

TAX STRATEGY STATEMENT

REPSOL UK-SUB GROUP

The Repsol Group (hereinafter, “the Group”) is an integrated energy group with extensive experience in the industry, carrying out its activities on a global scale that also seeks individual welfare and believes in the building of a better future through the development of intelligent energy to offer better energy solutions.

Repsol’s system of corporate governance, which was established in accordance with best national and international practice and standards, guides the structure, organization, and operation of its corporate bodies in the interests of the Company and of its shareholders, and is based on the principles of transparency, independence, and responsibility.

Additionally the Group has developed its own Corporate Tax Policy approved by Repsol, S.A. Board of Directors in its meeting of November, 25, 2015. This Corporate Tax Policy is based on managing 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.

This document sets out the Repsol UK sub-group (hereinafter, “UK Sub-Group”) tax strategy. The UK-Sub group tax strategy is inspired and completely aligned with the Repsol Group Corporate Tax Policy mentioned above.

Compliance with this policy is mandatory for all UK-Sub 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 UK-Sub Group to provide professional service (secondees) and interns.

Compliance and responsible payment of taxes legally due

The UK-Sub Group in alignment with the Group policies, 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 in which has presence.

Hence, Repsol give priority attention to the responsible fulfilment of its duty to pay required taxes.

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).

Approach to risk management and governance arrangements

The management of tax risk of the UK Sub-Group is part of the Repsol's Group 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.

UK Sub-Group 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 its legitimate interests as efficiently as possible.

Attitude to tax planning

The UK Sub-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, the UK Sub-Group will apply the following Principles:

- Management of the tax costs and tax benefits in an efficient manner.
- 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 its position in the event of disputes and conflicts with the Administration with regard to the interpretation and application of the tax regulations, with the primary objective of seeking an amicable and non-disputed solution.

Level of risk the group is willing to accept

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.

The UK Sub-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 UK Sub-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 Global UK-Sub Group's tax affairs).

Approach towards dealing with HMRC

The UK Sub-Group shall continue fostering relationships with the UK 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 UK Sub-Group:

- Will collaborate with the HMRC to detect and find solutions to fraudulent tax practices that may be occurring in the country.
- Will provide HMRC 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 the HMRC whenever feasible.

Transparency

UK Sub-Group is committed to public transparency as one of the guiding principle of its tax activities. In particular, the UK Sub-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.
- 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.

Statement of compliance

- The UK-Sub Group is publishing this Tax Strategy Statement in compliance with the statutory obligation under Par. 16(2), Schedule 19 of Finance Act 2016.
- This document is applicable for the period ended 31 December 2018 and will be duly updated with any relevant modification on the Tax Strategy Statement on a yearly basis accordingly with the above regulation.
- This Tax Strategy Statement is inspired and completely aligned with the Repsol Group Corporate Tax Policy approved by Repsol, S.A. Board of Directors in its meeting of November, 25, 2015.