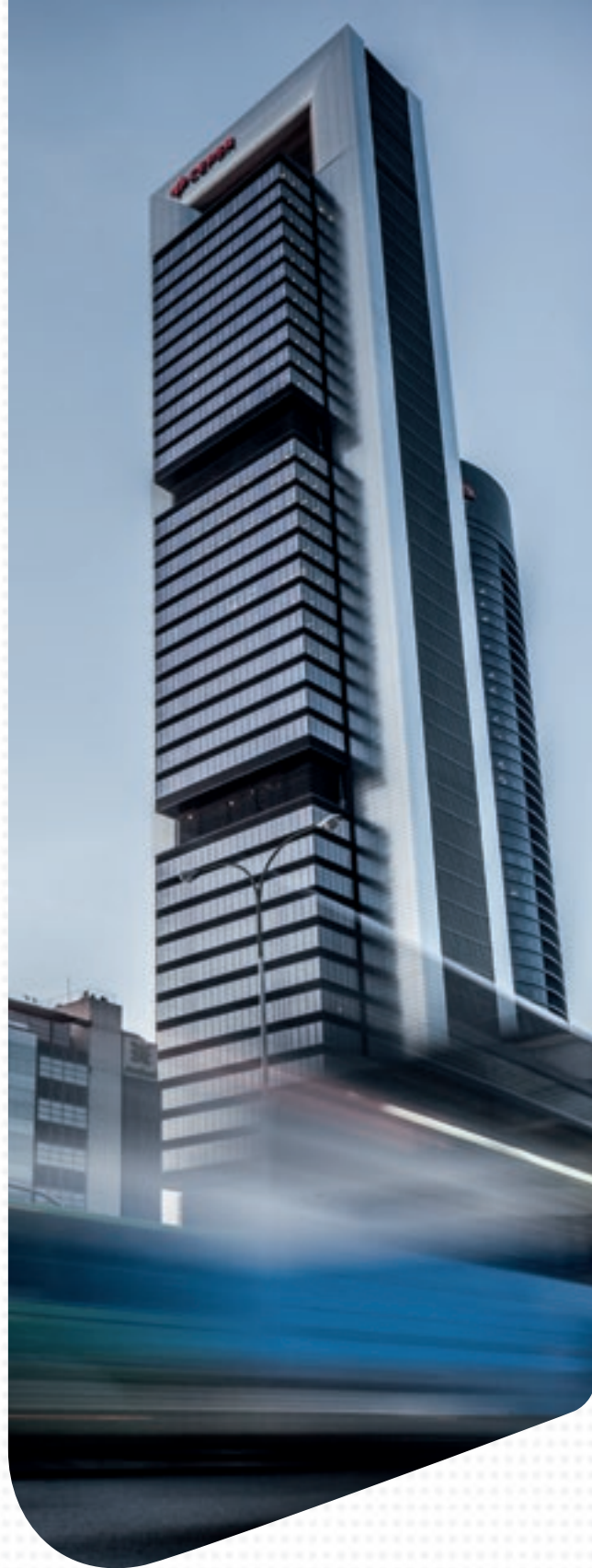
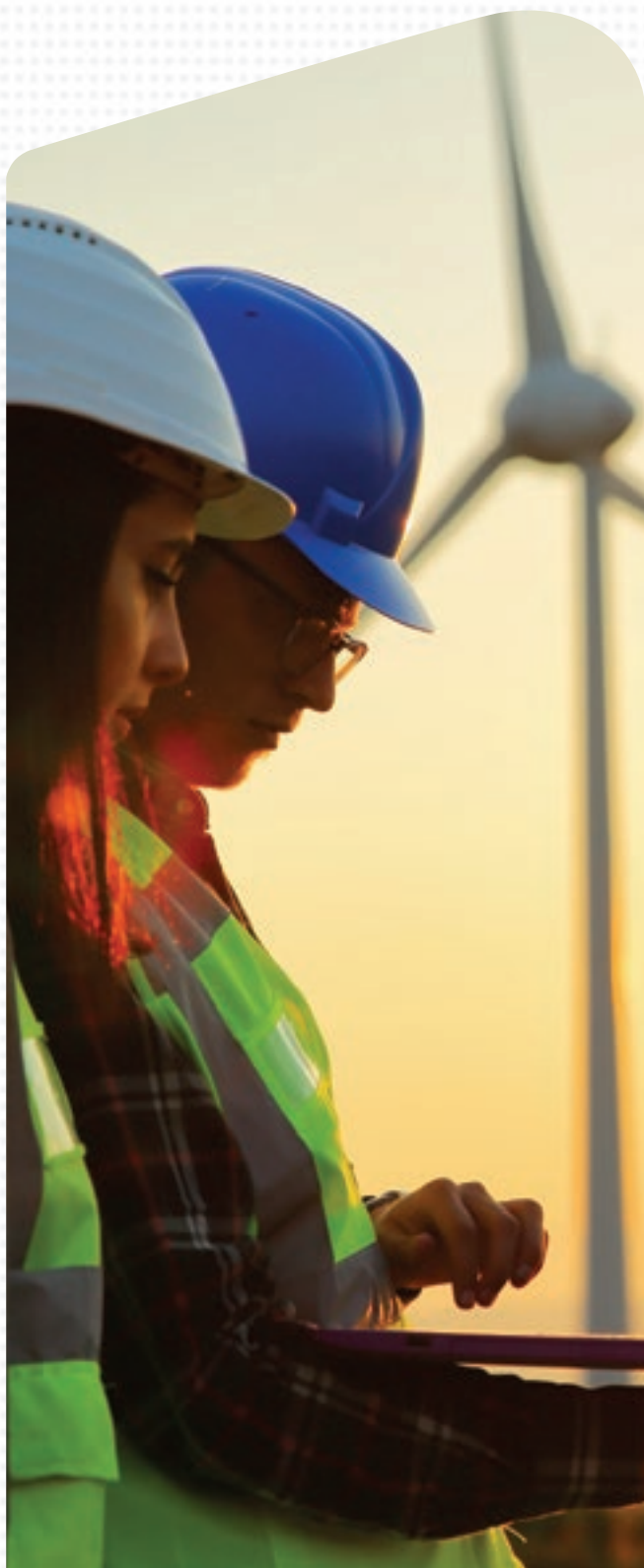


 2019

ANNUAL AND CORPORATE  
RESPONSIBILITY REPORT



 **CEPSA**





# ANNUAL AND CORPORATE RESPONSIBILITY REPORT 2019

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## LETTER FROM THE CHAIRMAN

MUSABBEH AL KAABI

Chairman of Cepsa



"CEPSA WILL PLAY  
A SIGNIFICANT ROLE  
IN THE GLOBAL ENERGY  
TRANSITION."

"The Company's strategy is to keep moving forward on environmental issues, social issues and good governance."

It is with the utmost pleasure that I present to you Cepsa's Annual and Corporate Responsibility Report, which contains a summary of our key activities and events from the 2019 financial year.

Last April, Mubadala and the Carlyle Group reached an agreement that saw Carlyle take a significant shareholding in Cepsa. The agreement was finalized in October, with Carlyle acquiring a 37% stake in the company and Mubadala remaining the majority shareholder.

The new Board of Directors, resulting from Cepsa's new shareholder structure, supports and promotes the Company's strategy to take steps forward with respect to environmental, social and good governance issues, to ensure the sustainability of the company. The Board has drawn on the experience of Philippe

Boisseau, the new Chief Executive Officer, to guide Cepsa into the next stage of its growth.

The Board will oversee the company's objectives and strategy, in the confidence that they will be achieved, in order to ensure their correct implementation and execution. We are confident that Cepsa will be one of the companies that play a significant role within the energy transition on a global level.

**MUSABBEH AL KAABI**  
Chairman of Cepsa

## LETTER FROM THE CEO

**PHILIPPE BOISSEAU**  
CEO of Cepsa



"WE SEE EFFICIENCY  
AS ONE OF THE BEST  
WAYS FOR OUR COMPANY  
TO MEET THE CHALLENGE  
OF THE ENERGY  
TRANSITION."

## "We are making major investments that enable us to accelerate the reduction of emissions."

It gives me great pleasure to present the Cepsa Annual and Corporate Responsibility Report, a more thorough version, if that's possible, than in previous years. Over the past year, in line with our future strategy, the energy transition has been a fundamental factor in defining all our key activities.

It is my firm conviction that there is no magic formula and that only a broad combination of measures will allow us to consistently move forward towards our goal of becoming emissions neutral.

We consider efficiency to be one of the most worthwhile avenues to explore, for that reason, in order to accelerate the reduction of emissions we have made vital investments in our refining and chemical facilities, supported by various digital projects we have developed in this field.

Our customer offer is shaped along the same lines, offering sustainable energy in the form of electric charging points at our service stations and pumps for natural gas vehicles. We have also started to sell liquefied natural gas, in the shipping market.

We have introduced wind energy in addition to the power produced through our cogeneration and combined-cycle plants and have succeeded in producing phenol using renewable resources. Our goal is to increase our presence in alternative energies.

We have a long-standing relationship with the communities where we are operating and have established ties with them that take into account their social needs and expectations. We consider good governance a critical aspect to building the trust of our stakeholders.

The safety of both our staff and our facilities continues to be of the highest priority and our number one corporate value. We continually remind our staff not to let their guard down, to be alert to risks and that prevention is the best defense.

The company maintains its commitment to the Principles of the UN Global Compact, an initiative to which we have been signed up since 2005, and which was renewed in 2019, applying our Code of Ethics with criteria and rigor.

Cepsa and all its employees aim to contribute to the challenges faced by society for the coming years, reflected in the United Nations Sustainable Development Goals for 2030, counting on my strong personal commitment and support for these issues.

**PHILIPPE BOISSEAU**  
CEO of Cepsa

.01

# CEPSA AT A GLANCE



**THE YEAR'S  
MILESTONES**

"A BUSY YEAR."



## 1.1 THE YEAR'S MILESTONES

1



**WE BEGAN TO MARKET CRUDE OIL FROM OUR ABU DHABI OIL FIELDS.** SARB and Umm Lulu are 2 of the 20 largest oil fields under development in the world.

2



**OUR COMPANY SUCCESSFULLY COMPLETED ITS FIRST BOND ISSUE AND ACHIEVED INVESTMENT GRADE RATING FROM ALL THREE MAJOR AGENCIES.**

Cepsa was rated 'BBB-' with positive outlook by Fitch Ratings, 'Baa3' with stable outlook by Moody's and 'BBB-' with stable outlook by Standard & Poor's.

3



**WE PROMOTED THE LARGEST NETWORK OF VEHICULAR NATURAL GAS (LIQUEFIED AND COMPRESSED GAS) REFUELLING STATIONS IN SPAIN IN ASSOCIATION WITH REDEXIS.** Both companies entered into a framework agreement for the expansion of Vehicular Natural Gas (VNG), both in urban areas and in the main transport corridors of the country for light and heavy vehicles.

4



**WE PRESENTED "RED ENERGY", OUR NETWORK OF SERVICE STATIONS IN MEXICO.** Representing another step forward in the internationalisation of our business model.

5



**WE INAUGURATED A NEW HEADQUARTERS IN SINGAPORE TO EXTEND OUR TRADING BUSINESS IN ASIA.** We are extending the scope of the trading business with a new headquarters in the largest financial centre in Asia, from which we will be able to access new markets and customers.

6



**WE JOINED THE #ALIADOSDELOSODS CAMPAIGN PROMOTED BY THE SPANISH NETWORK OF THE GLOBAL COMPACT.**

The aim of the campaign is to raise awareness of the Global Compact and achieve a multiplier effect, thereby making the UN 2030 Agenda more widely known and implemented.

## CHAPTER 1

Cepsa at a glance

7



**READY TO ADAPT TO THE IMO 2020 REGULATION.** We developed several high quality products, designed at our Research Centre and manufactured at the refineries.

8



**WE OPENED OUR FIRST ULTRA-FAST CHARGING FACILITY IN COLLABORATION WITH IONITY.** The station, located in Pallejà (Barcelona), has four charging points, each with a capacity of 350kW.

9



**WE ROLLED OUT OUR NETWORK OF SERVICE STATIONS IN MOROCCO.** The first 12 stations are in operation and the objective is to achieve 100 points-of-sale over the next 5 years.

10



**CARLYLE COMPLETED THE ACQUISITION OF A 37% OWNERSHIP INTEREST IN CEPSPA FROM MUBADALA.** The transaction was based on a company valuation of USD 12,000 million.

11



**WE INSTALLED THE FIRST SOLAR PANELS AT OUR SERVICE STATIONS.** The company is launching this pilot initiative at three service stations.

12



**365 DAYS AT ALL CHEMICAL PLANTS AND 300 DAYS IN THE EXPLORATION & PRODUCTION BUSINESS WITHOUT ANY ACCIDENTS LEADING TO DAYS AWAY FROM WORK.** We have demonstrated the commitment of Cepsa's professionals to safety and continue towards our goal that zero accidents is possible.

13



**CEPSA CEASES TO BE A SHAREHOLDER OF MEDGAZ**, maintaining its transportation rights over the infrastructure.

14



**OUR FIRST WIND FARM IS NOW OPERATIONAL**, located in Alíjar (Jerez de la Frontera, Cádiz) and with a capacity of 28.8 MW.

15



**WE LAUNCHED OUR PACKAGED GAS BOTTLE IN LANZAROTE (CANARY ISLANDS)**. We began to distribute our innovative packaged gas bottles, both butane and propane, on the island of Lanzarote.

16



**CEPSA ACHIEVED QSOSTENIBLE CERTIFICATION FOR THE CONSTRUCTION OF ITS LABORATORY IN PALOS DE LA FRONTERA (HUELVA)**. The most innovative construction techniques were used in the construction of Cepsa's laboratory in Palos in order to implement a model of maximum energy efficiency.

17



**YET AGAIN, WE OBTAINED TOP EMPLOYER CERTIFICATION**. For the fifth year in a row, we obtained certification that classifies us as one of the best companies to work for in Spain.

18



**PIONEERS IN ACHIEVING AN ENVIRONMENTAL PRODUCT DECLARATION (EPD) FOR PARAFFIN WAXES**. This seal certifies that the analysis of the environmental footprint of the product in its various stages has been successfully passed.

## CHAPTER 1

Cepsa at a glance

### 1.2 CEP SA IN NUMBERS

Results (Millions of euros)	2019	2018	2017
Revenue <sup>1</sup>	<b>21,158</b>	22,079	18,212
Adjusted operating Profit (Losses)	<b>2,058</b>	1,762	1,874
Adjusted net attributable profit	<b>610</b>	754	884
Net attributable profit (IFRS) <sup>2</sup>	<b>820</b>	830	743

Financial data (Millions of euros)	2019	2018	2017
Share capital	<b>268</b>	268	268
Equity attributable to the Parent Company	<b>5,201</b>	5,436	4,916
Net financial debt <sup>3</sup>	<b>2,746</b>	3,089	1,722
Investments during the year <sup>4</sup>	<b>924</b>	2,255	888
Investment in social actions	<b>4.9</b>	5.2	4.5

<sup>1</sup> Excluded Special Tax.

<sup>2</sup> International Financial Reporting Standard.

<sup>3</sup> Excludes the impact of IFRS 16 of 761 million euros.

<sup>4</sup> It includes the investments made in Exploration and Production, Refining (Refining, G&P and Trading), Chemicals, Marketing and Distribution and Corporation.

#### FINANCIAL DATA BY BUSINESS

Adjusted EBITDA (Millions of euros)	2019	2018	2017
Exploration & Production	<b>963</b>	649	497
Refining	<b>433</b>	578	874
Chemicals	<b>246</b>	243	239
Distribution & Marketing	<b>463</b>	344	314

Net turnover (Millions of euros)	2019	2018	2017
Exploration & Production <sup>1</sup>	<b>1,249</b>	922	589
Refining	<b>4,978</b>	5,517	4,051
Chemicals	<b>2,407</b>	2,647	2,458
Distribution & Marketing <sup>2</sup>	<b>15,219</b>	15,621	13,672

<sup>1</sup> The 2018 figures do not include the production of SARB and Umm LuLu as it is production prior to the reception of the facilities.

<sup>2</sup> Includes taxes charged on sales.

Investments (Millions of euros)	2019	2018	2017
Exploration & Production	<b>212</b>	1,659	170
Refining	<b>469</b>	392	302
Chemicals	<b>109</b>	80	116
Distribution & Marketing	<b>107</b>	101	284

Operational data	2019	2018	2017
Crude oil output (working interest) (thousand barrels/day)	<b>92.6</b>	83.4	92.1
Crude oil sales (millions of barrels)	<b>20.8</b>	14.2	13.5
Crude oil distilled (barrels/day)	<b>431,191</b>	440,703	423,906
Product sales (millions of tonnes)	<b>32.1</b>	31.4	28.9
Electricity output (GWh)	<b>3,587</b>	2,242	2,809
Natural gas sales (GWh)	<b>33,176</b>	30,003	27,972

Markets and business data	2019	2018	2017
Brent crude oil price (\$/barrel)	<b>64.3</b>	71	54.3
Cracking refining margin (\$/barrel)	<b>4.3</b>	6.1	7.5
Electricity pool price (€/MWh)	<b>47.7</b>	57.3	52.2
Exchange rate (\$/€)	<b>1.12</b>	1.18	1.13
Three-month Euribor (%)	<b>-0.36</b>	-0.32	-0.33
CPI (%)	<b>0.8</b>	1.2	1.1

Employees data	2019	2018	2017
Number of employees <sup>1</sup>	<b>10,146</b>	10,153	9,837
Female workers <sup>1</sup>	<b>37%</b>	36%	36%
Employees with permanent contract <sup>1</sup>	<b>90%</b>	89%	91%
Hours of training <sup>2</sup>	<b>379,437</b>	273,515	208,562
Number of occupational accidents resulting in leave <sup>3</sup>	<b>17</b>	16	25

<sup>1</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

<sup>2</sup> Data included in 2019: Belgium, Brazil, Canada, China, Colombia, Italy, Malaysia, Netherlands, Portugal, Peru, Spain, United Kingdom and Thailand.

<sup>3</sup> Accidents resulting in temporary incapacity for work, permanent disability or death. Data of own personnel.

Local contracting data	2019	2018	2017
Contracting from local suppliers	<b>38%</b>	45%	50%

Environmental performance data <sup>1</sup>	2019	2018	2017
GHG emissions (Scope 1 y 2) (thousands of tCO <sub>2</sub> eq) <sup>2</sup>	<b>6,596</b>	6,710	6,699
Total energy consumed (thousands of GJ)	<b>94,709</b>	84,418	88,862
Volume of water consumed (thousands of m <sup>3</sup> )	<b>46,666</b>	47,877	41,535
Volume of waste water (thousands of m <sup>3</sup> )	<b>37,792</b>	40,069	33,344
Raw materials consumption (Thousands of tonnes)	<b>25,657</b>	26,337	31,900
Total managed waste (tonnes)	<b>104,470</b>	111,897	56,332

<sup>1</sup> The data for 2017 and 2018 have changed from those published previously due to the revision of some of the criteria and their restatement.

<sup>2</sup> Data from Distribution, CCP and the Petrocan, Aviation, SIS and CMD plants are not included in the report.



.02

# GET TO KNOW US



## MISSION, VISION AND VALUES

“OUR MISSION IS  
TO PROVIDE THE RIGHT  
ENERGY FOR EVERY  
SITUATION.”

"Our ability to adapt has allowed us to become one of the leading companies in the Spanish energy sector and to operate across four continents."

### 2.1 MISSION, VISION AND VALUES

As a global, integrated energy company, Cepsa's mission is to provide the energy to meet every need, placing energy solutions at the service of people. This is possible thanks to our technical excellence and capacity to adapt, with a team of more than 10,000 professional experts.

Since 1929, we have been adapting to new realities, facing challenges with efficiency, agility and relying on innovation for decision-making. Our capacity

to adapt has allowed us to become one of the leading companies in the energy sector in Spain and to develop our activities across the four continents, with the vision of being a global energy company of choice. In this spirit, we are carrying out a digital transformation of our areas and businesses in order to become an agile data driven company, always putting people first and with our professionals as the driving force of this transformation.

### OUR VALUES



**CONTINUOUS IMPROVEMENT**

Based on talent, technical ability and knowledge.



**SAFETY**

Of everyone in and outside the workplace .



**SUSTAINABILITY**

Of our business, with the commitment to protect the environment and the communities where we operate.



**LEADERSHIP**

To achieve our goals of honesty, integrity and respect.



**SOLIDARITY**

Leading us to work as a team, serving the common good in all our activities.

"Our company culture revolves around our mission, vision and values."

## 2.2 THE VALUE OF OUR BRAND

At Cepsa we have the responsibility of generating energy and making it available to a growing population. That is the reason why we believe it is necessary to

have firm pillars that define our identity and provide us with a solid basis for carrying out this task with the highest quality and excellence levels:



### **TECHNICAL CULTURE**

Enabling us to offer good energy solutions, based on specialisation, efficiency and know-how.



### **VOCATION TO SERVE**

It makes us unique and relevant on the market. It is conveyed by aspects such as proximity, flexibility and social commitment.



### **GLOBAL VISION**

It drives us to be one of the major players on the international energy industry.

Our company culture —that defines us and helps us to maintain the trust of our stakeholders— is based on our mission, vision and values. This is conveyed in the way we act, when we work as a team or in our approach of continuous improvement and adaptation. We are much more than you imagine; a comprehensive and integrated energy company, which is present across the energy value chain through oil, gas, electricity and the chemical industry; allowing us to efficiently exploit the synergies between our activities, resources and processes.

Energy generation and accessibility to it is a key factor for any society and its pro-

gress. Thus, we bring the best of energy to every need, based on our experience, knowledge, vision and planification. This helps us to be better prepared to give an effective response to changes, to face new challenges and take advantage of opportunities, with the aim of continuing to provide people with the energy of tomorrow.

We communicate our personality to our stakeholders in many ways, but always conveying the attributes that define us as a brand: closeness, professionalism, international character, trust, proactivity, agility, resolution and realism.







"OUR RESPONSIBILITY IS  
TO GENERATE ENERGY  
AND MAKE IT AVAILABLE TO  
A GROWING POPULATION."

## CHAPTER 2

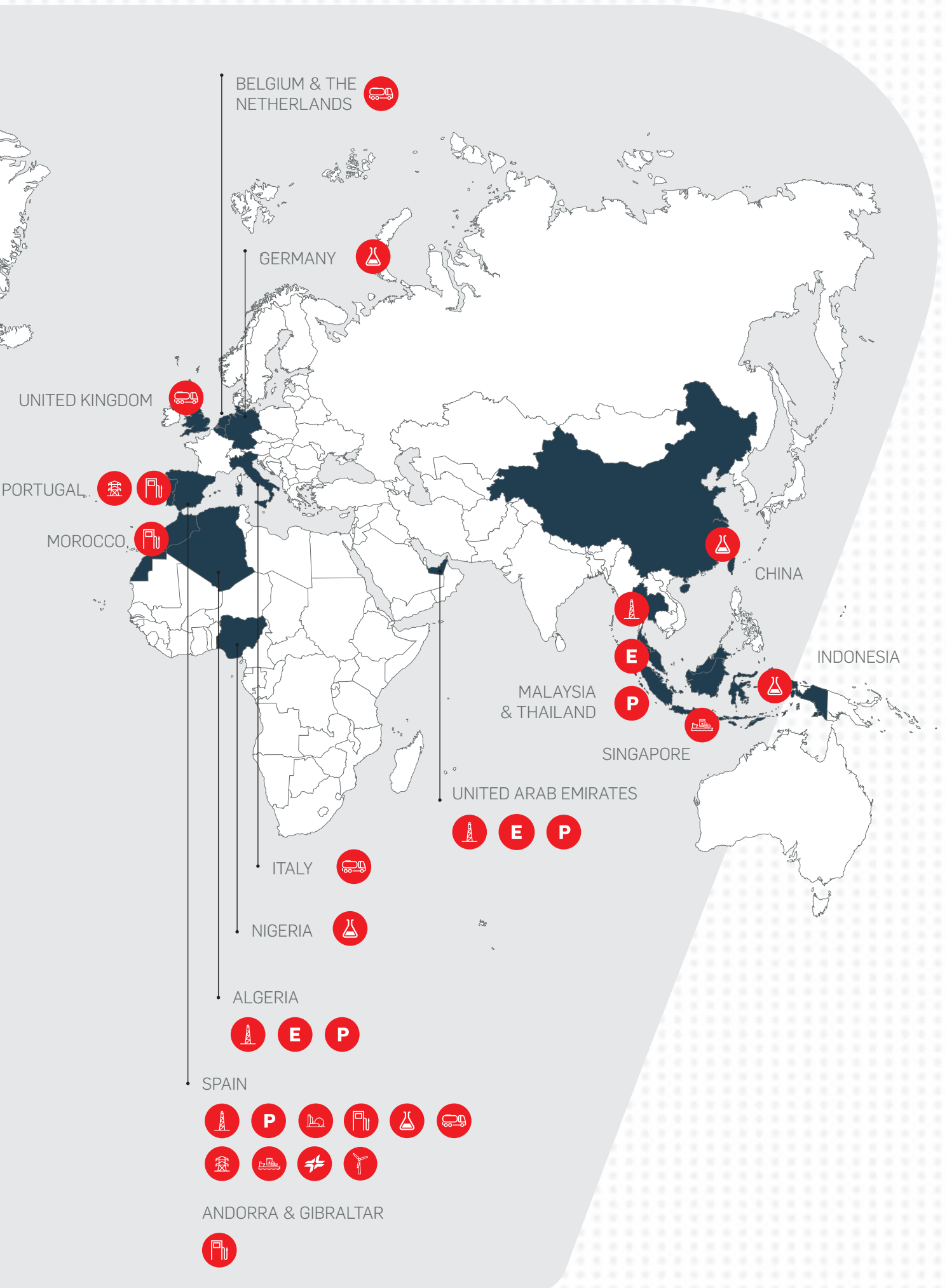
Get to know us

### 2.3 CEPSA IN THE WORLD

WE ARE AN INTEGRATED ENERGY COMPANY PRESENT THROUGHOUT THE OIL AND GAS VALUE CHAIN. WE DEVELOP OUR ACTIVITIES IN FOUR CONTINENTS, BEING ONE OF THE LEADING COMPANIES IN THE ENERGY SECTOR IN SPAIN.

-  CORPORATE
-  UPSTREAM
-  EXPLORATION
-  PRODUCTION
-  REFINING
-  CHEMICALS
-  DISTRIBUTION & SALE OF OIL-RELATED PRODUCTS
-  DISTRIBUTION & SALE OF CHEMICALS
-  TRADING
-  GAS & ELECTRICITY
-  RENEWABLE ENERGY PRODUCTION





## CHAPTER 2

Get to know us

### 2.4 OUR ACTIVITIES



#### EXPLORATION & PRODUCTION

Our Exploration and Production unit focuses on oil and natural gas exploration, development and production on land and at sea. We operate in: Spain, Latin America, North Africa, the Middle East and South East Asia.

We are currently exploiting the second largest oil field in Algeria and have a diversified portfolio with onshore and offshore assets.



#### REFINING

This unit covers refining, the supply of gas and electricity and the trading of crude oil and associated products.

The activity at our refineries enables us to convert crude oil into oil derivatives. We have a total crude distillation capacity of 23.6 million tonnes a year, 32% of the installed capacity in Spain.



#### GAS & ELECTRICITY

We provide gas and electricity to both industrial customers and consumers in the service sector in Spain and Portugal. With the start-up of the Aljjar II Wind Farm in Jerez we have entered the renewable energy business; complementing the current park of high efficiency cogenerations located in our main industrial centres, and which produce electricity and industrial steam.



## DISTRIBUTION & MARKETING

This unit is responsible for the sale and delivery of our products to end consumers.

Through our derivatives, we are present throughout the world; we sell motor fuels, butane, propane, marine and jet fuels, lubricants and asphalts, among many others.

We have proprietary sales channels and an extensive network of subsidiaries, agents and distributors. We are positioned in the market as a company of prime-quality products and services.



## CHEMICALS

Our chemical plants are fully integrated with our refineries and produce high added value raw materials.

We have facilities in Germany, Brazil, Canada, China, Nigeria, Spain and Indonesia. We are world leaders in LAB production (the raw material used to produce biodegradable detergents) and cumene, and the second largest producers of phenol and acetone, used in next generation plastics.

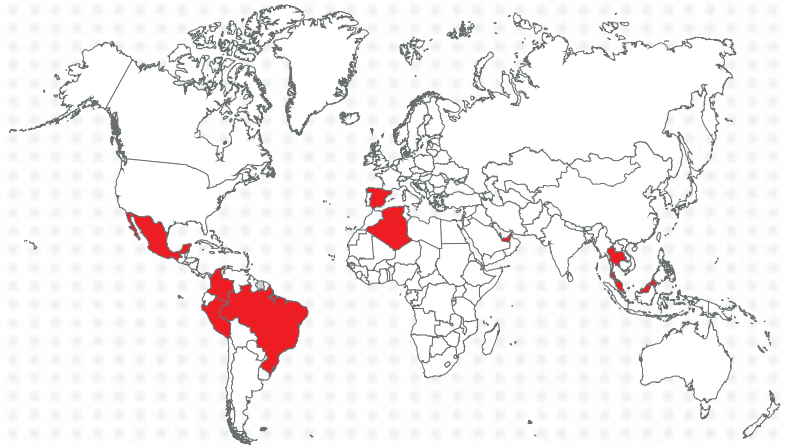


## TRADING

Our Trading unit supplies crude and other products to our refineries. The crude oil produced at our oilfields and product surpluses are also sold.

## > EXPLORATION & PRODUCTION

"WE OPERATE A DIVERSIFIED BUSINESS ADAPTED TO ALL TYPES OF ENVIROMENT, BOTH ONSHORE AN OFFSHORE."



### SPAIN

Four offshore production concessions with crude oil production off the coast of Tarragona: Casablanca (7%), Rodaballo (15%), Boquerón (5%) and Montanazo (7%). Not operated by Cepsa.



### MEXICO

Three exploration blocks: 16, 17 and 18: Located in the Tampico-Misantla basin. Not operated by Cepsa (20%). Offshore.



### COLOMBIA

Onshore, in production (crude):

- Caracara (70%), Tiple (70%), Jilguero (58%), Melero (100%) and Puntero (100% on the Onca field and 70% on the Manatus field) located in the Cuenca de los Llanos basin. Operated by Cepsa.
- La Cañada Norte (17%), located in the upper Magdalena valley. Not operated by Cepsa.

Onshore, under exploration and in production (crude):

- Merecure (35%), Garibay (50%), Llanos 22 (55%), and CPO 14 (100%, under exploration only), located in the Cuenca de los Llanos basin. Operated by Cepsa.

Under exploration:

- PPN (30%), not operated by Cepsa, suspended and in the process of being returned by the operator.

## CHAPTER 2

Get to know us



### PERU

All assets are in the Ucayali basin.

- Block 131: 100% operated by Cepsa. Onshore.



### BRAZIL

Offshore exploration blocks 717 and 665<sup>(1)</sup> located in the Ceará basin. Not operated by Cepsa (50%).

<sup>(1)</sup> The return of block 665 was approved by the National Hydrocarbons Agency in August 2019, leaving Cepsa's portfolio at that time.



### SURINAME

Offshore exploration block 53. Located in the Guyana-Suriname basin. Cepsa (25%), not operated.



### ALGERIA

- Rhourde el Krouf (RKF) oil field. Located in the Berkine basin. 49% joint operation and in production. Onshore.
- Ourhoud oil field. Located in the Berkine basin. 37% operated by Cepsa, joint operation and in production. Onshore.
- BMS oil field. Located in the Berkine basin. 75% operated by Cepsa, joint operation and in production. Onshore.
- Rhourde er Rouni II oil field<sup>(1)</sup>. Located in the Berkine basin. Cepsa is the operator with a 100% interest. Onshore.
- Timimoun natural gas field. Located in the Timimoun basin, Cepsa (11%), joint operation. Onshore.

<sup>(1)</sup> Cepsa and Sonatrach informed the regulator, ALNAFT, in June 2019 of their decision not to develop the block and restore the contract scope.



### UNITED ARAB EMIRATES

- Cepsa has a 20% interest in the SARB, Umm Lulu, Bin Nasher and Al Battel offshore oil fields, not operated and under concession.
- Cepsa holds a 13% ownership interest in ADOC through the CEPAD. Four offshore production wells (Uhm Al Anbar, Neewat Al Galan, Mubarraz and Hail), off the coast of Abu Dhabi. Not operated.



### THAILAND

- Offshore block G5/43, 100% interest and operated by Cepsa (crude).
- In 2019 the interests in the following assets were sold: Two onshore exploration blocks held by the company APICO, in which Cepsa has a 39% interest. Two onshore gas blocks (Sinphuhorn) in which Cepsa has a 14% interest.



### MALAYSIA

- KBM. Crude Risk Service Contract (RSC). Located off the coast of Malaysia. Offshore. Operated by Coastal Energy KBM, Cepsa 70% and in production.



Business data	2019	2018	2017
Working interest production (Thousands of barrels per day)	<b>92.6</b>	83.4	92.1
Net entitlement production (Thousands of barrels per day)	<b>76.5</b>	58.4	65.0
Crude oil sales (millions of barrels)	<b>20.8</b>	14.2	13.5

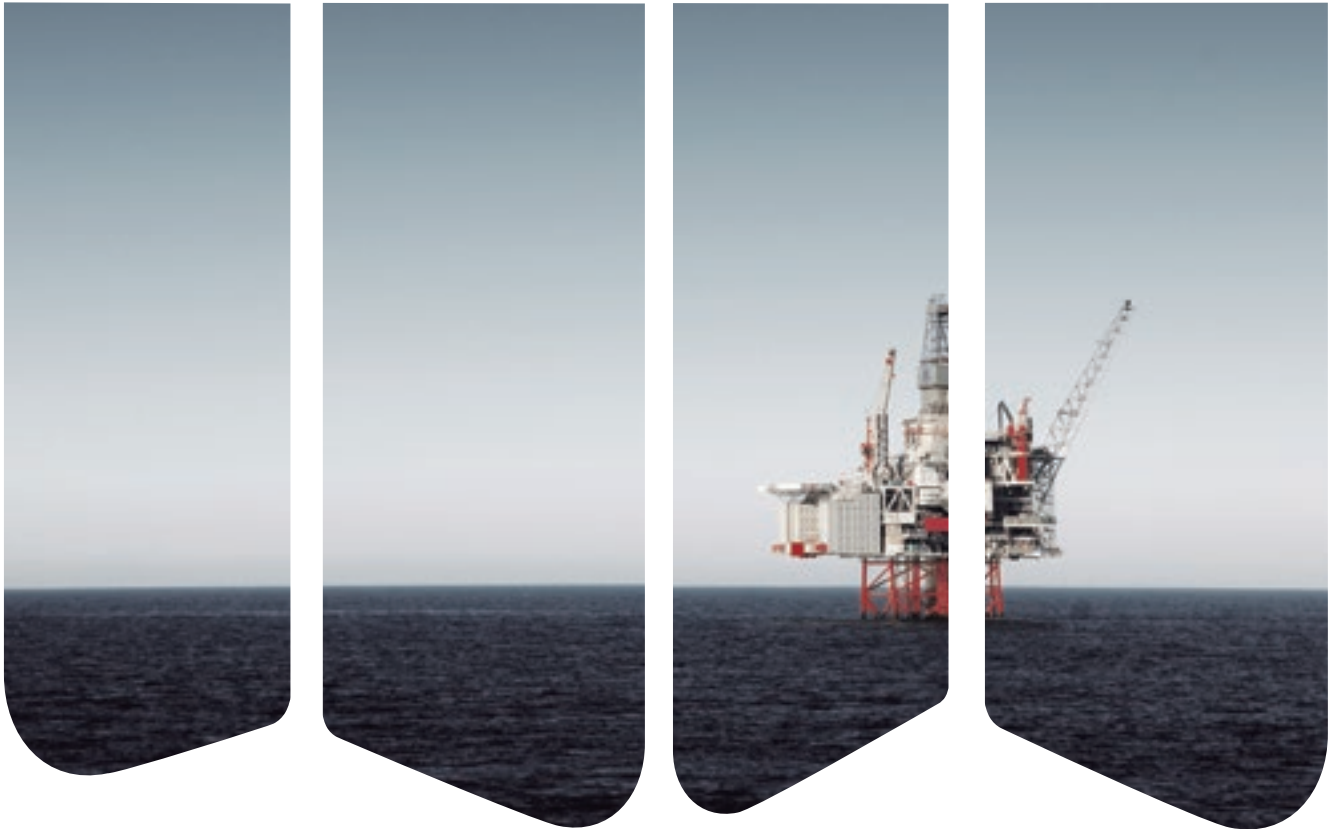
2019 Production	Type of reserve	Type of environmental operation	Working interest production (Millions of barrels per year)	Net entitlement production (Millions of barrels per year)
United Arab Emirates	<b>Crude oil</b>	Offshore	9.65	9.65
Algeria	<b>Crude oil/Gas</b>	Onshore	16.16	10.80
Colombia	<b>Crude oil</b>	Onshore	3.49	3.20
Spain	<b>Crude oil</b>	Offshore	0.02	0.02
Peru	<b>Crude oil</b>	Onshore	1.12	1.12
SEA <sup>1</sup>	<b>Crude oil/Gas</b>	Onshore / Offshore	3.36	3.12
<b>Total</b>	<b>-</b>	<b>-</b>	<b>33.79</b>	<b>27.91</b>

<sup>1</sup> SEA: South East Asia (Malaysia and Thailand).



## CHAPTER 2

Get to know us



### MILESTONES

## 2019

1

300 days with no accidents. In October 2019, 300 consecutive days were completed without accidents resulting in sick leave, which was a milestone in our performance in the area of occupational safety.

2

The forecast production target was exceeded, by 2,000 barrels per day by bringing forward the commissioning of the SARB and Umm Lulu concession facilities (Abu Dhabi).

3

Cost reductions, lowering the cost of crude oil extraction to below USD 7.7/BBL in the fields in Algeria and Caracara (Colombia).

4

Extension of the concession contract in ourhoud (Algeria), increasing the term thereof by an additional 10 years.



## REFINING

The Refining segment also includes the Gas & Power marketing unit and the Trading unit.

Refining capacity

### REFINERIES

GIBRALTAR SAN ROQUE (Cádiz)

12.6 million tonnes/year

LA RÁBIDA (Huelva)

11 million tonnes/year

Business data	2019	2018	2017
Distilled crude (millions of barrels)	156.9	160.9	154.7
Refinery production (millions of barrels)	21.5	21.8	21.4
Distillation capacity utilization	89%	91%	91%



## CHAPTER 2

Get to know us

### MILESTONES

# 2019

1

Launching refinery efficiency projects to increase their competitiveness.

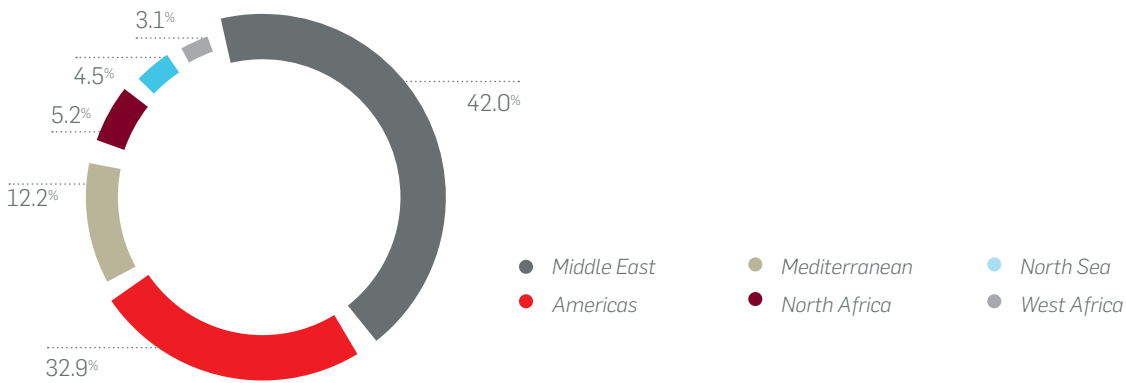
2

Carrying out scheduled shutdowns in refineries, for maintenance operations and major operational improvements.

3

Production of new marine fuels with less sulphur content through the adaptation of our manufacturing scheme and logistics infrastructure and according to the MARPOL regulation established by IMO (International Maritime Organisation).

### 2019 CRUDE OIL ORIGIN



## CHAPTER 2

Get to know us

# GAS AND ELECTRICITY



### ELECTRICITY

7 CHP plants and one combined cycle plant in Andalusia.



### RENEWABLE ENERGY

Wind farm in Jerez de la Frontera (Cádiz)  
Capacity: 29 MW.

Business data	2019	2018	2017
Natural gas sales (GWh)	<b>33,176</b>	30,003	27,972
Electricity output (GWh)	<b>3,587</b>	2,242	2,809
Electricity sales (GWh)	<b>1,238</b>	1,063	900
Steam sales (Thousands of tonnes)	<b>4,816</b>	4,895	4,871

## ELECTRICITY GENERATION IN SPAIN <sup>1</sup>

Palos Site	Plant - Facility	Ownership interest	MW Capacity
Combined Heat and power	La Rábida 1	70%	50
Combined Heat and power	La Rábida 2	100%	51
Combined Heat and power	Gemasa	70%	27
San Roque Site	Plant - Facility	Ownership interest	MW Capacity
Combined Heat and power	Gegsa I y II	70%	74
Combined Heat and power	Getesa	70%	41
Combined Heat and power	Lubrisur	100%	39
Combined cycle	Puente Mayorga Generación	100%	388
Jerez de la Frontera	Plant - Facility	Ownership interest	MW Capacity
Wind energy	Aljar II	100%	29

**Total capacity of energy production** **699**

<sup>1</sup> The COTESA cogeneration plant in Tenerife is not included.

## MILESTONES

# 2019

1

Commencement of renewable energy production at the Aljar II wind farm, marking our entry into the industry of electricity production from renewable sources and a milestone in the strategy of diversifying our businesses.

2

Agreement with Elecnor for the purchase of wind energy that will allow us to offer energy with a guarantee of renewable origin.

3

Obtaining authorisation for sale natural gas in France at wholesale level.

## ➤ TRADING

SUPPLY TO THE REFINING SYSTEM

158.5 million barrels of crude oil

VESSEL CHARTERING MANAGEMENT

1,347 vessels

Business data	2019	2018	2017
Crude oil trading transactions (Millions of barrels)	269	286	268
Sales for export and trading transactions (Thousands of tonnes)	5,481	6,640	5,819

### MILESTONES

# 2019

1

Start of oil equity trading in Abu Dhabi.

2

Creation of the new subsidiary Cepsa trading Asia, with the opening in 2019 of our first trading office in Singapore and the commencement of its activities.





# CHEMICALS

## SPAIN

**PUENTE MAYORGA**  
(San Roque, Cádiz)

**PARAFFINS**  
400,000  
t/year.

**LAB**  
200,000  
t/year.

**LABSA**  
80,000  
t/year.

**PALOS DE LA FRONTERA**  
(Huelva)

**CUMENE**  
1,000,000  
t/year.

**PHENOL**  
600,000  
t/year.

**ACETONE**  
370,000  
t/year.

## BRAZIL

**SALVADOR DE BAHÍA**

**LAB**  
230,000  
t/year.

**LABSA**  
120,000  
t/year.

## CHINA

**SHANGHAI**

**CUMENE**  
430,000  
t/year.

**PHENOL**  
300,000  
t/year.

**ACETONE**  
188,000  
t/year.

## INDONESIA

**DUMAI**

**FATTY ACIDS**  
200,000  
t/year.

**ALCOHOLS**  
160,000  
t/year.

**GLYCERINE**  
25,000  
t/year.

## NIGERIA

**AGBARA/IKORODU**

**LABSA**  
90,000  
t/year.

**SILICATES**  
130,000  
t/year.

## GERMANY

**GENTHIN**

**ALCOHOL DERIVATIVES**  
100,000  
t/year.

## CANADA

**BÉCANCOUR**

**LAB**  
140,000  
t/year.

Business data

2019

2018

2017

Consolidated sales of petrochemical products (Millions of tonnes)

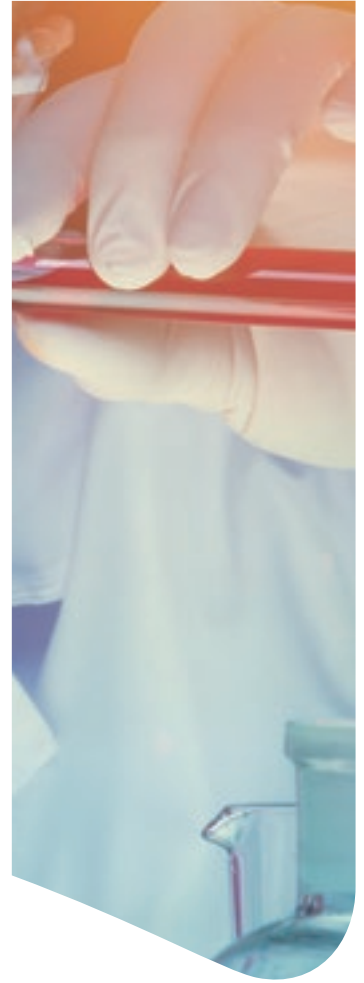
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## CHAPTER 2

Get to know us



### MILESTONES

# 2019

1

Phenol production from renewable sources, using benzene made from forest residues that have been accredited by the ISCC (International Sustainability & Carbon Certification).

2

Positioning our linear alkylbenzene (LAB) in the Indian and Eastern African markets, ensuring our presence in these areas of maximum growth.

3

Increase dearomatised solvent production capacity. High demand has enabled us to increase our production to 115,000 tonnes per year.

4

Improve the production capacity of our plant in China, up to 300,000 tonnes a year, which has allowed us to align ourselves with the demand of a growing market.



## DISTRIBUTION & MARKETING

### SERVICE STATIONS

**1,806**

(Spain, Portugal, Gibraltar, Andorra, Mexico and Morocco).

### LPG

Distributors

**96** **13**

Spain Portugal

Agencies

**33** **5**

Spain Portugal

**10**

Production plants,  
6 additional bottling plants

### FUEL STATIONS FOR BOATS

**33**

in Spain

### JET FUEL

**75,000 m<sup>3</sup>**

of supply capacity with a presence at the main airports of Spain and Portugal.

### ASPHALTS, LUBRICANTS AND SPECIAL PRODUCTS

Asphalt terminals

**5** **1**

Spain Portugal

Lubricant plants

**2**

1 of which also produces coolants

### BUNKERING\*

SPAIN

**51**

Ports with a presence through tankers

**9**

Ship fueling stations

**11**

Bunker barges

PANAMA

Presence at Balboa and San Cristóbal ports

UNITED ARAB EMIRATES

Presence at Fujairah port

\*Panama and UAE: Assets over which operational control was rescinded in 2019.

Business data	2019	2018	2017
Consolidated sales of petrochemical products (Millions of tonnes)	20.7	21.9	21.6
Fuels and motor fuels (thousands of tonnes)	10,570	10,947	11,413
Marine fuels (thousands of tonnes)	5,253	6,195	5,662
Jet fuels (thousands of tonnes)	3,153	2,968	2,917
Liquefied petroleum gas (thousands of tonnes)	290	290	259
Lubricants and asphalts (thousands of tonnes)	1,379	1,466	1,351



## CHAPTER 2

Get to know us



### MILESTONES

## 2019

1

Expansion of the marketing business in Morocco thanks to the opening of 12 service stations in the country.

2

Signing of a framework agreement with REDEXIS, with the objective of expanding the network of vehicular natural gas (liquefied and compressed) refuelling points in 50 of our service stations.

3

Opening of the first ultra-fast power charging facility in Barcelona, equipped with four charging points, as part of an agreement with IONITY.

4

Consolidation of biofuels production at the San Roque bionergy plant (Cádiz), complying with the established production plans.

5

Commencement of the marketing of packaged gas bottles in Lanzarote (Canary Islands), which has meant a new advance in our expansion strategy in the Canary Islands.

6

Launch of the traction range of heavy duty vehicle lubricants (HDMO), through technological updating and the development of a new brand image.

7

Exceeding the target for aviation fuel sales in Portugal.

8

Extension and improvement of quality control of Very Low Sulphur Fuel Oil (VLSFO), by concentrating bunkering activity in the areas near Cepsa's refineries and disinvestment in distant operations such as Panama or the temporary cessation of operations in Fujairah.

.03

# WHERE ARE WE HEADING?



## SUSTAINABLE GROWTH

"THE UNDERLYING OBJECTIVE OF OUR STRATEGY IS TO MAXIMIZE PROFITABILITY AND VALUE CREATION, WHILE MAINTAINING SUSTAINED GROWTH OVER TIME."



"To achieve our objectives we look to our businesses and adapt our strategy to each of their particular needs."

### 3.1 VALUE CREATION STRATEGY

The overriding objective of our strategy is to maintain Cepsa's position as one of the leading Spanish companies in the energy sector and that it builds on these core competitive advantages:



#### INTEGRATED BUSINESS MODEL

Which enhances our ability to deal with crises and ensures long-term sustainability.



#### FINANCIAL STRENGTH

Which makes it possible to generate profit and grow steadily.



#### EXTENSIVE EXPERIENCE AND KNOW-HOW

Which contribute to generate value added in the execution of projects worldwide, in all our businesses and geographical locations.



#### LEADERSHIP

In chemistry and positioning as one of the benchmark companies in the refining sector.



#### RESEARCH AND DEVELOPMENT

To contribute to the continuous improvement of our operations and the development of new projects.



#### ATTRACTION OF TALENT

To interest and retain the best professionals.

## CHAPTER 3

Where are we heading?



### STRATEGIC PLAN 2019-2023

Our 2019-2023 Strategic Plan aims to straddle the Company's integrated model, identifying and planning the actions and projects to be carried out over the next five years. All of this, in order to achieve our global purposes, and those particular to each unit and line of business, at all times aligned with a long-term strategy with a 2030 time horizon.

Our Strategic Plan maintains the above objectives and commitments, focusing on maximising profitability and value creation, increasing financial strength and achieving sustained growth in the long term. The strategic transformation process is based on three fundamental layers:



#### FIRST LAYER

It is intended to cover the reinforcement efforts needed to succeed in response to changing market dynamics and regulatory changes.



#### SECOND LAYER

It supports growth in new markets, and allows us to identify and adopt new energy trends that will contribute to the energy transition.



#### THIRD LAYER

This aims to explore new businesses oriented towards an integrated energy supply for our customers.

Highlights of this transformational strategy include: the internationalisation of our downstream business in regions such as North Africa and Latin America, the

launch of our first wind renewable pilot project, and the installation of our first ultra-fast charging points for electric vehicles whose electricity is 100% renewable.

## "All the electricity we use at Cepsa Tower and our chemical plants in Spain comes from certified renewable sources."

### ENERGY TRANSITION

Cepsa's commitment to the energy transition is embodied in our Strategic Plan. In this sense, we focused on promoting two essential points: the search for efficiency and the transformation of our company. The main initiatives implemented in this sense are the following:

- In the upstream area we promote the gas re-injection and market supply in order to decrease flaring and venting of gas. Moreover, we use bio-remediation to treat used water in the wells. These joint actions have assisted to avoid the emission of nearly 45,000 tCO<sub>2</sub>.
- We prioritize efficiency and operational excellence at our industrial facilities. Anually we implement new energy efficiency measures including the change to fuels with a lower carbon content. With all these measures we have avoided the emission of 72,000 tCO<sub>2</sub> eq since 2012 and we have reduced our carbon intensity by 30% in our chemical plants and 18% in the refineries from 2005 to 2019.
- With regard to bio fuels, we seek to reduce our dependence on external sources. We were pioneers in integrating biofuels production in our production chain and in our products with the fabrication of HVO (Hydrated Vegetable Oil) since 2009, and now we seek to diversify our materials to be co-processed at our facilities with second generation materials such as used oil. This use is complemented by our FAME Bioenergy Plant in San Roque,

which was acquired by the company in 2017.

- All electricity supply from all the chemical plants and from the Cepsa Tower are generated from certified renewable sources.
- We have acquired carbon credits to be able to make up for the CO<sub>2</sub> emissions produced at all our corporate events. The credits are earmarked for participation in a rainforest restoration project in Brazil whose target is to avoid deforestation of more than 4,000 Ha of rainforest and to make up for 1.4 million tCO<sub>2</sub>.
- We have increased our activity in the electricity market with a total power represented of about 4GW, of which almost 1 GW of them are from renewable origin and the rest comes from high efficiency combined cycle and cogeneration installations, powered by natural gas, which is a transitional energy.
- We have started our entry in the renewables market with our first eolic farm in Jerez. Moreover, we have signed up an agreement for the joint venture with Masdar to develop an investment plan in renewable energies across Spain and Portugal. The initial aim is to generate between 500-600MW of capacity.
- We have started installing solar panels in 10 of our service stations with the aim of increasing the number of them.

## CHAPTER 3

Where are we heading?

### A STRATEGY ADAPTED TO OUR BUSINESS

To achieve the objectives that we set ourselves in our strategy, we consider it essential to support our business areas

by adapting it to the characteristics of each of them:

#### ➤ **EXPLORATION AND PRODUCTION**

In the more than 30 years that Cepsa has been carrying on this activity, it has managed to position itself as an efficient and competitive company. This has been possible thanks to the fact that, year after year, we have exceeded our production milestones and that among our objectives and strategy is the optimization of operations. In 2019 we reduced crude oil extraction costs in the fields of Algeria and Caracara (Colombia). In addition, we continue to make progress in improving the efficiency of the drilling campaign, both in terms of cost and time, in RKF (Algeria) and the start-up of the Umm Lulu super complex in Abu Dhabi.



#### ➤ **REFINING**

Our refining business is located in Spain. We continue to develop programmes to optimise and reconvert fuel oils to middle distillates through research and the implementation of innovative technologies. Our target is to continue improving our refining efficiency in order to become a reference in the sector.



#### ➤ **CHEMICALS**

The Chemicals business is one of the driving forces behind our internationalisation and growth. In 2019 we managed to produce phenol using renewable sources from benzene produced from forest wastes. This waste was accredited by the ISCC (International Sustainability Carbon Certification), and allows us to ensure that it originates from sustainable forest management. In addition, we maintained our position in the linear alkylbenzene (LAB) market in India and East Africa, making it possible for us to expand in these geographical areas.



#### ➤ **MARKETING AND DISTRIBUTION**

Our objective is to continue developing this business by initiating a process of internationalisation and diversification of our products. We are prepared to capture opportunities that can generate value in the medium term through mutually beneficial partnerships in areas of high growth potential; highlighting among them the agreements signed for the installation of electric chargers or refuelling points for liquefied natural gas (LNG) y vehicular natural gas (VNG) in our refuelling stations.



#### ➤ **GAS & POWER**

We have started to produce electricity at the Alijar II wind farm, marking our entry into the industry of energy production from renewable sources and a milestone in our strategy of diversifying our businesses.





## OUR VALUE GENERATION

The fundamental objectives of our strategy is to maximize returns and value cre-

ation, managing to maintain our financial strength and sustained growth over time.

### Direct economic value generated and distributed in 2019 (millions of euros)

Economic value generated	<b>24,033</b>
<i>Net revenues</i> <sup>1</sup>	23,857
<i>Other operating income</i>	62
<i>Financial income</i>	60
<i>Share of result of associates</i>	38
<i>Income from asset disposals</i>	16
Economic value distributed	<b>23,722</b>
<i>Suppliers</i> <sup>2</sup>	18,548
<i>Providers of capital (shareholders and financial entities)</i>	1,233
<i>Public administration (taxes)</i> <sup>3</sup>	3,294
<i>Employees</i>	642
<i>Social programs and initiatives investment</i>	5
Economic value retained	<b>315</b>

<sup>1</sup> Includes excise duties.

<sup>2</sup> Includes the purchase of crude oil, raw materials and energy products.

<sup>3</sup> Includes excise duties, income tax and taxes other than income tax.

## CHAPTER 3

Where are we heading?

### INCOME BY COUNTRY (THOUSAND EUROS) <sup>1</sup>

Country	2019	2018	2017
Algeria	<b>170,470</b>	195,319	135,120
Belgium	<b>786</b>	773	592
Brazil	<b>11,221</b>	12,586	8,788
Canada	<b>4,958</b>	9,234	10,050
China	<b>(3,290)</b>	3,838	(18,203)
Colombia	<b>13,907</b>	52,722	41,103
Indonesia	<b>(16,215)</b>	(34,824)	(5,990)
Italy	<b>2,844</b>	2,346	2,982
Luxembourg <sup>2</sup>	<b>6,229</b>	-	-
Kenya	<b>0</b>	0	(19,686)
Malaysia	<b>4,140</b>	4,382	5,041
Mauritius	<b>0</b>	307	209
Mexico	<b>(3,581)</b>	0	0
Morocco	<b>(183)</b>	0	0
Nigeria	<b>3,418</b>	893	3,560
Netherlands	<b>3,660</b>	3,368	2,885
Panama	<b>0</b>	1,664	(2,205)
Peru	<b>(11,539)</b>	(7,425)	1,287
Portugal	<b>4,565</b>	8,841	7,213
Singapore	<b>(44,965)</b>	5,368	(133,532)
Spain	<b>681,302</b>	521,939	826,131
Suriname	<b>(155)</b>	2,994	(17,888)
Thailand	<b>7,937</b>	25,976	(121,931)
U.A.E.	<b>(19,514)</b>	15,156	8,139
United Kingdom	<b>4,019</b>	4,552	8,349
U.S.A.	<b>7</b>	54	582
<b>Total</b>	<b>820,023</b>	<b>830,064</b>	<b>742,596</b>

<sup>1</sup> The figure has been calculated under IFRS (International Financial Reporting Standards).

<sup>2</sup> Data for 2017 and 2018 are not included as they are outside the consolidation perimeter.



Cepsa adheres to the Good Tax Practices Code in Spain, which was signed on 20 July 2010, by the plenary session of

the Large Businesses Forum constituted on the 10 July 2009 by the State Tax Administration Agency.

## TAXES PAID ON PROFITS BY COUNTRY (THOUSAND EUROS)

Country	2019	2018	2017
Algeria <sup>1</sup>	130,071	103,653	114,728
Belgium	333	300	399
Brazil	4,221	6,596	5,274
Colombia	738	6,289	7,528
Italy	669	1,294	778
Kenya	0	0	504
Luxembourg	74	835	557
Malaysia	5,293	5,475	9,154
Mauritius	20	0	0
Netherlands	739	462	637
Peru	13,405	14,117	12,088
Portugal	4,966	2,438	8,082
Singapore	86	88	2,967
Spain <sup>2</sup>	(29,203)	27,689	91,642
Thailand <sup>1</sup>	40,778	17,367	18,184
United Kingdom	993	1,370	1,412
U.A.E. <sup>1</sup>	150,984	0	0
U.S.A.	(11)	12	388
<b>Total</b>	<b>324,158</b>	<b>187,985</b>	<b>274,322</b>

<sup>1</sup> The rates applicable to the results obtained in the production of hydrocarbons which are higher than the general rates.

<sup>2</sup> As in previous years, the figure for the payment of corporate income tax in Spain in 2019 includes only the payment of corporate income tax in Spain corresponding to the result obtained in 2019 under the General Accounting Plan for an amount of 81M euros as well as the refund of corporate income tax paid in excess in previous years, for an amount of 110M euros, hence the figure shows a negative balance. Other taxes paid that represent an effective expense for the company by reducing its result (such as tax on the production of hydrocarbons, royalties and local taxes, employment taxes and social contributions) are not included. Nor are those taxes that do not reduce the result but are retained or passed on to the final taxpayer (value added tax, tax on hydrocarbons, withholdings, etc.).

"Our two shareholders work closely to make sure the company continues to grow and create value through our businesses."

### 3.2 BUSINESS MODEL

We are a global energy and chemical company, operating in an integrated manner, offering technical excellence and adaptability. We operate along the entire oil, chemical and gas production chain, and we have a presence in the renewable energy generation sector.

On 15 October 2019, our shareholder structure changed as a result of the inclusion of The Carlyle Group as a shareholder through the acquisition of a 37% ownership interest in the company, thereby changing from being a sole-shareholder company to having two shareholders. Our majority shareholder continues to be Mubadala Investment Company, which

holds the other 63% of the shares. The two entities work closely together so that our company continues to grow and create value through our businesses and operations. On that same date, Philippe Boisseau became our new CEO, replacing his predecessor, Pedro Miró.

In early 2020, The Carlyle Group reached an agreement with Mubadala Investment Company for the acquisition of an additional 1.5 percent stake in Cepsa's share capital, which became effective on January 29, 2020. As of that date, The Carlyle Group holds 38.5% of Cepsa, while Mubadala Investment Company holds the remaining 61.5%.



MUBADALA

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THE CARLYLE GROUP

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**FOR MORE INFORMATION  
ON RISKS, PLEASE VISIT  
OUR WEBSITE**

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### 3.3 RISK MANAGEMENT & OPPORTUNITIES

Risk management is integrated at all Cepsa's organisational levels. We have an Integrated Risk Management System (IRMS) that enables us to manage risks from a preventive perspective and devise strategies to minimise them. The IRMS is supported and deployed through our General Corporate Risk Policy, which sets out the principles and general framework of action to be followed by the directors and employees who form part of the Company. This policy is applied in accordance with the Mission, Vision, Values and the Code of Ethics and Conduct. As a complement to this policy, we have the basic regulation on Integral Risk Management whose function is to establish its conceptual and functional framework.

The area in charge of risk management is the Enterprise Risk Management Unit (ERM), which is integrated into the Internal Audit, Ethics and Compliance and Corporate Risk Departments. Its purpose is to provide senior management with a global, integrated and prospective vision of the risks identified in order to make well-structured decisions that facilitate the achievement of strategic goals.

During the strategic and budgetary planning process, Cepsa estimates the effect of potential risks on the businesses and carries out a sensitivity analysis of the main variables, in order to obtain an integral view of their impact. This process also identifies potential emerging risks by assigning them an estimate of their probability, impact and speed of occurrence.



## CHAPTER 3

Where are we heading?

The spectrum of risks to which the Cepsa is exposed can be broadly classified into the following four key risk categories:



### STRATEGIC RISKS

Relating to general factors such as political, economic, socio-cultural, technological and environmental, as well as those related to the Group's strategic positioning and planning.



### FINANCIAL AND MARKET RISKS

Arising from volatility of prices for basic raw materials or commodities, from exchange rates, from interest rates, and from hedging and trading transactions, as well as those related to the management of liquidity and solvency, credit and counterparty risks.



### OPERATIONS AND INFRASTRUCTURES RISKS

Associated with the efficacy and efficiency of operations, amongst which the most noteworthy are the supply of products, goods and services, transmission management, extraction and manufacturing-related processes, sales and marketing, the safety of personnel and installations, the respect for the environment, the human resources and information technologies.



### REGULATORY AND COMPLIANCE RISKS

Relating to any lack of ethical conduct, violation or failure to comply with applicable laws or regulations and violation or failure to comply with the internal procedures and policies.



"One of our priorities is to manage identified risks, while at the same time looking at the potential opportunities they may present."

Also, in 2019 we included Climate Change and Energy Transition among our main risks, carrying out an analysis and a first specific map of climate change risks under TCFD standards. In addition, a methodology has been developed and implemented to calculate profitability in a quantitative and comparable way adjusted to the risk of the main investment projects, standardising and integrating the analysis of risks and opportunities carried out in the calculation of the profitability of projects.

At Cepsa we have developed differential capabilities that support the resilience of our business model and provide the foundation for future growth.

One of our priorities is to manage the risks identified while seeking the possible opportunities associated with them, allowing us to develop competitive advantages that generate value, focus our objectives and develop our strategy to continue to be a major player within the energy industry:

- Continue backing Research and Development, which enables us to contribute to the continuous improvement

of our operations and the development of new ideas and projects, such as methods for recovering crude oil in mature production fields, obtaining a higher additional volume, or the development of a new marine fuel that meets the strictest regulatory requirements.

- Make headway in the development of solutions to improve efficiency in the use of resources and the circular economy, such as waste recovery, for example used cooking oil (UCO), to be employed as raw materials in our processes.
- Carry on the process of digitalising our Company to achieve greater energy, production and logistical efficiency, as well as to continue working on the development of low emission sustainable mobility plans.
- Diversify our portfolio of activities in the transition towards a more sustainable model, expanding our presence in the renewable energy sector.

## CHAPTER 3

Where are we heading?



"The aim of our innovative projects is to support our production centers and business units."

### INNOVATION

#### 3.4 INNOVATION & DIGITAL TRANSFORMATION

A culture of innovation is one of our defining features. We use technology and research to generate value, become more competitive, optimise processes and improve the efficiency and quality of our products. To progress in a sustainable way over time is our priority.

The innovative projects undertaken by our Research Centre in 2019 had different objectives such as the search for alternatives to valorise currents or molecules in our processes, synthesise a new product for the chemical business, seek "bio" alternatives to our oil derivatives, valorise waste or investigate alternatives to current complex production schemes for other more sustainable ones, among others.

The aim of all these projects was to support our production centres and commercial units and provide technical assistance to customers who require it, highlighting the following milestones:

- We managed to obtain more sustainable and high quality lubricant bases by taking advantage of the unconverted bottom product of the hydrocracker unit at the La Rábida refinery.
- We are studying various ways of taking advantage of the diesel fraction of oil to produce aromatic compounds, gasoline or kerosene, among others, in order to reduce the consumption of raw materials and increase the efficiency of fossil fuel production through the reuse of the diesel fraction as a by-product and raw material.
- In our crude oil production fields in Algeria we applied the formulation of surfactants capable of generating foam in the most permeable areas of the fields, which allows us to increase the production of crude oil without having to increase gas injection.



Additionally, the Research Centre has carried out other projects, the development of which would not be possible without the cooperation initiatives we establish with very diverse partners, among which we would highlight:

- Strategic alliances with experts in technology and catalyst manufacturing such as the UOP, Haldor-Topsoe, BASF or INNOSPEC.
- Joint R&D initiatives with corporations such as SINOPEC, GRACE DAVISON and Zeolyst.
- Collaboration with universities and other entities such as Universidad Complutense de Madrid, Politécnica de Valencia, the Catalan Institute of Nanoscience and Nanotechnology, the Institute of Chemical Technology and Universidad de Alcalá de Henares.

Moreover, through the development of engineering projects we improve our production processes, having completed in 2019 the construction and implementation engineering of various projects in order to increase the production capacity, the conversion to higher value products, and the energy efficiency of the following units:

- At La Rábida refinery (Huelva), we have increased the benzene production capacity at the Aromax unit, as well as the production of hydrogen and the production capacity of the Hy-

drocracker unit, making it the largest Hydrocracking unit in Europe.

- At Gibraltar-San Roque refinery (Cadiz), we have made a substantial improvement in the gasoline production capacity of the Alkylation unit. We have also increased the propylene production capacity in the FCC unit and the production of the ISOMAX unit.

These projects have involved an investment exceeding 200 million euros and they will enable us to have refineries with the latest production technologies available on the market, and to make our processes more efficient and sustainable.

We have also completed the start-up of our first wind farm in Jerez de la Frontera (Cadiz), which is, with an investment of 39 million euros, our first step in the generation of renewable electricity.

During 2019, the IPA (International Project Analysis), an international entity, has analysed in detail the Project Execution methodology applied in our company by comparing it with the ones used by the best international project execution companies. As a result of this analysis, we have drawn up an improvement plan which will be implemented in 2020.

## CHAPTER 3

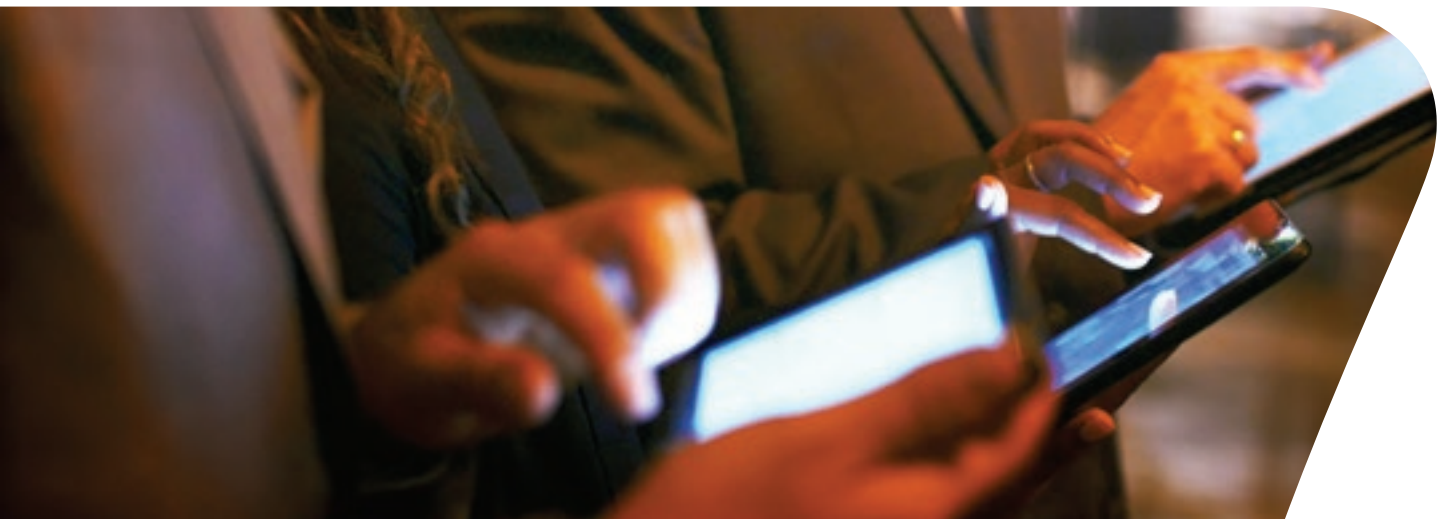
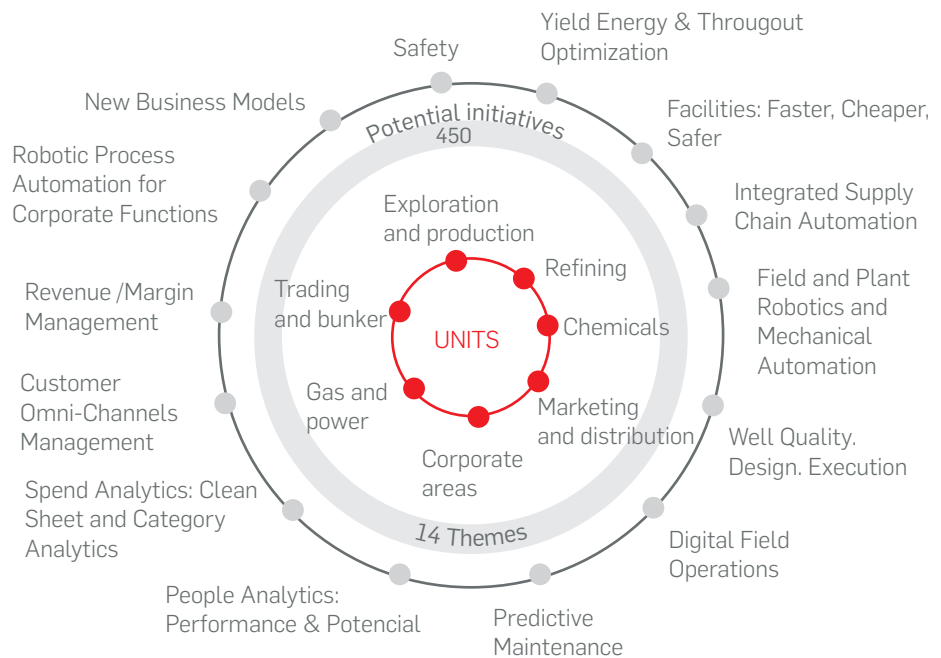
Where are we heading?

### DIGITAL TRANSFORMATION

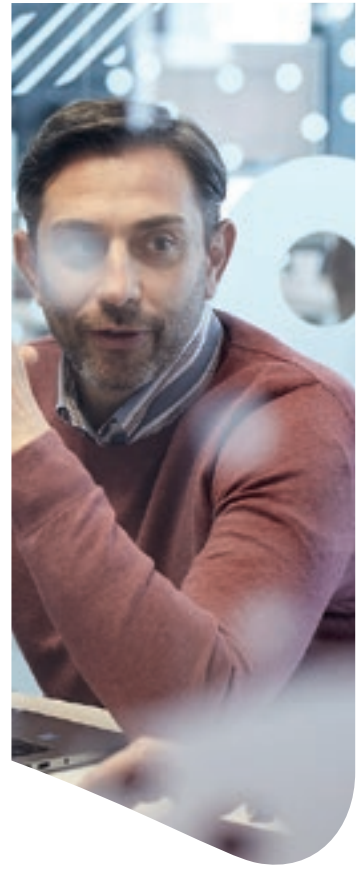
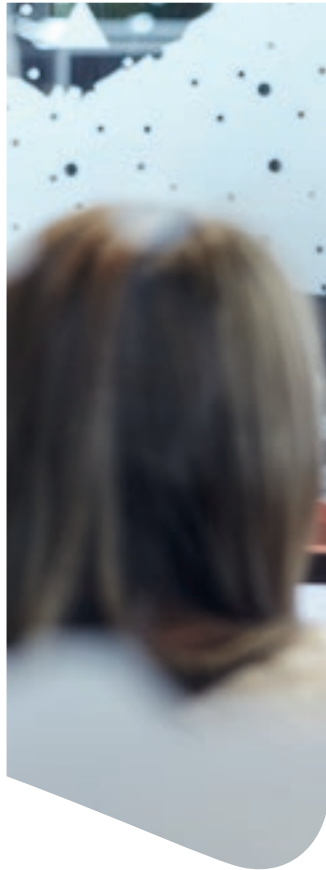
One of the levers of our strategy is digital transformation, integrated across all our areas and businesses. With the clear commitment to become a data driven and agile delivery company, we have launched an ambitious 5-year plan, through the development of more than 450 projects.

To implement the digital transformation we rely on people and technology. All the challenges that we may face are solved with people, data, algorithms and visualisation. To carry out this ambitious plan we have distributed all the effort

among 14 cross-area themes that group together all the projects that we have to develop. To achieve the objective it is necessary to train in new ways of doing things based on agility, cooperation, cost control and people. In addition, it is necessary to build digital tools that enable the creation of products, which enhance the capabilities of employees and develop the potential of the company in each of its areas of operation. All this will enable us to be more efficient, reduce our investment needs, find new income and reduce our CO<sub>2</sub> footprint.







In regard, we continue to advance and develop more and more digital products with a greater potential and impact on business. These require collaboration and placing people at the centre of this cultural change and decision making, which is carried out with as much information as possible. The following projects carried out in 2019 are of particular note:

- Our "Delivery" model has enabled us to execute 85 projects in our agile mode, involving more than 400 people in their development. Its success lies in the perfect way the business and technical profiles work together.
- Projects that allow us to develop innovative products without depending on external suppliers, such as a project which consists of maximising the performance of the refineries through

a rigorous simulation associated to machine learning.

- The "Digital Lovers" employee engagement programme has managed to generate an impact on more than 1,280 employees who have been able to learn more about the day-to-day work of Digital Transformation through the more than 80 Digital Lovers who have participated in this gamified programme.
- The "Cepsa Digital Experience" programme, which provides our professionals with new skills related to digital transformation. In 2019 it has been carried out the development, production of visual elements and the communication to the businesses of the the targets and advantages that this program would bring.

**Investments made in innovation in 2019<sup>1</sup>  
(thousands of euros)**

18,086

<sup>1</sup> Data includes investments made by the Research Center and Digital Transformation area and it may contain reclassifications from previous years.

.04

# RESPONSIBLE MANAGEMENT



"WE CONSTANTLY STRIVE TO STRENGTHEN OUR RELATIONSHIPS WITH SHAREHOLDERS, EMPLOYEES, CUSTOMERS, SUPPLIERS AND SOCIETY IN GENERAL."



"We have designed a Stakeholder identification model that will help us create a culture of proactive stakeholder management."

#### 4.1 OUR MANAGEMENT APPROACH

### STAKEHOLDERS

At Cepsa we are aware of the important role the credibility and trust deposited in us by our shareholders, employees, customers, suppliers and the community plays in the development of our activities. In order to understand and respond to our stakeholders' needs, we work tirelessly to strengthen our relationships based on the Stakeholder Relationship Policy which establishes the following general aims:

- Maintaining accessible, open, transparent and trusting relationships with the various stakeholders, through the implementation of engagement channels and monitoring tools that enable us to meet their expectations, reducing potential risks and identifying opportunities in the management process.

- Managing Cepsa's impacts and risks responsibly, taking into account the significant issues and concerns of stakeholders and including them in decision-making.
- Being proactive in the dissemination of information in all the phases of development of Cepsa's business activities, through the transmission of truthful and transparent information, which presents a true picture of our company, our activities and corporate and/or social strategies, and which will allow trusting relationships to be built that have a positive impact on stakeholder perception.

## CHAPTER 4

### Responsible management

Based on this Policy and its related Management System, we have designed a homogeneous model for the identification of Stakeholders, which will help us to create a culture of proactive management of them, by means of the updating of this tool and the continuous evaluation of the ecosystem formed by these actors. The analysis has been carried out for Cepsa's operations in Spain, establishing a common methodology to identify and selecting groups and subgroups of inte-

rest by sites, after which we will complete this map with the data obtained from other facilities and geographical areas.

In general terms, Cepsa identifies five stakeholder groups that provide a framework for structuring our relationships, and which we prioritise to identify each stakeholder's needs, expectations and perception of the company in order to mitigate potential risks and capitalise on opportunities for improvement.



#### SHAREHOLDERS

##### CONCERNS

Cepsa's performance, investments, explanation of controversies.

##### COMMUNICATION CHANNELS

Representation in governance bodies, specific communications.

#### EMPLOYEES



##### CONCERNS

Stable and quality employment, flexibility, good working climate and conditions.

##### COMMUNICATION CHANNELS

Virtual assistant, climate surveys, think box, intranet and Ethics Channel, among others.



#### COMMUNITY

##### CONCERNS

Employment, environmental impact, social action, effects of the business activities.

##### COMMUNICATION CHANNELS

Social action teams, community committees, open days, public consultations.

#### SUPPLIERS



##### CONCERNS

Commercial relationship, contract and transaction security, communication and digitisation.

##### COMMUNICATION CHANNELS

Supplier portal, satisfaction surveys, supplier day.



#### CUSTOMERS

##### CONCERNS

Quality and safety of goods and services, security of supply.

##### COMMUNICATION CHANNELS

Customer Care Service, satisfaction measurement and complaint management system.



## INSTITUTIONAL RELATIONS

As part of our commitment to responsible management and sustainable development, at Cepsa we participate in various global and local initiatives and associations that allow us to apply best practices in economic, environmental, social and corporate areas in order to continue improving our performance to comply with our business strategy and achieve our objectives. Moreover, we defend our legitimate corporate interests and work on the development and advancement of our businesses in the industry associations and lobbies we are actively involved with.

In 2019 the area of Institutional Relations prioritised the development of new internal management tools, as well as regulatory tools and protocols with the aim of achieving greater traceability of our activities with institutional stakeholders. Methodological assessment guidelines were also implemented with regard to the measurement of Cepsa's involvement with and its representation in associations.

Cepsa is represented in sectorial associations that are focused on the defence of the general interests of the industries of which it is a member, carrying out legislative follow-ups, debate meetings, providing specific information on a constant basis to all the publics of interest, as well as disseminating to the social agents the performance of each industry and the different businesses. Among these associations are AOP, Fuels Europe, Feique, Cefic, CEOE, Sedigas, AIQBE or AGI among others.

We also participate in different think tanks, initiatives from various fields, social or environmental entities, whose objectives are the design of best sectorial practices, collaboration between entities, the promotion of best practices and policies in multiple fields, sustainable development or transparency. Some of these initiatives are the following:

## CHAPTER 4

Responsible management



### SUSTAINABLE DEVELOPMENT GOALS

In order to meet the targets defined in the Sustainable Development Goals set by the United Nations for 2030, we report on our contribution to these goals in this report (see pgs. 62-63), focusing our contribution on the 6 ODS identified as priorities where we can maximize our contribution as a global energy company.

### UN GLOBAL COMPACT

Since 2005, we are adhered to the UN Global Compact and are part of the Spanish Network of the Global Compact. Thus, we are committed to integrating the 10 Principles related to human rights, labour standards, the environment and the fight against corruption into our company.

### ILO

Cepsa is part of the ILO as part of its commitment to fair work.

### OECD

We follow the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. In this way we ensure responsible conduct in our internationalization process.

### FORÉTICA

We are members of Forética, an association of companies and professionals in corporate social responsibility/sustainability with an active presence in Spain and Latin America.

### CDP

We are one of the companies certified by the Carbon Disclosure Project (CDP).

### RESPONSIBLE CARE

We are members of the Responsible Care program of the Spanish Chemical Industry Business Federation (FEIQUE). In this way we reinforce our commitment to continuous improvement in safety, health protection and environmental aspects.



#### **FUNDACIÓN BIODIVERSIDAD**

Biodiversity is a material element for Cepsa. Since 2009, the company has had an Internal Standard on Biodiversity, which has continued to be updated and complemented with the approval in 2014 of the procedure for valuing environmental protection and biodiversity actions. Since 2013, it has been part of this initiative.

#### **DIVERSITY CHARTER**

We have signed the Diversity Charter as a sign of our support for basic principles such as equal opportunities, the rejection of discrimination or the integration of cultural, social and demographic diversity in Cepsa's working environment.

#### **EFR**

The Masfamilia Foundation has awarded us for another year the Family Responsible Company (efr) certification for adopting measures that promote quality of employment, equal opportunities and the reconciliation of family and work.

#### **COMPANIES FOR A FREE OF GENDER VIOLENCE SOCIETY**

We were one of the first companies to join this initiative promoted by the Spanish Ministry of Health, Social Services and Equality.

#### **CONFIANZA ONLINE**

We have the Confianza Online seal of approval from the Federation of Electronic Commerce and Direct Marketing (FECMD), the Spanish Association of Electronic Commerce (AECE), Autocontrol and the Spanish Association of Advertisers (AEA). With this distinction we guarantee transparency, security and trust to all users who browse or buy our website.

#### **AUTOCONTROL**

We are members of the Association for the Self-regulation of Commercial Communication (Autocontrol), so we are committed to producing commercial communications in a responsible manner and respecting the rights of our consumers and competitors.

The budget for these actions in 2019 was € 2,716,588.



"WE HAVE CONDUCTED  
A NEW MATERIALITY ANALYSIS  
TO IDENTIFY THE MOST SIGNIFICANT  
ENVIRONMENTAL, SOCIAL AND  
CORPORATE GOVERNANCE ISSUES."





## MATERIALITY

In 2019, in view of the changes in Cepsa's environment and organisation, we carried out a new materiality analysis to identify the most relevant and priority matters of an environmental, corporate governance and social nature. Diverse sources of information and trends were analysed, as well as sector and regulatory news, information on our stakeholders, our corporate strategy and corporate responsibility, our risk management and our internal regulatory environment. Subsequently, the information analysed has been structured by grouping it into relevant topics and finally, material issues have been

prioritised according to their internal and external importance. This prioritisation served to identify those issues that form the basis of this Annual and Corporate Responsibility Report, and will also be used in the definition of our strategic lines of action with regard to corporate responsibility.

The materiality analysis resulted in the identification of the 19 most relevant issues:

**THE MATERIALITY ANALYSIS**



**OPPORTUNITIES AND RISKS OF CLIMATE CHANGE**

Climate change represents a global environmental challenge and an opportunity for economic growth and accordingly companies are establishing mechanisms to identify, quantify and minimise risks, in order to undertake a transition to a low-carbon business model.



**MANAGING ENVIRONMENTAL IMPACT**

Minimising the adverse effects on the environment and boosting the growth of the natural capital is a priority in those territories in which we carry on our activities, establishing prevention, control and compensation measures for potential impacts.



**WATER RESOURCE MANAGEMENT**

Water is a limited resource and is necessary for the performance of Cepsa's activities. We promote its efficient, responsible use, creating activities and mechanisms geared towards improving water management.



**CIRCULAR ECONOMY**

One of Cepsa's objectives is to optimise the consumption of raw and secondary materials. In order to achieve this, the company strives to promote product recirculation through the use of recycled raw materials, thereby reducing the generation of waste, fostering its transformation into by-products, in addition to measuring and monitoring the impact and the company's performance in this area.



**RESPECT FOR HUMAN AND WORKERS' RIGHTS**

Cepsa is strongly committed to human and workers' rights as illustrated by the Human and Workers' Rights Policy, which marks another step toward establishing measures and mechanisms that enable verification of compliance with these commitments throughout the value chain.



**INDIVIDUALS' HEALTH AND SAFETY**

Cepsa endeavours to guarantee the safety, health and wellbeing of the employees, contractors, local communities and customers by means of a preventive approach and making commitments, implementing measures and developing programmes focused on the prevention of potential risks that may arise in relation to these stakeholders.



**OPERATIONAL SECURITY**

Cepsa implements Process Security Management Systems to manage and minimise the effects of any potential industrial incidents that may arise at its facilities in the course of its production processes. Information also constitutes one of Cepsa's main assets, which it manages and protects with the IT systems in place.



**ATTRACTION AND ADVANCEMENT OF TALENT**

The highly competitive environment in which Cepsa operates means that identifying key professional profiles and rolling out talent attraction plans aligning employees' interests with those of the business and the new challenges we face is crucial. The creation of an Integrated Talent Management Model, fosters the continuous improvement and development of the best professionals and establishes that a quality work environment is key to responding to current and future challenges.



**QUALITY EMPLOYMENT**

The company strives to ensure that the activities carried on are respectful of the professionals and appropriate to their positions, to ensure that remuneration is fair and consistent with the social and economic situation of each of the countries in which the activity is performed, and to maintain a two-way relationship and communication with the trade unions and the employees' legal representatives.



### SOCIAL COMMITMENT

Cepsa fosters joint development in the territories in which it is present, taking into account local communities' needs and expectations, minimising the negative impacts and maximising the positive outcomes that may arise in terms of the natural environment and local people.



### DIALOGUE AND TRANSPARENCY WITH STAKEHOLDERS

In order to pursue its business activities, it is essential that Cepsa maintain seamless, continuous two-way communication with its stakeholders through communications channels individually tailored to their specific needs.



### BUSINESS TRANSFORMATION

The disruptive changes in the energy industry are forcing companies to seek alternative activities to those they currently perform and explore new market niches. Cepsa takes these changes into account, which enables us to maintain sustainable, profitable growth in the medium to long term.



### COMBATING CORRUPTION AND BRIBERY

We comply with current Spanish and international legislation, as well as Cepsa's internal policies in relation to combating corruption and bribery in the public and private spheres and in all those countries in which we operate.



### RESPONSIBLE SUPPLY CHAIN

Cepsa defines its principles of responsible supply chain management in the Code of Ethics and Conduct for Suppliers. In order to follow up on supplier compliance Cepsa has set up supervision systems and conducts specific audits of suppliers.



### REGULATORY COMPLIANCE

In addition to complying with national and international laws and standards in the countries in which the Company operates, Cepsa's strategy defines the guarantee of compliance with internal regulations which is aligned with the values, commitments and objectives acquired.



### DEVELOPING AN ETHICAL BUSINESS

Cepsa guarantees that its business is conducted based on rules of ethical conduct that are developed and approved in house, developing ethical behaviour management systems to enable strict compliance with these rules and creating an ethics culture that permeates the entire business.



### RISK MANAGEMENT

Identification, assessment, management and ongoing monitoring of the risks that may impact on Cepsa's business activity and prevent the achievement of the goals defined. Cepsa has an Integrated Risk Management System that allows it to identify risks from a preventive perspective and devise strategies to manage them.



### INNOVATION

Cepsa is committed to using technological innovation and the best techniques available to maximise efficiency, optimise processes and improve competitiveness, offering customers added value through the development of innovative new services and products tailored to their needs.



### GOOD GOVERNANCE

The development and implementation of a good corporate governance strategy results in organisational stability and control, and fosters the development of a first class culture of corporate responsibility.

## CHAPTER 4

Responsible management



### COMMITMENT TO SUSTAINABILITY

The Corporate Responsibility and Reputation department is responsible for identifying, coordinate and foster the management and reporting those aspects of the company in relation to the environment, good governance and the community, thus meeting the needs and demands of

our stakeholders and helping to maintain and enhance our reputation. This process is coordinated in a cross-cutting manner throughout the Company, implementing policies, procedures and specific plans, such as:

#### **CORPORATE RESPONSABILITY POLICY**

This Policy formalises our commitment to fostering the adoption of best corporate responsibility practices in the management of our day-to-day activities by all our organisational units and in all the countries and regions in which we operate.

#### **STAKEHOLDER RELATIONSHIP POLICY**

Our Stakeholder Relationship Policy and its Management System allow us to identify, classify, prioritise and manage each of our stakeholders, thereby discovering their expectations, needs and initiatives.

#### **LOCAL COMMUNITY RELATIONS POLICY**

The policy for local community relations sets out the guidelines for building a framework of trust, transparency and clear communication with those individuals or groups with which we interact in the course of our activities.



## CORPORATE RESPONSIBILITY MASTER PLAN



Learn more about  
the Corporate  
Responsibility  
Master Plan

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### OBJECTIVE

The objective of the 2017-2019 CR Master Plan was to identify, plan and lend strength to the initiatives of a non-financial nature that support our strategic objectives and to align our performance with the best practices of those sectors in which we carry on our activities.

### MONITORING

The Plan's progress is monitored on a quarterly basis, using a tool that helps us to review the evolution of the actions. Meetings are held with the units to measure progress and identify improve-

Once the existing plan expires, a new Corporate Responsibility and Reputation Plan will be prepared, with a 2022 time horizon, which will take into account the sustainability trends at global and local level, the commitments acquired by Cepsa in order to achieve the Sustainable Development Goals and the integration of reputation management, with the aim of continuing to progress in our responsible management

### STRUCTURE

This company-wide Plan encompasses 32 business and functional units. It comprises 85 actions organised around 10 strategic blocks and each action is associated with the Sustainability Development Goals it works towards. Approval and monitoring of the progress made under the Master Plan is carried out at the highest level in our Company.

ments. Monitoring is reported to the Management Committee on a regular basis and 90% of the actions proposed were completed.

We are also working on other projects aimed at positioning ourselves in line with best practices in the area of corporate reputation, which include, among others, the development of a system for non-financial information reporting and control, our presence in the main international sustainability indexes and measurement of our environmental, economic, and social impact in those areas in which we carry on our activities.

**CEPSA, PARTNER TO THE SUSTAINABLE DEVELOPMENT GOALS**

We have been a participant of the UN Global Compact, the world's largest corporate sustainability initiative, since 2005. In addition to our commitment to promote the ten principles of the UN Global Compact, at Cepsa we have endeavoured to align our corporate management with the Sustainable Development Goals (SDGs) which, in addition to evidencing a commitment to sustainable progress from a social perspective, helps us to find new business opportunities, drive innovation and enhance the relationship with our stakeholders.

This commitment is illustrated by company management's approval of the SDGs defined as a priority for Cepsa due to them being more closely associated

with our activities and our stakeholders. We have published our commitment by means of the "#aliadosdelosODS" initiative promoted by the Spanish network of the UN Global Compact.

Looking ahead to 2020 and the preparation of our new Corporate Responsibility and Reputation Master Plan, we will organised the strategic lines and actions to be carried out in order to achieve the new targets associated with the priority SDGs defined.

In accordance with our commitment and our priority SDGs, the main initiatives implemented in 2019 were in line with the following lines of action:



- **Improving the efficiency of our operations.** We took various actions such as the installation of solar panels at service stations, the implementation of efficiency projects at refineries and the renovation of the linear alkylbenzene (LAB) production plant in Puente Mayorga (Cádiz), where the ISO 50001-2018 energy efficiency certification was also obtained.
- **Increasing the proportion of renewable energy sources in our energy mix,** through the implementation of the first wind-powered facility in Jerez de la Frontera (Cádiz); in addition, we market energy from 100% renewable sources and entered into a Power Purchase agreement, which also assures the guarantee of origin of the energy produced for 10 years.
- **Helping to improve access to more sustainable energy services.** With the inauguration of the first ultra-fast charging station for electric vehicles in Barcelona and the agreement with Redexis for the development of vehicular natural gas (VNG).



- **Promoting human and workers' right across our entire value chain.** We renewed the certificates that evidence Cepsa's commitment to human and workers' rights, which include the Family-Responsible Company (efr), the Top Employers, and the Top 30 companies in Spain certificates; we also developed new plans for talent attraction and development and a new Diversity and Inclusion scheme.
- **Providing a healthy working environment for everyone.** With our healthy company programme (PES) and the development of Cepsa's healthy workplace management system (SIGES), the inclusion of a Total Health Test as part of the medical examinations and the launch of programmes such as HouseKeeping and Safety Walks to foster safety in the workplace.
- **Promoting local development in the zones in which our business activities are found.** With plans to foster local contracting, providing communities with employability tools outside our sector, and developing training initiatives that increase the skills of the local workforce and improve the quality of life of the communities.



- **Promoting the adoption of new technologies, innovation and scientific research**, with projects such as MAX, a virtual assistant for our professionals, and the Diesel Challenge project to boost the use of by-products, or supporting research initiatives through the Cepsa Foundation.
- **Promoting technological capabilities throughout the value chain**, with digital transformation projects such as Digital Delivery; together with initiatives using the latest technologies such as blockchain to optimise functional areas such as Procurement.



- **Promoting the sustainability of our supply chain**, by providing our suppliers with training activities, assessing their performance in accordance with environmental, social and governance indicators, allocating supplier risk levels in our management model and recognising those suppliers who share our values by means of our WePi-oneer programme.
- **Promoting sustainability throughout our products' life cycle** with initiatives such as reducing the sulphur content in our marine fuel and producing phenol from forest residue-derived benzene. This interest in fostering sustainability has led to our recognition with certificates such as the Environmental Product Declaration (EPD) for the LAB business line.
- **Encouraging sustainable management of natural resources:** Cepsa signed up to the Pact for a Circular Economy and the Spanish energy sector's Working Group on Natural Capital, thereby reinforcing our commitment to sustainable natural resource management.



- **Implementing a global, long-term strategy to address Climate Change** will help us to define a road map towards a low-carbon business model; to this effect, we created our first climate change risk map.
- **Participating in the debate on and development of energy and climate change policy** at Spanish and European level with the intention of offering a new vision of the refining sector and of climate neutrality.



- **Preventing all forms of corruption and bribery** by performing external audits of our crime prevention model and providing our employees with online training on crime prevention.
- **Promotion transparency and dialogue with our stakeholders**, through surveys such as those conducted with our suppliers or the ethics survey with our employees, as well as establishing and remodelling communication channels with these and other groups.



"Because we are a global company, our governance model is based on both national and international best practices."

### CORPORATE GOVERNANCE

#### 4.2 CEPESA'S GOVERNANCE

Our corporate governance structure and model is aligned with the recommendations laid out in the Spanish Code of Good Governance for Listed Companies, which are applicable to Cepsa's specificities. As a company that carries on its activity at a global level, it is necessary to maintain our governance model adapted to the best national and international practices.

Cepsa's governance model is structured around certain general principles and commitments, which include:

- Ethical behaviour.
- Compliance with the law and internal regulations by all our professionals, as well as transparency in our actions.
- The commitment to preserve the health and safety of our employees.
- The protection of the environment.
- The maximisation of the creation of sustainable and long-term value.
- Social commitment to local communities.
- The promotion of constant dialogue with our stakeholders.



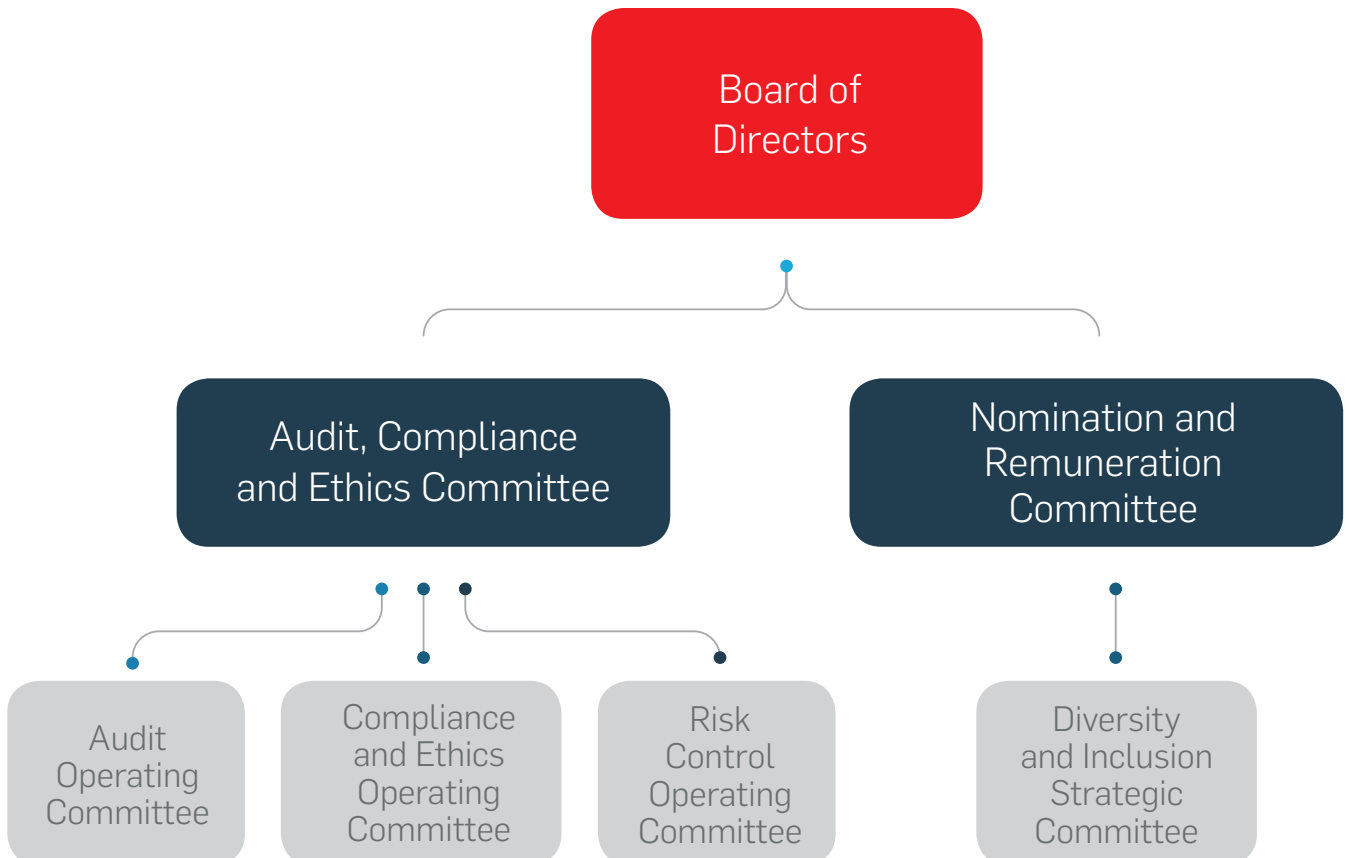
## STRUCTURE AND GOVERNANCE BODIES

In October 2019, The Carlyle Group completed an agreement to buy a non-controlling interest in Cepsa from Mubadala, corresponding to 37% of our company's share capital. In this context, there was a renewal of our Governance Bodies and of the company's Internal Regulations, of particular note being the adaptation of the bylaws and the Board of Directors Regulations to the new structure.

Our governance structure separates effective management and administration functions from those of oversight and control. Our main governance bodies are the Annual General Meeting, the Board

of Directors and the two Board Advisory Committees.

The Board of Directors is Cepsa's highest administrative and representative body. Its responsibilities include supervising and controlling the management and evolution of the business; approving the company's plans, policies, objectives and strategies, and ensuring the correct execution and implementation thereof. It also draws on the support of two Advisory Committees: the Audit, Compliance and Ethics Committee and the Nomination and Remuneration Committee.



## CHAPTER 4

Responsible management

### AUDIT, COMPLIANCE AND ETHICS COMMITTEE



Responsible for overseeing the internal audit processes, internal control systems, compliance and risk management, as well as the process of preparing and presenting financial and non-financial information and managing the relationship with the external auditor. In addition,

it reviews and proposes to the Board of Directors, for its approval, the policies for action in relation to the main stakeholders, including all matters relating to Corporate Responsibility, with the support of the Compliance and Ethics Operating Committee.

### NOMINATION AND REMUNERATION COMMITTEE



Its function is to oversee the process of selection, nomination, re-election and removal of the directors and members of Cepsa's senior management; analyse,

inform and propose the remuneration policy; and submit proposals to the Board of Directors regarding the decisions to be adopted in cases of conflict of interest.

Candidates are selected and proposed to serve on the Board of Directors and its two Committees on the basis of their knowledge and professional experience in sectors such as energy, industry or finance, their ability to devote the time required to perform their duties, and their possible specialisation in relevant areas. In 2019 the objective of promoting diversity and inclusion in Cepsa was given greater impetus with the creation of a Strategic Committee on Diversity and Inclusion, reporting to the Nomination and Remuneration Committee, which establishes the policy, strategy and action plans in this area, promoting a more balanced participation of women in important positions in the company, greater cultural and generational diversity and an environment that favours the inclusion of people with disabilities.

On 15 October 2019, the company's Board of Directors was restructured due to the acquisition of the ownership interest in Cepsa by The Carlyle Group, increasing the number of directors to ten in order to reflect the new shareholder structure. Mubadala appointed five members to the Board, including its Chairman, and The Carlyle Group appointed three members. In addition, the Board will continue to have an independent director who, together with our Chief Executive Officer, completes the composition of the Board. The new Chief Executive Officer, Philippe Boisseau, who replaces Pedro Miró in this position, was unanimously nominated by the Board of Directors on 15 October 2019. Mr Boisseau has extensive experience and a professional career of more than 30 years in the energy sector





Name	Board of Directors	Director category	Date of initial appointment	Audit, Compliance and Ethics Committee	Nomination and Remuneration Committee
D. Musabbeh Al Kaabi	Chairman	Non-executive proprietary	20/11/18	-	-
D. Marcel Van Poecke	Deputy chairman	Non-executive proprietary	15/10/19	-	Director
D. Philippe Boisseau	Chief Executive Officer	Executive	15/10/19	-	-
D. Ángel Corcóstegui	Director	Non-executive independent	01/02/16	Chairman	-
D <sup>a</sup> . Alyazia Al Kuwaiti	Director	External Proprietary	18/01/16	-	Chairman
D. Saeed Al Mazrouei	Director	Non-executive proprietary	20/11/18	Director	-
D. Bakheet Al Katheeri	Director	Non-executive proprietary	20/11/18	-	-
D. Marwan Nijmeh	Director	Non-executive proprietary	15/10/19	-	Director
D. Bob Maguire	Director	Non-executive proprietary	15/10/19	Director	-
D. Joost Dröge	Director	Non-executive proprietary	15/10/19	-	-
D. Ignacio Pinilla	Non-director secretary	N/A	31/01/12	Secretary	-
D. José Tellez	Non-board deputy secretary	N/A	24/10/14	Deputy secretary	-
D.Carlos Morán	-	-	11/05/12	-	Secretary

## CHAPTER 4

Responsible management



The two Board Committees were modified in accordance with the new shareholding structure. The Audit, Compliance and Ethics Committee continues to be chaired by the independent director Ángel Corcóstegui, and has two proprietary members, one elected by Mubadala and the other by Carlyle. The Nomination and Remuneration Committee is chaired by Alyazia Al Kuwaiti, who took office on 15

October 2019, and also has two proprietary directors, one elected by Mubadala and the other by Carlyle.

In order to support the Audit, Compliance and Ethics Committee in its responsibilities, three internal and permanent Operating Committees were set up and report directly to the Committee:

### AUDIT OPERATING COMMITTEE



Its function is to liaise between the external auditor and the Audit, Compliance and Ethics Committee, as well as analys-

ing the auditor's independence and overseeing, guiding and driving the internal audit department.

### COMPLIANCE AND ETHICS OPERATING COMMITTEE



This Committee is primarily responsible for setting the corporate ethical stance, promoting ethical conduct among employees, answering any ethics-related queries and resolving breaches of the code of ethics. It also coordinates the various compliance programmes to ensure the correct functioning thereof,

oversees the workings and compliance of the company's crime prevention model, and monitors compliance with applicable legislation. In doing so, it ensures that the company operates with integrity, fulfilling the commitments established by the Board of Directors in the Code of Ethics and Conduct.

### RISK CONTROL OPERATING COMMITTEE



This is the body charged with overseeing the Integral Risk Control System, which provides a standard mechanism for measuring and understanding risk. It su-

ports and provides advice to the Audit, Compliance and Ethics Committee and the Board of Directors in the fulfilment of their risk oversight duties.



## MANAGEMENT BODIES

### MANAGEMENT COMMITTEE



Its duties include overseeing and coordinating the business units and corporate functions; analysing and proposing objectives, the strategic plan and the annual

budget; and approving the policies and initiatives of the various units and departments.

### INVESTMENT COMMITTEE



This is the internal executive coordination and advisory body. Its primary functions include signing off major investment pro-

jects prior to them being submitted to the Board of Directors for approval.

In relation to the executive positions or those with responsibility in economic, environmental and social issues, our company is organised around various Business Units and Functional Areas. The responsibilities in economic matters correspond to the General Economic and Financial Department; those involving environmental matters to the specific areas that report to the General Director of Operations and those related to social

aspects to the Communication and Institutional Relations Department and the General Secretariat, among others. The heads of these Departments are members of the Management Committee, chaired by the Chief Executive Officer, which reports directly to the Board of Directors on the most important issues relating to these economic, environmental and social matters.

## CHAPTER 4

Responsible management



### ETHICS, COMPLIANCE AND CORPORATE POLICIES



[Access our Code of Ethics and Conduct](#)

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Thanks to our values and a good model of business ethics management, we wish to achieve an outstanding reputation in the industry for being an integrated energy company.

Our Code of Ethics and Conduct is the reference framework through which we implement our professional practice, where the main ethical commitments that our shareholders want to materialise throughout the Company are established. It brings together the basic principles, standards and behaviours that all Cepsa professionals must know and comply with.

All Cepsa employees, including senior management, must be aware of the content of the Code of Ethics and Conduct

and adhere to it. Accordingly, in 2019 training initiatives involving the Code were carried out for all employees, as well as a survey that was launched to gain an insight into their opinion on different points of the Code, the results of which were presented to the Compliance and Ethics Committee.

The current version of the Code of Ethics and Conduct was approved by the Board of Directors in September 2017, with the cooperation of the highest representatives of the Cepsa Group and the most representative trade union federations. The Code is regularly updated and revised, following the same procedure as that used during its preparation, adapting it to possible changes that may occur both in the company and in Cepsa.

## CORPORATE POLICIES



### Access our Corporate Policies

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The Code of Ethics and Conduct is complemented and developed through various corporate policies that establish the different standards that must be met both by our professionals and by any third party working with us or representing us.

The main policies that make up our internal regulatory framework, some of which can be consulted on our website, are as follows:

- Corporate Criminal Risk Prevention Policy.
- Third Party Due Diligence Policy.
- Conflicts of Interest Policy.
- Supplier Code of Ethics.
- Anti-Bribery and Corruption (Public Sector) Policy.
- Corporate Responsibility Policy.
- Policy on Health and Safety, Environmental Protection and Quality.
- Human and Workers' Rights Policy.

- Crime Prevention Manual, which enables us to establish the model of organisation, prevention, management and control of criminal risk prevention at Cepsa, describing the basic elements that comprise the company's Crime Prevention Model.

2019 also saw the development of the Data Protection Policy, to enable us to adapt to the new needs and external requirements. The purpose of this policy is to establish the guidelines that allow all the companies in the Cepsa Group to protect the fundamental rights to honour and privacy in the personal data processing of all individuals with whom we have a relationship, in compliance with the applicable legislation. In the policy we also express the most categorical rejection of any form of violation of the regulation on the personal data processing in relation to any interested party, and we state our commitment to prevent and fight against any breach of this regulation that may deteriorate the value of the entities of the Cepsa Group, their image or reputation.

## ETHICS AND COMPLIANCE CHANNEL



### Access our Ethics and Compliance Channel

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We are firmly committed to compliance with regulations, our internal rules and the principles set out in our Code of Ethics and Conduct. For this reason we have an Ethics and Compliance Channel through which any employee or third party can report irregular behaviour or behaviour contrary to these rules.

The channel is managed by the Ethics and Compliance Office, which reports to the Compliance, Audit and Ethics Committee. All the stakeholders with whom we work or establish a contractual or commercial relationship are informed about how the channel operates, either through the corporate website at the general level, or through the contractual documents and training initiatives in the specific case of our suppliers and employees. All requests for advice received through this

channel are treated confidentially and anonymously, in accordance with our Code of Ethics and Conduct and the relevant data protection regulations; as well as ensuring zero tolerance for retaliation against whistle-blowers.

The Ethics and Compliance Channel Policy establishes the procedure by which communications received through this channel are processed.

This channel is available at all times on the website, and we are also finalising the access to the channel by telephone through an external service available 24 hours a day.

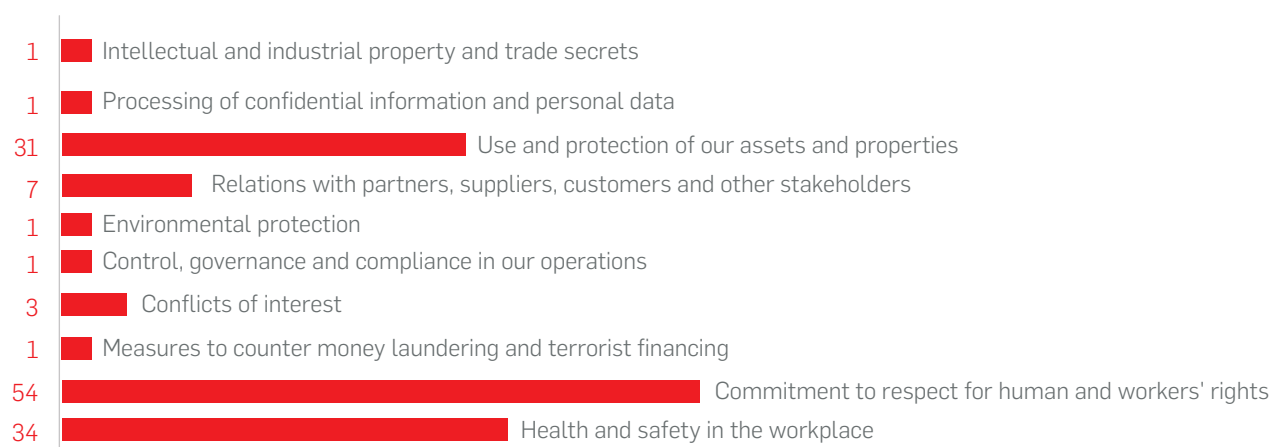
Below are the main data on the communications received through the Ethics and Compliance Channel during the year:

## CHAPTER 4

### Responsible management

Types of request for advice on ethics	Number
Health and safety in the workplace	2
Commitment to respect for human and workers' rights	4
Conflicts of interest	3
Control, governance and compliance in our operations	1
Insider dealing and market manipulation	1
Relations with partners, suppliers, customers and other stakeholders	11
Lobbying	1
Gifts, hospitality, events and the fight against corruption	7
Processing of confidential information and personal data	5
Media and information transparency	1
<b>Total</b>	<b>36</b>

## COMPLAINTS OF BREACHES OF THE CODE OF ETHICS



## OUTCOMES OF THE COMPLAINTS FOR BREACHES OF THE CODE OF ETHICS







## COMPLIANCE MANAGEMENT SYSTEM

Our Compliance Management System is intended to help establish internal mechanisms to prevent, manage, control and react to potential compliance risks, inappropriate behaviour or non-compliance.

In order to meet these objectives, it is essential to involve and communicate our Code of Ethics and Conduct and the corporate policies that implement it to our employees and to all third parties with whom we establish relationships as we carry on our activities. Thanks to the training and communication actions that we carry out, as well as initiatives such as the celebration of Ethics Day, we promote the knowledge and commitment with compliance and the ethical behaviour along our entire value chain. Moreover, and in order to verify the effectiveness of our management and prevention models, we have submitted our Crime Prevention Model to an external audit based on its design and effectiveness, and obtained a favourable report in this respect.

In 2019 no significant penalties or fines for breaches of environmental legislation were reported<sup>1</sup>, and neither is there any evidence of any significant breaches of legislation of a social or economic nature<sup>1</sup>. At 2019 year-end the environmental lawsuit of June 2011 remained open, in which a group of fishermen in Thailand filed a complaint against a subsidiary of Cepsa due to the impacts derived from

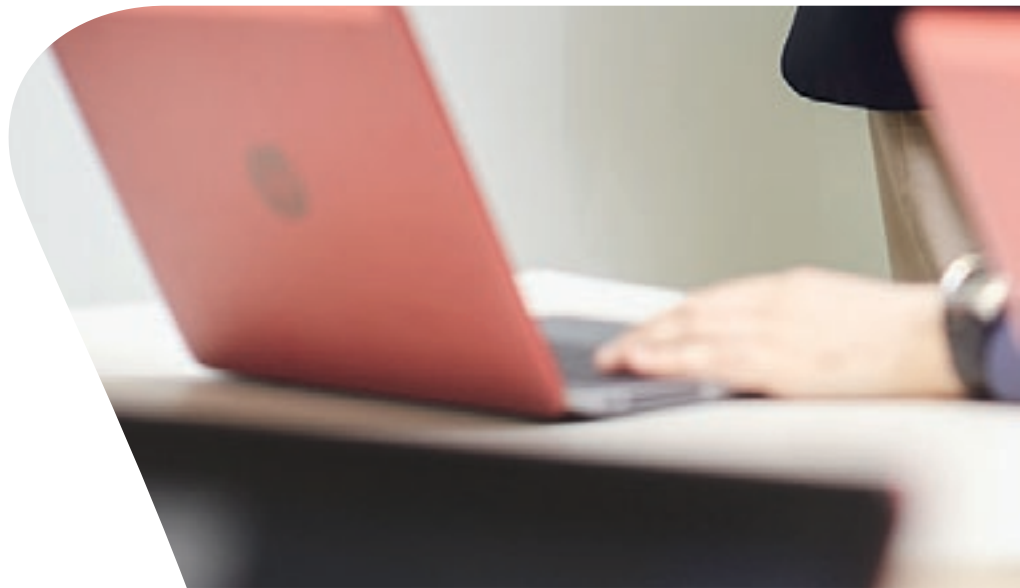
the subsidiary's activities. Also, in the area of competition, we are still awaiting the date to be set for the vote and ruling on the two appeals we filed in 2015 against the resolutions of the Spanish National Markets and Competition Commission (CNMC), where two penalties of EUR 10 million and EUR 2.5 million were imposed on Cepsa.

In addition, Cepsa is also the subject of an oversight proceeding relating to compliance with a ruling issued by the CNMC in 2013 for fixing the RRP of fuels to distributors who were not agents but rather independent businessmen for assuming significant risks linked to the sale of products to third parties. The Oversight Sub-Directorate proposed to the Competition Court of the Council of the CNMC that it rule that Cepsa had complied with the notifications contained in the aforementioned ruling of December 2013. However, the aforementioned Council ruled in August 2017 that "it was not possible to consider compliance with the CNMC Ruling of July 2009 to be held to have been proved, in the terms proposed by the Competition Directorate". After having worked closely with the Oversight Sub-Directorate, we found a satisfactory solution and the aforementioned Sub-Directorate issued a Partial Oversight Report to the Council in June 2019, urging it to declare our compliance.

<sup>1</sup> Penalties or fines for breach of environmental, social or economic legislation are considered significant when they exceed EUR 2 million.

## CHAPTER 4

Responsible management



### ANTI-CORRUPTION AND BRIBERY

We are committed to a policy of zero tolerance to corruption, fraud and bribery.

This firm commitment to the best national and international practices in terms of compliance was materialised with the obtainment, in 2018, of certification of our Anti-Bribery Management System under the ISO 37001 standard, which places us at the forefront of the industry. This certification was updated in 2019 with AENOR. We also implemented certain measures to prevent possible cases of corruption and bribery during the year, including most notably the following:

- Conducting audits on the use of Corporate Credit Cards and the Management Fuel Card.
- Actions to communicate to our employees and suppliers our policy against bribery and corruption, with the aim of making them aware of the conduct they should have in giving

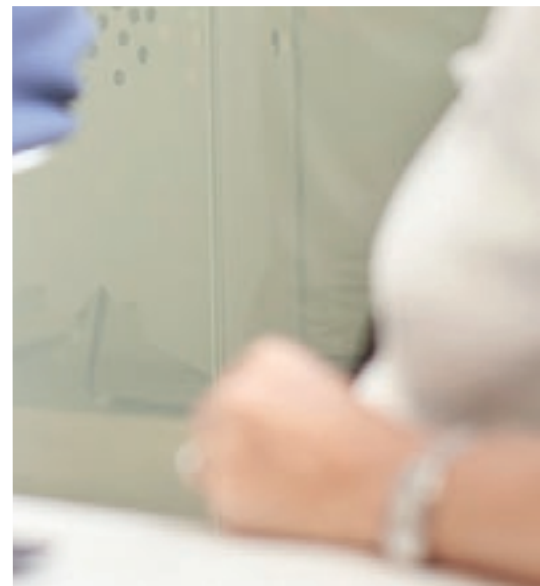
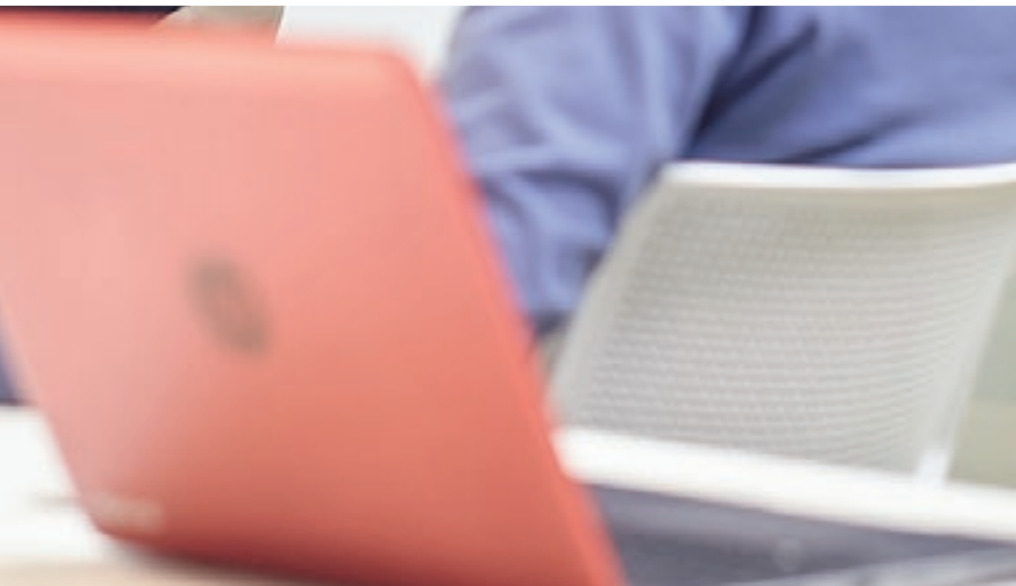
and receiving gifts, and invitations to events or meals.

- Launch of an online training space on crime prevention, which includes an exclusive module on the prevention of corruption-based crimes.
- Implementation of the counterparty analysis procedure by centralising all the Group's third-party integrity analyses in the Ethics & Compliance Office.

In turn, work was also performed to strengthen the anti-money laundering programme by extending the scope of the Payment Seizure Function and centralising all Know Your Counterparty analyses in the Ethics and Compliance Office, which ensures consistency in the analyses and efficiency of the compliance processes. Also, in 2019 the board of trustees of the Cepsa Foundation approved the Manual for the Prevention of Money Laundering and Terrorist Financing.

2019

Number of internal audit projects with an anti-corruption and anti-bribery component	8
Number of Crime Prevention Model (CPM) controls that mitigate the risk of corruption within CPM controls	207
Number of SCIIF controls aimed at mitigating fraud risk within SCIIF controls	408
Number of audit projects on non-operated assets	5
Number of reviews of investment agreements and significant anti-corruption contracts (Know Your Third Party/KYTP analysis)	8



During 2019 we have evaluated the effectiveness of the control framework established in 16 companies, having determined an average risk level in the following: Cepsa Química S.A.; Compañía Española de Petróleos, S.A.; Compañía Española Distribuidora de Petróleos, S.A.; Atlas, S.A. Combustibles y Lubrificantes; Cepsa Bioenergía San Roque, S.L.U.; Cep-

sa Colombia, S.A.; Cepsa Aviación S.A.; Red Española de Servicios S.A.U.; Cepsa Gas y Electricidad, S.A.U. and CMD Aeropuertos Canarias, S.L. These analyses reflect the evaluation of the risks from a criminal point of view and, within this, the risks linked to corruption in both the private and public spheres have been taken into account.

## HUMAN AND WORKERS' RIGHTS

At Cepsa we have a Human and Workers' Rights Policy that is compulsory for our professionals, including the directors and employees of the subsidiaries over which we have effective control, as well as for third parties with whom we have relations, such as suppliers and customers.

The purpose of this policy is to promote the eradication of discrimination due to any factor of diversity (gender, age, race, or any other personal distinction), so that all types of conduct contrary to human dignity and in breach of universal rights are sanctioned, and measures are implemented to encourage ethical behaviour in an environment of equality and to favour an environment of diversity. During 2019, there was only one accredited instance of harassment, which was immediately remedied, as well as no resolution of breaches in our operations regarding freedom of association and collective bargaining.

Our commitment to Human Rights is closely linked to internationally recognised laws and practices, such as the United Nations Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work established by the International Labour Organisation, the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development, and takes into account the provisions of the National Action Plan on Business and Human Rights approved by the Spanish government on 28 July 2017.

During 2019 we were not made aware of any incidents infringing the rights of the indigenous communities in the areas in which we operate, or any significant risks of breaches of labour and human rights during the risk assessments of our suppliers.

## CHAPTER 4

Responsible management



"Our Integrated Talent Management Model is made up of different programs and initiatives that promote continuous improvement in people management and professional development."

### 4.3 PEOPLE MANAGEMENT

#### WORKPLACE CULTURE

Our team of professionals is, without doubt, one of Cepsa's pillars. If the goals and aims defined by the company are to be achieved, having motivated employees and teams in work environments that facilitate their personal and professional growth and development and united by a system of shared values is crucial. It is therefore necessary to offer these professionals an employee value proposition that is appropriate, responds to their needs, aligned with the business, competitive in terms of talent attraction and

retention and adapted to the company's existing diversity.

Cepsa implements an Integrated Talent Management model consisting of various programmes and initiatives that foster ongoing improvement in the management of people and their professional development. The model puts the employee at the hub of the human resource strategy, offering a range of policies and practices that establish us as one of the best places to work.

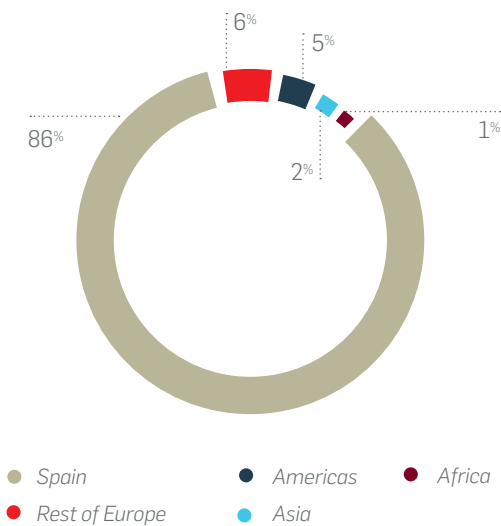


10,146<sup>1</sup>

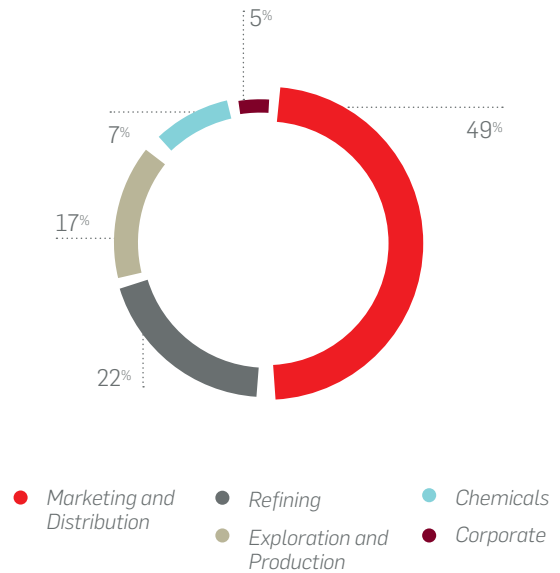
## EMPLOYEES IN 2019

<sup>1</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

DISTRIBUTION OF WORKFORCE BY GEOGRAPHICAL AREA



DISTRIBUTION OF WORKFORCE BY BUSINESS



Our commitment to the development and implementation of diversity and reconciliation policies as part of our working cul-

ture is reflected by our adherence to and certification in relation to the following initiatives:



Renewed in 2019



Participation since 2014



Renewed and extended in 2019



Adherence to the code of principles for working across generations



Intrama accreditation

## CHAPTER 4

### Responsible management



To measure our employees' satisfaction, we conduct Climate and Commitment Surveys on a half-yearly basis which analyse issues such as professional development and training, the remuneration and benefit systems, organisation-related aspects, communication, reconciliation and health and wellbeing, among others. In 2020 we intend to conduct the 5th Climate and Commitment Survey following the deployment in 2019 of a new listening and engagement tool called "Pulse" to measure the evolution of the initiatives taken as a result of past editions of the survey or specific employee-focused areas of interest, such as the pulse surveys taken of employee experience and ethics in 2019. We also developed a commitment management procedure that

combines all the elements made available to actively listen to employees and a governance model intended to develop a plan of action that enhances commitment and, ultimately, the value proposition for our employees.

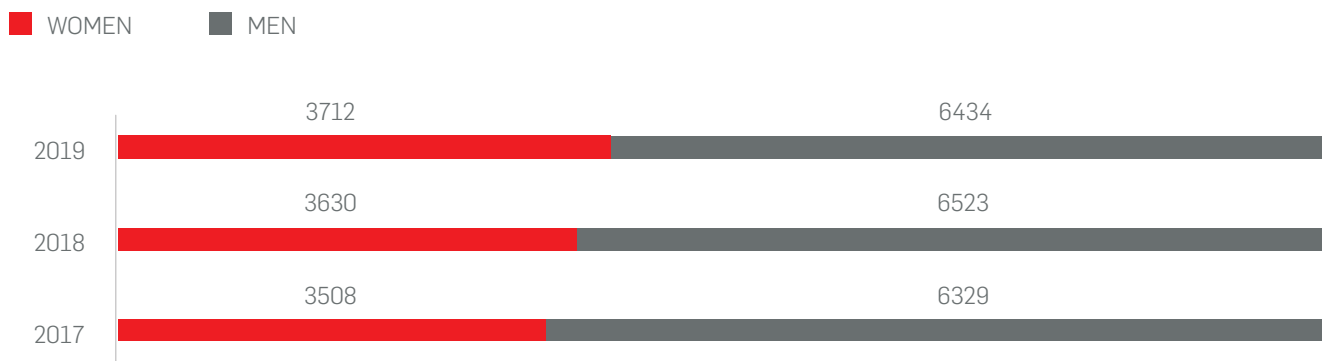
We launched a Diversity and Inclusion Programme aimed at promoting inclusive environments where individuals can develop their potential, irrespective of their origin, culture, physical condition or gender. This programme addresses diversity based on four dimensions: gender, function, generation and culture, developing specific action plans defined with their individual objectives in each case and based on the following principles:

**1** Attract, develop and retain exceptional talent, respecting their uniqueness and valuing their experiential diversity and approach to tasks.

Step outside our comfort zone, actively seeking different points of view as a source of enrichment, thus creating value for Cepsa and the communities in which we are present. **2**

**3** Identify and develop the inclusive leadership skills required to operate in a diverse, global environment. Train our leaders to be drivers of change, creating challenging environments and developing their teams.

## DETAIL OF WORKFORCE BY GENDER<sup>1</sup>



<sup>1</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019

Within the framework of the Diversity and Inclusion Programme, the Strategic Committee - a governance body which is part of the Program - has set itself the objective of increasing the percentage of women in leadership positions by the end of 2024. To achieve this goal, the Committee has defined the following levers:

- Involving the businesses in the fulfilment of the goal.
- Reviewing the procedure in place for advancement to leadership positions to ensure objectivity and traceability in decision making.
- Implementing training and cultural shift initiatives in relation to unconscious bias.
- Developing managerial skills among women with potential.
- Introduction of blind-screening CVs in internal and external recruitment processes.

In order to guarantee genuine gender equality in the hiring and development of its professionals, Cepsa's companies with a workforce of more than 250 employees implement Equality Plans that are regularly reviewed and updated. In Group companies with fewer than 250 employees, we implement a series of measures with identical content to the Equality Plans.

The aforementioned Diversity and Inclusion Programme also envisages the hiring of disabled people by our organisation and, to this end, awareness raising and cultural change initiatives have been designed. In 2019 Cepsa's workforce included a total of 133 disabled employees. In 2020 we will work on the normalisation of the situation of people with disabilities, fostering actions such as the elimination of barriers and analysis of positions that can be filled by people with these requirements.

Our ethics channel, a monitoring tool of our Code of Ethics and Conduct, enables us to monitor and address any potential irregularities that might arise, with the aim of guaranteeing labour relationships that show the utmost respect for people's dignity and are free from discrimination in any form. Cepsa has also reviewed specific internal procedures for investigation of reports of sexual or psychological harassment (mobbing).

In the chapter on human rights, employment and occupation in the year 2019, only the existence of a situation of harassment has been accredited, which was immediately remedied.

## CHAPTER 4

### Responsible management

#### ATTRACTION AND RETENTION OF TALENT

Our employees, located in different countries and business lines and working in a wide range of activities, present highly diverse profiles in terms of position, skills, origin and culture. Therefore, achieving optimal management of employees' capabilities, as well as attracting and retaining the best talent, is necessary in order to maximise the technical excellence for which we are renowned. Our talent attraction practices incorporate innovative methodologies for seeking out and selecting candidates that are tailored to the current environment and conditions. By means of our Talent Call programme, we bring the academic world and business together with the aim of incorporating new talent through our "Welcome U", "Challenging

U", "Developing U" scholarships and the new "Digital Challenge" programme.

2019 also saw the launch of the Talent's Back initiative, which aims to encourage professionals to return to Spain with employment offers that include incorporation in the company and economic assistance to facilitate their relocation back to Spain.

Cepsa's talent management model is completed by initiatives aimed at optimising employee performance, driving their professional development and increasing their employability. In 2019 we implemented the solutions defined at the talent committee meetings held in 2018, including most notably:



#### UNLEASH YOUR ENERGY

Development and training scheme targeting all those professionals at Cepsa with team management roles in order to implement a common leadership style throughout the company.



#### EXECUTIVE DEVELOPMENT PROGRAMMES AT BUSINESS SCHOOLS

These programmes focus on Heads of Department identified as being of high potential and aim to provide them with the tools required to develop their capabilities as Cepsa's leaders, their leadership skills and pioneering spirit.



#### MENTORING PROGRAMMES

Programmes aimed at developing professionals by means of a process whereby an experienced individual (mentor) teaches, advises, provides guidance and assists the mentee in their personal and professional development, investing time, energy and know-how.



#### MOVING FORWARD

The Moving Forward programme for highly skilled senior technicians identified as being of high potential aims to enhance their ability to assume the greatest challenges within the company.



#### COACHING PROGRAMMES

Programmes aimed at enriching the professional and personal development of the company's key professional profiles (new executives or professionals requiring specific development).



# Digital Challenge

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TARGETING TALENT IN THE DIGITAL ENVIRONMENT WITHOUT PRIOR WORK EXPERIENCE, DIGITAL CHALLENGE FACILITATES THE ENTRY OF THESE PROFILES INTO THE LABOUR MARKET, INVOLVING THEM IN INNOVATIVE TECHNOLOGICAL PROJECT

These solutions are complemented by the Talent Mobility programmes, which aim to drive mobility as a core element of professional development.

Another of the key elements in the attraction and retention of talent relates to reconciliation and the measures valued most highly in this connection are those relating to temporal flexibility. Cepsa implements a work, family and personal life balance management programme based on the EFR model developed by the MasFamilia Foundation, which has been recognised by the UN as "Good Practice" based on its measures in favour of reconciliation

of work, private and family life. This continuous improvement-based model is auditable, implements a six-tier certification system and addresses reconciliation measures grouped as follows: job quality, family support, equal opportunities, temporal and spatial flexibility, personal and professional development and, lastly, leadership and management style.

We successfully renewed our certification model in 2019 and one of the targets for 2020 is to include the service stations business in the model and to progressively extend certification to include the other businesses.



## CHAPTER 4

Responsible management

### TRAINING AND DEVELOPMENT

We are committed to the development of our employees, based on a rigorous evaluation of their performance, potential and individual abilities that allows us to objectively assess the contribution they make and offer them development programs adapted to their needs in order to maximize their contribution to the company.

That's why we pay close attention to our professionals with the aim of ensuring that they maintain their levels of technical and managerial excellence, thereby enabling us to respond with assurance

and confidence to the constant threats posed by technical and market evolution and to implement the company's demanding strategic challenges. Cep-sa's General Training Policy establishes a model based on the qualifications and skill sets required for the performance of each job position, supported by a network of academies that reinforce and develop the relevant knowledge (which may be subject-specific or more cross-cutting in the various organisational positions), and in accordance with the 70/20/10 Model for Learning and Development principle.

Model Talent in Motion

70%



JOB POSITION

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20%



SELF-IMPROVEMENT AND COLLABORATION

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10%



FORMAL TRAINING

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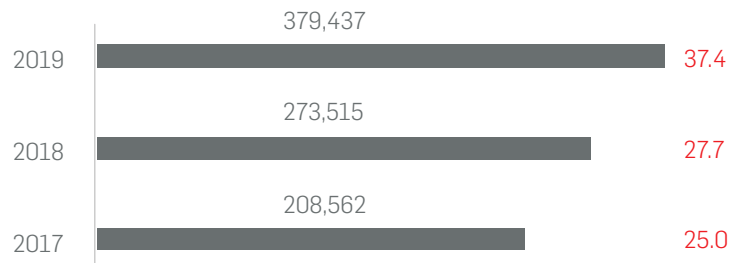
In general, the training given to our employees focuses on businesses' most significant issues (both at technical and production level), and in particular training in occupational safety and risk prevention is also promoted as it constitutes one of our corporate values. Furthermore, we have an extensive training

programme that is constantly evolving and based on the aforementioned academies. Of note among the training initiatives launched in 2019 were the crime prevention training initiatives focused on executives and heads of department and the training sessions on Compliance and Diverse and Inclusive Leadership

## TOTAL HOURS OF TRAINING AND AVERAGE HOURS OF TRAINING PER EMPLOYEE <sup>1, 2, 3</sup>

■ HOURS OF TRAINING

■ TRAINING PER EMPLOYEE



<sup>1</sup> 2017 includes data on Spain

<sup>2</sup> 2018 includes data relating to Belgium, Brazil, Canada, China, Colombia, Spain, Italy, The Netherlands, Portugal and the UK

<sup>3</sup> 2019 includes data relating to Algeria, Belgium, Brazil, Canada, China, Colombia, the Netherlands, Italy, Malaysia, Mexico, Panama, Portugal, Peru, Singapore, Spain, Thailand, the UK and U.A.E.

## TYPE OF TRAINING PROVIDED



## CHAPTER 4

### Responsible management



## REMUNERATION

At Cepsa we take care to ensure that the remuneration and benefits received by our professionals are in line with their job position, their performance and the market, and foster their commitment to the company's strategy and success. Accordingly, remuneration policies are available for each level of the organisation which aim to remunerate our employees in line with their responsibilities, performance and the targets achieved. To avoid bias, the policies set out common criteria for the determination of salaries and seek maximum transparency in the application thereof. In 2019 a survey was conducted on the pay gap at Cepsa and an action plan was defined to mitigate the differences identified as a result of its findings.

At Cepsa we are committed to gender equality and accordingly we monitor the gender pay gap.

The analyses carried out demonstrate that, although the gross pay gap is high (29%, 25% and 13% for Spain, Portugal and Colombia, respectively), when comparable positions held by male and female employees with similar characteristics are compared, this difference drops to 2.80%, 0.60% and 1.59% (Spain, Portugal and Colombia, respectively).

One of the factors with the greatest impact on the gross pay gap is the higher proportion of men in managerial position within the organisation (Executives and heads of department).

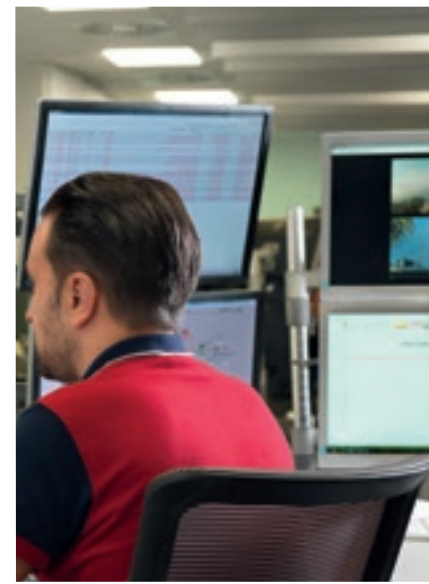
To remedy this situation, we have set the commitment of increasing the presence of the women in these positions through the measures included in the Diversity and Inclusion Programme.

Also, in application of the remuneration policies for each level of the organisation, each professional's remuneration is established based on their responsibilities, performance, skills and the targets achieved. To avoid bias, these policies define common criteria for the determination of salaries and the company fosters maximum transparency both in policy application and in the promotion and employee-performance and skills-assessment processes.

Cepsa also promotes transparency in the area of remuneration, informing managers and employees of the policies in place and the criteria for their application.

Cepsa reviews the structure and competitiveness of the remuneration policies each year and endeavours to improve the offer. In this connection, a platform was developed in 2019 –Mi Flex– which makes it possible to offer employees more flexible remuneration and maximise their income.

Our collective agreements establish the universal nature of the benefits offered and no distinction is made between the welfare benefits received by employees based on their working hours. Noteworthy benefits include the pension plans



that establish defined contribution obligations for retirement contingencies and defined benefit obligations for disability and death. The proportion of employee

and company contributions are based on the professional level/category and the regular base salary (RBS) of each employee:

Percentage contribution to pension plans

Employee Group/Category	% of RBS Employee	% of RBS Company
Personnel covered by collective agreements	1.00	1.60
Technical executives and technical experts	1.25	2.00
Heads of department	2.00	3.00
Executives	3.00	4.50

The remuneration of the Board of Directors is governed by the company's bylaws and the Nominations and Remuneration Committee's is responsible for reviewing and proposing the directors' remuneration which, in turn, is approved by the Board of Directors.

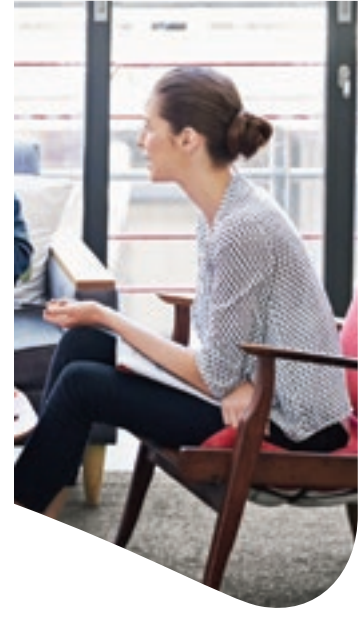
The remuneration received by the members of the Board of Directors for their directorships is an annual fixed amount, defined based on the duties discharged by the independent directors. In 2016 the Nominations and Remuneration Committee was assisted by an external consultant in the analysis of the structure and competitiveness of the executive directors' and the senior executives' remuneration

policy and defined an action plan to adapt their remuneration to the desired structure and levels, which is reviewed on a regular basis for validity. The remuneration structure of the executive directors and the senior executives is as follows: fixed remuneration, short-term variable remuneration, long-term variable remuneration and benefits (including among others a pension plan, a vehicle, medical insurance and life and accident insurance).

As Cepsa only has two shareholders, the decisions relating to remuneration are taken by the ultimate decision-making bodies of their investee.

## CHAPTER 4

Responsible management



### LABOUR RELATIONS

90.1%



PERSONNEL COVERED BY COLLECTIVE AGREEMENTS

Respect for the right to freedom of association and participation of the Workers' Representatives and, therefore, social dialogue, is fundamental to our relationship with our employees and is integrated into how Cepsa carries on its business activities and into the internal regulations that govern it. At most of the sites at which we operate, the framework for working conditions is established through collective agreement. Furthermore, Cepsa's Health and Safety Committees deal with the health and safety matters together with employees' legal representatives and any agreements reached by these Committees are recorded in the relevant minutes.

Our Human and Workers' Rights Policy establishes a common framework of respect for the dignity of the individuals who form part of Cepsa and for their inherent rights, and these are essential to the development of the activities we carry on, irrespective of the country or social context in which they arise. This policy was approved by the Board of Directors at the end of 2018 and disseminated to all our employees through the regulatory system without detecting any breaches of this policy in 2019 which might entail an infringement of our employees' Human and Workers' Rights. Nonetheless, work is underway on a comprehensive

international framework agreement in association with a global trade union and Cepsa's most representative federations of trade unions in order to secure compliance with this policy and to assess performance in relation to human rights in our operations.

In 2019 the Max Planet programme was launched in order to foster transparency and strengthen the quality of the service for employees in Spain and it has enabled us to become one of the first companies to leverage artificial intelligence in internal employee support processes.

Max Planet is an environment that enables traceable, personalised, real time communication between the HR function and Cepsa's professionals, facilitating more intuitive information searches and enabling more exhaustive knowledge of employees' interests.

Its implementation marks a cultural transformation in the way we relate to employees, optimising and speeding up our relationship; enhancing their experience whilst fulfilling the Company's targets for digitisation.

In 2019 the following milestones were achieved in relation to labour relations at Cepsa:



### GLOBAL INTERNATIONAL FRAMEWORK AGREEMENT

Negotiations commenced with the global trade union IndustriALL and Cepsa's most representative federations of trade unions in order to foster compliance with rights set out in the Human and Workers' Rights Policy.



### FRAMEWORK FOR WORKING CONDITIONS IN REFINING

A collective agreement was entered into with the trade union representatives of the trade union federations with representation at our refineries to establish a common framework for the working conditions of all the employees in this business that governs their rights and obligations. This milestone will guarantee fair and transparent relations, facilitate the movement of personnel and know-how among refineries, and the establishment of a negotiating table for the whole business.



### AGREEMENT TO CONTROL AND RECORD THE WORKING DAY

Signed in relation to Corporate and Commercial Offices, this agreement constitutes the consolidation of the Total Flexible Timetable model, one of the main drivers of our reconciliation model.

At Cepsa we are aware of the need to regulate disconnection at the end of the working day and are working to define a policy in this area, within the framework established in the control and record agreement. The policy will leverage self-regulation and co-regulation criteria of the professionals, taking into account the goals defined, the outcomes envisaged and the tasks that may arise in the course of the project, and at all times within the regulatory framework allowed under the employment legislation in Spain. This policy will subsequently serve as a basis for the application of a general policy.

## CHAPTER 4

Responsible management



### 4.4 SAFETY MANAGEMENT

Safety is a priority for Cepsa and forms part of our identity. Our commitment is to promote a safe working environment, minimise risks for all professionals with whom we interact, including both our

own employees and those of the ancillary companies that support us, as well as suppliers, distributors and customers, and also to ensure the integrity of our facilities and processes.

### HEALTH AND SAFETY OF OUR PROFESSIONALS

We have a Health, Safety, Environmental Protection and Quality Policy that helps us to set annual performance targets and ensure compliance with our standards in all phases of operations. We develop annual training programmes in Occupational Health and Safety for our professionals, with the aim of continuous improvement, and we analyse the incidents

that have occurred and disseminate them as "lessons learned" that help us make the necessary changes in processes or ways of working to continue promoting a culture of safety. In addition, the data obtained about occupational accidents and incidents are reported periodically through follow-up reports.

**0** | FATAL ACCIDENTS

**65%** | EMPLOYEES TRAINED IN SAFETY

**LWIF**  
Lost Workday Injury Frequency

**OWN EMPLOYEE 0.89**

**CONTRACTORS 0.93**



To continue promoting safety within the organisation, in 2019 we started the implementation of the Impulsa Programme. Its objectives are the creation of a culture of prevention and uniform safety, with a shared vision and consistent practices, to foster cooperation, sharing lessons learned and continuous improvement; hold all of our company's professionals responsible for safety in order to reduce serious accidents, integrate safety among business criteria, and maintain and improve our level of performance to position ourselves among the industry's benchmarks.

We also launched the Healthy Company Programme, whose objective is to mitigate the risks detected in health matters based on the information obtained during the medical examinations carried out on

employees, all within the implementation of the Workplace Health Promotion model by adhering to the Luxembourg Declaration and the Healthy Company Network. Along the same lines, we have developed a Healthy Company Management System (SIGES), certified in accordance with the World Health Organisation model in 2019 for the Torre Cepsa work centre.

Actions linked to health promotion are implemented through the existing medical services in those workplaces that have them (depending on the number of own employees); through the specific platform on the intranet; mobile applications; telephone contact; and Human Resources management teams. The most significant programmes developed in 2019 are as follows:



#### **SPORTS ACTIVITIES**

Mitigation of sedentary lifestyles and reduction of excess body weight and the associated cardiovascular risk.



#### **HEALTHY EATING AND LIVING HABITS**

Dissemination and control of menus in the centres that have a canteen.



#### **PREVENTION CAMPAIGNS**

For the early detection of different types of cancer and to help eliminate smoking.



#### **FLEXIWORKING PROGRAMME (SPATIAL AND TIMETABLE FLEXIBILITY)**

It includes teleworking and other measures of labour flexibility in the centres where it is implemented.



#### **EMOTIONAL CARE PROGRAMME**

Informative talks and social healthcare training through a specialised external service or services for conciliation and family care.



#### **SUPPORT AND CONCILIATION PLAN**

Specialised advice and support on social, legal and psychological issues, and information and awareness sessions aimed at stress management. Services for professionals with dependents.

In 2019, a Total Health Test has been incorporated into the annual medical examinations, following the model established by the National Institute of Occupational Safety and Health; once this data has been obtained, an epidemi-

ological study will be carried out in 2020 to help analyse the assessment of psychosocial risks currently being prepared, and to review the work plan under way in the Healthy Company Programme for the three-year period 2020 to 2022.

**SAFETY AT THE  
WORKPLACE**

To improve risk prevention and mitigation at our facilities, we launched a five-year plan (2017-2022) for the implementation of a Process Safety Management system based on the Energy Institute model. In 2019 the main barriers of the process safety model were strengthened through the preparation of manuals and operating procedures, the adaptation of shift worker turnovers and the identification of risks at the units. In addition, recommended practices and appropriate procedures have been standardised in the field of industrial safety, with the aim of establishing uniform lines of work, but adapted to each process, to maximise safety. The monitoring of the milestones achieved in this implementation is carried out through the periodic measurement of key indicators that monitor the main advances and improvements implemented in the corporate sphere, the business units and the industrial facilities. In addition, we are working on a framework procedure for reviewing the safety of the facilities before they are put into service, which

will make it easier to check the suitability of all the safety aspects before they are operated.

We implement cross-area actions that allow us to supervise and manage the maintenance of the integrity of the assets, which most notably include:

- Showing active leadership
- Updating the training of safety professionals
- Extending risk analysis to operational risks
- Encouraging employee participation in the design of safety-related tasks
- Revising the operational procedures, orienting them towards the risks that may arise in each phase
- Establishing controls
- Insisting on the importance of the good execution of the turnovers in the projects with established shifts

Process safety events are reported following Recommended Practice API 754<sup>(1)</sup>, paying special attention to the importance of reporting events and near misses for the early detection and esta-

ishment of elements for improvement through the investigation of events that may occur, regardless of the level to which they belong.

<sup>(1)</sup> Reference guide for reporting process safety performance indicators for the refining and petrochemical industries



## PROCESS SAFETY EVENTS IN 2019



## CONSUMER HEALTH AND SAFETY

The Product Stewardship area is responsible for ensuring that all our products are safe, both for the health of consumers and users and for the environment throughout their life cycle, from the time we start the research project until we market them. To do this, we carry out a rigorous process of evaluation of all their characteristics, as well as compliance with all regulations which affect them in this area in order to be able to market them in the destination countries. For this purpose, we have a General Product Stewardship Procedure for all products manufactured, imported, marketed or used by the company.

In addition, we have developed a management system based on the main interna-

tional standards and benchmarks in this area. In 2019 the system was defined, which will be implemented in 2020, and the first procedures were put in place, such as the systematisation of the coding and parameterisation of products in SAP; the creation of a Product Compliance Management System thanks to which the obtainment and analysis of the regulatory requirements of our products will be optimised; and the design of performance indicators.

In order to identify the characteristics of our products we rely on current classification, labelling and packaging regulations, but we also support industry initiatives to improve information, with projects such as:



### CHECK THE LABEL!

It values the information included on product labels for users, with training, information and dissemination activities related to the safety of our products.



### CLICK WITH CARE!

To inform society about how to safely buy products and services on the internet (including chemicals).



### SPECIFIC INDUSTRY-LED PROGRAMMES

Such as the Product Stewardship Award developed by ESIG (European Solvents Industry Group) or the pamphlets on the safe use of gloves, among others.



## CYBERSECURITY

Guaranteeing the secure management of data processed in the IT systems of our company is vital in order to control risks in an ever more digitalised scenario such as the current one. To do this, we have

a cybersecurity model which, through a process of ongoing improvement, provides us with the necessary protection. In this connection, in 2019 we implemented the following initiatives:

- **Definition of regulations** for environments whose objective is to establish the strategic framework that sets out the cybersecurity measures to be implemented in industrial scenarios, through adequate risk management and complying with the internal regulations and legal obligations of the jurisdictions in which we operate.
- **Development of a new global cybersecurity service model** that represents an evolution from current protection capacities and introduces new scopes.
- **Promotion of the culture of cybersecurity** with awareness initiatives such as specific presentations and workshops, as well as sending regular communications to employees.
- **Updating of the technological risk map**, which is periodically reviewed within the management system certified under international standards ISO 27.001 and ISO 20.000, in line with corporate ERM (Enterprise Risk Management) methodologies.
- **Introduction of an insurance policy with coverage for cybersecurity events**. In addition, it should be noted that to manage cyber security events, we have a specific process certified under the ISO standards described above, although in 2019, as in previous years, there were no attacks with a significant impact on our facilities and business processes.

"Cepsa's energy model is focused on flexibility and innovation, and takes into account the different forms of energy and different technologies that are available."

#### 4.5 ENVIRONMENTAL MANAGEMENT

##### CLIMATE CHANGE



Cepsa acknowledges the major challenge posed by climate change and the role that all types of energy must play in the transition towards a low-carbon economy. Following the Paris Agreement in November 2015, most countries joined together to provide a global response to this challenge and set the stage for a low-carbon economy and climate neutrality. In short, greenhouse gas emissions must be reduced and the energy and consumption model must change.

In its [CEO Energy Outlook 2030](#), Cepsa set its energy model to 2030. An innovative and flexible approach that takes into account the various forms of energy and the different technologies available. This was a starting point for the design of Cepsa's climate change strategy.

To this end, we monitor regulatory and consumer trends and changes, accepting the challenge of this transition and contributing in the most effective way possible, both through our support to industry associations in terms of regulation, and at the Company itself, through our strategy and the reduction of emissions from our activities.

We evaluate and publish our performance in the area of climate change management through our participation in the CDP (Carbon Disclosure Project) - Climate Change, an extensive questionnaire that evaluates the management carried out by companies; which also makes it an important benchmarking tool in the oil and gas sector. In 2019 we improved our benchmarking, obtaining a B rating.

## CHAPTER 4

### Responsible management

#### GOVERNANCE

At Cepsa we perceive climate change as a factor that generates both risks and opportunities and, therefore, we have included climate change management in

our governance model (see page 44-47), structuring the functions and responsibilities as follows:

### BOARD OF DIRECTORS



#### AUDIT, COMPLIANCE AND ETHICS COMMITTEE

The Audit, Compliance and Ethics Committee is responsible for overseeing internal audit, internal control, compliance and risk management systems, as well as the process of preparing and presenting related financial and non-financial information. It is also responsible for reviewing and proposing to the Board of Directors, for approval, policies including the Health, Safety, Environmental Protection and Quality policy.



#### MANAGEMENT COMMITTEE

The Management Committee, as a management body, supervises and coordinates the business units and corporate functions, analyses and proposes objectives, the strategic plan and the annual budget, and approves the policies and initiatives of the various businesses and areas. In 2019 it met with the Carbon Strategy working group to supervise and decide on the definition of the risk map, evolution and emissions targets, as well as the scope in terms of climate.



#### RISK CONTROL OPERATING COMMITTEE

The Risk Control Operating Committee, in which the director of the HSSEQ area participates directly, is in charge of reviewing and proposing changes to the corporate risk map. In 2019, as part of the carbon strategy project, the incorporation of specific risks arising from climate change for the company was approved.



#### HSSEQ AREA (HEALTH, SAFETY, SECURITY, ENVIRONMENTAL AND QUALITY)

The HSSEQ area is responsible for coordinating, monitoring and ensuring compliance with the proposed policies in relation to the five areas that make it up: Health, Safety, Security, Environment and Quality. Management of the climate-change actions is the remit of the Environmental area.



#### ENERGY AND CLIMATE AREA

The Energy and Climate area, which encompasses the management of climate change as a risk and an opportunity, assesses regulatory impact through participation in industry associations, coordinates compliance with greenhouse gas emission commitments in accordance with European regulations and monitors metrics and objectives across the various business units. In 2019 it was the area responsible for participating, together with Corporate Strategy and Corporate Communication, in the carbon strategy project, in which the Risk area also collaborated, with the aim of defining a specific risk map for the company under the TCFD (Task Force on Climate Financial Disclosures) reporting framework.



#### BUSINESS UNITS

## RISK MANAGEMENT AND OPPORTUNITIES

In 2019 we drew up a first climate change risk map following the recommendations of the reporting methodology proposed by the Task Force on Climate Financial Disclosures (TCFD). It includes the main transition and physical risks that our company faces with regard to climate

change. It was developed using a bottom-up approach, assessing the risks and opportunities for each business unit, which have ultimately been consolidated in a corporate risk map that follows Cepsa's risk definition methodology (see page 43 on risks management chapter).

### TRANSITION RISKS



#### POLICIES AND REGULATION

- Stricter climate change regulations
- Increased cost of emissions
- New emerging regulation



#### MARKETS

- Change in consumer preferences
- Bottlenecks in crude oil supply
- Scarcity of raw materials for biofuels



#### TECHNOLOGY

- Arrival of disruptive technologies in the industry



#### REPUTATION

- Pressure from stakeholders and perception of Cepsa

### PHYSICAL RISKS



#### ACUTE

- Increase in the intensity of extreme weather events such as cyclones and floods



#### CHRONIC

- Changes in extreme temperatures
- Water shortages
- Rising sea levels
- Changes in seasonal patterns

## CHAPTER 4

### Responsible management



For each of the risks identified and the climate change-related events assessed, management actions have been proposed taking into account the inherent and residual risk once these actions have been completed. In addition, the opportunities associated with climate change for our company were identified (resource efficiency, use of new energy sources, creation of new products and services or presence in different markets, among others) as well as the resilience of our business. The strategy to be able to benefit from the advantages offered by these new opportunities involves the application of efficiency plans in our activities and operations, taking into account our climate ambition.

In 2019 we translated the risks arising from climate change into an Impact-

Probability matrix over a five-year horizon, which is considered to be short term under TCFD analysis. In 2020 Cepsa will continue to develop the financial analysis under medium- and long-term scenarios, 2030 and 2040-2050, respectively.

The analysis of physical risks associated with climate change was submitted to the Risk Control Operating Committee in September 2019 and accepted for inclusion in Cepsa's general risk map. Also, the risks of transition to a low-carbon economy are already considered to be included among the strategic risks in the general risk map, while those related to compliance were already included in the map. This has been a milestone in Cepsa's development and positioning in the face of climate change.

## STRATEGY

Cepsa has included climate change management in its short-term strategy, which is understood to be over a five-year horizon, coinciding with our long-term plan for the business units.

The long-term strategy for climate change, with a 2050 horizon, is in line with the positions of the industry associations to which we belong, and the legitimate defence of our interests that has been made in the regulatory field in each of the sectors to which we belong.

The two pillars of our strategy are efficiency and transformation, derived from our analysis of risks and opportunities. Efficiency will allow us to undertake a certain reduction of emissions with cost-efficiency criteria. Transformation derives from the scenario of energy transition and changes in society that demand new types of energy.



## EFFICIENCY



We work to continue reducing the intensity of energy consumption as we carry on our activities and, therefore, we have launched new projects aimed at improving our energy efficiency in the areas where we are present.

All our production centres in Spain for refining and chemicals, as well as the gas and electricity facilities integrated in these complexes have an energy management system certified under the ISO 50001 international standard, which helps us detect and implement improvements and preventive and corrective measures to reduce energy consumption and, therefore, greenhouse gas emissions.

The improvements in 2019 most notably include:

- In the Refining area, initiatives were implemented to change fuel oil to fuel gas in one of its direct distillation units, as well as improvements to the crude oil unit and heat exchangers. Projects were also carried out to optimise steam generation and consumption and air compression.
- At the chemical plants, improvements were focused on the implementation of digitalisation projects that have helped develop a more efficient use of the energy required for their activity, as well as the renewal of operations equipment to reduce energy consumption.

## TRANSFORMATION AND LOW-CARBON PRODUCTS



The risk of energy transition and climate change, together with the objectives set for climate neutrality, have meant that at Cepsa we envisage the incorporation of emission reduction technologies, as well as the manufacture of new raw materials and end products with the aim of offering society the sustainable energy it demands.

Based on this idea, at Cepsa we develop products and services with lower carbon intensity, both in their direct use and in their life cycle. From the continuous development of additives in our fuels in order to reduce energy consumption by the various means of transport to increasing our EPD (Environmental Product Declaration) certifications, which allow us to better understand the impact on their production and encourage their reduction.

In this regard, in 2019 we reached milestones such as the following:

- We have installed the first solar panels in our service stations, allowing us to generate our own energy sustainably.
- We made headway in the calculation of the carbon footprint of energy

products in order to better cover the information needs of our customers, while improving our knowledge of the impact of our production.

- We achieved sustainable certification under ISCC standards of a spot sale of sustainable phenol, produced using benzene from forestry waste.
- We completed the construction of Cepsa's first wind farm, which represents a reduction of 32,000 tonnes of CO<sub>2</sub> compared to conventional electricity generation.
- We entered into an agreement with MASDAR, Abu Dhabi's Future Energy Company, for the generation of 500 megawatts of renewable energy over the coming five years.
- We made inroads into the field of alternative mobility with a pilot project together with IONITY, the European high performance charging network promoted by the BMW Group, Daimler AG, Ford Motor Company, Volkswagen Group, including Audi and Porsche; for the installation of up to 100 ultra-fast chargers for electric vehicles at our service stations.

## CHAPTER 4

Responsible management

### METRICS AND OBJECTIVES

At Cepsa we certify annually, under the ISO 14064 standard, our carbon footprint, including the emissions of the activities carried on in Spain and the assets operated in exploration and production, BMS assets in Algeria, Casanare in Colombia and Peru. In 2019 certification was extended to include the Caracara (Colombia) asset, thus meeting our annual objective of progressively increasing the scope of certified activities.

Within our plan for the development of the short-term strategy for the period 2019-2023 (PP5), our energy efficiency actions have been translated in emissions, which are being integrated in our Long Term Strategy, in order to reflect it

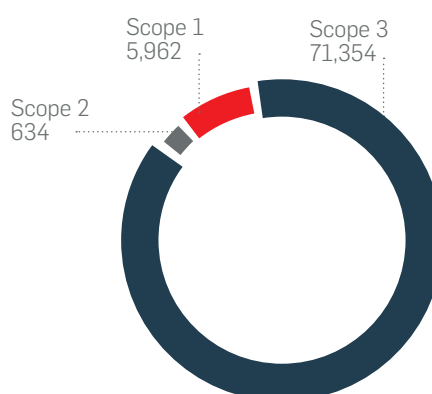
on a 2050 ambition. And all of this within the framework of the Oil&Gas sector, which has the potential to provide low-carbon energy from production to use, complying with climate neutrality in a 2050 scenario.

In addition, we have a global index that represents the Carbon Intensity of our operations. It should be noted that in 2019 we already achieved an improvement of 9% in this rating with respect to the figures for 2005, which meant the avoidance of 1 million tonnes of CO<sub>2</sub> emissions, 17% of the emissions generated by Cepsa's activities, taking into account the global scope of operations and referencing it to the scope of activity in 2018.

### CEPSA'S 2019 CARBON FOOTPRINT

#### CO<sub>2</sub> emissions by scope

(Thousands of tonnes of CO<sub>2</sub> eq)



### GHG emissions (Scopes 1 and 2) by business

(Thousands of tonnes of CO<sub>2</sub> eq)

	2019		2018		2017	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Exploration & Production <sup>1</sup>	422	47	695	83	525	80
Refining	2,973	498	3,251	526	3,282	503
Chemicals <sup>2</sup>	698	89	716	172	714	175
G&P	1,869	0	1,266	0	1,420	0
<b>Total<sup>3</sup></b>	<b>5,962</b>	<b>634</b>	<b>5,928</b>	<b>781</b>	<b>5,941</b>	<b>758</b>
<b>Total scopes 1+2</b>	<b>6,596</b>		<b>6,709</b>		<b>6,699</b>	

<sup>1</sup>The scope includes only the assets subject to operational control, with working interests reported fully as per IOGP Reporting criteria, based on the scope, and 2017 and 2018 emissions were recalculated. The methodology for calculating GHG emissions in Exploration & Production was changed in 2019 to that developed by IOGP. 2017 and 2018 were not recalculated.

<sup>2</sup>The scope includes Spanish and international chemical plants, except for the Sinarmas plants. The emissions for 2017 and 2018 were recalculated in this connection.

<sup>3</sup>Distribution, Cepsa Comercial Petróleo, Petrocan, Aviation, SIS and CMD data are not reported as they are no significant (0.1% of total emissions).



Exploration & Production saw a major reduction in the volume of flaring (36%) and venting (18%) compared to 2018. The increase in gas sales volume at a Casanare field reduced flaring by 83% and associated GHG emissions by 65%.

In the chemicals business, scope 2 emissions were reduced by 48% due to

100% renewable energy consumption on a national scale. Scope 1 emissions decreased by 7% in terms of net volume in refining and chemicals, due to energy efficiency measures and the use of fuels with lower carbon content. These measures are also reflected in the observed reduction in emissions intensity.

### Intensity of GHG emissions (Scopes 1 y 2) by business unit



In relation to the management of the emissions in our value chain, we certified 11 of the 15 categories defined by the protocol to calculate the carbon footprint GHG Protocol under the ISO 14064 standard. In 2019 we extended certification of these emissions to include the category of transportation of the products downstream of Cepsa. Thus, we are making progress in monitoring our performance in terms of greenhouse gas emissions throughout our value chain.

Our carbon strategy will be defined by the global carbon intensity index, which combines emissions at operational level and from our energy products sold. An initial approximation calculated for 2018 gives a value of 35 tCO<sub>2</sub>/TJ, including the main energy products in our portfolio. We will continue to work in the coming years to improve the calculation of the global carbon intensity index.

## CHAPTER 4

### Responsible management

#### Scope 3 emissions by category

(Thousands of tonnes of CO<sub>2</sub>e)

Category	2019 <sup>1</sup>	2018 <sup>2</sup>	2017 <sup>2</sup>
Purchased goods and services	5,131	4,820	4,361
Activities relating to fuel and energy	446	444	469
Transport and distribution of raw materials	962	956	756
Waste generated in operations	4	5	3
Business travel <sup>3</sup>	3	3	4
Emissions from transportation of employees to and from work <sup>3</sup>	5	5	5
Lease of work place	0	1	1
Transport and downstream distribution of the production process <sup>4</sup>	534	656	740 <sup>4</sup>
Use of products sold	64,185	73,544	71,026
Franchises	42	39	34
Investments	42	46	44
<b>Total</b>	<b>71,354</b>	<b>80,519</b>	<b>77,443</b>

<sup>1</sup> The data for the month of December were estimated as they were unavailable at the reporting date.

<sup>2</sup> The data for 2018 and 2017 vary with respect to those reported in the 2018 Annual Report and Corporate Responsibility Report after they were verified.

<sup>3</sup> For the "Business travel" and the "Emissions from transportation of employees to and from work" categories emissions were estimated to be the same as those for 2018.

<sup>4</sup> Data for 2017 not included in the Certification of that year was calculated with the same methodology certified in 2018.

The "Use of energy products" category, which accounts for more than 90% of total scope 3 emissions, is lower than in previous years, although at the date

of preparation of this report, the certification of the data corresponding to this classification had not been obtained.

#### ENERGY AND ENERGY EFFICIENCY

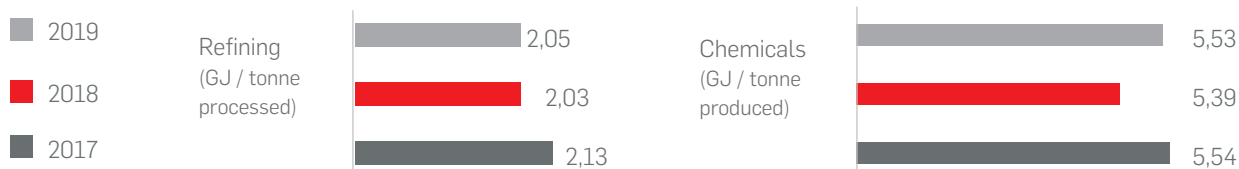
Consumption of energy by business unit (TJ)	2019	2018	2017
Exploration and Production <sup>1</sup>	4,018	3,794	4,271
Refining	42,825	43,813	43,674
Chemicals <sup>2</sup>	14,465	14,348	14,418
Gas & Power	33,401	22,462	26,281
<b>Total<sup>3</sup></b>	<b>94,709</b>	<b>84,418</b>	<b>88,644</b>

<sup>1</sup> The scope includes only the assets subject to operational control, with working interests reported fully as per IOGP Reporting criteria, based on the scope, and 2017 and 2018 consumption were recalculated. The methodology for calculating consumption in Exploration & Production was changed in 2019 to that developed by IOGP. 2017 and 2018 were not recalculated.

<sup>2</sup> The scope includes the Spanish and international chemical plants, except the Sinarmas plants. The consumption for 2017 and 2018 were recalculated in this connection.

<sup>3</sup> Data for Distribution, Cepsa Comercial Petróleo, Petrocan, SIS, Aviation and CMD are not reported.

## Intensity of energy consumption by business unit



Variations in net energy consumption of Refining and Chemicals business units totaled 1% and those of production or processed crude oil amounted to 1-4%, while variations in the business ratio are notable for the sensitivity of both factors,

although this is not representative of large changes in consumption. This ratio is notably affected by unit downtime and, therefore, is not a clear sign of loss of efficiency.

Consumption of external energy by category (Thousands of GJ) <sup>1</sup>	2019	2018	2017
Purchased goods and services	<b>91,462</b>	85,461	77,323
Activities relating to fuel and energy	<b>7,950</b>	7,872	8,316
Transport and distribution of raw materials	<b>17,149</b>	16,945	13,397
Waste generated in operations	<b>72</b>	90	58
Business travel	<b>49</b>	49	66
Emissions from transportation of employees to and from work	<b>87</b>	87	95
Lease of work place	<b>7</b>	12	9
Transport and downstream distribution of the production process	<b>9,526</b>	11,624	13,122
Use of products sold	<b>1,144,118</b>	1,303,969	1,259,319
Franchises	<b>742</b>	684	598
Investments	<b>757</b>	817	778
<b>Total</b>	<b>1,271,919</b>	1,427,611	1,373,081

<sup>1</sup> This indicator simply computes the energy content comparable to the CO<sub>2</sub> emissions listed above in Scope 3.

## ENVIRONMENT



### ENVIRONMENTAL MANAGEMENT



#### HSSEQ Policy

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#### Cepsa's position on the environment

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One of the cornerstones of our Health, Safety, Environment and Quality Policy is environmental protection which at Cepsa is based on managing climate change, reducing the impact of our activities on the environment, a more circular economy and raising awareness. To this end, we analyse, measure and reduce the footprint of our activities; we put more sustainable products and services on the market; we encourage the use of resources of renewable origin; we maximise energy efficiency, optimising water management and minimising the waste we generate, all thanks to the environmental management systems we have in place.

Our Environmental Management System (EMS), certified under the ISO 14001 standard<sup>1</sup>, is based on both compliance with legal requirements and the collection of environmental information, and allows us to ensure compliance with our internal environmental policies and applicable legislation. Also, thanks to our EMS, we show our stakeholders in a transparent way the effort we make to reduce the impact of our activities.

Our chemical and refining facilities in Spain are certified under the EU Eco-Management and Audit Scheme (EMAS), and we have achieved Environmental Product Declaration (EPD) certification for 12 of our paraffin wax products and for the LAB and LABSA products (raw material for manufacturing detergents) produced

at the Puente Mayorga (Spain) and Bécancour (Canada) chemical plants, which is a global programme that provides information on the environmental impact of products throughout their life cycle. In addition, we have an environmental risk map thanks to which we are able to control the risks detected at each of our facilities, in order to be able to mitigate and monitor them continuously.

The main environmental impacts generated by our activities affect the atmosphere, the aquatic environment, soil, groundwater, noise levels and biodiversity.

To mitigate them, we have a technical team in each of our businesses that continuously manages these impacts and ensures not only compliance with legal requirements, but also the continuous improvement of our environmental performance, implementing preventive measures, constantly minimising and controlling these impacts, and applying the Precautionary Principle. Also, at corporate level there is another team that specialises in each of the impacts, providing support to the various business units. These impacts are identified and monitored from the design phase of our projects and cover their entire life cycle until the end of their useful life, applying at this point the established procedures for closure and restoration of the areas in which we carry out our activities.

<sup>1</sup> Scope of 14001:2015 certificate: Consolidated certificate (adding in 2019 the facilities of Cepsa Bioenergy San Roque); Cepsa Chimie Bécancour, INC., Cepsa Colombia, S.A. and DETEN Química, S.A.





"WITH OUR ENVIRONMENTAL MANAGEMENT SYSTEM, WE ARE ABLE TO TRANSPARENTLY DEMONSTRATE THE EFFORTS WE ARE MAKING TO REDUCE OUR ENVIRONMENTAL IMPACT."

## CHAPTER 4

### Responsible management

#### AIR EMISSIONS

We work to prevent, reduce and control the emissions of non-GHG gases (gases without a potential greenhouse effect) derived from our activity, mainly SO<sub>2</sub>, NO<sub>x</sub> and particles, in order to minimise the impact that these substances could have on the environment or on the health of people in the surrounding areas. We strive to improve our performance beyond compliance with legislation, so we have an action system based on continuous control through monitoring and prevention, and

the implementation of Best Available Techniques (BAT).

Our environmental commitment leads us to continue making investments aimed at meeting our objective of reducing non-GHG emissions. In 2019, projects were carried out with the aim of reducing non-GHG emissions, such as the flare gas recovery system to reduce the sulphur content before it is incorporated into the refinery gas network.

NO <sub>x</sub> emissions	2019
Refining (tonnes)	2,780
Chemicals (tonnes)	635
Exploration and production (tonnes)	6,977

SO <sub>x</sub> emissions	2019
Refining (tonnes)	5,057
Chemicals (tonnes)	27
Exploration and production (tonnes)	15

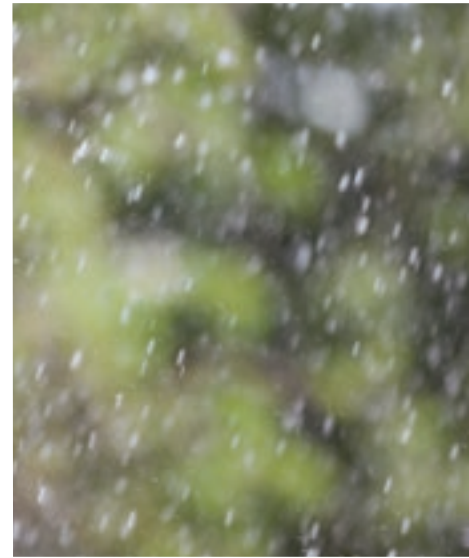
  

Particles emissions	2019
Refining (tonnes)	326
Chemicals (tonnes)	9
Exploration and production (tonnes)	217

We also strictly control the products we manufacture and market so that the levels of certain substances such as benzene, lead or sulphur in our fuels are in line with the various regulations applicable at European and international level. Similarly, we are making improve-

ments to our production processes at the La Rábida (Huelva) and San Roque (Cádiz) refineries, based on engineering solutions, whereby we will achieve a reduction in the emissions of pollutants in these processes.





“We have a number of procedures and tools that help us to assess environmental aspects and risks related to water capture and discharge management.”

## WATER MANAGEMENT



Water is a necessary resource for operations at all our facilities. Cepsa operates in different parts of the world, where the availability and sources of water are variable. Monthly monitoring is carried out of the indicators of water abstracted (classified by type of source), consumed, recycled, reused and dumped by facility, business and company, so that we can have adequate control of water management, which is key to improvement.

We also have different procedures and tools that help us to assess the environmental aspects and risks related to the water abstraction and the management of our discharges, including The Water Risk Filter Tool developed by the World Wildlife Fund (WWF). In 2019 a risk assessment was carried out using this tool, and it was concluded that none of our facilities are located in areas at high risk of water stress.

Since 2017 we have been evaluating and publishing our performance in the area

of water management through our participation in CDP Water, a comprehensive questionnaire that evaluates the water resource management carried out by companies; this also makes it an important comparison tool in the oil and gas sector. In 2019 we improved our position once again and obtained a B rating. Currently, and in order to continue advancing in terms of performance, projects are being carried out at our production centres, such as those described below, to improve this management.

The water we abstract comes mainly from the municipal supply (refineries and petrochemicals), from bodies of surface water (seawater in facilities close to the coast), and from water produced during the extraction of crude oil in the fields. In cases where it is necessary to abstract groundwater, control and monitoring points are available, with the aim of early detection of possible incidents and minimising the risk of producing impacts on the environment.

## CHAPTER 4

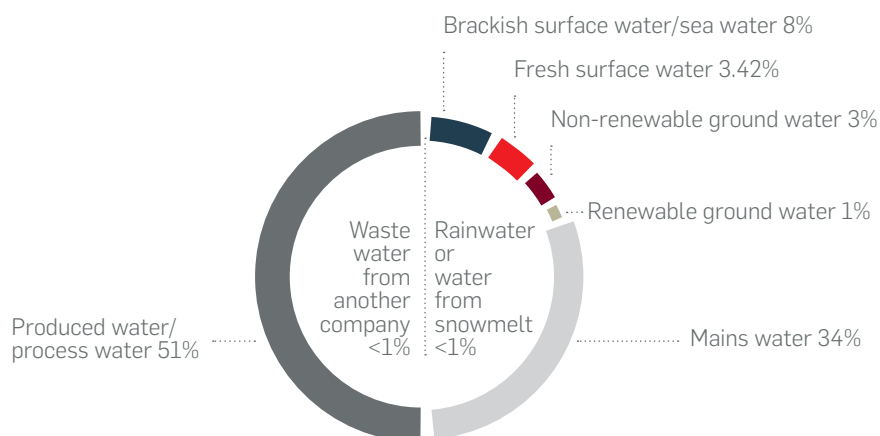
### Responsible management

The responsible use of water is integrated in all of our production processes through consumption reduction initiatives, maximisation of the reuse of water resources, the search for new sustainable sources of water and a decrease in our impact when water is discharged into the environment after use. We actively seek out and implement the best techniques to ensure that

water capture and discharge to and from our facilities comply with the limits set in our operating licences and are respectful of the natural environment. Furthermore, in the design of new projects or prior to expanding existing facilities, we consider the issue of responsible water use and endeavour to implement the following measures:

- 1 | Prevention and efficient use of water to promote the reduction in its consumption.
- 2 | Maximisation of the reuse of process water.
- 3 | Water treatment for subsequent recycling.
- 4 | Water treatment for the adaptation of its quality to the receiving medium.

#### Water extraction by source





## FACILITIES IN AREAS WITH HIGH RISK OF WATER STRESS

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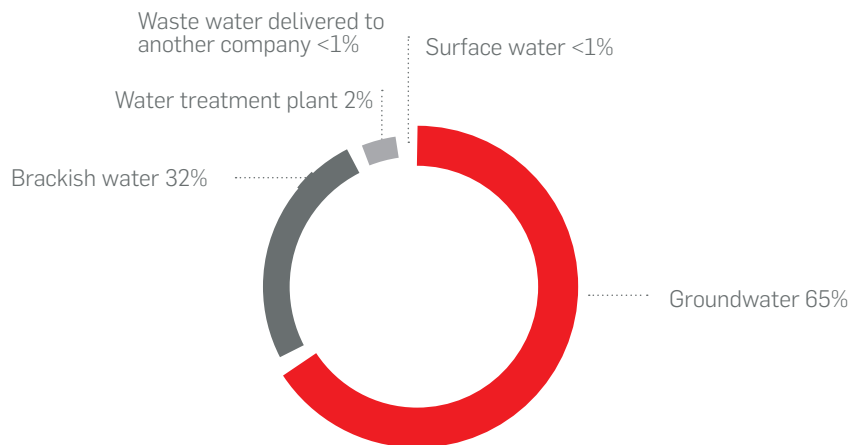
In order to continue increasing the amount of water recycled and reused, we are working on identifying flows that can be reused or recycled, as well as improving the treatment technologies at our facilities, adapted to their geographical and logistical particularities. A good example is the case of the La Rabida refinery (Huelva), in which a portion of the water leaving the treatment plant is incorporated as plant water, and the reverse osmosis treatment reject current is used as an input to the cooling towers. Work is currently underway on an ultrafiltration and reverse osmosis plant at the Gibraltar - San Roque refinery (Cádiz) which will enable the volume of water recycled to reach 20% of the total water consumed.

At the exploration and production facilities, various alternatives have been identified to reduce our water consumption such as its reuse during the crude oil desalination process, its recycling after passing through the treatment plant in the fire protection system pumps, the use of recycled water for the preparation of

chemical reagents and for spraying and cleaning roads, or the internal transfer of treated production water for use as industrial water in drilling and reconditioning operations.

When we make our discharges to the environment, we strictly respect the maximum levels of the legally determined parameters, and we attempt to improve our performance. No body of water or habitat is significantly affected by discharges of water and/or runoff from our production plants or business units. The only discharge of wastewater, previously treated in a biological effluent treatment plant, to a sensitive area (which has different categories of conservation, international, national and local) occurs at our Palos chemical facility, whose discharge parameters are, in 100% of cases, below the limits established in the discharge authorisation. Also, the new filtration treatment plant at the San Roque refinery was started up in 2019, reducing the content of suspended solids in the effluent with the aim of bringing it down to below 35 ppm.

### Water discharge by destination



## CHAPTER 4

Responsible management

### CIRCULAR ECONOMY



At Cepsa we have a fully integrated value chain, with a production and consumption model based on maximising the use of raw materials, by-products and energy, and on the synergies between our businesses and other organisations, aligning our production model with the concept of the circular economy. Proof of this and of our commitment to continue making progress in minimising the use of natural resources and in the exploitation of the products and waste we generate is our accession to the National Pact for a Circular Economy, which includes the main economic and social agents in Spain. As a challenge for 2020, we will publish our Position on the Circular Economy, which will integrate this ambition at all levels of the organisation, with a view to promoting the improvement of resource use efficiency in our company.

Along these lines, we are promoting and developing numerous projects that further strengthen the commitment to the circular economy model. Particular note

should be taken of how we have implemented the manufacture of rubber modified bitumen, which significantly reduces the consumption of raw materials, or work with suppliers to reduce their environmental impact and the improvement of energy efficiency. And as a project under evaluation, the co-processing of vegetable waste, together with the raw vegetable oil used to manufacture fuels. At present, all vegetable oil is certified, thereby guaranteeing compliance with the related sustainability requirements; this certification system will include the aforementioned waste and the implementation of more modern filtration plants, which will allow for a greater volume of water to be recycled at our refineries.

We categorise our raw materials by their renewable and non-renewable origin, controlling at the same time the packaging materials used in the Commercial and Distribution business, with crude oil being our main raw material.

### MATERIALS BY BUSINESS

(THOUSANDS OF TONNES)

	Renewable			Non-renewable		
	2019	2018	2017	2019	2018	2017
Refining	<b>506</b>	441	321	<b>20,921</b>	21,607	20,539
Chemicals	-	-	-	<b>4,033</b>	4,103	4,264
Marketing	<b>172</b>	165	102	24	22	6



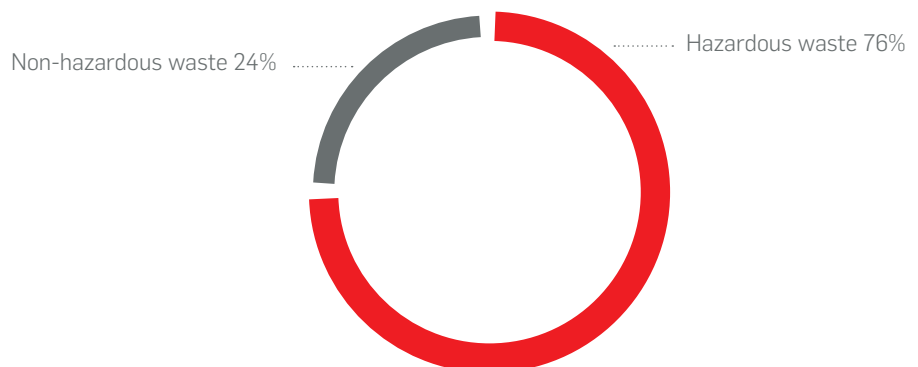
We also keep track of the recycled hydrocarbons that come from the management of the waste generated by the activity of the ships and their maintenance and cleaning operations (called MARPOL waste) at the refineries that are equipped for this treatment. In 2019, of the total MARPOL waste received, 50,148 tonnes, a total of 2,494 tonnes of oil were recycled.

In addition, we have an internal procedure for the management of waste generated at our facilities that establishes the criteria for action derived from our environmental policy and the most relevant legal requirements, without prejudice to the additional legal requirements that may be required by the competent au-

thorities. In this way, we work together with our waste managers to maximise our recycling rates, reducing landfill to a minimum.

These procedures are continuously reviewed, as well as the production processes that we develop, in order to minimise the waste generated by our activities and reuse it as a resource in our processes whenever possible, and separating waste at source by means of hierarchy criteria, as well as preparing minimisation plans to progressively reduce its quantity. Waste from Exploration and Production activities is managed in a specific way, separating it according to its water content and treating it or finding a use for it that best suits its characteristics.

### Waste by type 2019



## CHAPTER 4

Responsible management



### PROTECTION OF THE AQUATIC ENVIRONMENT



[More information about how we protect the marine environment](#)

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In order to prevent and minimise damage to the environment that may arise from operational incidents at our facilities, Cepsa has specific procedures that guide correct action in such cases, including those related to the prevention of spills on land and water.

Our prevention, emergency action and spill response programmes follow the established procedures, activating the necessary protocols according to the magnitude and location of the incident. For the specific case of incidents with potential spillage into the sea, our facilities have Spill Response Plans (*PIMs*).

To continue improving these systems, we have developed multiple research projects that allow us to act more quickly in cases of accidental spills, such as the Athenea and Netcon projects; and we are currently working on SICMA, a system for managing marine and air pollution arising from spills of hazardous and noxious substances (HNS). This project is included in the call for proposals "*Retos Colaboración 2017*", of the Ministry of Science, Innovation and Universities.

### PROTECTION OF BIODIVERSITY



[More information about how we protect biodiversity](#)

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We are aware of the importance of conserving and protecting biodiversity and the impact that our activities can have on the ecosystems in which they are carried on. For this reason, we work to identify and assess these impacts and the dependencies of the ecosystem services of all our businesses, so that we can expand the information available in the decision-making processes, which will help us develop a more sustainable business, preserving the natural ecosystems and reducing our impact on biodiversity.

For areas of great ecological value, we analyse the impacts on biodiversity of our main facilities and projects, using an internal tool that allows us to identify overlapping, adjacent or nearby protected areas thanks to data collected in the World Database on Protected Areas (WDPA). Additionally, to identify important areas for the conservation of birds and biodiversity in Spain, we use a cartographic viewer developed by Birdlife International which identifies the species of birds present in the IBAs (Important Bird Areas) less than 5 km away from our facilities.



This identification allows us to increase our knowledge of the environments in which we operate, and to design and implement Biodiversity Action Plans (BAP), for the recovery of biodiversity in the area, as well as to compensate for the residual impact that we have not been able to eliminate with preventive measures. Some examples of compensation projects are the Madre Vieja Environmental Station (Cádiz) and the Primera de Palos Lagoon Environmental Station (Huelva), dedicated to the conservation and promotion of research into sensitive species, such as ospreys, barn owls and otters.

In the same vein we conduct prior environmental assessments for every project to analyse factors such as the consumption of resources, polluting emissions, land management and GHG emissions. When this analysis, which is mandatory in the decision-making process, reveals a potential environmental impact, the

mitigation hierarchy model is employed based on the following steps: how to avoid impacts, minimise those that cannot be avoided, restore the environment affected and lastly, offset the residual impact. In the specific case of exploration and production operations, we have developed a tailored methodology.

In order to continue improving protection measures and identifying possible impacts on natural ecosystems and on the levels of biodiversity in the environments near our facilities, we are working on a natural capital analysis following the Natural Capital Protocol, which allows us to analyse the impacts and dependencies of companies with respect to the services provided by the ecosystems in which we are present. Accordingly, in 2019 Cepsa joined the "Natural Capital and the energy sector in Spain" working group, which is a pioneer at international level in adapting this protocol to the energy sector.

## NOISE POLLUTION



Cepsa ensures that adequate noise levels are maintained, both for people and the environment. It carries out numerous

acoustic measurements and implements protection and insulation measures in those installations that require them.

“Our Purchasing area is working toward digital transformation to promote optimization, efficiency, agility and simplification of processes.”

**RESPONSIBLE SUPPLY CHAIN**

OUR PROCUREMENT MODEL

4.6 VALUE CHAIN MANAGEMENT

We consider value chain management to be one of the pillars of our decision-making model. Therefore, we have procedures in place that govern the management of the procurement area through a model established at corporate level that ensures transparency in contracting processes, favouring free competition and detecting risk situations, thus reinforcing our commitment to ethical behaviour.

The fundamentals that serve as a basis for the relationship with our suppliers are set out in the Code of Ethics and Conduct for Suppliers, which, together with the procurement regulations, seeks to achieve continuous improvement in procurement and contracting processes based on excellence, committing to ethical and transparent relationships and showing zero tolerance for any conduct that may violate any of the principles contained in this code.

Principles of the Procurement Model:

-  INTEGRITY, SUSTAINABILITY AND EQUAL OPPORTUNITIES
-  PROCESS TRANSPARENCY
-  OBJECTIVITY IN DECISION MAKING BY WEIGHING ALL BUSINESS VARIABLES
-  RESPECT FOR SOCIAL RESPONSIBILITY CRITERIA AND THEIR APPLICATION IN THE SUPPLY CHAIN
-  ORDERLY AND MUTUALLY BENEFICIAL RELATIONSHIP WITH SUPPLIERS





Our procurement management rests upon three fundamental axes:

#### PROCESS SIMPLIFICATION

By means of a unified and centralised procurement system, establishing a single contracting system, standardised contracts and supplier management as well as clear policies that govern the function.

#### QUEST FOR EFFICIENCY

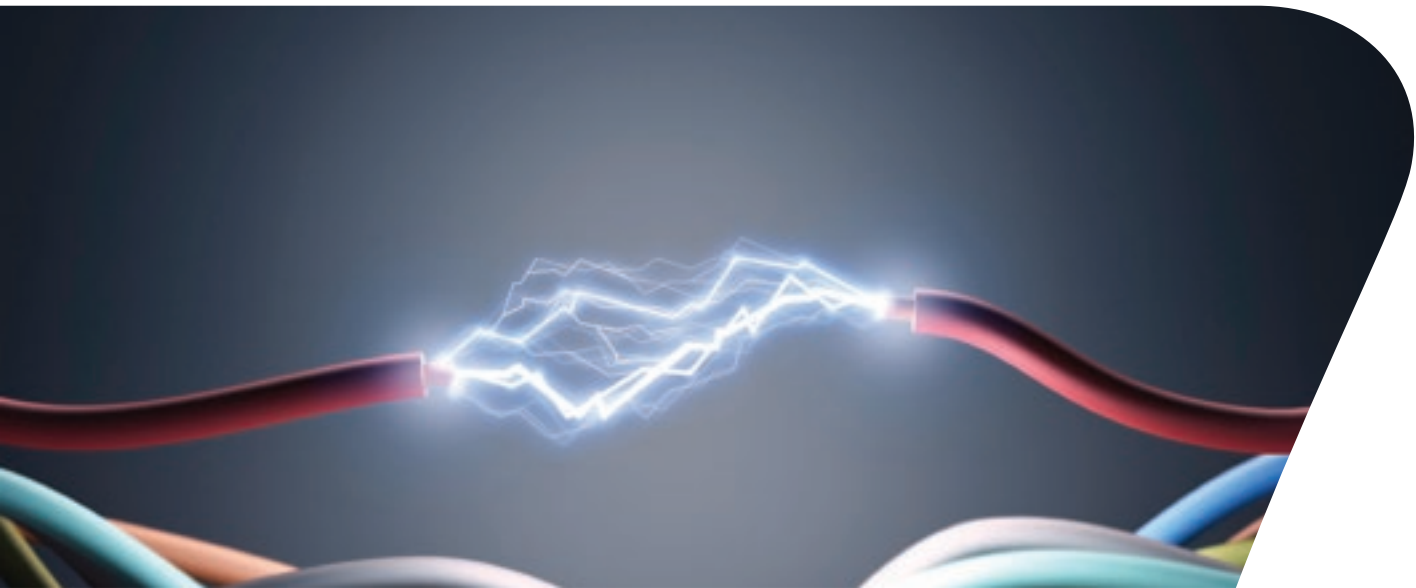
Procurement planning, early involvement in the budgeting of new projects, sustainable savings, the use of unified processes and the pursuit of added value.

#### SATISFACTION OF THE PARTIES INVOLVED

Those requesting units, procurement function staff and our suppliers; by means of continuous improvement, fulfilment of our commitments, communication and performance assessment.

These three areas are set out in the Procurement Standard and the Operating Manual, two internal procedures that govern procurement management, and which define the procurement process and supplier management, detailing all aspects and responsibilities within the process. Excellence in the performance of this function was recognised in 2019 with certification under UNE 15896 Standard on Value Added Purchasing Management, making us the first company in the energy sector with this certification.

Currently, and as part of the company's digitalisation process, the procurement area is working on its digital transformation, in order to promote the optimisation, efficiency, agility and simplification of processes. Among the projects initiated are the homologation of suppliers through block chain technology, the automation of the procurement process to reduce time and facilitate management, or the use of market intelligence tools, among others.



### OUR SUPPLY CHAIN

Our supply chain is made up of nearly 4,300 suppliers worldwide, of which we focus on 2,364 in the procurement area, the rest being considered as tail spend. Among the ones belonging to the purchasing area, 70% of them provide services and 30% supply goods (materials, spare parts and equipment). For all of them, a series of legal, fiscal, ethical, health and safety and environmental requirements are established, which are

standardised and included in the Standard Business Terms and in the Code of Ethics for Suppliers, and which must be accepted both in the registration process and in all the awarding stages.

In order to manage our supply chain in an appropriate manner that is adapted to particular characteristics, we classify our suppliers into various segments:

#### SEGMENTS I, II, & III

- They include 17% of all Cepsa's suppliers.
- They represent 93% of the supplier spend.
- We promote management models adapted to each supplier type.

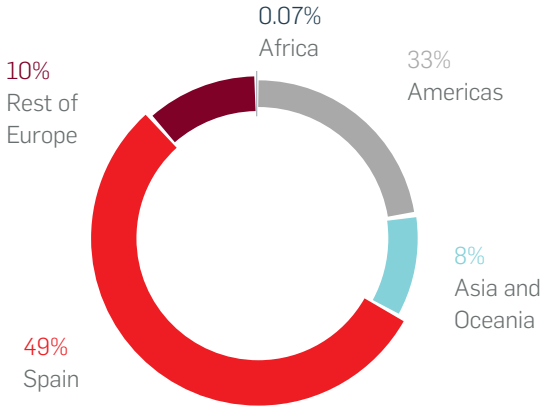
#### SEGMENTS IV & V

- They represent 7% of the supplier spend.
- In segment IV we monitor their criticality and risk level.
- Segment V includes the suppliers in relation to which the cumulative annual spend is less than EUR 10,000 and who are considered to be outside the procurement scope.

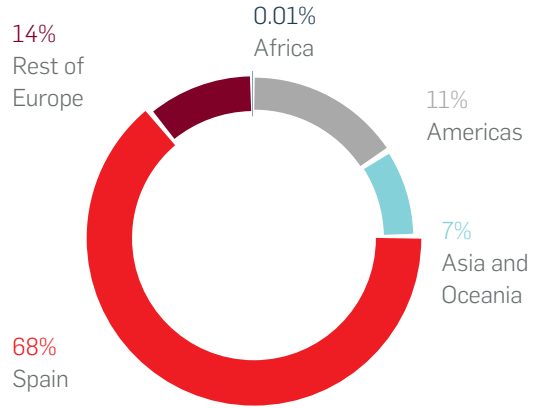
Cepsa conducts the risk assessment for all current suppliers in the procurement unit, in order to gain an insight into our supply chain, establish the appropriate requirements for each type, implement mitigation actions, monitor their performance and request audits to detect areas for improvement where necessary.

In order to achieve greater efficiency and agility in the processes, in 2019 we reviewed the submittal to the Awards Committees and Procurement Strategy of those proposals of greater value, so that the submittal of processes of lesser amount can be expedited and reduced without lowering the necessary levels of control and compliance in all cases.

NO. OF SUPPLIERS  
BY GEOGRAPHICAL AREA <sup>1,3</sup>



AMOUNT CONTRACTED  
BY GEOGRAPHICAL AREA <sup>1,2,3</sup>



<sup>1</sup> The information disclosed relates to purchases by the procurement department and excludes the purchase of crude oil, raw materials, energy products and maritime freight in relation to these products; primary logistics (CLH); financial products and services; intra-Group transactions; donations, and payments of taxes and levies.

<sup>2</sup> The information disclosed includes the amount contracted by the procurement department, and does not include billings.

<sup>3</sup> Africa includes: Morocco and South Africa; Americas includes: Argentina, Brazil, Canada, Colombia, Ecuador, the US, Mexico, Panama and Peru; Asia and Oceania include: Australia, China, UAE, Japan, Malaysia, New Zealand, Singapore, Taiwan and Thailand; Rest of Europe refers to most European countries excluding Spain.

2,095

NATIONAL  
SUPPLIERS  
IN SPAIN

84%

NATIONAL  
SUPPLIERS  
GLOBALLY

Depending on the geographical location of the suppliers, we distinguish the following categories:

- National suppliers: Their company name is registered in the country in which the Cepsa company contracts them.
- International suppliers: The country in which they are registered is not that of the Cepsa company that contracts them.
- Local suppliers: The supplier has its head office in the area where Cepsa carries on its activities, i.e. in the community in the vicinity of its operations.
- Suppliers implemented locally: Suppliers which, albeit not being local, have opened an office or branch in the community in the vicinity of its operations.

Most of our purchases are made from national or international suppliers with

local implementation, since the development and integration of local suppliers facilitates supplies and services, providing flexibility and guaranteeing response times. This relationship generates mutual benefits as it also has a positive impact on the growth of the areas where we are established, guaranteeing close cooperation, creating value in the communities where we carry out our activities, and allowing us to control risks. In 2019 no suppliers were detected that pose a risk due to their location.

In 2019, 49% were Spanish suppliers, accounting for 68% of the total spend (56% of suppliers and 68% of the total spend managed by the procurement unit); this is a clear example of how we encourage contracts with local suppliers in the areas where we operate, with around 47% of the contracts being with local suppliers or locally implemented suppliers in the areas where our industrial activities are located in Palos de la Frontera, Campo de Gibraltar and Tenerife.

## CHAPTER 4

### Responsible management

Globally, in 2019 around 84% of the contracts were with national suppliers in our locations with significant operations, with nearly 38% of the amount contracted from local suppliers or locally implemented. We only contract with non-domestic suppliers for highly specialised goods, equipment or services that are dependent on multinational technology, such as catalysts, industrial chemicals, specialised control equipment and systems or licences. In this sense, our commitment is to continue developing plans to promote local contracting. To do so we identify the suppliers and evaluate them, and we assess the impact of local contracting on Cepsa and identify those contracts that could be managed locally.

As a result of this process, several areas of action with local suppliers have been identified, such as:

- Identify new areas of contracting with local suppliers with a good performance evaluation.
- Communicate areas of improvement to suppliers with lower scores, follow up and provide training in safety, technical or management issues as appropriate.
- Establish locally manageable contracts and orders by defining supply and service lines where these can be achieved.
- Include in the procurement decision the assessment of the local component, integrating this criterion in the strategy and awarding committees.
- Make available the services that Cepsa contracts with advantageous conditions (mutual benefit).

### SUPPLIER RELATIONSHIP MANAGEMENT

+800 

WEBINAR  
FOR OUR  
SUPPLIERS

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Our objective is to maintain transparent, stable and lasting relationships with our suppliers based on trust and mutual benefit, for which a specific area has been established within the procurement unit exclusively and transversally dedicated to the management of these relationships.

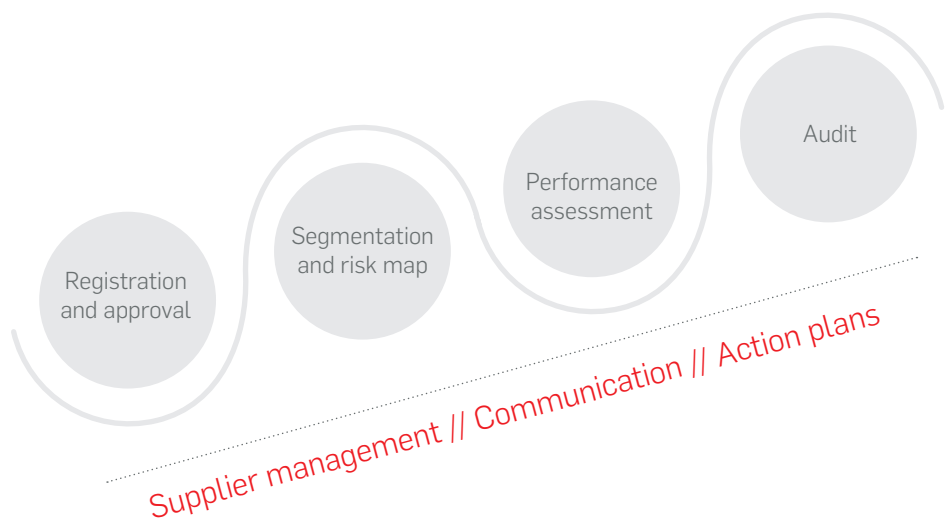
The principles that govern these relationships are set out in our Supplier Relations Guide, which also establishes the objectives and guidelines on which we rely.

In 2019, a series of webinars were held for Cepsa's suppliers by the procurement area and the Ethics and Compliance Office in order to convey to Cepsa's active suppliers the values and ethical principles on which the relationship should be based. Cepsa wants to ensure through this measure that third parties who supply goods or services are aware of and respect our standards.



More information  
about our relationship  
with suppliers

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The figure above shows the main phases of supplier management to give a 360° vision of our supply chain. In the first phase, registration and approval, suppliers must complete a questionnaire containing ESG performance issues (environmental, social, ethical and good governance) for which they are evaluated. In this way, all approved suppliers obtain a score on these issues, which is available on the purchasing platform for consideration in decision-making. Moreover, in all the performance evaluations that we periodically carry out on our suppliers we have specific ESG indicators on environmental, ethical or health and safety matters, among others, and the result of this evaluation is also available on the purchasing platform.

Within our supplier management model, both the assignment of risk levels to suppliers and audits are also established, in order to maximise control over our supply chain. In 2019, 109 audits were conducted that included performance assessments and risk level assignments that also assessed environmental, social and governance issues. At the end of 2019, 211 current suppliers had been audited.

In order to maintain a stable and transparent relationship with our suppliers, we have several communication channels:

- Satisfaction surveys: their aim is to provide us with a comprehensive overview of what our suppliers think of Cepsa. In 2019, more than 1,100 current suppliers were invited to take the survey, representing 97% of the amount contracted as of September 2019; 64% of them responded and obtained a result of 7.7 points out of 10.

- Web suppliers' area: in 2019 this area was renewed and is now part of the Company's website, thus reinforcing its image and providing a more up-to-date, friendly and orderly interface.
- Meetings: every year we hold the Supplier's Day celebration to maintain and improve communication channels, as well as to establish the necessary mechanisms to identify their requirements and provide the most appropriate response. This year the meeting was held at the Canary Islands site.

In 2019 the implementation of the complete supplier risk sheets was completed within the Purchasing platform, which includes all the information relating to each supplier so that a 360° view of them can be generated and which contains all the aspects that affect the decisions of the procurement area in an integrated manner. This allows us to adapt the requirements of suppliers to their type, establish regular communication with them, define roadmaps to capture innovation, or establish alliances or improvement plans appropriate to each group of suppliers.

In addition, and in order to encourage the influx of innovation through different channels in our Company, in 2019 the 1st Edition of the wePioneer Supplier Recognition Programme presented awards to the most innovative initiatives in procurement processes and operations. With these awards, we want to recognise those companies that work with us, share our values and are committed to innovation in their day-to-day activities.



FIRST EDITION OF  
THE **WEPIONEER**  
**PROGRAM** IN  
RECOGNITION OF  
OUR SUPPLIERS

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## CUSTOMER SERVICE

Nurturing the relationship we establish with our customers is a priority. Continuous, sustainable improvement in all those processes involved in customer services

and care is needed to provide the best assistance. The cornerstones on which this relationship is founded are as follows:



48% 

NET PROMOTER SCORE 2019

8.3 

EXPERIENCE SCORE 2019

In 2019 we completed the implementation of the Customer Experience project aimed at obtaining continuous feedback on customer experience in the various processes and interactions with Cepsa. This project is underpinned by our Customer Satisfaction and Experience Measurement Policy which establishes the bases and the methodology to enable us to apply uniform criteria in the business areas of Marketing, Cepsa Oil Commercial and Gas&Power.

Setting up communication channels to attend to customers' needs is essential for good customer management. In this regard, Cepsa provides various channels,

including forms, chats, WhatsApp customer messaging service, telephone number or email. These two-way channels target both B2C and B2B customers. Also, every two years we conduct a customer satisfaction survey in all our businesses.

Customer Service deals with all our customers' requests for products and services and any claims from users, registering them in our management systems. In 2019, 7,612 claims were received, of which 237 were considered to be unfounded and 7,220 of the accepted claims were resolved, with 155 claims remaining to be closed.



## DIALOGUE WITH AND SOCIAL COMMITMENT TO LOCAL COMMUNITIES

### 4.7 SOCIAL MANAGEMENT

The activities we carry on at Cepsa generate an impact on the environment of the communities and populations where we operate and, therefore, we understand that to positively manage these impacts and risks, avoid conflicts and ensure the sustainability of the business, it is essential to forge responsible and transparent collaborative relationships with the communities throughout the existence of our projects.

Our Community Engagement Policy and the Policy for Engaging with Indigenous Communities lay the foundations for these relationships and are based on the following principles of action:

- Compliance with the internal rules and procedures that our company voluntarily subscribes to, beyond the unavoidable compliance with legal and contractual requirements applicable in all the environments in which we operate.
- Study of the local context, identifying the needs and expectations of the communities affected by our operations.
- Analysis of impacts and risks arising from the local context to prevent or minimise negative impacts and maximise positive impacts on the socio-economic environment of the community, its historical-artistic, cultural and/or archaeological heritage and its places of interest, as well as on its biodiversity and ecosystems.
- Dialogue and the active involvement of the communities affected by our projects through mechanisms such as effective communication, good faith negotiation and responding to complaints and concerns.
- Fostering transparency through the necessary communication channels to provide meaningful, truthful and objective information throughout the life of our projects and activities.
- Cooperation in projects and promotion of alliances with public authorities and local, national or international social organisations to support local socio-economic development and environmental protection.
- Integration of fundamental human rights principles in accordance with the Universal Declaration of Human Rights, the ILO Declaration (International Labour Organization) and the principles of the United Nations Global Compact in our operations.

## CHAPTER 4

### Responsible management

As established in our Community Engagement Policy, the Cepsa units responsible for operations must analyse and assess the impact that the company may have, as well as the risks it assumes in its projects and activities in a particular social context. Any impacts that may be generated are exhaustively identified and managed during the processes of obtaining the operating licence, within the framework of the environmental and social impact studies. In those locations where risks of a social nature are identified, analyses are carried out that are in line with the guidelines established by our Integrated Risk Management System and the guide for the identification and management of social risks drawn up in 2019.

Ongoing communication with the communities is core to establishing lasting relationships of trust and mutual benefit. To this end, we implement various initiatives to involve social agents, local authorities, traditional leaders, landowners, indigenous communities or contractors, through informative meetings and other communication channels that enable us

to report on the progress of our activity, the prioritisation of local investment programmes, or employment opportunities for the local population, among other issues.

We also establish concrete and specific commitment strategies with indigenous communities, both for those in areas of direct influence and those in areas of indirect influence.

At exploration and production assets, the relationship with the communities is managed by the Community Relations unit, which guarantees the social viability of the projects we undertake. In 2019 this unit was key to the development of Colombia's drilling projects, establishing an early entry strategy and effective social management actions in line with the position and expectations of local communities. Also in the operations we carry out in Peru, working groups were established with representatives of the company, the community and public authorities to ensure the sustainability and social viability of our operations in that country.



#### COLOMBIA

**Wacoyo Reservation and El Tigre (Area of indirect influence):** social support projects to improve the quality of life of families, the preservation of their culture and traditions, the improvement of food safety conditions and the generation of job opportunities; all of this in the framework of a permanent communication and coordination strategy.

**Unuma Reservation (Area of direct influence):** agreements reached with the indigenous community in the processes of prior consultation for the specific activity of drilling stratigraphic wells (CPO14), in addition to our practice of good neighbourliness with this community.



#### PERÚ

**Sinchi Roca Native Community (Area of indirect influence):** social investment initiatives that are carried out periodically, such as school campaigns, medical campaigns or on special occasions such as Christmas.



In Spain, we carried out various initiatives in Palos de la Frontera (Huelva), San Roque (Cádiz) and the Canary Islands, such as organising visits to our facilities for the general public, schoolchildren and students at all levels of education, and others of an institutional nature to establish a dialogue on our management of the facilities and to raise awareness of our responsibilities as regards safety, the environment, technology, innovation and social activities. In a bid to show

these communities how we work, Advisory or Liaison Committees have also been established to act as a platform for meetings and communication with the communities in the areas. Lastly, through membership of associations, conferences, sponsorships and our involvement in partnerships in different events, we strengthen our relationship with the inhabitants, suppliers, official bodies and other stakeholders in our environment to improve their knowledge of our activities.

## COMMITMENT TO SOCIETY (SOCIAL ACTION)

At Cepsa we articulate our commitment to social investment mainly through the Fundación Cepsa, which manages and organises our voluntary social action. In addition, Cepsa directly carries out other types of initiatives that arise from legal requirements or derive from the stipulations of operating contracts, as well as other voluntary initiatives.

The Foundation's vision is to be a source of energy that promotes the development of communities, managing their expectations, reinforcing Cepsa's social commitment and contributing to sustainable development through five areas of action:



More information

### The Foundation's areas of action

- Social Support
- Cultural
- Environmental
- Sports
- Scientific-educational



77% 

OF CEPESA'S SOCIAL CONTRIBUTION IS VOLUNTARY

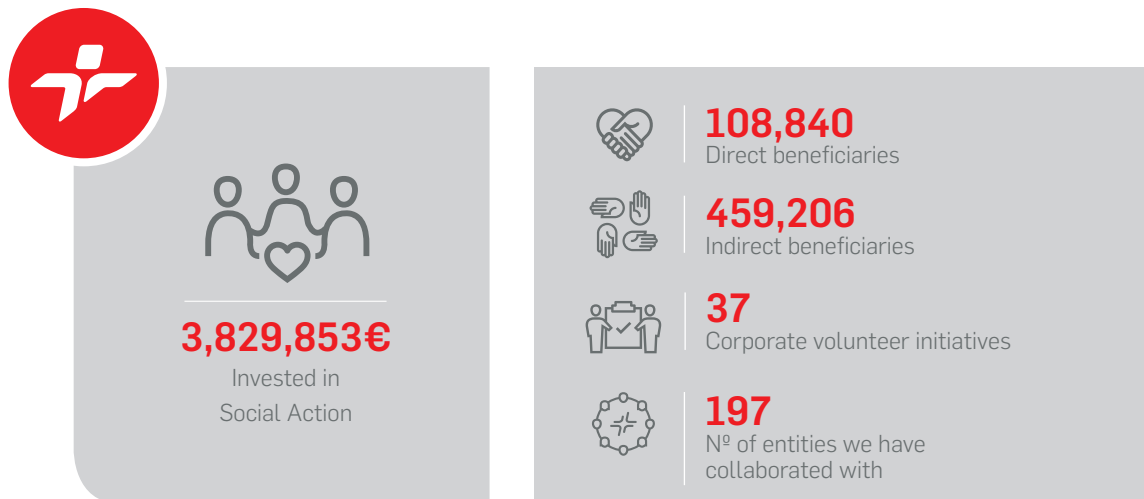
In 2019, through Fundación Cepsa, we carried out road safety awareness actions, in line with our commitment to safety, and which aim to provide theoretical and practical training to different social groups in order to promote safe driving practices. We also promoted new initiatives for the protection of the environment and biodiversity, through projects for the restoration of ecosystems and the conservation of endangered

species, such as the initiative undertaken with specialised entities for the conservation of the Montagu's harrier and Iberian bats. We also continued to increase initiatives to promote research and knowledge development, in association with other entities to foster employability and young talent, good practices and the development of innovative and strategic projects and lines of research.

## CHAPTER 4

Responsible management

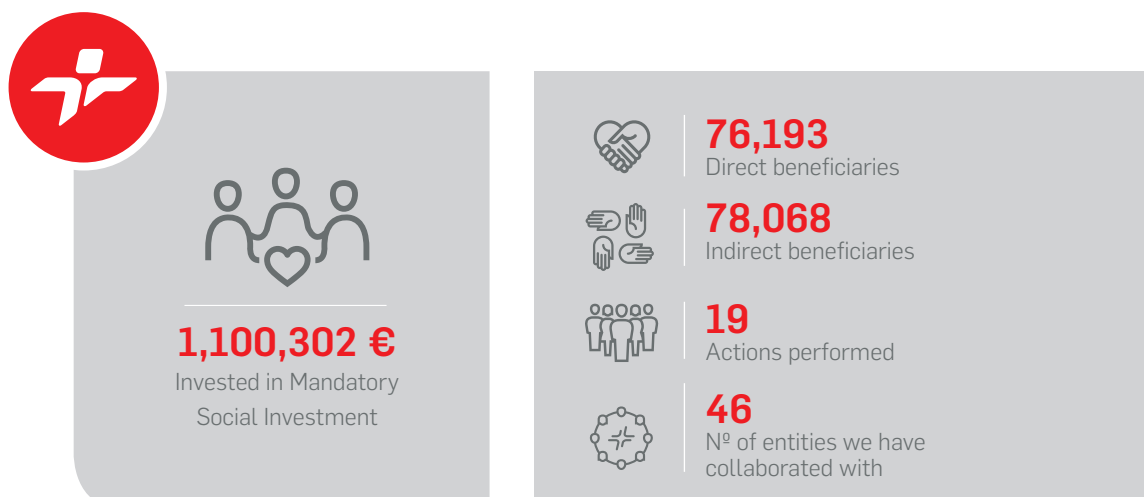
### Breakdown of Fundación Cepsa's social investment



Cepsa has other voluntary social investment initiatives promoted by the chemical plants in Canada and Brazil. In addition, we contributed EUR 9,000 to initiatives that focus on local communities, the environment, social support and scientific and educational activities. Furthermore, in order to comply with

the socio-environmental management measures established in the Environmental Licenses of our operations, social investment projects of a non-voluntary nature are carried out. Cepsa has carried out initiatives in the scientific-educational, environmental, cultural, sports and local support fields in this connection.

### Impact of Cepsa's mandatory social investment





## INITIATIVES BY COUNTRY



### ALGERIA - Assistantship at Universidad de Argel II

**Area:** Scientific-educational

**Beneficiaries:** Young people in the community

**Description:** Collaboration with the Spanish Agency of International Cooperation for Development of the Ministry of Foreign Affairs (AECID) in a call to provide Universidad de Argel II in Algeria with a Spanish language assistantship (professor) for the 2019/2020 academic year, thus contributing to the enrichment of the cultural, academic and political relations of the Spanish-speaking community with the rest of the world.



### BRAZIL - Social Value awards

**Area:** Social support

**Beneficiaries:** Young people and adolescents, the visually impaired and women.

**Description:** In 2019 various training and educational projects were promoted to favour the social inclusion of the most vulnerable groups and improve their quality of life. From the acquisition of technological equipment to expand the skills of visually impaired people to the implementation of sewing workshops, crafts and musical and theatrical practices of local cultures that promote the development of communities in the area. Cepsa's Social Value Awards are also held in other countries, such as Spain, Portugal or Colombia.



### CANADA - Centraide Centre du Québec

**Area:** Social support

**Beneficiaries:** Vulnerable groups

**Description:** Once again, we have worked with the Centraide Centre du Québec organisation by supporting a fundraising campaign to improve the quality of life of the most vulnerable social groups. With this initiative we seek to promote the success of young people, prevent families from lacking their basic needs due to lack of income and reduce social isolation.



### COLOMBIA - Productive Projects Wacoyo Reservation

**Area:** Social support

**Beneficiaries:** Wacoyo indigenous community

**Description:** We contributed to the development of various productive projects aimed at promoting the life and autonomy plan of the indigenous communities of the Wacoyo Reservation in the Colombian municipality of Puerto Gaitán, by training families in agricultural techniques.



## SPAIN

### Energy Campus

**Area:** Scientific-educational

**Beneficiaries:** Children and young people

**Description:** Educational programme whose objective is to bring the world of energy to the educational centres of the provinces of Huelva, Cádiz and the island of Tenerife. Through different training units taught in the classroom and by means of a digital platform, students learn about the importance in their daily lives of the different applications derived from oil, environmental protection or safety in processes and facilities. In addition, students can visit the facilities of the three refineries and take part in an environmental interpretation workshop in the natural spaces of the Laguna Primera de Palos or the Madre Vieja Environmental Station, in the cases of Huelva and Cadiz, as well as participate in a free format creative competition with energy as the main theme.

### Fundación Cepsa Chairs

**Area:** Scientific-educational

**Beneficiaries:** General public and young people

**Description:** Every year, we promote different activities within our five Fundación Cepsa university Chairs. Through our Chair at the Escuela Técnica Superior de Ingenieros de Minas y Energía in Madrid, we seek to promote training in matters related to the environment and energy. The Universidad de Cádiz Chair is focused on the employability of the university community in scientific and technological areas. For its part, the Universidad de Huelva Chair is firmly committed to entrepreneurship, and the Universidad de la Laguna Chair focuses on research, training and dissemination in the areas of innovation and energy efficiency. Lastly, the Universidad de Sevilla Chair promotes the connection between teaching activities and the reality of the industrial base of the energy sector.

### Study of Invasive Seaweed (San Roque)

**Area:** Environmental

**Beneficiaries:** General public and the scientific community

**Description:** In association with the Research Foundation of Universidad de Sevilla, we launched a project to analyse the ecological problems caused by the expansion and settlement of the invasive seaweed of Asian origin, *Rugulopteryx okamurae*, in the waters of the Bay of Algeciras and the Strait of Gibraltar. With a duration of four years, this study aims to address the strengths and weaknesses of this marine species, as well as different tools to control its evolution.

### Canary Islands Music Festival

**Area:** Cultural

**Beneficiaries:** General public

**Description:** We have collaborated in the 35th International Music Festival of the Canary Islands (IMFC), organised by the Canary Islands Autonomous Community Government, in order to promote culture and tourism on the islands. In addition to our involvement in this event of classical music concerts distributed among the eight islands, we have promoted the holding of introductory educational talks with the sole purpose of familiarising the audience with the musical pieces and their performers.



## THAILAND - Restoration of coastal and marine ecosystems

**Area:** Environmental

**Beneficiaries:** General public

**Description:** In Songkhla province we support projects for the restoration and conservation of coastal and marine ecosystems, working with local communities and agencies such as the Department of Marine and Coastal Resources of Thailand. This year's activities have included coral reef restoration, seabed and beach clean-ups, and awareness campaigns to reduce consumption of single-use plastics that affect mammals in the ecosystem, among others.



## PERU - Educational Campaign

**Area:** Scientific-educational

**Beneficiaries:** Young students

**Description:** We provide support in the education of young people in the communities where we operate through the Pre-University Centre of Universidad Nacional de Ucayali, facilitating their pre-university training so that they can continue their higher studies and providing teaching resources to the schools in the area of influence.



## PORTUGAL - Road Safety Initiative

**Area:** Social support

**Beneficiaries:** General public

**Description:** The aim of this road safety initiative is to raise awareness and sensitise citizens crossing the Portuguese borders at Vilar Formoso and Vila Verde da Raia to the problems involved in making long journeys, especially those taking place at night. In collaboration with Asociación Juvenil Lusodescendente Cap Magellan we emphasise the need to reduce the number of accidents by controlling speeding and fatigue.

.05

# APPENDICES



"BY PUBLISHING THIS REPORT  
WE AIM TO PROVIDE THE INFORMATION  
REQUIRED BY ALL OUR STAKEHOLDERS."

## POLICIES AND STANDARDS

## 5.1 ABOUT THIS REPORT

The publication of our 2019 Annual and Corporate Responsibility Report constitutes the reaffirmation of our commitment to work tirelessly to be a transparent company, by responding to the information requirements of all our stakeholders. In this report, we have included aspects of our strategy as a company that will enable us to continue generating value, as well as the performance of our businesses over the course of the year, the economic, environmental and social impacts generated, and the actions we have implemented to manage those impacts.

The information contained in the Annual and Corporate Responsibility Report complies with the requirements of Law 11/2018, of 28 December, on Non-Financial Information and Diversity approved on 13 December 2018 by the Spanish Lower House, amending the Spanish Commercial Code, the Consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, of 2 July, and the Spanish Audit Law 22/2015, of 20 July, in the area of non-financial information and diversity. The content that responds to these legal requirements is detailed in the Non-Financial Information Statement table for 2019.

Similarly, this document includes additional information to that required by current corporate legislation on the non-financial information requirements. The 2019 Annual and Corporate Responsibility Report was prepared in accordance with the Core options of the GRI Standards, including the information requirements contained in the GRI Oil and Gas Sector Supplement. We also followed the recommendations of other internationally

recognised reporting standards such as the International Framework on Integrated Reporting (<IR>) developed by the International Integrated Reporting Council (IIRC), the principles of the Global Compact and the Task Force on Climate-related Financial Disclosure (TCFD) on climate change-related financial risks, as well as continuing to report on our commitment and contribution to the achievement of the Sustainable Development Goals.

The definition of the content of this report was prepared in line with the results obtained in the materiality analysis, following a methodology that allows the requirements of the GRI standard and the principles for the definition of the content of its sustainability reports to be achieved and complied with (inclusion of stakeholders, context of sustainability, materiality and exhaustiveness), and is developed in Section 4.1.3 on Materiality herein. In addition, the 2019 ACRR was prepared following the principles for the preparation of reports on the definition of quality included in the GRI standard (accuracy, balance, clarity, comparability, reliability and timeliness).

The Annual and Corporate Responsibility Report forms part of the directors' report and is subject to the same approval, filing and publication procedures. The disclosures included were verified by an independent third party in accordance with the ISAE 3000 standard with a limited assurance level.

For any additional information about this Report, you can contact us at the following address: [responsabilidad.corporativa@cepsa.com](mailto:responsabilidad.corporativa@cepsa.com).

## SCOPE OF THE INFORMATION

The 2019 Annual and Corporate Responsibility Report includes consolidated information from the whole Cepsa Group on the economic, environmental and social impact and performance of our activities, and additional information to facilitate understanding of its results, performance and evolution.

Should the scope of any information included in the report vary from that stated in the preceding paragraph, its specific scope is disclosed in the section or in the GRI table. The report also includes figures from previous years which have been adjusted for improved comparability. This is specifically stated in the section concerned.

Note: The Consolidated Financial Statements of Compañía Española de Petróleos, S.A. (Public Limited Liability Company) and subsidiaries are filed at the Madrid Mercantile Registry.

## 5.2 GLOSSARY

**Barrel:** Measure of volume equivalent to 159 litres.

**Biofuel:** Fuel from vegetable oil.

**CDP:** Carbon Disclosure Project. A non-profit organisation which manages global disclosure for investors, companies, cities, states and regions in order to manage their impact on the environment.

**CEO:** Cepsa Energy Outlook.

**CH<sub>4</sub>:** Methane.

**CO<sub>2</sub> equivalent:** Equivalence of the global warming potential of carbon dioxide (CO<sub>2</sub>) with other greenhouse gases.

**CO<sub>2</sub>:** Carbon dioxide.

**Cracking:** This involves breaking up or splitting high molecular weight hydrocarbons (fuels such as diesel oil and fuel oil) into lower molecular weight components (naphtha).

**Direct greenhouse gas emissions (Scope 1):** Emissions that take place at centres owned by the organisation or those under its control.

**Emission allowances:** Permits or credits given to organisations that enable them to fulfil the objectives of the Kyoto Protocol, and which can subsequently be sold on a regulated market.

**EPD:** Environmental Product Declaration. Certified environmental declaration of environmental information for products and services based on the analysis of lifecycle and other relevant information.

**FAME:** fatty acids methyl esters; a biofuel obtained from vegetable oils.

**Flaring:** controlled burning of hydrocarbon without energy recovery, in the open

air, or through a controlled flare system, that takes place during production and processing activities.

**FRC:** Family Responsible Company.

**GHG Protocol:** Standardised global framework for the measurement and management of greenhouse gas emissions.

**GHG:** Greenhouse Gases.

**GJ:** Gigajoule (1 billion joules). The joule is the International System of Units (SI) unit of work or energy, which is equivalent to the work done on an object when a force of one newton acts on that object in the direction of its motion through a distance of one metre.

**GRI:** An independent institution that developed the first global standard for the preparation of sustainability reports for those companies that wish to evaluate their financial, environmental and social performance. It is an official centre collaborating with the United Nations Environment Programme (UNEP).

**GW:** Gigawatt (1 billion watts). The watt is the unit of power in the International System of Units which is equivalent to the power produced by a potential difference of 1 volt and an electric current of 1 ampere (1 volt-ampere).

**GWh:** Gigawatt/hour. Energy unit.

**Henry Hub Spot:** The daily spot price of natural gas at the main market of United States.

**Hydroskimming:** A refinery with a configuration that only includes distillation, reforming and some hydro-treatment.

**ILO (International Labour Organisation):** United Nations Organisation that advocates for internationally recognised

social justice and human and labour rights.

**Indirect greenhouse gas emissions due to consuming energy (Scope 2):** Emissions occurring due to the purchase or acquisition of electricity, heating, cooling and steam consumed by the organisation.

**ISCC:** Certification system of compliance with sustainability legal requirements in the bioenergy markets.

**ISO:** International Organisation for Standardisation.

**ISO 14001:** Certifiable environmental management standard.

**ISO 14064:** Standard that verifies reports on Greenhouse Gas Emissions.

**ISO 19600:** Certifiable compliance management standard.

**ISO 20000:** IT Services management certification standard.

**ISO 27001:** Certification standard for information security management.

**ISO 50001:** Certifiable energy management standard.

**ISO 9001:** Certifiable quality management standard.

**IUCN:** International Union for Conservation of Nature.

**JV (Joint Venture):** joint commercial investment agreement between two or more partners.

**LAB:** Linear alkyl benzene, the most common raw material in the production of biodegradable detergents.

**LABSA:** Sulphonic acid of linear alkyl



## CHAPTER 5

### Appendices

benzene, used in manufacturing powder, liquid, gel, agglomerate, bar or tablet detergents.

**LPG:** Liquefied petroleum gas.

**MARPOL:** International Convention for the Prevention of Pollution from Ships in the marine environment caused by operational or accidental factors.

**MWh:** Megawatt hour. Energy unit.

**Net entitlement:** Net entitlement, calculated after applying contractual provisions, in the case of Production Distribution Agreements, in accordance with the SEC (Securities and Exchange Commission) regulations.

**NOx:** Nitrogen oxides.

**OECD:** Organisation for Economic Co-operation and Development.

**Offshore:** Away from the coast or out to sea. Applies to activities performed at sea, such as the operation of oil platforms.

**Onshore:** Inland from the coastline; on land.

**Other indirect greenhouse gas emissions (Scope 3):** All indirect emissions (except for those included in Scope 2) that take place outside of the organisation, at both production and consumer entities.

**PAC expenses:** Expenses used for pollution abatement and control.

**Pool:** Wholesale electricity market. Market overseen by the operator OMEL, in which electricity is purchased and sold on a daily basis.

**RBSA (Red Bioenergy Sustainability Assurance):** Standard for biofuel certification.

**Revamping:** Modernisation and renovation of industrial processes.

**Site:** Industrial facilities which are operated by Cepsa in a specific geographical area.

**SO<sub>2</sub>:** Sulphur dioxide.

**UAE:** United Arab Emirates.

**UNE-EN ISO:** International standard as drafted for Spain.

**United Nations Global Compact:** Initiative intended to encourage the private sector to assume environmental, labour, human rights protection and anti-corruption commitments.

**Venting:** Intentional controlled discharge of unburned gases into the atmosphere.

**Working interest:** Total production interest, calculated before applying contractual conditions in the case of Production Distribution Agreements.



## 5.3 APPENDIX TO THE INDICATORS

### MATERIALITY

Material Issues	Coverage
Opportunities and risks of climate change	Impact within and outside the organization
Managing environmental impact	Impact within and outside the organization
Water resource management	Impact within and outside the organization
Circular economy	Impact within and outside the organization
Respect for human and workers' rights	Impact within and outside the organization
Individuals' health and safety	Impact within the organization
Operational security	Impact within and outside the organization
Attraction and advancement of talent	Impact within the organization
Quality employment	Impact within and outside the organization
Social commitment	Impact within and outside the organization
Dialogue and transparency with stakeholders	Impact within and outside the organization
Business transformation	Impact within the organization
Combating corruption and bribery	Impact within and outside the organization
Responsible supply chain	Impact outside the organization
Regulatory compliance	Impact within and outside the organization
Developing an ethical business	Impact within and outside the organization
Risk management	Impact within the organization
Innovation	Impact within the organization
Good governance	Impact within the organization

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### ETHICS AND COMPLIANCE



#### NUMBER OF EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS ON ANTI-CORRUPTION POLICIES AND PROCEDURES

	Spain	Africa <sup>1</sup>	Americas <sup>2</sup>	Asia <sup>3</sup>	Rest of Europe <sup>4</sup>	Total
Manager	85	-	4	3	1	93
Head of Department	512	32	50	33	20	647
Senior Technicians	247		14	3	12	276
Intermediate Technicians	103		5		6	114
Specialists	151	1	7	2	8	169
Administrative Staff	13		1	1		15
<b>Total</b>	<b>1,111</b>	<b>33</b>	<b>81</b>	<b>42</b>	<b>47</b>	<b>1,314</b>

<sup>1</sup> Africa includes: Algeria, Morocco.

<sup>2</sup> Americas includes: Brazil, Canada, Colombia, Mexico, Panama, Peru.

<sup>3</sup> Asia includes: China, United Arab Emirates, Malaysia, Singapore and Thailand.

<sup>4</sup> Rest of Europe includes: Germany, Belgium, France, Italy, The Netherlands, Portugal and United Kingdom.

#### NUMBER OF EMPLOYEES TRAINED IN ANTI-CORRUPTION POLICIES AND PROCEDURES

	Spain	Americas <sup>1</sup>	Asia <sup>2</sup>	Rest of Europe <sup>3</sup>	Total
Manager	1		1		2
Head of Department	181				181
Senior Technicians	459	1		2	462
Intermediate Technicians	78				78
Specialists	45				45
Administrative Staff	5				5
<b>Total</b>	<b>769</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>773</b>

<sup>1</sup> Americas includes: Brazil, Canada, Colombia, Mexico, Panama, Peru.

<sup>2</sup> Asia includes: China, United Arab Emirates, Malaysia, Singapore and Thailand.

<sup>3</sup> Rest of Europe includes: Germany, Belgium, France, Italy, The Netherlands, Portugal and United Kingdom.



## HUMAN RESOURCES



### PERSONNEL DATA

#### EMPLOYEES AS AT 31 DECEMBER BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY<sup>1</sup>

Corporate Professional Group	Under 30 years		Between 30 and 50 years		Over 50 years		Grand total
	Women	Men	Women	Men	Women	Men	
Management Committee	0	0	0	0	0	9	9
Manager	0	0	7	18	6	53	84
Head of Department	0	2	97	305	60	193	657
Senior Technicians	33	61	518	906	94	340	1,952
Intermediate Technicians	41	48	253	599	86	314	1,341
Specialists	244	331	1,709	2,254	462	875	5,875
Administrative Staff	5	5	50	30	20	19	129
Assistants	2	7	14	57	11	8	99
<b>Total</b>	<b>325</b>	<b>454</b>	<b>2,648</b>	<b>4,169</b>	<b>739</b>	<b>1,811</b>	<b>10,146</b>

<sup>1</sup>Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

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#### EMPLOYEES BY COUNTRY<sup>1</sup>

Country	Women	Men	Total
Algeria	14	113	127
Belgium	4	5	9
Brazil	38	143	181
Canada	14	50	64
China	18	99	117
Colombia	57	146	203
Spain	3,174	5,492	8,666
Italy	3	4	7
Malaysia	3	12	15
Morocco	0	1	1
Mexico	6	6	12
The Netherlands	3	3	6
Peru	12	40	52
Portugal	321	278	599
Singapore	2	5	7
Thailand	32	13	45
U.A.E.	7	21	28
United Kingdom	3	3	6
U.S.A.	1	0	1
<b>Total</b>	<b>3,712</b>	<b>6,434</b>	<b>10,146</b>

<sup>1</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019.





## EMPLOYEES AS AT 31 DECEMBER BY AGE GROUP, GENDER, TYPE OF CONTRACT AND PROFESSIONAL CATEGORY<sup>1</sup>

Contract Type	Corporate Professional Group	Under 30 years		Between 30 and 50 years		Over 50 years		Grand total
		Women	Men	Women	Men	Women	Men	
Nº. of employees with indefinite contract	Management Committee	0	0	0	0	0	9	9
	Manager	0	0	7	18	6	53	84
	Head of Department	0	2	97	305	60	193	657
	Senior Technicians	26	50	510	892	93	340	1,911
	Intermediate Technicians	18	20	249	593	85	314	1,279
	Specialists	103	162	1,419	2,043	425	844	4,996
	Administrative Staff	5	5	49	29	19	19	126
	Assistants	2	5	12	47	11	5	82
<b>Total nº. of employees with indefinite contract</b>		<b>154</b>	<b>244</b>	<b>2,343</b>	<b>3,927</b>	<b>699</b>	<b>1,777</b>	<b>9,144</b>
Nº. of employees on temporary contracts	Senior Technicians	7	11	8	14	1	0	41
	Intermediate Technicians	23	28	4	6	1	0	62
	Specialists	141	169	290	211	37	31	879
	Administrative Staff	0	0	1	1	1	0	3
	Assistants	0	2	2	10	0	3	17
<b>Total nº. of employees on temporary contracts</b>		<b>171</b>	<b>210</b>	<b>305</b>	<b>242</b>	<b>40</b>	<b>34</b>	<b>1,002</b>
<b>Grand total</b>		<b>325</b>	<b>454</b>	<b>2,648</b>	<b>4,169</b>	<b>739</b>	<b>1,811</b>	<b>10,146</b>

<sup>1</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

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### EMPLOYEES AS AT 31 DECEMBER BY AGE GROUP, GENDER, TYPE OF WORKDAY AND PROFESSIONAL CATEGORY<sup>1</sup>

Type of workday	Corporate Professional Group	Under 30 years		Between 30 and 50 years		Over 50 years		Grand total
		Women	Men	Women	Men	Women	Men	
Nº. of full-time employees	Management Committee	0	0	0	0	0	9	9
	Manager	0	0	7	18	6	53	84
	Head of Department	0	2	97	305	60	193	657
	Senior Technicians	33	61	518	906	92	339	1,949
	Intermediate Technicians	41	48	253	599	83	314	1,338
	Specialists	208	275	1,604	2,223	438	863	5,611
	Administrative Staff	5	5	49	30	20	19	128
	Assistants	2	7	12	56	10	8	95
<i>Total nº. of full time employees</i>		<i>289</i>	<i>398</i>	<i>2,540</i>	<i>4,137</i>	<i>709</i>	<i>1,798</i>	<i>9,871</i>
Nº. of part time employees	Senior Technicians	0	0	0	0	2	1	3
	Intermediate Technicians	0	0	0	0	3	0	3
	Specialists	36	56	105	31	24	12	264
	Administrative Staff	0	0	1	0	0	0	1
	Assistants	0	0	2	1	1	0	4
<i>Total nº. of part time employees</i>		<i>36</i>	<i>56</i>	<i>108</i>	<i>32</i>	<i>30</i>	<i>13</i>	<i>275</i>
<i>Grand total</i>		<i>325</i>	<i>454</i>	<i>2,648</i>	<i>4,169</i>	<i>739</i>	<i>1,811</i>	<i>10,146</i>

<sup>1</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

### EMPLOYEES AS AT DECEMBER 31 BY BUSINESS UNIT<sup>1</sup>

Business unit	Nº of employees	Percentage over the total
Exploration and Production	449	5%
Refining (Refining, G&P and Trading)	2,248	22%
Chemical	741	7%
Distribution and Marketing	4,950	49%
Corporate	1,759	17%
<i>Total</i>	<i>10,146</i>	<i>100%</i>

<sup>1</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

## ATTRACTION AND RETENTION OF TALENT



### NEW RECRUITS BY REGION, AGE GROUP AND GENDER

Region <sup>1</sup>	Under 30 years		Between 30 and 50 years		Over 50 years		Grand total
	Women	Men	Women	Men	Women	Men	
Africa	1	0	1	4	0	1	7
Americas	8	3	1	9	1	0	22
Asia	1	9	4	12	0	1	27
Spain	419	503	796	625	100	108	2,551
Rest of Europe	45	75	62	45	16	2	245
<b>Total</b>	<b>474</b>	<b>590</b>	<b>864</b>	<b>695</b>	<b>117</b>	<b>112</b>	<b>2,852</b>

<sup>1</sup> Africa includes: Algeria. Americas includes: Colombia, Panama and Peru. Asia includes: China, United Arab Emirates, Malaysia, Singapore and Thailand. Rest of Europe includes: Portugal and United Kingdom.

### VOLUNTARY TURNOVER RATE BY REGION, AGE GROUP AND GENDER

Region <sup>1</sup>	Under 30 years		Between 30 and 50 years		Over 50 years	
	Women	Men	Women	Men	Women	Men
Africa	0%	0%	10%	0%	0%	0%
Americas	0%	6%	2%	3%	5%	0%
Asia	0%	4%	13%	7%	0%	17%
Spain	20%	18%	3%	2%	2%	0%
Rest of Europe	42%	42%	17%	15%	10%	5%

<sup>1</sup> Africa includes: Algeria. Americas includes: Colombia, Panama and Peru. Asia includes: China, United Arab Emirates, Malaysia, Singapore and Thailand. Rest of Europe includes: Portugal and United Kingdom.



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#### INVOLUNTARY TERMINATIONS BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

	Under 30 years		Between 30 and 50 years		Over 50 years		Total 2019	Total 2018	Total 2017
	Women	Men	Women	Men	Women	Men			
Manager	0	0	0	0	0	1	<b>1</b>	-	-
Head of Department	0	0	1	3	1	12	<b>17</b>	8	10
Senior Technicians	0	0	2	4	2	6	<b>14</b>	7	13
Intermediate Technicians	0	0	1	4	5	6	<b>16</b>	15	10
Specialists	0	6	8	53	6	17	<b>90</b>	63	69
Administrative Staff	0	0	0	0	0	0	<b>0</b>	1	6
Assistants	0	0	0	1	0	0	<b>1</b>	1	3
<b>Total</b>	<b>0</b>	<b>6</b>	<b>12</b>	<b>65</b>	<b>14</b>	<b>42</b>	<b>139</b>	<b>95</b>	<b>111</b>

#### PATERNITY AND MATERNITY LEAVE

Parental leave	Women	Men	Total
Number of employees entitled to maternity/paternity leave in the year	80	161	<b>241</b>
Number of employees who used their entitlement to maternity/paternity leave in the year	131	202	<b>333</b>
Number of employees returning to work in the year after the end of their maternity/paternity leave	116	202	<b>318</b>
Return to work rate <sup>1</sup>	89%	100%	<b>95%</b>
Retention rate	91%	95%	<b>94%</b>

<sup>1</sup> It is calculated taking into account the total number of employees who took maternity or paternity leave and remained in the company 12 months after their return.

#### NUMBER OF SENIOR EXECUTIVES FROM THE LOCAL COMMUNITY

##### Senior executives (Management Committee and Directors)

Number of senior executives (Management Committee and Directors)	85
Percentage of senior executives from the local community	91%

## REMUNERATIONS

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT, INCLUDING TYPE OF REMUNERATION RECEIVED<sup>1</sup>

Average remuneration for Senior Management in 2019 (thousands of euros)

	Fixed remuneration	Variable remuneration	Average Remuneration of Statutory Care	Other concepts	Pension schemes and funds
Executive Directors	890	7,124	108.72	112	467
Non-Executive Directors			108.72		
Management	369.13	832.62		16.50	81

<sup>1</sup> The amount corresponding to variable remuneration in the Directors' section includes the early settlement of amounts accrued in short and long-term incentives, as well as extraordinary incentives derived from Cepsa's share sale transactions. The Management Committee section includes extraordinary incentives deriving from the sale of Cepsa shares.

The Directors' and Officers' Liability insurance policy taken out for the Cepsa Group was renewed on 15 October 2019 for 12 months, with a total net annual premium of 122,000 euros for the entire Group. This amount is paid by Cepsa as the policyholder and cannot be broken down by individual since, apart from covering Group directors and executives, it also covers all employees who take decisions on behalf of the company.

Directors who do not perform executive functions only receive remuneration under the "Bylaw-mandated benefits" heading, amounting to EUR 611 thousand in 2019.

In accordance with the provisions of the current text of Article 229 of the Law on Corporations, the company's directors have disclosed the following conflicts of interest:

- With regard to the other members of the Board of Directors, none of them, either at the end of the 2019 financial year or on the date of preparation of these financial statements, has reported any situation of conflict, direct or indirect, that they or persons related to them might have with the interest of the Company, in accordance with the provisions of the Law on Corporations.
- At 31 December 2019 and 2018, the Board of Directors was made up of 10 directors (9 men and 1 woman), in addition to the Secretary and Deputy Secretary who are not directors. Senior management in 2019 and 2018 was made up of 8 members, all men.
- On 15 October 2019, Pedro Miró Roig and Philippe Boisseau left the Executive Board. The remuneration shown in the section on Executive Directors is the total remuneration received by both.

### RATIO BETWEEN THE HIGHEST COMPENSATION PAID AND THE AVERAGE PAID TO EMPLOYEES BY COUNTRY<sup>1</sup>

Country	2019 Ratio	2018 Ratio	Ratio increase
Spain	30.94	81.78	-0.62
Belgium	2.30	4.04	-0.43
Brazil	12.56	-	-
China	4.81	4.03	0.19
Colombia	6.77	11.70	-0.42
Italy	2.18	-	-
Malaysia	4.60	4.30	0.07
The Netherlands	1.54	1.20	0.34
Peru	7.43	6.36	0.17
Portugal	12.54	-	-
Singapore	5.77	5.10	0.13
Thailand	7.10	8.40	-0.16
United Kingdom	1.79	1.54	0.16

<sup>1</sup> Total annual compensation of the highest paid person in the organization by geography among the median annual compensation of all employees. Only the salary (fixed compensation + variable compensation) of local employees in each country on a full-time basis is included.

RATIO OF THE STANDARD ENTRY LEVEL MINIMUM WAGE TO THE LOCAL MINIMUM WAGE

Country	Ratio
Spain	1.06
Belgium	2.53
Brazil	2.83
Canada	2.75
China	3.12
Colombia	2.32
Italy	2.57
Malaysia	2.78
The Netherlands	2.10
Peru	5.13
Singapore	1.56
Thailand	3.91
United Kingdom	2.51



## AVERAGE SALARY BY REGION, AGE GROUP, CATEGORY AND GENDER<sup>1</sup> (EUROS)

Region <sup>2</sup>	Corporate Professional Group	Under 30 years		Between 30 and 50 years		Over 50 years	
		Women	Men	Women	Men	Women	Men
Spain	Manager			260,361.55	359,643.29	255,478.46	387,805.99
	Head of Department			105,559.46	115,914.82	108,619.44	111,476.92
	Senior Technicians	37,709.55	40,112.54	57,367.99	59,399.45	62,158.07	63,407.47
	Intermediate Technicians	27,057.80	26,726.06	38,057.05	44,049.80	40,673.20	41,836.76
	Specialists	16,203.86	18,345.70	20,484.68	28,815.19	23,668.00	26,218.13
	Administrative Staff	17,071.60		29,543.38	30,373.45	36,249.14	35,058.87
	Assistants		22,279.35	19,479.17	22,926.02	18,464.31	25,386.84
Americas	Manager				256,244.38		260,081.14
	Head of Department			64,991.81	85,757.57	90,492.43	94,093.96
	Senior Technicians		29,535.83	37,516.84	43,576.76	42,021.34	54,135.66
	Intermediate Technicians			28,690.12	25,750.40	22,514.95	42,400.38
	Specialists	14,949.47	20,595.20	23,045.93	28,224.49	36,799.13	42,562.02
	Administrative Staff	8,755.16	6,129.70	24,216.53	13,820.05	60,641.10	9,829.13
	Assistants				8,511.26		8,676.05
Asia	Manager						229,160.17
	Head of Department			105,375.89	170,019.44		130,175.50
	Senior Technicians		10,844.57	53,115.23	63,381.29		
	Intermediate Technicians	24,389.47	15,423.06	36,408.54	37,823.09	33,465.26	41,625.41
	Specialists		15,210.06	23,366.77	23,392.86		
	Administrative Staff	17,198.62	14,015.13	22,498.40	20,421.13		7,552.14
	Assistants	12,486.70	12,629.13	45,226.32	15,490.98		
Rest of Europe	Manager						229,160.17
	Head of Department			72,320.27	90,578.47		90,853.38
	Senior Technicians			41,509.97	49,059.84	70,933.73	44,928.49
	Intermediate Technicians	41,265.74	39,802.64	20,548.36	24,166.24	20,118.61	32,955.04
	Specialists	8,453.60	8,586.45	10,686.87	9,593.49	15,511.06	11,416.03
	Administrative Staff		19,530.66	27,138.33		21,499.23	
	Assistants			8,251.70		8,328.99	

<sup>1</sup> The salaries of the expatriate group have been taken into account within the country of origin in order not to distort the local data.

<sup>2</sup> Americas includes: Brazil, Canada, Colombia, Panama and Peru.

Asia includes: China, Malaysia, Singapore and Thailand.

Rest of Europe includes: Germany, Belgium, Italy, The Netherlands, Portugal and United Kingdom.

## SALARY GAP

The salary gap, defined in its simplest form, is the difference between the average salary of men and women, expressed as a percentage of the male salary. This gross salary gap requires an analysis of the objective factors that are intervening in these differences, such as the professional group, educational level, age, seniority, etc., so that once the effects generated by the differences in the cha-

racteristics of the jobs and the profiles of the professionals of both groups are isolated, we can arrive at the adjusted salary gap.

Spanish legislation does not establish a methodology for calculating the adjusted salary gap, which has led Cepsa to follow a methodology contrasted with other companies and validated by KPMG.

## PROFESSIONAL GROUP

Due to the need to reach 95% of the total workforce, the group considered is that of professionals registered at 31 December 2019 in a Cepsa Group company in Spain, Portugal and Colombia, including those who are temporarily expatriated but who have a suspended employment relationship with one of these companies.

This means in 2019 a group under analysis for Spain, Portugal and Colombia of 8,818, 603 and 207 employees respectively.

The differences in the workforce with respect to the table "Employees at December 31 by age group, gender and professional category" are due to the fact that the remuneration of the expatriate group has been taken into account within the country of origin so as not to distort the local data; additionally, for the gap analysis the group of Partial Retirees has been considered that is not included in the values presented in the table "Employees at December 31 by age group, gender and professional category".

## CALCULATION OF THE GROSS SALARY GAP

For the calculation of the Gross Salary Gap, the statistical average of men's and women's pay has been used.

The result of the gross salary gap for the Cepsa Group in Spain is, depending on the remuneration considered, as follows:

- Gross salary gap on Fixed remuneration = 25.28%
- Gross salary gap on total remuneration (fixed + variable) = 29.01%

For Cepsa Group in Portugal:

- Gross salary gap on Fixed remuneration = 23.13%
- Gross salary gap on total remuneration (fixed + variable) = 25.63%

For Cepsa Group in Colombia:

- Gross salary gap on Fixed remuneration = 10.95%
- Gross salary gap on total remuneration (fixed + variable) = 12.52%

## CALCULATION OF THE ADJUSTED SALARY GAP

This calculation has been carried out using a Multiple Linear Regression Model, which has allowed us to know the impact of certain variables on employee salaries. In order to consider these variables, statistically reliable ones have been taken into account due to their correlation coefficients with total remuneration, resulting in the following: the level of classification of the position, the applicable collective agreement, the guarantees of the agree-

ment, seniority, age, company and gender, the latter being the variable to be measured.

The result obtained is that the adjusted salary gap for the group analysed and using total remuneration as a reference is 2.80% for the Cepsa Group in Spain, 0.60% for the Cepsa Group in Portugal and 1.59% in Colombia.

## CEPSA'S GROSS SALARY GAP BY PROFESSIONAL CATEGORY

	Management	Head of department	Senior technician	Intermediate technician	Administrative staff	Specialist	Assistant
Salary gap by category	31.12%	6.59%	5.39%	13.47%	-4.12%	25.13%	7.98%

## TRAINING

### TRAINING HOURS BY PROFESSIONAL CATEGORY (\*)

Professional category	Hours of training			Hours of training per employee/year		
	2019 <sup>1</sup>	2018 <sup>2</sup>	2017 <sup>3</sup>	2019 <sup>1</sup>	2018 <sup>2</sup>	2017 <sup>3</sup>
Manager	<b>2,860</b>	1,172	1,416	<b>34.05</b>	14	16.1
Head of Department	<b>34,884</b>	19,232	13,004	<b>53.1</b>	32.8	25.9
Senior Technicians	<b>103,305</b>	69,413	60,126	<b>52.92</b>	38.1	43
Intermediate Technicians	<b>53,713</b>	46,939	33,839	<b>40.05</b>	37.4	30.3
Specialists	<b>176,974</b>	124,674	95,445	<b>30.12</b>	21.3	18.9
Administrative Staff	<b>2,395</b>	3,553	2,226	<b>18.56</b>	28.2	18
Assistants	<b>5,306</b>	8,532	2,506	<b>53.6</b>	60.5	33.9
<b>Total</b>	<b>379,437</b>	<b>273,515</b>	<b>208,562</b>	<b>37.43</b>	<b>27.7</b>	<b>25</b>

<sup>1</sup> Data for 2019 include Algeria, Belgium, Brazil, Canada, China, Colombia, Italy, Malaysia, Mexico, Panama, Portugal, Peru, Netherlands, Singapore, Spain, Thailand, United Arab Emirates and the United Kingdom.

<sup>2</sup> Data for 2018 include Belgium, Brazil, Canada, China, Colombia, Italy, Netherlands, Portugal, Spain and United Kingdom.

<sup>3</sup> Data for 2017 include Spain.

### TRAINING HOURS BY GENDER (\*)

Gender	Hours of training			Hours of training per employee/year		
	2019 <sup>1</sup>	2018 <sup>2</sup>	2017 <sup>3</sup>	2019 <sup>1</sup>	2018 <sup>2</sup>	2017 <sup>3</sup>
Women	<b>83,281</b>	52,407	43,124	<b>22.4</b>	14.7	14.5
Men	<b>296,156</b>	221,108	165,438	<b>46.03</b>	35	30.7
<b>Total</b>	<b>379,437</b>	<b>208,562</b>	<b>273,515</b>	<b>37.43</b>	<b>27.7</b>	<b>25</b>

<sup>1</sup> Data for 2019 include Belgium, Brazil, Canada, China, Colombia, Italy, Malaysia, Portugal, Peru, Netherlands, Spain, Thailand and the United Kingdom.

<sup>2</sup> Data for 2018 include Belgium, Brazil, Canada, China, Colombia, Italy, Netherlands, Portugal, Spain and United Kingdom.

<sup>3</sup> Data for 2017 include Spain.

(\*) Note: There is a significant difference in person hours between men and women in the Specialist group. It must be taken into account that this group includes all the Operations positions in industrial centers, which have a high number of training hours. In these groups, the training to men and women is of exactly the same duration. However, the number of women is very low compared to that of men. This means that, when this group is grouped together with the rest of the Specialists from other fields, this greater number of men with a high number of training hours shows an average value that is much higher than that of women.

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### LABOUR RELATIONS

#### NUMBER AND PERCENTAGE OF AVERAGE EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS BY COUNTRY

Country	Number of employees with an agreement	Number of employees without an agreement	% of employees with agreement
Spain	8,063	603	93.00%
Algeria	91	36	71.70%
Belgium	0	9	0.00%
Brazil	167	14	92.30%
Canada	0	64	0.00%
China	0	117	0.00%
Colombia	175	28	86.20%
Italy	6	1	85.70%
Morocco	0	1	0.00%
Malaysia	0	15	0.00%
Mexico	10	2	83.30%
The Netherlands	0	6	0.00%
Peru	47	5	90.40%
Portugal	584	15	97.50%
Singapore	0	7	0.00%
Thailand	0	45	0.00%
U.A.E.	0	28	0.00%
United Kingdom	0	6	0.00%
U.S.A.	0	1	0.00%
<b>Total</b>	<b>9,142</b>	<b>1,004</b>	<b>90.10%</b>

## SAFETY



### HEALTH AND SAFETY OF OUR PROFESSIONALS

#### Higher risk occupational hazards detected

Falls of people at different levels	Overstrains
Falls of people to the same level	Extreme ambient temperature exposure
Falls of objects collapses	Thermal contacts
Falls of objects in handling	Exposure to electrical contacts
Fall of detached objects	Exposure to harmful substances
Footsteps on objects	Contact with caustic or corrosive substances
Collisions with a stationary object	Radiation exposure
Collisions with moving objects	Explosions
Hitting with objects or tools	Fires
Projection of fragments or parts	Accidents caused by living beings
Entrapment by or between objects	Hitting or knocking by vehicles
Entrapment, overturning of machines or tractors	

#### ACCIDENT FREQUENCY RATE OF IN-HOUSE PERSONNEL BROKEN DOWN BY BUSINESS UNIT<sup>1</sup>

Business unit	2019
Exploration & Production	0
Refining	0.42
Chemical	0
Distribution & Marketing	0.15
Others – Research Centre	0.07
<i>Total</i>	<i>0.17</i>

<sup>1</sup> Total number of accidents with leave/actual hours worked x 200,000.

#### ACCIDENT FREQUENCY RATE FOR NON-STAFF PERSONNEL<sup>1</sup>

Country	2019
Spain	0.295

<sup>1</sup> Total number of accidents with leave/actual hours worked x 200,000.



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### ACCIDENT FREQUENCY RATE OF IN-HOUSE PERSONNEL BROKEN DOWN BY GENDER<sup>1</sup>

Country	Women	Men	Total
Spain	0.17	0.23	0.21
Algeria	0	0	0
Belgium	0	0	0
Brazil	0	0	0
Canada	0	0	0
China	0	0	0
Colombia	0	0	0
Italy	0	0	0
Malaysia	0	0	0
Mexico	0	0	0
Morocco	0	0	0
The Netherlands	0	0	0
Peru	0	0	0
Portugal	0	0	0
Singapore	0	0	0
Thailand	0	0	0
United Arab Emirates	0	0	0
U.S.A.	0	0	0
United Kingdom	0	0	0
<b>Total</b>	<b>0.14</b>	<b>0.19</b>	<b>0.17</b>

<sup>1</sup> Total number of accidents with leave/actual hours worked x 200,000.

## LOST DAY RATE<sup>1</sup> (SEVERITY OF ACCIDENTS) BY REGION AND SEX

Country	Women	Men	Total
Spain	9.08	15.05	12.93
Algeria	0	0	0
Belgium	0	0	0
Brazil	0	0	0
Canada	0	0	0
China	0	0	0
Colombia	0	0	0
Italy	0	0	0
Malaysia	0	0	0
Mexico	0	0	0
Morocco	0	0	0
The Netherlands	0	0	0
Peru	0	0	0
Portugal	0	0	0
Singapore	0	0	0
Thailand	0	0	0
United Arab Emirates	0	0	0
U.S.A.	0	0	0
United Kingdom	0	0	0
<b>Total</b>	<b>7.52</b>	<b>12.90</b>	<b>10.95</b>

<sup>1</sup> Total number of lost days /actual hours worked x 200,000.

## LOST DAY RATE<sup>1</sup> (SEVERITY OF ACCIDENTS) BY BUSINESS UNIT

Business unit	2019
Exploration & Production	0
Refining	34.48
Chemical	0
Distribution & Marketing	7.62
Others – Research Centre	0.93
<b>Total</b>	<b>10.95</b>

<sup>1</sup> Total number of lost days /actual hours worked x 200,000.

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### INCIDENCE OF OCCUPATIONAL DISEASES AND ABSENTEEISM

	Women	Men	Total
Incidence rate of occupational diseases <sup>1</sup>	0.028	0	0.010
Number of occupational diseases	1	0	1
Hours of absenteeism	551,737	478,938	1,030,675

<sup>1</sup> Total number of professional diseases cases /Actual hours worked x 200,000.

### SAFETY AT FACILITIES



### NUMBER OF INCIDENTS AFFECTING PROCESS SAFETY BY BUSINESS UNIT

Incidents affecting process safety	2019		2018		2017	
	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2
Exploration & Production	0	0	1	0	1	0
Refining	2	3	4	3	2	3
Chemical	0	1	0	2	1	4
Distribution & Marketing	0	1	1	2	1	5
Others – Research Centre	0	1	0	0	0	0
<b>Total</b>	<b>2</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>12</b>



## CLIMATE CHANGE



### TOTAL INTERNAL ENERGY CONSUMPTION BY SOURCE

Source (thousands of GJ)	2019	2018	2017
Fuel oil	<b>1,382</b>	3,123	3,084
Natural gas	<b>48,538</b>	33,724	41,504
Fuel gas	<b>34,065</b>	35,679	30,990
Diesel	<b>2,217</b>	2,358	2,504
Waste gas	<b>1,528</b>	1,287	963
Other fuels	<b>209</b>	1,233	2,822
Purchased electricity	<b>6,770</b>	7,013	6,777
<b>Total<sup>1</sup></b>	<b>94,709</b>	<b>84,417</b>	<b>88,644</b>

<sup>1</sup> Data from Distribution, CCP and the Petrocan, Aviation, SIS and CMD plants are not included in the report.

### INTENSITY OF GHG EMISSIONS (SCOPES 1 AND 2) BY BUSINESS<sup>1</sup>

	2019	2018	2017
Refining (Tonnes CO <sub>2</sub> /tonne processed)	<b>0.166</b>	0.175	0.184
Chemicals (Tonnes CO <sub>2</sub> /tonne produced)	<b>0.301</b>	0.334	0.341

<sup>1</sup> Exploration and Production is not included in the report of GHG and energy intensities, because the casuistry of the business does not make the ratios comparable, because production depends on the age of the well and energy consumption is not always directly proportional to the production of the well.

### INTENSITY OF ENERGY CONSUMPTION BY BUSINESS<sup>1</sup>

	2019	2018	2017
Refining (GJ/t processed)	<b>2.05</b>	2.03	2.13
Chemicals (GJ/t produced)	<b>5.53</b>	5.39	5.54

<sup>1</sup> Exploration and Production is not included in the report of GHG and energy intensities, because the casuistry of the business does not make the ratios comparable, because production depends on the age of the well and energy consumption is not always directly proportional to the production of the well.

ENVIRONMENT



Note: Data on non-GHG emissions; extraction, discharge and consumption of water; and waste from the gas and power business are included in the figures

for the Refining and Chemical businesses; as they derive from the CHP facilities dependent on the management of the various refinery and chemical plants.

ENVIRONMENTAL INVESTMENTS AND EXPENSES

Environmental Investment and Expenditure (Thousands of euros)	2019	2018
Environmental Investment	6,588	5,643
Environmental Expenditure <sup>1</sup>	33,577	11,761

<sup>1</sup> The increase in the figure for environmental expenses in 2019 is due to the incorporation of transportation expenses related to the environment and other environmental services of the Deten plant not reported in 2018.

NON-GHG AIR EMISSIONS

EMISSION OF POLLUTANTS BY TYPE AND BUSINESS

NOx emissions (tonnes)	2019	2018	2017
Exploration & Production <sup>1</sup>	6,977	3,603	3,923
Refining	2,780	3,670	3,600
Chemicals	635	745	812

SOx emissions (tonnes)	2019	2018	2017
Exploration & Production <sup>1</sup>	15	45	114
Refining	5,057	5,248	5,982
Chemicals	27	24	21

Emisiones PM (toneladas)	2019	2018	2017
Exploration & Production <sup>1</sup>	217	51	57
Refining	326	267	245
Chemicals	9	7	10

<sup>1</sup> In 2019, the Exploration and Production business area used the IOGP's own calculation methodology for non-GHG emissions, unlike previous years, which meant a change in the data with respect to those obtained in 2018 and 2017.

## INTENSITY OF EMISSIONS BY TYPE AND BUSINESS

<b>NOx emissions</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Refining (kg/tonne processed)	0.133	0.170	0.167
Chemicals (kg/tonne produced)	0.243	0.280	0.217
Exploration & Production (kg/tonne oil and gas produced)	2.422	1.189	1.174

<b>SO<sub>2</sub> emissions</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Refining (kg/tonne processed)	0.242	0.243	0.277
Chemicals (kg/tonne produced)	0.010	0.009	0.034
Exploration & Production (kg/tonne oil and gas produced)	0.005	0.015	0.000

<b>PM emissions</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Refining (kg/tonne processed)	0.016	0.013	0.011
Chemicals (kg/tonne produced)	0.003	0.003	0.004
Exploration & Production (kg/tonne oil and gas produced)	0.075	0.017	0.017



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### WATER MANAGEMENT

#### WATER EXTRACTION BY SOURCE AND BUSINESS

Water extraction by source <sup>1</sup> (thousands of m <sup>3</sup> )		Exploration & Production <sup>2</sup>	Refining <sup>3</sup>	Chemicals	Marketing <sup>4</sup>	Total
	<b>2019</b>	<b>2,889</b>	<b>674</b>	<b>0</b>	<b>0</b>	<b>3,563</b>
Brackish surface water/sea water	2018	4,315	1,047	0	0	5,362
	2017	11	567	0	0	578
	<b>2019</b>	<b>19</b>	<b>204</b>	<b>1,373</b>	<b>0</b>	<b>1,596</b>
Fresh surface water	2018	41	0	1,294	0	1,335
	2017	31	0	4	0	35
	<b>2019</b>	<b>1,193</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>1,204</b>
Non-renewable ground water	2018	944	0	0	9	953
	2017	829	0	0	462	1,291
	<b>2019</b>	<b>656</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>656</b>
Renewable ground water	2018	587	0	0	0	587
	2017	581	0	0	0	581
	<b>2019</b>	<b>35</b>	<b>12,225</b>	<b>3,441</b>	<b>184</b>	<b>15,886</b>
Mains water	2018	36	12,022	3,581	195	15,835
	2017	37	11,606	4,778	654	17,075
	<b>2019</b>	<b>23,719</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>23,739</b>
Produced water/process water	2018	23,786	0	0	0	23,786
	2017	21,965	0	0	0	21,965
	<b>2019</b>	<b>0.8</b>	<b>0</b>	<b>13</b>	<b>0</b>	<b>13</b>
Rainwater or water from snowmelt	2018	0.2	0	10	0	10
	2017	2	0	9	0	11
	<b>2019</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>
Waste water from another company	2018	8	0	0	0	8
		0	0	0	0	0
	<b>2019</b>	<b>28,521</b>	<b>13,123</b>	<b>4,828</b>	<b>195</b>	<b>46,666</b>
Volume of water abstracted (thousands of m <sup>3</sup> )	2018	29,716	13,069	4,886	204	47,875
	2017	23,456	12,173	4,791	1,116	41,535

<sup>1</sup> Data for 2017 and 2018 were recalculated based on the scope used for the 2019 data.

<sup>2</sup> Employing IOGP criteria, operated assets are included and, therefore, the Ourhoud asset is excluded. The data for 2017 and 2018 were recalculated using this criterion.

<sup>3</sup> The scope excludes the facilities over which Cepsa does not possess operational control.

<sup>4</sup> Data from Petrocan, Aviation, SIS and CMD plants are included.

## WATER DISCHARGES BY DESTINATION AND BUSINESS

Water discharges by destination (Thousands of m <sup>3</sup> )		Exploration & Production	Refining	Chemicals	Marketing <sup>1</sup>	Total
	<b>2019</b>	<b>101</b>	-	<b>598</b>	<b>151</b>	<b>850</b>
Municipal/industrial waste water treatment plant	2018	112	-	617	144	873
	2017	63	-	599	1,037	1,699
	<b>2019</b>	<b>24,551</b>	-	<b>0</b>	<b>2</b>	<b>24,553</b>
(Discharge to) Ground water	2018	24,449	-	0	2	24,451
	2017	22,601	-	-	5	22,606
	<b>2019</b>	-	-	<b>25</b>	-	<b>25</b>
Fresh surface water	2018	4	-	29	-	33
	2017	8	-	26	15	49
	<b>2019</b>	<b>3,445</b>	<b>7,736</b>	<b>1,006</b>	-	<b>12,187</b>
Brackish surface water/sea water	2018	4,866	8,524	1,080	-	14,470
	2017	430	7,629	889	-	8,948
	<b>2019</b>			<b>172</b>	<b>6</b>	<b>177</b>
Waste water delivered to another company	2018			239	3	243
	2017	-	-	-	41	41
	<b>2019</b>	<b>28,097</b>	<b>7,736</b>	<b>1,800</b>	<b>159</b>	<b>37,792</b>
Total water discharge (Thousands of m <sup>3</sup> )	2018	29,430	8,524	1,965	149	40,068
	2017	23,103	7,629	1,514	1,098	33,344

<sup>1</sup> Data from Petrocan, Aviation, SIS and CMD plants are included.

## WATER CONSUMPTION BY BUSINESS

		Exploration & Production	Refining	Chemicals	Marketing <sup>1</sup>	Total
	<b>2019</b>	<b>424</b>	<b>5,387</b>	<b>3,027</b>	<b>36</b>	<b>8,874</b>
Water consumption (Thousands of m <sup>3</sup> )	2018	286	4,545	2,920	55	7,806
	2017	353	4,544	3,277	18	8,192

<sup>1</sup> Data from Petrocan, Aviation, SIS and CMD plants are included.



## CHAPTER 5

### Appendices

#### WATER RECYCLED AND REUSED

	Exploration & Production		Refining		Chemicals		Marketing <sup>1</sup>		Overall total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Recycled water (m <sup>3</sup> )	<b>10,205</b>	9,028	<b>162,232</b>	191,391	<b>0</b>	0	<b>0</b>	0	<b>172,437</b>	200,419
Reused water (m <sup>3</sup> )	<b>44,362</b>	62,019	<b>1,489,493</b>	1,790,349	<b>121,950</b>	78,034	<b>4,078</b>	0	<b>1,659,883</b>	1,930,401
<i>Overall total</i>	<b>54,567</b>	<i>71,047</i>	<b>1,651,725</b>	<i>1,981,740</i>	<b>121,950</b>	<i>78,034</i>	<b>4,078</b>	<i>0</i>	<b>1,832,320</b>	<i>2,130,820</i>

<sup>1</sup> Data from Petrocan, Aviation, SIS and CMD plants are included.

#### CIRCULAR ECONOMY

#### RAW MATERIALS BY SOURCE AND BUSINESS (THOUSANDS OF TONNES)

	Renewable			Non-renewable			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Refining <sup>1</sup>	<b>506</b>	441	321	<b>20,921</b>	21,607	20,539	<b>21,427</b>	<i>22,048</i>	20,860
Chemicals <sup>2</sup>	<b>0</b>	0	0	<b>4,033</b>	4,103	4,264	<b>4,033</b>	<i>4,103</i>	<i>4,264</i>
Marketing	<b>172</b>	165	102	<b>24</b>	22	6	<b>196</b>	<i>187</i>	<i>108</i>
<b>Total<sup>3</sup></b>	<b>679</b>	<i>605</i>	<i>423</i>	<b>24,978</b>	<i>25,732</i>	<i>24,089</i>	<b>25,657</b>	<i>26,337</i>	<i>25,232</i>

<sup>1</sup> Approximately 80% of raw materials are reported for the Refining business since both the tonnage of crude oil treated and the amount of renewable substances used in the processes are reported. The 2017 data have been recalculated to exclude ASESAs as the data for this asset are not included this year.

<sup>2</sup> For the Chemical business, the main tonnage of process raw materials is included, not reporting the volume of chemicals.

<sup>3</sup> At the business of Exploration & Production and in the Petrocan, Aviation, SIS and CMD plants there is no consumption of raw materials.

#### AMOUNT OF WASTE TREATED

Amount of waste treated (tonnes)	2019	2018	2017
Hazardous waste	79,291	68,213	36,569
Non-hazardous waste	25,179	43,683	19,763

## AMOUNT OF WASTE BY TYPE AND DISPOSAL METHOD

Amount of waste by treatment method (tonnes)		2019	2018	2017
Hazardous waste	Waste sent to landfill	<b>21,252</b>	27,352	23,438
	Waste recovery, including energy recovery	<b>32,806</b>	34,675	10,338
	Incineration	<b>1,223</b>	97	225
	Recycling	<b>24,011</b>	6,088	2,568
Non-hazardous waste	Waste sent to landfill	<b>14,124</b>	27,773	12,179
	Waste recovery, including energy recovery	<b>10,311</b>	14,557	334
	Incineration	<b>123</b>	73	6
	Recycling	<b>620</b>	1,280	7,244

## OF WHICH, THE FOLLOWING WASTE WAS TREATED OUTSIDE SPAIN

	2019	2018	2017
HW cross-border transport	<b>28,521</b>	11,779	-
NHW cross-border transport	<b>301</b>	146	-

## AMOUNT OF DRILLING WASTE BY TYPE AND TREATMENT METHOD

Amount of drilling waste (tonnes)	Treatment/Destination	2019	2018	2017
Non-water based waste	Treatment for offshore disposal	<b>791</b>	462	202
	Thermal desorption	<b>0</b>	0	6,490
	Inerting	<b>0</b>	35	1,648
	Incineration	<b>0</b>	0	0.00
Water-based waste	Inerting	<b>2,024</b>	7,198	81
	Onshore disposal in controlled areas	<b>0</b>	0	7,464
	Recycling	<b>0</b>	2,441	11,749
	Incineration	<b>0</b>	0	2
<b>Total</b>		<b>2,815</b>	<b>10,136</b>	<b>27,635</b>

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### SIGNIFICANT SPILLS TO THE ENVIRONMENT

Significant spills recorded<sup>1</sup>:

Type of spill	Volume (litres)	Location of the spill	Substance spilled
During ship unloading, leakage is detected through the buried line connecting the port to the Alcudia factory. Port Authority Land	24,000	Alcudia Asphalt Factory	Asphalt
Seepage from the soda tank from biological treatment completed in the rainwater pond	1,274	La Rábida Refinery	Soda
Sulphuric acid leak	1,840	San Roque Bioenergy Plant	Sulphuric acid
Sulphuric acid leak	14,720	La Rábida Refinery	Sulphuric acid
Oil spill during diesel transfer from a tank with its respective metal dam	772.7	COP-14 (Caracara, Colombia)	Diesel oil
<i>Total</i>	<i>42,606.7</i>		

<sup>1</sup> Data taken from an internal control tool with national scope and regarding the Refining, Marketing, Chemical and Gas and Electricity businesses. The spill incidents included in Safety Scale PS1 and PS2 are taken to be significant. Also, for Exploration & Production the criteria are used for reporting of spills of more than 1 bbl affecting the environment, in line with the reporting criteria of the International Oil & Gas Producers (IOGP).

### PROTECTION OF BIODIVERSITY

#### OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

Operational sites in, or adjacent to, protected areas	Geographical location	Type of operation
San Roque Site	Spain	Manufacturing
Palos Site	Spain	Manufacturing
Tenerife Site	Spain	Manufacturing
Caracara	Colombia	Production block
Llanos 22	Colombia	Production block
Lote 131	Peru	Production block
Detén	Brazil	Manufacturing
Becancour	Canada	Manufacturing

### HABITATS PROTECTED OR RESTORED

	Geographical location	Size
Madrevieja Environmental Station	San Roque, Spain	176,400 m <sup>2</sup>
Primera de Palos Lagoon	Huelva, Spain	187,600 m <sup>2</sup>



## RESPONSIBLE SUPPLY CHAIN



### DISTRIBUTION BY SEGMENTS OF THE SUPPLY CHAIN

	Nº of suppliers <sup>1</sup>	% of suppliers <sup>1</sup>	Contract value (thousands of euros) <sup>1,2</sup>	% of contract value <sup>1,2</sup>
Segment I	125	2.92%	844,327	60.75%
Segment II	228	5.32%	299,671	21.56%
Segment III	395	9.22%	149,657	10.77%
Segment IV	1,616	37.73%	90,203	6.49%
Segment V	1,919	44.81%	5,928	0.43%

<sup>1</sup> The reported information refers to purchases made by the Purchasing Department, excluding purchases of crude oil, raw materials, energy products and maritime transport related with these products; primary logistics (CLH); financial products and services; intra-group transactions; donations; and taxes and other duties.

<sup>2</sup> The reported information includes the contract value of procurements not turnover.

### PERCENTAJE OF AMOUNT CONTRACTED FROM NATIONAL AND LOCAL SUPPLIERS

Geographical location <sup>1</sup>	% of contract value awarded to national suppliers <sup>2,3</sup>	% of contract value awarded to local or locally established suppliers <sup>2,3</sup>
Brazil	100.00%	72.37%
China	95.93%	77.08%
Colombia	100.00%	44.96%
Spain	99.98%	46.75%
United States and Canada	10.94%	9.38%
Peru	100.00%	23.17%
Portugal	62.14%	33.42%
South East Asia (Malaysia, Singapore and Thailand)	99.65%	11.05%
<b>Total <sup>4</sup></b>	<b>84%</b>	<b>38%</b>

<sup>1</sup> The reported information refers to geographical locations with significant operations, including petrochemical industry sites and assets used in oil and gas exploration and production.

<sup>2</sup> The reported information refers to purchases made by the Purchasing Department, excluding purchases of crude oil, raw materials, energy products and maritime transport related with these products; primary logistics (CLH); financial products and services; intra-group transactions; donations; and taxes and other duties.

<sup>3</sup> Segment V suppliers are excluded (outside the scope of purchasing management).

<sup>4</sup> As well as the stipulated geographical locations, the rest of the European Union and Others are included in the total.



COMMITMENT TO SOCIETY



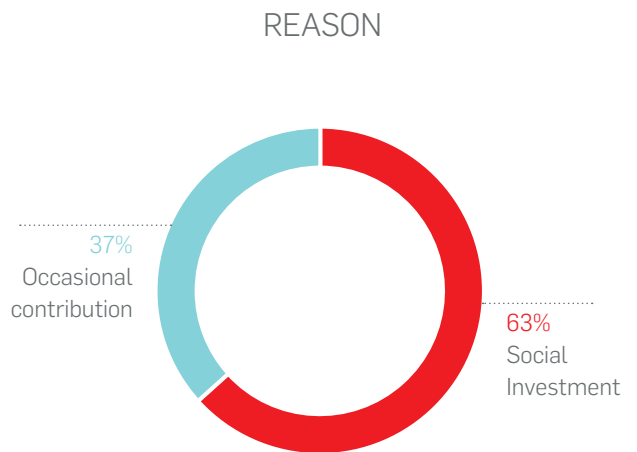
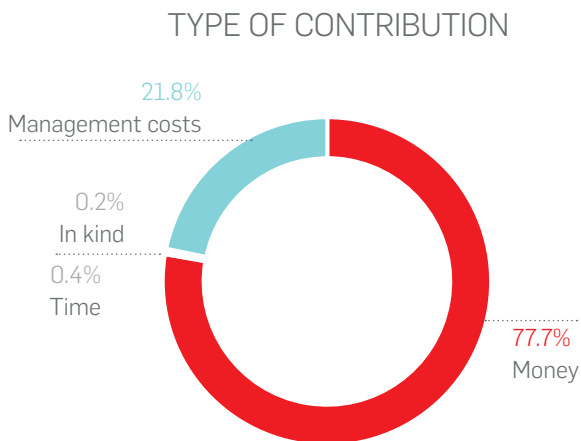
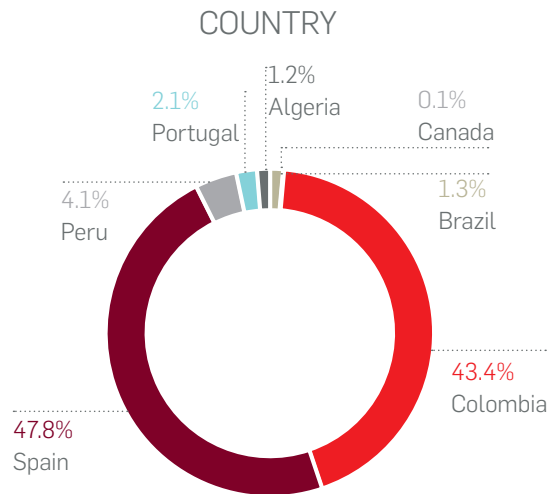
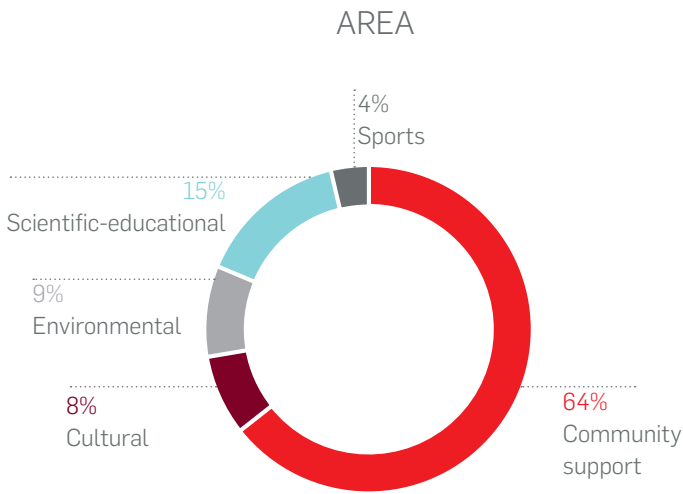
DETAILS OF THE SOCIAL INVESTMENT DATA

Fundacion Cepsa's Social action investment by area (euros)	Year 2019
Community support	2,465,593
Cultural	303,958
Environmental	344,867
Scientific-educational	573,992
Sports	141,443
<b>Total</b>	<b>3,829,853</b>

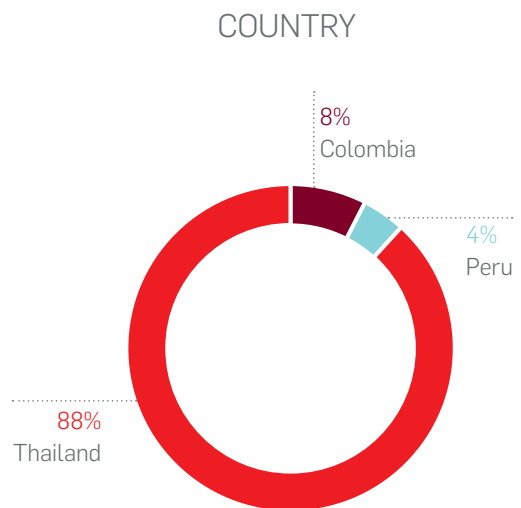
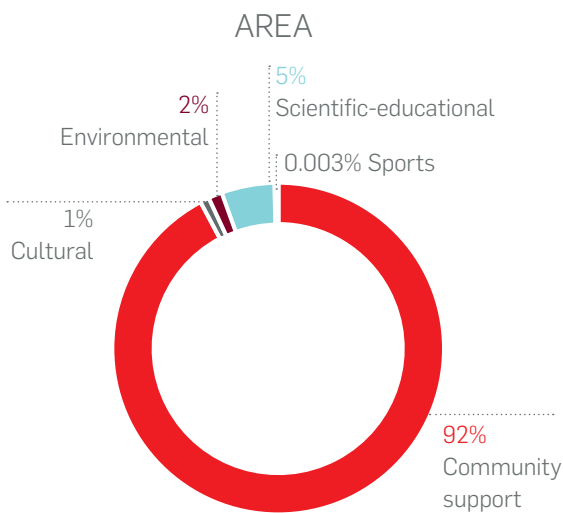
Cepsa's Voluntary Social action investment in Canada and Brazil by area (euros)	Year 2019
Community support	7,717
Cultural	-
Environmental	126
Scientific-educational	162
Sports	1,000
<b>Total</b>	<b>9,004</b>

Cepsa's Mandatory Social action investment by area (euros)	Year 2019
Community support	1,015,140
Cultural	9,750
Environmental	14,850
Scientific-educational	56,962
Sports	3,600
<b>Total</b>	<b>1,100,302</b>

BREAKDOWN OF THE FUNDACION CEPESA'S SOCIAL INVESTMENT



BREAKDOWN OF THE CEPESA'S MANDATORY SOCIAL INVESTMENT





Fundacion Cepsa's Social action investment by country (euros)	Year 2019
Brazil	49,521
Canada	5,057
Colombia	1,662,965
Spain	1,828,950
Peru	157,476
Portugal	78,772
Algeria	47,112
<b>Total</b>	<b>3,829,853</b>

Cepsa's Mandatory Social action investment by country (euros)	Year 2019
Colombia	82,890
Peru	46,792
Thailand	970,620
<b>Total</b>	<b>1,100,302</b>

Fundacion Cepsa's Social action investment by type of contribution (euros)	Year 2019
Money	2,974,220
Time	14,472
In kind	7,775
Management costs	833,385
<b>Total</b>	<b>3,829,853</b>

Cepsa's voluntary Social action investment in Canada by type of contribution (euros)	Year 2019
Money	6,000
Time	-
In kind	-
Management costs	-
<b>Total</b>	<b>6,000</b>

Cepsa's voluntary Social action investment in Brazil by type of contribution (euros)	Year 2019
Money	3,004
Time	-
In kind	-
Management costs	-
<b>Total</b>	<b>3,004</b>



Fundación Cepsa's Social action investment by motivation (euros)	Year 2019
Occasional Contribution	1,404,863
Social investment	2,424,990
Business-aligned initiatives	-
<i>Total</i>	<i>3,829,853</i>

Cepsa's voluntary Social action investment in Canada by motivation (euros)	Year 2019
Occasional Contribution	-
Social investment	6,000
Business-aligned initiatives	-
<i>Total</i>	<i>6,000</i>



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Cepsa's voluntary Social action investment in Brazil by motivation (euros)	Year 2019
Occasional Contribution	-
Social investment	3,004
Business-aligned initiatives	-
<i>Total</i>	<i>3,004</i>

Cepsa's Mandatory Social action investment by motivation (euros)	Year 2019
Occasional Contribution	-
Social investment	-
Business-aligned initiatives	1,100,302
<i>Total</i>	<i>1,100,302</i>

## 5.4 GRI INDICATORS INDEX

Indicator	Description	Global compact
<b>GRI 101 Fundamentals</b>		
<b>GRI 102 General Disclosures</b>		
<b>Organizational Profile</b>		
102-1	Name of the organization	
102-2	Activities, brands, products, and services	
102-3	Location of headquarters	
102-4	Location of operations	
102-5	Ownership and legal form	
102-6	Markets served	
102-7	Scale of the organization	
102-8	Information on employees and other workers	Principle 6
102-9	Supply chain	
102-10	Significant changes to the organization and its supply chain	
102-11	Precautionary Principle or Approach	
102-12	External Initiatives	
102-13	Membership of associations	
<b>Strategy</b>		
102-14	Statement from senior decision-maker	
102-15	Key impacts, risks, and opportunities	
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	Principle 6
102-17	Mechanisms for advice and concerns about ethics	Principle 6

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	Chapter 2.4 Our activities Cepsa does not sell products that are prohibited or involved in litigation	
	Back cover	
	Chapter 2.3 Cepsa in the world	
	Chapter 3.2 Business model	
	Chapter 2.4 Our activities	
	Chapter 1.2 Cepsa in numbers Chapter 2.4 Our activities Chapter 4.3 People management	
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	Chapter 2.3 Cepsa in the world Chapter 3.2 Business model Chapter 4.6.1 Responsible supply chain	
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17	Chapter 4.1. Our management approach	
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16	Chapter 2.1. Mission, vision and values Chapter 4.2.2. Ethics, compliance and corporate policies	
16	Chapter 4.2.2. Ethics, compliance and corporate policies	

Indicator	Description	Global compact
<b>Governance</b>		
102-18	Governance structure	
102-19	Delegating authority	
102-20	Executive-level responsibility for economic, environmental, and social topics	
102-21	Consulting stakeholders on economic, environmental, and social topics	
102-22	Composition of the highest governance body and its committees	Principle 6
102-23	Chair of the highest governance body	
102-24	Nominating and selecting the highest governance body	
102-25	Conflicts of interest	
102-26	Role of highest governance body in setting purpose, values, and strategy	
102-27	Collective knowledge of highest governance body	
102-29	Identifying and managing economic, environmental, and social impacts	
102-30	Effectiveness of risk management processes	
102-31	Review of economic, environmental, and social topics	
102-32	Highest governance body's role in sustainability reporting	
102-33	Communicating critical concerns	
102-34	Nature and total number of critical concerns	
102-35	Remuneration policies	
102-36	Process for determining remuneration	
102-37	Stakeholders' involvement in remuneration	
102-38	Annual total compensation ratio	
102-39	Percentage increase in annual total compensation ratio	

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	Chapter 4.1. Our management approach Chapter 4.2.1. Corporate governance	
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<b>16</b>	Chapter 4.2.1. Corporate governance	
	Chapter 4.2.1. Corporate governance	
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	Chapter 4.2.1. Corporate governance	
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Indicator	Description	Global compact
<b>Stakeholders Engagement</b>		
102-40	List of stakeholder groups	
102-41	Collective bargaining agreements	Principle 1 Principle 3
102-42	Identifying and selecting stakeholders	
102-43	Approach to stakeholder engagement	
102-44	Key topics and concerns raised	
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	
102-46	Defining report content and topic Boundaries	
102-47	List of material topics	
102-48	Restatements of information	
102-49	Changes in reporting	
102-50	Reporting period	
102-51	Date of most recent report	
102-52	Reporting cycle	
102-53	Contact point for questions regarding the report	
102-54	Claims of reporting in accordance with the GRI Standards	
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102-56	External assurance	

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	See Consolidated Financial Statements and Consolidated Directors' Report for the year ended 31 December 2019	
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	Re-expressions of information are indicated throughout the report	
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	Annual	
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	Chapter 5.4 GRI Indicators table (Page 127-140)	
	Independent Limited Assurance Report on the Consolidated Non-Financial Information Statement of Compañía Española de Petróleos, S.A. and subsidiaries for the year 2019	

Indicator	Description	Global compact
<b>GRI 103 Management approach</b>		
103-1	Explanation of the material topic and its Boundary	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
<b>GRI 201 Economic Performance</b>		
201-1	Direct economic value generated and distributed	
201-2	Financial implications and other risks and opportunities due to climate change	Principle 7 Principle 8
201-3	Defined benefit plan obligations and other retirement plans	
201-4	Financial assistance received from government	
<b>GRI 202 Market Presence</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Principle 1 Principle 6
202-2	Proportion of senior management hired from the local community	Principle 6
<b>GRI 203 Indirect economic impact</b>		
203-1	Infrastructure investments and services supported	
203-2	Significant indirect economic impacts	
<b>GRI 204 Procurement practices</b>		
204-1	Proportion of spending on local suppliers	



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8	Chapter 4.3 People management	
	In 2019 the total financial assistance received from the Administration was 21.2 million euros.	
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Indicator	Description	Global compact
<b>GRI 205 Anti corruption</b>		
205-1	Operations assessed for risks related to corruption	Principle 10
205-2	Communication and training about anti-corruption policies and procedures	Principle 10
205-3	Verified cases of corruption and measures taken	Principle 10
<b>GRI 206 Unfair competition practices (Anti -competitive)</b>		
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	
<b>GRI 301 Materials</b>		
301-1	Materials used by weight or volume	
301-2	Recycled input materials used	Principle 7 Principle 8
<b>GRI 302 Energy</b>		
302-1	Energy consumption within the organization	Principle 7 Principle 8
302-2	Energy consumption outside of the organization	Principle 7 Principle 8
302-3	Energy intensity	Principle 8
302-4	Reduction of energy consumption	Principle 7 Principle 8 Principle 9
302-5	Reductions in energy requirements of products and services	Principle 7 Principle 8 Principle 9
<b>GRI 303 Water and effluents</b>		
303-1	Interaction with water as a shared resource	Principle 7 Principle 8
303-2	Management of water discharge-related impacts	Principle 7 Principle 8
303-3	Water withdrawal	Principle 8 Principle 9
303-4	Water discharge	Principle 8 Principle 9
303-5	Water consumption	Principle 8 Principle 9

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7 8 12 13	Chapter 4.5.1 Climate change 5.3 Appendix to the indicators – Climate change	
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Indicator	Description	Global compact
<b>GRI 304 Biodiversity</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Principle 8
304-2	Significant impacts of activities, products, and services on biodiversity	Principle 8
304-3	Habitats protected or restored	Principle 8
<b>GRI 305 Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	Principle 7 Principle 8 Principle 9
305-2	Indirect (Scope 2) GHG emissions	Principle 7 Principle 8 Principle 9
305-3	Other indirect (Scope 3) GHG emissions	Principle 8
305-4	GHG emissions intensity	Principle 8 Principle 9
305-5	Reduction of GHG emissions	Principle 8 Principle 9
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Principle 8 Principle 9
<b>GRI 306 Effluents and Waste</b>		
306-2	Waste by type and disposal method	Principle 7 Principle 8
306-3	Significant spills	Principle 8
306-4	Transport of hazardous waste	Principle 8
<b>GRI 307 Environmental Compliance</b>		
307-1	Non-compliance with environmental laws and regulations	Principle 7 Principle 8
<b>GRI 308 Supplier Environmental Assessment</b>		
308-1	New suppliers that were screened using environmental criteria	Principle 9
308-2	Negative environmental impacts in the supply chain and actions taken	Principle 9

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12 13	Chapter 4.5.1 Climate change 5.3 Appendix to the indicators – Climate change	
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3 6 12	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Environment	
3 6 12 14 15	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Environment	
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12	Chapter 4.6.1 Responsible supply chain	
12	Chapter 4.6.1 Responsible supply chain	

Indicator	Description	Global compact
<b>GRI 401 Employment</b>		
401-1	New employee hires and employee turnover	Principle 6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Principle 6
401-3	Parental leave	Principle 6
<b>GRI 402 Labour relations (Labor/Management)</b>		
402-1	Minimum notice periods regarding operational changes	Principle 3
<b>GRI 403 Occupational Health and Safety</b>		
403-1	Occupational health and safety management system	
403-2	Hazard identification, risk assessment, and incident investigation	
403-5	Worker training on occupational health and safety	
403-6	Promotion of worker health	
403-9	Work-related injuries	
403-10	Work-related ill health	
<b>GRI 404 Training and education</b>		
404-1	Average hours of training per year per employee	Principle 6
404-2	Programs for upgrading employee skills and transition assistance programs	

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5 8	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources	
8	There is no distinction between social benefits according to the type of working day to which the worker is assigned, whether full or part time.	
5 8	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources	
8	Cepsa complies with the minimum notice agreements in the event of possible operational changes provided for in the collective bargaining agreements or, failing that, in the regulations applicable in each country.	
3 8	Chapter 4.4 Safety management	
3 8	Chapter 4.4 Safety management 5.3 Appendix to the indicators – Safety	
3 8	Chapter 4.3 People management	
3 8	Chapter 4.4 Safety management	
3 8	Chapter 4.4 Safety management 5.3 Appendix to the indicators – Safety	
3 8	Chapter 4.4 Safety management 5.3 Appendix to the indicators – Safety	
4 5 8	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources	
4 8	Chapter 4.3 People management	

Indicator	Description	Global compact
<b>GRI 405 Diversity and equal opportunity of performance and professional development</b>		
405-1	Diversity of governance bodies and employees	Principle 6
405-2	Ratio of basic salary and remuneration of women to men	Principle 6
<b>GRI 406 Non-discrimination</b>		
406-1	Incidents of discrimination and corrective actions taken	Principle 6
<b>GRI 407 Freedom of association and collective bargaining</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Principle 2
<b>GRI 408 Child Labor</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Principle 5
<b>GRI 409 Forced or compulsory labor</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Principle 4





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5 8 10	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources	
5 8 10	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources	
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8 16	Chapter 4.2.2. Ethics, compliance and corporate policies Chapter 4.6.1 Responsible supply chain	
8 16	Chapter 4.2.2. Ethics, compliance and corporate policies Chapter 4.6.1 Responsible supply chain	
8 16	Chapter 4.2.2. Ethics, compliance and corporate policies Chapter 4.6.1 Responsible supply chain	



Indicator	Description	Global compact
<b>GRI 411 Rights of indigenous people</b>		
411-1	Incidents of violations involving rights of indigenous peoples	Principle 1
<b>GRI 412 Human Rights Assessment</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	Principle 1
<b>GRI 413 Local Communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Principle 1
413-2	Operations with significant actual and potential negative impacts on local communities	Principle 1
<b>GRI 414 Supplier Social Assessment</b>		
414-1	New suppliers that were screened using social criteria	Principle 2
414-2	Negative social impacts in the supply chain and actions taken	Principle 2
<b>GRI 416 Customer Health and Safety</b>		
416-1	Assessment of the health and safety impacts of product and service categories	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
<b>GRI 417 Marketing and labeling</b>		
417-1	Requirements for product and service information and labeling	
417-2	Incidents of non-compliance concerning product and service information and labeling	
417-3	Incidents of non-compliance concerning marketing communications	
<b>GRI 419 Socioeconomic Compliance</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	

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	Chapter 4.2.2. Ethics, compliance and corporate policies	
11	Chapter 4.7 Social Management	
11	Chapter 4.7 Social Management	
5 8 16	Chapter 4.6.1 Responsible supply chain	
5 8 16	Chapter 4.6.1 Responsible supply chain	
12	Chapter 4.4 Safety management	
16	During 2019, we have not been aware of any incidents related to the health impacts of products and services.	
16	Chapter 4.4 Safety management	
16	In 2019, no intentional breaches of regulations or voluntary codes relating to the information and labelling of products and services have been identified.	
16	In 2019, no breaches of regulations or voluntary codes relating to marketing communications have been identified. Cepsa belongs to Auto-control, a non-profit association in charge of managing the Spanish advertising self-regulation system so that there are guarantees of trust and credibility in advertising.	
16	Chapter 4.2.2. Ethics, compliance and corporate policies	

Indicator	Description	Global compact
<b>OG - Sector Disclosures (Oil &amp; Gas)</b>		
OG-3	Total amount of renewable energy generated by source	Principle 8 Principle 9
OG-4	Risks related to biodiversity (Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored)	Principle 8
OG-7	Amount of drilling waste (drill mud and cuttings)	Principle 8
OG-9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	Principle 1
OG-10	Litigation with indigenous communities	
OG-13	Number of processes safety claims and mishaps, by business activity	



## GLOBAL COMPACT PRINCIPLES

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human right abuses.
3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labour.
5. The effective abolition of child labour.
6. The elimination of discrimination in respect of employment and occupation.
7. Business should support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Business should work against corruption in all its forms, including extortion and bribery.

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SDG	Page in report	Observations
7	Cepsa has started up a wind farm in Jerez de la Frontera at the end of 2019 with an installed capacity of 28.8 MW. In 2019, energy production has begun.	
6 14 15	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Environment	
6 12 14 15	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Environment	
11 16	Chapter 4.7 Social Management	
11 16	Chapter 4.2.2. Ethics, compliance and corporate policies	
3 6 11	Chapter 4.4 Safety management 5.3 Appendix to the indicators – Safety	



1	No Poverty	7	Affordable and Clean Energy	13	Climate Action
2	Zero Hunger	8	Decent Work and Economic Growth	14	Life below Water
3	Good Health and Well-Being	9	Industry, Innovation and Infrastructure	15	Life on Land
4	Quality Education	10	Reduced Inequalities	16	Peace, Justice and Strong Institutions
5	Gender Equality	11	Sustainable Cities and Communities	17	Partnerships for the Goals
6	Clean Water and Sanitation	12	Responsible Consumption and Production		

## 5.5 TABLE OF CONTENTS OF THE NON-FINANCIAL INFORMATION LAW

Content of the statement of non-financial information	Reporting standard	Location in the report
<b>BUSINESS MODEL</b>		
<b>Description of the business model</b>		
Group business model	GRI 102-2	Chapter 2.4 Our activities
Business environment	GRI 102-2 GRI 102-4	Chapter 2.3 Cepsa in the world Chapter 2.4 Our activities
Organization and structure	GRI 102-18	Chapter 4.2.1. Corporate governance
Markets in which it operates	GRI 102-6	Chapter 2.4 Our activities
Objectives and strategies	GRI 102-15	Letter from the Chairman Letter from the CEO Chapter 3.1. Value creation strategy
Main factors and trends that may affect its future development	GRI 102-15	Chapter 3.1. Value creation strategy
<b>INFORMATION ON ENVIRONMENTAL ISSUES</b>		
<b>Environmental management</b>		
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Environmental assessment or certification procedures	GRI 103-2	Chapter 4.5.2 Environment
Resources dedicated to the prevention of environmental risks		Chapter 4.5.2 Environment
Application of the precautionary principle	GRI 102-11	Chapter 4.5.2 Environment
Provisions and guarantees for environmental risks	GRI 307-1	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Environment
<b>Contamination</b>		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution	GRI 302-4 GRI 302-5 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-5 GRI 305-7	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Climate change 5.3 Appendix to the indicators – Environment

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Content of the statement of non-financial information	Reporting standard	Location in the report
<b>INFORMATION ON ENVIRONMENTAL ISSUES</b>		
<b>Circular Economy and waste prevention and management</b>		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste	GRI 301-1 GRI 301-2 GRI 303-3 GRI 306-2 GRI 306-4 GRI OG-7	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Environment
Actions to combat food waste		Not applicable to the activities carried out by Cepsa
<b>Sustainable use of resources</b>		
Water consumption and water supply according to local constraints	GRI 303-1 GRI 303-2 GRI 303-3 GRI 303-4 GRI 303-5	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Environment
Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 301-1 GRI 301-2	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Environment
Energy: Consumption, direct and indirect; Measures taken to improve energy efficiency, Use of renewable energies	GRI 302-1 GRI 302-2 GRI 302-3 GRI 302-4 GRI 302-5 GRI OG-3	Chapter 4.5.1 Climate change 5.3 Appendix to the indicators – Climate change
<b>Climate Change</b>		
Greenhouse Gas Emissions	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	Chapter 4.5.1 Climate change 5.3 Appendix to the indicators – Climate change
Measures taken to adapt to the consequences of Climate Change	GRI 102-15 GRI 201-2 GRI 305-5	Chapter 3.3. Risk management & opportunities Chapter 4.5.1 Climate change
Reduction targets voluntarily set in the medium and long term to reduce GHG emissions and means implemented to that end	GRI 305-5	Chapter 4.5.1 Climate change
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Measures taken to preserve or restore biodiversity	GRI 304-3	Chapter 4.5.2 Environment 5.3 Appendix to the indicators – Environment
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Content of the statement of non-financial information

Reporting standard

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**INFORMATION ON SOCIAL AND PERSONNEL ISSUES**

**Employment**

Total number and distribution of employees by gender, age, country and professional classification	GRI 102-7 GRI 102-8 GRI 405-1	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
Total number and distribution of employment contract modalities	GRI 102-8	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
Number of redundancies by gender, age and occupational classification	GRI 401-1	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
Average annual number of permanent, temporary and part-time contracts by gender, age and professional classification	GRI 102-8	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
Average salaries and their evolution disaggregated by sex, age and professional classification or equal value	GRI 102-38 GRI 405-2	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
Salary Gap	GRI 405-2	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
Remuneration of equal or average jobs in the company	GRI 202-1	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
The average remuneration of directors and executives, including variable remuneration, per diems, indemnities, payment to long-term savings pension systems and any other payments disaggregated by gender	GRI 102-35 GRI 102-36 GRI 201-3	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
Implementation of labour disconnection measures		Chapter 4.3 People management
Employees with disabilities	GRI 405-1	Chapter 4.3 People management

**Organization of work**

Organization of working time	GRI 102-8	Chapter 4.3 People management
Number of absence hours	GRI 403-9	Chapter 4.4 Safety management 5.3 Appendix to the indicators – Safety
Measures aimed at facilitating the enjoyment of conciliation and encouraging the co-responsible exercise of these by both parents		Chapter 4.3 People management

**Health & Safety**

Occupational health and safety conditions	GRI 403-1 GRI 403-2 GRI 403-5 GRI 403-6	Chapter 4.4 Safety management 5.3 Appendix to the indicators – Safety
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<b>INFORMATION ON SOCIAL AND PERSONNEL ISSUES</b>		
<b>Health &amp; Safety</b>		
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Occupational diseases (frequency and severity) disaggregated by gender	GRI 403-10	Chapter 4.4 Safety management 5.3 Appendix to the indicators – Safety
<b>Social relations</b>		
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	GRI 102-43	Chapter 4.1. Our management approach
Percentage of employees covered by collective bargaining agreements by country	GRI 102-41	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
Assessment of collective agreements, particularly in the field of health and safety at work		Chapter 4.3 People management
<b>Formation</b>		
Policies implemented in the formation	GRI 102-16 GRI 404-2	Chapter 4.2.2. Ethics, compliance and corporate policies Chapter 4.3 People management
Total number of hours of training by professional category	GRI 404-1	Chapter 4.3 People management 5.3 Appendix to the indicators – Human resources
<b>Accessibility</b>		
Universal accessibility for persons with disabilities		Chapter 4.3 People management
<b>Equality</b>		
Measures taken to promote equal treatment and opportunities for men and women		Chapter 4.3 People management
Equality plans		Chapter 4.3 People management
Measures taken to promote employment	GRI 404-2	Chapter 4.3 People management
Protocols against sexual and sex-based harassment		Chapter 4.3 People management
The integration and universal accessibility of persons with disabilities		Chapter 4.3 People management
Anti-discrimination policy and, where appropriate, diversity management	GRI 406-1	Chapter 4.2.2. Ethics, compliance and corporate policies Chapter 4.3 People management

Content of the statement of non-financial information	Reporting standard	Location in the report
<b>INFORMATION ON RESPECT FOR HUMAN RIGHTS</b>		
<b>Respect for human rights</b>		
Application of human rights due diligence procedures	GRI 414-2	Chapter 4.6.1 Responsible supply chain
Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress any abuses committed	GRI 411-1 GRI 412-1	Chapter 4.2.2. Ethics, compliance and corporate policies Chapter 4.4 Safety management
Complaints about human rights violations	GRI 411-1 GRI 419-1 GRI OG-10	Chapter 4.2.2. Ethics, compliance and corporate policies
Promotion and compliance with the provisions of the fundamental ILO Conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour	GRI 406-1 GRI 407-1 GRI 408-1 GRI 409-1	Chapter 4.2.2. Ethics, compliance and corporate policies
<b>INFORMATION RELATING TO THE FIGHT AGAINST CORRUPTION AND BRIBERY</b>		
<b>Combating corruption and bribery</b>		
Measures taken to prevent corruption and bribery	GRI 102-25 GRI 205-1 GRI 205-2 GRI 205-3	Chapter 4.2.2. Ethics, compliance and corporate policies 5.3 Appendix to the indicators – Ethics and compliance
Measures to combat money laundering	GRI 205-2	Chapter 4.2.2. Ethics, compliance and corporate policies
Contributions to foundations and non-profit entities		Chapter 3.1. Value creation strategy
<b>INFORMATION ABOUT SOCIETY</b>		
<b>The company's commitment to sustainable development</b>		
Impact of society's activity on employment and local development	GRI 203-1 GRI 203-2	Chapter 4.7 Social Management 5.3 Appendix to the indicators – Commitment to society
Impact of society's activity on local populations and territory	GRI 203-1 GRI 203-2 GRI 204-1 GRI 411-1 GRI 413-1 GRI 413-2 GRI OG-9	Chapter 4.7 Social Management 5.3 Appendix to the indicators – Commitment to society

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Content of the statement of non-financial information	Reporting standard	Location in the report
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<b>The company's commitment to sustainable development</b>		
Relations maintained with local community actors and the modalities of dialogue with them	GRI 102-40 GRI 102-42 GRI 102-43 GRI 413-1	Chapter 4.1. Our management approach Chapter 4.7 Social Management
Actions of association or sponsorship	GRI 102-13 GRI 201-1 GRI 203-1 GRI 203-2	Chapter 3.1. Value creation strategy Chapter 4.7 Social Management
<b>Subcontracting and suppliers</b>		
Inclusion of social, gender equality and environmental issues in procurement policy	GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2	Chapter 4.6.1 Responsible supply chain
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9 GRI 308-1 GRI 308-2 GRI 407-1 GRI 408-1 GRI 409-1 GRI 414-1 GRI 414-2	Chapter 4.6.1 Responsible supply chain
Supervision and audit systems and results thereof	GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2	Chapter 4.6.1 Responsible supply chain
<b>Consumers</b>		
Measures for the health and safety of consumers	GRI 416-1 GRI 416-2 GRI 417-1	Chapter 4.4 Safety management
Complaint systems, complaints received and their resolution	GRI 102-17 GRI 102-43	Chapter 4.6.2 Customer service
<b>Tax information</b>		
Benefits obtained by country	GRI 201-1	Chapter 3.1. Value creation strategy
Income taxes paid	GRI 201-1	Chapter 3.1. Value creation strategy
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## COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. AND SUBSIDIARIES (CEPSA GROUP)

### ANNUAL AND CORPORATE RESPONSIBILITY REPORT – 2019

The Annual and Corporate Responsibility Report of Compañía Española de Petróleos, S.A. and Subsidiaries (Cepsa Group) for 2019, contained in this document, has been drafted and issued by the Board of Directors of Compañía Española de Petróleos, S.A. (Cepsa) at a meeting held on 27 February 2020, as a separate report that includes the consolidated non-financial statement that is considered part of the Consolidated Management Report, and is hereby approved and signed by all the Directors in compliance with Article 44 of the Spanish Commercial Code and Article 253 of the Revised Text of the Spanish Companies Act in force.

Pursuant to Article 49.7 of the aforementioned Commercial Code, by issuing the Annual and Corporate Responsibility Report as a separate report, the Company has fulfilled the legal obligation of preparing a consolidated non-financial statement, considering that such information is an integral part of the Consolidated Management Report, it contains the information required by law and is subject to the same drafting, approval, filing and disclosure rules as the Consolidated Management Report.

Madrid, 27 February 2020

**Compañía Española de Petróleos S.A.U.**

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