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Josu Jon Imaz

“Honesty and credibility are very important to be a good leader”

Josu Jon Imaz | CEO of Repsol

Josu Jon Imaz has been Repsol's CEO since his appointment in 2014.

Imaz began his career in the research and promotion of industrial and energy projects, and took on various positions of political responsibility, including most notably his roles as the Minister of Industry, trade and Tourism in the Basque Government and President of the Basque Nationalist Party (EAJ-PNV).

He joined Repsol in 2008 as the Chairman of Petronor, and successfully managed the challenges of modernisation and sustainability. In 2010 he was also the Manager of New Energies. In 2012, he joined Repsol’s Management Committee and was appointed General Manager of the Industrial and New Energies Area. He was Vice-Chairman of Gas Natural SDG, S.A. between 2016 and 2018.

Since he was appointed CEO in 2014, he has led the transformation process of Repsol, today consolidated as a global multi-energy company. Under his management, Repsol has accelerated the decarbonization process of its assets, becoming one of the leaders of the energy transition in Spain and the first company in its industry to commit to net zero emissions by 2050.

What characteristics do you consider to be essential for a good leader?

It is not an easy question because a lot of characteristics are required to be a leader. One that is very important is honesty or credibility. People do not do what we say has to be done, they do what they see us doing, so we have to be credible.

You have to love the people and place your trust in team members; the people who work with us in an organisation. You have to help them grow, encourage them to take decisions, allow them to take them and to make mistakes, because that is the only way to learn: in a culture of making mistakes.

I also think you have to promote a series of values such as, of course, responsibility; courageously taking responsibility for your own decisions, even when they go wrong.

Cooperation between people and transparency are characteristics that are important.

Then, depending on the type of function you are discharging, there are many more. I do think however, that a person who meets these requirements or holds these values will be a good leader.

What do you consider to be the most significant challenge for the energy industry globally and, more specifically, in Spain in the coming years?

Any discussion about energy today in Spain is a discussion about Europe because in practice we constitute a shared space and substantially all the policies relating to energy are defined in Europe. I think we are faced with a major challenge, which is how to meet three requirements related to energy.

First, security of supply. We need energy. What has happened with Russia should not happen; we suddenly realised we had a single unreliable supplier. We need to ensure the same thing does not with China, as we are currently building numerous value chains, from batteries to electric mobility. Access to a lot of rare-earth metals also involves a Chinese supply chain. We need security of supply. We need to promote our own sources of energy or supply chains from nearby or reliable countries.

Second, we need to produce energy that is competitive, that is cheap, that is affordable for families. Companies must be able to purchase energy for industries to be competitive and to be able to create industrial jobs in Spain and Europe, to counter those investing in Turkey, India or China.

In sum, energy also has to be affordable. We have to make sure that people can afford the energy sources we are opting for.

And then of course, we have to do all of this sustainably, decarbonising, so that the future generation can access the same resources that we have benefited from.

How does Repsol balance the government's regulatory demands, especially as regards the energy transition, with the need to stay competitive in the global market?

We do have a potential advantage, which is that we are a slightly less regulated than other industries. Only a few of our main lines of business are regulated, and they are in the minority. Although, of course we pay attention to the recommendations of both the European and the Spanish authorities.

Clearly, we are very aware of the fact that we have to reduce, and decrease the intensity of, the carbon footprint of our company and our products and, what is more, we are doing this effectively. This is often not the result of regulation, but rather because Repsol's investors make their investments with instructions to take on board parameters that are more sustainable.

We are currently launching products that are 100% percent renewable fuels, made from waste; it is a type of diesel and there are customers who want to use it. We also therefore have to be sensitive to what consumers are promoting and what the consumers are calling for.

Consequently, I would say that regulation is one part of the picture that in many cases and in our industry is not fundamental, although it is clearly important. You do however have to be aware of where society, the consumers and, in general, major social trends are headed because we have to adapt to them.

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How are you managing to integrate these sustainable practices into your everyday operations and company strategy?

The intermediate objectives that we have established are important and they are being met. We will achieve a 15% reduction in what is referred to as the company's carbon intensity index, which is the sum of our own emissions plus the emissions of the products produced when the consumers use them. We are going to reduce this footprint by 15% with respect to 2017 and by 28% in 2030. We are therefore clearly meeting this objective.

40% of all the company's targets, remuneration payable, long-term variable payments of the people, etc. are tied to this objective which is, in the end, our way of showing people what we value.

competitive so that we can have refineries in Spain with more industrial jobs than our competitors. That is why competitiveness and sustainability complement each other. In addition, we are using more and more waste to produce fuels. In Cartagena we have a plant that we started up in January, which produces 250,000 tonnes of fuel made exclusively from recycled oils, animal fats or prioritised plastic; i.e., waste to produce diesel which is renewable. This plant on its own achieves the same reduction in the CO2 emissions of Spanish cars as 400,000 electric vehicles, which is the entire fleet of electric vehicles in Spain. As a result, it complements that reduction in CO2. And we are also investing in technology to produce the synthetic fuels of the future. We have a state-of-the-art project in Bilbao, which is unique in Europe, in which we are going to produce a

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And then, from an operational standpoint there are various measures. For example, we have reduced the company's methane emissions by 75% over the last five years.

How is methane emitted? Methane has an even worse impact on global warming than CO2 because, although it ends up breaking down in the atmosphere, its immediate effect is eight times higher than CO2. When you produce natural gas in the world, methane is emitted; however, with a lot of technology to control fugitive emissions, to control torch emissions, and with exhaustive monitoring of operations, we have managed to reduce these emissions by 75%. At our refineries, we have reduced CO2 emissions by 35% over the last 12 years. How is this done? In the end CO2 is emitted when you consume energy, when you use gas and burn it to run your industrial plants. So we are achieving this with more efficient processes, by investing in technology and improving the operations from a technical standpoint, to become more efficient.

It is not just a question of not emitting CO2, it is about not consuming energy and, therefore, becoming more

hydrocarbon by combining hydrogen and CO2 taken from industrial sources; a hydrocarbon which will be burnt in the same way as petrol or diesel, but which has zero emissions, because the quantity of CO2 emissions produced when it is burnt is exactly the same as the quantity absorbed previously from the industrial source.

We are entering into the renewable generation business, and have a capacity of 3000 megawatts, which is significant amount already in operation. Today at Repsol, 35%-40% of all of our investment, year after year, is targeted at low-carbon technologies, which is a unique case in this industry. There are no other companies with these levels of investment in low-carbon technologies, and we believe this is the way forward. We have to continue doing this in an ever more responsible manner; reducing our CO2 emissions and, in turn, providing consumers with other products that do not have a CO2 footprint. It is a tough route to take, but it is totally necessary. In addition, we see it as a growth opportunity for the company, because if this route is the right way to go, we are going to have an advantage over the others.

"To retain talent, you have to invest a lot in people, in their training, and you have to accompany them in their career because, in the end, it is much more practical to look after what you already have"

What initiatives does Repsol have in place to attract and retain talent in such a competitive industry that is currently being transformed?

First, invest a lot in people. Invest in training. It is also necessary to nurture the careers of people so they are accompanied because, in the end, it is much more practical to look after what you already have. I am going to make inappropriate comparison; it is like a football club, you have to take care of the youth academy. And then from time to time you have to bring in an Mbappé or a Messi, but you have to look out for the youth academy and for our people.

In addition, as a result of the changes at the company, we are entering into new technologies and requiring profiles that are new to us. For example, in the industry in which we operate, as a company we are perhaps recognised as being a leader in the digitalisation of our industrial processes. As a consequence we have required mathematicians, physicists and engineers; people with profiles that are new at the company. Sometimes it is not easy to understand why they come to Repsol, because we are competing with Google and Amazon, but I believe we are able to attract them. First, I believe they see an attractive project, and second because there are people that say to themselves "changing this is a major professional challenge" so they come to us.

We are also making a major commitment to diversity. In this case, I would like to focus on gender. Why? First, because socially it is fair and necessary. But also from the competitiveness standpoint, if what we need is talent, there is the 50% of highly trained talent in our society that we should be turning to, because this could also provide us with a competitive advantage. It is true that the industry is rooted in another era and different times, but I believe that today 50% of hirings should basically be women. We already have what we refer to as leaders at the organisation. The percentage of women is slightly above 30% and it is not enough, but we will continue to work in this area. And that is also a way in which to attract a significant portion of our talent.

How do you think artificial intelligence and new technologies will transform the energy industry over the next ten years?

We have implemented more than 200 projects of all kinds over the last five or six years.

I will give you some examples. For example, in relation to the programming of our refineries, which is a process that begins when a trader sat at a table spots an oil tanker with a certain type of petrol being sold somewhere in the world, and in accordance with the price and the characteristics, as we describe them, how much energy is consumed in the process, where it can be transformed, when it is going to arrive, how it will be divided up, depending on the type of product, and how the 2-month futures market for these products will perform, the optimisation of this whole process using digital tools has enabled us to reduce the cost of each barrel of oil that we process at these refineries in Spain by EUR 0.30 to EUR 0.40. EUR 0.30 to EUR 0.40 is, of course, nothing. But if we process 280 million barrels a year that is an improvement, a reduction in costs of EUR 140 million to EUR 150 million a year through technological tools that make these refineries more competitive. And then there are commercial tools, we have WAYLET, which is a tool with eight million users which we use basically to make personalised offers to our customers.

We form part of a group of companies that has experience in this; for example, Inditex, Telefónica, Gestamp, Repsol and others have set up an association called Indesia, the goal of which is to share all of our experiences at our companies related to artificial intelligence and even to access certain data, while of course safeguarding these on an individual basis, so that small Spanish industrial companies can start to develop case studies. And we are working in this direction, as we are convinced that measures are required to assist Spanish SMEs in adapting to these technologies. This will also help us to improve the competitiveness of the industrial fabric, with increased potential employment for all.

We have been applying this approach at Repsol for many years and now have more industrial jobs in Spain than we had in 2008.

What in your opinion is success?

I have known success and failure. In one week I went from travelling in an official car to riding the Boston subway. This helps a lot to put things in their place; everything is relative because in the end, success in life is having a personal life, each person having what they want, what they like and what they identify with, and what they are comfortable with, in which you live with the people you love, and they love you and you argue, etc.

I often say that when you look in the mirror at night and see a face, you should say "it is not exactly me, but I recognise myself". What I mean is, in life, you often have to do things that you are not completely satisfied with, but you have to maintain a principle of authenticity although this never reaches 100%. And I believe that in our lives we all end up recognising ourselves in what we do, and at times you will be more happy with yourself, and at others less happy. I believe that success is recognising yourself at night and saying "look, that person who left the house this morning and the one I am now looking at are not so different".

"Do whatever you want, but whatever it is, do it with passion"

What advice would you give to future generations?

I have a young daughter who just turned 18 and I always say the same to her: follow your passion. I know there are people who do not agree with this. Do whatever you want, but whatever it is, do it with passion. Do what you believe in and work at it. I believe that is the best advice, in life you have to use the motivation of passion, of what you like, because that is when we will strive to do things well, and then, if I could just give one more piece of advice, anybody who is able to go abroad, due to their function, job or possibilities, should do it. You have to do these things, because in the end the world will open up for you.

I believe you need to go elsewhere, to open up to other realities, other cultures. The world is wide and large. What we have is wonderful, but there are many other wonderful things in life.

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