

# ASA Ruling on Repsol SA

 Upheld | Internet (display) | 18 October 2023

## Ad description

A paid-for online display ad for Repsol, a global energy company, seen on the Financial Times website on 12 July 2023, featured an image of a water droplet with text that stated “Renewable hydrogen, another alternative to reduce emissions. At Repsol, we are committed to renewable hydrogen as an energy source that offers up different uses such as zero net emissions synthetic fuel production”. The ad also featured a series of graphics: the text “H2” encircled by two arrows; a solar panel with a sun; a car with a stylised letter “e” that had a plug at the end; a wind turbine; two arrows that formed a circle; a sapling; and a petrol pump with a leaf on it.

## Issue

Adfree Cities challenged whether the ad was misleading because it omitted significant information about the overall environmental impact of Repsol’s business activities.

## Response

Repsol SA said they were committed to reducing emissions from operated assets and net emissions by 55% and 30% by 2030, respectively. They were also committed to reducing their methane emissions by 85% to 0.2% by 2025. Their investments in low carbon energy made up a third of their total spending, and they aimed to have 45% of their total employed capital invested in the area by 2030. They were in the process of transforming their seven industrial complexes in Spain, Portugal and Peru into multi-energy hubs to aid in the production of renewable hydrogen by 2030. Energy consumption at those complexes had fallen by 20% between 2011 and 2022, equivalent to three metric tonnes (Mt) of carbon dioxide (CO<sub>2</sub>). They also aimed to achieve net zero emissions across their business by 2050. They highlighted that extensive development and upscaling of new technology, such as renewable

hydrogen, was needed before it existed in a commercial form. As such, the transition to renewable energy that used new or emerging technology could not always be expressed in ads in terms of existing production.

Repsol said they were the largest operator in the Spanish electric vehicle (EV) charging network. They also developed and sold liquid fuels, gasoline and diesel, renewable biofuels, and natural gas for vehicles. They produced an average of 600,000 barrels of oil equivalent per day, of which nearly 70% was gas. Their hydrocarbons production was focused on gas since that fuel helped electricity production in the transition from higher-emitting fuels such as coal. They also produced oil and petrochemical products such as plastics. Lighter, stronger plastics played an important part in manufacturing EVs since the batteries for those vehicles increased their overall weight. They envisaged that renewable hydrogen would be an effective way of producing and decarbonising fuels used in transport, such as gasoline and diesel. They highlighted that the International Energy Agency (IEA) stated that oil would still be needed in a decarbonised world.

Repsol said that renewable hydrogen was one of the main alternative fuels needed for synthetic fuel production to foster a transition away from fossil fuels, which in turn would help to reduce greenhouse gas (GHG) emissions. Renewable hydrogen was a nascent industry of key importance to Europe, the UK and the US that required a large amount of investment. They explained that Repsol was a Spanish company with no relevant presence for consumers in the UK market. The ad had therefore been targeted at potential investors in the energy sector rather than the general public, and was aimed at increasing visibility of renewable hydrogen, and highlighting Repsol's commitment to renewable hydrogen, rather than selling a specific product. The icons used in the ad displayed other alternative sources of energy, complementing the ad's principal message. Additionally, the ad had been designed for inclusion in the Financial Times' (FT) digital energy newsletter, sponsored by Repsol, which was aimed at an informed audience of users who subscribed to it specifically for energy sector-related news.

Repsol said the format and medium of the ad, which was constrained by time and space, meant they had been unable to add more information about their general business activities. Clicking the ad took consumers to Repsol's corporate website where they could find more information about those activities, and their environmental, social and governance (ESG) reporting; the latter of which included information about their annual emissions and plans to reduce them. They said there was no obligation on them to describe the totality of their business activities in an ad and that the ad could not have misled consumers or investors into making a transactional decision that they would not have taken otherwise.

## Assessment

Upheld

The CAP Code stated that unqualified environmental claims could mislead if they omitted significant information.

The complainant had seen the ad on the FT website, and the ASA understood it had also appeared in the FT digital energy newsletter. It would therefore have been of interest to investors and those interested in purchasing Repsol's products. We considered both audiences would have an awareness that many companies in carbon-intensive industries, including the oil and gas sector, were in the process of developing renewable alternatives to fossil fuels to help consumers dramatically reduce their emissions in response to the climate crisis. In addition, both groups were increasingly concerned about the environmental impact of activities related to higher-carbon products. They would be interested in seeking out businesses, including oil and gas companies, who were making meaningful progress towards transitioning away from higher-carbon products and services, including those developing alternative, synthetic fuels such as renewable hydrogen. However, we considered that consumers and many business readers were unlikely to be aware of the specific details of such technology – for example, that the development of renewable hydrogen was in its infancy and was not yet commercially available.

The ad included several icons, including solar panels, an electric vehicle, a wind turbine, and a petrol pump with a leaf on it, which we considered would be understood by consumers as references to lower carbon energy sources. We considered both consumers and business readers were likely to understand the claim "Renewable hydrogen, another alternative to reduce emissions [...] At Repsol, we are committed to renewable hydrogen as an energy source that offers up different uses such as zero net emissions synthetic fuel production" to mean that renewable hydrogen was an alternative to fossil fuels whose production and use could help to reduce greenhouse gas (GHG) emissions, and that lower carbon energy – of which renewable hydrogen was one such example – formed a significant proportion of Repsol's overall energy production that was aimed at helping to achieve net zero emissions. We considered the icons depicting examples of other lower carbon energy sources strengthened that impression. We further considered that, in the absence of qualifying information, the cumulative effect of the claim relating to renewable hydrogen, in combination with the icons displayed in the ad, gave the impression that renewable energy products comprised a significant proportion of the energy products Repsol developed and sold, or were likely to develop or sell in the near future.

We understood Repsol were in the process of transforming several of their industrial complexes to aid in the production of renewable hydrogen by 2030, and that extensive development and upscaling of the technology was needed before it existed in a commercial form. However, we also understood Repsol's operations in the area would not commence until 2024, and that their development and production of renewable hydrogen was not yet in operation.

We understood Repsol's carbon emissions stood at 171 million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) in 2021 (50% of the emissions of the UK in 2021, 346.7 Mt CO<sub>2</sub>e), and they produced approximately 600,000 barrels of oil per day. They also had a substantial oil and gas exploration strategy, owning an interest in 40,660 acres (gross) of oil and gas development and exploration across Europe, Latin America, North America, Africa, and Asia and Oceania. We therefore understood that large-scale global oil and gas investment and exploration formed the vast majority of Repsol's business interests.

We considered the ad gave the overall impression that a significant proportion of Repsol's business comprised lower carbon energy, such as renewable hydrogen, and therefore further information about the proportion of Repsol's overall business model that comprised lower carbon energy was material information that should have been included. Because the ad did not include that information, we concluded it omitted material information and was likely to mislead.

The ad breached CAP Code (Edition 12) rules 3.1, 3.3 (Misleading Advertising), and 11.1 (Environmental Claims).

## Action

The ad must not appear again in the form complained of. We told Repsol SA to ensure that their future ads featuring environmental claims did not mislead by omitting significant information about the proportion of their business activities that were comprised of renewable energy, or the role renewable energy and renewable hydrogen played in their business activities.

## CAP Code (Edition 12)

[11.1](#) [3.1](#) [3.3](#)

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