Good Tax Practices Self-assessment

2022

Repsol Group

RESPONSABILIDAD
FISCAL 2022

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Index

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

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 V of the Repsol Group's Integrated Management Report 2022.
- **“Haz Fundación” awarded Repsol with the "T for transparent - Three stars" seal (highest recognition) for the quality of the tax information published.** More information can be found at "Contribution and Transparency Report 2021".
- Repsol has also won the **first prize for tax transparency in the EU awarded by the Dutch Association of Investors for Sustainable Development (VBDO).** More information in “*Transparency Benchmark 2022*”.
- 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 evalueated by experts of recognised prestige**, 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 Control of Fiscal Risks (MCRF), which codifies the essential elements of a modern tax risk control framework that large companies can follow in setting up and implementing their internal risk management systems.
  - The Tax Control Framework Questionnaire developed by the Internal Revenue Service.

Summary evidence of compliance with international standards

REPSOL

GRI 207 Standards	GRI 207-1 Tax approach	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
Evidence	• The Board of Directors approves the Tax Policy and oversees the implementation of the strategy and the management of tax risks. • Corporate structure aligned with the business and in line with legal requirements and corporate governance standards. • Non-use of special purpose vehicles in non-cooperative jurisdictions. • Publication of Tax Policy and information on tax payments and presence in non-cooperative jurisdictions. • The Global Sustainability Plan (GSP) incorporates tax objectives.	• Internal control regulations and processes to ensure tax compliance. • Internal procedure for setting transfer prices aligned with value creation and the arm's length principle. • Organisational structure and adequate means to ensure the proper performance of the tax function. • Existence of a 24/7 complaints channel managed by an independent third party. • Application of the tax law in accordance with the letter and spirit of the law. • Verification that the tax incentives applied are generally available to all economic operators. • Support for the publication of tax incentives for oil contracts.	• Application of the Spanish Code of Good Tax Practices. • Voluntary submission of the Tax Transparency Report to the Spanish Tax Agency. • Qualification as Authorised Economic Operator in the European Union and Peru. • Founding member of the Extractive Industries Transparency Initiative (EITI) and committed to its standards. • Collaboration with international organisations (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.	• 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 background 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	• **Responsibility and governance** • **Corporate structure** • **Transparency**	• **Compliance** • **Tax incentives**	• **Support for an effective tax system** • **Cooperative relations**	

Index

- Introduction
- The B-Team Responsible Tax Principles
- GRI Standard 207: Tax
- Other international standards

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

REPSOL

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

The B-Team Responsible Tax Principles (1)

NO.	Principles	Description	*Check*	Evidence of compliance at Repsol
1	**Accountability and governance**	Taxation is a crucial part of corporate responsibility 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	**Corporate 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.• No use of instrumental entities in tax havens or special purpose vehicles.
4	**Relationship 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). • 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	**Application for and acceptance of 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	**Support for an effective tax system**	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). • Founding member of the EITI and committed to its standards, being the first non-mining company to sign the beneficial ownership transparency agreement.
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.	●	• 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).

● Fully compliant ● Partially compliant ● Non-compliant

(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.

Index

- Introduction
- The B-Team Responsible Tax Principles
- GRI Standard 207: Tax
- Other international standards

GRI Standard 207: 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 Annex V of the Repsol Group's Integrated Management Report for the FY 2022).

What is the Global Reporting Initiative?

- The Global Reporting Initiative (GRI) is a non-profit organisation established in 1997 as a joint initiative of two non-governmental organisations, CEBES (Coalition of Environmentally Responsible Economies) and UNEP (United Nations Environment Programme).
- It is the institution that created the first global standard for **sustainability** reporting, applicable on a voluntary basis to companies wishing to assess their economic, social and environmental performance (i.e. "triple bottom line") and thus foster continuous dialogue with stakeholders.
- Its standards constitute an internationally accepted/valued reference when assessing the quality of public information produced by companies, specifically in those areas of particular sensitivity related to sustainability.

What is the GRI 207?

- It is a set of voluntary **guidelines and recommendations that** aim to facilitate civil society's understanding of the tax contribution made by companies and the sustainability of their tax policies.
- Published on 5 December 2019, they focus specifically on the following areas of interest:
  - **General Principles of Good Tax Governance** (Disclosure 207-1, Tax Approach).
  - **Tax Control Framework** (Disclosure 207-2 Tax governance, control and risk management).
  - **Cooperative relations** (Disclosure 207-3 Stakeholder engagement and management of tax concerns).
  - **Publication of the Country-by-Country Report** (Disclosure 207-4 Country-by-Country Reporting).
- Its recommendations apply from 1 January 2020.

Who makes the standards?

- The Global Sustainability Standards Board (GSSB): an independent operating entity constituted under the auspices of GRI and made up of members of recognised experience and standing. The GSSB works in the public interest and in accordance with GRI's vision and mission.

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

Tax Approach

207-1	Requirements	Guidelines	Check	Evidence of compliance at Repsol
a.i	Tax strategy	Existence of a public tax strategy applicable to all companies and employees of a Group.	Fully compliant	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	Body tasked with reviewing the tax strategy	Involvement of the Board of Directors in the approval and regular monitoring of Tax Policies.	Fully compliant	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. In 2022, the Tax Policy was ratified by the Executive Committee without any proposed modifications being submitted to the Board, as it is considered to be in force.
a.iii	Approach to regulatory compliance	Commitment to regulatory compliance.	Fully compliant	Repsol, aware of its responsibility in the social and economic development of the countries in which it operates, gives priority attention to responsible compliance with the payment of taxes in the countries in which it operates with a commitment to comply with the law, respecting both the letter and the spirit of the law. Repsol reconciles scrupulous respect for the regulatory and jurisdictional framework in force in the different States, with the defence of its legitimate interests, through the legally available resources and actions, in cases where it considers that certain initiatives raise doubts as to their compliance with the law.
a.iv	Link between tax approach, business strategy and sustainable development	Alignment of Tax Policy and Strategy with business reality and commitment to sustainability.	Fully compliant	The Group's Tax Policy is aligned with the company's mission and values and with its Sustainable Development Goals. Repsol aspires to be publicly recognised as a company with integrity and responsibility in tax matters. Tax decisions are taken responsibly, in accordance with a reasonable interpretation of tax regulations and are aligned with the economic activity of the different businesses. 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 aligned with the reality and economic rationale of its businesses. Thus, there are internal regulations and procedures (including rules on investments, related-party transactions, etc.) that ensure that tax positions are adopted on the basis of sound economic or business reasons (avoiding abusive tax planning schemes or practices), that opaque or artificial corporate structures are not used to conceal or reduce the transparency of its activities, and that the principle of full competition is applied in its intra-group transactions. See also the report "Presence in non-cooperative jurisdictions and disputed territories", published on the corporate website. For more information on the fiscal objectives incorporated in 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*	Evidence of compliance at Repsol
a.i	Governing body responsible for compliance with tax strategy	Identify the highest governance body responsible for the review of 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, at which it is informed, among other matters, of the content of the Voluntary Tax Transparency Report, the incidence of tax risks, the mechanisms for their management and control, the Group's presence in tax havens and initiatives in the area of tax transparency. For further information, see the Audit and Control Committee's Activity Report, which is made available to shareholders on the occasion of the Annual General Meeting.
a.ii	Tax strategy in the organisation	Description of the processes, projects, programmes and initiatives that support the tax strategy and tax procedures.	●	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) Control and management of tax risks. For more information on how the tax approach is integrated into Repsol's organisation, see the report on the "Tax Control Framework" published on the corporate website. The integration of the tax approach at Repsol is governed by an orderly regulatory management model comprising policies, rules (global and specific), procedures and internal controls and standardised processes, all of which are subject to the guidelines contained in the Code of Ethics and Conduct, aimed at mitigating the most relevant tax risks. Repsol's tax area is made up of professionals with expertise in various tax disciplines who are responsible for managing all the tax affairs of the Group's different businesses and areas. Under a single unit in the Economic and Fiscal D.C. Economic and Fiscal Affairs (DCEyF), the management of tax matters is decentralised in the tax units of each country or business, in order to adequately address the particularities of each business and tax system. The continuity of the implementation of the tax strategy and management in the event of unforeseen events is ensured by means of a contingency plan that guarantees succession in key tax positions. 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 also a comprehensive 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.

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

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

207-2	Requirements	Guidelines	*Check*	Evidence of compliance at Repsol
a.iii	Tax risk management	Identification, management and monitoring of fiscal risks.	●	Repsol's tax risk management is integrated into 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.). The DCEyF, as the tax compliance body, is responsible for managing the Group's tax risks. In the context of the SGIR, the DCEyF carries out tax risk control activities by drawing up and updating a risk map which is configured through the phases of identification, analysis, assessment, verification and reporting. On the other hand, in order to mitigate tax compliance risks, Repsol has implemented standardised 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 define all the activities that must be carried out for the preparation of tax returns and settlements. In short, tax management processes ensure the reliability and traceability of information and establish an adequate level of prior reviews. In addition, Repsol has robust information management systems that guarantee the integrity of information and tax compliance processes and minimise the possibility of human error in this type of action.
a.iv	Compliance of the TCF	TCF monitoring process.	●	Tax risk control and tax-related reporting are supplemented by procedures and controls to ensure the integrity and reliability of the accounting information used in tax processes. One of the primary functions of the Audit and Control Committee is to support the Board of Directors in its oversight role. Its powers include the regular review of the effectiveness of the internal control systems, internal audit and risk management systems, including tax risks, the procedure for monitoring and regular evaluation of the Internal Control over Financial Reporting System (ICFR) and the implementation of the tax risk strategy and management, submitting particularly risky transactions to the Board for approval. Likewise, the rules and procedures are reviewed by the People and Organisation Division in order to ensure the integrity, uniformity, validity, availability and accessibility of the Company's internal regulatory documents, as well as to facilitate their management through the established channels and their approval at the appropriate level. For more information, see Annex IV. Risks of the Integrated Management Report 2022.

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

REPSOL

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

207-2	Requirements	Guidelines	*Check*	Evidence of compliance at Repsol
b	Channel of complaints	Mechanisms for reporting unethical or illegal behaviour.	●	Any employee or third party may report possible breaches of the Code of Ethics and Conduct or the Crime Prevention Model, including potentially unethical or illegal conduct affecting the integrity of the organisation in relation to taxation. Reports can be made confidentially and anonymously through the whistle-blowing channel, which is managed on an ongoing basis by an independent third party authorised to do so.
c	Organisational practices on external verification of reports	External verification of the quality/robustness of the MCF.	●	Repsol has an expert team that analyses the good tax governance initiatives of various international organisations in order to align its tax strategy with the principles that inform global best practices. Repsol self-assesses its FCM against the highest standards in tax governance, including the B-Team's principles of responsible taxation, which have been checked by another B-Team company in a peer-review process, the requirements of GRI 207 and the OECD's tax risk control model, among others. Likewise, the compliance of its MCF with international best practices in tax compliance is verified and contrasted by independent experts. According to the evaluation carried out by these experts, it is considered that Repsol's FCM achieves a high level of convergence and compliance with the criteria set out in international standards and is in line with the requirements of the UNE 19602 tax compliance standard. Finally, as indicated above, the Board of Directors is informed of the development of the Group's tax policy and strategy.

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

REPSOL

Cooperative Relations (1/2)

207-3	Requirements	Guidelines	*Check*	Evidence of compliance at Repsol
a.i	Cooperative relations with tax authorities	Enhancing cooperative enforcement as a mechanism to ensure certainty and reduce litigation.	●	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, it collaborates with tax administrations in detecting and seeking solutions to fraudulent tax practices, facilitates access to information and prioritises non-litigious means of dispute resolution. This approach includes participation in collaborative agreements and the search for active audits in real time. Relevant examples of Repsol's initiatives in the field of cooperative relations include the following: (i) voluntary adherence in Spain to the Code of Good Tax Practices and the presentation, since the 2015 financial year, of the voluntary Tax Transparency Report; (ii) Repsol's qualification as an authorised economic operator in the European Union and in Peru, in recognition of its status as a reliable operator in the field of customs formalities; (iii) participation in the EU's ETACA pilot programme aimed at facilitating companies' tax compliance on the basis of a relationship of greater cooperation, transparency and mutual trust in line with the OECD's ICAP initiative (coordinated verification by the tax authorities of different countries assessing tax risks, among other things), and (iv) participation in the EU's ETACA pilot programme aimed at facilitating companies' tax compliance on the basis of a relationship of greater cooperation, transparency and mutual trust in line with the OECD's ICAP initiative (coordinated verification by the tax authorities of different countries assessing tax risks, among others, (iv) the strengthening of cooperative relations with, among others, the Canada Revenue Agency, the CONFIA programme in Brazil and through formulas analogous to the Compliance Assurance Process (CAP) programme in the USA, and (v) the strengthening of the relationship between Repsol and the OECD, which is based on a relationship of greater cooperation, transparency and mutual trust in line with the ICAP initiative (coordinated verification by the tax authorities of different countries that assess tax risks, including transfer pricing) and, as a result, Repsol's classification as an entity with a low risk of non-compliance by the tax authorities participating in the initiative. For more information see the report on "Cooperative Relations" published at www.repsol.com.
a.ii	Management of the environment	Public *policy advocacy on* tax issues and active participation in forums/platforms to manage the regulatory environment (*Public policy advocacy on tax).*	●	A large part of the regulations on transparency and fiscal responsibility currently in force originate from the debates and forums of different international organisations (UN, OECD, EU, etc.). Repsol therefore promotes institutional relations with these authorities and other stakeholders in order to align the company's tax policies with social reality, contribute responsibly to the creation of a more balanced and fairer international tax framework and enable anticipation in the management of tax matters in the face of possible future regulatory changes and the minimisation of their risks and impacts. An example of this is Repsol's participation, sometimes in its own name, in the public information processes regularly issued by various international organisations such as the OECD, the EU and the Platform for Collaboration in Tax Matters (UN, OECD, IMF and World Bank).Through participation in these debates (in most cases at the invitation of the corresponding organisation) Repsol has had the opportunity to present its views on matters of great importance in the current environment, such as global minimum taxation (OECD and EU), European regulations on energy taxation and border carbon adjustment, among other regulatory projects. It should be noted that 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*).

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

REPSOL

Cooperative Relations (2/2)

207-3	Requirements	Guidelines	*Check*	Evidence of compliance at Repsol
a.iii	Active dialogue with *stakeholders*	Description of the mechanisms for dialogue with the main social actors (NGOs, social action platforms, etc.) and their influence on fiscal decision-making processes.	●	Repsol maintains an open and honest dialogue with NGOs and social action platforms (Intermon OXFAM, Haz Fundación) in the search for a fairer and more effective tax system. 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 the company's fiscal contribution in the countries where it is present. Many of the concerns expressed by stakeholders have found a response in the enhanced fiscal transparency initiatives referred to in this document. The reception from stakeholders to these initiatives has been positive. Thus, organisations of recognised international prestige, such as Norges Bank, the Corporate Responsibility Observatory, Transparency International Spain, OXFAM, Haz Fundación and the prize awarded at the end of 2022 by the *VBDO in* recognition of the most fiscally transparent company among those in the EU, have confirmed Repsol's high level of compliance with the commitments in terms of accountability assumed in its Tax Policy.

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

For the fourth 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 the financial year 2021 - incorporation of data with a one-year time lag).

Country by Country Report

207-4	*Check*	Evidence of compliance at Repsol
Presentation of financial, economic and tax information on each jurisdiction in which Repsol operates	●	Repsol maintains its commitment to being transparent and sharing relevant information with its shareholders and stakeholders, and since 2018 it has made public the data in its Country-by-Country Report for those countries in which it has a tax presence. The latest report published corresponds to the 2021 data as submitted to the Spanish tax authorities in 2022 for automatic exchange with other tax authorities. With the publication of this report, Repsol is ahead of European regulations (EU Directive 2021/2101). The report includes additional information to facilitate understanding of tax presence, performance and contribution in each country, which goes beyond the scope of the directive. The data included in the Country-by-Country Report follows OECD standards. In addition, to comply with the requirements of GRI 207-4, Annex 3 of the public Country-by-Country Report provides a breakdown of income earned in each tax jurisdiction with related entities in other tax jurisdictions. For more information, see Country-by-Country Report at www.repsol.com

Index

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

OECD Model for Tax Risk Control (MTRC)

REPSOL

What is the OECD's MTRC?

The MTRC model developed by the OECD is linked to compliance programmes 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 programmes do not exempt from regular checks and certain scope.

OECD Standard on Control of Fiscal Risks

NO.	Principles	Description	*Check*	Evidence of compliance at Repsol
1	**Tax Strategy**	Tax objectives set by the Board with strategic focus on risk appetite, tax planning and level of Board involvement in decisions, including the overall operational framework, organisation of the tax department and compliance.	●	• Tax policy. • Risk Management Policy.
2	**Omnicomprehensive Tax**	Routine and non-routine transactions, assessment of the tax treatment of certain transactions. Risk management should reflect the tax strategy set by the Board.	●	• Board of Directors Regulation. • Global Investment Standard. • Standard Intragroup Transactions. • TCF Guide. • Tax reporting. • Tax Risk Map.
3	**Assigned responsibilities**	The development of the tax strategy and the FCM is the responsibility of senior management under the supervision of the CoA. The implementation of the FCM involves other parts of the company involved in routine and non-routine tasks.	●	• Decision Rights (allocation of responsibilities) • Fiscal reporting. • Tax Risk Control Procedure. • Dispute communication procedure Spain. • Procedures Closures. • PT and CbCR documentation procedure. • Compliance procedures. • SCIIF procedures.
4	**Documented governance**	System of rules (procedures) to ensure that transactions are carried out in accordance with applicable corporate policies and standards and potential risks of non-compliance are identified and managed, with sufficient resources allocated. The governance procedure on tax risks should include the approval (*sign-off*) of the CoA.	●	• Idem. to Assigned responsibilities. • Tax reporting. • Risk Management System aligned with IS 31000. • Tax Management Procedures + SIGEFI-SRF
5	**Verifications performed**	Monitoring of compliance with policies and processes that are part of the FCM by the company and tax authorities (including cross-checking with reporting obligations such as DAC6).	●	• Same as documented governance. • Integral Tax Risk System (3 defences + ISO 31000). • SCIIF controls in fiscal processes (200-PR040MG).
6	**Risk assurance**	Ensuring that tax risks have adequate controls and reliability of tax returns, establishing "risk appetite" and a risk management framework capable of identifying deviations through mitigation and elimination mechanisms.	●	• Board of Directors regulation (sign-off procedures). • Internal and external TCF performance check. • Risk mitigation and error correction mechanisms. • 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 US Treasury Department (IRS) is an element that complements the OECD standard on MCRF, by implementing a modern mechanism for "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 programme (Compliance Assurance Program). In this sense, we understand that it provides another relevant source (high standard of a modern tax administration) for benchmarking the Repsol Group's TCF.
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 issues 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 assess the effectiveness of the above controls. ▪ Whether the external auditors carry out 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.