164g CO2/kWh in Portugal in 2022 compared with 377.6g CO2/kWh in Germany; 307g CO2/kWh in Italy, and 370g CO2/kWh in the Netherlands) however, we identify as best practice a grid of 100 gCO2e/kWh or below. In 2023, Repsol increased the number of charging stations in the Iberian Peninsula to 1.850 installed. Additionally, it has reached agreements with companies in the retail and airfreight and logistics sectors (among others) to install charging stations at their premises.
- The construction of charging stations faces some upstream risks from the mining of essential minerals like copper or aluminum for cabling. The extraction processes for these materials can lead to environmental harm, water pollution, labor exploitation, and community conflicts. In this regard Repsol informs us that most of their providers are based in Europe and hence subject to European laws. To mitigate risks in the supply chain Repsol has a Code of ethics and Conduct for suppliers in place.

Hydrogen From Renewable Energy

Assessment

 **Dark to Medium green**

Description

Manufacture of hydrogen from electrolysis using renewable electricity, biogas and bioliquid reforming, and photo-electrocatalysis with solar energy, meeting the below criteria:

Life-cycle GHG emission savings of 73.4% for hydrogen (resulting in life-cycle GHG emissions lower than 3tCO2e/tH2) and 70% for hydrogen-based synthetic fuels relative to a fossil fuel comparator of 94gCO2e/MJ in analogy to the approach set out in Article 25(2) of and Annex V to Directive (EU) 2018/2001.

Analytical considerations

- Green hydrogen is important for the transition to a low carbon and climate resilient (LCCR) future due to its low emissions and potential applications in otherwise difficult to decarbonize industrial processes and transportation. A further benefit is hydrogen’s energy storage potential. Hydrogen projects financed under the framework will need to have 73.4% lower life-cycle emissions compared with a fossil fuel comparator, consistent with the threshold outlined in the EU taxonomy.
- Repsol anticipates it will produce hydrogen from either renewable electricity sources or biogas reforming. We shade as Dark green hydrogen produced from renewable electricity sources due to the consistency of the electricity’s source with an LCCR, meanwhile we assign Medium green to hydrogen produced from biogas due to the environmental risks associated with biogas feedstock, as outlined in the “Biofuels and biogas” project category above. Although the framework states hydrogen produced by photo-electrocatalysis with solar energy and bioliquid reforming, we understand from Repsol that no projects of these types are currently planned.
- Green hydrogen is needed to help energy- and emissions-intensive sectors such chemical and fuel companies, steel producers, refineries, and gas utilities to reduce emissions. According to the issuer, the hydrogen produced will not be used in traditional oil refining, although it may be used in biofuel refining. Another potential use is to produce green ammonia. Other environmental risks associated with the end use of hydrogen-derived products, including on-field ammonia emissions when it is used as a fertilizer, are important to manage.
- Synthetic fuels produced from hydrogen have a role in decarbonizing hard to abate sectors, particularly road, shipping, and air transportation. Although synthetic fuels produced from hydrogen may be financed under this framework category, Repsol has informed us that they are unlikely to be a significant proportion of proceeds. Even so, it is a positive that if financed, hydrogen fuels will need to have 70% lower life-cycle emissions compared with a fossil fuel comparator, consistent with the threshold outlined in the EU taxonomy. Furthermore, the shading of synthetic fuels from hydrogen is in line with the wider project category given the hydrogen source is a major input to the fuels.
- Risks related to hydrogen leakage are important to manage, given hydrogen can lead to an indirect global warming effect. Repsol has implemented risk management measures to avoid hydrogen leakage.

Carbon storage

Assessment

 **Dark green**

Description

Investments in the infrastructure associated with the storage of captured CO2 from hard to abate sectors such as construction, cement, steel, or ammonia production (excluding oil and gas)

Analytical considerations

- CCS will be necessary in the future to limit global warming to well below 2°C, particularly for hard to abate sectors, as it seeks to prevent CO2 that cannot be mitigated or avoided from entering the atmosphere. We assess the issuer’s carbon storage project as Dark green because it is expected to be a necessary technology to achieve an LCCR future. CCS involves the removal from the atmosphere, and permanent storage of, emissions from hard-to-abate processes. We note however the importance of adequate leakage monitoring and detection systems, as well as the need to comprehensively assess projects’ life-cycle emissions.
- Repsol Exploracion will provide carbon storage services to third parties and Repsol Quimica. The storage will be used to abate CO2, mostly of hard-to-abate industries (excluding oil and gas) such as cement production, waste incineration facilities and chemical industry companies with which Repsol engages. Additionally, Repsol Quimica, as a hard-to-abate industry that produces chemical products used in agriculture and the automotive industry among others, includes in its decarbonization plans the capture and storage of CO2 to reduce operational emissions that would otherwise be impossible to abate through other decarbonization levers. Currently the company does not have any projects in the pipeline that would meet the criteria, though we understand that projects are under evaluation the U.S., Europe, North Africa, and Southeast Asia. The framework excludes the use of proceeds to capture or store CO2 from the exploration and refining of oil and gas, which supports our assessment of the category as Dark green. Additionally, we view positively the objective to permanently store the captured CO2 in appropriate geological formations, instead of using the sequestered carbon, which would lead to the downstream release of emissions and contribute to the lock-in of CO2 emissions from hard-to-abate industries.

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- CCS technology requires considerable water and energy. In this regard, we view positively that the power required to run storage facilities will be likely supplied from the grid through a renewable energy PPA, and/or certified guarantees or origin. We view the use of PPAs as having a larger sustainability benefit than other mechanisms, as these often translate into an expansion of renewable energy generation, thus helping to displace fossil fuels for the local energy mix. Regarding water usage, we view positively that Repsol commits to carrying out EIAs (which include assessments of impact on the water environment) and to report on the ecological, chemical, and physical state of the water in line with the DNSH criteria for the Water Objective of the EU Taxonomy Regulation.
- Additional significant risks involve emissions during transportation and potential leaks during transportation and storage. To mitigate these risks, Repsol follows industry standards and local regulations to measure, monitor, and verify processes for CO2 storage. We believe Repsol could implement the use of advanced techniques such as seismic monitoring and geochemical sampling to mitigate risks further. It also assesses potential interference with underground water during the characterization and validation phases prior to the construction of storage projects, and follows ISO 27914 “Carbon dioxide capture, transportation and geological storage — Geological storage” standard to ensure that storage formations are properly evaluated, developed, operated, and abandoned.
- We view positively that Repsol has forecast life-cycle emissions of CCS projects based on international standards (API Compendium of Greenhouse Gas Emissions Methodologies for the Natural Gas and Oil Industry, 2021). The results show that the emissions for the storage part of the CCS value chain would be lower than 0.1% of the stored CO2 volumes. These forecasts will be verified by a third party when the assets are in operation, which we view positively.

Circular economy adapted products, production technologies and processes

Assessment

 Light green

Description

Recycled products: increased circular (recycled/renewable) content in chemical products.

- Chemicals manufactured by mechanical recycling or physical recycling of polymer feedstock waste
- Chemicals manufactured by chemical recycling of plastic waste presenting a lower climate change net burden (negative impacts versus total savings in the whole system) than the virgin fossil-based feedstock route
- Chemicals derived wholly or partially from renewable feedstock (including certified bio-attribution via mass balance), where its life-cycle GHG emissions are lower than the life-cycle GHG emissions from the use of its equivalent fossil fuel feedstock.

Analytical considerations













- Circular economy measures will be relevant for reaching an LCCR future by 2050, in line with the Paris Agreement. Plastic recycling contributes to reducing plastic pollution and can contribute to reducing GHG emissions by decreasing the demand for virgin plastic production and emissions from the disposal or incineration of plastic--all significant sources of emissions--though is less preferable than the avoidance or reuse of waste. Nonetheless, different recycling technologies, such as mechanical and chemical processes, can entail significant emissions and fossil fuel use, as well as other environmental risks such as air pollution. Repsol confirmed that its emissions meet or are below the levels associated with best available technologies (BAT-AEL), in line with the DNSH requirement for Pollution Prevention and Control of the EU Taxonomy Regulation. Based on these considerations—emphasizing that, per the eligibility criteria, chemical recycling need only have minimal emissions savings compared to virgin plastic production, and the comparatively nascent state of chemical recycling technologies - we assess the project category as Light green.
- Repsol has provided examples of the types of projects it could finance under this category, for example the construction of recycling plants, the procurement of recycled plastics, retrofitting of old machinery to process pyrolysis oil derived from plastic waste, and direct equity investments in waste management companies. Both mechanical and chemical recycling are eligible, according to Repsol, because it will only use chemical recycling if mechanical recycling is not technologically or economically feasible. Mechanical recycling is generally considered to entail lower emissions and environmental risks than chemical recycling (see below for fossil fuel use), but it is not suitable for all plastics and produces output of lower quality (the output quality of the chemical recycling process resembles that of virgin plastics). Repsol has, moreover, excluded using proceeds to finance projects

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that involve virgin plastics in the value chain, for example blended products, which mitigates the risk that investment can lock-in reliance on virgin plastic.

- Repsol’s current plastic recycling-related activities run on fossil fuels, showing a risk of CO2 emissions lock-in, though it plans to transition to renewables from 2025, through solar PV self-consumption projects and PPAs, in line with its 2050 net-zero ambition.
- In line with project categories above, the issuer performed a physical climate risk assessment covering all existing and new facilities, across all project categories. Further details can be found in the “Renewable Energy” analytical considerations.

S&P Global Ratings' Shades of Green

Assessments					
 Dark green	 Medium green	 Light green	 Yellow	 Orange	 Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

EU Taxonomy Assessment

In our EU Taxonomy assessment, we opine on whether an eligible project to be financed aligns with the EU Taxonomy in cases when the economic activity is covered by technical screening criteria (TSC), which is incorporated into European law via delegated acts. (see “[Analytical Approach: EU Taxonomy Assessment](#)”).

We believe Repsol project categories listed in the framework meet both the substantial contribution and DNSH criteria and its procedures are aligned with the minimum safeguards. EU Taxonomy activities that the issuer will finance are mainly related to renewable energy activities, such as electricity generated from solar PV, wind, and hydropower, but also relate to the manufacture of hydrogen, manufacture of biogas and biofuels, underground storage of carbon and clean transportation.

Regarding the minimum safeguards, Repsol conducts human rights due diligence, including workers’ rights in all countries where it operates. In practice, Repsol has included specific clauses in supplier contracts and performs supplier audits, training, and human rights awareness campaigns. Furthermore, human rights risks are integrated into the company’s integrated risk management system, and all the risks are reported annually to the risk management units. Additionally, Repsol manages all risks related to corruption, fraud and tax.

EU Taxonomy – Detailed analysis

4.1 Electricity generation using solar PV technology - D35.11, F42.22

Repsol aims to finance the development, expansion, construction, maintenance, acquisition and/or operation of PV solar technology.

Opinion	Key findings
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Substantial contribution: Technical screening criteria assessment

- | | |
|---|---|
| ✓ | <ul style="list-style-type: none"> We consider the issuer’s activity of electricity generation using solar PV technology as aligned with the TSC for substantial contribution to the EU’s climate change mitigation objective. |
|---|---|

Do no significant harm (DNSH): Technical screening criteria assessment

According to the TSC, this activity must not harm climate adaptation, circular economy, or biodiversity. Water and pollution are not applicable for this eligible economic activity.

- | | |
|---|--|
| ✓ | <ul style="list-style-type: none"> Currently, the assets show a low or moderate exposure to climate adaptation risk, according to Repsol. For DNSH on circular economy, the issuer disclosed that it applies circular economy principles across all countries where it operates, involving both operational sites and broader value chain, in line with the principles outlined in the environmental corporate policy. For solar panels the issuer focuses on eco-design, ensuring that the equipment, and its components, from their conceptualization and design, can be effectively reused or recycled once reaching end of life. |
|---|--|

4.3 Electricity generation from wind power - D35.11, F42.22

Repsol aims to finance the development, expansion, construction, maintenance, acquisition, and/or operation of electricity generation from wind power.

Opinion	Key findings
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Substantial contribution: Technical screening criteria assessment

- ✓ • We consider the issuer’s activity of electricity generation from wind power as aligned with the TSC for substantial contribution to the EU’s climate change mitigation objective.

Do no significant harm (DNSH): Technical screening criteria assessment

According to the TSC, this activity must not harm climate adaptation, circular economy, and biodiversity efforts. Pollution prevention and water are not applicable for this eligible economic activity, since the issuer confirmed that no offshore wind project is part of the financing.

- ✓ • For DNSH on circular economy, we conclude that the issuer aligns with the criteria. In fact, the issuer disclosed that it applies circular economy principles across all countries where it operates, involving both operational sites and broader value chain, in line with the principles outlined in the environmental corporate policy. For wind farms and related equipment, the issuer focuses on eco-design, ensuring that the equipment, and its components, from their conceptualization and design, can be effectively reused or recycled once reaching end of life.

4.5 Electricity generation from hydropower - D35.11, F42.22

Repsol aims to finance the development, expansion, construction, maintenance, acquisition and/or operation of electricity generation from hydropower.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

- ✓ • We consider the issuer’s activity of electricity generation from hydropower as aligned with the TSC for substantial contribution to the EU’s climate change mitigation objective.
- The issuer commits to focus its investments on the Aguayo plant in Spain, whose power density is higher than 5 W/m2, complying with the requirements of the TSC of the EU Taxonomy for electricity generation from hydropower.

Do no significant harm (DNSH): Technical screening criteria assessment

According to the TSC, this activity must not harm climate adaptation, water, and biodiversity efforts. Circular economy and pollution prevention are not applicable for this eligible economic activity.

- ✓ • For DNSH on water, the issuer informed us that the investments will be directed to the expansion plan of its Aguayo plant, in Spain, which is at an advanced stage of development, and whose environmental permit was already provided. Spain has implemented the requirements of EU Directive 2000/60/EC into national legislation. Specifically, Articles 4 and 11 of the Directive emphasize mitigation measures aimed at reducing environmental impacts on water from refurbishment activities on existing hydropower plants.
- Repsol confirmed that the monitoring and mitigation activities are performed in line with the Directive’s and local law’s requirements, so that the quality of water and biodiversity in check points downstream and upstream of the water bodies is assessed yearly. Additionally, to avoid potential harm, the necessary preventive technical measures have been implemented in the hydropower plant, the issuer confirmed. Since the Aguayo plant is already under construction, we consider the further TSC requirements on construction of new hydropower plants as not applicable.

4.10 Storage of electricity – Nace code not identified by the issuer

Repsol aims to finance the development, expansion, construction, maintenance, acquisition and/or operation of energy storage including pumped hydropower storage.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

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- We consider the issuer's activity of storage of electricity as aligned with the TSC for substantial contribution to the EU's climate change mitigation objective.
- ✓ • The issuer commits to focus its investments on the Aguayo plant in Spain, whose technology is pumped hydropower. Furthermore, the issuer has confirmed that the financing scope does not include any investment or allocation of funds toward chemical storage.

Do no significant harm (DNSH): Technical screening criteria assessment

According to the TSC, this activity must not harm climate adaptation, water, circular economy, and biodiversity efforts. Pollution prevention is not applicable for this eligible economic activity.

- ✓ • For circular economy, the issuer informed that all the activities related to the hydropower plant are conducted in line with ISO 14001, certified by an external authority. The ISO 14001 standard includes circular economy considerations, such as preparation of plans and procedures to properly manage waste, and prioritizing prevention, in line with the waste hierarchy. Furthermore, the overarching corporate of the group dedicates a specific commitment to the application of circular economy principles, aiming to reduce resources use and waste production while managing waste prioritizing reuse and recycling over landfill.
- Regarding to water, the issuer confirmed that the relevant pumped hydropower plant is not connected to a river body, therefore needing to comply to the generic DNSH TSC requirements for water. The issuer informed us that it has environmental impact studies, covering assessments of impact on the water environment, and that it reports on the ecological, chemical, and physical state of the water. Therefore, the company communicates that it guarantees that the ecological quality of water flows aligns with the Water Framework Directive to which the DNSH criteria refers.

7.6 Installation, maintenance, and repair of renewable energy technologies - F42, F43, M71, C16, C17, C22, C23, C25, C27, C28

Repsol aims to finance the expenditures related to the installation, maintenance, and repair of the renewable energy technologies encompassed in the framework, such as solar power, wind power, and hydropower. This activity enables others to make a substantial contribution to an environmental objective under the taxonomy.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

- ✓ • We consider the issuer's activity of installation, maintenance, and repair of renewable energy technologies aligned with the TSC for substantial contribution to the EU's climate change mitigation objective.

Do no significant harm (DNSH): Technical screening criteria assessment

- ✓ • According to the TSC, this activity must not harm climate adaptation. Pollution prevention, water, circular economy, and biodiversity efforts are not applicable for this eligible economic activity.

3.10 Manufacture of hydrogen – Nace code not identified by the issuer

Repsol will finance the Manufacture of hydrogen meeting the requirements of the EU taxonomy including life cycle GHG emissions savings of 73.4% for hydrogen relative to a fossil fuel comparator of 94 gCO₂e/MJ.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

- ✓ • We consider the issuer's activity of manufacture of hydrogen as aligned with the TSC for substantial contribution to the EU's climate mitigation objective.
- If Repsol finances projects to produce synthetic fuels, the projects will need to meet a 70% lifecycle GHG emissions savings relative to a fossil fuel comparator. Hydrogen may be produced from electrolysis using renewable electricity, biogas and bioliquid

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reforming as well as photo-electrocatalysis with solar energy. Repsol calculates the life-cycle-emission savings using either the methodology specified in the Article 28(5) of Directive (EU) 2018/200 or ISO 14067:2018(123) or ISO 14064-1:2018(124). Furthermore, once the plant becomes operational, it will undergo third-party verification to quantify the life-cycle emission savings.

- According to Repsol the process of CO2 capture from manufacturing is not relevant for the planned projects in line with this activity as the production process relies on renewable sources with no direct emissions. However, if future projects include capturing and storing the CO2 emissions emitted during the manufacturing process, the issuer informed us that they will comply with the carbon capture requirements set out in Sections 5.11 and 5.12 of the Directive (EU) 2009/31/EC.

Do no significant harm (DNSH): Technical screening criteria assessment

According to the TSC, this activity must not harm climate adaptation, water, pollution prevention efforts and biodiversity. The circular economy DNSH objectives are not applicable for this eligible economic activity.

- ✓ To meet the general DNSH criteria for the pollution prevention objective, the company confirms that the raw materials used in the activity will not include the substances listed in Annexes I and II of Regulation 2019/1021, or Annex II of Directive 2011/65/ EU, mercury or mercury compounds and substances that deplete the ozone layer. It also confirms that both its manufactured products and raw materials comply with the criteria specified in e), f), or g) of Annex C.
- To meet the specific pollution prevention DNSH for this activity, Repsol confirmed that criteria related to best available techniques (BAT-AEL) are a regulatory requirement for its facilities. In particular, Repsol confirmed that emissions meet or are below the levels associated with the BAT-AEL. Furthermore, the issuer has confirmed that the financed activities will have no negative impact on air, water, or soil, resulting in no significant media effect.

3.17 Manufacture of plastics in primary form - Nace code not identified by the issuer

Despite the eligible project category broad definition, the issuer informed us that they aim to finance only plastics-recycling related projects, including both mechanical recycling and chemical recycling. This activity is listed under the Taxonomy as “transitional” hence the TSC criteria may become stricter following EU Commission updates. As such, Repsol may be required to update the framework’s criteria if it wishes to continue aligning the framework’s criteria with the applicable TSC.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

- We consider the issuer’s activity of manufacture of plastics in primary form as aligned with the TSC for substantial contribution to the EU’ s climate mitigation objective.
- ✓ For chemical recycling, the issuer shared the necessary life-cycle analysis performed by a third-party, based on the ISO 14067:2019 methodology. Therefore, the manufacture of plastics in primary form activities considered can substantially contribute to climate change mitigation, in our view.

Do no significant harm (DNSH): Technical screening criteria assessment

According to the TSC, this activity must not harm climate adaptation, water, pollution prevention efforts, and biodiversity. The circular economy DNSH objectives are not applicable for this eligible economic activity.

- ✓ Repsol confirmed it meets the pollution prevention DNSH criteria related to BAT-AEL, since these are a regulatory requirement for its facilities. Furthermore, Repsol confirmed that its emissions meet or are below the levels associated with the BAT-AEL. Moreover, the issuer confirmed that the financed activities will not result in significant cross media effect. The generic DNSH requirements for pollution prevention and control for this activity are similar to those outlined for activity 3.10. Repsol applies the same standards for this activity thus the requirements are met.

4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids - Nace code not identified by the issuer

Second Party Opinion: Repsol Sustainable Financing Framework

Repsol aims to finance the production, distribution, and refining of biogas and biofuels for use in transport, meeting the 65% GHG emission-saving criteria set out in Annex V to Directive (EU) 2018/2001. The issuer also confirmed that the financed activities will comply with the criteria laid down in Article 29, paragraphs 2 to 5, of Directive (EU) 2018/2001 for the usage of agricultural and forest biomass as feedstock and exclude food or feed crops for the manufacture of biofuels and bioliquids.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

- We consider the issuer's activity of Manufacture of biogas and biofuels for use in transport and of bioliquids as aligned with the TSC for substantial contribution to the EU's climate mitigation objective.
- ✓ • The issuer confirms that currently no anaerobic digestion is included in the projects to be financed under the framework. Therefore, the criteria related to the manufacture of biogas that rely on anaerobic digestion of organic material are not applicable for current projects. We understand that these criteria will be met should Repsol finance such projects in the future.
- Repsol does not explicitly address the TSC related to CO2 capture from manufacturing process because it has no projects of this type planned.

Do no significant harm (DNSH): Technical screening criteria assessment

- According to the TSC, this activity must not harm climate adaptation, water, pollution prevention efforts, and biodiversity. The circular economy DNSH objectives are not applicable for this eligible economic activity.
- ✓ • The issuer confirmed that the only project (C43) it currently plans to finance does not produce biogas through anaerobic digestion, and therefore the pollution prevention DNSH related to biogas production and anaerobic digestion are not applicable. However, the issuer also confirmed that future financing will meet pollution prevention DNSH, if applicable.

5.12 Underground permanent geological storage of CO2 - E39.00

This activity relates to the permanent storage of CO2 in underground geological formations.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

- ✓ • Currently Repsol does not have any activities identified that meet the framework criteria and the EU TSC but commits to comply with it for future projects. Projects under evaluation are located in the U.S., Europe, North Africa, and Southeast Asia. Repsol commits to provide a characterization and assessment of any potential storage complex and surrounding area in line with Directive 2009/31/EC for storage sites located in Europe and with ISO 27914:2017(251) for storage sites located in third countries. Additionally, it commits to implement appropriate leakage detection systems to prevent leakage risks during the operation of the assets. Also, it commits to set a monitoring plan of the injection facilities, the storage complex, and, where appropriate, the surrounding environment, and to have regular reports checked by the competent national authority.

Do no significant harm (DNSH): Technical screening criteria assessment

- According to the TSC, this activity must not harm climate adaptation, water, pollution prevention, and biodiversity efforts. Circular economy is not applicable for this eligible economic activity.
- ✓ • To meet the DNSH criteria for the water objective, the company carries out EIAs (which include assessments of the impact on the water environment) for all existing and new assets. It reports on the ecological, chemical, and physical state of the water, so that the ecological quality of water flows meets the Water Framework Directive to which the DNSH criteria refers.
- Finally, while Repsol does not provide any evidence on how it ensures compliance with Directive 2009/31/EC regarding the pollution prevention and control DNSH, it states that it is always committed to comply with all applicable legislations in the countries where the company operates.

6.15 Infrastructure enabling low-carbon road transport and public transport - F42.11, F42.13, M71.12, M71.20

Repsol is looking to finance electric charging points and station networks to serve vehicles with zero tailpipe CO2 emissions. This activity enables others to make a substantial contribution to an environmental objective under the taxonomy.

Opinion Key findings

Substantial contribution: Technical screening criteria assessment

- ✓ • We consider the issuer’s activity of infrastructure enabling low-carbon road transport and public transport as aligned with the TSC for substantial contribution to the EU’s climate mitigation objective.
- We note the infrastructure will not be dedicated to the transport or storage of fossil fuels.

Do no significant harm (DNSH): Technical screening criteria assessment

- In our view, this activity meets the DNSH requirements for climate adaptation and does not harm water, pollution prevention, circular economy and, biodiversity efforts (please refer to the commission notice C/2023/267 [CM C/2023/267], which states that activities can qualify as taxonomy aligned when they do not give rise to any potential issues with DNSH criteria).
- Through this project category, the issuer focuses on financing the development, construction, and installation of electric charging points and station networks to serve vehicles with zero tailpipe CO2 emissions in petrol stations. It states that the DNSH criteria can only be applied to big projects/assets that enable low carbon road transport, and not to the installation of one single electric charging point, as the environmental impacts of such an asset cannot be considered material (in line with CM C/2023/267).
- ✓ • To meet the DNSH criteria for the circular economy objective at least 70% (by weight) of the non-hazardous construction and demolition waste generated on a construction site needs to be prepared for reuse, recycling, and other material recovery. While we note Repsol does not meet this criterion for the installation of electric charging points, the evidence presented shows that the waste generated by the installation of electric charging points is not segregated, and it is managed by a waste management company. The issuer informed us that the amount of waste generated is less than 7% of the waste generated at a major construction project, and hence we deem it not material for the company.
- To meet the DNSH criteria for the pollution prevention, objective measures need to be taken to reduce noise, dust, and pollutant emissions during construction and maintenance works, and relevant noise and vibrations from the use of the infrastructure need to be mitigated by introducing open trenches, wall barriers, or other mitigation measures. Although the DNSH is not considered relevant given the small-scale nature of the project, the issuer shows that the noise level of the equipment is 59 decibels (average sound level of a restaurant or an office) and hence does not require measures to mitigate the noise.
- Regarding the DNSH criteria for biodiversity and water, again we deem it as not material, given the small scale of the project.

Aligned = ✓ Not aligned = ✗

Analysis of the generic DNSH criteria

Opinion	Environmental objective	Key findings
✓	Climate adaptation	To meet the climate adaptation DNSH requirements Repsol has developed a semi quantitative methodology to evaluate in detail the physical risks of climate change at existing and new facilities. The analysis is informed by global warming scenario analysis (RCP 8.5, RCP 4.5 and RCP 2.6) for the years 2030, 2040, and 2050. Based on the identified materiality of the risks, the issuer commits to implementing the necessary adaptation measures.
✓	Sustainable water	To meet the DNSH criteria for the water objective, the company carries out EIAs (which include assessments of the impact on the water environment) for all existing and new assets. It reports on the ecological, chemical, and physical state of the water, so that the ecological quality of water flows meets the Water Framework Directive to which the DNSH criteria refers.
✓	Pollution prevention	The company confirms that the raw materials used will not include the substances listed in Annexes I and II of Regulation 2019/1021, or Annex II of Directive 2011/65/ EU, mercury or mercury compounds

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		and substances that deplete the ozone layer. It also confirms that both its manufactured products and raw materials comply with the criteria specified in e), f), or g) of Annex C.
✓	Biodiversity protection	the EIAs carried out by Repsol assess and report on biodiversity risks as well as mitigation and compensation measures adopted in the affected terrestrial ecosystems guaranteeing compliance with the DNSH criteria for Biodiversity. The issuer has confirmed that these measures and assessments will also be conducted for future projects financed through the framework.

Aligned = ✓ Not aligned = ✗

Minimum safeguards assessment at issuer level

Opinion	Key findings
✓	<p>Regarding the minimum safeguards, Repsol conducts human rights due diligence, including workers' rights in all countries where it operates. This is incorporated through risk management, business relationships, project life cycle, and procurement process. Within its Integrated Management Report, Repsol details the process it follows and references the six steps outlined in the OECD Guidelines for Multinational Enterprises (MNE) and the U.N. Guiding Principles on Business and Human Rights. In addition to its public Human Rights and Community Relationship Policy, the company's commitments are implemented through its Code of Ethics and Business Conduct, as well as its Ethics and Conduct Code for Suppliers.</p> <p>In practice, Repsol has included specific clauses in supplier contracts and performs supplier audits, training, and human rights awareness campaigns. Furthermore, human rights risks are integrated into the company's integrated risk management system, and all the risks are reported annually to the risk management units.</p> <p>In 2014, Repsol created its own human rights impact assessment methodology. Prior to conducting each operation, a social impact assessment is performed, considering the effects on human rights. Repsol has implemented a grievance mechanism that aligns with the U.N. Guiding Principles on Business and Human Rights.</p> <p>Repsol's integrity policy serves as a reference framework for addressing corruption and fraud. Furthermore, Repsol's Code of Ethics and Conduct covers anticorruption and bribery topics and employees at all levels receive annual training on these topics to enhance their awareness. As part of supply chain risk management, suppliers are subjected to due diligence on issues such as corruption, money laundering, and terrorist financing. Repsol also screens its suppliers on aspects like integrity, anti-corruption, and bribery using Refinitiv's World Check One tool. The information is regularly reviewed and updated for all suppliers having contractual relationships with the company.</p> <p>Repsol has put in place tax risk management, strategies, and processes, as outlined in the OECD MNE Guidelines; these are publicly disclosed. The company's tax strategy follows tax principles that are approved by the board of directors. Repsol makes these public, as part of its annual tax reporting. The tax principles outline the board's role in oversight, the wider tax governance structure, how Repsol complies with relevant tax laws and regulations, and its relationships with tax authorities.</p> <p>Compliance with competition laws is covered under Repsol's Code of Conduct, which promotes awareness among employees and the senior management team. Furthermore, the Competition Compliance Manual serves as a reference document for employees to better understand the fundamental principles governing competition regulation. In December 2023 the company faced a lawsuit for anticompetitive practices by Spain's National Commission for Markets and Competition (CNMC). However, Repsol denies the accusation with its details in its 2023 Integrated Management Report, and at the time of writing a conclusion to the lawsuit is still pending.</p> <p>Based on external sources, following the European Commission's Platform on Sustainable Finance's recommendations on minimum safeguards, and the issuer's confirmation, we have not seen the issuer being convicted on any of the four minimum safeguards regarding competitive practices.</p>

Aligned = ✓ Not aligned = ✗

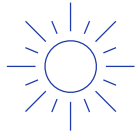
Mapping To The U.N.'s Sustainable Development Goals

Where the financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not affect our alignment opinion.

This framework intends to contribute to the following SDGs:

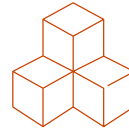
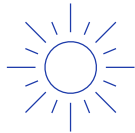
Use of proceeds

Renewable energy



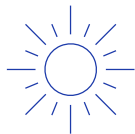
7. Affordable and clean energy* **13. Climate action**

Biofuels and biogas



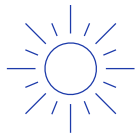
7. Affordable and clean energy **13. Climate action** **9. Industry, innovation and infrastructure**

Clean transportation



7. Affordable and clean energy **11. Sustainable cities and communities*** **13. Climate action**

Hydrogen from renewable energy



7. Affordable and clean energy **9. Industry, innovation and infrastructure** **13. Climate action**

Carbon storage



**9. Industry,
innovation and
infrastructure**



13. Climate action

Circular economy adapted
products, production technologies
and processes



**12. Responsible
consumption and
production***

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Analytical Approach: Second Party Opinions: Use Of Proceeds](#), July 27, 2023
- [FAQ: Applying Our Integrated Analytical Approach for Use-Of-Proceeds Second Party Opinions](#), July 27, 2023
- [Analytical Approach: Shades Of Green Assessments](#), July 27, 2023
- [Purchased Energy Emissions In Second Party Opinion And ESG Evaluations](#), March 23, 2023
- [S&P Global Ratings ESG Materiality Maps](#), July 20, 2022

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