

Carbon Smart Solutions

<u>Team Member Name</u>	<u>Year</u>	<u>Major</u>
Cristina Fontán	5 th	Economics
Margarita Echávarri	5 th	Economics
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Advisor(s): Ignacio Ferrero

Topic Title: CARBON CREDIT MARKET: A SUSTAINABLE SOLUTION

Audience: REPSOL's Board of Directors

Sustainable Development Goal

SDG #(7) : Ensure access to affordable, reliable, sustainable and modern energy for all

SDG #(13) : Take urgent action to combat climate change and its impacts

Executive Summary

Carbon Smart Solutions, a sustainability consulting firm, has been asked to assess a compelling proposal to Repsol's Board of Directors regarding the establishment of the "Motor Verde" Fund. This fund aims to offset Repsol's carbon footprint through strategic investments in green initiatives.

Repsol, as a leading energy company, faces increasing pressure to address its environmental impact, particularly its carbon emissions. Failure to act decisively may result in reputational damage, regulatory scrutiny, and loss of stakeholder trust. For this reason, the firm, together with Portobello and Credit Agricole, has proposed the creation of the "Motor Verde" Fund, a dedicated pool of capital to promote carbon footprint offsetting through the financing of reforestation projects in Spain and Portugal. The fund will be managed transparently, with clear criteria for project selection and rigorous impact measurement.

The Board of Directors has hired Carbon Smart Solutions to assess the proposal based on their carbon reduction potential, scalability, and alignment with Repsol's values. The establishment of the "Motor Verde" Fund represents a strategic opportunity for Repsol to demonstrate leadership in addressing climate change (SDG# 13) while ensure access to affordable, reliable, sustainable and modern energy for all (SDG# 7). By approving the "Motor Verde" Fund, Repsol could position itself as a sustainability leader in the energy sector and create long-term value for stakeholders. However, Carbon Smart Solutions, after analyzing the proposal from an economic, legal, and ethically sustainable perspective, is going to provide a counterproposal based on Carbon Farming instead of reforestation. The new is a more economical and more sustainable solution and it avoids the high risk of being accused of greenwashing.