

Repsol's climate policy positions

July 2023



The energy transition is an unprecedented challenge. We are facing the so-called 'energy trilemma': it is necessary to decarbonize the energy mix, while also guaranteeing a reliable and affordable supply of energy. The decarbonization of the economy is one of the greatest challenges of our time and all stakeholders must face it together.

Repsol's commitment is to achieve net zero emissions by 2050. We are decarbonizing traditional operations, generating renewable electricity, and producing renewable fuels to offer society decarbonized and affordable solutions for mobility, industry, and residential sectors.

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

Repsol has established five principles that define our climate policy positions. 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 to which Repsol belongs.

We have recently revised the principles, and they will continue to evolve in consistency with scientific evidence, multilateral agreements, regulations, our own business transformation efforts, and other key drivers of global progress to achieve net zero emissions by 2050. We believe that our advocacy has a relevant role to play in supporting the ongoing energy transition towards a more sustainable future.

1. The Paris Agreement

Repsol is firmly committed to the Paris Agreement's goal of limiting the increase in the global average temperature of the planet to well below 2°C, compared to pre-industrial levels, pursuing efforts to limit the global temperature increase to 1.5°C. We are convinced that to reach this goal, a new, low-carbon energy system, based primarily on innovation and technology deployment, is needed.

2. Net zero emissions by 2050

Repsol is committed to achieving net zero emissions by 2050, including scope 3 emissions from products from its own primary energy production. It is committed to advancing the energy transition by undertaking intermediate targets towards this goal, aligned with scenarios consistent with the objective of limiting global warming to 1.5°C.

In our view, a successful energy transition requires the expansion of:

- **Renewable electrification** (with the integration of flexible technologies that can adapt to changing demands, such as electricity storage and supply-demand management).
- **Renewable fuels** (both liquids and gases) including **advanced biofuels, synthetic fuels, biogas, and renewable hydrogen.**
- **Carbon capture, utilization, and storage** in the overall decarbonization process. CCUS has a critical role to play globally to achieve the goal of the Paris Agreement and net zero emissions by 2050 in a cost-effective way. The complete decarbonization of all energy-consuming sectors by mid-century will require the use of carbon sinks to remove CO₂ at emission points or from the atmosphere itself.
- The urgency to reduce emissions also requires solutions that are already effective in the short term, such as improvement of **energy efficiency, reduction of methane emissions from operations, and replacement of coal by natural gas.**

Repsol considers counting on **natural carbon sinks** to meet its net zero emissions goal, through offsets and NCS project development, but only for the emissions remaining after the full potential of state-of-the-art energy decarbonization technologies has been exhausted.

3. Technological neutrality

Repsol is convinced that science, technological development, and innovation are the enablers to achieve the goal of net zero emissions worldwide. We are firm supporters of technological neutrality, which means that we promote the development of all solutions that can contribute to decarbonization. Climate policies and regulations should be technologically neutral, without imposing deterministic solutions, given the inherent uncertainty in the evolution of technology in the long term. Inclusive regulation will allow different technologies to compete or complement each other, thus promoting investment, cost-effectiveness, and protecting industry competitiveness.

This is the best way to accelerate the energy transition towards net zero emissions, while we continue to supply secure and affordable energy for all.

4. Carbon pricing

Repsol supports global carbon pricing policies which effectively facilitate the deployment of decarbonization technologies at the required scale and speed, as an essential tool to achieve net zero emissions.

Repsol has set an internal carbon price of application to all new investments in jurisdictions where a higher carbon price is not established.

5. Just transition

At Repsol, we advocate for a just energy transition towards a low-emissions future. We work to offer affordable, safe, and sustainable energy products and services, as access to energy is key to economic development, employment, and society's well-being.

For Repsol, the energy transition should result in solutions that minimize undesired social and economic impacts on workers, local communities, and society as a whole, always respecting human rights and paying special attention to the most vulnerable groups.

