



REPSOL Group

2023

Cooperative
Relationships



Introduction

The strengthening of relations with tax administrations based on trust, good faith, professionalism, loyalty and the search for mutual understanding is one of the principles on which our tax strategy and policy are based.

Faithful to this commitment, at Repsol we aspire to maintain a cooperative, lasting and sustainable relationship with the main tax administrations to which we are taxpayers.

Repsol also wishes to contribute responsibly to the creation of a more balanced and fairer international tax framework. To this end, it collaborates actively with international organisations and other interest groups to foster the development of institutional relations, identify formulas for aligning the company's tax policies with social reality, facilitate the application of the tax system and enable anticipation in the management of tax matters.

Abbreviations and acronyms

ACAP: Assisted Compliance Assurance Programme (Singapore)

AEAT: *Agencia Estatal de Administración Tributaria* (Spain)

AT: Portuguese Tax Agency

BEFIT: Business in Europe: Framework for Income Taxation

BIAC: Business and Industry Advisory Committee (now Business at OECD)

BoD: Board of Directors.

CAP: Compliance Assurance Process (USA)

CBPT: *Código de Buenas Prácticas Tributarias* (Code of Good Tax Practices) (Spain)

CEOE: *Confederación Española de Organizaciones Empresariales* (Spanish Confederation of Employers' Organisations)

CRA: Canada Revenue Agency

DTA: Dutch Tax Authority

ICAP: International Compliance Assurance Programme

IVTF: *Informe Voluntario de Transparencia Fiscal* (Voluntary Tax Transparency Report) (Spain)

EITI: Extractive Industries Transparency Initiative

ETACA: European Trust and Cooperation Approach

E&P: Exploration and production

GST: Goods and Services Tax

HMRC: His Majesty's Revenue and Customs

ICC: *International Chamber of Commerce*

IFA: International Fiscal Association

IRS: Internal Revenue Service (USA)

ITIC: International Tax and Investment Center

MAP: Mutual Agreement Procedure

OECD: Organisation for Economic Co-operation and Development

Tax Principles

Repsol aims to maintain a cooperative relationship with the main tax administrations in the countries where it operates.

AEO: Authorised Economic Operator

EU: European Union

UN: United Nations

PE: Permanent Establishment

SP: Strategic Plan

SUNAT: *Superintendencia nacional de Aduanas y de Administración Tributaria* [National Superintendence of Customs and Tax Administration] (Peru)

Repsol and compliance initiatives / cooperative relationship

	<u>Scope</u>	<u>Initiative</u>	<u>Milestones</u>
Cooperative Relations	Spain	AEAT - CBPT	Accession 2010. IVTFs have been submitted continuously (since 2015). Proactive reporting of relevant transactions
	Brazil	CONFIA Programme	Active participation in all working groups formed for the preparation of reports on Tax Control and the Code of Best Practices.
	Spain / EU	Authorised Economic Operator	Recognition as reliable operators in foreign trade (security and good practices in the international supply chain of goods).
	USA.	IRS cooperative relationship	Extended the "low risk" rating to periods beyond its participation in <i>ICAP</i> , establishing cooperative relationship formulas.
	The Netherlands	Horizontal Tax Monitoring	Long relationship (mutual trust) that has allowed the DTA to mediate in the resolution of international disputes. Review and control standards similar to the Horizontal Tax Monitoring relationship established with the authorities.
	Peru	Authorised Economic Operator	Recognition as reliable operators in foreign trade
	Portugal	Risk assessment programme	Founding member of the <i>Fórum de grandes empresas</i> . Leadership in the drafting of the Portuguese CBPT.
	United Kingdom	Risk review	Qualified as "low risk" taxpayers by <i>HMRC</i> . Participation in <i>O&G Industry Direct Tax Forum</i>
	Singapore	ACAP	Voluntary accession to the programme for the review of internal procedures for indirect taxation as a compliance guarantee
Compliance programmes	OECD	ICAP	Participation in the 2016 pilot programme. Repsol, classified as a low-risk contributor of non-compliance in the areas reviewed.
	EU	ETACA	Participation in the pilot programme ["European <i>ICAP</i> ": Multilateral Review of Certain Related Party Transactions]
Presence in cooperation forums	UN	UN Subcommittees	Since 2014 Repsol has been a member of various UN taxation subcommittees, in particular on <i>E&P</i> and environmental taxation.
	OECD	Business at OECD (BIAC)	Official body representing business interests in the OECD
	Corporate	ICC	<i>Vice-chair</i> of the <i>ICC</i> tax committee. Co-editor of the handbook " <i>Cooperative Compliance</i> " (Univ. of Vienna) and on carbon pricing.
	International	EITI	Founding member. Promoting transparency and accountability in countries with extractive industries to avoid "mismanagement".
	International	B-Team	Repsol endorsed the "Principles of responsible taxation". Described as a "radically transparent" multinational in the tax area.
	Corporate	Several associations	Active participation in the Tax Commission of <i>Business Europe</i> , <i>CEOE</i> and sectoral organisations.

Actions in the field of cooperative relations

As established in Repsol's Tax Policy, the Group is committed to:

- Collaborate with tax administrations in detecting and finding solutions to fraudulent tax practices in the markets in which it operates.
- Provide public administrations with the required information and documentation with tax implications in the shortest possible time and to the appropriate extent.
- Prioritise non-litigious avenues for conflict resolution, where feasible, and make use of the possibilities offered by legal procedures to enhance agreements with administrations.

In view of the above, the main initiatives developed by the Group that show the degree of commitment to achieving the objectives defined in this area are described below.



Spain. Adhered to the Code of Good Tax Practices.

The Repsol Group is a member of the CBPT. Sponsored in 2010 by the Large Companies Forum, its objective, among others, is to promote a cooperative relationship between the AEAT and the companies that voluntarily decide to join it.

As a result of the resolution of the BoD of Repsol, S.A. of 23 September 2010 (resolution adopted by this entity in its capacity as parent company), all the companies in the corporate income tax group (group 6/80) and the group of value added tax entities (VAT group 0120/08) are subject to the rights and obligations established in the CBPT.

Within the framework of the CBPT, different types of activities and initiatives have been developed, among which the following can be highlighted:

Review by the BoD on the application of the tax policies

In accordance with the provisions of the CBPT, the company's head of taxation reports to the **BoD** and, at least once a year, to the **Audit and Compliance Committee**, on the tax policies applied by Repsol during the year, providing detailed explanations on the following matters, among others:

- Assessment of the degree of compliance with the principles guiding Repsol's tax policy and the specific evidence to support it.
- The Group's performance and tax contribution for the year.
- Repsol's tax risk management policy.
- The approval and monitoring of the corporate structure.
- The Group's presence in non-cooperative jurisdictions.
- The voluntary submission to the AEAT of the IVTF, as well as the AEAT's assessment of the same (see next section) and
- Other voluntary tax transparency initiatives (tax contribution report, public *Country by Country*, etc.).

CBPT

Repsol has been a member of the CBPT in Spain since 2010.

Report to the BoD

The BoD monitors the Tax Strategy and the implementation of Tax Policy.

Submitting the IVTF

As mentioned in the previous section, since 2015 and without interruption, Repsol has been submitting the IVTF to the AEAT, as a manifestation of the Group's commitment to greater transparency.

This document includes relevant information on Repsol's economic activity, as well as detailed explanations of tax-related actions and decisions taken by Repsol.

Repsol has at all times shown its willingness to include in the IVTF the suggestions for improvement and clarifications indicated by the AEAT, which has been evident in the communications received from the AEAT.

Thus, the AEAT has welcomed Repsol's initiative and commitment to transparency as expressed in the presentation of the IVTF, having expressly highlighted, in official correspondence with the company, *"the magnificent willingness and facilities offered by the entity, through its representatives, both for the submission of the Transparency Report itself and for the clarifications that have been made subsequently"* and thanked *"for the transparency exercise carried out voluntarily, which will undoubtedly contribute to increasing mutual knowledge, legal certainty and reciprocal trust"*.

On the other hand, the AEAT publishes on its [website](#) the list of companies, including Repsol, that have voluntarily submitted the IVTF for the 2020, 2021 and 2022 financial years. This is a public recognition of the proactivity shown by Repsol and the rest of the companies that submit this report. As the AEAT points out on the same page, *"these reports submitted by companies make effective the reinforcement of the good practices of corporate tax transparency contained in the Code of Good Tax Practices adopted in the Forum of Large Companies"*.

Regular meetings with the AEAT on co-operative compliance

Lastly, in the area of the CBPT and cooperative relations, we would like to highlight the holding of regular meetings between the staff of the Central Large Taxpayers Delegation and the company, the purpose of which has been to continue to deepen knowledge of the Group's business and activities, the policies followed, and the operations carried out with tax implications.

In the words of the AEAT, these initiatives allow it to *"continue working with this entity in this framework of collaboration and transparency in order to achieve the fundamental objective of promoting voluntary compliance and reducing litigation"*.

IVTF

Since 2015 Repsol has submitted the Voluntary Transparency Report, improving its content following the suggestions of the AEAT.

Brazil. Active participation as coordinator in the *CONFIA* programme.

In November 2021, the Brazilian Federal Administration (*Receita Federal do Brasil*) invited Repsol Sinopec Brasil, S.A. to participate in the design of the collaborative programme called *CONFIA*.

Inspired by the co-operative relationship models promoted by the OECD, *CONFIA* aims to foster a culture of tax compliance and a new type of relationship between tax authorities and taxpayers in Brazil. The *CONFIA* programme is being developed in different stages and is targeted at major Brazilian companies. Different working groups have been formed to prepare Tax Control reports and a Code of Good Tax Practices to be implemented by companies in the future.

Repsol Sinopec Brasil S.A. is actively participating in all the working groups and is one of the nine voluntary companies that participated in the test phase between September 2022 and December 2023, date the pilot program began.

Spain. Qualification as AEO in the EU.

Repsol Petróleo, S.A., Petróleos del Norte, S.A. (Petronor), and Repsol Química, S.A., have been granted AEO authorisation, both for customs simplifications and for safety and security. Repsol Trading, S.A. has been granted AEO authorisation for customs simplifications.

This authorisation implies their recognition as reliable operators in foreign trade, accredits their compliance with certain security measures and good practices in the international supply chain of goods and expresses their willingness to maintain a cooperative relationship with the customs authorities.

United States. Formula analogous to *CAP* cooperative relationship.

As a result of Repsol's participation in the ICAP pilot program, cooperative relationships with the IRS have been intensified, with the classification of taxpayer with “low risk of non-compliance” having been extended to years subsequent to those that were subject to initial review.

Likewise, formulas for cooperation with the IRS of a nature and scope similar to the U.S.A. CAP cooperative program have been established, aimed exclusively at multinationals listed in the U.S.A., which will allow for a deeper understanding of the reality of Repsol's businesses in the country.

The Netherlands. Implementation of the horizontal tax control programme.

In this jurisdiction the concept of *horizontal tax monitoring* refers to a scheme of action that serves as a regulatory reference framework for the development of cooperative relations between companies and the tax administration.

The taxpayer voluntarily and periodically provides information on its tax control framework. In particular, it reports on tax strategy, tax functions, control mechanisms, compliance monitoring and tax reporting.

PGS 2023

Objective:

Promote relations cooperatives and the search of solutions friendly with tax administrations.

This scheme is aimed at companies qualified in the Netherlands as "Very Large Businesses" based on their size in that jurisdiction, although in recent times the scope has been extended to (i) medium-sized companies with a strong presence in the Netherlands and (ii) all companies that do not meet the above-mentioned categories if they fulfil certain requirements.

Although Repsol does not formally participate in the "Horizontal tax monitoring" programme, it has voluntarily established similar standards of review and control of its tax activities with the Dutch tax authorities, which, in practice, serve the same purpose, especially given the high level of knowledge that the tax authorities have acquired about the Repsol Group as a result of Repsol's participation in the OECD's ICAP programme.

Peru. Qualification as OAS.

In 2019, La Pampilla Refinery was granted AEO authorisation by the Peruvian Customs Administration (SUNAT) in view of its track record of compliance with current regulations, its adequate system of accounting and logistical records that guarantee the traceability of operations, its duly proven financial solvency and level of security.

On an annual basis, Customs is empowered to carry out certification maintenance procedures, for which no observations have been notified.

Portugal. Founding member of the Fórum de Grandes Empresas.

Repsol is a founding member of the *Fórum de Grandes Empresas*, set up in March 2014 by the TA and to which belongs 29 companies.

The main actions of the Forum focus on the following objectives: the preparation of a Code of Good Practices and measures to facilitate interaction between companies and the TA. Regarding the first objective, a Code was approved in 2019, which can be joined by any taxpayer, natural or legal person. Regarding the second objective, some measures have already been approved and have even led to regulatory changes. Additionally, there are other reform initiatives underway, among which stand out: (i) the creation of a generic bank guarantee that can be assigned to future debts to avoid tax enforcement and (ii) the approval of an annual transparency report. fiscal, inspired by the Spanish model.

Regarding the latter, in 2023 a working group was created, coordinated by the AT and Repsol, which includes 12 companies and the Administration with the aim of preparing a "voluntary tax transparency report" similar to the Spanish one.

Repsol also participates in the "risk assessment programme" with the TA. This provides relevant information on the declarations submitted and the main operations for the period. In joint analysis meetings, management may request explanations or additional information on specific issues.

This cooperative and transparent relationship is voluntary and is not binding on the parties. It is intended to facilitate a better understanding of the company by the administration for the purpose of assessing whether or not to initiate a formal tax audit procedure. In addition, it serves for the taxpayer to know the administration's position on the most controversial issues, all in a climate of transparency and mutual trust.



United Kingdom. Membership of the *Oil & Gas Industry Direct Tax Forum*.

Since 2019 Repsol Sinopec Resources UK Ltd. has been rated as a low-risk contributor at HMRC's annual *Business Risk Review* meetings.

Our company is also a member of the "*Oil & Gas Industry Direct Tax Forum*". This initiative facilitates the creation of links between the business community of the *Oil & Gas* sector and the tax administration (*HMRC*) based on an environment of mutual trust and cooperation.

Through the Oil & Gas Industry Direct Tax Forum meetings, the business community is able to provide *HMRC* with an insight into the tax policies in place, as well as information on new developments and interpretative criteria applicable to the *Oil & Gas* tax legislation.



Singapore. Accession to the *ACAP* programme.

Since 2016, Repsol has voluntarily engaged into the *ACAP* programme. This programme consists of the review of internal procedures by an authorised third party (tax advisor), introducing controls that ensure the correct declaration of transactions for Singaporean VAT purposes, thereby increasing legal certainty and cooperation with the tax Administration of this country.

In late 2020, Repsol Trading Singapura (RTSG) was formally applied for GST *ACAP* status with the Singapore tax authorities. With the procedures completed in December 2022, the Singapore tax authorities agreed to grant RTSG *ACAP* Premium status from 25 February 2023 to 24 February 2028. This represents recognition of the efforts made by the company to establish a tax infrastructure that ensures compliance with its GST obligations, having demonstrated a long-term commitment to incorporating GST risk management as part of the entity's good corporate governance.

The main benefits for RTSG that arose from obtaining this status are:

- Reduction in the control activities of GST returns by the IRAS.
- Faster GST refunds.
- Team devoted to resolving doubts and queries on GST matters in a faster way.

Participation in Compliance Programmes

Repsol is a pioneering multinational in the new areas of cooperative relations that have been opening up between tax administrations and taxpayers in recent years. These programmes are aimed at creating a framework of trust and tax cooperation that improves the application of the tax system, communication and mutual understanding between the parties.

Thus, the primary objective of compliance programmes is to anticipate and prevent tax risks, thereby increasing legal certainty and reducing conflict and litigation.

The experience acquired by Repsol in the *ICAP* initiative sponsored by the OECD has allowed it, as has been shown in other sections of this report, to open new channels of dialogue with the administrations of the countries in which it is present, as well as inviting it to collaborate with supranational bodies such as the European Commission in the design of similar programmes.

ICAP-ETACA

Repsol Spanish company invited to participate in the first multilateral relationship programmes [*ICAP* of the OECD and *ETACA* of the EU].



OECD: We participated in the first ICAP programme

In 2018 Repsol was invited to participate in the first **ICAP** programme, an OECD initiative that aims to increase cooperation between tax administrations for the supervision of tax risks in multinational groups in relation to transfer pricing and permanent establishments. Repsol's assessment involved the tax administrations of Spain, the US, Canada, the Netherlands and the UK.

As a result of this analysis, the participating tax administrations considered that the areas of the Repsol Group that were analysed present a low risk of non-compliance tax.



U.E.: We collaborated in the design of the ETACA.

At the European level, in 2021 the Commission presented its *ETACA* cooperative compliance programme, with the first pilot with participating companies taking place in 2022. This initiative represents one of the European Commission's lines of work aimed at facilitating corporate tax compliance, and is based on a relationship of enhanced cooperation, transparency and mutual trust, as announced in the "tax package" presented in July 2020.

Repsol participated in the design of *ETACA* at the request of the European Commission, holding meetings together with other taxpayers and the Commission itself in order to provide feedback and share experiences on its participation in cooperative compliance programmes, both national and international [i.e. *ICAP*].

Once the program was designed, and in 2022, Repsol participated, at the invitation of the AEAT, in the first *ETACA* pilot in which, in the case of Repsol, the administrations of Germany, Spain, Luxembourg, the Netherlands and Portugal also participated. Within the framework of said pilot program, coordinated review actions ("multilateral audits") of the Group's fiscal control framework and the policies applied regarding transfer pricing are being carried out, which will allow a global evaluation of the level of risk of the company in such a sensitive area.

In this area, it is worth noting that, in March 2023, Repsol was formally invited by the European Commission to a working meeting to gather our vision on the practical operation of the initiative, in light of our previous experience in the ICAP program and our insight on the learning obtained therein and that could be extrapolated to ETACA.

Collaboration in tax forums

International Tax framework

Repsol contributes to the creation of a more balanced and fairer international tax framework.

Much of the tax legislation currently in force is developed in the debates and forums of various international organisations (UN, OECD, EU, etc.).

Therefore, Repsol endeavor to establish and promote institutional relations with these authorities and other stakeholders in order to align the company's tax policies with social reality, to contribute responsibly to the creation of a more balanced and fairer international tax framework and to enable anticipation in the management of tax matters.

In this context, Repsol actively participates in different international and sectoral organisations, to which it contributes its opinion and experience on the various issues that may arise. It is not unusual for Repsol to be called upon on occasions to lead on issues and topics that are highly technical given its links to energy or due to Repsol's pioneering experience in these areas.

Repsol participates by showing respect and seeking consensus among the various groups (bodies and organisations, investors, civil society, academia, etc.) that make up the different working groups in which it collaborates, through a transparent exchange of opinions on the issues, regulatory developments, doctrine or trends in tax matters that arise.

Through our participation in these debates (in most cases at the invitation of the relevant organisation) we have had the opportunity to present our views on issues of great importance in the current environment, such as the tax contribution of multinationals, the problem of profit shifting and the demand for information on payments made by companies to governments, which we summarise below.

UN

Repsol is the only Spanish company that cooperates in the preparation of tax guides for developing countries.

Members of various UN tax sub-committees:

Since 2014 Repsol has been a member of various subcommittees of the **UN Committee of Experts on International Cooperation in Tax Matters (Tax Committee)**.

In particular, it has participated in the subcommittees on the *Subcommittee on Extractive Industries Taxation Issues for Developing Countries*, the *Subcommittee on the environment*, focused on the implementation of a carbon tax (*Subcommittee on Environmental Taxation Issues*) and the *Subcommittee on the Mutual Agreement Procedure - Dispute Avoidance and Resolution*.

The result of this collaboration has materialized, among others, in the following handbooks:

- "[United Nations Handbook on Selected Issues for Taxation of the Extractive Industries by Developing Countries](#)" The second edition, which is still pending publication, updates and includes new chapters on issues of interest to developing countries and in which Repsol has led, and is currently leading, the technical direction of some of them at the express request of the Committee.
- "[Handbook on Carbon Taxation for Developing Countries](#)", in which Repsol has actively participated in the drafting of some sections.
- "[Handbook on Dispute Avoidance and Resolution](#)", in which Repsol contributed its experience in the processing of friendly procedures, proposing improvements to improve their efficiency.

BIAC Taxation Committee:

Repsol is member at the Tax Committee of *BIAC*. This organisation enables the companies it represents to contribute to growth, economic development and social prosperity by interacting with the various representatives of the OECD.

During 2022 and 2023, Repsol, through the BIAC Committee on Taxation and Fiscal Policy, has participated in the working group related to “Pillar II” after the publication of the anti-erosion measures of the tax base aimed at guaranteeing minimum effective taxation. This working group has collaborated closely with the OECD in order to convey the vision of the business community on the most relevant issues.

Vice-Chair of the ICC:

Repsol acts as *Vice-chair* of the [ICC](#) Tax Commission as well as the presidency of the ICC Spain Fiscal Commission. Repsol's work in the meetings and in several of the groups of this organization has been reflected, among others, in the participation in the document on the principles that should govern an adequate pricing system for carbon rights, presented during the COP27 and in the debate on mechanisms for the prevention and resolution of tax disputes in developing countries. Likewise, Repsol continues to participate in public consultations on different aspects of both the OECD (Pillar I, Pillar II) and the UN (international teleworking), conveying the comments of the companies represented.

Business Europe Tax Committee:

At the European level, Repsol is a member of [Business Europe's](#) *Tax Policy* Committee, which monitors new developments in corporate taxation at the EU level and gathers the voice of companies and business organisations in a continuous dialogue with various EU bodies. Recently Repsol has participated in consultations and debates on the Global Minimum Taxation Directive, the Pillar I and Pillar II initiatives of the OECD, the proposals for the BEFIT Directive, on Transfer Pricing and the proposed definition of PE in the extractive industry.

In addition to the general group on taxation, Repsol also forms part of the specific subgroup in Business Europe related to environmental taxation (Green taxation), which deals with the various initiatives of the Commission on taxation of energy and associated emissions, as well as Energy Taxation Directive - very relevant for Repsol - and the Carbon Border Adjustment Mechanism.

Founding member of the EITI:

On another note, Repsol is a founding member of the [EITI](#). This initiative was born in October 2002 with the aim of promoting transparency and accountability in resource-rich countries in order to mitigate the negative effects of mismanagement and to fight corruption and tax evasion.

The EITI establishes a global standard for companies to publish what they pay and governments to report what they receive in a context of respect for contracts and law, promoting cooperative relationships between these companies with administrations and with society.

In 2021, Repsol signed a commitment within the EITI to promote transparency in relation to beneficial ownership, the first non-mining energy company to sign such an agreement.

The EITI has recently refined its member company initiatives to support gender equality and transparency of trading company profits, especially in transactions with state-owned companies.

Adhering to the B-Team Principles of Responsible Taxation:

B-Team

Repsol has been a member of the Responsible Tax Principles since 2018.

Repsol participates in the [B-Team](#), a non-profit initiative sponsored by a group of global leaders in politics and finance that aims to be a catalyst for a new way of doing business, focused on the well-being of people and the planet.

As part of the *B-Team*, together with other multinationals and in collaboration with investors, international organisations and NGOs, we drafted the [Principles for Responsible Taxation](#), which we endorsed in 2018.

These principles cover relevant areas of tax management, interaction with tax authorities and transparency and aim to become a global standard of good practice to inspire responsible tax behaviour by the business community.

In recognition of Repsol's commitment to transparency, in 2020 the *B-Team* published a [case study](#) highlighting Repsol as one of the "most radically transparent" multinationals from a tax perspective.

In 2021 and 2022, we continued to participate in the two working groups created for this purpose: one to deepen the practical application of the principles of Responsible Taxation and on the different existing *reporting* standards regarding the information provided to stakeholders, particularly investors.

During 2022 and 2023, Repsol carried out a compliance *peer-review* together with other *B-team* member companies regarding the commitments to the principles of responsible taxation. The result of the review corroborated Repsol's full compliance with all the principles, as reflected in the self-assessment published on our website.

Responding to public consultations through EU sectoral fora:

In the EU, Repsol participates actively through [Fuels Europe](#) the anticipation and review of regulatory changes in the area of indirect taxes made by the European Commission, as well as in lobbying work related to these changes.

Through this organization, the impacts of the proposed revision of the Energy Taxation Directive (ETD) were studied and analyzed, where Repsol's participation in responding to the public consultation in relation to the same. During 2023, different texts that have become known about this file have continued to be analyzed and different position documents have been participated in relation to the review of this Directive.

Other partnerships:

Finally, it is also worth mentioning Repsol's participation in other professional and business associations, such as the [IFA](#), the [ITIC](#), the Tax Commission of the [CEOE](#), etc., through which we try to convey our commitment to build a fairer and more effective tax system.
