

## BASE PROSPECTUS



**CEPSA Finance, S.A.U.**

*(incorporated with limited liability in Spain)*

**Guaranteed by**

**Compañía Española de Petróleos, S.A.**

*(incorporated with limited liability in Spain)*

### **€3,000,000,000 Euro Medium Term Note Programme**

Under this EUR 3,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), CEPSA Finance, S.A.U. (the “**Issuer**”) may from time to time issue notes (the “**Notes**”) guaranteed by Compañía Española de Petróleos, S.A. (the “**Guarantor**”), and together with its consolidated subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”).

This base prospectus (the “**Base Prospectus**”), which comprises a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”), has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Regulation. The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) or another regulated market for the purposes of Directive 2014/65/EU (as amended, “**MiFID II**”).

Application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months after the date of this Base Prospectus to be admitted to the official list and to trading on its regulated market. The Programme also permits Notes to be issued on the basis that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s).

**This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market for the purposes of MiFID II. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.**

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €3,000,000,000 (or its equivalent in other currencies, subject to increase as provided herein). The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor in that respect are contained in the deed of guarantee dated 26 April 2019 (the “**Deed of Guarantee**”). The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms, save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant specified currency indicated in the applicable Final Terms (as defined below) and save that the minimum denomination of each Note admitted to trading on a regulated market situated or operating within the European Economic Area (the “**EEA**”) or the United Kingdom and/or offered to the public in an EEA member state or the United Kingdom in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Notice of the aggregate nominal amount of Notes, interest payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in the Final Terms (as defined herein) which, with respect to Notes to be listed on Euronext Dublin, will be delivered to the Central Bank. Copies of the Final Terms relating to Notes which are listed on Euronext Dublin or offered in circumstances which require a prospectus to be published under the Prospectus Regulation will be available free of charge, at the registered office of the Guarantor and at the specified office of each of the Paying Agents (as defined under “*Terms and Conditions of the Notes*”).

Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) on credit rating

agencies (the “**CRA Regulation**”) will be disclosed in the relevant Final Terms. A list of rating agencies registered under the CRA Regulation can be found at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

Each of Fitch Ratings España S.A.U. (“**Fitch**”), Moody’s Deutschland GmbH (“**Moody’s**”) and S&P Global Ratings Europe Limited (“**S&P**”) has rated the Guarantor, see page 89. Each of Fitch, Moody’s and S&P is established in the European Union and registered under the CRA Regulation.

**A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

Interest and/or other amounts payable under the Notes may be calculated by reference to certain benchmarks. Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator’s name appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to article 36 of Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”) are set out in the section entitled “*Benchmarks Regulation*”.

**Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations under the Notes are discussed under “*Risk Factors*” below.**

Potential investors should note the risks described in summary form regarding certain Spanish tax implications and procedures in connection with an investment in the Notes (see “*Risk Factors—Risks Relating to taxation*” and “*Taxation*”). Noteholders must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

**Arranger  
BNP PARIBAS**

**Dealers**

**Banco Bilbao Vizcaya Argentaria, S.A.  
CaixaBank  
Mizuho Securities**

**BNP PARIBAS  
HSBC**

2 June 2020

## CONTENTS

	<b>Page</b>
IMPORTANT NOTICES.....	4
OVERVIEW OF THE PROGRAMME .....	10
RISK FACTORS .....	15
INFORMATION INCORPORATED BY REFERENCE .....	15
FINAL TERMS AND DRAWDOWN PROSPECTUSES .....	40
FORMS OF THE NOTES.....	41
TERMS AND CONDITIONS OF THE NOTES .....	45
FORM OF FINAL TERMS.....	74
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM.....	85
USE OF PROCEEDS.....	87
INFORMATION ON THE ISSUER.....	88
INFORMATION ON THE GUARANTOR.....	89
INFORMATION ON THE GROUP .....	95
TAXATION .....	115
SUBSCRIPTION AND SALE .....	122
BENCHMARKS REGULATION.....	127
GENERAL INFORMATION .....	128
GLOSSARY OF TECHNICAL TERMS .....	130

## IMPORTANT NOTICES

### Responsibility for this Base Prospectus

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Base Prospectus and any Final Terms and declares that the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and that this Base Prospectus contains no omission likely to affect its import.

### Final Terms/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under “*Terms and Conditions of the Notes*” (the “**Conditions**”) as supplemented by a document specific to such Tranche called final terms (the “**Final Terms**”) or in a separate prospectus specific to such Tranche (the “**Drawdown Prospectus**”) as described under “*Final Terms and Drawdown Prospectuses*” below.

### MiFID II product governance / target market

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Final Terms or Drawdown Prospectus, as the case may be in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

### Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Issuer and the Guarantor have confirmed to the Dealers named under “*Subscription and Sale*” below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

### Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or

completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

### **Restrictions on distribution**

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantor and the Dealers to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*”. In particular, Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

**IMPORTANT – EEA RETAIL INVESTORS AND UK RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

### **Programme limit**

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed €3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “*Subscription and Sale*”.

### **Certain definitions**

In this Base Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the European Economic Area, references to “**U.S.\$**”, “**U.S. dollars**” or “**dollars**” are to United States dollars, references to “**EUR**” or “**euro**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended. For the definition of certain technical terms, see “*Glossary of Technical Terms*”. For an explanation of certain terms relating to hydrocarbon reserves and resources estimates, see “*Presentation of Hydrocarbon Data*”.

## **Foreign language text**

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

## **Rounding**

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## **Ratings**

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA or the United Kingdom but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA or the United Kingdom but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation or (1) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom but is endorsed by a credit rating agency established in the EEA or the United Kingdom and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA or the United Kingdom which is certified under the CRA Regulation.

## **Stabilisation**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## **NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE**

Unless otherwise stated at the time of the relevant issue of Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **Alternative Performance Measures**

Certain alternative performance measures (as defined in the ESMA Guidelines on Alternative Performance Measures) (“**Alternative Performance Measures**” or “**APMs**”) are included in this Base Prospectus (which reference includes any information incorporated by reference herein). Such APMs, which have not been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU (“**IFRS-EU**”), have been extracted or derived from the accounting records of the Group.

The Guarantor uses APMs to provide additional information to investors and to enhance their understanding of the Group’s results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS-EU. Such APMs are non-IFRS financial measures and have not been audited or reviewed, and are

not recognised measures of financial performance or liquidity under IFRS but are used by management to monitor the underlying performance of the business, operations and financial condition of the Group.

These non-IFRS financial measures may not be indicative of the Group's historical results, nor are such measures meant to be predictive of its future results. The Guarantor has presented these non-financial measures in this Base Prospectus because it considers them to be important supplemental measures of the Group's performance or liquidity, because these and similar measures are seen to be used widely in the oil and gas sector as a means of evaluating a company's operating performance and liquidity. However, not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Base Prospectus and they should not be considered as a substitute for operating profit, profit for the year, cash flow from operating, investing or financing activities, expenses or financial measures computed in accordance with IFRS-EU.

Each of the non-IFRS financial measures presented as APMs is defined below:

- **“EBITDA”** consists of the income and expenses arising from the operations of each business unit, including net provisioning, as well as the results from assets disposals. Its determination does not include the amortisation and impairment of its non-current assets, nor the transfer to income of capital grants or, of course, financial or non-operating results.
- **“Adjusted EBITDA”** corresponds to EBITDA adjusted for certain underlying adjustments, principally CCS and non-recurring items.
- **“Adjusted NIAT”** corresponds to consolidated profit or loss for the year attributable to the equity holder of the parent (“NIAT”) adjusted for certain underlying adjustments, principally CCS and non-recurring items.
- **“Adjusted Operating Cash Flow”** corresponds to total cash flows from operating activities before changes in working capital, adjusted for certain cash adjustments.
- **“Adjusted Free Cash Flow”** corresponds to Adjusted Operating Cash Flow plus total cash flows from investing activities.
- **“ROACE”** corresponds to net operating result divided by average adjusted capital employed (which corresponds to the sum of net financial debt and total equity, adjusted for non-yield investments and the net historically accumulated inventories valuation adjustment).
- **“Net Financial Debt”** corresponds to the sum of non-current finance liabilities and current finance liabilities, less cash and cash equivalents.
- **“Leverage Ratio”** corresponds to Net Financial Debt divided by Adjusted EBITDA.
- **“Gearing Ratio”** corresponds to Net Financial Debt divided by the sum of Net Financial Debt and total equity

See Note 6 to the 2019 Consolidated Financial Statements and Note 6 to the 2018 Consolidated Financial Statements for a reconciliation of these APMs.

#### **Notes may not be a suitable investment for all investors**

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances.

In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risk of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant benchmarks and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some of the Notes may be complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### **No Active Trading Market**

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with an outstanding Tranche of Notes). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor. Although application has been made to Euronext Dublin for Notes issued under the Programme during the period of 12 months after the date of this Base Prospectus to be admitted to the official list and to trading on its regulated market, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

#### **Legal investment considerations may restrict certain investment**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

#### **Presentation of Hydrocarbon Data**

We evaluate and categorise our hydrocarbon reserves in accordance with the Society of Petroleum Engineer's Petroleum Resources Management System, as revised from time to time, which latest update was 2018 ("SPE-PRMS"). As per the SPE-PRMS:

- **"Proved reserves"** (or **"1P"**) are quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs under defined economic conditions, operating methods and government regulations. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
- **"Probable reserves"** are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves (or **"2P"**). In this context, when probabilistic methods



are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

- “**Contingent resources**” are quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies. Contingent resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by the economic status.

Our reserves and contingent resources are audited by a third-party independent oil and gas consultant on a biennial basis, or when required.

The estimates of our reserves and resources are based on internal estimates, in each case in accordance with the standards established by the SPE-PRMS.

Operational data and other information relating to our E&P assets are typically subject to strict confidentiality obligations in favour of the awarding national oil company or other third parties. Disclosure of such information may not be permitted or otherwise require prior written consent of such counterparties, which we have not always been able to obtain on a consistent basis. As a result, the range of operational data and other information relating to our E&P assets and interests presented in this Base Prospectus may differ, and, in certain instances, may be more restricted than operational data and other information disclosed by comparable companies operating in the E&P sector.

For information purposes only, we have presented estimations of natural gas volumes in terms of barrels of oil equivalent, converted by the Guarantor at a rate of 6,000 standard cubic feet per barrel of oil equivalent.

### **Forward-looking statements**

This Base Prospectus includes forward-looking statements that reflect the Group’s intentions, beliefs or current expectations and projections about the Group’s future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans, opportunities, trends and the markets in which the Group operates or intends to operate. Forward-looking statements involve all matters that are not historical fact. These and other forward-looking statements can be identified by the words “may”, “will”, “would”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “project”, “future”, “potential”, “believe”, “seek”, “plan”, “aim”, “objective”, “goal”, “strategy”, “target”, “continue” and similar expressions or their negatives. These forward-looking statements are based on numerous assumptions regarding the Group’s present and future business and the environment in which the Group expects to operate in the future. Forward-looking statements may be found in sections of this Base Prospectus entitled “*Risk Factors*”, “*Information on the Group*” and elsewhere in this Base Prospectus.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions and other factors that could cause the Group’s actual results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies, plans or opportunities, as well as those of the markets the Group serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Except as otherwise required by Spanish, Irish and other applicable securities laws and regulations and by any applicable stock exchange regulations, the Group undertakes no obligation to update publicly or revise publicly any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Base Prospectus. Given the uncertainty inherent in forward-looking statements, prospective investors are cautioned not to place undue reliance on these statements.

### **Third party information**

Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer and the Guarantor are aware and are able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

## OVERVIEW OF THE PROGRAMME

*This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including any information incorporated by reference. This overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to an issuance of a particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this overview.*

<b>Issuer:</b>	CEPSA Finance, S.A.U.
<b>Legal Entity Identifier (LEI) of the Issuer:</b>	959800QEUH8V5SPPCB45
<b>Guarantor:</b>	Compañía Española de Petróleos, S.A.
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under “ <i>Risk Factors</i> ”.
<b>Arranger:</b>	BNP Paribas
<b>Dealers:</b>	Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas, CaixaBank, S.A., HSBC Bank plc, Mizuho International plc and Mizuho Securities Europe GmbH
<b>Fiscal Agent and Paying Agent:</b>	The Bank of New York Mellon, London Branch
<b>Irish Listing Agent:</b>	Maples & Calder
<b>Final Terms or Drawdown Prospectus:</b>	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed by the relevant Final Terms or, as the case may be, as supplemented, amended and/or replaced in the relevant Drawdown Prospectus.
<b>Listing and Trading:</b>	Application has been made to Euronext Dublin for the Notes to be admitted to the Official List of Euronext Dublin and trading on the Regulated Market. The Programme also permits Notes to be issued on the basis that they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s). The competent authority, stock exchange and/or quotation systems to which application has been made for a Series to be admitted to listing, trading and/or quotation will be specified in the Final Terms for that Series.
<b>Clearing Systems:</b>	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
<b>Initial Programme Amount:</b>	Up to €3,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed at any one time. The Issuer may increase the aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme in accordance with the terms of the Dealer Agreement.
<b>Issuance in Series:</b>	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of

the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

**Forms of Notes:**

Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note (each, a “**Global Note**”), in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a “**Classic Global Note**” or “**CGN**”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a “**New Global Note**” or “**NGN**”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will have Coupons attached and, if appropriate, a Talon for further Coupons.

**Currencies:**

Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Status of the Notes and Guarantee:**

The Notes and the obligations of the Guarantor under the Deed of Guarantee will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, all as described in “*Terms and Conditions of the Notes—Status and Guarantee*”.

**Status of the Deed of Guarantee:**

Notes will be unconditionally and irrevocably guaranteed by the Guarantor, on an unsubordinated basis, as set out in the Deed of Guarantee.

**Issue Price:**

Notes may be issued at any price, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Maturities:**

Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

<b>Redemption:</b>	Notes may be redeemable at least at their principal amount or such other higher amount as may be specified in the relevant Final Terms.
<b>Redemption by Instalments:</b>	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
<b>Optional Redemption, Change of Control and Noteholder Put:</b>	<p>Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms, as further described in Conditions 9(c) (<i>Redemption at the option of the Issuer</i>) to 9(h) (<i>Change of Control Put Option</i>), inclusive. In each case, the Notes will be redeemed at the Redemption Amount or the amount specified in the relevant Final Terms, as the case may be. If so specified in the Final Terms, the Redemption Amount in respect of redemption at the option of the Issuer will be the Make-Whole Redemption Amount, plus accrued interest (if any).</p> <p>In addition, if the relevant Final Terms so specifies, Noteholders shall have the option to require the Issuer to redeem the relevant Notes at the Redemption Amount plus accrued interest, as further described in Condition 9(h) (<i>Change of Control Put Option</i>) and Condition 9(e) (<i>Redemption at the option of the Noteholders</i>).</p> <p>Finally, the Issuer shall have the option, (i) if so specified in the relevant Final Terms, in the event of a Substantial Purchase Event to redeem or purchase the Notes in accordance with Condition 9(f) (<i>Redemption following a Substantial Purchase Event</i>) or, (ii) if Residual Maturity Call Option is specified in the relevant Final Terms as being applicable, to redeem the Notes in accordance with Condition 9(g) (<i>Residual Maturity Call Option</i>); in each case, in whole at their principal amount together with any accrued and unpaid interest.</p>
<b>Tax Redemption:</b>	Other than in the circumstances described in “ <i>Optional Redemption</i> ” above, early redemption will only be permitted for tax reasons as described in Condition 9(b) ( <i>Redemption and Purchase - Redemption for tax reasons</i> ).
<b>Interest:</b>	Interest may accrue at a fixed rate or a floating rate.
<b>Denominations:</b>	No Notes may be issued under the Programme which have a minimum denomination of less than EUR 100,000 (or equivalent in another currency) in the case of Notes to be admitted to trading on a regulated market as defined in Article 4, paragraph 1, point 21 of MiFID II and/or offered to the public in an EEA member state or the United Kingdom in circumstances which require the publication of a prospectus under the Prospectus Regulation, and in compliance with all applicable legal and/or regulatory and/or central bank requirements. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Negative Pledge:</b>	The Notes will have the benefit of a negative pledge provision as described in Condition 5 ( <i>Negative Pledge</i> ).
<b>Cross Default:</b>	The Notes will have the benefit of a cross default provision as described in Condition 12 ( <i>Events of Default</i> ).
<b>Taxation:</b>	Payments in respect of Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision thereof

or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or the Guarantor (as the case may be) will, save in certain limited circumstances (as described in Condition 11 (*Taxation*)), pay such additional amounts as will result in the holders of Notes (the “**Noteholders**”) or Coupons receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.

**Information requirements under Spanish Tax Law:**

Under Spanish Law 10/2014 and Royal Decree 1065/2007 as amended, the Issuer or the Guarantor (as the case may be) is required to provide the Spanish tax authorities with certain information relating to the Notes in a timely manner.

If the Fiscal Agent fails to provide the Issuer with the required information described under “*Taxation—Taxation in Spain—Information about the Notes in Connection with payments*”, the Issuer may be required to withhold tax (as at the date of this Base Prospectus, at a rate of 19 per cent.) from any payment in respect of the relevant Notes as to which the required information has not been provided. In that event, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as will result in Noteholders receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.

None of the Arrangers, the Dealers or the clearing systems assume any responsibility therefor.

**Governing Law:**

Save as provided below, the Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Conditions 4(a) and (c) will be governed by Spanish law.

**Enforcement of Notes in Global Form:**

In the case of Global Notes, individual investors will acquire rights directly against the Issuer under a Deed of Covenant dated 26 April 2019, a copy of which will be available for inspection at the Specified Office of the Fiscal Agent.

**Ratings:**

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA or in the United Kingdom and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA or in the United Kingdom but will be endorsed by a CRA which is established in the EEA or in the United Kingdom and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA or in the United Kingdom but which is certified under the CRA Regulation will be disclosed in the Final Terms.

A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering materials in the United States of America, EEA and UK Retail Investors, Belgium, France, Japan, Hong

Kong, Italy, Singapore, the United Kingdom and the Kingdom of Spain, see “*Subscription and Sale*”.

**Use of Proceeds:**

The net proceeds from each issue of Notes will be used by the Issuer for its general corporate purposes (including the repayment of existing indebtedness) or to finance or refinance Eligible Green Projects (in which case the Notes will be identified as "Green Bonds" in their title and in the applicable Final Terms). If, in respect of a particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

## RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prospective investors should carefully consider all the information set forth in this Base Prospectus, the applicable Final Terms and any documents incorporated by reference into this Base Prospectus, as well as their own personal circumstances, before deciding to invest in any Notes. Prospective investors should have particular regard to, among other matters, the considerations set out in this section of this Base Prospectus.*

*Each of the Issuer and the Guarantor believes that each of the following risk factors, many of which are beyond the control of the Issuer and the Guarantor or are difficult to predict, may materially affect its financial position and its ability to fulfil its obligations under Notes issued under the Programme. In addition, there may be other factors that a prospective investor should consider that are relevant to its own particular circumstances or generally.*

*Risk factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risk factors inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons, which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus, including the descriptions of the Issuer and the Guarantor, as well as the documents incorporated by reference, and reach their own views prior to making any investment decisions.*

*Those risk factors that the Issuer and the Guarantor believe are the most material as at the date of this Base Prospectus have been presented first in each category. The order of presentation of the remaining risk factors in each category is not intended to be an indication of the probability of their occurrence or of their potential effect on the Issuer's ability to fulfil its obligations under the Notes. Furthermore, the order of presentation of the categories themselves is not intended to be an indication of their importance or materiality.*

*Before making an investment decision with respect to any Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*Words and expressions defined in "Term and Conditions of the Notes" shall have the same meanings in this section.*

### **(I) RISK FACTORS THAT MAY AFFECT THE ISSUER'S AND THE GUARANTOR'S ABILITY TO FULFIL THEIR OBLIGATIONS UNDER THE SECURITIES**

The risk factors set out below are applicable to the Issuer as a member of the Group, and the Guarantor.

#### **1. OPERATIONAL RISKS**

*The nature of our business exposes us to a wide range of health, safety and environmental risks.*

The technical complexity of our operations exposes us to a wide range of health, safety and environmental ("HSE") risks. Our operations that are vulnerable to such risks include oil and gas exploration and production ("E&P"), transport and shipping of hydrocarbons, oil refining, distribution of petroleum products, operation of electricity generation facilities and the processing of petrochemicals, particularly where such facilities are located in environmentally-sensitive regions or protected areas (such as maritime environments or remote areas with dense vegetation) or in the proximity of densely populated areas.

The HSE risks related to our operations include equipment failures, explosions, fire, gaseous leaks, uncontrolled migration of harmful substances and hydrocarbon spills, which could represent a significant risk to people and the environment. In addition, our E&P operations are subject to the risks incidental to crude oil and natural gas drilling activities, such as those arising from drilling wells, flaring of waste gas, laying pipelines and transporting and storing oil and gas, which exposes us to invasion of water into producing formations, uncontrollable flows of oil, gas or well fluids, adverse weather or seismic conditions, chemical reactions in reservoirs and pollution. Additionally, our shallow water and offshore production facilities are subject to the hazards inherent to offshore drilling (including loss of integrity as a result of the age of the facilities and their exposure to an extreme marine environment), crude oil spills, capsizing, sinking, grounding, vessel collision and damage from severe weather conditions. In addition, operating

refineries and fuel distribution terminals is hazardous and involves inherent risks including fires, collision and other catastrophic disasters, spills and other environmental mishaps, natural disasters, equipment failure, work accidents and operational catastrophes, severe damage to and destruction of property and equipment and loss of product and business interruption. Our marketing operations are also exposed to risks relating to the storage, handling, use and sale of petroleum products, the emission and discharge of such substances into the environment, the content and characteristics of fuel products and the safety of our service stations. Our petrochemical operations are subject to hazards associated with chemical manufacturing and the related use, storage, transportation and disposal of raw materials, products and wastes, including explosions, fires, severe weather and natural disasters, accidents, mechanical failures, discharges or releases of toxic or hazardous substances or gases, transportation interruptions, pipeline leaks and ruptures. In addition, we have incurred costs, and may in the future incur costs, which may be substantial, for investigation or remediation of contamination at our industrial plants and current, former and future service stations and other locations that store and handle petroleum products, and may be subject to significant liability for environmental contamination, without regard to fault or legality of our conduct, including through contractual indemnification obligations given to previous or successive owners or operators of service stations acquired or sold.

The occurrence of any HSE risk could, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are subject to risks associated with failures in information systems and cyber-security.***

The operation of many of our business processes depends on the uninterrupted availability of our information technology (“IT”) and operational technology (“OT”) systems. To maintain competitiveness, we are increasingly reliant on automation, centralised operation and new technologies to manage and monitor our complex production and processing activities. A cyber-attack on any technology system could potentially have serious consequences.

As is the case for other industrial companies, one of our top priorities is to protect our assets which, as OT systems become more sophisticated, frequently include IT components, such as the supervisory control and data acquisition (SCADA) systems often used in industrial plants. Management and control of cyber threats is critical to protecting our assets and, as the complexity of our OT systems develops, those systems also become more vulnerable. If an OT system experiences a cyber-attack, the consequences may include prolonged outages of critical services which could cause environmental damage or, in extreme cases, fatalities.

In recent years, incidents in the oil sector and other industries have shown that parties who are able to circumvent barriers aimed at securing industrial control systems are capable and willing to perform attacks that destroy, disrupt or otherwise compromise operations. Our San Roque (Cadiz) and Palos (Huelva) refineries in Spain have been characterised by the central government as “critical infrastructure assets”, potentially increasing their attractiveness as a target for cyber-attacks. In addition, we are required by law to assess and monitor the resilience of the local and shared IT systems used at those facilities to cyber-attack on a continuous basis.

Although we have security barriers, policies and risk management processes in place that are designed to protect our information systems and digital infrastructure against a range of security threats, there can be no assurance that such attacks will not occur, which would have an adverse impact our operations.

Furthermore, any failure to protect our information systems and digital infrastructure from any of the foregoing or other IT risks could affect the confidentiality, integrity or availability of such systems, including those critical to our operations. In addition, we could face regulatory action, legal liability, damage to our reputation, a significant reduction in revenue or increase in costs, a shutdown of our operations and losses on our investment in affected areas, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our insurance coverage could prove inadequate.***

Our insurance policies are subject to limits, deductibles and specific terms and conditions and, as is consistent with general industry practice, cover only certain aspects of our business. While we maintain insurance policies that include coverage for physical damage to our facilities, third-party liability, workers’ compensation and employer’s liability and environmental and general liability, such insurance is subject to deductibles that must be met prior to recovery and to certain caps, exclusions and limitations. In the event of a material environmental incident, we may face liability without regard to fault and there can be no assurance that our insurance coverage would adequately protect against all potential liability, or at all. In addition, limits, deductibles and other commercial terms may, in the future, become less favourable due to market conditions or other factors and there can be no assurance that we will, at all times, be able to obtain or maintain insurance with the coverage that we desire on reasonable terms and at reasonable rates. Certain



insurance coverage could become entirely unavailable or available only for significantly reduced amounts of coverage. If we were to incur a significant liability for which we were not, or could not be, fully insured, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our current and past investments with partners and in joint ventures may expose us to financial, performance and reputational/regulatory risks.***

Certain of our major projects and operations are conducted through partnerships, joint ventures and similar arrangements, such as our phenol, acetone and cumene plant in Shanghai (China) and our recent investment in the SARB and Umm Lulu Concessions. Our investments in joint ventures may expose us to additional risks over which we have limited or no control. Such risks can include:

- *Conflicts of interest:* Many of our joint venture projects are long-term arrangements and the interests of the different consortium members may diverge over the life of project resulting in competing business strategies and priorities. In addition, our joint venture partners may take actions diverging from agreed instructions or requests or contrary to our policies and objectives.
- *Financial:* We are exposed to the credit risk of our joint venture partners. Many of these projects are capital intensive and require significant investments from the partners to fund initial project costs and any cost overruns. If one of our partners is unable or refuses to fund its proportion of such investments, we may be unable to complete the project on time and on budget, if at all. In addition, if one of our partners in a joint venture were to suffer an insolvency event, it could lead to the liquidation of that partner's investment in the project, which could, in turn, adversely affect the joint venture operations. In addition, with respect to our E&P concessions, we are occasionally required to accept joint and several liability with our joint venture partners towards the awarding governmental authority.
- *Operational:* We may be exposed to operational risks, including HSE risks, attributable to failures of our partners' operations and activities, and which we are not able to control. This is generally the case where one of our partners is the sole operator of the facilities owned by the joint venture. In the case of our E&P projects, liability for the management and operation of such projects is typically shared on a joint and several basis by all of the project partners, except for gross negligence or wilful misconduct of the operator.
- *Other:* We may be affected by any material damage to the business reputation of one of our joint venture partners, which could, in turn, adversely affect our own reputation and/or lead to legal proceedings and/or regulatory risks. This may arise, for example, where a current or historic joint venture partner is the subject of allegations of bribery or corruption or money laundering, is designated for the purposes of international sanctions or receives negative press coverage for purported environmental infringements.

In addition, the contractual provisions relating to the governance of our joint venture arrangements may require us to seek the consent of one or more partners to approve certain key decisions and/or may limit our ability to block or veto key decisions where we are in disagreement. For example, the consent of our joint venture partners may be required for the payment of distributions or for the sale of our investment. This could prevent us from managing our investment in the manner that we would prefer and may hinder or prevent us from realising the benefits of our investment. These governance arrangements can ultimately cause the joint venture to become deadlocked if the shareholders have a fundamental disagreement over a key matter, and any such deadlock could act to the overall detriment of the joint venture and, by extension, our operations. These governance risks are amplified in those joint ventures where we have partnered with several companies given that there is greater potential for differences of opinion to arise, increasing the likelihood of dispute and deadlock.

There can be no assurance that we will be successful in the management of our joint venture interests or that we will be able to maximise the value of investments made through our joint ventures. The occurrence of any of the foregoing or other risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our success and future growth depend on our senior management and other key technical personnel.***

The successful delivery of our business strategy depends on the skills, efforts and technical expertise of our management team and our employees. In the energy sector, particularly in oil and gas, competition for experienced

and qualified managers and employees is very strong, and we face the risk of not being able to retain our senior management or other key personnel. As we are dependent on the expertise and efforts of our senior management to execute our strategy, we have a succession plan in place that is updated annually as needed. There can be no assurance, however, that we will, through our succession planning or otherwise, be able to find a suitable replacement in a timely manner should one or more key individuals cease to be employed by our Group. Also, the global economic recovery has increased demand for skilled labour and employees with technical knowledge, which increases the risk of a talent drain for our employees, which could lead to a loss of know-how and increase our training costs.

Given the rapidly changing and uncertain future of the upstream and downstream oil industry and the gas and petrochemicals industries, particularly in light of oil and natural gas price volatility, evolving legal and regulatory requirements, including with respect to climate policy, and the increasing role of technology in the industry, we are increasingly reliant on the availability of a suitably-qualified and experienced workforce. These industries are long-term businesses, where a long-term perspective on the capacity and competence of the workforce is essential. To remain competitive we must retain at all times a flexible and skilled workforce with consolidated expertise. Given the current extensive change agenda, there is a heightened risk that we will not be able to ensure a competitive level of competence, experience and capabilities among our workforce to adapt to a rapidly-evolving business environment.

If we fail to attract, retain and motivate highly-skilled personnel, to retain our senior management and other key personnel or to implement our succession plan effectively, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We may face labour disruptions that could interfere with our operations.***

We are subject to the risk of labour disputes and adverse employee relations, which could disrupt our business operations and adversely affect our business, cash flows, results of operations and financial condition. As at the date of this Base Prospectus, we have approximately 10,000 employees worldwide, a significant proportion being represented by labour unions in Spain and elsewhere and subject to several collective bargaining agreements. We, or organisations collectively representing us and other employers in our industry, may not be able to negotiate satisfactory collective labour agreements when they expire. Moreover, our existing labour agreements may not prevent a strike or work stoppage at any of our facilities in the future. Any such work stoppage, particularly if it is prolonged, could have a material adverse effect on our business, financial condition results of operations and prospects. While we have not had any material problems since 2012 with the labour unions or our collective bargaining agreements, there can be no assurance that we will avoid labour disputes and/or adverse employee relations in the future.

## **2. RISKS RELATING TO THE GROUP'S STRATEGY**

***Any significant deterioration in the economic, financial and political conditions in the regions and countries in which we operate could have a material adverse effect on our business, financial condition, results of operations and prospects.***

Many economies around the world, including many of those in which we operate, have suffered slowdowns and/or recessionary conditions over the last decade, which on occasion, were amplified by volatile credit and equity markets. According to the World Economic Outlook of April 2020 published by the International Monetary Fund (IMF), global growth is projected at minus 3.0 per cent. in 2020, with growth in the advanced economy group being projected at minus 6.1 per cent.

Our financial performance could be adversely affected by any deterioration of general economic and financial conditions in the markets in which we operate, particularly if such conditions result in a constricted supply of the commodities we require or reduced demand for the products we produce. Moreover, even in times of economic recovery, there can be no assurance that our financial performance will recover to the pre-economic crisis levels over a short period of time, if at all. Further, during periods of adverse economic conditions, we may have difficulty accessing financial markets, which could make it more difficult or impossible to obtain funding for existing or proposed projects on acceptable conditions, or at all.

There is growing concern that the outbreak of the COVID-19 (commonly referred to as “coronavirus”) pandemic across major economies will continue to cause significant disruptions in economic activity (see “—*The negative impact of the COVID-19 global pandemic on worldwide economic activity could have a material adverse effect on our business, financial condition, results of operations and prospects*”, below) and, in addition, our operations could be affected by political conditions in the countries in which we operate. Political instability and unrest, over which we have no control, may result in decreased consumer confidence, negatively affect GDP growth and may expose us to

regulatory uncertainty, any of which could negatively affect our business. The economic recovery of the Eurozone may be jeopardised by current political instability affecting several countries. For example, following the United Kingdom's withdrawal from the European Union on 31 January 2020, there is currently uncertainty about the future trading relationship between the United Kingdom and the European Union, which may have a negative effect on investor sentiment and investment decisions.

In addition, a large portion of our Marketing segment, including our retail fuel network, and addressable market is located in the Iberian Peninsula, with a particular concentration in Spain. As at 31 December 2019, our retail fuel network (including distributor owned and operated service stations) consisted of 1,819 service stations, of which approximately 84% and 14% were in Spain and Portugal, respectively, with the remainder in Andorra, Gibraltar, Morocco and Mexico.

The performance of our Marketing segment therefore may be affected by macroeconomic factors and economic and political conditions in Spain that are outside of our control and which may impact consumer confidence and commercial spending. Such factors and conditions include, among other things, consumer and business confidence, fuel and utility prices, inflation rates, cost of living, unemployment rates, the availability and cost of credit, interest rates, taxation, regulatory changes and global security concerns. In addition, the Spanish economy faces challenges due to internal factors, such as potential political instability due to having minority government, or other political tensions within Spain. While such political tensions have not significantly affected macroeconomic figures so far, negative developments in any of these factors or the macroeconomic or political environment generally could result in reduced demand for, or reduced gross profit from, sales of our retail fuels and non-fuel products and services. Any such developments would also negatively impact our Refining segment as a result of our vertical integration model.

We are not able to predict how the economic cycle is likely to develop in the short term or the coming years, whether there will be a return to a recessive phase of the global economic cycle (predicted as a result of the spread of COVID-19), and the shape of the recovery from such potential economic downturn. Any significant deterioration in the economic, financial or political conditions in the regions and countries in which we operate could have a material adverse effect on our business, financial condition, results of operations and prospects.

***The negative impact of the COVID-19 global pandemic on worldwide economic activity could have a material adverse effect on our business, financial condition, results of operations and prospects.***

The initial outbreak of COVID-19 was largely concentrated in China however, the World Health Organization declared the outbreak a global pandemic on 11 March 2020.

The rapid spread of COVID-19 has adversely affected the economies of many countries and has resulted in significant falls and extreme volatility in financial markets, as well as having an indirect impact on the price of the Brent crude benchmark which, as of April 2020 has fallen by more than 70% from the value recorded before the onset of the pandemic (over 65 \$/bbl) in early January 2020. As set out in the Q1 2020 results press release incorporated by reference herein, under IFRS-EU, net income for the financial year to 31 March 2020 was negative by €556 million, compared to gains of €151 million in the first quarter of 2019. These results include both the write-off due to lower realisable value of inventories of crude oil and oil products, with an impact after taxes of approximately €350 million, and a net impairment of €188 million on E&P assets, mainly caused by the fall in crude oil prices in this quarter (both spot and forward prices).

Government measures taken in response to the COVID-19 outbreak, including containment and lockdown restrictions, and other indirect effects that COVID-19 is having on economic activity, have resulted in, and are expected to continue to lead to, reduced demand or even no demand in key jurisdictions for our products, causing lower energy consumption and supply-chain disruption. How people's habits and lifestyles will change as a result of the outbreak is also not yet known, and changes in behaviour (such as lower levels of mobility due to people working from home and not travelling abroad for both business and tourism) could have a material impact on our revenues, affecting both our retail and business-to-business sales.

The Organisation of the Petroleum Exporting Countries (OPEC) has forecast a contraction of 6.9% in the global oil demand for 2020, and in March 2020, oil product demand in the Iberian Peninsula decreased by 25% when compared to the same period in 2019 (*source: www.cores.es*). In addition, our customers or suppliers may seek to excuse their performance under their existing contracts with us by claiming that the ongoing pandemic, and government responses, constitute a force majeure event.

The COVID-19 outbreak has also led to extreme disruption and volatility in the global capital markets, which could increase our cost of capital and adversely affect our ability to access the capital markets. In addition, the uncertainty

surrounding the magnitude of the impact of COVID-19 may cause certain financial institutions to reduce the amount of, or impose more unfavourable terms on, new credit lines they extend to companies. Therefore our ability to raise future financing required for our operations may be restricted at a time when we would like, or need, to do so, which could have an adverse effect on our ability to meet our current and future funding requirements and on our flexibility to react to changing economic and business conditions. Furthermore, our customers' ability to pay may be impacted by the COVID-19 pandemic as such customers may have to curtail or shut down their operations, potentially leading to increased credit risks if the current economic downturn and the measures to curb the spread of the pandemic continue for an extended period of time, see "*Financial Risks—We are subject to certain financial risks, including currency, liquidity, interest rate, credit risk, credit rating risk*" below.

As set out in our March 2020 results press release incorporated by reference in this Base Prospectus, the negative economic impact of COVID-19 has already been seen in the first three months of 2020 and depending on how the current COVID-19 crisis further unfolds, on how long it takes to contain the virus and on the severity of the expected ensuing economic downturn, as well as on future developments regarding crude oil prices, ongoing developments could have a material adverse effect on our business, financial condition, results of operations and prospects.

***The success of our strategy depends in part on our ability to grow through acquisitions, investments, project development and joint ventures.***

Historically, we have achieved growth in part through acquisitions and our strategy assumes that some future growth will occur inorganically, through further acquisitions, investments and joint ventures. Generally, acquisitions raise significant management and financial challenges, including:

- the need to assess and evaluate accurately the operations, assets and liabilities of the company or business or assets to be acquired;
- the need to integrate the acquired company's infrastructure, such as risk, asset and liability information management systems;
- the resolution of outstanding legal, regulatory, contractual or labour issues arising from the acquisition;
- the need to obtain third-party consents and/or the agreement of other parties affected by the transaction (e.g., the other parties to a joint operating agreement);
- the integration of marketing, customer service and product offerings; and
- the integration of different company and management cultures.

There can be no assurance that our past and future acquisitions will be successful, that we will be able to successfully integrate acquired businesses, identify and finance attractive future acquisition targets or that expected synergies, cost savings and revenue-generation opportunities will be realised. Likewise, there can be no assurance that existing or future joint ventures will be successful or that the strategic goals pursued will be obtained. Moreover, integrating and consolidating acquired operations, personnel and information systems requires the dedication of management resources that may divert attention from our day-to-day business and disrupt key operating activities. These difficulties may be increased by the need to coordinate geographically-separated organisations. In addition, there can be no assurance that we will be able to dispose of our interests in acquired companies, investments or joint ventures without incurring significant losses, if at all.

If we are not successful in implementing our acquisition strategy, integrating such acquisitions or some or all of our existing or future acquisitions, investments or joint ventures prove ultimately to be unsuccessful, our business, financial condition, results of operations and prospects could be materially adversely affected.

***We may be unable to successfully develop, replace and grow our current oil and gas reserves.***

A material part of our reserves comprises oil fields in the United Arab Emirates ("UAE"), Algeria and Latin America. As of 31 December 2019, our average proved reserve/production ratio was 10.8 years, a decrease of approximately 30% when compared to the ratio as at 31 December 2018, mainly due to the start of production at the SARB and Umm Lulu fields, which has increased our production by approximately 31% compared to the previous year. Given the concentration of our reserves in the UAE and Algeria, our average reserve/production ratio could be adversely affected in the event of early termination of one or more HGCs or upon the occurrence of one or more force majeure events.

The successful implementation of our strategy requires us to sustain and grow our long-term oil and natural gas reserves. This, in turn, depends on our ability to find and develop (or acquire) additional proved oil and natural gas reserves and to progress our upstream resources to “proved” reserves in a timely and commercially viable manner.

New oil and gas exploration blocks or acreage are typically auctioned by governmental authorities or state-owned oil companies and we face intense competition in bidding for such production blocks, particularly for blocks with more attractive oil and gas reserves. Due to the reduced risk profile for blocks that are already in production, the unit cost for production assets is significantly higher than the unit cost for exploration assets, potentially making any investment in production assets more vulnerable to a decline in the price of crude oil.

There can be no assurance that exploration of our assets will result in the discovery of any commercially productive reservoirs of crude oil or natural gas, or hydrocarbons suitable for commercially-viable extraction. We (including the joint ventures in which we invest) are currently undertaking exploration activities in Brazil, Colombia, Mexico, Peru and Suriname, where environmental conditions, access and transportation may be challenging and costs may be significant. The cost of drilling, completing and operating wells is often uncertain. As a result, we may incur cost overruns or may be required to limit, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, irregularities in geological formations, equipment failures or accidents, adverse weather conditions, difficult access to the concession areas, compliance with government requirements and shortages or delays in the availability of drilling rigs and the delivery of equipment. Our drilling activity may be unsuccessful if we do not find commercially productive reservoirs.

There can be no assurance that we will be able to renew our existing concessions or obtain desirable exploration or production blocks on acceptable terms, if at all, or that we will be successful in discovering commercially viable reservoirs as a result of our exploration activities. If we are not able to replace or grow our oil and gas reserves, we may be unable to meet our production targets in line with our strategy and our total proved reserves would decline, any of which would have a material adverse effect on our business, financial condition, results of operations and prospects.

***We have investments and assets located in, and we source part of our crude oil supply from, countries with emerging or transitioning economies that are generally subject to political and economic instability, legal uncertainty and security threats.***

We have certain investments and assets located in, and we source a significant part of our crude oil supply from, countries with emerging or transitioning economies that are generally subject to greater political and economic instability (for example, Algeria) and can lack a reliable legal system that guarantees the enforcement of legitimate contractual rights. Further, our agreements to source crude oil from such countries are typically entered into with the relevant national oil company and are therefore subject to a significant degree of state control. As at the date of this Base Prospectus, we have host government contracts (“HGCs”) in place with the governmental authorities of nine countries in emerging or transitioning economies. In recent years, governments and national oil companies in some regions have begun to exercise greater authority and impose more stringent conditions on their contractual counterparties. Investments in these countries, and dealings with their respective state-owned national oil companies, are, in general terms, subject to substantially greater risks than those encountered in more developed markets, such as Europe.

These risks can include:

- political, social and economic instability, including civil strife and insurrection;
- border disputes, warfare, civil conflict and guerrilla activities;
- acts of terrorism and piracy;
- forced divestment, nationalisation or expropriation of assets;
- unilateral cancellation or forced renegotiation of contractual rights;
- difficulties and delays in obtaining or renewing permits, licences and consents;
- additional taxes or royalties, including retroactive claims, and restrictions on deductions;
- other changes in regulation and law (including with retroactive effect);

- pricing and trade controls;
- local content requirements;
- foreign exchange controls or currency devaluation;
- other acts of governmental interventionism, such as favouritism, subsidies and protectionism;
- payment delays or non-payment;
- opposition from local communities and special-interest groups;
- challenges to title to real property; and
- inability to repatriate profits or dividends.

We have properties, assets and material land, mineral and other rights in a number of these jurisdictions, and there can be no assurance that an unforeseen defect in title, political event, change in law or change in the interpretation of an existing law, among other events, will not arise that could allow a third party or governmental authority to challenge our claim to any or all of our properties, assets and rights in that country and significantly limit our ability to manage and protect our business interests.

Our operations in these countries are also exposed to heightened security threats (such as staged demonstrations by local and indigenous communities) or criminal action (such as murders, kidnappings and other violent crimes) that could affect our employees and contractors. There can be no assurance that we will be able to anticipate the occurrence of such events, prevent their occurrence or mitigate their consequences, despite the security measures we have in place.

By their very nature, it is difficult to predict the likelihood of any of the above events occurring or to anticipate their possible long-term impact on our business. If any such risks were to occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

***The emergence of new technologies that disrupt the oil and gas sector, or a gradual shift towards alternative fuels, could have a material adverse effect on our business, financial condition, results of operations and prospects.***

The oil and gas sector is dominated by large national and independent oil and gas companies, including Exxon-Mobil, Shell and Total, which possess significant cash and financial resources and class-leading technological expertise. These and other competitors are continuously investing substantial amounts in research, development and innovation. In addition, world-leading technology and automotive companies, such as Apple, Google and Tesla, are also conducting extensive research into new, potentially disruptive, technologies, such as the electrification and automation of motor vehicles and ground-breaking battery technologies, which could have a significant impact on demand for oil-based products worldwide if they were to be widely adopted.

This global research effort is, in part, in response to a trend in demand towards greater fuel efficiency and a shift to lower carbon-content fuels, prompted by heightened environmental awareness among governments and consumers. There is a risk that greater-than-expected improvements in fuel efficiency over the near-term, whether due to technological advancements or more stringent regulation, could lower demand for diesel and gasoline. For example, automakers globally have, over recent years, significantly improved the efficiency of conventional internal combustion engines through technological innovation, and have developed increasingly competitive hybrid and fully-electric motor vehicles. While the effect of fuel efficiency on regional and global refined product demand is uncertain and difficult to quantify, it is expected to, at least partially, offset the anticipated increase in demand for vehicle fuels driven by population growth and improving living standards in certain parts of the world, particularly in China, India and other emerging markets.

In the future, regulators may impose stricter fuel efficiency and GHG-emission standards which could lead to further decreases in demand for the conventional petroleum-based fuels that we currently produce, distil, sell and distribute. For example, several cities have begun the implementation of programmes that seek to incentivise the use of more environmentally-friendly vehicles by offering subsidies or tax breaks or by directly banning the use of vehicles using conventional petroleum-based fuels beyond a certain year, and a law prohibiting the sale of fossil fuel vehicles in Spain from 2040 onwards is currently under review. The roll-out of these and similar schemes across our key markets would steadily reduce demand for vehicles with diesel and gasoline engines, which would, in turn, lower demand for

the products sold by our Refining and Marketing segments and potentially require us to make significant capital investments at our refineries to configure them for an alternative product slate. Legislative changes could also be accompanied by, or serve to accelerate, a shift in consumer preference towards alternative fuels due to increased environmental awareness and the improved competitiveness of “green” technologies.

Moreover, the emergence of one or more disruptive technologies that rapidly accelerate the pace of change, or suddenly alter the direction of change, could have a negative impact on our long-term strategy. There can be no assurance that we would be successful in adjusting our business model in a timely manner to anticipate, or react to, changes in demand resulting from changes in legislation, technologies, consumer preference or other market trends, and our failure to do so could have a material adverse effect on our strategy, financial condition, results of operations and prospects.

***We face competition in all our businesses.***

We face and expect to continue to face strong competition across all of our business areas. Competition impacts the conditions for market access, our pursuit of new business opportunities, the costs of licences and the pricing and marketing of products. Our principal competitors include other large oil and gas companies, which compete with us in the Marketing segment in Spain and Portugal (such as Repsol, Galp, BP and Shell) and across our other segments internationally (such as Exxon-Mobil, Equinor and ENI). We also face competition from:

- state-owned oil companies that may be motivated by political and other factors in their business decisions;
- specialised chemicals companies (such as Ineos and Farabi Chemicals); and
- multi-national trading groups (such as Glencore and Vitol).

These and other competitors may benefit from a number of advantages, including control of significantly greater quantities of oil and gas resources, wider diversification of risk, larger financial capacity, improved economies of scale, enhanced specialisation and technological innovation and/or broader or deeper technical and operational expertise. Such advantages may enable our competitors to dedicate greater resources to the evaluation and implementation of growth opportunities and make competitive proposals that smaller or less-specialised market players are unable to match. We also face, and expect to continue to face, competition from new market entrants, such as in our Refining segment, where there is new production capacity in the Middle East, and where increased imports have begun to arrive in the European market from the U.S., India and the Middle East.

In addition, many of our products compete in commodity-type markets where product differentiation poses a significant challenge. Where competitiveness is principally driven by price, the importance of cost efficiency is critical to maintaining and growing our market share. If we fail to adapt our strategy and improve our cost-control measures, we may be unable to compete effectively in certain markets.

The implementation of our strategy requires a significant ability to anticipate and adapt to market developments and continuous investment in technological innovation. Any decline in our overall competitive position would have a material adverse effect on our business, financial condition, results of operations and prospects.

### **3. FINANCIAL RISKS**

***A decline in oil refining margins or the product margins of our other segments would negatively affect our business, financial condition, results of operations and prospects.***

The operating results of our Refining segment depend largely on the spread, or refining margin, between the prices that we can obtain in the market for our refined petroleum products and the prices we pay for crude oil and other feedstock. We purchase a substantial majority of the crude oil that we process in our Refining segment under term and spot contracts with third parties, which subjects us to price volatility. During the first three months of 2020, we have seen reduction in the Brent crude benchmark from 69.95 \$/bbl in January, to 13.24 \$/bbl in April, as a consequence of price competition among producing countries, oversupply, and changes in demand and the impact of the COVID-19 pandemic.

The cost of acquiring crude oil and feedstock, and the prices at which we can ultimately sell refined products, may fluctuate independently of each other due to a variety of factors that are beyond our control, including regional and

global supply of, and demand for, crude oil, gasoline, diesel, and other feedstocks and refined products. Supply and demand for such products is impacted by the availability and quantity of imports, the production levels of suppliers, levels of refined product inventories, productivity rates and growth (or lack thereof) of regional and global economies, political affairs, and the extent of government regulation.

Our refining margins have fluctuated, and will continue to fluctuate, due to numerous factors, including:

- variations in global demand for crude oil and refined products and, to a lesser extent, variations in demand for crude oil and refined products in our domestic market;
- changes in environmental or other regulations, which could require us to make substantial expenditures without necessarily increasing the capacity or operating efficiency of our refineries;
- changes in operating capacity of refineries in our key marketing areas, predominantly in the Iberian market and the rest of Europe;
- changes in the differentials between heavy and light crude oil prices on international markets; and
- changes in the supply of refined products, including imports.

We purchase refinery feedstocks before refining and selling the refined products. In addition, under applicable Spanish law, we are required to maintain significant inventories of crude oil and certain refined products that form part of Spain's national strategic reserve. Volatility in the prices of crude oil and these refined products can have a significant positive or negative effect on the value of our inventories, which, due to their size, can have a substantial impact on our results of operations and financial condition. Although an increase or decrease in the price of crude oil generally results in a corresponding increase or decrease in the price of the majority of our refined products, changes in the prices of refined products generally lag behind upward and downward changes in crude oil prices. As a result, a rapid and significant increase in the market price for crude oil could have an adverse impact on our refining margins in the short-term. Furthermore, movements in the price of crude oil and refining margins may not correlate at any given time.

Such lag effects also affect the product margins we are able to achieve within our Marketing segment. Fluctuations in the prices of fuel products and the volatility of these prices create a constant need to adjust our retail fuel prices to reflect changes in fuel cost. For our company-operated service stations, whilst we set the pump prices at each of our sites on at least a daily basis (if not more frequently), our fuel prices to our customers may lag behind rising costs. This lag effect may be more pronounced if our competitors do not respond to cost increases or volatility with the same speed or in the same way as we do, whether due to differences in pricing strategy or otherwise. Volatility in the cost of fuel and our ability to successfully pass through changes in our cost of fuel to our customers due to lag and competitive conditions generally, make it difficult to predict the impact that future volatility may have on our retail fuel gross margins.

Any material or sustained decline in our refining margins or other product margins would have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are exposed to fluctuating prices of crude oil, natural gas, oil products, petrochemicals and other commodities.***

We are an integrated oil and gas company with activities across the value chain, including exploration and production, refining, marketing and petrochemicals. The prices of crude oil, natural gas, oil products and petrochemicals are affected by supply and demand, both globally and regionally, and depend on a variety of factors over which we have no control. These factors include:

- global and regional economic and financial market conditions;
- political stability across oil-rich regions (such as the Middle East, West Africa and South America);
- actions taken by oil-producing nations to influence production levels and prices;
- actions taken by governments (such as the imposition of trade sanctions on an oil-producing nation);
- changes in the energy consumption mix;
- terrorism and military conflicts;



- changes in population growth or distribution;
- pandemics (such as the current COVID-19 pandemic);
- changes in consumer preferences;
- the competitiveness and levels of adoption of new technologies;
- natural disasters and climate change; and
- regional dynamics of oil and gas supply and demand and global levels of inventory.

Historically, the prices of crude oil have fluctuated widely, often evidencing high levels of volatility. The price of crude oil affects the prices of our derivative products, including petrochemicals. For example, we have experienced a price drop in the Benzene contract from 818 U.S.\$/Mt in February 2020 to 245 U.S.\$/MT May 2020; in the case of Propylene, a contract price drop from 845 €/Mt in February 2020 to 570 €/MT in May 2020; and Kerosene has seen a contract price drop from 630 U.S.\$/Mt in February 2020 to 175 U.S.\$/MT in May 2020.

Price fluctuations for crude oil and natural gas could have a material adverse effect on our business, financial condition, results of operations and prospects. In a low oil price environment, revenue in our E&P segment may be negatively affected and, as a result, certain of our E&P assets might become less profitable or incur losses. A sustained period of low oil prices could also affect our reserves estimates, and may require us to reduce the volumes of oil and natural gas that we are able to extract on a commercially-viable basis and to write down the value of certain of those assets. For example, in 2015, we recorded impairment charges in the amount of €1.3 billion (net of tax effect) in relation to our E&P assets in Thailand, predominantly as a result of a sustained low oil and gas price environment. Moreover, a sustained low price environment could reduce the feasibility of projects planned or in development and/or prevent us from achieving earnings and cash flows at a level sufficient to meet our targets and fund our planned capital expenditure. Conversely, in a high oil price environment we may be unable to pass on the total amount of the increase in the cost of the crude oil feedstock for our Refining and Petrochemicals segments to our customers and, in such circumstances, the profit margins for those businesses could be significantly reduced.

In addition, we also produce and market petrochemical products, such as LAB, phenol, alcohol products, solvents and their derivatives. Margins of petrochemical products have been cyclical as a result of shifts in European and worldwide production capacity and demand patterns. The petrochemical industry historically has experienced alternating periods of tight supply, causing prices and margins to increase, followed by periods of substantial additions to capacity, resulting in excess supply and declining prices and margins. There can be no assurance that future demand for the petrochemical products we produce will be sustained or that we will not be affected by overcapacity for such products. Future developments of petrochemical product prices are unpredictable and may have a material adverse effect on our business, financial condition, results of operations and prospects.

It is impossible to predict future price movements for crude oil, natural gas, petrochemical and refined oil products. Although we hedge against certain commodity price movements, our margins and results of operations could be adversely affected by significant movements in commodity prices. In addition, our long-term strategy is based on core assumptions relating to the future price environment for such products among other market conditions, which may prove to be incorrect. Whereas we periodically review our core assumptions, a material deviation from such assumptions could require us to reshape, abandon or reverse certain aspects of our long-term strategy or investment programme, which could, in turn, have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are subject to certain financial risks, including currency, liquidity, interest rate, credit risk, credit rating risk and default risk, and related operational risks.***

The oil, gas and petrochemical sectors are capital-intensive and significant investments are required to:

- obtain hydrocarbons from oil and gas reserves from challenging geologies and environments;
- maintain and modernise refinery and petrochemical installations to remain competitive in the face of rapidly-changing demand;
- ensure compliance with evolving and increasingly stringent environmental laws and regulations; and

- fund acquisitions and investments in research, development, technological innovation and digitalisation.

To meet these requirements, we utilise funding through a combination of our operating cash flow and bank financing and we may, in the future, seek additional liquidity from the capital markets. The availability and pricing of such funding is subject to market conditions and other factors that are beyond our control, particularly with respect to bank financing and liquidity from the capital markets.

As a result of such funding requirements as well as the nature of our operations, we are exposed to numerous financial risks, many of which are beyond our control, including:

- *Currency risk:* Our activities expose us to fluctuations in currency exchange rates, in particular the U.S. dollar against the euro. Trading prices of crude oil, natural gas and most refined petroleum products, and thereby a significant portion of our costs and revenue, are generally denominated in, or tied to, the U.S. dollar while our financial statements are prepared in euro. Accordingly, a depreciation of the U.S. dollar against the euro can have an adverse effect on our results of operations as it decreases the value of our profits generated in U.S. dollar or tied to the U.S. dollar. In addition to these translation risks, we face currency transaction risks when our revenue, typically earned in, or linked to, the U.S. dollar and operating costs are denominated in different currencies. Specifically, portions of our operating costs in our E&P and Refining segments and, to a certain extent, our Petrochemicals segment, are incurred in euro or other currencies. As a result, depreciation of the U.S. dollar against the euro or other currencies can be expected to decrease our EBITDA margins, as a declining U.S. dollar decreases our sales to a greater extent than it decreases our operating costs. Although we seek to manage our foreign exchange risks to minimise the negative impact of exchange rate volatility by matching the value of our non-euro investments with debt denominated in the same currency, there can be no assurance that we will always be successful in doing so.
- *Liquidity risk:* While we seek to maintain sufficient liquidity through a combination of cash and cash equivalents and available credit lines and facilities, the occurrence of unforeseen events, such as deteriorating conditions in global or regional economies and/or the financial markets, could result in insufficient liquidity to cover our financial obligations and deliver on our planned capital expenditure programme. Likewise, if we are unable to refinance our maturing loan facilities, or are only able to do so at significantly higher cost, we may have to postpone or reduce our planned capital expenditure.
- *Interest rate risk:* As at 31 December 2019, 38% of our gross financial debt was indexed at a spread to benchmark rates of the Europe Interbank Offered Rate (“EURIBOR”), the London Interbank Offered Rate (“LIBOR”) and the official rate of the People’s Bank of China (“PBOC”), whereas our remaining financial debt accrued interest at a fixed rate (including as a result of hedging). Variable interest rates expose us to the risk of increasing interest rates, while fixed interest rates expose us to the risk of declining interest rate levels. To reduce our exposure, we use fixed interest rate loans, as well as interest rate swaps to convert fixed rate debt into floating rate debt, or conversely to convert floating rates into fixed rates. Movements in interest rates can have a material impact on the finance expense related to our indebtedness.
- *Credit risk:* We face the risk that certain of our customers, counterparties or business partners fail to pay amounts due under their contractual obligations, a risk which may be exacerbated by COVID-19 (see “—The negative impact of the COVID-19 global pandemic on worldwide economic activity could have a material adverse effect on our business, financial condition, results of operations and prospects”, above). Credit risk arises from credit exposures with customer accounts receivables, as well as from financial investments, derivative financial instruments and deposits with financial institutions. If a counterparty fails to honour a payment obligation, such a loss will negatively impact our results of operations and cash flows. Whereas we have adopted policies to manage our credit risk exposure, including the use of credit insurance policies, there can be no assurance that such tools will prove effective against the risk of default by, or the insolvency of, one or more of counterparties.
- *Credit rating risk:* Credit ratings are not a recommendation to purchase, subscribe, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the rating agency awarding the rating. However, credit ratings affect the pricing and other conditions under which we are able to obtain financing. Any downgrade in the credit rating of the Guarantor could restrict or limit

our access to the financial markets, increase our new borrowing costs and have a negative effect on our liquidity.

- *Default risk:* Our financing arrangements contain covenants that could limit our ability to finance or refinance our future operations and capital needs and our ability to pursue certain business activities that may be in our interest. Some of our financing arrangements include a financial covenant requiring us to maintain a consolidated total net debt to Adjusted EBITDA ratio which, as of the date of this Base Prospectus, we are in compliance with. If these covenants, or any future covenant of any financing arrangement, is breached and we are unable to cure the breach or obtain a waiver from the lenders, we could be in default under the terms of such arrangement. A default under any single financing arrangement could result in a default under other financing arrangements and could cause our lenders under such other arrangements to accelerate all amounts due under such financing arrangements. In addition, in an event of default scenario, the lenders under our credit lines could terminate their commitments to extend credit, cease making loans, or institute foreclosure proceedings, and we could be forced into bankruptcy or liquidation.

In addition, in the normal course of business, we are also subject to operational risk around our treasury and trading activities. Effective controls over these activities are dependent on our ability to process, manage and monitor a large number of complex transactions across many markets and currencies. Shortcomings or failures in our systems, risk management, internal controls processes or personnel could lead to disruption of our business, financial loss, regulatory intervention or damage to our reputation.

We engage in both physical trading of crude oil and products produced by third parties, as well as trading in financial instruments for arbitrage and hedging (including through derivatives, swaps, futures and other instruments) as part of our global hedging system. Through our Trading unit in our Refining segment, we also engage in asset-backed proprietary trading, through which we seek to manage price risks in the futures and derivatives markets and maximise opportunities in the volatile commodities market. While we currently limit trading for our own account to matched principal and hedging trades, and have a risk framework with clearly defined limits as to the physical volume of trading and derivatives as well as specific and global stop loss limits for derivatives, we intend to adopt further enhanced policies which would change the limits structure to contain explicit basis exposure and value-at-risk limits in support of our aim to grow our proprietary trading activities in the medium-term. Nevertheless, there can be no assurance that our policies, systems, risk management and internal control processes will prove effective or that we may fail to establish further effective enhancements in the future as our proprietary trading activities grow or that we will not be exposed to other risks relating to our trading activities, including the risk of employee misconduct. Among other things, our employees could execute unauthorised transactions, use assets improperly or without authorisation, carry out improper activities, as well as misrecord or otherwise try to hide improper activities from us. Employee misconduct could subject us to financial losses or regulatory sanctions and seriously harm our reputation. We have an active programme for monitoring and verifying that our employees and introducing brokers comply with specified procedures; however, it is not always possible to deter or detect employee or introducing broker misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Our employees or introducing brokers may also commit good faith errors that could subject us to financial claims for negligence or otherwise, as well as regulatory actions.

While we have implemented procedures that seek to manage and mitigate these risks, there can be no assurance that our hedging and financial strategy will prove effective. Likewise, purchases of hedges or other financial instruments to fix the prices at which we purchase oil and other commodities could increase our costs and reduce our profit margins. If any of the above risks were to materialise, whether short-term or prolonged, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

#### **4. LEGAL AND REGULATORY RISKS**

*Changes to the legal and regulatory framework corresponding to environmental as well as climate change concerns, and the physical and environmental effects of climate change, could have a material adverse effect on our business, financial condition, results of operations and prospects.*

##### *Regulation*

We are subject to changes in the legal and regulatory framework related to the environment and climate change concerns in the countries in which we operate. Given the continued and increased attention to climate change and the global drive towards low-carbon economies and energy-sources, we expect, and are preparing for, additional policy and regulatory changes designed to reduce greenhouse gas (“GHG”) emissions, which we believe will primarily

impact our Refining and Petrochemicals segments, as well as having a potential impact on our E&P segment in the event of additional measures driven by the market on a voluntary basis or the imposition of new GHG regulations in the future.

Our Marketing segment is affected by GHG-reduction regulations which encourage low carbon mobility and changes in customer behaviour. It is expected that, in the short- and mid-term, our Marketing division will be further affected by more restrictive GHG-reduction regulations focused on vehicle fleets and/or fuel producers and distributors.

We expect GHG emission costs to increase from current levels beyond 2020 and for regulation targeting reduced GHG emissions to have a wider geographical application than today. There is some uncertainty over the detail of anticipated regulatory and policy developments, including the targets, mechanisms and penalties to be employed, the timeline for legislative change, the degree of global cooperation among nations and the homogeneity of the measures to be adopted across different regions. This ambiguity, in turn, creates uncertainty over the long-term implications for our projects and operating costs and the constraints we may face in order to comply with any such new regulations. For example, to meet existing targets imposed at an EU level or targets imposed in the future, we are required to adopt new technological solutions at our refineries within a limited timeframe to reduce GHG emissions or to alter the range of products we produce, and there can be no assurance that we would be successful in adapting timely or at all. The EU Renewable Energy Directive requires EU Member States to set up national renewable energy action plans to increase each state's transport fuels that are derived from renewable sources up to a target of 14%, with the national target yet to be determined under the National Energy and Climate Plan submitted by Spain, which increases this target above that set by Europe. The target to 2030 will require a greater expansion of renewable fuel trading and blending capacity. These regulations impact, and are expected to continue to impact, our results of operations.

Future policy decisions related to climate change, pollution or the environment in general could force us to reduce production levels at, or even shut down, one or more of our facilities, significantly increase our capital expenditure assigned to GHG-reduction technologies and operating costs, reduce or eliminate the commercial appeal of prospective areas for geographical expansion and/or materially affect our results from the Marketing segment, investment decisions and long-term strategy. For example, since 1 January 2020, bunker fuel used for shipping must have a sulfur content no greater than 0.5% ("**low sulfur fuel**") (or, alternatively, ships must install a scrubbing technology to clean exhaust fumes) pursuant to the International Maritime Organisation sulfur regulations ("**IMO 2020**"). We are complying with the new specification by changing the crude slate thanks to the flexibility to process up to 40 different crude oil grades and through capital expenditure at our San Roque (Cádiz) refinery to reorganise the use of tanks for different quantities of higher-demand products, and have plans to increase our conversion capacity in the future. In addition, both our E&P and Refining operations use flaring to dispose of waste gas generated in these activities. Recently, certain countries have taken the position that the flaring of waste gas poses environmental and health risks and have required companies to obtain permits to continue the flaring of waste gas or otherwise regulate or monitor the use of flaring. For example, we have obtained permits for flaring in connection with our E&P operations in Peru and Colombia.

If we are unable to obtain such permits or renew our existing permits, we could be forced to limit production within our E&P and Refining segments or incur significant costs. Any material change in climate change regulation could have a material adverse effect on our business, financial condition, results of operations and prospects. If we are unable to obtain such permits or renew our existing permits, we could be forced to limit production within our E&P and Refining segments or incur significant costs. Any material change in climate change regulation could have a material adverse effect on our business, financial condition, results of operations and prospects.

#### *Physical and environmental effects*

In addition, we may be impacted by the physical and environmental effects of climate change, which are difficult to predict. Possible outcomes include less stable or predictable weather patterns, which could result in more frequent or severe storms and other weather conditions (such as flooding, drought and hurricanes) that could increase our operating costs and interfere with our business operations, particularly when located in areas that typically experience more severe weather conditions. In addition, significant climatic changes, including a gradual, steady increase in global temperatures, could affect consumer behaviour and global or regional demand for energy products such as propane, butane and natural gas used for residential heating or increase demand for electrical power from air-conditioning units or electric mobility. There can be no assurance that we will be able to adapt our business model and strategy successfully, and on a continual basis, to the evolving physical and environmental effects of climate change. Any failure to do so could have a material adverse effect on our business, financial condition, results of operations and prospects.

***We are exposed to potentially adverse changes in taxes and royalties imposed on our operations.***

We operate in various countries around the world and any of these countries could modify its tax laws in ways that would adversely affect our business. We are subject to corporate taxes, energy taxes, petroleum revenue taxes, customs surtaxes and excise duties, each of which may affect our revenue and earnings. In addition, we are exposed to changes in fiscal regimes relating to royalties and taxes imposed on crude oil and gas production.

For example, as from FY 2015, we recognised an impairment relating to our investment in certain assets in Thailand held by a subsidiary that is tax-resident in Spain (with a branch in Thailand). As at 31 December 2019, we recognised a deferred tax asset (“DTA”) in the amount of €373 million equal to 25% (the nominal corporate tax rate in Spain) reflecting the difference between the accounting value and tax value of our investment in this subsidiary on the basis that the current Spanish regulations allow such impairment to become deductible upon the liquidation of a subsidiary. While we intend to liquidate this subsidiary and its branch in the medium-term, any change in applicable tax regulations could impact our ability to realise the DTA in part or in full, which would have a negative impact on our financial condition and results of operations.

Significant changes in the tax laws of countries in which we operate (or in the interpretation of such laws) or in the level of production royalties we are required to pay could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Changes to, or our failure to comply with, the legal and regulatory framework in which we operate could have a material adverse effect on our business, financial condition, results of operations and prospects.***

As at the date of this Base Prospectus, we have operations in 20 countries and our products are marketed and traded worldwide. Our business activities are subject to laws and regulations in all of the jurisdictions in which we operate, including laws relating to the environment, climate change, health and safety, finance and trade, consumer protection, competition and anti-trust, employment, tax, data protection, hydrocarbon extraction, petrochemical products, public concessions and procurement.

We incur, and expect to continue to incur, substantial costs to ensure compliance with an increasingly complex and multi-layered legal regime at a regional, national and supra-national level, including costs to:

- comply with ever-stricter climate change and GHG emissions regulations;
- prevent, control, reduce or eliminate certain other types of emissions to the atmosphere, the subsurface or the sea;
- remediate environmental contamination and other adverse impacts from business activities;
- modify or extend property or business licences and permits;
- handle and dispose of waste materials and perform site clean-ups;
- compensate persons and entities claiming damages as a result of business activities;
- comply with applicable decommissioning regimes;
- comply with wholesale changes to applicable privacy and data protection regimes (such as the EU General Data Protection Regulation); and
- maintain strict compliance with applicable HSE regulations.

The laws and regulations to which we are subject may change over time, sometimes frequently and unexpectedly. Certain jurisdictions may seek to implement changes with total or partial retroactive effect and we and our peers may be unsuccessful in challenging the fairness of any retroactive application in the courts of that jurisdiction. In addition, laws and regulations can, on occasion, be subject to inconsistent or arbitrary application, interpretation or enforcement, which can present additional challenges to companies that do business, or seek to do business, in those countries. This is particularly the case in areas of law where there is limited established practice, such as decommissioning. Such regulatory uncertainty can limit our ability to ensure full compliance, undermine our rights under contracts and

licences subject to the laws of that jurisdiction, limit our willingness to make further inward investment and, in general terms, diminish our capacity to undertake adequate business planning for our operations in that country.

Any changes to the legal and regulatory framework in which we operate could, for example, result in the modification, suspension or termination of certain business operations, the incurrence of significant capital expenditure to comply with new targets or requirements, the implementation of additional safety measures, the performance of site clean-ups, compliance with stringent technical requirements, and a requirement to increase monitoring, training, record-keeping and contingency planning. Any material legal or regulatory change could have a material adverse effect on our business, results of operations, cash flows, financial condition, strategy and prospects.

We may also be the subject of investigations conducted by governmental, international or other regulatory authorities (such as the European Commission (EC), the Spanish National Competition Commission (the “CNMC”) or other authorities). For example, we have been subject to a number of competition law infringement proceedings initiated by the CNMC which have resulted in the imposition of fines on us. See “*Information on the Group—Legal Proceedings*”. In addition, we may be exposed to private claims for damages further to Spanish legislation implementing Directive 2014/104/EU of 26 November 2014 on Antitrust Damages Actions. We are also frequently subject to tax inquiries and investigations in the ordinary course of business. For example, the tax authority in Colombia, the National Directorate of Taxes and Customs (“DIAN”), issued tax assessments in December 2019 regarding the 2015 income tax returns filed by the Guarantor’s subsidiary, CEPESA Colombia, S.A. (“CEPSA Colombia”). These tax assessments set out an additional demand for €89 million (not including any corresponding penalties or interest). On the basis of opinions issued by external tax experts, the company has determined that it is unlikely that these assessments will be upheld by the courts in subsequent appeals filed by CEPESA Colombia, and therefore these demands have been qualified as non-probable and no potential liability was provisioned in the 2019 consolidated financial statements of the Group. The tax authority in Spain, *Agencia Estatal de Administración Tributaria* (“AEAT”), is currently performing a tax review of the Spanish tax consolidated group for the period of 2013 to 2016 and whilst, as at the date of this Base Prospectus, AEAT has not issued a written statement in respect of this review, there can be no assurance we will not incur additional material tax liabilities in Spain, Colombia or any other jurisdiction, in respect of periods and taxes which remain open for inspection.

Any violation by us of applicable law and regulation could lead to the imposition of substantial fines, sanctions or other measures, based on the findings of any supervisory or administrative investigation or proceeding, plaintiffs could seek compensation for any alleged damages that arose as a result of any sanctioned conduct. Any of the foregoing could have, individually or in the aggregate, a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

***Our international activities increase the compliance risks associated with economic and trade sanctions (including anti-dumping and anti-subsidy measures) imposed by the United States, the European Union and other jurisdictions.***

The United States, the EU and other countries have in the past imposed international trade and economic sanctions on designated countries, companies and individuals. As of the date of this Base Prospectus, sanctions are in place, for example, with respect to Iran, North Korea and Cuba. The terms of legislation and other rules and regulations that establish sanctions regimes are often broad in scope, particularly in the U.S., and given the importance of the U.S. to the international financial markets, the imposition of U.S. sanctions on a country, company or individual can result in companies, as in our case, that do not operate directly in the U.S., being effectively required to cease dealings with such sanctioned country, company or individual to ensure access to the U.S. or international capital or bank debt markets. Non-compliance with U.S. sanctions would constitute a default under our existing financing and other contractual arrangements with banks that are based or operate in the United States.

In addition, the United States maintains stringent anti-dumping legislation, seeking to prevent products manufactured overseas from being sold by foreign firms in the U.S. at “less than fair value.” In 2019, anti-dumping duties of 171.80% were imposed by the US International Trade Commission (ITC) and the Department of Commerce (DoC) on our acetone exports into the USA. Non-compliance with such legislation could lead to potentially high duties being imposed on us which could have a material adverse effect on our results of operations.

***The terms of our host government contracts have a significant impact on our business, financial condition, results of operations and prospects.***

In our E&P segment, we carry out our business through HGCs. While each government follows its own template and each contract is tailored to the transaction, our HGCs generally fall into one of the following models:

- License/Concession Contracts accounted for approximately 90.3% of our 1P reserves as at 31 December 2019. The competent governmental authority grants exclusive exploration and development rights to an international oil company (“**IOC**”) for a specific area of land or water (the “**contract area**”). The IOC will typically obtain certain control over the development of the contract area and the right to receive all of the production should commercially viable crude oil be discovered. In return, the IOC will finance the exploration and development and pays certain taxes and royalties to the host government. In certain jurisdictions, the national oil company is also required to be a party to the contract and participate in the exploration and development phase. In the case of unsuccessful exploration, the IOC assumes all the incurred costs and has no right to recover project expenses.
- Production-Sharing Contracts accounted for approximately 9.7% of our 1P reserves as at 31 December 2019. The competent governmental authority enters into a production-sharing contract (“**PSC**”) with an IOC, in which the IOC acts as a contractor for the competent authority and is responsible for the exploration, development and exploitation of the contract area. If the project is successful, the IOC will recover costs and earn a profit by receiving a proportion of the production; any production that is not used for cost recovery or payment of royalties is referred to as “profit oil” and is typically shared between host government and the IOC on a fixed ratio or a variable ratio based on production volumes. In the case of unsuccessful exploration, the IOC assumes all the incurred costs and has no right to recover project expenses.
- Risk Service Contracts accounted for approximately 0.04% of our 1P reserves as at 31 December 2019. The competent governmental authority enters into a risk service contract with an IOC, in which the IOC provides technical, financial, managerial or commercial services to the competent authority to explore and develop oil and gas resources. Remuneration to the IOC is typically by way of a service fee or payments based on the value of oil produced and cost adherence to the agreed development plan.

The economic terms of these agreements are critical to the results of operations of our E&P segment and given that our counterparties are governmental authorities or state-owned national oil companies, there can be a heightened risk of a forced renegotiation of those terms due to macroeconomic, political or other considerations. Moreover, under certain HGCs, our counterparty expressly reserves the right to modify the economic terms in certain prescribed circumstances (for example, specified oil price scenarios). Any material change to the terms of existing or future HGCs, including with respect to termination rights and penalties, could have a material adverse effect on our business, results of operations, cash flows and financial condition.

We conduct our oil and gas operations under numerous exploration, development and production licenses and leases. Most of these licenses and leases may be suspended, terminated or revoked by the awarding authority if we or the relevant licensee fails to comply with the license or lease requirements, does not make timely payments of levies and taxes, does not comply with emissions and other environmental requirements, systematically fails to provide information, becomes insolvent, fails to fulfil any capital expenditure or production obligations, does not develop the area to which the license or lease relates or fails to share the production with the awarding authority in the manner prescribed, among other defaults. In addition, deficiencies in the renewal or updating of facilities licenses might expose us to third-party claims. If we fail to fulfil the specific terms of any of our licenses or leases or if we operate in a manner that violates applicable law, government regulators might impose fines or suspend or terminate our licenses or leases, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***We are exposed to litigation and arbitration.***

We are currently a party to numerous legal proceedings relating to civil, administrative, environmental, labour and tax claims filed either as a defendant or a plaintiff in the ordinary course of business. These claims involve a wide range of issues and in certain instances substantial amounts have been or can be claimed. Several disputes account for a significant part of the total amount of claims against us. See “Information on the Group—Legal Proceedings”.

As at 31 December 2019, we recorded provisions totalling €352.6, broken down to cover third-party liability, decommissioning, environmental and other provisions. In the event that a number of claims that we currently consider to represent a remote or reasonably improbable risk of loss were to be decided against us, the aggregate cost of such unfavourable decisions could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Non-compliance with anti-bribery, anti-corruption and other similar laws could expose us to legal liability and negatively affect our reputation and business, financial condition, results of operations and prospects.***

We have activities in countries that present corruption risks and may have weak legal institutions, lack of control and transparency or a business culture that does not reflect, in all respects, the norms that prevail in Western Europe. In addition, governments play a significant role in the oil and gas sector, through ownership of resources, participation, licensing and local content, which leads to a high level of interaction with public officials. Through our international activities, we are subject to anti-corruption and bribery laws in multiple jurisdictions. While we have anti-corruption policies in place, there can be no assurance that such policies will be effective or prevent us from being exposed to violations of anti-corruption or bribery laws.

Our Code of Ethics and Conduct (the “Code”) sets out the fundamental principles, standards and conduct that, when complied with, enable us to successfully pursue our mission, accomplish our goals and promote our values, by outlining legal and ethical standards that are applicable to our Directors, managers and employees, as well as third parties who work for or on our behalf. However, there can be no assurance that incidents of ethical misconduct or non-compliance with applicable laws and regulations or the Code will not arise, any of which could result in damage to our reputation and repeated compliance failures could call into question the integrity of our operations.

Any violation of or non-compliance with applicable anti-corruption and bribery laws could expose us to investigations, criminal and/or civil liability, substantial fines, the occurrence of any of which would have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

***Our oil and gas reserves data are estimates that may vary significantly from the actual quantities of oil and gas reserves that may be recovered, which could result in an impairment of these assets.***

Our oil and gas reserves data, which are also presented in this Base Prospectus, represent only estimates and cannot be construed as exact quantities. The estimation of quantities of reserves, future rates of production and the timing of development expenditures is subject to numerous inherent uncertainties and involves subjective judgment and determinations based on available geological, technical, contractual and economic information. Even though our reserves have been certified by a third-party independent oil and gas consultant, there can be no assurance that such estimates will be accurate. The reliability of proved reserve estimates depends on a number of factors, assumptions and variables, many of which are beyond our control. Some of these include:

- the quality and quantity of available geological, technical and economic data;
- assumptions with respect to tax rules and other government regulations, contractual conditions, oil, gas and other prices;
- the punctual production performance of our reservoirs; and
- extensive engineering interpretation and judgment.

Estimates may change as a result of operation developments from production or drilling activities, changes in economic factors (including changes in the price of oil or gas), delays or suspensions in production, changes in the tax laws, royalty or regulatory regime applied by the host government, technological developments or other events or factors. Estimates may also be affected by acquisitions and divestments, new discoveries, extensions of existing fields, as well as the application of improved recovery methods. Published proved oil and gas reserves estimates may also be subject to correction due to errors in the application of published rules and changes in guidance.

As a result of these and other factors, we may be required to revise our reserves data, which could indicate lower future production volumes, and result in our reserves being depleted sooner than expected. This could require us to incur a significant impairment of certain of our E&P assets under IFRS-EU. For example, our acquisition of a 20% stake in the SARB and Umm Lulu Concessions (effective March 2018) resulted in a 129% increase in our estimated oil and gas 2P (proved plus probable reserves) net reserves from 31 December 2017 to 1 July 2018. If we were required, in the future, to effect a significant write down to our estimates for that or any other block, due to results from drilling operations, a prolonged low oil price environment or for any other reason, it would have a material adverse effect on our business, financial condition, results of operations and prospects.



## (II) RISKS RELATED TO TAXATION

### *Risks related to the Spanish withholding tax regime.*

The Issuer considers that, pursuant to the provisions of the Royal Decree 1065/2007 of 27 July establishing information obligations in relation to preferential holdings and other debt instruments and certain income obtained by individuals resident in the European Union and other tax rules, as amended (“**Royal Decree 1065/2007**”), as amended, it is not obliged to withhold taxes in Spain on any interest paid on the Notes to any Noteholder, irrespective of whether such Noteholder is tax resident in Spain. The foregoing is subject to the Paying Agent providing to the Issuer within a timely manner with a certificate containing certain information as further described in “*Taxation—Reporting Obligations*” below. The Issuer and the Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. The procedures may be modified, amended or supplemented to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof.

Under Royal Decree 1065/2007, as amended, in order for the Issuer to make payments free from Spanish withholding tax, it is required that the securities: (i) are regarded as listed debt securities issued under Law 10/2014; and (ii) are initially registered at a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state. The Issuer expects that the Notes will meet the requirements referred to in (i) and (ii) above and that, consequently, payments made by the Issuer to Noteholders should be paid free of Spanish withholding tax, provided the Paying Agent complies with the procedural requirements referred to above. In the event a payment in respect of the Notes issued by the Issuer is subject to Spanish withholding tax, the Issuer will pay the relevant Noteholder such additional amounts as may be necessary in order that the net amount received by such Noteholder after such withholding equals the sum of the respective amounts of principal, premium, if any, and interest, if any, which would otherwise have been receivable in respect of the Notes in the absence of such withholding, except as provided in “*Terms and Conditions of the Notes—Taxation*”.

Notwithstanding the above if despite the procedures arranged between the Issuer and the Paying Agent to facilitate the collection of information concerning the Notes, the relevant information is not received by the Issuer on each Payment Date, the Issuer will withhold tax at the then-applicable rate (as at the date of this Base Prospectus, 19 per cent.) from any payment of interest made in respect of the Notes. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.

Noteholders must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes.

The procedure described in this Base Prospectus for the provision of information required by Spanish laws and regulations is a summary only and neither the Issuer nor the Dealers assumes any responsibility therefor.

### *Risks in relation to Spanish taxation in respect of payments made by the Guarantor.*

As further described in “*Taxation—Payments made by the Guarantor*”, although no clear precedent or regulation exists in relation thereto, the Guarantor considers that there are arguments to sustain that payments under the Deed of Guarantee should be characterized as an “indemnity payment” (as opposed to “interest payment”) and therefore, should not be subject to withholding or deduction for any taxes withheld or assessed by the Kingdom of Spain. However, even if the payments under the Deed of Guarantee were to be characterized as “interest payments” in accordance with Spanish Law 10/2014 and Royal Decree 1065/2007, such payments will be made without withholding tax in Spain **provided that** the Paying Agent provides the relevant Issuer in a timely manner with a certificate containing certain information in accordance with section 44 paragraph 5 of Royal Decree 1065/2007 relating to the Notes (see “*Taxation—Reporting Obligations*”).

If the relevant information is not received by the Issuer on each Payment Date, the Issuer and/or the Guarantor will withhold tax at the then applicable rate (as of the date of this Base Prospectus, 19 per cent.) from any payment of interest in respect of the Notes. In that event, the Issuer or the Guarantor (as the case may be) shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

These procedures may be modified, amended or supplemented, among other reasons, to reflect a change in applicable Spanish law, regulation, ruling or an administrative interpretation thereof. Prospective purchasers of the Notes should

consult their own tax advisers as to the consequences under the tax laws of the Kingdom of Spain of receiving payments of interest under the Notes.

***The value of the Notes may be adversely affected if additional notes are considered to have OID and are not distinguishable from the Notes.***

The Issuer may issue additional notes (“**Additional Notes**”) as described under “*Terms and Conditions of the Notes—Further Issues*”. These Additional Notes, even if they are treated for non-tax purposes as part of the same series as the Notes in some cases, may be treated as a separate series for U.S. federal income tax purposes. In such a case, the Additional Notes may be considered to have been issued with original issue discount (“**OID**”) (or a greater amount of OID than the original Notes) which may adversely affect the market value of the Notes as it will not be possible to distinguish the original Notes from the Additional Notes.

### **(III) RISKS RELATED TO THE NOTES ISSUED UNDER THE PROGRAMME**

#### **1. RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors.

***Notes issued, if any, as “Green Bonds” may not be a suitable investment for all investors seeking exposure to green assets.***

The net proceeds from the issue of any Notes may be used to finance or refinance, in whole or in part, Eligible Green Projects in accordance with prescribed eligibility criteria (any such Notes, “**Green Bonds**”). See “*Use of Proceeds*” for further detail.

In connection with the issue of Green Bonds, a sustainability rating agency or sustainability consulting firm may issue a second-party opinion (whether or not requested by the Issuer or the Guarantor) confirming that the Eligible Green Projects have been defined in accordance with the broad categorisation of eligibility for green projects or a second-party opinion regarding the suitability of the Green Bonds as an investment in connection with certain environmental and sustainability projects (any such second-party opinion, a “**Second-party Opinion**”). A Second-party Opinion would not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released.

In addition, although the Issuer or the Guarantor may state at the time of issue of any Green Bonds its intention to use the net proceeds in a certain manner (such as to finance or refinance Eligible Green Projects), it would not be an event of default under the Notes if the Issuer or the Guarantor were to fail to comply with such intention.

Regardless of whether any Green Bonds are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market, no assurance is given by the Issuer, the Guarantor or the Dealers that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, in particular with regard to any Eligible Green Projects.

Any failure to apply the proceeds of any issue of Green Bonds in connection with Eligible Green Projects, or any failure to meet, or continue to meet the eligibility criteria, or the withdrawal of any Second-Party Opinion or any such Green Bonds no longer being listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market may have a material adverse effect on the value of such Green Bonds or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Prospective investors must determine for themselves whether any proposed Green Bonds meet their requisite investment criteria and conduct any other investigations they deem necessary to reach their own conclusions as to the merits of investing in any such Green Bonds.

***Risks related to Notes which are linked to “benchmarks”.***

LIBOR, EURIBOR and other interest rate or other types of rates and indices which are deemed to be “benchmarks” are the subject of regulatory scrutiny and ongoing national and international regulatory guidance and proposals for reform. This has resulted in regulatory reform and changes to existing benchmarks, with further change anticipated.

Such reform of benchmarks includes the Benchmark Regulation which was published in the Official Journal on 29 June 2016 and applies from 1 January 2018.

In addition, on 27 July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the “**FCA Announcement**”). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities such as the Issuer of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

Under the Conditions of the Notes, certain replacement provisions will apply if a benchmark (or any component part thereof) used as a reference for the calculation of interest amounts payable for any Notes linked to such benchmark (including but not limited to Floating Rate Notes whose interest rates are linked to LIBOR (or such other benchmark)) were to be discontinued or otherwise become unavailable. See Condition 7(i) (*Benchmark discontinuation*).

Depending on the manner in which the LIBOR (or such other benchmark) rate is to be determined under the Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR (or such other benchmark) rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR (or such other benchmark) was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Notes which reference LIBOR (or such other benchmark).

***The Notes may be redeemed by the Issuer or the Guarantor prior to maturity.***

In the event that due to a change in law, the Issuer or the Guarantor (as the case may be) would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Spain or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer or the Guarantor (as the case may be) may redeem all outstanding Notes in accordance with the Conditions.

In addition, if specified in respect of any particular Tranche of Notes in the relevant Final Terms, Notes may be redeemable prior to maturity at the Issuer or the Guarantor’s option in certain circumstances. An optional redemption feature of Notes is likely to limit the market value of the Notes. During any period when the Issuer or the Guarantor (as the case may be) may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer or the Guarantor (as the case may be) may be expected to redeem Notes when their cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

***Exchange rate risks and exchange controls.***

The Issuer or the Guarantor (as the case may be) will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease (1) the Investor’s Currency- equivalent yield on the Notes, (2) the Investor’s Currency equivalent value of the principal payable on the Notes, and (3) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***Fixed Notes are subject to interest rate risks.***

Investment in Fixed Rate Notes involves the risk that the subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Furthermore, unless, in the case of any particular Tranche of Notes, the relevant Final Terms specify that the Notes are redeemable at the option of the Noteholders, Noteholders will have no right to request the redemption of the Notes and should not invest in the Notes in the expectation that the Issuer or the Guarantor (as the case may be) would exercise its option to redeem the Notes. Any decision by the Issuer or the Guarantor (as the case may be) as to whether it will exercise its option to redeem the Notes will be taken at the absolute discretion of the Issuer or the Guarantor (as the case may be) with regard to factors such as, but not limited to, the economic impact of exercising such option to redeem the Notes, any tax consequences and the prevailing market conditions. Noteholders should be aware that they may be required to bear the financial risks of an investment in the Notes until maturity.

***Conflicts of interest between the Calculation Agent and Noteholders.***

With regard to Notes issued where the Issuer has appointed a Calculation Agent, potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a Calculation Agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

**2. RISKS RELATED TO ANY ISSUE OF NOTES**

***A downgrade of the credit rating assigned by any credit rating agency to the Guarantor or, if applicable, to the Notes could adversely affect the liquidity or market value of the Notes. Credit ratings downgrades could occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies.***

Tranches of Notes issued under the Programme may be rated by credit rating agencies and may in the future be rated by additional credit rating agencies, although the Guarantor is under no obligation to ensure that any Notes issued by them under the Programme are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these Risk Factors and other factors that may affect the liquidity or market value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

Any rating assigned to the Guarantor and/or, if applicable, the Notes may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of: the Guarantor's strategy and management's capability; the Guarantor's financial condition including in respect of funding and liquidity; competitive and economic conditions in the Guarantor's key markets; the level of political support for the industries in which the Guarantor operates; and legal and regulatory frameworks affecting the Guarantor's legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to issuers within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting a company's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to a company and/or its securities. Revisions to ratings methodologies and actions on the Guarantor's ratings by the credit rating agencies may occur in the future.

If the Guarantor determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Guarantor or the Notes, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Guarantor or, if applicable, the Notes on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value of the Notes (whether or not the Notes had an assigned rating prior to such event). If the status of the rating agency of the Notes changes, European (including United Kingdom) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including United Kingdom) regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

***The trading market for debt securities may be volatile and may be adversely impacted by many events***

The market for debt securities issued by the Issuer is influenced by economic, political and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates. If the secondary market for the Notes is limited, there may be few buyers and this may reduce the relevant market price of the Notes. There can be no assurance that events in Spain, the jurisdictions in which the Guarantor operates or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect on the Notes.

***Changes in law may adversely affect the rights of Noteholders.***

Changes in law after the date hereof may affect the rights of Noteholders as well as the market value of the Notes. The Conditions (other than Condition 4 (*Status and Guarantee*), which is governed by Spanish law) are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact that any possible judicial decision or change to English law or Spanish law or administrative practice after the date of issue of the relevant Notes may have on the rights and effective remedies of Noteholders. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on the market value of the Notes.

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. The press release dated 11 May 2020 published by the Guarantor on the unaudited, unreviewed results of the Guarantor and its subsidiaries for the three-month period ended 31 March 2020 (the “**Q1 2020 results press release**”).

The Q1 2020 results press release may be obtained from:

<https://www.cepsa.com/en/press/press%E2%80%93releases/clean-ebitda-first-quarter-2020>

2. Audited Consolidated Financial Statements of the Guarantor and its subsidiaries as of and for the year ended 31 December 2019, and corresponding audit report with unqualified audit opinion issued by Ernst & Young, S.L. and the corresponding Management Report (the “**2019 Consolidated Financial Statements**”).

The 2019 Consolidated Financial Statements may be obtained from:

[https://www.cepsa.com/stfls/corporativo/FICHEROS/Cepsa\\_2019\\_Management\\_Report\\_and\\_Consolidated\\_FFSS\\_English.pdf](https://www.cepsa.com/stfls/corporativo/FICHEROS/Cepsa_2019_Management_Report_and_Consolidated_FFSS_English.pdf)

3. Audited Consolidated Financial Statements of the Guarantor and its subsidiaries as of and for the year ended 31 December 2018, and corresponding audit report with unqualified audit opinion issued by Ernst & Young, S.L. and the corresponding Management Report (the “**2018 Consolidated Financial Statements**”).

The 2018 Consolidated Financial Statements may be obtained from:

[https://www.cepsa.com/stfls/corporativo/FICHEROS/Informes\\_anuales/2018.pdf](https://www.cepsa.com/stfls/corporativo/FICHEROS/Informes_anuales/2018.pdf)

4. Audited Financial Statements of the Issuer as of and for the year ended 31 December, and corresponding audit report with unqualified audit opinion issued by Ernst & Young, S.L (the “**2019 Financial Statements**”).

The 2019 Financial Statements may be obtained from:

[https://www.cepsa.com/stfls/corporativo/FICHEROS/CEPSA\\_FINANCE\\_2019\\_\(Memoria\)\\_v6\\_+\\_informe\\_gestion\\_EN.PDF](https://www.cepsa.com/stfls/corporativo/FICHEROS/CEPSA_FINANCE_2019_(Memoria)_v6_+_informe_gestion_EN.PDF)

5. The terms and conditions of the Notes issued by CEPSA Finance, S.A.U. of the base prospectus dated 26 April 2019 relating to the Programme (the “**2019 Terms and Conditions**”).

The 2019 Terms and Conditions may be obtained from:

[https://www.cepsa.com/stfls/corporativo/FICHEROS/Informes\\_anuales/FINAL\\_BASE\\_PROSPECTUS\\_CEPSA\\_26\\_APRIL\\_2019-en.pdf](https://www.cepsa.com/stfls/corporativo/FICHEROS/Informes_anuales/FINAL_BASE_PROSPECTUS_CEPSA_26_APRIL_2019-en.pdf)

Such documents will be made available, free of charge, during usual business hours at the specified offices of the Agent, unless such documents have been modified or superseded, and on the website of the Guarantor at the links above.

The information incorporated by reference that is not included in the above list, is considered as additional information and is not required by the relevant schedules of Commission Delegated Regulation (EU) 2019/980 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004.

For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on any website referred to in this Base Prospectus does not form part of this Base Prospectus. The Central Bank of Ireland as competent authority has not scrutinised or approved the information on any website referred to in this Base Prospectus.

Any statement contained in a document that is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. To the extent that any document or information incorporated by reference to this Base Prospectus itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Base Prospectus for the purposes of the Prospectus Regulation, except where such information or documents are stated within this Base Prospectus as specifically being incorporated by reference or where this Base Prospectus is specifically defined as including such information.

#### **SUPPLEMENT TO THIS BASE PROSPECTUS**

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation, the Issuer and the Guarantor shall prepare and make available an appropriate supplement to this Base Prospectus or a further base prospectus, which, in respect of any subsequent issue of Notes to be listed on the Official List of Euronext Dublin and admitted to trading on the Regulated Market, shall constitute a “Supplement to the Base Prospectus”, as required by the Prospectus Regulation.

## **FINAL TERMS AND DRAWDOWN PROSPECTUSES**

In this section the expression “necessary information” means, in relation to any Tranche of Notes, the necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer and the Guarantor have included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, complete this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions described in the relevant Final Terms as supplemented to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted by a single document containing the necessary information relating to the Issuer and the Guarantor and the relevant Notes.



## FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note in bearer form (the “**Temporary Global Note**”), without interest coupons, or a permanent global note (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in new global note (“**NGN**”) form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank SA/NV (“**Euroclear**”) as operator of the Euroclear System and/or Clearstream Banking S.A., Luxembourg (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the “**ECB**”) announced that Notes in NGN form are in compliance with the “*Standards for the use of EU securities settlement systems in ESCB credit operations*” of the central banking system for the euro (the “**Eurosystem**”), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### **Denominations**

No Notes may be issued under the Programme which have a minimum denomination of less than EUR 100,000 (or equivalent in another currency) in the case of Notes to be admitted to trading on a regulated market as defined in Article 4, paragraph 1, point 21 of MiFID II and/or offered to the public in an EEA member state or the United Kingdom in circumstances which require the publication of a prospectus under the Prospectus Regulation, and in compliance with all applicable legal and/or regulatory and/or central bank requirements. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. However, Notes may only be issued in the relevant minimum denomination and be in integral multiples of such specified minimum denomination.

### **Temporary Global Note exchangeable for Permanent Global Note**

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, on or after its Exchange Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership *provided, however*, that in no

circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

If:

- (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

The Permanent Global Note will become exchangeable, in whole but not in part only and at the request of the bearer of the Permanent Global Note, for Bearer Notes in definitive form (“**Definitive Notes**”), if either of the following events occurs:

- (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on the date on which such Temporary Global Note becomes void (in the case of (b) above) or at 5.00 p.m. (London time) on such due date ((c) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

### **Temporary Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes on or after its Exchange Date.

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes on or after its Exchange Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant).

### **Permanent Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes, if either of the following events occurs:

- (i) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or

- (b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date ((b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant).

### **Exchange Date**

“**Exchange Date**” means, in relation to each Temporary Global Note, any day following the expiry of 40 days after the issue date of the relevant Tranche of the Notes.

### **Rights under Deed of Covenant**

Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note or a Permanent Global Note which becomes void will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note or Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

### **Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of (i) the relevant Final Terms which complete or, (ii) the relevant Drawdown Prospectus which supplements, amends and/or replaces, those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*” below.

### **Legend concerning United States persons**

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

*“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”*

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. In the case of any Tranche of Notes which is being admitted to trading on a regulated market in an EEA member state or the United Kingdom, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. Subject to this, to the extent permitted by applicable law and/or regulation, the Final Terms in respect of any Tranche of Notes may complete any information in this Base Prospectus.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form”, below.

### 1. Introduction

- (a) *Programme*: CEPSA Finance, S.A.U. (the “**Issuer**”) has established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of up to €3,000,000,000 in aggregate principal amount of notes (the “**Notes**”) guaranteed by Compañía Española de Petróleos, S.A. (the “**Guarantor**”).
- (b) *Final Terms*: Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of (i) a final terms (the “**Final Terms**”) which completes these terms and conditions, or (ii) a separate prospectus specific to such Tranche (the “**Drawdown Prospectus**”) which supplements, amends and/or replaces these terms and conditions, (in each case, the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms or, as the case may be, as supplemented amended and/or replaced in the relevant Drawdown Prospectus. In the event of any inconsistency between these Conditions and the relevant Final Terms, or, as the case may be, the Drawdown Prospectus, the relevant Final Terms or the relevant Drawdown Prospectus shall prevail. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in these Conditions to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus, unless the context requires otherwise.
- (c) *Agency Agreement*: The Notes are the subject of an issue and paying agency agreement dated 2 June 2020 (the “**Agency Agreement**”) between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), and the paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *Deed of Guarantee*: The Notes are the subject of a deed of guarantee dated 26 April 2019 (the “**Deed of Guarantee**”) entered into by the Guarantor.
- (e) *The Notes*: All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Offices of which are set out below, and on the Guarantor’s website at <https://www.cepsa.com/en/investors/ratings-debt-issuances>.
- (f) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and are subject to their detailed provisions. The holders of Notes (the “**Noteholders**”) and the holders of the related interest coupons, if any, (the “**Couponholders**” and the “**Coupons**”, respectively) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes of which the principal is payable in instalments are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Office of the Fiscal Agent.
- (g) *Public Deed of Issuance*: If so required by Spanish law, the Issuer will execute a public deed (*escritura pública*) (the “**Public Deed of Issuance**”) before a Spanish Notary Public in relation to the Notes. The Public Deed of Issuance will contain, among other information, the terms and conditions of the Notes.

## 2. Interpretation

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Business Day**” means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

“**DA Selected Bond**” means the selected government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if “**Actual/Actual (ICMA)**” is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30”;

- (f) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30; and

if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30,



**provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

**“Determination Agent”** means an investment bank, or financial institution of international standing or other financial adviser selected by the Issuer;

**“Extraordinary Resolution”** has the meaning given in the Agency Agreement;

**“Final Redemption Amount”** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“First Interest Payment Date”** means the date specified in the relevant Final Terms;

**“Fitch Ratings”** means Fitch Ratings España S.A.U. or any successor to the rating agency business thereof;

**“Fixed Coupon Amount”** has the meaning given in the relevant Final Terms;

**“Gross Redemption Yield”** means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 5, Section One: Price/Yield Formulae “Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005, and as further amended, updated, supplemented or replaced from time to time) or, if such formula does not reflect generally accepted market practice at the time of redemption, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Determination Agent;

**“Group”** means the Guarantor together with its consolidated Subsidiaries;

**“Guarantee”** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

**“Guarantee of the Notes”** means the guarantee of the Notes given by the Guarantor in the Deed of Guarantee;

**“Indebtedness”** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**“Insolvency Law”** means Law 22/2003, of 9 July on Insolvency (*Ley Concursal*);

**“Interest Amount”** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period, which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in

the relevant Final Terms as being payable on the relevant Interest Payment Date(s) in respect of such Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“**Interest Determination Date**” has the meaning given in the relevant Final Terms;

“**Interest Payment Date**” means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“**Investment Grade Rating**” means, any Rating which is (a) with respect to S&P, within any of the categories from and including AAA to and including BBB- (or equivalent successor categories), (b) with respect to Moody’s, within any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories) or (c) with respect to Fitch Ratings, within any of the categories from and including AAA to and including BBB- (or equivalent successor categories);

“**ISDA Definitions**” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

“**Issue Date**” has the meaning given in the relevant Final Terms;

“**Make Whole Redemption Price**” has the meaning given in Condition 9(c) (*Redemption and Purchase—Redemption at the option of the Issuer*);

“**Margin**” has the meaning given in the relevant Final Terms;

“**Material Subsidiary**” means any direct or indirect Subsidiary of the Issuer or the Guarantor whose total assets represent not less than 10 per cent. of the total assets of the Group, or whose total revenues represent not less than 10 per cent. of the total revenue of the Group (determined by reference to the most recent publicly available audited consolidated annual accounts of the Guarantor);

“**Maturity Date**” has the meaning given in the relevant Final Terms;

“**Maximum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Minimum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Moody’s**” means Moody’s Deutschland GmbH or any successor to the rating agency business thereof;

“**Non-Investment Grade Rating**” means, any Rating which is not an Investment Grade Rating;

“**Non-Sterling Make Whole Redemption Amount**” has the meaning given in Condition 9(c) (*Redemption and Purchase—Redemption at the option of the Issuer*);

“**Noteholder**”, has the meaning given in Condition 3 (*Form, Denomination and Title*);

“**Optional Redemption Amount (Call)**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**Optional Redemption Amount (Put)**” means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Final Terms but which shall in any event be no later than the first possible Residual Maturity Call Option Redemption Date, if the Residual Maturity Call Option has been specified as being applicable in the relevant Final Terms;

“**Optional Redemption Date (Put)**” has the meaning given in the relevant Final Terms;

“**Participating Member State**” means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

“**Payment Business Day**” means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation and in the relevant principal financial centre of the currency of payment are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation and in the relevant principal financial centre of the currency of payment are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Principal Financial Centre**” means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee; and
- (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee;

“**Put Option Notice**” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“**Put Option Receipt**” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“**Put Period**” means the immediately succeeding 30-day period after the date on which a Put Event Notice has been published in accordance with Condition 18 (*Notices*);

“**Quotation Time**” has the meaning given in the relevant Final Terms;

“**Rate of Interest**” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Optional Redemption Amount (Call), the Substantial Purchase Event Redemption Amount, the Residual Maturity Redemption Amount, the Change of Control (Put) Amount, the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

“**Redemption Margin**” has the meaning given in the relevant Final Terms;

“**Reference Banks**” has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

“**Reference Bond**” has the meaning given in the relevant Final Terms or, if not so specified or to the extent that such Reference Bond specified in the Final Terms is no longer outstanding on the relevant Reference Date, the DA Selected Bond;

“**Reference Bond Price**” means, with respect to any Reference Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations;

“**Reference Bond Rate**” means, with respect to any Reference Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reference Date;

“**Reference Date**” means the date which is two Business Days prior to the despatch of the notice of redemption under Condition 9(c) (*Redemption and Purchase—Redemption at the option of the Issuer*) or such other date as may be specified in the relevant Final Terms;

“**Reference Price**” has the meaning given in the relevant Final Terms;

“**Reference Rate**” means EURIBOR or LIBOR as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

“**Regular Period**” means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“**Relevant Date**” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“**Relevant Financial Centre**” has the meaning given in the relevant Final Terms;

“**Relevant Indebtedness**” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being (with the consent of the issuer thereof), listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

**“Relevant Screen Page”** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**“Relevant Time”** has the meaning given in the relevant Final Terms;

**“Reserved Matter”** means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**“Residual Maturity Redemption Amount”** means, in respect of any Note, its principal amount;

**“S&P”** means S&P Global Ratings Europe Limited or any successor to the rating agency business thereof;

**“Security Interest”** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

**“Specified Currency”** has the meaning given in the relevant Final Terms;

**“Specified Denomination(s)”** has the meaning given in the relevant Final Terms;

**“Specified Office”** has the meaning given in the Agency Agreement;

**“Specified Period”** has the meaning given in the relevant Final Terms;

**“Subsidiary”** means, in relation to any Person (the **“first Person”**) at any particular time, any other Person (the **“second Person”**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove the majority of the members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

**“Substantial Purchase Event Redemption Amount”** means, in respect of any Note, its principal amount;

**“Talon”** means a talon for further Coupons;

**“TARGET2”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

**“TARGET Settlement Day”** means any day on which TARGET2 is open for the settlement of payments in euro;

**“Treaty”** means the Treaty establishing the European Communities, as amended;

**“Voting Rights”** means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency); and

**“Zero Coupon Note”** means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Deed of Guarantee shall be construed as a reference to the Agency Agreement or the Deed of Guarantee, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination and Title**

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons and/or Receipts attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

### 4. **Status and Guarantee**

- (a) *Status of the Notes:* The payment obligations of the Issuer pursuant to the Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer and in the event of insolvency (*concurso*) of the Issuer (and unless they qualify as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future and subject to any legal and statutory exceptions) will rank *pari passu* and without any preference among themselves and *pari passu* with all other outstanding unsecured and unsubordinated claims of the Issuer, present and future.

*In the event of insolvency (concurso) of the Issuer, under the Insolvency Law, claims relating to the Notes (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (créditos ordinarios) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency estate (créditos contra la masa) and claims with special privilege (créditos con privilegio especial) or general privilege (créditos con privilegio general). Ordinary credits rank above subordinated credits.*

*Interest on the Notes accrued but unpaid as at the commencement of any insolvency proceeding (concurso) relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations. Under Spanish law, accrual of interest (other than any interest accruing under secured liabilities up to an amount equal to the value of the asset subject to the security) shall be suspended from the date of any declaration of insolvency.*

- (b) *Guarantee of the Notes:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes.

- (c) *Status of the Guarantee*: The obligations of the Guarantee under the Deed of Guarantee constitute direct, general, unsubordinated and (subject to the provisions of *Condition 5 (Negative Pledge)*) unsecured obligations of the Guarantor. In the event of insolvency (*concurso*) of the Guarantor:
- (i) if (and until) the claim of the Noteholders against the Guarantor under the Deed of Guarantee is payable and enforceable and the Noteholders serve a demand of payment or enforce the guarantee claim, such claim may be classified as a contingent claim (*crédito contingente*) and the related rights of the Noteholders shall be suspended until the claim ceases to be a contingent claim; and
  - (ii) upon the claims of the Noteholders against the Guarantor under the Deed of Guarantee ceasing to be a contingent claim (*crédito contingente*), they will rank *pari passu* and without any preference among themselves and *pari passu* with all other outstanding unsecured and unsubordinated claims of the Guarantor, present and future (unless they qualify as subordinated claims (*créditos subordinados*) under Article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future and subject to any legal and statutory exceptions).

## 5. **Negative Pledge**

So long as any Note remains outstanding, neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

“**Permitted Security Interest**” means, in relation to the Guarantor or any of its Subsidiaries:

- (a) any Security Interest arising by operation of law and in the ordinary course of business of the Guarantor or any of its Subsidiaries which does not (either alone or together with any one or more other such Security Interests) materially impair the operation of such business and which has not been enforced against the assets to which it attaches;
- (b) any Security Interest to secure Project Finance Debt;
- (c) any Security Interest to secure payment obligations in relation to hedging transactions;
- (d) any Security Interest created in respect of Relevant Indebtedness of an entity that has merged with, or has been acquired (whether in whole or in part) by, the Guarantor or any of its Subsidiaries, provided that such Security Interest:
  - (i) was in existence at the time of such merger or acquisition;
  - (ii) was not created for the purpose of providing security in respect of the financing of such merger or acquisition; and
  - (iii) is not increased in amount or otherwise extended following such merger or acquisition other than pursuant to a legal or contractual obligation (x) which was assumed (by operation of law, agreement or otherwise) prior to such merger or acquisition by an entity which, at such time, was not a Subsidiary of the Guarantor, and (y) which remains legally binding on such entity at the time of such merger or acquisition;

“**Project Finance Assets**” means the assets (including, for the avoidance of doubt, shares (or other interests)) of a Project Finance Entity;

“**Project Finance Entity**” means any entity in which the Guarantor or any of its Subsidiaries holds an interest whose only assets and business are constituted by: (i) the ownership, creation, development, construction, improvement, exploitation or operation of one or more of such entity’s assets, or (ii) shares (or other interests) in the capital of other entities that satisfy limb (i) of this definition; and

“**Project Finance Debt**” means any Relevant Indebtedness: (i) incurred by a Project Finance Entity in respect of the activities of such entity or another Project Finance Entity in which it holds shares (or other interests);

or (ii) any Subsidiary formed exclusively for the purpose of financing a Project Finance Entity, where, in each case, the holders of such Relevant Indebtedness have no recourse against the Guarantor or any of its Subsidiaries (or its or their respective assets), except for recourse to (y) the Project Finance Assets of such Project Finance Entities; and (z) in the case of (ii) above only, the Subsidiary incurring such Relevant Indebtedness.

**6. Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Notes accruing interest otherwise than a Fixed Coupon Amount:* This Condition 6(d) shall apply to Notes which are Fixed Rate Notes only where the Final Terms for such Notes specify that the Interest Payment Dates are subject to adjustment in accordance with the Business Day Convention specified therein. The relevant amount of interest payable in respect of each Note for any Interest Period for such Notes shall be calculated by the Issuer by multiplying the product of the Rate of Interest and the Calculation Amount by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. The Issuer shall cause the relevant amount of interest and the relevant Interest Payment Date to be notified to the Paying Agents and the Noteholders in accordance with Condition 18 (*Notices*) and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination or calculation but in no event later than the fourth Business day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange. To the extent that the Calculation Agent is unable to notify the relevant stock exchange on which the relevant Notes are for the time being listed, the Calculation Agent will immediately notify the Issuer and, upon receipt of such notice from the Calculation Agent, the Issuer shall procure that such amount of interest and Interest Payment Date is notified to the relevant stock exchange.
- (e) *Calculation of Interest Amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount.

For the purposes of this Condition 6 (*Fixed Rate Note Provisions*), a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

**7. Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note



will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
  - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

***provided, however, that*** if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issuer will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; ***provided, however, that*** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms;
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms; and
  - (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
    - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
    - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period
- provided, however, that* if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate.
- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Publication:* The Calculation Agent will in consultation with the Issuer cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as reasonably practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. To the extent that the Calculation Agent is unable to notify the relevant stock exchange on which the relevant Notes are for the time being listed, the Calculation Agent will immediately notify the Issuer and, upon receipt of such notice from the Calculation Agent, the Issuer shall procure that such amount and payment date is notified to the relevant stock exchange. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 18 (*Notices*). The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is

less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- (h) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (i) *Benchmark Replacement:* Notwithstanding the foregoing provisions of this Condition 7 (*Floating Rate Note Provisions*), if the Issuer and/or the Guarantor (in consultation, to the extent practicable, with the Calculation Agent) determines that a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply:
- (i) the Issuer and/or the Guarantor shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine, no later than 10 days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period following the occurrence of a Benchmark Event (the “**IA Determination Cut-off Date**”), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) and, in either case, an Adjustment Spread (as defined below) and any Benchmark Amendments (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;
  - (ii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and, in each case, an Adjustment Spread, is determined in accordance with the preceding provisions, such Successor Rate or, failing which, such Alternative Reference Rate (as applicable) and, in each case, any such Adjustment Spread shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 7(i) (*Floating Rate Note Provisions—Benchmark Replacement*));
  - (iii) if the Independent Adviser, following consultation with the Issuer and the Guarantor, determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable), and in each case, an Adjustment Spread, in accordance with the above provisions, the Independent Adviser, following consultation with the Issuer and the Guarantor, may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Day, Interest Determination Date, and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to such Successor Rate or such Alternative Reference Rate (as applicable) or any Adjustment Spread;
  - (iv) if a Successor Rate or Alternative Reference Rate is determined in accordance with this Condition 7(i) (*Floating Rate Note Provisions—Benchmark Replacement*) and the Independent Adviser (in consultation with the Issuer and the Guarantor) determines the quantum or a formula or methodology for determining the applicable Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Reference Rate (as applicable), subject to any further operation and adjustment as provided in this this Condition 7(i) (*Floating Rate Note Provisions—Benchmark Replacement*);
  - (v) for the avoidance of doubt and subject as provided in paragraph (vi) below, the Fiscal Agent shall, at the direction and expense of the Issuer and the Guarantor, without the requirement for any consent or approval of the Noteholders, be obliged to use reasonable endeavours to effect such amendments to the Agency Agreement and these Conditions as may be specified by the Independent Adviser following consultation with the Issuer and the Guarantor in order to give effect to this Condition 7(i) (*Floating Rate Note Provisions—Benchmark Replacement*) (such amendments, the “**Benchmark Amendments**”) and the Fiscal Agent shall not be liable to any party for any consequences thereof;
  - (vi) the Fiscal Agent shall not be required to effect any such Benchmark Amendments if the same would impose, in the Fiscal Agent’s opinion, more onerous obligations upon it or expose it to any additional

duties, responsibilities or liabilities or reduce, or amend its rights and/or the protective provisions afforded to it. For the avoidance of doubt, no Noteholder consent or approval shall be required in connection with effecting any Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the Issuer, the Guarantor or the Fiscal Agent (if required);

- (vii) prior to any such Benchmark Amendments taking effect, the Issuer or the Guarantor shall provide a certificate signed by two Officers to the Fiscal Agent confirming, in the Issuer's or the Guarantor's reasonable opinion (following consultation with the Independent Adviser), (i) that a Benchmark Event has occurred, (ii) the Successor Rate or Alternative Reference Rate (as applicable) and, in each case, any Adjustment Spread, (iii) where applicable, the terms of any Benchmark Amendments determined in accordance with this Condition 7(i) (*Floating Rate Note Provisions—Benchmark Replacement*) and (iv) certifying that such Benchmark Amendments are necessary to give effect to any application of this Condition 7(i) (*Floating Rate Note Provisions—Benchmark Replacement*) and the Fiscal Agent shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Fiscal Agent shall not be liable to the Noteholders or any other person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Reference Rate (as applicable) and, in each case, the relevant Adjustment Spread and, where applicable, any Benchmark Amendments, without prejudice to the Fiscal Agent's ability to rely on such certificate (as aforesaid), will be binding on the Issuer, the Guarantor, Calculation Agent, the Paying Agents, the Noteholders and the Couponholders;
- (viii) the Issuer or the Guarantor shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and, in each case, the relevant Adjustment Spread, as well as the specific terms of any Benchmark Amendments, give notice thereof to the Fiscal Agent, Calculation Agent and, in accordance with Condition 18 (*Notices*), the Noteholders; and
- (ix) if (i) a Successor Rate or an Alternative Reference Rate is not determined by an Independent Adviser in accordance with the above provisions prior to the relevant IA Determination Cut-off Date or (ii) the Issuer or the Guarantor is unable to appoint an Independent Adviser in accordance with Condition 7(i)(i), then the Rate of Interest (or the relevant component part thereof) for the next Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period by reference to the provisions of Condition 7(c) or this Condition 7(i) (*Floating Rate Note Provisions—Benchmark Replacement*), as applicable (or alternatively, if there has not been a First Interest Payment Date, the Rate of Interest (or the relevant component thereof) for the first Interest Period shall be equal to the Rate of Interest determined by reference to the provisions of Condition 7(c)) (subject, where applicable, to substituting the Margin that applied to such preceding Interest Period for the Margin that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (vii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 7(i) (*Floating Rate Note Provisions—Benchmark Replacement*).

For the purposes of this Condition 7(i) (*Floating Rate Note Provisions—Benchmark Replacement*):

“**Adjustment Spread**” means a spread (which may be positive, negative or zero) or formula or methodology for calculating a spread, which the relevant Independent Adviser (in consultation with the Issuer and the Guarantor) determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Rate by any Relevant Nominating Body (as defined below); or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer and the Guarantor) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Rate or such Alternative Reference Rate (as applicable); or

- (iii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate and where, in each case, the Independent Adviser (in consultation with the Issuer and the Guarantor) determines that there is no such recognised or acknowledged spread, formula or methodology as referred to in (ii), the Independent Adviser (in consultation with the Issuer and the Guarantor) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable).

“**Alternative Reference Rate**” means the rate that the Independent Adviser (in consultation with the Issuer and the Guarantor) determines has replaced the relevant Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component thereof) in respect of bonds denominated in the Specified Currency and with an interest period of a comparable duration to the relevant Interest Period, or, if the Independent Adviser (in consultation with the Issuer and the Guarantor) determines that there is no such rate, such other rate as the Independent Adviser (in consultation with the Issuer and the Guarantor) determines in its sole discretion is most comparable to the relevant Original Reference Rate;

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five (5) Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will cease publishing the Original Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the “**Specified Future Date**”) (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a Specified Future Date, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will, by a Specified Future Date, be prohibited from being used, either generally or in respect of the Notes, or that its use will be subject to restrictions; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate that, in the view of such supervisor, such Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has or will become unlawful for any Paying Agent, Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable);

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii), (iii) and (iv) above, on the Specified Future Date, (b) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and (c) in the case of sub-paragraph (vi), on the date the use of the Original Reference Rate to calculate payments under the Notes will become unlawful;

“**Independent Adviser**” means an independent financial institution or other independent financial adviser, in each case, of recognised standing with experience in the international debt capital markets, in each case appointed by the Issuer or the Guarantor at its own expense;

“**Original Reference Rate**” means the originally-specified Reference Rate or screen rate (as applicable) used to determine the Rate of Interest (or the relevant component part thereof) on the Notes or any Successor Rate or Alternative Rate (or, in each case any component thereof), as applicable;

“**Relevant Nominating Body**” means, in respect of a reference rate:

- (i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

“**Successor Rate**” means the rate that the Independent Adviser (in consultation with the Issuer) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

#### 8. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

#### 9. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, and subject as provided in Condition 10 (*Payments*):
  - (i) if so specified in the Final Terms, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount; and
  - (ii) if so specified in the Final Terms, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount or, in the case of a Note falling within sub-paragraph (i) above, its final Instalment Amount.
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
  - (i) at any time (unless the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 15 nor more than 30 days’ notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms, (which notice shall be irrevocable), at their principal amount, together with interest accrued (if any) to the date fixed for redemption, if:

- (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

*provided, however, that no such notice of redemption shall be given earlier than:*

- (1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Final Terms) prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Final Terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two directors of the Issuer or a duly authorised representative of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Final Terms. Such notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice, on the relevant Optional Redemption Date (Call) at the applicable amount specified in the relevant Final Terms (together, if appropriate, with accrued interest to (but excluding) the relevant Optional Redemption Date (Call)) at one of:

- (i) the Optional Redemption Amount (Call); or
- (ii) the Make Whole Redemption Price.

The "**Make Whole Redemption Price**" will, in respect of Notes to be redeemed, be:

- (i) if "**Sterling Make Whole Redemption Amount**" is specified as being applicable in the relevant Final Terms an amount equal to the higher of (i) 100 per cent. of the principal amount of such Notes and (ii) the principal amount of such Notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer and the Guarantor by the Determination Agent (if applicable), at which the Gross Redemption Yield on such Notes

on the Reference Date is equal to the Gross Redemption Yield (as determined by reference to the middle market price) at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin, as determined by the Determination Agent; or

- (ii) if “**Non-Sterling Make Whole Redemption Amount**” is specified in the applicable Final Terms an amount equal to the higher of (i) 100 per cent. of the principal amount of such Notes and (ii) the principal amount of such Notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer and the Guarantor by the Determination Agent (if applicable), at which the yield to maturity (which shall be either the Maturity Date specified in the Final Terms or the first possible Residual Maturity Call Option Redemption Date, if the Residual Maturity Call Option has been specified as being applicable in the relevant Final Terms) on such Notes on the Reference Date is equal to the Reference Bond Rate at the Quotation Time on the Reference Date, plus the Redemption Margin, as determined by the Determination Agent.
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with 9(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant final terms), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (f) *Redemption following a Substantial Purchase Event:* If a Substantial Purchase Event is specified in the relevant Final Terms as being applicable and a Substantial Purchase Event has occurred, then the Issuer may, subject to having given not less than 15 nor more than 30 days’ notice (or such other period of notice as may be specified in the relevant Final Terms) to the Noteholders in accordance with Condition 18 (*Notices*) redeem or purchase (or procure the purchase of), at its option, the Notes comprising the relevant Series in whole, but not in part, in accordance with these Conditions at any time, in each case at the Substantial Purchase Event Redemption Amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption or purchase.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

A “**Substantial Purchase Event**” shall be deemed to have occurred at the point in time at which at least 80 per cent. of the aggregate principal amount of the Notes of the relevant Series originally issued (which for these purposes shall include any further Notes of the same Series issued subsequently) is purchased by, or on behalf of, the Issuer, the Guarantor or any Subsidiary of either of them (and in each case is cancelled in accordance with Condition 9(l));



- (g) *Residual Maturity Call Option*: If a Residual Maturity Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 30 days' notice (or such other period of notice as may be specified in the relevant Final Terms) to the Noteholders in accordance with Condition 18 (*Notices*) (which notice shall specify the date fixed for redemption (the "**Residual Maturity Call Option Redemption Date**")), redeem the Notes comprising the relevant Series, in whole but not in part, at the Residual Maturity Redemption Amount together with any accrued and unpaid interest up to (but excluding) the date fixed for redemption, which shall be no earlier than three months before the Maturity Date unless otherwise specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

- (h) *Change of Control Put Option*: If this Condition 9(h) is specified as applicable in the relevant Final Terms, if at any time while any Note remains outstanding, there occurs:
- (A) a Change of Control (as defined below), and, within the Change of Control Period (as defined below), a Rating Event (as defined below) in respect of that Change of Control occurs (such Change of Control and Rating Event not having been cured prior to the expiry of the Change of Control Period), or
  - (B) a Change of Control, and, on the occurrence of the Change of Control, the Guarantor is not rated by any Rating Agency (as defined below),

(each, a "**Change of Control Put Event**"), each Noteholder will have the option (the "**Change of Control Put Option**") (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice to redeem the Notes under Condition 9(b) or 9(c) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all of such Noteholder's Notes, on the Optional Redemption Date (Change of Control) (as defined below) at the principal amount outstanding of such Notes together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date (Change of Control) (the "**Change of Control (Put) Amount**").

Where:

A "**Change of Control**" shall be deemed to have occurred if at any time any person or persons acting in concert (other than, in each case, (1) the Government of Abu Dhabi, (2) The Carlyle Group and/or (3) any person or persons acting in concert with the Government of Abu Dhabi or The Carlyle Group) acquire(s) control over the Guarantor (directly or indirectly).

"**control over the Guarantor**" shall mean the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

- (i) cast, or control the casting of, more than 50 per cent. of the maximum number of voting rights that may be cast at a general meeting of the Guarantor; or
- (ii) appoint or remove the majority of the directors or other equivalent officers of the Guarantor.

A "**Rating Event**" shall be deemed to have occurred in respect of a Change of Control if (within the Change of Control Period):

- (A) the rating(s) assigned to the Notes or to the Guarantor by any Rating Agency solicited by (or with the consent of) the Guarantor (a "**Rating**") immediately prior to the commencement of the Change of Control Period (the "**Existing Rating**"):
  - (x) is withdrawn; or
  - (y) where the Existing Rating is at least an Investment Grade Rating, is changed to a Non-Investment Grade Rating; or
  - (z) where the Existing Rating is a Non-Investment Grade Rating, is lowered by at least one full rating notch (for example, from BB+ to BB, or their respective equivalents), (each of the events described in (z), (x) and (y), a "**Relevant Rating Change**")

by the requisite number of Rating Agencies; and

- (B) such Rating is not within the Change of Control Period subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) either to an Investment Grade Rating (in the case of (y) above) or to its earlier Rating or better (in the case of (x) and (z) above), such that there is no longer a Relevant Rating Change by the requisite number of Rating Agencies.

Notwithstanding the foregoing, no Rating Event shall have occurred unless the requisite number of Rating Agencies making the Relevant Rating Change announce or publicly confirm or, having been so requested by the Guarantor, inform the Guarantor in writing that the Relevant Rating Change was the result, in whole or in part, of the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Relevant Rating Change). If on the Relevant Announcement Date the Guarantor or the Notes carry a Rating from more than one Rating Agency, at least one of which is an Investment Grade Rating, then sub-paragraph (z) above will not apply.

**“Rating Agency”** means each of S&P, Moody’s, Fitch Ratings or any other credit rating agency of equivalent international standing specified from time to time by the Issuer and, in each case, their respective successors or affiliates.

**“requisite number of Rating Agencies”** shall mean (i) at least two Rating Agencies, if, at the time of the Relevant Rating Change, three or more Rating Agencies have assigned a Rating, or (ii) at least one Rating Agency if, at the time of the Relevant Rating Change, fewer than three Rating Agencies have assigned a Rating.

**“The Carlyle Group”** shall mean (1) Carlyle International Energy Partners I, L.P., (2) Carlyle International Energy Partners II, L.P., (3) Carlyle Europe Partners V, L.P., (4) Carlyle Partners VII, L.P., and/or (5) one or more investment funds advised, managed or controlled by the foregoing and, in each case (whether individually or as a group), any person or persons directly or indirectly controlled by or under common control with any of the foregoing.

**“Change of Control Period”** means the period beginning on the date (the **“Relevant Announcement Date”**) that is the earlier of (A) the first public announcement by or on behalf the Guarantor or any bidder or any designated adviser of the relevant Change of Control; and (B) the date of the earliest Potential Change of Control Announcement (as defined below), and ending 120 days after the Relevant Announcement Date (such 120th day, the **“Initial Longstop Date”**); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Event in respect of its rating of the Guarantor or the Notes, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Guarantor or the Notes under consideration for a negative rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or the Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 60 days after the date of such public announcement by such Rating Agency.

**“Potential Change of Control Announcement”** means any public announcement or statement by or on behalf of the Guarantor, any actual or potential bidder or any designated adviser thereto relating to any specific and near-term potential Change of Control (where “near-term” shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Guarantor, any such actual or potential bidder or any such designated adviser to be intended to occur, within 180 days of the date of such announcement of statement).

Promptly upon the Issuer or the Guarantor becoming aware that a Change of Control Put Event has occurred, the Issuer or the Guarantor (as the case may be) shall give notice (a **“Change of Control Put Event Notice”**) to the Noteholders in accordance with Condition 18 (*Notices*) specifying the nature of the Change of Control Put Event and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Condition 9(h).

To exercise the Change of Control Put Option, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Change of Control Put Option Notice (as defined below) for the account of the Issuer within the period (the **“Change of Control Put Period”**) of 45 days after a Change of Control Put Event Notice is given together with a duly signed and completed notice of exercise in the then current form obtainable from the Fiscal Agent (a **“Change of Control**

**Put Option Notice**”) and in which the Noteholder may specify a bank account to which payment is to be made under this Condition 9(h).

A Change of Control Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Fiscal Agent for the account of the Issuer as described above by the date which is the fifth Business Day following the end of the Change of Control Put Period (the “**Optional Redemption Date (Change of Control)**”). Payment in respect of such Notes will be made on the Optional Redemption Date (Change of Control) by transfer to the bank account specified in the Change of Control Put Option Notice.

For the avoidance of doubt, neither the Issuer nor the Guarantor shall have any responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder’s exercise or purported exercise of, or otherwise in connection with, any Change of Control Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

- (i) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(i) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (i) above.
- (k) *Purchase:* The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons and, if applicable, Receipts are purchased therewith.
- (l) *Cancellation:* All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons and Receipts attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 10. **Payments**

- (a) *Principal:* Payments of principal shall be made:
  - (i) in the case of payments on Instalment Notes other than on the Maturity Date, only against presentation of the relevant Receipts together with the corresponding Note, and
  - (ii) in all other cases, only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States,

in each case by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

- (b) *Interest:* Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

- (c) *Payments in New York City:* Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons:* If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.
- Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.
- (f) *Unmatured Coupons and Receipts void:* If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption at the option of the Issuer*), Condition 9(e) (*Redemption at the option of Noteholders*), Conditions 9(f) (*Redemption following a Substantial Purchase Event*), Condition 9(g) (*Residual Maturity Call Option*), Condition 9(h) (*Change of Control Put Option*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof. Upon the due date for redemption of any Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 11. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Spain or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or the Guarantor (as the case may be) shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:
  - (i) held by or on behalf of a Noteholder or Couponholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon;
  - (ii) where the relevant Note or Coupon is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon for payment on the last day of such period of 30 days;
  - (iii) to, or to a third party on behalf of, a holder who, should the exemption of Law 10/2014 not be applicable, does not comply with the Issuer's or the Guarantor's request to provide a valid certificate of tax residence duly issued by the tax authorities of the country of tax residence of the beneficial owner of the Notes confirming that the holder is (i) resident for tax purposes in a Member State of the European Union; or (ii) resident for tax purposes in a jurisdiction with which Spain has entered into a tax treaty to avoid double taxation, which makes provision for a full exemption from tax imposed in Spain on interest and within the meaning of the referred tax treaty as it is required to provide by the applicable tax laws and regulations of the relevant taxing authority as a precondition to exemption from, or reduction in the rate of deduction or withholding of, taxes imposed by such relevant taxing authority; or
  - (iv) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.
- (b) *Taxing jurisdiction:* If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the Kingdom of Spain, references in these Conditions shall be construed as references to the Kingdom of Spain and/or such other jurisdiction.

## 12. **Events of Default**

If any of the following events occurs and is continuing:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within 14 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 21 days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer, Guarantor or Subsidiary*:
  - (i) Any Relevant Indebtedness of the Issuer, the Guarantor or any of their respective Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such Relevant Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Material Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Relevant Indebtedness; or
  - (iii) the Issuer, the Guarantor or any of their respective Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Relevant Indebtedness,

*provided that* the amount of Relevant Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds €80,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of an aggregate amount in excess of €80,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, the Guarantor or any of their respective Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Material Subsidiaries, in each case provided that the value of such undertaking, assets and/or revenues exceeds, individually or in the aggregate, €80,000,000 (or its equivalent in any other currency or currencies); or
- (f) *Insolvency etc*: (i) the Issuer, the Guarantor or any of their respective Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, the Guarantor or any of their respective Material Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Material Subsidiaries, (iii) the Issuer, the Guarantor or any of their respective Material Subsidiaries takes any action for a readjustment or deferment of its obligations generally or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of its Indebtedness generally or Guarantees of any Indebtedness given by it generally or (iv) the Issuer, the Guarantor or any of their respective Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (otherwise than for the purposes of or pursuant to an amalgamation, merger, reorganisation or restructuring whilst solvent); or
- (g) *Winding up etc*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any of their respective Material Subsidiaries (otherwise than for the purposes of or pursuant to an amalgamation, merger, reorganisation or restructuring whilst solvent); or
- (h) *Analogous event*: any event occurs which under the laws of the Kingdom of Spain has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or

- (i) *Failure to take action etc:* any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Deed of Guarantee admissible in evidence in the courts of the Kingdom of Spain is not taken, fulfilled or done; or
- (j) *Unlawfulness:* it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or, in the case of the Guarantor only, the Deed of Guarantee; or
- (k) *Guarantee not in force:* the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (l) *Controlling shareholder:* the Issuer ceases to be a direct or indirect Subsidiary of the Guarantor,

then any Note may, by written notice addressed by the holder thereof to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued but unpaid interest (if any) to the date of payment without further action or formality.

### 13. **Prescription**

Claims for principal in respect of Notes shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

### 14. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

### 15. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Fiscal Agent, Paying Agents, Calculation Agent, and any other agent act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer and the Guarantor shall at all times maintain a Fiscal Agent; and
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 18 (*Notices*).

16. **Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than two thirds or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification:* The Notes and these Conditions, the Deed of Guarantee and the Deed of Covenant may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

17. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

18. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

19. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.



This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

20. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, save for Condition 4(a) and (c), which is governed by Spanish law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum:* Each of the Issuer and the Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England:* Notwithstanding Condition 21(b) (*English courts*), any Noteholder may take proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Service of process:* The Issuer and the Guarantor agree that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to CEPSA UK, LTD at Audrey House, 16-20 Ely Place, London EC1N 6SN, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer or the Guarantor may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## FORM OF FINAL TERMS

**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the [manufacturer’s/manufacturers’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the [manufacturer’s/manufacturers’] target market assessment) and determining appropriate distribution channels.

**[Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A of the SFA) that the Notes are “capital markets products other than prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and “Specified Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>1</sup>

**Final Terms dated [•]**

**CEPSA Finance, S.A.U.**

**LEI: 959800QEUEH8V5SPPCB45**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

*[Indicate in title if the Notes are green bonds, i.e. if issued to finance Eligible Green Projects]*

**Guaranteed by Compañía Española de Petróleos, S.A.**

**under the**

**€3,000,000,000 Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 2 June 2020 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus.

Full information on the Issuer and the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the Final Terms] [has]/[have] been published on <https://www.cepsa.com/en/investors/ratings-debt-issuances> and [is]/[are] available for viewing on

<sup>1</sup> This legend should be inserted in the event that Notes issued under the Final Terms are not classified as “prescribed capital markets products” under the Securities and Futures (Capital Markets Products) Regulations 2018.

the website of the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) at [www.ise.ie](http://www.ise.ie) and during normal business hours at the specified office of the Fiscal Agent, currently at One Canada Square, London E14 5AL, United Kingdom.

[In accordance with the Prospectus Regulation, no prospectus is required in connection with the issuance of the Notes described herein.]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of Notes issued by the Issuer (the “**Conditions**”) set forth in the base prospectus dated 26 April 2019. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such base prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus, which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, save in respect of the Conditions which are extracted from the base prospectus dated 26 April 2019. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 2 June 2020 [and the Supplement to the Base Prospectus dated [•]]. The Base Prospectus [and the Supplement to the Base Prospectus] has been published on [•].]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the subparagraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]*

- |    |         |  |   |
|----|---------|--|---|
| 1. | (i)     | Issuer:                                  | CEPSA Finance, S.A.U.   |
|    | (ii)    | Guarantor:                               | Compañía Española de Petróleos, S.A.  |
| 2. | [(i)]   | Series Number:                           | [•]   |
|    | [(ii)]  | Tranche Number:                          | [•]   |
|    | [(iii)] | Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below [which is expected to occur on or about [•]].] |
| 3. |         | Specified Currency or Currencies:        | [•]   |
| 4. |         | Aggregate Nominal Amount:                | [•]   |
|    | [(i)]   | [Series]:                                | [•]   |
|    | [(ii)]  | Tranche:                                 | [•]   |
| 5. |         | Issue Price:                             | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]  |
|    | (i)     | Specified Denominations:                 | [•]   |
|    |         |  | <i>(N.B. Notes must have a minimum denomination of EUR 100,000 (or equivalent) and be in integral multiples of the specified minimum denomination)</i>  |
|    | (ii)    | Calculation Amount:                      | [•]   |

6. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [[•]/Issue Date/Not Applicable]
7. Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]  
[*For fixed rate notes where the Interest Payment Dates are subject to modification, the Maturity Date will be the Interest Payment Date falling in or nearest to the relevant month and year*]
8. Interest Basis: [[•] per cent. Fixed Rate]  
[[•] Month [EURIBOR/LIBOR]+/- [•] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph [13/14] below)
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [•]/[100] per cent. of their nominal amount. [*N.B. Redemption amount cannot be less than 100 per cent.*]
10. Change of Interest or Redemption/Payment Basis: [*Specify the date when any fixed to floating rate change occurs or refer to paragraphs 13 and 14 below and identify there/Not Applicable*]
11. Put/Call Options: [Investor Put]  
[Change of Control Put]  
[Issuer Call]  
[Substantial Purchase Event Call Option]  
[Residual Maturity Call Option]  
[Not Applicable][See paragraph [17/18/19] below]
12. [Date [Board] approval for issuance of Notes [and guarantee of Notes] [respectively]] obtained: [•] [and [•], respectively]  
*(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related guarantee)*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date

- (ii) Interest Payment Date(s): [•] in each year [subject to adjustment in accordance with the Business Day Convention specified below]
- (iii) Fixed Coupon Amount[(s)]: [[•] per Calculation Amount/Not Applicable] *For Notes where the Interest Payment Dates are subject to modification: The amount of interest payable for any Interest Period is to be calculated in accordance with Condition 6]*
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
14. Floating Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period: [•]
- (ii) Specified Interest Payment Dates: [•]
- (iii) [First Interest Payment Date]: [•]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
- (v) Additional Business Centre(s): [Not Applicable/[•]]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): [•] shall be the Calculation Agent
- (viii) Screen Rate Determination:
- Reference Rate: [•] Month [EURIBOR/ LIBOR]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]

	• Relevant Time:	[•]
	• Relevant Financial Centre:	[•]
(ix)	ISDA Determination:	
	• Floating Rate Option:	[•]
	• Designated Maturity:	[•]
	• Reset Date:	[•]
	ISDA Definitions:	[2006]
(x)	Linear interpolation	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> )
(xi)	Margin(s):	[+/-][•] per cent. per annum
(xii)	Minimum Rate of Interest:	[•] per cent. per annum
(xiii)	Maximum Rate of Interest:	[•] per cent. per annum
(xiv)	Day Count Fraction:	[•]
	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Accrual Yield:	[•] per cent. per annum
(ii)	Reference Price:	[•]
(iii)	Day Count Fraction in relation to early Redemption Amounts:	[30/360 / Actual/Actual (ICMA/ISDA) / other]

#### PROVISIONS RELATING TO REDEMPTION

15.	Call Option	[Applicable/Not Applicable]
(i)	Optional Redemption Date(s):	[•]
(ii)	Optional Redemption Amount(s) of each Note:	[[•] per Calculation Amount/Make Whole Redemption Price] [in the case of the Optional Redemption Date(s) falling [on]/[in the period from and including [date] to but excluding [date]]
(iii)	Make Whole Redemption Price:	[Non-Sterling Make Whole Redemption Amount / Sterling Make Whole Redemption Amount/Not Applicable]

*(If not applicable delete the remaining sub paragraphs(a) – (c) of this paragraph)*

- (a) Redemption Margin: [•] per cent.
- (b) Reference Bond: [•]
- (c) Quotation Time: [•]
- (iv) If redeemable in part:
  - (a) Minimum Redemption Amount: [•] per Calculation Amount
  - (b) Maximum Redemption Amount: [•] per Calculation Amount
- (v) Notice period: [•] [As per Condition 9(c)]
- 16. Residual Maturity Call Option [Applicable/Not Applicable]
  - (i) Notice Period: [•] [As per Condition 9(g)]
  - (ii) Date fixed for redemption: [As per Condition 9(g)] [No earlier than [•] months before the Maturity Date]
- 17. Substantial Purchase Event [Applicable/Not Applicable]
  - Notice Period [•] [As per Condition 9(f)]
- 18. Put Option [Applicable/Not Applicable]
 

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

  - (i) Optional Redemption Date(s): [•]
  - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
  - (iii) Notice period: [•] [As per Condition 9(e)]
- 19. Change of Control Put Option/ Put Event: [Applicable/Not Applicable] *(This option is contained in Condition 9(h))*
- 20. Final Redemption Amount of each Note [•] per Calculation Amount
- 21. Early Redemption Amount
  - Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [•] [Not Applicable]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Notes shall not be physically delivered in Belgium except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgium law of 14 December]<sup>2</sup>
23. New Global Note: [Yes] [No]
24. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(v) relates]
25. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]
26. Details relating to Instalment Notes: [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Instalment Amount(s): [•]
- (b) Instalment Date(s): [•]

Signed on behalf of **CEPSA FINANCE, S.A.U.**:

By: .....  
Duly authorised

Signed on behalf of the **COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.**:

By: .....  
Duly authorised

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<sup>2</sup> To be included for Notes that are to be offered in Belgium.



## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

#### (i) Admission to Trading:

[Application is has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of Euronext Dublin /*other*] with effect from [•].]/[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Regulated Market of Euronext Dublin /*other*] with effect from [•].]

*(When documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

#### (ii) Estimate of total expenses related to admission to trading: [•]

### 2. RATINGS

[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

#### Ratings:

[S&P: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

#### ***Option 1 - CRA established in the EEA or the United Kingdom and registered under the CRA Regulation***

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EEA or the United Kingdom and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

#### ***Option 2 - CRA established in the EEA or the United Kingdom, not registered under the CRA Regulation but has applied for registration***

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EEA or the United Kingdom and has applied for registration under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”), although notification of the corresponding registration decision has not yet been provided by the [relevant competent

authority] / [European Securities and Markets Authority].

***Option 3 - CRA established in the EEA or the United Kingdom, not registered under the CRA Regulation and not applied for registration***

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA or the United Kingdom and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

***Option 4 - CRA not established in the EEA or the United Kingdom but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the United Kingdom but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA or the United Kingdom and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

***Option 5 - CRA is not established in the EEA or the United Kingdom and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the United Kingdom but is certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

***Option 6 - CRA neither established in the EEA or the United Kingdom nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the United Kingdom and is not certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA or the

United Kingdom and registered under the  
CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE  
ISSUE/OFFER**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)*

[Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation.)]*

4. **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]

*[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]*

5. **REASONS FOR THE OFFER  
AND ESTIMATED NET  
PROCEEDS**

(i) Reasons for the offer: See [“Use of Proceeds” in the Base Prospectus]/[Give details]

(ii) Estimated net proceeds: [•]

6. **OPERATIONAL INFORMATION**

ISIN: [•]

Common Code: [•]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•] [Not Applicable]

[Relevant Benchmark[s]: [[LIBOR/EURIBOR] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the

Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [LIBOR/EURIBOR] does not fall within the scope of the Benchmark Regulation]]

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. **DISTRIBUTION**

- (i) Method of Distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
  - (A) Names of Dealers [Not Applicable/*give names*]
  - (B) Stabilisation Manager(s), if any: [Not Applicable/*give names*]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/*give names*]
- (iv) U.S. Selling Restrictions: [Reg S Compliance Category [1/2]; TEFRA C/TEFRA D]
- (v) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note in bearer form, references in the Terms and Conditions of the Notes to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer or the Guarantor to the holder of such Global Note and in relation to all other rights arising under such Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the holder of such Global Note.

### Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

*Exercise of put options:* In order to exercise any of the options contained in Conditions 9(h) (*Change of Control Put Option*) or 9(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Payment Business Day:* In the case of a Global Note, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

*Partial exercise of call option:* In connection with an exercise of the option contained in 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount or any other applicable method at the time, at their discretion).

*Notices:* Notwithstanding Condition 18 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing

system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system except that, for so long as such Notes are admitted to trading on Euronext Dublin and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Ireland or published on the website of the Euronext Dublin ([www.ise.ie](http://www.ise.ie)).

*Electronic Consent and Written Resolution:* While any Global Note is held on behalf of a clearing system, then:

- (a) approval of a resolution proposed by the Issuer, given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Fiscal Agent by (a) accountholders in the clearing system with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) the relevant clearing system and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither Issuer nor the Fiscal Agent shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## USE OF PROCEEDS

The net proceeds of the issue of Notes under the Programme will be on-lent by the Issuer to, or invested by the Issuer in, other companies within the Group for use by such companies:

- (i) for their general corporate purposes (including for the repayment of existing indebtedness); or
- (ii) to finance or refinance, in whole or in part, Eligible Green Projects, in which case the relevant Notes will be identified as “Green Bonds” in the title of the Notes in the applicable Final Terms;  
or
- (iii) as otherwise specified, in respect of any particular issue of Notes, in the applicable Final Terms in the section entitled “*Reasons for the Offer*”.

For the purpose of this section, “**Eligible Green Projects**” are projects which are intended to meet a set of environmental, social and governance criteria, approved by the Guarantor and by a sustainability rating agency, and which criteria, as amended from time to time, will be made available to investors on the Guarantor’s website ([www.cepsa.com](http://www.cepsa.com)).

## INFORMATION ON THE ISSUER

### Incorporation and Status

The Issuer was incorporated in Spain on 27 September 2018 for an unlimited term. It is a limited liability company (*sociedad anónima*) and operates under the laws of Spain.

The registered office of the Issuer is at CEPSA Tower, Paseo de la Castellana, 259 A, 28046 Madrid and its telephone number is +34 913 376 000. The Issuer holds Spanish tax identification number A88202015 and is registered with the Madrid Mercantile Registry under volume (*tomo*) 38,084 sheet (*folio*) 141 and page (*hoja*) M-677920.

### Share Capital

As at the date of this Base Prospectus, the share capital of the Issuer amounts to €100,000 represented by 100,000 shares with a nominal value of €1 per share. The Issuer is a wholly-owned subsidiary of the Guarantor and has no subsidiaries.

### Business

The Issuer was incorporated to facilitate the raising of finance for the Group.

In order to achieve its objectives, the Issuer is authorised to raise funds by issuing debt instruments on the capital and money markets.

### Directors

The following table sets out the name and position of each director of the Issuer as well as their principal activities performed outside the Issuer, in each case, as at the date of this Base Prospectus:

<u>Name</u>	<u>Position</u>	<u>Principal activities outside the Issuer</u>
Mr. Gonzalo Sáenz Muñoz	Director	Head of Finance of the Guarantor
Mr. Carlos Villanueva Girón	Director	Head of Corporate Management Control of the Guarantor

The business address of each of the directors as directors of the Issuer is CEPSA Tower, Paseo de la Castellana, 259 A, 28046 Madrid.

### Conflicts of Interest

There are no conflicts of interest between any duties owed by the directors of the Issuer to the Issuer and their respective private interests and/or duties.



## INFORMATION ON THE GUARANTOR

### Incorporation and Status

The Guarantor was incorporated in Spain in 1929 for an unlimited term. It is a limited company (*sociedad anónima* or S.A.) and operates under the laws of Spain. The registered office of the Guarantor is at CEPSA Tower, Paseo de la Castellana, 259 A, 28046 Madrid and its telephone number is +34 91 377 6000. The Guarantor holds Spanish tax identification number A28003119 and is registered with the Madrid Mercantile Registry under volume (*tomos*) 588, sheet (*folio*) 35 and page (*hoja*) M-12689.

The Guarantor is the parent company of the Group.

As at the date of this Base Prospectus, the Guarantor has been assigned the following long-term credit ratings:

Fitch Ratings España S.A.U. (“ <b>Fitch</b> ”)	BBB- (stable outlook)
Moody’s Deutschland GmbH (“ <b>Moody’s</b> ”)	Baa3 (negative outlook)
S&P Global Ratings Europe Limited (“ <b>S&amp;P</b> ”)	BBB- (stable outlook)

Each of Fitch, Moody’s and S&P is established in the European Union and registered under the CRA Regulation.

### Share Capital

As at the date of this Base Prospectus, the share capital of the Guarantor amounts to €267,574,941 represented by 535,149,882 fully subscribed and paid shares, with a nominal value of €0.50 per share.

### Principal Shareholders

As at the date of this Base Prospectus, the principal shareholders of the Guarantor are CEPSA Holding LLC (61.5%) and Matador Bidco, S.à r.l. (“**Matador Bidco**”) (38.5%).

CEPSA Holding LLC is a limited liability company duly incorporated on 11 January 2018, existing under the laws of the United Arab Emirates. Mubadala Investment Company, PJSC (“**MIC**”) (which is itself wholly-owned by the government of Abu Dhabi in the UAE) is the ultimate indirect parent company of CEPSA Holding LLC.

Matador Bidco is a limited company established in Luxembourg, indirectly wholly owned by The Carlyle Group (“**Carlyle**”), a Full C-Corporation, managed and operated by its general partner and ultimate controlling entity, The Carlyle Group, Inc, which is in turn wholly-owned and controlled by Carlyle’s founders and other senior Carlyle professionals.

### History

For information on the history of the Guarantor and the Group, please refer to the section entitled “*Information on the Group—History*” in this Base Prospectus.

### Principal activities

For a description of the principal activities of the Guarantor and the Group, please refer to the section titled “*Information on the Group*” in this Base Prospectus.

## Management

### *Board of Directors*

The following table sets out the name and title of each member of the Board of Directors of the Guarantor as well as their principal activities performed outside the Guarantor, in each case, as at the date of this Base Prospectus.

Name	Title	Date of first appointment	Principal activities outside the Group
Mr. Musabbeh Al Kaabi	Director and Chairman	26/04/2017 <sup>(1)</sup>	<p><b>Mubadala Investment Company</b> (Chief Executive Officer, Petroleum and Petrochemicals)</p> <p><b>Mubadala Petroleum</b> (Chairman of the Board of Directors)</p> <p><b>Nova Chemicals Corporation</b> (Chairman of the Board of Directors)</p> <p><b>Dolphin Energy Limited</b> (Board member)</p> <p><b>Borealis AG</b> (Supervisory Board member)</p> <p><b>Cosmo Energy Holdings Co., Ltd.</b> (Board member)</p>
Mr. Marcel van Poecke	Director and Deputy Chairman	15/10/2019	<p><b>Carlyle International Energy Partners (CIEP)</b> (Managing Director)</p> <p><b>Andes Colombia Holding Limited</b> (Director)</p> <p><b>Assala Energy Holdings Ltd.</b> (Director)</p> <p><b>Assala Energy UK Ltd.</b> (Director)</p> <p><b>Hedging Committee (Assala)</b> (Director)</p> <p><b>Black Sea Holding Company SRL</b> (Director)</p> <p><b>BSOG Holding Activity SRL</b> (Director)</p> <p><b>COG Energy Ltd.</b> (Director)</p> <p><b>Discover Exploration B.V.</b> (Director)</p> <p><b>Discover Exploration Ltd.</b> (Director)</p> <p><b>Mazarine Energy B.V.</b> (Director)</p> <p><b>Neptune Energy Group Ltd.</b> (Director)</p> <p><b>Varo Energy B.V.</b> (Director)</p> <p><b>ONE-Dyas B.V.</b> (Chairman of Supervisory Board)</p>
Mr. Philippe Boisseau	Director and Chief Executive Officer	15/10/2019	<p><b>Assala Energy UK Ltd.</b> (Director)</p> <p><b>Enermech</b></p>

<b>Name</b>	<b>Title</b>	<b>Date of first appointment</b>	<b>Principal activities outside the Group</b>
			(Director) <b>I-Pulse Inc.</b> (Director) <b>Fundación Cepsa</b> (Chairman of the Board of Trustees)
<b>Dr. Alyazia Al Kuwaiti</b>	<b>Director</b>	<b>18/01/2016<sup>(2)</sup></b>	<b>Mubadala Investment Company PJSC</b> (Executive Director, Upstream and Integrated Business) <b>OMV Aktiengesellschaft</b> (Supervisory Board Deputy Chairwoman) <b>Mubadala Petroleum</b> (Board member)
<b>Mr. Ángel Corcóstegui</b>	<b>Director</b>	<b>01/02/2016<sup>(3)</sup></b>	<b>Magnum Industrial Partners, S.L.</b> (Founding partner)
<b>Mr. Saeed Al Mazrouei</b>	<b>Director</b>	<b>13/11/2018<sup>(4)</sup></b>	<b>Mubadala Investment Company PJSC</b> (Deputy Chief Financial Officer and Executive Director, Mergers and Acquisitions) <b>Masdar</b> (Board member)
<b>Mr. Marwan Nijmeh</b>	<b>Director</b>	<b>15/10/2019</b>	<b>Mubadala Investment Company PJSC</b> (Deputy Chief Legal Officer, Petroleum and Petrochemicals) <b>Mubadala Petroleum</b> (Board member)
<b>Dr. Bakheet Al Katheeri</b>	<b>Director</b>	<b>13/11/2018<sup>(5)</sup></b>	<b>Mubadala Petroleum</b> (Director and Chief Executive Officer) <b>Dolphin Energy Limited</b> (Chairman of the Project Review Committee) <b>Oil Search Limited</b> (Board member)
<b>Mr. Bob Maguire</b>	<b>Director</b>	<b>15/10/2019</b>	<b>Carlyle International Energy Partners (CIEP)</b> (Managing Director) <b>Assala Energy Holdings Ltd.</b>

<b>Name</b>	<b>Title</b>	<b>Date of first appointment</b>	<b>Principal activities outside the Group</b>
			(Director) <b>Assala Energy UK Ltd.</b> (Director) <b>Black Sea Holding Company SRL</b> (Director) <b>COG Energy Ltd.</b> (Director) <b>EnerMech Group Ltd.</b> (Director) <b>Mazarine Energy B.V.</b> (Director) <b>Neptune Energy Group Limited</b> (Director)
<b>Mr. Joost Dröge</b>	<b>Director</b>	<b>15/10/2019</b>	<b>Carlyle International Energy Partners (CIEP)</b> (Managing Director) <b>Lexo Energy Mauritius Ltd.</b> (Director) <b>CIEP Epoch Holdco 1 Ltd.</b> (Director) <b>Varo Energy B.V.</b> (Director)

(1) Reappointed as Director and Chairman on 15 October 2019.

(2) Reappointed on 15 October 2019.

(3) Reappointed on 15 October 2019.

(4) Reappointed on 15 October 2019.

(5) Reappointed on 15 October 2019.

### ***Executive Committee***

The following table sets out the name and title of each member of the Executive Committee (*Comité de Dirección*) of the Guarantor as well as all entities (other than the Guarantor's subsidiaries, those family-owned asset-holding companies not relevant to the Guarantor's business and non-significant stakes in listed companies) in which the members of our Executive Committee have been appointed as members of the administrative, management or supervisory bodies, in each case, as at the date of this Base Prospectus.

<b>Name</b>	<b>Title</b>	<b>Principal activities outside the Group</b>
<b>Mr. Philippe Boisseau</b>	<b>Chief Executive Officer and Senior Vice President – Trading, Gas and Power, and Renewables</b>	<b>Assala Energy UK Ltd</b> (Director) <b>Enermech</b> (Director) <b>I-Pulse Inc.</b> (Director) <b>Fundación Cepsa</b> (Chairman of the Board of Trustees)
<b>Mr. Alex Archila</b>	<b>Senior Vice President – Exploration and Production</b>	—

<b>Name</b>	<b>Title</b>	<b>Principal activities outside the Group</b>
<b>Mr. Antonio Joyanes</b>	<b>Senior Vice President – Refining</b>	—
<b>Ms. Paloma Alonso</b>	<b>Senior Vice President – Chemicals and ESG</b>	—
<b>Mr. Pierre-Yves Sachet</b>	<b>Senior Vice President – Commercial Products and Strategic Growth Services</b>	—
<b>Mr. Salvador Bonacasa</b>	<b>Chief Financial Officer and Senior Vice President – General Services</b>	—
<b>Mr. Carlos Morán</b>	<b>Senior Vice President – Human Resources</b>	—
<b>Mr. José Manuel Martínez</b>	<b>Senior Vice President – Technology and Operations Services</b>	—
<b>Mr. Ignacio Pinilla</b>	<b>General Counsel and Corporate Secretary</b>	<b>Fundación Cepsa</b> (Secretary of the Board of Trustees)

### ***Conflicts of Interest***

Pursuant to the terms of the Spanish Companies Act, the directors of the Guarantor are obliged to take the necessary measures to avoid their involvement in situations in which their interests, personal or from others, may conflict with the corporate interest and with their duties towards the Guarantor.

Due to their positions as executives of the Mubadala Group, Mr. Musabbeh Al Kaabi, Dr. Alyazia Al Kuwaiti, Mr. Saeed Al Mazrouei, Dr. Bakheet Al Katheeri and Mr. Marwan Nijmeh may be involved, at any given time, in potential conflicts of interest of a transactional nature in connection with specific decisions to be taken by the Board of Directors of the Guarantor.

Due to their positions as executives of the Carlyle Group, Mr. Marcel van Poecke, Mr. Bob Maguire and Mr. Joost Dröge may be involved, at any given time, in potential conflicts of interest of a transactional nature in connection with specific decisions to be taken by the Board of Directors of the Guarantor.

In those specific cases, the relevant directors will have to refrain from deliberating or voting on resolutions or decisions in accordance with the Guarantor’s Articles of Association, Board of Directors Regulations and the terms of the Spanish Companies Act. To the best of the Guarantor’s knowledge, as at the date of this Base Prospectus, there are no other potential conflicts, and no actual conflicts, between the particular interests of the Guarantor’s directors and the members of the Guarantor’s senior management and the interests of the Guarantor.

### **Recent Developments**

#### ***Impact of COVID-19 on our business and measures taken***

The current economic situation has no precedent in recent times and affects all companies in all sectors. Companies in the energy industry are affected by the significant drop in crude prices and the reduction of demand for refined products that comes from the lower international trade and domestic lockdown policies connected to COVID-19.

We, like every other company in the energy industry, have been affected by these market phenomena. The Spanish market has been particularly impacted, with a significant drop in energy consumption due to the lockdown. As an essential player within the Spanish energy system, we are working closely with the local and central government to guarantee the continued supply of energy to the country and support society in general and, very especially, regarding the communities closest to our activity.

To weather the crisis, we are taking a number of actions across each of our businesses and functional areas, these include:

- First and foremost, to ensure the health and safety of all of our employees, suppliers and customers, by implementing prevention measures to help halt the spread of COVID-19. For example, all possible work is done remotely: since the first days of the crisis, more than 3,500 employees have been doing it concurrently.
- In order to coordinate our efforts in respect of the current situation, several committees have been established under the umbrella and oversight of a global crisis committee. These committees address our response in different areas including personnel, facilities, operations and processes, and are in charge of identifying and analysing different scenarios, whilst searching for formulas to address the present situation and subsequent recovery.
- From an operational stand-point, we are committed to continuing with our operations to guarantee the supply of energy products and services to our customers and society at large, which is crucial in the current emergency situation, observing all instructions and guidelines issued by public authorities in each jurisdiction in which we operate. Mobility has been restricted to the bare minimum and virtually all non-essential commerce and industry has remained closed until now.
- We have also put in place several resiliency initiatives to protect our cash flow generation.

See the “*Q1 2020 results press release*” incorporated by reference to this Base Prospectus for further information.

## INFORMATION ON THE GROUP

### Overview

Since our inception as Spain's first refining company in 1929, we have developed a highly-integrated business model with a global footprint across the entire oil and gas value chain. Our activities cover exploration and production, refining, marketing and petrochemicals. With operations in 20 countries, we offer energy solutions to customers around the globe whilst remaining committed to our core values of safety, sustainability, leadership, continuous improvement and solidarity.

### History

The Guarantor (the parent company of the Group) was established in 1929 under the name Compañía Española de Petróleos, S.A. as the first private oil company in Spain. Initially operating as a refining business, we expanded into the oil and gas exploration and production, marketing and petrochemicals businesses over the following decades, entering new markets in Europe, North Africa, Latin America and South East Asia. Through a combination of organic growth and strategic acquisitions, we transformed our group into a highly-integrated oil and gas company.

Key events in our history and strategy include the following stages:

#### ***Pure Refiner (1929-1970):***

- In 1929, we established the first refinery in Spain. That same year, we signed our first agreements with distributors in Africa and Portugal.
- In 1969, we established the San Roque (Cádiz) refinery in southern Spain.

***Downstream Integration (1970-1992):*** Driven by the liberalisation of the Spanish energy market, we expanded our business towards downstream integration:

- In 1970, we launched our petrochemicals business.
- In 1980, we started our retail operations.
- In 1988, the Abu Dhabi sovereign wealth fund, International Petroleum Investment Company PJSC ("IPIC"), acquired 9.5% of our share capital.
- In 1991, we acquired the Palos (Huelva) refinery in southern Spain.

The expansion of our operations into the retail business and our third refinery completed our downstream integration, through which we expanded our operations within Spain and into new markets.

#### ***Oil and Gas Integration and Expansion (1992-2016):***

- In 1992, we made our first oil discovery in Algeria at the RKF oil field, which initiated our expansion into the E&P business.
- In 1994, we made our second oil discovery in Algeria at the Ourhoud field and consolidated our position in the E&P business and in Algeria.
- In 1994 and 2000, we expanded our petrochemicals business, launching LAB operations in Canada and Brazil, respectively.
- In 2001, we expanded our E&P activities into Latin America with our first project in Colombia.
- In 2008, we expanded our E&P assets in Colombia by acquiring the Caracara block, thereby consolidating our presence in Colombia.

- In 2011, IPIC acquired, through a takeover offer, all of our issued share capital, becoming our sole shareholder at the time.
- In 2014, we acquired Coastal Energy Company (“**Coastal Energy**”), expanding our E&P activities into Thailand and Malaysia.
- In 2015, we commenced the operation of our phenol plant in Shanghai (China).

***Global Energy Integration (2016 onwards):***

- In March 2016, we initiated a process to put in place our long-term strategy, “CEPSA 2030”.
- In January 2017, IPIC was merged with another Abu Dhabi entity, Mubadala Development Company PJSC (“**MDC**”), under a common parent company, MIC.
- In October 2017, we commenced the operation of our fatty-alcohols plant in Dumai (Indonesia).
- In 2016, we signed a global agreement with the Algerian government to extend our production rights over the RKF and Ourhoud oil fields by 25 and 10 years, respectively. The terms of the new RKF contract were agreed in January 2018 and published in the Official Gazette in October 2018. The 10-year extension of our production rights over the Ourhoud field was granted in the global agreement, and published in the Official Gazette in November 2019.
- In March 2018, a 40-year concession contract with Abu Dhabi National Oil Company (“**ADNOC**”) came into effect, acquiring a 20% stake in two world-class offshore blocks (SARB and Umm Lulu) in the territorial waters of Abu Dhabi (UAE).
- In April 2019, MIC reached an agreement with Carlyle for the sale of 30-40% of the shares in the Guarantor to Carlyle. On 15 October 2019, Matador Bidco, a full C-Corporation, managed and operated by its general partner and ultimate controlling entity, The Carlyle Group, Inc, acquired a 37% shareholding in the Guarantor.
- On 29 January 2020, our shareholders, MIC and Carlyle, agreed the transfer of an additional 1.5% of the share capital of the Guarantor from MIC to Carlyle, following which MIC and Carlyle hold indirectly 61.5% and 38.5% of the share capital of the Guarantor, respectively.

**Description of our Business**

***Overview***

We organise our business across four segments<sup>3</sup>:

*Exploration and Production.* Our exploration and production (“**E&P**”) segment engages in the exploration and development of oil and gas fields and the production of crude oil and natural gas. Our E&P assets are located in the Middle East, North Africa, Latin America, South East Asia and Spain. As at the date of this Base Prospectus, our E&P portfolio consists of 22 blocks in the exploration, development or production phases. Our net entitlement production in FY 2019 and FY 2018 amounted to approximately 76 thousand barrels of oil equivalent per day (“**kboe/d**”) and 58 kboe/d, respectively, of which approximately 95% represented crude oil in each year, with the remainder representing natural gas. As at 31 December 2019, our total 1P and 2P net reserves equalled 303 million and 444 million barrels of oil equivalent (“**MMboe**”) respectively, with a significant upside in contingent resources.

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<sup>3</sup> In addition to these segments, Corporation is reported separately.



### *Refining.*

Our Refining segment distils crude oil and transforms it into refined products for sale to market. As at the date of this Base Prospectus, our refining facilities in Spain have a total distillation capacity of approximately 489 thousand barrels per day (“**Kbbl/d**”). Through our two wholly-owned refineries with direct access to the Atlantic and the Mediterranean, we supply both the domestic and international markets.

Our Refining segment also includes a Trading unit and a G&P unit. The Trading unit is responsible for securing the requisite externally-sourced crude oil and feedstocks for the day-to-day requirements of the refining complexes, the sale of the portion of crude production we are entitled to retain under our concession agreements (“**equity crude**”) and the sale of surplus refinery products to external customers. Our G&P unit is responsible for the production of electricity and steam, and for the supply of natural gas, steam and electricity to large customers in the industrial and commercial sectors, including our own refining and petrochemical sites located in Spain.

### *Marketing.*

Our Marketing segment commercialises and offers petroleum products and non-fuel services through our network of service stations in Spain, Portugal, Andorra and Gibraltar, and our domestic and international network of agents and distributors. The Marketing segment is organised around seven business lines: retail network, liquefied petroleum gas (“**LPG**”), aviation, bunker, lubricants, asphalts and wholesale. As at 31 December 2019, we had approximately 1,800 service stations (including distributor-owned and -operated service stations) in Spain, Portugal, Morocco, Andorra, Gibraltar and Mexico (which opened on 20 November 2019), 1,090 of which also included convenience stores or supermarket shops (excluding shops operated by distributors and not franchised by CEPSA), supporting our non-fuel offering.

### *Petrochemicals.*

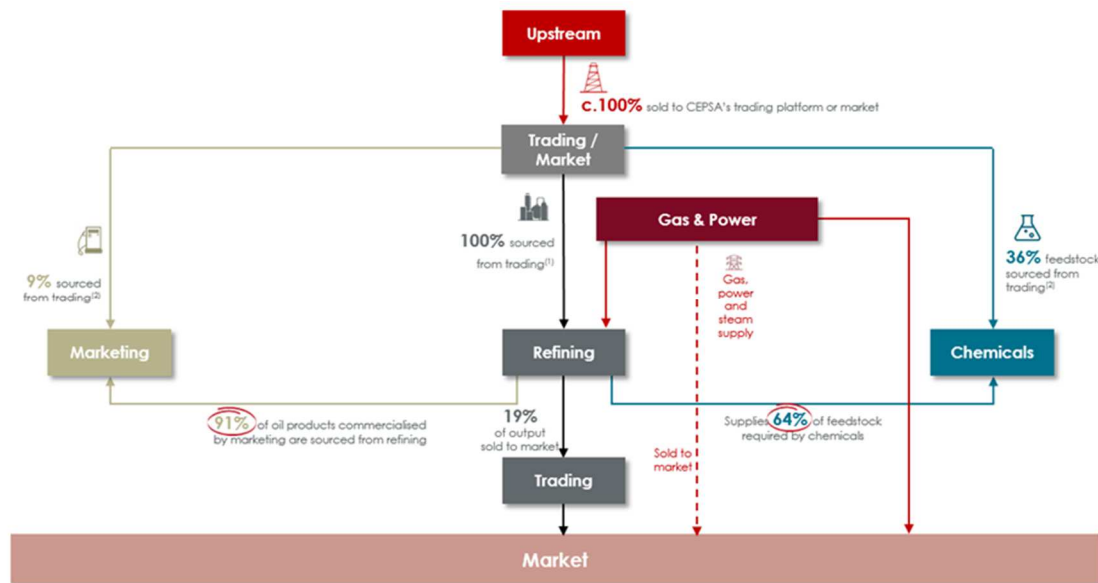
Our Petrochemicals segment manufactures and markets basic petrochemical products and their derivatives. Our petrochemical operations span seven different countries (excluding commercial offices) and are organised as follows: our surfactants business line (consisting of linear alkylbenzene (“**LAB**”), linear alkylbenzene sulfonic acid (“**LABSA**”), n-paraffin as well as fatty alcohol products, including fatty alcohols, fatty acids, glycerin and fatty alcohol derivatives), our phenol business line (consisting of phenol, cumene, acetone and derivatives) and our solvents business line.

On a consolidated basis, we had Adjusted NIAT of €610 million and €754 million for the years ended 31 December 2019 (“**FY 2019**”) and 31 December 2018 (“**FY 2018**”), and Adjusted EBITDA of €2,058 million and €1,762 million, respectively (the Adjusted EBITDA figure for 2018 has reformulated when applying IFRIC 23).

See Note 6 to the 2019 Consolidated Financial Statements and Note 6 to the 2018 Consolidated Financial Statements for a reconciliation of these APMs.

### ***Integrated business***

We operate an integrated business and the following diagram sets out the average integration levels of our business segments for FY 2019:



- (1) Represents crude oil sourced externally from the market and internally from our E&P segment (approximately 97.5% and 2.5%, respectively).  
 (2) Represents the share of refined products, feedstocks and raw materials sourced externally from the market or the trading unit.

## Exploration and Production

### Overview

Our E&P segment engages in the exploration and development of oil and gas fields and the production of crude oil and natural gas. Our E&P operations span ten countries across the Middle East, North Africa, Latin America, South East Asia and Spain, where we operate in onshore and shallow waters and partner in deep water exploration. We have increased our activities in recent years in our core regions, Abu Dhabi and Algeria, focusing on projects where our skillset can be deployed to unlock value, whilst ensuring a strong execution in our development projects. In addition, we have adapted to the new environment of moderate price levels for crude oil in recent years by optimising our costs, reducing our break-even levels, ensuring the replacement of our reserves, and strengthening our position in the regions in which we operate. We aim to maintain a resilient portfolio in a low-price scenario with a breakeven price of less than \$30/bbl, which management considers important to secure long term sustainability, mainly driven by our low cost SARB and Umm Lulu and Algerian projects. As at the date of this Base Prospectus we participate, either on a standalone basis or in consortiums and joint-ventures with other companies, in 16 oil and/or gas producing licenses.

Our production activities are concentrated in North Africa, Latin America and the Middle East, and to a lesser extent, South East Asia. We mainly enter into long-term concession agreements or PSCs with governmental authorities or state-owned oil companies, either solely or jointly with other companies. For FY 2019 and FY 2018, our daily net entitlement production reached 76 kboe/d and 58 kboe/d, of which approximately 95% in both years represented crude oil, with the remainder representing natural gas.

In FY 2019, approximately 39% of our hydrocarbon production was realised through our assets in North Africa, while our assets in Latin America and South East Asia represented 15% and 11% of our production, respectively. In FY 2019, our assets in the Middle East represented 35% of our production, an increase from the 15% share of our production in respect to FY2018, due to production at the SARB and Umm Lulu fields. Substantially all of the oil produced by our E&P segment is sold through our Trading unit to external customers.

Our exploration activities are concentrated in Latin America (Colombia, Peru, Brazil, Mexico and Suriname) and consist primarily of onshore and offshore geological and geophysical studies (including seismic surveys). As at 31 December 2019, we held interests in ten exploration projects both onshore and offshore.

The table below sets out certain key operational information regarding the E&P segment for the periods indicated:

	<u>FY 2019<sup>(1)</sup></u>	<u>FY 2018<sup>(1)</sup></u>
Net Entitlement Production ( <i>MMboe</i> )	27.9	21.3
Oil (%)	95%	95
Gas (%)	5%	5
Working Interest Production ( <i>MMboe</i> )	33.8	30.4
Oil (%)	96%	96%
Gas (%)	4%	4%
1P Net Entitlement Reserves ( <i>MMboe</i> )	302.6	330.2
Oil (%)	95	95
LPG (%)	4	4
Gas (%)	1	1
1P Reserves—Production Ratio (years)	10.8	15.5
2P Net Entitlement Reserves ( <i>MMboe</i> )	444.4	477.9
Oil (%)	94	94
LPG (%)	4	4
Gas (%)	2	2
2P Reserves—Production Ratio (years)	15.9	22.4

(1) As per internal YE2019 and YE2018 Reserves exercise, using the criteria established by SPE-PRMS.

#### *Reserves and Production*

We evaluate and categorise our hydrocarbon reserves and resources in accordance with SPE-PRMS. For an explanation of certain terms relating to hydrocarbon reserves and resources estimates, see “*Important Notices—Presentation of Hydrocarbon Data*”.

Our reserves and contingent resources are audited by a third-party independent oil and gas consultant on a biennial basis, or when required.

The following table shows certain information for our assets by geographic area for the period indicated.

	<u>1P Net Reserves</u>		<u>Net Production</u>		<u>1P Reserves / Production Ratio</u>	
	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>
	<i>(MMboe)</i>				<i>(years)</i>	
Middle East .....	212.0	225.4	9.7	1.6	22.0	140.0
North Africa .....	80.5	89.1	10.8	11.0	7.4	8.1
Latin America .....	9.7	13.2	4.3	4.7	2.2	2.8
South East Asia .....	0.4	2.5	3.1	4.0	0.1	0.6
<b>Total .....</b>	<b>302.6</b>	<b>330.2</b>	<b>27.9</b>	<b>21.3</b>	<b>10.8</b>	<b>15.5</b>

*Note: Table reflects net entitlement. FY 2018 includes the impact on reserves of the SARB and Umm Lulu Concessions acquired in March 2018 (early production was not accounted pending completion of commissioning of the facilities).*

### *Middle East*

We initiated business activities in the UAE in 2013, opening an office in Abu Dhabi that same year. Our E&P holdings in the UAE include four assets in production, two assets under development and two assets in the appraisal stage. All of our oil fields are located in Abu Dhabi's shallow waters. Our operations in the UAE are conducted through two concessions in which we have the following interests: a 12.9% indirect working interest in the Abu Dhabi Offshore Company ("ADOC") concession (through Cosmo Exploration and Production Abu Dhabi ("CEPAD")), accounted for using the equity method, and a 20% working interest in the SARB and Umm Lulu Concessions.

In March 2018, an offshore concession agreement with ADNOC came into effect, through which we were granted a 20% working interest in the SARB and Umm Lulu Concessions, two of the 20 largest developing sites in the world, in return for a U.S.\$1.5bn participation fee. Since the date of the agreement, the focus has been on starting-up production through new oil treatment facilities, ramping-up production levels and to begin marketing our crude, which started at the beginning of 2019. As at the date of this Base Prospectus, the oil is being commercialised on a regular basis and the development of both concessions is progressing in accordance with management's expectations.

### *North Africa*

We have had an E&P presence in North Africa for over 30 years. Our holdings currently include three oil fields and one gas field under production and one oil discovery under appraisal, all of which are based in Algeria. In addition, we have limited interests in certain oil and gas fields in Spain, which are included within our reserves figures for North Africa.

In 2019, we executed a 10-year extension of the Ourhoud field, which was in force as of end of 2019. This extension, in addition to the execution of the RKF contract in 2018, reaffirms our long-term partnership with Sonatrach.

### *Latin America*

We have had an E&P presence in Latin America for over 18 years, where we have assets in Colombia, Peru, Brazil, Suriname and Mexico. Our Colombia and Peru operations are focused on onshore oil exploration, production and development, while our Brazil, Suriname and Mexico operations are focused on offshore oil exploration.

### *South East Asia*

We have had an E&P presence in South East Asia since 2014, with our shallow water offshore oil production assets located in Thailand and Malaysia.

### *Ongoing Projects*

#### Abu Dhabi SARB & Umm Lulu development

In March 2018, an offshore concession agreement with ADNOC came into effect, through which we were granted a 20% working interest in the SARB and Umm Lulu Concessions in return for a U.S.\$1.5bn participation fee.

During 2019, SARB surface facilities were commissioned with the exception of the water injection system, which is expected to be commissioned during the course of 2020. The permanent surface installations of the Umm Lulu field started hydrocarbon intake in April 2020 under the commissioning phase, which we expect to be fully completed by the end of 2020. Both concessions participate in an ongoing drilling campaign in accordance with the current Field Development Plan, that is expected to last until 2024.

Production ramp-up in 2019 performed significantly better than expected allowing CEPSA to export 8.1 Mbbl Net during 2019. The SARB and Umm Lulu Concessions are set to expire in 2058.

### Algeria RKF redevelopment

In January 2018, we agreed terms for a 25-year concession agreement with Sonatrach and ALNAFT, through which we will be awarded a 49% working interest in the RKF oil field, located in the Berkine basin in Algeria. This project entails the significant redevelopment of a mature oil field after 19 years in production with the objective of increasing crude production significantly and, for the first time, the production of LPG through the application of hydrocarbon recovery techniques not previously used at this field. This project also entails doubling the number of existing development wells and the construction of a new processing plant with a production capacity of 24 Kbbbl/d of crude oil and 10 Kbbbl/d of LPG. We currently expect to realise the additional production from the redevelopment in 2023. The concession agreement, which came into force in October 2018 after publication in the Official Gazette, is set to expire in 2043.

In July 2019, the RKF Group was established by Sonatrach and Cepsa Algeria for the redevelopment and exploitation of the Rhourde el Krouf (RKF) site. Throughout 2019, the BED (Basic Engineering Design) and FEED contract (Front-end engineering design) was carried out launching the call for tender for the EPC (Engineering, Procurement and Construction) in December 2019. The preparation works for the drilling campaign were completed during 2019 and activities on site started in February 2020 however, the impact of the global spread of COVID-19 during March 2020 on the free movement of personnel internationally and in Algeria, has led to the suspension of the RKF drilling campaign. Although this drilling campaign is not in the critical path to reach first oil as had been planned, there is currently uncertainty on when this drilling campaign will be resumed. As of the date of this Base Prospectus, we are working with our partner Sonatrach to agree on the conditions that would allow for this in the safest and most efficient way possible.

### **Refining**

#### *Overview*

Our Refining segment distils crude oil into refined products for sale to market. Our refineries are highly integrated with our other business segments, providing, among other products, fuels, LPG, lubricants and biofuels to our Marketing segment, and feedstock for our Petrochemicals segment, which enables us to pursue operational efficiencies and optimise margins across the value chain; we also sell certain refined products to other oil companies and companies in the chemicals industry. The Refining segment also includes a Trading unit, which, among other activities, secures crude oil and feedstocks for the day-to-day requirements of our refineries, and a G&P unit, which produces electricity and supplies natural gas, electricity and steam to our refining and petrochemical sites in Spain, as well as to large customers in the industrial and commercial sectors in Spain, and natural gas to customers in Portugal.

We own and operate two principal refineries in Spain (the San Roque (Cádiz) refinery and the Palos (Huelva) refinery) which, together with our 50% interest in the ASESAs asphalt refinery in Tarragona, accounted for approximately 32% of the total refining capacity in Spain as at 31 December 2019, making us the second largest refiner in Spain in terms of total refining production capacity as at that date (*source: AOP (Asociación Española de Productos Petrolíferos)*), and from which we supply the Spanish and international markets.

The San Roque (Cádiz) refinery, which has a capacity approximately 252 Kbbbl/d, is our most complex refinery, with a Nelson Complexity Index (“NCI”) rating of 9.0 and a middle distillate yield of approximately 46% (by weight) as at 31 December 2019. The NCI is a methodology used to measure the secondary conversion capacity of a refinery relative to the primary distillation capacity, assigning a complexity factor to each major refinery unit based on its cost and complexity in comparison with crude distillation, which is given a complexity factor of 1.0. These complexity factors take into account not only the relative cost of a refinery unit but also its value-accretion potential. Our San Roque (Cádiz) refinery also ranked in the top quartile in terms of survivability (costs to produce transportation fuels), market competitiveness (profitability and process utilisation) and operational efficiency (operational availability, energy, maintenance and other indicators) according to the Solomon Index for Western Europe (2016) (this is a benchmarking study that ranks the processes of participating refineries to examine their competitive position among various process categories developed by Solomon Associates, an industry body).

The Palos (Huelva) refinery, which has a capacity approximately 222 Kbb/d, has an NCI rating of 8.5 and a middle distillate yield of approximately 58% (by weight) as at 31 December 2019. Our Palos (Huelva) refinery also ranked in the top quartile in terms of survivability (costs to produce transportation fuels), market competitiveness (profitability and process utilisation) and operational efficiency (operational availability, maintenance and other indicators) according to the Solomon Index for Western Europe (2016).

We also have a 50% interest in the ASESAs asphalt refinery in Tarragona, Spain (with the remaining 50% interest being held by Repsol), which has a total refining production capacity of approximately 30 Kbb/d, and a 100% interest in large storage terminals located in the Canary Islands (Santa Cruz de Tenerife and Las Palmas), as well as other storage units located around Spain, the majority of which we lease under a storage and distribution contract with CLH. As at 31 December 2019, our refineries had a total crude distillation capacity of approximately 489 Kbb/d, the same capacity as at 31 December 2018.

Our refineries had a total distillation production of 21.5 Mt and 21.8 Mt in FY 2019 and FY 2018, respectively.

The following table sets out certain operational information regarding our Refining segment for the periods indicated, including our 50% interest in ASESAs asphalt refinery in Tarragona (Spain):

	<b>Fiscal Year</b>	
	<b>2019</b>	<b>2018</b>
Refining margin ( <i>U.S.\$/bbl</i> ) .....	4.3	6.1
Distillation production ( <i>Mt</i> ).....	21.5	21.8
Total capacity ( <i>Kbbl/d</i> ).....	489	489
Average utilisation rate (%).....	89	91

### *Refining Operations*

Our refining operations address the multi-stage process of converting crude oil (i.e., the feedstock), into a variety, or slate, of finished petroleum-derivative products. While the process chain differs depending on the configuration of each refinery, the general process of crude oil distillation can be summarised as follows:

- The crude oil feedstock is heated in distillation units to approximately 350 degrees Celsius and separated into hydrocarbons with distinct molecular structures through a process of progressive evaporation and condensation, through which gas, primary gasoline, kerosene, diesel and heavy fuel are separated and obtained.
- To meet commercial specifications and applicable environmental standards, the products of direct distillation are passed through a series of conversion and treatment units that alter their molecular characteristics to obtain products that comply with mandatory or contractual specifications (such as sulfur content and density) and/or attract a higher value in the market. These conversion and treatment units typically operate at high temperatures and pressure levels, or with advanced catalysts that accelerate chemical reactions.
- Mixing or blending concludes the crude oil processing process. In this step, the various hydrocarbons resulting from the earlier parts of the refining process are blended together and/or mixed with additives and processed into on-specification finished products.
- While the production of fuels such as diesel, fuel oil, gasoline, jet fuel and LPG, is the primary function of a refinery, products that are valuable for the petrochemical industry can also be produced, such as light olefins, naphtha and aromatics.

In FY 2019, our total refinery production of Gas Oil was 8.8 Mt; Fuel Oil, 2.8 Mt; Gasoline, 2.3 Mt; Kerosene/Jet fuel, 2.4 Mt; Naphtha, 1.4 Mt; LPG, 0.8 Mt; and other products (including asphalts, aromatics, lubricants and VGO), 3.0 Mt.

## Trading

Our Refining segment also includes a Trading unit, which is responsible for securing the requisite externally-sourced crude oil and feedstocks for the day-to-day requirements of the refining complexes as well as the sale of surplus refined petroleum products to external customers to the extent not sold through any of our other segments. Such external customers principally include international companies, including large corporations with refining and trading activities, refineries, traders as well as local distributors in certain countries. The Trading unit also manages sales of the crude oil we extract, supplies the Refining segment with externally-sourced crude oil and feedstocks, and engages in asset-backed proprietary trading activities in crude oil and intermediary products.

In supplying the refinery complexes, the Trading unit imports crude oil from 20 different countries, the majority of which is sourced from West Africa and the Arabian Gulf. In FY 2019, the Trading unit supplied approximately 150 MMbbl of crude oil to our refineries, of which approximately 2.5% was sourced from our E&P segment. In FY 2019, our Trading unit supplied a total of 4.3 Mt of products to our business segments (principally to our refineries and terminals) and exported a total of 4.1 Mt of our refined products to external customers. Apart from the crude oil supplied to our refineries, we do not sell crude oil to the Spanish domestic market.

## Gas & Power

The Refining segment also includes the G&P unit, which is responsible for the supply of natural gas, electricity and steam to large customers in the industrial and commercial sectors, including our own refining and petrochemical sites located in Spain. The G&P unit is active in various stages of the gas and power value chain and its activities principally comprise natural gas commercialisation to end users in the industrial and commercial sectors, including refineries and heavy industry, as well as power and steam generation and sales to medium and large clients.

The following table sets out certain operational information for the G&P unit:

	Fiscal Year	
	2019	2018
Total energy production capacity (MW) <sup>(1)</sup> .....	700	672
Gas sales (TWh).....	33.1	30.0
Power Sales (TWh).....	3.6	2.2

<sup>(1)</sup> Excludes 39 MW generation capacity of the Cotesa plant in Tenerife which is currently not in use and is expected to remain idle.

## Gas supply and logistics

We sourced approximately 3.4 billion m<sup>3</sup> (or 33.6 TWh) of natural gas in FY 2019, approximately 48% of which was supplied through the Medgaz pipeline, which transports natural gas from Beni Saf on the Algerian coast to Almeria in Spain, with the remainder of our requirements being supplied by liquefied natural gas (“LNG”) cargo ships.

Since it began operations in April 2011, the Medgaz pipeline has successfully transported all of its contracted natural gas without any major availability restrictions.

As part of the agreement for the acquisition of shares of the Guarantor between MIC and Carlyle, the Guarantor distributed its 42% stake in Medgaz to Mubadala as a dividend-in-kind. Commercial operations have not been affected, as the Guarantor maintains the annual transport right of 1.6 billion m<sup>3</sup>, which represents 20% of the gas pipeline capacity pursuant to our long-term “ship-or-pay” agreement. See “*Information on the Group–History–Global Energy Integration (2016 onwards)*” above for more information.

CEPSA Gas Comercializadora, S.A. (“CGC”), in which the Guarantor holds a 70% stake, supplies natural gas to our refineries and petrochemical plants, and sells to large customers in the industrial and commercial sectors. Of the total 3.4 billion m<sup>3</sup> of natural gas sourced by CGC in FY 2019, approximately 56% was distributed to our facilities, with the balance being sold to third-party customers.

## Power generation

We have dedicated power plants located near our main production centres in Palos (Huelva) and San Roque (Cádiz) to ensure reliable supplies of electricity and steam for our operations, including seven high-efficiency cogeneration plants and one combined cycle gas turbine (“**CCGT**”). Our total power generation capacity amounted to approximately 700 MW as at 31 December 2019, of which 282 MW related to our cogeneration plants, 389 MW related to our CCGT plant, which also supplies steam to our San Roque Refinery and power to the market, and 29 MW related to our wind farm in Jerez de la Frontera (Cádiz) which contributes to the avoidance of the emission of 32 Kt of greenhouse gas emissions on a yearly basis. In FY 2019 and FY 2018, our total power sales reached 3.6 TWh and 2.2 TWh, respectively.

We sell all of the power generated by these plants in the Iberian wholesale market, with the exception of the power generated at the Gega II facility (comprising 6% of our total production capacity) which is routed to our San Roque (Cádiz) refinery.

Our wholly-owned subsidiary, CEPSA Gas y Electricidad, S.A.U. (“**CGE**”) supplies 1.5 TWh of electricity per year to end users in the wholesale market. All of the energy supplied by CGE is considered under the relevant Spanish regulations to have been produced from renewable sources, pursuant to the EU “Guarantees of Origins” scheme.

Our gas and power unit is also responsible for renewable project development, mainly focusing on on-shore wind and solar photovoltaic (“**PV**”) projects. As at the date of this Base Prospectus, we own and operate a 28.8 MW wind farm, and management is aiming to grow our renewable portfolio through wind and PV solar technologies, with a plan to develop a capacity of approximately 1,000 MW in the next four to five years.

## *Ongoing Projects*

### Optimisation plan

We launched our optimisation plan in two phases, the first phase being launched in 2012 (Refining Optimisation Plan or “**ROP**”) and the second in 2015 (Continuous Refining Optimisation Plan or “**CROP**”), with the aim of increasing the efficiency and competitiveness of our refineries and redesigning our product portfolio. As at FY 2019, we had approved more than 100 projects to be implemented, with the final projects to be completed by 2022.

### Adaptation to IMO regulation

Recent regulatory changes have resulted in increased demand for lighter products and lower carbon fuels. For example, as from 1 January 2020, pursuant to IMO 2020, bunker fuel used for shipping must have a sulphur content no greater than 0.5% (alternatively, ships must install a scrubbing technology to clean exhaust fumes).

We have adapted our products portfolio to comply with IMO regulation with minor investments to address the modification of our purchased crude slate, adjustment to our fabrication plans and redistribution of usage of our fuel oil storage tanks.

## **Marketing**

### *Overview*

Our Marketing segment engages in the retail and wholesale distribution of refined petroleum products through various sales channels, including our network of service stations in Spain, Portugal, Mexico, Morocco, Andorra and Gibraltar, and our domestic and international network of agents and distributors (we operate through 37 gasoil warehouses, two lubricant plants, six asphalt storage units, ten LPG storage and bottling plants, one biofuel plant, four storage facilities, and bunkers and airport facilities).

The Marketing segment consists of our retail operations (comprising our fuel and non-fuel offering at our service stations) and our commercial operations (comprising six divisions: LPG, automotive and aviation fuels, bunker fuels, lubricants, asphalt and wholesale). On average between the year ended 31 December



2015 (“FY 2015”) and FY 2019, retail and LPG were the two largest contributors to Marketing segment Adjusted EBITDA, with retail reflecting approximately half and LPG reflecting approximately one-quarter of Marketing segment Adjusted EBITDA, respectively. In FY 2019, approximately 91% of the petroleum products sold through our marketing unit were sourced from our Refining segment.

As at 31 December 2019, we had 1,819 service stations (including distributor owned and operated service stations), supported by a strong non-fuel offering through the operation of 1,090 forecourt shops and convenience stores (including 423 Carrefour Express stores) in our service stations (excluding shops operated by distributors and not franchised by the Guarantor). In 2018, CEPSA had the second largest network in Spain by number of service stations, with a 13% market share (*source: AOP (Asociación Española de Operadores de Productos Petrolíferos)*).

We have loyalty programs, with partnerships with a range of brands, and as at 31 December 2019, we had 4.7 million cards with at least one transaction in the last 12 months, of which 4.1 million were private customer cards and 635 thousand were professional cards used by vocational drivers (such as heavy goods vehicle drivers).

The following table sets out certain operational information regarding the Marketing segment:

	<b>Fiscal Year</b>	
	<b>2019</b>	<b>2018</b>
Service stations <sup>(1)</sup> (number) .....	1,819	1,799
Sales volume (Kt) .....	20,7	21,9

<sup>(1)</sup> Includes service stations owned and/or operated by distributors.

#### Retail Operations

The following table sets out certain information regarding our retail division operations:

	<b>Fiscal Year</b>	
	<b>2019</b>	<b>2018</b>
Number of service stations .....	1,819	1,799
Spain .....	1,522	1,521
Portugal .....	263	257
Andorra .....	15	15
Gibraltar .....	6	6
Morocco .....	12	0
Mexico .....	1	0
Number of forecourt shops and convenience stores <sup>(1)</sup> .....	1,090	1,057
Spain .....	1,014	983
Portugal .....	76	74

*Note: Unless indicated otherwise, figures include the service stations owned and/or operated by distributors.*

<sup>(1)</sup> Excludes shops operated by distributors and not franchised by CEPSA.

We sell CEPSA-branded fuel through our network of service stations in the Iberian Peninsula, Canary Islands and Morocco (including distributor owned and operated service stations) for both passenger cars and the professional segment, such as heavy goods vehicles. We pursue a multi-focus strategy for service station ownership and operations, classifying our network into four categories:

- Company-owned, Company-operated (“CoCo”) sites, typically located on high density roads and in cities, comprised approximately 24% of our portfolio as at 31 December 2019;
- Company-owned, Distributor-operated (“CoDo”) sites, typically located on secondary roads and in towns. CoDos are operated pursuant to industry lease agreements, which typically have a term of five years, comprised approximately 27% of our portfolio as at 31 December 2019;

- Distributor-owned, Company-operated (“**DoCo**”) sites, typically located on toll motorways and in cities. DoCos are operated pursuant to lease agreements, which typically have a term of 10 years, extendable at our request; comprised approximately 18% of our portfolio as at 31 December 2019; and
- Distributor-owned, Distributor-operated (“**DoDo**”) sites, typically located on secondary roads and in urban areas. DoDos are operated pursuant to exclusive supply agreements, which typically have a term of three years, although distributors may terminate the agreement each year, comprised approximately 30% of our portfolio as at 31 December 2019.

In recent years, we have also focused on improving the non-fuel offering of our service stations, mainly the operation of convenience stores, car wash services and other non-oil business.

### *Commercial Operations*

Our commercial operations comprise the sale of automotive LPG, residential natural gas and electricity, aviation fuels, bunker, lubricants and asphalt, as well as wholesale offerings of motor and other fuels in bulk to final customers.

#### LPG

Our LPG division includes the sale of butane, propane and automotive LPG in Spain and Portugal. In 2019, we had over 2.5 million bottled LPG customers. In Portugal, the sale price of bottled LPG is unregulated. In Spain, the sale price for bottled LPG is regulated for bottles weighing more than 11 kilograms, but due to our bottles weighing less than this threshold, the sales price for our bottled LPG is not regulated (except in Ceuta and Melilla).

#### Aviation

Our aviation division consists of the sale of jet fuel to airline companies, air forces and other operators. We have presence in all main Spanish airports as well as two military air bases and sell aviation fuel to the ten largest airline companies operating in Spain, including among others IAG, the holding company of Iberia Airlines and British Airways.

#### Bunker

Bunkering is the supply of fuel oil for use by ships in a seaport as well as offshore. We have been active in the bunker market for more than 80 years, and in 2019 had a market share in Spain of 49% (*source: puertos del estado*). Our bunker division currently supplies bunker fuels at the main Spanish ports (principally in the Strait of Gibraltar and the Canary Islands). Throughout the course of 2019, the bunker division worked together with our other business units to successfully ensure compliance with the IMO 2020 regulation, as described above, which came into force on 1 January 2020.

#### Lubricants

Our lubricants division produces, blends, packages, stores and sells several oil products, as described below. We produce our lubricants in the San Roque (Cádiz) blending plant and coolants in the Paterna plant (*Comunidad Valenciana*). Our product portfolio includes base oils (which are sold to external customers engaging in the production of lubricants and rubber), lubricants (which are sold to external customers in the automotive, marine and industrial sectors), paraffin (used in the production of foodstuff packaging as well as in the healthcare and pharmaceutical industries) and blending services to third parties.

#### Asphalt

Our asphalt division is involved in both primary and secondary distribution of bitumen in Spain, France and Portugal. Our asphalt division operates six plants located on the Iberian Peninsula, as well as our Palos (Huelva) refinery and the ASES refinery, which provide a platform for exporting asphalt to North and West Africa. Our principal customers for asphalt include large Spanish, French and Portuguese construction companies, as well as exports to local producers and international traders.

## Wholesale

Our wholesale division involves the sale of motor and other fuels in bulk to final customers. Our products include diesel (automotive, agricultural, heating and electrical), gasoline and fuel oil as well as Biofuels. Our main customers include final bulk customers (transport fleets, residential associations and cooperatives), unbranded networks, fishing ports and operators who are authorised under the relevant Spanish regulations to engage in the wholesale distribution of fuels and petroleum fuels.

## *Ongoing Projects*

### CEPSA Hogar

In January 2018, we launched CEPSA Hogar, which provides clients with an integrated domestic energy offer (including power, natural gas, LPG and domestic maintenance services) coupled with fuel discounts at our retail network.

### Responding to new trends

In July 2018, we signed a 10-year collaboration agreement with IONITY, a network formed by the BMW Group, Daimler AG, Ford Motor Company, and the Volkswagen Group with Audi and Porsche, for the installation of high-performance electric charging points at our service stations in Spain and Portugal. As a result, IONITY plans to install up to 100 charging points at our service stations, with the first ultra-fast charging point located in Pallejà (Barcelona). In addition, we are currently analysing partnerships with OEMs, car-sharing companies and other mobility providers to respond to such changes as well as future changes to the heavy-duty vehicle fuel market, where LPG or LNG could prove to be a viable alternative fuel for trucks running international or long-haul routes.

In June 2019, we signed an agreement with Redexis Gas, S.A., to create the largest network of refuelling stations for Natural Gas Vehicles (NGV) in Spain, with the aim of expanding the supply of energy solutions and promoting sustainable mobility. Both CEPSA and Redexis are together working towards providing Spain with a national network of natural gas refuelling infrastructure for light and heavy vehicles, easily accessible and with service times similar to those of refuelling traditional vehicles, the first service station having been opened in March 2020.

## ***Petrochemicals***

Our Petrochemicals segment comprises a large global petrochemical platform with operations spanning seven different countries (excluding commercial offices). We manufacture and market basic petrochemical products and their derivatives that have a multitude of applications, including in the production of detergents and personal care products, as well as in the manufacture of resins, electronic components, insecticides, synthetic fibres, pharmaceutical products and solvents.

The Petrochemicals segment consists of three main business lines: our surfactants business line, which manufactures LAB and fatty alcohol products and their derivatives; the phenol business line, which manufactures phenol, cumene and acetone and their derivatives; and the solvents business line, consisting of the sale of a variety of products produced by our Refining segment, including oxygenated compounds, aromatics, aliphatics and white spirits, as well as the production of dearomatised solvents. By production capacity in FY 2019, we had the highest LAB capacity globally (*source: Colin A. Houston & Associates*) and the second highest phenol capacity globally (*source: IHS Markit*).

In FY 2019, 64% of our petrochemicals production was processed from feedstock provided by our Refining segment, with the balance being purchased from external sources and our Trading unit. In addition, our fatty alcohols production is integrated as the raw material for its production (i.e., palm kernel oil) is supplied by our joint venture partner, Golden Agri-Resources Ltd (“GAR”), to our plant in Indonesia, which, in turn, supplies fatty alcohols to our sulfation plant in Germany.

Our Petrochemicals segment is a leader in technology for the production of LAB through our development of DETAL technology in the 1990s with UOP. This technology is designed to increase LAB production efficiency, including reducing the consumption of raw materials and energy as well as reducing emissions levels.

The following table sets out our Petrochemicals segment sales volumes for the periods indicated:

	<b>Fiscal Year</b>	
	<b>2019</b>	<b>2018</b>
	(Mt)	
Surfactants <sup>(1)</sup> .....	0.7	0.6
Phenols and derivatives .....	1.6	1.7
Solvents .....	0.6	0.6
<b>Total sales volumes</b> .....	<b>2.9</b>	<b>2.9</b>

<sup>(1)</sup> Excludes alcohol sales (this business line is accounted for using the equity method).

### Surfactants

Our surfactants business line comprised over half of our average Petrochemicals Adjusted EBITDA between FY 2015 and FY 2019. Our surfactant plants are located in Spain, Canada, Brazil, Germany and Indonesia and produce a wide range of products including, among others, n-paraffin, LAB, LABSA, fatty alcohols, fatty acids, glycerin and fatty alcohol derivatives. Additionally, we have a 30% interest in a sulfation company, CSCChem Limited, which has plants in Nigeria.

The main products we manufacture are LAB and fatty alcohols:

- **LAB:** LAB is used in the production of household and industrial detergents and, ultimately, in consumer goods. Our LAB plants in Spain, Canada and Brazil have a total annual capacity of 570 Kt. The plants located in Spain and Canada are wholly owned by CEPSA, and we hold a 71% stake in the Brazilian plant, with the remainder being held by Petróleo Brasileiro S.A.
- **Fatty alcohols:** Fatty alcohols derivatives are also used for detergent production, as well as for the manufacture of personal care products. We have a 50% stake in two plants located in Indonesia and Germany through a joint venture with GAR, which is accounted for using the equity method. Our total annual production capacity of fatty alcohols is 160 Kt (excluding fatty acids, glycerin and fatty alcohol derivatives).

### Phenols

Our phenols business line comprised the second-largest portion of our average Petrochemicals Adjusted EBITDA between FY 2015 and FY 2019. Our phenol plants are located in Spain and China and produce a wide range of products including phenol, acetone, cumene and their derivatives. Phenol and acetone can be used to make a range of synthetic compounds, which, in turn, are used in electronic devices, engineering plastics, resins and coatings, among other uses. Of these synthetic compounds, our market focus is on BPA (bisphenol A), which is used to produce polycarbonates and epoxy resins. We have a 75% stake in our Shanghai plant, with the remaining 25% being held by Sumitomo Corporation. Our plants have a combined annual phenol production capacity of more than 900 Kt.

### Solvents

Our solvents business line comprised the smallest portion of our average Petrochemicals Adjusted EBITDA between FY 2015 and FY 2019. Solvents are used in adhesives, resins, herbicides, inks and paints, among other applications. Our solvents are produced in our San Roque (Cádiz) and Palos (Huelva) refineries and we are the leading producer of solvents in terms of volume the Iberian Peninsula. In addition, we have distribution businesses in the UK and Italy, where we have a significant position. Our Petrochemicals segment also produces dearomatised solvents at our Puente Mayorga plant located near our San Roque (Cádiz) refinery. Our refineries have a combined production capacity of 1,263 Kt of basic chemicals mainly aromatic solvents.

## *Ongoing Projects*

### Integrated LAB complex (Abu Dhabi, UAE)

In May 2018, we signed a project development agreement with ADNOC, with the aim of creating a 50/50 joint venture to design, construct, own and operate an integrated LAB complex in East Ruwais, Abu Dhabi. The integrated LAB complex, would have had an annual LAB production capacity of more than 150 Kt and an annual n-paraffin capacity of 225 Kt. In November 2019, in response to unfavourable market conditions, we agreed a delay in the development with ADNOC.

### Revamp of LAB facilities (Puente Mayorga, Spain)

We are in the process of implementing a project to revamp our LAB plant in Puente Mayorga (Spain). This project aims to improve our product quality and the long-term sustainability of the plant, expand the plant's production capacity and to convert the plant to utilise our DETAL technology, a leading and widely-adopted technology globally. In terms of capacity expansion, we expect to increase our annual LAB production capacity by more than 50 Kt, which will enable us to target growth markets in the Mediterranean and Africa. The current project timeline anticipates the conversion of the plant in either the last quarter of 2020 or first quarter of 2021, depending on several factors including evolution of the COVID-19 global pandemic.

### CCS Optimisation Plan (Shanghai, China)

We are implementing a project to optimise the production of our phenol plant in China to address growing demand in the region. Once completed, we expect the annual phenol production capacity of the plant will increase by approximately 75 Kt, bringing the total phenol capacity in China to approximately 375 Kt. We currently expect to realise the additional production capacity from this project in the second quarter of 2022.

### Other

In addition to the ongoing projects listed above, as at the date of this Base Prospectus we are studying projects aimed at providing additional value through downstream integration in our value chains.

## **Technology and Engineering**

As part of our focus on increasing competitiveness, optimising our processes and improving the efficiency and quality of our products, we have a dedicated technology division responsible for our research and development activities (led by a team composed of approximately 85 professionals focused on technology research and development for the implementation of new catalysts, processes and products aimed at assuring that we use state-of-the-art oil and gas technologies), and execution of new projects (led by the project management team composed of approximately 75 engineers who are responsible for the critical decisions of our project execution processes, managing all engineering, procurement and construction decisions).

In 2019, the IPA (Independent Project Analysis) organisation carried out an audit and benchmarking exercise, and we were ranked in the top quartile for project execution practices in the oil and gas industry. The division dedicates an average of 275,000 hours per year to project supervision across engineering, project management and construction activities and, in the two years prior to the date of this Base Prospectus, we have successfully implemented approximately 15 new projects across our production facilities.

## **Health, Safety, Security, Environmental Protection and Quality (HSSEQ)**

We are subject to a broad range of laws and regulations with respect to the protection of the environment and employee health and safety in the countries in which we operate. In addition to laws and regulations, there is also an increasingly high expectation and demand from society and the marketplace to improve health, safety, security, environmental protection and quality (“**HSSEQ**”) standards. We view occupational health, workplace safety, process safety, security, asset integrity and effective environmental protection as essential for all our operations and we manage these matters through a comprehensive policy that addresses both individuals and operations and products. This involves a commitment as part of our day-to-day

activities, risk analysis and process and product change management, in addition to the involvement of all our employees in their prevention.

Wherever we operate, we seek to decrease risks by reducing accident rates and possible consequences to a minimum. This involves ensuring that facilities are well designed, safely run and appropriately maintained. We address all these aspects in our HSSEQ policy, in which we set our corresponding objectives for the year, with a special emphasis on training as a means of improving health and safety.

### **Environmental Matters**

Our efforts in respect of certain environmental issues include, among other things, an audit of the impact of our businesses, products and services on the environment through the use of an integrated Environmental Management System (“EMS”) and the disclosure of our environmental impact under the Carbon Disclosure Project. We also actively measure and manage our energy and water consumption, GHG and atmospheric emissions, and the waste produced by our operations. We have also implemented measures to protect the marine environment, in accordance with our pollution prevention strategy, and aim to protect biodiversity and minimise our impact on the environment (projects we are planning on developing being preceded by environmental impact and risk assessment studies). Lastly, we have embraced process safety as an overarching policy in respect of our employees, customers and the environment. Within each of our business segments, we set targets and minimum compliance criteria for all of our employees, enabling us to meet our commitments under our HSSEQ policy.

### **Research and Development**

Our research and development (“R&D”) department is comprised of various divisions, aiming to strengthen our role as a leader in technological innovation in the energy sector. Through our R&D department, we aim to develop new technologies to increase our business value, and also identify, analyse and implement the most advanced technologies to improve our existing projects and uncover new business opportunities. In addition, we conduct in depth analyses, evaluations and preparation of our economic models with respect to, among others, our joint ventures and M&A projects, and also analyse third-party technological solutions and their possible implementation in our processes and operations. Our R&D department employs approximately 80 employees, with a fixed-cost budget of over €8 million per year in addition to an investment budget of more than €10 million per year, which is used to acquire state-of-the-art equipment and for the development of specific projects.

### **Corporate and Social Responsibility**

As at the date of this Base Prospectus, we are finalising a new Corporate Responsibility and Reputation Master Plan for the period 2020-2022, which acts as the roadmap that allows us to advance in our strategy as a responsible and sustainable company by responding, in a structured and coherent way, to the expectations of our stakeholders regarding our management of environmental, social and governance (ESG) concerns. It also incorporates our approach to sustainability at a global and local level, our commitments to achieve the United Nations Sustainable Development Goals, and the integration of reputation management.

### **Employees, Diversity and Culture**

We pursue a defined strategy with respect to our employees promoting an integrated culture, embracing diversity in all its dimensions and enhancing diverse talent in the organisation. In accordance with our values, culture and strategy, we also seek to provide continuous training to our professionals based on job requirements and leadership needs, managing their career development, individually evaluating their performance and measuring and creating an optimal work environment at all our offices and units.

As at 31 December 2019, we had 10,185 employees.

### **Legal Proceedings**

At any given time, the Guarantor and its subsidiaries may be party to litigation or subject to non-litigated claims arising out of the normal operations of our global business. The material legal proceedings outstanding or categories thereof as of the date of this Base Prospectus are described below. These are

classified into: (i) civil proceedings; (ii) criminal proceedings; (iii) tax proceedings; (iv) competition law proceedings; and (v) employment proceedings.

If any of our material legal proceedings are not resolved in our favour, it may have a material adverse effect on our business, financial condition, results of operations and prospects. See “*Risk Factors—We are exposed to litigation and arbitration*”.

### ***Civil Proceedings***

For the year ended 31 December 2019, accrued provisions related to civil proceedings amounted to €9.3 million. A brief description of the material civil proceedings to which the Guarantor is a party is provided below:

#### *Claim for damages due to termination of contract*

In December 2014, an underwater services contractor filed a lawsuit against the Guarantor and one of its Spanish subsidiaries. The plaintiff claims €14 million in compensation for damages arising from the termination of an underwater services contract at the Palos (Huelva) Refinery. On 5 June 2018, the First Instance Court hearing the case dismissed the lawsuit. The plaintiff appealed this judgment on 3 July 2018 and on 3 April 2019 the Madrid Court of Appeal dismissed the case against the Guarantor and its subsidiary, however the plaintiff has now appealed this ruling before the Supreme Court.

#### *Disputes relating to Cepsa Comercial Petróleo, S.A.U.*

The following civil proceedings were initiated against the Guarantor’s wholly-owned subsidiary, Cepsa Comercial Petróleo, S.A.U. (“CCP”) in connection with our gas service stations. The total damages in those civil proceedings where specific compensation for damages has been claimed from CCP as at the date of this Base Prospectus amounts to €31.6 million.

Several owners (of either the property or the service station) and/or operators of service stations have filed lawsuits against CCP in Spain. The plaintiffs request that their contractual relationships with CCP be rendered null and void, alleging breach of competition rules, and seek compensatory damages, in many cases for an unspecified amount. There are currently six open legal proceedings of this type filed by service station operators (five of which do not provide a figure for damages) and thirteen filed by property owners.

Out of the six lawsuits filed by service station operators, CCP obtained a favourable judgment in the first instance and at appeal in four cases, three of which are currently subject to judgement by the Supreme Court. The remaining two cases remain outstanding in the first instance.

Of the thirteen lawsuits filed by property owners:

- (i) in one case, on 20 September 2018, the Spanish Supreme Court handed down a decision which: a) declares the contractual relationships null and void; and b) rejects the remaining claims, including the compensation sought (meaning that the plaintiffs will need to open a new proceeding for financial settlement);
- (ii) in three other cases, the Provincial Court of Madrid: (i) in relation to one of these cases, in November 2016, handed down a sentence in favor of CCP, which was appealed by the plaintiffs before the Supreme Court in January 2017; (ii) in relation to the two other cases, in each of September 2018 and December 2019, handed down a judgement declaring the relevant contractual relationships null and void, and rejected the remaining claims, including the compensation sought. CCP has appealed the judgement of each of these cases before the Supreme Court;
- (iii) in two other cases, in January 2020 and February 2020, the plaintiffs obtained a favourable ruling in the first instance, the contractual relationship being declared null and void with an award of damages (i) before the Court of Palma de Mallorca, requiring CCP to pay damages of €8.3 million; and (ii) before the Court of Madrid, requiring CCP to pay damages of €2 million. CCP has appealed each of these judgements before the Provincial Court; and

- (iv) the remaining seven cases are awaiting judgment in the first instance (of these seven cases, damages have been quantified in five of them, amounting to approximately €13 million).

The Spanish Supreme Court rendered three judgments in connection with lawsuits of a similar nature, filed against Repsol, S.A. These judgments (of 7 February 2018, 8 March 2018 and 10 May 2018) apply the doctrine of the judgment of the European Court of Justice of 23 November 2017 which: (i) declare the contractual relationships in each dispute null and void; and (ii) reject the remaining claims, including the compensation sought (meaning that the plaintiffs will need to open a new proceeding for financial settlement).

The outcome of our most recent appeals mentioned above is similar to this recent jurisprudence involving Repsol, S.A. These judgments could: (i) lead the Supreme Court to rule the same way in respect of the claims against CCP; and (ii) lead to an increase in litigation against CCP for these same arguments by other services station operators or property owners.

In February 2014, the owner of a service station filed a lawsuit against CCP in Madrid for breach of contract, requesting €7 million in damages. In May 2016, the first instance court rendered a judgment, ordering CCP to pay €2.49 million in compensation. CCP appealed the judgment before the Provincial Court of Madrid in June 2016. On 6 November 2018, the Appeal Court of Madrid reduced the compensation to be paid by CCP to €1.3 million, the legal interest on this sum to be paid from the date of this ruling and not from the filing date. CCP has submitted a request for clarification of the sentence (without clarification), and each party has appealed the ruling before the Supreme Court.

In addition, in January 2020, a claim was brought against CCP in the court of first instance of Santa Cruz de Tenerife by plaintiffs claiming damages of approximately €5 million for the non-construction of a service station. Due to the inclusion of an arbitration clause in the underlying contractual documentation, CCP has filed an application with the court for an order declaring that it has no jurisdiction in this case, which remains pending as of the date of this Base Prospectus.

#### *Claim for damages due to discrepancy in calculation of price of oil*

In October 2019, CEPSA Trading, S.A.U. (“**CEPSA Trading**”) received notification of arbitration proceedings to be held in Paris in accordance with the UNCITRAL rules and French law, to resolve a dispute in the calculation of the price of oil, and a claim for the payment by CEPSA Trading of an amount of approximately U.S.\$6 million, brought by the Société Nationale des Hydrocarbures (SNH) (the national oil and gas company of Cameroon).

CEPSA Trading has responded to the request and, as at the date of this Base Prospectus, is awaiting confirmation of the proposed calendar for the proceedings.

#### ***Tax Proceedings***

In the ordinary course of business the Group’s operations are subject to review by the tax authorities in the different countries in which we operate, and differences in the interpretation of existing regulations sometimes arise. The Group’s position is based on the opinion of internal as well as, when required, external, experts in each of the matters and affected jurisdictions, in order to make the most accurate assessment of the probability and amount of any potential issues that may arise.

We are involved in a number of on-going proceedings in relation to tax contingencies, and we have signed various tax assessments in disagreement by filing an appeal before the competent judicial authorities in various jurisdictions.

In Spain, such proceedings relate to corporate income tax assessments in connection with the fiscal years from 2005 to 2008, and the fiscal years from 2009 to 2012 (the decision relating to which remains pending). To cover potential liabilities in connection with these assessments and related tax proceedings, as at 31 December 2019 we made a provision of €106 million.

In Colombia, we are involved in tax proceedings related to corporate tax assessments in connection with the fiscal years 2009 and 2011, with the tax authorities claiming an amount of €32.4 million. The decision



relating to both cases remains pending before the competent court. As at 31 December 2018, we had made no provision in connection with these cases. In addition, in December 2019 the National Directorate of Taxes and Customs (*Dirección de Impuestos y Aduanas Nacionales*) issued tax assessments regarding the 2015 income tax returns filed by CEPSA Colombia. These tax assessments set out an additional demand for €89 million (not including any corresponding penalties or interest). On the basis of opinions issued by external tax experts, the Group has determined that it is unlikely that these assessments will be upheld by the courts in subsequent appeals filed by CEPSA Colombia, and therefore these demands have been qualified as non-probable and no potential liability has been provisioned in the 2019 financial statements of the Group.

In Brazil, we are involved in tax proceedings related to social contribution tax assessments for the fiscal years from 1996 onwards. Although we obtained a decision in our favour at first instance, such decision was appealed, and a final decision is still pending before the competent court. As at 31 December 2018, we had made no provision in connection with this case.

### ***Competition Law Proceedings***

Set forth below is a brief description of the material competition law proceedings related to investigations opened by the CNMC to which the Guarantor or its subsidiaries was a party. The only consequence of these proceedings for the Guarantor would be the payment of the fines indicated below. In this regard, as at 31 December 2018, we made provisions amounting to €12.5 million.

*CNMC Decisions of 20 December 2013 (case VS/0652/07, Repsol/CEPSA/BP) and 29 January 2015 (case SNC/0033/13, CEPSA)*

On 20 December 2013, the CNMC handed down a ruling declaring that Repsol, Cepsa Estaciones de Servicio, S.A. (renamed CCP) and BP were all in “partial breach” of the obligations set out in an earlier ruling of 30 July 2009, whereby each of these oil companies had been fined for allegedly engaging in certain commercial practices with their independent dealers (CoDos and DoDos) involving the “indirect fixing” of motor fuel retail prices charged by such independent dealers at their petrol stations.

Each of CCP, Repsol and BP independently filed appeals against the 2013 decision before the Spanish Appeals Court (*Audiencia Nacional*), CCP claiming that it had fulfilled the compliance obligation contained in the 2009 CNC decision, and on 7 June 2018 the court notified CCP of its decision to reject the appeal. On 16 July 2018, CCP filed an appeal for reversal of this decision with the Spanish Supreme Court, such appeal being rejected by the court on 13 February 2020.

The CNMC initiated infringement proceedings against CCP (along with Repsol and BP) for the alleged partial breach of the compliance obligation set out in the 2009 CNC decision, and on 29 January 2015 imposed fines on these oil companies including a fine on CCP for €2.5 million.

CCP has appealed this decision before the Spanish Appeals Court, requesting the suspension of payment of the fine until delivery of the judgment of the court which remains pending, expected for 2020. This payment has been fully provisioned in the Guarantor’s financial statements.

*CNMC Decision of 20 February 2015 (case S/474/13, Precios Combustibles Automoción)*

On 20 February 2015, the CNMC handed down a ruling which concluded that the Guarantor, Repsol, Disa and Meroil had engaged in certain alleged anticompetitive practices (in breach of Article 1 of the Spanish Competition Act and Article 101 of the Treaty of Functioning of the European Union) consisting of, in the case of the Guarantor: (i) alleged “pricing agreements” with two Repsol service stations in the province of Zaragoza; (ii) alleged exchanges of commercially sensitive information with Repsol in relation to certain service stations owned by the Guarantor and managed by Repsol; and (iii) an alleged non-aggression covenant with Disa Gas, S.A. The CNMC fined the Guarantor €10 million.

The Guarantor appealed this decision before the Spanish Appeals Court (*Audiencia Nacional*) and in addition requested interim relief consisting of the suspension of the payment of the fine which was granted subject to the Guarantor posting a €10 million bond.

The judgment of the Spanish Appeals Court remains pending and is expected for 2020.

### ***Employment proceedings***

Further to an inspection carried out in June 2019 by the labour inspectorate (*Inspección de Trabajo y Seguridad Social*) in relation to our company owned, family operated (COFO) service stations, the relationship between CEPSA and COFO managers (freelancers) has been determined to be an employment relationship. As of the date of this Base Prospectus, there are 190 COFO managed service stations in Spain, with the review concentrated in Cataluña (where there are 40 of these service stations). CEPSA is appealing the decision, but in the event that these COFO managers are determined to be CEPSA employees, the economic impact owing to the Social Security administration is estimated to be between €850,000 and approximately €2 million, with a potential impact in relation to the remaining COFO managed service stations throughout Spain.

### **Material Contracts**

No contracts have been entered into that are not in the ordinary course of business as of the date of this Base Prospectus which contain provisions under which any entity within the Group has an obligation or entitlement which is, or may be, material to the Group.

### **Insurance**

We maintain insurance coverage in respect of our subsidiaries and operations in line with industry practice, in such amounts and with such coverage and deductibles as we believe are appropriate for the insurable risks inherent to our business. Our policy is to obtain and maintain sufficient insurance coverage in respect of our operations and activities, and to seek full compliance with international industry standards and applicable law in the countries in which we operate.

### **Intellectual Property**

In addition to a wide variety of trade secrets subject to appropriate protection measures, we own a patent portfolio that includes 14 patent families related to exploration and production, refining, marketing and petrochemicals, which are registered in more than twenty countries. In addition, other applications have been filed or are to be filed during the course of 2020. We use proprietary rights of third parties that are licensed to our subsidiaries or affiliates. In most cases, such licenses were granted in connection with the purchase of units of our industrial plants in the Refining and Petrochemicals segments. In addition, we own a trademark portfolio of over seven hundred trademarks and designs protected in more than one hundred and fifty countries, aimed to cover all our commercial activities in the relevant markets, with our primary logo being protected in over a hundred countries.

## TAXATION

### The Kingdom of Spain

*The following is a general description of certain Spanish tax considerations. The information provided below does not purport to be a complete overview of tax law and practice currently applicable in the Kingdom of Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect. This analysis is a general description of the tax treatment under Spanish legislation without prejudice of regional tax regimes that may be applicable.*

*This taxation summary solely addresses the principal Spanish tax consequences of the acquisition, the ownership and disposal of Notes issued by the Issuer after the date hereof held by a holder of Notes. It does not consider every aspect of taxation that may be relevant to a particular holder of Notes under special circumstances or who is subject to special treatment under applicable law or to the special tax regimes applicable in the Basque Country and Navarra (Territorios Forales). Where in this summary English terms and expressions are used to refer to Spanish concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Spanish concepts under Spanish tax law. This summary assumes that each transaction with respect to the Notes is at arm's length.*

*This overview is based on the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. In December 2019, the Spanish coalition government published a joint governing agreement outlining, among other things, the tax measures the government is aiming to implement. Some of these measures were already included in the draft Budget Law for 2019 (which was finally not approved by the Spanish parliament). Further details on the recently agreed measures have not yet been published but it is expected for them to have a significant impact on the current Spanish taxation system resulting in a general increase of tax liabilities, including in relation to the Notes. It should be noted, however, that the current situation that has arisen as a consequence of the COVID-19 pandemic may most likely have an impact on the measures (and the timing) that were aimed to be achieved by the coalition government.*

*References in this section to Noteholders include the beneficial owners of the Notes, where applicable. Any prospective investors should consult their own tax advisers who can provide them with personalised advice based on their particular circumstances. Likewise, investors should consider the legislative changes which could occur in the future.*

#### 1. Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Base Prospectus:

- (i) of general application, Additional Provision One of Law 10/2014, of 26 June on the management, supervision and solvency of credit institutions and Royal Decree 1065/2007, of 27 July establishing information obligations in relation to preferential holdings and other debt instruments and certain income obtained by individuals resident in the European Union and other tax rules as amended by Royal Decree 1145/2011 of 29 July;
- (ii) for individuals with tax residency in Spain who are personal income tax (**Personal Income Tax**) tax payers, Law 35/2006, of 28 November on Personal Income Tax and on the partial amendment of the Corporate Income Tax Law, Non Residents Income Tax Law and Wealth Tax Law (the **Personal Income Tax Law**), and Royal Decree 439/2007, of 30 March 2007 promulgating the Personal Income Tax Regulations as amended by Royal Decree 633/2015, of 10 July, along with Law 19/1991, of 6 June 1991 on Wealth Tax and Law 29/1987, of 18 December 1987 on Inheritance and Gift Tax;
- (iii) for legal entities resident for tax purposes in Spain which are corporate income tax (**Corporate Income Tax** or **CIT**) taxpayers, Law 27/2014, of 27 November, on Corporate Income Tax and Royal Decree 634/2015, of 10 July promulgating the Corporate Income Tax Regulations (the **Corporate Income Tax Regulations**); and

- (iv) for individuals and legal entities who are not resident for tax purposes in Spain and are non-resident income tax (*Non-Resident Income Tax*) taxpayers, Royal Legislative Decree 5/2004, of 5 March promulgating the Consolidated Text of the Non-Resident Income Tax Law (*Non-Resident Income Tax Law*) and Royal Decree 1776/2004, of 30 July promulgating the Non-Resident Income Tax Regulations, along with Law 19/1991, of 6 June on Wealth Tax and Law 29/1987, of 18 December on Inheritance and Gift Tax.

Whatever the nature and residence of the holder of a beneficial interest in the Notes (each, a *Beneficial Owner*), the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example exempt from transfer tax and stamp duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September 1993, and exempt from value added tax, in accordance with Law 37/1992, of 28 December 1992 regulating such tax.

## 2. Individuals with Tax Residency in Spain

### 2.1 Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)

Spanish individuals with tax residency in Spain are subject to Personal Income Tax on a worldwide basis. Accordingly, income obtained from the Notes will be taxed in Spain when obtained by persons that are considered resident in Spain for tax purposes. The fact that a Spanish company pays interest or guarantee payments under a Note will not lead an individual or entity being considered tax-resident in Spain.

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes would constitute a return on investment obtained from the transfer of own capital to third parties in accordance with the provisions of Section 25.2 of the Personal Income Tax Law, and therefore must be included in each investor's taxable savings and taxed at the tax rate applicable from time to time, currently at the rate of 19 per cent. for taxable income up to €6,000, 21 per cent. for taxable income between €6,000.01 to €50,000 and 23 per cent. for taxable income in excess of €50,000.

As a general rule, both types of income are subject to a withholding tax on account at the rate of 19 per cent. However, according to Section 44.5 of Royal Decree 1065/2007, of 27 July, in the case of listed debt securities issued under Law 10/2014 and initially registered in a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state (such as the Notes issued by the Issuer), the Issuer will make interest payments to individual holders who are resident for tax purposes in Spain without withholding provided that the relevant information about the Notes (as described below in "*Reporting Obligations*") is submitted by the relevant Paying Agent; and it would not be necessary to provide the Issuer with the identity of the holders who are individuals resident in Spain for tax purposes or to indicate the amount of income attributable to such individuals.

If the Fiscal Agent fails to provide the Issuer with the required information described under "*Reporting obligations*", the Issuer may be required to withhold tax (as at the date of this Base Prospectus, at a rate of 19 per cent.) from any payment in respect of the relevant Notes as to which the required information has not been provided. In that event, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.

However, withholding tax at the applicable rate of 19 per cent. may have to be deducted by other entities (such as depositaries, institutions or financial entities) provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory if the Notes do not comply with the exemption requirements specified in the ruling issued by the Spanish General Directorate of Taxes (*Dirección General de Tributos*) (the "*DGT*") dated 27 July 2004 (that is, placement of the Notes outside of Spain in another OECD country and admission to listing of the Notes on an organised market in an OECD country other than Spain).

In any event, individual holders may credit the withholding against their Personal Income Tax liability for the relevant fiscal year.

## 2.2 Net Wealth Tax (*Impuesto sobre el Patrimonio*)

Wealth Tax may be levied in Spain on resident individuals, on a worldwide basis.

Law 4/2008, of 23 December introduced a 100% relief (*bonificación del 100%*) on the Net Wealth Tax. However, for the years 2011 to 2020, the Spanish Central Government has repealed the 100% relief (*bonificación del 100%*) of this tax. Nevertheless, the actual collection of this tax depends on the regulations of each Autonomous Region (*Comunidad Autónoma*). Thus, investors should consult their tax advisers according to the particulars of their situation.

Generally, individuals with tax residency in Spain are subject to Wealth Tax to the extent that their net worth exceeds €700,000 (subject to any exceptions provided under relevant legislation in an autonomous region (*Comunidad Autónoma*)). Therefore, they should take into account the value of the Notes which they hold as at 31 December in each year, the applicable rates ranging between 0.2 per cent. and 2.5 per cent.

In accordance with Article 3 of the Royal Decree-Law 18/2019, of 27 December from the year 2021, a full exemption on Net Wealth Tax would apply (*bonificación del 100%*), and therefore, from year 2021 Spanish individual holders will be released from formal and filing obligations in relation to this Wealth Tax, unless the derogation of the exemption is extended again.

## 2.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals with tax residency in Spain who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to inheritance and gift tax in accordance with the applicable Spanish regional or state rules. As at the date of this Base Prospectus, the applicable tax rates currently range between 7.65 per cent. and 34 per cent. Relevant factors applied (such as previous net wealth or family relationship among transferor and transferee) determine the final effective tax rate that range, as of the date of this Base Prospectus, between 0 per cent. and 81.6 per cent.

## 3. Legal Entities with Tax Residency in Spain

### 3.1 Corporate Income Tax (*Impuesto sobre Sociedades*)

Payments of income deriving from the transfer, redemption or repayment of the Notes constitute a return on investments for tax purposes obtained from the transfer to third parties of own capital and would have to be included in profit and taxable income of legal entities with tax residency in Spain for Corporate Income Tax purposes in accordance with the rules for Corporate Income Tax and subject to the general rate of 25 per cent.

Notwithstanding the above, in accordance with Section 44.5 of Royal Decree 1065/2007, of 27 July, in the case of listed debt securities issued under Law 10/2014 and initially registered in a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state (such as the Notes issued by the Issuer), there is no obligation to withhold on income payable to Spanish CIT taxpayers (which, for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds). Consequently, the Issuer will not withhold on interest payments to Spanish CIT taxpayers provided that the relevant information about the Notes (as described below in “—*Information about the Notes in connections with payments*”) is submitted by the relevant Paying Agent.

If the Fiscal Agent fails to provide the Issuer with the required information described under “*Reporting obligations*”, the Issuer may be required to withhold tax (as at the date of this Base Prospectus, at a rate of 19 per cent.) from any payment in respect of the relevant Notes as to which the required information has not been provided. . In that event, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as will result in the Noteholders receiving such

amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.

In addition, pursuant to Section 61.s of the Corporate Tax Regulations, there is no obligation to make a withholding on income obtained by taxpayers subject to Spanish CIT (which, for the avoidance of doubt, include Spanish tax resident investment funds and Spanish tax resident pension funds) from financial assets traded on organised markets in OECD countries. However, in the case of Notes held by a Spanish entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest and income deriving from the transfer may be subject to withholding tax at the current rate of 19 per cent. if the Notes do not comply with the exemption requirements specified in the ruling issued by the Spanish DGT dated 27 July 2004 (that is, placement of the Notes outside of Spain in another OECD country and admission to listing of the Notes on an organised market in an OECD country other than Spain). The amounts withheld, if any, may be credited by the relevant investors against its final CIT liability.

### 3.2 **Net Wealth Tax (*Impuesto sobre el Patrimonio*)**

Spanish resident legal entities are not subject to Wealth Tax.

### 3.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Legal entities tax resident in Spain which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax and must include the market value of the Notes in their taxable income for Spanish Corporate Income Tax purposes.

## 4. **Individuals and Legal Entities with no Tax Residency in Spain**

### 4.1 **Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*)**

#### (a) *Non-Spanish resident investors acting through a permanent establishment in Spain*

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are the same as those for Spanish Corporate Income Tax taxpayers.

#### (b) *Non-Spanish resident investors not acting through a permanent establishment in Spain*

Payments of income deriving from the transfer, redemption or repayment of the Notes obtained by individuals or entities who have no tax residency in Spain, and which are Non-Resident Income Tax taxpayers with no permanent establishment in Spain, are exempt from such Non-Resident Income Tax on the same terms laid down for income from public debt.

The Issuer has no obligation to withhold any tax amount for interest paid on the Notes to holders who are Non-Resident Income taxpayers with no permanent establishment in Spain provided that the information procedures are complied with in the manner detailed under “—*Information about the Notes in connections with payments*” as set out in section 44 of Royal Decree 1065/2007 (as amended by Royal Decree 1145/2011). If these information procedures are not complied with within the manner indicated the Issuer may be required to withhold tax (as at the date of this Base Prospectus, at a rate of 19 per cent.) from any payment in respect of the relevant Notes as to which the required information has not been provided. In that event, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.

#### 4.2 **Net Wealth Tax (*Impuesto sobre el Patrimonio*)**

This tax is only applicable to individuals. However, individuals resident in a country with which Spain has entered into a double tax treaty in relation to Net Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights are located in Spain, or that can be exercised within the Spanish territory (such as the Notes issued by the Issuer) exceed €700,000 would be subject to Net Wealth Tax, the applicable rates ranging between 0.2 per cent. and 2.5 per cent.

However, non-Spanish tax resident individuals will be exempt from Wealth Tax in respect of the Notes whose income is exempt from NRIT as described above.

If the exemptions outlined above do not apply, holders tax resident in a Member State of the European Union or of the European Economic Area may be entitled to apply the specific regulation of the autonomous community where their most valuable assets are located and which trigger this Spanish Net Wealth Tax due to the fact that they are (i) located, (ii) can be exercised, or (iii) must be fulfilled, within the Spanish territory.

Law 4/2008, of 23 December introduced a 100% relief (*bonificación del 100%*) on the Net Wealth Tax. However, for the years 2011 to 2020, the Spanish Central Government has repealed the 100% relief (*bonificación del 100%*) of this tax. Nevertheless, the actual collection of this tax depends on the regulations of each Autonomous Region (*Comunidad Autónoma*). Thus, investors should consult their tax advisers according to the particulars of their situation.

In accordance with Article 3 of Royal Decree-Law 18/2019, of 27 December, from the year 2021, a full exemption on Net Wealth Tax would apply (*bonificación del 100%*), and therefore, from year 2021 Spanish individual holders will be released from formal and filing obligations in relation to this Wealth Tax, unless the derogation of the exemption is extended again.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory, exceed €700,000 would be subject to Wealth Tax, the applicable rates ranging between 0.2 per cent. and 2.5 per cent.

Non-Spanish tax resident individuals who are resident in an EU or European Economic Area Member State may apply the rules approved by the autonomous region where their most valuable assets and rights are situated. As such, prospective investors should consult their tax advisers.

Non-Spanish resident legal entities are not subject to Wealth Tax.

#### 4.3 **Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)**

Non-Spanish tax resident individuals who acquire ownership or other rights over the Notes by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance and gift tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with the Spanish legislation applicable in the relevant autonomous region (*Comunidad Autónoma*).

Generally, non-Spanish tax resident individuals are subject to the Spanish Inheritance and Gift Tax according to the rules set forth in the Spanish State level law. However, if the deceased or the donee are resident in an EU or European Economic Area Member State, the applicable rules will be those corresponding to the relevant Spanish autonomous regions. As such, prospective investors should consult their tax advisers.

Non-Spanish resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to inheritance and gift tax. They will be subject to Non-Resident Income Tax. If the legal entity is resident in a country with which Spain has entered into

a double tax treaty, the provisions of such treaty will apply. In general, double-tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

**5. Obligation to inform the Spanish tax authorities of the ownership of the Notes**

With effects as from 1 January 2013, Law 7/2012, of 29 October, as implemented by Royal Decree 1558/2012, of 15 November, introduced annual reporting obligations applicable to Spanish residents (i.e., individuals, legal entities, permanent establishments in Spain of non-resident entities) in relation to certain foreign assets or rights.

Consequently, if the Notes are deposited with or placed in the custody of a non-Spanish entity, holders resident in Spain will be obliged, if certain thresholds are met as described below, to declare before the Spanish Tax Authorities, between 1 January and 31 March each year, the ownership of the Notes held on 31 December of the immediately preceding year (e.g., to declare between 1 January 2020 and 31 March 2020 the Notes held on 31 December 2019).

This obligation would only need to be complied with if certain thresholds are met: specifically, if the only rights/assets held abroad are the Notes, this obligation would only apply if the value of the Notes together with other qualifying assets held on 31 December exceeds €50,000 (with the corresponding valuation to be made in accordance with Wealth Tax rules). If this threshold is met, a declaration would only be required in subsequent years if the value of the Notes together with other qualifying assets increases by more than €20,000 as against the declaration made previously. Similarly, cancellation or extinguishment of the ownership of the Notes before 31 December should be declared if such ownership was reported in previous declarations.

**6. Reporting obligations**

The Issuer is currently required by Spanish law to file an annual return with the Spanish tax authorities in which it reports on certain information relating to the Notes. In accordance with Article 44 of Royal Decree 1065/2007, and provided that the Notes issued by the Issuer are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg, for the purpose of preparing the annual return referred to above, certain information with respect to the Notes must be submitted by the Paying Agent to the Issuer at the time of each payment.

Such information would be the following:

- (a) Identification of the Notes in respect of which the relevant payment is made;
- (b) date on which relevant payment is made;
- (c) the total amount of the relevant payment; and
- (d) the amount of the relevant payment and to each entity that manages a clearing and settlement system for securities situated outside Spain.

In particular, the Fiscal Agent must certify the information above about the Notes by means of a certificate the form of which is set out in the Agency Agreement.

In light of the above, the Issuer and the Fiscal Agent have arranged certain procedures to facilitate the collection of information concerning the Notes. If, despite these procedures, the relevant information is not received by the Issuer, the Issuer may be required to withhold at the applicable rate of 19 per cent. from any payment in respect of the relevant Notes as to which the required information has not been provided. In that event, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.

The procedures for providing documentation referred to in this section are set out in detail in the Agency Agreement which may be inspected during normal business hours at the specified office of the Fiscal Agent. In particular, if the Fiscal Agent does not act as common depository, the



procedures described in this section will be modified in the manner described in the Agency Agreement.

#### 7. **Payments made by the Guarantor**

Although no clear precedent, statement of law or regulation exists in relation thereto, in the view of the Guarantor, any payments under made by the Guarantor under the Guarantee should in principle be characterized as an “indemnity payment” and, therefore, should be made free and clear of, and without withholding or deduction on account to Spanish tax. However, even if the Spanish tax authorities take the view that the Guarantor has validly, legally and effectively assumed all the obligations of the Issuer of the Notes subject to and in accordance with the Guarantee, and that accordingly they shall be characterized as interest payments for tax purposes, they should determine that that payments made by the Guarantor relating to interest on the Notes will be subject to the same rules previously set out for payments made by the Issuer (i.e. payable free from withholding tax provided that the relevant information obligations outlined in “–*Reporting Obligations*” above are complied with).

#### **Foreign Account Tax Compliance Act (FATCA)**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as *FATCA*, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer could be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (*IGAs*), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to payments made prior to the date that is two years after the date on which the final regulations defining “foreign passthru payments” are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date.

However, if additional notes (as described under “*Terms and Conditions of the Notes—Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas, CaixaBank, S.A., HSBC Bank plc, Mizuho International plc and Mizuho Securities Europe GmbH (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 2 June 2020 (the “**Dealer Agreement**”) and made between the Issuer, the Guarantor and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer, the Guarantor and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as “Non-Syndicated” and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer, the Guarantor and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as “Syndicated”, the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Prohibition of Sales to EEA and UK Retail Investors**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering

contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) in relation thereto to any retail investor in the European Economic Area or in the United Kingdom.

For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (ii) a customer within the meaning of (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) by the Issuer;
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the “**FIEA**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

## Kingdom of Spain

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the offer of the Notes in Spain will be directed specifically at or made to professional clients (*clientes profesionales*) as defined in Article 205 of the Restated Text of the Spanish Securities Market Law approved by Legislative Royal Decree 4/2015 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended (the “**Spanish Securities Market Law**”), and Article 58 of Royal Decree 217/2008, of 15 February on the legal regime applicable to investment services companies and related legislation to provide investment services in Spain (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*), and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Spanish Securities Market Law. Neither the Notes nor this Base Prospectus have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes may not be offered, sold or distributed, nor may any subsequent resale of Notes be carried out in Spain, except in circumstances which do not require the registration of a prospectus in Spain or without complying with all legal and regulatory requirements under Spanish securities laws.

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may only be offered or sold in Spain by institutions authorised under the Spanish Securities Market Law, Royal Decree 217/2008, of 15 February on the legal regime applicable to investment services companies and related legislation to provide investment services in Spain and in accordance with the provisions of the Spanish Securities Market Law and further developing legislation.

## Belgium

Other than in respect of Notes for which “Prohibition of Sales to Belgium Consumers” is specified as “Not applicable” in the Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a “**Belgian Consumer**”) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

## Hong Kong

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “Prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**Companies Ordinance**”) or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”), the Italian Securities Regulator, pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to any Notes be distributed in Italy, except to:

- (a) to qualified investors (*investitori qualificati*) as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree no. 58 of 24 February 1998 (the “**Financial Services Act**”) and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Issuers Regulation**”), all as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation and Article 34-ter of the Issuers Regulation, as amended from time to time, and the applicable Italian laws.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”) (in each case as amended from time to time);
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or any other competent authority.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the “**MAS**”). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes to be issued from time to time by the Issuer pursuant to any issuance of Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of SFA, (b) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be

transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37(A) of the Securities and Futures (Offers of Investments) (Securities-based Derivative Contracts) Regulations 2018.

**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore -**

Unless otherwise stated at the time of the relevant issue of Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products/capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products/Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**France**

Each Dealer has represented and agreed, and each further Dealer will be required to represent and agree, that it has only offered or sold and will only offer or sell, directly or indirectly, Notes in France to qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 1° of the French *Code monétaire et financier* and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France to such qualified investors this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes.

**General**

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense.

Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## BENCHMARKS REGULATION

Interest and/or other amounts payable under the Notes may be calculated by reference to certain benchmarks.

Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the Benchmarks Regulation (the "ESMA Benchmarks Register") are set out below.

<b>Benchmark</b>	<b>Administrator</b>	<b>Administrator appears on ESMA Benchmarks Register?</b>
EURIBOR	European Money Markets Institute	Yes
LIBOR	ICE Benchmark Administration Limited	Yes

## GENERAL INFORMATION

### Authorisation

1. The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in connection with the update of the Programme and the guarantee relating to the Programme. The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 27 May 2020 and the Board of Directors of the Guarantor passed on 17 September 2018. The giving of the guarantee relating to the Programme by the Guarantor was authorised by a resolution of the Board of Directors of the Guarantor passed on 17 September 2018.

Issues of Notes under the Programme are required to comply with certain formalities contained in the Spanish Companies Act (*Ley de Sociedades de Capital*), including as at the date of this Base Prospectus execution of a public deed of issue (*Escritura de Emisión*).

### Legal and Arbitration Proceedings

2. Save as disclosed in “*Information on the Group—Legal Proceedings*” on pages 110 to 114 of this Base Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer or the Guarantor and its subsidiaries. See also “*Risk Factors—We are exposed to litigation and arbitration*”.

### Significant/Material Change

3. There has been no significant change in the financial position or financial performance of the Group since 31 March 2020 and, save as disclosed in “*Risk Factors—Risks Relating to the Group’s Strategy—The negative impact of the COVID-19 global pandemic on worldwide economic activity could have a material adverse effect on our business, financial condition, results of operations and prospects*” and “*Description of the Guarantor and the Group—Recent Developments—Impact of COVID-19 on our business and measures taken*”, there has been no material adverse change in the prospects of the Guarantor or the Group since 31 December 2019.
4. Since 31 December 2019 there has been no material adverse change in the prospects of the Issuer and since 31 December 2019 there has been no significant change in the financial position or financial performance of the Issuer.

### Auditors

5. The current auditors of the Guarantor, Ernst & Young, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*), audited the 2019 Consolidated Financial Statements and the 2018 Consolidated Financial Statements which have been prepared in accordance with EU-IFRS, and have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.
6. The current auditors of the Issuer, Ernst & Young, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*), audited the 2019 Financial Statements which have been prepared in accordance with EU-IFRS, and have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

### Documents on Display

7. For so long as the Notes issued pursuant to this Base Prospectus are outstanding, or for ten years following the approval of this Base Prospectus, whichever falls later, copies of the following documents will, when published, be available for inspection on the website of the Guarantor at <https://www.cepsa.com/en/investors/ratings-debt-issuances>:
  - (a) the bylaws (*estatutos sociales*) of the Issuer;
  - (b) the bylaws (*estatutos sociales*) of the Guarantor;



- (c) the Agency Agreement;
- (d) the Deed of Guarantee;
- (e) the Deed of Covenant;
- (f) the Programme Manual (which contains the forms of the Notes in global and definitive form);
- (g) the documents referred to in “*Information Incorporated by Reference*” above;
- (h) this Base Prospectus and any supplement to it; and
- (i) each Final Terms that are listed on the Official List of Euronext Dublin or any other stock exchange.

#### **Clearing of the Notes**

- 7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.
- 8. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

#### **The Legal Entity Identifier**

- 9. The Legal Entity Identifier (LEI) code of the Issuer is 959800QEUH8V5SPPCB45.
- 10. The Legal Entity Identifier (LEI) code of the Guarantor is 549300E1NH9FOTLIFI22.

## GLOSSARY OF TECHNICAL TERMS

The following glossary of technical terms is not intended to be exhaustive, but provides a list of certain of the technical terms used in this Base Prospectus. For an explanation of certain terms relating to hydrocarbon reserves and resources estimates, see “*Important Notices—Presentation of Hydrocarbon Data*”.

API gravity .....	a measure of the weight of a petroleum liquid in comparison with water; used to refer to the density of crude oil
aviation fuel.....	jet fuel and aviation gasoline; a mid-range refined product used in the aviation industry
bbl or barrel.....	barrel of oil; a volumetric unit of measurement in the industry equal to 42 U.S. gallons, equivalent to approximately 158.98 litres
bbl/d .....	barrels per day
bitumen .....	viscous mixture of hydrocarbons obtained as a residue from petroleum distillation used for road surfacing (asphalt) and roofing; a solid product which liquefies on heating
BPA.....	bisphenol A
bunker fuel or marine fuel.....	any fuel used on board a ship
diesel .....	a middle distillate product used for diesel engines
distillate .....	any petroleum product produced by distillation of crude oil
distillation.....	a method for separating substances, liquid or solid, through evaporation followed by condensation; distillation is usually done at atmospheric pressure (from an economic perspective) or in vacuum (which provides more effective, but more costly distillation)
equity crude.....	the portion of crude production we are entitled to retain under our concession agreements
feedstock .....	any material (raw or intermediate product) used as feed for a processing unit
fuel oil .....	any oil intended to be burned in boilers; normally heavy residual oil but can also include other varieties
gasoline .....	a light distillate product used for spark-ignited internal combustion engine, e.g., in the automotive and aviation industries
FY 2018 .....	year ended 31 December 2018
FY 2019 .....	year ended 31 December 2019
GHG.....	greenhouse gas
GW, GWh .....	one thousand megawatts, one thousand megawatthours
heating oil.....	a liquid, middle distillate product used as a fuel oil for furnaces or boilers in buildings or houses
jet fuel .....	a refined petroleum product used in jet aircraft engines; it includes kerosene-type jet fuel and naphtha-type jet fuel
Joule (j) .....	a unit of work, or, energy, defined as the work done, or energy required, to exert a force of one newton for a distance of one meter
Kbbl, Kbb/d.....	thousands of barrels, one thousand barrels per day

kboe/d.....	thousand barrels of oil equivalent per day
kilowatt (KW), kilowatthour (KWh).....	one thousand watts, one thousand watthours
Kt, Kt/y .....	thousand metric tons, thousand metric tons per year
LAB.....	linear alkylbenzene
LABSA .....	linear alkylbenzene sulfonic acid
light crude .....	crude with an API gravity of more than 20
LNG .....	liquefied natural gas
low sulfur fuel .....	fuel with a sulfur content of no greater than 0.5%
LPG.....	Liquefied petroleum gas; specific mixtures of propane, butane and derivative gases
m <sup>3</sup> .....	cubic meters
Megawatt (MW), Megawatt hour (MWh).....	one thousand kilowatts, one thousand kilowatt-hours
MMbbl, MMbbl/d .....	million barrels; million barrels per day
MMboe, MMboe/d.....	million barrels of oil equivalent; million barrels of oil equivalent per day
Mt.....	million metric tons
naphtha.....	a range of distillates lighter than kerosene; used as feedstock for production of gasoline and petrochemicals
Net Entitlement .....	the production that the contractor or concession holder is entitled to physically receive. In a concession, this equates to the concessionaire's working interest production excluding any royalty payments paid in kind. In a production sharing contract, this equates to the contractor's share of cost oil/gas and profit oil/gas
refined products.....	the products derived from crude oil that have been processed in a refinery; among others, road transportation fuel products (such as diesel and gasoline), bunker fuel, heating oil and jet fuel
refining margins .....	the difference, for any particular quantity of crude oil, between the value of all the refined petroleum products a refinery is able to produce from such crude oil minus the cost of the crude oil, products feedstock and variable costs (including associated costs such as transport, insurance, etc.)
reserves .....	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status (as per SPE-PRMS).
Reserves/Production Ratio .....	represents the remaining lifespan of hydrocarbons to be recovered given a production rate based on its proved reserves, expressed in years

Royalty .....	payments that are due to the host government or mineral owner (lessor) in return for depletion of the reservoirs and the producer (lessee/contractor) for having access to the petroleum resources
SPE-PRMS.....	Society of Petroleum Engineer's Petroleum Resources Management System, as revised from time to time
U.S.\$/bbl .....	U.S. dollar per barrel
Watt (W) .....	a power measure. One watt equals one joule per second
Watthour (Wh).....	a unit of energy, measured as 1 Watt of power expended for 1 hour
working interest.....	a company's equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms

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