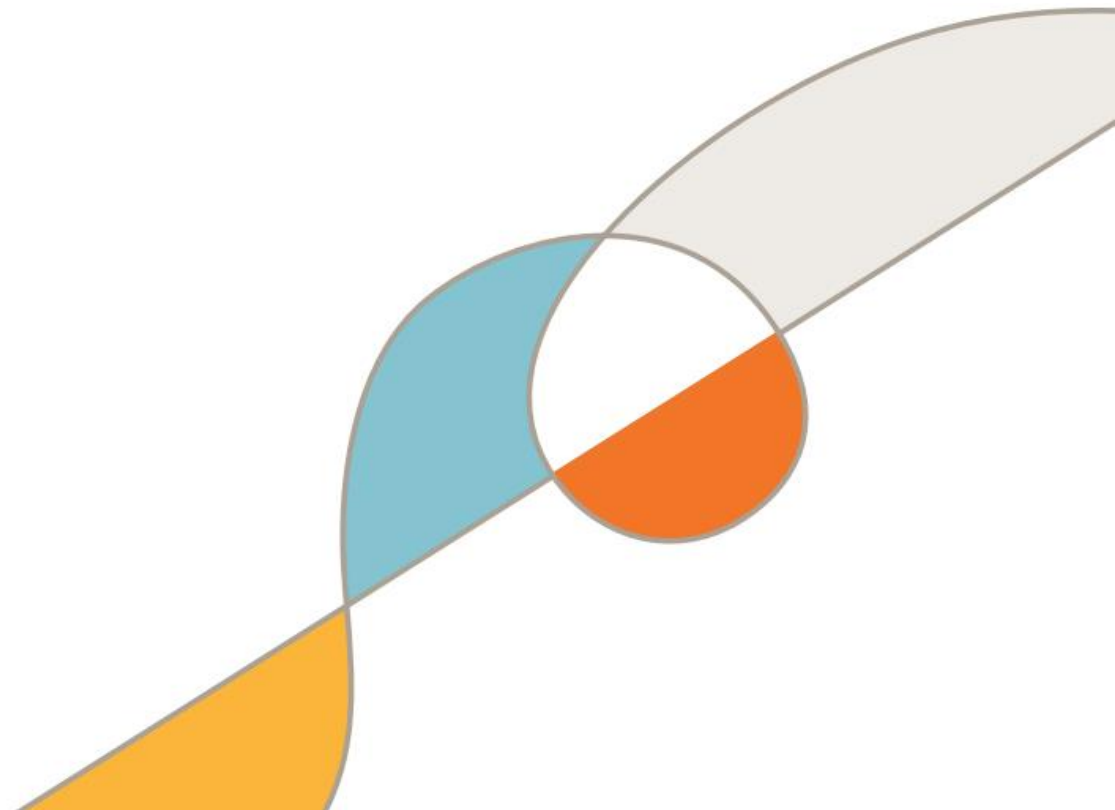




Good Tax Practices Self-Assessment

2021

Repsol Group







- **Introduction**
 - Accredited good tax practices
 - Summary of evidences of compliance with international standards
- **The B-Team Responsible Tax Principles**
- **GRI 207 standard: Tax**
- **Other international standards.**

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 V of the Repsol Group's Integrated Management Report 2021.
- **“Haz Fundación” has awarded Repsol the highest score in the ranking of IBEX 35** companies with best practices in transparency and fiscal responsibility according to its "[Contribution and Transparency Report 2020](#)".
- **The B-team rated Repsol as a “radically transparent multinational”**. 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 renowned experts**, who have stated the high level of convergence and compliance with the criteria set out in the most rigorous international standards and is in line with the requirements of the UNE 19602 tax compliance standard. In particular, it has been verified that Repsol complies with international standards such as:
 - The OECD Model for Control of Tax Risks (MCRF), which codifies the essential elements of a modern tax risk control framework that can be followed by large companies to configure and implement their internal risk management systems.
 - The Tax Control Framework Questionnaire developed by the Internal Revenue Service.

Summary of evidence of compliance with international standards



GRI 207 Standards	GRI 207-1  Approach to tax	GRI 207-2  Tax governance, control and risk management	GRI 207-3  Cooperative Relations and Advocacy	GRI 207-4  Publication of the Country-by-Country Report
E v i d e n c e s	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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). Participation in the CONFIA programme in Brazil. 	<ul style="list-style-type: none"> 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).
The B-Team Responsible Tax Principles	<ul style="list-style-type: none"> Responsibility and governance Corporate structure Transparency 	<ul style="list-style-type: none"> Compliance Tax incentives 	<ul style="list-style-type: none"> Support for an effective tax system Cooperative relations 	<ul style="list-style-type: none"> Transparency

- **Introduction**
- **The B-Team Responsible Tax Principles**
- **GRI 207 standard: Tax**
- **Other international standards.**

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).		<ul style="list-style-type: none"> • 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	Cumpliance	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.		<ul style="list-style-type: none"> • 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.		<ul style="list-style-type: none"> • Corporate structure aligned with the business, adjusted to legal requirements and corporate governance standards. • 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.		<ul style="list-style-type: none"> • 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). • Participation in the CONFIA program in Brazil. • Qualification as Authorized Economic Operator in the EU and Peru. • Invitation to apply for the ETACA program.
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.		<ul style="list-style-type: none"> • 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.		<ul style="list-style-type: none"> • 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). • Founding member of the EITI and committed to its standards.
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.		<ul style="list-style-type: none"> • Top score in the ranking of IBEX 35 companies with best practices in tax transparency and responsibility according to Haz Fundación • Publication of tax payments by country. • Detailed tax information on website. • Publication of the Country-by-Country Report (OECD CbCr).

⁽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.

- **Introduction**
- **The B-Team Responsible Tax Principles**
- **GRI 207 standard: Tax**
- **Other international standards.**

GRI 207 standard: introduction



Repsol 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 V of the Repsol Group's Integrated Management Report for the FY 2021).

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)



Approach to tax

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 in place, which was approved by the Board of Directors and is mandatory for all Group employees and companies. The Tax Policy is published on the corporate website.
a.ii	Body tasked with reviewing the tax strategy	Involvement of the Board of Directors in the approval and periodic follow-up of the Tax Policies.		Repsol's tax strategy is reviewed by the Board of Directors at least annually. The Board also oversees compliance and the key aspects of tax matters and risks.
a.iii	Approach to regulatory compliance	Commitment to regulatory compliance.		In the awareness of its responsibility in the social and economic development of the countries where it is present, Repsol accords priority to responsible compliance with the payment of taxes in host countries. Its commitment to comply respects both the letter and the spirit of the law. For more information, see section 6.8 – Supply chain and customers of the Repsol Group's Integrated Management Report for the FY 2021.
a.iv	Link 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.		The Group's Tax Policy is aligned with the Company's mission and values and its Sustainable Development Goals. Repsol seeks to be publicly recognized as a company of integrity and fiscal responsibility. Tax decisions are adopted responsibly in accordance with a reasonable interpretation of tax regulations and are aligned with the economic activity of the various businesses. The tax function is present in the Group's business decisions to ensure that they are in line with the principles of its Tax Policy and with the economic reality and motivation of its businesses. Hence there are internal regulations and procedures (rules on investments, related-party transactions, etc.) that ensure the adoption of tax positions based on sound economic or business grounds (avoiding abusive tax planning schemes or practices), avoidance of opaque or artificial corporate structures to hide or reduce the transparency of activities, and application of the principle of open competition in intra-group transactions. For more information, see also the report " Presence in non-cooperative jurisdictions and disputed territories " on the corporate website. For more information on the tax objectives under the GSP, see the Sustainability section of www.repsol.com .



Fully compliant



Partially compliant



Non-compliant

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



**Tax
governance,
control and
risk
management
(1/3)**

207-2	Requirements	Guidelines	Check	Compliance evidence in Repsol
a.i	Governing body responsible for compliance with tax strategy	Identify the highest governance body in charge of reviewing the TCF.	●	The Board of Directors is the governing body in charge of adopting the Repsol Group's Tax Policy, which contains the tax strategy. The implementation and monitoring of the tax strategy is overseen at meetings held at least once a year. For further information, please refer to the Audit and Control Committee's Annual Report, which is made available to shareholders ahead of the General Shareholders' Meeting.
a.ii	How the tax approach is integrated within the organization	Description of the processes, projects, programs and initiatives that support the tax strategy and tax procedures.	●	<p>The orderly management of Repsol's tax affairs is conducted within a performance framework (Tax Governance and Control Framework) that rests on four pillars: (i) Principles of action, (ii) Expert team, (iii) Tax compliance processes and systems and (iv) Tax risk control and management. For further information on how the tax approach is integrated into Repsol's organization, see the report on the "Tax control framework" published on the corporate website.</p> <p>Integration of the tax approach at Repsol is governed by an orderly compliance management model comprising policies, rules (general and specific), internal procedures and controls, and standardized processes, all of which are subject to the guidelines of the Code of Ethics and Conduct, aimed at mitigating the key tax risks. For more information, see section 6.8 – Supply chain and customers of the Repsol Group's Integrated Management Report for the FY 2021.</p> <p>Repsol's tax department is made up of experts in a range of tax-related disciplines; these professionals are responsible for managing all the tax affairs of the businesses and areas of the Group. Reporting solely to the Corporate Financial and Tax department, the tax units of each country and/or business handle tax management on a decentralized basis in order to suitably address the specifics of each business and tax system. The continuity of strategy implementation and tax management in the face of unforeseen events is underpinned by a contingency plan that ensures suitable succession in key tax-management positions. The Group's tax experts are subject to the same remuneration and incentive policy as the rest of the Company's employees, and receive a comprehensive and 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.</p>

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



**Tax
governance,
control and
risk
management
(2/3)**

207-2	Requirements	Guidelines	Check	Compliance evidence in Repsol
a.iii	Tax risks, identification, management and monitoring	Identification, management and supervision of tax risks.		<p>Tax risk management at Repsol is embedded in the global policy of the Integrated Risk Management System (SGIR in Spanish) and is reflected in the existence of processes, systems and internal controls (ICFR, Compliance Plan, key controls, etc.). A cornerstone of the SGIR is the concern to maintain a risk profile that is aligned with a medium-low risk tolerance, typical of a global and integrated multi-energy company business model that is present throughout the value chain. The Corporate Financial and Tax department (DCEF) is responsible for managing the Group's tax risks, as the body responsible for tax compliance. In the context of the SGIR, the DCEF monitors tax risks through preparation and updating of a risk map, which comprises identification, analysis, valuation, verification and reporting stages.</p> <p>To mitigate tax compliance risks, Repsol has implemented standardized and documented processes that regulate essential aspects of tax compliance. These processes identify the people and areas responsible for each phase of tax management and specify all activities to be carried out for the preparation of tax returns and self-assessments.</p> <p>Tax management processes must, therefore, ensure the reliability and traceability of the information and establish a suitable level of prior reviews. In addition, Repsol operates robust information management systems that assure the integrity of the information and tax compliance processes while minimizing the possibility of human error.</p>
a.iv	Evaluation of compliance with the tax governance and Control framework	TCF monitoring process.		<p>Tax risk control and tax-related reporting are supplemented by procedures and controls that assure the integrity and reliability of the accounting information used in tax processes. One of the main functions of the Audit and Control Committee is to support the Board of Directors in its oversight duties. Its remit includes the periodic review of the effectiveness of internal control systems, internal audit and risk management systems, including tax risks, the procedure for the monitoring and periodic evaluation of the Internal Control over Financial Reporting System (ICFR) and of the effective implementation of the strategy and management of tax risks, and submitting operations that carry special risks to the Board for approval. Likewise, the rules and procedures are reviewed by the Corporate People and Organization department, whose purpose is to assure the integrity, uniformity, validity, availability and accessibility of the Company's internal regulatory documents and to support management through established channels and approval at the appropriate level. For further information, see section 7.3 – Risks and Appendix IV. Risks of the Repsol Group's Integrated Management Report for the FY 2021.</p>

GRI Standard 207: self-assessment of compliance (4)



**Tax
governance,
control and
risk
management
(3/3)**

207-2	Requirements	Guidelines	Check	Compliance evidence in Repsol
b	Description of channels for reporting tax-related concerns	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	Tax content verification process	External verification of the quality/robustness of the TCF.		Repsol has an expert team that analyzes the good tax governance initiatives of international organizations to align its tax strategy with the principles that inform global best practices. Hence, Repsol performs a self-assessment of its tax control framework by comparing it to the highest standards in tax governance, including the B Team responsible tax principles, the requirements under GRI 207 and the OECD model for controlling tax risks, among others. The alignment of the tax control framework to international best practices in tax compliance is verified and tested by independent experts. According to the evaluation of these experts, Repsol's tax control framework achieves a high level of convergence and compliance with the criteria set out in international standards and the requirements of the UNE 19602 – Tax Compliance standard.

GRI Standard 207: self-assessment of compliance (5)



Stakeholder engagement and management of tax concerns (1/2)

207-3	Requirements	Guidelines	Check	Compliance evidence in Repsol
a.i	Commitment to tax authorities	Enhancing cooperative compliance as a mechanism to ensure certainty and reduce litigation.		<p>In accordance with the principles that guide our Tax Policy, Repsol is committed to supporting an effective tax system and maintaining cooperative relations with the tax authorities of the countries where it operates, based on mutual respect, transparency and trust. To this end, it cooperates with tax authorities in the detection and search for solutions to fraudulent tax practices, facilitates access to information and prioritizes non-litigious channels for dispute resolution. This approach encompasses adherence to cooperation agreements and active audits in real time.</p> <p>Key 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 presentation, since 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 procedures; (iii) involvement in the OECD's ICAP initiative (coordinated verification by the tax authorities of different countries that assess tax risks, including transfer pricing) and, as a result, classification of Repsol as an entity with a low risk of non-compliance by the tax authorities participating in the initiative; and (iv) strengthening cooperative relations with the Canada Revenue Agency, the CONFIA program in Brazil and through similar formulas to the Compliance Assurance Process (CAP) in the United States.</p>
a.ii	Advocacy of public policy on taxation	Public policy advocacy on tax issues and active participation in forums/platforms to manage the regulatory environment.		<p>Many of the laws and regulations on tax transparency and fiscal currently in force arose from the debates and forums of international organizations (UN, OECD, EU, etc.). Hence at Repsol we support institutional relations with these authorities and other stakeholders to align the Company's tax policies with social reality, contribute responsibly to the creation of a fairer and more balanced international tax framework, and enable anticipation in tax management in the face of any regulatory changes to minimize their risks and impacts. An example of this is Repsol's involvement, sometimes on its own behalf, in the public information regularly issued by various international organizations such as the OECD, the EU or the Platform for Collaboration in Tax Matters (UN, OECD, IMF and World Bank).</p> <p>Through engagement in these discussions (usually at the invitation of the corresponding organization), Repsol has had the opportunity to present its views on key issues 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's Committee of Experts on International Cooperation in Tax Matters, which discuss and draw up tax guides for the authorities in developing countries.</p> <p>Repsol is also a member of the Tax Committee of 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>

GRI Standard 207: self-assessment of compliance (6)



Stakeholder engagement and management of tax concerns (2/2)

207-3	Requirements	Guidelines	Check	Compliance evidence in Repsol
a.iii	Processes for collecting and considering stakeholder opinions and concerns	Description of the mechanisms for dialogue with the main social actors (NGOs, social action platforms, etc.) and their influence on tax decision-making processes.	●	<p>Repsol conducts a continuous and honest dialogue with NGOs and social action platforms (Intermon OXFAM, Fundación Haz) in the search for a fairer and more effective tax system. This interrelationship has provided first-hand knowledge of the main concerns of stakeholders regarding Repsol's social accountability process and has facilitated a better understanding of the true magnitude and dimension of the Company's tax contribution in the countries in which it is present. Many of the concerns raised by stakeholders were addressed by the enhanced tax transparency initiatives referred to in this appendix.</p> <p>Stakeholder response to these initiatives has been positive. For example, in the "Tax Contribution and Transparency 2020" report, Fundación Haz awarded Repsol the highest score (24 points out of 24) in the ranking of IBEX 35 companies with good fiscal transparency and responsibility practices.</p>

GRI Standard 207: self-assessment of compliance (7)



For the third consecutive year, we have voluntarily published the Country by Country Report (CbCR), which is made public at the same time as it is submitted to the Spanish tax authorities (information provided for fiscal year 2020 - incorporation of data with a one-year lag).

Country-by-country reporting

207-4	Check	Compliance evidence in Repsol
<p>Presentation of financial, economic and tax information for each jurisdiction in which Repsol operates</p>	<p>●</p>	<p>Repsol maintains its commitment to be transparent and share relevant information with our shareholders and stakeholders, and for the third consecutive year in 2020 it published its country by-country reporting data (the latest report concerning 2020) in relation to the countries where it has a fiscal presence, as presented to the Spanish tax authorities in 2021 for automatic sharing with other tax authorities. The publication of this report represents advance compliance with European legislation (Directive (EU) 2021/2101) by Repsol. The report includes additional information to aid an understanding of Repsol's presence, performance and tax contribution in each country, which exceeds the scope of the Directive.</p> <p>The data included in the country-by-country report follow the OECD standards. Furthermore, to comply with the requirements of GRI 207-4, in Appendix 3 to the public country-by-country report Repsol discloses and itemizes the income received in each tax jurisdiction facing related parties in other tax jurisdictions.</p> <p>For more information, see the country by country report at https://www.repsol.com/content/dam/repsolcorporate/en_gb/sostenibilidad/reports/2020/2020-country-by-country-tax-report.pdf</p>

- **Introduction**
- **The B-Team Responsible Tax Principles**
- **GRI 207 standard: Tax**
- **Other international standards.**
 - OECD Standard for Tax Risk Control
 - Tax Control Framework Questionnaire (Internal Revenue Service)

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. • Risk Management Policy.
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. • Intragroup Operations Standard. • Tax Control Framework Guide. • 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 (assignment of responsibilities) • 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).

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.