

Risk Management

Code: 00-00477PO

Revision: 2.0

Our aim

To provide greater certainty and confidence in the achievement of Company objectives to shareholders, customers, employees and other stakeholders, through the anticipation, management, and control, as far as practicable, of the risks to which the Group is exposed, with an overall vision.

Our commitments

- Implement, under the supervision of the Audit and Control Committee of the Board of Directors, an **Enterprise Risk Management System** in line with international reference standards and guided by the following principles:
 - Leadership of Management, who will provide the necessary resources and ensure that the organization works in accordance with these principles.
 - Integration in management processes, especially those related to strategy and planning.
 - Differentiated responsibility for the units and bodies involved, based on the model of “three lines”¹.
 - Comprehensive and harmonized management, so that all risks are managed through a common process for identification, evaluation and treatment, as defined in norm ISO 31000, in order to maintain them at levels tolerated by the Company.
 - Continuous improvement through periodic reviews of the management framework.
- Maintaining a **risk profile in line with a medium-low risk tolerance** appropriate for the business model of a global and integrated energy company, present throughout the value chain and that carries out its operations in a diversified fashion. This commitment combines both quantitative and qualitative elements and is based on the following criteria and principles, inherent to its strategy, culture, and values:
 - Actively managing most strategic, operational, financial and non-financial risks inherent to our activity, maintaining them within the tolerance thresholds and objectives defined. These include those related to the socio-political environment, macroeconomics and competitive scenario, regulation, partners, business and asset portfolio, technology, corporate governance, people and organization, information systems, suppliers and contractors, operational excellence, projects, liquidity, market, equity, rating and counterparty. Specifically, for risks of a tax nature, reconciling responsible compliance with tax obligations with the commitment of creating value for shareholders through the efficient management of tax costs and benefits.
 - Avoiding, transferring, and/or mitigating risks related to health, safety, environment, security, ethics and conduct, compliance (including tax compliance), and reputation and image, which the

¹ Three Line Model of IIA (Institute of Internal Auditors), 2020

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Group unequivocally rejects, minimizing in any case and by all means the probability of their occurrence and/or associated impact through the necessary procedures, resources and tools implemented for this purpose.

- Define the applicable risk management strategy in each organizational area, which depending on its type and exposure, may consist of accepting the risk, interrupting the activity that generates the exposure, mitigating the risk through the preventive or contingent measures applicable according to its nature, or transferring the exposure to third parties, in accordance with the internal regulations that the Company has developed for this purpose.
- Reasonably ensure compliance with the objectives of each organizational area, including operational, financial and non-financial objectives, communication of financial and non-financial information, and regulatory compliance, through information and internal control systems based on the principles of the COSO reference framework.
- **Informing transparently** of the risk control systems, the main risks faced by the Group or that could affect the achievement of its Business targets, as well as of the tolerance levels.
- Retaining high-probability low-impact risks and transferring low-probability high-impact risks to third parties through the adoption of a framework for retention and transfer that shall materialize by means of insurance contracts or other coverage measures.

All Repsol employees are responsible for complying with this policy.

This policy was approved by the Board of Directors of Repsol, S. A. on February 17th, 2021.