

REPSOL Group

2020

Good Tax Practices
Self-Assessment

- **Introduction**
 - Accredited good tax practices
 - Summary of evidence of compliance with international standards
- **The B-Team Responsible Tax Principles**
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Introduction



Accredited good tax practices

Repsol is committed to complying with best practices in responsible taxation and tax governance by voluntarily following the most prestigious international principles and recommendations:

- The international tax standard **GRI-207** has been validated by our statutory auditors, in its exhaustive option. For more information, see Annex III of the [Repsol Group's 2020 Integrated Management Report](#).
- **The B-team** has rated Repsol as a radically transparent company. For more information, see the [Case Study](#) published on the B-team website.
- In addition, Repsol's **Tax Control Framework** (TCF) has been evaluated by experts of recognized prestige, who have stated the high level of convergence and compliance with the criteria set out in the most rigorous international standards. In particular, it has been verified that Repsol complies with international standards such as:
 - The OECD Model Control of Tax Risks (MCTR), which codifies the essential elements of a modern tax risk control framework that large companies can follow to configure and apply their internal risk management systems.
 - The **Tax Control Framework Questionnaire** developed by the Internal Revenue Service.

Summary of evidence of compliance with international standards



We provide evidence of the effective monitoring of the tax policies and strategies defined by the Board of Directors.

The B-Team Responsible Tax Principles

- Responsibility and governance
- Corporate structure
- Transparency
- Compliance
- Tax incentives
- Support for an effective tax system
- Cooperative relations

GRI 207-1

Approach to tax

- The Board of Directors approves the Tax Policy and supervises the execution of the strategy and the management of tax risks.
- Corporate structure aligned with the business and adequate to legal requirements and corporate governance standards.
- No use of instrumental entities in non-cooperative jurisdictions.
- Publication of the Tax Policy and information on tax payments and presence in non-cooperative jurisdictions.
- The Global Sustainability Plan [GSP] incorporates tax objectives.

GRI 207-2

Tax governance, control and risk management

- Internal control regulations and processes to ensure tax compliance.
- Internal procedure to set transfer prices aligned with value creation and the arm's length principle.
- Organizational structure and adequate means to ensure the proper performance of the tax function.
- Existence of a complaints channel managed by an independent third party available 24/7.
- Application of the tax regulation respecting its letter and spirit.
- Verification that the tax incentives applied are generally accessible to all economic operators.
- Support for the publication of tax incentives for oil contracts.

GRI 207-3

Cooperative Relations and Advocacy

- Application of the Spanish Code of Good Tax Practices.
- Voluntary submission of the Tax Transparency Report to the Spanish Tax authority.
- Qualification as Authorized Economic Operator in the European Union and Peru.
- Founding member of the Extractive Industries Transparency Initiative and committed to its standards.
- Collaboration with international organizations [OECD, UN, EU], governments and NGOs.
- Participation in international initiatives on responsible taxation and tax governance [B-Team].

GRI 207-4

Publication of the Country-by-Country Report

- Voluntary publication of the Country-by-Country Report [CbCr] prepared according to OECD and GRI-207 criteria.
- The published Country-by-Country Report contains economic magnitudes related to the Group's performance, as well as a description of its business model with contextual information on the business activities carried out in each country.
- The Country-by-Country Report is made public at the same time as it is submitted to the tax authorities [with a one-year lag].

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The B-Team Responsible Tax Principles and compliance self-assessment by the Repsol Group



The B-Team rates Repsol as one of the "most radically transparent" companies in terms of compliance with its Principles of Responsible Taxation.

The B-Team Responsible Tax Principles^[1]

Nº	Principles	Description	Check	Compliance evidence in Repsol
1	Accountability & Governance	Tax is a core part of corporate responsibility and governance and is overseen by the Board of Directors (the Board)		• Tax Policy approved by the Board, binding for all Group employees. • The Board is involved in the Group's tax strategy and management. • The Repsol Global Sustainability Plan incorporates tax objectives.
2	Compliance	We comply with the tax legislation of the countries in which we operate and pay the right amount of tax at the right time, in the countries where we create value		• Internal regulations that ensure full compliance with tax obligations. • Organizational structure and adequate means to comply tax obligations. • Internal procedure for setting transfer prices aligned with the creation of value and the principle of full competition.
3	Business Structure	We will only use business structures that are driven by commercial considerations, are aligned with business activity and which have genuine substance. We do not seek abusive tax results.		• Corporate structure aligned with the business, adjusted to legal requirements and corporate governance standards. • Simplification of the corporate structure. • No use of instrumental entities in tax havens or special purpose vehicles.
4	Relationships with Tax Authorities	We seek, wherever possible, to develop cooperative relationships with tax authorities, based on mutual respect, transparency and trust.		• Application of the Spanish Code of Good Tax Practices. • Adherence to similar initiatives in Canada, the Netherlands, Portugal, UK and Singapore. • Voluntary Tax Transparency Report to Spanish Tax Authorities (AEAT). • Voluntary participation in the first ICAP programme. • Qualification as an Authorized Economic Operator in the EU (AEO).
5	Seeking & Accepting Tax Incentives	Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks.		• Use of tax benefits following the letter and spirit of the law. • Verification that the incentives are generally available to all economic operators • Support for government publication of tax incentives in oil contracts.
6	Supporting Effective Tax Systems	We engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.		• Participation in public consultation processes. Collaboration with OECD, UN and EU. Dialogue with NGOs. • Engagement with international initiatives of responsible taxation and tax governance (B-Team).
7	Transparency	We provide regular information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about our approach to tax and taxes paid.		• A transparency referent in Spain according to NGO reports. • Publication of tax payments by countries. • Detailed tax information published in the website. • Country by country report (OECD Country-by-Country report).

[1] These principles of responsible taxation have been defined by the B-Team, a group of multinational companies committed to good tax practices, after an open dialogue with NGOs and official organizations.



Fully compliant



Partially compliant



Non-compliant

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GRI 207 standard: introduction



Repsol voluntarily complies with GRI 207 as a manifestation of its commitment to the best international standards in terms of transparency and good tax governance [see Appendix III of the Repsol Group's Integrated Management Report for the FY 2020].

What is the Global Reporting Initiative?

- The Global Reporting Initiative (GRI) is a non-profit organization established in 1997 by a joint initiative of two non-governmental entities: CEBES [Coalition of Environmentally Responsible Economies] and UNEP [United Nations Environment Program].
- It is the institution that created the first global standard for the elaboration of sustainability reports voluntarily applicable to those companies that wish to evaluate their performance in the economic, social and environmental fields (i.e. “triple bottom line”) and thus promote continuous dialogue with the stakeholders.
- Its standards constitute an internationally accepted / valued reference when evaluating the quality of public information prepared by companies, specifically in those areas of special sensitivity related to sustainability.

What is the GRI 207?

- It is a set of **guidelines and recommendations** for voluntary compliance that aim to facilitate the understanding by civil society of the tax contribution made by companies and the sustainability of their tax policies.
- Published on December 5, 2019, they focus specifically on the following areas of interest:
 - General principles of Good Tax Governance [Disclosure 207-1 Approach to Tax].
 - Tax Control Framework [Disclosure 207-2 Tax Governance, control and risk management].
 - Cooperative relations with interest groups [Disclosure 207-3 Stakeholder engagement. Management of tax concerns].
 - Publication of the Country-by-Country Report [Disclosure 207-4 Country-by-country reporting].
- Its recommendations are applicable as of January 1, 2020.

Who makes the standards?

- The Global Sustainability Standards Board (GSSB): independent operating entity constituted under the auspices of GRI and formed by experienced members and recognized prestige. The GSSB works in the public interest and in accordance with the vision and mission of GRI.

GRI Standard 207: self-assessment of compliance (1)



207-1	Requirements	Guidelines	Check	Compliance evidence in Repsol
a.i	Tax strategy	Existence of a public tax strategy applicable to all companies and employees of a Group.		Repsol has a Tax Strategy, approved by the Board of Directors, which is mandatory for all employees and Group companies. The Tax Policy is published on the corporate website.
a.ii	Tax Strategy Review Body	Involvement of the Board of Directors in the approval and periodic follow-up of the Tax Policies.		Repsol's tax strategy is reviewed at least once a year by the Board of Directors. It also supervises compliance and the most relevant aspects of the management of tax matters and risks.
a.iii	Focus on compliance	Commitment to regulatory compliance.		Repsol, aware of its responsibility in the social and economic development of the countries where it is present, pays priority attention to responsible compliance with the payment of taxes in the countries where it operates with a commitment to comply with the law, respecting both the letter and the spirit of the law.
a.iv	Relationship between tax approach, business strategy and sustainable development	Alignment of the Tax Policy and Strategy with the reality of the business and the commitment to sustainability.		<p>The Group's Tax Policy is aligned with the company's mission and values and with its Sustainable Development Goals (SDGs). Repsol aspires to be publicly recognized as an integrated and responsible company in tax matters. The Group's tax decisions are taken responsibly, in accordance with a reasonable interpretation of tax regulations and are aligned with the economic activity of Repsol's different businesses.</p> <p>The tax function is present in the Group's business decisions, ensuring that they are in line with the principles of its Tax Policy and are aligned with the reality and economic motivation of its businesses. Thus, there are internal regulations and procedures (among others, the rule on investments, on related-party transactions, etc.) that ensure the adoption of tax positions based on sound economic or business reasons (avoiding abusive tax planning schemes or practices), the non-use of opaque or artificial corporate structures with the aim of hiding or reducing the transparency of its activities and the application of the principle of full competition in its intra-group transactions.</p>

Approach to tax

Fully compliant

Partially compliant

Non-compliant

GRI Standard 207: self-assessment of compliance (2)



Tax
governance,
control and
risk
management
(1/2)

207-2	Requirements	Guidelines	Check	Compliance evidence in Repsol
a.i	Body responsible for compliance with the tax strategy	Identify the highest governance body in charge of reviewing the TCF.		The Board of Directors is the governing body responsible for approving the Repsol Group's Tax Policy, which contains the tax strategy. The implementation and monitoring of the tax strategy is supervised through meetings held at least once a year.
				The orderly management of Repsol's tax affairs is developed within a scope of action (Governance and TCF) that rests on four basic pillars: (i) Principles of action, (ii) Expert team, (iii) Processes and Systems for tax compliance and (iv) Tax Risk Control and Management.
				The integration of the tax approach at Repsol is governed by an orderly regulatory management model composed of policies, rules (global and specific), internal procedures and standardized processes, all of which are subject to the guidelines of the Code of Ethics and Conduct, aimed at mitigating the most relevant tax risks.
a.ii	Tax strategy in the organization	Description of the processes, projects, programs and initiatives that support the tax strategy and tax procedures.		Repsol's tax department is made up of professional experts in various tax disciplines who are responsible for the management of all tax matters of the different businesses and areas of the Group. Reporting solely to the Corporate Economic and Tax Department, the management of tax matters is decentralized to the tax units of each country and/or business in order to adequately address the particularities of each business and tax system. The continuity of the tax strategy and management in the event of unforeseen events is ensured by means of a contingency plan. The Group's tax experts are subject to the same remuneration and incentive policy as the rest of the Company's employees, and there is a continuous training plan, updated annually, which allows them to strengthen and complete their professional skills and renew their commitments to comply with the obligations derived from the Code of Ethics and Conduct.
a.iii	Tax risk management	Identification, management and supervision of tax risks.		<p>Tax risk management at Repsol is integrated into the global policy of the Integrated Risk Management System (for its acronym in Spanish, SGIR) and is reflected in the existence of processes, systems and internal controls (SCIIF, Compliance Plan, Key Controls, etc.). A fundamental element of the SGIR is the vocation to maintain a risk profile aligned with a medium-low risk tolerance, typical of a global and integrated multi-energy company business model, present throughout the value chain. In order to mitigate tax compliance risks, Repsol has implemented standardized and documented processes that regulate essential aspects of tax compliance. These processes identify the persons/areas responsible for each phase of tax management and define all the activities that must be carried out for the preparation of tax returns and tax assessments. In short, the tax management processes ensure the reliability and traceability of the information and establish an adequate level of prior reviews.</p> <p>In addition, Repsol has robust information management systems that guarantee the integrity of the information and tax compliance processes and minimize the possibility of "human error" in this type of action.</p>

GRI Standard 207: self-assessment of compliance (3)



Tax governance, control and risk management [2/2]

207-2	Requirements	Guidelines	Check	Compliance evidence in Repsol
a.iv	TCF compliance	TCF monitoring process.		The control over tax risks and the reporting of tax matters are complemented with procedures and controls that guarantee the integrity and reliability of the accounting information used in tax processes. Among others, we can mention: the procedure on Monitoring and periodic evaluation of the Internal Control over Financial Reporting System (for its acronym in Spanish, SCIIF). The SCIIF controls are continuously supervised by the Audit and Control Committee of the Group's Board of Directors and monitored by the Internal Control Department and the Audit Department. The rules and procedures are reviewed by the People and Organization General Management in order to ensure the integrity, homogeneity, validity, availability and accessibility of the Company's internal regulatory documents, as well as to facilitate management through the established channels and their approval at the appropriate level.
b	Whistleblower channel	Mechanisms for reporting unethical or illegal conduct.		Any employee or third party may report any possible breach of the Code of Ethics and Conduct or the Crime Prevention Model, including possible unethical or illegal conduct affecting the integrity of the organization in relation to taxation. Such communication can be made in an absolutely confidential and anonymous manner through the whistle-blowing channel provided for this purpose.
c	Organizational practices on external verification of reports	External verification of the quality/robustness of the TCF.		Repsol has an expert team that analyzes the good tax governance initiatives of various international organizations in order to align its tax strategy with the principles that inform global best practices. Thus, Repsol performs a self-assessment of its TCF, comparing it with the highest standards in tax governance, including the principles of responsible taxation of the B-team, the requirements of GRI 207 or the OECD model of tax risk control, among others. Likewise, the adequacy of its TCF to the best international practices in tax compliance is subject to verification and contrast by an independent expert who has considered that Repsol reaches a high level of convergence and compliance with the criteria included in the international standards.

GRI Standard 207: self-assessment of compliance [4]



207-3	Requirements	Guidelines	Check	Compliance evidence in Repsol
	<p>a.i Cooperative relations with tax authorities</p>	<p>Enhancing cooperative compliance as a mechanism to ensure certainty and reduce litigation.</p>	<p></p>	<p>In accordance with the principles that guide our tax policy, Repsol is committed to supporting an effective tax system and to maintaining cooperative relations with the tax administrations of the countries where it operates, based on mutual respect, transparency and trust. To this end, Repsol collaborates with tax administrations in the detection and search for solutions to fraudulent tax practices, facilitates access to information and prioritizes non-litigious means of dispute resolution. This approach includes participation in collaborative agreements and the search for active audits in real time.</p> <p>Relevant examples of Repsol's initiatives in the field of cooperative relations include: (i) voluntary adherence in Spain to the Code of Good Tax Practices and the presentation, since the FY 2015, of the Voluntary Tax Transparency Report; (ii) Repsol's qualification as an Authorized Economic Operator in the European Union and Peru, in recognition of its status as a reliable operator in the field of customs formalities; (iii) participation in the OECD's ICAP initiative (coordinated verification by the tax authorities of different countries that evaluate tax risks, including transfer pricing) and, as a result, Repsol's qualification as an entity with a low risk of non-compliance by the tax authorities participating in the initiative; and (iv) the strengthening of cooperative relations with the Canada Revenue Agency.</p>
	<p>a.ii Environment management</p>	<p>Public policy advocacy on tax issues and active participation in forums/platforms to manage the regulatory environment.</p>	<p></p>	<p>A large part of the regulations on transparency and tax responsibility currently in force originate from the debates and forums of various international bodies (UN, OECD, EU, etc.). Repsol therefore promotes institutional relations with these authorities and other stakeholders with the aim of aligning the company's tax policies with social reality, contributing responsibly to the creation of a more balanced and fairer international tax framework and enabling anticipation in the management of tax matters in the face of possible future regulatory changes and the minimization of their risks and impacts. An example of this is Repsol's participation, sometimes on its own behalf, in the public information processes regularly issued by various international organizations such as the OECD or the Platform for Collaboration in Tax Matters (UN, OECD, IMF and World Bank). Through our participation in these debates (in most cases at the invitation of the corresponding organization) we have had the opportunity to present our views on issues of great importance in the current environment, such as the tax contribution of multinationals, the problem of profit shifting and the demand for information on payments made by companies to governments. Repsol is a member of several of the subcommittees created by the UN Committee of Experts on International Cooperation in Tax Matters, which discuss and prepare tax guidelines for the administrations of developing countries. Repsol is also a member of the Tax Committee of the Business at OECD (formerly known as BIAC) and holds the position of Vice-chair of the Tax Commission of the International Chamber of Commerce (ICC).</p>

Cooperative Relationships [1/2]

GRI Standard 207: self-assessment of compliance [5]



Cooperative Relationships [2/2]

207-3	Requirements	Guidelines	Check	Compliance evidence in Repsol
a.iii	Active stakeholder dialogue	Description of the mechanisms for dialogue with the main social actors (NGOs, social action platforms, etc.) and their influence on tax decision-making processes.	<div></div>	<p>Repsol maintains a continuous and honest dialogue with NGOs and social action platforms (Intermon OXFAM, Fundación Compromiso y Transparencia, Observatorio de Responsabilidad Social Corporativa) in the search for a fairer and more effective tax system.</p> <p>This interrelationship has allowed us to learn first-hand about the main concerns of stakeholders regarding Repsol's social accountability process and has facilitated a better understanding of the true magnitude and dimension of our fiscal contribution in the countries where we are present.</p> <p>Many of the concerns expressed by stakeholders have found a response in the enhanced fiscal transparency initiatives referred to in this self-assessment.</p> <p>Stakeholder response to these initiatives has been positive. Thus, Intermon OXFAM, in its periodic evaluation of the tax information of IBEX 35 companies, highlights Repsol among the companies that have made genuine progress in the area of responsibility and transparency, positively valuing Repsol's efforts to reduce its presence in tax havens. The B-team, on the other hand, rated Repsol as one of the "most radically transparent" companies in terms of its commitment to complying with its Principles of Responsible Taxation.</p>

GRI Standard 207: self-assessment of compliance [6]



For the second consecutive year, we have voluntarily published the Country by Country Report (CbCR), which is published at the same time as it is submitted to the Spanish tax authorities [with data that have a one-year lag].

Country by Country Report [1/3]

207-4	Requirements	Guidelines	Check	Compliance evidence in Repsol
a.i	Tax jurisdictions of Group entities	Complete information on Group entities that includes both PEs and inactive companies (dormant), with express indication of their tax residence.		Annexes Ia and Ib of the Annual Accounts report. Description of companies in controversial territories (web). Information included the in Country by Country Report (OECD Country-by-Country report).
b.i	Entity Names	Detailed list of entities resident in each tax jurisdiction.		Annexes Ia and Ib of the Annual Accounts report.
b.ii	Main activity	General description of the activity carried out by the Group in each jurisdiction.		Information included in the Country by Country Report (OECD Country-by-Country report).
b.iii	Employees	Number of employees, and the basis of calculation of this number.		
b.iv	Income	Revenues from third-party sales and Revenues from intra-group transactions with other tax jurisdictions ^[1] .		
b.v				

[1] In order to comply with the requirements of GRI 207-4, in Annex 3 to the public Country-by-Country Report, we have broken down the income received in each tax jurisdiction with related entities in other tax jurisdictions. .

GRI Standard 207: self-assessment of compliance [7]



Country by
Country Report
[2/3]

207-4	Requirements	Guidelines	Check	Compliance evidence in Repsol
b.vi	Profit/loss before tax	Criteria followed to determine the consolidated profit / loss attributable to each jurisdiction.		
b.vii	Tangible assets other than cash and cash equivalents	Criteria followed to determine the volume of assets attributable to each jurisdiction.		
b.viii	Corporate income tax paid on a cash basis	Criteria followed to determine the tax paid with special reference to the allocation of WHT payments.		Information included in the Country by Country Report [OECD Country-by-Country report].
b.ix	Corporate income tax accrued on profit/loss			Information included in the Repsol Group's tax contribution report.
b.x	Reconciliation between the statutory and the accrued corporate income tax	In those jurisdictions where it applies, a conceptual description of the adjustments that lead to differences (tax relief, exemptions, incentives or special tax provisions when an entity benefits from a preferential tax treatment).		
c	The time period covered	Preference for providing contemporary information of the CbC (same year / period as the public information in Annual Accounts). Otherwise, justify.		N-A

GRI Standard 207: self-assessment of compliance [8]



Country by
Country Report
[3/3]

207-4	Recommendation	Guidelines	Check	Compliance evidence in Repsol
2.3.1	Total employee remuneration	Incorporation of information on remuneration costs as an indicator of the value generated in a jurisdiction.		In the Integrated Management Report (IMR) the average remuneration of the workforce in Spain and geographic areas is included. [additionally following the model established in the GRI 405-2 standard ^[2]].
2.3.2	Taxes withheld and paid on behalf of employees	Information disaggregated of tax withholdings made on account of employee salaries.		Information included in the Country by Country Report (OECD Country-by-Country report).
2.3.3	Taxes collected from customers on behalf of a tax authority	Information disaggregated of taxes collected (by jurisdiction and type).		Evidence: Report of Payments to governments, IMR and corporate website (www.Repsol.com).
2.3.4	Industry-related and other taxes or payments to governments	Description of other taxes or tax figures supported / collected by jurisdiction.		Evidence: Report of Payments to governments, IMR.
2.3.5	Significant uncertain tax positions	Description of the main tax disputes and quantification of their impact.		Evidence: Note of the report of the Annual Accounts.

[2] The content of the GRI 405-2 standard refers to the ratio of the base salary and the remuneration of women versus men.

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OECD Model for Tax Risk Control (MTRC)



What is the OECD's MTRC?

The MTRC developed by the OECD is linked to compliance programs **based on legal certainty and reduced compliance costs in exchange for a higher level of transparency** on the part of companies in disclosing their tax risks. However, such programs do not exempt from periodic checks and certain scope.

OECD Model for Tax Risk Control

Nº	Principles	Description	Check	Compliance evidence in Repsol
1	Tax Strategy	Tax objectives established by the Board with a strategic focus on risk appetite, tax planning and level of involvement of the Board in decisions, including the general operational framework, organization of the tax department and regulatory compliance.		<ul style="list-style-type: none"> • Tax Policy [00-00540PO]. • Risk Management Policy [00-00477PO].
2	Omnicomprehensive TCF	Routine and non-routine operations, assessment of the tax treatment of certain operations. Risk management should reflect the tax strategy set by the Board.		<ul style="list-style-type: none"> • Board of Directors Regulation. • Global Investment Standard [00-00060NO]. • Intragroup Operations Standard [00-00476NO]. • Tax Reporting. • Map of Tax Risks.
3	Assigned Responsibilities	The development of the tax strategy and the TCF corresponds to senior management under the supervision of the Board. The implementation of the TCF involves other departments of the company that are involved in routine and non-routine tasks.		<ul style="list-style-type: none"> • Decision Rights • Tax Reporting • Tax Risk Control Procedure. • Communication of litigations in Spain procedure. • Closing Procedures • Transfer Pricing and CbCr documentation procedure. • Compliance procedures. • SCIIF procedures.
4	Documented governance	System of rules (procedures) assuring that transactions are carried out in accordance with the applicable corporate policies and regulations and potential risks of non-compliance are identified and treated, including the allocation of sufficient means. The governance procedure on tax risks must include the approval (sign-off) of the Board.		<ul style="list-style-type: none"> • Same as assigned responsibilities. • Tax Reporting • Risk Management System alienated with IS 31000. • Tax Management Procedures + SIGEFI-SRF
5	Verifications performed	Monitoring of compliance with the policies and processes that form part of the TCF by the company and the tax authorities (including data crossing with reporting obligations such as DAC6).		<ul style="list-style-type: none"> • Same as documented governance. • Integral System of Tax Risks [3 defenses + ISO 31000]. • SCIIF controls in tax processes [200-PR040MG].
6	Risk assurance	Ensuring that tax risks have adequate controls and tax returns are reliable, establishing a "risk appetite" and a risk management framework capable of identifying deviations through mitigation and elimination mechanisms.		<ul style="list-style-type: none"> • Board of Directors regulation (sign-off procedures). • Internal and external TCF operation check. • Mechanisms for risk mitigation and error correction. • Annual Internal Audit Review (reporting regulatory compliance to the Board Audit and Control). • TCF Improvement Action Plan.

Tax Control Framework Questionnaire (Internal Revenue Service)



What is the Tax Control Framework Questionnaire developed by the Internal Revenue Service?

The Tax Control Framework Questionnaire (2019) developed by the U.S. Treasury Department (IRS) is an element that complements the OECD standard on MCRF, by implementing a modern mechanism of "self-assessment" of the essential elements of the tax risk management and control system of large companies for the purposes of the participation of an American listed entity in its most relevant cooperative program (Compliance Assurance Program). In this sense, we understand that it provides another relevant source (high standard of a modern tax administration) to benchmark the TCF of the Repsol Group.

Content of the Tax Control Framework Questionnaire

- Description of internal controls.
- Description of the tax risk review process: presentations to the Board, Board guidance on the management of the tax department and the level of acceptable risk, policies and procedures for escalation of matters to the Board and sign-off procedure for relevant transactions, establishment of materiality, internal audit functions, existence of outsourced tax functions, etc.
- For listed companies, whether SOX certifications evaluate the effectiveness of the above controls.
- Whether external auditors perform tests on the TCF and, if so, a description of the results and any inefficiencies detected.

Validation by an independent third party

- According to the evaluation performed by an independent third party, the Repsol Group's tax risk control system, carried out in accordance with the OECD MTRC guide and the self-assessment questionnaire of the Tax Control Framework Questionnaire prepared by the IRS of the United States, reveals a high level of convergence and compliance with the criteria set out in the international standards used to contrast and confirm the correct configuration of the MCRF system articulated by the Repsol Group.