# 2024

# Ordinary General Shareholders' Meeting

## REPSOL S.A.

## Energy Transition Strategy

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

# MESSAGE FROM THE CEO

Dear shareholders,

Repsol is committed to being part of the solution to the energy transition challenge and was the first oil & gas company to publicly pledge, in December 2019, to achieve net zero emissions by 2050.

Evolving from our strengths towards net zero ambition

We have engaged with institutional investors, proxy advisors and other stakeholders on environmental, social, and governance (ESG) issues for over a decade, to understand their views and positions and to explain our practices. As part of this dialogue with our shareholders, including, among others, the Climate Action 100+ initiative, we submitted, for the first time, our Climate Strategy for an advisory vote at our 2022 General Shareholders' Meeting, which was strongly supported. Since then, we have continued to actively engage with our main institutional shareholders, with the participation of the Chairman of the Sustainability Committee and Lead Independent Director, and the Independent Chairwoman of the Nomination and Compensation Committees, to share and to discuss our energy transition strategy and our corporate governance practices. In addition, on October 2023, we held the VIII ESG Day[1] where more than 40 ESG investors, financial analysts and other professionals had the opportunity to learn about Repsol's progress in its commitment to the energy transition, among other topics.

Having achieved most of the objectives of our 2021-2025 Strategic Plan, we have decided to bring forward the update of this plan and set to set ourselves new business challenges with a view to 2027, which will enable us to continue to progress and move closer to our goal of reaching net zero emissions by 2050, as measured by our carbon intensity indicator reduction pathway, with meaningful intermediate targets also.

We will maintain the same strategy as in our previous plan and reaffirm our decarbonization targets for the energy transition, and we will offer all the energies that our customers need. We believe that this approach, in which decarbonization is an attractive opportunity to create value, to grow, and be profitable, is the most suitable for us. More than 35% of our net investment from 2024 to 2027 will be earmarked for low-carbon

[1] https://www.repsol.com/en/shareholders-and-investors/socially-responsible-investors/repsol-esg-day/index.cshtml

initiatives, with the aim of increasing the production of renewable fuels, hydrogen, and biomaterials, accelerating the organic development of a large portfolio of renewable power generation projects, and consolidating our position as a multi-energy leader in Iberia, providing customers with a unique set of products and services.

*The strategic update reaffirms our ambitious decarbonization targets for 2030 and commits more than 35% of our net investments to low-carbon initiatives.*

We are confident that this strategic update will allow us to continue serving our shareholders' interest, and supplying secure, affordable, and increasingly decarbonized energy for our customers and the planet.

Following the approval of the 2024-2027 Strategic Update, we will submit our Energy Transition Strategy for an advisory vote again at our Annual General Meeting. This vote does not replace the Board of Directors' responsibility for setting the Company's strategy, which, according to the internal regulations and applicable legislation, is within its own competences. The Board of Directors will also monitor the outcome of the vote closely.

The Company will report annually, through the Integrated Management Report, on the implementation and updates of its energy transition strategy and decarbonization plans towards Net Zero Emissions.

Likewise, the Company commits to submitting its energy transition strategy for an advisory vote of the Annual General Meeting when updated, or in the event of any significant change in the energy transition strategy or its related objectives.

To all of you, my sincere appreciation and gratitude.

**Josu Jon Imaz**

**Chief Executive Officer**

# Contents

# 1. Introduction


Repsol's energy transition strategy is supported by the vision of achieving net zero $CO_2$ emissions by 2050, as measured by our CII reduction pathway.

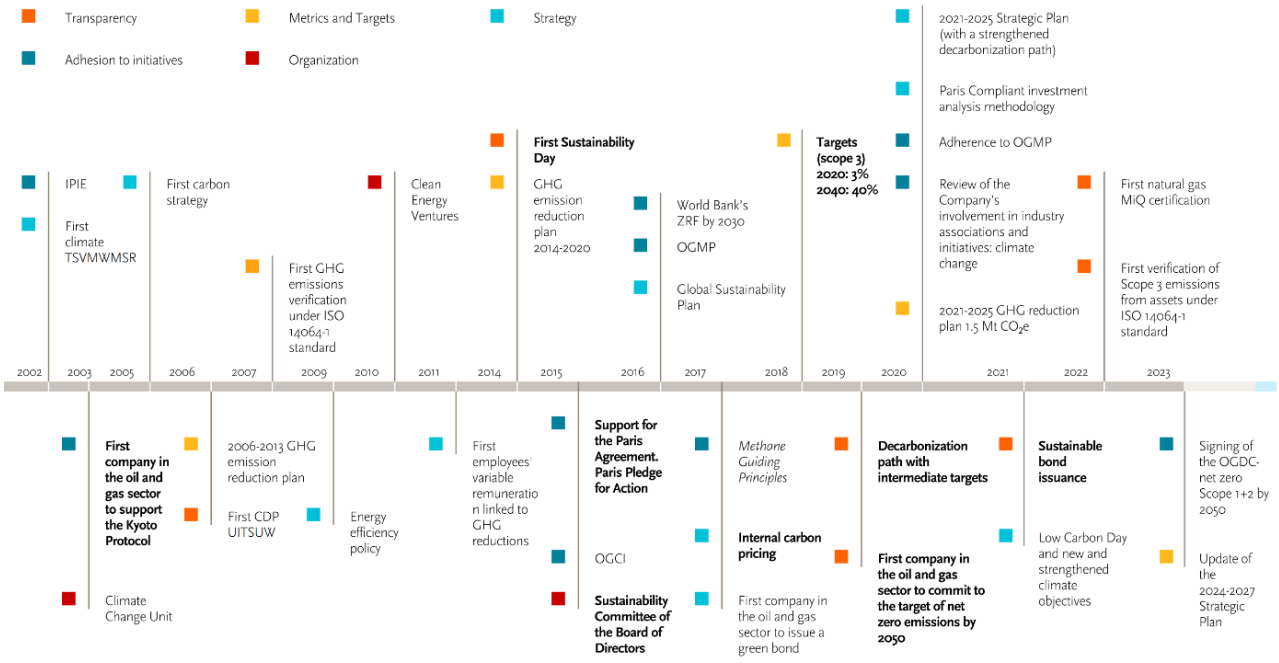
Energy plays a key role in enabling progress and improving social well-being. Technology and its industrial application have led us to have access to safe and affordable energy in much of the world today, but its production and use generate greenhouse gas emissions that contribute to climate change. Therefore, the energy sector faces an unprecedented challenge: decarbonizing the energy cycle while guaranteeing a reliable and affordable energy supply for the consumer.

Tackling climate change is a collective challenge that requires decisive action by energy producers and consumers, as well as international collaboration to accelerate the energy transition and reduce greenhouse gas emissions from oil and gas.

Repsol started early in this century to incorporate decarbonization into its strategy and has been a pioneer in the sector by taking on the challenge in 2019 to achieve net zero emissions by 2050 in line with the Paris Agreement, with a commitment to technology and digitalization.

Events during the last years have led to a macro environment for the period of the strategic update 2024-2027 that we value as positive for our business transition.

## Decarbonization in Repsol's DNA



POSITIVE FUNDAMENTALS OUTLOOK FOR OUR BUSINESSES

**Shifting balance on Energy Trilemma**

- Increasing balance across Climate, Security of supply and energy Affordability
- Climate change still on the top of the agenda for public opinion, regulators and companies
- Energy industry increasingly large part of the solution

**Growing energy demand and resilient prices**

- Long term secular growth in energy demand
  - Global population and higher living standards...
  - ...despite efficiency gains
- Oil and gas to maintain a key role in energy mix

**Opportunities in Energy transition & decarbonization**

- Positive regulatory development across geographies (EU, US, APAC)
- Mix of energies needed to address decarbonization ambition
- Large investment required to support decarbonization across the energy value chain

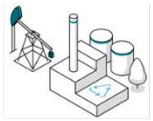
## 2. Our ambition

Repsol's energy transition strategy is supported by the vision of achieving net zero emissions by 2050, while providing affordable and safe energy to society, thus contributing to the global aim of achieving carbon neutrality[2]. The Company's decarbonization targets include all emissions arising from production to the final consumption of the primary energy that it produces. Technological development will play a key role in achieving emissions neutrality and shaping the energy system of the future. The main drivers of Repsol's decarbonization are:

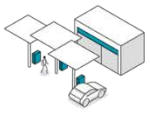
- For our current operations, energy efficiency, reduction of direct emissions, and asset portfolio optimization.
- Renewable electricity generation.
- Renewable liquid and gaseous fuels.
- Carbon capture, use, and storage.

### Decarbonization levers

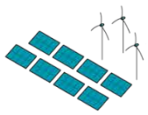
Carbon reduction in industrial and E&P operations



Low carbon fuels (biofuels, synthetic, hydrogen)



REPSOL



Renewable power generation and electric mobility

Carbon capture

At Repsol we are convinced that **innovation and technological development** are essential to guarantee a stable and sustainable energy supply in the long term.

[2] The objective of achieving carbon neutrality is to achieve a balance between anthropogenic emissions from sources and anthropogenic removals via sinks in the second half of the century, all on the basis of equity and in the context of sustainable development and eradicating poverty, as established in article 4.1 of the Paris Agreement.

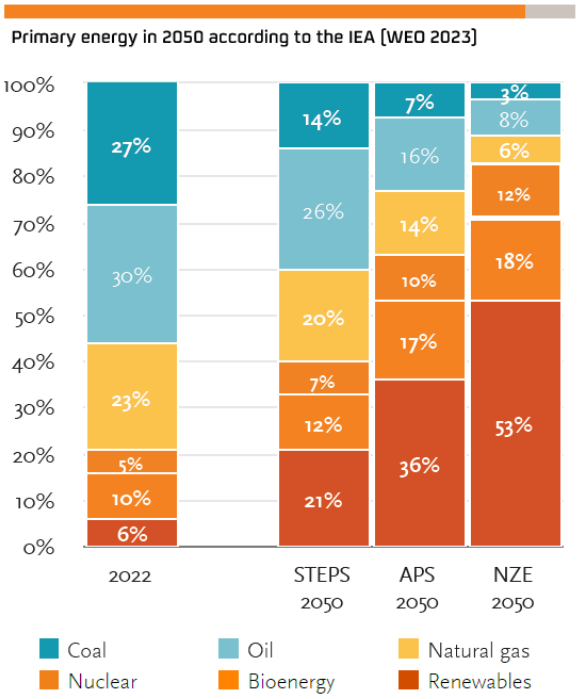
In the short and midterm to 2030, the decarbonization pace is determined by the Company's strategic plan, now updated with a focus on the period 2024-207; this period offers greater visibility on external environment conditions and the allocation of capital to specific projects.

In the longer term (beyond 2030 to 2050), Repsol uses global and regional energy demand scenarios to explore possible decarbonization paths, considering the uncertainties of the energy transition related to factors such as the pace of technological development, regulatory advances or the energy needs and habits of consumers.

## 2.1. Scenarios informing our Net Zero Ambition

With a more complex and fragmented geopolitical landscape, the current context has led to greater attention being paid to energy security, access to affordable energy, industrial competitiveness, and decarbonization as key objectives for an orderly and just transition. For this decade, Repsol is establishing the bases and assumptions for its strategy (prices, demand, regulatory context, etc.) based on references that include the consensus of analysts and institutions, regulations of the countries where it operates, and its own vision of the pace of the energy transition. These bases and assumptions are consistent with those used for other projections made by the Company, such as those related to the calculation of the recoverable economic value of assets.

In the longer term, given the uncertainty with regard to the pace and direction of the energy transition, scenario analysis based on different assumptions about changes in the energy and climate context (demand for oil, gas and renewables, changes in technologies, climate policies, physical impacts of climate change, etc.) will become particularly important.




Repsol considers different scenarios to test the resilience of the Company's strategy to the financial risks arising from climate change and the necessary transition to a decarbonized energy mix. The aim is not to determine which scenarios are more or less likely, but rather to evaluate how the Company would achieve its objectives if the reference climate scenarios materialized.

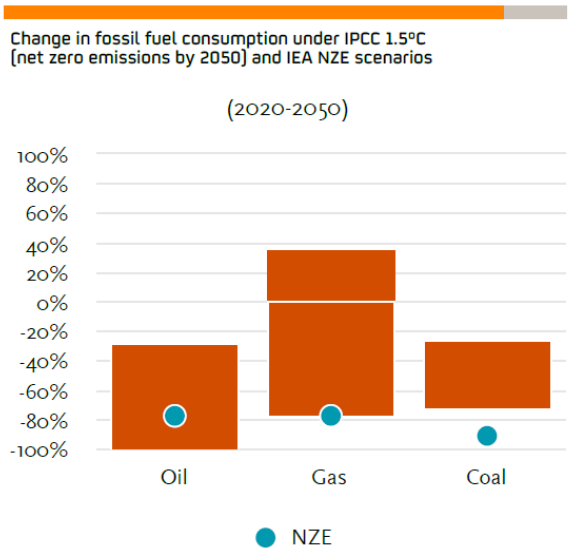
Specifically, the Company has adopted as a reference to develop its long-term forecasts the World Energy Outlook (WEO) scenarios of the International Energy Agency (IEA), as they are widely referenced in the energy sector. In the case of Europe, where Repsol has most of its industrial assets (refining and chemicals) and commercial assets in Spain and Portugal, the demand scenario for final energy products that the Company projects is determined by the European Green Deal and its related legislative packages Fit for 55 and Repower EU, in respect of transport and industry.

The following WEO scenarios were updated in 2023:

- **NZE (Net Zero Emissions by 2050 Scenario):** scenario in which net zero emissions are achieved by 2050 in the global energy sector, consistent with not exceeding a 1.5 °C temperature increase in 2100.
- **APS (Announced Pledges Scenario):** scenario in line with the fulfillment of commitments and pledges publicly announced by governments around the world.
- **STEPS (Stated Policies Scenario):** a scenario that provides a perspective based on compliance with policies already adopted in all countries.

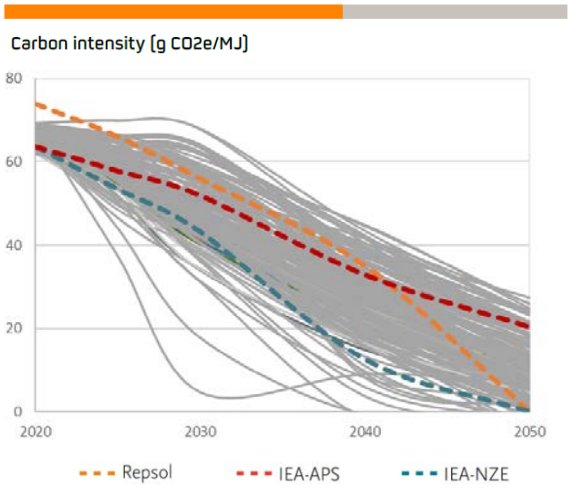
These scenarios offer different combinations of primary energy sources for the year 2050 and in all of them oil and gas are still present in the energy matrix in the year 2050 and beyond, although in decreasing proportions when compared to the current situation (8 to 26% for oil, and 6 to 20% for natural gas). It is noteworthy that the IEA states that its NZE scenario represents one of the multiple possibilities that can be foreseen to achieve the goal of not exceeding +1.5°C global warming.

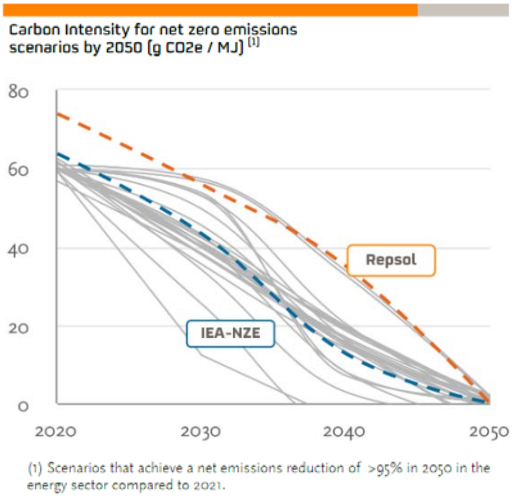
Other widely recognized climate scenarios are those described by the Intergovernmental Panel on Climate Change (IPCC). Its Sixth Assessment Report (AR6), published in 2022, documents over 200 scenarios compatible with limiting the temperature increase to 1.5°C by 2100, of which 28 achieve carbon neutrality by 2050, and the rest at a later date. All IPCC scenarios use a range of energy decarbonization levers in different proportions, such as energy efficiency, methane emission reductions, renewable power, end-use electrification, low- and zero-carbon fuels, $CO_2$ capture and storage, nature-based solutions, and changes in consumption patterns. It should be noted that the IEA's NZE scenario uses renewable electrification to a greater extent than most IPCC scenarios, thus showing a more rapid decline in oil & gas demand, as shown in the following graph.




## 2.2. Consistency with 1.5°C pathways

Repsol's strategic approach to the energy transition and its alignment with the objective of not exceeding 1.5°C of global warming is based on the principles defined by science in relation to climate change[3]. The IPCC shows that there are several ways to achieve the Paris Agreement's objectives with different implications for various regions, industrial sectors, and energy sources. Repsol has compared its decarbonization pathway with that of the different 1.5°C scenarios of the IPCC (AR6, 2022), calculating a carbon intensity for the scenarios based on GHG emissions data ($CO_2$, $CH_4$, $N_2O$) and primary energy (IIASA)[4], to draw comparisons with the reduction of Repsol's CII. As shown in the following graph, Repsol's pathway falls from the short term within the range of the IPCC 1.5 °C scenarios, even though its starting point is higher because of the weight of oil and gas in the Company's energy production. It should be noted that in most of the IPCC scenarios compatible with the 1.5°C target, carbon neutrality is achieved after 2050.




The graph on the right shows the 28 IPCC scenarios with net zero or near net zero emissions by 2050, together with the IEA NZE scenario and the Repsol pathway. Repsol considers that it is not scientifically justified to assert that any decarbonization path which is above the IEA's NZE scenario curve is misaligned with the 1.5°C target.

[3] Currently, there is no common framework for the oil and gas sector to demonstrate alignment with the Paris Agreement.
[4] IIASA: International Institute for Applied Systems Analysis.

# 3. Our Decarbonization Path

The Company's decarbonization goals are summarized below:

| | Base line | 2023 | 2025 | 2030 | 2040 | 2050 |
|---|---|---|---|---|---|---|
| Reduction of Carbon Intensity Indicator (CII) vs. 2016 | 76.8 g $CO_2e$/MJ | 9.6% | 15% | 28% | 55% | NET ZERO |
| Reduction of scope 1+2 emissions vs. 2016 | 25.4 Mt $CO_2e$ | 42% | | 55% | | NET ZERO(2) |
| Reduction of scope 1+2+3 emissions vs. 2016)(1) | 114.1 Mt $CO_2e$ | 37% | | 30% | | NET ZERO |
| Emissions Reduction Plan 2021-2025 (Mt $CO_2e$) | | 1.1 | 1.5 | | | |
| Methane intensity (%;$m^3/m^3$)- 2017 base year | 1.34 | 0.15 | 0.2 | | | |
| Zero Routine Flaring (kt $CO_2e$)- 2018 base year | 344 | 25 | 172 | ZERO | | |

2023 Data  Targets

(1) These emissions are equivalent to the numerator of the CII.
(2) New target.

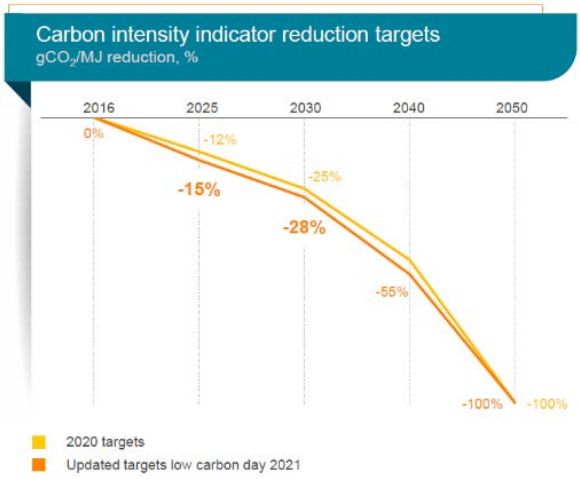
## 3.1. Reduction of Carbon Intensity

**By 2050, we aim to reduce the carbon intensity of the energy we produce to a net zero.**

Repsol has defined its CII in g CO2e/MJ as the main metric for monitoring the Company's progress towards the net zero emissions target by 2050, when a 100% reduction in CII is to be achieved. It is a metric that includes in the numerator net GHG emissions scope 1 and 2 (operational basis) and scope 3 (equity production basis), and in the denominator the energy supplied by the company to society (equity production basis).

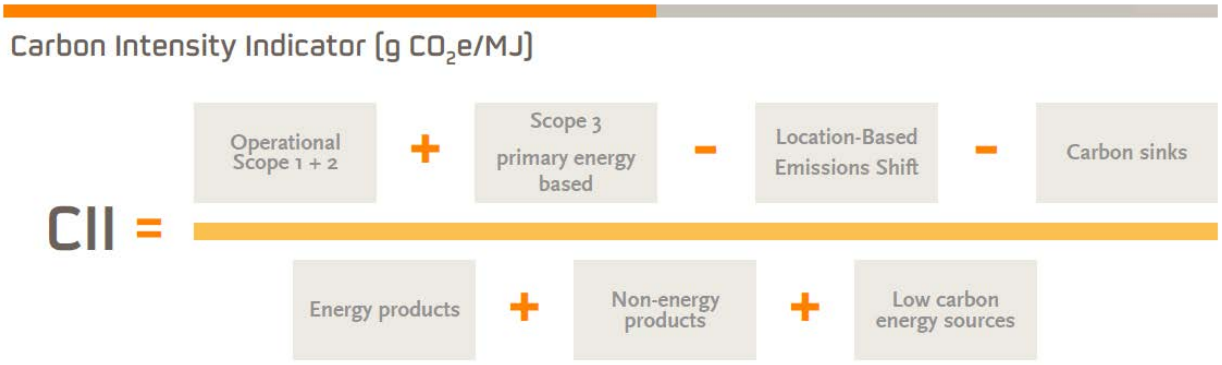
*"Over the next four years, we will keep the same strategy as in our previous plan and reaffirm our decarbonization targets to face the energy transition and we will opt for all energies that meet our customers' needs. We are convinced that this approach, in which decarbonization is an attractive opportunity to create value, to grow, and be profitable, is the most suitable for us."*

**Josu Jon Imaz, Repsol CEO**




Since the announcement of the first decarbonization pathway in December 2019, Repsol has twice increased its objectives (November 2020 and October 2021), with these objectives today being established at a 15% reduction of the Carbon Intensity Indicator by 2025, 28% by 2030, and 55% by 2040, aiming to reach 100% by 2050.

**CII Methodology:**




The numerator of the Carbon Intensity Indicator includes:

- **Scope 1 + 2 operational:** direct and indirect emissions from the E&P, Refining and Chemicals assets and electricity generation operated by Repsol.
- **Scope 3 primary energy-based:** emissions associated with the use of products that can be obtained from Repsol's oil & gas production. For its oil production, emissions correspond to the use of products that would be obtained from Repsol's refining and chemical processes scheme (category 11). For its natural gas production, all emissions resulting from its combustion are counted (category 11). In addition, emissions from third-party hydrogen plants that supply the company's refineries (Category 1) are included, as well as emissions from final disposal after the use of chemical products (Category 12).
- **Location-Based Emissions Shift:** Emissions avoided from fossil electricity mix due to substitution by low-carbon electricity generation. Emissions avoided by our low carbon power generation are subtracted in the numerator by replacing the marginal fossil power mix of the country where they are located. This value has a positive impact on the indicator and will change and likely decrease over time, as each country's electricity mix becomes progressively decarbonized. Repsol's methodological approach only considers the emissions avoided in regions and years where more carbon-intensive energy is displaced (according to the projections of the IEA reference scenarios).
- **Carbon Sinks:** Emissions stored in the case of implementing levers such as carbon capture, use, and Storage (CCUS) outside the Company's operations, or Natural Climate Solutions (NCS) are subtracted from the numerator. Repsol's decarbonization pathways do not contemplate the use of NCS unless no energy solution is considered as feasible. No NCS has been considered in our decarbonization pathway for this decade.

The denominator represents the energy that Repsol makes available to society as end products derived from the production of primary energy from oil and gas and from low carbon energy sources:

1. **Energy Products:** energy in products from the oil and natural gas production.
2. **Non-Energy Products:** Chemicals and other non-energy products (lubricants, asphalts, and others) produced by Repsol from oil are considered carbon sinks. The energy contained in the oil used to produce them is counted.
3. **Low Carbon Energy Sources:** renewable electricity generation (solar, wind, and hydro) and non-renewable energy used for electricity generation (natural gas for combined cycle and cogeneration surpluses).

## Our progress in 2023:

In 2023, a 9.6% reduction in the CII compared to the base year 2016 was achieved, primarily due to optimization of the asset portfolio in the E&P business, resulting in reductions in both Scope 1+2 and Scope 3 emissions, energy efficiency plans, decreased activity in certain downstream areas, methane emissions reduction in E&P operated assets, and renewable electricity generation.

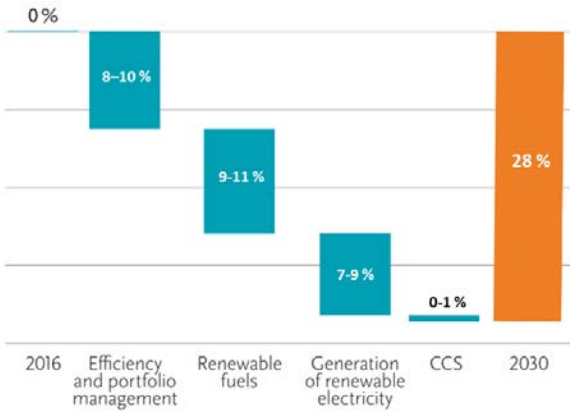
| Carbon intensity[1] | 2023 | 2022 | 2016 |
|---|---|---|---|
| g $CO_2e$/MJ | 69.5 | 68.6 | 76.8 |

(1) This year's CII has been methodologically adjusted to more accurately reflect the integration of new technologies within the company's decarbonization strategy. Previous years' values have been restated in accordance with these adjustments.

## Our pathway to 2030:

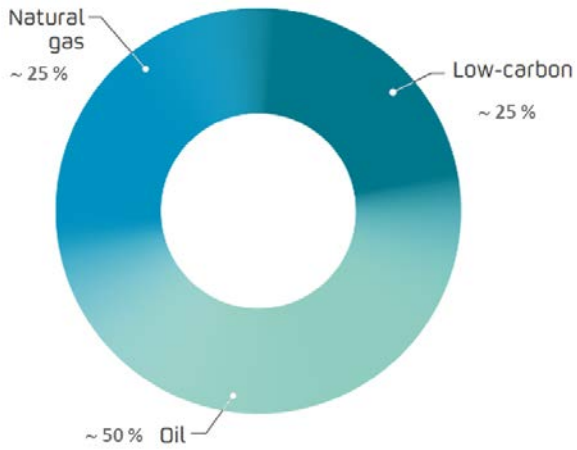
CII reduction target of 28% will be achieved by applying a wide range of technologies and solutions in line with Repsol's vision of the energy transition, in which renewable electrification, renewable fuels, and carbon sinks will be necessary, as well as reducing the carbon intensity of traditional operations.

**Contribution of the drivers to the Carbon Intensity Indicator by 2030**




The energy mix in terms of products sold by Repsol by 2030 would be as follows:

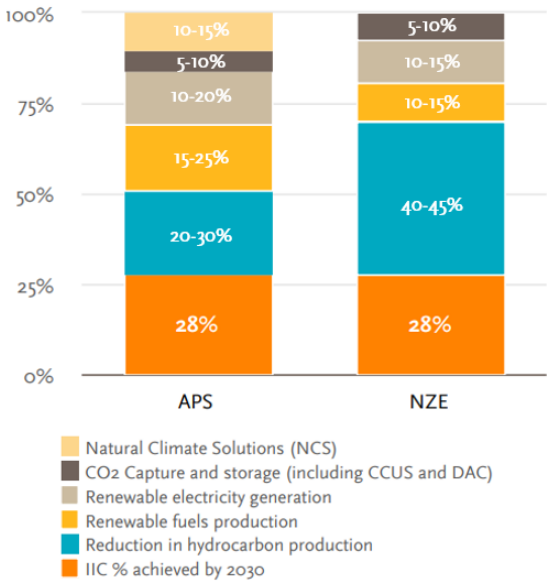
**Energy mix of products sold by 2030 (%) [1]**




(1) The proportion of energy is based on the total energy associated with sales of energy products, with electricity represented as the fossil equivalence of energy sold.

For the period 2031-2050 period, the contribution of the different decarbonization levers to the CII reduction is as follows, for two IEA energy demand scenarios analyzed:

**Relative contribution of levers to Carbon Intensity Indicator reduction by 2050**



In the APS scenario, around 90% decarbonization is achieved with energy solutions, with natural climate solutions (NCS) being used to offset the most difficult to abate emissions. In the NZE scenario, NCS would not be necessary, since Repsol's oil & gas production would be further reduced, with net zero emissions being reached before 2050.

### The role of carbon credits

Repsol's decarbonization strategy prioritizes avoiding and reducing its own emissions and those in its value chain, always in conjunction with technology.

However, technological development and regulatory support might not keep pace with long-term decarbonization needs, leading to the need to use carbon credits.

Repsol's decarbonization strategy does not currently contemplate the use of carbon credits until 2030. Should offsetting become necessary in the future, Repsol will guarantee high quality and integrity of the carbon credits, sourced primarily from the development of natural climate solutions (NCS).

Where appropriate, the company would report on the use of these credits in a transparent manner, reinforcing its commitment to sustainability and emissions reduction.

## Scope 3 emissions report

Repsol has decided to link its objective of achieving net zero emissions and its interim targets to a Carbon Intensity Indicator that considers the energy and emissions associated with the use of energy products derived from its primary energy production (oil and natural gas) as the most appropriate and representative metric to measure progress towards carbon neutrality. Once a Company produces oil and gas, these products will inevitably be converted into useful energy by this company or by other actors in the value chain, with this being done through transformation and marketing activities, that generate all the Scope 1, 2, and 3 emissions that must be accounted for.

Compared to other methodologies that base scope 3 emissions on sold products, there are other aspects to consider:

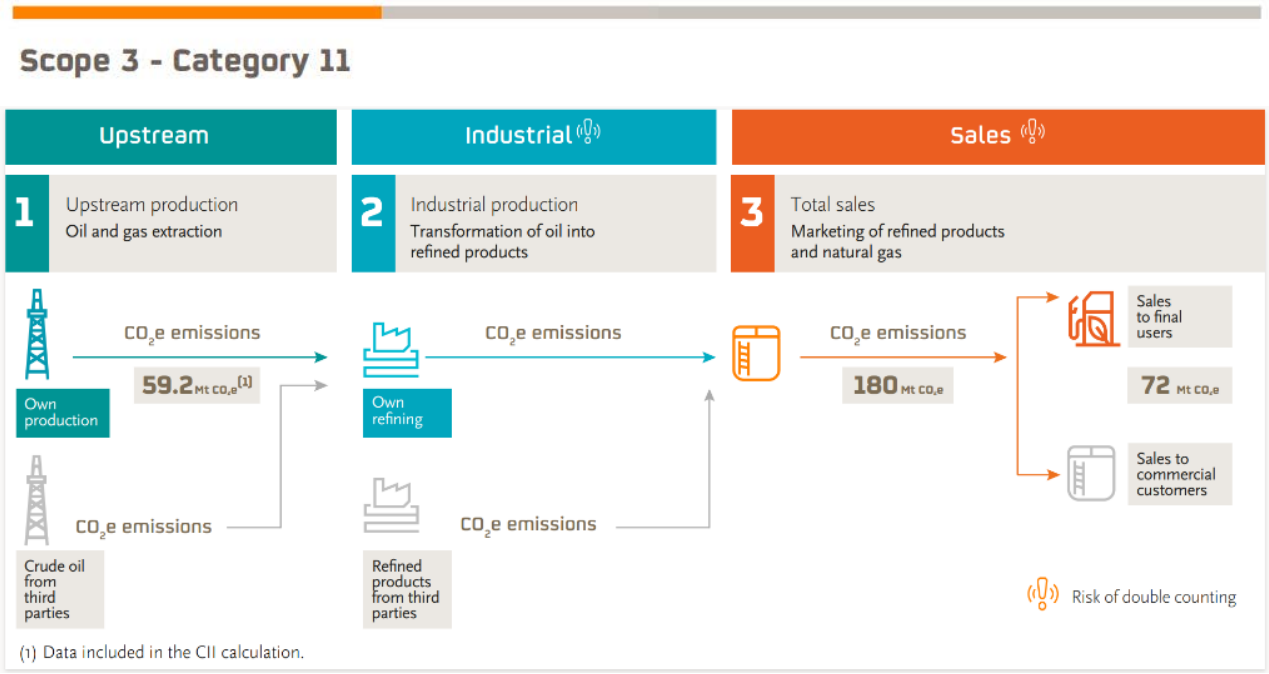
- Hydrocarbon production is the most capital-intensive activity and the one with the longest investment life cycle in the entire value chain. Today's investment decisions are reflected in production and product use many years later. Marketing, on the other hand, is much less capital-intensive and more easily adaptable to demand over the short term.
- Energy products are bought and sold multiple times along the value chain, so a Scope 3 emissions accounting system based on sales, would result in multiple accounting of emissions from the same product if it did not refer exclusively to sales to end users.
- An emissions accounting system based solely on sales would allow an integrated company to increase its hydrocarbon production without affecting its Scope 3 emissions, provided it sells a greater volume of product than the hydrocarbons it produces. However, Repsol believes that disclosing the emissions of the products it sells can provide a useful complementary view to understand its energy transition strategy better.

However, Repsol considers that disclosing emissions from marketed products can provide a useful complementary vision to better understand its energy transition strategy. For this reason, in addition to scope 3 emissions based on primary energy, the following data is included in our reporting:

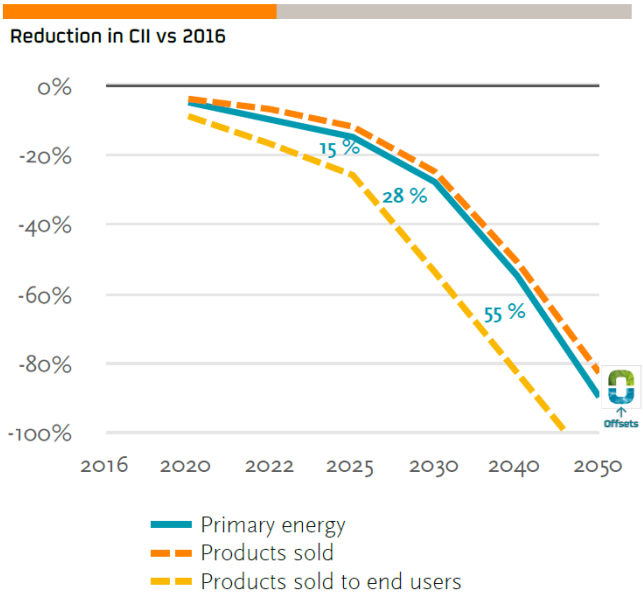
- Scope 3 emissions from all the products sold (to commercial customers), excluding those that Repsol purchases and resells to a non-end user without any other intermediate processing.
- Scope 3 emissions of the products sold by Repsol to the end user (the one who uses the fuel and, therefore, generates emissions).

| Scope 3 (category 11) Mt $CO_2e$ | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Products to commercial customers(1) | 180 | 176 | 166 | 168 |
| Products sold to the end user | 72 | 72 | 67 | 68 |

(1) Excludes products purchased and sold to a third party from the Trading business.




For illustrative purposes, the following figure shows the two reduction trajectories of the CII that result from considering scope 3 emissions based on total products sold (commercial customers) and the end user defined above (orange and yellow curves, respectively), together with the reference curve of Repsol with scope 3 emissions based on primary energy (blue curve).




| Difference between IIC on primary energy basis and product sales approaches | 2025 | 2030 |
|---|---|---|
| Products sold | -3% | -3% |
| Products sold to end user | +11% | +26% |

## 3.2. Net zero emissions by 2050 - scope 1+2

**By 2050, we aim to be net zero in scope 1+2 emissions on an absolute basis across all our operations.**

This year, Repsol has set a new target of achieving zero net emissions in line with the commitment of the Oil & Gas Decarbonization Charter (OGDC) announced during COP28, which includes direct and indirect GHG emissions (scope 1 and 2) on a gross operational basis from Repsol's hydrocarbons development and production, transformation, and commercialization activities.

In 2021, Repsol had already established the goal of reducing its Scope 1+2 emissions by 55% by 2030 compared to 2016. Significant progress to 2023 (42% reduction) has been driven by a reduction of operated hydrocarbon production from the most carbon intensive assets and operational emission reduction plans (energy efficiency in all operations, and methane emissions and routine flaring abatement in E&P).

### Oil&Gas Decarbonization Charter at COP28

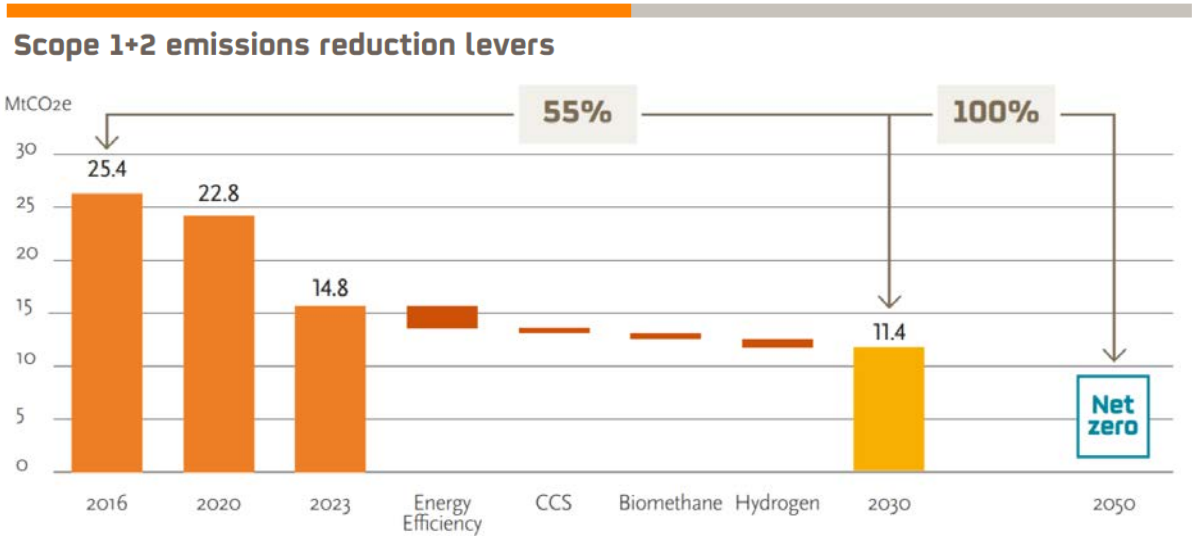
50 companies, representing more than 40% of world oil production, have joined the OGDC, as launched at COP28. National oil companies (NOCs) account for more than 60% of the signatories, which is the largest number of NOCs committed to a decarbonization initiative. This covers more upstream emissions than any other voluntary initiative.

Signatories have committed to net-zero operations by 2050 at the latest, to end routine gas flaring and to cut methane emissions to near zero by 2030.

They agree to continue working towards industry best practices in reducing emissions, alongside a series of key actions such as: investing in low-carbon energy, increasing transparency and communication, applying industry best practices in emissions reduction, and reducing energy poverty.

https://www.cop28.com/en/news/2023/12/Oil-Gas-Decarbonization-Charter-launched-to--accelerate-climate-action

**Actions driving the delivery of the objective by 2030:**




| Scope 1+2 emissions | 2023 | 2022 | 2016 |
|---|---|---|---|
| Mt $CO_2e$ | 14.8 | 16.3 | 25.4 |

## 3.3. Reduction of Scope 1+2+3 net emissions

This metric is the numerator of the CII, as it adds, to the already referred operated scope 1+2 emissions, the scope 3 emissions from the use of energy products derived from Repsol equity hydrocarbon production, while subtracting avoided emissions from the use of Repsol renewable electricity generation and CCS. The target reduction set is 30% by 2030 compared to the base year of 2016. In 2023, a reduction of 37% has been achieved, primarily due to a significant reduction of equity hydrocarbon production, and the Scope 1+2 emissions abatement described above. Some of the contributions to emission reduction are driven by operational rather than structural factors, therefore the 30% target for 2030 is still considered appropriate.

| Absolute Scope 1+2+3 net emissions | 2023 | 2022 | 2016 |
|---|---|---|---|
| Mt $CO_2e$ | 72.3 | 82.8 | 114.1 |

## 3.4. CO2e emissions reduction plan

Repsol deploys multi-year emission reduction plans with measures to improve operational efficiency across all operated assets. The first plan was launched in 2006. A plan for the period 2021-2025 is underway with the aim of achieving a reduction of 1.5 Mt CO2e in 2025 vs. 2020. including electrification projects, energy integration, process optimization, and reduction of methane emissions. In the period 2021-2023 a cumulative reduction of 1.1 Mt CO2e has been achieved.

## 3.5. Methane abatement

Repsol has set the target of reducing methane intensity to 0.20% by 2025 for its operated E&P assets, a value recognized as of operational excellence for the oil & gas sector by international organizations such as the UNEP, **the Oil & Gas Methane Partnership 2.0 (OGMP 2.0)**:

**We aim to reduce our methane intensity to 0.20% by 2025.**

- UNEP, after creating in 2016 the Oil & Gas Methane Partnership, launched the OGMP 2.0 initiative in 2020, now with more than 130 signatory companies throughout the entire gas value chain (from production to distribution). In December 2023, the International Methane Emissions Observatory (IMEO) published its third report and Repsol for the second time obtained the Gold Standard from UNEP for the presentation of its report and implementation plan, which indicates that the Company is on track to achieve the Gold Standard reporting in 2023 for all its operated assets and in 2025 for its non-operated assets.

**Repsol participates as well in other collaborative initiatives on methane abatement:**

- Aiming for Zero Methane Emissions, part of the Oil & Gas Climate Initiative (OGCI), which includes the "Satellite Monitoring Program", which collects data on methane plumes with high-resolution technology and shares this information with local operators to help them identify and mitigate emission sources.
- Oil & Gas Decarbonization Charter (OGDC), an initiative announced at COP28 which includes the commitment to achieve near-zero methane emissions by 2030.
- Methane Guiding Principles (MGP), of which Repsol is a founding member. MGP –along with IOGP, OGCI, and EDF– aims to share experiences to help companies reduce methane emissions and gas flaring.

### Our progress in 2023:

Repsol has implemented during the last years technologies and best-in-class solutions to measure, monitor and abate methane emissions, such as satellite, light aircraft, and drone detection, and LDAR (*Leak Detection and Repair*) programs. As a result, plus the effect of production reduction or disposal of the most emitting assets, 2023 methane intensity has reduced to 0.15%. To consolidate the 0.2% target, it will be necessary to further improve detection and implement additional measures already planned.

| Methane intensity[1] | 2023 | 2022 | 2017 |
|---|---|---|---|
| $CH_4$ emissions/ marketed gas (%) | 0.15 | 0.25 | 1.34 |

[1] Calculation based on volume.

## 3.6. Reducing routine gas flaring

Flares are a key element for safety and environmental protection in E&P facilities. However routine flaring from these devices must be reduced as much as possible. Since 2016, Repsol has adhered to the World Bank's Zero Routine Flaring by 2030 initiative, in the pursuit of technically and economically feasible solutions to avoid routine flaring as soon as possible and no later than 2030. Repsol has also established the intermediate objective of reducing routine flaring in operated E&P assets by 50% in 2025, vs. 2018.

### Our progress in 2023:

In 2023, the volume of hydrocarbons sent for routine flaring decreased slightly compared to 2022 and very significantly compared to 2018 and very significantly compared to the reference year 2018.

| Routine gas flaring | 2023 | 2022 | 2018 |
|---|---|---|---|
| kt CO2e upstream routine flaring | 25 | 50 | 344 |

# 4. Our decarbonization Strategy

In this decade and until 2030, Repsol will follow a decarbonization pathway that is driven by specific business targets proposed in its strategy update publicly presented to the capital markets in February 2024. The main operational metrics that support the decision to reaffirm our 2025 and 2030 decarbonization objectives are:

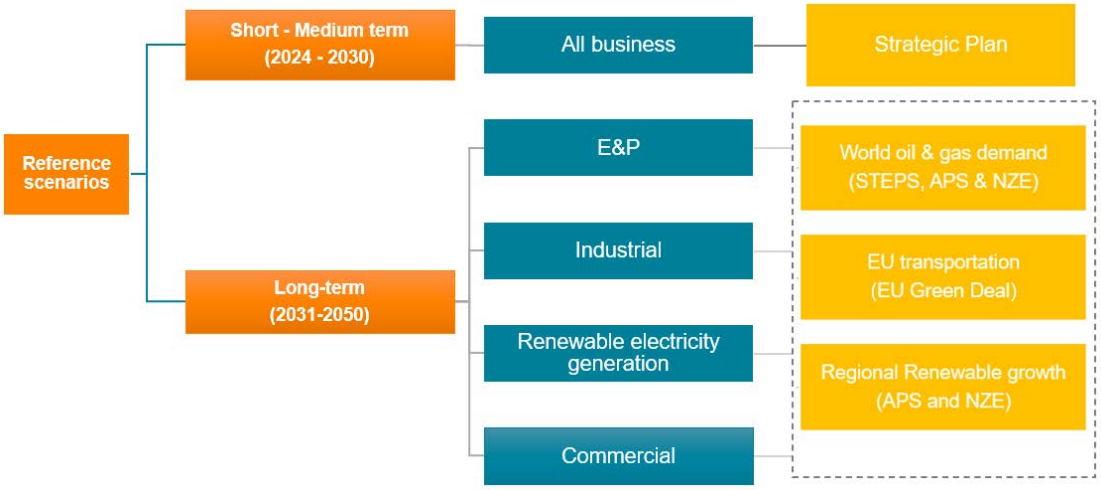
**Operational metrics that support decarbonization objectives**

| | 2023 | 2027 | 2030 |
|---|---|---|---|
| Installed renewable energy capacity[1] (GW) | 2.8 | 9-10 | 15-20 |
| Renewable fuel production capacity (Mt) | 1.0 | 1.5-1.7 | 2.2-2.4 |
| Renewable hydrogen (GWe)[2] | 0[3] | 0.5-0.7 | 1.6-2.2 |
| Biomethane (TWh) | 0 | 1.3-1.5 | 2.1-2.3 |
| Sustainable materials (kt) | 7 | 65-105 | 150-200 |

(1) Gross capacity.
(2) Electrolyzer capacity with offtake rights, plus renewable hydrogen using biogas as feedstock.
(3) Repsol commissioned a 2.5 MW electrolyzer at the Petronor industrial complex in October 2023.

● 2023 Data ● Projections

In the longer term (2031-2050), Repsol's decarbonization pathway is based on company projections consistent with energy demand assumptions (oil, gas, renewables) of the aforementioned IEA reference scenarios. As our industrial and commercial activities are located in Iberia, product demand assumptions are those implicit in the European Union Green Deal objectives and related regulatory packages.



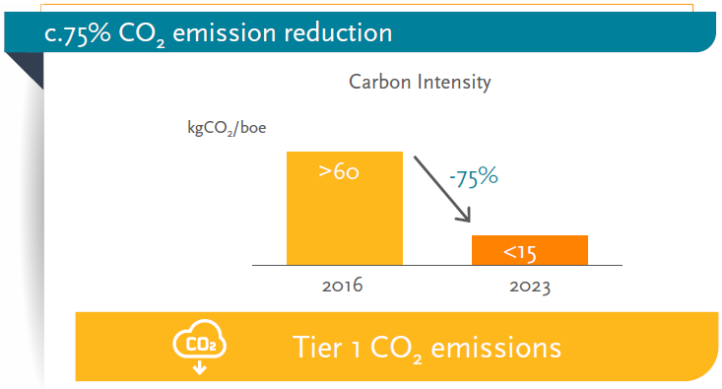

## 4.1. Exploration and Production

The energy transition and its impact on the evolution of supply and energy demand have a direct impact on the Exploration and Production business.

Until 2030, our E&P strategy focuses on optimizing the asset portfolio, prioritizing the development of assets in operation and proven reserves available, with a focus on economic value and lower carbon intensity over volume. This implies a greater geographic concentration and reserve development projects that make economic sense at moderate oil prices. Hydrocarbon production in this period will be in the range of 550-600 kboed, compared with a maximum production of 709 kboed in 2019. Natural decline and some divestments will be offset by the development of reserves and contingent resources already discovered.

Reducing emissions from operations remains a top priority to maintain emissions intensity in the first quartile of the E&P sector, after a reduction of 75% from 2016 levels to <15 kgCO2e/boe in 2023. Progress continues to reduce emissions with the goal of consolidating methane emissions intensity below 0.2% and routine flaring emissions by 50% by 2025.

In the longer term, a decline in production from 2030 onwards is anticipated, consistent with the IEA reference scenarios.



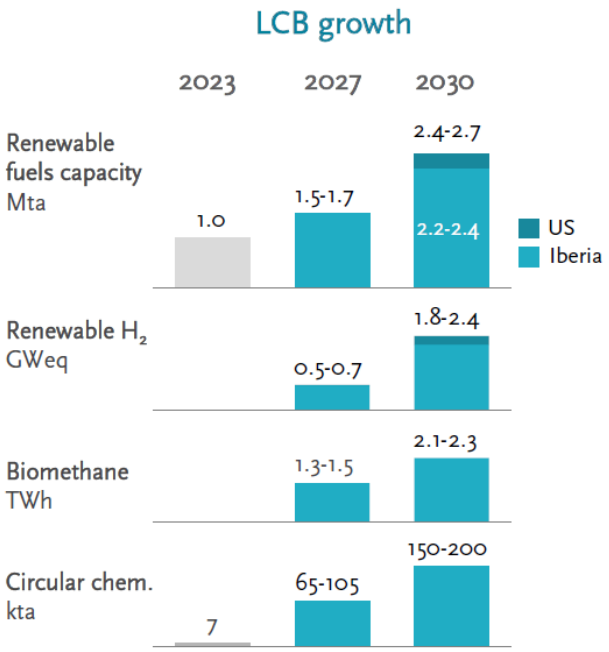

By 2050, hydrocarbon production is estimated at 400-450 kboed (STEPS scenario), 250-300 kboed (APS scenario), and less than 100 kboed (NZE scenario). This latter case contemplates a decline resulting from the depletion of assets in operation by 2030, assuming that no new developments are undertaken from that time on.

On the other hand, Repsol's energy transition strategy also envisages CCS ($CO_2$ capture and storage) projects. These projects will contribute to reducing the Company's operational emissions or provide CCS services to industrial sectors with hard-to abate emissions. During this decade, Repsol's Sakakemang CCS project in Indonesia is planned to store carbon associated with natural gas production with the injection of approximately 0.5 Mt of $CO_2$ per year starting from 2028. Repsol is exploring other opportunities, obtaining licenses, and taking part in storage consortia. No further positive impact in CII reduction has been factored till having more visibility on the execution timeline of these potential projects.


## 4.2. Industrial

The industrial business (refining, chemical, renewable fuels, and circular products) depends largely on European and national regulations and the subsequent adaptations to demand trends for energy products. The European Union, with its Fit for 55 and REPower EU legislative packages, has taken steps towards 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).




The competitiveness of Repsol's refineries (in the first quartile in the EU in terms of economic margin) positions them favorably for a transformation aligned with demand trends, in which circular economy will play a key role, with the use of organic waste as a feedstock to produce renewable fuels and the recycling of plastics.

During this decade, Repsol's refineries activity will remain high, with a reduction in crude oil processing by the end of the decade of 10-15% compared to 2019, while production of renewable fuels will simultaneously increase.

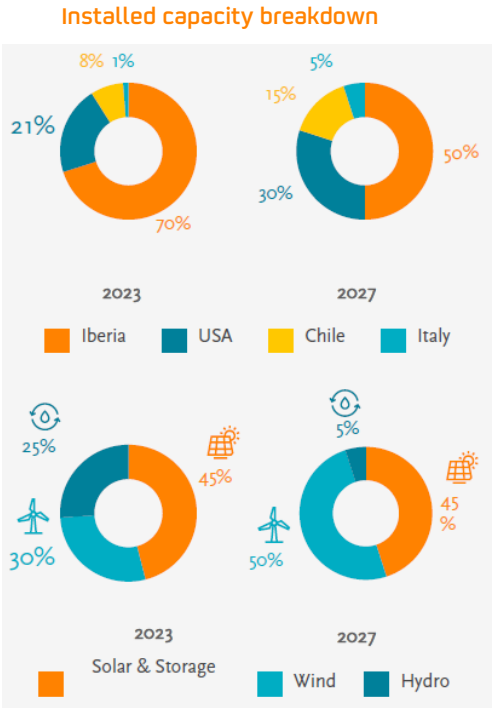
By 2030, the Company is expected to produce **2.2-2.4 Mt/yr of biofuels, 2.1-2.3 TWh of biomethane, and 1.6-2.2 GWe of renewable hydrogen in its European market.**

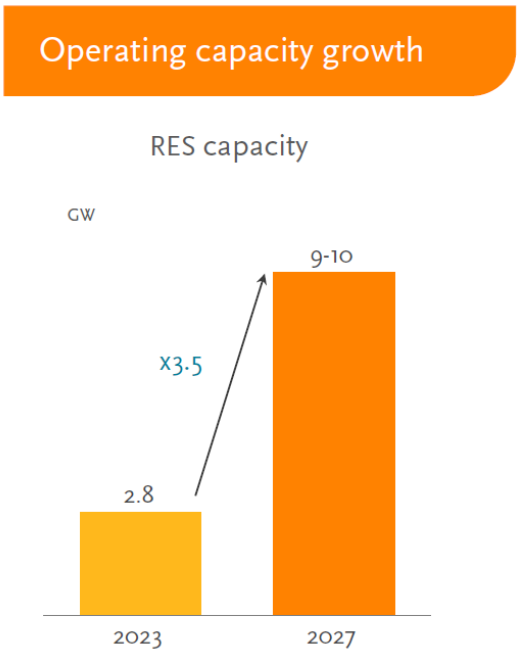
By 2030, Repsol will produce **150-200 kt of circular materials** from biological or recycled origin at its petrochemical plants.

In the longer term, a reduction in crude oil distillation of up to 85-95% is foreseen by 2050, which is expected to be offset by an increase in production of renewable and synthetic fuels which would make up 75- 85% (expressed in energy terms) of the total fuels production of the Company's industrial business by 2050.

## 4.3. Renewable electricity generation

Since the start of this activity in 2018, Repsol has developed a portfolio of renewable energy projects (wind, solar, and hydro), with an operational installed capacity of 2.8 GW in 2023 and is progressing towards a 9-10 GW target by 2027 (45% solar, 50% wind and 5% hydro), prioritizing developments in Spain and the US. Installed capacity will increase to 15-20 GW by 2030.



In the longer term, renewable generation is foreseen to be the fastest growing business, in accordance with the regionalized demand forecasts of the IEA scenarios. By 2050, Repsol would reach an installed capacity of 40-45 GW under the APS scenario and 50-55 GW under the NZE scenario.

### 4.4. Commercial

Repsol is the first operator of mobility products in the Iberian Peninsula, a position that will be reinforced with multiple energy solutions for mobility, residential and B2B, including liquid and gaseous fuels, with increasing shares of renewable fuels, and capturing a greater share of the growing electricity markets.

## 5. Capital allocation

During the core period of the Strategy Update 2024-2027, Repsol will allocate **more than 35% of its total net capex[5] to low-carbon projects,** (which will be in a range of € 5.6 and 6.6 billion): energy efficiency, renewable electricity generation; production and sale of biofuels, renewable hydrogen, synthetic fuels; chemical products (long life polymers); circular economy projects, Carbon Capture and Storage and geothermal, sale of renewable electricity, distributed generation, and electric renewable mobility, and investments in R&D and corporate venturing in low carbon technologies.

Low-carbon investments amounted to **32% of the total investments in the 2021-2023 period**, distributed as follows:

| Detailed view of low-carbon investments for the 2021-2023 period | % accumulated |
|---|---|
| Generating and marketing renewable energy | 72 % |
| Circular economy, biofuels and long-life chemicals | 20 % |
| Energy efficiency | 4 % |
| Others (sustainable mobility, R&D and corporate venturing in low-carbon technologies, CCS, etc.) | 4 % |
| **TOTAL** | **100 %** |

For the 2030-2050 period, Repsol estimates that capex allocation to low-carbon projects under the different scenarios analyzed will be as follows:

| % of capital expenditure in low-carbon businesses out of total capital expenditure (average in the period) | 2030-2040 | 2040-2050 |
|---|---|---|
| Scenario compatible with STEPS demand | 45-55 | |
| Scenario compatible with APS demand | 55-65 | 65-75 |
| Scenario compatible with NZE demand | 70-80 | 80-90 |

By 2030, Repsol plans to reach **capital employed figures of more than 40% in low-carbon businesses**. This proportion will continue to increase until 2050 at the pace of the energy transition in each scenario considered.

| % of capital employed in low-carbon businesses out of total capital | 2030 | 2040 | 2050 |
|---|---|---|---|
| Scenario compatible with STEPS demand | | 50-60 | 50-60 |
| Scenario compatible with APS demand | > 40 | 55-65 | 65-75 |
| Scenario compatible with NZE demand | | 65-75 | 75-85 |

[5] Net Capex: Capex (already including subsidies) subtracting proceeds from divestments and asset rotations, and changes in debt perimeter due to project financing and portfolio management.

# 6. Resilience to the financial risks of Climate Change

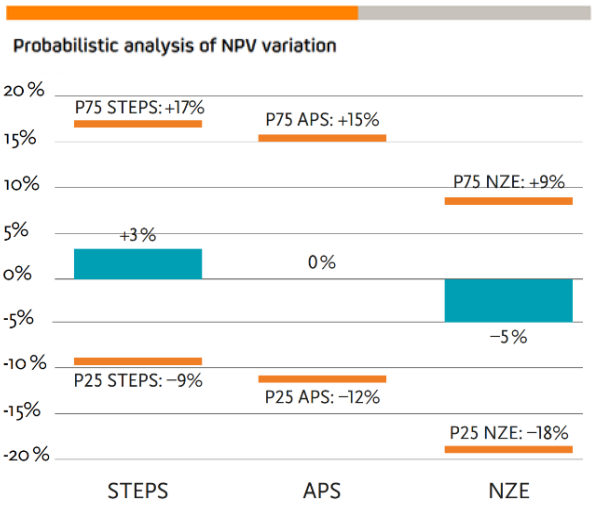
To assess the financial resilience of the strategy to climate change risks, an economic analysis of the value of current and future assets was performed for the three aforementioned IEA scenarios. Results are shown in the graph below in terms of net present value (NPV) differential with regard to the APS scenario. **The value of the Company does not vary substantially in the different IEA demand scenarios, between -5% and +3%**, due to the following reasons:

- The industrial and commercial fuel business environment was considered unchanged in the three scenarios, due to the hypothesis of being subject in all cases to the European Green Deal and the Fit for 55 legislative package. Investments in low-carbon projects (renewable fuels) preserve the value of these businesses, currently in the first quartile in the EU in terms of economic margin and leading market share in Spain.
- The Exploration and Production business maintains its production flat and holds its value throughout the decade, which are the years with the greatest impact in terms of NPV, and it undergoes a progressive reduction beginning after 2030 at the rate of the fall in production and the drop in prices due to lower demand.
- The Low Carbon Generation and Electricity Commercialization businesses, on the other hand, create economic value due to their growth pattern.

The limited variation in the Company's NPV in the three scenarios shows that the proposed strategy is resilient to variations in the pace of the energy transition.

Regarding price assumptions to 2030, a single internal price path has been used for all scenarios in line with analysts' and agencies' references, which is also consistent with that used for calculating the recoverable value of Repsol assets ("impairment test").

From 2040 onwards, IEA price assumptions for each of their three scenarios have been used. For the period 2030-2040, prices have been interpolated between Repsol's internal prices for 2030 and IEA's prices for 2040. As an additional reference, an IPCC average price path has been calculated for those 28 scenarios compatible with a temperature increase limited to 1.5°C by 2100 in which carbon emissions reach neutrality by 2050. It is noteworthy that the average oil and gas prices for these IPCC scenarios are higher than those in the IEA NZE scenario (compatible with 1.5°C) and in line with prices of the STEPS scenario (not compatible with 1.5°C), showing that price assumptions are uncertain and their relationship with climate scenarios can be subjective.




The IEA estimates a deterministic price path for each of its demand scenarios. However, the energy sector exhibits a great uncertainty in the supply/demand balance and volatile commodity prices. A probabilistic analysis of the sensitivity to oil and gas prices, and refining margin has also been carried out based on their historical variability.

The probabilistic analysis results in new, much wider intervals of NPV for each scenario. This variation in financial value is related to the historical volatility of commodity prices, rather than to the impact of the energy transition itself on those prices, thus providing useful complementary information. For its price assumptions, the IEA calculates prices on the basis of the marginal cost of production in the different demand scenarios, without taking into account other factors like geopolitical factors.

# 7. Risks and opportunities

Risks and opportunities associated with the energy transition and climate change are becoming increasingly important, especially in the medium and long term. Repsol identifies and assesses the risks associated with the energy transition and climate change over the short, medium, and long term from several perspectives, by using its own analysis methodology that adapts the short-term risk analysis approach envisioned in its Enterprise Risk Management System with the aim of extending its scope to 2030 and 2050. This supplements the Group's general risk map (5-year horizon) and the emerging risk map (10-year horizon), looking forward to 2030 and 2050 specifically for climate change and energy transition risks.

- The medium- and long-term risk analysis was based on the IEA's two most challenging scenarios: Announced Pledges Scenario (APS), and Net-Zero Emissions (NZE) described in the previous section. The risks of energy transition and climate change may have an adverse or positive impact depending on the strategies for risk mitigation and adaptation, since they imply the emergence of new business opportunities that can be unlocked.
- The company's most significant energy transition and climate change risks are identified at the business level. An internal taxonomy has been developed for this purpose, taking the risk classification proposed by the Task Force on Climate-Related Financial Disclosures (TCFD) as the main reference. It includes the climate change risk categories, both stemming from the energy transition (regulatory, legal, technological, market, and reputational) and the physical risks that could be exacerbated by the progression of climate change (acute and chronic). In total, it considers 22 risks classified according to their nature, which are qualitatively assessed by a group of business experts, as well as experts on strategy, markets, regulation, finance, reputation, legal affairs, technology and sustainability, to achieve a consensus regarding the potential consequences of the materialization of risks.

**In the 2030 horizon, the risk analysis reveals that exposure to suffering negative impacts from the energy transition is moderately low.** The Company is prepared even for the fast transition scenarios thanks to its Strategic Plan and the decarbonization roadmap, leveraging opportunities based on its own competitive advantages.

**In the long term (2030-2050), exposure to energy transition risks will increase**, as there will be added uncertainty associated with risk factors and the scale and timeframe in which these may materialize. However, the opportunities already mentioned can continue to be taken advantage of.

| TRANSITION RISKS [1] | | IMPACT ASSESSMENT | | | | | |
|---|---|---|---|---|---|---|---|
| | | Time horizon trend[2] | Business [3] | | | | Geography |
| | | | E&P (Exploration and Production) | Industrial | Customer | Low Carbon Generation | |
| **Regulatory and legal** | Regulatory changes that affect the Company's results | Constant | ● | ● | ● | ● | Special relevance for the EU and North America |
| | Increase in litigation arising from the effects of climate change | Decreasing | ● | ● | ● | ● | |
| **Technological** | Inefficient, late, or premature adoption of new practices, processes, or developing technologies | Increasing | ● | ● | ● | ● | EU, North America, and the rest of the world |
| | Shortage or unavailability of raw materials, natural resources, goods or services | Increasing | ● | ● | ● | ● | |
| | Limitation in the deployment of technologies due to lack of infrastructure | Constant | ● | ● | ● | ● | |
| **Market** | Misalignment of the portfolio management strategy with the speed of the energy transition | Constant | ● | ● | ● | ● | Special relevance for the EU and North America |
| | Changes associated with the preferences of final consumers or intermediaries | Increasing | ● | ● | ● | ● | |
| | Potential difficulty or limitations in raising funds | Constant | ● | ● | ● | ● | |
| | High competition on markets associated with the energy transition | Increasing | ● | ● | ● | ● | |
| **Reputation** | Stigmatization of the sector | Constant | ● | ● | ● | ● | EU, North America, and the rest of the world |
| | Non-compliance with the commitments acquired by the company or error in reporting | Increasing | ● | ● | ● | ● | Special relevance for the EU |
| | Challenges associated with talent management | Decreasing | ● | ● | ● | ● | Special relevance for the EU and North America |

(1) For more information on energy transition and climate change risks see Appendix V - Information on Sustainability (includes Non-Financial Statement).
(2)Assessment of risk evolution trend between 2030 and 2050. The risk may be constant, increasing or decreasing during this period.
(3)This assessment is the result of the qualitative analysis carried out, based on the consensus reached by the group of experts taking part in the exercise. Three levels of qualitative impact have been defined (High, Medium, Low). For each analyzed risk, this level indicates the potential impact on businesses should the risk materialize within an NZE scenario by 2050, considering both mitigation actions and opportunities identified in line with the Strategic Plan and the decarbonization roadmap for each business.

● High ● Medium ● Low

Given the nature and location of the Company's activities, the team of experts has concluded that **physical risks of climate change are lower than those stemming from the energy transition**. However, as a result of the public information obligations arising from the **European Union regulations and Taxonomy Regulation** 852/2020, Repsol has developed a semiquantitative methodology to analyze in detail the physical risks of climate change at existing operated facilities – and especially at the new facilities added to the Company's portfolio that meet the established requirements to be considered as environmentally sustainable activities.

The global warming scenarios described by the Intergovernmental Panel on Climate Change (IPCC) have been considered for this long-term analysis: RCP 8.5, RCP 4.5, and RCP 2.61, with the same timeframe as for transition risks (2030, 2040, and 2050). Wind farms, photovoltaic plants, hydroelectric facilities, electrolyzers for hydrogen production, installations for biofuel production or for waste recovery, and others have been studied in their projected geographical locations.

Climate projections used for this purpose were, among others, those of the Copernicus services (the EU's Earth observation program coordinated and managed by the European Commission). Using these forecasts for climate conditions (studied through the analysis of the physical variables associated with the acute and chronic risk factors related to variations in temperature, precipitation, wind speed, etc.), the exposure to this type of weather phenomena and climate variations is determined.

Next, based on this risk exposure data, an analysis is carried out with experts from each of the facilities or projects about the potential impacts that could occur -- both from the standpoint of possible structural damage due to the intensification of extreme weather events and possible production losses or operational inefficiencies because of these weather phenomena or changes in climate patterns.

Likewise, the barriers currently implemented to mitigate or minimize these risks and other possible mitigation measures that can be implemented in the future are also analyzed in case these events were to intensify, to significantly reduce the probability of having an impact. Considering the combination of these three parameters (exposure to the external weather event, potential consequences in case of materialization, and capacity for adaptation) a risk level is determined.

According to the analyses carried out to date, these risks are generally classified as minor, applying the defined methodology.

# 8. Mechanisms to prioritize decarbonization

Repsol has implemented internal tools to promote capital allocation to low carbon projects, such as an internal carbon price and an investment qualification methodology.

## 8.1. Internal carbon price

The Company has set an internal carbon price to apply to investment decisions of new projects. It applies to all investments, including those cases where there is no regulated carbon price, with the conviction that the cost of $CO_2$ [6] emissions will be internalized through regulatory mechanisms in all geographical areas over the time horizon of the life of such investments. A higher carbon price encourages emissions reductions and boosts investment in low-carbon technologies.

The internal carbon price used by Repsol distinguishes between the European Union and the rest of the world. New investments in the EU, subject to the regulated trading system ETS, are assessed by applying around **$100/t in the 2024-2025 period and $110/t in 2030.** For the rest of the world, in countries without more stringent specific regulations, **$60/t is applied for the entire 2024-2030 period**.

## 8.2. Assessing investments for consistency with the decarbonization pathway

Since 2021 Repsol applies its own methodology to assess whether an investment is aligned and compatible with its decarbonization path**. Any investment or divestment proposed to the Executive Committee and the Board of Directors must include a report from the Sustainability Division that assesses the project's carbon intensity and its impact on the Company's CII.** According to the established methodology, investments can be categorized as follows depending on whether the impact is positive, neutral, or negative:

- Aligned with the energy transition, when it does not affect or facilitate the Company's Carbon Intensity Indicator reduction targets.
- Enabling the energy transition, if it has a negative impact on the Carbon Intensity Indicator of less than 1%, that can be offset by other initiatives. Additional conditions are also imposed on exploration and production investments (limited life of exploitable reserves and no investment in oil sands, extra-heavy crude, and Arctic offshore).
- Misaligned, when it does not meet the requirements of either of the two previous categories.

During 2023, following the investment qualification methodology, a sustainability assessment was carried out on 31 investment proposals (14 from E&P, 8 from Low Carbon Generation, and 9 from Industrial Transformation and Circular Economy). Of them, 71% were aligned, 19% enabling, and 10% misaligned.

[6] Prices expressed in nominal terms.

# 9. Disclosure and transparency

We are committed to providing a useful and clear perspective of our energy transition strategy.

## Environment

- Deployment of the decarbonization roadmap driven by our ambition of being a net zero emissions company by 2050
- Minimizing freshwater consumption in our industrial facilities with the aim of being net water zero by 2050, with intermediate targets
- Early adopters of the TNFD framework to prioritize Natural Capital as a core and strategic risk management issue

## Social

- Progress towards a just transition with a focus on employees, local communities and energy consumers
- Implementation of the Safety Excellence Program: prevention of major risks and efficiency in safety management
- Collaborate with local communities and stakeholders to produce a positive social impact within the scope of our operations

## Governance

- Short and long-term salary incentives linked to ESG (both executives and employees)
- Transparent reporting and proactive engagement with stakeholders
- Board of Directors balanced in terms of independence and diversity (73.3% independents and 40% women)
- Promote excellence in the compliance models of our third parties and investee companies

**Leadership positioning in the main ESG ratings and rankings**

SUSTAINALYTICS | Moody's ANALYTICS | MSCI | ISS ESG | CDP | World Benchmarking Alliance | CHRB

## 9.1. Transparency of our reporting

Aligned with an explicit commitment to transparency and the application of best reporting practices, Repsol prepares its information on climate change in accordance with the recommendations of the TCFD, which we voluntarily joined in 2018.

Since 2006 Repsol has been participating in the CDP (Carbon Disclosure Project) and stands out as one of the leading companies in energy and carbon management in its sector. In recent years Repsol has been positioned in the leadership band of the CDP Climate Change with a rating of A-, surpassing the global average (C) and the Oil & Gas sector average (B) in 2023.

On the other hand, in addition to applying the GRI reporting standard since 2001, we have also incorporated the Sustainability Accounting Standards Board (SASB) standard in 2020 and the new metrics recommended by the Stakeholder Capitalism Metrics (SCM) initiative of the World Economic Forum (WEF) in 2022. In addition, starting 2022, Repsol reports on the requirements of the EU Sustainable Finance Taxonomy:

- The 2021 Integrated Management Report (published in February 2022) included the share of capex, opex and revenue related to the main "eligible" activities identified in relation to climate change mitigation and adaptation objectives.
- The 2022 and 2023 Integrated Management Reports included the proportion of capex, opex and revenue by "eligible" and "aligned" activities identified with respect to climate change mitigation and adaptation objectives. In 2022, 21% and in 2023, 32% of the Group's Capex met the requirements for an economic activity to be considered as “aligned” as per the Taxonomy.

In December 2022, the European Commission adopted the Corporate Sustainability Reporting Directive (CSRD), which amends the current NFRD (Non-Financial Reporting Directive). The new regulation, to be in force in 2025 for the reporting year 2024, introduces more detailed reporting requirements and an obligation to report in accordance with mandatory EU Sustainability Reporting Standards (ESRS).

Repsol has carried out a gap analysis and a roadmap of actions to meet the requirements of the ESRS. Several of the actions in this roadmap have already been implemented in advance in the 2023 Integrated Management Report.

## 9.2. Engagement with ESG investors and other stakeholders

As of November 2023, ESG Investor's managed **34.9%**[7] of Repsol's Institutional ownership.

Our company maintains a highly fruitful and transparent engagement with stakeholders and investors. Investor feedback helps us improve our Climate Change methodology and objectives, among other topics. Repsol looks forward to maintaining this permanent, transparent, and healthy dialogue with third parties.

The company's ESG investor outreach program is very ambitious, and it typically involves meeting more than 100 investors in person or virtually every year. Both the CEO and the members of the Executive Committee are committed to engaging with ESG investors and proactively taking part in Repsol's landmark **ESG Day**[8], roadshows and meetings.

This commitment is also extended to the Board of Directors. In this respect, the Lead Independent Director and chairman of the Sustainability Committee, Mariano Marzo and the Independent Non-Executive Director, Chairwoman of the Nomination Committee, Chairwoman of the Compensation Committee and Member of the Audit and Control Committee, Ms Aurora Cata, have also been part of meetings with institutional investors.

During 2022 and 2023, the company held more than **230** meetings with investors and other ESG specialists. Climate was a focal point in these conversations. Repsol has been in contact with investors from a wide range of geographies, such as the United Kingdom, United States, Netherlands, France, Canada, Spain, Switzerland, Germany, Belgium, Denmark, Sweden, Norway, Singapore, Italy, Japan, and Hong Kong.

Furthermore, the company maintains a well-established and active dialogue with leading global investors initiatives with a focus on discussing climate change, chiefly, **Climate Action 100+**[9] **and Institutional Investor's group on Climate Change**[10] (IIGCC).

It is worth mentioning that, along with seven other peers and investors, Repsol participated in an engagement process to define the **"Net Zero Standard for the Oil & Gas sector"**[11]**.** Set up by **IIGCC** and the **Transition Pathway initiative**[12]**,** the Net Zero Standard sets minimum expectations for what must be included in net zero transition plans from oil & gas companies, to create a level playing field in corporate reporting and meet investor expectations for credible and comparable company net zero transition plans.

Our engagement with investors was conducted through the participation in several insightful and collaborative roundtables with other stakeholders and members of the IIGCC group. In addition to this process, Repsol was invited to participate in a pilot project to test the above-mentioned Net Zero Standard internally, seeking to trial how it fits into the company's strategy. Repsol was part of this pilot during the second part of 2021 and throughout 2022, helping to reinforce Repsol's commitment to implementing transition strategies aligned to a net zero pathway.

Since the publication of the last Say on Climate report in 2022, the following actions have been taken by Repsol as part of our ongoing dialogue with our institutional investors:

### 9.2.1. Engagement with EOS at Federated Hermes limited. Consideration of climate change, decarbonization and the energy transition in our financial statements:

Since 2010, Repsol has maintained an ongoing dialogue with **EOS at Federated Hermes limited**[13]. The stewardship team at EOS co-leads the engagement with Repsol on behalf of the Climate Action 100+ initiative alongside BNP Paribas Asset Management and Phoenix Group.

[7] Institutional shares from the November 2023 Shareholder ID.
[8] https://www.repsol.com/en/shareholders-and-investors/socially-responsible-investors/repsol-esg-day/index.cshtml
[9] https://www.climateaction100.org/
[10] https://www.iigcc.org/
[11] https://www.iigcc.org/resources/net-zero-standard-for-oil-gas
[12] https://www.transitionpathwayinitiative.org/
[13] https://www.hermes-investment.com/

During December 2022, EOS informed Repsol's Audit and Control Committee of its expectation that Repsol fully reflects climate change-related matters in its financial accounts and audit process.

More specifically, the investor requested Repsol to provide clearer disclosures in its forthcoming financial statements on how climate change and global decarbonization efforts are being captured in critical accounting assumptions and judgements while seeking the disclosure of a sensitivity analysis to a 1.5°C pathway within the notes of the financial accounts.

As a result of this engagement and to address matters of interest, Repsol included in its 2022 Consolidated Financial Statements, that were published in February 2023, the following disclosures:

- Regarding the request about **how climate change and decarbonization** plans are captured in **critical accounting assumptions** and judgments, alongside the disclosure of a sensitivity analysis to a 1.5°C pathway in the notes to the accounts:
  - Repsol added **note 3.5.2 to the 2022 Annual Financial Statements**[14] with details of estimates and accounting judgments related to the risks and implications of climate change, decarbonization and the energy transition.
  - In addition, **note 20.2 to the 2022 Annual Financial Statements** refers to a sensitivity analysis of the fair value of our current assets, in terms of net present value loss, using the hydrocarbon price paths of the International Energy Agency's Net Zero Emissions (NZE) 1.5°C scenario, published in the World Energy Outlook 2022 report.
- Repsol's resilience to long-term financial risks (and opportunities) resulting from the energy transition, including a 1.5°C aligned pathway:

  Our 2022 Annual Integrated Management report[15] included within its sustainability chapter, section 6.1.2, our company's scenario analysis based on the different assumptions for Oil & Gas demand, renewable generation growth and other macroeconomic conditions, described by the International Energy Agency (IEA). The analysis included quantitative information about how the value of the company assets (Net Present Value) varies depending on which IEA pathway is followed.

  This information has been updated in our 2023 Annual Integrated Management Report16, within its sustainability chapter, section 7.2.1.2.

  Repsol and EOS have also maintained engagement regarding Human Rights and Corporate Governance in recent years and will continue to engage on the development and delivery of our climate change strategy.

### 9.2.2. Following engagement with investors and since the publication of our first Say on Climate report, the following additional information is disclosed annually within our Integrated Management report:

- Increased transparency on Scope 3 emissions, responding to investor demand to facilitate a deeper level of insight into our company's decarbonization approach, given the absence of a standardized decarbonization methodology for the Oil & Gas sector. In particular, additional disclosure is provided around Repsol's carbon intensity (CII) reduction pathways[17] including sales-based Scope 3 data.
- A comparison of the company's decarbonization pathway with that of the different 1.5°C scenarios of the IPCC (AR6, 2022), calculating a carbon intensity for the scenarios based on GHG emissions data ($CO_2$, $CH_4$, $N_2O$) and primary energy (IIASA10), allowing comparisons with the reduction of Repsol's CII.
- The company's energy mix by 2030, based on products sold.
- % of capital expenditure and capital employed in low-carbon businesses out of total capital expenditure under different IEA scenarios (STEPS, APS and NZE)

[14] https://www.repsol.com/content/dam/repsol-corporate/es/accionistas-e-inversores/rif/2023/rif17022023-repsol-group-annual-financial-report.pdf
[15] https://www.repsol.com/content/dam/repsol-corporate/en_gb/accionistas-e-inversores/resultados/2022/q4/integrated-management-report-2022.pdf
[16] https://www.repsol.com/content/dam/repsol-corporate/en_gb/accionistas-e-inversores/informes-anuales/2023/integrated-management-report-2023.pdf
[17] https://www.repsol.com/content/dam/repsol-corporate/es/accionistas-e-inversores/esg-day-2023/presentaciones/is-repsol-alligned-with-a-1-5-degrees-pathway.pdf

## 9.3. Advocacy and associations

We strongly advocate for close collaboration between companies, industrial associations, and governments, to contribute to the establishment of well-designed policy frameworks that enable an orderly energy transition aligned with the goals set forth in the Paris Agreement. This means ensuring that our energy systems evolve towards decarbonization while considering two crucial factors: affordability for consumers and the security of energy supply.

In this spirit, we must guarantee that the initiatives and associations in which we participate are aligned with both the fulfilment of the goals of the Paris Agreement and our own climate policy positions. We call on governments to collaborate with industry and other stakeholders to create a level playing field that fosters innovation, investment, and sustainable economic growth.

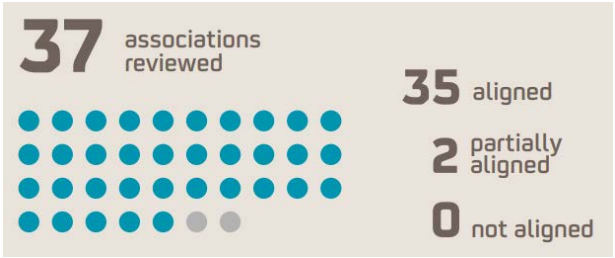
We acknowledge the increasing demand from our stakeholders for enhanced transparency regarding corporate lobbying activities, particularly in the context of climate change and the energy transition. In this sense, investor initiatives, such as the Climate Action 100+ Net Zero Company Benchmark and the Global Standard on Responsible Corporate Climate Lobbying, have emerged to promote greater transparency in climate-related lobbying efforts undertaken by companies and industry associations.

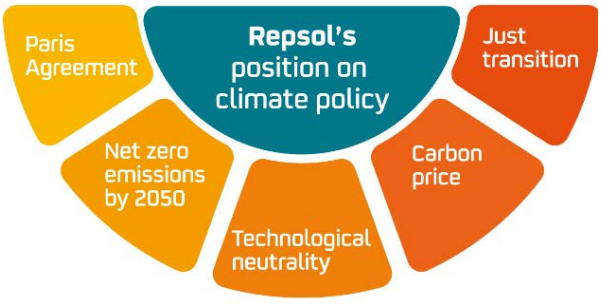
We regularly assess the alignment between key associations and our climate policy positions. As a result, the company publishes an annual report on Repsol's participation in trade associations[18].

For those partnerships that are partially aligned according to our assessment, our goal is to promote, through dialogue, energy transition policies that support the goal of the Paris Agreement. If the assessment is not aligned, we will terminate our participation, leaving open the possibility of resuming the relationship if our positions on climate change align again in the future.

In 2023, we reviewed 37 industry associations. Our assessment led to the identification of:

- 35 aligned with the Paris Agreement and our climate policy positions, of which five have been revised for the first time (Asociación Española de Hidrógeno, International Air Transport Association, Efuel Alliance, American Clean Power, Asociación de Generadoras de Chile).
- 2 partially aligned associations (API and OCIMF).
- No non-aligned associations



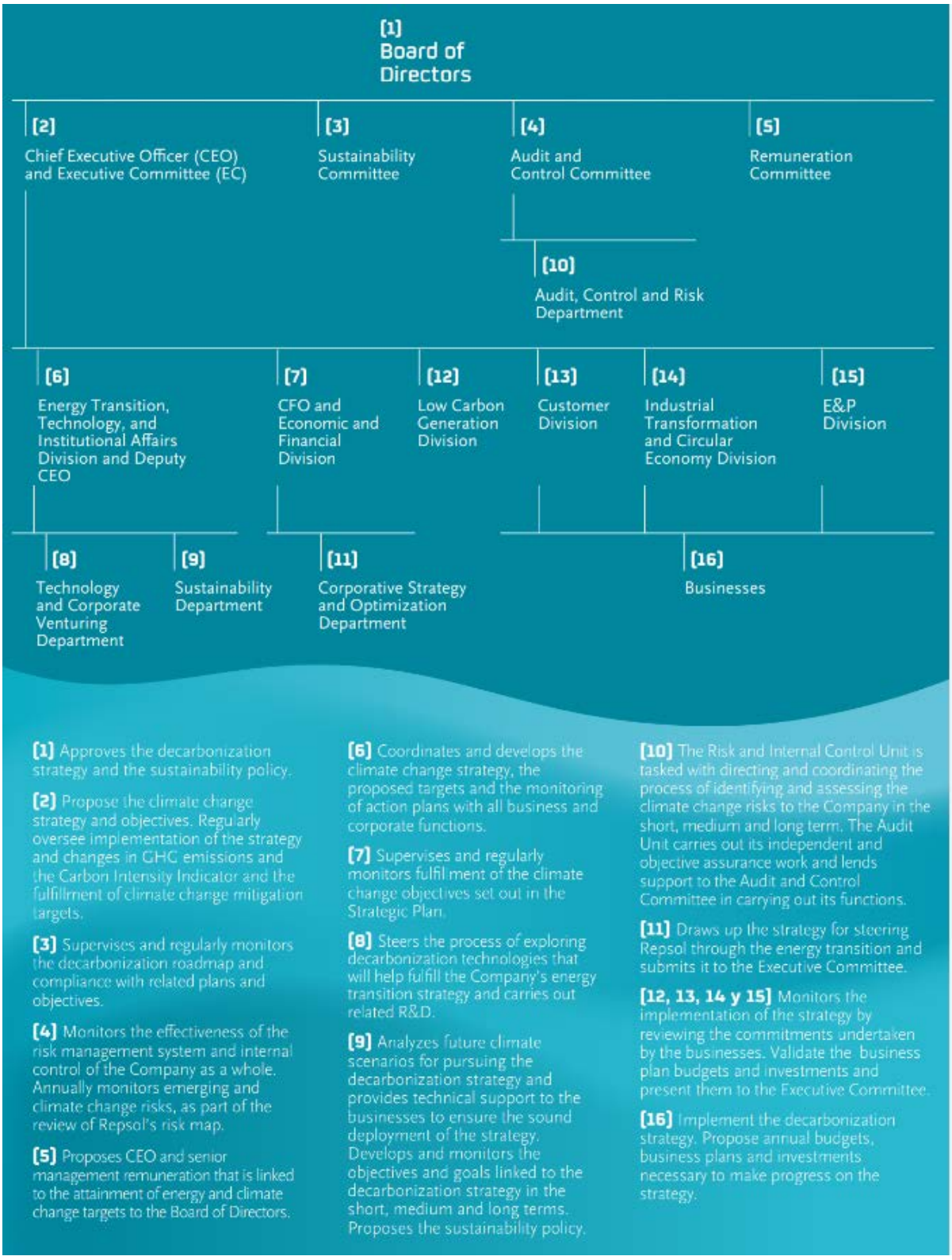




Repsol has established five principles that define our climate policy positions[19]. They represent the global framework of climate change and energy transition positions that is the basis for Repsol's advocacy with different stakeholders, from governments to international organizations. We also assess the alignment with these same principles of the industry associations in which Repsol participates.

[18] https://www.repsol.com/content/dam/repsol-corporate/en_gb/sostenibilidad/reports/2023/participation-in-associations-climate-review-update-2023.pdf
[19] https://www.repsol.com/content/dam/repsol-corporate/en_gb/sostenibilidad/reports/2023/repsol-climate-policy-positions-2023.pdf

# 10. Governance

## Climate Change Governance



## 10.1. Governance model

The whole organization, governance bodies, businesses units, corporate areas and employees are committed to the decarbonization goals.

Repsol has a governance structure for **managing matters related to climate change** led by the Board of Directors. The Board approves and monitors the decarbonization strategy, which is part of the Company's strategy, and ensures that the sustainability and energy transition targets and indicators are met. This involves tracking metrics, emissions and carbon intensity reduction targets, technological innovations, and the alignment of the investment proposals with the energy transition goals.

The Executive Committee and the Board review the alignment of the investment proposals with the energy transition and the Company's decarbonization path based on specific reports drawn up by the Sustainability Division. These reports reflect the positive, neutral, or negative impact of each investment proposal on Repsol's Carbon Intensity Indicator, a metric that analyzes the Company's progress toward decarbonization.

The Sustainability and the Audit and Control Committees of the Board of Directors also supervise the reporting and execution of the climate change strategy and the Carbon Intensity Indicator management and compliance.

Specifically, in 2023 the **Sustainability Committee** held five meetings and reviewed the following aspects, among others:

- Fulfillment of the energy transition targets by the end of 2023.
- The decarbonization strategy.
- The methodology for qualifying investments to ensure they are in line with the energy transition (Carbon Intensity Indicator).
- Targets and summary of investments aligned with the energy transition at year-end 2022.
- Climate scenarios and the evolution of the Carbon Intensity Indicator.
- Greenhouse gas (GHG) emissions map.
- Non-financial reporting framework.
- Company's 2030-2050 scenarios for energy transition resilience.
- Climate change risk analysis (2022-2050).
- Participation in industry initiatives and associations and their alignment with the Company's climate position.
- Main implications for Repsol of the COP-28 agreements.

Likewise, the **Audit and Control Committee** reviewed the non-financial information published in the Management Report, as well as the non-financial risk control and management systems.

The **Executive Committee** is directly responsible for managing matters related to the **energy transition**:

- It oversees and proposes to the Board of Directors the Company's strategy aligned with the energy transition, as well as the scenario analysis in the long term (2031-2050).
- It approves and assesses the targets, budgets, and annual investment plans.
- It approves the methodology for the qualification of investments to ensure that it is in line with the energy transition.
- It approves potential changes in the Carbon Intensity Indicator calculation methodology and monitors (at least once a year) the progress made towards achieving the targets established for this key indicator.
- It assesses the investment proposals and their impact on the Carbon Intensity Indicator.
- It oversees the risk management policies and the emerging risks and climate change map periodically presented by the Audit, Control, and Risk Department.

The main business departments that affect the energy transition strategy work together and meet regularly. They evaluate ongoing projects that address climate change risks and opportunities and get advice from specialized teams on climate-related issues. About 150 full-time employees deal with climate and energy transition issues, across corporate functions (sustainability, legal, risk management, strategy, technology, investor relations, communication, institutional relations, etc.) and business units.

**Energy transition risk governance model**


## 10.2. Training for Directors

The members of the Board are regularly trained and updated on sustainability issues to ensure that they have the appropriate skills and knowledge to navigate the Company throughout the energy transition.

For example, throughout the 2023 financial year, training and information sessions related to the following matters, among others, were conducted for all directors and specific sessions were carried out for members of the Audit and Control Committee and Sustainability Committee:

- **Board of Directors**: Fuels for renewable mobility; Hydrogen; Technologies in the Exploration and Production business in the energy transition; Offshore wind energy; Electric mobility; Technologies for managing electrical energy.
- **Sustainability Committee**: Energy transition and climate change; Report on ESG ratings; Sustainability risks; non-financial information reporting frameworks; Matters related to emissions reduction and CO2 emissions rights; Safety culture; Community relations and Human Rights; Natural capital and biodiversity; Methodology for qualifying investments based on their alignment with the energy transition; and 2030-2050 Company scenario.
- **Audit and Control Committee**: Internal control over financial reporting (ICFR) and nonfinancial reporting (ICNFR); Risk control of the Customer Division and Exploration and Production Division; Risk management on procurement and compliance with suppliers; Cybersecurity Code of Good Governance; Reputational risks and risks inherent to the Company's activities; Operation of the stock market and price formation.

## 10.3. Sustainability targets on remuneration

The variable remuneration of all employees depends on the Company's energy transition goals:

- Short-term variable remuneration is set and revised annually and is linked to the sustainability commitments. For 2024, sustainability objectives have been established in the different businesses and corporate areas with a weight between 21-46% depending on the contribution of each of them. The weight of the objectives related to decarbonization and sustainability represents 25% of the CEO's target annual variable remuneration.
- Long-term variable remuneration, which covers all executives and senior managers, including the CEO, and many senior leaders, is also linked up to 40% to decarbonization targets. In particular, the 2024-2027 program is 20% tied to the CII reduction path, 10% to renewable generation targets and 10% to renewable fuels production capacity.

# 11. Just transition

For Repsol, the **energy transition** can only be understood if it includes principles of efficiency, sustainability, and justice[20]. This must be achieved with solutions that minimize the social and economic impact on workers, local communities, and society as a whole. And always based on respect for while paying special attention to the most vulnerable groups.

Repsol's Global Sustainability Plan[21] incorporates different objectives aligned with the four pillars of the **Just Transition Framework for Company action**[22]:

*"At Repsol, we are committed to the supply of secure, affordable, and sustainable energy, three essential factors for the development of a just energy transition."*

Josu Jon Imaz, Repsol CEO

**Universal net zero energy**

Supporting universal access to energy in a decarbonized world.

**Workforce evolution**

Ensuring a just transition for company workers.

**Community resilience**

Promoting a just direct and indirect impact on communities.

**Collaboration and transparency**

Fostering a Just Transition in a collaborative and transparent way with other organizations.

1. **Universal net zero energy:** The company is building a new business portfolio, and investing in new energy sources and technologies that help reduce and neutralize emissions.
2. **Workforce evolution:** Workforce is a key player in the energy transition. The creation of new jobs in low-emission activities, as well as the attraction and retention of talent and development of new skills among employees is essential to explore available and emerging technologies.
3. **Community resilience:** Repsol is formally incorporating human rights due diligence into its project management system, which supports our close collaboration with the communities in which we operate, understand their needs and expectations, and minimize any possible negative impacts on their well-being and rights. Repsol conducts human rights impact assessments, engages in meaningful consultation and dialogue with local stakeholders, and implements grievance mechanisms and remediation measures when needed. Through these actions, Repsol enhances its social license to operate, builds trust and mutual respect, and contributes to sustainable development.
4. **Collaboration and transparency**: The company recognizes that achieving a low-carbon future requires working together with other organizations across sectors and regions, as well as engaging with the diverse interests and expectations of its stakeholders. To foster this collaboration and transparency, Repsol maintains an ongoing dialogue with its customers, suppliers, investors, regulators, and civil society, and shares its action plan and progress through various channels and platforms. By doing so, Repsol aims to build trust, align objectives, and identify opportunities and solutions for a just transition.

[20] Repsol's Sustainability Policy, approved in December 2022, includes among its commitments the promotion of a just energy transition that takes into account the impact on workers, local communities and society in general.

[21] https://www.repsol.com/content/dam/repsol-corporate/en_gb/sostenibilidad/reports/2023/2023-global-sustainability-plan.pdf

[22] "Just Transition Framework for Corporate Action," defined in November 2021 by the Council for Inclusive Capitalism in collaboration with several participating companies (including Repsol).

For more details on Repsol's governance, strategy, risks and opportunities, plans, metrics, and targets as regards to the energy transition and climate change, the following public documents are available on the Repsol website (shareholders and investors section):

**Links to other information:**

Repsol.com/ Integrated management report 2023

Repsol.com/Strategic Update 2024-2027

Repsol.com/Repsol's participation in trade association: Climate revies 2023

Repsol.com / Repsol's climate policy positions

Repsol.com / Repsol ESG Day, October 2023

Repsol.com / Annual Corporate Governance Report

Repsol.com / Annual ESG Engagement Report

All of our reports and data are available at Repsol.com/Reports archive and Repsol.com/ESG investor