



Repsol's approach to assess the climate credentials of an energy company

Luis Cabra

EMD Energy Transition, Technology,
Institutional Affairs & Deputy CEO
October 4, 2022



The Repsol Commitment
Net Zero Emissions
by 2050

Disclaimer

ALL RIGHTS ARE RESERVED
© REPSOL, S.A. 2022

This document contains information and statements that constitute forward-looking statements about Repsol. Such estimates or projections may include statements about current plans, objectives and expectations, including statements regarding trends affecting Repsol's financial condition, financial ratios, operating results, business, strategy, geographic concentration, production volumes and reserves, capital expenditures, cost savings, investments and dividend policies. Such estimates or projections may also include assumptions about future economic or other conditions, such as future crude oil or other prices, refining or marketing margins and exchange rates. Forward-looking statements are generally identified by the use of terms such as "expects," "anticipates," "forecasts," "believes," "estimates," "appreciates" and similar expressions. Such statements are not guarantees of future performance, prices, margins, exchange rates or any other event, and are subject to significant risks, uncertainties, changes and other factors that may be beyond Repsol's control or may be difficult to predict. Such risks and uncertainties include those factors and circumstances identified in the communications and documents filed by Repsol and its subsidiaries with the Comisión Nacional del Mercado de Valores in Spain and with the other supervisory authorities of the markets in which the securities issued by Repsol and/or its subsidiaries are traded. Except to the extent required by applicable law, Repsol assumes no obligation - even when new information is published, or new facts are produced - to publicly report the updating or revision of these forward-looking statements.

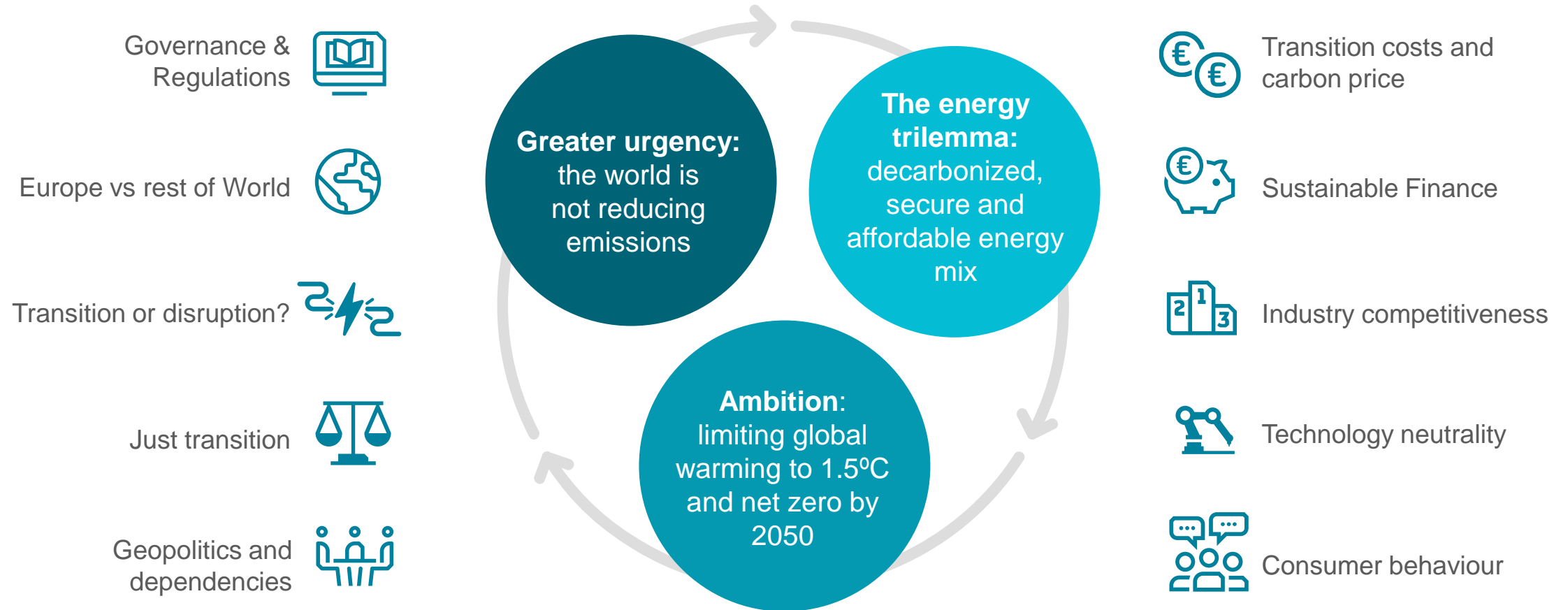
In October 2015, the European Securities Markets Authority (ESMA) published its Guidelines on Alternative Performance Measures (APMs). The guidelines apply to regulated information published on or after 3 July 2016. The information and breakdowns relative to the APMs used in this presentation are updated quarterly on Repsol's website.

This document does not constitute an offer or invitation to purchase or subscribe securities, pursuant to the provisions of the Royal Legislative Decree 4/2015 of the 23rd of October approving the recast text of the Spanish Securities Market Law and its implementing regulations. In addition, this document does not constitute an offer to purchase, sell, or exchange, neither a request for an offer of purchase, sale or exchange of securities in any other jurisdiction.

The information contained in the document has not been verified or revised by the Auditors of Repsol.

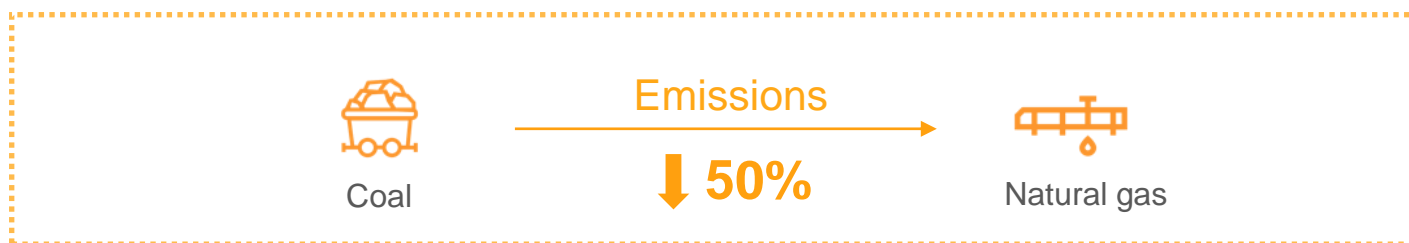
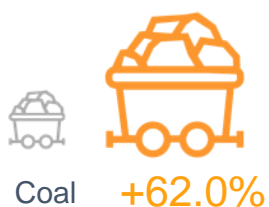
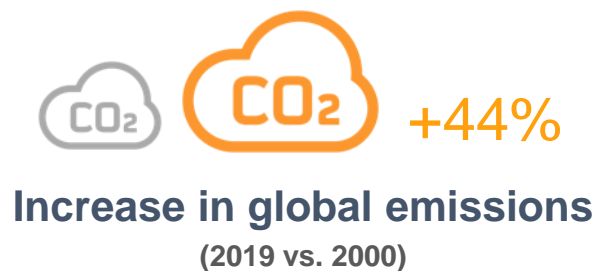
01. How to assess the climate credentials of energy companies?

The energy transition: a complex picture

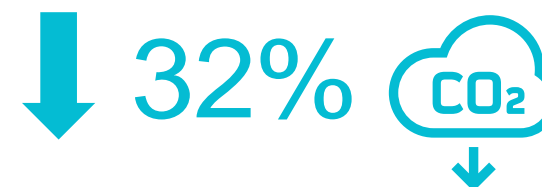


01. How to assess the climate credentials of energy companies?

The world is not reducing emissions

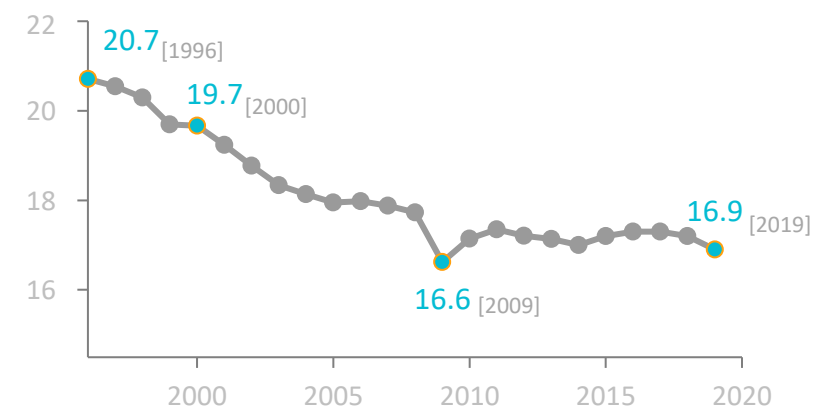


European Union



- Exported CO₂
- Lower industrial weight

Weight of Industry in EU GDP (%)

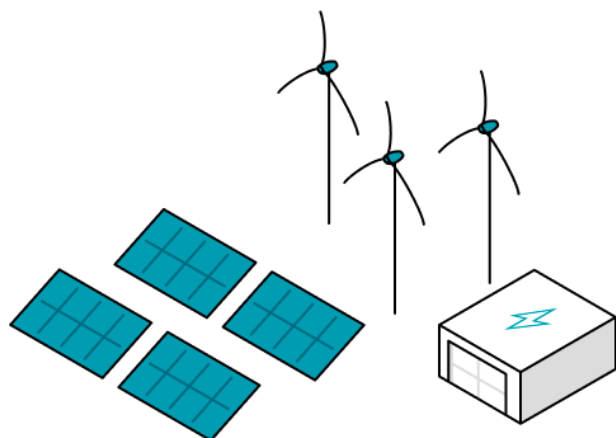


01. How to assess the climate credentials of energy companies?

Decarbonization is more than electrification

Electrons

(Renewables)

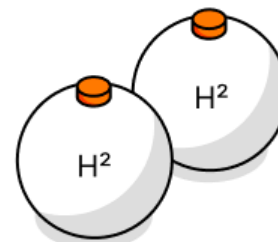


Molecules

(Renewables)

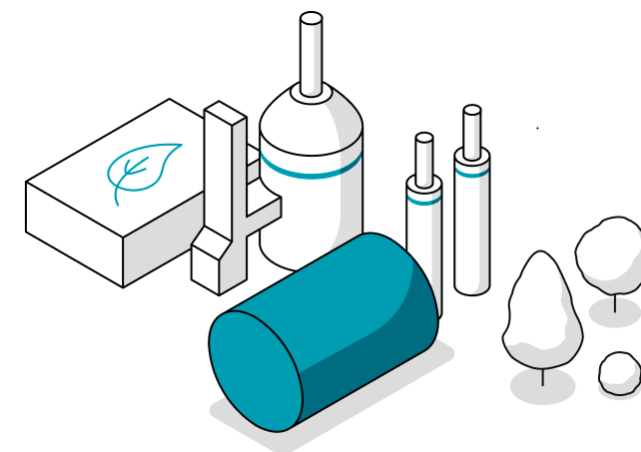


Liquids



Gases

CO₂ Capture



01. How to assess the climate credentials of energy companies?

Principles

Inclusiveness

Transition as well as end-state solutions



Standardization of metrics

Standardized metrics while avoiding over-simplification



Expert judgement

Transparent disclosing and engagement with stakeholders



Principles



Technology neutrality

Door opened to all decarbonization options



Long term uncertainty

Company ambition and resilience to climate risks under different macro scenarios

1.5°C scenarios

iea

ipcc

VS

End-state focus only
Tech. determinism
Over-simplification

Transition & end-state focus
Tech. neutrality
Sophistication

Sustainability frameworks
Regulations



BlackRock

US IRA - Clean Energy (2022)

01. How to assess the climate credentials of energy companies?

Repsol's approach

- Assessment of the energy transition strategy of a company (instead of single path/metric or green/brown listing)
- Science-based and comprehensive methodology
- A set of standardized metrics and targets
- Clear differentiation between:
 - Firm targets under any scenario
 - Projections linked to a given macro scenario
- Continuous engagement and detailed disclosing



Expert judgement
from stakeholders
(no single recipe for
yes/no aligned)

01. How to assess the climate credentials of energy companies?

Repsol's set of key metrics and targets

Carbon Intensity reduction (% CO₂e/energy)

- 2025-2030-2040-2050 w/ scope 3 included
- Three metrics for scope 3: **primary energy***, end-user sales**, total sales**

Business metrics driving CO₂ emissions

- GW renewable power generation capacity: 2025-2030*, 2040-2050**
- Ton/yr production of renewable liquid fuels: 2025-2030*, 2040-2050**
- GWe production of renewable hydrogen: 2025-2030*, 2040-2050**
- E&P production** (boed)
- Oil processed in refineries** (ton/yr)

Absolute emission reduction (% of CO₂e)

- Scope 1+2 operated 2030*
- Scope 1+2+3 net 2030*

Capital allocation (% of total capital allocated to low-carbon)

- % Capex* 2021-2025, ** 2030-2050
- % Capital employed* 2030, ** 2040-2050

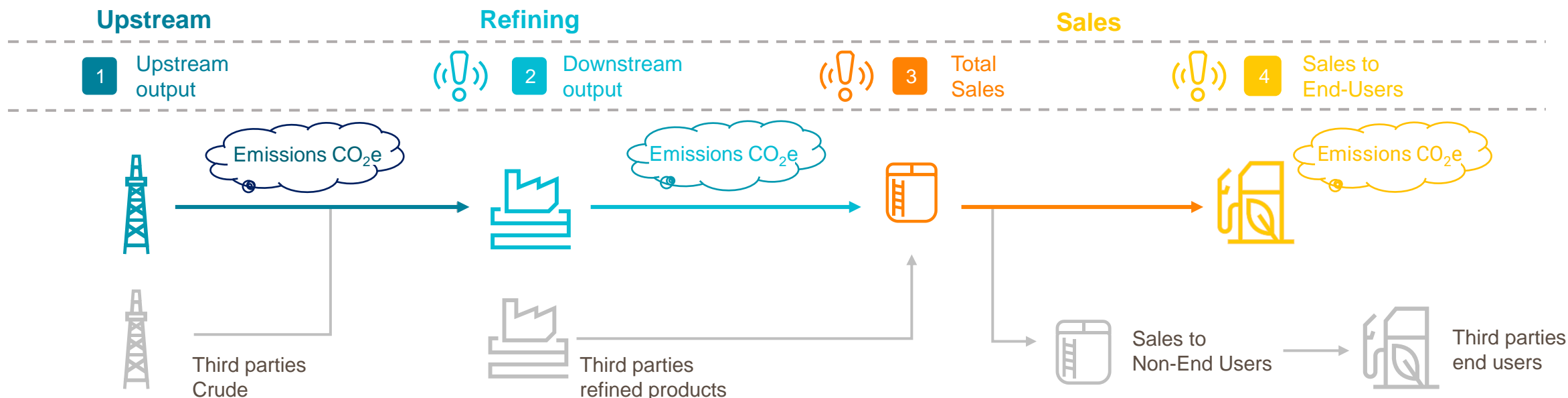
Emission reduction E&P

- Methane intensity 2025 (%methane/gas output)*
- Routine flaring reduction 2025 (%)*
- Emission intensity reduction 2025 (%CO₂/boe)*

(*) Firm targets under any scenario (**) Projections linked to IEA SDS and NZE macro scenarios

01. How to assess the climate credentials of energy companies?

Science-based metrics? the case of scope 3 emissions



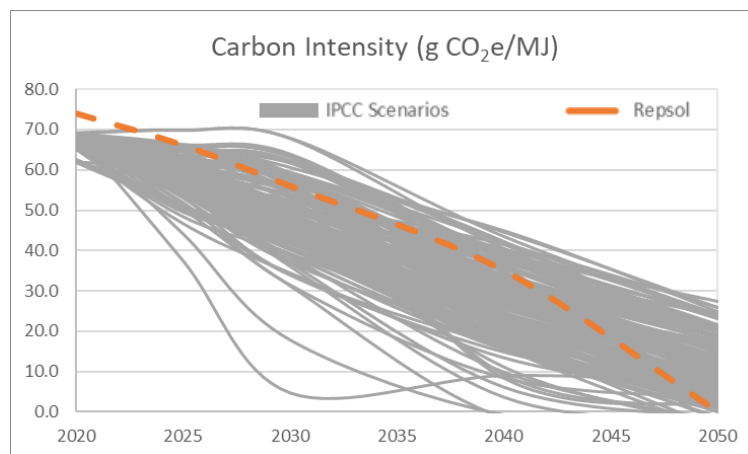
Risk of double counting emissions

- **Scope 3 based on products obtained from own oil & gas production:** a firm target under any scenario
 - Strategic decision, capex-intensive with long-term return, risk of stranded assets

- **Scope 3 based on downstream sales:** projections anchored in IEA SDS and NZE macro scenarios
 - Commercial decision, capex-light activity, driven by adaptation to demand
 - Avoid multiple counting: sales to end-users, or at least total sales net of merely traded products

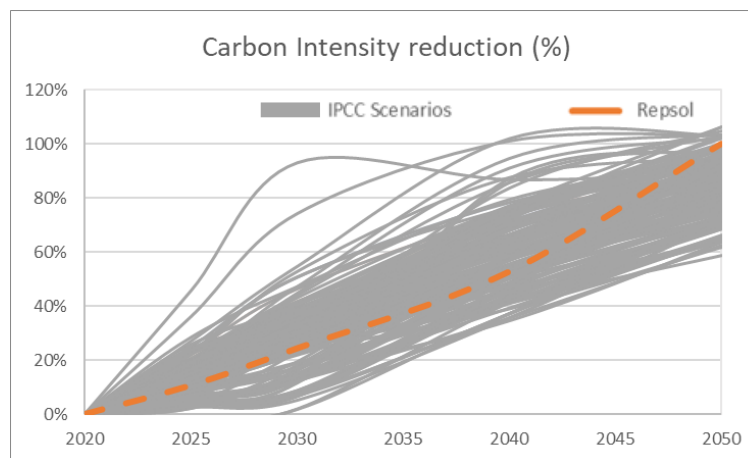
01. How to assess the climate credentials of energy companies?

Science-based metrics? 1.5°C scenarios



- Many potential paths to reach 1.5 degrees at the end of the century. IEA NZE scenario is one of them.

“There are many possible paths to achieve net zero CO₂e emissions globally by 2050 and many uncertainties that could affect any of them; the NZE is therefore a path, not the path to net zero emissions” (IEA)



- More than 160 potential paths described by IPCC to reach 1.5 degree at the end of the century, 28 of them net zero by 2050.

01. How to assess the climate credentials of energy companies?

Next steps for Repsol's framework improvement



Keep our **core net-zero 2050 CII reduction pathway** with Scope 3 based on primary energy as firm targets under any macro scenario.



Disclose **financial impact on Repsol of different long-term scenarios** as per TCFD recommendation (including 1.5°C scenarios).



Continued **proactive participation** in metric standardization initiatives.



Disclose **two more carbon intensity reduction pathways** with Scope 3 based on sales (end-user sales and total sales net of merely traded products), as projections anchored in “well below 2°C” scenario (IEA SDS) and 1.5°C scenarios (IEA NZE).



Continued engagement and transparent reporting of Repsol's climate framework, while facilitating application of any other stakeholders' frameworks.

ESG Day

Keeping engaged



The Repsol Commitment
Net Zero Emissions
by 2050