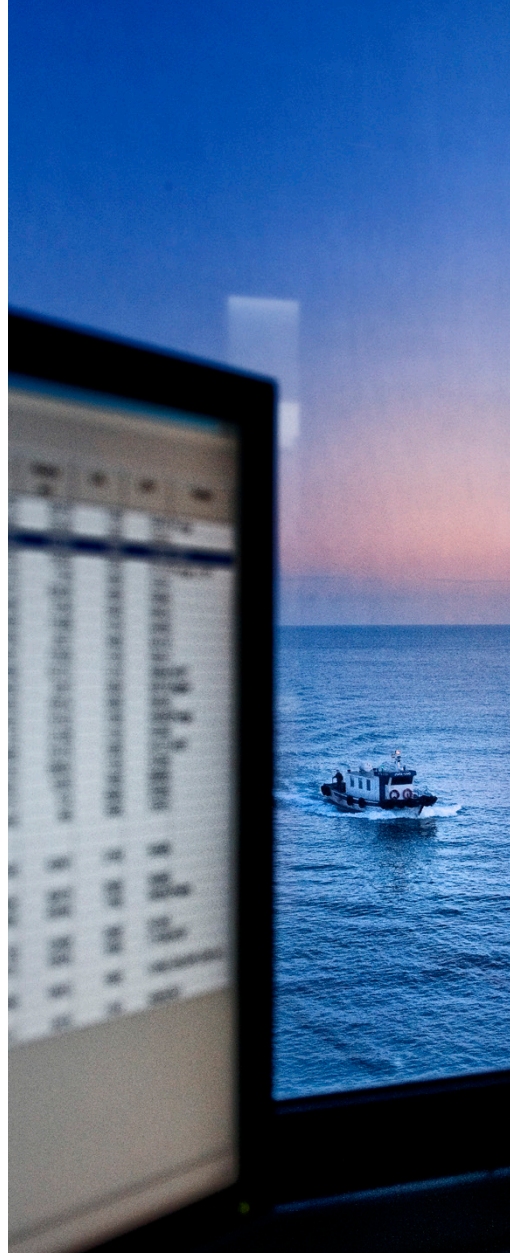


Assessing **Repsol's**
participation
in industry initiatives
and associations:
Climate Change



REPSOL



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26

Aligned
associations

2

Partially
aligned
associations

0

Non-aligned
associations

Executive summary

The fight against climate change is causing a paradigm shift which we now know as the energy transition. In line with our commitment to fighting climate change and decarbonizing the economy, at Repsol, we are working to ensure that all the associations and initiatives in which we take part are aligned with both the fulfilment of the goals of the Paris Agreement and our main lines of action regarding climate change. Specifically, we have assessed our participation in 28 initiatives and associations. Our selection is based on the associations' or initiatives' relationship to the energy sector, their scope of action in regions or countries where we have significant business or commercial operations, and their relevance in relation to climate change. This assessment is designed as an exercise in transparency regarding the impact of our activities on climate change and comes in response to requests by investors and analysts.

We have performed an objective, detailed and rigorous assessment. As a starting point, we asked the associations of which we are members to outline their positions on the Paris Agreement goals and we reviewed the publicly

available information on their decarbonization initiatives. Then, we compared their positions with our climate change strategy regarding: commitment to Paris Agreement measures, carbon pricing, energy efficiency, the key role of natural gas in the energy transition, the use of low-emissions technologies, and new technological developments (e.g. Carbon Capture, Use and Storage, CCUS). On the basis of this assessment, we found the following:

- **26 aligned associations.**
- Two **partially aligned** associations, American Petroleum Institute (API) and Canadian Society for Unconventional Resources (CSUR), with which we will engage in a constructive dialogue to address differences in position.
- No **non-aligned** associations.

We will continue assessing the associations annually and will update the information published in the event of material changes or every two years, at the latest.

The report is available at www.repsol.com.

Introduction

At Repsol, we share society's concerns for the impact of human activity on the climate, and we are firmly committed to an energy transition towards a low-emissions future.

We have set ambitious targets in the fight against climate change because we are convinced that the only way to overcome the major challenges ahead is by turning them into opportunities.

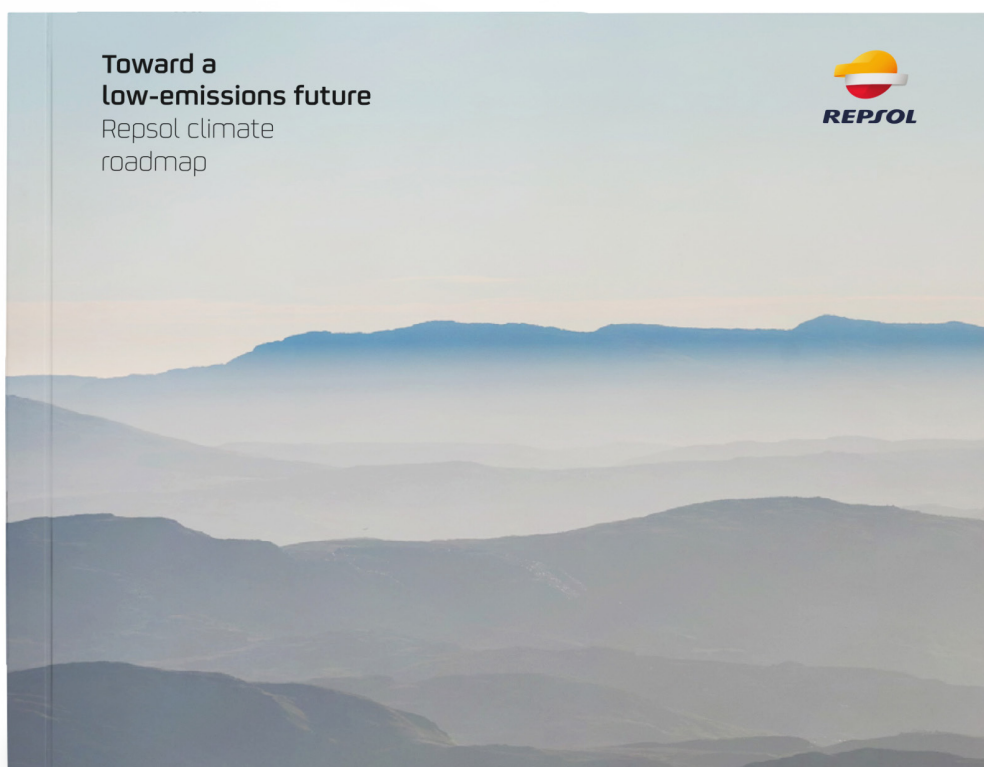
Accordingly, in May 2019 we published the **Repsol climate roadmap** which outlines several short, medium and long-term targets and ambitions aimed at reducing our greenhouse gas emissions and shaping

our energy asset portfolio in line with the Paris Agreement.

In December 2019, Repsol unveiled its commitment to achieving **net zero emissions by 2050**, making it **the first company in its sector to set this ambition**. This commitment is designed to contribute to the target of the Paris Agreement of keeping the global temperature rise well below 2°C compared to pre-industrial levels and pursuing efforts to limit this increase to 1.5°C. This new scenario provides Repsol with an opportunity to focus on operational excellence, innovation and investment in new low-emissions energy solutions as it moves forward to become a decarbonized company.



Repsol strives to ensure that all the associations and initiatives in which we take part are aligned with the achievement of the Paris Agreement goals and our climate change strategy.



Repsol corporate
publication
on Climate
Change 2018

With the technology currently foreseen, we expect to achieve at least a 70% reduction in net emissions by 2050, and we are committed to applying the best technologies available to increase this figure. If necessary, we would offset emissions through natural climate solutions to achieve net zero emissions by 2050.

Knowing that we can enhance our individual performance by embracing a collective approach, we work in cooperation with other companies and institutions, both directly and through various industry initiatives and associations.

In line with the commitments of the Paris Agreement, we know how important our dialogue with political and industrial associations is and we must ensure that any commitments made on our behalf or endorsed with our support are aligned with Repsol's positions on climate change.

Finally, the assessment of associations is also the result of a bilateral interaction with investors in the **Climate Action 100+** initiative and **The Institutional Investors Group on Climate Change**.

We are the first company to make the commitment to become a net zero emissions company by 2050 in line with the objectives outlined by the Paris Agreement and the UN's Sustainable Development Goals.



**Repsol 2050
Net Zero Emissions
Commitment**

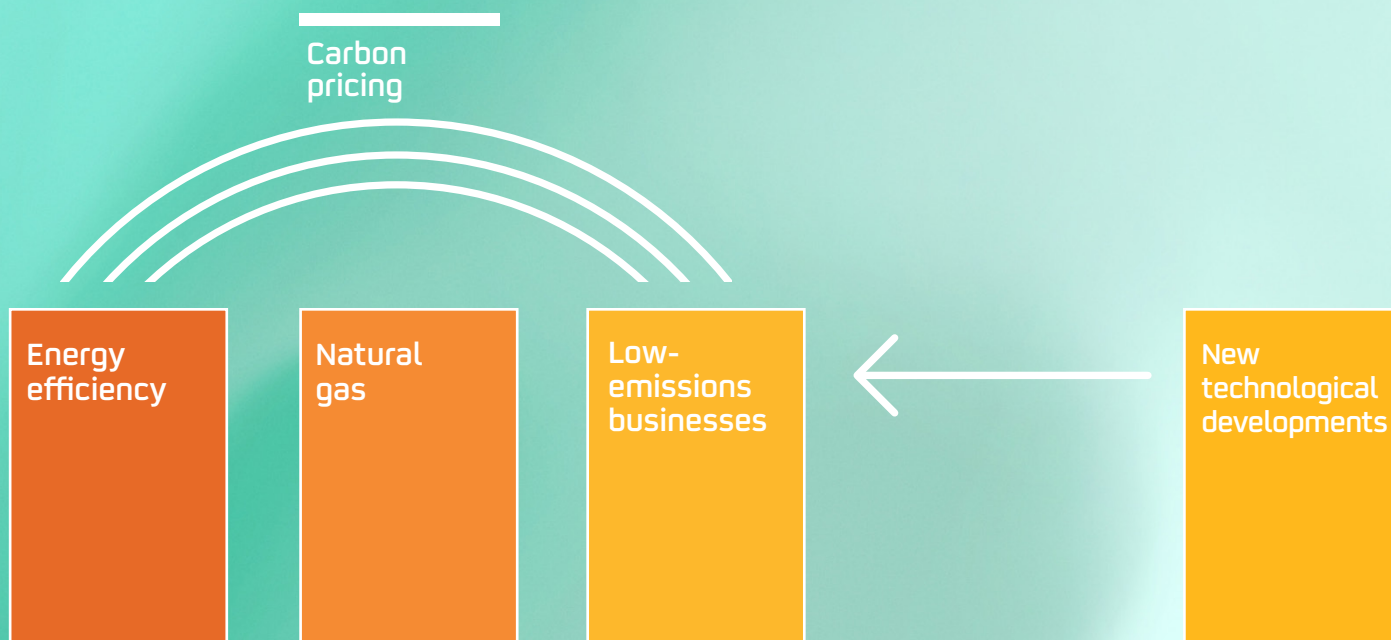
Integrating climate change in our strategy

At Repsol, we are firmly committed to the ambition of limiting the average global temperature rise well below 2°C compared to pre-industrial levels. We support the Paris Agreement and are convinced that a new energy model based on innovation and technology is necessary.

Based on an assessment of different scenarios that establish possible ways of achieving a low-

emissions future, we have defined five lines of action that we integrate into our strategy:

- **1. Carbon pricing:** we believe that setting a global carbon price and applying it homogeneously to all sectors is the best tool to assist our decision-making. We apply this to all new investments.
- **2. Energy efficiency:** the improvement of our energy efficiency implies a continuous





Achieving a low-emissions future, we have defined **five lines of action** that we integrate into our strategy.

search for opportunities in the fields of technology, design and operation and maintenance procedures. To achieve this, we have implemented an energy gap analysis program that evaluates our energy consumption and compares it with the best technical benchmarks in the sector.

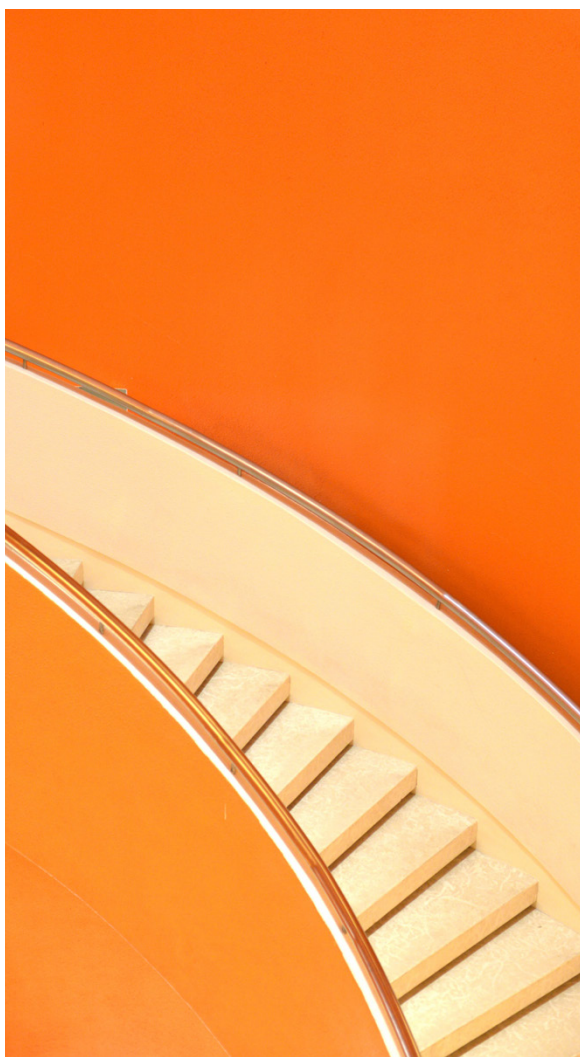
- **3. Key role of natural gas in the energy transition:** we are committed to natural gas as the most cost-effective solution for an orderly transition to a low-emissions future, mainly for its short-term potential to replace coal in electricity generation. Our Exploration and Production portfolio reflects this position, with one of the highest percentages of gas versus oil in the industry. Here, minimizing methane emissions is essential for reaping the benefits of natural gas as a less carbon intensive energy source and a crucial aspect of the energy transition.

- **4. Low-emissions businesses:** to lower our carbon intensity index, we have increased the weight of low-emissions assets in our portfolio and added renewable electricity generation and supply. The growth of this sector of economic activity, is set to become one of the main drivers of our carbon intensity reduction, which considers emissions from both our operations and the products obtained from our primary energy production.
- **5. New technological developments:** progress in the fight against climate change will also have to come from new technological developments, led by the capture, use and storage of CO₂. CCUS technologies are

necessary in the scenarios projected to meet the targets of the Paris Agreement and, thus, we support their development and deployment.

Moreover, we are exploring the role that new zero-emissions or even negative-emissions technologies such as e-fuels, green hydrogen and natural carbon sinks can play.

These five strategic lines and the support of the Paris Agreement will provide the basis for assessing the level of alignment between Repsol and the industry initiatives and associations in which it participates. These considerations will also be key for the company when deciding to participate in these or new associations.



We endorse regulation to reduce methane emissions

At Repsol, we are committed to reducing methane emissions in our operations and we support the role regulations play in achieving that, complemented by voluntary efforts such as our **target** to reduce the methane emissions intensity in our exploration & production assets by 25% in 2025. This commitment, which we announced in 2018, shows that we are already launching specific initiatives even before regulations require us to do so.

Our investments in **technological innovation**, through our corporate venturing fund and OGCI-CI (Oil & Gas Climate Initiative – Climate Investments), also contribute to increasing our ability to reduce emissions.

Our ambition is to pro-actively engage other actors in the **gas value chain**, such as the partners in our gas production and transportation joint ventures, to encourage them to undertake similar commitments.



Our approach to industry initiatives and associations

Repsol engages constructively in open and well-informed discussions with governments, companies, investors, academic institutions, non-governmental organizations and the rest of society on the key aspects of sustainable development. These include climate change, the environment, safety, people, ethics and transparency, responsible taxation, and innovation and technology, all cornerstones of our Sustainability Model.

As for regions and areas where we have operations, we take part in debates and public consultations, working together with institutions and policymakers to develop legislative initiatives.

We firmly believe that it is essential that we take part in the forums where decisions affecting the sector are made as well as in platforms where companies work together to achieve shared goals, as long as these do not undermine fair competition. We also actively

join local and international initiatives and associations to optimize resources by sharing best practices and technological solutions.

We cooperate in these initiatives and promote the development of their lines of action by paying membership fees and by supporting and participating in the working groups and events they organize.

Transparency and best practices

At Repsol, we are committed to transparency. We share our views on the current social and economic context with the associations of which we are members, and we value their alignment with our strategy and our ability to influence their areas of action.

All these associations have clear governance procedures in place that ensure oversight of their activities. Moreover, at Repsol we apply

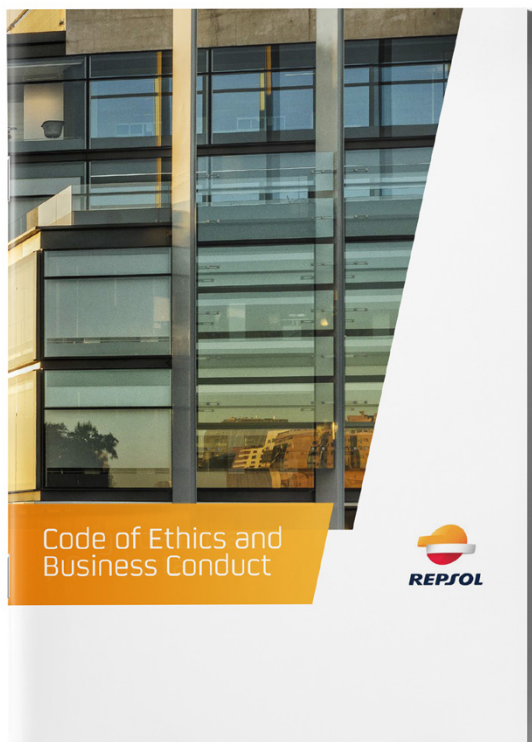
our **Code of Ethics and Business Conduct** to strengthen our relations of trust with them. The code sets out the principles and values that our employees, contractors and third-party collaborators must abide by. This applies in equal measure to the initiatives and associations in which we participate.

Lobby register

The growing participation and cooperation of private enterprises in public policy making entail the need for greater transparency in this kind of relationships.

Repsol discloses its activities in all areas where formal registration is required, as requested by the competent authorities, and in a public and easily accessible way. Specifically, the company registers this kind of activities in the **European Union**, the **United States** at the federal level and in **Canada**, both at the federal and the provincial level (Alberta).

Belonging to lobby registers entitles us to hold meetings with public decision-makers, contributing our knowledge and expertise in any discussion related to public policies that can drive the energy transition.



Repsol Code of Ethics and Business Conduct



Participation in the climate debate

Society demands a new, more sustainable energy model that reduces emissions and maintains economic progress and growth, as well as guarantees an universal and affordable access to clean energy.

It is 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 the five lines of action in our climate change strategy.

We also participate in technical working groups in these initiatives and associations that explore different scenarios for meeting the climate targets, identifying the most effective drivers for achieving these ambitious goals.

The preparation of this report is an exercise of transparency by which we intend to communicate our assessment of the initiatives and associations in which we participate. In recent years, our ongoing discussions with investors in the **Climate Action 100+** initiative and **The Institutional Investors Group on Climate Change**, have contributed to this. Our dialogue with these two groups is led by *BNP Paribas Asset Management*, *UBS Asset Management* and *EOS at Federated Hermes*.

Process for assessing alignment of initiatives and associations

In line with our commitment to fighting climate change and to decarbonizing the economy, we have conducted an internal assessment of the associations and initiatives in which we take part, in order to:

- Identify the alignment of their positions and actions with the goals of the Paris Agreement and Repsol's climate change strategy.
- Communicate the results of this alignment assessment in a transparent manner and make it subject to supervision by our governing bodies.
- Encourage the associations in which we take part to align their actions with the goals of the Paris Agreement.

With this in mind, we implemented an assessment approach that entailed:

1. Identifying the initiatives and associations.
2. Performing an in-depth analysis of the available information and classification.
3. Assessing the findings and taking a position.

The internal assessment process carried out in the company was crosscutting and

included the participation of several corporate areas (Sustainability, Institutional Relations and Investors Relations) as well as different businesses (Exploration and Production, Refining and Chemicals).

Identifying the initiatives and associations

We identified the 28 most important initiatives and associations in which we participate, based on:

- Their relationship with the energy sector.
- Their scope of action in regions or countries where we have significant business or commercial operations.
- Their particular relevance in relation to climate change.

The selected associations come from different geographic areas (global, continental, national or regional) and sectors. Although the defined lines of action apply to all of them, we considered that those with a wider scope should cover the broadest spectrum possible of the aspects assessed.





Performing an in-depth analysis of the available information and classification

After the identification process, we contacted the associations and asked for relevant information regarding their alignment with both the goals of the Paris Agreement and Repsol's climate change strategy and policies.

In addition to the responses received from each association, we gathered additional information by consulting their publicly available materials: web pages, press releases, position papers, price-sensitive disclosures to the stock market, etc.

After analyzing the information at length, we then classified the associations as:

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

Assessing the findings and taking a position

The findings of the 2020 assessment of each initiative and association in which Repsol participates can be seen below. Depending on the level of alignment, the company will take the necessary measures to bring the diverging climate positions and strategies closer together, considering the views and perspectives of each party:

- This process will be applied to all associations, including those classified as aligned, to address any potential differences that could arise in the future.
- For partially aligned associations, we will maintain an open and constructive dialogue to ensure that their actions against climate change show greater involvement, collaboration and commitment.
- Finally, we will terminate our membership of non-aligned associations. However, we will leave open the possibility of working together again in the future in case our approaches to climate change should become re-aligned.

The results of the assessment are as follows:

- Aligned associations: 26 out of 28
- Partially aligned associations: 2 out of 28
- Non-aligned associations: none

Aligned associations

Asociación Española de Operadores de Productos Petrolíferos (AOP)

Asociación Regional de Empresas del Sector Petróleo, Gas y Biocombustibles en Latinoamérica y el Caribe (ARPEL)

Association of Plastics Manufacturers in Europe (Plastics Europe)

Atlantic Council

Business Europe (BE)

Canadian Association of Petroleum Producers (CAPP)

Canadian Chamber of Commerce

Center for European Policy Studies (CEPS)

Círculo de Empresarios

Club de Excelencia en Sostenibilidad

Club Español de la Energía

Comité Español – Cámara de Comercio Internacional

Confederación Española de Organizaciones Empresariales (CEOE)

European Chemical Industry Council (CEFIC)

Federación Empresarial de la Industria Química Española (FEIQUE)

Fuels Europe (FE)

International Emissions Trading Association (IETA)

International Association Oil & Gas Producers (IOGP)

IPIECA

Methane Guiding Principles (MGP)

O&G Climate Initiative (OGCI)

O&G Methane Partnership (OGMP)

Plataforma Tecnológica Española del CO₂

Red Española del Pacto Mundial

Sustainable Process Industry through Resource and Energy Efficiency (SPIRE)

Zero Routine Flaring by 2030



Partially aligned associations

American Petroleum Institute (API)

Canadian Society for Unconventional Resources (CSUR)

Non-aligned associations

None

After assessing all initiatives and associations, we found 26 that are aligned while two are classified as partially aligned, either because of the absence of a position on the goals of the Paris Agreement or because of certain misalignments in relation to our climate strategy.

Partially aligned associations

American Petroleum Institute (API)

The association represents the US oil and gas industry, covering the complete value chain (Upstream – Midstream – Downstream).

It is precisely because of this broad scope of action that we have assessed its climate position and endorsement of the Paris Agreement. We have found the following differences:

- Carbon pricing: no defined position.
- Role of natural gas: partially misaligned on the role of methane emissions regulation,

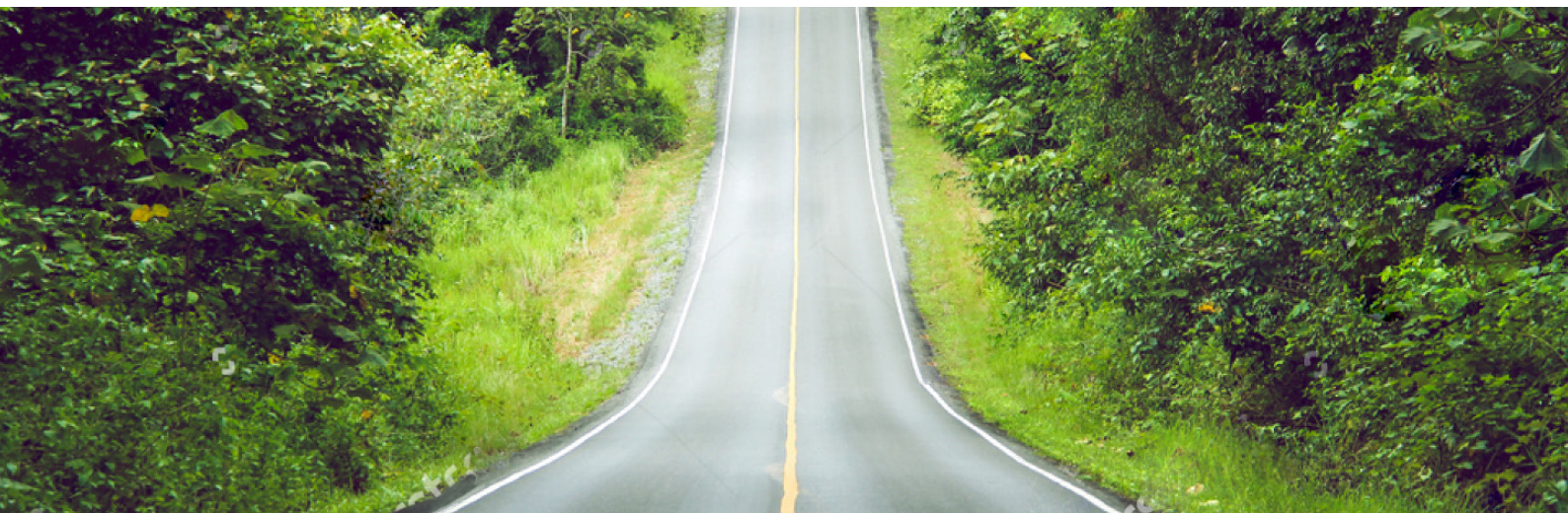
but we acknowledge that API is currently implementing specific measures to reduce these emissions.

The remaining lines assessed (Paris Agreement, low-carbon technologies, energy efficiency and CCUS as part of new technological developments) are aligned with our strategy. We welcome the recent improvement in API's positions on climate issues.

At the same time, we recognize that API is a global benchmark for developing technical requirements in terms of plant design and operational excellence as well as safety and environmental protection, all of which benefit the oil and gas industry.

Canadian Society for Unconventional Resources (CSUR)

Additionally, we consider this association with a more local scope to be partially aligned, since we have not found any evidence of it having voiced its position on the Paris Agreement.



Next steps

We will review, on an annual basis, developments of associations on climate issues and on our own strategy to identify potential deviations promptly. This review will cover the initiatives and associations identified in this report, as well as others in the portfolio of associations of which we are members that may become more relevant and any new ones we might join.

Our response will depend on our classification of each initiative and association, as described above.

Finally, we will perform this assessment annually and undertake to publish an updated report every two years if not sooner due to changes that warrant earlier publication.

The report is available on our website: www.repsol.com.

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