

# Transparent relations with stakeholders

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The constant commitment of the Enel Group to transparency with respect to the tax authorities and all stakeholders concretely underlines the importance it attributes to the tax variable and its role in the sustainable development of the Company.

Therefore, the Group is committed to providing a transparent explanation of the tax issues that can be of interest to third parties, also on its website, making the latter an information hub that is easily accessible and understandable to all.

This commitment also extends to the Group's other listed companies. For example, Endesa has once again topped the best practice ranking for transparency and tax responsibility according to the Contribution and Transparency Report 2021 published by the Haz Foundation. Endesa has been ranked top among the IBEX 35 companies for its best practices in terms of tax risk management and control. Endesa also obtained the t\*\*\* transparency seal awarded by the Haz Foundation, which certifies compliance with twelve indicators analyzing various good practices in the area of fiscal responsibility. These awards demonstrate Endesa's solid commitment to tax transparency and responsibility in terms of economic and social contribution in the jurisdictions in which it operates.

Additionally, all stakeholders can send in their remarks, questions and opinions using the contact information channels provided by Enel and found on the website: (<https://www.enel.com/media/explore> and <https://www.enel.com/investors/overview>).

Finally, the Enel Group ensures transparency and integrity in its relations with the tax authorities in the event of audits on both the Group companies and third parties. To consolidate this transparency with tax authorities, the Enel Group promotes engagement in cooperative compliance schemes for companies that integrate the requirements of their respective domestic regulations in order to reinforce their relations. It also complies with the transfer pricing documentation provisions in accordance with OECD Guidelines, taking the "three-tiered approach", divided into Master File, Local File and Country-by-Country Report. Moreover, to avoid double taxation, the Group promotes Mutual Agreement Procedures (MAP) for the settlement of international disputes, which include the direct involvement of tax authorities from the contracting countries.

Commitment to transparency is also reflected with regard to customs. In this regard, some of the most active companies in dealing with customs authorities (Enel Global Trading SpA and Enel Produzione SpA) obtained the status of Authorized Economic Operator (AEO) respectively in 2016 and 2015. Those qualified as an AEO are deemed to be trustworthy entities due to them having demonstrated an adequate level of compliance of their processes. Said qualification requires compliance with certain criteria, including "customs and tax compliance", to be demonstrated and maintained through an appropriate level of control and training.

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(9) The index compares the revenues of companies that have joined the existing cooperative compliance schemes to those of all Enel companies legally eligible to join. The index does not consider countries in which the schemes have not been legally established, or companies that do not meet qualifications to join (i.e., because their size is below statutory thresholds), even though the schemes exist in their countries. Nevertheless, the Group's overall coverage was more than 77% in terms of cooperative compliance companies' revenues compared to the Group's revenues.

## Tax advocacy

Enel consistently acts with a transparent and collaborative approach with all national and international institutions and trade associations to support the development of effective tax systems in the various countries where it operates.

In particular, Enel supports fair, effective and stable tax systems in order to reduce uncertainty for both governments and companies. Enel believes that a transparent and coordinated approach between countries is essential to improve the international tax system and it supports a consensual approach to regulatory choices. To this end, it contributes by supporting governments and international organizations through active participation in public consultation phases on new regulatory processes, where they exist, either directly or through participation in various national and international associations.

Regularly sharing knowledge and best practices through participation in national and international associations is essential in order to contribute to the development of new regulatory procedures by providing qualified technical support on complex business matters. In this respect, the most representative organizations in which Enel has been involved for years to support the evolving tax legislation are: Assonime,<sup>(10)</sup> EuropeanIssuers,<sup>(11)</sup> Confindustria<sup>(12)</sup> and Foro de Grandes Empresas.<sup>(13)</sup> It also participates in a CSR Europe project<sup>(14)</sup> for a collaborative platform on tax responsibility and transparency, with the aim of develop-

ing an index to assess the performance of companies from all sectors in terms of fiscal transparency and responsible fiscal behavior.

In 2019, Enel joined the **European Business Tax Forum** (EBTF), an association that aims to facilitate a public debate on taxation by providing a balanced and comprehensive perspective of the taxes paid by companies. In view of this objective, tax information and data are provided to the various stakeholders concerned. On its website (<https://ebtforum.org>), the Forum continuously publishes various studies on tax transparency: Total Tax Contribution,<sup>(15)</sup> Best Practices for Good Tax Governance<sup>(16)</sup> and Tax Transparency and Country-by-Country Reporting.<sup>(17)</sup>

Furthermore, in 2021 Enel adhered to the **B Team Responsible Tax Principles**, that is, the principles developed by the B Team<sup>(18)</sup> for promoting responsible and sustainable tax practices for a better future. B Team is an organization created by a group of multinationals, with the contribution of civil society, investors and representatives of international institutions, in order to promote responsible and sustainable tax practices.

Through its active and public participation in all these associations, Enel believes it can make its own technical contribution by sharing its experience in support of fair, effective and sustainable taxation.

(10) <https://www.assonime.it/Pagine/Home.aspx>.

(11) <https://www.europeanissuers.eu/>.

(12) <https://www.confindustria.it/home>.

(13) <https://sede.agenciatributaria.gob.es/Sede/colaborar-agencia-tributaria/relacion-cooperativa/foro-grandes-empresas.html>.

(14) <https://www.csreurope.org/newsbundle-articles/csr-europe-launches-new-collaborative-platform-on-tax-responsibility-and-transparency>.

(15) Several studies have been published relating to the EU/EFTA Total Tax Contribution, which report the yearly aggregate data for the various types of taxes paid by the largest European multinational companies by turnover and/or by stock market capitalization, including in 2021 a dedicated section for Country-by-Country Reporting.

(16) The paper was drafted by a group of tax directors from three organizations (Tax Executives Council of the Conference Board, The B Team and the European Business Tax Forum) to provide guidance on the best practices that multinationals can adopt in order to develop transparency and assurance vis-a-vis their stakeholders.

(17) First study dedicated exclusively to Country-by-Country Reporting data.

(18) <https://bteam.org/>.