FORUM POUR L'INVESTISSEMENT RESPONSABLE

RÉPUBLIQUE FRANÇAISE
Liberté
Égalité
Fraternité

ADEME
AGENCY FOR ECOLOGICAL TRANSITION

# SAY ON CLIMATE assessment

## Spain

REPSOL

2024

| Transparency rating | ACT ACCELERATE ® CLIMATE TRANSITION | | |
|---|---|---|---|
| 47,5% alignment with FIR recommendations | PERFORMANCE SCORING **6,4 / 20** | NARRATIVE SCORING A B C **D** E | TREND SCORING – |

*Repsol's ambition is zero net emissions by 2050, and it has short-, medium- and long-term reduction targets in both intensity and absolute terms. However, the calculation on which the company's reduction targets and trajectory are based includes both avoided emissions and carbon capture. Beyond 2030, the strategy is not clearly defined. In terms of levers for action, the company plans to significantly increase its renewable energy capacity (15-20 GW of installed capacity by 2030). However, 75% of its energy mix will still be based on fossil fuels, and a minority of its investments will still be in low-carbon projects until 2027 (>35% of net capex), whereas the IEA's Net Zero scenario recommends allocating at least 50% of CAPEX to clean energy by 2030.*

Since 2021, the **French Forum for Responsible Investment (FIR)** has called for the widespread adoption of stringent Say on Climate (SOC). In March 2023, the FIR signed again an agreement with 48 French and European signatories, encouraging the development of SOCs. Meanwhile, in 2022, FIR began analyzing the climate plans of French companies that submit them to shareholder vote. After joining forces last year, **FIR and ADEME** are extending their partnership by joining forces this year with **Ethos and the World Benchmarking Alliance**, to analyze the climate plans of European companies submitted to a consultative shareholder vote at their annual general meetings in 2024.

In 2022, FIR had published analysis reports assessing the extent to which French companies' climate strategies were in line with its recommendations. In 2023, as part of the partnership with ADEME, these analysis reports has been enriched with the **ACT assessment tool**, to measure the contribution of corporate strategies and actions to the mitigation objectives of the Paris Agreement.

In 2024, the scope of our analysis has been extended to include European companies which have submitted a SOC. Assessments will be published progressively ahead of their annual general meetings.

As in 2022 and 2023, the FIR wishes to salute the efforts of companies that contribute to improving shareholder dialogue, and encourages them to reiterate the Say on Climate exercise annually.

TABLE OF CONTENTS




**In partnership with :**

ethos

World Benchmarking Alliance

Life

*With the contribution of the European Union LIFE program*

FORUM POUR L'INVESTISSEMENT RESPONSABLE

47,5%
of alignment with FIR recommendations

# REPSOL

**Ambition Net Zero 2050**

*Net Zero commitment in 2050*

▷ *Does not rule out the use of carbon credits after 2030 without giving further details*

▷ *No details on the nature and amount of the compensation*

**Reference scenario(s) used**

*Mainly refers to STEPS (2.4°C in 2100), APS (1.7°C) and IEA NZE (1.4°C);*

▷ *Does not join the NZE-AIE scenario until 2050;*

▷*Alignment with a 1.5°C scenario not validated by an external third party*

▷*Did not plan to reduce fossil fuel production before 2030*

**Current GHG emissions** (*2023 vs 2022*)

***SCOPE 1 and 2***

*14.8 MtCO2eq (vs. 16.3)*

***SCOPE 3***

*60.8 MtCO2eq (vs. 70.4)*

*(of which use of products sold based on primary energy: 59.2 Mt CO2eq, disposal of products sold: 1Mt CO2eq and purchase of raw materials and services: 0.6 MtCO2eq)*

***SCOPE 3 (category 11)*** *252 MtCO2e*

*Products sold to commercial customers*: 180 MtCO2e (vs. 176) & Products sold to the end user: 72 MtCO2e (vs. 72)*

**Short-term GHG emissions reduction target****

*The intensity targets are expressed in terms of the CII (carbon intensity indicator defined by the company)*

*15% reduction in intensity (gCO2e/MJ) in emissions from all scopes by 2025 vs. 2016; absolute reduction to reach - 1.5 MtCO2eq*

*Methane intensity target: reduce to 0.2% CH4 emissions/marketed gas vs 2017 ▷ Target already exceeded in 2023: 0.15%.*

*Routine flaring in operated E&P assets: 50% reduction in 2025 (172 ktCO2e) vs. 2018 (344) ▷Target already achieved in 2023: 25*

▷*Targets for methane and routine flaring could be revised upwards*

▷*Repsol does not include emissions linked to products sold to commercial and end customers in its targets** (point valid for medium and long-term targets)*

**Medium-term GHG emission reduction target****

*30% absolute reduction in net emissions from all scopes by 2030 vs. 2016*

*28% reduction in intensity by 2030 compared with 2016 (gCO2e/MJ) across all scopes.*

*55% absolute reduction in Scopes 1 and 2 emissions from operated assets by 2030 vs. 2016*

▷*The absolute reduction target for all emissions has already been exceeded in 2023: -37%***;*

▷*The carbon intensity target would be 21.9% higher than that recommended by the NZE scenario trajectory (source: "assessment of Repsol's Climate Strategy", April 2024, Reclaim Finance, p.16 )*

**Long-term GHG emissions reduction target****

*55% reduction in intensity by 2040 compared with 2016*

*100% reduction in emissions by 2050, both in intensity and in absolute terms for all scopes.*

▷*Almost half the intensity between 2040 and 2050*

▷*No details by scope, nor on the share of offsetting*

**Action plan measures**

*Contributing to the 28% reduction in intensity across all scopes** by 2030:*

*-Portfolio efficiency and management: 8 to 10%*

*-Renewable fuels: 9 to 11*

*-Renewable electricity generation: 7 to 9%*

*-CCS: 0 to 1%*

*Targets for 2027 and 2030 in terms of: installed renewable energy capacity (15-20 GW in 2030 vs. 2.8 in 2023); production of renewable fuels (2.2 to 2.4 Mt in 2030 vs. 1 Mt in 2023); renewable hydrogen (1.6 to 2.2 GWe in 2030 vs.0 in 2023) and biomethane (2.1 to 2.3 TWhen 2030 vs.0 in 2023) and sustainable materials (150 to 200 kt in 2030 vs. 7 in 2023).*

*Levers for action between 2030 and 2050 are expressed in relation to the IEA's APS and NZE scenarios:*

▷*After 2030, levers are not based on the company's declared climate strategy but on IEA scenarios*

▷*Decrease in fossil fuel production not expected until 2030, energy mix still based on 75% fossil fuels in 2030 (in products sold)*

**CAPEX / OPEX investment alignment**

*2024-2027: >35% of its net CAPEX to low-carbon projects (€5.6-6.6 billion over the period), including 15-25% for renewable electricity production and 10-20% for renewable fuel production.*

*€4.6 billion/year on average plans to allocate including €2.5 billion/year in fossil fuels (around 55-65% of CAPEX) and €875 million in renewables*

*Taxonomy: 32% of CAPEX aligned (2023), 61% not eligible*

▷*According to the IEA, to be in line with a NZE scenario, an allocation of 50% of CAPEX to clean energy is necessary by 2030.*

▷*Only 3% more than over the 2021-2023 period*

▷*Undefined CAPEX choices after 2027*

▷*Repsol continues to invest in new oil and gas projects, contrary to the IEA's Net Zero scenario.*

**Remuneration**

*Long-term variable for the Chief Executive Officer, executives and senior managers (2023-2026): 40% on energy transition (30% on reducing carbon intensity, 10% on producing low-carbon capacity)*

▷*Short-term variable: qualitative criterion, no quantitative target disclosed*

*Annual variable for the Chief Executive Officer (2023) : 15% criterion on the development of low-carbon platforms, based on the evolution of transformation*

**Annual consultative vote on implementation**

*No annual vote on strategy*

**Consultative vote on strategy every three years**

▷*Engagement to put its strategy to the vote is not fixed over time only if the strategy is updated, or if a significant change in its strategy or associated objectives occurs*

*Excluding products bought and sold to a third party as part of trading activities.

**In setting its targets, Repsol does not take into account emissions from products sold to commercial customers and end user, but only emissions associated with the use of products from its primary energy production, the disposal of products sold and the purchase of raw materials and not those related to the use of products sold to commercial customers and end-users

***Some contributions to emissions reductions are due to operational rather than structural factors, which is why the 30% target for 2030 is still considered appropriate by the company.

Caption:
▷ Failure to obtain full points

# REPSOL

ACCELERATE ® CLIMATE TRANSITION

| PERFORMANCE SCORING | NARRATIVE SCORING | TREND SCORING |
|---|---|---|
| 6,4 / 20 | A B C **D** E | = |

| Module | Score | % |
|---|---|---|
| Tagets | 8/20 | 15% |
| Material Investment | 7,5 /20 | 15% |
| Intangible investment | 5/20 | 8% |
| Sold product performance | 2,3 /20 | 23% |
| Management | 16 /20 | 10% |
| Supplier engagement | 5,7 /20 | 4% |
| Client engagement | 3,7 /20 | 10% |
| Engagement policy | 6,4 /20 | 5% |
| Business Model | 5,6 /20 | 10% |

**Assessment's elements**

- Repsol has set targets to reduce its Carbon Intensity Indicator (CII) by 15%, 28%, 55% and 100% by respectively 2025, 2030, 2040 and 2050. Because CCI considers an unknown amount of carbon sinks and emissions displacement, the company's target performance could not be scored. It is unclear what proportion of the company's targeted reductions will be achieved through avoided emissions and how the company calculates its avoided emissions. The company has set a new target to achieve net-zero scope 1+2 absolute emissions in operated assets by 2050.
- Repsol's scope 1+2 emissions intensity has been reducing in the last 5 years at the rate required by the company's low-carbon pathway. However, this reduction was partly through circumstantial factors within the year such as portfolio optimization of E&P assets and energy efficiency measures.
- In 2023, Repsol reported a 32% of CAPEX aligned with the EU Taxonomy, with plans to increase the investment in low-carbon businesses to more than 40% by 2030. However, IEA suggests higher levels of low-carbon energy investment are needed.
- In 2023, Repsol invested 57% of total R&D expenditure in low-carbon technologies.
- Repsol's 2024 Global Sustainability Plan includes detailed short, intermediate and long-term targets. The company reports that oversight of climate change issues is under the responsibility of the Board.
- Repsol's strategy for influencing suppliers' GHG emissions is limited overall. A key improvement would be to include GHG emissions reduction commitments in engagements with suppliers and disclose % of scope 3 emissions covered by their strategy
- Repsol's strategy for influencing its customers' GHG emissions is limited overall. Key improvements would be to increase and prioritize projects related to improving consumption patterns and to disclose their quantitative impacts.
- Repsol has a comprehensive climate and energy transition policy, which is aligned to its net-zero ambitions. However, the company continues to have memberships with associations that negatively engage on climate-related policies such as the API.
- Repsol is developing low-carbon business models, such as expanding its renewable capacity and production of hydrogen and advanced biofuels. However, these businesses still represent a limited size of market for the company.

**Consistency of the plan:**
Repsol's Sustainability Strategy includes detailed emissions reduction levers until 2030 for scope 1+2 emissions. The company has set targets to reduce its absolute scope 1+2+3 by 30% by 2030. However, this considers avoided emissions from renewable electricity generation, similarly as the company's Carbon Intensity Indicator. Repsol plans to significantly expand its renewable energy activities, aiming for an installed capacity of 9-10 GW by 2027. However, the company is still active in the exploration and exploitation of fossil fuels and has not committed to phasing out.

**Identified areas for improvement:**
Repsol has set a net-zero target for 2050 with multiple interim targets. However, the company's targets include the use of an unquantified proportion of offsets and avoided emissions and do not cover all of the company's scope 3 emissions. Repsol is planning to expand its oil and gas production at least until 2030 and has not committed to cease exploration.

# *SAY ON CLIMATE* 2023 evaluation grid

based on follow-up to FIR recommendations

| | 🟢 | 🟠 | 🔴 |
|---|---|---|---|
| **Ambition net zero 2050** | If the ambition of contributing to carbon neutrality by 2050 is declared and clear explanations are given on how to achieve this neutrality<br>The level of negative emissions is limited | The ambition to contribute to carbon neutrality by 2050 is declared and the explanations on how to achieve this neutrality are clear. The level of negative emissions is high | A declared ambition, but very little clarity on how the company intends to achieve carbon neutrality<br>(no long-term objectives, the objectives set are not very credible, heavy reliance on compensation, etc.) or<br>no declared ambition to be carbon neutral by 2050 |
| **Reference scenarios used** | The company positions its climate strategy in relation to a 1.5°C warming scenario for all scopes | The company uses a reference scenario limiting warming to between 2°C and 1.5°C, or 1.5°C for only part of its scope. | No reference scenario explicitly mentioned or scenario(s) not used to define the strategy |
| **Current GHG emissions** | Disclosure of greenhouse gas emissions in absolute terms; breakdown by scope | Insufficiently detailed publication | No public data |
| **Short-term GHG emissions reduction target** | If the quantified emission reduction targets before 2030, expressed as a minimum in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated. | If the quantified emission reduction targets before 2030 do not cover the majority of the company's activities, or these targets cover all activities but are on a trajectory between 2°C and 1.5°C | No quantified target for reducing emissions in the short term, or targets that are not very ambitious in the short term (reference year too far in the past, no absolute reduction, not scientifically validated, etc.). |
| **Medium-term GHG emission reduction target** | If the quantified emission reduction targets for 2030, expressed as a minimum in absolute terms, cover the 3 scopes and respect the alignment with a 1.5°C scenario. This trajectory has been scientifically validated | If the quantified emissions reduction targets for 2030 do not cover the majority of the company's activities, or if these targets cover all activities but are on a trajectory between 2°C and 1.5°C | No quantified emissions reduction target in the medium term, or unambitious targets in the medium term (base year too far in the future, no absolute reduction, not scientifically validated, etc.). |
| **Long-term GHG emissions reduction target** | If the quantified emission reduction targets for 2050 or earlier, expressed as a minimum in absolute terms, cover the 3 scopes and are set in relation to the company's 1.5°C alignment trajectory. This trajectory has been scientifically validated | If the quantified emission reduction targets for 2050 or earlier do not cover the majority of the company's activities, or these targets cover all activities but are on a trajectory between 2°C and 1.5°C. | No quantified long-term emissions reduction target or unambitious long-term targets (base year too far in the future, no absolute reduction, not scientifically validated, etc.). |
| **Action plan measures** | Detailed measures for each of the company's scopes with a sufficient level of detail, including short- and medium-term figures, to enable the alignment of this plan with the objectives set to be assessed. | Detailed measures for each scope of the company, but insufficient detail to assess the level of alignment with the objectives set (lack of quantified measures in particular) | Measures with little or no detail |
| **Investment alignment (OPEX / CAPEX)** | Details the proportion of investments (OPEX and CAPEX) that contribute to meeting short- and medium-term targets, and explains how these investments enable the targets to be met | The information provided on the contribution of investments to the achievement of objectives does not allow an understanding of how the company achieves the objectives set. | No investments contributing to the achievement of explicit objectives |
| **Remuneration** | All variable parts of the remuneration of corporate officers include at least one criterion that assesses the achievement of greenhouse gas emission reduction targets.<br>The % of remuneration determined by this criterion is published; it represents a significant proportion (10% or more) | At least part of the variable part of the remuneration of corporate officers is covered by a non-diluted criterion for reducing greenhouse gas emissions in line with the reduction trajectory defined by the company. | The criterion included in the remuneration of corporate officers relating to the reduction of greenhouse gas emissions is diluted, or does not follow the reduction trajectory defined by the company. Or the absence of a criterion linked to the reduction of greenhouse gas emissions in executive remuneration. |
| **Annual consultation on implementation** | The company undertakes to consult shareholders annually on the implementation of its climate change strategy. | The company undertakes to consult shareholders on the implementation of its climate strategy over the coming years | The company does not undertake to consult shareholders on the implementation of its climate strategy. |
| **Consultation on strategy every three years** | The company undertakes to consult shareholders on its climate strategy at least every three years. | The company undertakes to consult shareholders on its climate strategy over the coming years | The company makes no commitment to consult shareholders on its climate strategy |

Weighting: The two final criteria corrected in the vote are given a weighting of 0.5 each, while the other nine retain a weighting of 1.

# ACT's methodology

CDP DRIVING SUSTAINABLE ECONOMIES

RÉPUBLIQUE FRANÇAISE
*Liberté Égalité Fraternité*

ADEME AGENCY FOR ECOLOGICAL TRANSITION

# IT'S TIME TO ACT

### WHAT IS ACT ?

A joint voluntary initiative of the UNFCCC secretariat Global Climate Agenda.

### WHY ACT ?

Drive climate action by companies and align their strategies with low-carbon pathways.

### HOW DOES ACT WORK ?

ACT provides sectoral methodologies as an accountability framework to assess how companies' strategies and actions contribute to the Paris mitigation goals.

# FRAMEWORK

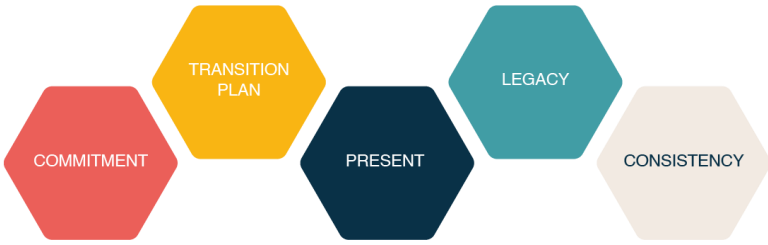
**1** What is the company planning to do?

**2** How is the company planning to get there?

**3** What is the company doing at present?

**4** What has the company done in the recent past?

**5** How do all of these plans and actions fit together?




**INNOVATIVE** : ACT is an integrated, long-term approach.

**QUANTITATIVE** : it measures past, present and future performance

**TARGETED:** on the main sources of emissions in the value chain

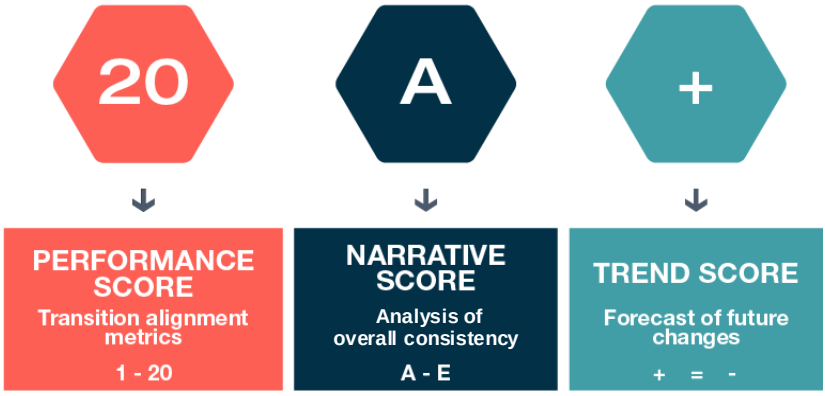
**SECTORAL:** addressing issues specific to the transition of each sector

**TRANSPARENT:** through third-party evaluation

## ACT ASSESSMENT

**For what purpose?**
Credibly measure the contribution to the net-zero objective in relation to sectoral low-carbon trajectories.

**For whom?**
Companies with science-based objectives and/or a transition plan ready for assessment



# ACT Methodology

## *Oil and Gas*

The full ACT methodology for the Generic sector can be found on our website. The detailed assessment is summarized in a score based on three criteria: performance, overall consistency and trend. It takes the following form:

- **Performance**: number between 1 and 20
- **Evaluation (consistency)**: letter between A and E
- **Trend**: + (improvement), - (deterioration), = (stable)

**Score de performance**

| Module | Indicator |
|---|---|
| **1. Targets** | 1.1 Alignment of scope 1, 2 emissions reduction targets |
| | 1.2 Alignment of scope 1, 2 and 3 emissions reduction targets |
| | 1.3 Time horizon of target |
| | 1.4 Achievement of previous and current targets |
| **2. Material Investment** | 2.1 Trend in future scope 1 + 2 emissions intensity |
| | 2.2 Emissions lock-in |
| | 2.3 Share of unsanctioned projets within carbon budget |
| | 2.4 Low carbon and mitigation technologies capex share |
| | 2.5 Carbon removal technologies (CDR) and carbon capture, use and storage technologies (CCS, CCUS) CAPEX share |
| **3. Intangible investment** | 3.1 Share of R&D in Low carbon and mitigation technologies |
| | 3.2 Share of R&D in Carbon Removal Technologies |
| **4. Sold product performance** | 4.1 Trend in past Scope 1 + 2 + 3 emissions intensity |
| | 4.3 Trend in future Scope 1 + 2 + 3 emissions intensity |
| | 4.3 Trend in future low-carbon products share |
| | 4.4 Energy efficiency services share |
| **5. Management** | 5.1 Oversight of climate change issues |
| | 5.2 Climate change oversight capability |
| | 5.3 Low-carbon transition plan |
| | 5.4 Climate change management incentives |
| | 5.5 Climate change scenario testing |
| **6. Supplier engagement** | 6.1 Supplier engagement |
| | 6.2 Activities to influence suppliers to reduce their GHG emissions |
| **7. Client engagement** | 7.1 Strategy to influence customers to reduce their GHG emission |
| | 7.2 Activities to influence customers to reduce their GHG emission |
| **8. Policy engagement** | 8.1 Company policy on engagement with trade association |
| | 8.2 Trade associations supported do not have climate-negative activities or positions |
| | 8.3 Position on significant climate policies |
| **9. Business model** | 9.1 Business activities that drive the energy mix to low-carbon energy |
| | 9.2 Business activities that contribute to the reduction of energy demand |
| | 9.3 Business activities that develop CCS, CCUS and Negative Emissions Technologies (NETs). |

**Narrative scoring**

1. Business model and strategy
2. Consistency and credibility
3. Reputation
4. Risks

**Trend scoring**

1. Probability of emissions' evolution
2. Evolution of business model and strategy

Disclaimer:

The information and assessments disclosed here do not constitute investment or voting advice. Each organisation individually determines the most appropriate way to use this information.
In addition, the information and assessments contained in this document reflect a judgement at the time these assessments were made and do not guarantee that the most recent information on the company has been taken into account, as this information may have been published between the assessment and the publication of this document.

**In collaboration with:**