

# Tax Control Framework

2024

Repsol Group



# Repsol Group's Tax Control Framework



Repsol has a Tax Control Framework (TCF) that guarantees compliance with the Group's tax obligations and the appropriate management of its fiscal risks.

The TCF is reviewed and evaluated at least once a year by the Executive Committee (EC) and the Board of Directors (BoD) of the Repsol Group.

The TCF comprises in a systematic and structured way the principles, values, rules and procedures that define an adequate tax compliance framework.

## Pillars of the Tax Control Framework

### ✓ Tax strategy, principles and values

Strategy, tax principles and values, code of good practices and integrated management in the business.

### Tax Function

Governing body, expert professionals, external support of proven solvency.

### Integrated tax risk control system

Integrated tax risk management and solid control environment.

### Processes and systems

Standards, processes and systems that ensure proper compliance with tax obligations and the identification and appropriate management of tax risks.



### Communication of non-compliance

Management of non-compliance through the Ethics and Conduct Channel.



### Evaluation and continuous improvement

Periodic monitoring of the FCF to assess its effectiveness, with a commitment to continuous improvement.

The TCF is aligned with the UNE 19602 standard on Tax Compliance and with the ISO 37301 standard on Compliance Management Systems.

# Tax strategy, principles and values



The Repsol Group's principles of action are part of the Tax Policy defined by the BoD and are aligned with the high standards contained in the Code of Good Tax Practices, as well as with those established by international organizations and associations with leadership in the field ([OECD](#), the [B-team](#) or the [Global Sustainability Standards Board - GRI-207](#)).

The higher-level regulations that the Repsol Group has adopted to define the tax principles and values of its TCF include the following provisions:

- **The Regulations of the Board of Directors (RBoD).** Rule that regulates the function and actions of the company's highest governing body, establishing the principles of its organization. It guarantees the effective involvement of the Board of Directors in the main issues affecting the management of the Group's tax risks.
- **The Code of Ethics and Conduct.** A provision that establishes the general ethical principles and values that should guide the actions of all Group employees and inspire actions and conduct to mitigate risks caused by situations of tax fraud, reputational, from third parties or operational errors.
- **Tax Policy.** Internal rule that regulates the principles that must guide the performance of the tax function in the Repsol Group (mission and vision).

The Tax Policy is embodied in the Group's commitment to manage tax matters by applying good tax practices in a transparent manner, to pay taxes responsibly and efficiently and to promote cooperative relations with governments, mitigating significant risks and unnecessary conflicts.

The tax policy is based on five principles that are mandatory for all Repsol Group companies and their employees:

Responsible compliance	Efficient management of tax costs	Prevention of tax risks	Cooperative relations	Transparency
<ul style="list-style-type: none"><li>▪ Respect for the letter and spirit of the law</li><li>▪ Respect for transfer pricing rules</li><li>▪ Payment of taxes aligned with the value chain</li></ul>	<ul style="list-style-type: none"><li>▪ Tax efficiency</li><li>▪ Non-abusive tax planning</li><li>▪ Defense of the social interest in tax conflicts</li></ul>	<ul style="list-style-type: none"><li>▪ Orderly and expert tax management</li><li>▪ Tax risk management and control system</li></ul>	<ul style="list-style-type: none"><li>▪ Complete and accurate information</li><li>▪ Search for non-litigious solutions to conflicts</li><li>▪ Collaboration against tax fraud</li></ul>	<ul style="list-style-type: none"><li>▪ No use of opaque or contrived corporate structures</li><li>▪ Compliance with the best external <i>reporting</i> standards on taxation.</li></ul>

Repsol's tax function has a solid organization that works in a concentrated and integrated manner. Composed of around 100 professionals who are experts in the management of tax matters, it carries out its activities with a consistent degree of decentralization.

The Corporate Economic and Tax Department (DCEF) is the head of the tax function and embodies the functions and responsibilities of a tax compliance body.

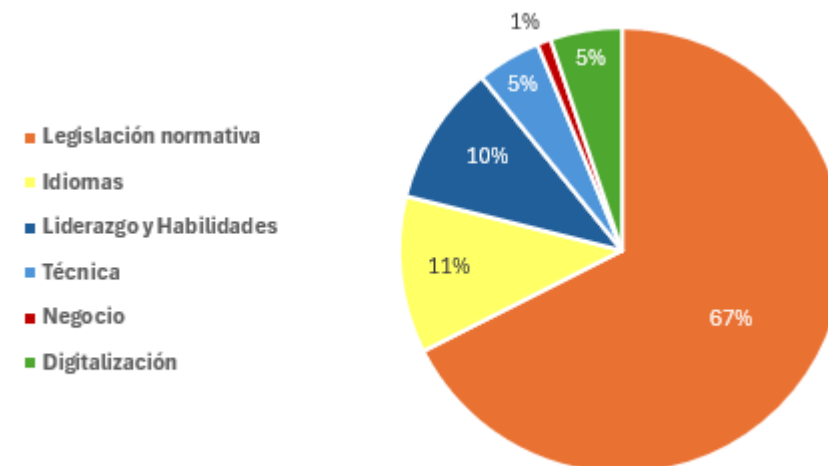
## Integrated and decentralized organization

- The **Tax Department is responsible** for the management of **all tax matters of the Group's areas**, at all stages (compliance, advice, planning, risk and dispute management, litigation, etc.).
- **All the Tax Units report to the DCEyF**, in order to ensure the uniform application of the Group's tax policy, the control of tax risks and the use of the team to optimize tax management.
- In order to meet the particularities and singularities of each business and tax system, **responsibility for the management of tax matters is assigned locally, to tax units in each country/business**.
- The Group's tax experts are subject to the **same compensation and incentive policy** as the rest of the company's employees.
- A **contingency plan** is in place to ensure succession in key tax positions.
- Certain activities are **outsourced** to reputable and prestigious suppliers.

**Average number of hours year 2024:  
60 hours/employee in the tax area (\*).**

**The Training Plan expressly includes the updating and renewal of the Group's employees' commitments to the obligations arising from the Code of Ethics and Conduct.**

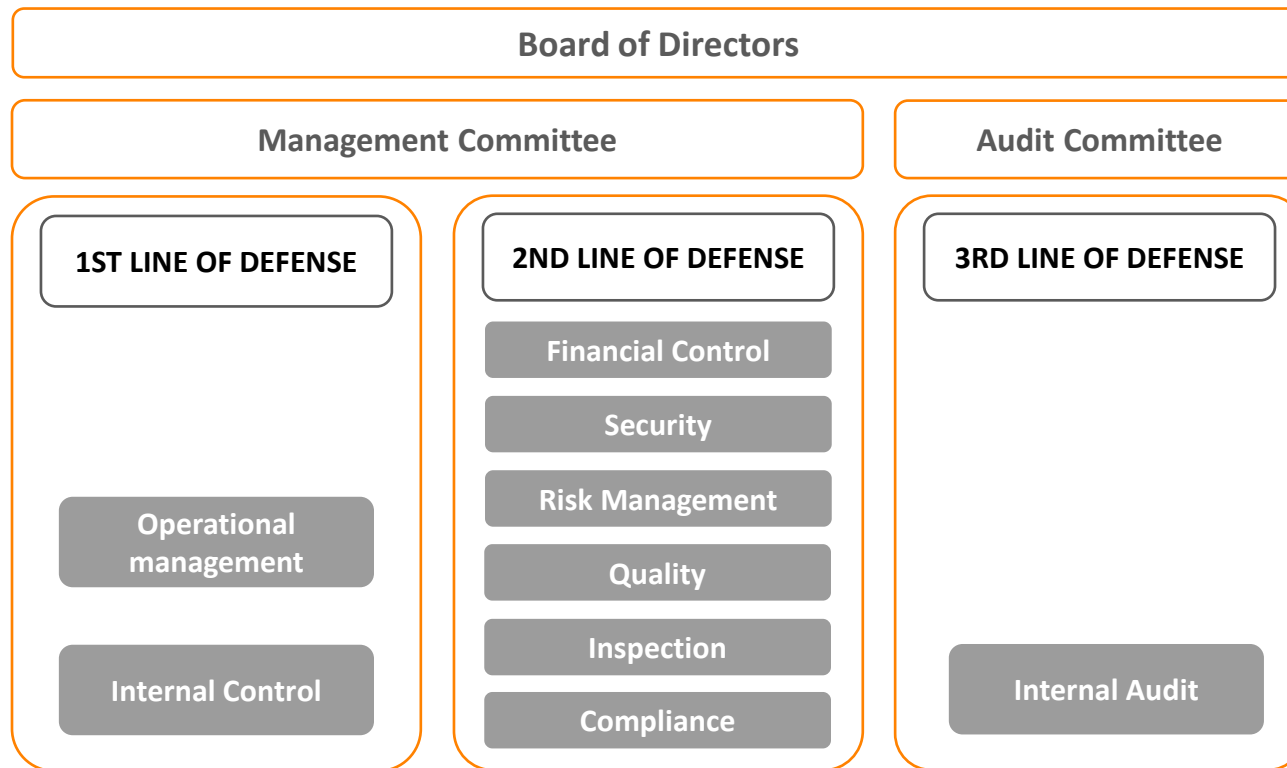
## Distribution of hours by subject area



(\*) Repsol's average is 32 employee hours per year.

# Integrated tax risk control system

- Tax **risk management** is carried out by the tax area and is part of Repsol's Integrated Risk Management System (SGIR).
- Aligned with **international reference standards (ISO 31000)**.
- **Global tax risk management model:** identification, assessment, treatment and reporting of risks, in order to keep them at levels in line with the Group's acceptability criteria (risk profile aligned with a medium-low risk tolerance).
- **Differentiated responsibility of units and bodies involved according to the "three lines of defense" model:**



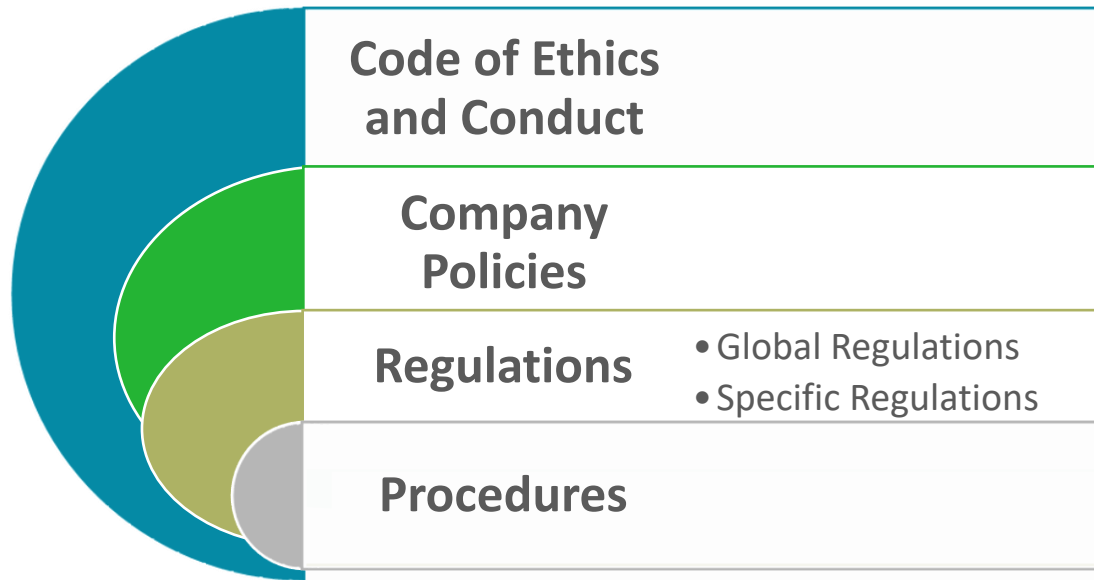
- Establishment of roles and responsibilities according to the model
- 1st Line: Management Units
- 2nd Line: Supervisory Units
- 3rd Line: Audit Units

# Processes and systems

## Regulatory management model



The Group has a set of rules of different hierarchy and nature which, internally called "regulatory management model", place the employee as the central element to ensure their effective knowledge and application in their work environment.



- **Code of Ethics and Conduct:** general guidelines that should guide the actions of the company and all its employees in accordance with certain ethical principles and values.
- **Company Policies:** aimed at stakeholders, these are a statement of commitments and global management principles.
- **Regulations:** they develop the Company's policies and are classified into global or specific standards.
  - Global Regulations: affect all Repsol employees and establish criteria and obligations of worldwide application in relation to the subject matter of regulation.
  - Specific Regulations: applicable to those employees directly linked to the subject of regulation. They also establish criteria and obligations of worldwide application.
- **Procedures:** in the form of regulations, their scope is limited to employees working in a specific function or process, globally or locally.

# Processes and systems

## Processes and systems for tax management

- **Global tax management and reporting systems (SIGEFI).**
- **Standardized tax management processes.**
- **Limited outsourcing** of certain activities to accredited suppliers of recognized prestige.
- **Tax risk management system aligned with ISO 31000 "Risk management Principles and Guidelines".**

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### Integration of Economic or Business Information



Control of the Group's Tax Obligations

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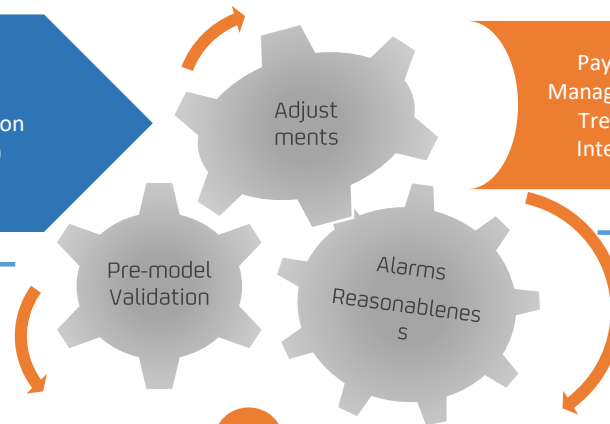
### Payment / Presentation of Tax



Monitoring and Control of Tax Payment and Reporting

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### Tax Calculation



**At Repsol, digitalization is key to boosting competitiveness and sustainability. The tax team is equipped and receives continuous training in new technologies and generative artificial intelligence (AI) applied to the tax area, with the aim of enhancing the technical capabilities of its members, optimizing work times, reducing risks and increasing efficiency in the execution of their functions.**

- All the employees of the tax area have *Copilot Web*, highlighting the use of *Copilot M365* in more than 20 key users of the tax team.
- Likewise, 47 employees of the tax function also have the *Harvey* tool, which facilitates the execution of tax processes and tasks in a more agile and efficient way, automating repetitive tasks, simplifying the management of large volumes of information and providing solutions with greater speed and quality.
- The integration of these generative AI tools, together with other advanced technological solutions applied to tax data processing, combined with the knowledge and experience of the tax team, allows for more accurate analysis in less time, reducing the probability of errors and optimizing decision making.
- Among many other tasks, these tools are a great help for tax experts, such as:
  - Analysis and synthesis of tax and legal regulations.
  - Preparation and review of reports and other tax documents.
  - Preparation of answers to tax queries.
  - Automation of repetitive tasks and generation of draft tax reports.
  - Management and analysis of large volumes of tax data.
  - Review and control of tax returns and settlements, detecting possible inconsistencies or errors.
  - Support in the management of queries and requirements of the tax administration.



# Reporting non-compliance, irregularities and contingencies.



Repsol has an **Ethics and Compliance Channel** that allows all employees and interested third parties to make inquiries or **report possible breaches of the TCF**. This ensures that the tax *compliance* body is aware of possible non-compliance and identifies improvements.

- Through the Ethics and Compliance Channel, both Repsol employees and third parties may report, in good faith and on the basis of reasonable indications, those circumstances that may involve **the materialization of a tax risk, as well as non-compliances, irregularities or weaknesses of the MCF**, in a way that:
  - Guarantees the **confidentiality or anonymity** of the identity of the persons making use of the same.
  - Prohibits any type of retaliation, taking the **necessary measures to protect those who make communications in good faith** and on the basis of reasonable indications.
- When the DCEF, as a tax compliance body, becomes aware of a breach of the TCF, it will propose the study of the measures to be applied, which are relevant and must be proportional to the seriousness of the facts, the risk or the damage caused.
- In this context, the DCEyF is competent to carry out actions that allow:
  - Investigate all communications received.
  - Adopt appropriate and proportionate corrective measures, in case of verification of non-compliances and irregularities in such communications.
  - Ensure that resources with capacity, autonomy and independence are available to carry out the relevant investigations and;
  - Guarantee the rights of the whistleblower and the reported.

# Periodic evaluation and continuous improvement



The TCM is a dynamic and evolving system that is **continuously monitored** to assess its effectiveness and implementation. It has tools and indicators, in the form of audits and periodic reviews, which allow the **performance of its compliance** to be **evaluated and improvements to be proposed** in cases where possible inefficiencies are detected.

- **Review by the DCEyF**

- The DCEyF, as the tax *compliance* body, conducts periodic reviews/audits to validate the effectiveness and performance of the TCF. Specifically, it examines whether the TCF:
  - It is adequate to manage, effectively, the organization's tax risks.
  - Is being effectively implemented.

- **EC Review**

- Based on the information submitted by the DCEyF, the EC performs, on an annual basis or whenever necessary, a review of the TCF, to assess its adequacy and effectiveness, as well as to propose possible improvements.

- **CoA review**

- The BoD **annually reviews the report on the implementation of the Group's tax policy and strategy and the TCF** based on the information provided by the DCEyF and the EC.

**The presentation of Tax Policies, which is made at least once a year before the EC and the BoD, is a key milestone in the evaluation and monitoring of the TCF.**