

# 2022

REPSOL Group

Presence in tax  
havens and “other  
Controversial  
Tax Jurisdictions”



The Repsol Commitment  
Net Zero Emissions  
by 2050



# Repsol and the Tax Havens

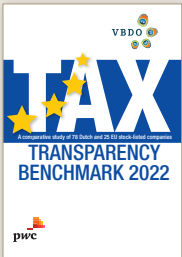
The Repsol Group undertakes the commitment to have no presence in non-cooperative jurisdictions, except for legitimate business reasons.



## Transparency

We publish information on taxes paid and our country-by-country report [www.repsol.com](http://www.repsol.com)

Repsol, winner of the prestigious “EU Transparency Award” granted by the VBDO\*.



\* Dutch Association of Investors for Sustainable Development.

## Objective:

To report in a transparent basis about our presence in non-cooperative jurisdictions



Our tax policy disallows the use of opaque or artificial structures that conceal or reduce the transparency of our activities. Therefore, the Repsol Group undertakes the commitment to have no presence in non-cooperative jurisdictions and, if any, to provide information that facilitates understanding of their true scope and nature.

Repsol’s presence in these territories does not respond to the purpose of limiting transparency of activities or performing unlawful or undesirable practices, but rather it is guided by legitimate

business reasons and follows ordinary standards of the sector.

Repsol has an irrelevant presence in tax havens. Specifically, the income obtained there represents less than 0.01% of our turnover and there is only one company active in the Group that is resident in one of these territories, Trinidad and Tobago, where it carries out hydrocarbon exploration and production activities.

## Non-Cooperative Jurisdictions

The definition of a tax haven is not a peaceful one. Repsol considers "tax havens" to be those territories classified as non-cooperative jurisdictions by Spanish<sup>1</sup> and European Union (EU)<sup>2</sup> regulations, as well as those included by the OECD in its list of non-cooperative jurisdictions in terms of transparency and exchange of information<sup>3</sup>.

Numerous legislators make an effort to maintain lists of territories that, either by allowing tax avoidance or by facilitating investment opacity, qualify as "non-cooperative jurisdictions"<sup>4</sup>. Not all of them coincide with those of Spain and the EU.

On the other hand, some non-governmental organizations concerned with responsible business practices also draw up their own lists of tax havens with different criteria and objectives. At Repsol we have selected some of these lists because of their public projection or representativeness, and we have called the countries included there 'controversial jurisdictions'. In an exercise of enhanced transparency, in this report we also identify our companies and activities in these controversial jurisdictions and provide information about them (see Annex).

## Repsol Group<sup>5</sup> Companies in Non-Cooperative Jurisdictions



The Repsol Group only maintains an active presence in one non-cooperative jurisdiction: Trinidad and Tobago.

### Trinidad and Tobago

Hydrocarbon exploration and production [E&P] activities are carried out.

Jurisdiction	Entity	Description
Bermuda	Greenstone Assurance, Ltd.	Inactive. Reinsurance company. It is currently limited to the liquidation of risks assumed in the past (run-off situation).
Trinidad and Tobago	Repsol Angostura, Ltd.	Inactive and in the process of liquidation. Company which provided technical services with its local staff and support to other Group entities in Trinidad and Tobago. Profits are taxed at a rate of 55%.
	Repsol Exploración Tobago, S.A. (Branch in Trinidad and Tobago)	Spanish company with a branch in Trinidad and Tobago that carries out E&P activities in the country. Its profits are taxed there at a rate of 55%.

1. In Spain, we refer to the list of non-cooperative jurisdictions, approved by Ministerial Order HFP/115/2023, dated 9 February 2023.  
 2. In the EU, we refer to the list of non-cooperative jurisdictions from a tax point of view, prepared by the Economic and Financial Affairs Council - ECOFIN- of the EU, in February 2023.  
 3. We closely monitor existing international initiatives on the subject and their possible impact on the definition of the concept of non-cooperative jurisdiction (or tax haven).

4. In all countries where we operate, we respect their particular tax haven regulations.  
 5. Repsol Group entities are considered to be its parent company Repsol, S.A. and its controlled subsidiaries that consolidate their financial statements in accordance with International Financial Reporting Standard 10 and article 42 of the Spanish Commercial Code.

## Information on activities and figures<sup>1</sup>

Transparency is one of the pillars of our tax policy.

Repsol's presence in these territories is not relevant, as its revenues are immaterial (less than 0.01% of the group's turnover) and is not intended to hide or reduce the transparency of its activities.



(M€)				(-losses)	(-return)	(-entry)		(-losses)		
Entity	Jurisdiction	Activity	Income	Profits	Tax paid	Tax due	Social capital	Accumulated results	Tangible assets	Employees
<b>Greenstone Assurance, Ltd.</b>	Bermuda	Reinsurer (situation of “run-off”)	0.2	0.2	0.0	0.0	0.4	-7.4	0.0	1
<b>Repsol Angostura, Ltd.</b>		E&P	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8
<b>Repsol Exploración Tobago, S.A. (sucursal en Trinidad y Tobago)</b>	Trinidad and Tobago	Technical services	2.8	-1.4	0.0	0.0	38.4	-37.3	0.6	0

1. Provisional data for FY 2022, according to Country by Country report criteria, to be published in final version in December 2023.

## Companies in non-cooperative jurisdictions with minority participation

Repsol has some minority participations in companies with a presence in non-cooperative jurisdictions. Repsol does not have control or operational management of these entities but seeks to apply similar standards of transparency and management, as well as the principles of our Code of Ethics and Conduct.



Entity name	Jurisdiction	Activity	Participation	Operational detail
<b>BP Trinidad &amp; Tobago, LLC (Trinidad and Tobago branch)</b>	Trinidad y Tobago	E&P	30%	Branch in Trinidad and Tobago of a US company owned by Repsol and BP. The branch carries out <i>E&amp;P</i> activities in Trinidad and Tobago, being one of the largest hydrocarbon producers in the country. It produces more than half of the gas and crude oil in the territory (73,000 barrels/day @Repsol). Its profits are taxed at a profit tax rate of 55%.
<b>Everen, Ltd. (formerly known as Oil Insurance, Ltd.)</b>	Bermuda	Reinsurance	5.17%	Mutual insurance company in the Oil&Gas sector that covers certain risks of the Group. As it is a mutual, the coverage of risks requires a shareholding in the entity. Its head office is located in Bermuda, a typical jurisdiction for the reinsurance of <i>E&amp;P</i> business assets.
<b>Oleoducto de crudos pesados (OCP), Ltd.</b>	Cayman Islands	Holding E&P Ecuador	29.66%	Company incorporating an international joint venture agreement that includes groups such as Pampa, China National Petroleum Corporation, Perenco, among others. It owns shares in an Ecuadorian company that built and currently manages infrastructure for oil activity in that country (Oleoducto de Crudos Pesados –485– km). It receives dividends corresponding to the profits of the Ecuadorian company and distributes them, in turn, to the international partners.



## Annexes

- **Group companies in “other controversial jurisdictions”**
  - Introduction
  - Summary and main jurisdictions
- **Presence in “other controversial jurisdictions”**
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- **International expansion of Repsol’s GBC business in the US**
- **Self-assessment of responsible tax contribution**

## Repsol group companies in “other controversial jurisdictions”.

By its commitment to transparency, Repsol Group provides information about other jurisdictions considered “controversial” by unofficial lists of non-governmental of certain organizations.



### Country by Country report (CbCr)

At [www.repsol.com](http://www.repsol.com) can be found additional information on the Group's activities in these jurisdictions.

## Introduction

In recent years, there has been an intense social and political debate about the the fairness and transparency of tax systems and tax contribution of multinational companies.

Repsol participates in this debate and defends the principles of responsible corporate taxation. We take part in working groups promoted by governments and international organizations (UN, OECD...) while maintaining an active dialogue with non-governmental organizations concerned with the application of tax systems and taxpayer practices.

In this context, some organizations and social action platforms have developed lists of countries or territories with tax regimes or administrative practices that, in their opinion, may facilitate tax avoidance or tax evasion. These lists are heterogeneous, serve a variety of purposes and are sometimes based on questionable criteria and assessments; In any case, it should be noted that some lists include countries that are not in any official list of tax havens, as they do not fulfil their characteristic features.

In Repsol we have selected some of these listings (due to their public projection or representativeness) and, although we may not share some of the criteria established to characterize these jurisdictions, we have referred to them as “controversial jurisdictions” Specifically, to determine the “other controversial jurisdictions” we have used the lists prepared by Intermon OXFAM, Tax Justice Network and the *Observatorio de Responsabilidad Social Corporativa en España*<sup>1</sup>.

In an exercise of enhanced transparency, we identify in this report Repsol entities and activities in these controversial territories together with additional related information.

1. Intermon OXFAM (“Negocios como siempre – El papel de las empresas del IBEX 35 en la recuperación”), Tax Justice Network (“Identifying tax havens and offshore finance centres”) and *Observatorio de Responsabilidad Social Corporativa* (“Corporate social responsibility in the annual reports of IBEX 35 companies”).

## Summary and main jurisdictions

We voluntarily and transparently provide information on our companies and activities in “other controversial jurisdictions”.

Repsol no longer has presence in Barbados or Ireland

Other controversial jurisdictions (Unofficial lists)	2018	2019	2020	2021	2022	Jurisdiction
Unofficial lists	55	48	33	32	38 (31 actives)	The Netherlands 15; Luxembourg 9; Singapore 1; USA-Delaware 12; Switzerland 1.

### Highlights of FY 2022

January 2022 was the transfer of Fortuna International Petroleum, Corp (holding company through which the participation in 6 entities developing E&P activities in Malaysia and Vietnam was channeled). With this operation, the Repsol Group no longer has a presence in Barbados (-4 companies in disputed territories). Also, in July 2022 the registration closure of the EP in Ireland of the company Repsol Exploración Irlanda, S.A., through which hydrocarbon exploration activities were carried out in the past in that country, was completed.

### Corporate evolution during the year:

- Liquidated/disposed companies:
  - Barbados (4):** Fortuna International Petroleum, Corp., Repsol Oil & Gas Malaysia, Ltd., Repsol

Oil & Gas Malaysia (PM3), Ltd. and Talisman Vietnam, Ltd.;

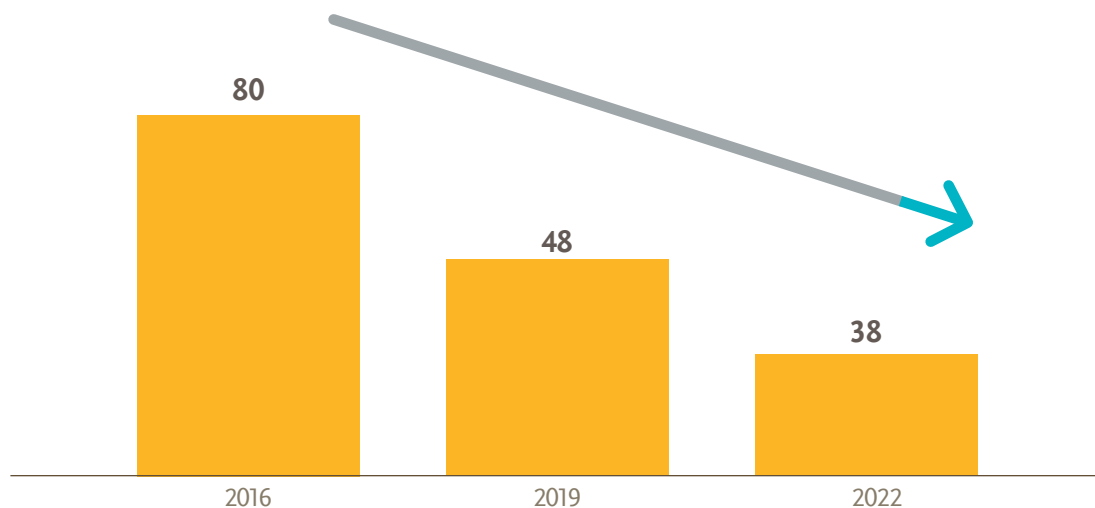
**Ireland (1):** EP of Repsol Exploración Irlanda, S.A.;

**The Netherlands (2):** Talisman Vietnam 07-03, B.V. and Talisman Vietnam 135-136, B.V.

- Companies incorporated/acquired:
  - USA – Delaware (11):** Jicarilla Solar 1, LLC, Jicarilla Solar 1 Bond Purchaser, LLC, Jicarilla Storage 1, LLC, Jicarilla Storage 1 Bond Purchaser, LLC, Jicarilla Solar 2, LLC, Jicarilla Solar 2 Bond Purchaser, LLC, Jicarilla Solar 2 Class B, LLC, Jicarilla Solar 2 Holdings, LLC, Hecate Energy Frye Solar, LLC, Hecate Energy Outpost Solar, LLC, Hecate Energy (Pinnington) Longhorn Solar, LLC;
  - Luxembourg (2):** Repsol E&P, S.à r.l., Tucan LNG, S.à r.l.

Our presence in controversial jurisdictions is for legitimate business reasons

### Evolution of the number of Group companies in “other controversial jurisdictions”





# Presence in “other controversial jurisdictions”

## 1. Companies with activity

Jurisdiction	No.	Entity name	Activity	% Particip.	Commentary
USA (Delaware)	11	Jicarilla Solar 1, LLC	Renewable energy	75%	Entities from the Hecate Group with activity in the renewables and low carbon generation business.
		Jicarilla Solar 1 Bond Purchaser, LLC			
		Jicarilla Storage 1 Bond Purchaser, LLC			
		Jicarilla Storage 1, LLC			
		Jicarilla Solar 2, LLC			
		Jicarilla Solar 2 Class B, LLC			
		Jicarilla Solar 2 Holdings, LLC			
		Jicarilla Solar 2 Bond Purchaser, LLC			
		Hecate Energy Frye Solar, LLC			
		Hecate Energy Outpost Solar, LLC			
		Hecate Energy Longhorn Solar, LLC			
Luxembourg	9	Gaviota RE, S.A.	Reinsurance	100%	Reinsurer.
		Albatros, S.à r.l.	Holding	100%	Holding company head of the Corporation's group of companies in Luxembourg.
		FEHI Holding, S.à r.l.	Holding E&P USA	100%	Holding entity (head of Talisman's US group of companies) and financial entity (E&P subgroup).
		Repsol Europe Finance, S.à r.l.	Holding and Financing	100%	Holding and financial entity (EMTN issuer and intra-group financing in USD).
		Talisman International (Luxembourg), S.à r.l.	Holding	100%	Head Office Company structures investment in Corridor field. Migrated from Barbados to Luxembourg in December 2016.
		Repsol Transgasindo, S.à r.l.	E&P Indonesia	100%	Entity incorporated in 2002. Migrated to Luxembourg from Barbados in December 2019. Holds 15 % of Transasia Pipeline Co. Pvt Ltd.
		Repsol Finance Brasil, S.à r.l.	Financing	100%	Intra-group financial company.
		Repsol E&P, S.à r.l.	Holding	100%	Holding entity of the E&P business through which alliances with international partners are channeled.
		Tucan LNG, S.à r.l.	LNG commercialisation	100%	Entity for the commercialization of LNG in certain markets.

Jurisdiction	No.	Entity name	Activity	% Particip.	Commentary
The Netherlands	9	Repsol International Finance, B.V.	Financing	100%	Financial company raising funds in international markets (bonds and commercial paper)
		Repsol Perú, B.V.	Industrial Holding Peru	100%	Historical structure of investment in industrial businesses that was once articulated through a JV with partners.
		Talisman Andaman, B.V.		100%	
		Talisman Sakakemang, B.V.		100%	Companies carrying out E&P activities in Indonesia through two joint ventures incorporated in Indonesia.
		Repsol Exploración South East Jambi, B.V.	Holding E&P Indonesia	100%	
		Fortuna International Barbados, Inc.		100%	Holding entity, indirect owner of the assets of Corridor, as well as a percentage interest in gas pipelines in Indonesia
		Talisman International Holdings, B.V.	Holding E&P Indonesia, Vietnam	100%	Entity set up as the head of the E&P businesses in Indonesia and Vietnam.
		Repsol Upstream, B.V.	Holding	100%	Holding company that channels stakes in the Repsol Group's E&P businesses.
		Repsol Finance Brasil, B.V.	Financing	100%	Intra-group financial company.
Singapur	1	Repsol Trading Singapore Pte. Ltd.	Trading	100%	Company that develops hydrocarbons trading in the Asian market.
Switzerland	1	Repsol Exploration Advance Services, A.G.	International Staff	100%	Company providing international assignment services (highly qualified employees for E&P activity).

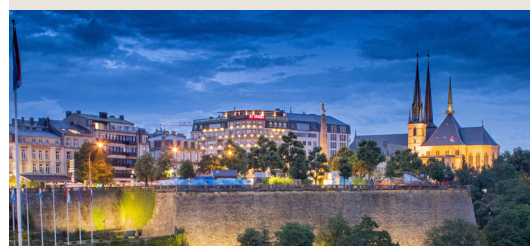
### The Netherlands



Repsol has had a presence in this country since 1990 and carries out financial (issuance of corporate debt –EMTN– under the supervision of EU regulatory authorities) and holding activities.

The Group does not benefit from preferential tax regimes in the Netherlands and the effective corporate income tax rate is aligned with the nominal tax rate in the jurisdiction.

### Luxembourg



Repsol carries out reinsurance (supervised by regulatory authorities in the EU –CAA Luxembourg–), financial and holding activities.

Luxembourg is a typical jurisdiction to carry out financing and reinsurance activities. Companies are subject to taxation and do not benefit from preferential regimes.

## Presence in “other controversial jurisdictions”

### 2. Companies with no activity and in dissolution process



Jurisdiction	No.	Entity name	Activity	% Particip.	Commentary
USA (Delaware)	1	Talisman Vietnam 07/03-CRD Corporation, LLC	E&P Vietnam	100%	Entity from the Talisman Group which in the past developed E&P activity in Vietnam through a PE in Vietnam.
		Talisman South Sageri, B.V.	E&P Indonesia	100%	Company that in the past has had E&P operations in Indonesia.
		Talisman (Block K39), B.V.	Holding E&P Irak (Kurdistan)	100%	Company that in the past has had E&P operations in Kurdistan
The Netherlands	6	Talisman Vietnam 146-147, B.V.	Holding E&P Vietnam	100%	Companies that in the past have had E&P operations in Vietnam.
		Vung May 156-159 Vietnam, B.V.			
		Talisman East Jabung, B.V.	Holding E&P Indonesia	100%	Company that in the past has had E&P operations in Indonesia.
		Repsol Exploración Karabashsky, B.V.	Holding E&P Rusia	100%	Holding company that channelled the group's investment in E&P subsidiaries in Russia



## Presence in “other controversial jurisdictions”

### 3. Activity figures<sup>1</sup>

Repsol provides information on the taxes it pays in all countries where there are group companies (Tax Contribution Report and Country-by-Country report on income tax, Repsol.com)

(M€)		(-losses)	(-return)	(-entry)		(-losses)			
Country	Activity	Income	Profits	Tax paid	Tax due	Social capital	Accumulated results	Tangible assets	Employees
<b>USA. (Delaware)</b>	Development of projects related to renewable energies.	6.5	5.5	0.0	1.3	63.9	0.0	349.8	34
<b>Luxembourg</b>	Reinsurance (supervised by regulatory authorities in the EU -CAA Luxembourg-), financing and holding activities.	445.3	271.7	0.0 <sup>(2)</sup>	61.2 <sup>(2)</sup>	4,387.4	-11,072.4	0.0	9
<b>The Netherlands</b>	Financial activities (corporate debt issuance - EMTN - under the supervision of regulatory authorities in the EU) and holding activities.	372.0	146.9	13.0	51.0	1,491.9	-3,185.0	0.0	8
<b>Singapore</b>	Marketing activities of crude oil and derivatives in the Asian market. Administrative and technical services are also provided to support exploration and production activities in the region. exploration and production activities in the region.	1,152.0	3.8	0.5	0.0	0.3	-471	0.2	23
<b>Switzerland</b>	International assignment services (highly qualified employees for E&P activity).	0.9	0.0	0.0	0.0	0.5	0.6	0.0	4



1. Provisional data for FY 2022, according to Country by Country report criteria, to be published in final version in December 2023.

2. The current income tax expense for FY 2022 amounts to 61.2 M€. The absence of tax payments is due to the use of tax credits from previous years.

## Presence in “other controversial jurisdictions”

### 4. Companies with minority participation

Jurisdiction	Nº	Entity name	Activity	% Particip.	Commentary
Andorra	1	Carburants i Derivats, S.A	Marketing	33%	Owner of two service stations in Andorra and exclusive distributor of fuels and LPG.
		Hecate Energy Group, LLC	GBC	30%	JV with Hecate Group for the development of renewable generation activities and storage in the USA.
		Salamanca Infrastructure, LLC	E&P	22,5%	Hydrocarbon exploration and production
USA (Delaware)	8	Sierracol Energy Arauca, LLC. Sierracol Energy Crude Sales, LLC	JV Colombia	25%	JV with the Carlyle Group which channels participation in E&P activities in Colombia.
		Ample, Inc.	Corporate Venturing	3,24%	Minority participation in start-up located in Delaware specialised in autonomous robotics solutions and smart battery technology.
		Dynasol, LLC	Chemistry	50%	Entities that sell rubber in the US through a JV with the KUO group.
		BPRY Caribbean Ventures, LLC	JV in Trinidad and Tobago	30%	JV with BP Group which channels participation in E&P activities in Trinidad and Tobago.
		BP Trinidad y Tobago, LLC		30%	
Mauritius Islands	1	Transasia Pipeline Co.	Indonesian E&P Holding	15%	JV with international partners (groups such as Conoco, SPC Indo-pipeline, Petronas) that participate s in an Indonesian company that managing infrastructures for oil activity in that country (Duri pipeline - 536 km Grissik and Singapore Pipeline - 478 km Grissik-). It receives dividends derived from profits of the Indonesian operating company
		Guará, B.V.		15%	JV with Petrobras, for asset management for the development of two oil blocks (Guara and Albacora Leste).
The Netherlands	5	Lapa Oil & Gas, B.V.	Holding E&P Brazil	15%	Entities engaged in the purchase, sale and rental of machinery and equipment for the exploration and production of hydrocarbons, including drilling platforms, storage and ship loading.
		Agri Development, B.V.		6%	
		Repsol Sinopec Brasil, B.V.		60%	JV with Sinopec for the development of activities in Brazil in the E&P sector.
		Akakus Oil Operation, B.V.	Libyan E&P Holding	40%	Entity providing operator services in production blocks in Libya established by the majority partner in the project (the state-owned company NOC, which holds 51%).
Switzerland	1	Nnaisense A.G.	Corporate Venturing	2,63%	Minority participation in Swiss start-up specialising in advanced solutions based on artificial intelligence.
Singapore	1	United Oil Company	Lubricants	49%	Holding company owning an interest in a lubricants manufacturing plant in Indonesia.

## Case study: Repsol Group’s presence in the Netherlands and Luxembourg

Repsol has a multidisciplinary team of 17 professionals with extensive experience in the financial and reinsurance business who work from our offices in The Hague and Luxembourg City.

### Background of Repsol Group’s presence and current situation

The Repsol Group’s presence in the Netherlands and Luxembourg dates back to 1990.

In that year Repsol, S.A., then a publicly owned company, obtained the necessary authorisations for the incorporation of its subsidiaries Repsol International Finance, B.V. (RIF, in the Netherlands) and Gaviota RE, S.A. (Gaviota, in Luxembourg), to channel through them international financial and holding activities, as well as intra-group reinsurance activities.

Repsol currently continues to maintain a presence in both countries, particularly in 2015 following the acquisition of the the Canadian Talisman Group, which has made significant efforts in recent years to simplify its corporate structure.

The Group’s operational centres in the Netherlands and Luxembourg are located in

The Hague and Luxembourg City respectively, and have the material and human resources (professional teams trained in the financial, insurance and economic-administrative areas) to carry out their activities.

### What are the Group’s activities in the Netherlands and Luxembourg?

The business activities carried out can be basically encompassed, in three categories:

- The issue of bond in financial markets (financial intermediation),
- Reinsurance activity and
- Business activities referred to holding of international participations (holding activity).

### The financial intermediation activity

The financial intermediation activity consists essentially of raising funds in the international debt markets through the issuance of bonds (European Medium Term Notes EMTN programme or “perpetual” bond issues) or other types of financial instruments (e.g. short-term commercial paper –“ECP” programme–).

Although these issues have traditionally been carried out by the Dutch entity RIF, as a result of certain novelties introduced in 2021, the entity Repsol Europe Finance, S.à r.l. (REF, a Luxembourg company) has assumed a preferential role in the Group’s debt issues. In this context, it should be noted that in June 2021<sup>1</sup> and under the aforementioned novelty REF made two bond issues whose structure (remuneration, etc.) took into consideration sustainability indicators of the Repsol Group (Sustainability linked bonds).

Industrial groups (as is the case of Repsol) usually require significant volumes of financing with a long-term maturity time profile. Those

1. Possibility of dual issuance, a novelty introduced in the prospectus (Base Prospectus), which regulates the conditions of the Repsol Group’s issuance (EMTN).



€35M

of taxes paid in The Netherlands and Luxembourg in the period 2020-2022



requirements can only be fulfilled under certain economic conditions by the debt market.

The activity of these companies facilitates, therefore, access to competitive and essential sources of financing for the continuity of the Group's productive investments.

The bond issuance programmes are listed and admitted to trading on the Luxembourg Stock Exchange:

- Both the activity of RIF and REF are supervised by an EU authority (Commission de Surveillance du Secteur Financier –CSSF– in its French acronym) and subjected to rigorous controls, and regulatory requirements, which constitutes a solid guarantee for investors.
- The Benelux regulatory framework combines strictness in supervisory activity with the agility required by economic operators in the decision-making process. Both characteristics are highly valued by the companies subject to their regulation, as they provide a high degree of security and predictability.

In taxation matters, RIF and REF are taxed in the Netherlands and Luxembourg respectively for Corporate Income Tax purposes. They do not benefit from any specific regime of a rotated or sectorial nature (they are taxed at the general rate applicable corporate income tax in each of their countries).

When determining its profit (i.e. the “margin” remunerating the described intermediation

activity) both companies follow the arm's length principles, documented by independent expert reports and validated in tax audits. The Group's financial entities have also been validated in the framework of international tax audits (joint audits by various tax authorities in the context of the ICAP and ETACA programmes) and concluded to be reasonable.

#### **Reinsurance business**

Repsol, as an industrial Group, is exposed to a variety of inherent risks (which may include, among others, civil liability, own damage, personal injury, etc.) and loss of profit, terrorism or possible damage to the environment).

These risks are covered through a relatively standard industry scheme called “captive reinsurance”, channelled in the case of the Repsol Group through the Luxembourg entity Gaviota. This company is subject to the supervision and control of the Luxembourg regulator (Commissariat aux Assurances or CAA in its French acronym).

Gaviota, known as the “captive reinsurer” in insurance terminology, develops active management of the entrepreneurial risks assumed, determining in particular to the policy and tolerance profile as deemed appropriate, what percentage of risks it retains and how much of it goes backwards to global reinsurance markets.

Gaviota is subject to taxation in Luxembourg under the general Corporate Income Tax regime

Repsol Group's presence in the Netherlands and Luxembourg is driven by legitimate business reasons and does not benefit of any preferential tax regime.



and the special rules applicable to the insurance industry and does not benefit from any specific regime of a rotated nature nor does it benefit from any ad hoc scheme negotiated through tax rulings or similar agreements with the tax authorities.

#### **Holding activity**

The Repsol Group also carries out holding company activities in both countries through of 8 entities, mainly related to international investments in the E&P business segment.

The choice of the Netherlands and Luxembourg as jurisdictions for channelling this type of investment is primarily motivated by commercial flexibility, as their legislation allows for the easy incorporation of business collaboration formulas with other essential partners. for the diversification of the risks and investment efforts required in this business (for example, the case of Repsol Sinopec Brasil, B.V., a joint venture with Sinopec for the development of activities in Brazil in the E&P sector).

In addition, the need to protect the investment made in the host country against potential disputes is another important issue key element in choosing these countries as investment platforms.

This is not a minor issue. These countries have a very extensive network of “Agreements for the Promotion and Reciprocal Protection of Investments” (and in many cases complementary to the Spanish one) which

constitutes a guarantee in the event of possible international litigation.

In the specific case of the Netherlands, the configuration of standard structures investment scheme Dutch B.V. company with permanent establishment(s) abroad (“BV + EP”).

This configuration constitutes an efficient and flexible tool that allows it to adapt to local regulatory environments and to respond to the aforementioned needs for “mutualization” of business risk.

Taxation of PEs in the country recipient of the investment is established in a separate and autonomous way with respect to the obligations that might apply to the head office.

Taxation in the host country is normally high as E&P activities are usually subject to a high tax burden (e.g. PEs in Indonesia are subject to a nominal corporate tax rate between 40% and 42%.) The functionally separate entity approach to the taxation of PEs is a sign of respect to the sovereignty to the host country.





## International expansion of Repsol’s renewables business in the USA.

Repsol currently has a team of 34 professionals dedicated to the USA renewables business.

Repsol supports the legislative initiatives of the US Congress in favour of transparency and reduction of opacity

The US is one of the world’s largest, most dynamic and fastest-growing markets in the renewable energy sector. As such, it is a key part of Repsol’s strategy for the development of this business and meeting its decarbonisation targets. The group aims to install 2.5 GW of the 6 GW of power in the country by 2025.

With such an ambitious objective, the Repsol Group decided to enter this market through one of the main local business developers, Hecate Energy Group, LLC (Hecate), an entity in which it acquired a 40% participation in May 2021. Thanks to Repsol has already begun the construction and development of several photovoltaic parks in the states of Texas and New Mexico.

### The importance of Delaware for the sector

The renewable energy sector in the US often requires large investments prior to production start-up. These are investments that are exposed to risk over long periods of time in accordance with to the lifetime of wind farms and photovoltaic plants (more than 30 years).

The large size of the investments means that companies in the sector require third parties to develop their business. In particular, operators rely on dedicated external financing for project development and third party equity investors as for the production phase.

Both financiers and third party investors require reliable corporate structures to protect their investments with maximum legal certainty, but at the same time with an agile and predictable business regime.

They also demand specialized and efficient alternatives for resolving potential disputes. Delaware’s legal system has traditionally met these expectations, making it the state of choice for many industries to incorporate their companies in the US.

Beyond market considerations and business, and under general US tax law, companies in the industry incorporated in Delaware are subject to federal taxes, as well as to the taxes required by the states in which their sales are made or their assets/employees are located. It is therefore clear that the purpose of incorporating is to in Delaware is not fiscally motivated.

In addition, and to the satisfaction of many operators such as Repsol, who are opposed to any kind of opacity in the management of their businesses, the companies incorporated in the state of Delaware are subject to federal law Corporate Transparency Act as an integral part of the Anti-Money Laundering Act. Under these laws, the Financial Services Crimes Enforcement Network (FinCEN) approved



in September 2022 a new mandatory reporting of beneficial ownership information for entities operating in the US, which will be mandatory as 1 January 2024.

#### **Repsol's position**

The Repsol Group rejects any spurious use of Delaware's corporate status which involves opacity or concealment of the true nature of the Delaware corporate status of the activities carried out or of the ultimate beneficiaries of these activities. Repsol shows its support to the recent legislative initiatives promoted by the US Congress urging all States (including Delaware) to promote in their respective legislations the disclosure of beneficial ownership details and, therefore, to avoid the opportunity for certain actors to use shell companies incorporated in Delaware to hide illegal activities.

The Repsol Group subsidiaries incorporated in Delaware to develop the renewables business in the US respond to the need to participate, on equal terms, in a very mature and extraordinarily competitive market. The presence in this state does not interfere in any way with the Repsol Group's commitment to transparency or responsible compliance with its tax obligations:

- Repsol is prepared to comply with all the information requirements required in the “beneficial ownership reporting” under the US Transparency Act with the intention of anticipating its entry into force if possible. The corporate structure of the Repsol Group in the US can be found in the Repsol Group's FY 2022 Consolidated Financial Statements

- Under US tax law, corporations incorporated in Delaware are subject to federal taxes, as well as the taxes required by the states in which sales are currently made and sales are currently located (Texas and New Mexico) irrespective of their incorporation State.

Repsol's renewables business in the US is carried out by a group of subsidiaries controlled directly or indirectly by Repsol Renewables North America, Inc. in Texas and wholly owned by the Spanish company Repsol Renovables, S.A., company in which Repsol S.A. holds a 75% participation.

# Self-assessment of responsible tax contribution

## Tax Responsibility Thermometer

Using the assessment model called the Corporate Tax Responsibility Thermometer<sup>1</sup> as a benchmark, we have conducted a self-assessment of our tax contribution. The result for the 2018 CbCr, the 2019 CbCr and the 2021 CbCr is adequate in most cases, in the terminology of the model.

The 2020 CbCr results are not included due to their low representativeness, as the pandemic caused by COVID-19 had a strong impact on the profitability of Repsol's businesses, with losses reported in most jurisdictions.

### CbC 2021

Aspects	Rate	REPSOL	Tax responsibility scale			
			adequate	acceptable	improvable	deficient
Global Tax Contribution	1. Effective tax rate (global, three years average)	<b>28%</b>	>20%	15% - 20%	10% - 15%	<10%
	2. Effective tax rate as a percentage of nominal tax rate (global, three years average)	<b>76%</b>	>90%	75% - 90%	50% - 75%	<50%
Location of profits in controversial territories	3. Turnover (tax controversial territories / total)	<b>2%</b>	0-10%	10% - 20%	20% - 30%	>30%
	4. Profits (tax controversial territories / total)	<b>5%</b>	0-10%	10% - 20%	20% - 30%	>30%

### CbC 2019

Aspects	Rate	REPSOL	Tax responsibility scale			
			adequate	acceptable	improvable	deficient
Global Tax Contribution	1. Effective tax rate (global, three years average)	<b>28%</b>	>20%	15% - 20%	10% - 15%	<10%
	2. Effective tax rate as a percentage of nominal tax rate (global, three years average)	<b>78%</b>	>90%	75% - 90%	50% - 75%	<50%
Location of profits in controversial territories	3. Turnover (tax controversial territories / total)	<b>2%</b>	0-10%	10% - 20%	20% - 30%	>30%
	4. Profits (tax controversial territories / total)	<b>5%</b>	0-10%	10% - 20%	20% - 30%	>30%

### CbC 2018

Aspects	Rate	REPSOL	Tax responsibility scale			
			adequate	acceptable	improvable	deficient
Global Tax Contribution	1. Effective tax rate (global, three years average)	<b>30%</b>	>20%	15% - 20%	10% - 15%	<10%
	2. Effective tax rate as a percentage of nominal tax rate (global, three years average)	<b>91%</b>	>90%	75% - 90%	50% - 75%	<50%
Location of profits in controversial territories	3. Turnover (tax controversial territories / total)	<b>3%</b>	0-10%	10% - 20%	20% - 30%	>30%
	4. Profits (tax controversial territories / total)	<b>1%</b>	0-10%	10% - 20%	20% - 30%	>30%

1. Only the main quantitative indicators of the thermometer have been used, in order to demonstrate that no benefits are being shifted to controversial territories. The full Thermometer model, developed by the working group “Alliance for Fiscal Responsibility”, formed by ESADE (School of Law), IHE (Association of State Tax Inspectors), OXFAM Intermon and Sustentia, is available at: [www.oxfamintermon.org](http://www.oxfamintermon.org)



**2022**

REPSOL Group

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Presence in tax  
havens and “other  
Controversial  
Tax Jurisdictions”