

Corporate tax policy

Our goal

Manage tax affairs applying good tax practices and acting transparently, paying taxes on a responsible and efficient manner and promoting cooperative relations with governments, avoiding significant risks and unnecessary disputes.

Our commitments

1st. Compliance and responsible payment of taxes legally due

The Company is aware of its responsibility in the sustainable economic development in societies in which it is present, having taxes a significant role of its economic contribution to countries where the Group develops its activity. Hence, Repsol give priority attention to the responsible fulfilment of its duty to pay required taxes in countries where it operate.

In the framework of this Principle of Action, the Group undertakes to:

- Comply with the law, adhering to both its letter and its spirit.
- Apply the “*arm's length*” principles in intra-group transactions.
- Adopt its tax positions on sound economic and business principles and commonly-accepted best practices, refraining from the use of abusive tax schemes and planning practices
- Abstain from the use of opaque or contrived corporate structures in order to conceal or reduce the transparency of its activities.
- Disclose truthful, complete information about its operations.
- Strive for certainty, stability and predictability in the tax criteria applied by management, by using the procedures defined by law and through the collaboration with authorities (APAs, tax enquiries, tax rulings, among others)

2nd. Tax efficiency and defense of social interest in tax disputes

The Group reconciles responsible compliance with its commitments of value creation for its shareholders through efficient management of tax costs and benefits.

Efficient tax management will encourage the development of operations and business by respect for both for the letter and the spirit of the applicable laws, taking the company's overall interests into consideration and preventing significant tax risks.

In detail, Repsol will apply the following Principles:

- Management of the tax costs and tax benefits in an efficient manner and apply the tax incentives and benefits available.
- Tax planning based on reasonable interpretations of applicable law aligned with its economic and commercial activity, avoiding an abusive or fraudulent result.

- Sound defend of the Group position in the event of disputes and conflicts with the Administration with regard to the interpretation and application of the tax regulations, using all the available resources and legal actions, taking an overall view of the Group's interest with the primary objective of seeking an amicable and non-disputed solution.

3rd. Cooperative relationships with tax administrations, avoiding unnecessary disputes

The Group shall continue fostering relationships with Tax Authorities inspired by principles of trust, good faith, professionalism, collaboration, loyalty and a search for mutual and reciprocal understanding, all with the purpose of ensuring the implementation of the tax system, increasing legal security and reducing litigation.

In particular, the Group:

- Will collaborate with the Tax Authorities to detect and find solutions to fraudulent tax practices that may be occurring in the markets in which it is present.
- Will provide Tax Authorities with information and required documentation with tax relevance as soon as possible and within the scope due.
- Will give priority to non-litigious means for resolving disputes, when possible, and will make use of the options offered by legal procedures to strengthen agreements with Administrations whenever feasible.

4th. Prevention of significant tax risks through use of a suitable management and control system

Tax risk is inherent to tax activity and is influenced, in the specific case of Repsol, by the special nature of the applicable tax scheme, which is characterized by the economic relevance, its complexity and the presence of uncertainty areas. Thus, the Group undertakes to apply responsible tax policies that prevent conducts that could generate significant tax risks.

Said principle of action is materialized in the following:

- Tax affairs will be managed in an orderly and expert manner to ensure compliance with tax obligations and management of tax-related risks. Efficient internal procedures, systems and controls will be applied to enable the correct operation of key tax-related processes.
- The Group has a suitable organization to ensure implementation of its fiscal policies. The organizational principles ensure that the tax function is carried out in a professional (by expert teams), integrated (single criteria) and global manner (responsibility for all the Group's tax affairs in its different management areas).
- The Board of Directors is informed, at least once a year, on the execution of the tax policies followed during the period and on the most significant topics regarding tax hot topics and risks.
- High-risk tax transactions are submitted to the Board of Directors approval.
- Management of tax risk is part of the Group's global Integrated Risk Management policy. Such policy is implemented through processes, systems and internal controls over tax risks. The Group:
 - Shall duly maintain a "risk map" which specifically identifies tax nature risks, derived from (i) the tax policies applied (ii) possible non-compliance (iii) disputes regarding the interpretation or application of laws or (iv) instability of the legal-tax or contractual framework.

- Shall actively manage tax risks in order to mitigate or to eliminate them, and where said risks are assumed (due to it having been impossible to reach a mutual understanding with the tax administration), to defend the group's legitimate interests as efficiently as possible.

5th. Transparency

Repsol Group, a socially responsible company, is committed to public transparency as one of the guiding principle of its tax activities.

In particular, the Group is committed to:

- Refrain from the use of opaque or contrived business structures with the intention of concealing or reducing the transparency of its tax activities.
- Not to have a presence in tax havens, unless this is justified for business reasons.

When the Group has presence or activity in tax havens, it is guaranteed: (i) the incorporation of the company is authorized by the Board of Directors, which is informed of its activity; (ii) strict compliance with the regulations applicable to the exercising of the business activities carried out; (iii) application of the Group's general administrative and management control procedures and criteria; and (iv) full transparency and cooperation with the relevant administrations to facilitate such information as is deemed necessary in connection with the business activities in question.

- Strive to comply with the highest standards required in external tax reporting, with the aim of facilitating understanding of its tax contributions and the tax policies applied.

Dissemination

The tax strategy and policy contained in this document, as well as the principles of actuation, shall be adequately disseminated to guarantee their effective knowledge and fulfilment by all Repsol Group's Directives and employees.

Furthermore, it will be disseminated to facilitate the public knowledge of the stakeholders. They shall be reflected in the Company's Annual Information and will be disseminated through the corporate web.

Compliance with this policy is mandatory for all Repsol Group companies and its employees regardless the kind of contract which determines their employment relationship, the position that they occupy and the place where they work. It would be also obligatory the fulfilment for every people that had been temporally transferred to Repsol to provide professional service (secondedes) and interns.

Likewise, in companies where the Repsol Group participates but does not have control of its management, the knowledge of aforesaid policy as well as the adoption of behavior patterns consistent with it will be promoted and boosted.

This Policy was approved by the Board of Directors meeting on November, 25, 2015.