ASSESSMENT OF **REPSOL'S CLIMATE STRATEGY**

RECLAIM Finance

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CREDITS

ANALYSIS, RESEARCH AND DRAFTING

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INTRODUCTION

While a growing number of financial institutions are disengaging from oil and gas, deeming the sector incapable of transformation, others argue that their support is crucial for the energy transition. Even if it is often perceived as a best-in-class company, Repsol still relies on oil and gas expansion and recently reversed one of its key mitigation targets.

To assess Repsol's climate strategy and provide our analysis, Reclaim Finance relied on the International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario (NZE).[1] The NZE is based on a 1.5°C trajectory and includes:

- A drop in oil and gas production of 21.4% and 13.1% respectively by 2030, compared with 2023 levels.
- A 3-fold increase in installed renewables capacity by 2030, which requires doubling current investment levels in renewable power, grids and battery storage to US$2.5 trillion by 2030.

In 2024, Repsol ranked as the 44th biggest oil and gas producer and the 35th biggest oil and gas exploration and production developer worldwide.[2]

As one of the top European integrated oil and gas companies and one of the largest greenhouse gas (GHG) emitters globally, Repsol is among the few companies in the world whose climate transition (or lack thereof) in the coming years will have a determining impact on our collective ability to limit global temperature rise to 1.5°C. In 2020, the company pledged to achieve carbon neutrality across its entire operations on an absolute basis by 2050 or sooner.[3]

KEY FINDINGS

1. THE INVESTMENT STRATEGY OF REPSOL PRIORITIZES THE OIL AND GAS SECTOR AND REDISTRIBUTION TO SHAREHOLDERS, TO THE DETRIMENT OF CLIMATE SOLUTIONS

- Repsol has invested in oil and gas rather than in renewable energy:[4] For every euro invested in 2024 in its "Low-Carbon Generation" (LCG) business – including renewable energy and gas power – Repsol invested 1.5 euros in oil and gas.
- Repsol remunerates its shareholders by almost as much as it invests in renewable energy: For every euro invested in 2024 in its LCG business, Repsol distributed 0.9 euros to its shareholders through dividends and share buybacks.
- Repsol plans to allocate only 19% of its future capital expenditure to renewables from 2024 to 2027.

2. THE ENERGY STRATEGY OF REPSOL WILL CONTINUE TO RELY ON THE DEVELOPMENT OF NEW FOSSIL FUEL PROJECTS

- Based on Repsol's oil and gas production from its currently producing fields and its short-term expansion plans, production from the company's existing expansion commitments in 2030 will be 40% higher than the level required to align with the NZE. In terms of short-term expansion, Repsol ranks as the 35th biggest oil and gas upstream developer.
- Repsol aims tp maintain its oil and gas production at between 550 and 600 thousand barrels of oil equivalent (kboe) per day by the end of the decade despite its fields' natural decline. With the company's current strategy, its 2030 production will be 38% higher than the NZE.

3. REPSOL'S DIVERSIFICATION STRATEGY REMAINS UNSUFFICIENT AND PARTLY RELIES ON GAS AND UNSUSTAINABLE ENERGIES

- Oil and gas will still represent more than 70% of Repsol's energy mix by 2030. The company will account for 0.5% of worldwide oil and gas production according to the NZE.
- With 15-20 gigawatts (GW) of installed renewable power in 2030, renewables will represent less than 19% of Repsol's energy mix. The company will account for 0.2% of the worldwide renewable power production in the NZE.
- Repsol's green hydrogen capacity will reach 1.8 to 2.4 GW of electrical output (GWe) in 2030. Hydrogen will represent 4.7% of Repsol's energy production mix in 2030.
- By 2030, Repsol will still be producing unsustainable energy such as the use of combined cycle gas turbines (CCGT) and cogeneration plants. In 2030, gas power will represent 1.0% of the company's energy production mix.

01

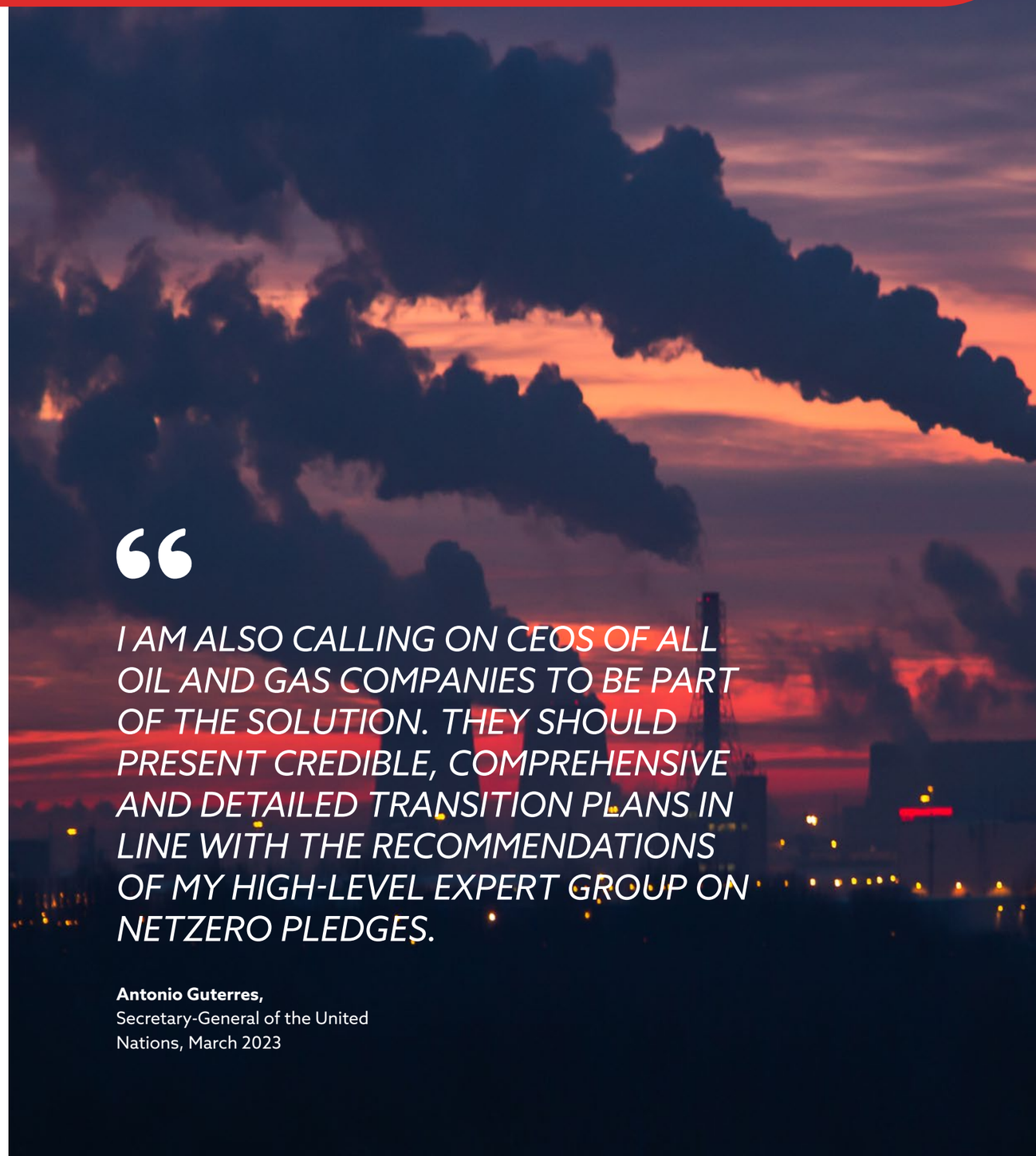
CURRENT ENERGY PRODUCTION

Repsol accounts for 0.5% of global oil and gas production.[5]

In 2024, Repsol extracted 72 million barrels of oil (mmbbl) and 137 million barrels of oil equivalent (mmboe) of gas.[6] Beyond exploration and production, Repsol is also active in other energy segments such as oil and gas transportation, oil refining, solar and wind generation, hydropower, and gas power generation and retail.

The company's power production is composed of gas power and renewable power – hydroelectricity, wind, solar and battery storage. In 2024, Repsol produced 2.0 terawatt-hours (TWh) of electricity from gas and 5.[7] TWh from renewable energy. Installed renewable capacity reached 3.7 GW, including 3.0 GW of solar and wind power and 0.7 GW of hydropower, with a strategic focus on Spain, Italy, the United States and Chile.7

Repsol is also active in bioenergy, with a capacity of 1.25 million tonnes per annum (Mtpa) of biofuel production despite the negative impacts on climate, biodiversity, and human rights.[8]



I AM ALSO CALLING ON CEOS OF ALL OIL AND GAS COMPANIES TO BE PART OF THE SOLUTION. THEY SHOULD PRESENT CREDIBLE, COMPREHENSIVE AND DETAILED TRANSITION PLANS IN LINE WITH THE RECOMMENDATIONS OF MY HIGH-LEVEL EXPERT GROUP ON NETZERO PLEDGES.

Antonio Guterres,
Secretary-General of the United Nations, March 2023

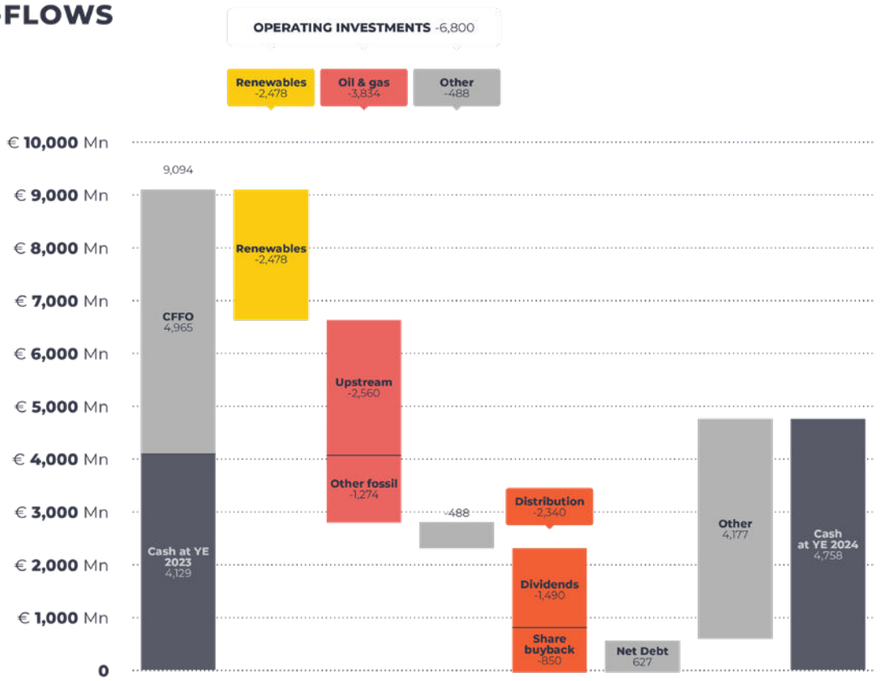
02

CASH-FLOW ALLOCATION

The future energy mix and greenhouse gas (GHG) emissions of a company are determined by its current energy mix and its investment strategy.

From 2022 to 2024, Repsol invested US$251 million per year in oil and gas exploration, making it the 40th largest investor in this area over those three years.[9] The investments reveal the importance of oil and gas expansion in the company's long-term strategy, which includes the search for new fields that once discovered could come into production in decades.

BREAKDOWN OF REPSOL'S 2024 CASH-FLOWS



Repsol, 2024 Annual Financial Report, page 21, 2025

Information in Repsol's 2024 annual financial report[10] shows how the cash and cash flows generated from its operational activities were spent in 2023:

1. Repsol invested €2.5 billion in its Low Carbon Generation (LCG) business, which includes solar and wind energy as well as hydropower and gas power.

2. Repsol invested €4.2 billion in oil and gas, including €2.6 billion in oil and gas exploration and production, and €1.6 billion in other oil and gas activities, including refining and petrochemical activities. **In total, for every euro invested in LCG, 1.5 euros were invested in oil and gas.**

3. Repsol provided its shareholders with €2.3 billion through dividend payments (€1.5 billion) and share buybacks (€850 million). **In total, for every euro invested in LCG, 0.9 euros were distributed to shareholders.**

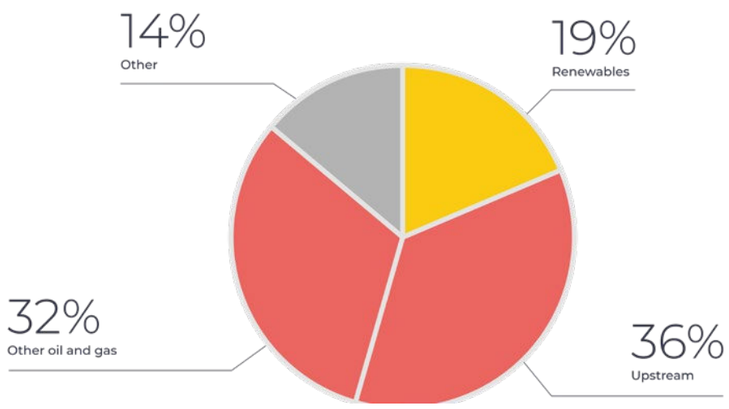
REPSOL'S 2024 RENEWABLE INVESTMENT RATIOS

Repsol, 2024 Annual Financial Report, page 21, 2025

Total annual energy investment needs to increase by 67% by 2030 according to the NZE scenario, which includes a shift from fossil fuels to clean alternatives. This requires a two-fold increase in investments in clean energy, end-use and efficiency between 2022 and 2030, with clean energy investments ten times the size of investments in fossil fuels. Moreover, for each dollar spent on fossil fuels, 6 dollars should be spent on sustainable power supply.[11] In its 2023 report, **the IEA established that oil and gas companies must allocate more than 50% of their capital expenditure (CAPEX) to clean energy by 2030.**[12]

Repsol's net investment plan remains fossil-fuel driven. It plans to invest around €4.4 billion per year on average from 2024 to 2027, including €3.0 billion in oil and gas, half in its upstream segment, with €875 million per year dedicated to renewable energy. **Renewable energy will represent 19% of its coming operating investments.**[13]

REPSOL'S NET CAPEX PLAN TO 2027



Source: Repsol, Investor update, page 15, 2024

"ACHIEVING THE GOAL OF TRIPLING INSTALLED RENEWABLES CAPACITY BY 2030, AS IN THIS [NZE] SCENARIO, REQUIRES DOUBLING CURRENT INVESTMENT LEVELS IN RENEWABLE POWER, GRIDS AND BATTERY STORAGE.

International energy agency,
World Energy Outlook 2024

03

FOSSIL FUEL STRATEGY

A. UPSTREAM EXPANSION PLANS

The IEA published the NZE scenario in May 2021[14] to provide a pathway to meet global energy needs while maintaining a 50% chance of keeping global temperature increases below 1.5°C. It was used as the reference scenario in the IEA's World Energy Outlook (WEO) 2021 and was updated in 2022, 2023[15] and 2024.[16] The NZE scenario projects a halt to the development of any new oil and gas fields for which a Final Investment Decision (FID) was not approved by January 1st, 2022.

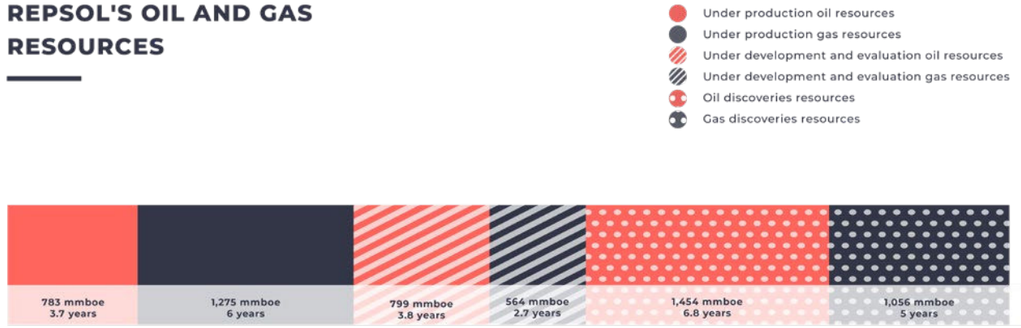
The Intergovernmental Panel on Climate Change (IPCC) also highlights the risks associated with the development of any new fossil fuel projects. This concurs with a large and growing body of scientific evidence showing the need to immediately end fossil fuel development, and a growing consensus on this in net-zero policy discussions.

According to the 2024 Global Oil and Gas Exit List (GOGEL), **Repsol is the 40th top global oil and gas upstream developer.** The company accounts for 0.6% of global short-term expansion plans, with 97.2% of its expansion plans not having obtained a FID before 2022 – therefore overshooting the NZE.

These expansion plans would give Repsol significant additional resources even though it already has enough fields to extract oil and gas for several years. As of February 2025:

- Repsol has 2,057 mmboe of resources under production, including 783 mmbbl of oil and 1,275 mmboe of gas. This represents the equivalent of 9.7 years of production at 2024 levels.
- Repsol has 1,363 mmboe of resources under development or field evaluation, including 799 mmbbl of oil and 564 mmboe of gas. This represents 6.4 years of production at 2024 levels.
- Repsol owns 2,509 mmboe of oil and fossil gas discoveries, including 1,454 mmbbl of oil and 1,056 mmboe of gas. This represents 11.8 years of production at 2024 levels.

REPSOL'S OIL AND GAS RESOURCES



Source: Rystad Energy, accessed in February 2025

B. UPSTREAM PRODUCTION

According to the NZE scenario, oil and gas production decreases by 21.4% and 13.1%, respectively, between 2023 and 2030.[17] In this scenario, the rate of oil and gas production declines due to a combination of the natural depletion of existing oil and gas fields and the absence of new fields to fill the gap. This scenario relies on negative emissions, then oil and gas production would need to decline much faster without negative emissions. These include the deployment of technologies unproven at scale, such as Carbon Capture, Utilization and Storage (CCUS). Other prominent 1.5°C scenarios with no or low overshoot also show oil and gas production declining by 2030. These include the One Earth Climate Model (OECM),[18] the net zero climate scenarios from the Network for Greening the Financial System (NGFS),[19] and the IPCC's 1.5°C with no or low overshoot scenarios filtered to limit to reasonable volumes the reliance on negative emissions (e.g. CCUS, nature-based solutions, etc.).[20]

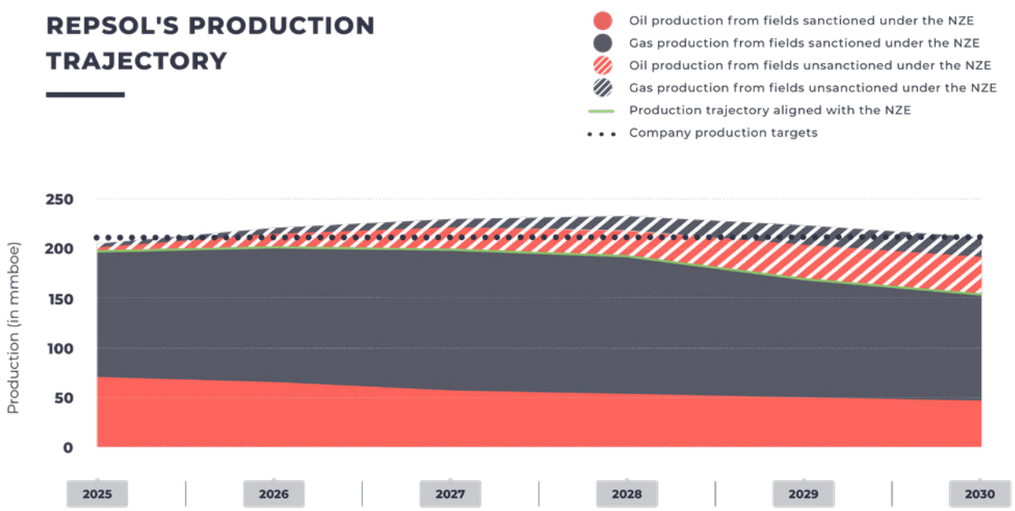
The following chart compares Repsol's planned oil and gas production level by 2030 with:

- Repsol's production by 2030 if it were to align with the NZE scenario (i.e. Repsol's production level from its producing fields and its fields currently under development with a FID obtained before 2022).
- Repsol's production by 2030 if it carries out its short-term expansion plans (i.e. Repsol's production from its fields currently under production, under development and under field evaluation).

In 2030, with oil and gas from currently producing fields, fields under development and under evaluation, Repsol's production level will be 40% higher than the NZE.

Repsol targets a production range of 550-600 kboe per day until 2030, which is stable compared to the 572 kboe per day production in 2024.[21] Due to the fields' natural decline, Repsol will have to develop part of its projects and/or acquire new fields. As such, **Repsol's 2030 production target for oil and gas will be 38% above NZE alignment.**

With its production target, Repsol's 2030 oil and gas production will represent 71% of its energy production mix and 0.5% of the global oil and gas production in 2030, according production level of the NZE scenario.



Source: Rystad Energy on oil and gas production and expansion, accessed in February 2025;
Repsol for company production targets.

04

DIVERSIFICATION STRATEGY

A. UNSUSTAINABLE DIVERSIFICATION

Gas power

In 2024, 26% of Repsol's electricity production was fossil-based, with 2.0 TWh being generated using gas[22] through five gas power units located in Spain and Portugal.[23] As gas combustion is one of the main sources of carbon dioxide and methane emissions, it cannot be considered as a solution for the transition, and should be urgently replaced by a sustainable energy source, especially given that by 2035, advanced economies should achieve a carbon neutral power sector, according to the NZE scenario.[24]

While Repsol has no new gas power units planned, the company has not committed to stop developing new units or to close its operational units by 2035.

Keeping its gas power production at current levels, gas power will represent 1.0% of Repsol's energy production mix in 2030.

Other unsustainable solutions

The NZE scenario projects strong growth in bioenergy production, with biofuel supply multiplied by 12 and with biomethane and biogas increased 6-fold by 2030. In 2024, Repsol's biofuel production capacity reached 1.[25] Mtpa25 and the company did not produce any biomethane. By 2030, the company aims to have biofuel production capacity of 2.4 to 2.7 Mtpa and biomethane production capacity of 2.1 to 2.3 TWh.[26] **Repsol's bioenergy production will represent 4.9% of its energy mix at the end of the decade.** Most biomethane is produced via methanization using feedstock such as plant crops, livestock effluents, food and catering effluents, and sewage sludge. Likewise, most biofuel production currently uses so-called conventional feedstocks, such as sugarcane, corn and soy. As a result of the feedstocks used, emissions from direct and indirect land-use change, increased fertilizer use and carbon emissions from energy-intensive refining, both biofuels and biomethane can have a higher emissions factor than fossil diesel.[27] In addition to the climate

impacts of land-use change, biofuels can divert crops from food production to energy production, leading to higher food prices.[28]

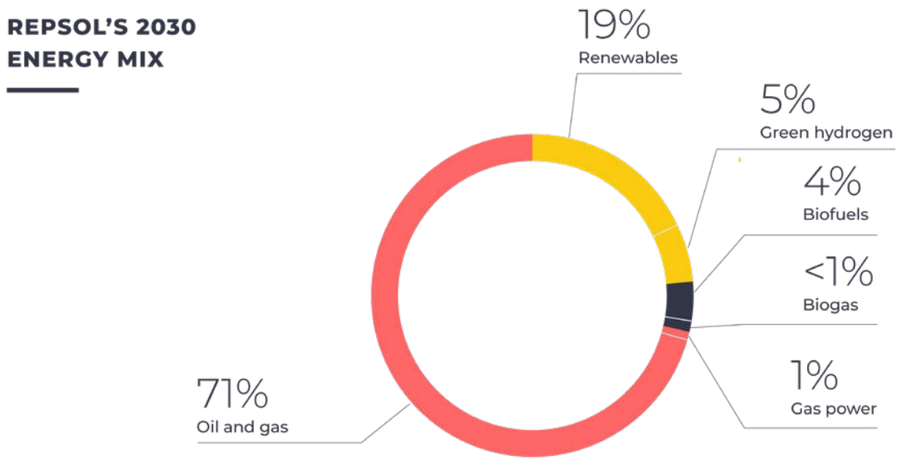
B. SUSTAINABLE ENERGY

The NZE scenario projects strong growth in renewable energy production, that will be multiplied by 2.4 between 2023 and 2030, led by increased solar and wind capacity.

In 2024, Repsol generated 7.8 TWh of electricity. 74% of its electricity production was based on renewable energy: 4.6 TWh was generated from wind and solar, and 1.2 TWh from hydropower.[29] Repsol's renewable energy installed capacities are composed of 47% solar energy, 33% wind energy and 19% hydropower. It aims to develop its renewable energy resources, with a capacity increase from 3.7 GW today to 9-10 GW in 2027 and 15-20 GW by 2030.[30] If Repsol meets its targets, **the maximum renewable power energy share of the company's energy production mix in 2030 would remain under 19%, while oil and gas extraction will represent 71% of its energy production mix. Overall, Repsol will represent less than 0.2% of global renewable energy production in 2030**, according production level of the NZE.

The NZE scenario also projects strong growth in hydrogen production, from 94 megatonnes (Mt) in 2021 to 180 Mt by 2030, led by increased "low-carbon hydrogen" capacity. Of this, one-third is produced from fossil fuels – making it unsustainable – and two-thirds from water-based electrolysis.[31] To meet the NZE scenario's production targets, electrolytic hydrogen production capacity should reach 720 GW to 850 GW by 2030.[32]

Repsol does not produce green hydrogen and intends to reach a production capacity of 1.8 to 2.4 GWe of green hydrogen by 2030.[33] If Repsol meets its targets, **in 2030, hydrogen will represent 4.7% of its energy production mix.**



Repsol, 2024 Management Report, 2025

05

EMISSIONS TARGETS

Repsol pledged mitigation targets for 2025 and 2030 using a 2016 baseline. **In 2025, Repsol backtracked and abandoned its -30% scope 1, 2 and 3 net emission 2030 mitigation target,**[34] which would have resulted in emissions of 157 MtCO2e in 2030. Instead, Repsol implemented a new -20% scope 1, 2 and 3 absolute emission 2030 mitigation target using 2018 baseline, that would result in 179 MtCO2e emitted in 2030.[35]

In 2023, Repsol's CO2e emissions were 192,7 MtCO2e, including 178.7 MtCO2e of scope 3 emissions. **Scope 3 emissions are by far the largest, representing 93% of the company's emissions. However, while scope 3 represents the most significant part of the company's GHG emissions, Repsol's kept its scope 1 and 2 mitigation targets and weakened its scope 1, 2 and 3 mitigation targets.**

FIND OUT MORE:

- Methodology
- Glossary
- Factsheets on bioenergy, hydropower, hydrogen, CCUS in power, energy storage

Repsol's pledged mitigation targets

Base year	Target year	Reduction target	Emission scope	Emission type
2016	2025	-15%	1 & 2	Intensity
2016	2030	-55%	1 & 2	Absolute
2018	2030	-20%	1 & 2 & 3	Absolute

Source: Repsol, 2024 Management Report, page 115, 2025

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Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of financial players, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.

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