



**SECOND PARTY OPINION<sup>1</sup>  
ON THE SUSTAINABILITY OF REPSOL'S GREEN BOND<sup>2</sup>**

Issued in May 2017

**SCOPE**

Vigeo Eiris was commissioned to provide an independent opinion on the sustainability credentials and management of the Green Bond (the "Bond") considered to be issued by Repsol (the "Issuer"), according to Vigeo Eiris' Environmental, Social and Governance (ESG) assessment methodology, in line with the Green Bond Principles guidelines.

The opinion is based on the review of the two following components:

- Issuer: document-based evaluation of Repsol's ESG performance, controversies and capacity to mitigate these risks.
- Issuance: analysis of the coherence of the Bond framework with Repsol's strategy and commitments, and document-based evaluation of the Bond framework, including:
  - ▶ analysis of the process for categorisation and selection of projects eligible to the use of proceeds, and of the process for evaluation of projects' environmental and social risks and impacts
  - ▶ assessment of reporting systems dedicated to information, monitoring and control related to fund allocation, to management and impacts of financed projects.

Vigeo Eiris' sources of information are gathered from our rating database, from Repsol data, press content providers and stakeholders. Vigeo Eiris has carried out its due diligence from the 4<sup>th</sup> to the 28<sup>th</sup> of April 2017, completed by interviews with involved managers, held at the Repsol's head office in Madrid (Spain).

We were able to access to all appropriate documents and to meet all solicited people. We consider that the provided information enables us to establish our opinion with a reasonable level of assurance on their completeness, precision and reliability.

**VIGEO EIRIS' OPINION**

**Vigeo Eiris confirms that the Bond intended by Repsol is a "Green Bond" with positive contribution to sustainable development, aligned with the Green Bond Principles.**

**Vigeo Eiris reaches a reasonable<sup>3</sup> level of assurance on the Bond contribution to sustainability:**

- **Issuer:** Repsol displays an overall robust<sup>3</sup> ESG performance (see Part I).
  - ▶ Repsol is the leading performer out of 14 European companies in Vigeo Eiris' "Energy" sector and achieves advanced performance for its Social pillars, while the Environmental and Governance domains are robust.
  - ▶ Vigeo Eiris' assurance that ESG risk factors of Repsol are adequately managed is reasonable, including reputational, human capital, legal and operational risks.
  - ▶ Repsol faces frequent allegations in most domains of evaluation, with level of severity ranging from minor to significant. The company is overall reactive: it reports transparently in most cases to cooperate with interested parties or to take corrective actions.
  - ▶ Regarding the 9 disputable activities analysed by Vigeo Eiris<sup>4</sup>, Repsol's involvement in Hazardous chemicals is minor (due to production of hazardous chemicals).

<sup>1</sup> Second Party Opinion – Green Bond Principles: This opinion is to be considered as the "Second Party Opinion" described by the Green Bond Principles (2016 edition in the 'External Review' section). The Green Bond Principles include the Voluntary Process Guidelines for Issuing Green Bonds and the Guidance for Borrowers of Social Bonds (see: [www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-Bonds/](http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-Bonds/))

<sup>2</sup> The "Green Bond" is to be considered as the potential forthcoming Bond, which issuance is subject to market conditions.

<sup>3</sup> Definition of Vigeo Eiris' scales of assessment (as detailed on the last page of this document):

Level of Performance: Advanced, Robust, Limited, Weak.  
Level of Assurance: Reasonable, Moderate, Weak.

<sup>4</sup> The 9 controversial activities analysed by Vigeo Eiris are: Alcohol, Animal maltreatment, Armament, Hazardous chemicals, Gambling, Genetically Modified Organisms in food & feed, Nuclear energy, Sex industry, Tobacco. The controversial activities research provides screening on companies involvements in business activities that are subject to philosophical or moral concerns. The information does not suggest any approval or disapproval on their content from Vigeo Eiris.

- **Issuance:** The Issuer's Green Bond framework is coherent with Repsol's main strategic priorities and is considered to be robust (see Part II):
  - ▶ The net proceeds of the Green Bond will be used to finance and refinance Eligible Projects aimed to avoid GHG emissions and contribute to climate change mitigation, in line with two United Nations Sustainable Development Goals. Objectives and expected benefits associated with the Eligible Projects are visible, precise, relevant and measurable.
  - ▶ The processes for categorisation, evaluation and selection of Eligible Projects are clearly defined, made publically available on Repsol's website<sup>5</sup>, and robust in terms of transparency, bond governance and relevance of defined process and eligibility criteria.
  - ▶ The rules for the management of proceeds are clearly defined by the Issuer and would enable a documented and transparent allocation process, based on robust management of proceeds commitments.
  - ▶ The Issuer is committed to report annually, publically and until the net proceeds are fully allocated. The reporting commitments and process are robust, covering the fund allocation and environmental benefits of financed projects, reaching an overall reasonable level of assurance on its capacity to report on the Green Bond's use and impacts.

Beyond the Green Bond Principles requirements, in line with international standards, some ESG factors have been integrated in the evaluation and selection process, covering main ESG risks related to the Eligible Projects. Regarding monitoring and reporting on ESG management, Repsol will report at corporate level through its annual Sustainability Report, and disclose ESG information at facility level (i.e. site sustainability plans), based on a set of ESG KPIs.

## EXTERNAL REVIEW

Repsol's Green Bond issuance is supported by external reviews, provided by:

- The sustainability consultant review, i.e. the hereby Second Party Opinion performed by Vigeo Eiris, on the sustainability credentials of the Green Bond, based on pre-issuance commitments and covering all bond dimensions, i.e. Issuer's sustainability profile and commitments related to the issuance (use of proceeds, evaluation, selection and allocation processes and reporting).
- An external verification (by an external auditor) is expected to verify annually the management of funds until the net proceeds are allocated in full to Eligible Projects and later in the case of any material change in the list of Eligible Projects. In addition, the external auditors will verify the process used for the reporting metrics and the compliance with the Green Bond Principles until the allocation of the net proceeds.

*This Opinion is valid as of the date of issuance limited to Repsol's 2017 first Green Bond.*

Paris, 5<sup>th</sup> of May 2017.



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## Disclaimer

Transparency on the relation between Vigeo Eiris and the Issuer: Vigeo Eiris has never executed any audit mission nor consultancy activity for Repsol until so far and no established relationship (financial or other) exists between Vigeo Eiris and Repsol.

This opinion aims to explain for investors why the Green Bond is considered as sustainable and responsible, based on the information which has been made available to Vigeo Eiris and which has been analyzed by Vigeo Eiris. Providing this opinion does not mean that Vigeo Eiris certifies the materiality, the excellence or the irreversibility of the projects financed by the Green Bond. Repsol is fully responsible for attesting the compliance with its commitments defined in its policies, for their implementation and their monitoring. The opinion delivered by Vigeo Eiris neither focuses on financial performance of the Green Bond, nor on the effective allocation of its proceeds. Vigeo Eiris is not liable for the induced consequences when third parties use this opinion either to make investments decisions or to make any kind of business transaction.

Restriction on distribution and use of this Opinion: the opinion is provided by Vigeo Eiris to the Issuer and can only be used by the Issuer. The distribution and publication is at the discretion of the Issuer, submitted to Vigeo Eiris approval.

<sup>5</sup> <https://www.repsol.energy/en/shareholders-and-investors/fixed-income-and-credit-ratings/rif/index.cshtml>

## DETAILED RESULTS

### Part I. ISSUER

#### Level of Repsol's ESG performance

As of April 2017, Repsol's overall approach to manage ESG related issues is considered to be robust and improves progressively at each review.

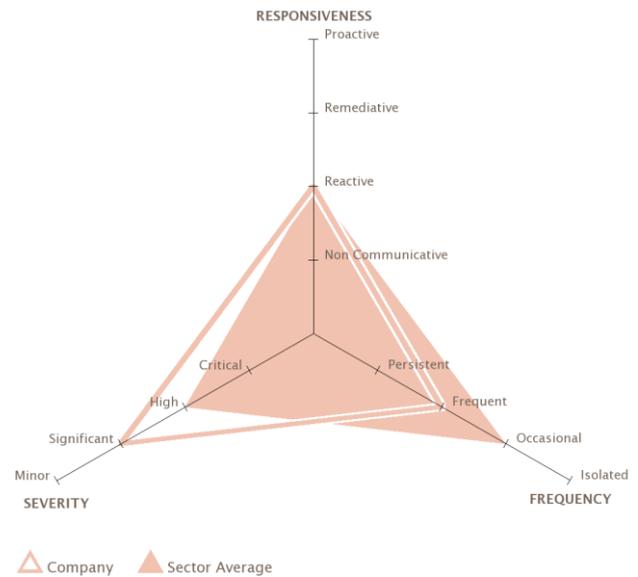
Domain	Comments	Opinion
Environment	<p>Repsol achieves a robust performance in the Environmental pillar. In 2015, Repsol reinforced its environmental commitment by joining the Oil and Gas Climate Initiative, an industry-led collaborative initiative that aims to prevent climate change, and the Oil and Gas Methane Partnership. By 2020, Repsol also committed to reduce its waste by 50 kilotons and avoid its GHG emissions by 1.9 million of tons annual run rate by 2020 starting in 2014. The Company invests in the offshore wind generation through a stake in Principle Power Inc and in WindFloat Atlantic (WFA) project.</p> <p>Repsol put into practice the International Petroleum Industry Environmental Conservation Association (IPIECA) and International Association of Oil &amp; Gas Producers (IOGP) management framework on biodiversity and ecosystem services. A biodiversity action plan is under implementation at each facility to prevent, minimize and restore the Company's impacts.</p> <p>A specific water management improvement action plan for 2015 to 2020 has been developed for each facility. Furthermore, Repsol undertook studies on the purification of the production water from upstream wells in order to be reused it for agricultural purpose. Positive results were achieved as the Group overall reduced its water and energy consumption as well as its GHG emissions.</p>	Advanced
		Robust
		Limited
		Weak
Social	<p>Repsol's performance in the Social pillar is advanced. The comprehensive policies to promote local social and economic development and to engage with stakeholders potentially impacted by its operations are backed-up by many social programmes and several communication channels.</p> <p>Human rights risks have been included in the general risk management matrix of the company, backed-up by training programmes, audits and contractual obligations for partners in joint operating agreements. Regarding the promotion of diversity, the Company has set up affirmative action programmes in Spain aimed at persons with disabilities.</p> <p>The majority of its workforce is covered by collective bargaining agreements and a wide range of subjects related to the quality of the work environment are covered. Repsol has also set a Trade Union Network that includes countries with restrictive legislation. Repsol has adopted measures for responsible management of reorganisations that implies the lay off of 6% its workforce. Regarding the management of Health &amp; Safety, 81% of its main sites are certified OHSAS 18001.</p>	Advanced
		Robust
		Limited
		Weak
Governance	<p>Repsol demonstrates a robust performance in the Governance pillar. The audit Committee holds a comprehensive role and oversees Corporate Social Responsibility (CSR) risks. In addition, the Company has presented to shareholders and investors its CSR strategy covering all most relevant CSR issues. However, only one third of Board members are considered independent (many are not considered independent on the account of being more than 9 years on board or representing more than 3% of the Company's shares). The transparency of executive remuneration remains limited.</p> <p>Repsol has developed a Crime Prevention Model, which is formalized in compliance and monitoring procedures which include controls aimed at mitigating the risks of non-compliance with both internal and external regulations.</p>	Advanced
		Robust
		Limited
		Weak

Repsol is included in the following Vigeo Eiris Indices (as the date of publication):

- Euronext Vigeo Eiris World 120
- Euronext Vigeo Eiris Europe 120
- Euronext Vigeo Eiris Eurozone 120

Stakeholder-related ESG controversies and Involvement in controversial activities

- **Frequency:** As of April 2017, Repsol faces frequent allegations: the Company is involved in 9 stakeholder-related ESG controversies, on several domains:
  - Business Behavior, especially on anti-competitive practices
  - Environment, especially on industrial accidents and pollution and biodiversity
  - Human Resources, especially on reorganization
  - Human Rights, especially on indigenous community rights
  - Community Involvement, especially on social and economic development
  
- **Severity:** The level of severity of the allegations ranges from minor to significant based on the analysis of their impact on the company and its stakeholders: the company faces 2 cases of minor severity, 7 cases of significant severity (indigenous community rights, biodiversity, reorganisation, anti-competitive practices and community involvement).
  
- **Responsiveness:** Repsol is overall reactive: the company is reactive in 5 cases, implements remedial actions for 2 cases, reports transparently in 7 cases and is not communicative in 2 cases.

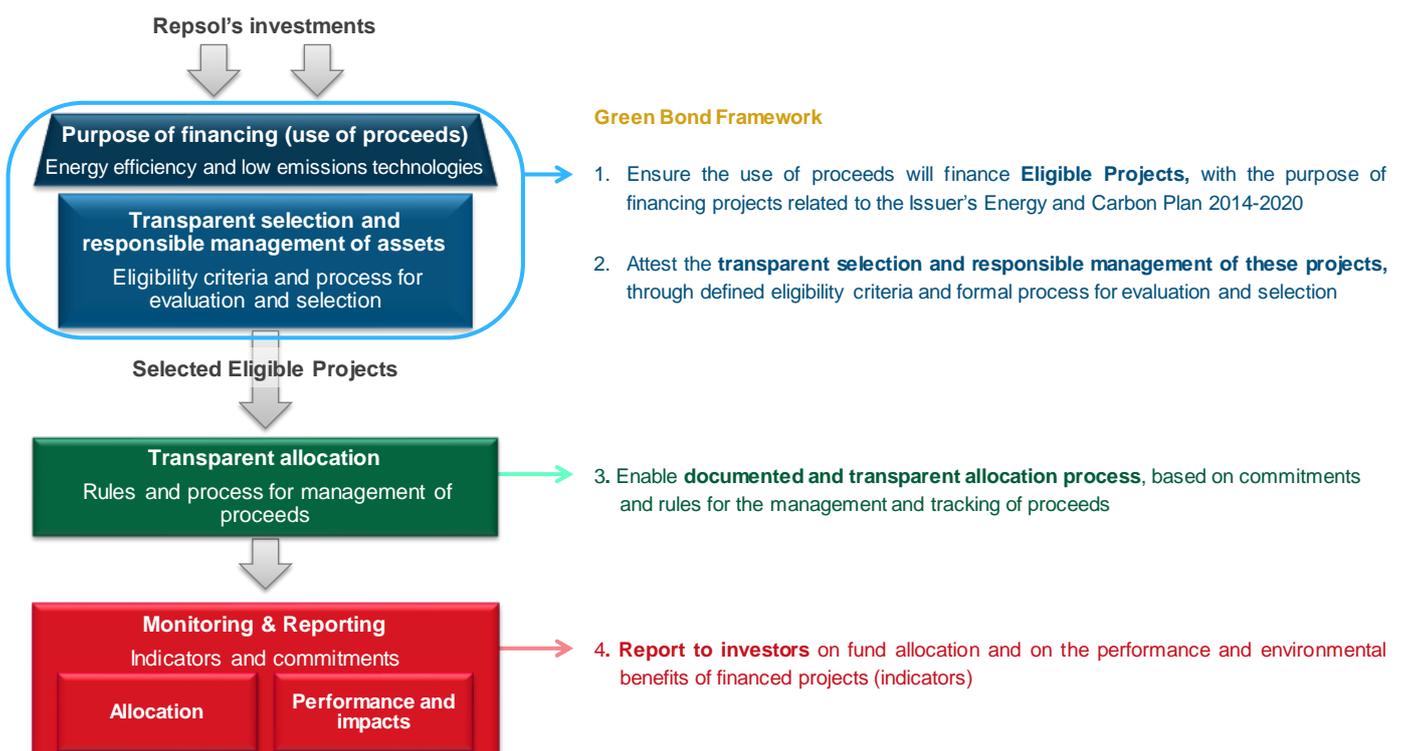


Regarding the 9 controversial activities analysed by Vigeo Eiris, and based on an estimation of the level and type of company involvement, Repsol's involvement in Hazardous Chemicals is minor.

- The company is involved in the production of hazardous chemicals but no information was found on the precise level of revenues generated by this activity. Vigeo has reasonably assumed the level of revenues to be in the [0-1%] range. Repsol produces petrochemical products and is listed in the Sinlist by Chemsec organisation as a producer of various hazardous chemicals.

Repsol is not involved in any of the other 8 controversial activities analysed by Vigeo Eiris.

**Part II. ISSUANCE**



### Coherence of the issuance

As an Oil & Gas company, which could be considered as GHG intensive per nature, Repsol's commitment to contribute to the energy transition is clearly expected to mitigate as much as possible the emissions generated from existing sources and facilities whilst the transition is taking place.

As signatory of the Paris Pledge for Action, Repsol has developed its Strategic Plan 2016-2020, which includes the targets of avoidance of GHG emissions by 1.9 million of tons annual run rate by 2020 starting in 2014.

- In order to reach this target the Energy and Carbon Plan 2014-2020 is a key part of the Strategy. The current plan follows on from the plan drawn up for the 2006-2013 period, which committed to cutting GHG by 2.5 million tons. This target was exceeded, cutting Repsol's GHG emissions by 3.1 million tons
- As of 2016, measures taken resulted in an avoidance of 1.2 million tons of CO<sub>2</sub>eq compared to 2010 GHG emissions, achieving approximately 63% of the target (avoidance of 1.9 million tons of CO<sub>2</sub>eq annual run rate by 2020 starting in 2014)
- ISO 14064-1 certification system for GHG emissions reporting (92% of the activities covered by 2016)
- ISO 50001 certification has been obtained in 9 facilities
- Repsol's upstream portfolio is evolving towards a higher percentage of gas compared to oil: around 65% of Repsol's production and 75% of Repsol's reserves are gas, aiming at reducing the carbon intensity of the company.

The Green Bond framework focused on Energy efficiency projects and Low emissions technologies, fully integrated in Repsol's catalogue of actions associated to the Energy and Carbon Plan 2014-2020.

Repsol's Green Bond Framework is coherent with the organization's main strategic priorities, and contributes to achieve its commitments and objectives. Vigeo Eiris has a reasonable level of assurance on Repsol's capacity to integrate relevant issues in terms of environmental responsibility.

### Use of proceeds

The net proceeds of the Green Bond will be used to finance and refinance Eligible Projects included in the GHG emissions reduction plan 2014-2020, that contribute to the avoidance of GHG emissions. This includes the (re)financing of, or investments in, two Eligible Projects categories solely in Repsol's production facilities:

- Energy efficiency projects, described in 6 technical typologies of projects
  - ▶ Upgrade of equipment: Heat
  - ▶ Upgrade of equipment: Dynamic equipment
  - ▶ Improvements of operating criteria
  - ▶ Energy Integration
  - ▶ New units / Process scheme modification
  - ▶ Network optimization
- Low emissions technologies.

Eligible Projects include recent and future projects, corresponding to existing, on-going and/or future investments. "Recent" means projects implemented since 2014 and "future" means projects to be made in from 2017 to 2020.

Repsol commits to finance investments in new technologies (as far as possible, best available solutions) to improve energy efficiency of its operations and to exclude the exploration of new fossil fuels resources or reserves and projects involved in a ESG issue or controversy.

#### Currently, for this transaction:

Eligible Projects are only included in Energy efficiency projects category and focus on the downstream activities (chemical and refinery facilities only and not additional capacity installation) in Spain and Portugal to operation improvement.

The definition of each Eligible Green Projects' category and technical typology, and the expected environmental benefits have been evaluated in the table below.

Eligible Projects categories	Definition	Objectives	Sustainability benefits	Vigeo Eiris' analysis
<b>Energy efficiency projects</b>	Investments in 6 technical typologies (above mentioned) devoted to reduce the energy consumption of existing processes, including distillation, cracking, reforming, and treating, in the assets mainly related to heating and steam energy	Improvement of energy efficiency and reduction of energy consumption  Avoidance of GHG emissions by 1.2 millions of tons of CO <sub>2</sub> eq annual run rate by 2020, related to investment projects	<b>Climate change mitigation</b> --- Energy savings and GHG emissions avoidance	The definition, based on the described technical technologies, is clear and the content is relevant, in line with Repsol's strategy  The objectives are visible, precise, measurable and relevant
<b>Low emission technologies</b>	Investments in other GHG emissions avoidance projects no related to energy efficiency one.  The eligible technologies included will be limited exclusively to - Methane emissions mitigation associated with gas production plants and gas pipelines - Reduction of flaring and venting - Alternative power generation, including exclusively the use of renewables and the recovering of exhausted process heat using Organic Rankine Cycle, both to produce electricity	Avoidance of GHG emissions by 1.2 millions of tons of CO <sub>2</sub> eq annual run rate by 2020, related to investment projects	<b>Climate change mitigation</b> --- GHG emissions avoidance	The definition is clear and the content is relevant, in line with Repsol's strategy  The objectives are visible, precise, measurable and relevant

In addition, Vigeo Eiris considers that the Eligible Projects align with the following United Nations Sustainable Development Goals (UN SDGs):

Contribution to achieving the UN SDG 7. Affordable and clean energy



The UN SDG 7 consists in ensuring universal access to affordable, reliable, sustainable and modern energy, with targets by 2030 on the share of renewable energy in the global energy mix and the improvement of energy efficiency.

By using the Green Bond proceeds to finance Eligible Projects related to both defined categories, Repsol is contributing to the UN SDG 7, with regards to the above-mentioned targets.

Contribution to achieving the UN SDG 13. Climate action



The UN SDG 13 consists in building resilience and adaptive capacity to its adverse effects, developing sustainable low-carbon pathways to the future, and accelerating the reduction of global greenhouse gas emissions, with targets by 2030 for businesses on:

- Improving their energy efficiency
- Reducing the carbon footprint of their products, services and processes
- Setting GHG emissions reductions targets, in line with climate science
- Scaling up investment in the development of innovative and inclusive low-carbon, climate-smart products and services

By using the Green Bond proceeds to finance Eligible Projects related to both defined categories, Repsol is contributing to the UN SDG 13, with regards to the above-mentioned targets.

Process for project evaluation and selection

The Issuer is committed to attest the transparency and efficiency of selection process and the responsible management of the proceeds and financed projects, through defined process and eligibility criteria as defined within the existing Green Bond framework, which have been evaluated by Vigeo Eiris.

The process for project evaluation and selection is considered to be robust, regarding its transparency, governance and relevance, in line with the Green Bond Principles guidelines.

- The process is clearly defined, formalised and publically available, relying on relevant selection criteria. In particular, the selection process aimed to:
  - ▶ Include projects which contribute to the GHG emissions avoidance targets and using only defined eligible categories and technical typologies
  - ▶ Exclude projects related to the exploration of new oil and gas resources or reserves, and projects involved in any ESG controversy
- Repsol's evaluation and selection process is reasonably structured, integrated in Repsol's existing policies and processes and internal roles and responsibilities are well-defined.
  - ▶ Projects demonstrating a positive impact in terms of GHG equivalent cut are identified by technical management at local facility level (process and production engineer, process and production manager, project manager etc.), according to defined steps.
  - ▶ The decision-making process regarding investment approval is defined, taken in the Conceptual or Basic engineering step by the several bodies depending on the project size
  - ▶ The Sustainability Division is responsible for validating and monitoring the GHG emissions reduction plan.
  - ▶ Repsol has constituted a specific Green Bond committee to select, review and monitor the list of projects financed by the Green Bond proceeds, to guarantee the suitable scope and the compliance with the eligibility and ESG criteria and internal standards. The committee is in charge of identifying and excluding from the scope of the Green Bond any project that does not fulfil the eligibility criteria. The committee will meet at least once per year.
- The evaluation and selection process is based on relevant internal expertise and involved people are appropriate, including project managers, Technological Development & Innovation departments and the Energy and Climate Change unit.
  - ▶ In particular, the Green Bond Committee is made up by the Head of Energy and Climate Change; the Head of Strategy on Sustainability and the Head of Financing. This committee will be chaired by the Sustainability Director

Beyond the Green Bond Principles requirements, in line with international standards, the integration of ESG factors in project evaluation is robust, based on the sustainability plan implemented at local level according to Repsol's corporate Sustainability Model.

- The facilities under the Green Bond Framework have energy management systems in accordance with the ISO50001 standard
- A sustainability plan has been developed in each country and in the all the operating centers involved in the projects financed by the Green Bond, based on the Corporate Sustainability model, including 8 exhaustive programs.
- At the facilities where the investment projects are implemented, Repsol commits to monitor and ensure the performance according to its ESG standards defined in the Green Bond framework.

#### Management of proceeds:

Vigeo Eiris considers that the Issuer's rules for management of proceeds are clearly defined and would enable a transparent allocation process. The management of proceeds commitments are considered to be robust according to the Green Bond Principles requirements.

Vigeo Eiris recommends to formalize the rules for proceeds management and share them with the other Group companies involved, and to limit the allocation period, at least for the main part of the proceeds, within a period of 2 years maximum.

- The net proceeds of the bond will be transferred to the operating companies. The unallocated proceeds will be transferred to Repsol Tesoreria Y Gestion Financiera and managed within the general treasury of the Group, invested in cash, cash equivalent and/or bank accounts.
- Repsol will allocate the Green Bond proceeds towards Eligible Projects within 3 years after the issuance of the bond.
- Repsol's rationale for the selection of Eligible Projects should lead to an overall share of refinancing not exceeding 55%.
- In case of asset divestment or cancellation of a project, Repsol will use the net proceeds to finance other Eligible Project(s) which is compliant with the Green Bond framework.
- The tracking of funds will be ensured by the Green Bond committee, including unallocated proceeds. The allocation process and all the management of proceeds will be reviewed annually by an external auditor.

**Monitoring & Reporting**

The process for data collection, consolidation and reporting has been clearly defined in the Green Bond framework, including relevant people from across the Group, including at project level.

Repsol has identified reporting indicators and selected calculation methodology based on both internal and external expertise. The selected reporting indicators related to the funds allocation and the environmental benefits are relevant for the defined Eligible Projects categories. Vigeo Eiris recommended to add an output reporting indicator on annual energy savings.

The reporting commitments of the Issuer comply with the Green Bond Principles guidelines, covering both proceeds allocation and environmental benefits of financed projects.

The Issuer commits to transparently report on the Green Bond, in a dedicated external public report on an annual basis and until the net proceeds are fully allocated, on:

- Use of proceeds

Reporting indicators at category level aggregated by technical typology	Reporting indicators at Bond level
<ul style="list-style-type: none"> <li>• Number of projects</li> <li>• Amounts invested (in EUR)</li> <li>• Year of implementation</li> <li>• Project stage</li> <li>• Share of refinancing and financing proceeds</li> </ul>	<ul style="list-style-type: none"> <li>• Number of projects</li> <li>• Amounts invested (in EUR)</li> <li>• Total allocated amount vs total amount of proceeds (in %)</li> <li>• Description of the unallocated proceeds management</li> </ul>

- Environmental benefits:
  - ▶ Ex-ante estimates of GHG emissions avoided (in tCO<sub>2</sub>eq), for future projects, and annual actual GHG emissions avoided (in tCO<sub>2</sub>eq) arising from these Eligible Projects for each category on an aggregate basis by technical typologies, and activity (refining and chemicals facilities).
  - ▶ GHG inventories are verified by a third party according to ISO 14064-1 methodology. The measurement of each project GHG emissions avoidance follows this methodology which implies estimating energy consumption and associated emissions.

Regarding monitoring and reporting on ESG management, the Issuer will report at corporate level, through its annual Sustainability Report. The Company will also disclose ESG information at site level (i.e. site sustainability plans), based on a set of ESG KPIs.

## METHODOLOGY

In Vigeo Eiris' view, Environmental, Social and Governance (ESG) factors are intertwined and complementary. As such they cannot be separated in the assessment of ESG management in any organization, activity or transaction. In this sense, Vigeo Eiris writes an opinion on the Issuer's Corporate Social Responsibility as an organization, and on the objectives, management and reporting of the projects to be (re)financed by this transaction.

Vigeo Eiris' methodology to define and to assess corporate's ESG performance is based on criteria aligned with public international standards, in compliance with the ISO 26000 guidelines, and organized in 6 domains: Environment, Human Resources, Human Rights, Community Involvement, Business Behavior and Corporate Governance. The evaluation framework has been customized regarding material issues, based on the Energy assessment framework, projects specificities and emerging issues.

Vigeo Eiris reviewed information provided by the Issuer, press content providers and stakeholders (partnership with Factiva Dow Jones: access to the content of 28,500 publications worldwide from reference financial newspapers to sector-focused magazines, local publications or Non-Government Organizations). Information gathered from these sources will be considered as long as they are public, documented and traceable. Vigeo Eiris has reviewed documents and websites of the Issuer (Annual report 2016, Sustainability report 2016, 2016-2020 Strategic Plan, 2014-2020 Energy Plan, Environmental, Social and Health impact assessment procedures, etc...), related to the Bond evaluation and interviewed members from several departments of the Issuer.

Our research and rating procedures are subject to internal quality control at three levels (analysts, heads of cluster sectors, internal review by the audit department for second party opinions) complemented by a final review and validation by the Direction of Methods. A right of complaint and recourse is guaranteed to all companies under our review, including three levels: first, the team linked to the company, then the Direction of Methods, and finally Vigeo Eiris' Scientific Council. All collaborators are signatories of Vigeo Eiris' Code of Ethics.

### Part I. ISSUER

*NB : The Issuer performance, i.e., commitments, processes, results of the Issuer, related to ESG issues have been assessed through a complete process of rating and benchmark developed by Vigeo Eiris Rating. Furthermore, this assessment has been completed by Vigeo Eiris Enterprise based on additional public information and stakeholders' views and opinion collected from public documentation.*

#### Level of the Issuer's ESG performance

Repsol has been evaluated by Vigeo Eiris on its Corporate Social Responsibility (CSR) performance, based on 25 relevant ESG drivers organized in the 6 sustainability domains. Repsol's performance has been assessed by Vigeo Eiris on the basis of its:

- Leadership: relevance of the commitments (content, visibility and ownership).
- Implementation: coherence of the implementation (process, means, control/reporting).
- Results: indicators, stakeholders feedbacks and controversies.
- Scale for assessment of ESG performance: Advanced, Robust, Limited, Weak.

#### Stakeholder-related ESG controversies and involvement in controversial activities

A controversy is an information, a flow of information, or a contradictory opinion that is public, documented and traceable, allegation against an Issuer on corporate responsibility issues. Such allegations can relate to tangible facts, be an interpretation of these facts, or constitute an allegation on unproven facts.

Vigeo Eiris provides an opinion on companies' controversies risks mitigation based on the analysis of 3 factors:

- Severity: the more a controversy will relate to stakeholders' fundamental interests, will prove actual corporate responsibility in its occurrence, and will have adverse impacts for stakeholders and the company, the highest its severity. Severity assigned at corporate level will reflect the highest severity of all cases faced by the company (scale: Minor, Significant, High, Critical).
- Responsiveness: ability demonstrated by an Issuer to dialogue with its stakeholders in a risk management perspective and based on explanatory, preventative, remediating or corrective measures. At corporate level, this factor will reflect the overall responsiveness of the company for all cases faced (scale: Proactive, Remediate, Reactive, Non Communicative).
- Frequency: reflects for each ESG challenge the number of controversies faced. At corporate level, this factor reflects on the overall number of controversies faced and scope of ESG issues impacted (scale: Isolated, Occasional, Frequent, Persistent).

The impact of a controversy on a company's reputation reduces with time, depending on the severity of the event and the company's responsiveness to this event. Conventionally, Vigeo Eiris' controversy database covers any controversy with Minor or Significant severity during 24 months after the last event registered and during 48 months for High and Critical controversies.

In addition, 9 controversial activities have been analysed following 30 parameters to verify if the company is involved in any of them. The company's level of involvement (Major, Minor, No) is based on:

- An estimation of the revenues derived from controversial products or services.
- The precise nature of the controversial products or services provided by the company.

## Part II. ISSUANCE

The Green Bond framework has been evaluated by Vigeo Eiris according to the Green Bond Principles and our methodology based on international standards and sector guidelines applying in terms of ESG management and assessment.

### Use of proceeds

The use of proceeds requirements are defined to ensure that the funds raised are used to finance and/or refinance an Eligible Projects and are traceable within the issuing organisation. Each Project endorsed shall comply with at least one of the Eligible Projects category definition in order to be considered as an Eligible Project. Vigeo Eiris evaluates the relevance, visibility, and measurability of the associated environmental and/or social objectives. The sustainability purpose of the Green Bond related Eligible Projects has been precisely defined, with regard to the Issuer's commitments, and assessed based on the described and estimated benefits of Eligible Projects. The contribution of Eligible Projects to sustainable development is evaluated based on the United Nations Sustainable Development Goals.

### Process for project evaluation and selection

The evaluation and selection process has been assessed by Vigeo Eiris regarding its transparency, governance and efficiency. The relevance and exhaustiveness of selection criteria and associated supporting elements integrated in the Green Bond framework, and the coherence of the process are analysed based on material issues considered in Vigeo Eiris' methodology.

### Management of proceeds

The rules for the management of proceeds and the allocation process have been evaluated by Vigeo Eiris regarding their transparency, coherence and efficiency.

### Reporting

Reporting indicators, processes and methodologies are defined by the Issuer to enable annual reporting on fund allocation, environmental benefits (output and impact indicators) and on the responsible management of the Eligible Projects financed by the Green Bond proceeds, collected at project level and potentially aggregated at Bond level. Vigeo Eiris has evaluated the relevance of the reporting framework according to three principles: transparency, exhaustiveness and effectiveness.

- Scale of assessment for processes and commitments: Weak, Limited, Robust, Advanced.
- Scale of level of assurance on Issuer's capacity: Reasonable, Moderate, Weak.

## VIGEO EIRIS'S ASSESSMENT SCALES

Performance evaluation		Level of assurance	
Advanced	Advanced commitment; strong evidence of command over the issues dedicated to achieving the objective of social responsibility. Reasonable level of risk management and using innovative methods to anticipate emerging risks.	Reasonable	Able to convincingly conform to the prescribed principles and objectives of the evaluation framework
Robust	Convincing commitment; significant and consistent evidence of command over the issues. Reasonable level of risk management.	Moderate	Compatibility or partial convergence with the prescribed principles and objectives of the evaluation framework
Limited	Commitment to the objective of social responsibility has been initiated or partially achieved; fragmentary evidence of command over the issues. Limited to weak level of risk management.	Weak	Lack or unawareness of, or incompatibility with the prescribed principles and objectives of the evaluation framework
Weak	Commitment to social responsibility is non-tangible; no evidence of command over the issues. Level of insurance of risk management is weak to very weak.		



vigeo eiris  
Rating

vigeo eiris  
Enterprise

Vigeo Eiris is a global provider of environmental, social and governance (ESG) research to investors and public and private corporates. The agency evaluates the level of integration of sustainability factors into organisations' strategy and operations, and undertakes a risk assessment to assist investors and companies' decision-making

Vigeo Eiris offers two types of services through separate business units

- ▶ **Vigeo Eiris rating** offers databases, sector-based analyses, ratings, benchmarks and portfolio screening, to serve all ethical and responsible investment strategies.
- ▶ **Vigeo Eiris enterprise** works with organisations of all sizes, from all sectors, public and private in order to support them in the integration of ESG criteria into their business functions and strategic operations.

Vigeo Eiris methodologies and rating services adhere to the strictest quality standards and have been certified to the independent ARISTA® standard. Vigeo Eiris is an approved verifier for CBI (Climate Bond Initiative). Vigeo Eiris' research is referenced in several international scientific publications.

Vigeo Eiris is present in Paris, London, Boston, Brussels, Casablanca, Milan, Montreal, Santiago, Stockholm and Tokyo and has a team of 200. The agency works with partners through its Vigeo Eiris Global Network.

For more information: [www.vigeo-eiris.com](http://www.vigeo-eiris.com)