



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

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The Repsol Commitment  
Net Zero Emissions  
by 2050

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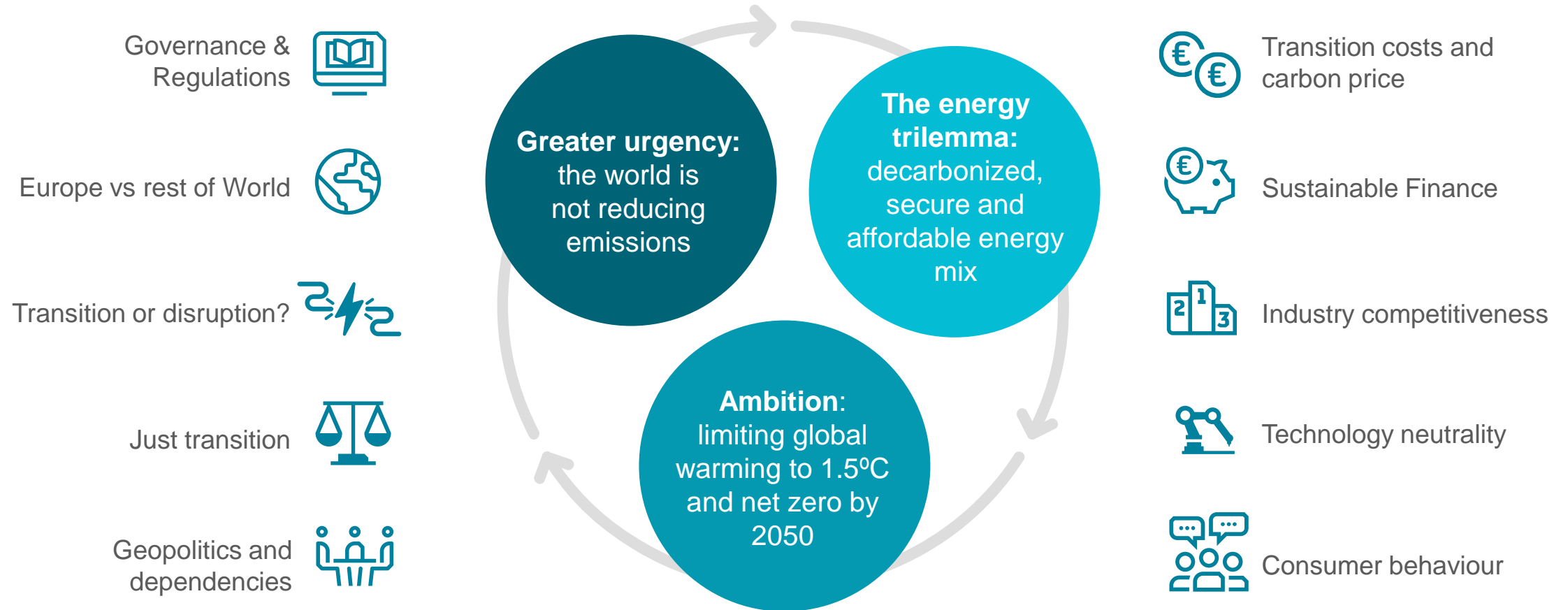
In October 2015, the European Securities Markets Authority (ESMA) published its Guidelines on Alternative Performance Measures (APMs). The guidelines apply to regulated information published on or after 3 July 2016. The information and breakdowns relative to the APMs used in this presentation are updated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

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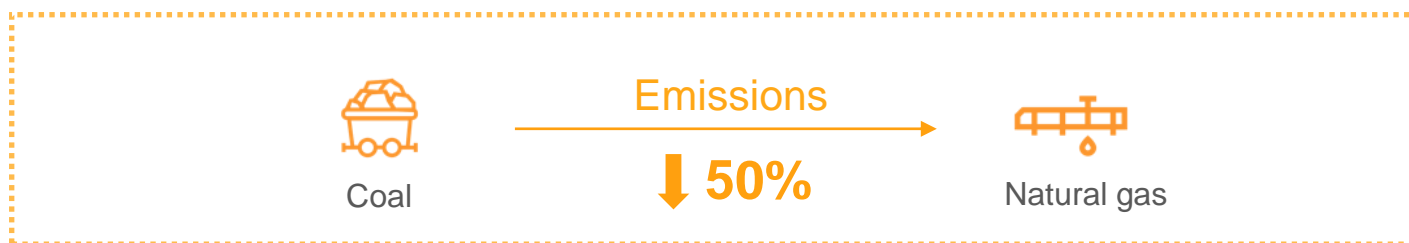
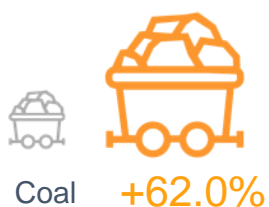
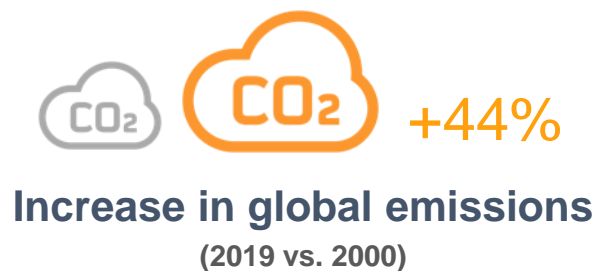
# 01. How to assess the climate credentials of energy companies?

## The energy transition: a complex picture

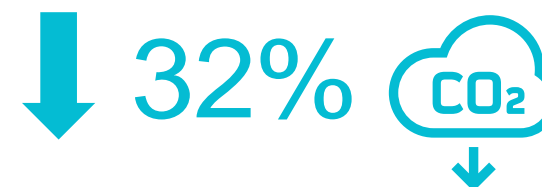


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# The world is not reducing emissions

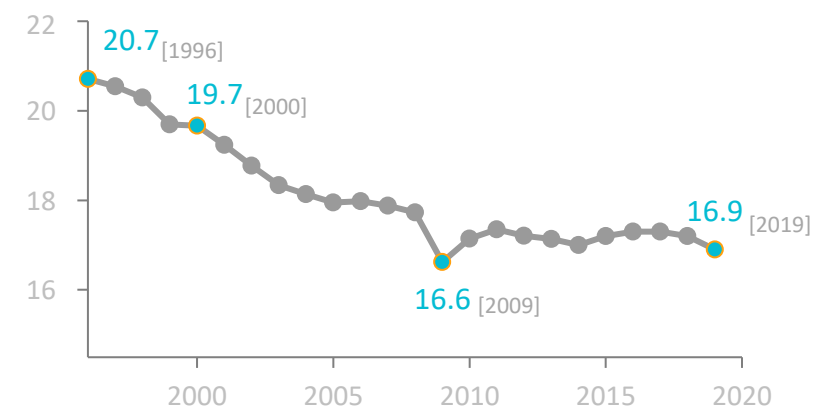


## European Union



- Exported CO<sub>2</sub>
- Lower industrial weight

## Weight of Industry in EU GDP (%)

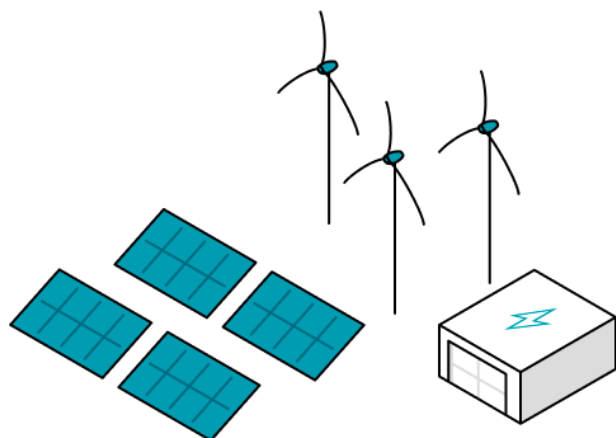


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# Decarbonization is more than electrification

## Electrons

(Renewables)

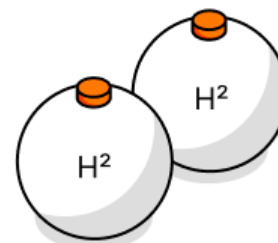


## Molecules

(Renewables)

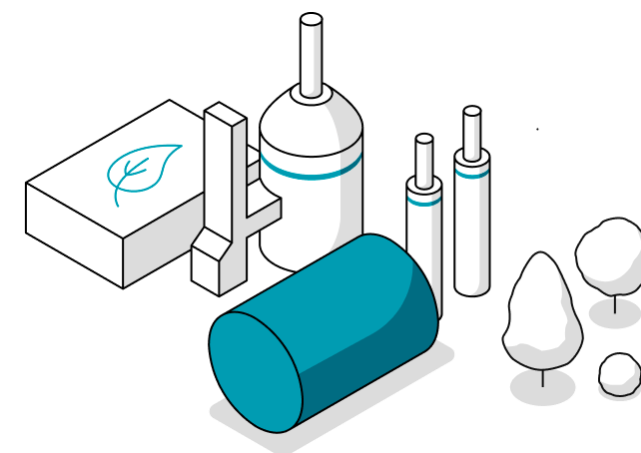


Liquids



Gases

## CO<sub>2</sub> Capture



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## Principles

### Inclusiveness

Transition as well as end-state solutions



### Standardization of metrics

Standardized metrics while avoiding over-simplification



### Expert judgement

Transparent disclosing and engagement with stakeholders



## Principles



### Technology neutrality

Door opened to all decarbonization options



### Long term uncertainty

Company ambition and resilience to climate risks under different macro scenarios

1.5°C scenarios

iea

ipcc

VS

End-state focus only  
Tech. determinism  
Over-simplification

Transition & end-state focus  
Tech. neutrality  
Sophistication

Sustainability frameworks  
Regulations



BlackRock

US IRA - Clean Energy (2022)



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# Repsol's approach

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



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

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# Repsol's set of key metrics and targets

### Carbon Intensity reduction (% CO<sub>2</sub>e/energy)

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

### Business metrics driving CO<sub>2</sub> emissions

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

### Absolute emission reduction (% of CO<sub>2</sub>e)

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

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

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

### Emission reduction E&P

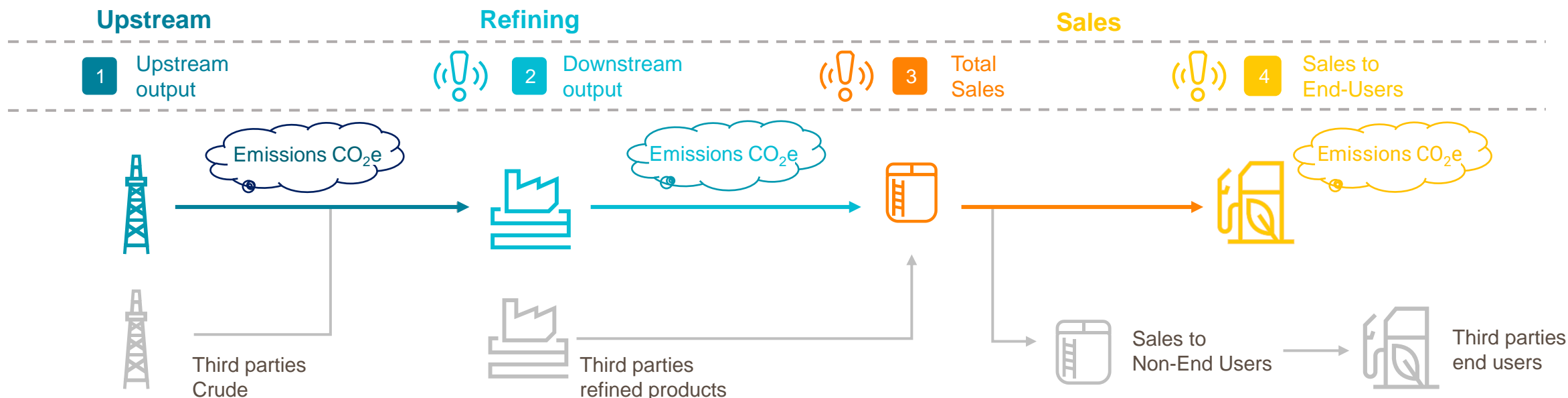
- Methane intensity 2025 (%methane/gas output)\*
- Routine flaring reduction 2025 (%)\*
- Emission intensity reduction 2025 (%CO<sub>2</sub>/boe)\*

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



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## Science-based metrics? the case of scope 3 emissions



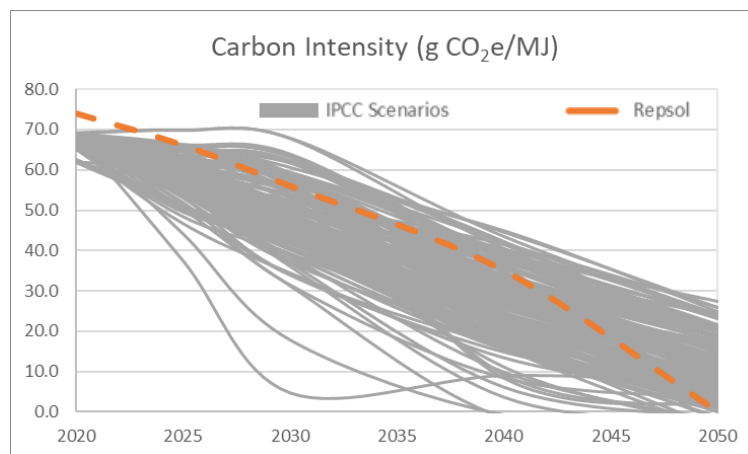
Risk of double counting emissions

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

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

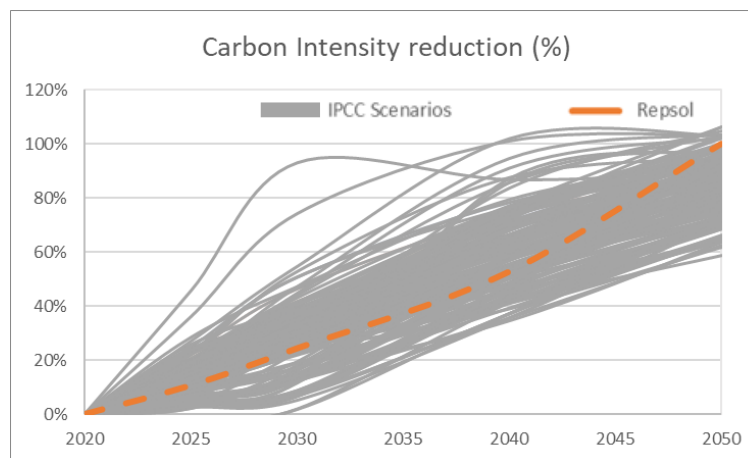
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# Science-based metrics? 1.5°C scenarios



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

*“There are many possible paths to achieve net zero CO<sub>2</sub>e emissions globally by 2050 and many uncertainties that could affect any of them; the NZE is therefore a path, not the path to net zero emissions” (IEA)*



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

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# Next steps for Repsol's framework improvement



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



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



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



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



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

# ESG Day

Keeping engaged



The Repsol Commitment  
Net Zero Emissions  
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