

## UNEP FI. PRINCIPLES OF SUSTAINABLE INSURANCE

Since December 2022 Gaviota Re, S.A. ("Gaviota") is a signatory to the Principles for Sustainable Insurance (PSI) and a member of the UN Environment Finance Initiative (UNEP FI).

- Gaviota is a reinsurance company, 100% Repsol, S.A. ("Repsol") subsidiary, which provide world class, risk management and insurance products and services, to its parent company, its subsidiaries, and affiliates.
- Repsol is a global energy company that creates value in a sustainable manner through innovation, efficiency, and respect to drive progress in society.

During the year 2023, Gaviota and Repsol, have performed multiple actions in accordance with their mission of becoming a company with a commitment to a sustainable world and a net zero-emissions company by 2050, and to continue being a leader in fair energy transition, which is an essential feature of respect for basic human rights.

Gaviota is endeavoring in implementing the PSI principles that are feasible for a captive company, focused on the sustainability, aware that their actions will entail an impact not only on the company, but also on their insureds and third parties.

The actions accomplished by Gaviota during this year, amongst others, are:

- **Insurance coverage for new sustainable activities** (Principle 1. Products and Services Development)
  - **Insurance solution for renewable assets worldwide** Among Repsol's new Strategic Plan 2021-25, the renewables business sector is set to boost and create a strong portfolio of advanced stage wind and solar projects with short term material growth and robust profitability (Solar, Wind and Hydro). Gaviota decided to implement a dedicated tailored group of policies for the growing renewables business portfolio, focus on meeting the special requirements of this kind of assets with a difficult matching in the market existing products.
  - **Insurance coverage for circular economy activities of Repsol.** Assurance of activities such as: circular extenders for the rubber industry (Spain), new polymers obtained using plastic that cannot be recycled in any other way to manufacture car parts, food packaging, medical and cosmetical products... (Spain), desorption to treat drilling mud generated during the exploration phase (Bolivia), solar communities through solar panels installed on private roofs in the area producing 100% renewable energy for homes located nearby.
  - **Continued search of assurance for the coming projects of Repsol.** Gaviota anticipates upcoming insurance needs in projects such as hydrogen and geothermal energies, biofuels, carbon capture and storage...
- **Discussions on ESG topics on the Boards of Directors** (Principle 1. Company Strategy).

During the Boards of Directors and other Company Committees, the ESG topics and its involvement in the approach of Gaviota to their commitment with a more sustainable

# Gaviota Re S.A.

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company policy, have been constantly discussed to integrate these principles in the Corporate Governance.

- **New clause ESG “Flexible Reinstatement” in the Reinsurance Package Policy** (Principle 1. Risk Management and Underwriting).

This clause constitutes a turning point in the compromise level of the insurance market with the energy transition. It offers the Insured the possibility to replace a damaged property with a different one to be used for improving environmental efficiency or increase the climate resilience of the assets, allowing an additional sum insured to the cost. Gaviota is trying to generalize its implementation among the insurers.

- **Roadshow to present to the reinsurance markets the new ESG strategy of Gaviota and the Group Repsol** (Principle 2. Insurers, reinsurers, and intermediaries)

Gaviota, jointly with relevant members of the steering committee of Repsol Group, performed a special presentation of the Group ESG strategy to 25 international reinsurance companies to disclose its commitment with the ESG principles.

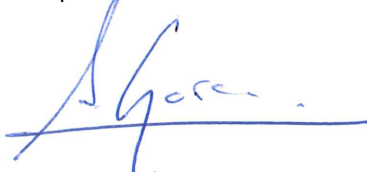
- **Integration of climate change risks in the Own Risk and Solvency Assessment (ORSA)**. (Principle 4. Assess, measure, and monitor company’s progress in managing ESG issues)

Given that Gaviota could be impacted by climate change-related physical and transition risks, it is important to encourage a forward-looking management of these risks using scenario analysis in the ORSA, by describing and assessing the impact of these risks on its risk profile. Gaviota added in the last ORSA the “Climate Change Risk” to its Risk Register. The Emerging risks relating to Climate change will be monitored by the board on a continual basis in the coming years as the Parent Group implements Climate Change initiatives and the consideration of these risks develops over time.

- **Marsh ESG Risk Rating of the parent company** (Principle 4. Participate in relevant reporting frameworks)

This initiative, promoted and coordinated by Gaviota, shows to the reinsurance markets the commitment of Repsol Group with the energy transition. This rating is a measure of sustainability against a range of established international sustainability reporting frameworks, weighted in accordance with the relative importance of each category in the industry analyzed. It measures the position of a business compared with international best practice and standards and helps the companies to manage ESG risks and opportunities by identifying, prioritizing, and integrating them into risk management planning. The Overall score of Repsol is 8.1-High.

Regarding the above, Gaviota Re confirms its engagement in the implementation of the PSI principles and their commitment in moving to a more sustainable business orientation.



Antonio García Lorenzo  
Chairman Gaviota Re, S.A.  
Insurance Manager Repsol S.A.

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Annexes to this letter:

- 2023 Repsol Global Sustainability Plan  
[https://www.repsol.com/content/dam/repsol-corporate/en\\_qb/sostenibilidad/reports/2023/2023-global-sustainability-plan.pdf](https://www.repsol.com/content/dam/repsol-corporate/en_qb/sostenibilidad/reports/2023/2023-global-sustainability-plan.pdf)
- 2022 Integrated Management Report (Sustainability: Point 6)  
[https://www.repsol.com/content/dam/repsol-corporate/en\\_qb/accionistas-e-inversores/resultados/2022/q4/integrated-management-report-2022.pdf](https://www.repsol.com/content/dam/repsol-corporate/en_qb/accionistas-e-inversores/resultados/2022/q4/integrated-management-report-2022.pdf)