



Statement of corporate governance arrangements

Repsol Resources UK Limited (formerly Repsol Sinopec Resources UK Limited) and its subsidiaries (the “Group”) has adopted the Wates Corporate Governance Principles for Large Private Companies (Wates principles) and a short supporting statement is set out below to explain how each principle has been applied in the context of the group’s specific circumstances.

1. Purpose and Leadership

An effective board develops and promotes the purpose of a company and ensures that its values, strategy and culture align with that purpose.

Purpose

The Group’s culture framework is made up of different elements: mission, vision, values and behaviours.

The Group’s mission is to be an energy company committed to a sustainable world and its purpose is to produce sustainable oil and gas that provides energy security and creates value in a sustainable manner, through innovation, efficiency, and respect for the progress of society. The Board applies these values and principles to its decision making process and actively promotes them to the business, employees and other stakeholders.

Values and Culture

The Board establishes the vision, strategy and values of the Group. The group’s core values of Value creation, Respect, Efficiency and Anticipation underpin its operations and business practices. The behaviours guide the actions taken and interactions the group has with others. Employees are actively encouraged to apply the values in a meaningful way and also to express their views through regular engagement forums and surveys. An Employee Forum is held quarterly and enables two-way communication between management and employees.

Strategy

The strategy is set by the Board and implemented by the CEO and Executive Management Team (EMT). The EMT includes senior personnel some of whom are seconded from other companies in the wider Repsol S.A. group. The Board strategically reviews long-term value generating opportunities through regular Board meetings and as part of the work plan and budget which is developed on an annual basis by management, in conjunction with the Board/under the Board’s direction. Performance against the work plan and budget is reviewed on a regular basis by management, in performance meetings with the regional Executive Director and at quarterly Board meetings. In setting the strategy the Board aligns the strategy with the North Sea Transition Authority (“NSTA”) Strategy (the “Strategy”) and in particular the Central Obligation in the Strategy to: (i) secure that the maximum value of economically recoverable petroleum is recovered from the strata beneath relevant UK waters; and, (ii) assist the Secretary of State in meeting the net zero target. The Board also applies the NSTA Strategy specific governance principles.



The group has a number of key governance, policy and compliance documents, such as the Code of Ethics and Business Conduct. There is a whistleblowing channel and iCare process for employees to report concerns in confidence and (if they wish) anonymously.

The Integrated Management System contains the group's policies, standards, guidelines and procedures to ensure operations are carried out in a safe and reliable manner in accordance with regulatory requirements and good business practice.

Our workforce is critical to delivery of the group's strategy and initiatives such as the Employee Value Proposition (EVP) have been developed as a key part of strategic plan delivery. Further details are included below in the Remuneration section.

2. Board Composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

Size and structure

The governance structure is designed to support and enable pursuit of the group's objectives, obligations and commitments. The governance arrangements that applied to the group in the period prior to 31 October 2023 were set out in a Shareholders' Agreement (the "SHA"). The governance structure consisted of four levels: Shareholder, Board, Executive Committee and Executive Management Team (EMT). The SHA was terminated on 31 October 2023 and for the remainder of 2023, the governance structure consisted of three levels: Shareholder, Board and EMT and the Executive Committee ceased to form part of the governance structure. Each level has defined decision and execution rights up to certain levels of financial authority. There are no sub-committees of the Board. Decisions relating to specific matters such as remuneration and risk are undertaken at the appropriate level of the governance structure with the Board retaining ultimate responsibility – this is considered appropriate for the structure, size and complexity of the organisation.

The Board is comprised of two directors appointed by the Shareholder and one independent director. The directors have no fixed tenure and are not re-elected – other than the independent director who is appointed for an initial two year term and whose appointment may be extended for further periods with Board approval.

Chair

Prior to 31 October 2023, the Chairman role rotated annually between the shareholder appointed directors. Since 1 November 2023, the Directors appoint one of their number to chair Board meetings. The Chairman is responsible for the effectiveness of the Board, ensuring constructive discussions take place and that Board members have necessary and timely information to facilitate meaningful discussions.



Effectiveness

The Board delegates authority for day-to-day management of the group to the Chief Executive Officer (CEO). The CEO leads the EMT and reports to the Board – separation of the CEO and Chairman roles ensures that the balance of responsibilities, accountabilities and decision making across the group is effectively maintained.

The directors have equal voting rights when making decisions, except the independent director does not have a vote. All Directors have access to the advice and services of the Company Secretary and may, if they wish, take professional advice at the company's expense.

New directors receive a tailored induction programme and regular training is provided to the Board on areas including directors health and safety and regulatory obligations.

The experience of the Board is diverse with a wide range of knowledge and extensive technical and management experience in the oil and gas industry. A biography for each Board director can be found on the Governance page on the external website. The size and composition of the Board is appropriate to the company's size, nature and complexity of the business and its operations. The skills of the Directors are considered suitable for the nature of the organisation; the Independent Director is wholly independent and brings extensive experience in the energy sector, as well as perspective and constructive challenge to the Board's decision making processes.

Directors meet regularly with senior management to ensure their knowledge of and familiarity with the group is kept updated.

The Board receives regular and timely information on all key aspects of the business including health & safety, risks and opportunities, financial performance and operational matters, all supported by specific Key Performance Indicators.

Diversity and Succession

The Board recognises that diversity is a challenge in the energy sector and is committed to implementing initiatives to address diversity and inclusion at all levels of the organisation.

The Board approves the Gender Pay Gap report which includes actions to reduce the gender pay gap. Expatriates will be included in future gender pay gap analyses. This will include senior female leaders and the ongoing implementation of Repsol's Inclusion and Diversity (I&D) policies, which will contribute to the continued improvement and evolution of the pay gap report.

There is no defined succession plan for the Board – this is because the composition of the Board comprises directors appointed by the Shareholder.



3. Director Responsibilities

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

Accountability

Each director has a clear understanding of their accountability and responsibilities. The Board has a programme of at least four Board meetings every year. Whilst Board oversight is always maintained, the individuals and committees with the most appropriate knowledge and industry experience are consulted with respect to key decisions.

The Board has a collective responsibility for governance and the delivery of the long-term success of the company on behalf of its shareholder. The Board approves strategy and ensures the group is provided with the appropriate direction and resources to meet strategic goals.

The Board is accountable to the shareholder for the delivery of the group strategy and performance. The Board meets on a quarterly basis to review HSE and business performance against key performance indicators and to set strategic goals.

At each Board meeting, all Directors are asked to declare any potential conflicts of interest. These declarations are collated by the Company Secretary and where there are potential conflicts, appropriate safeguards are implemented.

Committees

The Board has not formed any committees with delegated authority.

Integrity of Information

Information is provided to monitor performance and ensure sound decision making. Assurance of information provided to inform Board decisions is performed by the responsible teams and functions in the UK business unit and by the relevant teams in the Repsol E&P group in accordance with the Repsol Norms and relevant reporting lines.

4. Opportunity and Risk

A Board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

Opportunity

The Board seeks out opportunity whilst mitigating risk. All material strategic decisions are made by the Board. Sustainability and long-term prospects are at the forefront of Board decision making and strategy.



Risk

The group maintains a risk register and at its quarterly meetings the Board reviews key operational and financial risks as well as key strategic decisions including new business opportunities and the risks therein.

Responsibilities

The internal controls environment is under the custody of appropriate function heads. This is subject to review by the internal audit function. The Shareholder also undertakes audits involving teams of specialists to review compliance with business processes.

5. Remuneration

A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the Company.

Setting remuneration

Other than the independent director, the directors are not remunerated by the company and instead are remunerated by the Shareholder (or another company in its group) that appoints them.

The group's remuneration structure consists of rewards dependent on role and experience and provides incentive structures aligned with the group's long-term strategy, culture and values. The group has implemented a professional progression model which provides a consistent set of base data for market salary analysis and a transparent and consistent method for career progression.

Policies

The company has launched the Employee Value Proposition (EVP). The EVP is the balance of benefits and rewards, workplace environment and professional development received by employees in return for their performance, engagement and contribution to the organisation. The EVP helps to shape a better place to work and is a key lever in supporting the group's strategic plan delivery.

6. Stakeholder Relationships and Engagement

Directors should foster effective stakeholder relationships aligned to the Company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

External impacts

The company recognises its social, economic and environmental impact in particular on local communities. As part of the Corporate Social Responsibility programme the company supports charitable organisations in the local area.



Stakeholders

The Board comprises Shareholder representatives ensuring a high degree of Shareholder engagement in all key business decisions and oversight through the reporting lines from the UK business unit to the Head Office in Madrid. A new role has been created on the EMT of Chief Commercial and Stakeholder Relations Officer UK with responsibility for management of stakeholder relations.

Stakeholders are a key focus; regular engagement with all stakeholders to create and preserve value and manage risk is a key priority. There is regular and effective communication, as well as the provision of relevant and timely information to the Shareholder for the purposes of decision making. The workforce, both onshore or offshore, are given direct access to leadership and management, through various media platforms and engagement processes.

The Board is focused on creating and maintaining strong relationships with all stakeholders. There is therefore active engagement with other major stakeholders, which include regulatory bodies, government authorities and environmental groups, financial institutions, vendors, joint venture partners and the workforce. Initiatives include engagement events and an ongoing compliance programme. These are designed to ensure that reporting and compliance obligations are met, and that stakeholders' views are well-known and can be considered in decision making.

Workforce

Listening to, and empowering employees is critical to achieving the group's vision and strategy.

Formally, employees have a voice through regular 'Let's Talk', 'Breakfast Clubs' and employee engagement surveys.

The outputs from these employee surveys inform the EMT and Board and are used to formulate action plans. In addition, regular employee 'Leadership Townhall' are delivered and provide a briefing on the group's performance and allow individuals to raise questions and provide feedback.

The HSE awards are an important way for the company to recognise specific actions and behaviours taken by individual members of the workforce to ensure the safety of people and safe operations.

Employees have access to a "My Wellbeing" mental health platform that includes e-learning courses, online resources, surveys and support for any mental health problems.

As part of the employee benefits package employees and their immediate family have free access to a number of employee Support Services via WeCare. WeCare offers a 24/7 UK based online GP, mental health counselling, a get fit programme and legal and financial guidance.



In 2020 the company appointed an independent, professional Trustee of its defined benefit pension scheme, the Repsol Resources UK Pension and Life Scheme. The company as sponsor of the Scheme maintains an open and constructive relationship with the independent Trustee.

A Modern Slavery Act statement is published annually and it's available on the webpage.

The company also complies with mandatory reporting on its payment practices and participates on a voluntary basis in the EITI (Extractive Industries Transparency Initiative). Please also refer to the Section 172(1) statement.

30 May 2024