

Audit, Control & Compliance programs: the audit of our partners and contractors

Corporate Division of Audit and Control



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Repsol. Corporate Division of Audit and Control. 23/04/2015

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 - BoD and Senior Management's Commitment
 - Who is who in the Internal Control System?
 - How can the Effectiveness of A&C Activities be Maximized?
 - Different A&C Tools to Improve Sustainability
 - Corporate Sustainability Plan

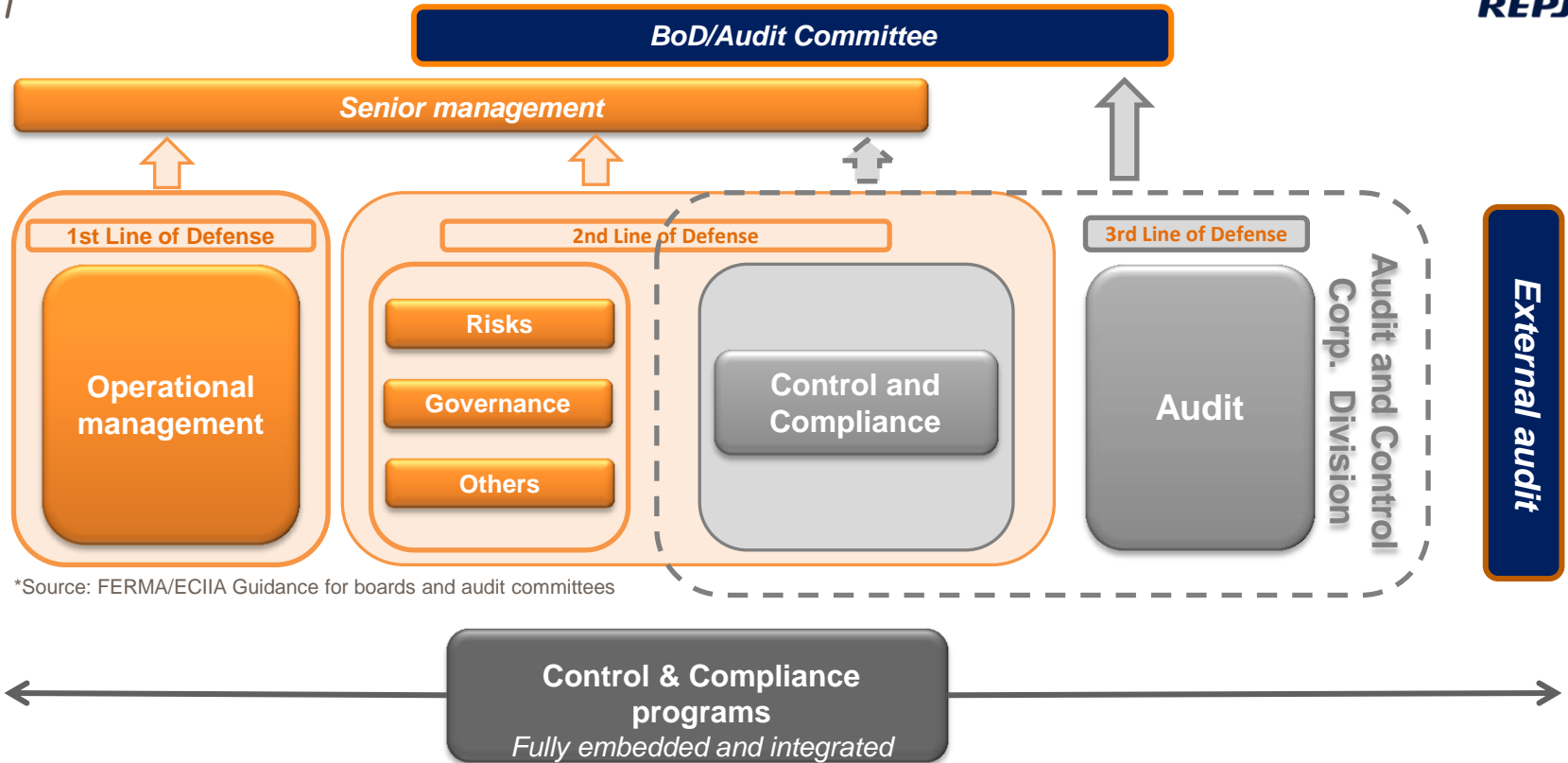
The audit of partners and contractors at Repsol

BoD and Senior Management's Commitment



The audit of partners and contractors at Repsol

Who is who? FERMA / ECIIA Three Lines of Defence Model



*Source: FERMA/ECIIA Guidance for boards and audit committees

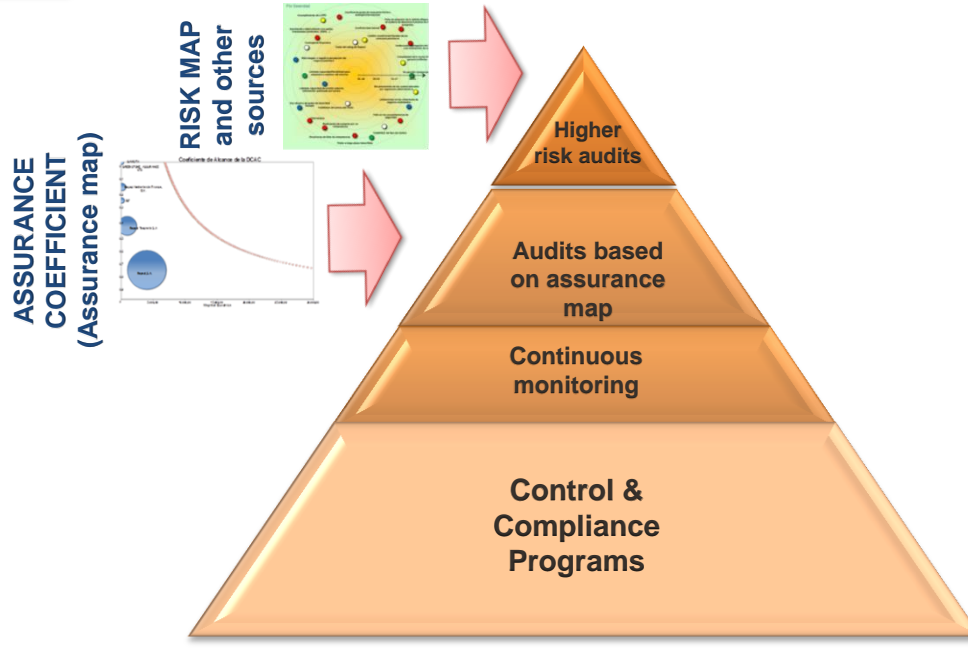
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How can the Effectiveness of A&C Activities be Maximized?



INTEGRATED ASSURANCE

The integration and alignment of the audit, control and compliance functions results in a maximised assurance to the Company's operations and processes.

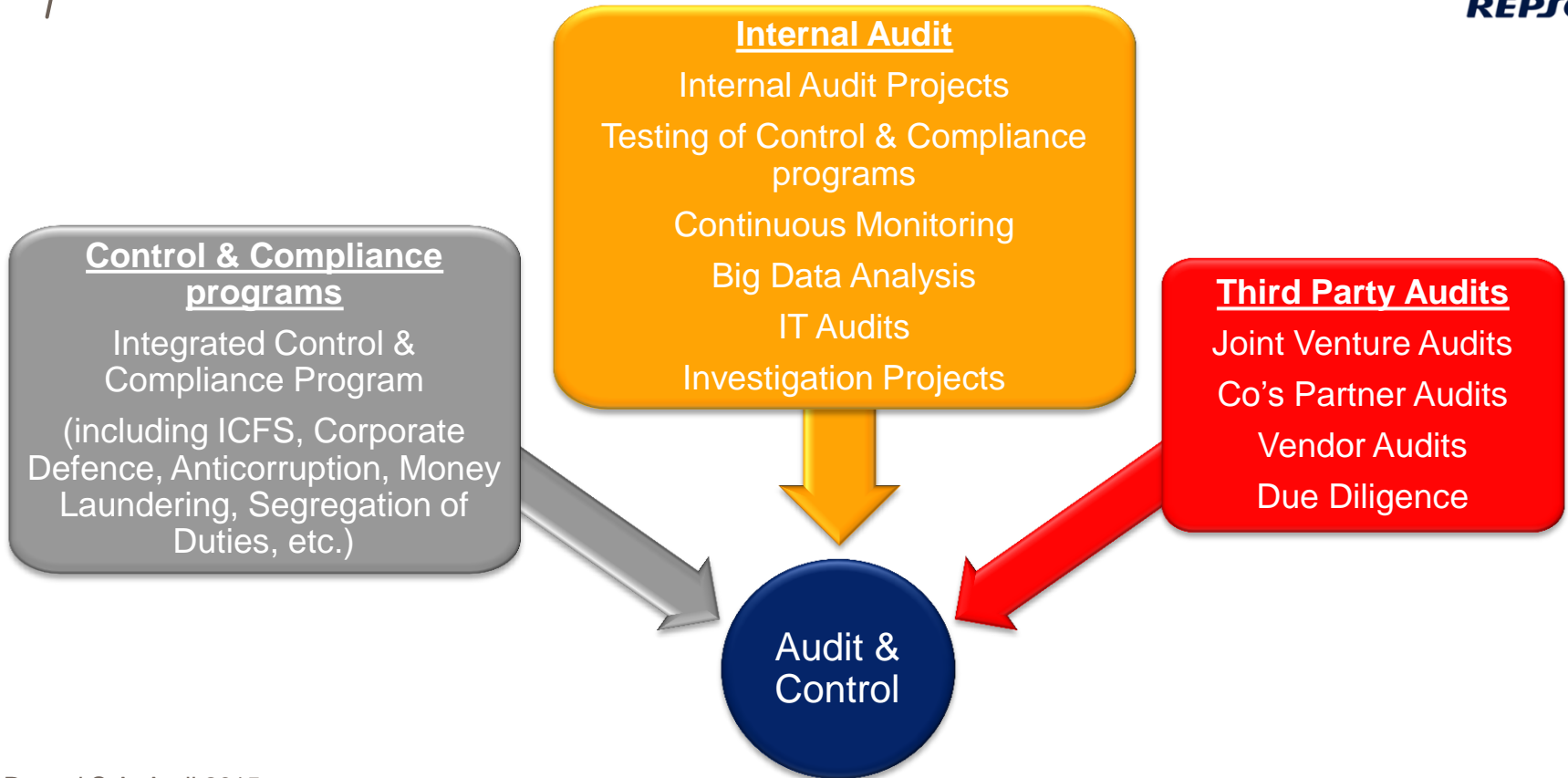


- High-value analysis.
- Improvement of internal processes.
- Enhanced response to risks.

- Control & compliance systems continually assessed and tested.
- Transactional assurance.
- Cultural effect.

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Different A&C Tools to Improve Sustainability



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Different A&C Tools to Improve Sustainability – Internal Audits



Whether included or not in the Annual Audit Plan.

“TRADITIONAL”
INTERNAL AUDIT
(PROCESS-ORIENTED)

- Audits intended to analyze the **anti-corruption system** of a unit or process.
- Audits focused on the improvement of specific **processes or areas**.
- Audits carried out on **corporate social responsibility** issues.

DIFFERENT
TECHNIQUES,
TEAM AND SCOPE

- Anti-corruption **investigations**.



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Different A&C Tools to Improve Sustainability – Third Party Audits



Audit area	Third party	Possible scope
Joint Venture Audit	Non-Operated Assets (JVs or companies)	Review risky transactions and payments made by the consortium. If an unsupported payment or a potential case of corruption is detected, a thorough analysis is carried out.
Vendor Audit	Suppliers (materials, services, utilities, products, etc.)	Review the supporting documentation available, in order to assess the reasonability of the services rendered and goods received, together with commercial terms applied and non-commercial obligations.
Due Diligence	Business Opportunities (blocks, companies, partnerships, etc.)	Review target's background, including its history, operations, main shareholders, management team, procedures, past costs, etc., reducing risks related to potential corrupt activities made in the past, integration of corrupt employees and practices, overpayments, etc.

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Corporate Sustainability Plan



Public commitments made by the Audit & Control Corporate Division in relation to sustainability (certified every year):

Corporate Sustainability Plan
2013 - 2014

- | | |
|-----------------|--|
| ACTION 1 | Monitor the Compliance Program |
| ACTION 2 | Review Corporate Responsibility aspects in auditing projects. |
| ACTION 3 | Cooperate in the fight against corruption and bribery in non-operated joint ventures. |
| ACTION 4 | Enhance the control of specific corruption and bribery risks in the supply chain. |
| ACTION 5 | Monitor, update and evaluate the Internal Control System for Financial reporting . |

THANK YOU



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