



REPSOL Group

2024

Tax Approach
and
Cooperative
Relationships



About this report

Repsol publishes this report with the aim of setting out its vision of the environment and describing the actions it is taking to contribute to achieving a fairer and more balanced international tax framework.

This initiative is therefore part of Repsol's commitment to transparency and responsibility, key pillars of its Fiscal Policy.

The global tax environment is constantly evolving, conditioned by the energy transition, the digitalization of economies and the demand for greater transparency from companies.

Tax reforms are continually transforming the global tax system. The adoption of Pillar 2 by many countries in the OECD's Inclusive Framework has marked a milestone in the international tax landscape by establishing a 15% global minimum tax on multinationals

Repsol faces these challenges by applying the principles on which its Tax Policy is based. One of them is the strengthening of relations with tax administrations based on trust, good faith, professionalism, loyalty and mutual understanding.

Our commitment is to maintain a cooperative, long-lasting and sustainable relationship with the main tax administrations to which we are taxpayers

The main objectives of this approach are the anticipation of legislative and regulatory changes, the agile implementation of new requirements and the prevention and mitigation of potential tax risks.

Commitment to transparency and accountability

Our position in this ever-changing tax environment is clear, as evidenced by the publication of this report and other relevant tax information on the Repsol website.

The following reports are available on the Repsol website:

- Tax contribution report
- Country-by-Country Corporate Income Tax Report [*CbCR*].
- Report of presence in tax havens and "other controversial territories".

In accordance with our commitment to strict compliance with tax laws and transparency in relations with the tax authorities, Repsol also collaborates with international organizations and other interested parties to promote the development of institutional relations, identify ways to align the Company's tax policies with social reality and facilitate the application of the tax system.

Taxation

We publish detailed tax information on our website ["Responsible taxation"].

Abbreviations and acronyms

ACAP: Assisted Compliance Assurance Programme [Singapore]

AEAT: *Agencia Estatal de Administración Tributaria* [State Tax Administration Agency] [Spain]

AEO: Authorized Economic Operator

APA: Advanced Pricing Agreements.

BEFIT: Business in Europe: Framework for Income Taxation

BIAC: Business and Industry Advisory Committee [currently Business at OECD]

BoD: Board of Directors

CA&C: Audit and Control Committee.

CAP: Compliance Assurance Process [U.S.A.]

CBAM: Carbon Border Adjustment Mechanism.

CbCR: Country by Country Report.

CBPT: Code of Good Tax Practices.

CEOE: Spanish Confederation of Employers' Organizations

CRA: Canada Revenue Agency

DTA: Dutch Tax Authority

EITI: Extractive Industries Transparency Initiative

ETACA: European Trust and Cooperation Approach

ETD: Energy Tax Directive

E&P: Exploration and Production

EU: European Union

GILTI: *Global Intangible Low Tax Income* [U.S.A.]

GST: *Goods and Services Tax*

HMRC: *His Majesty's Revenue and Customs*

HVO: *Hydrotreated Vegetable Oil*

ICAP: *International Compliance Assurance Programme*

IFA: *International Fiscal Association*

IRAS: Inland Revenue Authority of Singapore

IRS: Internal Revenue Service [U.S.A.]

ITIC: International Tax and Investment Center

IVTF: *Informe Voluntario de Transparencia Fiscal* [Voluntary Tax Transparency Report] [Spain]

O&G: Oil & Gas

OECD: Organization for Economic Cooperation and Development

PE: Permanent Establishment

SAF: Sustainable Aviation Fuel

SUNAT: National Superintendency of Customs and Tax Administration [Peru].

TA: Portuguese Tax Agency

TGF: Tax Governance Framework [Singapore]

TP: Transfer Pricing

UN: United Nations

Repsol and compliance initiatives / cooperative relationship

	<u>Scope</u>	<u>Initiative</u>	<u>Milestones</u>
Cooperative Relations	Spain	AEAT - CBPT	Accession 2010. Uninterrupted submission (since 2015) of IVTFs. Proactive communication of relevant transactions
	Brazil	CONFIA Program	Participation in all the working groups formed for the preparation of reports on fiscal control and the Code of Best Practices
	Spain / EU	Authorized 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 after its participation in <i>ICAP</i> , establishing cooperative relationship formulas.
	Netherlands	DTA cooperative relationship	Established with the authorities similar standards of review and control to those of <i>Horizontal Tax Monitoring</i> .
	Peru	Authorized Economic Operator	Recognition as reliable operators in foreign trade
	Portugal	Risk assessment program	Founding member of the <i>Fórum de grandes empresas</i> . Leadership in the drafting of the Portuguese <i>CBTP</i> .
	UK	Risk review	Qualified as "low risk" taxpayers by HMRC. Participation in O&G Industry Direct Tax Forum
	Singapore	ACAP /TGF	Granting of <i>ACAP Premium</i> status in indirect taxation and use of the TFR in direct taxation
Compliance programs	OECD	ICAP	Participation in the pilot program for tax year 2016. Repsol, rated as a low-risk contributor of non-compliance in the areas reviewed.
	EU	ETACA	Participation in the pilot program ("European ICAP": 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, particularly on E&P and environmental taxation.
	OECD	BIAC	Official body representing business interests at OECD
	Private Sector	ICC	Vice-chair of the ICC tax committee. Co-writer of the manual " <i>Cooperative Compliance</i> " (Univ. of Vienna) and on carbon rights pricing.
	International	EITI	Founding member. Promoting transparency and accountability in countries with extractive industries to avoid "mismanagement".
	International	B-Team	Co-writer of the "Principles of Responsible Taxation". Qualified as a "radically transparent" multinational in the tax area.
	Private sector	Several associations	Active participation in the Tax Commission of Business Europe, <i>CEOE</i> and sectorial forums

Cooperative relationships

At Repsol, we strive to maintain open and honest communication and collaboration with all stakeholders.

We promote institutional relationships with tax administrations and other stakeholders that allow us to proactively manage tax issues in light of potential future regulatory changes and mitigate their risks and impacts.

We set ourselves the following lines of action:

- Collaborate in the detection and search for solutions to fraudulent tax practices.
- To provide the public administrations with information and documentation of fiscal importance in the shortest possible time and with due scope.
- Prioritize non-litigious avenues for conflict resolution.
- Make use of the possibilities offered by legal procedures to promote agreements with tax administrations.

We foster a relationship with tax administration based on trust, professionalism, good faith, collaboration, loyalty and understanding.

Our dialogue is open and honest and respects the discretionary powers of the institutions and organizations with which we interact.

Repsol recognizes that governments are solely responsible for their fiscal policy and the resulting laws

In cases where taxes are introduced or modified with significant effects, Repsol advocates, with due respect, that companies should be able to show legislators the impact that tax regulatory changes may have on economic activities

This commitment is intended to help minimize unintended consequences and maintain a stable, sustainable and competitive fiscal environment

Cooperative Relations

We prioritize non-litigious means of dispute resolution.

Our approach to various tax issues

Repsol operates in an increasingly complex and challenging tax environment. The company is committed to energy transition and sustainability, but to achieve these goals it is crucial that the tax framework is fair, predictable, and competitive.

In view of the above, we set out below, in a necessarily brief manner, the main principles that guide Repsol's position in relation to various critical tax issues. Likewise, and in accordance with our aspiration to contribute to the construction of a fairer and more balanced international tax system, we propose certain specific tax policy measures with which we intend to provide a solution to the challenges identified.

Taxation of the energy transition

The implementation of the Paris Agreement requires an energy transition that guarantees an adequate solution to the "trilemma" of security of supply, accessibility, and sustainability. This solution can only be satisfactorily achieved by relying on all available technologies and energy sources that reduce emissions. To this end, the circular economy, energy efficiency, the integration of renewable energies, the use of renewable fuels and the electrification of mobility will be relevant.

In order to provide an adequate solution to the energy trilemma and ensure the decarbonization of the economy, it will be crucial to maintain low energy prices, reducing the tax burden on those products that guarantee the reduction of emissions.

Repsol advocates the reform of the *ETD*, establishing minimum tax rates and harmonized exemptions in the EU according to the environmental performance of the energy product, which should mean favorable treatment for renewable fuels (*HVO*, *SAF*...).

Additionally, following the publication of the Clean Industrial Deal dated February 26, 2025, significant and high-risk investments will be required for energy transition. This process should be supported by tax

incentives for both investment and production. This is the way to guarantee the competitiveness of European industry, as other jurisdictions in our environment have already done.

Windfall" profit taxes on the O&G sector

Repsol considers certain extraordinary taxes to be arbitrary, unfair, lacking in economic rationale and seriously harmful in an environment that requires investment for the decarbonization of the economy. These types of taxes or levies generate legal uncertainty and disputes, which do not favor the necessary investment to transform our industry and make it competitive in an environment of change such as the current one.

Therefore, we propose the elimination of these taxes or levies, especially when they are not applied uniformly and equitably to operators in comparable situations. In any case, we consider that corporate profits, whether ordinary or extraordinary, should be taxed with the fiscal instruments existing in each jurisdiction for this purpose [e.g. corporate income tax].

Global Minimum Taxation (Pillar 2)

The current configuration of this regulation generates an excessive formal burden with a low collection impact, accompanied by a high risk of fragmentation in its application and potential disputes.

Repsol supports the introduction of a permanent simplified "Safe Harbors" system, based on information already being provided to tax authorities [e.g.: *CbCR*].

It would also be advisable to seek a system compatible with the US GILTI regulations to avoid misalignment and to reach solutions that allow stable trade between the EU and the US.

Legal certainty and simplification

Increasing regulatory complexity and the retreat of multilateralism increase the risks of tax conflicts with double taxation scenarios.

For this reason, greater business involvement is needed in the regulatory drafting process and the development of mechanisms for greater mutual knowledge between administrations and companies [ICAP, ETACA, cooperative relationship programs].

Also, the introduction of technical improvements in certainty-seeking mechanisms [APA, tax rulings] and in dispute prevention and resolution procedures for the search for quick and effective solutions.

Finally, EU companies are currently subject to a high volume of reporting obligations and anti-abuse measures with little impact, resulting in duplication and inconsistencies. Repsol therefore supports the review and simplification [*decluttering*] process initiated by the European Commission with the aim of reducing formal burdens.

Conclusion

Repsol advocates a tax framework that is fair, predictable and competitive, and that promotes decarbonization.

The tax policy suggestions presented above seek to establish a tax environment facilitating energy transition and sustainability, while improving competitiveness and attracting investment. Consistent and equitable fiscal policies are essential to ensure sustainable and competitive development of the energy sector.

Participation in multilateral compliance programs

We have been pioneers in the areas of cooperative relations opened in recent years. These programs are aimed at creating a framework of trust and cooperation that improves the application of the tax system, communication, and mutual understanding between taxpayers and tax administrations.

The objective of these programs is to anticipate and prevent tax risks, increase legal certainty, and reduce conflict and litigation.

The experience acquired by Repsol in the ICAP initiative sponsored by the OECD has facilitated the opening of new channels of dialogue with tax administrations in the countries in which it operates. It has also allowed it to collaborate with supranational bodies, such as the European Commission, in the design of similar programs.

OECD: We participated in the first ICAP program.

In 2018 we were invited to participate in the first *ICAP* program, an initiative aimed at greater cooperation between tax administrations for the supervision of tax risks in multinational groups regarding TP and EP. The Repsol assessment involved the administrations of Spain, USA, Canada, Netherlands and UK.

These tax administrations considered that the Repsol Group areas under analysis presented a low risk of tax noncompliance.

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

In 2021, the European Commission presented its ETACA cooperative compliance program, the first pilot of which was carried out in 2022. This initiative represents one of the European Commission's workstreams aimed at facilitating corporate tax compliance and is based on a relationship of increased cooperation, transparency and mutual trust, as presented in the July 2020 "tax package".

At the Commission's request, we participated in the design of the ETACA, holding meetings with other taxpayers and the Commission itself to provide feedback and share experiences in similar programs, both national and international (i.e. ICAP)

Once the program was designed, in 2022 we participated, at the invitation of the AEAT, in the first ETACA pilot program in which, in the case of Repsol, the administrations of Germany, Spain, Luxembourg, the Netherlands and Portugal participated. Within the framework of this pilot program, coordinated review actions ("multilateral tax audits") of the Group's tax control framework and of the policies applied in the area of TP were carried out, which allowed an evaluation of the company's risk level in this sensitive area.

It is noteworthy that, in 2023, we were formally invited by the Commission to a working meeting to gather our views on the practical operation of the initiative, in light of our previous experience in ICAP and our reflection on the lessons learned therein that could be transposed to ETACA.

ICAP-ETACA

Repsol Spanish company invited to participate in the first multilateral relationship programs (OECD's *ICAP* and EU's *ETACA*).

Actions in the area of cooperative relations

The main initiatives developed by the Group are described below and illustrate the degree of commitment to achieving the objectives defined in its relations with the tax authorities in the countries in which it operates.



SPAIN

Adhered to the CBPT:

The CBPT is an initiative sponsored in 2010 by the Large Business Forum. The main objective of the CBPT is to foster a cooperative relationship between the AEAT and the companies that voluntarily decide to be part of it.

- **BoD review of tax policy**

Repsol's tax manager presents, at least once a year, to the BoD and/or the CA&C, the tax policies applied during the year. This presentation includes detailed explanations on several key aspects.

Evaluation of the degree of compliance with the principles guiding the tax policy with specific evidence to support it.

- Performance and tax contribution in the tax year.
- Tax risk management.
- Approval and monitoring of the corporate structure.
- Presence in non-cooperative jurisdictions.
- The voluntary filing of the IVTF, as well as the AEAT's assessment of the same (see next section), and
- Other fiscal transparency initiatives (fiscal contribution report, public Country by Country, etc.).

- **IVTF Presentation**

Since 2015 and uninterruptedly we have presented the IVTF, as a demonstration of our commitment to enhanced transparency.

This document includes relevant information on our economic activity, as well as detailed explanations on actions and decisions taken in tax matters.

The AEAT has thanked "*the transparency exercise carried out voluntarily, which will undoubtedly contribute to increase mutual knowledge, legal certainty and mutual trust*".

CBPT

Adhered to the CBPT in Spain since 2010.

Reporting the BoD

The BoD, a key actor in the design, monitoring and approval of the Fiscal Strategy and the execution of the Fiscal Policy.





AEO qualification in the EU

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




This authorization 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.

IVTF

The AEAT discloses on its [website](#) the list of companies, including Repsol, that have voluntarily submitted the IVTF.

 Brazil	<p>CONFIA pilot program</p> <p>The objective of the program is to promote tax compliance, prevent tax risks, increase legal certainty and reduce litigation. It is aimed at main Brazilian companies and developed in different stages. There are working groups aimed at preparing Tax Control reports and CBPT.</p> <ul style="list-style-type: none"> • 2021: Repsol Sinopec Brasil (RSB) was invited to participate in the <i>CONFIA</i> pilot program. • 2022 - 2023: RSB actively participated in the testing phase of the program. • 2024: RSB received the "CONFIA Seal", which strengthens its relationship with the Brazilian tax administration. • 2025: RSB invited to participate in the VAT Reform Project Pilot.
 USA. USA.	<p>Formula analogous to</p> <p>Repsol's participation in the ICAP pilot program intensified the cooperative relationship with the IRS. Repsol was rated as a "low risk of noncompliance" taxpayer for years subsequent to the initial review. This allowed the establishment of cooperative relationships with the IRS similar to the CAP program for U.S.-listed multinationals, which allows for a better understanding of Repsol's U.S. business.</p>
 Netherlands	<p>Horizontal fiscal control program</p> <p>Initially aimed at large companies but extended to entities that meet certain requirements.</p> <p>Taxpayers voluntarily provide information on their tax control framework, including tax strategy, tax functions, control mechanisms, compliance monitoring and tax reporting.</p> <p>Although Repsol does not formally participate in the program, it has established similar review and control standards with the Dutch tax authorities, benefiting from the knowledge acquired by the tax authorities through the OECD's ICAP program.</p>
 Peru	<p>AEO qualification</p> <p>In 2019, La Pampilla Refinery received AEO authorization from SUNAT. This certification¹:</p> <ul style="list-style-type: none"> • Validates the refinery's track record of compliance with current regulations. • Recognizes its system of accounting and logistical records that guarantees the traceability of operations • Confirms proven financial solvency and level of security.

¹ Customs authorities may perform certification maintenance procedures. No observations have been reported to date.

 <p>Portugal</p>	<p>Founding Member of the <i>Fórum de Grandes Empresas</i></p> <p>Repsol participates by providing information on statements and operations for the period. The TA may request explanations in joint analysis meetings.</p> <p>This relationship is voluntary and non-binding, intended for the TA to get to know the company better, allowing it to decide on formal inspections and understand the management's position on controversial issues.</p> <p>The Forum has approved measures to facilitate interaction between companies and the TA. Some have led to regulatory changes.</p> <ul style="list-style-type: none"> • 2014: Incorporation of the Fórum by the Tax Agency [TA]. • 2019: approval of a Code of Good Practices to which any taxpayer, individual or legal entity, may adhere. • 2023: working group coordinated by the TA and Repsol to prepare fiscal transparency report. Extended to 2025. • 2024: invitation to participate in the working groups for the development of a new regulatory framework on taxpayer guarantees and tax procedures
 <p>United Kingdom</p>	<p>O&G Industry Direct Tax Forum</p> <p>This is an initiative involving HMRC and certain relevant taxpayers to the sector and is intended to promote links of trust and cooperation. Through this forum, it provides an opportunity to express views on tax policies and informs on developments and interpretive criteria for tax legislation in the O&G sector.</p> <p>Since 2019 Repsol Sinopec Resources UK Ltd. has been rated as a low-risk taxpayer in HMRC's <i>Business Risk Review</i>.</p>
 <p>Singapore</p>	<p>ACAP Premium and TFR status</p> <ul style="list-style-type: none"> • Since 2016, Repsol has participated in the ACAP program, which involves the review of its internal procedures by an authorized tax advisor to ensure correct Singapore GST reporting. • 2022: Repsol obtained ACAP Premium status until February 2028. • 2024: Repsol is admitted to the TFR until October 2026. Implies the subjection to fiscal controls more adapted to the company's reality and access to flexible error correction mechanisms.

Tax International framework

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

Collaboration in tax forums

A large part of the tax regulations currently in force are developed within the debates and forums of various international organizations (UN, OECD, EU, etc.).



We therefore seek to establish and promote institutional relationships 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 various international and sectoral organizations to which it contributes its opinion and experience on the various issues that may arise within them. It is not unusual for Repsol to be called upon on occasions to lead on issues and topics that are highly technical given its connections to energy or due to the pioneering experience that Repsol has had in these areas.

Repsol's participation is carried out showing respect and seeking consensus among the various groups (agencies and organizations, investors, civil society, academia, etc.) that make up the various working groups in which it collaborates, through a transparent exchange of opinions on the issues, regulatory developments, doctrine or trends in tax matters that are generated.

Through our participation in these debates [in most cases at the invitation of the corresponding organization], we have had the opportunity to present our views on issues of great importance in the current environment, such as the key role that taxation must play in the energy transition, the tax contribution of multinationals, the problem of profit shifting and the demand for information on payments made by companies to governments, which we summarize below.

 UN	<p>Participation in Fiscal Subcommittees</p> <p>Since 2014, Repsol has been part of several Subcommittees created by the UN Committee of Experts on International Cooperation in Tax Matters:</p> <ul style="list-style-type: none"> • Subcommittee on extractive industry tax issues. • Subcommittee on the implementation of a carbon tax. • Subcommittee on amicable procedures and the prevention and resolution of tax disputes. <p>As a result of this collaboration, the Subcommittees have published diverse practical guides.</p>
 OECD	<p>BIAC Taxation Committee</p> <p>This business organization interacts with the OECD in its aspiration to contribute to growth, development and social prosperity.</p> <ul style="list-style-type: none"> • Since 2022, Repsol has been collaborating in the Pillar 2 working group of the BIAC Committee on Taxation and Fiscal Policy. This working group has collaborated with the OECD to convey the views of the business community on relevant issues.
 International Chamber of Commerce	<p>Vice-chair and Chair of the ICC Tax Commission in Spain</p> <p>Repsol has participated in various documents (e.g. carbon rights pricing system, presented during COP27), discussions (e.g. mechanisms for the prevention and resolution of tax disputes in developing countries), OECD consultations (e.g. Pillar 1, Pillar 2) and UN consultations (e.g. taxation of cross-border services, negotiation of Conventions, tax incentives).</p> <p>Since 2024, Repsol, as ICC representative, is a member of the European Commission's Platform on Good Tax Governance, Aggressive Tax Planning and Double Taxation.</p>
 Business Europe	<p>Member of the Fiscal Committee of Business Europe</p> <p>This organization monitors EU tax developments and represents the business voice in the dialogue with EU bodies.</p> <p>Repsol participates in consultations and debates: e.g. global minimum taxation, BEFIT Directive proposals, TP, EP in the Extractive Industry.</p> <p>It also forms part of the specific subgroup on environmental taxation, participating in the reform of the Energy Taxation Directive, which is relevant for Repsol, and in the CBAM.</p>

 EITI	<p>EITI Founding Member</p> <p>The EITI sets a global standard for companies to publish what they pay and governments to report what they receive, promoting respect for contracts and laws and fostering cooperative relationships with governments and society.</p> <ul style="list-style-type: none"> • 2002: The EITI is created to promote transparency and accountability in resource-rich countries, mitigating the negative effects of mismanagement and combating corruption and tax evasion. • 2021: Repsol signs a commitment to promote transparency in relation to beneficial ownership, Repsol being the first non-mining energy company to sign such an agreement. <p>Subsequently, the EITI has promoted transparency in the profits of trading companies.</p>
<p>THE B TEAM ▶</p> <p>Bteam</p>	<p>Principles of Responsible Taxation</p> <p>A non-profit initiative led by global figures in politics and finance, focused on promoting a new way of doing business that prioritizes the well-being of people and the planet.</p> <ul style="list-style-type: none"> • 2018: the Principles of Responsible Taxation are drafted with the participation and adherence of Repsol. • 2020: the B-Team published a case study highlighting Repsol as one of the "most radically transparent" multinationals. • From 2021: participation in working groups on the application of the Reporting Principles and Standards regarding information provided to stakeholders, especially investors. • 2022, 2023 and 2024: the B-Team conducted peer-review campaigns on compliance with the Principles. The reviews confirmed Repsol's compliance with the Principles.
 Fuels Europe	<p>Participation in Fuels Europe</p> <p>Through this organization, we anticipate and review regulatory changes in indirect taxes made by the European Commission and carry out advocacy work. E.g.: on the impacts of the proposed revision of the ETD, in which Repsol had a relevant participation in the response to the public consultation related to it.</p> <p>We continue to analyze different texts related to the ETD and to participate in position papers on this issue.</p>
<p>Other Forums</p>	<p>Repsol also participates in various professional and business associations, such as the <i>International Fiscal Association</i> (IFA), the <i>International Tax and Investment Center</i> (ITIC) and the Tax Commission of the Spanish Confederation of Business Organizations (CEOE).</p>
