



2020

INTEGRATED  
MANAGEMENT REPORT

A YEAR OF  
CHALLENGES  
AND CHANGE







**2020 INTEGRATED  
MANAGEMENT  
REPORT**

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 **MUSABBEH AL KAABI**  
Cepsa's Chairman



Musabbeh Al Kaabi served as chairman of Cepsa's board throughout 2020. In February 2021, Ahmed Yahia Al Idrissi succeeded Mr. Al Kaabi, following his appointment as CEO of Direct Investments at Mubadala Investment Company, Cepsa's largest shareholder. Mr. Al Kaabi, who has been appointed CEO of UAE Investments at Mubadala Investment Company, will continue to serve as a member of Cepsa's Board.

## > LETTER FROM THE CHAIRMAN



I am pleased to present the 2020 Cepsa Integrated Management Report.

The global Covid-19 pandemic created unprecedented social and economic challenges across the globe. Cepsa responded with focus and discipline, in line with our corporate values. Similar to energy companies worldwide, we faced volatility in crude oil prices but by enhancing our cost-efficiency measures across our operations we delivered a strong performance despite the challenging environment.

In addition, we successfully completed the company's second and third bond issuances during 2020. The strong performance of our Chemicals unit over the year was also especially noteworthy.

Given the importance of Cepsa's fundamental contribution to economic activity across multiple global markets including Spain, we continued to serve our customers throughout 2020. Our services were available without interruption, while implementing protocols to safeguard the health of our customers and colleagues. Wherever possible, we instituted home working procedures for all our employees.

As a United Nations Global Compact signatory for the past 15 years, Cepsa has shown firm and unambiguous commitment to the universal principles of human rights, the Sustainable Development Goals and the environment. Given the overwhelming importance of mobilizing an effective response to climate change, we are proud to have achieved an A- rating in the Carbon Disclosure Plan Climate Change Initiative in 2020. In keeping with those commitments, in 2021 we will adopt a five-year decarbonization plan and have already committed

to reducing water extraction at our largest facilities by 13% in 2030 from 2018 levels.

Prioritizing diversity and inclusion amongst all our employees is another ongoing focus for us and we are now fully committed to ensuring 30% of all corporate leadership positions are occupied by women by 2025.

In 2020, with the effects of the pandemic having a real impact on our communities and on people's lives, responding to social challenges became all the more fundamental. We made numerous contributions through the Cepsa Foundation, through in-kind support, including providing hygiene products to 18 000 families and fuel cards that supported the mobilization of 100 Red Cross vehicles. Our employees also volunteered to support many elderly people forced into isolation by the pandemic.

Beyond our strategic commitments, in 2020 we commissioned the first corridor of the largest intercity ultra-fast charging network for electric vehicles in Spain. This initiative made it possible to drive the 650km Madrid-Barcelona corridor in an electric vehicle for the first time. Cepsa is committed to covering all remaining intercity routes in Spain and Portugal with high-power electric chargers during 2021.

Looking forward, I am confident that Cepsa's management team, under the direction of our CEO Philippe Boisseau and with the support of our 10 000 colleagues who make Cepsa the great company that it is, will continue to deliver our ambitious business and sustainability goals for the year ahead.

**MUSABBEH AL KAABI**  
Cepsa's Chairman



 PHILIPPE BOISSEAU  
CEO of Cepsa



## "Our core business units are built on strong foundations, and we are in a strong financial position"

I am pleased to present Cepsa's Annual Report which, for the first time under a diversified management model, sets out the company's performance in 2020 and describes the company's main lines of business.

This past year has been a difficult challenge not just for society in general but also for business activities. In our industry, we have had to face the Covid-19 pandemic as well as the tightening of refining margins and the fall in crude oil prices and demand, all of which will have a notable impact for months to come. In spite of this, Cepsa has been able to overcome these difficulties with relative success. And this is to a great extent thanks to the talent and adaptability of the extraordinary people that make up our company, as they have enabled us to continue providing our customers with a top-quality service without interruption.

Our core business units are built on strong foundations, and we are in a strong financial position. This sound starting point places us in a fantastic position to meet the challenges of the energy transition.

Our main aim at present is to quickly address the energy transformation entailed in the fight against climate change. To adapt our business model towards one that is more sustainable and environmentally friendly is a requirement that I agree with, both out of a feeling of responsibility towards the

future generations who will take over from us and because it is what our main stakeholders want.

In order to carry out this transformation, we are working on an ambitious strategy whose details will be shared soon and that will make Cepsa a significant player in the energy transition.

In order to prove our strong commitment, we have created the ESG department as well as cross-cutting committees, such as the ESG Steering Team and the Carbon Cycle Board. In addition, we have reviewed and prioritized the achievement of the UN's 2030 Agenda SDGs, which will become the main pillars of our corporate philosophy and actions.

In addition, we have pushed an organizational and cultural change in the ways we work, in the certainty that only if we think and act in a more agile and innovative manner, taking advantage of the latest technological advances, will we succeed in this transformation.

I encourage you to read this report, which has been drawn up in accordance with the highest standards of transparency and under the firm responsibility of fostering sustainable forward-thinking progress for everyone.

**PHILIPPE BOISSEAU**  
CEO of Cepsa



# > 2020, A YEAR OF CHANGE AND CHALLENGES

In 2020 our environment has been affected by a number of factors that have led to extremely complex circumstances. In order to prepare the company to respond to the future challenges of the energy transition, Cepsa has begun a reorganization and transformation process that will conclude with the presentation of a new strategy during 2021.

## THE ENVIRONMENT IN 2020



### COVID-19

- The appearance of the coronavirus has caused a pandemic that has led to over one million deaths and had an impact on both the economy and demand.

**-4,3%**

Global GDP forecast<sup>(1)</sup>



### FALL IN THE PRICE OF CRUDE OIL AND ITS PRODUCTS

- There has been a sharp fall in the price per barrel, leading to lower prices for petroleum products.

**-35%**

Drop in Brent barrel price in 2020 as compared to 2019 (\$/barrel)<sup>(2)</sup>



### EVOLUTION OF REFINING DEMAND AND MARGINS

- The steps taken against Covid-19 have caused demand for crude oil and petroleum products to contract during the year.
- This has caused refining margins to remain low.

**-9%**

Reduction in global demand for petroleum.<sup>(3)</sup>



### THE ENERGY TRANSITION AND CLIMATE CHANGE

- The fight against climate change is resulting in profound changes in the energy system.
- Europe and Spain have made ambitious commitments to cut emissions by 2030, as well as to achieve climate neutrality by 2050.

**-55%**

Commitment to cut emissions in the European Union by 2030 as compared to 1990 levels.<sup>(4)</sup>



### GROWING INTEREST IN ESG MATTERS

- Companies' management of environmental, social and good governance issues has become very important due to the need to boost the economy and rebuild it on sustainable foundations.
- Now more than ever, companies are essential for the attainment of the Sustainable Development Goals.

**1,000**

Investment assets managed at global level in accordance with ESG Criteria (2020) (USD thousand million)<sup>(5)\*</sup>.

<sup>1</sup> World Economic Outlook 2020. International Monetary Fund. <sup>2</sup> Platts. <sup>3</sup> World Bank <sup>4</sup> European Commission. <sup>5</sup> BlackRock Investment Institute.  
\* Share capital, bonds, mixed allocation, the money market and alternative funds.

## OUR RESPONSE TO A CRISIS

### ESSENTIAL PRODUCTS AND SERVICES SUPPLY AND SAFETY GUARANTEE

- Carrying out a critical activity to supply essential energy products for society and to contribute to the reactivation of the country.
- Protection of employees, customers and suppliers by adopting prevention measures at our facilities and allowing people to work from home.
- Maintaining our activities by means of a business continuity plan and reinforced product supplies, acting as a driving force in various parts of the economy.



100%

Service stations in operation.



100%

Office employees with the ability to work remotely.

### SUPPORT FOR SOCIETY IN THE FACE OF THE PANDEMIC

- Cepsa Foundation. Our foundation has enthusiastically supported society by making financial and in-kind contributions to affected people and healthcare services.



661,176 €

Contributed by the Foundation to support society in the context of the pandemic.



18,000 families

That have received cleaning products thanks to an agreement between the Cepsa Foundation and the Persán Foundation.

### PLANNING OUR ACTIVITIES TO ADAPT THEM TO THE CRISIS

- Planning to guarantee financial robustness thanks to a contingency plan to review budgets, reduce costs, defer investments and reinforce the capital structure.
- Efficiency. Strategic locations, flexibility of assets and the integrated model have enabled us to launch projects to optimize margins and reduce costs.



527 €

Million saved thanks to the contingency plan.



9%

Reduction in fixed costs as compared to 2019.

## TRANSFORMATION FOR LONG-TERM SUCCESS



**Organizational transformation.** Cepsa has embarked on a transformation process to become a more agile, business-driven and clearly outward-looking organization. In addition, the company has restructured the Board's operating committees to simplify their structure and operation.



**Definition of a new strategy and commitment to the energy transition.** Present new strategy to become a leading player in the energy transition. The new strategy will establish specific commitments to reduce our carbon footprint and promote eco-fuels and renewable energies.



**Reinforcing ESG (Environmental, Social and Governance) performance.** We have created a department specifically in charge of this task, as well as several cross-departmental teams that will ensure that ESG criteria are adequately considered in internal processes and decision-making.

# > A NEW ORGANIZATION TO ADDRESS FUTURE CHALLENGES

CEPSA WILL OVERCOME THE CHALLENGES OF THE ENERGY TRANSITION AND PROMOTE ITS GROWTH. WE ARE WORKING ON OPTIMIZING OUR DIVERSIFIED BUSINESS MODEL AND COMPETITIVENESS.

In 2020, Cepsa redesigned its organization by appointing a new Executive Committee, made up of professionals with extensive experience in the energy and chemical sectors, together with professionals with extensive experience in the company.

This management team has designed a new corporate strategy which will be based on the expansion and development of new businesses that promote the transformation and growth of Cepsa in the context of a constantly evolving energy landscape and market.

## CEPSA EXECUTIVE COMMITTEE



CEO and Trading, Gas & Power & Renewables

**Philippe Boisseau**



Exploration and Production

**Alex Archila**



Refining

**Antonio Joyanes**



Chemicals and ESG

**Paloma Alonso**



Sales and Strategic Growth

**Pierre-Yves Sachet**



Finance, Economic and General Services

**Salvador Bonacasa**



Human Resources

**Carlos Morán**



Legal

**Ignacio Pinilla**



Technology, Projects and Services

**José Manuel Martínez**



The redesign of the organization has been accompanied by a transformation process based on a series of organizational principles with which the company seeks to optimize its performance.

## ORGANIZATIONAL PRINCIPLES IN THE TRANSFORMATION OF THE COMPANY



Business led organization



Responsibility and empowerment



Separation of functions



Agility in decision making



Outward-looking focus

The new organizational model gives a greater role to the businesses. For their part, the functional areas will incorporate and implement the best practices, providing services that add value to the businesses that own the processes.

This new organizational model has prompted the creation of three new departments: the ESG department, the Technology and Operations department and the Strategic Growth department. The transformation undertaken has also led to other

changes in the internal organization of various units. In total, the organizational changes have affected more than 1,000 people in the company.

With this transformation, Cepsa has established a new model in which all its areas and businesses contribute significantly to the success of the company in a more volatile and challenging environment than ever.

# > 2020 MILESTONES

Aside from its response to the Covid-19 crisis and the launch of an organizational transformation process to prepare the company for future challenges, Cepsa achieved other significant milestones during the year..



01

FINANCING FROM THE EUROPEAN INVESTMENT BANK FOR THE DETAL PROJECT WHICH WILL IMPROVE OUR ENERGY EFFICIENCY AND REDUCE OUR ENVIRONMENTAL IMPACT.

SUCCESSFUL COMPLETION OF THE SECOND AND THIRD BOND ISSUES FOR AN AMOUNT OF 500 MILLION EUROS EACH.



02



03

START-UP, ALONG WITH REDEXIS, OF PIPED PROPANE SUPPLY POINTS AND START-UP OF THE FIRST NATURAL GAS VEHICLE REFUELING STATION.

AGREEMENT WITH MADJALINE HOLDING TO PRODUCE AND MARKET ASPHALT IN MOROCCO.



04



05

IN OUR CHEMICAL PLANTS IN ANDALUSIA, WE CONSUME 100% ORIGIN RENEWABLE ELECTRICAL ENERGY.

IN CONJUNCTION WITH REDEXIS, WE EXPANDED THE FIRST NATURAL GAS REFUELING STATION TO LIGHT VEHICLES.



06



07

SIGNING OF A MEMORANDUM OF UNDERSTANDING WITH SONATRACH TO EXTEND OUR COLLABORATION IN THE EXPLORATION AND PRODUCTION BUSINESS.

WE JOINED THE #APOYAMOSLOSODS CAMPAIGN, PROMOTED BY THE GLOBAL COMPACT NETWORK SPAIN.



09

REINFORCEMENT OF OUR PRESENCE IN THE PROFESSIONAL TRANSPORT MARKET WITH THE ACQUISITION OF THE IS-XXI STATION NETWORK.

AGREEMENT WITH INSPIRING GIRLS TO PROMOTE THE INCLUSION OF GIRLS IN SCIENCE AND TECHNOLOGY CAREERS.



10



11

WE WERE RECOGNIZED IN THE EUROPEAN ENVIRONMENTAL AWARDS IN THE SPANISH SECTION FOR OUR DETAL PROJECT.

WE HELD THE 5TH ETHICS DAY, WHICH FOCUSED ON THE IMPORTANCE OF REPORTING INAPPROPRIATE CONDUCT.



12



13

LAUNCHING, IN CONJUNCTION WITH IONITY, OF THE FIRST CORRIDOR OF THE LARGEST INTERCITY ULTRA-FAST CHARGING NETWORK IN SPAIN.

RENEWAL AND EXTENSION OF THIS CERTIFICATION WHICH RECOGNIZES THE BEST ORGANIZATIONS THAT PROVIDE EXCELLENT WORKING CONDITIONS FOR THEIR EMPLOYEES.



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# BUSINESS ENVIRONMENT

## GLOBAL MACROECONOMIC ENVIRONMENT

The world economy contracted by 4.3%<sup>1</sup> in 2020, mainly due to the reduction in activity in the second quarter of the year.

In this context, the decline in advanced economies was less than expected (-5.4%), although in the case of Spain the economy shrunk by 11%. For its part, China managed to contain the effects of the crisis and its economy grew moderately (2.3%)<sup>2</sup>.

With the impact of the pandemic on the economy, the World Bank forecasts a growth of 4% in 2021. This gradual recovery will be possible thanks to the progressive vaccination against Covid-19 and the existing fiscal and monetary stimuli.

With regard to the Euro zone, the European Central Bank forecasts that the economy will reach pre-crisis levels in mid-2022

and will exceed it by 2.5% in 2023. In the case of Spain, although GDP will grow by 6.8% in 2021, the recovery to pre-Covid-19 levels will be delayed until mid-2023<sup>3</sup>.

This growth of the Spanish economy will be influenced by an increase in private consumption as social distancing rules are lifted. The stabilizing role of public spending, together with the recovery of exports to major trading partners, in the midst of vaccination and recovery processes, will help to strengthen the growth of markets and international investment.

The tourism sector, a significant driver of the Spanish economy, continues to maintain its competitive advantages, which will enable it to recover strongly once the crisis is over.

## SECTORAL ENVIRONMENT

### PRICE OF CRUDE OIL (BRENT) AND SUPPLY

Since March, the oil markets have been affected by the convergence of different factors that have influenced both demand and supply, which has caused a drop in barrel prices. This fall hit its peak in April, coinciding with the mobility restrictions and stay-at-home lockdown.

World oil production fell in 2020 by 6.4 mb/d. Meanwhile, the global supply and consumption of crude oil experienced two stages last year, as a result of the pandemic. From early 2020

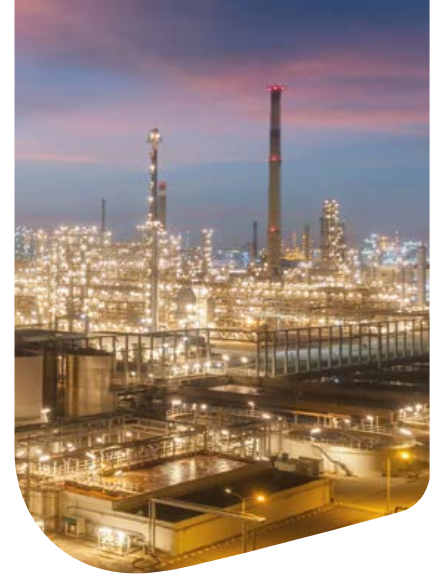
to the end of May, decreases in oil consumption outpaced reductions in oil production and resulted in an increase in global inventories by 1,200 million barrels. However, for much of the second half of the year, rising oil consumption and a reduction in its production by members of the Organization of the Petroleum Exporting Countries (OPEC) and Russia and other non-member countries (OPEC+), and lower US crude oil production caused inventories to fall, with brent prices reach a monthly average of \$50 per barrel in December.

<sup>1</sup> Annual average.

<sup>2</sup> Source: World Bank.

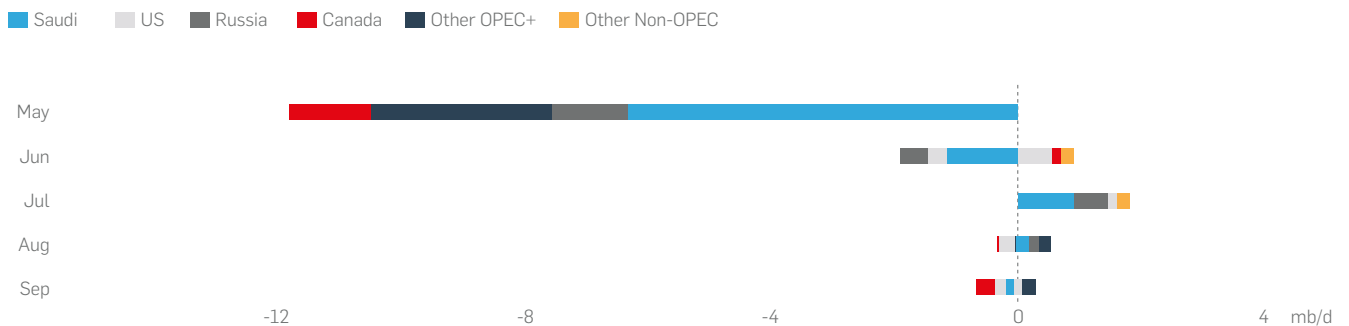
<sup>3</sup> Bank of Spain. Report on macroeconomic forecasts (2020-2023). Central scenario.





## EVOLUTION OF CRUDE OIL PRODUCTION BY MAJOR PRODUCERS WORLDWIDE

Oil Supply Response m-o-m change

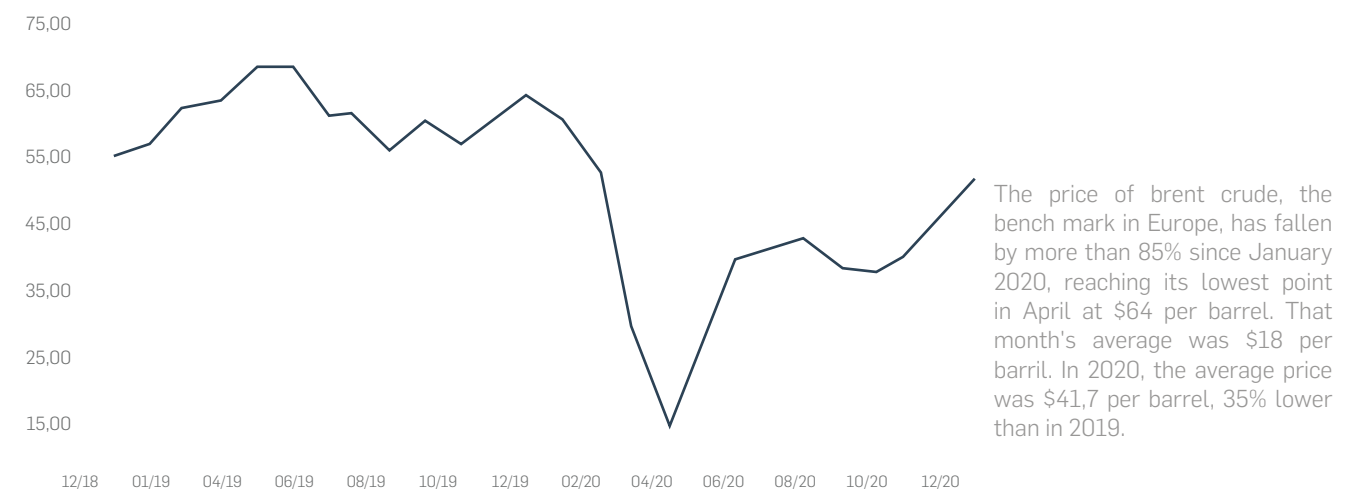


Source: International Energy Agency.

In January 2021, anticipating the drop in demand caused by a new wave in the pandemic, the OPEC+ decided to extend the cuts in production established in 2020. Additionally, Saudi Arabia will reduce production by one million barrels per day for the first few months of the year. In January 2021, Brent reached its highest levels in the last 10 months, managing to achieve pre-Covid-19 levels.

## EVOLUTION OF THE BRENT CRUDE PRICE

Brent \$/bbl



The current increase in prices will be an incentive to increase production and recover the levels of oil supply prior to the crisis. The greater demand expected in 2021 will also allow supply to be increased. OPEC+ has taken a more flexible approach to managing the market and will meet monthly to decide on production levels.



## DEMAND

The demand for crude oil fell by 9% last year compared to 2019<sup>4</sup> as a result of the impact of the measures taken to control the pandemic on economic activity, the demand for petroleum products and the fall in air traffic. At the end of the year, crude oil consumption had partially recovered, though it was still 6.8 mb/d lower than the consumption for December 2019.

This drop affected global refining activity, reducing its production by 7.3 mb/d over the course of the year.

The International Energy Agency (IEA) expects global demand for oil to recover in 2021, following the drastic fall in 2020.

With regard to the chemicals sector, it has been greatly affected by the shortage of raw materials that has contracted the supply capacity around the world. On the other hand, there has been an upturn in demand in many applications as a result of new uses associated with social distancing derived from the pandemic and the need to improve protection for people in activities that require contact. There has also been a clear increase in the consumption of products related to personal hygiene, infection prevention, and the availability of essential medical equipment in recent months. In all these uses, the truth is that the chemical industry plays a leading role and the main players have had to significantly elevate production to meet these needs in a context of shortages.

## REGULATION

Regulation is becoming an increasingly influential factor in the oil and gas industry, mainly in developed countries, where environmental requirements and technical specifications of products are increasingly restrictive. In January 2020, the new regulation of marine fuels of the International Maritime Organization (IMO 2020) came into force, posing a huge challenge for some refineries that have had to adapt their production mix.

In anticipation, Cepsa worked to guarantee the supply of this new specification in its main markets, ensuring the quality and service required in the market and the best combination of crude oil to achieve this objective. The reduction in the sulfur content of marine fuel has been carried out satisfactorily in our facilities thanks to the adaptability and flexibility of our units, offering the market a new product with greater added value for the company.

## REFINING MARGINS

Refining margins have remained low throughout the year, even reaching negative values during several months. In addition to the structural problem of excess refining capacity in Europe, which had already negatively affected margins back in 2019, this was exacerbated in 2020 due to the reduced consumption of refined products caused by the pandemic.

Already during the first quarter, high crude supply costs, linked to OPEC+ cuts, had a significant impact on reducing margins. This, together with the drop in demand for products in Asia, mainly China, and the beginning of the pandemic in Europe, led to an excess of finished products on the market.

During the second quarter, with the health crisis spreading first to Europe and later to America, and as a result of the mobility restriction measures imposed, there was a significant reduction in the demand for energy products and a sharp drop in prices and margins from April, with a particular impact on sales of jet fuel; the accelerated decline in crude prices did not alleviate the decline in margins.

In the third quarter of the year, margins remained low, even decreasing slightly compared to those obtained in the second quarter. Although demand recovered with the lifting of mobility restrictions and the arrival of summer, there were still products that did not recover to pre-crisis levels (aviation fuels).

<sup>4</sup> World Bank. Global Economics Prospects, January 2021.



The differentials of middle distillates (diesel and jet) did not follow the upward trend of crude oil, still penalized by the high inventories created in previous months. Regarding fuels for ground transportation (gasoline), there was a recovery in demand, but still short of the figures prior to the pandemic.

The fourth quarter was marked by the confirmation of the second wave of the pandemic, with the return of restrictions on mobility in practically the whole of Europe. This slowed down the recovery of demand experienced over the summer, and mild weather conditions also meant that demand for heating fuels did not reach the usual levels.

The beginning of the refinery turnaround season, mainly in northern Europe, the decrease in their utilization and the announcement of the closure of some refineries has meant a drop in the supply of petroleum products that has produced a slight increase in the margins of the sector as the market balanced.

In general terms, since the beginning of the pandemic there have been notable reductions in refinery production, some operational closures, and a lengthening of scheduled shutdowns with the aim of reducing operating teams. Likewise, although the volatility in the price of crude oil has permitted procurement strategies that have lowered the costs of raw materials, the impact of the drop in demand on the prices of final products has been even greater, narrowing margins.

## EXCHANGE RATE

Concerns about the impact of Covid-19 on the US economy led to the depreciation of the dollar, while the euro appreciated since the beginning of the pandemic by 2.9%. The improving economic outlook in Europe and the slowdown in the impact of the virus prior to the current upturn, have strengthened the currency. The closing exchange rate for 2020 was \$/€ 1.22.

### \$/€ EXCHANGE RATE PERFORMANCE



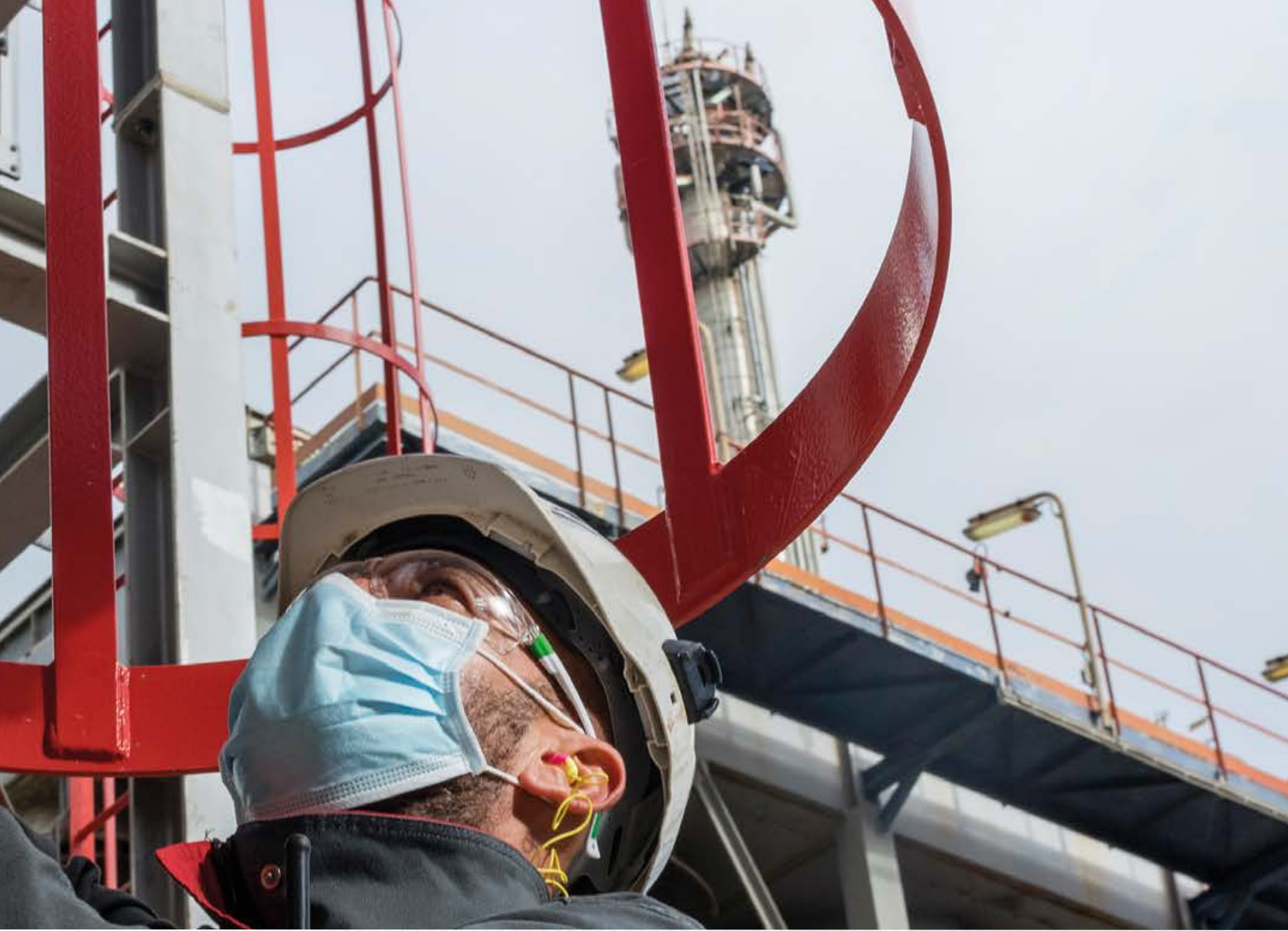


**INTEGRATED  
MANAGEMENT REPORT**



2020





## > 01.

# SAFETY AND CONTINUITY IN A GLOBAL EMERGENCY

1.1 The impact of Covid-19 on our business and operational continuity

1.2 Crisis management framework

1.3 Description of the adopted crisis management measures

1.4 Lessons learned after Covid-19

## CHAPTER 1

Safety and continuity  
in a global emergency

# 01.

# ➤ SAFETY AND CONTINUITY IN A GLOBAL EMERGENCY

## UNPRECEDENTED SITUATION

THE COVID-19 PANDEMIC HAS GENERATED AN UNPRECEDENTED SITUATION THAT HAS AFFECTED THE ACTIVITY OF THE COMPANY AND ITS BUSINESSES.

Cepsa responded to this emergency by guaranteeing safety conditions for its employees and in its operations and maintaining service to its customers. In addition, it has played a critical role as an essential activity in the supply of energy and basic chemicals for cleaning and prevention tasks related to Covid-19.

In this context, the company established a framework for managing the crisis from the outset and adopted measures in all areas and learned lessons that it has incorporated into its management.

## 1.1 THE IMPACT OF COVID-19 ON OUR BUSINESS AND OPERATIONAL CONTINUITY

We are facing an extremely difficult situation due to Covid-19 which has accelerated the structural crisis in the refining industry, especially in Europe.

These conditioning factors have hampered the performance of our businesses. In any case, it is worth highlighting the good performance of the Chemicals unit and the strength of our leadership position in surfactants.

Cepsa's priority since the start of the pandemic crisis has been to guarantee the health and safety of all employees and their families, customers, contractors and suppliers, as well as to continue operations to guarantee the supply of energy products and services and essential chemicals for cleaning and prevention tasks related to Covid-19. Cepsa's activity has been classified as essential and has been critical in contributing to the reactivation in Spain after lockdown.

Meanwhile, due to the drop in demand for energy derivatives, refinery production has adapted to current demand. In this regard, two units in the La Rábida refinery have remained inactive after their scheduled maintenance shutdown until the market conditions improve.

However, we have differentiating capabilities that support the resilience of the business model, and provide the foundation for our future growth. Our diversified business model gives us greater capacity to face crisis situations such as the one we are experiencing and ensure long-term sustainability. Our high operational integration reinforced by the physical integration of our facilities has allowed us to maximize efficiency and increase synergies, providing us with a robust business model.

## 1.2 CRISIS MANAGEMENT FRAMEWORK

At the outset of the health crisis, we launched an emergency plan activating the necessary structure to address the company's response in different areas. This structure is made up of various committees, comprising representatives from different areas and businesses, which have continuously monitored events, ensuring the appropriate measures have been adopted.

The company also set up a committee specifically dedicated to analyzing various scenarios to deal with situations arising at each moment and for each wave of the pandemic, as well as to manage the subsequent recovery (Post-crisis Committee).

All the established committees are part of a global supervisory committee (Committee 4C: Cepsa's Corporate Crisis Committee).

### COVID-19 CRISIS MANAGEMENT FRAMEWORK



### THE RETURN TO WORK

As well as these committees, Cepsa also set up two work teams to design the protocols for applying after the lockdown period.

These teams, focusing on offices and operational centers, were responsible for taking the necessary actions that would allow the return to work of employees and contractors with the minimum risk.

**CHAPTER 1**

Safety and continuity in a global emergency

## 1.3 DESCRIPTION OF THE ADOPTED CRISIS MANAGEMENT MEASURES

From the outset, the company adapted the continuity and contingency plans for its businesses and support areas to defined scenarios.

### SUPPORT FOR OUR EMPLOYEES TO GUARANTEE THEIR WELL-BEING AND SAFETY IN OUR CENTERS.

Cepsa's strategy in the face of Covid-19 has mitigated the impact it has had on human resources. The maturity and flexibility of the company's processes have also contributed to this. In addition, Cepsa's prior work on this matter, which already provided a teleworking model, has allowed us to maintain activity from the very start of the pandemic and enabled employees work remotely.

Similarly, Cepsa has carried out several actions to protect its customers and maintain its activities, to continue providing them with essential products and services.

  **OUR RESPONSE TO PROTECTING OUR PEOPLE**

FOCUS	Continuous assessment	<ul style="list-style-type: none"> <li>• Health and safety risk assessment and update.</li> <li>• Diagnosis of remote working conditions and the well-being of employees.</li> <li>• Monitoring of health and safety conditions through medical services.</li> <li>• Creation of action protocols with service companies for the prevention of infections.</li> </ul>
	Tools and training	<ul style="list-style-type: none"> <li>• Increasing technological resources to facilitate remote working.</li> <li>• Changes in shift systems in factories to reduce the number of people in the plant at the same time.</li> <li>• Unification of criteria in the use of personal protective equipment.</li> <li>• Greater training offer for professionals and workshops on various topics (emotional well-being, entertainment, training in programming for the children of employees, sports, etc.) in which more than 1200 people have participated.</li> </ul>
	Communication and information	<ul style="list-style-type: none"> <li>• Creation of specific communication channels for Covid-19, including a WhatsApp Covid-19 application, which offers all the relevant information for employees and all related resources at their disposal.</li> <li>• Ongoing dialogue with workers' representatives.</li> </ul>
	De-escalation	<ul style="list-style-type: none"> <li>• Work on de-escalation plans and development of guides and courses for returning to work.</li> </ul>

➤ Cepsa carried out a survey among its employees on remote working to find out about their experiences and opinions. The results confirmed a very high level of satisfaction that, for the most part, exceeded 90%.



## ECONOMIC-FINANCIAL PERFORMANCE

Cepsa launched a contingency plan in April to protect the generation of cash flows, a plan that has been accompanied by a series of resilience initiatives in other areas. These measures are in addition to those already taken before 2020.

At year-end, the company had saved 527 million euros through the reduction of 118 million in costs and 409 million in capital investments, surpassing the initial goal of 500 million euros in savings.

After a period focused on resilience and cost control, the company is in the process of designing a sustainable growth plan that will be presented in the first half of 2021.

Cepsa will continue working to increase efficiency and optimize its cash and working capital position.

## OUR RESPONSE TO THE CRISIS

FOCUS	Resilience initiatives	<ul style="list-style-type: none"> <li>• Reduction of fixed expenses in all operations and business units.</li> <li>• Focus on rationalization of fixed and variable costs.</li> <li>• Roughly 20% reduction in capital investments, taking advantage of the company's huge flexibility thanks to its integration throughout the energy value chain.</li> <li>• Prioritization of investments in projects with a higher yield.</li> <li>• Strict management of working capital.</li> <li>• Adjustment of refining activity to current demand.</li> <li>• Restructuring of teams in service stations to make them more flexible, through temporary redundancy schemes.</li> </ul>
	Operational excellence	<ul style="list-style-type: none"> <li>• Improving our operational performance to achieve maximum efficiency in our centers, acting in areas such as digitalization, contract management and maintenance processes.</li> </ul>
	Project execution	<ul style="list-style-type: none"> <li>• Delivery in due time and manner of the most important current projects.</li> </ul>





## FLEXIBILITY IN THE SUPPLY CHAIN TO ENSURE THE SUPPLY OF GOODS AND SERVICES NECESSARY FOR OPERATIONS

Cepsa's priority has been to guarantee the supply of goods and services needed to maintain essential activities.

The company's matrix-based organization of the procurement function, integrated with the business units, has been key in this context, as have other already implemented actions such as the digital transformation of processes, the continuous monitoring of suppliers and the availability of robust tools that have allowed both suppliers and buyers to carry out their tasks from any location.

### OUR RESPONSE TO ENSURING SUPPLY

FOCUS	Critical supplier management	<ul style="list-style-type: none"> <li>• Identification of critical suppliers to ensure the continuity of their supply through contingency plans and search for alternative suppliers where this supply could be jeopardized.</li> </ul>
	Flexibility in contracting	<ul style="list-style-type: none"> <li>• Renegotiation of contracts to adapt them to the needs of each moment.</li> </ul>
	Contingency plans	<ul style="list-style-type: none"> <li>• Definition of contingency plans to maintain operations in essential activities.</li> </ul>
	Provision of medical supplies	<ul style="list-style-type: none"> <li>• Launch of a medical supplies corridor that ensured we had all the necessary personal protective equipment, rapid virus detection tests and thermal imaging cameras in our facilities.</li> </ul>

## COLLABORATION WITH SOCIETY THROUGH OUR FOUNDATION

During 2020, the Cepsa Foundation focused its activities and support on meeting the most basic needs arising from Covid-19.



See more information about the Cepsa Foundation's actions in the face of Covid-19 in the section "6.8 Relationship with the environment in which we operate" included in this Report.

## CHAPTER 1

Safety and continuity  
in a global emergency

### 1.4 LESSONS LEARNED AFTER COVID-19

Our handling of the crisis has enabled Cepsa to take away a series of lessons learned which it continuously incorporates into its management. This role has been specifically assigned to the Post-Crisis Committee.

The analysis and conclusions reached by this committee are allowing us to improve and finalize our business continuity plans.

#### LESSONS LEARNED. MAIN AREAS





**INTEGRATED  
MANAGEMENT REPORT**



2020





## > 02.

# A GLOBAL AND DIVERSIFIED ENERGY AND CHEMICAL COMPANY

2.1 Our diversified business model

2.2 A global company present throughout the entire oil and gas, chemicals and electricity value chain

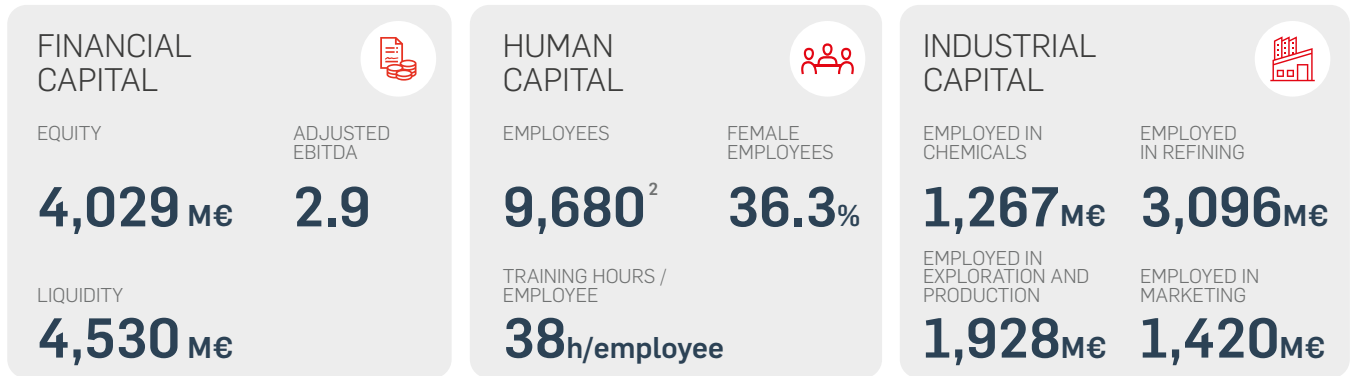
2.3 Cepsa's presence around the world

# 02.1

## ▶ OUR DIVERSIFIED BUSINESS MODEL<sup>1</sup>

Cepsa is an integrated global energy and chemical company that is involved throughout the entire oil and gas value chain. Thanks to our technical excellence and adaptability, we are currently one of the leading industrial groups in Spain in terms of sales, as well as a benchmark group for the industry. We operate in more than twenty countries, and we work to continue expanding our activities.

### 1 CEPESA USES A SET OF ASSETS OR CAPITAL...



### 2 ...WHICH IT MANAGES THROUGHOUT ITS ACTIVITIES...



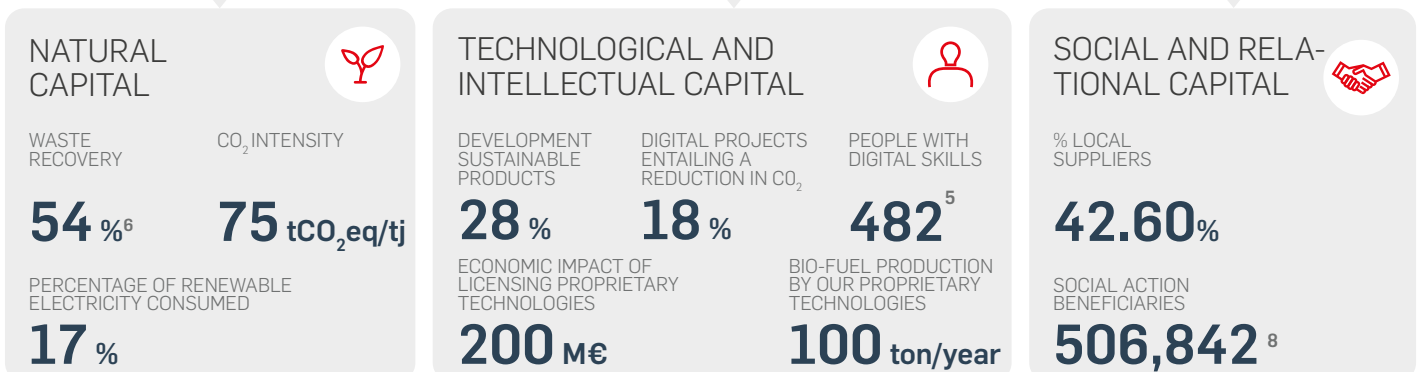
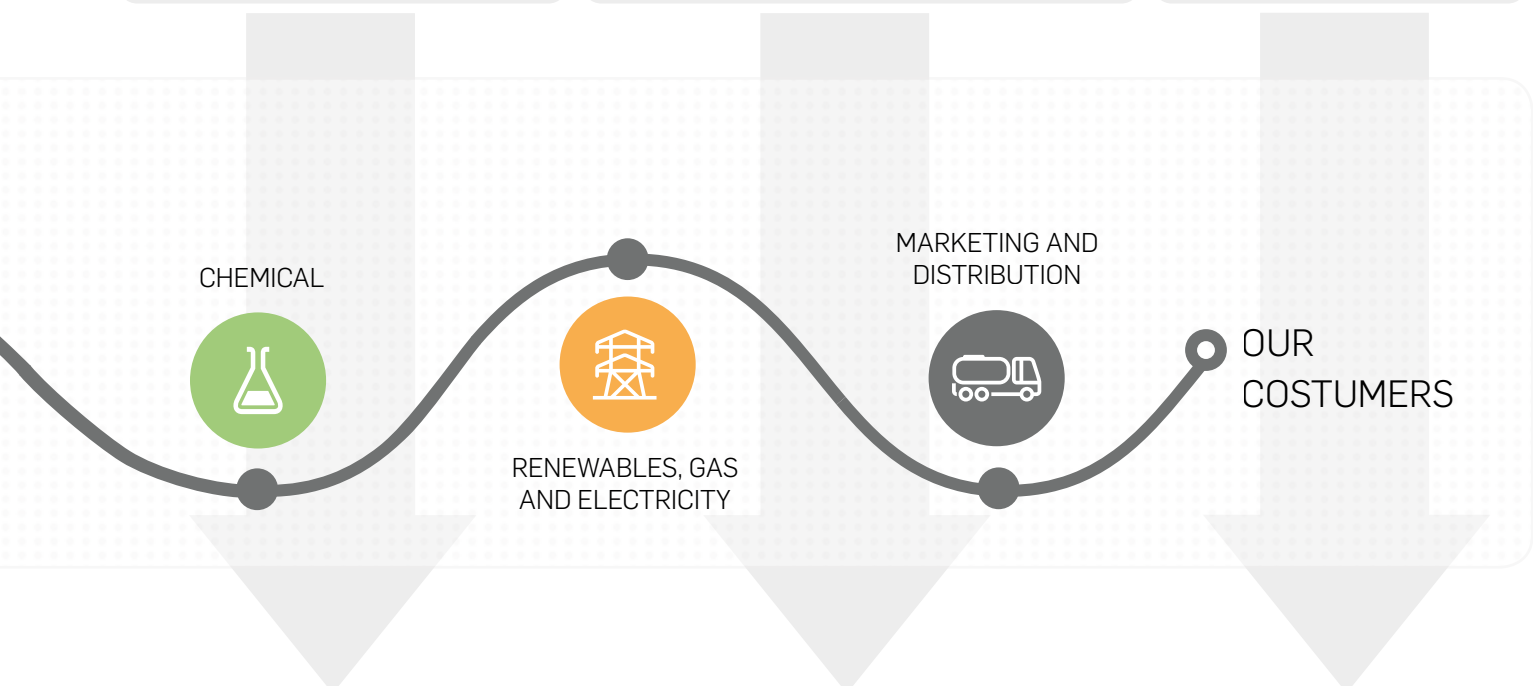
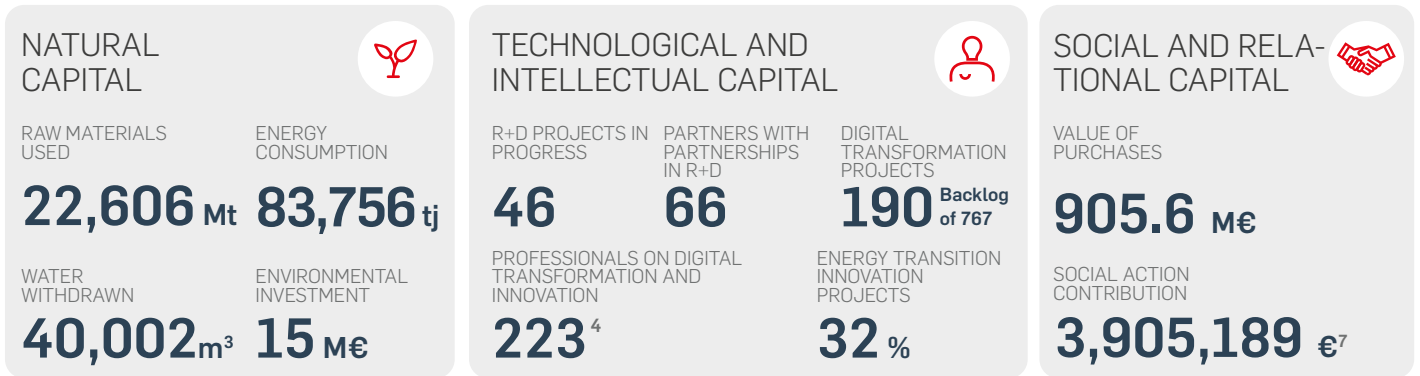
### 3 ...TO CREATE VALUE FOR ITS CUSTOMERS AND OTHER STAKEHOLDERS.



<sup>1</sup> Cepsa's Annual Integrated Management Report has been drawn up in accordance with the requirements of the International Integrated Reporting Framework. This section sets out the company's business model in detail in accordance with the capital structure proposed in the framework. <sup>2</sup> Data for 57 partial retirees (43 men and 14 women) are not included in 2020. <sup>3</sup> Employees who were authorized to work from home one day a week before the pandemic. The percentage has been calculated based on the total number of employees working in the parts of the company in which teleworking is encouraged (Torre Cepsa and commercial office employees).

## CHAPTER 2

A global and diversified energy and chemical company

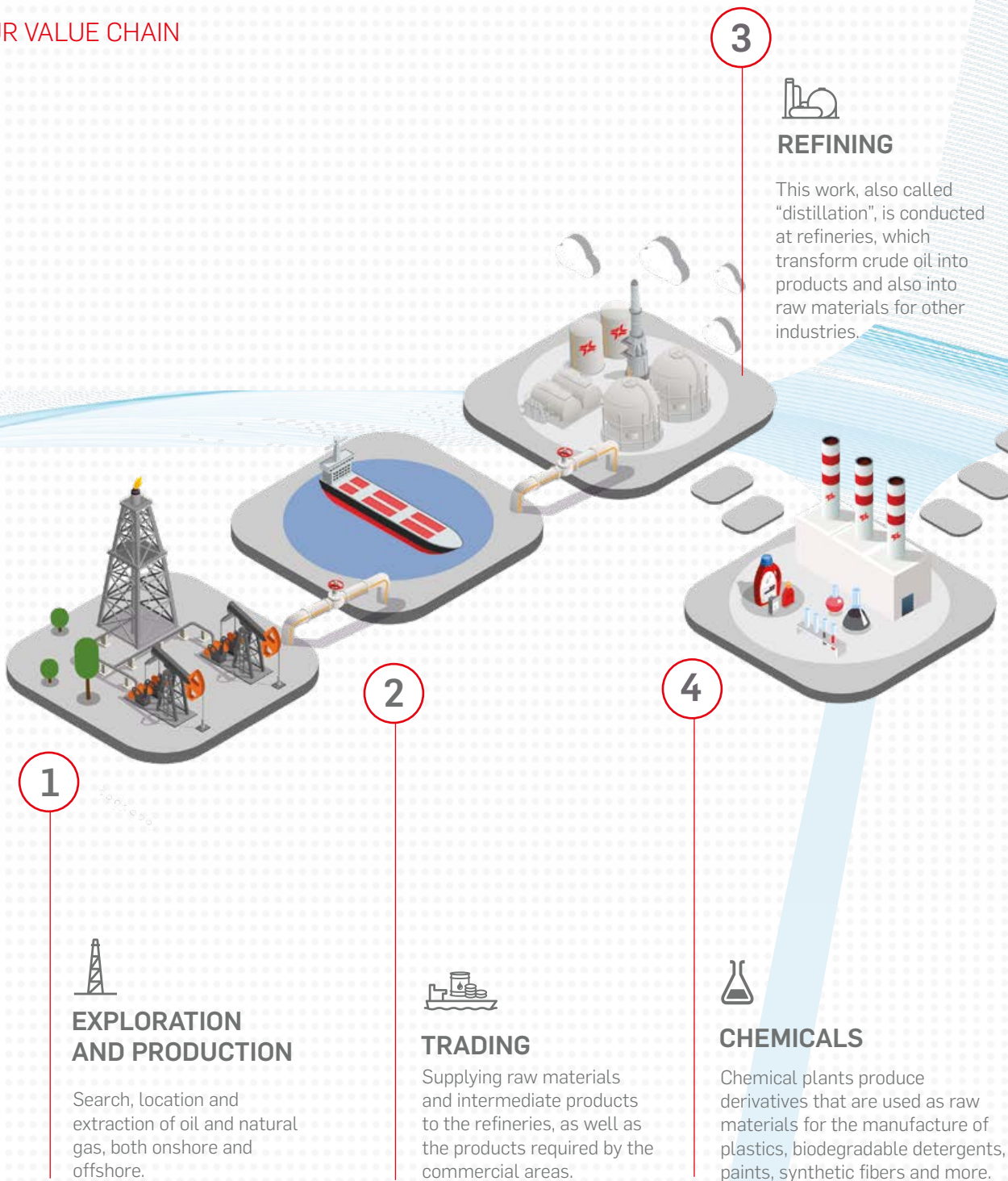


<sup>4</sup> This includes employees of the Center for Digital Transformation and Research in corporate and business matters. <sup>5</sup> Employees who have been involved in digital initiatives or who have taken part by taking one or more of the various courses in the CDX program. <sup>6</sup> The percentage of own recovered waste is indicated as a percentage of the total amount of own waste managed. MARPOL waste is not included. <sup>7</sup> This includes investments in voluntary and mandatory social action. <sup>8</sup> This includes the direct and indirect beneficiaries of voluntary and mandatory social action initiatives.

## 02.2

# > A GLOBAL COMPANY PRESENT THROUGHOUT THE VALUE CHAIN FOR OIL AND GAS, CHEMICALS AND ELECTRICITY

### OUR VALUE CHAIN



## CHAPTER 2

A global and diversified energy and chemical company

5



### RENEWABLES, GAS AND ELECTRICITY

Generation of electricity for our production centers and commercialization of electricity from renewable sources for other industries and companies.

6



### DISTRIBUTION AND SALES

There are many petroleum derivatives. Among the best known are: fuels, ship and airplane fuels, butane, propane, lubricants and asphalts. They are distributed and marketed through different sales channels to reach all consumers.

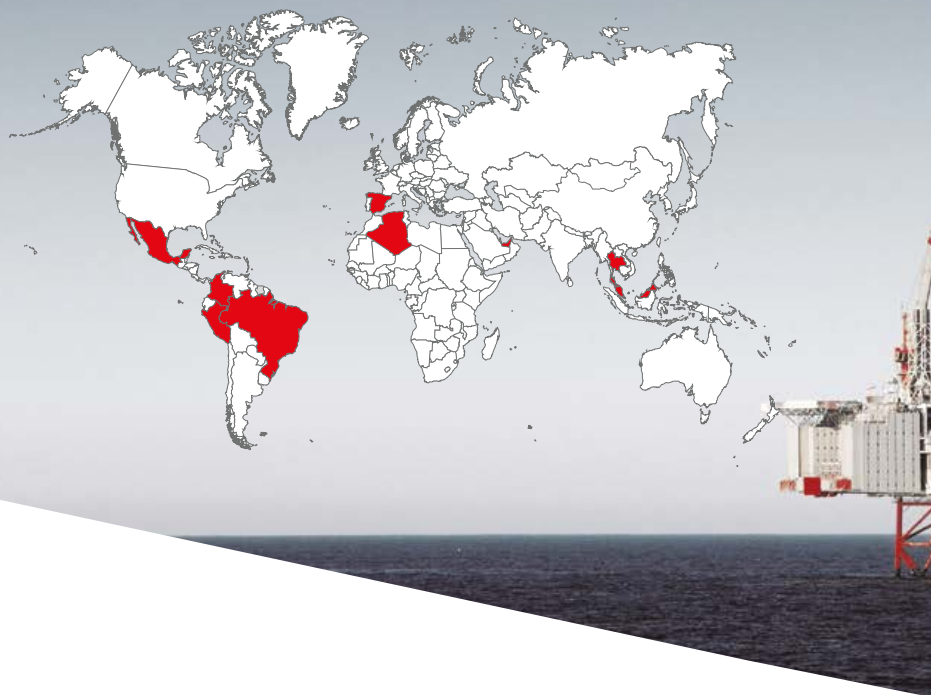




## OUR ACTIVITIES



## EXPLORATION & PRODUCTION



OUR EXPLORATION AND PRODUCTION UNIT IS DEDICATED TO THE EXPLORATION, DEVELOPMENT AND PRODUCTION OF OIL AND NATURAL GAS. WE ARE PRESENT IN: SPAIN, LATIN AMERICA, NORTH AFRICA AND THE MIDDLE EAST.

### Main indicators

2020 2019

Net entitlement production (thousands of barrels per day)

66.1 76.5

Crude oil sales (millions of barrels)

19.2 20.8

## MILESTONES

# 2020

**01.** Commissioning of the Umm Lulu Super complex after more than 60 million hours of work without any safety or environmental incidents. The Sarb and Umm Lulu fields produced more than 8 million net barrels of oil for Cepsa in 2020.

**02.** Completion of the corresponding contract in the KBM cluster in Malaysia and the successful and safe abandonment of the production platforms in Thailand.

**03.** Measures to reduce expenses and investments due to the fall in the price of crude oil and production.



The portfolio is made up of facilities on land (onshore), shallow waters and deep waters (offshore), where various exploration, development and production activities are carried out. Cepsa participates in different roles including operator, partner in joint Ventures and partner with technical leadership of non-operated facilities. We currently produce the second largest oil field in Algeria and participate in the development of one of the largest oil & gas projects of 2020 in Abu Dhabi.

During 2020, oil prices were extremely volatile due to the suspension of economic activity worldwide as a consequence of the pandemic. This prompted the OPEC to reduce their production during a large part of the year, as a price suppression measure.

A significant part of this business is in countries that suffered production cuts during the year (Algeria and UAE). Despite this, a production, in terms of working interest, of 75.8 thousand b/d was achieved during 2020. These cuts are expected to diminish, as the Covid-19 pandemic situation subsides during 2021.

The business has adapted to this environment of price volatility, optimizing costs, shutting down activity in unprofitable fields, seeking efficiencies and being very selective when investing in new projects. As a result, we have managed to reduce our cost of production after investments, break-even, to values below \$30/barrel, mainly driven by our projects in Abu Dhabi and Algeria.

Due to the exceptional circumstances experienced in 2020, the production of several fields in Colombia was stopped and our block in Thailand was definitively abandoned. The KBM block contract in Malaysia also ended and it was therefore returned to local authorities. The rest of the facilities continued to operate normally.

Due to the shift work systems in place at our production facilities, the work and transfer protocols were reviewed during the year so the most appropriate measures to tackle the Covid-19 situation could be implemented, ensuring the health and safety of all our employees.



## EXPLORATION AND PRODUCTION FACILITIES:



### ALGERIA

- Rhourde el Krouf (RKF), onshore crude oil production. Berkine basin. 49% share. Joint operation and in production.
- Ourhoud, onshore crude oil production. Berkine basin. 37% share. Joint operation and in production.
- BMS, onshore crude oil production. Berkine basin. 75% share. Joint operation and in production.
- Timimoun, onshore natural gas field. Timimoun basin. 11% share. Jointly operated.



### COLOMBIA

- Caracara, onshore crude oil production. Llanos basin. 70% share. Operated by Cepsa.
- La Cañada Norte, onshore crude oil production. Upper Magdalena valley. 17% share. Not operated by Cepsa.
- Tiple, onshore crude oil production. Llanos basin. 70% share. Operated by Cepsa. Currently suspended.
- Jilguero, onshore crude oil production. Llanos basin. 58% share. Operated by Cepsa. Currently suspended.
- Garibay, onshore crude oil production. Llanos basin. 50% share. Operated by Cepsa. Currently suspended.
- Melero, onshore crude oil production. Llanos basin. 100% share. Operated by Cepsa. Currently suspended.
- Puntero (Onca field), onshore crude oil production. Llanos basin. 100% share. Operated by Cepsa. Currently suspended.
- Puntero (Manatus field) onshore crude oil production. Llanos basin. 70% share. Operated by Cepsa. Currently suspended.
- Llanos 22, onshore crude oil exploration and production. Llanos basin. 55% share. Operated by Cepsa.
- Merecure, exploration. Llanos basin. 35% share. Operated by Cepsa.
- Balay. 30% share. Not operated by Cepsa. In the process of being abandoned.
- CPO-12. 30% share. Suspended and in the process of being returned by the operator. In the process of being abandoned.
- PPN. 30% share. Suspended and in the process of being returned by the operator. In the process of being abandoned.
- CPO-14. 100% share. Operated by Cepsa and in the process of terminating the E&P contract. In the process of being abandoned.





## PERU

- Block 131, onshore. Ucayali basin. 100% share. Operated by Cepsa.



## UNITED ARAB EMIRATES

- SARB, Umm Lulu, Bin Nasher and Al Bateel, offshore fields. 20% share. Not operated and under a concession.
- Umm Al Anbar, Neewat Al Galan, Mubarraz and Hail, offshore crude oil fields in production. Coast of Abu Dhabi. 13% share. Not in operation.



## MEXICO

- Blocks 16, 17 and 18, offshore exploration. Tampico-Misantla basin. 20% share. Not operated by Cepsa.



## SURINAME

- Block 53, offshore exploration. Guyana-Suriname basin. 25% share owned by Cepsa. Not operated by Cepsa.



## BRAZIL

- Block 717, offshore exploration. Ceará basin. 50% share. Not operated by Cepsa.



## THAILAND

- Block G5/43, offshore crude oil production. 100% share. Operated by Cepsa. It ceased production in June 2020, and the dismantling of the facilities was completed in December.



## SPAIN

- Casablanca, offshore crude oil production. Coast of Tarragona. 7% share. Not operated by Cepsa.
- Rodaballo, offshore crude oil production. Coast of Tarragona. 15% share. Not operated by Cepsa.
- Boquerón, offshore crude oil production. Coast of Tarragona. 5% share. Not operated by Cepsa.





## ➤ TRADING

OUR TRADING BUSINESS SUPPLIES CRUDE OIL AND OTHER PRODUCTS TO REFINERIES. IN ADDITION, IT SELLS THE CRUDE PRODUCED IN OUR FIELDS AND THE PRODUCTS DIRECTED AT FOREIGN MARKETS.

### ➤ SUPPLY TO THE REFINING SYSTEM

158.5 million barrels of crude oil

### ➤ VESSEL MANAGEMENT

1,347 ships

#### Main indicators

2020 2019

Volume of trading operations (millions of barrels)

24.6 18.5

## MILESTONES

# 2020

01. Opening of Trading business offices in Houston (USA).

Through our Trading business, we sell crude oil from our fields and surplus products from our refineries, we supply the Refining unit with raw materials and intermediate products, and we manage price risks in the futures and derivatives markets. Optimizing all these flows is essential, maximizing their value by taking advantage of the opportunities that the market offers.

In addition, value is generated from the sale of shipments to third parties and the paper associated with our operations. Proprietary Trading operations, arbitrage between long and short contracts and taking advantage of spot opportunities are increasingly important.

The Risk and Derivatives Management desk proposes and manages the corporate risk hedging portfolio (refining margin, Brent outright and inventory flat price). As part of the management process, it participates in financial derivatives, futures, swaps and underlying options markets for oil (crude oil and products).

02. Signing of a new crude oil procurement contract with ADNOC (Abu Dhabi National Oil Company).

Our Chartering area provides a dedicated and optimized transportation solution to the entire company (crude, asphalts, LPG, clean and dirty products, bios, lubes). Safety, meanwhile, is a priority for our business and the Vetting section carries out inspections that guarantee the highest standards in this regard in our own fleet and in those of third parties that work with Cepsa.

Our business has a strong international focus. Singapore is the location of choice to optimize our positions in crude oil and products in the Middle East and the Far East. In the Americas, the recently opened office in Houston will act as a base from which we can gain knowledge of the market and generate synergies for our businesses in the area (Mexico, participation in the USG Bunker hub).

Supported by the Company's new organizational model, the Trading business is focused on optimizing Cepsa's flows, opening new markets and building new capabilities. Moreover, the new Market Risk Control function will enable new levers, necessary for the sustained and sustainable growth of the business.



## REFINING

OUR REFINERIES ALLOW US TO CONVERT CRUDE OIL INTO PETROLEUM DERIVATIVES. WE HAVE A TOTAL REFINERY CAPACITY OF 23.6 MILLION TONS PER YEAR, 32% OF THE INSTALLED CAPACITY IN SPAIN.

- GIBRALTAR SAN ROQUE (Cádiz)  
12.6 million tons/year
- LA RÁBIDA (Huelva)  
11 million tons/year

Main indicators	2020	2019
Distilled crude (millions of barrels)	138.4	156.9

### MILESTONES

## 2020

01. Successful manufacture in our refineries of marine fuel oil with a low sulfur content adapted to the new International Maritime Organization regulations.
02. Drafting of a concession project for the Huelva Port Authority to build a new pipeline at the La Rábida refinery, in association with CLH, that will enable a renovation of the existing infrastructure and an improvement in logistic competitiveness.
03. More sustainable technology in our products with the incorporation of second generation biofuels, made from recycled oils, in the manufacture of our motor fuel and marketing of biopropane in autogas.
04. Implementation of the RTO (Real Time Optimization) tool at the La Rábida refinery to optimize its production.

Crude oil is distilled through our Refining activity and transformed into products. We select the crude oils most suited to the characteristics of our refineries and with an appropriate hydrocarbon content for the series of final products that are to be manufactured.

The installed refining overcapacity in Europe and the competitiveness of refineries in Russia, the Middle East and the United

States continue to be the main threats to European refineries. Moreover, in Europe we are faced with growing environmental requirements and technical specifications for our products with lower authorized CO<sub>2</sub> emissions and a greater presence of biofuels. In this context, Cepsa is undertaking various actions to guarantee the viability of its refineries, such as programs to continuously improve efficiency, improve processes and reduce costs.



## > CHEMICALS

WE ARE WORLD LEADERS IN THE MANUFACTURE OF LAB (RAW MATERIAL FOR BIODEGRADABLE DETERGENTS) AND CUMENE, AND THE SECOND LARGEST PRODUCERS OF PHENOL AND ACETONE, FOR THE PRODUCTION OF NEXT-GENERATION PLASTICS.

Main indicators	2020	2019
Sales of petrochemical products (millions of tons)	2.8	2.9

### MILESTONES

## 2020

01. Record year for Chemicals with an EBITDA increase of 45% compared to 2019:

- Resilience in the phenol business, both in China and Spain.
- 13% growth in LAB in a context of higher demand and supply of raw materials restricted by operational difficulties. Cepsa maximized production thanks to its integration and operational leadership.

Our chemical plants located in Spain are integrated with our refining centers and produce high value-added raw materials.

We are a critical and essential industry in the current context, producing raw materials which are key during this Covid-19 crisis, such as detergents, disinfectant gels, medical equipment, masks, transparent barriers, safety goggles, etc.

Cepsa manufactures and sells base chemicals and derivatives. We have petrochemical plants in Spain, Canada, Brazil, Nigeria, China, as well as oleochemical plants in Indonesia and Germany. The manufactured products have many applications: raw material for the manufacture of detergents, manufacture of resins, electronic components, synthetic fibers and pharmaceutical products, among others.

We are world leaders in the LAB line and second in the phenol-acetone line, thanks to the integration with our refineries, and to our technological leadership in both lines.

In particular at LAB, we are proud to co-own the best manufacturing technology available on the market, and to be the leader in its industrial implementation, as in the case of the Detal Project at the Puente Mayorga chemical plant, with an investment of 118 million euros and recognized by the Ministry for the Ecological Transition and the Demographic Challenge (MITECO) at the European Business Awards for the Environment, Spanish section, with an award received from His Majesty King Felipe VI. The contribution to the circular economy and sustainability of this unique LAB production method has been possible thanks to a powerful investment in R&D for the development of new products and manufacturing processes, in active collaboration with external centers and universities.



## ➤ RENEWABLES, GAS AND ELECTRICITY

WE OFFER GAS AND ELECTRICITY TO BOTH INDUSTRIAL CUSTOMERS AND CONSUMERS IN THE TERTIARY SECTOR IN SPAIN AND PORTUGAL.

➤ **ELECTRICITY**  
7 cogeneration plants and one combined cycle plant in Andalusia.

➤ **RENEWABLE ENERGY**  
Wind in Jerez de la Frontera (Cádiz). Capacity: 29MW.

Main indicators	2020	2019
Gas sales (GWh)	30,918	33,176
Electricity output (GWh)	2,799	3,587

### MILESTONES

## 2020

**01.** 25% increase in commercialized electrical energy despite the adverse scenario caused by the pandemic.

The Renewables, Gas and Electricity business is dedicated to the generation and commercialization of electrical energy and other related activities (selling agent), including natural gas imports and commercialization in Spain. It also supplies electricity and gas to the rest of the company's businesses.

Our activity is carried out in the Iberian Peninsula, particularly in Spain where we have a combined cycle power plant and 7 electricity and steam cogeneration plants in the main production centers (powered by natural gas). We also supply gas and electricity to industrial customers and consumers in the tertiary sector.

In addition, we have our first wind farm, located in the province of Cádiz. It has 11 generators and an installed power of 29MW. The production from this farm avoids 32,000 t/year of greenhouse gas (CO<sub>2</sub>) emissions.

The challenge is to increase our volume of activity, with a focus on expanding renewable generation capacity, in a volatile market environment and in a sector where the activity is highly regulated.

With regard to natural gas, the company imports gas to the Spanish market, complementing its supply with short-term operations and trading activity. We mainly supply industrial customers.





## ➤ MARKETING AND DISTRIBUTION

THROUGH OUR DERIVATIVES WE ARE PRESENT ALL OVER THE WORLD, WE SELL MOTOR FUELS, BUTANE, PROPANE, FUELS FOR SHIPS AND PLANES, LUBRICANTS AND ASPHALTS, AMONG MANY OTHER PRODUCTS.

Main indicators	2020	2019
Sales of petroleum products (millions of tons)	14.8	20.7

The Marketing and Distribution unit sells and delivers our products to end consumers. Like other activities in the company, this has been declared an essential activity during the pandemic.

We have our own sales channels and an extensive network of subsidiaries, agents and distributors. Our positioning in the market is as a company offering high quality products and service

### MILESTONES

## 2020

01. Consolidation of the Service Station network in Morocco, with the opening of 30 new stations, which will allow us to obtain the definitive operator license. We are also developing channels for direct sales and lubricants.
02. Strengthening of our presence in the Moroccan asphalt market with the acquisition of a 40% stake in the companies Sorex and Bitulife, together with the leading group (Madjaline Holding) in the storage and distribution of asphalt bitumens and insulation products.
03. Reinforce of our positioning in professional transport by acquiring a 100% stake in IS-XXI which owns 5 service stations in the north of Spain.
04. Beginning of selling fuel in Mexico through a network of 13 service stations under our Red Energy brand, selling more than 50,000 cubic meters.
05. Adaptation of our marine lubricants to the IMO2020 (International Maritime Organization) regulations, thanks to our extensive experience in this market.
06. Beginning of selling VLSFO 0.5% (Very Low Sulfur Fuel Oil), significantly reducing the amount of sulfur oxides generated by ships.

## CHAPTER 2

A global and diversified energy and chemical company

### ➤ SERVICE STATIONS

**1,783** between Spain, Portugal, Gibraltar, Andorra, Mexico and Morocco.

### ➤ JET FUEL

**75,000 m<sup>3</sup>** of supply capacity with operations in Spain's and Portugal's major airports.

### ➤ ASPHALTS, LUBRICANTS AND SPECIAL PRODUCTS

#### ASPHALTS PLANTS

**5** Spain **1** Portugal

#### LUBRICANT PLANTS

**2** 1 of which also produces coolants

### ➤ LPG

#### DISTRIBUTORS

**96** Spain **12** Portugal

#### AGENCIES

**34** Spain **9** Portugal

#### PRODUCTION PLANTS

**9** 6 additional bottling plants

### ➤ STATIONS FOR BOATS

**33** Spain

### ➤ BUNKERING Spain

**51** ports with a presence through tankers

**8** ship fueling stations

**10** barges

The Marketing and Distribution unit sells and delivers our products to end consumers.

Despite the difficulty situation faced in 2020, Cepsa managed to continue to supply and distribute energy products to service stations, airports, home delivery services, sensitive and strategic customers, by guaranteeing safe working conditions in our industrial centers and by reacting quickly in service stations, adopting the best safety practices such as the installation of partitions, special demarcations, forced flows, limited capacity, among other measures.

We market and sell our petrol, fuels and special products through a broad network of service stations (1783 points of sale) in Spain, Portugal, Mexico, Morocco, Andorra and Gibraltar; comprising both our own direct sales channels and an extensive national and international network of agents and distributors.

Our positioning in the market is as a company that provides innovative and quality products and services, adapted to the realities of our customers.

In Spain, the service station network's degree of coverage per inhabitant is slightly higher than in other European countries. Therefore, to guarantee its profitability in a competitive environment, the differentiation of our network and the loyalty of our customers are of great operational importance.

Cepsa supplies marine fuels to ships through pipelines (on the dock), tankers or barges, carrying out the strictest safety and quality standards. We have a wide range of light and heavy products in all the ports we operate in, which comply with the environmental regulations on low sulfur emissions.

The Bunkering business operates exclusively in Spain and Gibraltar, with a presence in 51 ports and supplies through barges (10), pipelines and a large capillarity provided by tankers. Our main objective is to provide our customers with the best service based on three fundamental pillars: safety, quality and a commitment to quantity (mass flow meters) in barges.

In 2020, the maritime sector faced a momentous change with the entry into force of IMO2020, which limits the sulfur content in marine fuels and has revolutionized maritime transport in many aspects. It represents a fundamental step towards the objective of transport decarbonization, by attempting to stop the emission of sulfur oxides which, according to the International Maritime Organization (IMO), are harmful to human health and contribute to acid rain.

The adoption of these measures was a technological challenge that Cepsa overcame thanks to its experience and diversified business model, which enabled us to design a specific and truly differentiated product: the new 0.5% (Very Low Sulfur Fuel Oil), a high-quality fuel for ships which is low in sulfur. Designed in our refineries from the distillation of a suitable basket of crude oils, it is different from those manufactured from mixtures of finished products.

We are also now able to supply LNG (liquid natural gas) by tanker to new generation vessels throughout Spain and we are pioneers with our Oizmendi multi-product barge, which can supply both conventional and LNG products. We also have the Bunker Breeze barge which is 'LNG ready'.



## 02.3

# > CEPASA IN THE WORLD

### CANADA

Chemicals

### MEXICO

Distribution and marketing of petroleum products  
Exploration and Production

### COLOMBIA

Exploration and Production

### PERU

Exploration and Production

### SURINAME

Exploration and Production

### BRAZIL

Exploration and Production  
Chemicals

### UNITED KINGDOM

Distribution and marketing of chemicals products

### FRANCE

Distribution and marketing of petroleum products

### PORTUGAL

Distribution and marketing of petroleum products

### MOROCCO

Distribution and marketing of petroleum products

### ALGERIA

Exploration and Production

### NIGERIA

Chemicals

### BELGIUM & THE NETHERLANDS

Distribution and marketing of chemicals products

### GERMANY

Distribution and marketing of chemicals products  
Chemicals

### SPAIN

Refining  
Distribution and marketing of petroleum products  
Chemicals  
Distribution & marketing of chemicals products  
Gas and Electricity  
Trading  
Corporation  
Renewable energy generation

### ANDORRA & GIBRALTAR

Distribution and marketing of petroleum products

### ITALY

Distribution and marketing of chemicals products

### UNITED ARAB EMIRATES

Exploration and Production  
Chemicals  
Distribution and marketing of petroleum products  
Corporation

### MALAYSIA & THAILAND

Exploration and Production

### CHINA

Chemicals

### INDONESIA

Chemicals



**SPAIN**

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- 
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**ANDORRA & GIBRALTAR**

- 

	CORPORATION		DISTRIBUTION AND MARKETING OF PETROLEUM PRODUCTS
	EXPLORATION AND PRODUCTION		DISTRIBUTION AND MARKETING OF CHEMICAL PRODUCTS
	REFINING		GAS & ELECTRICITY
	CHEMICALS		RENEWABLE ENERGY GENERATION
	TRADING		



**INTEGRATED  
MANAGEMENT REPORT**



2020





## > 03.

# READY FOR THE FUTURE

- 3.1 Strategic pillars for the energy transition
- 3.2 Innovation as a lever of transformation
- 3.3 Transforming the company for the digital age



### 3.1 STRATEGIC PILLARS FOR THE ENERGY TRANSITION

The priority external factors in our growth strategies are as follows:



THE NEGATIVE IMPACT OF COVID-19 ON THE ECONOMY.



THE NEED TO PRIORITIZE THE ENERGY TRANSITION IN RESPONSE TO THE NEEDS OF OUR CUSTOMERS.



THE REGULATORY CHANGES NEEDED TO PROMOTE A LOW-CARBON ECONOMY.



THE OVERCAPACITY IN REFINING IN EUROPE.

#### NEW STRATEGIC PLAN 2021-2025 AND ENERGY TRANSITION

In 2020, along with our focus on a rapid reaction to the crisis, we began to reorganize and transform the company. The new senior management team is working with the CEO, Philippe Boisseau, to design a revamped and ambitious strategy based

on our strengths, and on the expansion and development of new businesses that will transform Cepsa and help it become the leading player in the energy transition.

## CHAPTER 3

Ready for the future

Our strengths: we believe we play a key role in the energy transition:



### Our diversification

That offers us, apart from the resilience demonstrated in 2020, the best guarantee in responding to technical and innovation challenges.



### Financial soundness

Which makes it possible to generate profit and grow steadily.



### Our talent

More than 90 years of experience and know-how, which contributes to our R&D driver, to the continuous improvement of our operations and to the ability to execute projects worldwide.



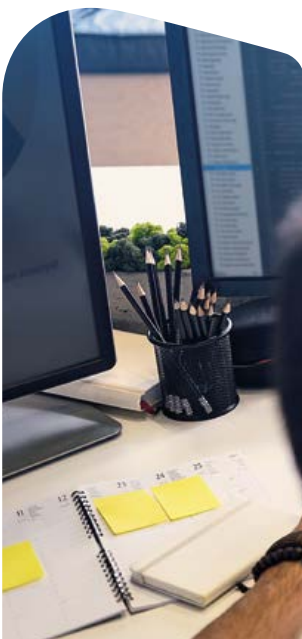
### Leadership in chemicals

And positioning as one of the leading companies in the refining sector.

> This new strategic plan will be presented during 2021 and will be a watershed for the company, laying the foundations for Cepsa to be at the forefront of the energy transition.

This strategy will allow us to be more agile and flexible to face up to the future, promoting new businesses and being more customer-focused and outward-looking.

The strategic plan provides for the optimization of our assets, the intensification of operational excellence and the reduction of costs as priorities to prepare for future growth. The creation of value, financial robustness, resilience and intensification of our diversified model continue to be our main commitments.







## 3.2 INNOVATION AS A LEVER OF TRANSFORMATION

INNOVATION WILL ALLOW US TO ACHIEVE THE SUSTAINABILITY AND ENERGY TRANSITION OBJECTIVES OF THE MOST SIGNIFICANT NATIONAL AND INTERNATIONAL POLICIES.

Cepsa itself, or in collaboration with third parties, promotes projects to develop more sustainable alternatives in its product portfolio and thus improve its manufacturing processes.

Main indicators	2020
Investments in innovation in (millions of euros)	14.8
Number of R&D projects in progress	46
Percentage of research center projects related to the energy transition	32%
Number of partners we collaborate with on R&D projects	66
Development of new sustainable products	28%

### MILESTONES

# 2020

01. Installation of four new refining pilot plants, three of them with the support of the Centre for the Development of Industrial Technology (CDTI) of the Spanish Ministry of Science and Innovation.
02. Launch of a project to assess the possibilities of obtaining petrochemical raw materials from the chemical recycling of plastics.

## CHAPTER 3


Ready for the future

### INNOVATION TO SUPPORT THE GOALS OF THE ENERGY TRANSITION

➤ Innovation is a fundamental lever to support the energy transition.

The company has undertaken several innovation projects aimed at developing new products for the petrochemical industry, identifying "bio" alternatives to fossil-based products, and looking for more sustainable alternatives to its current production methods.

➤ Another aim of the projects carried out is the recovery of certain types of waste, streams or molecules generated in the processes.

  <p>MAIN PROJECTS CARRIED OUT BY THE RESEARCH CENTER IN 2020</p>	<ul style="list-style-type: none"> <li>• <b>Chemical recycling of plastics to produce petrochemical raw materials.</b> The project evaluated the possibilities offered by pyrolysis processes to chemically recycle plastics to produce hydrocarbons compatible with current petrochemical raw materials. This line of work is therefore aligned with the principles of the circular economy and the mitigation of climate change.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Installation of four new pilot units, three of them with the financial support of the Centre for the Development of Industrial Technology (CDTI) of the Spanish Ministry of Science and Innovation.</b> These units will accelerate the evaluation of new catalysts, the processing of raw materials of "bio" origin and the development of special products such as bitumens, lubricants, marine fuels and paraffin waxes.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Increased oil recovery using CO<sub>2</sub> to replace light hydrocarbons.</b> This technique will avoid the injection of valuable gases and reuse the CO<sub>2</sub> emissions generated in fields in Abu Dhabi.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Development of advanced analysis techniques that allow us to develop new applications for our raw material for detergents (Linear Alkylbenzene and derivatives).</b> Through this new methodology (GCxGC ToF/FID), Cepsa has managed to improve these processes, once again leading the way in the use of the most innovative technologies in the field of manufacturing and monitoring.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Evaluation of methane (CH<sub>4</sub>) as a source of hydrogen (H<sub>2</sub>).</b></li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Studies on the intensification of catalytic processes by redesigning reactors.</b></li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Study on catalytic regeneration with no CO<sub>2</sub> emissions through the use of solvents.</b></li> </ul>

### COLLABORATION WITH OTHER EXTERNAL PARTNERS

Cepsa follows a 360° collaboration strategy with external partners in the development of innovative projects at various levels:



#### STRATEGIC PARTNERSHIPS

with experts in technology and in catalyst manufacturing, such as UOP, Haldor-Topsoe, BASF and INNO-SPEC, and in collaborative R&D projects with corporations such as SINOPEC, GRACE DAVISON and Zeolyst.



#### COLLABORATIONS

With universities or centers of the Spanish National Research Council (CSIC) of the Spanish Ministry of Science and Innovation.



#### COLLABORATIONS WITH START-UPS

in innovative projects such as Visolis, Ultraclean and Cellicon.



#### COLLABORATIONS WITH PARTNERS IN STATE-FUNDED PROJECTS

From entities such as the CDTI (Centre for the Development of Industrial Technology), the Spanish Ministry of Science and Innovation (MICINN) and the Technological Corporation of Andalusia (CTA), and internationally funded ones (Horizon 2020).



### 3.3 TRANSFORMING THE COMPANY FOR THE DIGITAL AGE

CEPSA SOON IDENTIFIED THE OPPORTUNITIES ASSOCIATED WITH DIGITAL TRANSFORMATION. SINCE THEN, WE HAVE MADE PROGRESS TO ENSURE WE ARE PREPARED. DIGITAL TRANSFORMATION IS ONE OF THE PILLARS IN THE FUTURE OF OUR BUSINESS.

Main indicators	2020
Employees with digital skills in the company	482 <sup>(1)</sup>
Digital transformation projects	190 <sup>(2)</sup>

#### MILESTONES

# 2020

01. Launch of the first edition of the *Cepsa Digital Experience* program to equip our employees with the necessary skills for digital transformation.
02. Implementation of a data-driven strategy that democratizes the use of data and the extraction of value from its analysis.
03. *Agile Everywhere project*, part of the *Agile Delivery* strategy, aimed at deploying and extending agile methodologies throughout the organization.

<sup>1</sup> Employees who have been involved in digital initiatives or who have taken part by taking one or more of the various courses in the CDX program.

<sup>2</sup> Projects completed at the end of 2020 from Cepsa's digital transformation program, which has 767 projects in the portfolio.

## CHAPTER 3

Ready for the future

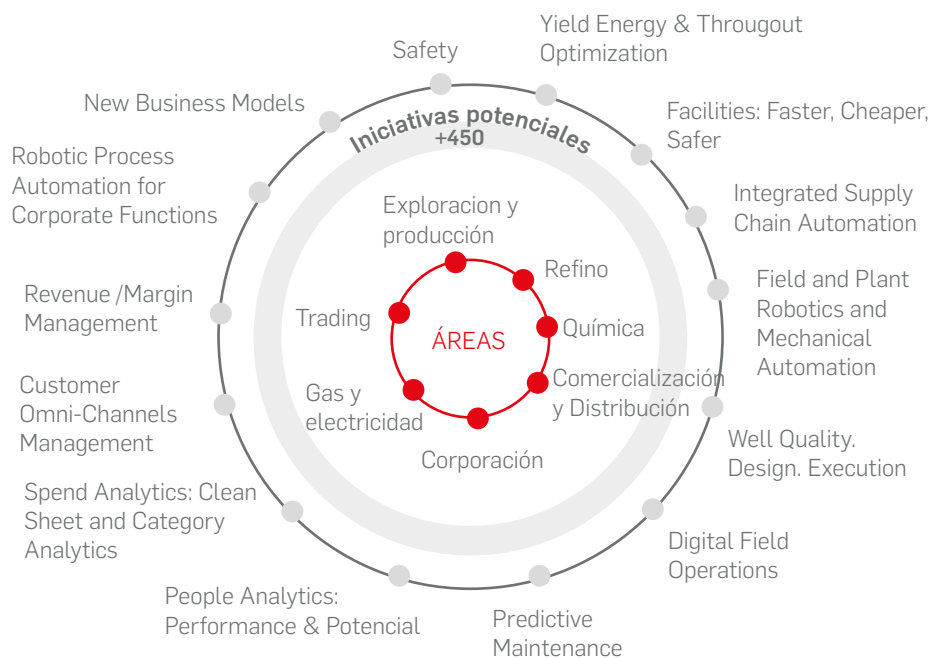


### MAIN INITIATIVES

To move towards being a data driven and agile company, Cepsa has an ambitious plan based on putting people and technology at the center of the necessary cultural change. The plan consists of 14 cross-functional pillars.

To make the goal of digital transformation a reality, it is essential that we train all our people in new working methods based on agility, collaboration and cost control. In addition, it is necessary to develop digital tools that enable the creation of products, which enhance the capabilities of employees and develop the potential of the company in each of its areas of operation.

## CEPSA DIGITAL TRANSFORMATION PLAN



Below are the main digital transformation initiatives launched by the company in 2020:



### DATA-DRIVEN STRATEGY

The implementation of a data-driven strategy will democratize the use of data and the extraction of value from its analysis. A study of the data access needs of different types of users has been carried out and the stock of adequate tools to access them has been identified. Work is also being done to upload all the data to the cloud.



### AGILE DELIVERY STRATEGY

Within this strategy, the Agile Everywhere project enables agile methodologies to be deployed and extended throughout the organization. In the context of this initiative, a scheme has also been designed to detect potential projects, as well as all the necessary steps to implement agile cells in all Cepsa management departments.



### CEPSA DIGITAL EXPERIENCE (CDX)

The first edition of this program was launched, aimed at equipping professionals with new skills in digital transformation to accelerate the company's transformation process. In 2020, 121 employees participated. CDX consists of three phases:

- Learning and acquisition of knowledge phase.
- Experience phase in which trainees participate in real initiatives.
- "Value" phase in which trainees solve real problems in their business areas.



**INTEGRATED  
MANAGEMENT REPORT**



2020





## > 04.

# EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT

- 4.1 Good governance
- 4.2 Ethical management
- 4.3 Risk management
- 4.4 Internal control system



## 4.1 GOOD GOVERNANCE

DURING THE 2020, WHICH WAS MARKED BY THE COVID-19 PANDEMIC, THE BOARD GUIDED THE MANAGEMENT IN MAKING DECISIONS REGARDING CONTINGENCY PLANS AND RESPONDING TO THE CHALLENGES THAT AROSE.

Our highest management body devoted itself to ensuring the resilience of the company by implementing the necessary actions.

Cepsa redesigned its organization by appointing a new Executive Committee and undertaking a transformation process that will allow it to address future challenges.

Main indicators	2020	2019
Number of members of the Board of Directors (as of 31 December)	10	10
Number of meetings held by the Board	10	6
Attendance at meetings of the Board of Directors	100% <sup>(1)</sup>	100% <sup>(2)</sup>

### MILESTONES

# 2020

**01.** New executive committee to carry out the company's transformation process.

**02.** Restructuring of the Board's Operating Committees to simplify their operation and structure.

<sup>1</sup> Attendance in 2020 was close to 100%, with only one director missing at the meetings on 23 January (represented by proxy) and 28 May (not represented).

<sup>2</sup> Attendance in 2019 was close to 95%, with only one director missing at the meeting on 25 April (represented by proxy) and two at the 11 December meeting (not represented).

## CHAPTER 4

Effective governance that promotes responsible management

# CORPORATE GOVERNANCE ADAPTED TO BEST PRACTICES

Cepsa's governance model is adapted to leading standards, such as the Code of Good Governance for Listed Companies in Spain, as well as the best international practices.

The presence in our management bodies of experienced and prestigious figures guarantees effective decision-making for the transformation of the company.

## COMMITMENTS AND PRINCIPLES THAT INSPIRE THE GOVERNANCE OF THE COMPANY



Ethical behavior.



Maximizing long-term and sustainable value creation.



Compliance with the law and internal regulations, as well as transparency in our actions.



Social commitment to local communities.



Workplace health and safety surveillance.



Constant dialogue with our stakeholders.



Environmental protection.

## MANAGEMENT BODIES

The General Shareholders' Meeting is made up of representatives of the two shareholders of the company, according to their shareholding. It is the highest management body together with the Board of Directors.

- Cepsa's shares are owned by two shareholders: Cepsa Holding, LLC, owner of 61.5%, controlled by Mubadala Investment Company and "Matador Bidco, S.A.R.L.", owner of the remaining 38.5%, controlled by "The Carlyle Group, Inc.

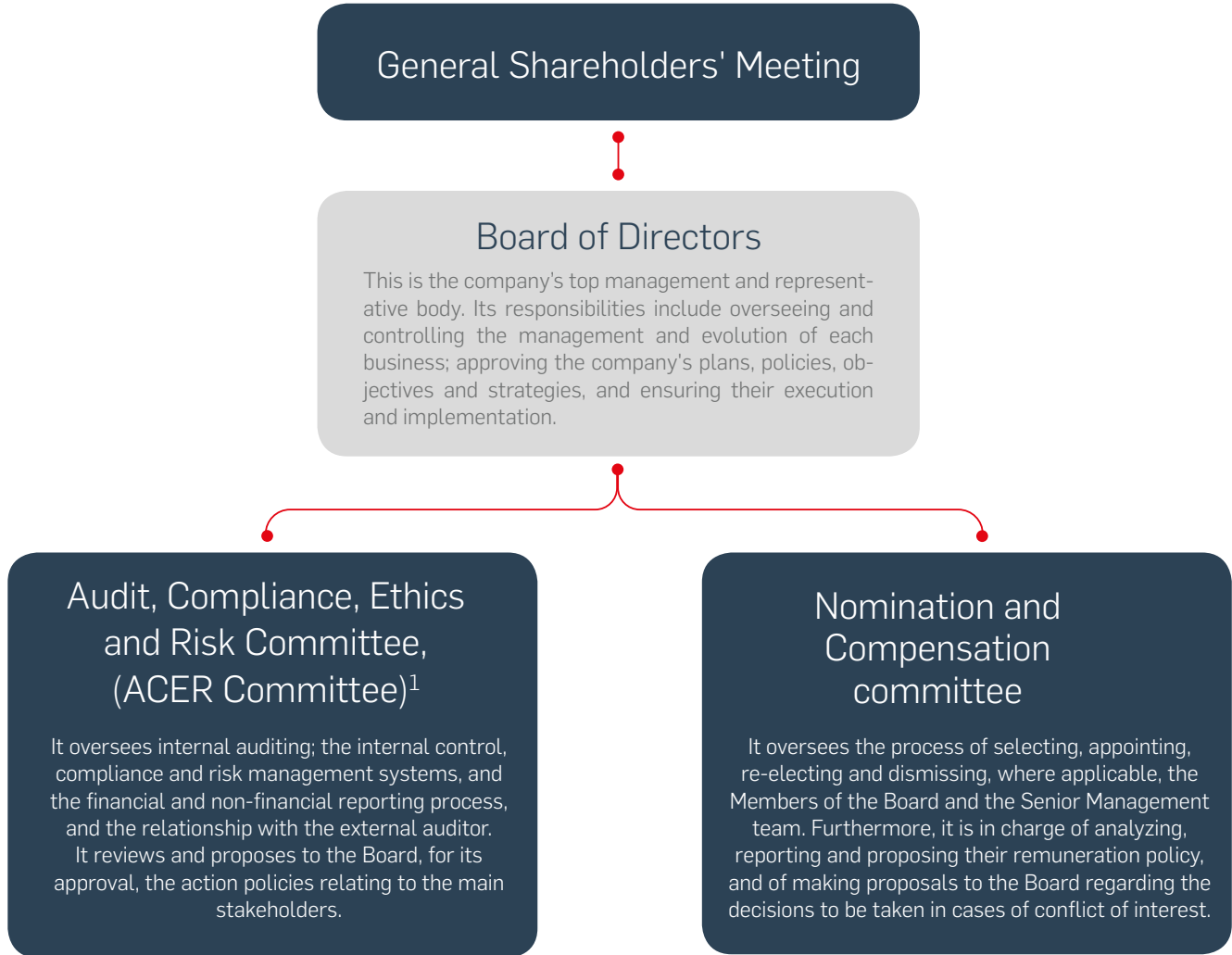




**CHAPTER 4**

Effective governance that promotes responsible management

**STRUCTURE OF MANAGEMENT BODIES**



Reporting to the ACER Committee is the **Compliance and Ethics Operating Committee**, whose objective is to assist this former in monitoring compliance with the Corporate Governance and Compliance Policies, the Code of Ethics and Conduct, as well as to offer a methodology and ensure standardized reporting of the main compliance issues. These include tax com-

pliance, personal data regulations, capital markets regulation, crime prevention model, international sanctions and embargoes, money laundering prevention model, anti-bribery and corruption model, prevention of occupational risks, protection of competition model, etc.



**LEADERSHIP OF THE BOARD OF DIRECTORS IN THE RESPONSE TO COVID-19**

The constant action and involvement of our Board of Directors has enabled us to promote the necessary actions and strategies from an operational, financial, legal, and above all human point of view, with the aim of protecting the health and well-being of our people and generating a climate of trust in the decisions taken.

<sup>1</sup>In addition, this Committee has various ESG-related powers. It is in charge of reviewing and proposing to the Board the action policies relating to the main stakeholders, and more specifically of proposing the Corporate Responsibility Policy. Furthermore, it oversees the ESG annual action plan and the progress of the commitments made in this regard.



## APPOINTMENT OF THE MEMBERS OF THE MANAGEMENT BODIES

The General Shareholders' Meeting is the body responsible for appointing the directors, upon recommendation of the Nomination and Compensation Committee.

Both our directors, as well as potential candidates for occupying these positions, are professionals of proven integrity, whose professional conduct and career are aligned with the

principles of Cepsa's Code of Ethics and Conduct and its vision and values.

Their appointment takes into account criteria of knowledge and experience in the energy, finance or industrial sectors, the dedication capacity required to exercise of their position and diversity.

## COMPOSITION OF THE BOARD OF DIRECTORS AND ITS DELEGATED COMMITTEES\*

Name	Board of Directors	Director category	Date of initial appointment	Audit, Compliance, Ethics and Risk Committee	Nomination and Compensation Committee
Mr Ahmed Yahia Al Idrissi	Chairperson	Proprietary	04/02/2021	-	-
Mr Marcel van Poecke	Vice Chairperson	Proprietary	15/01/2019	-	Member
Mr Philippe Boisseau	CEO	Executive	15/10/2019	-	-
Mr Musabbeh Al Kaabi	Member	Proprietary	26/04/2017	-	-
Mr Ángel Corcóstegui	Member	Independent	01/02/2016	Chairperson	-
Ms Alyazia Al Kuwaiti	Member	Proprietary	20/11/2018	-	Chairperson
Mr Saeed Al Mazrouei	Member	Proprietary	15/10/2019	Member	-
Mr Marwan Nijmeh	Member	Proprietary	15/10/2019	-	Member
Mr Bob Maguire	Member	Proprietary	15/10/2019	Member	-
Mr Joost Dröge	Member	Proprietary	15/10/2019	-	-
Mr Ignacio Pinilla	Non-director secretary	N/A	31/01/2012	Secretary	-
Mr José Tellez	Non-director vice secretary	N/A	24/10/2014	Vice Secretary	-
Mr Carlos Morán	-	-	11/05/2012	-	Secretary

\* Composition of the Board of Directors as of 4 March 2021, the date of the preparation of Cepsa's Financial Statements, Management Reports and Proposed Profit Distribution for 2020. On 4 February 2021, the following changes took place on the Board of Directors: resignation of Mr Bakheet Al Katheeri and appointment of Mr Ahmed Yahia Al Idrissi, who in turn is appointed Chairperson of the Board of Directors, following the resignation of Mr Musabbeh Al Kaabi.



## CEPSA'S MANAGEMENT BODIES

Cepsa has established two main committees in charge of managing the company's operations: the Executive Committee and the Investments and Contracts Committee.



### EXECUTIVE COMMITTEE

This is the executive body responsible for the daily management of all businesses, for the organization and strategic coordination of Cepsa and for ensuring the integration of economic, social, environmental and ethical aspects in all decision-making processes at the highest level.

The Chief Executive Officer reports directly to the Board of Directors on the most significant issues.



### INVESTMENTS AND CONTRACTS COMMITTEE

Responsible for reviewing and making decisions about significant contracts, organic investments, and M&A investments. In addition, it reviews the progress and performance of investment projects underway and makes decisions on budget deviations of projects within its scope of action.

## CHAPTER 4

Effective governance that promotes responsible management



### 4.2 ETHICAL MANAGEMENT

TO ENSURE THE TRANSFORMATION OF THE COMPANY, IT IS ESSENTIAL THAT EMPLOYEES CARRY OUT THEIR PROFESSIONAL ACTIVITY WITH INTEGRITY.

To support them in this task, the company carries out training and awareness actions and has management systems in place that follow the best international practices.

Main indicators	2020	2019
Complaints of breaches of the code of ethics	109	134
Percentage of managers trained during the year in the Crime Prevention Model	85%	100%*
Total number of requests for advice on ethics	25	36
Number of internal audit projects with an anti-corruption and anti-bribery component	6	8

\* Data corresponding to 2018. This training is carried out on a biennial basis, having been carried out in 2018 and in 2020.

#### MILESTONES

# 2020

01. Successful ISO 19601 and 37001 certifications.
02. Successful external audit of the Crime Prevention Model under the ISAE 3000 standard.
03. Employee survey to find out their opinion on the ethics and conduct model, and specifically on the operation of the whistleblowing hotline.
04. Training for managers, team leaders and other business partners on compliance.
05. Implementation of the KYC (Know Your Counterparty) tool to complete our third party due diligence.




# ETHICS AND CORPORATE POLICIES

## MANAGEMENT APPROACH

The Code of Ethics and Conduct provides the framework for carrying out professional activity at Cepsa, describing the ethical commitments that must be met and detailing the minimum applicable standards. All employees must be aware of the content of the Code and adhere to it, for which the company continuously provides training and awareness programs.

- The Code is updated and reviewed periodically, to adapt it to changes that may occur both in society and in the company.

 MAIN TRAINING PROGRAMS IN 2020	<ul style="list-style-type: none"><li>• Virtual training for 2103 employees on the Code of Ethics and Conduct and training on crime prevention.</li></ul>
	<ul style="list-style-type: none"><li>• Specific training for new Cepsa's directors and members of the Executive Committee in compliance matters.</li></ul>

### AWARENESS-RAISING ACTIONS ON ETHICS IN 2020



#### CELEBRATION OF THE 5TH ETHICS DAY AT CEPSE

The company celebrated the fifth edition of Ethics Day, in the presence of our CEO, and with presentations from several experts including Ana Garrido, 2018 Anti-corruption award from Transparency International.

During the event, awards were handed out to the compliance believers, employees who have demonstrated a particular commitment in this area.



#### FEEDBACK SURVEY ON ETHICS

We launched a feedback survey among all our employees to find out their evaluation about our ethics model and the whistleblowing hotline.

These initiatives from company aim to strengthen the involvement of its workforce in fulfilling their commitment to ethical behavior.

In addition to its employees, Cepsa also asks its suppliers and business partners to adhere to its Code of Ethics and Conduct before signing any contract. To facilitate compliance with this requirement, Cepsa provided training in this area during 2020 in which 233 professionals from 214 suppliers participated.

In addition to the Code of Ethics and Conduct, the company has other corporate policies that can be consulted on the website.

## CHAPTER 4

Effective governance that promotes responsible management



### CEPSA'S INTERNAL REGULATIONS. MAIN POLICIES



Access Cepsa's  
internal regulations

- Crime Prevention Policy.
- Third Party Due Diligence Policy.
- Conflicts of Interest Policy.
- Supplier Code of Ethics.
- Anti-bribery and Corruption in the Public and Private Sector Policies.
- Corporate Responsibility Policy.
- Health and Safety, Environmental Protection and Quality Policy.
- Human and Workers' Rights Policy.
- Personal Data Protection Policy.
- Corporate Tax Policy.
- Ethics and Compliance Channel Policy.
- General Corporate Risk Policy.

### ETHICS AND COMPLIANCE CHANNEL.

Cepsa has an Ethics and Compliance Channel where any employee or third party can report irregular behavior or conduct contrary to these standards. This channel is available online 24 hours a day, 365 days a year and it can be accessed in different languages.



#### WHISTLEBLOWING HOTLINE

Cepsa has finished setting up a 24/7 whistleblowing hotline. This channel is managed by an independent company, which transfers potential complaints to the Ethics and Compliance Office. It can be accessed from 19 countries.

The Channel is managed by the Ethics and Compliance Office, which reports to the Audit, Compliance, Ethics and Risk Committee which in turn reports to CEO of the company. All stakeholders with whom we establish a contractual or commercial relationship are informed about this channel.

➤ In 2020 we launched a survey on ethics. 93% of our employees confirmed that they knew where to go if they had a question or concern. 75% said they did not fear reprisals if they reported an irregularity.

All communications received through the channel are treated confidentially. The Ethics and Compliance Channel Policy establishes the procedure by which they are processed.

## COMPLIANCE MANAGEMENT SYSTEM

Cepsa has a compliance management system in place that ensures it has the necessary prevention and management mechanisms to handle breaches or inappropriate behavior.

In this regard, all the actions indicated above aimed at informing about our Code of Ethics and Conduct and other internal regulations are fundamental. These include the training program on the Crime Prevention Model imparted to 76 executives, 85%

of Cepsa's total. Also of note are the onboarding sessions that have been carried out for all the new managers who have joined the company.

Lastly, specific initiatives were launched aimed at team leaders and department heads and in-house personnel, in different matters related to compliance.



### External audit of the Crime Prevention Model

In order to verify the effectiveness of the crime prevention and management model, Cepsa subjected it to an external audit process under the ISAE 3000 standard, which was successfully passed.



### UNE 19601 certification

To ensure that the implementation of the model is carried out in accordance with the most current standards, the company has become UNE 19061 certified in Management Systems for Criminal Compliance.



## ANTI-CORRUPTION, BRIBERY AND MONEY LAUNDERING

Cepsa works in accordance with international standards and is ISO 37001 certified in anti-bribery management systems. This certification has been updated consecutively in the last three years.



### ANTI-CORRUPTION, BRIBERY AND MONEY LAUNDERING MEASURES TAKEN BY THE COMPANY IN 2020

- Audit on corporate cards and travel expenses and director's cards.
- Communication actions.
- Launch of online training on crime prevention.
- Supplier training via streaming.
- Review of the third party due diligence procedure and implementation of improvements in all businesses.
- Merger of the payment intervention and KYC (Know your Counterparty) units in an attempt to strengthen the process and make it more efficient.
- Implementation of a tool to monitor and manage third party due diligence.
- Updating the conflicts of interest of our employees in risk areas such as sales, procurement, managers and directors.

Throughout 2020, Cepsa carried out an assessment of the effectiveness of the criminal prevention control framework, which mitigates the risks related to corruption in the public and private spheres. This exercise led to an update of the residual risk of corruption. The assessments analyzed the risk from a criminal standpoint, and took into account the corruption risks.

## CHAPTER 4

Effective governance that promotes responsible management



## RESPECT FOR HUMAN AND WORKERS' RIGHTS

Cepsa has a Human and Workers' Rights Policy approved by the Board of Directors. The company defends non-discrimination for any reason, as well as equal opportunities. Likewise, Cepsa has a penalty system for conduct that contravenes these principles. During 2020, Cepsa did not record any incident related to this issue.

The company also carried out specific assessments to identify risks in these areas regarding its suppliers. In 2020, no risk of non-compliance in these areas was detected.

Cepsa has specific rules in place aimed at the actions of security personnel, who must maintain a high level of technical and professional competence and must be trained in matters related to human rights.



### MANAGEMENT IN LINE WITH THE MOST ADVANCED INTERNATIONAL PRACTICES

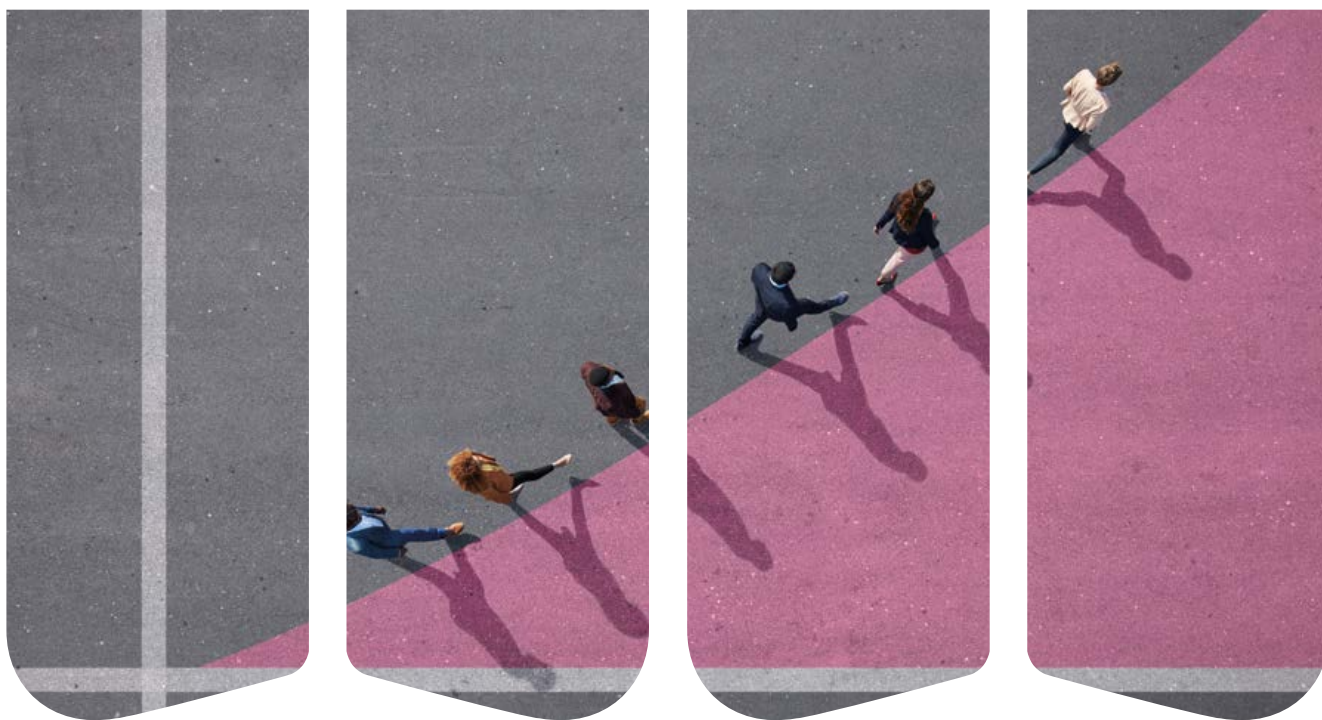


#### Access to Human and Workers' Rights Policy

In implementing its policy, Cepsa, in addition to complying with the legislation in force in each state, adjusts its application and behavior in accordance with the most advanced international practices:

- United Nations Universal Declaration of Human Rights.
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.
- OECD Guidelines for Multinational Enterprises.
- National Action Plan for Business and Human Rights of the Government of Spain approved on 28 July 2017.
- Principles of the United Nations Global Compact to which it has adhered since 2005.
- United Nations General Assembly Declaration on the Rights of Indigenous Peoples.
- ILO Convention 169 on Indigenous and Tribal Peoples.





## 4.3 RISK MANAGEMENT

CEPSA HAS A COMPREHENSIVE RISK MANAGEMENT SYSTEM INTEGRATED IN ALL THE ORGANIZATIONAL LEVELS OF THE COMPANY.

This model covers ESG aspects, given their growing importance for the business and its stakeholders.

### Main indicators

2020

% of risk indicators related to ESG within the internal risk reporting models

56%

Non-financial risk events over the total risks identified in strategic planning processes

46%

### MILESTONES

# 2020

**01.** Drawing up of the ESG (Environmental, Social and Governance) risk map.

**02.** Inclusion of the ESG dimension in the risk analysis of the LTP (Long Term Plan).

## CHAPTER 4

Effective governance that promotes responsible management

# RISK MANAGEMENT MODEL

Cepsa has implemented an Integrated Risk Management System (IRMS) designed in accordance with the criteria established by COSO-ERM<sup>5</sup> and the ISO 31000 standard. This system defines the general framework, the principles and procedures to be followed to efficiently manage risks of any nature.

The risk management system is supported and deployed through our General Corporate Risk Policy and the Basic Standard for Integrated Risk Management.

The spectrum of risks to which the company is exposed is classified into four broad categories: strategic risks, financial and market risks, operational and infrastructure risks, and regulatory and compliance risks<sup>6</sup>.

The Corporate Risks unit is responsible for risk management, reporting hierarchically to the CEO and functionally to the Audit, Compliance, Ethics and Risk Committee. Its fundamental mission is to provide senior management with an overview of the identified risks, enabling the latter to make well-structured decisions.

➤ Risk management is fully integrated into the strategic and budgetary planning process.

The Board of Directors has defined and approved Cepsa's risk appetite and delegated decision-making to the Executive Committee based on the established level of risk tolerance.

One of the company's principles is to develop and promote a risk culture throughout the organization, which it does through internal training programs, workshops on investment project analysis processes and improvements in management tools.

## EMERGING RISKS

During the strategic planning process an analysis is carried out of the main risks to which the company is exposed, including potential emerging risks.

The emerging risks contemplated in the risk analysis that goes with the company's strategic planning include the increase in cyberattacks, talent management and the speed at which traditional ways of working are changing, as well as the political and social instability derived from the economic crisis generated by Covid-19. Environmental concerns and health problems, among other things, are deemed to be risks that should be contemplated in the coming years.

<sup>5</sup> Committee of Sponsoring Organizations of the Treadway Commission.

<sup>6</sup> You can find more information about this issue, please refer to the risk annex.



### • Political and social instability

This is a complex risk with multiple consequences which are difficult to predict and quantify. Cepsa has identified this type of event on the emerging risks map and it is periodically analyzed and reviewed to assess its impact on profitability and on the good performance of our investments.

### • New ways of working

Cepsa had already been adopting digitalization and job flexibility measures, but the Covid-19 pandemic has forced this transformation to accelerate. The new reality requires more agile workflows and teams while at the same time maintaining productivity, the creative capacity that human relationships provide and the feeling of belonging.



## ESG RISKS

Although ESG risks have always been integrated into Cepsa's Risk Management System, the company focused on these in particular in 2020.

Applying the guidelines of the "Applying Enterprise Risk Management to ESG risks" manual published by COSO, Cepsa carried out a cross-functional analysis during its identification of risks, with an impact on its strategic plan, of those that either because of their origin or impact can be classified as ESG risks.

In general, the analysis carried out focused on issues such as the following:

ENVIRONMENTAL ASPECTS	<ul style="list-style-type: none"> <li>• Accidents/incidents with an impact on the environment.</li> <li>• New regulations on CO<sub>2</sub> emissions, waste management, use of water resources and restrictions on chemical derivatives.</li> </ul>
SOCIAL CRITERIA	<ul style="list-style-type: none"> <li>• Health and safety management and running safe operations.</li> <li>• Access to a skilled workforce and employee relations.</li> <li>• Social sensitivity of the customer and product responsibility.</li> <li>• Relationship with the community and other stakeholders.</li> <li>• Access to sustainable financing.</li> </ul>
GOVERNANCE CRITERIA	<ul style="list-style-type: none"> <li>• Growing importance in the regulatory framework.</li> <li>• Information security, cyber-attacks and data protection.</li> </ul>

➤ The analysis carried out in accordance with the main international guidelines has enabled the identification of ESG risks with an impact on the company's strategic plan.



### **IDENTIFICATION AND MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)**

The management of risks related to climate change is an area of increasing importance for regulators, investors and other stakeholders in the business world.

Cepsa continues the work begun in 2019 regarding the identification and analysis of these risks in order to align itself with the standards set by TCFD.

More information in this regard is included in chapter 6.2 Climate Change of this report.

## CHAPTER 4

Effective governance that promotes responsible management



### 4.4 INTERNAL CONTROL SYSTEM

Cepsa's internal control system has been implemented in accordance with the best international practices, taking as its main reference the methodologies established by COSO, the international standard on assurance engagements (ISAE 3000), the international standard for the implementation of criminal compliance management systems (ISO 19600) and anti-bribery and corruption models (ISO 37001).

The control models that are audited and certified annually by the Audit, Compliance and Risk Department are:



A SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)



A SYSTEM OF INTERNAL CONTROL OVER NON-FINANCIAL REPORTING (ICNFR)



CRIME PREVENTION MODEL (CPM)



ANTI-BRIBERY AND CORRUPTION MODEL

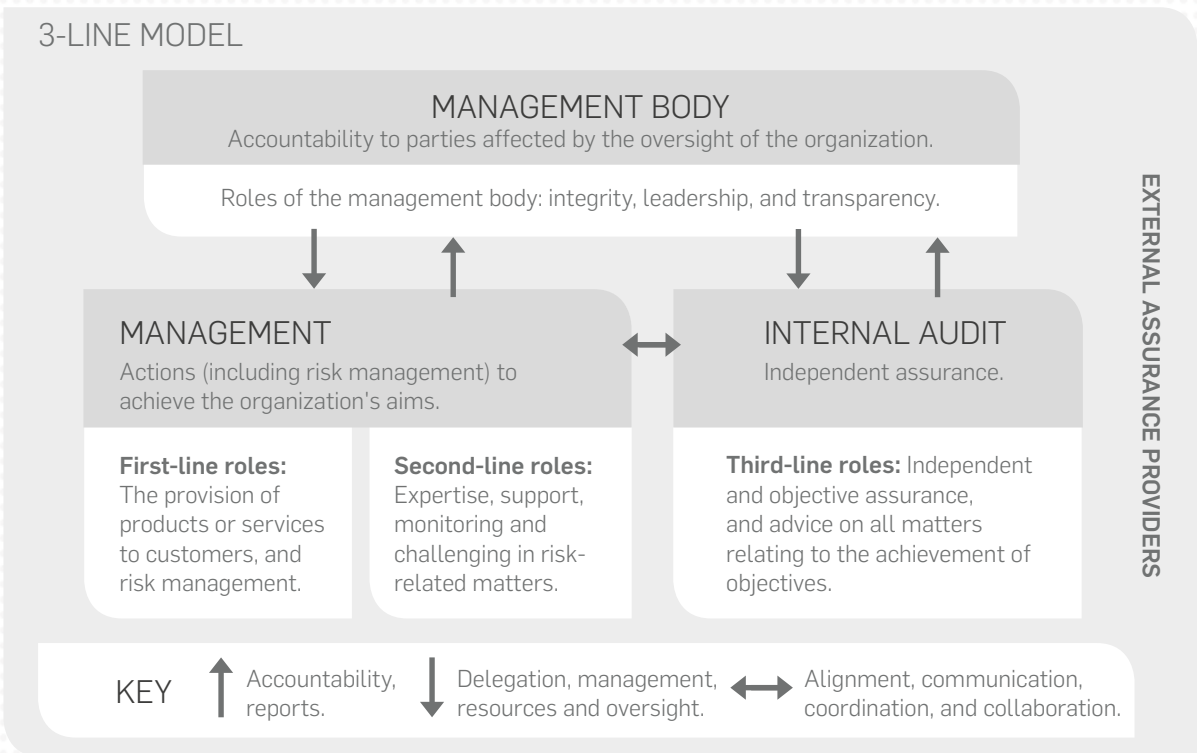
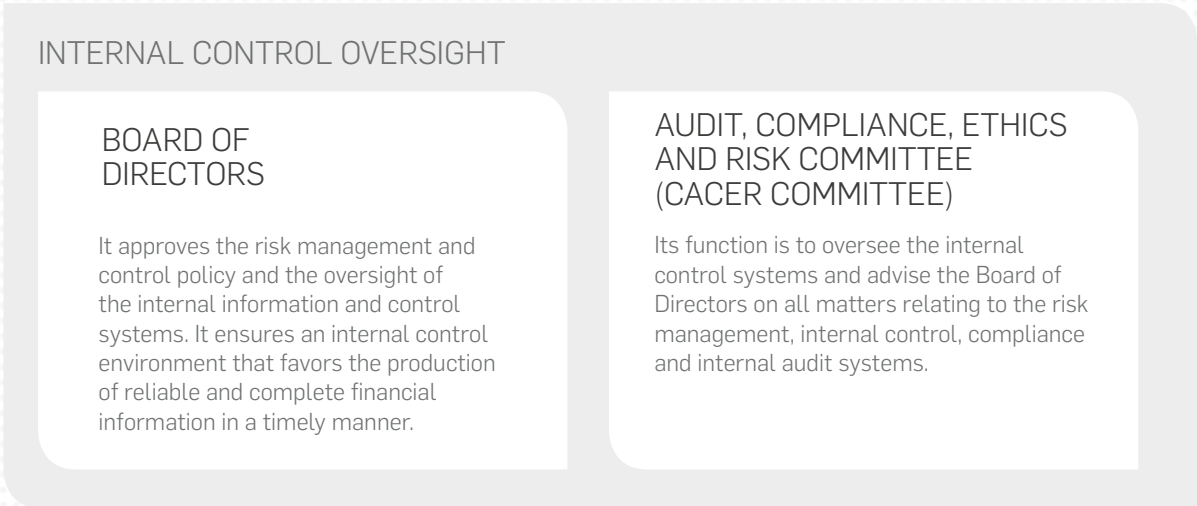
The internal control system is based on the combined assurance of the three lines of defense model of the Institute of Internal Auditors (IIA) published in 2020, providing a comprehensive view of how the different parts of the organization interact in an efficient and coordinated way, making the relevant risk management and control processes more effective (for more information see the Control System Annex).



## MAIN ELEMENTS IN THE INTERNAL CONTROL SYSTEM



### INTERNAL CONTROL OVERSIGHT AND THE 3-LINE MODEL



### CERTIFICATIONS AND FRAMEWORKS

- Methods established by COSO (2013)
- ISAE 3000 (International Standard on Assurance Engagements)
- UNE 19601 (Crime Prevention Model Certification)
- ISO 37001 (Anti-Bribery and Corruption Model Certification)



## THE SYSTEM FOR INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) AND NON-FINANCIAL REPORTING (ICNFR)

### CONTROL OBJECTIVES

ICFR: To provide reasonable assurance in relation to the reliability of the financial information published on the markets.  
ICNFR: To provide reasonable assurance in relation to the integrity and accuracy of the non-financial information published in the Integrated Management Report.

### MECHANISMS

Internal control manual for risk identification and assessment, control objectives, control structure (general and process controls, and information systems) and separation of duties.



## CRIME PREVENTION MODEL (CPM)

### CONTROL OBJECTIVES

Prevention of crimes within the company.

### MECHANISMS

Crime Prevention Policy, Crime Prevention Handbook, set of rules and procedures for the identification of criminal risks and their management by means of internal controls.



## ANTI-BRIBERY AND CORRUPTION MODEL

### CONTROL OBJECTIVES

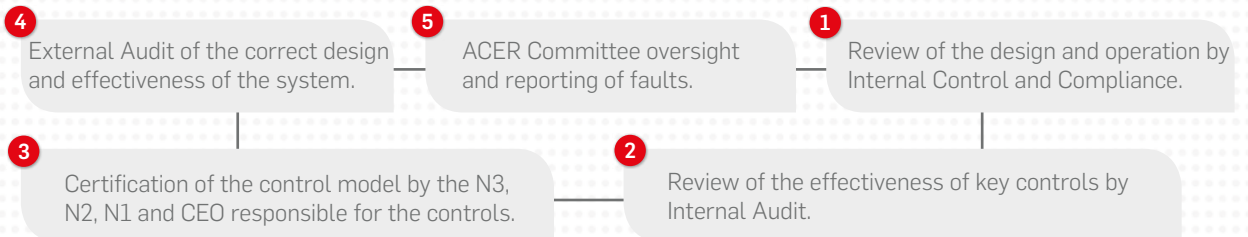
Bribery and corruption risk prevention.

### MECHANISMS

Policies against bribery and corruption in the public and private spheres, Crime Prevention Handbook, general controls such as separation of functions and specific controls in our processes.



## OVERSIGHT MODEL



## CERTIFICATION OF MEMBERS OF THE INTERNAL AUDIT, COMPLIANCE AND CORPORATE RISK DEPARTMENT (DAICIR)

Information Systems Auditor (1 person)  
Internal Auditors (1 person)  
COSO Enterprise Risk Management (3 people)

Internal Control (10 people)  
Self-Assessment Control (1 person)  
Internal Audit Assessment Technician (1 person)

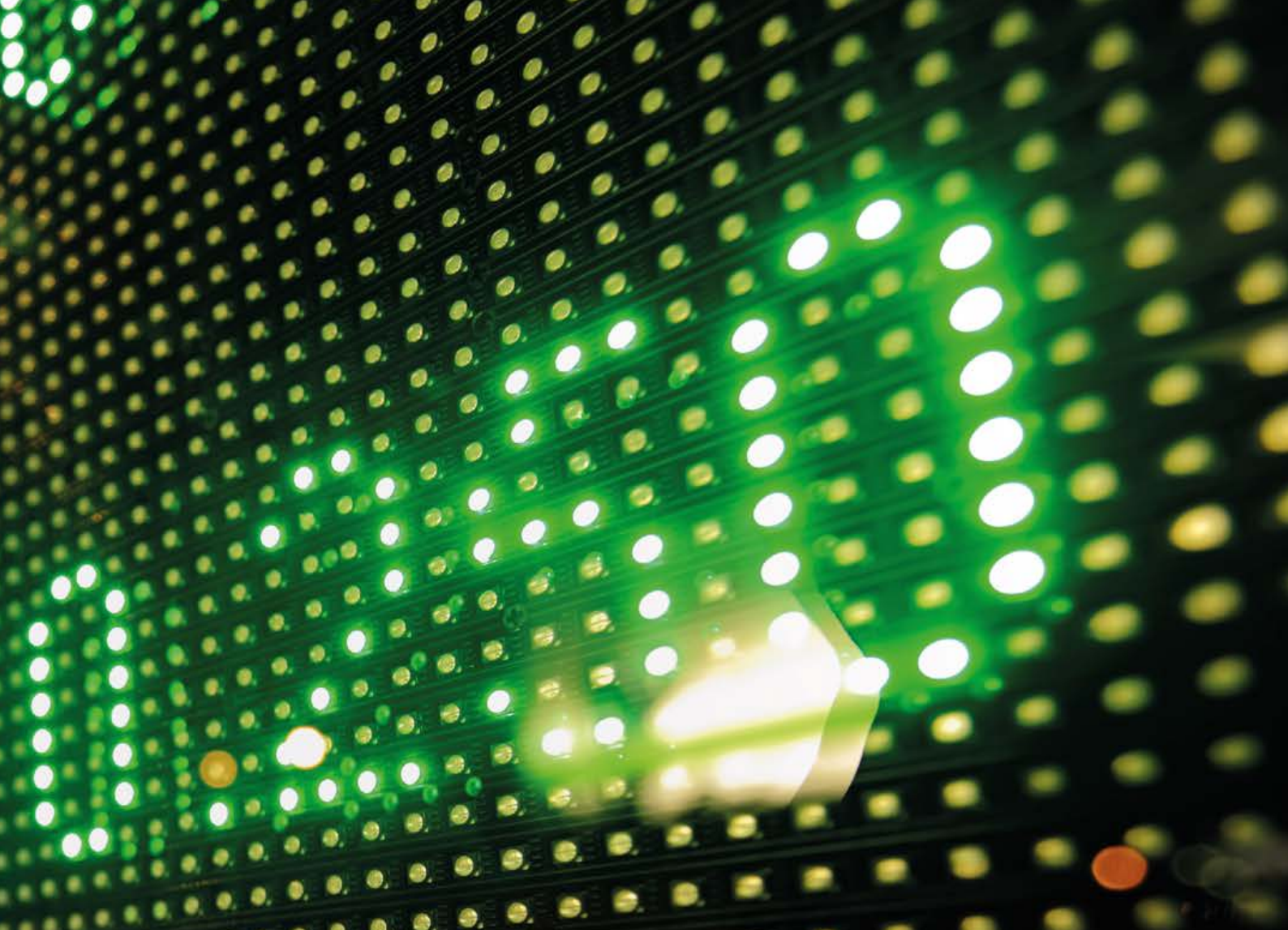


**INTEGRATED  
MANAGEMENT REPORT**



2020





## > 05.

# ECONOMIC AND OPERATIONAL PERFORMANCE

**5.1** Main financial and operational indicators

**5.2** Analysis of the consolidated results

- A) Overall performance for the year
- B) Adjustments to the replacement cost and non-recurring items
- C) results by segments
- D) ROACE
- E) Working capital
- F) Treasury shares

**5.3** Liquidity and capital resources

- A) Cash flows
- B) Financial position
- C) Debt structure and main financing operations
- D) Gearing ratio and leverage ratio
- E) Capital employed



# OUR RESULTS BY ACTIVITY

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

- Record year in the Chemicals business, which offset the effects of low refining margins and the generalized drop in product prices, demonstrating the strength of our diversified business model.
- Cepsa has successfully promoted a contingency plan with a special focus on cost control and discipline, which has generated savings of over €500 million in fixed costs and investments.



ADJUSTED PROFIT  
**1 M€**



TURNOVER  
**15,760 M€**



INVESTMENT  
**652 M€**



SECURITY  
**LWIF\* 0.64**

\* Lost workday injury frequency  
(Number of accidents resulting in absence from work per million hours worked)



**EXPLORATION AND PRODUCTION**  
LOWER CRUDE OIL PRICE



CRUDE SALES  
**19.2 Mb**



SHARED PRODUCTION  
**75.8** Kbarrels/day



ADJUSTED EBITDA 2020  
**458 M€**



**REFINING\***  
LOWER REFINING MARGINS



PRODUCTION  
**19.3 Mt**



DISTILLATION  
**138.4** Mbarrels



ADJUSTED EBITDA 2020  
**10 M€**

\*The Refining segment includes Refining, Gas & Electricity and Trading activities.

## CHAPTER 5


Economic and operational performance



**CHEMICALS**  
RECORD YEAR IN OUR  
CHEMICAL BUSINESS

 SALES  
**2.8 Mt**

 INVESTMENT  
**87 M€**

 ADJUSTED EBITDA 2020  
**357 M€**



**COMMERCIALIZATION**  
LOGISTICS OPTIMIZATION AND FULL  
PRODUCTION OF BIOS

 SALES  
**14.8 Mt**

 N° OF SERVICE STATIONS  
**1,783**

 ADJUSTED EBITDA 2020  
**400 M€**



## 5.1 MAIN FINANCIAL AND OPERATIONAL INDICATORS

Results (million of euros)	2020	2019	2018
Revenue (*)	15,760	23,857	24,712
EBITDA IFRS(**)	622	2,004	1,896
Adjusted EBITDA	1,187	2,058	1,763
IFRS Net attributable profit	(919)	820	830
Adjusted Net attributable profit	1	610	754
<b>Financial data (million of euros)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Share capital	268	268	268
Equity attributable to the Parent Company	3,944	5,201	5,436
Net financial debt excluding IFRS 16 impact	2,825	2,746	3,089
IFRS Capital Employed	7,480	8,807	8,632
Cash Flow from operations	1,019	2,079	1,256
Free Cash Flow	260	1,152	(758)
Dividends paid to shareholders	196	1,082	351
Investments during the year	652	924	2,255
<b>Environment data</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Annual average Brent crude oil price (\$/barrel)	41.7	64.3	71.0
Annual average exchange rate (\$/€)	1.14	1.12	1.18

(\*) Excise tax oil and gas included. (\*\*) International Financial Reporting Standards.

## CHAPTER 5

Economic and  
operational performance



Markets and business data	2020	2019	2018
Working interest production (thousand barrels/day)	75.8	92.6	83.4
Net Entitlement production (thousand barrels/day)	66.1	76.5	58.4
Crude oil sales (million of barrels)	19.2	20.8	14.2
Crude oil distilled (million of barrels)	138.4	156.9	160.9
Utilisation Rate Refineries	78%	89%	91%
Refining margin indicator (\$/barrel)	2.5	4.3	6.1
Chemical products sales (millions of tons)	2.8	2.9	2.9
Electricity output (GWh)	2,799	3,587	2,242
Natural gas sales (GWh)	30,918	33,176	30,003

Non-financial reporting	2020	2019	2018
Number of employees	9,737	10,185	10,153
Female workers (%)	36,3%	36,5%	35,8%



## 5.2 ANALYSIS OF THE CONSOLIDATED RESULTS

### A) OVERALL PERFORMANCE FOR THE YEAR

Key Indicators	Million of euros		
	2020	2019	2018
Revenue (*)	15,760	23,857	24,712
Adjusted EBITDA	1,187	2,058	1,763
EBITDA IFRS	622	2,004	1,896
Adjusted NIAT attributable to parent company	1	610	754
IFRS NIA Tattributable to parent company	(919)	820	830
Cash Flow from operations	1,019	2,079	1,256
Free Cash Flow	260	1,152	(758)
Investments during the year	652	924	2,255

(\*) Excise tax oil and gas included

## CHAPTER 5

Economic and operational performance

The business context in 2020 was difficult, marked by two crises that occurred simultaneously: the Covid-19 pandemic, which resulted in a significant drop in demand for goods and services, and the sharp decline in the prices of crude oil and energy products in the second quarter. These circumstances affected the entire energy sector and Cepsa was no exception.

Within the plan implemented by the company to manage Covid-19, the Group has successfully implemented a contingency plan with special focus on cost control and discipline, which generated savings in fixed expenses of 118 million euros, and a reduction in investments of 408 million euros, exceeding the initial joint target of 500 million euros.

Since the start of the pandemic in March and especially during the second quarter of the year, when the most restrictive measures were enforced, the demand for petroleum products dropped significantly. As a result, Cepsa's revenue of 15,760 million euros in 2020 was a 34% less than in 2019.

The hardest hit business segments as a result of the situation were Exploration and Production, with a sharp drop in revenues associated to the drop in crude oil prices, and Refining, where enduringly weak margins and the fall in demand for products had a negative impact on financial results.

The worst affected Marketing activity was that related to the final consumer –service stations network and jet and marine fuel– due to the reduced transportation of people and goods, the drastic fall in air traffic and the slump in the holiday and tourism sectors. This reduction was partially offset by other commercial

lines which were able to capture opportunities due to product availability, and by the service station network, thanks to better margins in fuel and in the service station stores.

Moreover, other sectors experienced significant growth with respect to the previous period. Especially the Chemicals business, which had a record year, with a 45% increase in EBITDA compared to 2019, in which the growth of the LAB business by 13% stands out. Also, to a lesser degree, Trading was able to advantage of value-added opportunities in its sectors of activity. These activities, together with a significant reduction in corporate costs, made it possible to partially offset the negative effects caused by the current crisis.

As a result, Cepsa's adjusted EBITDA was 1,187 million euros, a decrease of 871 million euros (42%) compared to the previous year.

Meanwhile, Cepsa's IFRS EBITDA in 2020 was 622 million euros, 69% lower than in 2019, after taking away the adjustment of the Replacement Cost (CCS) and including non-recurring items (see table below).

The Adjusted Net Profit for the year was one million euros, a decrease of 609 million euros compared to 2019, while the IFRS Net Loss for the year was -919 million euros, compared to a profit of 820 million euros in 2019.

Below is a breakdown of EBITDA and adjusted Profit/Loss by segment:

	Million of euros		
	2020	2019	2018
Exploration & Production	458	963	649
Refining	10	433	578
Commercial	400	463	344
Chemical	357	246	243
Corporation	(39)	(48)	(51)
<b>Adjusted EBITDA</b>	<b>1,187</b>	<b>2,058</b>	<b>1,763</b>
Exploration & Production	(74)	194	232
Refining	(271)	124	258
Commercial	169	221	189
Chemical	205	107	111
Corporation	(27)	(35)	(36)
<b>Adjusted NIAT attributable to parent company</b>	<b>1</b>	<b>610</b>	<b>754</b>

Cash flow from operations was 1,019 million euros, 51% lower than in 2019, though still enough to cover the payment of net investments and interest on debt.

The breakdown of investments by business segment is as follows:

	Million of euros		
Investments during the year	2020	2019	2018
Exploration & Production	158	212	1,659
Refining	279	469	392
Commercial	105	107	101
Chemical	87	109	80
Corporation	23	27	23
<b>Total</b>	<b>652</b>	<b>924</b>	<b>2,255</b>

New assets amounting to 652 million euros were recognized during the year, 29% down on the previous year. As previously indicated, at the start of 2020, the company implemented an immediate action plan to analyze prospects and needs in the medium and long term in investments, which together with a disciplined approach to the selection of the most suitable projects enabled savings of 408 million euros with respect to the budget for the year.

## B) ADJUSTMENTS TO THE REPLACEMENT COST AND NON-RECURRING ITEMS

	Million of euros		
	2020	2019	2018
Adjusted EBITDA	1,187	2,058	1,763
CCS adjustment	(491)	(66)	136
Non recurring items	(74)	12	(2)
EBITDA IFRS	622	2,004	1,896
Adjusted NIAT attributable to parent company	1	610	754
CCS adjustment	(369)	(49)	98
Non recurring items	(551)	259	(22)
IFRS NIA Tattributable to parent company	(919)	820	830

## CHAPTER 5

Economic and operational performance



The adjustments to the IFRS financial figures are as follows:

- A) **Adjustment to the Replacement Cost (CCS):** difference between the inventory valuation at its Replacement Cost, and at its Average Unit Cost (AUC) (see note 7 "Information by segment" of the Consolidated Financial Statements of December 2020).

The CCS adjustment in 2020 was 491 million euros gross (369 million euros after taxes) and was the result of the evolution of the prices of crude oil and petroleum products in the period. It includes the impairment in the year of the ending inventory value of finished products.

- B) **Non-recurring items:** these correspond to impairments recorded in some assets of the Exploration and Production and Refining segments, as a result of an assessment carried out at year-end, or whenever the circumstances dictate, as well as various non-recurring operations, including the voluntary retirement plan.

Impairment losses, which do not affect EBITDA, include the following:

- In Exploration and Production, due to the volatility in crude oil prices and of the markets, the price trends used in the calculation of flows from the fields were reviewed, discount rates were updated, leading to a decrease in the recoverable amount of these assets and a consequent impairment of 327 million euros after taxes.
- As a consequence of the evolution of the prices of certain petroleum products, strongly affected by Covid-19, some refining facilities of the Refining-Marketing Cash-Generating Unit lost profitability as a result of which impairment losses of 167 million euros, after taxes, were recognized.

### C) RESULTS BY SEGMENTS

#### EXPLORATION AND PRODUCTION

Key indicators	2020	2019	2018
<b>Working interest production (thousands b/d)</b>	<b>75.8</b>	<b>92.6</b>	<b>83.4</b>
Algeria	37.0	44.3	53.5
UAE	27.1	26.4	4.4
LatAm	9.7	12.6	13.7
Other	2.1	9.2	11.8
<b>Net entitlement production (thousands b/d)</b>	<b>66.1</b>	<b>76.5</b>	<b>58.4</b>
<b>Crude Oil Sales (million of barrels)</b>	<b>19.2</b>	<b>20.8</b>	<b>14.2</b>
<b>Average realised crude price in \$/b</b>	<b>41.6</b>	<b>64.0</b>	<b>67.2</b>
Adjusted EBITDA	458	963	649
Adjusted NIAT	(74)	194	232
Investments for the period (million of euros)	158	212	1,659





The main factor that characterized the 2020 financial year in Exploration and Production was the crisis in the oil market. On the one hand, the decline in international prices, partially recovered in the last months of the year, which introduced great volatility in prices and, on the other, the imposition of production quotas in OPEC+ countries.

Participated production for the year was 75.8 thousand barrels per day, 18% lower than the 2019 figure, as a result of quota restrictions in Algeria and Abu Dhabi and the natural decline in fields in South America and Asia.

Production in Algeria decreased by 17% compared to 2019, standing at 37 thousand barrels per day. Meanwhile, the Sarb and Umm Lulu fields in Abu Dhabi slightly increased their production over 2019, as the development of the fields progressed,

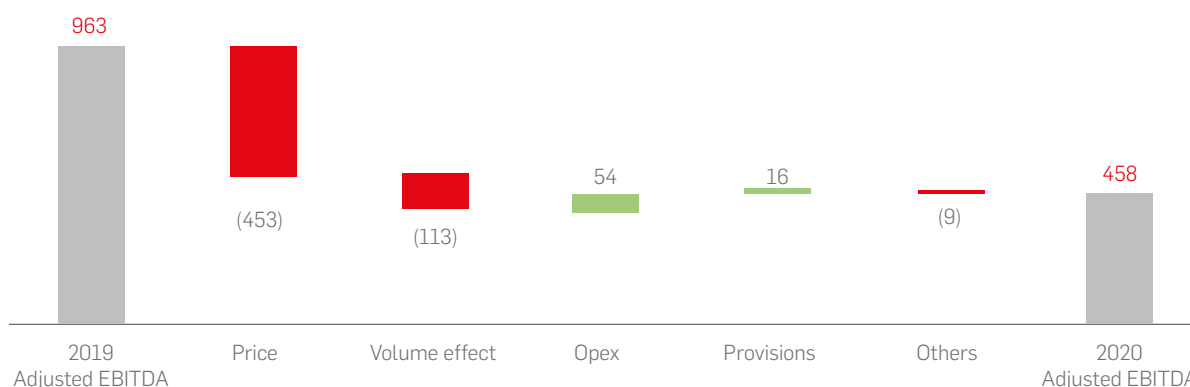
but the OPEC+ restrictions prevented their potential from being fully utilized. In 2020, the participated production in Abu Dhabi was 27.1 thousand barrels per day.

Regarding the decline of the fields, production in South America was 23% lower than that of 2019 and operations in the fields in Asia were discontinued in mid-2020.

Crude oil sales in 2020 amounted to 19.2 million barrels, a fall of 8% compared to 2019. The average realized crude oil price was \$41.6 per barrel, 35% lower than in 2019.

Investments mostly involved the development of the Sarb and Umm Lulu fields in Abu Dhabi, in particular the Umm Lulu Super complex, and the Timimoun gas field in Algeria.

## ADJUSTED EBITDA EVOLUTION DEC19 - DEC20 (M€)



The adjusted EBITDA for the Exploration and Production segment was 458 million euros in 2020, 53% less than that recorded in 2019.

The decline was mainly due to the fall in realized crude oil prices, which contributed a loss of 453 million euros, and the reduction in the volume of crude sold, which had a negative impact on the income statement for an amount of 113 million eu-

ros. On a positive note, the operating expenses of the segment were reduced by 3% in 2020 (positive impact on the income statement of 54 million euros) mainly due to the contingency plan implemented last April.

The Adjusted Net Loss for the year was -74 million euros compared.

## CHAPTER 5

Economic and operational performance

### REFINING

Key indicators	2020	2019	2018
Crude oil distilled (million of barrels)	138.4	156.9	160.9
Utilisation Rate Refineries	78%	89%	91%
Output (million of tons)	19.3	21.5	21.8
Refining margin Indicator in Cepsa (\$/bbl)	2.5	4.3	6.1
Natural Gas Sales (GWh)	30,918	33,176	30,003
Electricity production (GWh)	2,799	3,587	2,242
Trading volumes (million of barrels)	24.6	18.5	21.6
Adjusted EBITDA	10	433	578
Adjusted NIAT	(271)	124	258
Investments for the period (million of euros)	279	469	392

The Refining business includes Refining, Trading, Gas and Electricity activities.

Refining was affected by the decrease in demand for energy products, which, together with excess capacity in the European market, led to a reduction in refining margins.

In this context of crisis, from April 2020 onwards, the company reduced the workload of the distillation units in both refineries in order to adapt to the evolution of the market and the demand for energy products. Subsequently, with the aim of optimizing operations in the two refineries, after the maintenance shutdowns of two of the La Rábida refinery units in Huelva (Fuels 1 and Vacuum 2) has been carried out in September, Cepsa decided to temporarily extend the shutdown. Market needs were covered with stable production from the remaining the units and through increased activity at the San Roque Refinery. Regular evaluations of market conditions are carried out to determine the best time to resume business, projected to be in the first half of 2021.

In 2020, crude oil distillation reached an average of 78% of installed capacity, representing a decrease of 12% compared to

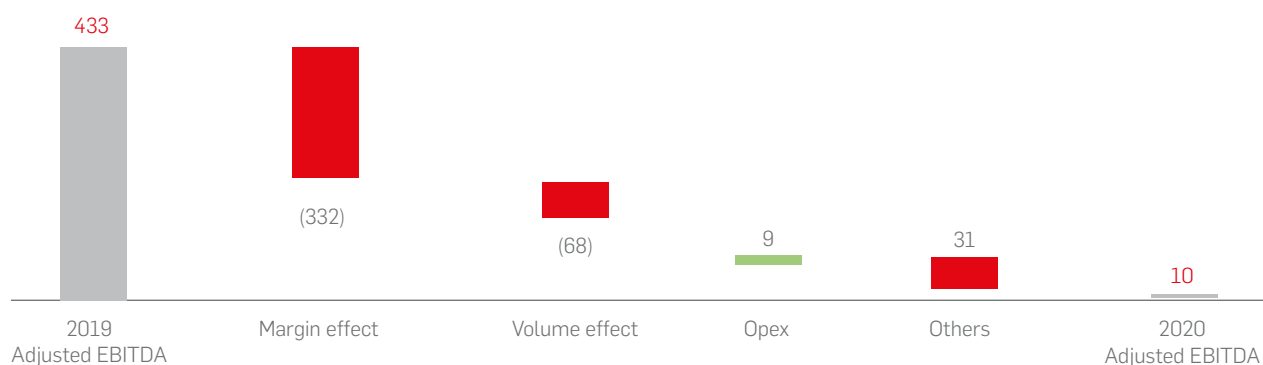
2019. As a result, the production of oil derivatives in 2020 stood at 19.3 million tons, 10% lower than 2019. Similarly, the refining Margin Indicator recorded an average value of \$2.5 per barrel, 42% lower than in 2019.

Natural Gas sales were 7% lower than those of 2019, and the price decreased due to an excess supply.

Electricity production fell by 22% compared to 2019, as a result of the scheduled shutdown of the cogeneration plant in La Rábida in January and less activity in the combined cycle plant. It was also negatively affected by the lower price of the electricity pool (-29% compared to December 2019) and the realized price of electricity production (-20%).

Regarding to Trading, the level of activity and results were good, thanks in particular to the Chartering business during the first half of the year. In the last quarter of 2020, activity was affected by the decrease in the volume of crude purchased for the Group, linked to the diminished activity in the refineries.

## ADJUSTED EBITDA EVOLUTION DEC19 - DEC20 (M€)



In 2020, adjusted EBITDA of the refining segment was 10 million euros (-98% compared to 2019). The decrease in the refining margin, gas prices and electricity income led to a combined decrease in EBITDA of 322 million euros compared to 2019. Additionally, the drop in activity had a negative effect of 68 million euros. Finally, the result of investee companies belonging to the segment contributed negatively with losses of 31 million euros.

The Adjusted Net Loss was -271 million euros.

The investment rationalization initiatives implemented to preserve the generation of cash flow in this challenging market environment resulted in fewer investments compared to last year. Investments in the Refining business in 2020 were mainly related to the maintenance and improvement of safety in the refineries, along with improvements in the conversion capacity and efficiency.

## MARKETING

Key indicators	2020	2019	2018
<b>Product sales (million of tons)</b>	<b>14.8</b>	<b>20.7</b>	<b>21.9</b>
Fuels and motor fuels (million of tons)	8.5	10.6	10.9
Bunker sales (million of tons)	3.5	5.3	6.2
Jet fuels (million of tons)	1.3	3.2	3.0
Others (million of tons)	1.5	1.7	1.8
<b>Number of petrol stations</b>	<b>1,783</b>	<b>1,806</b>	<b>1,799</b>
Adjusted EBITDA	400	463	344
Adjusted NIAT	169	221	189
Investments for the period (million of euros)	105	107	101

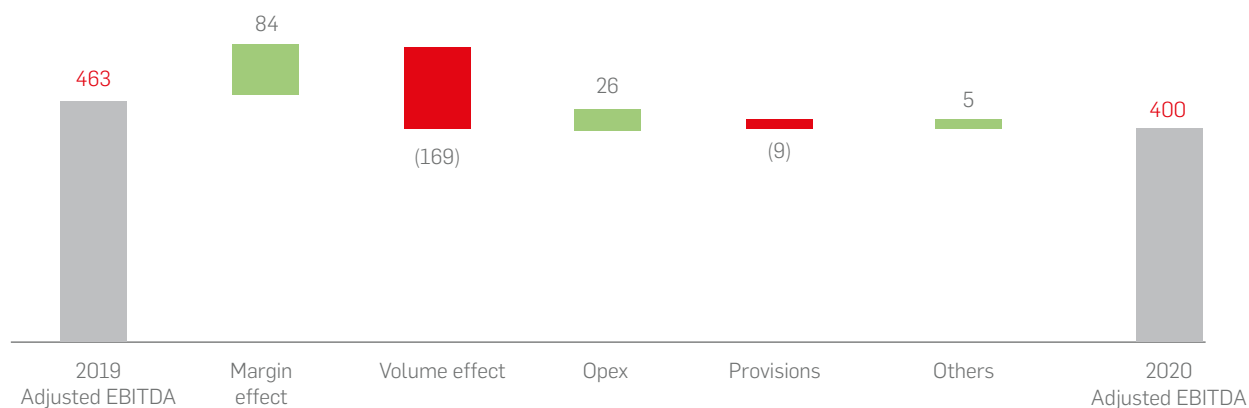
In 2020, 14.8 million tons were sold through the company's different sales channels, 29% less than in the previous year. Sales hit their nadir, due to the effects of COVID-19 on demand, in the second quarter of the year, with the enforcement of measures restricting the movement of people, including a stay-at-home lockdown and with reduced levels of activity in general. Specifically, service station and jet fuel sales in 2020 fell by 23% and 60% respectively. Regarding the Bunkering business, ship fuel sales decreased by 34%.

Despite the adverse economic situation, the business grew with the acquisition in Morocco of a 40% stake in the companies Sorex and Bitulife, dedicated to the sale of asphalt and derivatives, aimed at consolidating Cepsa's position as one of the leading energy players in North Africa. Likewise, in 2020 the company "Intransport Service XXI, SLU" was acquired to reinforce the network of service stations for professionals by incorporating 5 stations in northern Spain and a card system that provides service to more than 6,000 customers.

## CHAPTER 5

Economic and operational performance

### ADJUSTED EBITDA EVOLUTION DEC19 - DEC20 (M€)



The Marketing and Distribution business, although it was strongly affected by the significant fall in demand and the general drop in the prices of petroleum products, was partially offset by higher margins, recording in 2020 an adjusted EBITDA of 400 million euros (14% lower than the previous year).

The aforementioned drop in demand, which had a negative impact on the income statement of 169 million euros, was partially offset by the better margins in the business, mainly in the distribution network and in asphalt, for a value of 84 million euros.

Likewise, 26 million euros of savings in fixed costs were obtained compared to 2019 thanks to the measures taken as part of the contingency plan.

The Adjusted Net Profit was 169 million euros, 24% lower than the previous year.

#### CHEMICALS

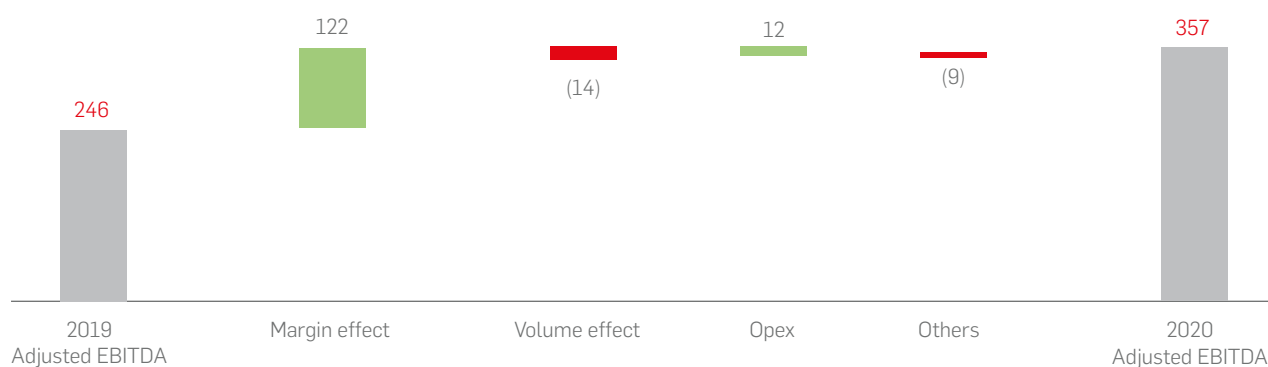
Key indicators	2020	2019	2018
<b>Chemical products sales (millions of tons)</b>	<b>2.80</b>	<b>2.89</b>	<b>2.93</b>
LAB / LABSA	0.70	0.68	0.60
Phenol / Acetone	1.52	1.64	1.72
Solvents	0.57	0.58	0.61
Adjusted EBITDA	357	246	243
Adjusted NIAT	205	107	111
Investments for the period (million of euros)	87	109	80

Chemical sales remained stable in 2020, reaching 2.8 million tons. Of note was the increase in sales of the LAB business unit (raw material for detergents), which were 3% higher than in 2019, due to the greater demand for these products.

The main investment projects in the Chemicals area included the increase in capacity and change of technology at the LAB plant in Puente Mayorga and the DETAL project, which will start up in 2021. Maintenance and safety works were also carried out in all industrial plants.



## ADJUSTED EBITDA EVOLUTION DEC19 - DEC20 (M€)



All the businesses in the Chemicals area performed very well, resulting in an adjusted EBITDA of 357 million euros, 45% higher than in 2019, thanks in particular to our outstanding position as leaders in surfactants.

The high margins achieved by this segment, also based on cost efficiencies, had a positive impact, with respect to 2019, of €122

million. Similarly, fixed expenses were cut by 12 million euros as one of the measures included in the contingency plan.

By contrast, the slight decrease in sales contributed negatively with losses of 14 million euros.

The Adjusted Net Profit of the Chemicals segment was 205 million euros, 92% higher than in 2019.

## D) ROACE

The company's return on average capital employed is shown in the following ROACE CCS:

		Million of euros		
		31.12.2020	31.12.2019	31.12.2018
<b>ADJUSTED ROACE</b> =	Adjusted Net Operating Profit	96	721	845
	Average Adjusted Capital Employed	8,064	8,139	6,770
		= 1.2%	= 8.9%	= 12.5%

## CHAPTER 5

Economic and operational performance

### E) WORKING CAPITAL

Working capital as of 31 December was broken down as follows:

	Million of euros		
	2020	2019	2018
Inventories	1,419	2,163	2,202
Trade and other receivables	1,388	2,119	2,338
Other current assets	97	155	261
<b>Working capital assets</b>	<b>2,903</b>	<b>4,436</b>	<b>4,800</b>
Other Finance liabilities	2,380	3,428	3,162
Other current liabilities	41	25	34
<b>Working capital liabilities</b>	<b>2,421</b>	<b>3,453</b>	<b>3,196</b>
<b>Working Capital</b>	<b>483</b>	<b>983</b>	<b>1,604</b>

The positive evolution of this figure was mainly due to the reduced investment in inventories as a result of fall in international oil prices and the strict management of working capital over the year in today's crisis context. As a complement to discipline in spending and investments and in response to the crisis caused by Covid-19, control and monitoring measures for commercial credit and payments were implemented. These actions contributed significantly to the reduction of receivable by 731 million euros.

The average supplier payment period during the year was 24 days, below the maximum legal limit of 60 days established by Law 15/2010 of 5 July on measures to combat late payment in business operations. Payables decreased by more than one billion euros, mainly aided by the reduced costs of supplying crude oil.

### F) TREASURY SHARES

Cepsa did not hold any treasury shares as of 31 December 2020, nor did it carry out any transactions involving treasury shares during that year.





## 5.3 LIQUIDITY AND CAPITAL RESOURCES

### A) CASH FLOWS

Million of euros

	2020	2019	2018
<b>EBITDA IFRS</b>	<b>622</b>	<b>2,004</b>	<b>1,896</b>
Dividends received	13	79	70
Income tax payments/collections	(257)	(337)	(188)
Other operating cash flows	38	(63)	(19)
<b>CF from operating activities before working capital</b>	<b>416</b>	<b>1,683</b>	<b>1,760</b>
Changes in operational working capital	603	396	(504)
<b>Cash flow from operating activities</b>	<b>1,019</b>	<b>2,079</b>	<b>1,256</b>
Payments for investing activities	(774)	(1,002)	(2,115)
Charges for divestments	15	75	101
<b>Total cash flows used in investing activities</b>	<b>(759)</b>	<b>(927)</b>	<b>(2,014)</b>
<b>Free cash flow</b>	<b>260</b>	<b>1,152</b>	<b>(758)</b>
Interest paid	(97)	(102)	(92)
IFRS-16 debt payments	(136)	(143)	-
Dividends paid	(209)	(551)	(388)
Proceeds/repayment of borrowings	986	(48)	937
<b>Total Cash Flow from financing</b>	<b>544</b>	<b>(844)</b>	<b>457</b>
<b>Free Cash Flow</b>	<b>804</b>	<b>309</b>	<b>(301)</b>

## CHAPTER 5

Economic and operational performance

The operating cash flow before changes in working capital was 416 million euros, lower than the previous year due to the poor performance of EBITDA. However, the realization of working capital amounted to 603 million euros, thanks to the implementation of strategies to optimize and control this figure and the fall in international prices. Therefore, this demonstrates the ability of our business to generate operating cash flow even in this context of crisis.

Cash flows from investments decreased due to lower payments for investments in the year as a result of the resilience plan implemented and the measures taken because of Covid-19,

which enabled a reduction in investments of 408 million euros compared to those budgeted.

Dividends amounting to 196 million euros were paid during the year to the shareholder of the parent company, of whom 30 million euros were paid as a complementary dividend for 2019. This heading also includes dividends paid to minority shareholders of the Group's subsidiaries.

Despite the fall in EBITDA and boosted by the control of working capital and lower investment payments, free cash flow was positive, standing at 260 million euros.

### B) FINANCIAL POSITION

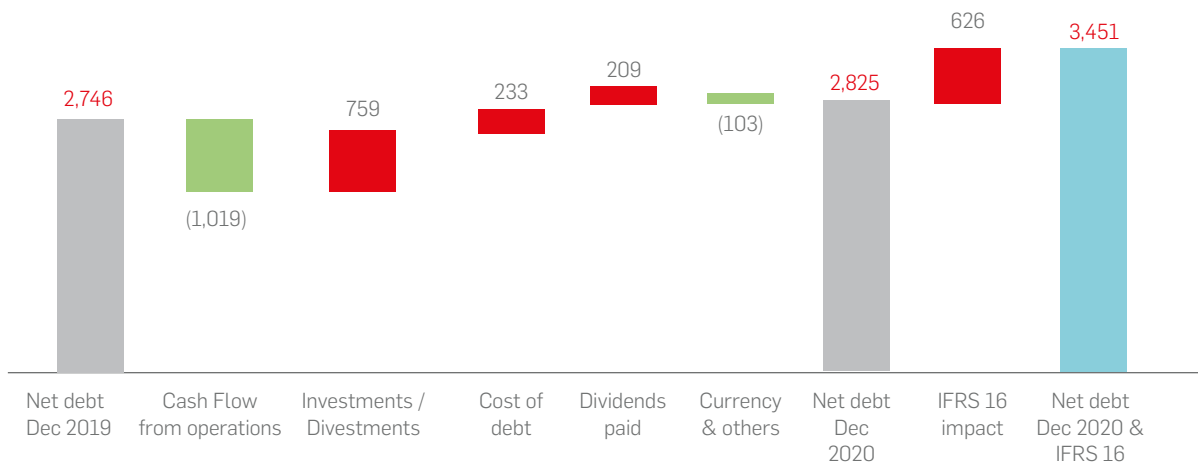
Net financial debt as of 31 December 2020 stood at 2,825 million euros, in line with that of 2019 (2,746 million euros). Financial debt including the impact of IFRS 16 amounted to 3,451 million euros.

The different measures aimed at protecting the company's cash generation, included in the contingency plan launched in April,

ensured prudent levels of debt and leverage, offsetting very significantly the reduction in operating cash flows.

This graph shows the evolution of indebtedness based on the origins and uses of the funds.

### DEBT EVOLUTION



In 2020, operating cash flows were sufficient to pay for investments and debt servicing.

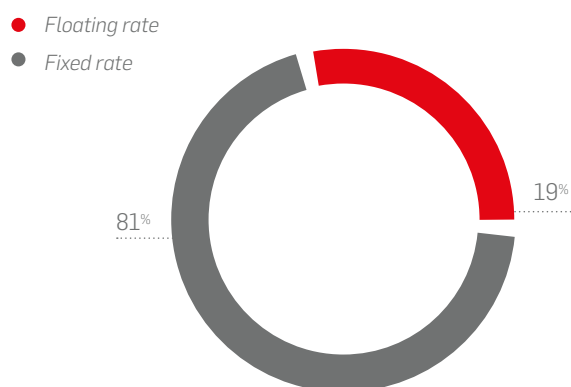




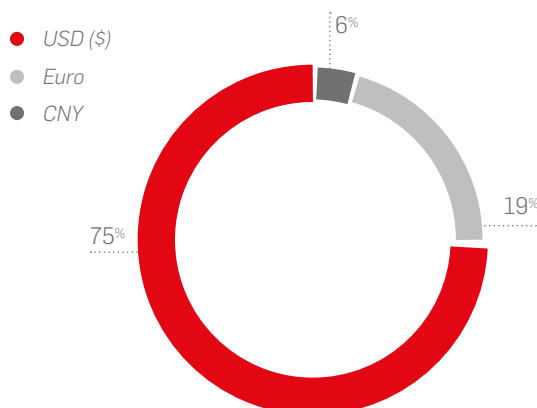
## C) DEBT STRUCTURE AND MAIN FINANCING OPERATIONS

### Debt structure

#### NET DEBT BREAKDOWN BY INTEREST RATE



#### NET DEBT BREAKDOWN BY CURRENCY



Cepsa has cash and committed credit facilities available for a value of around 4,549 million euros that far exceed short term debt maturity. Gross debt has an average maturity of 4.4 years.

### Main financing operations

Due to the economic crisis generated by Covid-19, Cepsa decided to reinforce its debt and liquidity profile, increasing it to ensure that company is able to face the uncertainties caused by this crisis. The following actions were carried out to achieve this:

- Two new bond issues amounting to a total of 1,000 million euros were launched in February and July 2020.
- Signing of new lines of financing with a maturity of 3 years for an amount of 1,056 million euros to further strengthen the company's already solid liquidity position. Of these operations, 600 million euros correspond to loans and 456 million euros to credit facilities.
- Also, and as usual since its signing in 2014, the 19 banks participating in its syndicated revolving credit facility of 2,000 million euros approved the extension of the maturity

for further year. Following their unanimous agreement, the maturity was set to September 2025, which significantly improves the quality of the Group's liquidity. No amounts were outstanding under this facility as of 31 December 2020.

The bonds issued by Cepsa are rated investment grade by the three main credit rating agencies, a rating confirmed during the year.

With these operations, the Cepsa consolidates the soundness of its balance sheet and strengthens its liquidity position. Cepsa ended 2020 with undrawn credit facilities for a total amount of 3,191 million euros. Additionally, it has a strong cash and cash equivalents position of 1,358 million euros, 142% higher than in 2019, mainly due to the company's efforts to strengthen its liquidity position in this situation of instability.

## D) GEARING RATIO AND LEVERAGE RATIO

The gearing ratio (including the impact of IFRS 16), expressed as the quotient between net debt and capital employed (net debt plus equity), stood at 46% as of December 2020 versus 40% in December 2019. This increase was mainly due to the losses for the period.

## CHAPTER 5

Economic and operational performance

### Gearing ratio

Million of euros

	2020	2019	2018
Bank borrowings non-current	4,573	3,800	2,956
Bank borrowings current	236	268	380
Cash and cash equivalents	(1,358)	(561)	(247)
<b>Net debt paid</b>	<b>3,451</b>	<b>3,507</b>	<b>3,089</b>
<b>Equity</b>	<b>4,029</b>	<b>5,301</b>	<b>5,542</b>
<b>Capital Employed IFRS</b>	<b>7,480</b>	<b>8,807</b>	<b>8,632</b>
<b>Net Debt / (net debt + Equity)</b>	<b>46.1%</b>	<b>39.8%</b>	<b>35.8%</b>
<b>IFRS 16 impact in net debt</b>	<b>626</b>	<b>761</b>	-
<b>Net debt paid (*)</b>	<b>2,825</b>	<b>2,746</b>	-
<b>Capital Employed IFRS (*)</b>	<b>6,854</b>	<b>8,047</b>	-
<b>Net Debt / (net debt + Equity) (*)</b>	<b>41.2%</b>	<b>34.1%</b>	<b>n/a</b>

(\*) excludng IFRS 16 impact.

The company's leverage ratio as of 31 December 2020 was as follows:

### Leverage ratio

Million of euros

	2020	2019	2018
Net debt paid	3,451	3,507	3,089
Adjusted EBITDA	1,187	2,058	1,763
<b>Net debt / Adjusted EBITDA ratio</b>	<b>2,9x</b>	<b>1,7x</b>	<b>1,8x</b>
Net debt paid*	2,825	2,746	-
Adjusted EBITDA*	1,051	1,914	-
<b>Net debt / Adjusted EBITDA ratio*</b>	<b>2,7x</b>	<b>1,4x</b>	<b>n/a</b>

(\*) excludng IFRS 16 impact.

## E) CAPITAL EMPLOYED

Cepsa's Capital Employed as of 31 December 2020 was 7,480 million euros (taking into account the effect of IFRS 16), compared to 8,807 million euros in December 2019. The breakdown by business segment is as follows:

Million of euros

Capital Employed IFRS by business segments	Exploration & Production	Refining	Commercial	Chemicals	Corporation	Total
Capital Employed at 31/12/2020	1,928	3,118	1,269	1,150	14	<b>7,480</b>
Capital Employed at 31/12/2019	2,553	3,668	1,236	1,297	52	<b>8,807</b>
Capital Employed at 31/12/2018	3,051	3,605	925	1,103	(52)	<b>8,632</b>
Variation	(625)	(550)	33	(147)	(38)	<b>(1,327)</b>

The equity attributed to the parent company amounted to 3,944 million euros at the end of the year, thus financing 53% of the capital employed at that date.



**INTEGRATED  
MANAGEMENT REPORT**



2020





## **> 06.** ESG PERFORMANCE

- 6.1** Management of esg (environmental, social and governance) aspects
- 6.2** Climate change
- 6.3** Reduction of our environmental impact
- 6.4** Our people
- 6.5** Safety of our people, processes and facilities
- 6.6** Responsibility in the supply chain
- 6.7** Transparent with our customers
- 6.8** Relationship with the environment in which we operate
- 6.9** Transparency and fiscal responsibility



## 6.1 MANAGEMENT OF ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE) ASPECTS

WE WANT TO BECOME A LEADING PLAYER IN ESG MATTERS TO ADD VALUE TO OUR BUSINESSES AND RESPOND TO THE EXPECTATIONS OF OUR STAKEHOLDERS.

Managing these ESG aspects will play a key role in our long-term strategy to address the challenges of the energy transition.

### MILESTONES

# 2020

#### 01. Governance, creation of:

- A new ESG Department reporting directly to the CEO and as part of the Executive Committee.
- The ESG Steering Team as a cross-functional committee to manage these aspects within the company.
- The Carbon Cycle Board as an interdisciplinary group of experts to make recommendations on the transition of our business to a low carbon model.

#### 02. SDG alignment: review and prioritization of Cepsa's Sustainable Development Goals.

#### 03. Rating and evaluation of our ESG performance by third parties.

## CHAPTER 6

ESG performance

# MANAGEMENT APPROACH ON ESG MATTERS

Cepsa is firmly committed to sustainable development and to contributing solutions to the major challenges of society.

This commitment has been forged through different policies, including the company's Corporate Responsibility Policy, Stakeholder Relations Policy and Local Community Relations Policy.

The new ESG department reflects our priority of working towards a greener model, and of making further progress in our positive contribution to society, based on collaborating with our environment and the constant implementation of best practices.

The company promotes the incorporation of the best sustainability practices in its management, as well as the identification of the main expectations in its stakeholders as a basis for contributing to the generation of value and proactively managing its impacts.

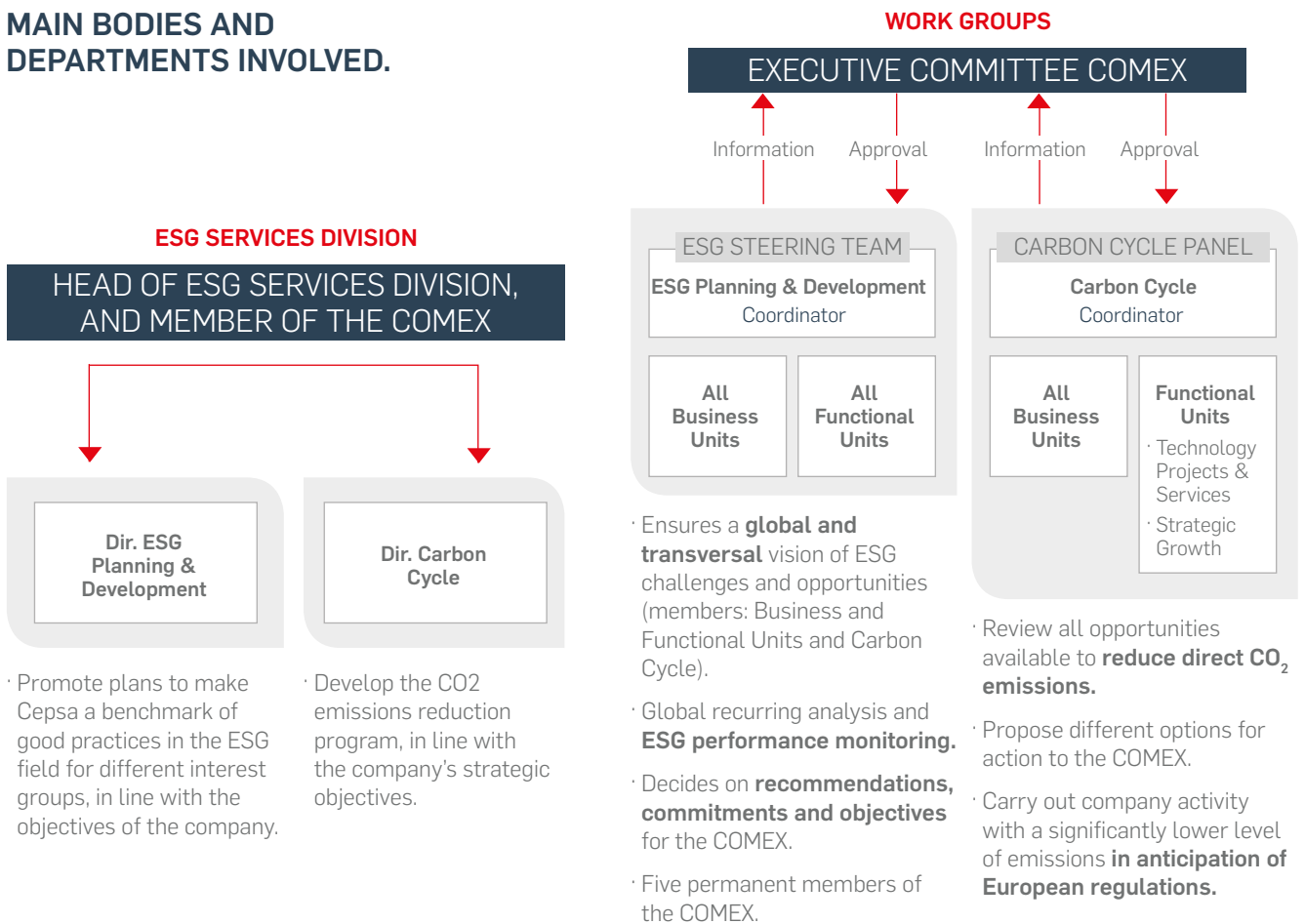
In 2020, the company reinforced its management approach in this area by creating a new body responsible for promoting the management of ESG aspects.

This new organization includes an ESG Steering Team composed of the different business areas and various corporate functions, through which Cepsa ensures that the management of these aspects is shared across the whole company.

This committee is overseen by the ESG department, established by the CEO as an independent function, which also has a presence on the Executive Committee.

This ESG department is divided in two areas: the Carbon Cycle Department and the ESG Planning and Development Department both in charge, together with the rest of the management bodies created, of providing the Executive Committee with specific recommendations in these areas.

## GOVERNANCE OF ESG ASPECTS. MAIN BODIES AND DEPARTMENTS INVOLVED.



## RELATIONSHIP WITH STAKEHOLDERS

Having the trust of our stakeholders and strengthening the relationship with them is a priority for the company.

Cepsa has a Stakeholder Relationship Policy and a Management System in place, which establish the overall framework of action, as well as procedures that help prioritize and manage

these relationships in order to mitigate risks and identify opportunities for improvement.

The Management System provides Cepsa with a standardized model for identifying stakeholders.

### EXPECTATIONS DETECTED AND COMMUNICATION CHANNELS ESTABLISHED WITH THE MAIN STAKEHOLDERS



#### CUSTOMERS

##### NEEDS AND EXPECTATIONS DETECTED

Quality and safety of goods and services.  
Security of supply. Fair treatment.

##### COMMUNICATION CHANNELS ESTABLISHED

Satisfaction measurement and complaint management system. Customer care service. Service Now. Ethics channel. Social media. Business website.



#### SHAREHOLDERS

##### NEEDS AND EXPECTATIONS DETECTED

Cepsa's performance. Investments.  
Explanation of controversies.

##### COMMUNICATION CHANNELS ESTABLISHED

Representation in management bodies.  
Specific communications.



#### SUPPLIERS

##### NEEDS AND EXPECTATIONS DETECTED

Business relationship. Equal conditions. Contract and transaction security. Communication. Digitalization.

##### COMMUNICATION CHANNELS ESTABLISHED

Supplier portal on the corporate website. Satisfaction surveys. Mailboxes and support centers. Supplier day. Ethics Channel.



#### EMPLOYEES

##### NEEDS AND EXPECTATIONS DETECTED

Stable and quality employment. Flexibility. Good working environment and conditions. Strategy for the future and investments. Equal pay and opportunities.

##### COMMUNICATION CHANNELS ESTABLISHED

MAX, virtual assistant. Ethics channel. Work atmosphere and engagement surveys. Think box channel for ideas and suggestions. Corporate intranet. Internal communication processes.



#### SOCIETY

##### NEEDS AND EXPECTATIONS DETECTED

Environmental impact. Social action. Effects of business activities. Collaboration agreements. Good neighbor principle. Contribution to the community and job creation. Management of spills and waste. Security at the facilities.

##### COMMUNICATION CHANNELS ESTABLISHED

Community and neighborhood committees. Open days. Public consultations. Mailboxes. Local social action teams. Ethics Channel. Corporate website. Social media.

**CHAPTER 6**

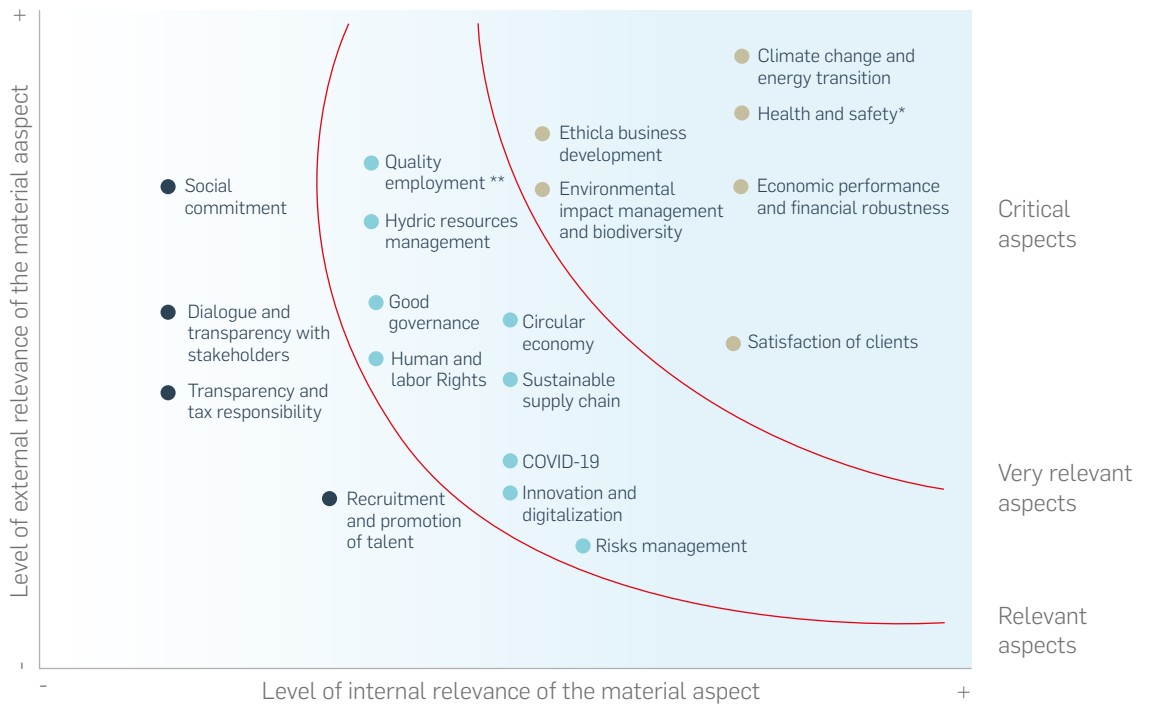
ESG performance



The Stakeholder Relationship Policy and other instruments derived from it are part of a Community Relations Manual which broadly encompasses the principles and guidelines for action to promote positive relationships with society and its different groups.

**PREPARATION OF THE MATERIALITY ANALYSIS IN 2020**

Cepsa updated its materiality study carried out in 2019, taking into account the main trends and expectations of stakeholders. The conclusions of this analysis have served as the basis for the content of this report. For more information on the methodology and results, see the annex "About this report".



(\*) Health and Safety includes: people, facilities, processes and cybersecurity.  
 (\*\*) Quality employment includes: diversity, well-being and employee satisfaction.





## INSTITUTIONAL RELATIONS

In the context of the 2030 Agenda, Cepsa has an annual institutional relations plan that enables us to proactively participate in public debates and strengthen the relationship with our stakeholders.

Cepsa also participates in sector associations aimed at defending the general interests of the industry, including AOP, Fuels Europe, Feique, Cefic and CEOE.

### MAIN TOPICS INVOLVING INSTITUTIONAL RELATIONS IN 2020



#### COVID-19 AND POST-COVID 19 MANAGEMENT

Launch of numerous actions to intensify communications and coordination between administrations, sectoral associations and the private sector to guarantee the best energy supply conditions.



#### IMPORTANCE OF THE ENERGY TRANSITION IN THE RECOVERY

Dissemination of knowledge on issues such as the contribution that low carbon fuels can make to reducing emissions or the importance of the role of sustainable mobility in the transition process.



#### OTHER MATTERS

Communication of the company's position regarding: the Hydrogen Roadmap, the Draft Law on Climate Change and Energy Transition, the Draft Law on Sustainable Mobility, the Financing of Land Transport and the Law on Ports and Maritime Navigation, among other issues.

## CHAPTER 6

### ESG performance

Cepsa also participates in different think tanks, initiatives and social and environmental entities, whose objectives are the design of best sectorial practices, collaboration between entities,

the promotion of best practices and policies in multiple fields, sustainable development or transparency. The budget for these actions in 2020 was €3,394,171<sup>7</sup>.

<sup>7</sup> In 2019 it was €2,716,588. The variation between 2019 and 2020 is due to the inclusion of more companies and associations that could not be identified in 2019.

## OTHER INITIATIVES AND ENTITIES OF WHICH CEPESA IS A MEMBER

 Access to these initiatives



## CEPSA, PARTNER TO THE SUSTAINABLE DEVELOPMENT GOALS

Cepsa is committed to achieving the Sustainable Development Goals included in the United Nations 2030 Agenda.

- The company, in the last year, has renewed and made progress in this commitment. To this end, the Executive Committee has updated the prioritization of the SDGs that are key for the company because of their connection with the activity, their relationship with our strategic priorities, the progress already made by Cepsa in contributing to their compliance and the response to the expectations of stakeholders.



## PRIORITY SDGs FOR CEPSA



**Objectives 7**  
**AFFORDABLE  
AND CLEAN  
ENERGY**



**Objectives 13**  
**CLIMATE  
ACTION**

We want to play a very active role in the energy transition and the prevention of climate change. To achieve this, we have adapted our organizational structure and are working on developing a new business strategy in accordance with these fines.



**Objectives 8**  
**DECENT WORK  
AND ECONOMIC  
GROWTH**

We want to contribute to the recovery of employment and maintain our position as a company with a committed to health and safety, diversity and a work-life balance.



**Objectives 12**  
**RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION**

We have the capacity to produce and develop more sustainable products that support the energy transition, the prevention of climate change and the mitigation of environmental impacts.

## CEPSA'S CONTRIBUTION TO THE SDGS

This report highlights, with the corresponding SGD icon, those actions and initiatives that the company launched during year which have had an impact on the indicated objective.



## 6.2 CLIMATE CHANGE

CEPSA'S PRIORITY IN 2020 WAS TO CONSOLIDATE ITS AMBITIONS IN TACKLING CLIMATE CHANGE THROUGH THE CREATION OF A NEW "CARBON CYCLE" DEPARTMENT. THE MISSION OF THIS DEPARTMENT IS TO PROMOTE THE COMPANY'S STRATEGY IN THIS AREA, COVERING BOTH THE REDUCTION OF EMISSIONS AND THE CREATION OF A PORTFOLIO OF LOW-CARBON PRODUCTS.

Main indicators	2020	2019
CO <sub>2</sub> emissions (Scope 1), thousands of tons CO <sub>2</sub>	5,166	5,962
CO <sub>2</sub> emissions (Scope 2), thousands of tons CO <sub>2</sub>	455	634
CO <sub>2</sub> emissions (Scope 3), thousands of tons CO <sub>2</sub>	53,577	71,354
Energy consumption (TJ)	83,756	94,709

### MILESTONES

# 2020

01. Implementation of energy efficiency projects.
02. Definition of a more ambitious internal price on carbon among the financial parameters that are part of the company's strategic plan.
03. Approval of a new governance model on climate change that ensures that any decision in this area is submitted to the company's governing body.
04. Creation of a new Carbon Cycle department under the auspices of the ESG department, which has started working on the selection of decarbonization technologies and on the proposal of an emissions reduction plan.



## MANAGEMENT APPROACH

As part of its environmental policy, Cepsa has undertaken the commitment to contribute to the mitigating climate change.

In order to implement this commitment, Cepsa works hard to ensure its processes are efficient and incorporate the best available technology. As an energy company, Cepsa can also play a very prominent role in mitigating climate change by making more sustainable products for its customers.

These priorities are included in its climate change strategy, which will incorporate specific emissions mitigation targets for 2025 and 2030, as well as the development of specific ratios that drive the transition towards a less carbon-intensive product portfolio.

As part of this strategy, in 2020 the company strengthened its management structure, implementing a new governance model (described in the following section) that ensures that

any relevant decision regarding energy transition and climate change is submitted to the highest levels of management and governance.

Finally, aware of the importance of climate change performance for its investors and other stakeholders, Cepsa is working to gradually align its reporting with the main initiatives in this area, such as the Task Force on Climate-related Financial Disclosures (TCFD) and the CDP (Carbon Disclosure Project) and will submit the company's emissions reduction plan to an audit by third parties once it has been approved.

With the information and indicators included in this chapter, the company responds to some of the recommendations of the TCFD. Cepsa also reports on its management practices in the area of climate change, as well as on the main performance indicators through its participation in the CDP-Climate Change initiative, in which it improved its score in 2020.

➤ Cepsa obtain an A- rating in the CDP Climate Change 2020 initiative.

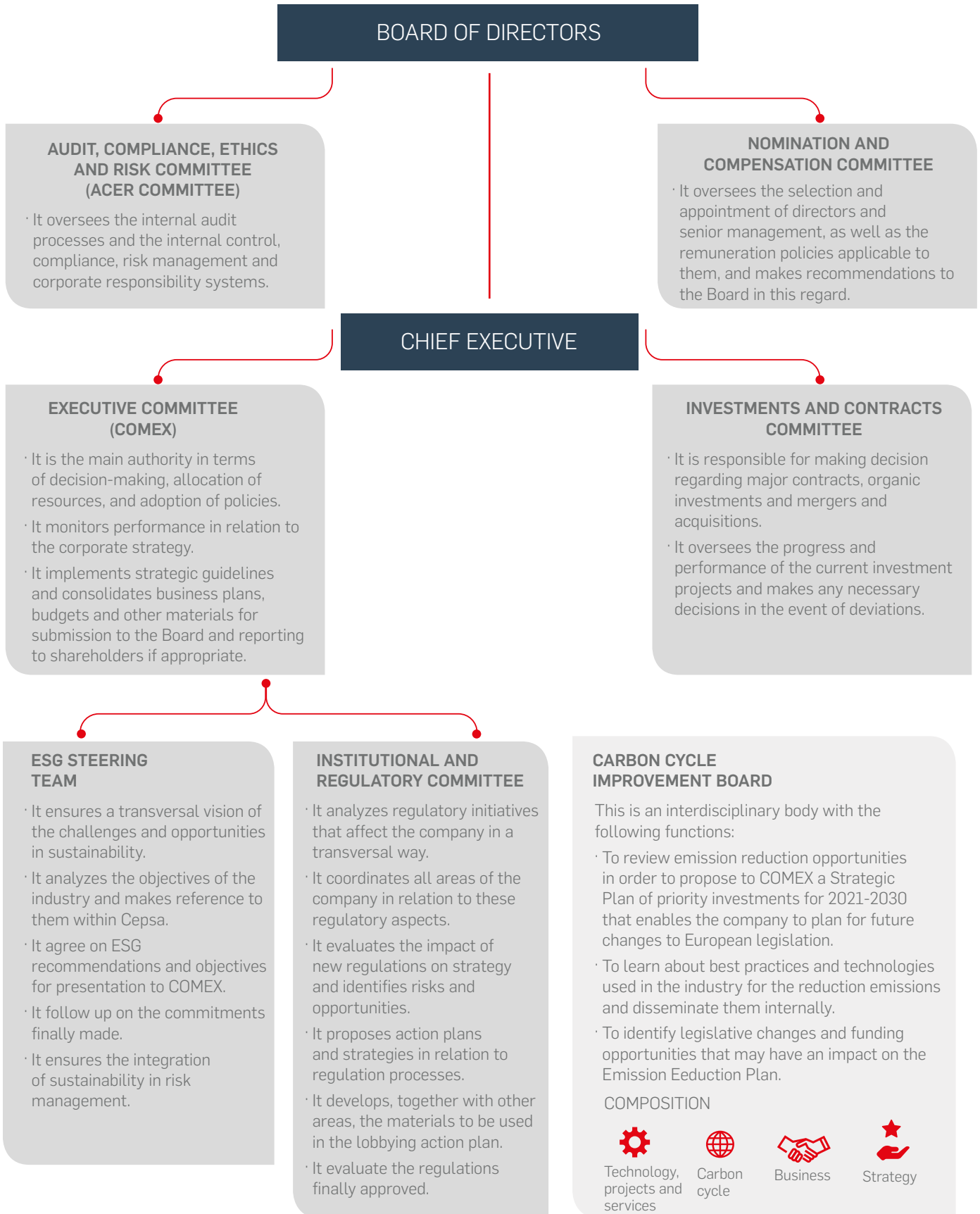
## CLIMATE CHANGE GOVERNANCE

Climate change poses various risks and opportunities for the company's activities and businesses. To ensure its proper management, Cepsa has developed a new governance model that attributes specific responsibilities to various bodies and committees belonging to the highest level of the company's governance.

It has also included a Carbon Cycle department in this model, which will be in charge of promoting the company's strategy

in this area, as well as various newly created coordination and supervisory bodies such as the ESG Steering Team and the Board for the Improvement of the Carbon Cycle. Both bodies, made up of representatives from different functional areas and businesses, are responsible for channeling the company's commitment to climate change and ensuring that its management is coordinated across the board.

**CLIMATE CHANGE GOVERNANCE**



# CLIMATE CHANGE RISKS AND OPPORTUNITIES

Climate change poses certain risks to Cepsa's activity. Not taking these into account sufficiently could lead to a destruction of value, while proactive management can help identify opportunities that benefit the company's position in the market and create value for its investors.

Cepsa has developed a comprehensive risk management system that provides an effective response to any potential

risk in this area. As part of this system, the company drew up a climate change risk map following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This map includes the main transition and physical risks that the company faces, classified according to the categories proposed by the aforementioned standard.

This map has been integrated into the corporate risk map.



## POLICIES AND REGULATION

- Stricter regulation on climate change matters
- Increase in the cost of emissions
- New emerging legislation



## MARKETS

- Change in consumer preferences
- Bottlenecks in the supply of crude oil
- Shortage of alternative raw materials for renewable components



## TECHNOLOGY

- Emergence of new disruptive technologies in the industry



## REPUTATION

- Negative perception of the Company by its stakeholders

## PHYSICAL RISKS



### ACUTE

- More intense extreme weather events, such as hurricanes or flooding



### CHRONIC

- Changes in extreme temperatures
- Water scarcity
- Rising sea levels
- Changes to seasonal patterns

For each of the risks identified, management actions have been proposed, taking into account the inherent and residual risk once said actions have been completed.

In addition, the opportunities associated with climate change for our company have been identified as well as the resilience of our business.



## CHAPTER 6

ESG performance



### OPPORTUNITIES



#### EFFICIENT USE OF RESOURCES

- Cost savings driven by legal requirements
- Reduction in water use and consumption
- Development of technologies such as carbon capture and storage



#### PRODUCTS AND SERVICES

- Growing demand for various products for transportation
- Electric vehicle charging points and services



#### SOURCES OF ENERGY

- Use of zero-emission energy sources



#### MARKETS

- Entry into the electricity market
- Use of public incentives and alternative sources of finance



#### RESILIENCE

- Involvement in renewable energy schemes and adoption of energy efficiency measures

The climate change risk assessment has been translated into an impact-probability matrix and the company has identified some with the capacity to induce a significant financial impact on the business.

Cepsa has begun an exercise to quantify this impact considering a 5-year horizon<sup>8</sup>, consistent with the corporate risk matrix and strategy.

This analysis is a first step which the company will build on in the coming year, with the aim of completing the quantitative analysis of climate change-related risks and opportunities and evaluating its financial impacts.

<sup>8</sup> This period is considered a short-term horizon under the TCFD criteria. In the assessment of climate change-related risks and opportunities, Cepsa estimated a qualitative scenario of a 1.5 - 2°C rise that contemplates regulatory development and energy demand in accordance with the projections of the European energy and climate policy for 2050, which includes a commitment to climate neutrality by that year. The company has also developed an energy model in accordance with its Energy Outlook for 2030 that contemplates a scenario of a rise in temperatures of over 2°C.



## QUANTIFICATION OF THE FINANCIAL IMPACTS ASSOCIATED WITH CERTAIN CLIMATE CHANGE-RELATED RISKS AND OPPORTUNITIES

### > RISKS

Cepsa has estimated the financial impact associated with some of its main risks, such as the reduction of free allocation of emission rights, changes in consumer preferences and mobility patterns, and the possible reputational damage associated with the company's difficulties in adapting quickly to a scenario with less carbon-intensive products and services.

The estimate made for a 5-year period places the financial impact of the European Emission Rights system and the climate objectives of the European Union at the highest value on the scale of our risk matrix, above € 100 million.

### > OPPORTUNITIES

Cepsa has estimated the financial impact associated with three opportunities: the development and expansion of low-carbon intensity products and services through entry into the renewable energy market, the development of low-carbon intensity fuels, and the promotion of R&D projects for the manufacture of new materials through carbon sequestration and use techniques.

The estimate made for a 5-year period places the financial impact of these opportunities related to the mitigation of our emissions at an approximate value above the highest value of the scale of our risk matrix of €100 million, largely depending on technological growth curves.

## OTHER MECHANISMS FOR THE MONITORING AND MANAGEMENT OF CLIMATE RISKS AND OPPORTUNITIES

In addition to the risk map, Cepsa has other mechanisms and metrics that allow it to monitor and establish objectives in managing climate risks and opportunities. These include:

Continuous regulatory monitoring and presence in sectoral associations at the national and European level.	This enables us to follow negotiations and identify potential regulatory risks.
Monitoring of metrics used by the emissions trading scheme.	Allows us to evaluate the impacts associated with the decrease in the level of free allocations.
Evaluation of technologies and raw materials to offer customers more sustainable products.	The work carried out by Cepsa on this matter has allowed it to perform a risk assessment taking into account market trends and different technologies.
Continuous monitoring of technological developments.	This allows us to constantly monitor risks and opportunities in the sector.
Implementation of a supplier survey on climate change.	Allows us to evaluate their performance in this area and detect opportunities for improvement in relation to emissions, the type of raw materials used and the services acquired.

## CHAPTER 6

### ESG performance

Additionally, the company has set other objectives to strengthen its management in this area, such as:

- Being present at all reviews and debates on climate and energy, as a risk monitoring tool.
- Monitoring technological developments in emissions abatement. Technological development is considered a transition risk and, at the same time, a source of opportunities if it is managed effectively. Cepsa already has an extensive list of technological references, contacts with suppliers and evaluations of possible partnerships that could be very useful in this field.




## STRATEGY

Cepsa has developed a corporate strategy against climate change that is structured around three fundamental pillars.

This strategy, designed by the Carbon Board, includes a 5-year decarbonization path consistent with the new strategic plan and which will be presented jointly with the latter during 2021.

### PILLARS OF THE CLIMATE CHANGE STRATEGY



-  · Analysis of risks associated with climate change and evaluation of opportunities deriving from it.
-  · Establishment of targets for the reduction of emission and/or intensity of greenhouse gas emissions.
-  · Implementation of measures aimed at reducing the intensity of emissions, as well as R&D actions that support the strategic lines adopted by Cepsa.

Moreover, to improve the management of aspects related to climate change, Cepsa has been implementing different measures in recent years:

- Reinforcement of the analysis of risks associated with climate change and the evaluation of opportunities through actions such as those indicated in the previous section.
- Establishment of measurable emission intensity reduction targets. The most carbon-intensive units have set targets, aligned with those of the European Emissions Trading Scheme (EU ETS) aimed at achieving carbon neutrality.
- Creation of a renewable energy generation business line.
- Carrying out research and new developments in sustainable bio fuels and those of waste origin.
- Promoting the analysis of the life cycle of different chemical products.



## CHAPTER 6

ESG performance

### EFFICIENT USE OF ENERGY

The efficient use of energy is one of the key areas of action when it comes to achieving the goals established in Cepsa's climate change strategy.

To make this goal a reality, the main refining and chemical production centers in Spain have an Energy Management System certified under the international ISO 50001 standard, which establishes well-defined indicators and implements

improvements to reduce energy consumption and, hence, greenhouse gas emissions.

Throughout 2020, despite the situation generated by Covid-19, in which the demand for energy products and refining activity was severely affected, Cepsa continued to implement energy efficiency projects.

### MAIN ENERGY EFFICIENCY PROJECTS IMPLEMENTED IN 2020



#### IMPROVEMENT OF THE STEAM-CONDENSATE SYSTEM IN THE ASPHALT AREA AT THE LA RÁBIDA REFINERY

The project involved improvements in the steam system used as a heating fluid for the asphalt tanks.

These tanks require continuous heating for their operation. The transferred heat generates condensates that continue to act as a measurable and therefore usable heat flow. With the improvements implemented in the use of this heat source, Cepsa has managed to reduce fuel consumption and its CO<sub>2</sub> emissions (approximately 1,000 tons per year). It is also a project that can be replicated in other units and plants.



#### IMPROVEMENT IN THE HEAT EXCHANGE SYSTEMS IN THE PARAFFIN LINE AT THE PUENTE MAYORGA CHEMICAL PLANT

By setting up a new heat exchanger in the production line, greater energy integration has been achieved in the operation, which has allowed a reduction in fuel consumption.

Likewise, the use of a new heat exchanger technology called "twisted tubes" has allowed a further improvement in heat exchange efficiency, with the consequent reduction in energy consumption and emissions (around 1,500 tons of CO<sub>2</sub> per year).



#### IMPLEMENTATION OF A NEW CATALYST AT THE GIBRALTAR SAN ROQUE REFINERY

As a result of this project, a new catalyzer has been implanted in the RZ-100 catalytic naphtha Platforming unit, used for manufacturing aromatics, a highly valued raw material in petrochemicals, as well as components with high added value for gasoline.

This unit also manufactures hydrogen that is used in the refinery fuel conditioning processes.

The change in catalyst will increase hydrogen production by 10,000 tons, achieving greater flexibility and efficiency when processing the most demanding raw materials of this resource, as well as reducing emissions in the generation via hydrogen reforming.



#### EXECUTION OF THE DETAL PROJECT

The DETAL project implemented in the Puente Mayorga chemical plant (Cádiz) will improve the quality of LAB (linear alkylbenzene), a raw material for the manufacture of biodegradable detergents, in addition to leading to a significant environmental improvement.

This project is described in greater detail in chapter 6.3 "Reduction of our environmental impact".

To promote these and other measures to reduce emissions, Cepsa has introduced an internal carbon price signal as one of its financial parameters at the budgetary level. In 2020, the company increased this price with respect to the previous year, setting it at €50/tCO<sub>2</sub> for 2025.



## TRANSFORMATION AND LOW-CARBON PRODUCTS

The incorporation of emission reduction technologies, as well as the manufacture of new raw materials and final products with the aim of offering society the sustainable energy it demands is another of the priority lines in Cepsa's climate change strategy. The main milestones in 2020 in this line have been:

- Processing of several batches of benzene of renewable and circular origin in our Palos chemical plant for the production of phenol of renewable or circular origin.
- Full operation of our first wind farm as a demonstration of our commitment towards generating renewable energy.

## CLIMATE CHANGE METRICS

### Scope 1 and 2 emissions

Cepsa annually certifies its carbon footprint under the ISO 14064 standard. This calculation includes the emissions from the activities carried out in Spain and the Exploration and Production facilities operated, the facilities of BMS in Algeria, Casanare and Caracara in Colombia and those of Peru.

Total Scope 1 and 2 greenhouse gas emissions in 2020 were amounted to 5,621 tCO<sub>2</sub>eq, 14.78% lower than the previous



### A METRIC TO MONITOR OUR TRANSITION TO MORE SUSTAINABLE PRODUCTS

Cepsa has decided to establish a global carbon intensity ratio that enables it to monitor the transition to less carbon-intensive products.

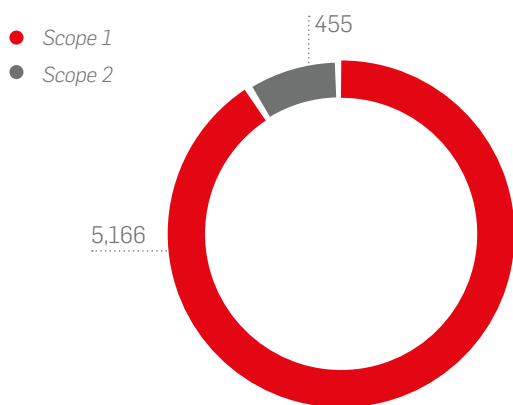
As of today, this ratio is around 75 gCO<sub>2</sub>/MJ of energy (unit of energy sold), a figure that is reduced by 8 points if the carbon sink effect of our petrochemical products is included.

year. The exceptional situation created by the pandemic caused a significant reduction in emissions from gas and electricity and refining activities.

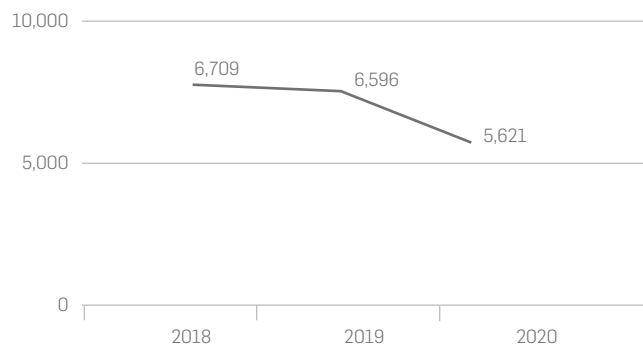
Regarding the breakdown by business, Refining continued to be the focus of the majority of emissions (56%), followed by: Gas and Electricity, Chemicals, Exploration and Production, Marketing and Distribution<sup>9</sup>.

<sup>9</sup> The CBSR plant is considered in the Marketing and Distribution unit.

### SCOPE 1 AND 2 CO<sub>2</sub> EMISSIONS IN 2020 (THOUSANDS OF TONS OF CO<sub>2</sub> EQUIVALENT)

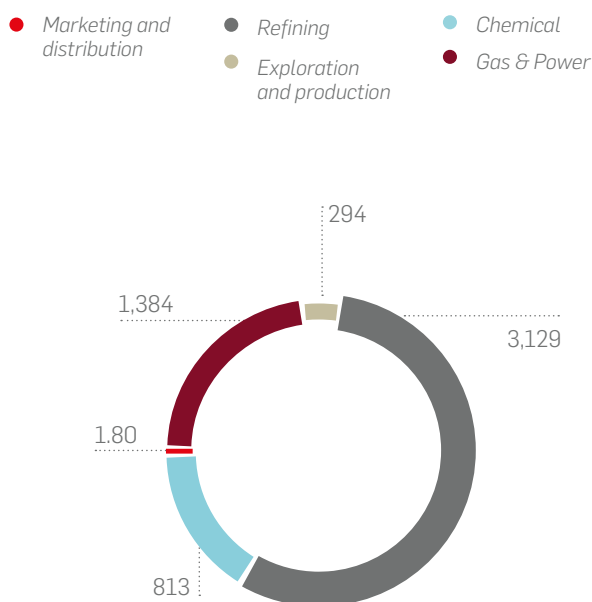


### EVOLUTION OF CO<sub>2</sub> EMISSIONS (SCOPE 1 AND 2) OF THE COMPANY BETWEEN 2018-2020 (THOUSANDS OF TONS OF CO<sub>2</sub> EQUIVALENT)

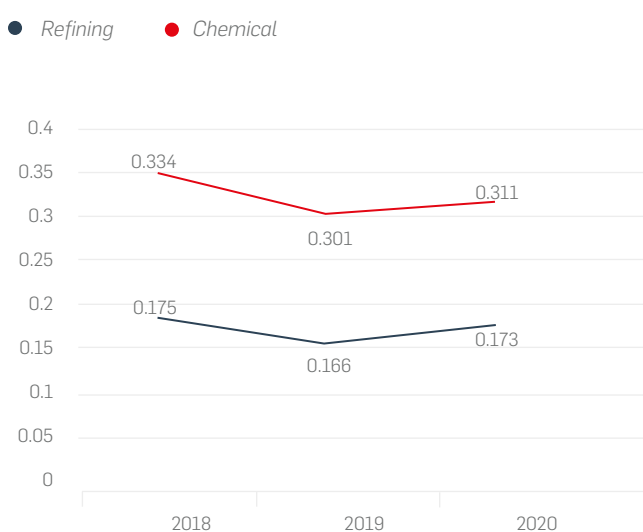


In terms of emissions intensity, the company has maintained its 2019 values. However, given the reduced activity in its production plants, this indicates a slight deterioration in operating efficiency and, therefore, in the intensity per business unit.

### SCOPE 1 AND 2 CO<sub>2</sub> EMISSIONS IN 2020. BREAKDOWN BY BUSINESS (THOUSANDS OF TONS OF CO<sub>2</sub> EQUIVALENT)\*



### 2018-2020 GREENHOUSE GAS EMISSIONS INTENSITY IN THE REFINING AND CHEMICAL BUSINESSES (TONS OF CO<sub>2</sub>EQ/UNIT)\*



\* See more information on the company's greenhouse gas emissions in the annex of indicators included in this report.

\* The unit used for **Refining** is thousands of tons of processed crude and for **Chemicals**, thousands of tons of production.

\* Exploration and Production is not included in the GHG and energy intensities report because the nature of the business does allow ratios to be compared, since production depends on the age of the well and energy consumption is not always directly proportional to well production.

\* See more information on the company's greenhouse gas emissions in the annex of indicators included in this report.

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### Carbon intensity index

The metric used to monitor the carbon intensity of our energy products follows the "Transition Pathway Initiative" methodology and is expressed as units of CO<sub>2</sub> per energy unit.

This metric includes the emissions from our upstream and downstream operations related to energy products and their use, taking into account all liquid energy for the transportation

and building sectors, as well as the electricity generated and distributed by Cepsa.

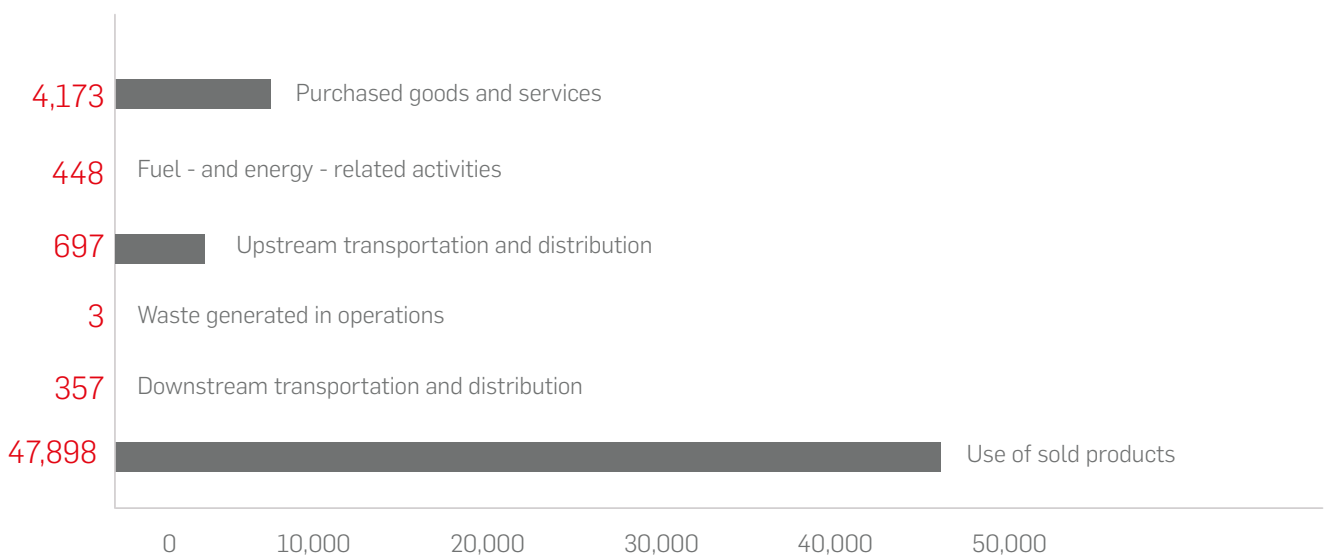
The use of this ratio will show the incorporation of low-carbon and renewable products, as well as the growing amount of renewable electricity. In future years, Cepsa will ensure this index is audited by a renowned international third party.

### Emissions in the value chain

Regarding the emissions corresponding to the value chain, Cepsa has been certifying 12 of the 15 scope 3 categories<sup>10</sup> defined by the GHG carbon footprint calculation protocol under the ISO 14064 standard.

In 2020, the total emissions included in this scope amounted to 53,577 thousand tCO<sub>2</sub>eq, which represents a reduction of 25% compared to the previous year. Once again, the "use of energy products" category accounted for most of these emissions and the effect of the pandemic can be seen<sup>11</sup>.

### CO<sub>2</sub> EMISSIONS FOR SCOPE 3 IN 2020. BREAKDOWN BY CATEGORY (THOUSANDS OF TONS OF CO<sub>2</sub> EQUIVALENT)\*



\* See more information on the company's greenhouse gas emissions in the annex of indicators included in this report.

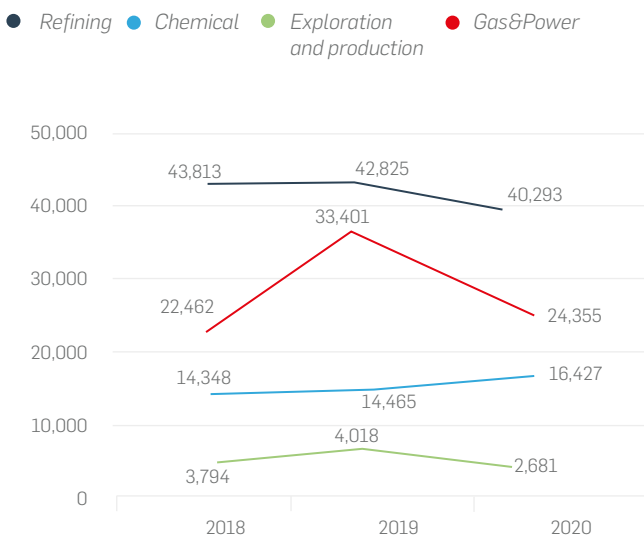
<sup>10</sup> Only 14 apply to Cepsa. Not all those certified are included in this report, as many of the primary data sources required for the calculation were not available at the time of publication.

<sup>11</sup> In this 25% in 2020 the most representative categories have been included, and do not coincide with those of last year, nor with the scope of the verification to be carried out under ISO 14064 in 2021.

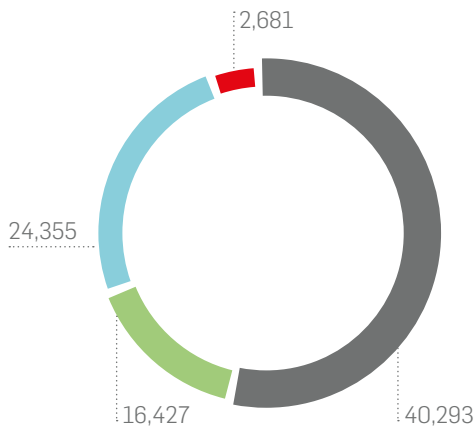
## Energy consumption and efficiency indicators

Energy consumption in Cepsa's operations stood at 83,846 TJ in 2020, 12% lower than the previous year. Consumption was highest in the Refining business, followed in order of importance by Gas and Electricity, Chemicals and Exploration and Production.

### EVOLUTION OF CEPESA'S ENERGY CONSUMPTION. BREAKDOWN BY BUSINESS (TJ)



### BREAKDOWN OF CEPESA'S ENERGY CONSUMPTION IN 2020 BY BUSINESS (TJ)

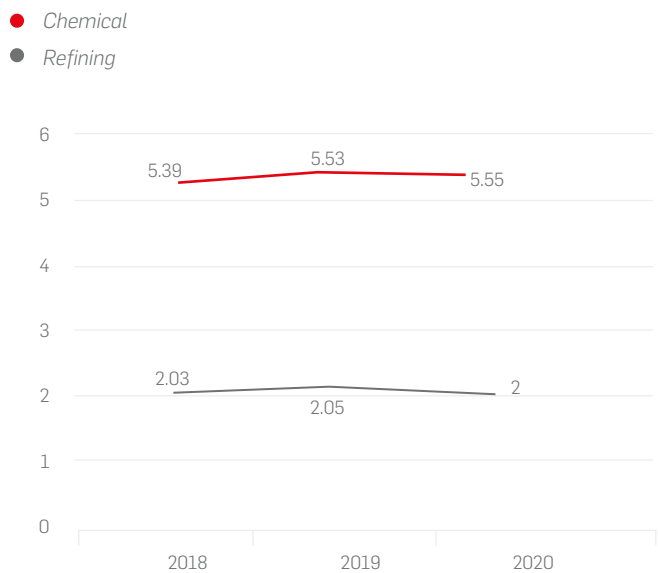


- Exploration and production
- Chemical
- Refining
- Gas & Power

<sup>12</sup> The consumption of Marketing and Distribution (CBSR) is not reflected in the graphs because it is negligible.



### 2018-2020 ENERGY CONSUMPTION INTENSITY IN THE REFINING AND CHEMICAL BUSINESSES (TJ / UNIT)\*



In terms of intensity, the company managed to maintain its trend in energy consumption per treated ton, both in its Refining and Chemical businesses.

\* The unit used for Refining is thousands of tons of processed crude and for Chemicals, thousands of tons of production.

\* Exploration and Production is not included in the GHG and energy intensities report because the nature of the business does allow ratios to be compared, since production depends on the age of the well and energy consumption is not always directly proportional to well production.

\* See more information on the company's energy consumption in the annex of indicators included in this.



## 6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT

IN ACCORDANCE WITH THE PRINCIPLES OF OUR ENVIRONMENTAL POLICY, WE CARRY OUT OUR OPERATIONS UNDER A STANDARD OF EXCELLENCE FOR ENVIRONMENTAL PROTECTION.

In 2020, and despite the difficulties imposed by the Covid-19 pandemic, the company has taken important initiatives to optimize the use of natural resources, restore the surroundings and innovate in production processes.

Main indicators	2020	2019
Water extraction (m3)	40,002	49,476
Volume of water reused/recycled (m3)	94,896,879	94,140,774
Total consumption of raw materials (tons)	22,606	25,656
Raw materials from renewable sources (%)	2%	3%
Managed waste (tons)	51,619	66,696
% recovered waste	54%	47%
Environmental investments (€ millions)	15	6.6

### MAIN MILESTONES

# 2020

01. Detal Project recognized at the 2020 European Business Awards for the Environment.
02. Planting of around 30,400 indigenous trees in 222 hectares in the municipalities of Puerto Gaitán (Meta Region) and Maní (Casanare Region) in Colombia. With this initiative, Cepsa has planted more than 180,000 thousand trees in recent years.
03. Reduction in the volume of extracted water in the operations of the main production centers.





## THE DETAL PROJECT, RECOGNIZED AT THE 2020 EUROPEAN BUSINESS AWARDS FOR THE ENVIRONMENT

The DETAL project involving our chemical plant in Puente Mayorga (Cádiz) has been recognized by the Ministry for the Ecological Transition and the Demographic Challenge as a winning project in the "Process" category of the European Business Awards for the Environment-Spanish Section. This category recognizes innovation in Production Methods and Processes that contribute to sustainable development.

Detal technology, developed by Cepsa in collaboration with UOP (Universal Oil Products), will improve the quality and variety of manufactured Linear Alkylbenzene (LAB), replacing the use of hydrofluoric acid in the plant. With the incorporation of this technology, the Puente Mayorga chemical plant has become the first in the world to carry out this replacement.

In addition to the higher quality and variety of product, Detal will provide an improvement in efficiency and a reduction in the environmental impacts associated with the process in areas such as the generation of hazardous waste, the discharge volume and its danger levels and CO2 emissions.

The project has also received recognition from the Confederation of Businesses of Cádiz in the "CEC ENVIRONMENT" awards.



## MANAGEMENT AND THE BEST TECHNOLOGY

### ENVIRONMENTAL MANAGEMENT APPROACH

The principles and commitments included in Cepsa's HSEQ (Health, Safety, Environment and Quality) Corporate Policy seek to ensure the protection of the environment when carrying out our activity, as well as to reduce consumption and impacts on the atmosphere, climate, marine environment, soil, groundwater, noise levels and biodiversity. In addition, they serve as the basis for the implementation of the Environmental Management System in the organization according to the leading standards.

- Cepsa controls the impact of its activities, facilities, products and services on the environment, through an Integrated Environmental Management System (EMS), certified under the ISO 14001 standard.

Thanks to the implementation of environmental management systems, the company has made considerable progress in applying the best available technology, having received several certifications and accreditations that testify to the effort made.

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### Access to Environmental Certifications

#### ISO 14001 CERTIFICATION

Cepsa has a single ISO 14001 certification that covers its main business units. Furthermore, it affords transparency, allowing the company to demonstrate to its stakeholders its efforts in reducing its environmental impact.

#### EMAS CERTIFICATION

Cepsa's main facilities in Spain are EMAS certified, a standard which certifies the use of the best technologies and environmental management practices.

The implementation of these systems also contributes to the application of the precautionary principle established in the Rio Declaration on Environment and Development, an area in which the company also carries out other actions including:



ENVIRONMENTAL RISK MANAGEMENT.



ENVIRONMENTAL IMPACT ASSESSMENTS (EAI) AND BIODIVERSITY ACTION PLANS (BAP).



PLANS, PROTOCOLS AND DRILLS, FOCUSED ON THE PREVENTION OF MARINE POLLUTION.



AUDIT PROGRAMS.



SAFETY DATA SHEETS FOR ALL OUR PRODUCTS AND RAW MATERIALS.

#### MONITORING OF ENVIRONMENTAL IMPACTS

To identify and assess the environmental impact that the activity of our facilities has on the environment, Cepsa uses a tool that allows it to analyze the direct and indirect impacts of any plant.

This assessment is carried out annually at the local and overall levels. In terms of the former, each facility is able to identify the most significant aspects, while the latter allows us to identify those that are most relevant at the company level.

The monitoring of environmental impacts is carried out transversally across all operations, through technical teams and a continuous monitoring system, which transmits the necessary information to the management team using specific indicators.

Cepsa has worked in different areas to align itself with the main impact assessment trends and practices associated with the products and activities it is involved in, promoting internal projects and participating in relevant external forums.



CEPSA'S PARTICIPATION IN THE WORKING GROUP ON NATURAL CAPITAL AND ENERGY

Cepsa is working on an analysis of Natural Capital, following the Protocol prepared by the Natural Capital Coalition, in order to assess its impacts and dependencies on it.

In this regard, it participates in a pioneering working group on Natural Capital and the energy sector, made up of several companies sharing experiences and knowledge to promote best practices in terms of sustainability and the environmental assets with which they interact.



Additionally, the company specifically analyzes the environmental impact of several of its products throughout their life cycle and has the Environmental Product Declaration (EPD) certification for seven paraffin wax products as well as for its five varieties of LAB/LABSA (raw material used for the manufacture of biodegradable detergents).

- Cepsa is the only company worldwide that has obtained the Environmental Product Declaration (EPD) certificate for its five LAB/LABSA varieties.

## REDUCTION OF OUR IMPACT

### AIR POLLUTANT EMISSIONS

To monitor and reduce non-GHG emissions (gases with no greenhouse effect potential), Cepsa deploys a continuous monitoring system in its main production facilities.

In this area, and thanks to the adoption of the Best Available Techniques, as well as other measures, such as improvements in combustion processes, the use of clean technologies or the implementation of abatement systems, the company has managed to continuously decrease in its main emissions, mainly  $\text{NO}_x$ ,  $\text{SO}_2$ , and particulates.



### REDUCTION OF POLLUTANT EMISSIONS IN THE CHEMICALS BUSINESS

Throughout 2020, the company worked on actions to reduce non-GHG emissions in its Chemicals division. Specifically, we have been working on the future installation of Regenerative thermal oxidizers (RTO), which will reduce emissions of volatile organic compounds through oxidized air, thus adapting the facilities to one of the Best Available Technologies recognized by the BREF\* document for LVO (Large Volume Organic Chemicals).

\*Best Available Techniques Reference document. These documents are prepared by the European Integrated Pollution Prevention and Control Bureau and establish the best available technology that can be used in various industrial processes to improve their environmental performance in a technical and environmentally viable way.

## CHAPTER 6

ESG performance

### EVOLUTION OF AIR POLLUTANT EMISSIONS



NO <sub>x</sub> Emissions	2020	2019	2018
Refining (ton) <sup>1</sup>	2,052	2,851 <sup>4</sup>	3,747 <sup>4</sup>
Chemicals (ton) <sup>2</sup>	764 <sup>5</sup>	635	745
Exploration and production (ton) <sup>3</sup>	6,237	8,155	3,603
SO <sub>x</sub> Emissions	2020	2019	2018
Refining (ton) <sup>1</sup>	4,036	5,059 <sup>4</sup>	5,250 <sup>4</sup>
Chemicals (ton) <sup>2</sup>	29	27	24
Exploration and production (ton) <sup>3</sup>	14	15	45
Particulate Emissions	2020	2019	2018
Refining (ton) <sup>1</sup>	186	330 <sup>4</sup>	274 <sup>4</sup>
Chemicals (ton) <sup>2</sup>	10	9	7
Exploration and production (ton) <sup>3</sup>	242	303	51

<sup>(1)</sup> The data has been obtained through continuous measurement.

<sup>(2)</sup> The data has been obtained through a mixed method, taking continuous measurement in some plants and emission factors in others.

<sup>(3)</sup> In 2019, the Exploration and Production business started to use the IOGP's own calculation methodology for non-GHG emissions, unlike previous years, which has led to a variation in the data compared to those obtained in 2018.

<sup>(4)</sup> Recalculated, includes Cogeneration emissions from the Guadarranque plant.

<sup>(5)</sup> The Puente Mayorga chemical plant changed its calculation methodology, increasing NO<sub>x</sub> considerably. See more atmospheric emissions indicators in the Annex of Environmental Indicators contained in this report.

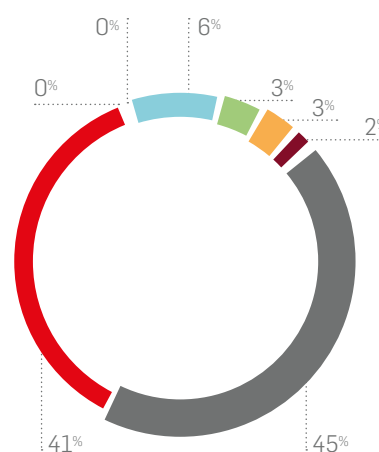
### WATER MANAGEMENT

Improving consumption efficiency is one of Cepsa's most important priorities. With this in mind, the company promotes the responsible use of water in all its processes through initiatives aimed at saving, reusing and searching for new sources and reducing the impact of discharge into the environment.

### WATER WITHDRAWAL BY SOURCE



- Seawater / brackish surface water
- Produced water
- Water supply network
- Non renewable groundwater
- Renewable Groundwater
- Surface water
- Third-party water
- Rainwater



## CHAPTER 6

### ESG performance

The company also specifically assesses the risks associated with the use of water through the Water Risk Filter Tool. According to the latest analysis carried out, only two of our facilities have been attributed a significant level of risk, based on their

basin and operational risks. These are the La Rábida refinery and the Exploration and Production facility in Algeria (BMS). Both are located in areas of water stress and specific actions have been drawn up to improve their management.



### IMPROVED RESOURCE MANAGEMENT IN FACILITIES WITH SIGNIFICANT LEVELS OF WATER RISK

#### LA RÁBIDA REFINERY (HUELVA).

Improvements in wastewater treatment systems and water consumption.

#### BMS FACILITY (ALGERIA).

Treatment and reinjection of the water extracted into the aquifer, as well as to be able to use it whenever necessary during the maintenance of the facilities.

The use of wastewater in the crude desalination processes at the facility is also promoted in order to minimize the extraction needs.

➤ Cepsa has set the goal of reducing water extraction for 2030, among its largest facilities, by 13% over 2018 levels<sup>13</sup>.

The reuse and/or recycling of water is one of the ways promoted by the company to guarantee this responsible use. To this end, the company is improving its knowledge of the water cycle

in its larger facilities to identify and implement measures in streams susceptible to this reuse and recycling.



### ACTIONS TO IMPROVE THE REUSE AND RECYCLING OF WATER

#### EXPLORATION AND PRODUCTION

- Use of industrial wastewater for the crude desalination process (BMS-Algeria).
- Use of wastewater, once treated, for road maintenance and dust control (BMS-Algeria).
- Use of domestic wastewater as an input in the oily waste bioremediation process, as well as for the dilution of formation waters (Caracara-Colombia).
- Transfer of treated wastewater for use as industrial water in drilling and workover operations (Caracara-Colombia).

#### REFINING

- Commissioning of a condensate recovery plant that allows the reuse of water in another unit, such as the boilers at the Tenerife industrial plant.
- Incorporation of water from purification processes in other units such as the cooling towers (La Rábida-Huelva), reducing the extraction of water from the supply network.
- (In development) Construction of a new water reuse plant that will reduce water extraction by 20% (Gibraltar San Roque-Cádiz).

<sup>13</sup> This target is broken down as follows: 10% in Refining and 20% in the Chemical business.



### PARTICIPATION AND IMPROVED RATING IN THE CDP WATER INITIATIVE



Since 2017, Cepsa has participated in the CDP Water initiative that assesses its performance in water management and enables a comparison with other companies in the sector. The company's efforts to improve its management of the resource has been recognized with a continuous improvement in its rating.



With regard to discharges, Cepsa uses the best techniques to guarantee that they comply with the authorized limits, to avoid any significant impacts on the ecosystem. The company also works with specialized and accredited companies that corroborate compliance with quality objectives in the receiving environment<sup>14</sup>.

In 2020, Cepsa began several projects to improve its performance in this area.



### ACTIONS UNDER DEVELOPMENT TO REDUCE THE POLLUTANT LOAD IN DISCHARGES

#### PALOS DE LA FRONTERA CHEMICAL PLANT (HUELVA).

- Adaptation of the biological wastewater treatment plant to considerably reduce the content of Total Organic Carbon (TOC) and suspended solids.

#### LA RÁBIDA REFINERY (HUELVA).

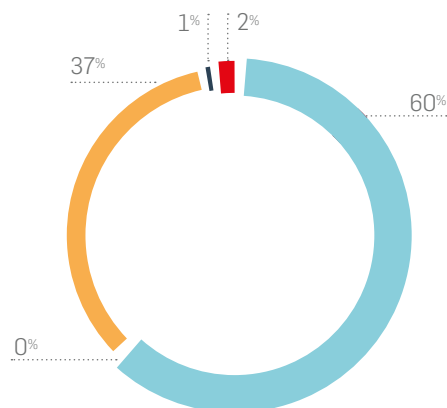
- Optimization of waste treatment systems to improve their quality.

## WATER DISCHARGE BY TYPE OF DESTINATION



### Discharges in the Annex of Environmental Indicators

- Brackish surface water
- Surface water
- Water treatment plant
- Waste water delivered to another company
- Groundwater



<sup>14</sup> To date, there is only one example of wastewater discharge to a sensitive area that has conservation area status, from the Palos de la Frontera chemical facility. Discharges are previously purified in a biological wastewater treatment plant whose discharge parameters are, in 100% of cases, within the authorized limits.

Additionally, and given that the majority of the company's production centers are classified as potentially polluting activities for the soil, Cepsa has established the protection of the soil, as well as the groundwater, as an environmental priority.

This protection is based, fundamentally, on the prevention of leaks and spills, and if they occur, on having early warning mechanisms and control procedures in place.

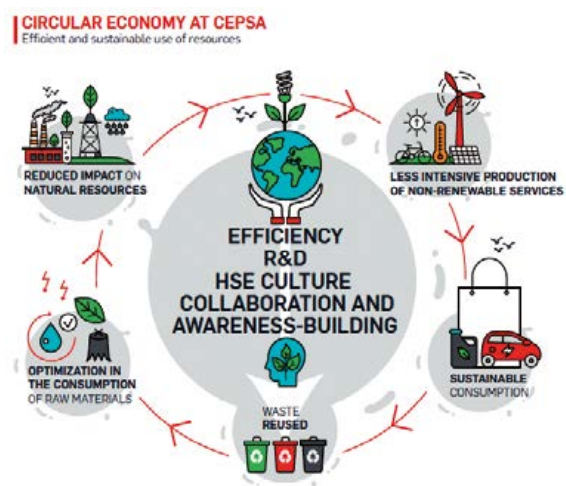
## CIRCULAR ECONOMY

### Waste management in the Annex of Environmental Indicators

Cepsa has a value chain that is integrated with a production and consumption model based on the exploitation of raw materials, by-products and energy, as well as on synergies between its businesses and organizations.

This model is aligned with the principles of the circular economy and promotes the efficient and sustainable use of resources based on five pillars.

The company has launched various initiatives to optimize the use of natural resources, including the manufacture of rubber modified bitumen's and the implementation of other projects aimed at replacing vegetable oils with waste for the manufacture of fuel.

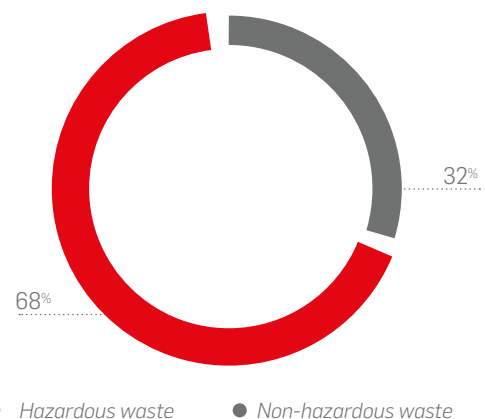


## WASTE GENERATION BY TYPOLOGY

### Waste management in the Annex of Environmental Indicators

With regard to waste management, the company's objective is to progressively reduce its generation and above all to reduce its disposal in landfills. To achieve this, Cepsa promotes various actions to minimize waste through specific plans, establishing management criteria in line with the hierarchy of principles set out by its circular economy policies.

In this process, the company works closely with its waste managers to maximize recycling rates and minimize landfill.



<sup>15</sup> To date, all the vegetable oil that Cepsa uses is certified and complies with the sustainability requirements provided in current legislation.

<sup>16</sup> This hierarchy establishes prevention in the generation of waste as a priority, followed by minimization, reuse, recycling, energy recovery and, lastly, landfill disposal.

\* HSE: "Health Safety and Environment".



REDUCTION IN THE VOLUME OF WASTE DISPOSED OF IN LANDFILLS AND PROMOTION OF A MORE SUSTAINABLE PRODUCTION OF ELECTRICITY AND FERTILIZERS AT THE SAN ROQUE BIOENERGY PLANT (CÁDIZ).



The San Roque bioenergy plant has managed to recover 100% of the filtering soils it uses by transferring them to a biomethanation plant belonging to the company HTN.

As a result of this process, the waste manager's treatment plant generates biogas used in cogeneration engines (the electricity generated is channeled back into the electricity grid) and a solid residual component, which is used as organic fertilizer for agricultural purposes.

Cepsa also participates in the main business forums in this area, collaborating in technical working groups to define specific actions of common interest.

➤ Cepsa is part of the National Agreement on the Circular Economy together with the most important economic and social agents.



CEPSA'S PARTICIPATION IN WORKING GROUPS TO PROMOTE THE CIRCULAR ECONOMY.

- Technical Committee for Standardization in the field of Circular Economy (TC 323) and WG4 ISO: *Specific issues of Circular Economy*.
- Circular Economy working group of the AOP (Spanish Association of Petroleum Products Operators).
- Bioeconomy and circular economy working group (organized by the Ministry of Finance, Industry and Energy of the Regional Government of Andalusia).





## PROTECTION OF BIODIVERSITY AND ECOSYSTEMS

Cepsa, aware of the importance of protecting and preserving biodiversity and ecosystems, works to identify and value its impacts and dependencies on ecosystem services in each of its businesses.

To do this, it carries out an environmental assessment before implementing any project, focusing especially on aspects related to biodiversity.

In addition, to analyze biodiversity in areas of great ecological value, the company has a specific internal tool, with which it obtains precise information that guides decision-making. This tool is based on two pillars.



### SCOPE OF THE INTERNAL TOOL FOR THE ANALYSIS OF ENVIRONMENTAL IMPACTS ON NATURAL AREAS



**Company facilities located adjacent to protected areas or areas of high biodiversity value biodiversity in the Environmental Indicators Annex.**

#### **World Database on Protected Areas (WDPA), which identifies areas of high ecological value.**

The WDPA is the most comprehensive global database on terrestrial and marine protected areas, the result of a collaboration between the United Nations Environment Programme and the International Union for Conservation of Nature (IUCN). Using this tool, Cepsa is able to identify the protected areas that overlap, are adjacent or close to those occupied by the company.

#### **BirdLife map view to identify important areas for the conservation of birds and biodiversity.**

The tool also relies on the map view developed by Birdlife International to identify the bird species present in these areas (Important Bird Areas - IBAs), located within 5 km from the company's facilities.

Knowledge of the surroundings in which we operate allows us to reduce the impact of the activity in the area and design and implement Biodiversity Action Plans (BAPs) for the recovery of biodiversity in these areas, as well as to offset any residual impact we have not been able to eliminate through preventive measures.



### ENVIRONMENTAL RESTORATION AND COMPENSATION PROJECTS



Access more information about these projects

The Cepsa Foundation has promoted various actions at the Madre Vieja environmental station in San Roque (Cádiz). These include the banding of wintering birds, projects to monitor and recover different species and other activities to protect the environment.



The Cepsa Foundation has sponsored several actions in the Primera lagoon (Palos de la Frontera, Huelva), a space that has several protected area designations. These actions include the monitoring of birds and other species, the documentation of ecological problems due to the presence of exotic fish species and the performance of different maintenance tasks.



> The environmental conservation and restoration projects promoted by Cepsa represent an example of coexistence between industry and biodiversity.



### PLANTING OF 30,340 INDIGENOUS SPECIES IN THE MUNICIPALITIES OF PUERTO GAITÁN (META REGION) AND MANÍ (CASANARE REGION) IN COLOMBIA

Linked to its Exploration and Production activities, Cepsa has carried out in recent years an important conservation project in the municipalities of Puerto Gaitán (Meta Region) and Maní (Casanare Region), both in Colombia, with the aim of recovering various areas devoid of vegetation and contribute to the improvement of the ecosystem.

The planting was carried out jointly with local communities, generating employment opportunities for more than 200 families. This effort was in addition to the more than 150,000 trees that have already been planted.



## PROTECTION OF THE MARINE ENVIRONMENT

 [Access more information about these projects](#)

Cepsa has several programs in place for prevention, emergency action and response to possible spills<sup>17</sup> from its operations that may affect the natural environment.

For incidents of potential spillage into the sea, our facilities have Internal Maritime Plans in place that describe the means for preventing, training for and tackling potential contamination events.

These plans are in addition to the various general procedures that exist in the company, focused on the prevention and control of possible spills, the objectives of which are to

establish the obligations in terms of the environment and safety which Cepsa facilities located in ports must comply with, as well as the criteria for developing and implementing systems for preventing and combating marine pollution at Cepsa's maritime terminals and facilities.

The company has also carried out multiple research projects to act quickly in the event of an accidental spill, such as Athenea and Netcon, having also worked on the implementation of SICMA, a system for managing marine and air pollution derived from spills of Hazardous and Noxious Substances (HNS).

<sup>17</sup> See the information on the most significant accidental spills in the Annex of Environmental Indicators contained in this report.



## 6.4 OUR PEOPLE

OUR TEAM OF PROFESSIONALS IS ONE OF CEPESA'S PILLARS. FOR THIS REASON, THE COMPANY HAS CREATED WORKING ENVIRONMENTS THAT FACILITATE THEIR GROWTH AND INCREASE THEIR MOTIVATION AND THEIR INVOLVEMENT IN CORPORATE VALUES.

Cepsa offers its employees a value proposition that responds to their needs; attractive, unique and adapted to the company's existing diversity. The quality of this proposition is reflected in the high level of engagement achieved.

Main indicators	2020	2019
Number of employees	9,680 <sup>1</sup>	10,146 <sup>2</sup>
Engagement Index	85%	*
Employees with a permanent contract (%)	93%	90%
New hires	1,883	2,852
Hours of training per employee (h/employee)	38	37
Employees covered by collective bargaining agreements (%)	90%	90%

\* The work atmosphere and engagement survey is carried out every two years.

<sup>1</sup> Data for 57 partial retirees (43 men and 14 women) are not included in 2020.

<sup>2</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

### MAIN MILESTONES

# 2020

01. The entire company and its subsidiaries are certified as a Family Responsible Company (EFR).
02. 2020 Flexible Company Award in the large company category in the granted by the Ministry of Social Affairs and 2030 Agenda.
03. Top Employer 2020 certification obtained by the entire group of companies in Spain.
04. Honorable Mention 2020 Great Company and award of the "Most Equal Remuneration" distinction at the Flexible Company Award organized by the Community of Madrid.
05. Included in the list of "The 50 best employers" by Forbes.
06. Measures taken in the working environment to tackle Covid-19.

# MANAGEMENT MODEL

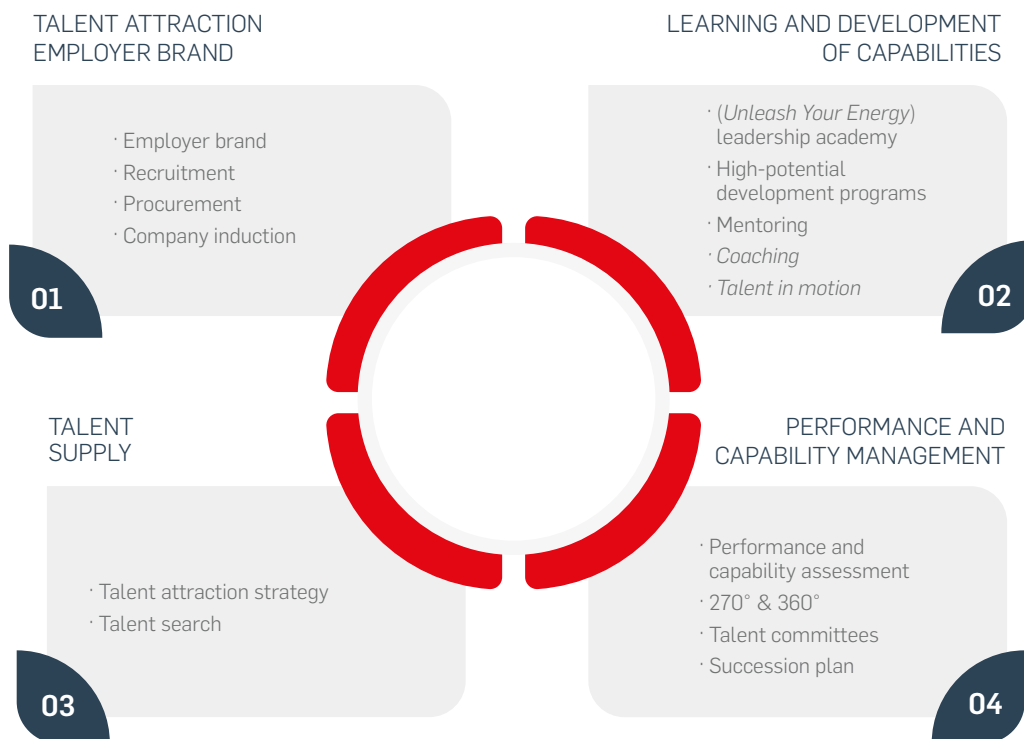
The principles of respect and inclusion are at the heart of our people management.

Our Code of Ethics and Conduct symbolizes our commitment to working in accordance with the legislation and the main international standards in labor matters, including the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

The company follows an employee-oriented Integrated Talent Management Model to ensure that it has the talent it needs, both by attracting and selecting the best professionals and by fully developing the potential of the people already in the organization.

This model includes various programs and initiatives designed to support the fundamental changes and milestones in the company.

## CEPSA'S INTEGRATED TALENT MANAGEMENT MODEL



## DIVERSITY AND INCLUSIVE CULTURE



### INTEGRATED TALENT MANAGEMENT MODEL. MAIN PROGRAMS AND INITIATIVES

- Talent Call, to attract students and recent graduates.
- Talent Mobility, to promote the development of skills through professional mobility.
- Talent in Motion, to ensure that our employees are provided with the skills they need.
- Unleash Your Energy, to promote the leadership style we are looking for in the company.

The application of this model and the implementation of our people strategy have earned us various awards and certifications that recognize the attractiveness of the value proposition that we offer our employees.

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### efr CERTIFICATION AS A FAMILY RESPONSIBLE COMPANY

Cepsa has implemented a management model to guarantee a healthy work-life balance for employees based on the EFR (Family Responsible Company) model in line with its culture of mutual flexibility and commitment.

In 2020, the distributor CEDIPSA obtained this certification, enabling the entire group to now operate under this same model.

### FORBES RANKING

Cepsa is one of the large companies (over 500 employees) that offers the most help, motivation, pay and support to its workforce in Spain according to its own employees.



### 2020 TOP EMPLOYERS CERTIFICATION

Cepsa renewed this certification in 2020 for most of the group's companies and obtained the certificate in CEDIPSA, bringing all the subsidiaries in Spain under a single certification.

The *Top Employers Institute* annually recognizes the best organizations that provide excellent working conditions for their employees.



### MERCO RANKING

Cepsa is considered one of the 100 best companies to work for by Spanish university students.



## TACKLING COVID-19 IN THE WORKPLACE

The maturity and flexibility of our organizational model, the speed of response and the adoption of an integrated strategy in the face of the pandemic have enabled us to limit and control the impact of the health crisis on human resources processes.

Chapter 1 "Our response to a global emergency" provides more information regarding the measures taken in this area.

# CORPORATE CULTURE COMMITTED TO DIVERSITY

Cepsa values the diversity of its employees which it sees as one of its main strengths. The company's equality and diversity management follows the principles adopted by our Executive Committee in 2019. These principles prioritize values such as uniqueness and experiential diversity when recruiting new employees and searching for different perspectives.

Moreover, respect for the principles of diversity and inclusion are specifically included in the Code of Ethics and Conduct, as well as in the Human and Workers' Rights Policy. The importance of this commitment within our workplace culture is also reflected in the adherence to different initiatives.



## COMMITMENT TO DIVERSITY. MAIN INITIATIVES TO WHICH CEPSA ADHERES



Cepsa has a specific Diversity and Inclusion Program that includes activities that promote equal treatment and opportunities in the five dimensions of diversity (gender, different abilities, functional, generational and cultural). This year we have taken a further step by incorporating the LGBTI dimension.



## ACTIONS OF THE DIVERSITY AND INCLUSION PROGRAM

- Membership of REDI (leading forum on LGBTI+ matters).
- Signing of an agreement with the Inspiring Girls Foundation with the aim of promoting the professional ambition of girls in STEM (Science, Technology, Engineering and Mathematics) careers.
- Implementation of the Aflora Plan together with the Adecco Foundation to provide guidance to employees who are eligible for a disability certificate.
- Launch of Diversity and Inclusion survey to know the opinions of employees.
- Training for the Human Resources team in overcoming unconscious biases and in creating an inclusive environment for everyone with different abilities.
- Launch of a communication campaign, with highlights including the celebration of International Women's Day, LGBTI Diversity Day, talks on equality and integration of people with different abilities and the networking event for STEM women in Cepsa.

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We support networks of employees that are created around diversity variables within the Diversity and Inclusion program. At Cepsa we have three networks that are well attended:

- Equal, whose aim is to promote LGBTI inclusion.
- @nex@ in relation to the gender dimension.
- Capaz Network, to represent the interests of employees with different abilities and those who have family member with a disability.

We will continue to promote the creation of new networks in 2021.

- Cepsa has undertaken a commitment so that by 2025 there will be 30% of women in leadership positions.

In addition, preventive initiatives were launched focused on raising awareness in the organization. These included the publicizing the commitment undertaken by senior management, mentoring on gender issues and training on "unconscious biases", reinforced with an online platform "SHE" to which more than 5,000 employees have had access.

- Diversity and inclusion have been incorporated as an attribute of leadership and as a skill, subject to appraisal, in all types of positions. More than 1,500 leaders in the company are being trained with the implementation of this model.

The adoption of these measures is complemented by the approval of plans or other specific equality instruments in all Cepsa companies that guarantee respect for these principles in the hiring and professional development of employees.

Any incident that violates these principles, such as sexual or workplace harassment, can be reported through the Ethics and Compliance Channel.

The mechanisms put in place, such as the complaint protocols, allow anyone to report this type of situation which leads to its investigation and, where appropriate, disciplinary proceedings. However, no incident of this type was recorded in 2020<sup>18</sup>.

- Cepsa has internal procedures in place to ensure an environment that free of this type of behavior.

<sup>18</sup> In 2019, after applying the harassment protocol, the existence of 1 case was proven, and the maximum disciplinary regime was immediately applied.





## INTEGRATION OF PEOPLE WITH DIFFERENT ABILITIES

Cepsa's Diversity and Inclusion Program also addresses the hiring of disabled people by our company and, to this end, the company launched awareness-raising and cultural change initiatives.

One of the most outstanding was the collaboration with the Adecco Foundation in the Aflora Plan, and the training course aimed at overcoming unconscious biases.

In addition, Cepsa implemented a support plan for the families of employees with disabled children made up of different initiatives

such as the Familia Plan and the Tú Sumas Plan, implemented respectively with the Adecco Foundation and the Randstad Foundation. These initiatives include various measures for their social, economic and workplace integration.

The company also facilitates accessibility in our premises for disabled workers, by eliminating physical barriers and by adopting specific policies such as the one in the Torre Cepsa.

Currently, the company has 116 disabled employees in its workforce. In 2019, it had 127<sup>19</sup>.

- Cepsa has undertaken a commitment to integrate people with different abilities in its workforce, as well as in the personnel of outsourced services. The company's target is to reach 3% by 2025 (2% in own staff plus 1% in outsourced personnel).

## EMPLOYEE ENGAGEMENT

Cepsa has an Engagement Management Model that uses the engagement index as an indicator of excellence.

The starts by listening to the opinions of employees, with work atmosphere and engagement surveys as one of the main communication channels. These surveys are carried out every two years and help establish plans for improvements in the identified areas.



### 5<sup>TH</sup> EDITION OF THE WORK ATMOSPHERE AND ENGAGEMENT SURVEY

In 2020, 75% of employees took part and it allowed us to see there was a high level of engagement among the workforce.

The level of engagement was 85%, representing an improvement of three points, both with respect to the previous edition and the global standard in the Oil and Gas sector.

The survey results have also highlighted the high level of pride and the availability of resources for employees to be able to do their job. Meanwhile, 53% of employees claimed to be highly engaged, 15 points over any external standards. High levels of sustainable commitment are associated with good financial results.

Continuing to promote communication of the company's strategy and reinforcing the alignment of employees with its goals and objectives will help employees to perceive that there is a clear direction for the future. It has also been identified as an opportunity for improvement to continue creating work environments that are committed to seeking innovative and creative solutions to reinforce the strategy.

<sup>19</sup> This variation is due to employees leaving.



## ACQUISITION AND RETENTION OF TALENT

### ATTRACTION OF TALENT

Our workforce is comprised of diverse profiles in terms of positions, skills, origin and culture. Therefore, achieving optimal management of employees' capabilities, as well as attracting and retaining the best talent, is necessary in order to maximize the technical excellence for which we are renowned.

Our talent attraction policies incorporate innovative methodologies for seeking out and selecting candidates that are tailored to the current environment, including gaming techniques. These aim to improve the candidate's experience and ensure equal opportunities in decision-making.

Added to the attractiveness of these practices are the high quality employment conditions promoted by the company, with more than 90% of its workforce on permanent contracts.

Cepsa, through its Employer Branding strategy, promotes the coming together of the business world and universities through participation in forums and career advice seminars. In addition, in 2020 we joined Jobteaser, a job platform directly integrated into the intranet of more than 700 universities which reaches almost 3 million students and recent graduates.

➤ Cepsa has a specific "Talent Call" program aimed at incorporating new talent by awarding scholarships.

Within the framework of its recruitment and hiring processes, Cepsa promotes employability and job creation in the local areas around its facilities. The company has undertaken specific commitments in this area, such as fostering partnerships and establishing collaborative projects to create job opportunities.

This commitment has been reinforced through the Cepsa's Industry Sustainability Agreement, signed between the company's management and the Unions of the workers at the refineries and chemical plants. This plan establishes several actions in the field of dual vocational training and education.

## REINFORCING PROFESSIONAL DEVELOPMENT

Cepsa's people management model is completed by initiatives aimed at optimizing employee performance, driving their professional development and increasing their employability.



### MAIN PROFESSIONAL DEVELOPMENT AND EMPLOYABILITY INITIATIVES

- **Unleash Your Energy Leadership Academy.** Development and training scheme targeting those with team management roles in order to implement a common leadership style throughout the company.
- **Executive programs in business schools.** Aimed at a specific group of heads of department singled out by the Talent Committees to develop their capabilities as Cepsa leaders. During 2020, 108 people participated in these programs.
- **Moving Forward.** Aimed at a specific group of highly skilled senior technicians singled out by the Talent Committees to enhance their ability to assume the most important challenges within the company. During 2020, 150 people participated.
- **Mentoring Program.** Led by experienced professionals who provide guidance in areas of personal and professional development. Since 2018, a total of 135 people have participated in the different modalities of the program.
- **Coaching.** Shaping Our Future Together (SOFT) development program. Its objective is to help managers to evolve in line with the challenges faced by the organization. Currently, 79 managers are taking part.

The company also implements two other very important initiatives for managing performance and professional development:

- **Performance Evaluation (MIDE).** This is used to drive and measure the actions of employees in relation to the goals of the company, senior management and the department or unit to which they belong.
- **Talent Committees.** Every two years, the company convenes these committees within each department which are comprised of the general manager of each area and first-line managers, together with the Human Resources Business Partners and the human resources management teams. The purpose of these committees is to provide the necessary solutions for the development of specific groups (department heads and senior technicians) and to take human resource management decisions (mobility, promotions, etc.).

## FLEXIBILITY AND WORK-LIFE BALANCE

The Human and Workers' Rights Policy establishes certain flexibility and work-life balance measures as a differentiating factor in our employment offer.

For this purpose, Cepsa implements a program based on the EFR model of the MásFamilia Foundation mentioned previously. In addition, Cepsa has developed and maintains 30 updated guides containing work-life balance measures applicable to each employee depending on the employment conditions assigned to them.

Before the start of the Covid-19 crisis, the percentage of employees who could work remotely at least one day a week in the area in which teleworking was available (Torre Cepsa and Sales Offices in Spain), was 59.6%.

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### TALENT ACQUISITION AND RETENTION INDICATORS

Cepsa's talent acquisition and retention indicators were positive in 2020, reflecting the efforts made by the company in this area.



Average years of service

**12.79**



Turnover rate

**3%**



New hires

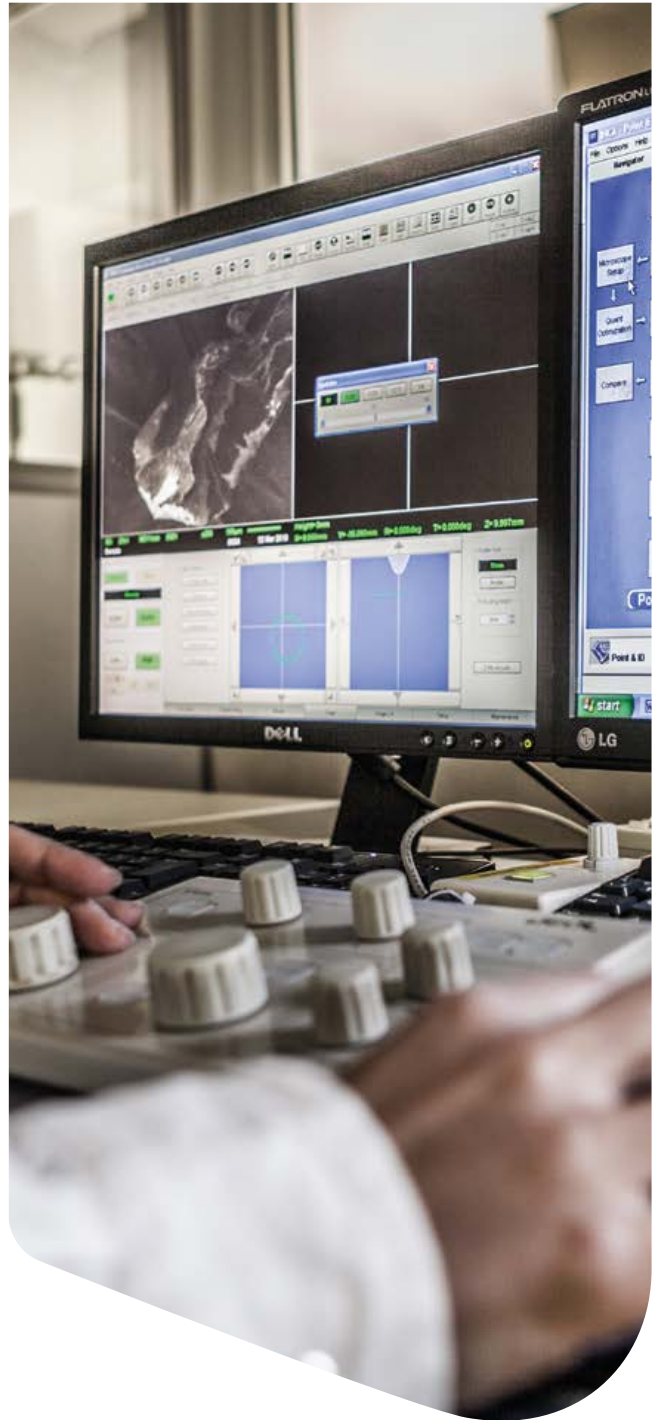
**1,883**

### TRAINING AND DEVELOPMENT

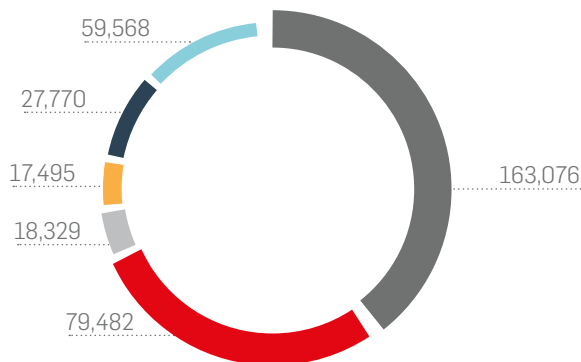
Cepsa's learning model is based on the "employee experience". The model therefore identifies the relevant knowledge and skills needed to carry out the tasks associated with each job position and ensures that they are provided in a global and standardized way.

For its implementation, the company relies on annual training plans, designed by directors and managers, and on a structure of academies that ensure the relevant skills are learned and updated. The academies are offered through Campus, online platforms that include teaching elements that enable the self-improvement of all employees.

In 2020, Cepsa adapted the training initiatives to provide virtual content and offer distance training, to maintain employee participation rates in these activities.



### TOTAL HOURS OF TRAINING



● Production ● Health and safety ● Languages ● Development  
● Business management ● Other subjects

### TYPE OF TRAINING PROVIDED



## REMUNERATION

Our Remuneration Policies are adapted to the different levels that exist in our company in order to adequately reward employees based on their responsibility, performance and achievement of objectives.

To avoid bias, the policies set out common criteria for the determination of salaries, ensuring maximum transparency in the application thereof.

Our policies take into account criteria such as internal equity and external competitiveness, motivation in company values and results, sustainability and contribution to the achievement of corporate objectives. Its structure and competitiveness are

reviewed annually, which may lead to the development of new products and schemes that allow employees to make their pay more flexible and maximize their income.

The company's commitment to equal opportunities is also demonstrated by the measures it has adopted and monitors to eliminate the gender pay gap.

In this regard, in 2019 the company implemented a data analysis system to determine this pay gap which has received external recognition. Additionally, it has prepared salary records for each of the companies in the group to help reinforce this analysis and propose action plans.

➤ Cepsa received the "Most Equal Remuneration" distinction for its data analysis initiative aimed at determining the pay gap in the company.

Taking into account all of the company's employees, the result of the gross pay gap is 30.57%. However, this figure is very generic as it includes the different economic conditions in each of the countries in which Cepsa operates. For this reason, a more exhaustive analysis has been carried out for the countries with the highest number of employees, such as Spain, Portugal and Colombia. For these three countries the gross pay gap has been calculated, and stands at 29.76%, 22.22% and 11.26% respectively. Although this figure is high, the adjusted pay gap has also

been analyzed, which is calculated by looking at comparable positions held by employees with similar characteristics. In this case the gap is reduced significantly and stands at 3.35%, 0.14% and 0.36% respectively. One of the factors with the greatest impact on the gross pay gap is the higher proportion of men in managerial position within the organization (executives and heads of department). To remedy this situation, Cepsa is committed to increasing the presence of the women in these positions through the measures included in the Diversity and Inclusion Program.

## REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Board of Directors is regulated in the company's Director Remuneration Policy. This policy is guided by the principles of transparency, prudence and respect for the recommendations of good corporate governance, and is aligned with the objectives of the shareholders and with the remuneration policy of the directors and officers of the company. The remuneration establishes a balanced and efficient relationship between fixed and variable components, in accordance with responsibilities, dedication and achievement of objectives, oriented towards generating value for the company and prudent risk management.

The remuneration received by the non-executive directors for their directorships is an annual fixed amount that is not linked to objectives and is defined based on the duties discharged by the independent directors.

Meanwhile, the Nomination and Compensation Committee is responsible for reviewing and approving the remuneration of Senior Management, as well as the policies that regulate it. These policies are reviewed annually to ensure that they achieve their objectives and that Cepsa's offer remains competitive. The Nomination and Compensation Committee is assisted by external consultants in the analysis of the structure and competitiveness of the executive directors' and the senior executives' remuneration policy to define an action plan that adapts their remuneration to the desired structure and levels, which is reviewed on a regular basis for validity.

The remuneration structure for Executive Directors and Senior Management consists of fixed remuneration, short and long-term variable remuneration and other benefits. The variable remuneration is linked to individual performance and the fulfillment of financial, ESG and operational objectives, both in the short and long term.



## LABOR RELATIONS

### Human Rights and Labor Relations and Labor Relations Policy

Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees. This is included in the Human and Workers' Rights Policy.

The Human Resources Department ensures the processes for electing these representatives are carried out correctly and promotes agile relationships with them that help to improve communication and coordination. The regular meetings with the inter-company committee within the scope of the Partial Group Agreement and with the Refining inter-center committee, in addition to the regular dialogue with the personnel delegates and workers' committees, are a reflection of this.

The company prioritizes social dialogue and collective bargaining with these representatives as preferred solutions. The agreed conditions are included in collective agreements.

Of all the agreements signed, the most significant in recent years include the 1st Partial Group Agreement that covers eleven companies throughout Spain and the 2nd Refining Collective Agreement. The latter covers all our refineries in a single employment framework for the first time.



Employees covered by collective agreements

**90%**

➤ The development of a policy on the right to disconnect is one of the areas in which Cepsa is committed to working together with workers' representatives.

## OVERVIEW OF COLLECTIVE AGREEMENTS IN THE FIELD OF OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is one of the fundamental aspects related to the working conditions in the collective agreements. In this regard, the company and workers' representatives carry out actions to create a culture of prevention and promote healthy habits and environments. Periodic workplace health surveillance is also a key focus in the agreements.

Finally, these agreements establish the Health and Safety committees as the competent bodies governing the company's actions in this area.



## 6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES

SAFETY IS IN CEPESA'S DNA. THE COMPANY WORKS TO CREATE A SAFE WORKING ENVIRONMENT FOR ALL ITS EMPLOYEES, SUPPLIERS, DISTRIBUTORS AND CUSTOMERS, AND GUARANTEES THE INTEGRITY OF ITS FACILITIES AND PROCESSES.

Main indicators	2020	2019
Number of fatal accidents	0	0
Number of employees trained in safety	5,375	5,695
Accident frequency rate of own personnel *	0.50	0.87
Accident frequency rate of contractors*	0.94	0.87
Number of process safety incidents	11	8

\* Formula used for the calculation: Total number of accidents with medical leave / actual hours worked X 1,000,000.

### MAIN MILESTONES

# 2020

01. Creation of Technical Committees and adoption of measures to prevent the spread of Covid-19.
02. Increased reliability and safety in operations through the implementation of the MASTERPRO IT platform.
03. Implementation of a communication channel for potential safety incidents (Near Misses).
04. Use of mobile applications to control maintenance and engineering work in the field.
05. Recognition of suppliers in safety matters.
06. Improved safety training for contractors by including interactive content and videos shot in real work environments.
07. Use of new technologies to automate product stewardship processes.



## PROTECTING THE HEALTH AND SAFETY OF OUR PEOPLE

### COMMITMENT

Cepsa has a Health, Safety, Environmental Protection and Quality Policy, which establishes the targets to ensure compliance with our standards in all phases of operations.

In 2020, much of the company's efforts in this area focused on preventing the impact of Covid-19.



### PREVENTING THE SPREAD OF COVID-19 IN OUR FACILITIES

Cepsa has adapted its processes to guarantee hygiene and safety in its centers. Along these lines, actions have been implemented in the area of prevention and cleaning; restrictions on travel, meetings and face-to-face training sessions; working hour's flexibility measures and teleworking.

For more information, see Chapter 1, which details Cepsa's response to the pandemic and its effects.

In 2020 we continued to provide our annual training and awareness programs on Occupational Health and Safety. The company continued to promote a process of continuous improvement by analyzing the incidents that occurred, known internally as "lessons learned", and constantly monitoring the key indicators.



### NEW COMMUNICATION CHANNEL FOR POTENTIAL INCIDENTS

Cepsa has implemented a new 'Near Misses' communication tool open to all employees and contractors.

The purpose of this channel is to implement improvements through the evaluation of potential incidents.



In 2020, progress was made in the application of new technologies to control processes and ensure that they are carried out in accordance with best practices, thus reinforcing reliability and safety in operations.





## APPLICATION OF NEW TECHNOLOGIES IN PROCESSES RELATED TO OPERATIONAL SAFETY



**Improvement in the control of maintenance and engineering work in the field through the implementation of various mobile applications.**

Cepsa has achieved total mobility in the control of maintenance and engineering work in the field, improving data analysis and efficiency in the execution of certain processes.

**Implementation of the MASTERPRO IT platform that allows the systematic execution of operations.**

The option of using this platform from a PC or mobile device has made it possible to reinforce the reliability and safety of operations, their monitoring and control.

- At Cepsa we collaborate with European industrial associations in the sector to be a benchmark in safety culture.

## SAFETY OF OUR CONTRACTORS

Cepsa has updated the training for contractors when accessing our industrial centers in order to improve their performance in this area.

The creation of online content, the updating and improvement of the informative sessions on accessing facilities, are examples of some of the actions carried out to ensure workers are aware of the place where they are performing their tasks.



## WEPIONEER SUPPLIER RECOGNITION PROGRAM

In the 2<sup>nd</sup> Edition of the WePioneer Supplier Recognition Program, Cepsa recognized those suppliers who share the same values in the field of employee safety in order to strengthen professional relationships with them.

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### MAIN SAFETY INDICATORS



Fatal accidents in 2020 and 2019	0
Of personnel trained in safety in 2020	56%
Of personnel trained in safety in 2019	56%



LTIFR - ACCIDENT FREQUENCY RATE*			
	<b>LTIFR (own personnel)</b>		<b>LTIFR (contractors)</b>
2020	0.50	2020	0.94
2019	0.87	2019	0.87

\* Formula used for the calculation: Total number of accidents with medical leave / actual hours worked X 1,000,000.

### HEALTHY COMPANY

In 2017, Cepsa launched its Healthy Company program which, in addition to what is established in the Law on Occupational Risk Prevention, aims to promote health and well-being inside and outside of work. The company adheres to the Luxembourg Declaration, undertaking to integrate the basic principles of workplace health promotion.

Actions linked to health promotion are implemented through the medical services in those workplaces that have them through the Human Resources management teams and using a specific platform on the intranet and mobile applications (Your Health Moves us).

Cepsa has developed a Healthy Company Management System, certified in accordance with the World Health Organization model in 2019 for the Torre Cepsa work center.

### MAIN INITIATIVES IMPLEMENTED IN 2020 UNDER THE HEALTHY COMPANY PROGRAM



#### SPORTS ACTIVITIES

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



#### HEALTHY EATING AND LIVING HABITS

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



#### PREVENTION CAMPAIGNS

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



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

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



#### EMOTIONAL CARE PROGRAMME

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



#### SUPPORT AND CONCILIATION PLAN

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

The company also has specific internal standards that regulate the functions of the medical services and help to identify and minimize risks in this area. All the actions they carry out are subject to audits in order to guarantee their compliance with the standards and certify their quality.

Cepsa's medical services also offer responses to health queries either in-person or remotely.

Each work center has its own prevention service that, among other activities, provides the necessary training in health and safety to its workers, depending on the position and applicable regulations, and also collaborates in the promotion of healthy lifestyle habits<sup>20</sup>.

➤ Cepsa is a member of the Healthy Companies Network, offering its workers working conditions in which well-being is a priority.

## CONSUMER HEALTH AND SAFETY

We carry out a rigorous process of evaluation of all the characteristics of our products and compliance with all regulations on their safety, applying internal procedures such as the General Product Stewardship Procedure, to ensure we obtain the necessary license to market the products in their destination countries.

In 2020, Cepsa worked specifically on implementing and monitoring work plans to adapt to the new regulatory requirements of the European Chemicals Agency (ECHA) to comply with

their evaluations. We also carried out the pre-registration processes to be able to sell our products in Turkey and Russia.

All the information related to the safety of the products is included in the Safety Data Sheets, which are sent to customers, both on the first purchase and each time they are updated.

Cepsa follows the current classification, labeling and packaging regulations and also supports the main initiatives launched by the industry to improve information in this area.

## CEPSA'S SUPPORT FOR DIFFERENT INITIATIVES TO IMPROVE PRODUCT INFORMATION



### CHECK THE LABEL!

Emphasizes the value of the information included on product labels for users, in order to promote the guidelines for safe and responsible use of our products (Initiative by the Business Federation of the Spanish Chemical Industry - FEIQUÉ).



### CLICK WITH CARE!

Its main objective is to inform and protect the rights and guarantees of consumers in online purchases (including chemical products).



### SPECIFIC INDUSTRY-LED PROGRAMS

Product Stewardship Award developed by ESIG (European Solvents Industry Group).

Guides for the safe use of the product (example EUROBITUME).

In 2020, Cepsa took steps in the digitalization of various processes related to the safety management of its products. The company, for example, has developed a specific robot to improve areas such as the coding and parameterization of products or evaluating the safety data sheets that are sent to suppliers.

<sup>20</sup> In 2020, due to the Covid-19 restrictions, several prevention and health promotion actions were carried out remotely, focusing especially on emotional management, including talks, virtual workshops, information pills, etc. For more information, see Chapter 1 of this report.

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# SAFETY GUARANTEE IN OUR FACILITIES

To improve risk prevention and mitigation at our facilities, we launched a five-year plan (2017-2022) for the implementation of a Process Safety Management system based on the Energy Institute model.

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

- Active leadership.
- Continuous training.
- Extending risk analysis to operational risks.
- Employee participation in the design of safety tasks.
- Review of operating procedures, focusing them on risk identification.
- Establishing controls.
- Promoting the importance of the proper handovers during shift work

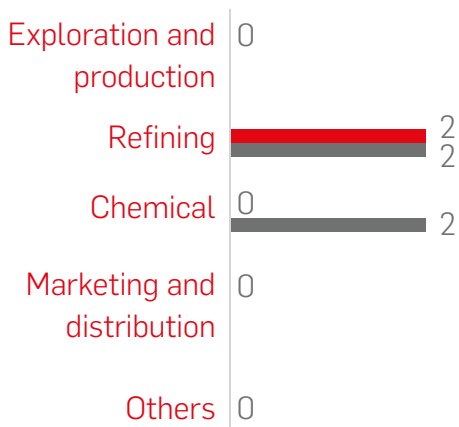
The company monitors process safety incidents based on the recommendations of the API 754<sup>21</sup> standard, with a particular emphasis on reporting incidents and near-misses to ensure early detection and implementation of improvement measures.



## PROCESS SAFETY INCIDENTS

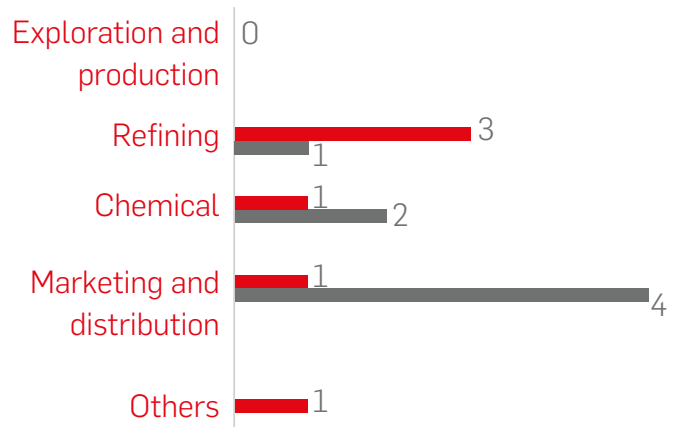
TIER 1

■ 2019 ■ 2020



TIER 2

■ 2019 ■ 2020



<sup>21</sup> Reference guide for reporting process safety performance indicators for the refining and petrochemical industries.

# INFORMATION SECURITY

CEPSA CONSTANTLY REVIEWS AND ADAPTS ITS CYBERSECURITY SYSTEMS, TO GUARANTEE ADEQUATE PROTECTION OF INFORMATION AND TO MANAGE THE RISKS DERIVED FROM AN INCREASINGLY DIGITALIZED ENVIRONMENT.

Today's digital environment compels us to guarantee the confidentiality, integrity and availability of information. This is priority objective within our digitalization strategy.

To achieve this we have an ISO 27001 certified cybersecurity management model in place, which involves the adequate management of technological risk, as well as the deployment of first-rate technological services and solutions. The Cybersecurity department is responsible for the development of this model, as well as the implementation of the strategic Cybersecurity plan promoted by the company's management.

The following actions were carried out in 2020 in this area:

- Transition to remote working. Collaboration between the Information Systems Department and the committees and bodies that have participated in the management of the health crisis, have enabled a transition towards a new remote working scenario.
- Reinforcement of priority protection measures:
  - Increased prevention, detection and response in both On-premise and Cloud environments.
  - Advanced protection of the position of the users who work remotely.
  - Improvements in the monitoring and detection of potential malicious activity, through artificial intelligence.
- Cybersecurity culture. Implementation of training and awareness-raising actions, launching specific communications and conducting ad-hoc presentations and workshops, both for employees and collaborating entities.
- Management: Renewal of the ISO 27001 management system certification, whose scope includes the current security service in charge of centrally operating the different protection tools. Likewise, a new Data Protection Officer (DPO) was appointed and our response capabilities were strengthened in the event of a potential cybersecurity incident.





## 6.6 RESPONSIBILITY IN THE SUPPLY CHAIN

CEPSA HAS MODELS IN PLACE TO MANAGE ITS SUPPLY CHAIN SO THAT IT CAN ANALYZE AND SEGMENT IT, EVALUATE ITS PERFORMANCE, KNOW WHAT THE EXPECTATIONS ARE AND ASSIGN RISK LEVELS. THE AIM IS TO CONTINUOUSLY IMPROVE THE RELATIONSHIP WITH SUPPLIERS AND ENSURE THAT IT FOLLOWS THE COMPANY'S STANDARDS.

In addition, it enables Cepsa to establish strategic partnerships, promote contracting and integrate ESG (Environmental, Social and Governance) criteria in decision-making.

Principales indicadores	2020	2019
Total procurement (€ million) <sup>22 23</sup> ,	905.597	1389.787
Number of suppliers that comprise the company's supply chain <sup>24</sup>	3,674	4,283
Local suppliers (%)	42.60%	38.00%
Score obtained in the supplier survey	7.88	7.58

<sup>22</sup> The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal Cepsa's operations; ; donations and payments of taxes and fees.

<sup>23</sup> The information reported includes the amount contracted as a percentage of total procurement, not as a percentage of invoicing.

<sup>24</sup> Suppliers from whom contracted purchases amount to less than €10,000 are considered part of the procurement tail.

### MAIN MILESTONES

# 2020

01. Simplification and optimization of procurement through digital transformation projects and of the procurement function.
02. Feedback survey sent to more than a thousand suppliers that represent 97% of the amount contracted.
03. Celebration of the second edition of the WePioneer supplier recognition program which this year recognized the best initiatives in the area of "Safety".
04. Launch of a supplier survey on carbon footprint to find out their position in this area.
05. Training for more than 400 providers in cybersecurity and more than 200 in ethics.
06. Use of augmented reality in safety inspection tasks.

## DESCRIPTION OF OUR SUPPLY CHAIN

Cepsa has a supply chain made up of around 3,700 suppliers in which are managed comprehensively by the procurement department.

Excluding purchases of raw materials<sup>25</sup>, around 80% of the company's procurement corresponds to the contracting of services and the rest to the acquisition of goods of a different nature, such as materials, spare parts and equipment.

To properly manage the supply chain, and in order to identify critical suppliers, Cepsa classifies its suppliers into different segments:

### CLASSIFICATION OF SUPPLIERS INTO SEGMENTS



#### SEGMENTS I, II Y III

- These include **15%** of all suppliers and account for about **90%** of expenditure.
- All the initiatives and relationship models adapted to each type of supplier are focused on these segments.

#### SEGMENTS IV Y V

- They represent 10% of the total expenditure.
- These suppliers are monitored for their criticality, both operational and in terms of health, safety and the environment, assigning risk levels to them.

A large part of the purchases made by Cepsa correspond to national suppliers rather than international ones<sup>26</sup>. This type of contracting based on local suppliers offers several advantages, such as facilitating supplies, flexibility and guaranteeing response times. A precise location of suppliers is useful for the company to control risks such as country risk. In 2020, there was no supplier deemed a risk by the company because of its location.

➤ Procurement from locally established suppliers has a positive impact on the relationship with the supplier and the generation of value in the communities where we carry out our activities.

At a global level, in 2020 around 86.70% of Cepsa's contracting in locations where the company had significant operations<sup>27</sup> was with national suppliers. Specifically, 42.60% of this amount was spent on local or with locally established suppliers.

In the case of Spain, the company's main market, 49.32% of suppliers were Spanish accounting for 73.11% of the total expenditure managed by the Procurement unit. Once again, strictly lo-

cal or locally established suppliers in areas where our industrial activities are located (Palos de la Frontera, Campo de Gibraltar and Tenerife) accounted for a large part of procurement (48%).

In general, the national and local procurement percentages were higher in 2020 than in 2019 as a result of the impact that Covid-19 had on the company's supply chain. This impact led to a greater importance being placed on this type of contracting.

<sup>25</sup> The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal Cepsa's operations; donations and payments of taxes and fees.

<sup>26</sup> Cepsa classifies its suppliers into four categories according to their geographical origin and the country where the service is provided: a) national suppliers whose trade name is registered in the country in which they are contracted by Cepsa; b) international suppliers where the opposite occurs; c) local suppliers that have their headquarters in the area where Cepsa carries out its activity; and d) locally established suppliers who, although not local, have opened an office or branch in the vicinity of the operations.

<sup>27</sup> Locations with significant operations are understood to be the main sites where Cepsa has its industrial plants and the facilities where it has exploration and production operations. For the purposes of this report, the following locations were taken into account: Spain, Portugal, Colombia, Peru, Brazil, SEA (Thailand, Singapore and Malaysia), China and Canada.

## CHAPTER 6

ESG performance



Cepsa only purchases from abroad those goods, equipment or services that are highly specialized or that are dependent on multinational technology, such as catalysts, industrial chemicals, specialized equipment and control systems or licenses<sup>28, 29</sup>.



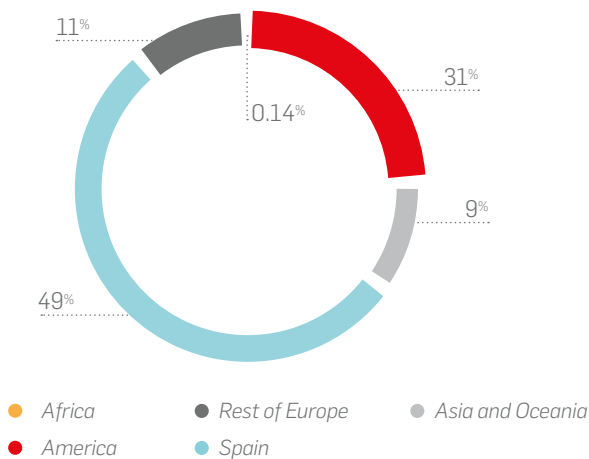
### PLANS TO PROMOTE LOCAL CONTRACTING

Cepsa implements plans to promote local contracting in its different locations, involving processes to identify and evaluate local suppliers, and assessing the impact of local contracting on the company.

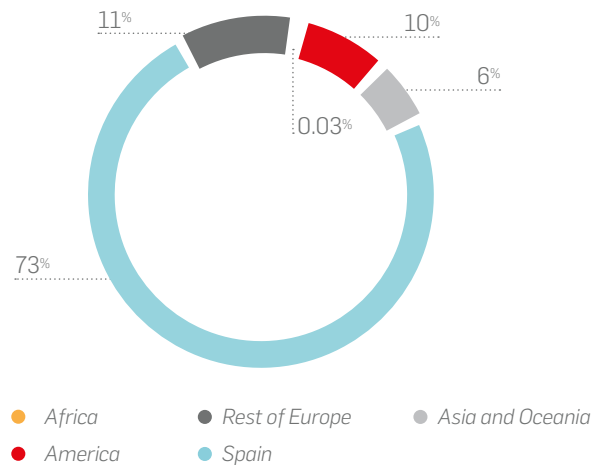
Likewise, it carries out other specific actions, including the detection of new opportunities for collaboration with the best performing suppliers, and notifying those with the worst evaluation of areas of improvement.

### SUPPLIERS AND AMOUNTS CONTRACTED BY GEOGRAPHIC AREA

SUPPLIERS BY GEOGRAPHIC AREA (2020)



AMOUNT CONTRACTED BY GEOGRAPHIC AREA (2020)



<sup>28</sup> The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal Cepsa's operations; donations and payments of taxes and fees.

<sup>29</sup> The information reported includes the amount contracted as a percentage of total procurement, not as a percentage of invoicing.



# PROCUREMENT MODEL

The procurement model raises the position of the procurement function as a strategic area within the decision-making process, so it can add more value and contribute to improving results.

Cepsa has consolidated its procurement function through a centralized system of procurement by specialty, in order to provide service to all areas of the company where the activity is carried out. The management lines followed are aligned with the strategic

priorities of the company and are as follows:

- Guarantee business continuity in all of Cepsa's activities.
- Optimize costs and add value.
- Mitigate risks and ensure regulatory compliance.
- Transmit Cepsa's values to the market and ensure compliance with the Supplier Code of Ethics.

## FUNDAMENTAL PRINCIPLES IN PROCUREMENT MANAGEMENT



INTEGRITY AND EQUAL OPPORTUNITIES



TRANSPARENCY IN PROCESSES



OBJECTIVITY IN DECISION MAKING



APPLICATION OF ESG CRITERIA IN THE SUPPLY CHAIN



SUPPLIER RELATIONSHIPS WHICH ARE APPROPRIATE AND MUTUALLY BENEFICIAL

➤ Cepsa's procurement management is based on simplifying processes, being as efficient as possible and ensuring the satisfaction of the parties involved

The implementation of the procurement management model is based on five fundamental pillars:

Strategy	Based on the supply needs of each area and aligned with the company's annual objectives for each business.
Management by category	Aligning the procurement function further with the business and the organization, through the specialization of managers, improving efficiency, increasing responsibility for spending and providing a global vision.
Resource ecosystem	Implementation of specific actions aimed at the actors involved in the procurement process, such as: promoting the development of the procurement team's skills, creation of a Procurement School as a specific training model for the development of these skills and strengthening and continuous development of relationships with suppliers and the businesses.
Regulations and compliance	Definition and review, with the involvement of the Executive Committee, of the principles of the procurement governance model to regulate, adapt and standardize procurement practices in the Group and the countries of operation.
Systems and tools	Development and implementation of global and unique systems that include the complete procurement cycle, standardizing and simplifying processes and achieving greater automation, efficiency, traceability and transparency.



## AGILITY IN ADAPTING TO THE IMPACTS OF COVID-19 ON THE SUPPLY CHAIN

Covid-19 has generated several impacts on the management of the supply chain to which the company has adapted. The management carried out has made it possible to ensure the supply of goods and services thanks to the efforts made in recent years in terms of flexibility, digital transformation and reorganization of the procurement model towards a matrix approach in working with the business units.

Chapter 1 "Our response to a global emergency" provides more information regarding the measures taken by the company in this area.

The operation of procurement model is based on different regulatory instruments, including the Procurement Rules and the Operating Manual.

The company also has a Supplier Code of Ethics and Conduct that, together with the aforementioned rules, is aimed at the continuous improvement of processes, based on ethical and transparent relationships.

Cepsa has also explicitly included ESG criteria in all supplier management, both in the approval and in the risk management and performance evaluations of suppliers.



## EXCELLENCE IN PROCUREMENT MANAGEMENT

Excellence in the performance of the procurement function at Cepsa is certified in accordance with the UNE 15896 Standard for Value Added Procurement Management.

Our procurement management has also been audited under ISO 9001, 14001 and 50001, PECAL, IATF16949, EFQM, as well as ISO 45000 and other standards adopted by Cepsa's management system.



In addition to the procedures indicated above, the procurement area has other monitoring tools and systems (weekly, monthly and annually) that control and monitor the effectiveness of the processes and the fulfillment of objectives. Thanks to these, the company can ensure the continuous traceability of the management.



### DIGITAL TRANSFORMATION TO SIMPLIFY AND OPTIMIZE PROCUREMENT

Through various projects carried out in 2020, Cepsa has expanded the automation of certain purchases, especially those that make up the procurement tail.

Other initiatives have also been implemented that have enabled the company to reduce management times, improve the user experience and streamline processes. These include the following: the deployment of the *Should Cost* tool, which helps identify the real cost of goods and services; the application of robotization to the renewal of software licenses; participation in projects to explore the possibility of using Blockchain technology on issues related to the unique identity of suppliers or the consolidation of the digital signature in various processes.



### USE OF AUGMENTED REALITY IN SAFETY INSPECTION TASKS

In 2020, Cepsa consolidated its *Remote Expertise* project, which uses augmented reality devices for the hands-free performance of several tasks while being assisted in real time by a remote expert.

This project is used, among other things, to carry out tasks in safety inspections, virtual visits of suppliers, expert appraisal reports on claims and technical assistance. Thanks to this tool, the company has managed to reduce resolution times, its carbon footprint by avoiding travel and the costs associated with this activity.

Currently *Remote Expertise* has been used in 51 cases and has been deployed in Spain, Indonesia, China and Brazil.

## MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

Cepsa promotes transparent and lasting relationships based on trust and mutual benefit with its suppliers. A specific function has been set up within the Procurement Unit dedicated to the cross-functional management of this aspect. This unit carries out its functions in accordance with a specific framework, the Guide to Supplier Relations, which includes the principles that govern these relationships and establishes Cepsa's objectives with this stakeholder.

The specific requirements that Cepsa establishes when contracting its suppliers are standardized in the General Contracting Conditions, as well as in the Supplier Code of Ethics mentioned above. Any third party that works for Cepsa must

accept this documentation, both in the registration process and in the various award stages.

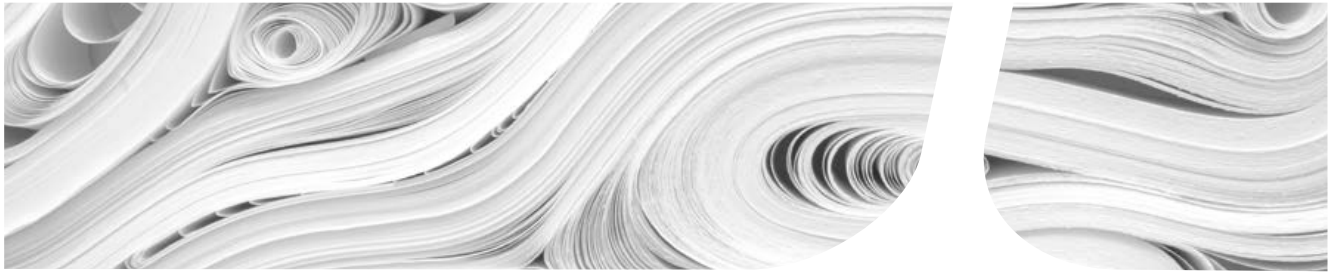
Cepsa ensures that any third party that accesses its facilities does so under a current contract or subcontracting authorization and is a supplier that complies with all its legal obligations.

The company has established training plans aimed at its suppliers in order to guarantee their adaptation to these requirements and principles. In 2020, the company offered webinars on ethical conduct and cybersecurity in which 214 and 432 suppliers took part, respectively.

### MAIN PHASES IN THE MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

Cepsa divides the management of its relationships with suppliers across four large phases that ensure the company has a 360° view of its supply chain.





## MAIN PHASES OF SUPPLIER MANAGEMENT



**Registration and approval.** This phase sets out the requirements that the supplier must comply with to guarantee that the level of associated risk is acceptable. Suppliers must complete a questionnaire that contains aspects related to their ESG performance, the score of which is included in the procurement platform so that it can be taken into account during decision-making.

In 2020, a new sustainability and compliance module was launched within the supplier approval questionnaire. This allows the company to check the sustainability score and the rating on compliance aspects (criminal, privacy and cybersecurity) of our suppliers.



### Segmentation and Risk map:

**Segmentation.** Cepsa uses segmentation to identify the critical suppliers on which all our risk management is based. Cepsa also identifies where supplier dependency exists, that is, where there is dependency on the manufacturer or technology or where there are no alternative suppliers.

**Risk control.** This phase involves the risk assessment of active suppliers, including ESG risk. This assessment is accessible to all buyers and helps to establish appropriate requirements in each case, monitor performance and request the relevant audits.

In 2020, the company had risk assessment files for a total of 3,334 active suppliers. In addition, the company has additional compliance analyses for 1,554 suppliers, including checks of international lists, to comply with the objectives set by the corporate counterparty integrity analysis (KYC) procedure. Cepsa has not identified any supplier with high or very high risk, with the average risk of its suppliers set at medium-low.



**Performance evaluation.** Cepsa has a plan for evaluating active suppliers where quality, execution and ESG issues are taken into account. The result is also available on the procurement platform and is taken into account in the decision-making of the subsequent procurement processes involving the evaluated suppliers. In 2020, 2,411 evaluations were carried out on 1,111 Cepsa suppliers, 836 of which were due to their criticality, which means that 99.46% of critical suppliers have at least one performance evaluation, fulfilling Cepsa's objective that at least 99% of critical suppliers are evaluated including ESG criteria.



**Audits.** Lastly, by assigning a risk to each supplier, the company complements these evaluations with an audit plan according to a protocol that complies with internationally accepted ESG standards.

➤ In 2020, 95 on-site audits were carried out on suppliers in which ESG issues were covered. At the end of the year, 151 active suppliers had audits in force.

## CHAPTER 6

ESG performance



### SUPPLIER CARBON FOOTPRINT SURVEY

Cepsa involves its suppliers in other processes aimed at improving ESG performance.

Along these lines, the company launched in 2020 a survey of more than 1,500 of its suppliers to find out their positioning in terms of carbon footprint, with the aim of understanding their priorities in order to identify new opportunities and together reinforce our commitment to sustainability.

## COMMUNICATION AND INTERACTION WITH SUPPLIERS

Cepsa carried out various actions in 2020 to reinforce communication and interaction with suppliers:

**Satisfaction surveys** to understand their views on the company. The survey was sent to 1,023 active suppliers, with a response rate of 50%. The overall score obtained of 7.88 points (out of a total of 10) was an improvement over the previous year.

**Interaction platform** on the corporate website to carry out procedures, both for the Procurement Unit and for suppliers.

Celebration of the second edition of the **wePioneer** program to recognize those suppliers with the most innovative initiatives, last year in the area of safety and risk prevention.





## 6.7 TRANSPARENT WITH OUR CUSTOMERS

THE CUSTOMER IS AT THE CENTER OF OUR VALUE CHAIN. BUILDING A RELATIONSHIP BASED ON TRUST IS AN ESSENTIAL PART OF OUR GROWTH STRATEGY.

Through our customer relationship management model, we analyze their expectations and evaluate our performance in order to improve their level of satisfaction.

### Main indicators

2020

Claims considered valid resolved during the year (%)

94.53%

### MAIN MILESTONES

# 2020

01. Progress in the implementation of the Customer Experience project, expanding it to the Aviation, Electricity and Bunkering businesses.
02. Launch of new online services aimed at our customers, including a new app for individual customers and a lubrication guide with a license plate finder so they can find recommended lubricants for their vehicle.
03. Launch of a customer service model that enables Cepsa's channels to be adapted according to their needs and the segment to which they belong, resulting in a better service.

## CUSTOMER TRUST, SAFETY AND SATISFACTION

Cepsa has sustainability and continuous improvement plan in place for all the processes involved in customer service and support in accordance with the following principles that govern these relationships:

- Responsible and ethical management.
- Customer focus, anticipating needs and improving their experience.
- Listening to requests and concerns and incorporating these into our decision processes.
- Enabling multiple service channels.
- Commitment to respond in a transparent, honest and comprehensive manner.
- Excellence in executing the process quickly and efficiently.
- Continuous measurement and analysis of customer demands as a lever for process improvement.

To understand the customer's experience we use a model that continuously measures the processes involving the customer and the company.

We measure customer satisfaction on an ongoing basis after their interactions with Cepsa through specific indicators such as the net promoter score or by conducting satisfaction studies involving in-depth surveys.

We analyze the evolution of customer evaluations and comments to understand their needs and expectations. This information is used to implement actions that improve their satisfaction and optimize Cepsa's processes and contact points with customers, proposing new services to obtain their loyalty.

➤ Our challenge is to continue day after day improving the customer satisfaction and referral level

### CEPSA CHEMICALS, A COMMITMENT TO SERVICE BASED ON A PORTFOLIO OF REGULAR CUSTOMERS

Cepsa Chemicals has a consolidated portfolio of customers with whom it maintains long-standing commercial relationships based on great mutual trust in which leadership and excellent service are the main pillars. This relationship has been consolidated worldwide through our leadership in innovation and technological development, in which we are seen as a global benchmark for various products.

This has not enabled us to become a strategic partner of our customers. These partnerships are an open communication channel in which ad-hoc products are developed and technical issues are resolved which represent added value for our customers.

### OTHER CUSTOMER COMMUNICATION CHANNELS

Cepsa provides several communication channels that reinforce the relationship with the customer. These include online forms, apps, chats, social networks, customer service hotlines and emails. Through these channels, Cepsa identifies and responds to the needs of customers by answering their queries.







## 6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE

MAINTAINING RESPONSIBLE AND TRANSPARENT RELATIONSHIPS WITH SOCIETY IS KEY TO DEVELOPING OUR ACTIVITIES. OUR MANAGEMENT PRIORITY IN THIS AREA IS TO STRENGTHEN OUR RELATIONSHIP WITH LOCAL COMMUNITIES, IMPLEMENT THE SOCIAL INVESTMENT COMMITMENTS WE HAVE UNDERTAKEN AND PROVIDE ADDITIONAL SUPPORT TO THESE COMMUNITIES IN RESPONSE TO THE PANDEMIC.

Main indicators <sup>1</sup>	2020	2019
Social contribution (€)	€3,905,189	€4,930,155
Percentage of the social contribution that is voluntary (%)	89%	78%
Direct beneficiaries of social action (number)	126,727	185,033
Indirect beneficiaries of social action (number)	380,115	537,274
Number of entities with which Cepsa collaborated	184	243

<sup>1</sup> These include both voluntary social action and obligatory investment associated with contractual stipulations.

### MAIN MILESTONES

# 2020

01. Implementation of actions from the Cepsa Foundation to help mitigate the impacts of Covid-19 on our local communities.
02. Promotion of collaborative work among the Cepsa Foundation Chair network.
03. Improvement in the systematized measurement of the beneficiaries of the Foundation's activities.
04. Fulfillment of social commitments with the communities in the vicinity of our exploration and production activities, despite the difficult situation generated by the pandemic, exacerbated by the fact that our operations are in remote locations.
05. Dialogue on environmental matters with the communities where our industrial centers are located within the framework of our environmental declarations.



## SOCIAL COMMITMENT AND MANAGEMENT

The company's activities generate an impact on the communities around us. For this reason, Cepsa considers it a priority to actively manage these aspects in order to assess risks and encourage the generation of opportunities in local communities.

The company has a regulatory framework that establishes the principles that guide this activity, made up of the Local Community Relations Policy and the Indigenous Community Relations Policy.

➤ Our social commitment is essential to strengthen our bond with local communities and ensure the sustainability of our operations.

The cornerstone in these processes consists of a precise identification of the stakeholders, as a basis for establishing the appropriate relationship channels with which to meet and respond to their needs.

The company identifies and manages the social risks associated with its activity. To do this, it assesses these risks exhaustively through impact studies on the licensing process, and, in line with the corporate risk management system, in terms of investment and project execution processes.

To mitigate the identified risks, various measures are put in place that aim to generate a positive impact on local communities, such as hiring local labor, purchasing local goods and services, and executing social investment programs.

Furthermore, transparency and communication are essential. Specific actions are carried out in terms of communication on the impacts of the company's activities and questions and suggestions in this area are addressed.



### PRESENTATION OF THE ENVIRONMENTAL DECLARATIONS OF THE INDUSTRIAL CENTERS AT THE PALOS AND SAN ROQUE SITES

Cepsa once again publicly presented the environmental declarations in two of its industrial sites in Spain.

Additionally, an email address was set up so that the more than 250 people who received the document had the opportunity to ask about Cepsa's responsible management in environmental matters. This email address was also made public in the press release, for any citizen with a query.





The company has specific teams in these locations responsible for dealing with any incident or request that local stakeholders may raise in order to provide an adequate response.

Additionally, these teams proactively promote different actions to encourage community participation, focusing on stakeholders such as neighbors, local authorities, contractors, landowners and traditional leaders and, where appropriate, indigenous communities.

In the industrial centers, mainly in Spain, public relations and communication tasks in 2020 focused on three areas:

- Constant dialogue regarding the activity mainly with those living in the vicinity of the industrial centers.
- Institutional dialogue with local and regional authorities to adapt the annual agreements to the social crisis situation.
- Proactive action to respond to needs due to the pandemic: mainly with authorities to prioritize donations and report on the evolution of operations.

Main actions in locations with exploration and production operations	Local authorities	<p>Regular meetings to report on the company's activities, their impact and investment programs.</p> <p>In 2020, in coordination with local authorities, Cepsa participated in the "Indigenous Round Table" of Puerto Gaitán in the Caracara (Colombia) facility with the aim of addressing the concerns of this group in terms of social investment, employment opportunities and supply of goods and services.</p>
	Local communities	<p>Informative meetings to communicate the company's activities, the progress of social investment initiatives, and information on opportunities for the local workforce and businesses.</p> <p>In 2020, these communities stated that Covid-19 and its impact was their main concern. For this reason, Cepsa focused its response on promoting charitable actions in this area such as the donation of food and medical supplies.</p>
	Contractors	<p>Meetings focused on the social context, communication of requirements regarding local purchases and coordination of training actions for local contractors.</p> <p>In 2020 Cepsa helped local companies located in the area of influence of their operations in adapting their health and safety protocols to the Covid-19 regulations.</p>

➤ Cepsa has maintained its efforts in terms of social commitment by promoting dialogue and charitable initiatives to support local communities in the face of the impacts of Covid-19.

## CEPSA FOUNDATION

Through the activities of the Cepsa Foundation, we strive to meet the social demands of the communities where we operate and we participate in projects that improve people's living conditions. To do this, we focus our efforts on three main areas:

· **Social support.** In addition to consolidating significant initiatives such as the Social Value Awards or the *Voluntas* corporate volunteering program, the organization plays a role as an agent of social transformation, prioritizing projects that improve the quality of life of the most disadvantaged groups, and that respond to the needs arising from the pandemic.

· **Environmental support.** We contribute to the conservation of natural environments, raising awareness among schoolchildren and citizens, the research and recovery of species, and the promotion of initiatives that combine environmental intervention with care for groups at risk of exclusion.

· **Scientific-educational support.** Through the implementation of scientific and university research programs that promote the development of research and innovation in the energy and industrial sectors.



### PROGRESS IN THE SYSTEMATIZED MEASUREMENT OF THE BENEFICIARIES OF THE CEPSA FOUNDATION'S ACTIVITIES

In 2020, to improve the Foundation's reporting and in order to evaluate and maximize its impact, we developed a rigorous model for monitoring its activities that determines the number of beneficiaries in a standardized way for different types of actions.



## SUPPORT FOR LOCAL COMMUNITIES IN THE FACE OF COVID-19

As part of our approach of constant dialogue with our stakeholders, in 2020 we changed the scope of the Foundation's different areas of action, prioritizing social support initiatives in response to the needs arising from Covid-19.

In addition, we encouraged Cepsa's employees to show their most charitable side by offering them the possibility of participating in donations, as well as in other specific activities of our *Voluntas* corporate volunteering program.



### DONATIONS TO FOOD BANKS IN RESPONSE TO COVID-19

Donation to the Spanish Federation of Food Banks (FESBAL) in Spain and to the Portuguese Federation of Food Banks against Hunger. In addition, an appeal was launched directed at Cepsa's employees in Spain, encouraging them to participate in the donation to FESBAL.

## MAIN INITIATIVES AND IMPACT INDICATORS



### Main initiatives in the Annex Relationship with the environment

The Cepsa Foundation collaborated in 2020 with 155 entities invested €3,639,159.

More than 115,565 people benefited directly from its initiatives and 346,628 did so indirectly.

The social actions carried out by the company are divided into two main areas: initiatives carried out on a voluntary basis by the Foundation and others of a mandatory nature carried out by Cepsa as part of its project development.

#### Voluntary social action

Investment (€)	3,473,158 €
Direct beneficiaries	115,565
Indirect beneficiaries	346,628
Corporate volunteering actions	11
Entities with which we collaborated	155

#### Mandatory social action

Investment (€)	432,0321
Direct beneficiaries	11,162
Indirect beneficiaries	33,487
Actions carried out	15
Entities with which we collaborated	29





## 6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY

TRANSPARENCY AND FISCAL RESPONSIBILITY ARE OF THE UTMOST IMPORTANCE TO CEPSA. FOR THIS REASON, IN OUR TAX POLICY WE ESTABLISH, AMONG OTHER PRINCIPLES, THE PREVENTION OF CONDUCT THAT MAY INVOLVE RISKS IN THIS AREA, AS WELL AS THE USE OF TRANSPARENT COMPANY STRUCTURES AND SCHEMES.

In addition, we adhere to the recommendations on best tax practices in the territories in which we operate.

Main indicators	2020	2019
Tax on profits paid by the company <sup>1</sup> (millions of €).	268	324

<sup>1</sup> Later in this chapter, this is broken down by country, in accordance with the requirement of Law 11/2018 on Non-Financial Information. The company also includes the data corresponding to its Country by Country Report on tax payments in each of the jurisdictions in which it operates in one of the annexes.

### MAIN MILESTONES

# 2020

**01.** Voluntary submission to the Spanish Tax Agency (AEAT) of the Annual Report on Fiscal Transparency for 2019.

**02.** Voluntary submission of the Country by Country Report in this report.

## MANAGEMENT APPROACH

Cepsa's Board of Directors approved in 2015 the company's Tax Policy that includes its tax strategy, as well as a corporate commitment to apply the best tax practices.



### CEPSA'S TAX STRATEGY

Cepsa's tax strategy is aimed at complying with the applicable tax regulations in its scope of action and ensuring the achievement of long-term business objectives, avoiding risks and tax inefficiencies.

## TAX GOVERNANCE AND CONTROL FRAMEWORK

To ensure these principles are followed throughout the organization, Cepsa actively disseminates its policy to the various committees and bodies of the company that play a role in this area.

Through the Tax unit, Cepsa ensures that these principles are applied across the board, regularly reviewing their application in ongoing operations. In terms of investments, every project must follow an approval path that includes, among other steps, an analysis of its possible tax implications. The proposal is evaluated by the Investment Committee, a prior step in all cases, before approval by the Executive Committee and by the Cepsa Board of Directors.

Compliance with the tax policy is also ensured through various ex-post controls through the Internal Audit function, as well as through the comprehensive risk management system implemented in accordance with the three lines of defense model.

To mitigate the existing risks in this area, the company has an Internal Control System supervised by the Internal Control and Compliance Unit. Additionally, it has implemented a specific tool that reinforces control over compliance with tax obligations.

The operation of these systems as well as the efficiency of the controls implemented are reported annually to the Audit, Compliance, Ethics and Risk Committee.

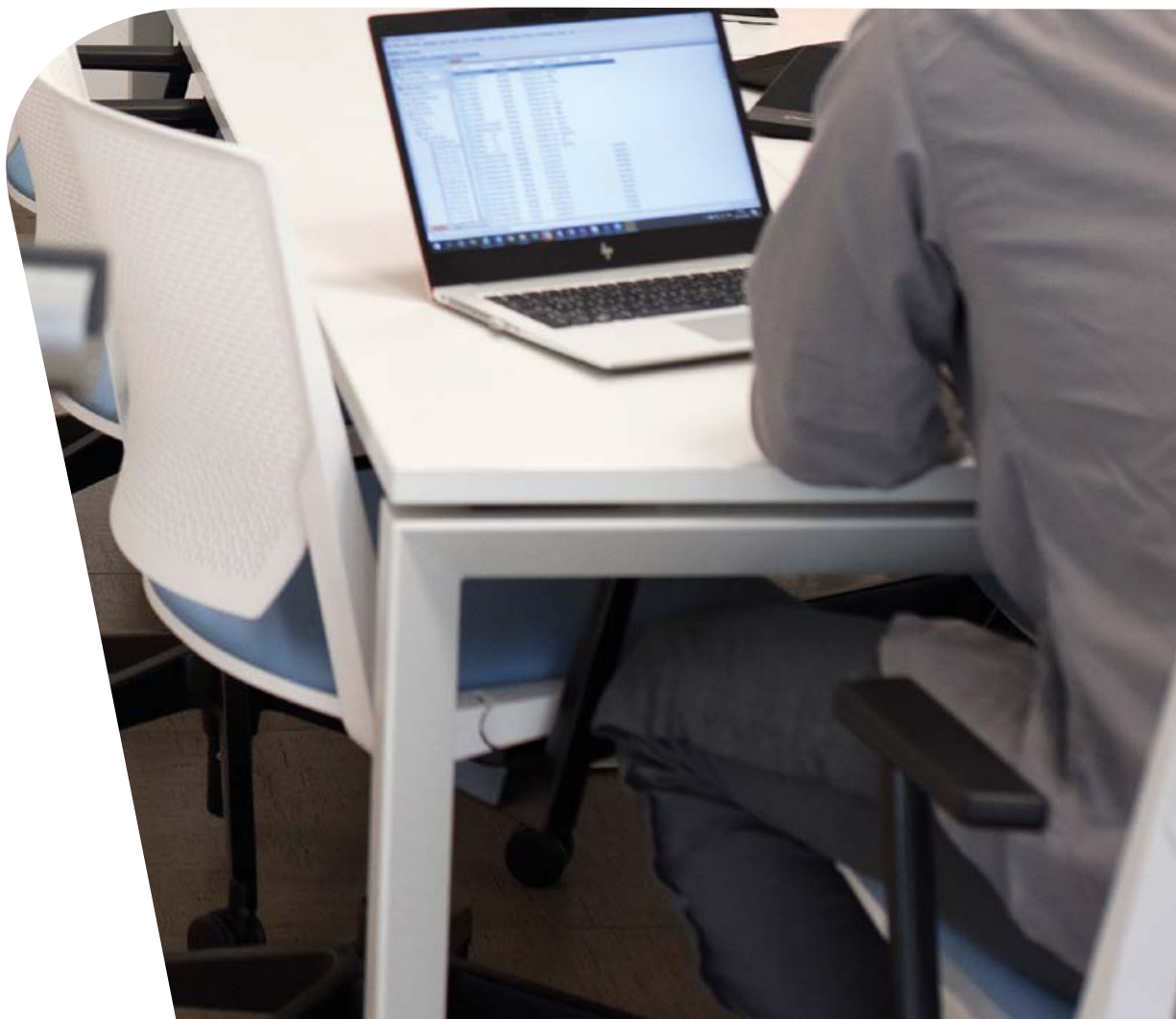
## COMMUNICATION OF TAX RISKS TO THE HIGHEST MANAGEMENT BODY

The following actions are carried out in terms of communicating tax risks to the Board of Directors:

- Updating tax risks in Cepsa's Risk Map of and of all its units and business lines.
- Ex-ante identification of the effect of tax risks on the establishment or achievement of the company's strategic lines.
- Formalization of plans to manage and mitigate risks.

Complementing this annual process and prior to it, the Tax Unit, in coordination with the Corporate Risks Unit, prepares a specific map of tax risks that is presented and validated by the company's Risk Committee.

<sup>30</sup> The risk management system, as well as the internal control system, are described in detail in chapter 4 of this report, "Effective governance that promotes responsible management". For more information, see chapter 4.







## BEST TAX PRACTICES AND COLLABORATION WITH PUBLIC ADMINISTRATIONS

Cepsa endeavors to maintain a constructive relationship with the tax authorities in the territories in which it operates, and to reach the highest level of consensus to agree on the respective interpretations of the rules and to seek maximum alignment.

The company participates in forums and encourages queries that may be relevant to its tax situation. In addition, it actively participates in any initiative proposed by the tax authorities in an effort to improve understanding between all the parties involved.

In those cases in which, nevertheless, technical discrepancies arise, Cepsa offers the authorities its technical vision and the available documentation, promoting collaboration, understanding and the reaching of friendly agreements with the different tax authorities involved.

The company, through its activity in industry associations, promotes understanding with the tax authorities.

➤ Cepsa adheres to the Code of Best Tax Practices approved by the Forum of Large Companies of the Spanish Tax Agency.

## TAX TRANSPARENCY

Cepsa is well aware of the social purpose of its tax contributions in the countries and territories in which it operates, and has adopted a commitment to transparency that allows the different social agents to know its tax policy and the specific results derived from it.

The company, in accordance with the regulations and the voluntary agreements of which it is a part, publishes its tax information.

The company issues its Annual Report on Tax Transparency giving an account of the main activities carried out in the year that may have fiscal significance. This report is reviewed annually by the Spanish Tax Agency (AEAT).

Likewise, it annually submits its Country by Country Report to the tax authorities with the details of the information required by the current applicable tax regulations and which is included as an annex to this integrated report.

Finally, and from a sectoral perspective, Cepsa prepares an annual report on the payments made to public administrations deriving from its hydrocarbon extraction activities, a report that is required under existing national and European regulations in this area.

## CHAPTER 6

### ESG performance

## TAX CONTRIBUTION

Cepsa paid a total of €268 million in corporate tax in 2020, with the following table showing the break down by country.

### CORPORATE TAX PAID BY THE COMPANY BY COUNTRY (€ MILLION)<sup>1</sup>

Voluntary social action	2020	2019
Spain <sup>2</sup>	2	-29
Algeria <sup>3</sup>	154	131
Brazil	2	4
Canada	1	-
Colombia	-4	1
United Arab Emirates	92	151
Italy	1	1
Malaysia	2	5
Netherlands	1	1
Peru	5	12
Portugal	3	5
United Kingdom	2	1
Singapore	2	-
Thailand	5	41
<b>TOTAL</b>	<b>268</b>	<b>324</b>

<sup>1</sup> Exchange rate used for taxes paid in currency different to euro has been the "monthly average exchange rate".

<sup>2</sup> The tax on profits in Spain during 2019 includes, as in previous years, only the payment of Corporate Tax in Spain corresponding to the profits obtained in 2019 under the General Accounting Plan for an amount of €81M as well as the rebate of the Corporate Tax paid in excess in previous years, amounting to €110M, hence the figure shows a negative balance. In 2020, Spain recorded losses.

<sup>3</sup> The rates applicable to the results obtained in the production of hydrocarbons that are higher than the general ones are included.

In addition to corporate tax, the company pays other levies, including special taxes. It is also responsible for collecting certain taxes that it immediately passes on to the corresponding tax authorities.

In 2020, including corporate tax, Cepsa paid €2,506 million in taxes, and was also responsible for collecting €1,666 million.

Taxes paid (millions of euros)	Corporate Tax	268	Taxes collected (millions of euros)	VAT	1,111
	Special taxes	2,165		Special taxes	418
	Others	74		Others	138
	TOTAL	2,506		TOTAL	1,666



**INTEGRATED  
MANAGEMENT REPORT**



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## > 07.

# ANNEXES I: RISKS

7.1 Risks

7.2 Internal control system

7.3 About this report

# 07.

# > ANNEXES. RISKS

## CEPSA IN 2020



### 7.1 RISKS

The spectrum of risks to which the company is exposed can be classified into four broad categories: strategic and planning risks, financial and market risks, operational and infrastructure risks, and regulatory and compliance risks.

#### STRATEGIC AND PLANNING RISKS

Related to corporate governance, strategic positioning and external factors such as market dynamics (economic situation, evolution of demand...), natural disasters and climate change.

RISKS	DESCRIPTION AND CONTROL MEASURES
Macroeconomic risks	Cepsa closely monitors global macroeconomic indicators and incorporates them into its key processes. The company is also focused on the geographical diversification of its activity and prioritizes the constant transformation and optimization of processes and operations in its industrial facilities.
Geopolitical risks	Cepsa as a global energy and chemical company is exposed to any geopolitical disputes that may arise. Therefore, it monitors all the countries in which it has operations, following a series of risk source categories, including: security, political stability, government effectiveness, legal and regulatory environment, fiscal policy and macroeconomics, bribery and corruption.
Energy transition and sustainability: regulation and climate change	Cepsa works to adapt its strategy and activity to the regulatory requirements and expectations of stakeholders in terms of climate change and the energy transition. Proof of this is that in 2020 a Carbon Cycle unit was created, under the auspices of the Carbon Cycle unit, whose mission is to develop the company's carbon strategy, as well as promote and add a portfolio of low-carbon products created by the different business units of the company.

## CHAPTER 7

Annexes  
Risks

RISKS	DESCRIPTION AND CONTROL MEASURES
Evolution of market demand and competition	<p>Cepsa's products compete in markets where product differentiation is a major challenge and where it faces strong competition in all businesses.</p> <p>The company also had to deal with new players in the markets, such as in our refining segment where there is now production capacity coming from the Middle East and Russia.</p> <p>Efficiency improvements, regulatory pressure and changes in consumer preferences are causing changes in energy demand.</p> <p>The search for excellence in customer service, permanent monitoring of market trends and continuous improvement as an underlying principle, are some of the levers that help the company tackle these risks.</p>
Reserves	<p>Successful implementation of our strategy requires that our long-term crude oil and natural gas reserves be maintained and increased. This depends on our ability to optimize production from our fields and acquire additional reserves in a commercially viable way.</p> <p>Cepsa is focused on achieving production growth projects that can guarantee the long-term sustainability of the upstream business.</p>
Stakeholders	<p>Cepsa operates in multiple environments in which there are various stakeholders. In the event that the interests of these groups conflict with Cepsa's activities, Cepsa may be affected by opinions and actions contrary to its activities.</p> <p>Maintaining responsible and transparent relationships with the communities in which Cepsa is present is an essential and integral part of our activities and operations, enabling the creation of value for society and collaborating in its economic, social and environmental development, integrating ourselves into our environment and implementing social projects.</p>

## FINANCIAL AND MARKET RISKS

Deriving from the volatility of prices of basic raw materials, of exchange rates, of interest rates and of hedging and trading operations, as well as those related to liquidity and solvency management, credit and counterparty risk management.

RISKS	DESCRIPTION AND CONTROL MEASURES
Raw material price risk	<p>Cepsa is a diversified oil, gas and chemical company that develops all the activities of the value chain. The prices of crude oil, natural gas, and chemicals are affected by supply and demand, both globally and regionally, and dependent on a variety of factors.</p> <p>Fluctuations in the prices of these raw materials are constantly recorded and, on certain occasions, the company contracts financial derivatives in order to reduce its exposure to these price variations.</p>
Exchange rate risk	<p>The different sources of exchange rate risk, as well as the actions taken to mitigate them, are summarized in the following sections:</p> <p>From an operational point of view, the dollar is the currency in which many commercial transactions, such as crude supplies, are denominated.</p> <p>Cepsa manages the exchange risk of these transactions by centralizing and going to the market to hedge the global net position of the cash flows in dollars of the different Cepsa's companies.</p> <p>Regarding the risk of the net equity value of investments in foreign subsidiaries, this is mitigated by maintaining debt in the currency in which each investment is denominated, applying net investment hedges to said subsidiaries.</p> <p>Lastly, certain Cepsa's companies obtain cash flows in a currency other than its functional currency. In these situations, the company minimizes exposure to exchange rate risk by obtaining financing in the same currency in which the cash flows are denominated.</p>

## CHAPTER 7

### Annexes

#### Risks

RISKS	DESCRIPTION AND CONTROL MEASURES
Interest rate risk	<p>Cepsa is exposed to fluctuations in interest rates due to (i) its possible impact on the income statement, due to its effect on interest income and expenses, (ii) its effect on certain balance sheet items due to the variation in the discount rates applied to assets and liabilities, (iii) and its possible impact on the profitability of investments.</p> <p>In order to manage and mitigate this risk, it obtains financing at a fixed rate or contracts interest rate hedges through financial derivatives, where appropriate.</p>
Liquidity risk	<p>Liquidity risk refers to Cepsa's ability to meet debt maturities in the next 24 months without the need to refinance them.</p> <p>In this sense, it has a financial policy through which it maintains amounts available in cash and other liquid instruments, as well as undrawn committed credit facilities.</p> <p>Cepsa works with internationally renowned top-level financial institutions. Nevertheless, the foregoing analyses the counterparty risk of all the entities with which it operates, especially when negotiating investments and contracting financial instruments.</p>
Credit risk	<p>Cepsa is exposed to credit risk due to the potential breach of the contractual obligations of the counterparties with which it operates, be they are suppliers, customers, partners, financial entities, etc.</p> <p>To manage this risk, it has IT systems that comprehensively and automatically process both external and internal data. With this information and through the application of scoring models and evaluation by risk analysts, the counterparties are classified based on their credit risk, establishing a credit limit for each of them. On certain occasions, whether due to accumulation or non-acceptance of risk, Cepsa transfers the risk of non-payment of certain counterparties to third parties through the contracting of bank guarantees or credit insurance policies.</p> <p>In relation to credit risk in financial investments, financial derivatives and liquid assets, this is more limited than in the case of commercial credits, given that the counterparties with which Cepsa operates are mostly financial institutions and insurance companies with high levels of creditworthiness. Nevertheless, the above also evaluates the solvency of each of these counterparties, assigning a credit limit to each of them.</p>
Sustainable financing	<p>The transition towards a decarbonized and more sustainable economy is increasingly of interest to public authorities, as well as to economic and financial agents.</p> <p>During 2020, Cepsa created a new ESG department in order to define the positioning and the long-term ESG strategy of Cepsa to address the energy transition.</p>
Tax strategy and management	<p>The energy sector is subject to a specific tax framework. The existence of specific taxes on profits, production or consumption of products are common in the <i>upstream and downstream sectors</i>.</p> <p>The main purpose of the tax strategy is to comply with the tax regulations applicable to all Cepsa group companies. Its commitment is reflected in the Tax Policy approved by the Board of Directors in 2015.</p> <p>One of the main axioms present in this policy is the non-use of companies in tax havens, unless the presence in said territories is due to valid economic reasons or because these companies have been acquired directly or indirectly as a result of the acquisition of a group of companies.</p> <p>Notwithstanding the foregoing, Cepsa is exposed to changes in the applicable tax regulations, as well as to different interpretations thereof by the relevant Tax Authorities.</p>

## OPERATIONAL AND INFRASTRUCTURE RISKS

These are risks involving natural disasters, the safety of people, processes and facilities, respect for the environment, the effectiveness and efficiency of operations, with special emphasis on the supply of products, goods and services, transport management, mining and manufacturing processes, sales and marketing, human resources and information technology security.

RISKS	DESCRIPTION AND CONTROL MEASURES
Safety of processes, personnel and the environment	<p>Cepsa's activities may involve operational risks such as serious industrial accidents affecting facilities, damages to third parties or damages to the environment.</p> <p>To manage this risk, the company has carried out the following actions:</p> <ul style="list-style-type: none"> <li>• Establishing a safety management system that integrates safety at all levels of the organization based on the international standard OHSAS 18001: 2007.</li> <li>• Operating at its industrial plants in a way that minimizes the environmental risks, an aspect that is reflected in its HSSEQ Policy.</li> <li>• Renewing the integrated environmental authorizations of all plants in Spain, allowing greater control of all processes to minimize environmental impacts.</li> </ul>
Information security	<p>The operation of many of our business processes depends on our information technology (IT) and operational technology (OT) systems. A cyberattack on a key technology system could lead to serious consequences. To manage this risk, the company has:</p> <ul style="list-style-type: none"> <li>• A security organization to guarantee the availability, integrity, confidentiality and auditability of the information necessary to secure the activities of the company.</li> <li>• An information security management system based on risk reduction that has been awarded the ISO 27001 certificate. Additionally, Cepsa has defined a roadmap, which will be applied in 2021 to increase and improve the protection of the company's information security.</li> </ul>
Talent management and new ways of working	<p>The challenges of the energy transition and the management of 2.0 technologies require a new business culture with more participatory processes, but above all it requires a new form of leadership, a new way of managing talent and the emergence of new profiles that will have to be detected and developed.</p> <p>The company has taken the following actions in this area:</p> <ul style="list-style-type: none"> <li>• It has established recruitment policies and procedures that guarantee equal opportunities and non-discrimination and the improvement of job conditions through different initiatives (Top Employer, Responsible Family Company certification, social benefits, etc.).</li> <li>• It has a model for attracting and retaining young talent (<i>Talent Call</i>).</li> <li>• It is committed to the growth of employees, based on a rigorous evaluation of their performance, potential and individual skills that allows us to offer them adapted development programs.</li> <li>• A "<i>Talent Mobility</i>" technological platform that increases opportunities for mobility and professional development and provides managers with the most suitable teams.</li> </ul>
Project execution	<p>Insufficient availability of the necessary resources and other factors such as delays, expiration of licenses, possible cost overruns and changes in technical, fiscal, regulatory and political conditions could affect the execution of projects.</p> <p>The company manages this risk by carrying out exhaustive planning and permanent control of costs and deadlines.</p>



## CHAPTER 7

Annexes  
Internal control system

### REGULATORY AND COMPLIANCE RISKS

Risks associated with any misconduct, violation or non-compliance with applicable regulations or laws, and violation or non-compliance with internal policies and procedures.

RISKS	DESCRIPTION AND CONTROL MEASURES
Regulatory compliance	<p>Any breach of the regulations could lead to the imposition of fines, other measures or the claim for compensation by plaintiffs.</p> <p>In order to minimize the impact of these cases, Cepsa has established a compliance management system.</p>
Litigation and arbitration	<p>Cepsa is involved in a series of administrative, judicial and arbitration procedures regarding claims related to the ordinary course of its activities. Although claims may be for significant amounts, the scope and end result cannot be accurately predicted. Based on the current information, the company's management considers that the recorded provisions reasonably cover risks of this nature.</p>
Lack of ethical conduct	<p>Ethical misconduct and non-compliance can expose the company to criminal and civil proceedings and negatively affect our reputation, financial results, and shareholder value.</p> <p>Furthermore, due to our international activities, we are subject to anti-corruption and anti-bribery laws in many jurisdictions.</p> <p>To manage this type of risk, Cepsa has:</p> <ul style="list-style-type: none"><li>• A Code of Ethics and Conduct that establishes the fundamental principles, standards and ethical conduct that are applicable to all our employees.</li><li>• A system of <i>criminal compliance</i> and anti-bribery certified according to the most advanced leading standards.</li></ul>
Compliance risks associated with economic and trade sanctions imposed by the United States, the European Union, or other jurisdictions	<p>Failure to comply with these international sanctions could have severe economic effects, especially the cancellation of financing sources or other contractual agreements with banks.</p> <p>To manage this risk, Cepsa has established a Due Diligence process for third parties based on the Know Your Counterparty Policy approved by the Board of Directors. These analyses are carried out centrally by the Ethics and Compliance Office and external advice is provided based on the risk levels identified in the counterparties and operations analyzed.</p>

### 7.2 INTERNAL CONTROL SYSTEM

The internal control system is based on the combined assurance of the three lines of defense model of the Institute of Internal Auditors (IIA) published in 2020, providing a comprehensive view of how the different parts of the organization interact in an efficient and coordinated way, making the relevant internal risk management and control processes more effective.

The supervision of Cepsa's internal control system is carried out at different levels:

- **Board of Directors:**

The Board approves the general policies and strategies of the company, including the Risk Control and Management Policy

and the supervision of the internal information and control systems. The Board is ultimately responsible for guaranteeing an internal control environment that favors the generation of reliable, complete and appropriate financial information. Functionally, it delegates oversight of the internal control systems to the Audit, Compliance, Ethics and Risks Committee.

- **Audit, Compliance, Ethics and Risk Committee:**

As indicated in section "4.1 Good governance", one of the functions of the Committee is to monitor the effectiveness of the Cepsa's internal control system, as well as to offer advice to the Board of Directors in all matters related to risk management, internal control, compliance and internal audit systems.

- **Management: first-line roles**

The Board of Directors and Senior Management, as the highest bodies, set the "Tone at the Top" for the implementation of the internal control system, articulated through the Code of Ethics and Conduct, the associated policies, as well as certain elements of the control environment such as organizational structures, separation of duties, or delegation of authority, among things, that helps to establish an adequate framework for the existence of the control system.

Therefore, Cepsa's first line of defense professionals are the direct managers of the company's risks and controls, and are responsible for implementing and maintaining the effective internal control system on an ongoing basis.

- **Management: second-line roles**

The second line of defense functions are mainly responsible for the supervision of risks, controls and compliance established by the Board of Directors, proposing improvements, guidelines and controlling how the first line of defense executes them.

The main assurance functions at Cepsa, within their respective areas of responsibility, are: within the Internal Audit, Compliance and Risk Department (i) the Corporate Risk unit within the framework of the Comprehensive Risk Control and Management System, and (ii) the Compliance and Internal Control units, responsible for proactively ensuring the effective functioning of the Compliance and Internal Control System (Internal Control System on Financial Reporting -ICFR-, Internal Control on Non-Financial Reporting -ICNFR- and Crime Prevention Model -CPM-); (iii) within the Information Systems Department, the Cybersecurity unit, which supervises, monitors and reports the risks to the computer and cybersecurity systems; and (iv) the Health, Safety, Environment and Quality Department (HSEQ), which supervises, monitors and reports the risks related to the safety of our industrial and environmental plants.

- **Third line: Internal Audit**

The Internal Audit function, as the third line of defense, proactively watches over the proper functioning of the internal control systems, carrying out its activity in accordance with international standards for the professional exercise of Internal Auditing and under the guarantee of the Quality Certificate awarded by the International Institute of Internal Auditors. To guarantee the high standards set internally, the Internal Audit department has implemented a specific Quality function that performs audits to review the quality of the internal audits carried out annually in the Cepsa Group.

As a guarantee of independence, the Internal Audit, Compliance and Risk Department reports hierarchically to the CEO and Managing Director, and functionally to the Audit, Compliance, Ethics and Risk Committee.

The annual Internal Audit plan is carried out following a risk-based approach with a view to helping Cepsa achieve its strategic, operational, financial and compliance objectives, which at all times responds to the requirements set by the Audit, Compliance, Ethics and Risk Committee and includes specific requests made by senior management.

Regarding the reviews carried out on the internal control system, these are carried out annually in coordination with the statutory external auditors and the external auditors of the Crime Prevention Model, with a verification of the most critical controls in the control system to check the correct functioning of the system prior to its certification.

- **External assurance providers**

Additionally, external auditors and regulators independently monitor compliance with Cepsa's requirements and the controls established to guarantee the correct functioning of corporate governance and the risk control management system. The standards and certifications on which these audits are based are included in section "4.4 Internal Control System" of this report.

## 7.3 ABOUT THIS REPORT

### STANDARDS AND CRITERIA TAKEN INTO ACCOUNT IN THE PREPARATION OF THE REPORT

With the publication of our 2020 Integrated Management Report, we are reasserting our commitment to work tirelessly to be a transparent company, responding to all our stakeholders' needs and requests for information. The report includes aspects of our strategy as a company that will enable us to continue generating value, as well as the performance of our businesses over the course of the year, the economic, environmental and social impacts, and the actions we have taken in order to manage those impacts.

The information contained in this Integrated Management Report complies with the requirements of Law 11/2018 of 28 De-

ember 2018 on Non-financial Information and Diversity, which amends the Spanish Commercial Code, the Consolidated Text of the Spanish Corporations Law approved by Royal Legislative Decree 1/2010 of 2 July, and the Spanish Audit Law, Law 22/2015 of 20 July, on Non-Financial Information and Diversity.

Details of the contents that meet the above legal requirements can be found in the Non-Financial Information Statement table for 2020.

Furthermore, this document contains additional information over and above the non-financial information requirements laid.

## CHAPTER 7

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About this report

down in the current commercial legislation. The 2020 Integrated Management Report has been drawn up in accordance with the Core options of the GRI standards, including the information requirements contained in the GRI Oil and Gas Sector Supplement. We have also followed the recommendations of other internationally recognized reporting standards such as the International Integrated Reporting (<IR>), framework developed by the International Integrated Reporting Council (IIRC), the principles of the United Nations Global Compact and the Task Force on Climate-Related Financial Disclosures (TCFD) on climate change-related financial risks. We have also continued to report on our commitment and contribution to the achievement of the Sustainable Development Goals.

The content of the report has been established in line with the results of the materiality analysis of the company, which was updated prior to the issue of this report. The update has been carried out using a method that enables us to fulfill and comply

with the requirements of the GRI standard and the principles for establishing the content of sustainability reports set out therein (stakeholder inclusiveness, sustainability context, materiality, and completeness). For more information, please see the section titled "Description of the Results of the Materiality Analysis Update".

In addition, the 2020 Integrated Management Report has been prepared in accordance with the principles for the preparation of reports relating to the definition of quality included in the GRI standard (accuracy, balance, clarity, comparability, reliability, and timeliness). The information included has been verified by an independent third party in accordance with Standard ISAE 3000 with a limited assurance level.

The company has made the email address [responsabilidad.corporativa@cepsa.com](mailto:responsabilidad.corporativa@cepsa.com) available to any stakeholders wishing to obtain additional information about this report.

## SCOPE OF THE INFORMATION

The scope of non-financial information includes those companies controlled by Cepsa that are consolidated using the global integration method or the proportional consolidation method. Included in this scope are those companies that have personnel costs and those that have production, storage or marketing facilities.

The 2020 Annual Integrated Management Report therefore includes consolidated information on the entire Cepsa Group as regards our activities' economic, environmental and social im-

pacts and performance, as well as any additional information that may be necessary for an easier understanding of the company's results and evolution.

Should the scope of any of the information contained in the report vary from that stated in the preceding paragraph, its specific scope will be specified in the relevant section and in the GRI and NFR table. In addition, any figures from previous years that have been modified or recalculated will be identified in the relevant section for the purposes of greater comparability.



## DESCRIPTION OF THE RESULTS OF THE MATERIALITY ANALYSIS UPDATE

Under the GRI standards published for the preparation of sustainability reports, organizations reporting in accordance with their requirements must carry out a materiality analysis to help them ascertain the contents they need to cover. This requirement also applies to Non-Financial Reporting Standards (NFRS) in the case of companies, such as Cepsa, to which Law 11/2018 applies.

Since carrying out a materiality analysis of the company is mandatory for drawing up this report, Cepsa has decided to conduct a materiality analysis every two years and update it every year, as it has done on this occasion.

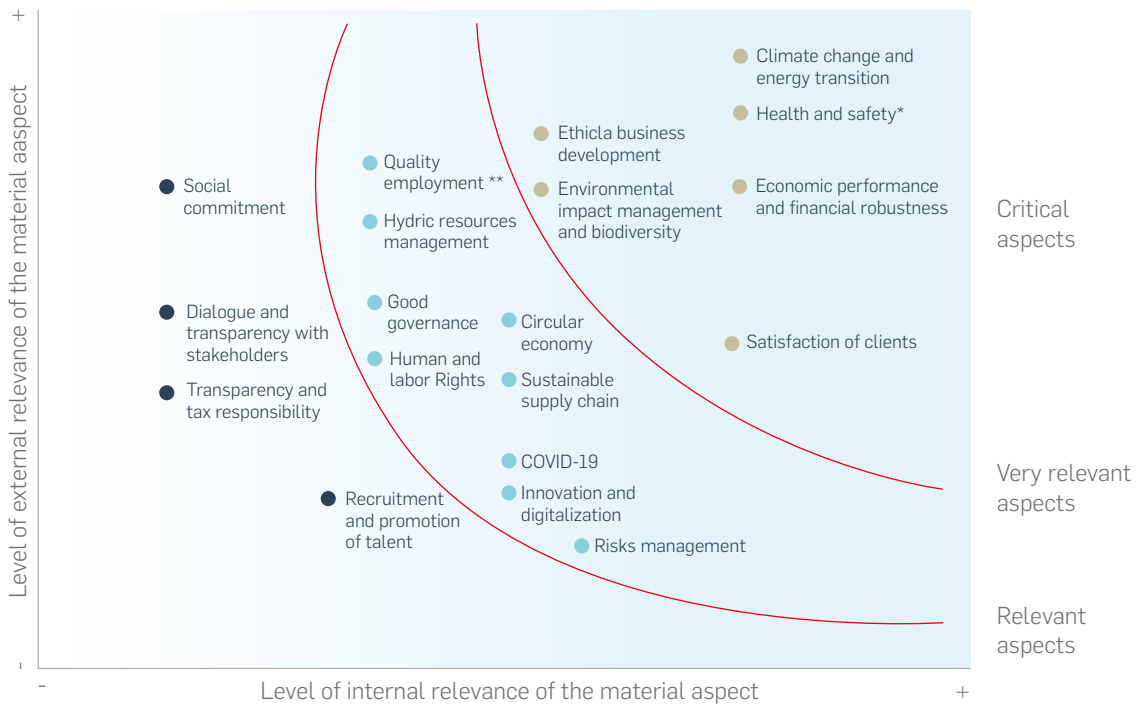
This analysis has been carried out based on the list of sustainability aspects proposed in the GRI Standard. In addition, other factors that are relevant to both the company and its stakeholders identified in the various sources used for analysis have also been taken into account.

The sources analyzed to establish the potential relevance of each aspect on Cepsa's ability to carry out its strategy and operations have been: press releases, analysis of international industry trends, SASB materiality matrix for the industry, corporate values, and the company's priority SDGs.

The sources analyzed to establish the relevance that each material aspect might have for stakeholders' decisions/assessments about the company are: benchmarking of materiality matrices of other companies in the industry, analysis of press reports about the company, and the perceptions stated by various stakeholders (satisfaction reports (asphalts, aviation, service stations, electricity and gas) / Cepsa reputation report for the first semester / Cepsa sites reputation report / climate and commitment survey / supplier survey).

The materiality analysis update has enabled us to establish the issues that are most relevant to the company, which have then been classified as critical, very relevant, and relevant.

### CEPSA MATERIALITY MATRIX



(\*) Health and Safety includes: people, facilities, processes and cybersecurity.

(\*\*) Quality employment includes: diversity, well-being and employee satisfaction.



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## > 08.

# ANNEXES II: NON-FINANCIAL PERFORMANCE INDICATORS

- 8.1 Ethics and compliance
- 8.2 Economic and financial performance
- 8.3 Climate change
- 8.4 Reduction of our environmental impact
- 8.5 Our people
- 8.6 Safety of our people, processes and facilities
- 8.7 Responsibility in the supply chain
- 8.8 Transparent with our customers
- 8.9 Relationship with the environment in which we operate
- 8.10 Transparency and fiscal responsibility

08.

# > ANNEXES. NON-FINANCIAL PERFORMANCE INDICATORS

## 8.1 ETHICS AND COMPLIANCE



NUMBER OF EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN 2020

	Spain	Rest of Europe <sup>1</sup>	Africa <sup>2</sup>	America <sup>3</sup>	Asia <sup>4</sup>	Total
Managers	88	2	0	3	2	95
Heads of department	504	18	39	45	39	645
Senior technicians	1,620	50	65	127	46	1,908
Intermediate technicians	1,098	74	19	61	51	1,303
Specialists	2,480	41	8	122	36	2,687
Administrative staff	64	10	3	7	14	98
Assistants	25	1	0	17	17	60
<b>Total</b>	<b>5,879</b>	<b>196</b>	<b>134</b>	<b>382</b>	<b>205</b>	<b>6,796</b>

(1) Belgium, Italy, the Netherlands, Portugal and the United Kingdom.

(2) Algeria, Morocco.

(3) Brazil, Canada, Colombia, United States, Mexico, Peru.

(4) China, United Arab Emirates, Malaysia, Singapore and Thailand.

## CHAPTER 8

Non-financial performance indicators  
Ethics and compliance



### NUMBER OF EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN 2019

	Spain	Rest of Europe <sup>1</sup>	Africa <sup>2</sup>	America <sup>3</sup>	Asia <sup>4</sup>	Total
Managers	85	1	0	4	3	93
Heads of department	512	20	32	50	33	647
Senior technicians	247	12	0	14	3	276
Intermediate technicians	103	6	0	5	0	114
Specialists	151	8	1	7	2	169
Administrative staff	13	0	0	1	1	15
Assistants	0	0	0	0	0	0
<b>Total</b>	<b>1,111</b>	<b>47</b>	<b>33</b>	<b>81</b>	<b>42</b>	<b>1,314</b>

(1) Belgium, Italy, the Netherlands, Portugal and the United Kingdom.

(2) Algeria, Morocco.

(3) Brazil, Canada, Colombia, United States, Mexico, Peru.

(4) China, United Arab Emirates, Malaysia, Singapore and Thailand.



## CHAPTER 8

Non-financial performance indicators  
Ethics and compliance

### NUMBER OF EMPLOYEES WHO HAVE RECEIVED TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN 2020

	Spain	Rest of Europe <sup>1</sup>	Africa <sup>2</sup>	America <sup>3</sup>	Asia <sup>4</sup>	Total
Managers	73	1	0	1	1	76
Heads of department	130	1	2	15	0	148
Senior technicians	441	0	8	17	0	466
Intermediate technicians	10	0	0	0	0	10
Specialists	5	0	0	0	0	5
Administrative staff	0	0	0	0	0	0
Assistants	0	0	0	0	0	0
<b>Total</b>	<b>659</b>	<b>2</b>	<b>10</b>	<b>33</b>	<b>1</b>	<b>705</b>

(1) Belgium, Italy, the Netherlands, Portugal and the United Kingdom.

(2) Algeria, Morocco.

(3) Brazil, Canada, Colombia, United States, Mexico, Peru.

(4) China, United Arab Emirates, Malaysia, Singapore and Thailand.

### NUMBER OF EMPLOYEES WHO HAVE RECEIVED TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN 2019

	Spain	Rest of Europe <sup>1</sup>	Africa <sup>2</sup>	America <sup>3</sup>	Asia <sup>4</sup>	Total
Managers	1	0	0	0	1	2
Heads of department	181	0	0	0	0	181
Senior technicians	459	2	0	1	0	462
Intermediate technicians	78	0	0	0	0	78
Specialists	45	0	0	0	0	45
Administrative staff	5	0	0	0	0	5
Assistants	0	0	0	0	0	0
<b>Total</b>	<b>769</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>773</b>

(1) Belgium, Italy, the Netherlands, Portugal and the United Kingdom.

(2) Algeria, Morocco.

(3) Brazil, Canada, Colombia, United States, Mexico, Peru.

(4) China, United Arab Emirates, Malaysia, Singapore and Thailand.

## TYPES OF REQUEST FOR ADVICE ON ETHICS IN 2020

Aspects of the employment relationship	3
Measures to counter money laundering and terrorist financing	1
Conflicts of interest	3
Control, governance and compliance in our operations	4
Relations with partners, suppliers, customers and other stakeholders	4
Gifts, hospitality, events and the fight against corruption	3
Processing of confidential information and personal data	1
Other concerns	6
<i>Total</i>	<i>25</i>

## TYPES OF REQUEST FOR ADVICE ON ETHICS IN 2019\*

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

\*Variations are not comparable due to the new classification by type.

## CHAPTER 8

Non-financial performance indicators  
Ethics and compliance

### COMPLAINTS OF BREACHES OF THE CODE OF ETHICS IN 2020

Health and safety in the workplace	48
Harassment and discrimination	4
Aspects of the employment relationship	9
Inappropriate conduct	20
Control, governance and compliance in our operations	1
Relations with partners, suppliers, customers and other stakeholders	7
Use and protection of our assets and properties	18
Processing of confidential information and personal data	2
<i>Total</i>	<i>109</i>

### COMPLAINTS OF BREACHES OF THE CODE OF ETHICS IN 2019

Health and safety in the workplace	34
Commitment to respect for human and workers' rights	54
Measures to counter money laundering and terrorist financing	1
Conflicts of interest	3
Control, governance and compliance in our operations	1
Environmental protection	1
Relations with partners, suppliers, customers and other stakeholders	7
Use and protection of our assets and properties	31
Processing of confidential information and personal data	1
Intellectual, Industrial Property and Trade Secrets	1
<i>Total</i>	<i>134</i>

\* Variations are not comparable due to the new classification by type.

### RESULTS OF THE COMPLAINTS RECEIVED ON BREACHES OF THE CODE OF ETHICS IN 2020 AND 2019

	2020	2019
Not corroborated	20	22
Activation of disciplinary measures	77	109
Activation of corrective measures	8	9

## ACTIONS EVALUATED IN RELATION TO CORRUPTION RISKS IN 2020 AND 2019

	2020	2019
Number of internal audit projects with an anti-corruption and anti-bribery component	6	8
Number of Crime Prevention Model (CPM) controls that mitigate the risk of corruption within CPM controls	195	207
Number of ICFR controls aimed at mitigating fraud risk within ICFR controls	409	408
Number of audit projects on non-operated assets	4	5
Number of reviews of investment agreements and significant anti-corruption contracts (Know Your Third Party/KYTP analysis)	4	8

## EMPLOYEES TRAINED IN MATTERS OF ETHICS AND CONDUCT

	2020	2019
Employees trained in matters of ethics and conduct	1,301	1,125
Employees trained in crime prevention	802	1,099

## FINES

Penalties or fines for breach of environmental, social or economic legislation are considered significant when they exceed 2 million euros.

In terms of competition, there are two appeals filed by Cepsa against the National Commission on Markets and Competition (CNMC) resolutions of January and February 2015, for which fines of 10 and 2.5 million euros were imposed on our company, both appealed before the National High Court. Through two rulings issued in May 2015, the High Court suspended the payment of the fines as a precautionary measure, with said decision depending on the provision of a bank guarantee. In July 2015, Cepsa presented the required guarantees, as a result of which the suspension of the two resolutions was confirmed. In the first appeal (€10M fine) the National High Court has only partially upheld the appeal, prompting the CNMC to recalculate the fine, but not annul it. We are currently preparing the cassation appeal. In terms of the second appeal (€2.5M fine), we have just received the Judgement in which the appeal has been partially,

requesting that the CNMC recalculate the fine, but not annul it, and we are evaluating the possibility of filing a cassation appeal. Within the framework of the Oversight Proceedings of compliance with the CNMC Resolution of 2013, after working closely with the Oversight Sub-directorate, we came up with a formula that was satisfactory and said Sub-directorate submitted a Partial Oversight Report to the Council in June 2019, urging it to declare our compliance, after which the Competition Chamber of the CNMC Council declared, through a resolution on 12 June 2020, that Cepsa had complied with the orders contained in the aforementioned resolution of December 2013. Said resolution also confirmed BP's compliance with said orders, though Repsol was declared in breach, as a result of which said company was fined €5M.

At year-end the environmental lawsuit of June 2011 remained open, in which a group of fishermen in Thailand filed a complaint against a subsidiary of Cepsa due to the impacts derived from the subsidiary's activities.

## CHAPTER 8

Non-financial performance indicators  
Economic and financial performance

### 8.2 ECONOMIC AND FINANCIAL PERFORMANCE



Net Income by country <sup>1</sup> (million of euros)	2020	2019	2018
Spain	(697)	681	522
Argelia	(78)	170	195
Belgium	0	1	1
Brazil	25	11	13
Canada	15	5	9
China	28	(3)	4
Colombia	(82)	14	53
U.A.E.	(95)	(20)	15
U.S.A.	(0)	0	0
Indonesia	(4)	(16)	(35)
Luxembourg	0	6	0
Italy	3	3	2
Mexico	(2)	(4)	0
Morocco	3	(0)	0
Malaysia	(6)	4	4
Mauritius	0	0	0
Nigeria	4	3	1
Netherlands	3	4	3
Panama	0	0	2
Peru	(42)	(12)	(7)
Portugal	6	5	9
United Kingdom	6	4	5
Singapore	3	(45)	5
Suriname	3	(0)	3
Thailand	(11)	8	26
<b>Total</b>	<b>(919)</b>	<b>820</b>	<b>830</b>

<sup>1</sup> Figures calculated under IFRS (International Financial Reporting Standard).

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

#### ECONOMIC VALUE GENERATED

	2020	2019	2018
Revenue <sup>1</sup>	15,760	23,857	24,712
Other operating income	49	62	48
Financial income	138	60	57
Profit share of associated companies	11	38	30
Income from asset disposals	15	16	26
<b>Total</b>	<b>15,973</b>	<b>24,033</b>	<b>24,873</b>

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

## ECONOMIC VALUE DISTRIBUTED

	2020	2019	2018
Suppliers <sup>2</sup>	11,922	18,548	19,789
Providers of capital (shareholders and financial entities)	307	1,234	496
Public administration (taxes) <sup>3</sup>	2,227	3,294	2,954
Employees	671	642	619
Social programs and initiatives investment	0	5	5
<b>Total</b>	<b>15,127</b>	<b>23,723</b>	<b>23,863</b>

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

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

## ECONOMIC VALUE RETAINED

	2020	2019	2018
Economic Value Retained	846	310	1.010

## GLOSSARY

Alternative Performance measure	Unit	Relevance of use
EBITDA	Million of Euros	Measure of operational profitability deducting the interests, taxes, provisions and amortizations.
Current cost of Supplies (CCS)	Million of Euros	The Current Cost of Supply (CSS) is commonly used in this industry to disclose the Downstream businesses which must work with huge inventories subject to continual price fluctuations.
Non-recurring items	Million of Euros	It allows the results disclosure excluding those atypical expenses/income not directly related to the activity (non-recurring).
Net debt	Million of Euros	It measures the Company's level of debt.
Capital employed	Million of Euros	It measures own and external capital invested in the company.
Leverage ratio	%	It measures the Group's indebtedness proportion in relation to its profitability, usually with its operating profitability.
Free cash flow	Million of Euros	It is used for evaluating the funds available for paying dividends, and debt service payments.
Net operating profit	Million of Euros	Used for ROACE's calculation.
ROACE	%	Measure used to evaluate the earning capacity of the investments in operation.
Gearing	%	Measure of the weighing of the external resources in Cepsa's financing.

## CHAPTER 8

Non-financial performance indicators  
Climate change

### 8.3 CLIMATE CHANGE



#### GHG EMISSIONS (SCOPES 1 AND 2) BY BUSINESS

Thousands of tons CO <sub>2</sub>	2020		2019		2018	
	Scope I	Scope II	Scope I	Scope II	Scope I	Scope II
Exploration and Production	255	39	422	47	695 <sup>(1)</sup>	83
Refining	2,800	329	2,973	498	3,251	526
Chemicals	728	85	698	89	716	172
Marketing and Distribution	0,22	1,58	0	0	0	0
Gas&Power	1,384	0	1,869	0	1,266	0
<b>Total</b>	<b>5,166</b>	<b>455</b>	<b>5,962</b>	<b>634</b>	<b>5,928</b>	<b>781</b>
<b>Total scopes 1 + 2</b>	<b>5,621</b>		<b>6,596</b>		<b>6,709</b>	

#### SCOPE 3 EMISSIONS BY CATEGORY, THOUSANDS OF TONS CO<sub>2</sub>

Category	2020	2019	2018
Purchased goods and services <sup>1</sup>	4,173	5,131	4,820
Activities relating to fuel and energy	448	446	444
Transport and distribution of raw materials <sup>1</sup>	697	962	956
Waste generated in operations	3	4	5
Business travel		3	3
Emissions from transportation of employees to and from work		5	5
Lease of work place		0	1
Transport and downstream distribution of the production process <sup>2</sup>	357	534	656
Use of products sold	47,898	64,185	73,544
Franchises		42	39
Investments		42	46
<b>Total</b>	<b>53,577</b>	<b>71,354</b>	<b>80,519,00</b>

<sup>(1)</sup> Value not recalculated according to criteria. Idem comment for scope 2 of the IOGP report, in contrast to 2019 and 2020 data.

<sup>1</sup> The main variation reflected in the upstream services and transportation categories was due to a 13.6% reduction in crude oil processed at refineries (due to COVID-19), so the value of these two categories is reduced.

<sup>2</sup> The variation in the energy category was 12%, due to a reduction of approximately 8% in electricity consumption and a reduction of 15.6% in external energy consumption (taking into account natural gas).

## INTENSITY OF GHG EMISSIONS (SCOPES 1 AND 2) BY BUSINESS

	2020	2019	2018
Refining (ton CO <sub>2</sub> / ton processed)	<b>0,173</b>	0,166	0,175
Chemicals (Tonnes CO <sub>2</sub> / ton produced)	<b>0,311</b>	0,301	0,334

## ENERGY AND ENERGY EFFICIENCY

Consumption of energy by business unit (TJ)	2020	2019	2018
Exploration and Production	<b>2,681</b>	4,018	3,794
Refining	<b>40,293</b>	42,825	43,813
Chemicals	<b>16,427</b>	14,465	14,348
Gas & Power	<b>24,355</b>	33,401	22,462
<b>Total</b>	<b>83,756</b>	<b>94,709</b>	<b>84,417</b>

## CONSUMPTION OF EXTERNAL ENERGY BY CATEGORY (TJ)

Category	2020	2019
Purchased goods and services	<b>74,551</b>	91,462
Activities relating to fuel and energy	<b>8,012</b>	7,950
Transport and distribution of raw materials	<b>12,457</b>	17,149
Waste generated in operations	<b>49</b>	72
Business travel		49
Transport of employees to and from work		87
Lease of work place		7
Transport and downstream distribution of the production process	<b>6,374</b>	9,526
Use of products sold	<b>855,636</b>	1,144,118
Franchises		742
Investments		757
<b>Total</b>	<b>957,078</b>	<b>1,271,919</b>



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### TOTAL ENERGY CONSUMPTION BY SOURCE

Source (TJ)	2020	2019	2018
Electricity	6,644	6,770	7,013
Diesel	1,211	2,217	2,358
Fuel oil	966	209	1,233
Natural gas	50,481	48,538	33,724
Residual gas	2,474	1,528	1,287
Fuel gas	21,980	34,065	35,679
<b>Total</b>	<b>83,756</b>	<b>94,709</b>	<b>84,417</b>

### INTENSITY OF ENERGY CONSUMPTION BY BUSINESS

	2020	2019	2018
Refining (GJ / ton processed)	2,00	2,05	2,03
Chemicals (GJ / ton produced)	5,55	5,53	5,39



## 8.4 REDUCTION OF OUR ENVIRONMENTAL IMPACT

### ENVIRONMENT



#### INVESTMENTS AND ENVIRONMENTAL EXPENSES (THOUSANDS OF EUROS)

	2020	2019	2018
Environmental Investment	<b>15,010</b>	6,588	5,643
Environmental Spending	<b>34,495</b>	33,577	11,761

## CHAPTER 8

Non-financial performance indicators  
Reduction of our environmental impact

### WATER MANAGEMENT



#### Water extraction by source and business

#### TYPE OF SOURCE (MILES DE M<sup>3</sup>)

		Exploration and Production	Refining	Chemicals	Marketing	Total
Brackish surface water/sea water	2020	2,090	372,0	0	0	2,462
	2019	2,889	674	0	0	3,563
	2018	4,315	1,047	0	0	5,362
Fresh surface water	2020	10	0	1,251	0	1,261
	2019	15	0*	1,373	0	1,392
	2018	41	0	1,294	0	1,335
Non-renewable groundwater	2020	1,265	0	0	11	1,276
	2019	1,193	0	0	10	1,203
	2018	944	0	0	9	953
Renewable groundwater	2020	703	0	0	0	703
	2019	656	0	0	0	656
	2018	587	0	0	0	587
Water from public grid	2020	28	14,311	3,335	79	17,753
	2019	35	15,249*	3,441	174*	18,899
	2018	36	14,717*	3,581	184*	18,518
Produced water/ process water	2020	16,480	19	44	0	16,543
	2019	23,719	20	0	0	23,739
	2018	23,786	0	0	0	23,786
Rainwater or water from snowmelt	2020	0,4	0	3,4	0	3,8
	2019	0,8	0	13	0	14
	2018	0,2	0	10,0	0	10,2
Waste water from another company	2020	1	0	0	0	1
	2019	10	0	0	0	10
	2018	8	0	0	0	8
<b>Total</b>	<b>2020</b>	<b>20,577</b>	<b>14,702</b>	<b>4,634</b>	<b>90</b>	<b>40,002</b>
	<b>2019</b>	<b>28,522</b>	<b>15,943</b>	<b>4,827</b>	<b>184</b>	<b>49,476</b>
	<b>2018</b>	<b>29,717</b>	<b>15,764</b>	<b>4,885</b>	<b>193</b>	<b>50,559</b>

(\*) The data for 2019 and 2018 have been recalculated in accordance with the 2020 scope, not including the data from the Aviation, CMD, SIS and Petrocan facilities, since they are not material indicators for these types of plants, and including the Guadarranque and CC20 cogeneration plants, as well as the Alijar II wind farm.

## Water discharge by destination and business

### DESTINATION (MILES DE M<sup>3</sup>)

Destination (thousands of m <sup>3</sup> )		Exploration and Production	Refining	Chemicals	Marketing	Total
Municipal / industrial wastewater treatment plant	2020	101	0	512	55	668
	2019	101	0	598	141*	840
	2018	112	0	617	133	862
Discharge to groundwater	2020	17,720	0	0	2	17,721
	2019	24,551	0	0	2	24,553
	2018	24,449	0	0	2	24,451
Fresh surface water	2020	0	0	26,4	0,3	26,7
	2019	0	0	25	0	25
	2018	4	0	29	0	33
Brackish surface water/sea water	2020	2,396	7,378	1,152	0	10,925
	2019	3,445	7,744*	1,006	0	12,195
	2018	4,866	8,533*	1,080	0	14,479
Waste water delivered to another company	2020	0	0	169	38	207
	2019	0	0	172	6	178
	2018	0	0	239	3	242
<b>Total</b>	<b>2020</b>	<b>20,216</b>	<b>7,378</b>	<b>1,859</b>	<b>95</b>	<b>29,548</b>
	<b>2019</b>	<b>28,097</b>	<b>7,744</b>	<b>1,801</b>	<b>149</b>	<b>37,791</b>
	<b>2018</b>	<b>29,431</b>	<b>8,533</b>	<b>1,965</b>	<b>138</b>	<b>40,067</b>

(\*) The data for 2019 and 2018 have been recalculated in accordance with the 2020 scope, not including the data from the Aviation, CMD, SIS and Petrocan facilities, since they are not material indicators for these types of plants, and including the Guadarranque and CC20 cogeneration plants, as well as the Alijar II wind farm.

### WATER CONSUMPTION BY BUSINESS (THOUSANDS OF M<sup>3</sup>)

		Exploration and Production	Refining	Chemicals	Marketing	Total
Water consumption	2020	360	7,324	2,77	-5*	10,454
	2019	422	5,387	3,027	36	8,874
	2018	286	7,231	2,920	55	10,492

(\*) The volume of water consumed is negative as a result of the calculation of the water collected minus the water discharged. The volume of water discharged includes the volume of rainwater, so the volume of water discharged is greater than the volume of water collected.

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Non-financial performance indicators  
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### RECYCLED AND REUSED WATER (M<sup>3</sup>)

		Exploration and Production	Refining	Chemicals	Marketing	Total
Recycled water (m <sup>3</sup> )	2020	<b>2,046</b>	<b>91,155</b>	<b>0</b>	<b>0</b>	<b>93,201</b>
	2019	10,205	162,232	0	0	172,437
	2018	9,028	191,391	0	0	200,419
Reused water (m <sup>3</sup> )	2020	<b>43,920</b>	<b>1,806,348</b>	<b>92,949,918</b>	<b>3,492</b>	<b>94,803,678</b>
	2019	44,362	1,489,493	92,430,404	4,078	93,968,337
	2018	62,019	1,790,349	99,050,616	0	100,902,984
Grand total (m <sup>3</sup> )	2020	<b>45,966</b>	<b>1,897,503</b>	<b>92,949,918</b>	<b>3,492</b>	<b>94,896,879</b>
	2019	54,567	1,651,725	92,430,404	4,078	94,140,774
	2018	71,047	1,981,740	99,050,616	0	101,103,403

### CIRCULAR ECONOMY



### RAW MATERIALS BY SOURCE AND BUSINESS (THOUSANDS OF TONS)

	Renewable			Non-renewable		
	2020	2019	2018	2020	2019	2018
Refining	404	506	441	18,114*	20,921	21,607
Chemicals	0	0	0	4,038	4,033	4,103
Marketing	30	172	165	20	24	22
<b>Total</b>	<b>434</b>	<b>678</b>	<b>605</b>	<b>22,172</b>	<b>24,978</b>	<b>25,732</b>

(\*) Variation due to lower refining activity resulting from Covid-19 and low demand for fuel.

### AMOUNT OF MARPOL WASTE MANAGED (TONS)

	2020	2019	2018
Amount of Marpol waste received	<b>45,292</b>	50,148	60,903
Recycled hydrocarbons for further processing	<b>4,076</b>	2,494	1,312



## AMOUNT OF WASTE MANAGED (TONS)

Type of waste (tons)	2020	2019	2018
Hazardous waste	<b>35,219</b>	41,264	67,741
Non-hazardous waste	<b>16,400</b>	25,432	43,645

## AMOUNT OF WASTE BY TYPE AND DISPOSAL METHOD (TONS)

Type of waste (tons)	Disposal method	2020	2019	2018
Hazardous waste	Amount to landfill	<b>16,017</b>	21,217	26,881
	Recovery, including energy recovery	<b>18,296</b>	17,741	34,675
	Incineration	<b>315</b>	460	97
	Recycling	<b>591</b>	2,116	6,088
Non-hazardous waste	Amount to landfill	<b>7,815</b>	14,375	27,735
	Recovery, including energy recovery	<b>7,243</b>	10,314	14,557
	Incineration	<b>129</b>	123	73
	Recycling	<b>1,213</b>	620	1,280

## AMOUNT OF WASTE BY TYPE AND DISPOSAL METHOD MANAGED OUTSIDE OF SPAIN (TONS)\*

	2020	2019	2018
Hazardous waste. Cross-border transportation	<b>339</b>	28,491	11,779
Non-hazardous waste. Cross-border transportation	<b>70</b>	301	146

(\* The amounts included in the table of waste managed outside Spain are included in the amounts by treatment method in the table above.

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### AMOUNT OF DRILLING WASTE BY TYPE AND TREATMENT METHOD

Type of waste (tons)	Treatment / Destination	2020	2019	2018
Non-water based waste	Treatment for offshore disposal	0	791	462
	Thermal desorption	0	0	0
	Inerting	0	0	35
	Onshore disposal/incineration in controlled areas	851	0	0
Non-water based waste	Inerting	2,669	2,024	7,198
	Onshore disposal in controlled areas	0	0	0
	Recycling	0	0	2,441
	Onshore disposal/incineration in controlled areas	0	0	0
<b>Total</b>		<b>3,520</b>	<b>2,815</b>	<b>10,136</b>

### SIGNIFICANT SPILLS TO THE ENVIRONMENT

#### SIGNIFICANT SPILLS RECORDED\* 2020

Type of spill	Volume (liters)	Spill location	Spilled product	Spill impact
Spill onto land	235	Caracara facility (Colombia)	Oil	Due to the breakage of a line, the product spilled onto industrial and non-industrial land and was controlled immediately. The line was repaired and all the product cleaned up.
Spill onto desert land	318	RKF facility (Algeria)	Crude	Due to the breakage of a line, the product spilled onto desert land and was controlled immediately. The line was repaired and all the product cleaned up.
Spill onto industrial land	1,700	Teruel gas facility	Diesel C	The product spilled onto an industrial paved area and was controlled and cleaned immediately, avoiding contamination of the soil.
Spill onto industrial land	600	Service Station in Malaga	Gasoline 95	The product spilled onto an industrial paved area and was controlled and cleaned immediately. Moreover, a sample of the soil was checked by a soil engineering company to ensure no impact on the soil.
<b>Total</b>	<b>2,853</b>			

\* The data is taken from an internal corporate control tool (scope covering Spain and Refining, Marketing, Chemicals and G&P business units). The spill incidents included in Safety Scale PS1 and PS2 are taken to be significant. Also, for Exploration & Production the criteria are used for reporting of spills of more than 1 bbl affecting the environment, in line with the reporting criteria of the International Oil & Gas Producers (IOPG).

## SIGNIFICANT SPILLS RECORDED\* 2019

Type of spill	Volume (liters)	Spill location	Spilled product	Spill impact
Spill contained in watertight line	24,000	Asphalt Factory in Alcudia	Asphalt	During ship unloading, leakage was detected through the buried line connecting the port to the Alcudia factory, Port Authority land. The product did not reach the ground nor the sea and was removed from the line where it was contained.
Spill in rainwater reservoir	1,274	La Rábida refinery	Caustic soda	Leak from the soda tank for biological treatment ending in the rainwater reservoir. Cleaned quickly to avoid further impact.
Spill onto industrial land	1,840	Bioenergy Plant of San Roque	Sulfuric acid	Rupture of the sulfuric acid IBC in chemicals warehouse. The product spilled onto paved ground and was quickly contained.
Spill onto industrial land	14,720	La Rábida refinery	Sulfuric acid	Contained sulfuric acid leak in the HDT-energy plant. The product spilled onto paved ground and was quickly contained and cleaned.
Spill onto land	773	COP-14 (Caracara, Colombia)	Fuel oil	Oil spill during diesel transfer from a tank with its respective metal dam. Control and cleaning measures were put in place immediately.

\* The data is taken from an internal corporate control tool (scope covering Spain and Refining, Marketing, Chemicals and G&P business units) The spill incidents included in Safety Scale PS1 and PS2 are taken to be significant. Also, for Exploration & Production the criteria are used for reporting of spills of more than 1 bbl affecting the environment, in line with the reporting criteria of the International Oil & gas Producers (IOPG).





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Reduction of our environmental impact



### SIGNIFICANT SPILLS RECORDED\* 2018

Type of spill	Volume (liters)	Spill location	Spilled product	Spill impact
Spill that did not reach the ground	710	Gibraltar San Roque Refinery	Alkylate	S-P103 pump drain alkylate spill. The spill was controlled quickly before it could fall on the ground.
Spill onto land	630	Tenerife Refinery	Fuel	Loss of fuel in the ravine due to a condensed line. Control and cleaning measures were put in place immediately.
Spill into the sea	1,000	La Rábida refinery	Crude	Actuation of shut-off valve (MBC) in floating pipeline during unloading of the tanker NORDIC LIGHT. The Port Cleaning Plan was activated and the protocol to control and clean up spills at sea was launched.
Spill onto dock floor	6,000	La Rábida refinery	Hydrocarbon water	MARPOL hydrocarbon water leak in a line of slops from the Torre Arenillas dock towards La Rábida Refinery on Port Authority land. It was controlled and cleaned immediately.
Spill into bunding	876	Gibraltar San Roque Refinery	Benzene	Benzene tank YT583 overflow. It was cleaned up and measures were put in place to prevent it from happening again.
Spill onto land	6,000	Puerto Manzanal II Service Station	Diesel	Spillage of diesel A during unloading in manhole inlet. Extraction and cleaning operations were carried out, followed by studies of the soil to ensure it was under control and posed a low risk.

\* The data is taken from an internal corporate control tool (scope covering Spain and Refining, Marketing, Chemicals and G&P business units). The spill incidents included in Safety Scale PS1 and PS2 are taken to be significant. Also, for Exploration & Production the criteria are used for reporting of spills of more than 1 bbl affecting the environment, in line with the reporting criteria of the International Oil & Gas Producers (IOGP).

## PROTECTION OF BIODIVERSITY



Operational sites in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

### OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS

Site	Geographic location	Proximity to the protected area	Type of operation	Biodiversity value
San Roque Site	Spain	NEARBY (1-5 km)	Manufacturing	<ul style="list-style-type: none"> <li>Palmones River marshland (SCI, Natura 2000 Network, Birds Directive Special Protection Area)</li> <li>Seabed of Palmones River marshland (SCI, Red Natura 2000)</li> <li>Eastern Strait (SCI)</li> </ul>
		NEARBY (5-20 km)		<ul style="list-style-type: none"> <li>Rock of Gibraltar (SCI, Birds Directive Special Protection Area)</li> <li>Southern waters of Gibraltar (SCI, Birds Directive Special Protection Area)</li> <li>Los Alcornocales (SCI, Birds Directive Special Protection Area, IUCN V, Natura 2000 Network)</li> <li>Strait (SCI, Birds Directive Special Protection Area, IUCN V, Natura 2000 Network)</li> <li>Guadiaro River Estuary (SCI, IUCN II, Natura 2000 Network)</li> <li>Guadiaro and Hozgarganta rivers (SCI, Red Natura 2000)</li> <li>Seabed of the Guadiaro River estuary (SCI, Birds Directive Special Protection Area, Natura 2000 Network)</li> </ul>
Palos Site	Spain	ADJACENT (<1km)	Manufacturing	<ul style="list-style-type: none"> <li>Palos y las Madres Lagoon (RAMSAR, SCI, IUCN II)</li> <li>Estero de Domingo Rubio (SCI, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)</li> <li>Odiel Dunes (SCI)</li> </ul>
		NEARBY (1-5 km)		<ul style="list-style-type: none"> <li>Odiel marshland (RAMSAR, Biosphere Reserve, SCI, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network)</li> <li>Tinto river banks and marshland (SCI, Red Natura 2000)</li> <li>Tinto river estuary (SCI, Red Natura 2000)</li> <li>Dehesa del Estero and Montes de Moguer (SCI)</li> <li>Tinto river and Odiel Marine Area (OSPAR Marine Protected Area, Birds Directive Special Protection)</li> </ul>
Palos Site	Spain	NEARBY (5-20 km)	Manufacturing	<ul style="list-style-type: none"> <li>Doñana (RAMSAR, SCI, Birds Directive Special Protection Area, IUCN V, Red Natura 2000)</li> <li>Doñana North and West (SCI, Red Natura 2000)</li> <li>Portil Lagoon (SCI, IUCN I)</li> <li>Tinto River Ecological Corridor (SCI, Red Natura 2000)</li> <li>Piedras river and Flecha del Rompido marshland (SCI, IUCN II)</li> <li>Enebrales de Punta Umbría (SCI, IUCN II)</li> <li>Carboneras marshland (SCI)</li> <li>Piedras river estuary (SCI)</li> <li>Piedras river estuary marshland (Birds Directive Special Protection Area)</li> <li>Island of En medio (IUCN I)</li> <li>Marshes of El Burro (IUCN I)</li> <li>Gulf of Cádiz (OSPAR Marine Protected Area, Birds Directive Special Protection)</li> </ul>

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### OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS

Site	Geographic location	Proximity to the the protected area	Type of operation	Biodiversity value
Tenerife Site	Spain	NEARBY (1-5 km)	Manufacturing	<ul style="list-style-type: none"> <li>Anaga (SCI, Birds Directive Special Protection Area, IUCN V)</li> </ul>
		NEARBY (5-20 km)		<ul style="list-style-type: none"> <li>Ijuana (SCI, IUCN I)</li> <li>Pijaral (SCI, IUCN I)</li> <li>Los Roques de Anaga (SCI, IUCN III)</li> <li>Malpais de Güimar (SCI, IUCN V)</li> <li>Las Palomas (SCI, IUCN V)</li> <li>Corona Forestal (SCI, IUCN II)</li> <li>Las Lagunetas (SCI, IUCN V)</li> <li>Sebadales de San Andres (SCI)</li> <li>Hills and Peaks of Tenerife (Birds Directive Special Protection Area)</li> <li>Anaga Marine Area (Birds Directive Special Protection Area)</li> <li>Acentejo Coast (IUCN V)</li> <li>Siete Lomas (IUCN V)</li> </ul>
Caracara	Colombia	ADJACENT (<1km)	Production block	<ul style="list-style-type: none"> <li>El Triguillo (IUCN VI) Civil Society Nature Reserve.</li> </ul>
		NEARBY (1-5 km)		<ul style="list-style-type: none"> <li>Maicana-manacal Wetland Recreation Area (IUCN V)</li> </ul>
Llanos 22	Colombia	NEARBY (5-20 km)	Production block	<ul style="list-style-type: none"> <li>Campoflorido (Civil Society Nature Reserve / VI Protected Area with Managed Resources)</li> </ul>
		NEARBY (5-20 km)		<ul style="list-style-type: none"> <li>Quebrada la Tablona (National Protective Forest Reserves / VI Protected Area with managed resources)</li> <li>San Miguel de los Farallones Regional Natural Park (IUCN II)</li> </ul>
Jilguero	Colombia	INSIDE	Production block	<ul style="list-style-type: none"> <li>Mata de la Urama (Regional Districts of Integrated Management / VI Protected Area with managed resources)</li> </ul>
		NEARBY (5-20 km)		<ul style="list-style-type: none"> <li>Noel Parra Palacio (Civil Society Nature Reserve / VI Protected Area with Managed Resources)</li> <li>La Reserva (Civil Society Nature Reserve / VI Protected Area with Managed Resources)</li> </ul>
Puntero	Colombia	NEARBY (5-20 km)	Production block	<ul style="list-style-type: none"> <li>Corozito (Civil Society Nature Reserve / VI Protected Area with Managed Resources)</li> <li>La Palma (Civil Society Nature Reserve / VI Protected Area with Managed Resources)</li> </ul>

## OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS

Site	Geographic location	Proximity to the the protected area	Type of operation	Biodiversity value
Merecure	Colombia	INSIDE	Production block	<ul style="list-style-type: none"> <li>AICA / IBA Taparas (SEO-BirdLife)</li> <li>Medano Los Morruocos (Civil Society Nature Reserve / VI Protected Area with Managed Resources)</li> </ul>
		ADJACENT (<1km)		<ul style="list-style-type: none"> <li>Las Brisas (Civil Society Nature Reserve / VI Protected Area with Managed Resources)</li> </ul>
		NEARBY (1-5 km)		<ul style="list-style-type: none"> <li>La Esmeralda (IUCN VI) Civil Society Nature Reserve.</li> <li>Limalonal (IUCN VI) Civil Society Nature Reserve.</li> <li>Matesanto (IUCN VI) Civil Society Nature Reserve.</li> </ul>
		NEARBY (5-20 km)		<ul style="list-style-type: none"> <li>AICA Reserva de Altagracia (Important Areas for Bird Conservation)</li> <li>AICA Chaviripa-El Rubi (Important Areas for Bird Conservation)</li> </ul>
Detén	Brasil	NEARBY (5-20 km)	Production	<ul style="list-style-type: none"> <li>Área de proteção ambiental Plataforma continental do litoral norte (IUCN V)</li> <li>Área de proteção ambiental Lagoas de Guarajuba (IUCN V)</li> <li>Área de proteção ambiental Baía de Todos os Santos (IUCN V)</li> <li>Reserva Particular de Patrimônio Natural das Dunas (IUCN IV)</li> </ul>
Becancour	Canadá	NEARBY (1-5 km)	Production	<ul style="list-style-type: none"> <li>Aire de concentration d'oiseaux aquatiques de l'île Montesson (UICN VI)</li> <li>Aire de concentration d'oiseaux aquatiques de la Baie Lamarier (UICN VI)</li> <li>Aire de concentration d'oiseaux aquatiques de la Pointe aux Roches (UICN VI)</li> <li>Aire de concentration d'oiseaux aquatiques de Battures de Gentilly (UICN VI)</li> <li>Aire de concentration d'oiseaux aquatiques Ponte-Paul-Rivière aux Originaux (UICN VI)</li> </ul>
		NEARBY (5-20 km)		<ul style="list-style-type: none"> <li>Habitat du rat musqué Sud-Ouest du Port Laviolette (UICN VI)</li> <li>Aire de concentration d'oiseaux aquatiques Port Saint-François-Pont Laviolette (UICN VI)</li> <li>Aire de concentration d'oiseaux aquatiques Batiscan-Sainte-Anne (UICN VI)</li> <li>Aire de concentration d'oiseaux aquatiques Champlain Batiscan (UICN VI)</li> <li>Aire de concentration d'oiseaux aquatiques les Becquets Deschailons (UICN VI)</li> <li>Réserve écologique Léon-Provancher (UICN I)</li> </ul>

## PROTECTED OR RESTORED HABITATS

	Geographic location	Size
Madrevieja environmental station	San Roque, Spain	200,000 m <sup>2</sup>
Primera de Palos lagoon	Huelva, Spain	335,000 m <sup>2</sup>

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### 8.5 OUR PEOPLE



#### DESCRIPTION OF THE WORKFORCE

##### EMPLOYEES AS OF 31 DECEMBER 2020 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Executive Committee	0	0	0	0	1	8	9
Manager	0	0	8	15	4	56	83
Head of Department	0	2	100	284	56	191	633
Senior Technician	32	56	505	866	101	353	1,913
Intermediate Technician	44	58	243	548	81	309	1,283
Specialist	177	266	1,582	2,116	491	938	5,570
Administrative employee*	7	4	39	28	18	13	109
Assistant*	3	6	14	31	8	18	80
<b>Total</b>	<b>263</b>	<b>392</b>	<b>2,491</b>	<b>3,888</b>	<b>760</b>	<b>1,886</b>	<b>9,680<sup>1</sup></b>

\* The variation with respect to the previous year in the "Administrative employee" and "Assistant" Corporate Professional Groups is basically due to the evolution of the workforce in certain countries such as Colombia.

<sup>1</sup> Data for 57 partial retirees (43 men and 14 women) are not included in 2020.

##### EMPLOYEES AS OF 31 DECEMBER 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

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

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

## EMPLOYEES BY COUNTRY

Country	2020			2019		
	Women	Men	Total	Women	Men	Total
Algeria	13	115	128	14	113	127
Belgium	5	5	10	4	5	9
Brazil	41	137	178	38	143	181
Canada	15	51	66	14	50	64
China	19	105	124	18	99	117
Colombia <sup>1</sup>	40	118	158	57	146	203
United Arab Emirates <sup>2</sup>	9	25	34	7	21	28
Spain	3,005	5,272	8,277	3,174	5,492	8,666
United States	1	1	2	1	0	1
Italy	2	4	6	3	4	7
Morocco	0	3	3	0	1	1
Malaysia <sup>3</sup>	0	1	1	3	12	15
Mexico	5	5	10	6	6	12
Netherlands	3	3	6	3	3	6
Peru	7	27	34	12	40	52
Portugal	317	273	590	321	278	599
UK	4	5	9	3	3	6
Singapore	2	4	6	2	5	7
Tailandia <sup>3</sup>	26	12	38	32	13	45
<b>Total</b>	<b>3,514</b>	<b>6,166</b>	<b>9,680<sup>4</sup></b>	<b>3,712</b>	<b>6,434</b>	<b>10,146<sup>5</sup></b>

<sup>1</sup> Reduction of the workforce in line with the reduction of the E&P business in Colombia.

<sup>2</sup> Increase of the workforce in line with Cepsa's focus on its operations in this area.

<sup>3</sup> Reduction of the workforce due to divestment of the E&P business in SEA.

<sup>4</sup> Data for 57 partial retirees (43 men and 14 women) are not included in 2020.

<sup>5</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

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### EMPLOYEES AS OF 31 DECEMBER 2020 BY AGE GROUP, GENDER, TYPE OF CONTRACT AND PROFESSIONAL CATEGORY

Type of contract	Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years		Total
		Women	Men	Women	Men	Women	Men	
Nº of employees on permanent contracts	Executive Committee	0	0	0	0	0	0	0 <sup>1*</sup>
	Manager	0	0	8	15	5	64	92
	Head of Department	0	2	100	284	56	191	633
	Senior Technician	26	48	502	863	101	353	1,893
	Intermediate Technician	19	26	240	542	81	309	1,217
	Specialist	95	162	1,373	1,966	467	911	4,974
	Administrative employee	6	4	38	28	18	13	107*
	Assistant	3	6	12	28	8	18	75
<b>Total nº of employees on permanent contracts</b>		<b>149</b>	<b>248</b>	<b>2,273</b>	<b>3,726</b>	<b>736</b>	<b>1,859</b>	<b>8,991</b>
Nº of employees on temporary contracts	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	0	0
	Head of Department	0	0	0	0	0	0	0
	Senior Technician	6	8	3	3	0	0	20*
	Intermediate Technician	25	32	3	6	0	0	66
	Specialist	82	104	209	150	24	27	596*
	Administrative employee	1	0	1	0	0	0	2*
	Assistant	0	0	2	3	0	0	5*
<b>Total nº of employees on temporary contracts</b>		<b>114</b>	<b>144</b>	<b>218</b>	<b>162</b>	<b>24</b>	<b>27</b>	<b>689</b>
<b>Total</b>		<b>263</b>	<b>392</b>	<b>2,491</b>	<b>3,888</b>	<b>760</b>	<b>1,886</b>	<b>9,680<sup>2</sup></b>

<sup>1</sup> The employees of the Executive Committee are included in the Director category.

<sup>2</sup> Data for 57 partial retirees (43 men and 14 women) are not included in 2020.

\* The variations are due to the fact that in certain countries there was a variation in the workforce due to divestments made and therefore these differences with respect to the previous year are in line with the evolution of the workforce itself.

## EMPLOYEES AS OF 31 DECEMBER 2019 BY AGE GROUP, GENDER, TYPE OF CONTRACT AND PROFESSIONAL CATEGORY

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

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



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### EMPLOYEES AS OF 31 DECEMBER 2020 BY AGE GROUP, GENDER, TYPE OF WORKDAY AND PROFESSIONAL CATEGORY

Type of workday	Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years		Total
		Women	Men	Women	Men	Women	Men	
N° of employees on full-time contracts	Executive Committee	0	0	0	0	0	0	0 <sup>1*</sup>
	Manager	0	0	8	15	5	63	91
	Head of Department	0	2	100	283	56	189	629
	Senior Technician	32	56	505	866	99	352	1,910
	Intermediate Technician	44	58	243	548	80	309	1,282
	Specialist	150	234	1,497	2,094	469	927	5,371
	Administrative employee	7	4	39	28	18	13	109*
	Assistant	3	6	12	31	8	18	78*
<b>Total n° of employees on full-time contracts</b>		<b>236</b>	<b>360</b>	<b>2,404</b>	<b>3,865</b>	<b>735</b>	<b>1,871</b>	<b>9,470</b>
N° of employees on part-time contracts	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	1	1
	Head of Department	0	0	1	2	1	2	5
	Senior Technician	0	0	0	0	2	1	3
	Intermediate Technician	0	0	0	0	1	0	1*
	Specialist	27	32	85	22	22	11	199
	Administrative employee	0	0	0	0	0	0	0*
	Assistant	0	0	2	0	0	0	2*
<b>Total n° of employees on part-time contracts</b>		<b>27</b>	<b>32</b>	<b>88</b>	<b>24</b>	<b>26</b>	<b>15</b>	<b>211</b>
<b>Total</b>		<b>263</b>	<b>392</b>	<b>2,491</b>	<b>3,888</b>	<b>760</b>	<b>1,886</b>	<b>9,680<sup>2</sup></b>

<sup>1</sup> The employees of the Executive Committee are included in the director category.

<sup>2</sup> Data for 57 partial retirees (43 men and 14 women) are not included in 2020.

\* The variations are due to the fact that in certain countries there was a variation in the workforce due to divestments made and therefore these differences with respect to the previous year are in line with the evolution of the workforce itself.

## EMPLOYEES AS OF 31 DECEMBER 2019 BY AGE GROUP, GENDER, TYPE OF WORKDAY AND PROFESSIONAL CATEGORY

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

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

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### ANNUAL AVERAGE OF PERMANENT AND TEMPORARY CONTRACTS IN 2020 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

Type of contract	Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years		Total
		Women	Men	Women	Men	Women	Men	
Permanent	Executive Committee	0	0	0	0	0	0	0 <sup>1</sup>
	Manager	0	0	7.42	15.92	5.92	63.75	93
	Head of Department	0	2	98.33	293.5	60.67	200.58	655
	Senior Technician	28.67	47.42	504.67	878.33	99.58	346.5	1,905
	Intermediate Technician	17.42	22.33	248.08	575.33	83.92	310	1,257
	Specialist	99	167.33	1,392.33	2,020.42	452.75	872.17	5,004
	Administrative employee	6.83	5.5	42.33	28.58	16.67	16.17	116
	Assistant	2.25	4	12	41	7.75	7	74
<i>Total n° of employees on permanent contracts</i>		<i>154.17</i>	<i>248.58</i>	<i>2305.16</i>	<i>3853.08</i>	<i>727.26</i>	<i>1816.17</i>	<i>9104.42</i>
Temporary	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	0	0
	Head of Department	0	0	0	0	0	0	0
	Senior Technician	4.67	5.75	5.08	7.17	0.42	-	23
	Intermediate Technician	22.08	29.58	3.67	6.42	0.5	-	62
	Specialist	87.67	124.83	205.58	147	25.17	24.17	614
	Administrative employee	17.25	23.17	40.92	29.42	4.5	5.25	121
	Assistant	0.08	0.67	2.92	4	-	0.92	9
<i>Total n° of employees on temporary contracts</i>		<i>131.75</i>	<i>184</i>	<i>258.17</i>	<i>194.01</i>	<i>30.59</i>	<i>30.34</i>	<i>828.86</i>
<i>Total</i>		<i>286</i>	<i>433</i>	<i>2,563</i>	<i>4,047</i>	<i>758</i>	<i>1,847</i>	<i>9,933</i>

<sup>(1)</sup> The employees of the Executive Committee are included in the director category.

## ANNUAL AVERAGE OF PERMANENT AND TEMPORARY CONTRACTS IN 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

Type of contract	Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years		Total
		Women	Men	Women	Men	Women	Men	
Permanent	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	6	17	6	63	92
	Head of Department	0	1	97	305	56	188	646
	Senior Technician	30	49	506	898	91	323	1,896
	Intermediate Technician	16	14	252	595	76	303	1,256
	Specialist	97	155	1,406	2,063	401	818	4,940
	Administrative employee	5	6	52	28	19	19	129
	Assistant	2	6	12	52	10	11	93
<i>Total n° of employees on permanent contracts</i>		<i>150</i>	<i>229</i>	<i>2,331</i>	<i>3,957</i>	<i>658</i>	<i>1,726</i>	<i>9,052</i>
Temporary	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	0	0
	Head of Department	0	1	1	0	0	0	2
	Senior Technician	10	17	12	17	0	0	57
	Intermediate Technician	23	27	4	8	1	0	63
	Specialist	168	236	343	256	43	42	1,088
	Administrative employee	1	0	4	2	1	0	8
Assistant	0	5	3	15	1	3	27	
<i>Total n° of employees on temporary contracts</i>		<i>202</i>	<i>286</i>	<i>367</i>	<i>298</i>	<i>46</i>	<i>45</i>	<i>1,244</i>
<i>Total</i>		<i>353</i>	<i>515</i>	<i>2,698</i>	<i>4,256</i>	<i>704</i>	<i>1,770</i>	<i>10,296</i>

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### TOTALED AVERAGES TEMPORARY CONTRACTS

Professional category	Totaled average 2020	Totaled average 2019
Manager	-	-
Head of Department	-	0.35
Senior Technician	4.3	9.44
Intermediate Technician	11.59	10.47
Specialist	120.44	181.36
Administrative employee	0.26	1.31
Assistant	1.61	4.47

### TOTALED AVERAGES TEMPORARY CONTRACTS

AGE	Totaled average 2020	Totaled average 2019
Under 30 years of age	31.59	42.43
Between 30 and 50 years of age	45.25	57.83
Over 50 years of age	6.11	7.91

### TOTALED AVERAGES TEMPORARY CONTRACTS

Gender	Totaled average 2020	Totaled average 2019
Men	27.24	36.43
Women	28.06	35.69



## TOTALED AVERAGES PERMANENT CONTRACTS

Professional category	Totaled average 2020	Totaled average 2019
Manager	15.5	15.26
Head of Department	109.18	107.67
Senior Technician	317.53	316.02
Intermediate Technician	209.51	209.28
Specialist	834	823.54
Administrative employee	19.35	21.47
Assistant	12.33	15.5

## TOTALED AVERAGES PERMANENT CONTRACTS

AGE	Totaled average 2020	Totaled average 2019
Under 30 years of age	28.77	27.18
Between 30 and 50 years of age	439.14	447.1
Over 50 years of age	181.67	170.24

## TOTALED AVERAGES PERMANENT CONTRACTS

Gender	Totaled average 2020	Totaled average 2019
Men	283.63	281.54
Women	151.74	149.53



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### ANNUAL AVERAGE OF FULL-TIME OR PART-TIME CONTRACTS IN 2020 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

Type of workday	Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years		Total
		Women	Men	Women	Men	Women	Men	
Full-time	Executive Committee	0	0	0	0	0	0	0 <sup>1</sup>
	Manager	0	0	7	16	6	64	93
	Head of Department	0	2	98	293	61	200	654
	Senior Technician	34	54	511	886	98	346	1,929
	Intermediate Technician	43	56	251	582	82	310	1,324
	Specialist	168	267	1,542	2,164	461	890	5,493
	Administrative employee	7	6	43	29	17	16	117
	Assistant	3	5	13	46	8	8	82
<i>Total n° of employees on full-time contracts</i>		<i>254</i>	<i>390</i>	<i>2,465</i>	<i>4,016</i>	<i>732</i>	<i>1,833</i>	<i>9,691</i>
Part-time	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	1	1
	Head of Department	0	0	1	2	1	3	7
	Senior Technician	0	0	0	0	2	1	3
	Intermediate Technician	0	0	0	0	2	0	2
	Specialist	32	43	95	31	22	11	234
	Administrative employee	0	0	1	0	0	0	1
	Assistant	0	0	2	1	0	0	3
<i>Total n° of employees on part-time contracts</i>		<i>32</i>	<i>43</i>	<i>99</i>	<i>34</i>	<i>26</i>	<i>16</i>	<i>251</i>
<i>Total</i>		<i>286</i>	<i>433</i>	<i>2,565</i>	<i>4,050</i>	<i>759</i>	<i>1,850</i>	<i>9,941</i>

<sup>(1)</sup> The employees of the Executive Committee are included in the director category.

ANNUAL AVERAGE OF FULL-TIME OR PART-TIME CONTRACTS IN 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

Type of workday	Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years		Total
		Women	Men	Women	Men	Women	Men	
Full-time	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	6	17	6	63	92
	Head of Department	0	1	98	305	56	188	648
	Senior Technician	40	65	518	915	89	322	1,950
	Intermediate Technician	39	40	256	604	75	303	1,316
	Specialist	223	329	1,643	2,284	419	851	5,748
	Administrative employee	6	6	55	30	19	19	136
	Assistant	2	11	13	65	11	13	115
<i>Total n° of employees on full-time contracts</i>		<i>310</i>	<i>452</i>	<i>2,588</i>	<i>4,221</i>	<i>674</i>	<i>1,759</i>	<i>10,004</i>
Part-time	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	0	0
	Head of Department	0	0	0	0	0	0	0
	Senior Technician	0	0	0	0	2	1	3
	Intermediate Technician	0	0	0	0	2	0	2
	Specialist	43	63	107	34	25	10	281
	Administrative employee	0	0	1	0	0	0	1
	Assistant	0	0	2	1	1	1	5
<i>Total n° of employees on part-time contracts</i>		<i>43</i>	<i>63</i>	<i>110</i>	<i>35</i>	<i>30</i>	<i>11</i>	<i>292</i>
<i>Total</i>		<i>354</i>	<i>515</i>	<i>2,698</i>	<i>4,256</i>	<i>704</i>	<i>1,770</i>	<i>10,296</i>



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### TOTALED AVERAGES PART-TIME CONTRACTS

Professional category	Totaled average 2020	Totaled average 2019
Manager	0.17	0
Head of Department	1.13	0
Senior Technician	0.5	0.54
Intermediate Technician	0.33	0.36
Specialist	39.03	46.83
Administrative employee	0.17	0.17
Assistant	0.46	0.79

### TOTALED AVERAGES PART-TIME CONTRACTS

Age	Totaled average 2020	Totaled average 2019
Under 30 years	7.12	10.62
Between 30 and 50 years	12.44	14.47
Over 50 years	3.69	4.13

### TOTALED AVERAGES PART-TIME CONTRACTS

Gender	Totaled average 2020	Totaled average 2019
Men	5.6	7.25
Women	9.9	12.22

### TOTALED AVERAGES FULL-TIME CONTRACTS

Professional category	Totaled average 2020	Totaled average 2019
Manager	15.46	15.26
Head of Department	108.99	107.94
Senior Technician	321.53	324.92
Intermediate Technician	220.61	219.39
Specialist	915.42	958.07
Administrative employee	19.47	22.61
Assistant	13.64	19.18

## TOTALLED AVERAGES FULL-TIME CONTRACTS

Age	Totalled average 2020	Totalled average 2019
Under 30 years	46.01	54.45
Between 30 and 50 years	468.09	486.35
Over 50 years	183.26	173.79

## TOTALLED AVERAGES FULL-TIME CONTRACTS

Gender	Totalled average 2020	Totalled average 2019
Men	297.09	306.28
Women	164.13	170.11

## EMPLOYEES AS OF 31 DECEMBER 2020 BY BUSINESS

Business	2020		2019	
	Nº of employees on by business	Percentage of total	Nº of employees on by business	Percentage of total
Exploration and Production	500	5%	449	4%
Refining (refining, G&E and Trading)*	1,893	20%	2,248	22%
Chemicals*	820	8%	741	7%
Marketing and Distribution	4,958	51%	4,950	49%
Corporate*	1,509	16%	1,759	17%
<b>Total</b>	<b>9,680<sup>1</sup></b>	<b>100%</b>	<b>10,146<sup>2</sup></b>	<b>100%</b>

<sup>1</sup> Data for 57 partial retirees (43 men and 14 women) are not included in 2020.

<sup>2</sup> Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

\* The variations correspond to: the reduction of the workforce in line with the reduction of the E&P business in Colombia; the increase of the workforce in line with Cep-sa's focus on its operations in the UAE; the reduction of the workforce due to the divestment of the E&P business in SEA. Additionally, in 2020 there was a change in structure that could affect the breakdown by business areas (The groupings by businesses/areas underwent changes due to the reorganization of the company in 2020).

## NUMBER OF SENIOR EXECUTIVES FROM THE LOCAL COMMUNITY

Senior executives (Executive Committee and directors)	2020	2019
Number of senior executives (Executive Committee and directors)	92	93
Percentage of senior executives from the local community	92%	91%

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### ATTRACTION AND RETENTION OF TALENT



#### NEW HIRES IN 2020 BY REGION, AGE GROUP AND GENDER

Region	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Africa <sup>1</sup>	0	0	0	0	0	0	0
America <sup>2</sup>	2	2	4	1	0	1	10*
Asia <sup>3</sup>	2	7	0	8	0	0	17*
Spain	280	352	578	363	51	94	1,718*
Rest of Europe <sup>4</sup>	30	36	38	19	10	5	138*
<b>Total</b>	<b>314</b>	<b>397</b>	<b>620</b>	<b>391</b>	<b>61</b>	<b>100</b>	<b>1,883*</b>

<sup>1</sup> Algeria, Morocco.

<sup>2</sup> Brazil, Canada, Colombia, United States, Mexico, Peru.

<sup>3</sup> China, USA, Malaysia, Singapore, Thailand.

<sup>4</sup> Belgium, Italy, Netherlands, Portugal, United Kingdom.

\* The difference in the data compared to the previous year is fundamentally due to the fact that 2020 was a unique year due to the global social and economic context world which meant that recruitment in the company was down on the previous year.

#### NEW HIRES IN 2019 BY REGION, AGE GROUP AND GENDER

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

<sup>1</sup> Algeria, Morocco.

<sup>2</sup> Brazil, Canada, Colombia, United States, Mexico, Peru.

<sup>3</sup> China, USA, Malaysia, Singapore, Thailand.

<sup>4</sup> Belgium, Italy, Netherlands, Portugal, United Kingdom.



## RATE OF NEW HIRES IN 2020 BY REGION, AGE GROUP AND GENDER

Region	Under 30 years		Between 30 and 50 years		Over 50 years	
	Women	Men	Women	Men	Women	Men
Africa <sup>1</sup>	0%	0%	0%	0%	0%	0%
America <sup>2</sup>	20%	13%	5%	0%	0%	1%
Asia <sup>3</sup>	40%	27%	0%	11%	0%	0%
Spain	144%	124%	27%	11%	8%	6%
Rest of Europe <sup>4</sup>	58%	55%	18%	12%	14%	8%

<sup>1</sup> Algeria, Morocco.

<sup>2</sup> Brazil, Canada, Colombia, United States, Mexico, Peru.

<sup>3</sup> China, USA, Malaysia, Singapore, Thailand.

<sup>4</sup> Belgium, Italy, Netherlands, Portugal, United Kingdom.

\* The difference in the data compared to the previous year is fundamentally due to the fact that 2020 was a unique year due to the global social and economic context world which meant that recruitment in the company was down on the previous year.

## RATE OF NEW HIRES IN 2019 BY REGION, AGE GROUP AND GENDER

Region	Under 30 years		Between 30 and 50 years		Over 50 years	
	Women	Men	Women	Men	Women	Men
Africa <sup>1</sup>	33%	0%	10%	4%	0%	5%
America <sup>2</sup>	100%	18%	1%	3%	5%	0%
Asia <sup>3</sup>	17%	36%	7%	10%	0%	17%
Spain	164%	150%	35%	18%	15%	7%
Rest of Europe <sup>4</sup>	85%	103%	28%	28%	26%	3%

<sup>1</sup> Algeria, Morocco.

<sup>2</sup> Brazil, Canada, Colombia, United States, Mexico, Peru.

<sup>3</sup> China, USA, Malaysia, Singapore, Thailand.

<sup>4</sup> Belgium, Italy, Netherlands, Portugal, United Kingdom.

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### VOLUNTARY LEAVERS IN 2020 BY REGION, AGE GROUP AND GENDER

Region	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Africa <sup>1</sup>	0	0	0	2	0	0	2
America <sup>2</sup>	0	0	2	12	0	1	15
Asia <sup>3</sup>	0	3	1	4	0	0	8
Spain	21	22	29	30	4	1	107
Rest of Europe <sup>4</sup>	16	15	19	13	1	0	64
<b>Total</b>	<b>37</b>	<b>40</b>	<b>51</b>	<b>61</b>	<b>5</b>	<b>2</b>	<b>196</b>

<sup>1</sup> Algeria, Morocco.

<sup>2</sup> Brazil, Canada, Colombia, United States, Mexico, Peru.

<sup>3</sup> China, USA, Malaysia, Singapore, Thailand.

<sup>4</sup> Belgium, Italy, Netherlands, Portugal, United Kingdom.

\* The difference in the data compared to the previous year is fundamentally due to the fact that 2020 was a unique year due to the global social and economic context world which meant that recruitment in the company was down on the previous year.

### VOLUNTARY LEAVERS IN 2019 BY REGION, AGE GROUP AND GENDER

Region	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Africa	0	0	1	0	0	0	1
America	0	1	2	7	1	0	11
Asia	0	1	7	8	0	1	17
Spain	52	61	71	56	11	6	257
Rest of Europe	22	31	38	24	6	3	124
<b>Total</b>	<b>74</b>	<b>94</b>	<b>119</b>	<b>95</b>	<b>18</b>	<b>10</b>	<b>410</b>

<sup>1</sup> Algeria, Morocco.

<sup>2</sup> Brazil, Canada, Colombia, United States, Mexico, Peru.

<sup>3</sup> China, USA, Malaysia, Singapore, Thailand.

<sup>4</sup> Belgium, Italy, Netherlands, Portugal, United Kingdom.

## INVOLUNTARY LEAVERS IN 2020 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

Corporate professional category	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Manager	0	0	0	2	1	5	8
Head of Department	0	0	1	0	0	2	3
Senior Technician	0	1	2	1	1	3	8
Intermediate Technician	0	0	1	3	2	8	14
Specialist	0	1	13	15	4	6	39
Administrative employee	0	0	3	1	0	0	4
Assistant	0	0	0	1	0	0	1
<b>Total</b>	<b>0</b>	<b>2</b>	<b>20</b>	<b>23</b>	<b>8</b>	<b>24</b>	<b>77</b>

## INVOLUNTARY LEAVERS IN 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

Corporate professional category	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Manager	0	0	0	0	0	1	1
Head of Department	0	0	1	3	1	12	17
Senior Technician	0	0	2	4	2	6	14
Intermediate Technician	0	0	1	4	5	6	16
Specialist	0	6	8	53	6	17	90
Administrative employee	0	0	0	0	0	0	0
Assistant	0	0	0	1	0	0	1
<b>Total</b>	<b>0</b>	<b>6</b>	<b>12</b>	<b>65</b>	<b>14</b>	<b>42</b>	<b>139</b>

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### VOLUNTARY TURNOVER RATE IN 2020 BY REGION, AGE GROUP AND GENDER

Region	Under 30 years		Between 30 and 50 years		Over 50 years	
	Women	Men	Women	Men	Women	Men
Africa <sup>1</sup>	0%	0%	0%	2%	0%	0%
America <sup>2</sup>	0%	0%	2%	5%	0%	1%
Asia <sup>3</sup>	0%	12%	2%	5%	0%	0%
Spain	11%	8%	1%	1%	1%	0%
Rest of Europe <sup>4</sup>	31%	23%	9%	8%	1%	0%

<sup>1</sup> Algeria, Morocco.

<sup>2</sup> Brazil, Canada, Colombia, United States, Mexico, Peru.

<sup>3</sup> China, USA, Malaysia, Singapore, Thailand.

<sup>4</sup> Belgium, Italy, Netherlands, Portugal, United Kingdom.

### VOLUNTARY TURNOVER RATE IN 2019 BY REGION, AGE GROUP AND GENDER

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

<sup>1</sup> Algeria, Morocco.

<sup>2</sup> Brazil, Canada, Colombia, United States, Mexico, Peru.

<sup>3</sup> China, USA, Malaysia, Singapore, Thailand.

<sup>4</sup> Belgium, Italy, Netherlands, Portugal, United Kingdom.

## PATERNITY AND MATERNITY LEAVE IN 2020 AND 2019

Parental leave	2020			2019		
	Women	Men	Total	Women	Men	Total
Number of employees who were entitled to maternity or paternity leave in the reporting period	95	128	223	80	161	241
Number of employees who exercised their right to maternity or paternity leave in the reporting period	144	201	345	131	202	333
Number of employees who returned to work in the reporting period after their maternity or paternity leave ended	108	180	288	116	202	318
Number of employees who returned to work in the previous reporting period after their maternity or paternity leave ended	112	202	314	95	187	282
Number of employees who returned to work in the previous reporting period after their maternity or paternity leave ended and who continue in their job twelve months after their return	98	189	287	86	178	264
<b>Return to work rate</b>	<b>75%</b>	<b>90%</b>	<b>83%</b>	<b>89%</b>	<b>100%</b>	<b>95%</b>
<b>Retention rate</b>	<b>88%</b>	<b>94%</b>	<b>91%</b>	<b>91%</b>	<b>95%</b>	<b>94%</b>

## TEMPORARY EMPLOYMENT REGULATION SCHEMES (ERTES)

List of ERTES carried out	No. of employees affected	Description of affected employees: business area	Start date	End date	Type of ERTE
CEDIPSA 1 <sup>1</sup>	1,068	Service station personnel	01/04/2020	31/10/2020	ETOP*
CEPSA LA RÁBIDA REFINERY	20	Industrial Refining mainly, but also Maintenance and Engineering	01/12/2020	11/04/2021	ETOP*
CEDIPSA 2 <sup>1</sup>	214	Service station personnel	01/12/2020	31/05/2021	ETOP*
<b>Total</b>	<b>1,302</b>				

<sup>1</sup> Each worker is counted only once, despite the fact that they may have been affected by an ERTE in different periods.

<sup>2</sup> For Economic, Technical, Organizational or Production reasons.



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### EMPLOYEES AS OF 31 DECEMBER 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY

Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Executive Committee	0	0	0	0	0	0	0
Manager	0	0	0	0	0	0	0
Head of Department	0	0	0	0	0	0	0
Senior Technician	0	1	0	0	0	1	2
Intermediate Technician	0	0	7	11	4	23	45
Specialist	26	48	447	287	141	298	1,247
Administrative employee	0	0	1	2	2	2	7
Assistant	0	0	0	0	1	0	1
<b>Total</b>	<b>26</b>	<b>49</b>	<b>455</b>	<b>300</b>	<b>148</b>	<b>324</b>	<b>1,302</b>

## ADDITIONAL ISSUES

### INDICATE IF THE COMPANY:

Supplemented Social Security benefits/salary of ERTE workers and to what degree (% of salary).	Salary Supplement of 100% of Fixed Remuneration.
Paid extra paychecks during the ERTE.	These were included in the salary supplement.
Recognized the accrual of holidays during the ERTE period.	No
Carried out training during the ERTE to the affected people and whether this training was remunerated.	CEDIPSA: No CEPSA: In December, training was carried out for affected workers, but during their active periods. Starting in 2021, it will also be carried out during their ERTE period.
Voluntarily made Social Security benefit payments in advance to its employees affected by the ERTE.	CEDIPSA 1: Advances were paid to all employees, except to those workers who requested otherwise. CEPSA: Paid on request, but no requests were received.
Benefited from Social Security contribution exemptions (report qualitatively).	CEDIPSA: No CEPSA: Yes

## TRAINING

### TRAINING RECEIVED BY PROFESSIONAL CATEGORY

Corporate professional category	Hours of training		Hours of training per employee	
	2020	2019	2020	2019
Manager	1,521	2,860	18	34
Head of Department	25,578	34,884	40	53
Senior Technician	93,933	103,305	49	53
Intermediate Technician	41,942	53,713	33	40
Specialist	197,867	176,974	36	30
Administrative employee	1,704	2,395	16	19
Assistant	3,176	5,306	40	54
<b>Total</b>	<b>365,722</b>	<b>379,437</b>	<b>38</b>	<b>37</b>

### HOURS OF TRAINING BY GENDER\*

Gender	Hours of training		Hours of training per employee	
	2020	2019	2020	2019
Women	78,247	83,281	22	22
Men	287,474	296,156	47	46
<b>Total</b>	<b>365,722</b>	<b>379,437</b>	<b>38</b>	<b>37</b>

\* There is a significant difference in person-hours between men and women in the Specialist group. It should be noted that this group includes all job positions in Operations in industrial centers, which have high numbers of training hours. In these groups, the training hours for men and women are exactly the same. However, the number of women is very low compared to men. This means that when this group is grouped together with the rest of the Specialists from other fields, this greater number of men with a high number of training hours shows an average value that is much higher than that of women. Likewise, in other groups, such as managers, Heads of Department and Senior Technicians, the number of hours is even higher for women than for men, and very similar in the case of Intermediate Technicians.

### HOURS OF TRAINING AND EMPLOYEES TRAINED IN HUMAN RIGHTS IN 2020 AND 2019

	2020	2019*
Hours of training	2,396.3	0
Trained employees	1,504	0

\* The Human and Workers' Rights Policy was published in the regulatory system in June 2019. Since then, two lines of work have been established: raising awareness of all kinds of situations of harassment, which has been done and been very widely publicized in the HR area; and starting conversations leading to a global and international framework agreement with the trade unions with the highest representation at Cepsa and with the IndustriALL Global Union, a line of work that we are still working on.

## CHAPTER 8

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## REMUNERATION

Remuneration of Directors and senior management, including type of remuneration received

### AVERAGE REMUNERATION OF SENIOR MANAGEMENT IN 2020 (THOUSANDS OF EUROS)

	Fixed remuneration	Variable remuneration	Directors' fees	Other items	Pension plans and funds	Indemnities
Executive directors	800.00	255.00 <sup>1</sup>	212.00 <sup>2</sup>	10 <sup>3</sup>	200 <sup>4</sup>	0
Non-executive directors	0	0	212.00 <sup>2</sup>	0	0	0
Executive Committee	367.00	718.00 <sup>5</sup>	0	239.00 <sup>6</sup>	75	200

<sup>1</sup> The new CEO only accrued 2 and a half months of the bonus for the year 2019 (paid 2020). In 2019, all pending variable items were paid to the previous CEO due to his departure.

<sup>2</sup> The directors' fees paid each year correspond to amounts accrued in the previous year, but exceptionally in 2018, the outgoing Directors at that time were paid the amounts that should have been paid in 2019, which explains this difference.

<sup>3</sup> Previous year 2019, includes hiring conditions of the new CEO.

<sup>4</sup> The new CEO is included in the social security calculation system that applies to all directors, treating them all in the same way.

<sup>5</sup> The decrease is due to the payment in the previous year of extraordinary incentives derived from the sale of Cepsa shares.

<sup>6</sup> Increase because the item includes the conditions for hiring new members of the Executive Committee.

### AVERAGE REMUNERATION OF SENIOR MANAGEMENT IN 2019 (THOUSANDS OF EUROS)

	Fixed remuneration	Variable remuneration	Directors' fees	Other items	Pension plans and funds	Indemnities
Executive directors	890.00	7,124.00	108.72	112.00	467.00	0
Non-executive directors	0	0	108.72	0	0	0
Executive Committee	369.13	832.62	0	16.50	81.00	0



## RATIO BETWEEN THE HIGHEST COMPENSATION PAID AND THE AVERAGE PAID TO EMPLOYEES BY COUNTRY

Country	2020	2019	Ratio increase
Algeria	1.55	0	0
Belgium	3.22	2.30	0.40
Brazil	14.48	12.56	0.15
Canada	3.72	3.55	0.05
China	4.64	4.81	-0.03
Colombia	6.09	6.77	-0.10
United Arab Emirates	1.00	0	0
Spain	28.15	30.94	-0.09
United States	1.00	0	0
Italy	1.96	2.18	-0.10
Malaysia	1.80	4.60	-0.61
Mexico	1.31	0	0
Netherlands	1.33	1.54	-0.14
Peru	6.80	7.43	-0.08
Portugal	13.49	12.54	0.08
UK	2.74	1.79	0.53
Singapore	5.74	5.77	-0.01
Thailand	1.00	7.10	-0.86

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### RATIO BETWEEN THE STANDARD ENTRY LEVEL MINIMUM WAGE AND THE LOCAL MINIMUM WAGE

Country	Ratio 2020	Ratio 2019
Algeria	4.04	0
Belgium	2.23	2.53
Brazil	1.62	2.83
Canada	2.32	2.75
China	3.27	3.12
Colombia	3.36	2.32
United Arab Emirates	0	0
Spain	1.09	1.06
United States	5.06	0
Italy	3.19	2.57
Malaysia	25.02	2.78
Mexico	5.80	0
Netherlands	2.13	2.10
Peru	6.01	5.13
Portugal	0.32	0
UK	1.80	2.51
Singapore	5.42	1.56
Thailand	4.21	3.91



## AVERAGE SALARY IN 2020 BY REGION, AGE GROUP, CATEGORY AND GENDER (EUROS)

Region	Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years	
		Women	Men	Women	Men	Women	Men
Africa	Manager	-	-	-	-	-	-
	Head of Department	-	-	-	-	-	-
	Senior Technician	-	-	€23,100.12	€21,624.11	-	€24,032.73
	Intermediate Technician	€14,759.66	-	-	€19,416.76	-	-
	Specialist	-	-	-	€11,813.31	-	€15,328.09
	Administrative employee	-	-	€8,400.78	€17,257.37	-	-
	Assistant	-	-	-	-	-	€13,238.38
America	Manager	-	-	-	-	-	€243,888.41
	Head of Department	-	-	€64,495.42	€78,285.76	€88,115.90	€82,089.39
	Senior Technician	-	€22,315.95	€31,967.28	€43,215.45	€37,048.03	€50,579.61
	Intermediate Technician	€27,531.60	€8,768.10	€27,527.39	€26,427.32	€25,211.67	€34,833.29
	Specialist	€11,930.96	€18,238.43	€20,751.75	€27,371.05	€33,514.82	€40,893.55
	Administrative employee	€27,589.10	-	€28,735.46	€16,189.20	-	€9,312.36
	Assistant	-	-	-	€10,637.58	-	€10,741.33
Asia	Manager	-	-	-	-	-	-
	Head of Department	-	-	€93,997.72	€185,550.76	-	€180,416.88
	Senior Technician	-	€11,423.04	€56,698.55	€58,050.80	-	€60,560.91
	Intermediate Technician	€24,660.05	€12,843.95	€81,981.20	€32,464.18	€36,935.18	€37,916.90
	Specialist	-	€18,622.25	€24,131.93	€20,989.45	€22,244.71	€23,241.82
	Administrative employee	€14,454.48	€14,800.70	€24,757.57	€22,597.92	€18,298.78	-
	Assistant	€12,740.86	€11,124.76	€54,528.76	€14,268.70	-	€15,401.22
Europe	Manager	-	-	-	-	-	€345,277.16
	Head of Department	-	-	€69,939.38	€99,983.97	€67,445.09	€91,644.23
	Senior Technician	-	-	€41,040.54	€51,592.54	€60,660.01	€47,006.03
	Intermediate Technician	-	€41,520.19	€20,949.51	€23,684.16	€17,001.09	€29,698.98
	Specialist	€8,765.61	€8,546.91	€11,021.23	€10,002.69	€13,694.76	€11,850.75
	Administrative employee	€48,604.85	€19,533.16	€29,458.41	-	€21,752.09	-
	Assistant	-	-	€8,608.42	-	€8,545.55	-
Spain	Manager	-	-	€256,045.76	€278,354.19	€241,397.90	€378,895.19
	Head of Department	-	-	€100,418.50	€112,205.29	€105,147.99	€111,623.17
	Senior Technician	€39,187.11	€40,967.77	€56,680.47	€60,641.90	€62,955.53	€63,920.62
	Intermediate Technician	€28,665.95	€28,611.76	€38,137.64	€45,843.40	€40,070.99	€42,670.97
	Specialist	€16,553.26	€19,364.00	€20,725.60	€30,785.58	€23,186.83	€26,949.17
	Administrative employee	€19,481.52	-	€32,139.29	€33,444.08	€33,421.67	€34,412.55
	Assistant	€17,383.73	€25,437.91	€19,358.35	€24,202.53	€21,461.27	€27,287.41

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Our people

### AVERAGE SALARY IN 2019 BY REGION, AGE GROUP, CATEGORY AND GENDER (EUROS)

Region	Corporate professional group	Under 30 years		Between 30 and 50 years		Over 50 years	
		Women	Men	Women	Men	Women	Men
America	Manager	-	-	-	€256,244.38	-	€260,081.14
	Head of Department	-	-	€64,991.81	€85,757.57	€90,492.43	€94,093.96
	Senior Technician	-	€29,535.83	€37,516.84	€43,576.76	€42,021.34	€54,135.66
	Intermediate Technician	-	-	€28,690.12	€25,750.40	€22,514.95	€42,400.38
	Specialist	€14,949.47	€20,595.20	€23,045.93	€28,224.49	€36,799.13	€42,562.02
	Administrative employee	€8,755.16	€6,129.70	€24,216.53	€13,820.05	€60,641.10	€9,829.13
	Assistant	-	-	-	€8,511.26	-	€8,676.05
Asia	Manager	-	-	-	-	-	-
	Head of Department	-	-	€105,375.89	€170,019.44	-	€130,175.50
	Senior Technician	-	€10,844.57	€53,115.23	€63,381.29	-	-
	Intermediate Technician	€24,389.47	€15,423.06	€36,408.54	€37,823.09	€33,465.26	€41,625.41
	Specialist	-	€15,210.06	€23,366.77	€23,392.86	-	-
	Administrative employee	€17,198.62	€14,015.13	€22,498.40	€20,421.13	-	€7,552.14
	Assistant	€12,486.70	€12,629.13	€45,226.32	€15,490.98	-	-
Europe	Manager	-	-	-	-	-	€229,160.17
	Head of Department	-	-	€72,320.27	€90,578.47	-	€90,853.38
	Senior Technician	-	-	€41,509.97	€49,059.84	€70,933.73	€44,928.49
	Intermediate Technician	€41,265.74	€39,802.64	€20,548.36	€24,166.24	€20,118.61	€32,955.04
	Specialist	€8,453.60	€8,586.45	€10,686.87	€9,593.49	€15,511.06	€11,416.03
	Administrative employee	-	€19,530.66	€27,138.33	-	€21,499.23	-
	Assistant	-	-	€8,251.70	-	€8,328.99	-
Spain	Manager	-	-	€260,361.55	€359,643.29	€255,478.46	€387,805.99
	Head of Department	-	-	€105,559.46	€115,914.82	€108,619.44	€111,476.92
	Senior Technician	€37,709.55	€40,112.54	€57,367.99	€59,399.45	€62,158.07	€63,407.47
	Intermediate Technician	€27,057.80	€26,726.06	€38,057.05	€44,049.80	€40,673.20	€41,836.76
	Specialist	€16,203.86	€18,345.70	€20,484.68	€28,815.19	€23,668.00	€26,218.13
	Administrative employee	€17,071.60	-	€29,543.38	€30,373.45	€36,249.14	€35,058.87
	Assistant	-	€22,279.35	€19,479.17	€22,926.02	€18,464.31	€25,386.84

## TOTALED AVERAGE SALARIES\*

Age	Totaled average 2020
Manager	€339,434.20
Head of Department	€107,208.28
Senior Technician	€57,699.33
Intermediate Technician	€39,735.48
Specialist	€24,584.87
Administrative employee	€30,213.13
Assistant	€16,879.37

## TOTALED AVERAGE SALARIES\*

Age	Totaled average 2020
Under 30 years of age	€20,809.22
Between 30 and 50 years of age	€39,828.86
Over 50 years of age	€49,895.45

## TOTALED AVERAGE SALARIES\*

Gender	Totaled average 2020
Men	€46,560.10
Women	€32,327.14

(\*) The 2019 figure is not included because in that year it was not yet reported in this way.

## SALARY GAP

### CEPSA'S GROSS SALARY GAP BY PROFESSIONAL CATEGORY\*

	Manager	Head of Department	Senior Technician	Intermediate Technician	Administrative employee	Specialist	Assistant
Salary gap by category 2020	29.38%	9.67%	7.55%	11.67%	2.06%	28.21%	4.71%
Salary gap by category 2019	31.12%	6.59%	5.39%	13.47%	-4.12%	25.13%	7.98%

\* To explain the increase in the salary gap by Corporate Professional Groups in 2020 compared to 2019, we can take the salary gap for Spain, since employees in Spain represent almost 80% of the total. In Spain the salary tables under the Refining and Chemicals Collective Agreement have been updated. These agreements affect a much higher volume of men than women.



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### Analysis of the salary gap at Cepsa (Spain, Portugal and Colombia)

The salary gap, defined in its simplest form, is the difference between the average salary of men and women, expressed as a percentage of the male salary. This gross salary gap requires an analysis of the objective factors that are intervening in these differences, such as the professional group, level of responsibility, age, seniority, etc., so that once the effects generated by the differences in the characteristics of the jobs and the profiles of the professionals of both groups are isolated, we can arrive at the adjusted salary gap.

#### Group

With the aim of covering 95% of the total workforce, the group considered is that of employees registered at 31 December 2020 in a Cepsa Group company in Spain, Portugal and Colombia – companies with a stake of more than 50% –, including those who are temporarily expatriated but who have a suspended employment relationship with one of these companies.

This means in 2020 a group under analysis for Spain, Portugal and Colombia of 8,459, 590 and 169 employees respectively..

#### Calculation of the gross salary gap

For the calculation of the Gross Salary Gap, the statistical average of men's and women's pay has been used in the following formula:

$$\text{Gross salary gap} = \frac{\text{Remuneration (men)} - \text{Remuneration (women)}}{\text{Remuneration (men)}}$$

The result of the gross salary gap for the Cepsa group in Spain is, depending on the remuneration considered, as follows:

- Fixed remuneration:

$$\text{Gross salary gap} = \frac{39,869 \text{ €} - 29,618 \text{ €}}{39,869 \text{ €}} = 25.71\%$$

- Total remuneration  
(fixed remuneration + variable remuneration):

$$\text{Gross salary gap} = \frac{48,369 \text{ €} - 33,972 \text{ €}}{48,369 \text{ €}} = 29.76\%$$

For the Cepsa group in Portugal:

- Fixed remuneration:

$$\text{Gross salary gap} = \frac{16,009 \text{ €} - 12,857 \text{ €}}{16,009 \text{ €}} = 19.68\%$$

- Total remuneration  
(fixed remuneration + variable remuneration)

$$\text{Gross salary gap} = \frac{17,767 \text{ €} - 13,819 \text{ €}}{17,767 \text{ €}} = 22.22\%$$

For the Cepsa group in Colombia:

- Fixed remuneration:

$$\text{Gross salary gap} = \frac{131,556,115 \text{ COP} - 144,303,318 \text{ COP}}{131,556,115 \text{ COP}} = 8.83\%$$

- Total remuneration  
(fixed remuneration + variable remuneration):

$$\text{Gross salary gap} = \frac{157,337,262 \text{ COP} - 177,310,193 \text{ COP}}{157,337,262 \text{ COP}} = 11.26\%$$

#### Calculation of the adjusted salary gap

This calculation has been carried out using a Multiple Linear Regression Model, which has allowed us to know the impact of certain variables on employee salaries. In order to consider these variables, statistically reliable ones have been taken into account due to their correlation coefficients with total remuneration, resulting in the following: the level of classification of the position, the applicable collective agreement, the guarantees of the agreement, seniority, age, company and gender, the latter being the variable to be measured.

A formula similar to that used to calculate the gross salary gap has been used.

$$\text{Adjusted salary gap} = \frac{\text{Remuneration}_j(\text{men}) - \text{Remuneration}_j(\text{women})}{\text{Remuneration}_j(\text{men})}$$

The result obtained is that the adjusted salary gap for the group analyzed and using total remuneration as a reference is 3.35% for the Cepsa group in Spain, 0.14% for the Cepsa group in Portugal and 0.36% in Colombia.

## PENSION PLANS

As well as remuneration, the collective agreements in force establish the universality of employment benefits offered to employees. These benefits include the pension plans with defined contribution obligations for retirement contingencies and defined benefit obligations for disability and death.

To pay the obligations of the Pension Plan, the company has capitalization insurance (mixed insurance policies) through which complementary savings and risk contributions are made to Cepsa's pension plans in Spain. Likewise, the pension plans have insurance policies that cover defined disability and death benefits and, therefore, there is no assumption of risk by the company.

## PERCENTAGE CONTRIBUTION TO PENSION PLANS

Group /Category	% Final base salary Employee		% Final base salary Company	
	2020	2019	2020	2019
Employees covered by Collective Agreement	1	1.00	1.60	1.60
Executive Technicians and Expert Technicians	1.25	1.25	2	2.00
Heads of Department	2	2.00	15% of (Fixed Remuneration - Maximum Pension)	15% of (Fixed Remuneration - Maximum Pension)
Managers	3	3.00	20% of (Fixed Remuneration - Maximum Pension)	20% of (Fixed Remuneration - Maximum Pension)

## LABOR RELATIONS

### NUMBER AND PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS BY COUNTRY\*

Country	2020			2019		
	Nº of employees covered by collective agreement	Nº of employees not covered by collective agreement	% of employees covered by collective agreement	Nº of employees covered by collective agreement	Nº of employees not covered by collective agreement	% of employees covered by collective agreement
Algeria	89	39	70%	91	36	72%
Belgium	0	10	0%	0	9	0%
Brazil	164	14	92%	167	14	92%
Canada	0	66	0%	0	64	0%
China	0	124	0%	0	117	0%
Colombia	128	30	81%	175	28	86%
United Arab Emirates	0	34	0%	0	28	0%
Spain	7,702	575	93%	8,063	603	93%
United States	0	2	0%	0	1	0%
Italy	5	1	83%	6	1	86%
Morocco	0	1	0%	0	1	0%
Malaysia	0	3	0%	0	15	0%
Mexico	9	1	90%	10	2	83%
Netherlands	0	6	0%	0	6	0%
Peru	32	2	94%	47	5	90%
Portugal	576	14	98%	584	15	97%
UK	0	9	0%	0	6	0%
Singapore	0	6	0%	0	7	0%
Thailand	0	38	0%	0	45	0%
<b>Total</b>	<b>8,705</b>	<b>975</b>	<b>90%</b>	<b>9,143</b>	<b>1,003</b>	<b>90%</b>

\* The groups Heads of Department and Managers are considered excluded from the collective agreement.

## CHAPTER 8

Non-financial performance indicators  
Safety of our people, processes and facilities

### 8.6 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES



#### SAFETY

##### Health and safety of our employees

#### HIGHER RISK OCCUPATIONAL HAZARDS DETECTED

Falls of people at different levels	Overexertion
Falls of people at the same level	Exposure to extreme ambient temperatures
Fall of objects due to collapse	Thermal contacts
Fall of objects during handling	Exposure to electrical contacts
Fall of objects due to detachment	Exposure to harmful substances
Stepping on objects	Contact with caustic or corrosive substances
Collisions with a stationary object	Exposure to radiation
Collisions with a moving object	Explosions
Knocks with objects or tools	Fires
Projection of fragments or parts	Accidents caused by living beings
Entrapment by or between objects	Run over or hit by vehicles
Entrapment, overturning of machines or tractors	

##### Accident frequency rate of own personnel broken down by business<sup>1</sup>

#### ACCIDENT FREQUENCY RATE OF OWN PERSONNEL

	2020	2019
Exploration and Production	0.00	0.00
Refining	0.00	2.11
Chemicals	1.39	0.00
Marketing and Distribution	0.74	0.76
Others - Research Center	0.00	0.33
<b>Total</b>	<b>0.50</b>	<b>0.87</b>

<sup>1</sup> Number of accidents with medical leave/actual hours worked x 1,000,000.

## Accident frequency rate of contractors<sup>1</sup>

### ACCIDENT FREQUENCY RATE OF CONTRACTORS

Country	2020	2019
Algeria	0.52	0
Colombia	1.41	0
Spain	1.23	1.48
<b>Total</b>	<b>0.94</b>	<b>0.87</b>

<sup>1</sup> Number of accidents with medical leave/actual hours worked x 1,000,000.

## Accident frequency rate of own personnel broken down by gender<sup>1</sup>

### ACCIDENT FREQUENCY RATE OF OWN PERSONNEL BROKEN DOWN BY GENDER

Country	2020			2019		
	Women	Men	Total	Women	Men	Total
Algeria	-	-	-	-	-	-
Belgium	-	-	-	-	-	-
Brazil	-	7.60	5.85	-	-	-
Canada	-	-	-	-	-	-
China	-	-	-	-	-	-
Colombia	-	-	-	-	-	-
United Arab Emirates	-	-	-	-	-	-
Spain	0.21	0.58	0.45	0.85	1.13	1.03
United States	-	-	-	-	-	-
Italy	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-
Mexico	-	-	-	-	-	-
Morocco	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-
Peru	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
UK	-	-	-	-	-	-
Singapore	-	-	-	-	-	-
Thailand	-	-	-	-	-	-
<b>Total</b>	<b>0.17</b>	<b>0.68</b>	<b>0.50</b>	<b>0.71</b>	<b>0.97</b>	<b>0.87</b>

<sup>1</sup> Number of accidents with medical leave/actual hours worked x 1,000,000.

## CHAPTER 8

Non-financial performance indicators  
Safety of our people, processes and facilities

### Lost day rate<sup>1</sup> (accident severity) of own staff by region and gender

#### LOST DAY RATE (ACCIDENT SEVERITY) BY REGION AND GENDER

Country	2020			2019		
	Women	Men	Total	Women	Men	Total
Algeria	-	-	-	-	-	-
Belgium	-	-	-	-	-	-
Brazil	0	148.27	114.11	-	-	-
Canada	-	-	-	-	-	-
China	-	-	-	-	-	-
Colombia	-	-	-	-	-	-
United Arab Emirates	-	-	-	-	-	-
United States	-	-	-	-	-	-
Spain	7.18	26.97	19.92	45.41	75.27	64.67
Italy	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-
Mexico	-	-	-	-	-	-
Morocco	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-
Peru	-	-	-	-	-	-
Portugal	0	29.67	13.67	-	-	-
UK	-	-	-	-	-	-
Singapore	-	-	-	-	-	-
Thailand	-	-	-	-	-	-
<b>Total</b>	<b>5.92</b>	<b>27.68</b>	<b>19.91</b>	<b>37.62</b>	<b>64.51</b>	<b>54.76</b>

<sup>1</sup> Total number of lost days/actual hours worked x 1,000,000.



## Lost day rate<sup>1</sup> (accident severity) of own staff broken down by business

### LOST DAY RATE (ACCIDENT SEVERITY) BROKEN DOWN BY BUSINESS

	2020	2019
Exploration and Production	0.00	0.00
Refining	0.92	172.41
Chemicals	27.16	0.00
Marketing and Distribution	34.34	38.09
Others - Research Center	0.00	4.64
<b>Total</b>	<b>19.91</b>	<b>54.76</b>

<sup>1</sup> Total number of lost days/actual hours worked x 200,000.

## Incidence of occupational diseases and absenteeism

### INCIDENCE OF OCCUPATIONAL DISEASES AND ABSENTEEISM

	2020			2019		
	Women	Men	Total	Women	Men	Total
Number of occupational diseases <sup>1</sup>	1	-	1	1	-	1
Hours of absenteeism <sup>2,3</sup>	302,065	409,440	711,505	551,737	478,938	1,030,675

<sup>1</sup> There were 2 confirmed cases by the National Social Security Institute, which refer to the same worker.

<sup>2</sup> In 2019, absenteeism covered the following cases: Delay, Unjustified absence, Unpaid leave, Special leave, Medical appointment, Sickness <= 3 days, Sickness 4-15 days, Sickness >= 16 days, Maternity, Paternity, Pregnancy Risk, Breastfeeding Risk and Accidents for all Cepsa companies except for Service Stations, where there is no attendance control system beyond time recording and for which only the following are considered absences with an impact on pay: Unjustified absence, Unpaid leave, Sickness <= 3 days, Sickness 4-15 days, Sickness >= 16 days, Maternity, Paternity, Pregnancy Risk, Breastfeeding Risk and Accidents.

<sup>3</sup> The difference in hours with respect to the previous year is mainly due to a change in criteria in Portugal and Cedipsa. In 2019 all the absenteeism hours from the previous year were reported and, However, in 2020, the hours were factored in such a way that only the hours of the reporting period were taken into account, regardless of whether the absence came from the previous year.



## CHAPTER 8

Non-financial performance indicator  
Responsibility in the supply chain

### SECURITY OF THE FACILITIES

Number of process safety incidents by business.

#### LOST DAY RATE (ACCIDENT SEVERITY) BY REGION AND GENDER

Business	2020		2019	
	Tier1	Tier 2	Tier 1	Tier 2
Exploration and Production	-	-	-	-
Refining	2	1	2	3
Chemicals	2	2	-	1
Marketing and Distribution	-	4	-	1
Others - Research Center	-	-	-	1
<i>Total</i>	<i>4</i>	<i>7</i>	<i>2</i>	<i>6</i>



## 8.7 RESPONSIBILITY IN THE SUPPLY CHAIN



### BREAKDOWN BY SEGMENTS OF THE SUPPLY CHAIN

#### BREAKDOWN BY SEGMENT OF THE SUPPLY CHAIN\*

Segment <sup>1</sup>	No. of suppliers	% of suppliers	Purchase amount <sup>2</sup>	% of the contracted amount
Segment I	77	2.10%	€459,624,616	50.75%
Segment II	163	4.44%	€216,868,197	23.95%
Segment III	267	7.27%	€117,375,078	12.96%
Segment IV	1,075	29.26%	€98,332,962	10.86%
Segment V	2,092	56.94%	€13,396,893	1.48%
<b>Total</b>	<b>3,674</b>	<b>100%</b>	<b>€905,597,746</b>	<b>100%</b>

<sup>1</sup> The segments are broken down as follows: Segment 1: >€2.3M; Segment 2: > 800k<€2.3M; Segment 3: >250k <€800k; Segment 4: >€25k<€250k; Segment 5: <€25k.

<sup>2</sup> The purchase amount is calculated before VAT.

(\*) The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal operations of Cepsa; donations and payments of taxes and fees.

#### BREAKDOWN BY SEGMENT OF THE SUPPLY CHAIN IN 2019\*

Segment <sup>1</sup>	No. of suppliers	% of suppliers	Purchase amount <sup>2</sup>	% of the contracted amount
Segment I	125	2.92%	€844,327,386	60.75%
Segment II	228	5.32%	€299,670,718	21.56%
Segment III	395	9.22%	€149,657,269	10.77%
Segment IV	1,616	37.73%	€90,203,587	6.49%
Segment V	1,919	44.81%	€5,928,614	0.43%
<b>Total</b>	<b>4,283</b>	<b>100.00%</b>	<b>€1,389,787,574</b>	<b>100%</b>

<sup>1</sup> The segments are broken down as follows: Segment 1: >€3M; Segment 2: > 1M<€3M; Segment 3: >300k <€1M; Segment 4: >€10k<€300k; Segment 5: <€10k.

<sup>2</sup> The purchase amount is calculated before VAT.

(\*) The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal operations of the Group; donations and payments of taxes and fees.

#### BREAKDOWN BY GEOGRAPHIC LOCATION OF THE SUPPLY CHAIN IN 2020

	No. of suppliers	% of total Suppliers	Purchase amount <sup>2</sup>	% of purchase amount
Africa	5	0.14%	€271,113	0.03%
America	1,137	30.95%	€92,953,836	10.26%
Asia and Oceania	324	8.82%	€54,236,658	5.99%
Spain	1,812	49.32%	€662,075,530	73.11%
Europe	396	10.78%	€96,060,609	10.61%
<b>Total</b>	<b>3,674</b>	<b>100.00%</b>	<b>€905,597,746</b>	<b>100.00%</b>



## CHAPTER 8

Non-financial performance indicator  
Responsibility in the supply chain

### BREAKDOWN BY GEOGRAPHIC LOCATION OF THE SUPPLY CHAIN IN 2020

	No. of suppliers	% of total Suppliers	Purchase amount <sup>2</sup>	% of purchase amount
Africa	3	0.07%	€177,152	0.01%
America	1,419	33.13%	€154,539,556	11.12%
Asia and Oceania	334	7.80%	€92,964,193	6.69%
Spain	2,095	48.91%	€948,463,393	68.25%
Europe	432	10.09%	€193,643,280	13.93%
<b>Total</b>	<b>4,283</b>	<b>100.00%</b>	<b>€1,389,787,574</b>	<b>100.00%</b>

### PERCENTAGE OF AMOUNT CONTRACTED TO NATIONAL AND LOCAL SUPPLIERS IN 2020 AND 2019\*

Geographic location <sup>1</sup>	% of the amount contracted to national suppliers <sup>2</sup>	% of the amount contracted to local or locally established suppliers <sup>3</sup>	% of the amount contracted to national suppliers <sup>2</sup>	% of the amount contracted to local or locally established suppliers <sup>3</sup>
	2020 <sup>2</sup>		2019 <sup>3</sup>	
Spain	99.99%	47.96%	99.98%	46.75%
Colombia	82.67%	52.38%	100.00%	44.96%
Brazil	100.00%	72.13%	100.00%	72.37%
Others Europe	0.00%	0.00%	0.00%	0.00%
SEA (Thailand, Singapore y Malaysia)	96.94%	20.17%	99.65%	11.05%
China	89.09%	77.83%	95.93%	77.08%
Portugal	70.16%	46.72%	62.14%	33.42%
Peru	99.95%	23.14%	100.00%	23.17%
Canada	92.50%	89.54%	10.94%	9.38%
Other	11.62%	0.00%	0.00%	0.00%
<b>Total</b>	<b>86.70%</b>	<b>42.60%</b>	<b>84%</b>	<b>38%</b>

(\*) Due to the Covid-19 situation, the total amount contracted is lower than last year and the trend of recent years, though the % of national and local purchases is higher, probably due to the same cause.

### SECURITY STAFF TRAINED IN HUMAN RIGHTS POLICIES OR PROCEDURES

	2020		2019	
	Own	Contractors	Own	Contractors
No. of workers who received training	0	89	0	85
No. of workers belonging to security personnel	8	550	8	589
<b>Percentage</b>	<b>0%</b>	<b>16%</b>	<b>0%</b>	<b>14%</b>

## 8.8 TRANSPARENT WITH OUR CUSTOMERS



### MANAGEMENT OF CLAIMS RECEIVED FROM CUSTOMERS

	2020	2019
<b>Claims received</b>	<b>12,245</b>	7,612
<b>Claims considered valid</b>	<b>11,575</b>	7,220
Resolved (%)	96.43%	97.96%
Pending closure (%)	3.57%	2.04%

## 8.9 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE



### DETAILS OF THE SOCIAL INVESTMENT DATA

#### INVESTMENT IN SOCIAL ACTION BY THE CEP SA FOUNDATION BY AREA OF ACTION (EUROS)

	2020	2019
Social support	<b>€2,431,090</b>	€2,465,593
Culture	<b>€194,477</b>	€303,958
Environment	<b>€332,625</b>	€344,867
Science-education	<b>€477,886</b>	€573,992
Sports	<b>€37,078</b>	€141,443
<b>Total</b>	<b>€3,473,158</b>	<b>€3,829,853</b>

### BREAKDOWN OF THE CEP SA FOUNDATION'S SOCIAL INVESTMENT

#### BY COUNTRY

	2020	2019
Brazil	<b>€83,746</b>	€49,521
Canada	<b>€5,787</b>	€5,057
Colombia	<b>€921,823</b>	€1,662,965
Spain	<b>€2,191,835</b>	€1,828,950
Peru	<b>€160,017</b>	€157,476
Portugal	<b>€93,982</b>	€78,772
Algeria	<b>€15,968</b>	€47,112
<b>Total</b>	<b>€3,473,158</b>	<b>€3,829,853</b>

## CHAPTER 8

Non-financial performance indicator  
Relationship with the environment in which we operate

### TYPE OF CONTRIBUTION

	2020	2019
Money	€2,740,175	€2,974,220
Time	€1,669	€14,472
In kind	€67,000	€7,775
Management costs	€664,314	€833,385
<b>Total</b>	<b>€3,473,158</b>	<b>€3,829,853</b>

### TYPE OF CONTRIBUTION

	2020	2019
One-off contribution	€1,921,730	€1,404,863
Social investment	€1,551,428	€2,424,990
<b>Total</b>	<b>€3,473,158</b>	<b>€3,829,853</b>

## BREAKDOWN OF CEPESA'S MANDATORY SOCIAL INVESTMENT

### BY COUNTRY SOCIAL ACTION EP

	2020	2019
Colombia	€18,374	€82,890
Peru	€47,935	€46,792
Thailand	€365,722	€970,620
<b>Total</b>	<b>€432,031</b>	<b>€1,100,302</b>

### TYPE OF CONTRIBUTION<sup>1</sup>

Initiative aligned with the business	€432,031	€1,100,302
<b>Total</b>	<b>432,031</b>	<b>1,100,302</b>

<sup>1</sup> The reduction is mainly due to the cessation of production activity in Thailand in the first half of 2020, and therefore, the associated social investments.

### INVESTMENT BY SCOPE OF ACTION (EUROS)

	2020	2019
Social support	€396,813	€1,015,140
Culture	0	€9,750
Environment	0	€14,850
Science-education	€35,218	€56,962
Sports	0	€3,600
<b>Total</b>	<b>432,031</b>	<b>1,100,302</b>

## OUR MAIN INITIATIVES

### SOCIAL SUPPORT AREA

Country	Initiative	Beneficiaries	Description	Promotor
Spain and Portugal	Donations to food banks in response to Covid-19	General public	Donation to the Spanish Federation of Food Banks (FESBAL) in Spain and to the Portuguese Federation of Food Banks against Hunger. In addition, an appeal was launched directed at Cepsa's employees in Spain, encouraging them to participate in the donation to FESBAL.	Cepsa Foundation
Spain and Portugal	Support for the medical transport of people affected by Covid-19	Sick people	Donation of fuel cards to the Spanish Red Cross and the competent public authorities of Madrid, Huelva and Campo de Gibraltar and in Portugal.	Cepsa Foundation
Brazil, Colombia, Spain and Portugal	Adaptation of the Social Value Awards to Covid-19	Sick people / General public	Increase in the amount contributed to the Social Value Awards in its 16th edition in each of the seven areas where they are held. In addition, at least one of the selected projects in each area was aimed at alleviating the effects of the pandemic.	Cepsa Foundation
Algeria and Colombia	Donation of medical supplies to respond to the Covid-19 crisis	Sick people	Donation for the purchase and delivery of medicines and other medical supplies (gloves, hydroalcoholic gel, masks, gowns and surgical caps, among other items) in for public health services located in the areas of influence where Cepsa operates.	Cepsa Foundation
Spain	Donation of detergents for laundry and household cleaning to vulnerable families	Vulnerable families	Joint donation with the Persán Foundation of 180 tons of Persán's own brand detergent. This donation was channeled through local associations and social services to vulnerable families in Seville, Huelva and Campo de Gibraltar.	Cepsa Foundation
Spain	Remote accompaniment volunteering	Elderly / Sick people	Accompaniment of elderly and sick people of Cepsa volunteers through phone calls, emails or postal letters.	Cepsa Foundation
Peru	Access to water for local communities	Inhabitants of the town of Macuya	Ensuring access to drinking water by supporting the maintenance of wells that were inoperative at the beginning of the quarantine.	Cepsa EP
Algeria	Construction of a covered bus stop	Inhabitants in the area of influence of the BMS Field	Construction of a covered bus stop for the benefit of local inhabitants.	Cepsa EP
Colombia	Drawing up of biosafety protocols (Covid-19) for local companies	Local companies in the Municipality of Maní	Technical assistance and support for the drawing up of biosafety protocols to mitigate Covid-19 for 40 companies in the municipality of Maní, area of influence of the Jaguar - Santiago Pipeline.	Cepsa EP

## CHAPTER 8

Non-financial performance indicator  
*Relationship with the environment in which we operate*

### ENVIRONMENTAL AREA

Country	Initiative	Beneficiaries	Description	Promotor
Spain	SOS Caretta, fishermen for biodiversity	General public	Collaboration with the Regional Government of Andalusia, the Ministry for the Ecological Transition, Ports of Andalusia and fishermen's associations to recover sea turtles in the bays of Cádiz and Huelva.	Cepsa Foundation
Spain	Conservation and improvement of biodiversity in the natural spaces of the Madre Vieja environmental station and Primera de Palos lagoon	General public	Projects for the conservation and improvement of the populations of animal and plant species to increase biodiversity in these areas, with special emphasis on the protection of birds. These include scientific banding programs in both locations and a barn owl recovery project where several specimens have been reared and 19 birds have been released.	Cepsa Foundation

### SCIENTIFIC AND EDUCATIONAL AREA

Country	Initiative	Beneficiaries	Description	Promotor
Spain	Cepsa Foundation Chair of Innovation and Energy Efficiency at the University of La Laguna	General public / Young people	Different activities, including the creation of a team of students with the aim of designing and launching a nanosatellite into orbit; creation of the project, LoRaWAN, to bring IoT (Internet of Things) technology closer to university and high school students.	Cepsa Foundation
Spain	Collaboration with the Fundación General del CSIC in the ComFuturo program	Scientific Community and Young people	Encouraging young research talent in response to the unemployment of highly qualified young scientists, applying their talent in solving problems of industrial and social interest.	Cepsa Foundation
Thailand	"Prince of Songkhla University" scholarships	Students and their families	Granting of educational opportunities to students from families in vulnerable situations to pursue secondary and university studies at the "Prince of Songkhla" University.	Cepsa EP
Colombia	Environmental education workshops in the Vigía Trompillos village of the municipality of Tauramena	Local community in the sphere of influence of the Jilguero Block	Educational workshops with the aim of helping local inhabitants acquire a greater sensitivity and awareness about environmental protection.	Cepsa EP

## RELATIONSHIP WITH INDIGENOUS COMMUNITIES

The Wacoyo Indigenous community benefits from voluntary social investment campaigns carried out annually by Cepsa EP in the sphere of influence of the Caracara operation (Colombia). In 2020, the initiative "Production projects Wacoyo Reserve" was launched, with the aim of improving agricultural practices in the Community and reinforcing its food security.

The Nativa Sinchi Roca community benefits from voluntary social investment campaigns carried out annually by Cepsa EP in the sphere of influence of the Block 131 operation (Peru). In 2020, it benefited from charitable actions to combat the negative effects of the Covid-19 pandemic with deliveries of food and biosecurity supplies.

## IMPACTS ON LOCAL COMMUNITIES

Impact	Response by the company
Flare up due to electrical failure at the Palos de la Frontera site	Cadena Ser Huelva, Cadena COPE and Huelva Información media outlets were informed of what happened and that it was being properly handled.
Incident affecting lagging in one of the pipes of the dock on the Puente Mayorga beach, at the San Roque site	After receiving an alert from the Neighborhood Committee, the person in charge of the area was notified so they could repair it and notify local residents.
Negotiation process regarding Temporary Employment Regulation Schemes at the La Rábida Refinery at the Palos de la Frontera site	The negotiation process was communicated to the mass media and it was explained, from the beginning to the end, to the local, provincial and autonomous authorities.
Fire in a cooling tower at the Palos de la Frontera site	The mass media were notified and an explanation was given to local and provincial authorities and opinion leaders.
Appearance of an oil stain on Valleseco beach, on the Canary Islands site	The Port Authority was informed and, after analysis, it was shown to come from a leak in the Refinery-East Dyke interconnection lines. It was subsequently fixed.



## CHAPTER 8

Non-financial performance indicator  
Transparency and fiscal responsibility

### 8.10 TRANSPARENCY AND FISCAL RESPONSIBILITY



#### COUNTRY BY COUNTRY REPORT 2019

Tax Jurisdiction	Income from third parties	Income from related Entity	Total Income	Profit/(loss) before Corporate Tax
SPAIN	25,133,152,986	21,748,276,966	46,881,429,952	489,638,307
ALGERIA	501,592,162	37,047,874	538,640,036	315,620,588
BELGIUM	3,793,162	28,000	3,821,162	1,146,130
BRAZIL	4,918,000	238,857,704	243,775,704	28,735,533
CANADA	46,266,667	104,126,228	150,392,895	6,635,761
CHINA	0	372,564,943	372,564,943	-4,430,173
COLOMBIA	182,601,687	0	182,601,687	19,968,859
ITALY	1,500,327	54,594,263	56,094,590	3,774,799
LUXEMBOURG	0	4,360,329	4,360,329	2,986,960
MALAYSIA	233,166	51,885,148	52,118,314	17,441,039
MAURITIUS	163,565	0	163,565	165,059
MEXICO	0	57,524	57,524	-4,227,593
MOROCCO	0	7,066,401	7,066,401	528,392
NETHERLANDS	3,952,139	9,205,393	13,157,532	-59,340,293
PANAMA	366,637	202,577,545	202,944,182	-822,378
PERU	27,356	61,331,499	61,358,856	5,232,166
PORTUGAL	272,048,407	930,574,178	1,202,622,585	9,653,633
SINGAPORE	33,130,243	156,604,208	189,734,451	-41,693,935
SURINAME	253,051	0	253,051	-209,346
THAILAND	16,870,691	122,668,880	139,539,571	18,855,633
UNITED ARAB EMIRATES	443,834,761	138,274,306	582,109,067	324,829,814
UNITED KINGDOM	41,189	121,699,270	121,740,459	5,258,725
UNITED STATES OF AMERICA	0	14,519	14,519	4,798



Corporate Tax paid (special VAT payment scheme)	Accrued income tax. Current year	Declared capital	Undistributed profits	Number of workers	Tangible assets other than cash and cash equivalents
29,202,508	5,607,663	3,336,933,314	4,753,949,298	8,596	6,070,446,063
-131,276,331	-171,349,917	0	0	117	487,880,910
-332,756	-360,230	65,000	792,399	8	100,022
-4,221,192	-429,906	174,134,947	98,263,425	181	105,510,129
0	-1,399,829	30,670,471	21,144,195	63	61,004,962
0	0	231,337,201	-194,116,855	117	347,560,375
-738,266	-6,061,844	0	0	210	125,303,208
-668,878	-927,966	6,024,800	6,405,724	6	5,464,368
-74,499	0	2,725,000	36,739,184	0	0
-5,293,041	-9,451,392	27,521,538	3,899,755	15	3,333,944
-20,004	-63,817	2,182	-2,182	0	0
0	850,865	8,788,528	-3,580,930	8	1,084,343
0	-93,869	6,975,219	2,391,440	11	720,615
-738,957	-786,983	184,837,078	19,305,871	5	161,960
0	-33,757	0	-856,135	7	0
-11,974,129	-19,862,089	183,608,925	-107,567,915	55	61,142,037
-4,966,093	-5,088,250	53,541,051	15,235,904	619	147,290,257
-86,106	-2,718,137	242,202,667	-194,139,541	7	10,966,631
0	54,190	0	0	0	0
-40,778,311	-8,846,528	1,752,661	-32,673,156	45	13,498,478
-150,984,400	-291,459,018	30,333,676	-28,143,905	30	1,622,279,898
-993,314	-968,120	3,337,490	8,899,529	9	9,480,589
10,642	-634	8,477	4,164	1	0



## CHAPTER 8

Non-financial performance indicator  
Transparency and fiscal responsibility

Company	Tax Jurisdiction	Tax Jurisdiction Non-Residence
ATLAS, SOCIEDAD ANONIMA, COMBUSTIBLES Y LUBRIFICANTES	SPAIN	
CEPSA ENERGY COMPANY INTERNATIONAL, SL	SPAIN	
CEDIPSA COMPAÑIA ESPAÑOLA DISTRIBUIDORA DE PETROLEOS SA	SPAIN	
CEPSA (RHOURE EL ROUNI) LIMITED	SPAIN	CAYMAN ISLANDS
CEPSA ALGERIE SL	SPAIN	
CEPSA AVIACIÓN SA	SPAIN	
CEPSA BIOENERGIA SAN ROQUE	SPAIN	
CEPSA BUSINESS SERVICES SA	SPAIN	
CEPSA CARD SA	SPAIN	
CEPSA COLOMBIA SA	SPAIN	
CEPSA COMERCIAL PETROLEO SA	SPAIN	
CEPSA E.P. ABU DHABI, S.L.U	SPAIN	
CEPSA EP ESPAÑA S.L.U.	SPAIN	
CEPSA GAS Y ELECTRICIDAD SA	SPAIN	
CEPSA PERU S.A.U.	SPAIN	
CEPSA PETRONUBA S.A.U.	SPAIN	
CEPSA QUIMICA CHINA SA	SPAIN	
CEPSA QUIMICA SA	SPAIN	
CEPSA SA	SPAIN	
CEPSA SURINAM S.L.U	SPAIN	
CEPSA TRADING SA	SPAIN	
CMD AEROPUERTOS CANARIOS SL	SPAIN	
COASTAL ENERGY COMPANY	SPAIN	
COASTAL ENERGY COMPANY (KHORAT) LTD	SPAIN	
COMPANIA ESPAÑOLA DE PETROLEOS SA	SPAIN	
ERS SPAIN GESTIÓN GESTIÓN CORREDURÍA DE SEGUROS, SL	SPAIN	
GENERACIÓN ELÉCTRICA PENINSULAR SA	SPAIN	
OLEODUCTOS CANARIOS SA	SPAIN	

Additional Information

Activities

	Sales, Marketing or Distribution
	Manufacturing or Production
	Sales, Marketing or Distribution
	Manufacturing or Production
	Manufacturing or Production
	Sales, Marketing or Distribution
	Manufacturing or Production
	Administration, Management or Support Services
	Sales, Marketing or Distribution
	Manufacturing or Production
	Sales, Marketing or Distribution
	Manufacturing or Production
	Manufacturing or Production
	Sales, Marketing or Distribution
	Ownership of shares or other instruments representing capital
	Administration, Management or Support Services
	Ownership of shares or other instruments representing capital
	Research & Development
	Ownership of shares or other instruments representing capital
	Manufacturing or Production
	Purchasing or Supplies; Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Ownership of shares or other instruments representing capital
	Ownership of shares or other instruments representing capital
	Research and Development; Ownership or management of intellectual property; Purchases or supplies; Manufacturing or Production; Sales, Marketing or Distribution; Administration, Management or Support Services; Provision of services to non-associated companies; Group internal finances; Insurance; Ownership of shares or other instruments representing capital
	Sales, Marketing or Distribution
	Manufacturing or Production
	Provision of services to non-associated companies

## CHAPTER 8

Non-financial performance indicator  
Transparency and fiscal responsibility

Company	Tax Jurisdiction	Tax Jurisdiction Non-Residence
PETROLEOS DE CANARIAS SA	SPAIN	
PLASTIFICANTES DE LUTXANA SA	SPAIN	
RED ESPAÑOLA DE SERVICIOS S.A.U	SPAIN	
RESSA SERVICE, SL	SPAIN	
SERVICIOS ENERGETICOS DE ALTA EFICIENCIA SA	SPAIN	
SPANISH INTOPLANE SERVICES SL	SPAIN	
SURESA RETAMA S.L.U.	SPAIN	
CEPSA FOUNDATION	SPAIN	
CEPSA FINANCE, SA (SOLE PROPRIETORSHIP)	SPAIN	
CEPSA TREASURY, S.A.	SPAIN	
CEPSA GAS COMERCIALIZADORA SA	SPAIN	
MITRA MEDULAS, S.L.	SPAIN	
MITRA ALFA, S.L.	SPAIN	
MITRA BETA, S.L.	SPAIN	
MITRA GAMMA, S.L.	SPAIN	
CEPSA (RHOURE EL ROUNI) LTD., Algerian Branch	ALGERIA	
CEPSA ALGERIE S.L., Branch in Algeria	ALGERIA	
COMPAÑIA ESPAÑOLA DE PETROLEOS, SAU - Algerie PE (Orhoud)	ALGERIA	
COMPAÑIA ESPAÑOLA DE PETROLEOS, SAU - Algerie PE (RER II)	ALGERIA	
CEPSA QUIMICA BELGIUM, N.V.	BELGIUM	
CEPSA OLEO E GAS DO BRASIL LTDA.	BRAZIL	
DETEN QUIMICA, S.A.	BRAZIL	
PETRESA PARTICIPAÇÕES, LTDA	BRAZIL	
CEPSA CHIMIE BÉCANCOUR, INC.	CANADA	
CEPSA CHEMICAL (SHANGHAI), CO., LTD.	CHINA	
CEPSA COLOMBIA, S.A. (Colombia Branch)	COLOMBIA	
CEPSA ITALIA, S.p.A.	ITALY	
CONSORCIO RESSA	ITALY	
TEIDE RE, S.A.	LUXEMBOURG	



## CHAPTER 8

Non-financial performance indicator  
Transparency and fiscal responsibility

Company	Tax Jurisdiction	Tax Jurisdiction Non-Residence
COASTAL ENERGY KBM SDN BHD	MALAYSIA	
COASTAL ENERGY MALASYA SDN BHD	MALAYSIA	
COASTAL ENERGY SERVICES (MALAYSIA) SDN BHD	MALAYSIA	
OCEAN 66 LTD	MAURITIUS	
DETISA COMERCIAL PETRÓLEO, S.A. DE C.V.	MEXICO	
CEPSA E.P. MEXICO, S DE R.L. DE C.V.	MEXICO	
PETROSUD, S.A.	MOROCCO	
CEPSA MAGHREB, S.A.	MOROCCO	
CEPSA INTERNATIONAL, B.V.	NETHERLANDS	
CEPSA QUIMICA NETHERLANDS, B.V.	NETHERLANDS	
CEPSA PANAMA S.A.	PANAMA	
CEPSA PERUANA, S.A.C.	PERU	
CEPSA PORTUGUESA PETROLEOS, S.A.	PORTUGAL	
PROPEL-PETROLEUM PRODUCTS, L.D.A.	PORTUGAL	
MOPU HOLDINGS (SINGAPORE) PTE LTD	SINGAPORE	
CEPSA TRADING ASIA PTE LTD (SINGAPORE)	SINGAPORE	
ENERGY PRODUCER 3 PTE LTD	SINGAPORE	
ENERGY PRODUCER 4 PTE LTD	SINGAPORE	
ENERGY PRODUCER 6 PTE LTD	SINGAPORE	
ENERGY PRODUCER 7 PTE LTD	SINGAPORE	
CEPSA SURINAM, S.L.U (Suriname Branch)	SURINAME	
CEPSA ENERGY COMPANY INTERNATIONAL, SLU (Thailand Branch)	THAILAND	
CEC SERVICES (THAILAND) LTD.	THAILAND	
NUCOASTAL (THAILAND) LIMITED	THAILAND	
CEPSA MARINE FUELS DMCC	UNITED ARAB EMIRATES	
CEPSA PETROLEUM OPERATIONS MIDDLE EAST LLC	UNITED ARAB EMIRATES	
CEPSA EP ABU DHABI, S.L.U (Abu Dhabi Branch)	UNITED ARAB EMIRATES	
CEPSA UK, LTD.	UNITED KINGDOM	
CEPSA QUIMICA USA, INC	UNITED STATES OF AMERICA	

Additional Information

Activities

	Manufacturing or Production
	Manufacturing or Production
	Administration, Management or Support Services
	No activity
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Manufacturing or Production
	Manufacturing or Production
	Group internal finances
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Manufacturing or Production
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	No activity
	No activity
	No activity
	No activity
	Manufacturing or Production
	Manufacturing or Production
	Administration, Management or Support Services
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Administration, Management or Support Services
	Manufacturing or Production
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution

## CHAPTER 8

Non-financial performance indicator  
Transparency and fiscal responsibility

### COUNTRY BY COUNTRY REPORT 2018

Tax Jurisdiction	Income from third parties	Income from related Entity	Total Income	Profit/(loss) before Corporate Tax
SPAIN	21,890,180,049	26,612,242,952	48,502,423,000	599,620,949
ALGERIA	21,075,167	541,903,096	562,978,262	310,223,823
BELGIUM	0	4,201,024	4,201,024	1,085,098
BRAZIL	243,623,016	1,718,537	245,341,553	24,053,109
CANADA	115,287,240	36,101,105	151,388,345	12,941,410
CHINA	420,186,499	344,326	420,530,825	5,168,228
COLOMBIA	3,775,457	212,210,071	215,985,528	51,263,087
ITALY	49,716,172	1,587,689	51,303,861	3,060,360
LUXEMBOURG	2,494,680	0	2,494,680	1,337,498
MALAYSIA	64,005,357	1,234,773	65,240,131	8,111,288
MAURITIUS	0	375,355	375,355	307,237
MEXICO	0	0	0	-289,59
MOROCCO	0	6,233,261	6,233,261	729,194
NETHERLANDS	94,132	27,085,514	27,179,645	46,682,078
PANAMA	205,281,479	20	205,281,499	963,059
PERU	57,416,282	678,378	58,094,660	22,181,934
PORTUGAL	939,804,523	242,541,297	1,182,345,820	14,049,794
SINGAPORE	0	31,774,443	31,774,443	8,118,731
SURINAME	0	230,046	230,046	3,494,789
THAILAND	144,888,715	14,621,397	159,510,112	33,137,453
UNITED ARAB EMIRATES	247,087,461	3,323,253	250,410,714	1,251,562
UNITED KINGDOM	132,489,769	202,247	132,692,016	5,730,934
UNITED STATES OF AMERICA	2,853,485	0	2,853,485	117,634



Corporate Tax paid (special VAT payment scheme)	Accrued income tax. Current year	Declared capital	Undistributed profits	Number of workers	Tangible assets other than cash and cash equivalents
27,568,350	113,719,915	6,221,897,550	1,402,067,250	8,372	6,723,174,265
116,647,599	112,750,503	0	0	116	550,662,672
300,000	332,835	65,000	0	8	27,168
6,596,025	5,966,058	173,395,076	62,472,831	186	109,653,770
0	3,558,489	30,670,471	15,709,836	63	54,613,466
0	0	231,337,201	-189,686,68	116	355,830,031
6,288,860	-873,09	0	0	228	162,991,766
1,293,622	1,014,098	6,024,800	5,587,333	6	4,549,965
835,361	18,686	2,725,000	2,442,435	0	0
5,474,904	1,550,636	22,885,697	40,044,600	21	4,178,070
172	0	6,045,040	5,113,083	0	0
0	0	53,352	0	0	0
411,865	106,869	6,864,423	0	9	438,295
461,790	572,510	184,837,078	8,867,097	4	24,500
0	42,691	1,227,237	22,151,799	7	16,838,196
13,549,151	29,614,696	208,693,884	-95,952,94	53	93,688,460
2,438,335	5,000,532	53,541,051	20,629,286	61	105,132,911
2,426,951	2,487,709	242,202,667	-149,896,42	6	80,104,501
0	500,603	0	0	0	0
12,706,064	9,897,169	1,752,661	-33,073,17	47	16,126,208
0	0	1,467,215,598	27,734,734	5	703,723
1,369,973	1,088,878	3,337,490	8,208,087	8	6,199,351
11,828	33,006	10,000	0	1	0



## CHAPTER 8

Non-financial performance indicator  
Transparency and fiscal responsibility

Company	Tax Jurisdiction	Tax Jurisdiction Non-Residence
ATLAS, SOCIEDAD ANONIMA, COMBUSTIBLES Y LUBRIFICANTES	SPAIN	
CEC INTERNATIONAL LTD.	SPAIN	CAYMAN ISLANDS
CEDIPSA COMPAÑIA ESPAÑOLA DISTRIBUIDORA DE PETROLEOS SA	SPAIN	
CEPSA (RHOURE DE EL ROUNI) LIMITED	SPAIN	CAYMAN ISLANDS
CEPSA ALGERIE SL	SPAIN	
CEPSA AVIACIÓN SA	SPAIN	
CEPSA BIOENERGIA SAN ROQUE	SPAIN	
CEPSA BUSINESS SERVICES SA	SPAIN	
CEPSA CARD SA	SPAIN	
CEPSA COLOMBIA SA	SPAIN	
CEPSA COMERCIAL PETROLEO SA	SPAIN	
CEPSA DISCO, S.L.U.	SPAIN	
CEPSA E.P. ABU DHABI, S.L.U.	SPAIN	
CEPSA EP ASIA S.L.	SPAIN	
CEPSA EP ESPAÑA S.L.U.	SPAIN	
CEPSA EP S.A.U	SPAIN	
CEPSA GAS Y ELECTRICIDAD SA	SPAIN	
CEPSA SEA, S.L.U	SPAIN	
CEPSA PERU S.A.U.	SPAIN	
CEPSA PETRONUBA S.A.U.	SPAIN	
CEPSA QUIMICA CHINA SA	SPAIN	
CEPSA QUIMICA SA	SPAIN	
CEPSA SA	SPAIN	
CEPSA SURINAM S.L.U	SPAIN	
CEPSA TRADING SA	SPAIN	
CMD AEROPUERTOS CANARIOS SL	SPAIN	
COASTAL ENERGY COMPANY	SPAIN	CAYMAN ISLANDS

Additional Information

Activities

Sales, Marketing or Distribution

Manufacturing or Production

Sales, Marketing or Distribution

Manufacturing or Production

Manufacturing or Production

Sales, Marketing or Distribution

Manufacturing or Production

Administration, Management or Support Services

Sales, Marketing or Distribution

Manufacturing or Production

Sales, Marketing or Distribution

Sales, Marketing or Distribution

Manufacturing or Production

Ownership of shares or other instruments representing capital

Manufacturing or Production

Manufacturing or Production

Sales, Marketing or Distribution

Sales, Marketing or Distribution

Ownership of shares or other instruments representing capital

Administration, Management or Support Services

Ownership of shares or other instruments representing capital

Research and Development; Sales, Marketing or Distribution

Ownership of shares or other instruments representing capital

Manufacturing or Production

Purchasing or Supplies; Sales, Marketing or Distribution

Sales, Marketing or Distribution

Ownership of shares or other instruments representing capital

## CHAPTER 8

Annexes. Non-financial performance indicators  
Transparency and fiscal responsibility

Company	Tax Jurisdiction	Tax Jurisdiction Non-Residence
COASTAL ENERGY COMPANY (KHORAT) LTD	SPAIN	CAYMAN ISLANDS
COMPañIA ESPAÑOLA DE PETROLEOS SA	SPAIN	
ERS Spain S.A.	SPAIN	
ERS SPAIN GESTIÓN GESTIÓN CORREDURÍA DE SEGUROS, SL	SPAIN	
GENERACIÓN ELÉCTRICA PENINSULAR SA	SPAIN	
OLEODUCTOS CANARIOS SA	SPAIN	
PETROLEOS DE CANARIAS SA	SPAIN	
PLASTIFICANTES DE LUTXANA SA	SPAIN	
RED ESPAÑOLA DE SERVICIOS S.A.U	SPAIN	
RESSA SERVICE, SL	SPAIN	
SERVICAR CAMPO DE LAS NACIONES SA	SPAIN	
SERVICIOS ENERGETICOS DE ALTA EFICIENCIA SA	SPAIN	
SPANISH INTOPLANE SERVICES SL	SPAIN	
SURESA RETAMA S.L.U.	SPAIN	
WINGAS DISTRIBUIDORA DE GAS NATURAL, SA	SPAIN	
CEPSA FOUNDATION	SPAIN	
CEPSA FINANCE, SA (SOLE PROPRIETORSHIP)	SPAIN	
CEPSA TREASURY, S.A.	SPAIN	
CEPSA GAS COMERCIALIZADORA SA	SPAIN	
CEPSA (RHOURE EL ROUNI) LTD., Algerian Branch	ALGERIA	
CEPSA ALGERIE S.L., Branch in Algeria	ALGERIA	
COMPañIA ESPAÑOLA DE PETROLEOS, SAU - Algeria PE (Orhoud)	ALGERIA	
COMPañIA ESPAÑOLA DE PETROLEOS, SAU - Algeria PE (RER II)	ALGERIA	
CEPSA QUIMICA BELGIUM, N.V.	BELGIUM	
CEPSA OLEO E GAS DO BRASIL LTDA.	BRAZIL	
DETEN PAR EMPREENDIMIENTOS LTDA	BRAZIL	
DETEN QUIMICA, S.A.	BRAZIL	

Additional Information

Activities

	Ownership of shares or other instruments representing capital
	Research and Development; Ownership or management of intellectual property; Purchases or supplies; Manufacturing or Production; Sales, Marketing or Distribution; Administration, Management or Support Services; Provision of services to non-associated companies; Group internal finances; Insurance; Ownership of shares or other instruments representing capital
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Manufacturing or Production
	Provision of services to non-associated companies
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	No activity
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
NON-PROFIT ORGANIZATIONS	Other
	Group internal finances
	Group internal finances
	Sales, Marketing or Distribution
	Manufacturing or Production
	Manufacturing or Production
	Manufacturing or Production
	Manufacturing or Production
	Sales, Marketing or Distribution
	Manufacturing or Production
	Manufacturing or Production
	Manufacturing or Production

## CHAPTER 8

Non-financial performance indicator  
Transparency and fiscal responsibility

Company	Tax Jurisdiction	Tax Jurisdiction Non-Residence
PETRESA PARTICIPAÇÕES, LTDA	BRAZIL	
CEPSA CHIMIE BÉCANCOUR, INC.	CANADA	
CEPSA CHEMICAL (SHANGHAI), CO., LTD.	CHINA	
CEPSA COLOMBIA, S.A. (Colombia Branch)	COLOMBIA	
CEPSA ITALIA, S.p.A.	ITALY	
CONSORCIO RESSA	ITALY	
TEIDE RE, S.A.	LUXEMBOURG	
COASTAL ENERGY KBM SDN BHD	MALAYSIA	
COASTAL ENERGY MALASYA SDN BHD	MALAYSIA	
COASTAL ENERGY SERVICES (MALAYSIA) SDN BHD	MALAYSIA	
OCEAN 66 LTD	MAURITIUS	
DETISA COMERCIAL PETRÓLEO, S.A. DE C.V.	MEXICO	
CEPSA E.P. MEXICO, S DE R.L. DE C.V.	MEXICO	
PETROSUD, S.A.	MOROCCO	
CEPSA MAGHREB, S.A.	MOROCCO	
CEPSA INTERNATIONAL, B.V.	NETHERLANDS	
CEPSA QUIMICA NETHERLANDS, B.V.	NETHERLANDS	
CEPSA PANAMA S.A.	PANAMA	
CEPSA PERUANA, S.A.C.	PERU	
CEPSA PORTUGUESA PETROLEOS, S.A.	PORTUGAL	
PROPEL-PETROLEUM PRODUCTS, L.D.A.	PORTUGAL	
MOPU HOLDINGS (SINGAPORE) PTE LTD	SINGAPORE	
CEPSA TRADING ASIA PTE LTD (SINGAPORE)	SINGAPORE	
ENERGY PRODUCER 3 PTE LTD	SINGAPORE	
ENERGY PRODUCER 4 PTE LTD	SINGAPORE	
ENERGY PRODUCER 6 PTE LTD	SINGAPORE	
ENERGY PRODUCER 7 PTE LTD	SINGAPORE	

Additional Information

Activities

	No activity
	Manufacturing or Production
	Manufacturing or Production
	Manufacturing or Production
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Insurance
	Manufacturing or Production
	Manufacturing or Production
	Administration, Management or Support Services
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Manufacturing or Production
	Manufacturing or Production
	Group internal finances
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Manufacturing or Production
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	Sales, Marketing or Distribution
	No activity
	No activity
	No activity
	No activity

## CHAPTER 8

Non-financial performance indicator  
Transparency and fiscal responsibility

Company	Tax Jurisdiction	Tax Jurisdiction Non-Residence
CEPSA SURINAM, S.L.U (Suriname Branch)	SURINAME	
CEPSA ENERGY COMPANY INTERNATIONAL, SLU (Thailand Branch)	THAILAND	
CEC SERVICES (THAILAND) LTD.	THAILAND	
NUCOASTAL (THAILAND) LIMITED	THAILAND	
CEPSA MARINE FUELS DMCC	UNITED ARAB EMIRATES	
CEPSA PETROLEUM OPERATIONS MIDDLE EAST LLC	UNITED ARAB EMIRATES	
CEPSA EP ABU DHABI, S.L.U (Abu Dhabi Branch)	UNITED ARAB EMIRATES	
CEPSA UK, LTD.	UNITED KINGDOM	
CEPSA QUIMICA USA, INC	UNITED STATES OF AMERICA	



Additional Information

Activities

Manufacturing or Production

Manufacturing or Production

Administration, Management or Support Services

Sales, Marketing or Distribution

Sales, Marketing or Distribution

Administration, Management or Support Services

Manufacturing or Production

Sales, Marketing or Distribution

Sales, Marketing or Distribution







**INTEGRATED  
MANAGEMENT REPORT**



2020





**> 09.**

**ANNEXES III:  
GRI INDICATORS INDEX**

09.

# > ANNEXES. GRI INDICATORS INDEX

Field	Indicator	Description
ORGANIZATION PROFILE	102-1	Name of the organization
ORGANIZATION PROFILE	102-2	Activities, brands, products, and services
ORGANIZATION PROFILE	102-3	Location of the headquarters
ORGANIZATION PROFILE	102-4	Location of operations
ORGANIZATION PROFILE	102-5	Ownership and legal form
ORGANIZATION PROFILE	102-6	Markets served

**CHAPTER 9**

Gri indicators index



**Chapter**

**Section**

**Direct Response**

2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN

2.1 OUR DIVERSIFIED BUSINESS MODEL

2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN

2.1 OUR DIVERSIFIED BUSINESS MODEL

2.2 A GLOBAL COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN.

2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN

2.3. CEPESA'S PRESENCE AROUND THE WORLD

2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN

2.3. CEPESA'S PRESENCE AROUND THE WORLD

Cepsa (Compañía Española de Petróleos, S.A.) is a public limited company.

2.1 OUR DIVERSIFIED BUSINESS MODEL

2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN

2.2 A GLOBAL COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN

2.3. CEPESA'S PRESENCE AROUND THE WORLD

## CHAPTER 9

Gri indicators index

Field	Indicator	Description
ORGANIZATION PROFILE	102-7	Scale of the organization
ORGANIZATION PROFILE	102-8	Information about employees and other workers
ORGANIZATION PROFILE	102-9	Supply Chain
ORGANIZATION PROFILE	102-10	Significant changes to the organization and its supply chain
ORGANIZATION PROFILE	102-11	Precautionary principle or approach
ORGANIZATION PROFILE	102-12	External initiatives
ORGANIZATION PROFILE	102-13	Membership of associations
STRATEGY	102-14	Statement from senior executives in charge of decision-making
STRATEGY	102-15	Main impacts, risks, and opportunities
ETHICS AND INTEGRITY	102-16	Values, principles, standards, and rules of conduct

Chapter	Section	Direct Response
2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN	2.1 OUR DIVERSIFIED BUSINESS MODEL	
5. FINANCIAL AND OPERATIONAL PERFORMANCE	5.1 MAIN FINANCIAL AND OPERATING INDICATORS	
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Description of the template	
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Description of the template	
Annex of indicators	Our people	
6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain	
6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain	
6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Supplier relationship management	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations	
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations	
LETTER FROM THE CHAIRMAN		
LETTER FROM THE CEO		
3. READY FOR THE FUTURE	3.1 STRATEGIC PILLARS FOR THE ENERGY TRANSITION	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 RISK MANAGEMENT. Risk management model	
6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change risks and opportunities	
Other annexes	Cepsa risks	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Ethics and corporate policies	

## CHAPTER 9

Gri indicators index

Field	Indicator	Description
ETHICS AND INTEGRITY	102-17	Counselling mechanisms and ethical concerns
GOVERNANCE	102-18	Governance structure
GOVERNANCE	102-19	Delegation of authority
GOVERNANCE	102-20	Executive-level responsibility for economic, environmental, and social matters
GOVERNANCE	102-21	Consulting stakeholders on economic, environmental, and social matters
GOVERNANCE	102-22	Composition of the highest management body and its committees
GOVERNANCE	102-23	Chair of the highest management body

Chapter	Section	Direct Response
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Ethics and corporate policies	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies	
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies	
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	<p>In terms of people in executive positions or with responsibility for economic, environmental and social matters, Cepsa is organized into various Business Units and Cross-Cutting Services. Responsibility for economic matters lies with the Economic and Financial Department; responsibility for environmental matters with the areas that report to the Head of HSEQ; and responsibility for social matters with the Communication and Institutional Relations Department and the General Secretariat, among others.</p> <p>The heads of these departments are members of the Executive Committee, which is chaired by the Chief Executive Officer, who reports directly to the Board of Directors on the most important issues.</p>
		<p>Cepsa carries out various stakeholder consultation processes. The conclusions of these more important processes are sent directly to the management body, which delegates the implementation of the processes to the functional areas in charge of each of them.</p>
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies	



## CHAPTER 9

Gri indicators index

Field	Indicator	Description
GOVERNANCE	102-24	Nominating and selecting the highest management body
GOVERNANCE	102-25	Conflicts of interest
GOVERNANCE	102-26	Role of the highest management body in the setting of goals, values, and strategy
GOVERNANCE	102-27	Collective knowledge of highest governance body
GOVERNANCE	102-28	Assessment of the performance of the highest management body
GOVERNANCE	102-29	Identifying and managing economic, environmental, and social impacts

Chapter	Section	Direct Response
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies	Cepsa has a Conflicts of Interest Policy that lays down the action procedures to be followed at the company in matters of prevention or, where applicable, to deal with any conflicts of interest affecting any shareholders, Board members, executives or other employees in their relations with the company, as well as any conflicts that may arise with customers, suppliers, and other stakeholders. This Policy establishes an obligation for the company's workers and stakeholders to proactively declare any possible conflict of interest. In addition, every year the Ethics and Compliance Office asks Executives, Department Heads and units deemed to be at risk to fill in a questionnaire declaring any conflicts of interest.
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Corporate governance adapted to best practices	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Corporate governance adapted to best practices	
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	No self-assessment was carried out on the performance of the Board in 2020, although this is planned for future years.
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	

## CHAPTER 9

Gri indicators index

Field	Indicator	Description
GOVERNANCE	102-30	Effectiveness of risk management processes
GOVERNANCE	102-31	Review of economic, environmental, and social issues
GOVERNANCE	102-32	The highest management body's role in sustainability reporting
GOVERNANCE	102-33	Reporting of critical concerns to the highest management body
GOVERNANCE	102-34	Nature and total number of critical concerns
GOVERNANCE	102-35	Remuneration policies

Chapter	Section	Direct Response
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 RISK MANAGEMENT. Risk management model	The Board delegates the supervision of corporate social responsibility matters to the Audit, Compliance, Ethics and Risk Committee ("ACER Committee"), whose own Regulations state that it must review and propose to the Board, for its approval, the action policies relating to the main stakeholders, specifically the Corporate Responsibility Policy, and oversee the annual corporate responsibility action plan and the degree of progress of the commitments acquired in this field.
Other annexes	Cepsa risks	The Board assesses any matters of this type that may be relevant at each of its meetings. This is in addition to the specific reviews of the Audit, Compliance, Ethics and Risk Committee on the implementation of the Annual Corporate Social Responsibility Plan.
About this report		Under Law 11/2018 of 28 December 2018, Cepsa's Board of Directors is the body that approves the Annual Integrated Management Report. It must do this at the same time as the Annual Accounts, thus complying with the obligation contained in that law to subject the company's non-financial information to the same criteria as the management report with regard to approval, filing and publication.
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	The Board and its delegated committees are informed by the company's executives of all the critical matters that may arise during the operation. Once all necessary decisions have been taken, the Board delegates the measures required to manage such situations to the organization's executives.
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	

## CHAPTER 9

### Gri indicators index

Field	Indicator	Description
GOVERNANCE	102-36	Processes for establishing the amount of remuneration
GOVERNANCE	102-37	Stakeholder engagement in remuneration
GOVERNANCE	102-38	Total annual compensation ratio
GOVERNANCE	102-39	Percentage increase in total annual compensation
PARTICIPATION OF STAKEHOLDERS	102-40	List of stakeholders
PARTICIPATION OF STAKEHOLDERS	102-41	Collective bargaining agreements
PARTICIPATION OF STAKEHOLDERS	102-42	Identification and selection of stakeholders
PARTICIPATION OF STAKEHOLDERS	102-43	Approaches to stakeholder engagement
PARTICIPATION OF STAKEHOLDERS	102-44	Key topics and concerns raised
REPORTING PRACTICE	102-45	Entities included in the consolidated financial statements
REPORTING PRACTICE	102-46	Defining the contents of reports and the coverage of matters
REPORTING PRACTICE	102-47	List of material topics
REPORTING PRACTICE	102-48	Restatements of information

Chapter	Section	Direct Response
		Cepsa has worked with an external consultant, who has analyzed the structure and competitiveness of the Senior Management's remuneration policies in order to apply the desired structure and levels to them.
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	As Cepsa only has two shareholders, the decisions relating to remuneration are taken by the ultimate decision-making bodies in which they are both involved.
Annex of indicators	Our people	
Annex of indicators	Our people	
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. Stakeholder engagement	
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Labor Relations	
		Stakeholders and matters of relevance are identified and prioritized taking the following into account: the extent to which they may affect Cepsa's activities in the achievement of its goals; the degree of attention regarding Cepsa's activities, products, services or performance; and the level of availability to help Cepsa achieve its goals.
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. Stakeholder engagement	
6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. Stakeholder engagement	
		See Consolidated Financial Statements and Consolidated Directors' Report for the year ended 31 December 2020.
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About this report		
		Restatements of information are indicated throughout the report.

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Field	Indicator	Description
REPORTING PRACTICE	102-49	Changes in reporting
REPORTING PRACTICE	102-50	Reporting period
REPORTING PRACTICE	102-51	Date of last report
REPORTING PRACTICE	102-52	Reporting cycle
REPORTING PRACTICE	102-53	Contact point for questions about the report
REPORTING PRACTICE	102-54	Statement of preparation of the report in accordance with the GRI Standards
REPORTING PRACTICE	102-55	GRI Content Index
REPORTING PRACTICE	102-56	External verification
FINANCIAL PERFORMANCE	Management approach (103-1, 103-2 and 103-3)	
FINANCIAL PERFORMANCE	201-1	Direct economic value generated and distributed
FINANCIAL PERFORMANCE	201-2	Financial implications and other risks and opportunities arising from climate change
FINANCIAL PERFORMANCE	201-3	Obligations under the defined benefit plan and other retirement plans
FINANCIAL PERFORMANCE	201-4	Financial assistance from the government
MARKET PRESENCE	Management approach (103-1, 103-2 and 103-3)	

Chapter	Section	Direct Response
About this report		
About this report		
		2019
		Annual
About this report		
About this report		
GRI crosswalk table		
		Independent Limited Assurance Report on the Consolidated Non-Financial Information Statement of Compañía Española de Petróleos, S.A. and subsidiaries for the year 2020.
5. ECONOMIC AND OPERATIONAL PERFORMANCE		
Annex of indicators	Economic and operational performance	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 RISK MANAGEMENT. Risk management model. ESG risks.	
Other annexes	Cepsa risks	
6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change risks and opportunities	
6.4 OUR PEOPLE	REMUNERATION	The contribution percentages in the Pension Plans as compared with the remuneration of the Board of Directors are governed by the company's bylaws, and the Nominations and Remuneration Committee is responsible for reviewing and proposing this remuneration, which is in turn approved by the Board of Directors.
5. ECONOMIC AND OPERATIONAL PERFORMANCE		The financial assistance received from public bodies in 2020 and 2019 was: €23.3 million and €21.2 million respectively.
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	



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Gri indicators index

Field	Indicator	Description
MARKET PRESENCE	202-1	Ratios of standard entry level wage by gender compared to local minimum wage
MARKET PRESENCE	202-2	Proportion of senior executives hired from the local community
INDIRECT ECONOMIC IMPACTS	Management approach (103-1, 103-2 and 103-3)	
INDIRECT ECONOMIC IMPACTS	203-1	Investments in infrastructure and supported services
INDIRECT ECONOMIC IMPACTS	203-2	Significant indirect economic impacts
PROCUREMENT PRACTICES	Management approach (103-1, 103-2 and 103-3)	
PROCUREMENT PRACTICES	204-1	Proportion of spending on local suppliers
ANTI-CORRUPTION	Management approach (103-1, 103-2 and 103-3)	
ANTI-CORRUPTION	205-1	Operations assessed for corruption-related risks
ANTI-CORRUPTION	205-2	Communication and training about anti-corruption policies and procedures

Chapter	Section	Direct Response
Annex of indicators	Our people	
Annex of indicators	Our people	
6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Commitment and social management	
6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators	
Annex of indicators	Relationship with the environment in which we operate	
6. ESG PERFORMANCE	RESPONSIBILITY IN OUR SUPPLY CHAIN. Description of our supply chain	
6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators	
Annex of indicators	Relationship with the environment in which we operate	
6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain	
6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain	
Annex of indicators	Responsibility in our supply chain	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering	
Annex of indicators	Ethics and compliance	

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Field	Indicator	Description
ANTI-CORRUPTION	205-3	Verified cases of corruption and measures taken
UNFAIR COMPETITION PRACTICES	Management approach (103-1, 103-2 and 103-3)	
UNFAIR COMPETITION PRACTICES	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices
TAXATION	Management approach (103-1, 103-2 and 103-3)	
TAXATION	207-1	Fiscal approach
TAXATION	207-2	Fiscal governance, risk management and control
TAXATION	207-3	Stakeholder engagement and management of concerns
TAXATION	207-4	Presentation of the report by country
MATERIALS	Management approach (103-1, 103-2 and 103-3)	
MATERIALS	301-1	Materials used by weight or volume
MATERIALS	301-2	Recycled materials
ENERGY	Management approach (103-1, 103-2 and 103-3)	

Chapter	Section	Direct Response
		There have been no confirmed cases of corruption at Cepsa. No public legal cases related to cases of corruption have been filed against the organization or any of its employees.
		Cepsa has a competition defense model whose aim is to ensure the company's good performance in this field. The model is overseen by the Audit, Compliance, Ethics and Risk Committee.
Annex of indicators	Ethics and compliance. Fines	
6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Management approach	
6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Management approach	
6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Management approach Fiscal governance Reporting of tax risks to the highest management body	
6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Best tax practices and collaboration with public administrations	
Annex of indicators	Transparency and fiscal responsibility	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
Annex of indicators	Reduction of our environmental impact	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
Annex of indicators	Reduction of our environmental impact	
6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Management approach	

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Field	Indicator	Description
ENERGY	302-1	Energy consumption within the organization
ENERGY	302-2	Energy consumption outside the organization
ENERGY	302-3	Energy intensity
ENERGY	302-4	Reduction of energy consumption
ENERGY	302-5	Reduction in product and service energy requirements
WATER	Management approach (103-1, 103-2 and 103-3)	
WATER	303-1	Interaction with water as a shared resource
WATER	303-2	Management of water discharge-related impacts
WATER	303-3	Water extraction
WATER	303-4	Water discharges
WATER	303-5	Water consumption

Chapter	Section	Direct Response
Annex of indicators	Climate change	
Annex of indicators	Climate change	
Annex of indicators	Climate change	
6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Efficient use of energy	
6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Transformation and low carbon products	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	
Annex of indicators	Reduction of our environmental impact	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	
Annex of indicators	Reduction of our environmental impact	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	
Annex of indicators	Reduction of our environmental impact	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	The company has a specific procedure to ensure control of this activity. In addition, it also works with specialized and accredited companies that corroborate compliance with quality objectives in the receiving environment.
Annex of indicators	Reduction of our environmental impact	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	
Annex of indicators	Reduction of our environmental impact	

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Field	Indicator	Description
BIODIVERSITY	Management approach (103-1, 103-2 and 103-3)	
BIODIVERSITY	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
BIODIVERSITY	304-2	Significant impact of activities, products and services on biodiversity
BIODIVERSITY	304-3	Protected or restored habitats
EMISSIONS	Management approach (103-1, 103-2 and 103-3)	
EMISSIONS	305-1	Direct GHG emissions (Scope 1)
EMISSIONS	305-2	Indirect GHG emissions in the generation of energy (scope 2)
EMISSIONS	305-3	Other indirect GHG emissions (scope 3)
EMISSIONS	305-4	Intensity of GHG emissions

Chapter	Section	Direct Response
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Protection of biodiversity and ecosystems. Protection of the marine environment	
Annex of indicators	Reduction of our environmental impact	
Annex of indicators	Reduction of our environmental impact	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Protection of biodiversity and ecosystems	Cepsa designs and puts in place Biodiversity Action Plans (BAP) using a defined internal procedure to promote the recovery of biodiversity in the areas in which we operate, as well as to make up for the residual impact that could not be eliminated with preventive measures.
Annex of indicators	Reduction of our environmental impact	
6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Management approach	
6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change metrics	
Annex of indicators	Climate change	
6.2 CLIMATE CHANGE	6.2 CLIMATE CHANGE. Climate change metrics	
Annex of indicators	Climate change	
6.2 CLIMATE CHANGE	6.2 CLIMATE CHANGE. Climate change metrics	
Annex of indicators	Climate change	
6.2 CLIMATE CHANGE	6.2 CLIMATE CHANGE. Climate change metrics	
Annex of indicators	Climate change	



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Field	Indicator	Description
EMISSIONS	305-5	Reduction of GHG emissions
EMISSIONS	305-6	
EMISSIONS	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions
EFFLUENTS AND WASTE	Management approach (103-1, 103-2 and 103-3)	
EFFLUENTS AND WASTE	306-2	Waste by type and disposal method
EFFLUENTS AND WASTE	306-3	Significant spills
EFFLUENTS AND WASTE	306-4	Hazardous waste transport
ENVIRONMENTAL COMPLIANCE	Management approach (103-1, 103-2 and 103-3)	
ENVIRONMENTAL COMPLIANCE	307-1	Non-compliance with environmental legislation and regulations
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS	Management approach (103-1, 103-2 and 103-3)	

Chapter	Section	Direct Response
6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Efficient use of energy	
	6.2 CLIMATE CHANGE. Transformation and low carbon products	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Atmospheric emissions	
Annex of indicators	Climate change	
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	In terms of protecting the soil and groundwater against the impact of accidental effluent and waste spills, Cepsa's management team focuses on the prevention of leaks and spills. If this happens, Cepsa has early warning mechanisms or control procedures as provided in PR-185 "Environmental Soil Management". Furthermore, Cepsa has checkpoints for the regular monitoring and control of groundwater. This tool is essential for the early detection of potential leaks or spills.
6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
Annex of indicators	Reduction of our environmental impact	
Annex of indicators	Reduction of our environmental impact	
Annex of indicators	Reduction of our environmental impact	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Compliance management system	
Annex of indicators	Ethics and compliance	
6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Supplier relationship management. Main phases in the management of relationships with suppliers	

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Field	Indicator	Description
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS	308-1	New suppliers that have got through the assessment and selection filters in accordance with environmental criteria
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS	308-2	Negative environmental impacts on the supply chain, and steps taken
EMPLOYMENT	Management approach (103-1, 103-2 and 103-3)	
EMPLOYMENT	401-1	New hires and staff turnover
EMPLOYMENT	401-2	Benefits for full-time employees that are not available to part-time or temporary employees

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A large proportion of the suppliers that have embarked on a business relationship with Cepsa in the reporting period have been validated in accordance with environmental and social criteria. In 2020, 330 suppliers embarked on such a relationship. Of these, 120 belonged to the company's procurement area. Of these, 266 (112 of them from the procurement area) received the assessments. In 2019, there were 428 suppliers (193 in the procurement area), of which 354 were validated (190 from procurement).

The main potential environmental impacts identified have been, among others: Widespread catastrophic contamination with irreversible environmental consequences, and major contamination extending beyond the site and its surroundings leading to very serious and long-term environmental damage to habitats or species or the loss of ecosystem services relative to their original state. In any case, no suppliers with known significant negative environmental impacts were identified in 2020 and 2019.

6. ESG PERFORMANCE

6.4 OUR PEOPLE. Management model

6. ESG PERFORMANCE

6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance

Annex of indicators

Our people

Our collective agreements establish universality for these purposes. Part-time or temporary employees are not entitled to any corporate benefits to which full-time / permanent employees are not entitled.

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Field	Indicator	Description
EMPLOYMENT	401-3	Parental leave
LABOR RELATIONS	Management approach (103-1, 103-2 and 103-3)	
LABOR RELATIONS	402-1	Minimum notice periods for operational changes
OCCUPATIONAL HEALTH AND SAFETY	Management approach (103-1, 103-2 and 103-3)	
OCCUPATIONAL HEALTH AND SAFETY	403-1	Occupational health and safety management system
OCCUPATIONAL HEALTH AND SAFETY	403-2	Hazard identification, risk assessment, and incident investigation
OCCUPATIONAL HEALTH AND SAFETY	403-5	Worker training on occupational health and safety

Chapter	Section	Direct Response
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Acquisition and retention of talent. Talent acquisition and retention indicators	
Annex of indicators	Our people	
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Labor Relations	Cepsa complies with the minimum notice agreements in relation to possible operational changes provided for in the collective bargaining agreements or, in default thereof, in the laws and regulations applicable in each country.
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the safety and health of our people	
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors	The number of employees and other (non-employed) workers whose work or workplace is controlled by the organization and covered by an occupational health and safety management system subject to third-party audit or certification in 2020 was 3,440 and 3,183 respectively, and 3,516 and 4,339 respectively in 2019. (Data for employees and other (non-employed) workers of Colombia and the Mathosinhos Plant are not included.) The number of workplaces whose work or workplace is controlled by the organization and covered by an occupational health and safety management system subject to third-party audit or certification in 2020 and 2019 was 20.
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment	
Annex of indicators	Safety of our people, processes and facilities	
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment Key security indicators	

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Field	Indicator	Description
OCCUPATIONAL HEALTH AND SAFETY	403-6	Promotion of workers' health
OCCUPATIONAL HEALTH AND SAFETY	403-8	Workers covered by an occupational health and safety management system
OCCUPATIONAL HEALTH AND SAFETY	403-9	Work-related injuries
HEALTH AND SAFETY AT WORK	403-10	Occupational illnesses and ailments
TRAINING AND EDUCATION	Management approach (103-1, 103-2 and 103-3)	
TRAINING AND EDUCATION	404-1	Average number of hours of training per year per employee
TRAINING AND EDUCATION	404-2	Employee skill enhancement and transition assistance programs



Chapter	Section	Direct Response
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Healthy Company	
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors	See response to indicator 403-1
Annex of indicators	Safety of our people, processes and facilities	
Annex of indicators	Safety of our people, processes and facilities	
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
Annex of indicators	Our people	
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
Annex of indicators	Our people	





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Field	Indicator	Description
DIVERSITY AND EQUAL OPPORTUNITY OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT	Management approach (103-1, 103-2 and 103-3)	
DIVERSITY AND EQUAL OPPORTUNITY OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT	405-1	Diversity in employee and management bodies
DIVERSITY AND EQUAL OPPORTUNITY OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT	405-2	Women vs. men basic salary and remuneration ratio
NON-DISCRIMINATION	Management approach (103-1, 103-2 and 103-3)	
NON-DISCRIMINATION	406-1	Cases of discrimination and corrective steps taken
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	Management approach (103-1, 103-2 and 103-3)	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk
CHILD LABOR	Management approach (103-1, 103-2 and 103-3)	

Chapter	Section	Direct Response
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies. Appointment of the members of the management bodies	
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	
Annex of indicators	Our people	
6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	
Annex of indicators	Our people	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
		<p>No non-compliances were detected in this regard in 2020. Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees. There is no indication of any risk factors at Cepsa that could place its employees' right to collective bargaining at risk.</p> <p>No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.</p>
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	

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Gri indicators index

Field	Indicator	Description
CHILD LABOR	408-1	Operations and suppliers at significant risk for incidents of child labor
FORCED LABOR	Management approach (103-1, 103-2 and 103-3)	
FORCED LABOR	409-1	Operations and suppliers with a significant risk of forced or compulsory labor
SECURITY PRACTICES	Management approach (103-1, 103-2 and 103-3)	
SECURITY PRACTICES	410-1	Security staff trained in human rights policies or procedures
RIGHTS OF INDIGENOUS PEOPLE	Management approach (103-1, 103-2 and 103-3)	

Chapter	Section	Direct Response
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	<p>There is no indication that Cepsa has any centers with actual or potential cases of child labor or young workers exposed to dangerous work.</p> <p>No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary.</p> <p>What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.</p>
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	<p>There is nothing to suggest that Cepsa has any centers with actual or potential cases of forced or mandatory labor.</p> <p>No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary.</p> <p>What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.</p>
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	<p>None of the 8 employees belonging to Cepsa's own security staff in 2020 and 2019 have received any training in human rights policies or procedures. In 2020 and 2019, Cepsa had 550 and 589 workers (respectively) from third-party organizations that provide security personnel. Of these, 16% in 2020 and 14% in 2019 have received training in human rights policies or procedures.</p>
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	

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Gri indicators index

Field	Indicator	Description
RIGHTS OF INDIGENOUS PEOPLE	411-1	Cases of violations of the rights of indigenous peoples
HUMAN RIGHTS ASSESSMENT	Management approach (103-1, 103-2 and 103-3)	
HUMAN RIGHTS ASSESSMENT	412-1	Operations subject to human rights impact assessments or reviews
HUMAN RIGHTS ASSESSMENT	412-2	Training of employees on human rights policies or procedures
LOCAL COMMUNITIES	Management approach (103-1, 103-2 and 103-3)	
LOCAL COMMUNITIES	413-1	Operations with local community involvement, impact assessments, and development programs
LOCAL COMMUNITIES	413-2	Operations with significant negative impacts - both actual and potential - on local communities
SOCIAL ASSESSMENT OF SUPPLIERS	Management approach (103-1, 103-2 and 103-3)	

Chapter	Section	Direct Response
Annex of indicators	Ethics and compliance. Fines	
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	There is no indication of any cases of human rights violations during the year. No specific Human Rights assessments have been carried out in some operations, although compliance with the Code of Ethics and the compliance policies that implement it have been monitored and controlled through the Cepsa Ethics Channel.
Annex of indicators	Our people	The Human and Workers' Rights Policy was published in the regulatory system in June 2019. Since then, two lines of work have been established: raising awareness of all kinds of situations of harassment, which has been done and been very widely publicized; and starting conversations leading to a global and international framework agreement with the trade unions with the highest representation at Cepsa and with the IndustriALL Global Union, a line of work that we are still working on.
6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Commitment and social management	
6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators	
Annex of indicators	Relationship with the environment in which we operate	
6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain	

## CHAPTER 9

Gri indicators index

Field	Indicator	Description
SOCIAL ASSESSMENT OF SUPPLIERS	414-1	New suppliers that have passed selection filters according to social criteria
SOCIAL ASSESSMENT OF SUPPLIERS	414-2	Negative social impacts on the supply chain, and steps taken
CUSTOMER HEALTH AND SAFETY	Management approach (103-1, 103-2 and 103-3)	

A large proportion of the suppliers that have embarked on a business relationship with Cepsa in the reporting period have been validated in accordance with environmental and social criteria. In 2020, 330 suppliers embarked on such a relationship. Of these, 120 belonged to the company's procurement area. Of these, 266 (112 of them from the procurement area) received the assessments. In 2019, there were 428 suppliers (193 in the procurement area), of which 354 were validated (190 from procurement).

The main potential social impacts on Cepsa that have been identified are, among others: a high impact on all the company's stakeholders as a result of any malpractice (national and international media, social media, employees and their families, residents, local, national and international governments or associations); non-compliance with external rules and regulations by the company (fines, sanctions with limited losses, or proceedings without financial penalties, penalties with penal consequences and a material effect on credit rating, markets and financing of the company; limited impact on some stakeholders (mentioned above)); endangering of people's health and safety, processes, facilities or transport.

Four suppliers with significant negative social impacts were identified in 2020. The relationship with them was terminated in all cases on the grounds of breaches of ethics and Corporate Social Responsibility matters. Three suppliers were identified in 2019, and improvement actions were agreed with them.



## CHAPTER 9

Gri indicators index

Field	Indicator	Description
CUSTOMER HEALTH AND SAFETY	416-1	Assessment of the health and safety impacts of product or service categories
CUSTOMER HEALTH AND SAFETY	416-2	Cases of non-compliance relating to the impacts of product and service categories on health and safety
MARKETING AND LABELLING	Management approach (103-1, 103-2 and 103-3)	
MARKETING AND LABELLING	417-1	Product and service information and labeling requirements
MARKETING AND LABELLING	417-2	Cases of non-compliance concerning product and service information and labeling
MARKETING AND LABELLING	417-3	Cases of non-compliance related to marketing communications
CUSTOMER PRIVACY	Management approach (103-1, 103-2 and 103-3)	
CUSTOMER PRIVACY	418-1	Substantiated complaints regarding breaches of customer privacy and loss of customer data
SOCIOECONOMIC COMPLIANCE	Management approach (103-1, 103-2 and 103-3)	
SOCIOECONOMIC COMPLIANCE	419-1	Non-compliance with social and economic laws and regulations
SPECIFIC	OG3	Total amount of renewable energy generated, by type

Chapter	Section	Direct Response
6. ESG PERFORMANCE	6.7. TRANSPARENT WITH OUR CUSTOMERS. Customer trust, safety, and satisfaction	No breaches of laws or regulations or voluntary codes relating to information and labeling or marketing communications of products and services were identified in 2020, and there were no reports of non-compliance incidents relating to their impacts on health and safety. Cepsa belongs to Autocontrol, a non-profit association in charge of managing the Spanish advertising self-regulation system so that there are guarantees of trust and credibility in advertising.
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Consumer health and safety	See response to indicator 416-2.
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Consumer health and safety	See response to indicator 416-2.
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Information security	As in previous years, there were no attacks with a significant impact on our facilities and/or business processes in 2020. No leaks of personal data were detected in 2020.
4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Compliance management system	
Annex of indicators	Ethics and compliance. Fines	119k tons of bio-fuels (this includes refinery-generated HVO, CBSR-generated FAME and refinery-generated ETBE) in 2020. 54,966 MWh of wind energy generated in 2020.

## CHAPTER 9

Gri indicators index

Field	Indicator	Description
SPECIFIC	OG7	Amount of drilling waste (drilling muds and cuttings) and strategies for its treatment
SPECIFIC	OG9	Operations in sites where indigenous communities are present or in areas affected by activities, and percentage of such sites that have specific engagement strategies in place
SPECIFIC	OG10	Number and description of significant disputes with local communities and indigenous peoples
SPECIFIC	OG13	Number of processes safety claims and mishaps, by business activity



Chapter	Section	Direct Response
Annex of indicators	Reduction of our environmental impact	
6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management.	
Annex of indicators	Ethics and compliance. Fines	
6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Safety guarantee in our facilities	





**INTEGRATED  
MANAGEMENT REPORT**



2020





## > 10.

# ANNEXES IV: TABLE OF CONTENTS OF THE NON-FINANCIAL INFORMATION LAW

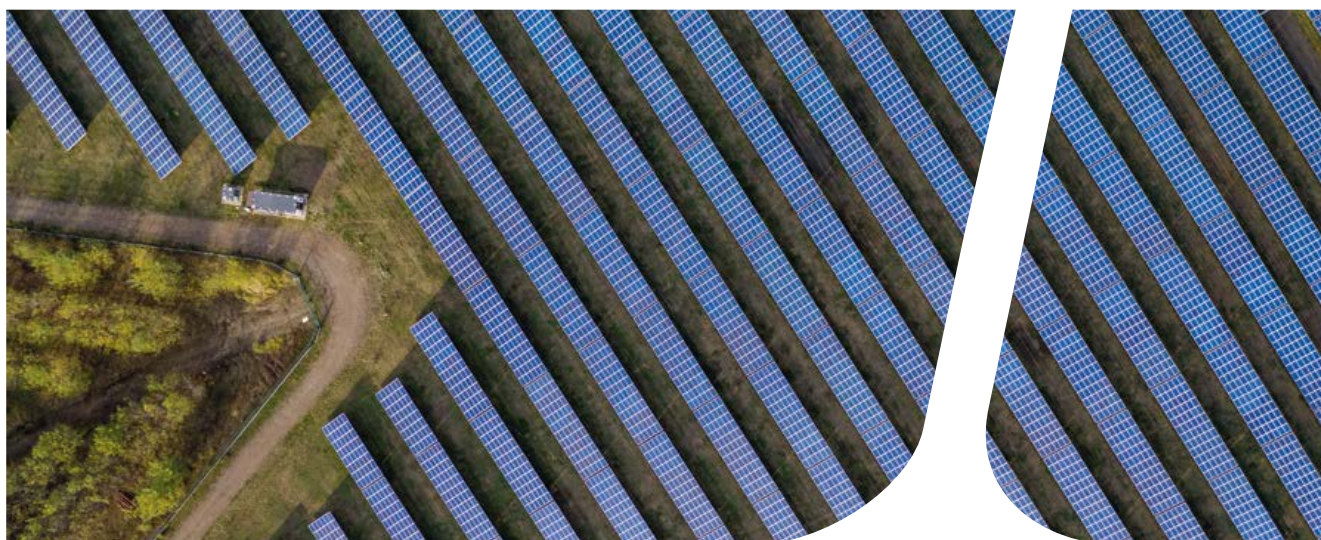
# 10.

# ➤ ANNEXES. TABLE OF CONTENTS OF THE NON-FINANCIAL INFORMATION LAW

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
<b>BUSINESS MODEL</b>		
<b>Description of the business model</b>		
Description of the group's business model, environment, organization and structure	102-1	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY
	102-2	A NEW ORGANIZATION TO ADDRESS FUTURE CHALLENGES 2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY
	102-3	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY
	102-4	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY
	102-5	
Markets in which it operates	102-6	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY
	102-7	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY 5. ECONOMIC AND OPERATIONAL PERFORMANCE 6. ESG PERFORMANCE

## CHAPTER 10

Table of contents of the non-financial information law



Section

Additional comment

2.1 OUR DIVERSIFIED BUSINESS MODEL

2.1 OUR DIVERSIFIED BUSINESS MODEL

2.2 A GLOBAL COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN.

2.3. CEPESA'S PRESENCE AROUND THE WORLD

2.3. CEPESA'S PRESENCE AROUND THE WORLD

Cepesa (Compañía Española de Petróleos, S.A.) is a public limited company.

2.1 OUR DIVERSIFIED BUSINESS MODEL

2.2 A GLOBAL COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN.

2.3. CEPESA'S PRESENCE AROUND THE WORLD

2.1 OUR DIVERSIFIED BUSINESS MODEL

5.1 MAIN FINANCIAL AND OPERATING INDICATORS

6.4 OUR PEOPLE. Description of the template



## CHAPTER 10

Table of contents of the non-financial information law

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
Objectives and strategies	102-14	LETTER FROM THE CHAIRMAN
		LETTER FROM THE CEO
Main factors and trends that may affect its future development	102-15	3. READY FOR THE FUTURE
		3. READY FOR THE FUTURE
		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT
		6. ESG PERFORMANCE
		Other annexes
Policies	103	
Policy results, KPIs	103	
Risks in the short, medium and long terms	102-15	3. READY FOR THE FUTURE
		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT
		6. ESG PERFORMANCE
		Other annexes
	413-2	Annex of indicators
	407-1	
	408-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT
	409-1	
KPIs		

Section

Additional comment

3.1 STRATEGIC PILLARS FOR THE ENERGY TRANSITION

3.1 STRATEGIC PILLARS FOR THE ENERGY TRANSITION

4.3 RISK MANAGEMENT. Risk management model

6.2 CLIMATE CHANGE. Climate change risks and opportunities

Cepsa risks

The main policies approved by Cepsa are set out in detail in the management approaches of each section throughout the report.

The results of applying the policies using specific indicators (KPIs) are included throughout the report in the successive chapters on non-financial matters.

3.1 STRATEGIC PILLARS FOR THE ENERGY TRANSITION

4.3 RISK MANAGEMENT. Risk management model

6.2 CLIMATE CHANGE. Climate change risks and opportunities

Cepsa risks

Relationship with the environment in which we operate

No non-compliances were identified in 2020 regarding the right to freedom of association and collective bargaining. Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees. There is no indication of any risk factors at Cepsa that could place its employees' right to collective bargaining at risk.

4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights

There is no indication that Cepsa has any centers with actual or potential cases of child labor or young workers exposed to dangerous work.

See the response to indicator 408-1.

The significant indicators (KPIs) for non-financial information are distributed throughout the report as provided in this crosswalk table.

## CHAPTER 10

Table of contents of the non-financial information law

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
<b>INFORMATION ON ENVIRONMENTAL ISSUES</b>		
<b>Environmental management</b>		
	102-11	6. ESG PERFORMANCE
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety	103	
Environmental assessment or certification procedures		
Resources dedicated to the prevention of environmental risks	308-1	
Application of the precautionary principle		
Provisions and guarantees for environmental risks	308-2	
<b>Contamination</b>		
Measures for the prevention, reduction or rectification of the carbon emissions that seriously affect the environment	103	6. ESG PERFORMANCE
	305-5	6. ESG PERFORMANCE
		6. ESG PERFORMANCE
Taking into account any form of air pollution specific to an activity, including noise and light pollution	305-7	Annex of indicators

Section

Additional comment

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT.  
Management and best technologies

In addition, and in accordance with the Environmental Responsibility Law, the company has an insurance policy in place covering the financial guarantees required by that law in relation to the main risks identified.

Management approach to each environmental area. Details of all these management approaches can be found in chapter 6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT.

A large proportion of the suppliers that have embarked on a business relationship with Cepsa in the reporting period have been validated in accordance with environmental and social criteria. In 2020, 330 suppliers embarked on such a relationship. Of these, 120 belonged to the company's procurement area. Of these, 266 (112 of them from the procurement area) received the assessments. In 2019, there were 428 suppliers (193 in the procurement area), of which 354 were validated (190 from procurement).

The main potential environmental impacts identified have been, among others: Widespread catastrophic contamination with irreversible environmental consequences, and major contamination extending beyond the site and its surroundings leading to very serious and long-term environmental damage to habitats or species or the loss of ecosystem services relative to their original state. In any case, no suppliers with known significant negative environmental impacts were identified in 2020 and 2019.

6.2 CLIMATE CHANGE. Management approach

6.2 CLIMATE CHANGE. Efficient use of energy

6.2 CLIMATE CHANGE. Transformation and low carbon products

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact.

Climate change

Matters relating to the sound or light impact of Cepsa's activities are not covered in the material aspects defined in the materiality analysis.

## CHAPTER 10

Table of contents of the non-financial information law

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
<b>Circular economy and waste prevention and management</b>		
	103	6. ESG PERFORMANCE
Circular economy	301-2	6. ESG PERFORMANCE
		Annex of indicators
	103	6. ESG PERFORMANCE
Actions to prevent, recycle and reuse waste, and other methods for waste recovery or disposal	306-2	6. ESG PERFORMANCE
		Annex of indicators
	306-3	Annex of indicators
	306-4	Annex of indicators
Actions to combat food waste		
<b>Sustainable use of resources</b>		
Water consumption and water supply according to local constraints	303-3	6. ESG PERFORMANCE
		Annex of indicators
	303-5	6. ESG PERFORMANCE
		Annex of indicators
	103	6. ESG PERFORMANCE
Consumption of raw materials, and measures adopted for a more efficient use of them	301-1	6. ESG PERFORMANCE
		Annex of indicators
	301-2	6. ESG PERFORMANCE
		Annex of indicators

Section

Additional comment

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy

Reduction of our environmental impact

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy

Reduction of our environmental impact

Reduction of our environmental impact

Reduction of our environmental impact

Matters relating to actions against food waste in Cepsa's activities are not covered by the material aspects defined in the materiality analysis.

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management

Reduction of our environmental impact

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management

Reduction of our environmental impact

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy

Reduction of our environmental impact

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy

Reduction of our environmental impact

**CHAPTER 10**

Table of contents of the non-financial information law

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
	103	6. ESG PERFORMANCE
Energy: Direct consumption: measures taken to improve energy efficiency, use of renewable energies	302-1	6. ESG PERFORMANCE
	302-2	Annex of indicators
	302-3	Annex of indicators
	302-4	Annex of indicators
<b>Climate Change</b>		
	103	6. ESG PERFORMANCE
GHG emissions	305-1	6. ESG PERFORMANCE
		Annex of indicators
	305-2	6.2 CLIMATE CHANGE
		Annex of indicators
	305-3	6.2 CLIMATE CHANGE
		Annex of indicators
	305-4	6.2 CLIMATE CHANGE
		Annex of indicators
	305-5	6. ESG PERFORMANCE
	Measures taken to adapt to the consequences of Climate Change	103
Voluntary medium- and long-term reduction targets to reduce GHG emissions, and the means put in place to that end	103	6. ESG PERFORMANCE
	305-5	6. ESG PERFORMANCE

Section

Additional comment

6.2 CLIMATE CHANGE. Efficient use of energy

6.2 CLIMATE CHANGE. Efficient use of energy

Climate change

Climate change

6.2 CLIMATE CHANGE. Efficient use of energy

6.2 CLIMATE CHANGE. Management approach

6.2 CLIMATE CHANGE. Climate change metrics

Climate change

6.2 CLIMATE CHANGE. Climate change metrics

Climate change

6.2 CLIMATE CHANGE. Climate change metrics

Climate change

6.2 CLIMATE CHANGE. Climate change metrics

Climate change

6.2 CLIMATE CHANGE. Efficient use of energy

6.2 CLIMATE CHANGE. Transformation and low carbon products

6.2 CLIMATE CHANGE. Climate change risks and opportunities.  
Other mechanisms for monitoring and managing climate risks and opportunities

6.2 CLIMATE CHANGE. Management approach

6.2 CLIMATE CHANGE. Efficient use of energy

6.2 CLIMATE CHANGE. Transformation and low carbon products



## CHAPTER 10

Table of contents of the non-financial information law

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
<b>Protection of biodiversity</b>		
		6. ESG PERFORMANCE
	103	
Measures taken to preserve or restore biodiversity		6. ESG PERFORMANCE
	304-2	Annex of indicators
Impact caused by the company's activities or operations in protected areas		6. ESG PERFORMANCE
	304-3	
		Annex of indicators
<b>SOCIAL AND PERSONNEL MATTERS</b>		
<b>Employment</b>		
		6. ESG PERFORMANCE
	102-8	
		Annex of indicators
Total number and distribution of employees by gender, age, country and job category	202-2	Annex of indicators
	405-1	6. ESG PERFORMANCE
		Annex of indicators
Total number and distribution of the different types of employment contract	102-8	6. ESG PERFORMANCE
		Annex of indicators

Section

Additional comment

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact.

Protection of biodiversity and ecosystems.

Protection of the marine environment.

Reduction of our environmental impact

6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Protection of biodiversity and ecosystems

Knowledge of the surroundings in which we operate allows us to reduce the impact of the activity in the area and design and implement Biodiversity Action Plans (BAPs) using an internal procedure defined for the recovery of biodiversity in these areas in which we operate, as well as to offset any residual impact that we have been unable to eliminate through preventive measures.

Reduction of our environmental impact

6.4 OUR PEOPLE. Description of the template

Our people

Our people

4.1 EFFECTIVE GOVERNMENT. Management bodies. Appointment of the members of the management bodies

6.4 OUR PEOPLE. Corporate culture committed to diversity

Our people

6.4 OUR PEOPLE. Description of the template

Our people

## CHAPTER 10

Table of contents of the non-financial information law

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
	102-8	6. ESG PERFORMANCE Annex of indicators
Annual average of permanent, temporary and part-time contracts by gender, age and job category	405-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT 6. ESG PERFORMANCE Annex of indicators
Number of dismissals by gender, age and job category	401-1	6. ESG PERFORMANCE Annex of indicators
Average remuneration and its evolution by gender, age and job category or equal value	405-2	6. ESG PERFORMANCE Annex of indicators
Pay gap, remuneration of equal jobs or average in the company	103	6. ESG PERFORMANCE
	405-2	6. ESG PERFORMANCE Annex of indicators
Average remuneration of directors and executives, including variable remuneration, allowances, compensation, payments to long-term savings schemes and any other forms of remuneration, sorted by gender	103	6. ESG PERFORMANCE
	102-35	6. ESG PERFORMANCE
	102-36	
	102-38	Annex of indicators
	102-39	Annex of indicators
Implementation of policies for switching off from work	103	6. ESG PERFORMANCE
Employees with disabilities	405-1	6. ESG PERFORMANCE
		Annex of indicators

Section

Additional comment

6.4 OUR PEOPLE. Description of the template

Our people

4.1 EFFECTIVE GOVERNMENT. Management bodies. Appointment of the members of the management bodies

6.4 OUR PEOPLE. Corporate culture committed to diversity

Our people

6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance

Our people

6.4 OUR PEOPLE. Remuneration

Our people

6.4 OUR PEOPLE. Remuneration

6.4 OUR PEOPLE. Remuneration

Our people

6.4 OUR PEOPLE. Remuneration

6.4 OUR PEOPLE. Remuneration

Cepsa has worked with an external consultant, who has analyzed the structure and competitiveness of the Senior Management's remuneration policies in order to apply the desired structure and levels to them.

Our people

Our people

6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance

6.4 OUR PEOPLE. Corporate culture committed to diversity

Our people

## CHAPTER 10

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Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
<b>Organization of work</b>		
Organization of working hours	103	
Number of hours of absence	103 (absence figures)	6. ESG PERFORMANCE
Measures to help enjoy a work-life balance and encourage both parents to take responsibility for this	103	6. ESG PERFORMANCE Annex of indicators
<b>Health &amp; Safety</b>		
	403-1	6. ESG PERFORMANCE
Health and safety conditions at the workplace	403-2	6. ESG PERFORMANCE Annex of indicators
	403-5	6. ESG PERFORMANCE
	403-6	6. ESG PERFORMANCE
	403-8	6. ESG PERFORMANCE

Section

Additional comment

The collective agreements lay down the rules on daily working hours, schedules and other conditions relating to working time, the job classification system, and the financial or disciplinary regime. In general, these systems are established, based on the nature of the activity, in the form of shifts or as working days with or without a long break. In the industrial and service station spheres, the most common working day pattern is based on shifts with different sequences and rotation cycles, whereas fully flexible working hours apply in corporate areas and commercial activities.

6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the safety and health of our people

6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance

Our people

6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors

The number of employees and other (non-employed) workers whose work or workplace is controlled by the organization and covered by an occupational health and safety management system subject to third-party audit or certification in 2020 was 3,440 and 3,183 respectively, and 3,516 and 4,339 respectively in 2019. (Data for employees and other (non-employed) workers of Colombia and the Mathosinhos Plant are not included.)

The number of workplaces whose work or workplace is controlled by the organization and covered by an occupational health and safety management system subject to third-party audit or certification in 2020 and 2019 was 20.

6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment

Safety of our people, processes and facilities

6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Main safety indicators

6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Healthy Company

6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors

See response to indicator 403-1.

## CHAPTER 10

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Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
Accidents at work, particularly in terms of frequency and severity	403-9	Annex of indicators
	403-10	Annex of indicators
Occupational diseases (frequency and severity), broken down by gender	403-9	Annex of indicators
	403-10	Annex of indicators
<b>Social relations</b>		
	103	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT
Organization of social dialog, including procedures to inform and consult the staff and bargain with them;	407-1	
Percentage of employees covered by a collective bargaining agreement, by country;	102-41	6. ESG PERFORMANCE
Result of collective bargaining agreements, especially in health and safety at the workplace.	403-1	6. ESG PERFORMANCE
<b>Education</b>		
	103	6. ESG PERFORMANCE
Training policies implemented	404-1	6. ESG PERFORMANCE
		Annex of indicators
	404-2	6. ESG PERFORMANCE
		Annex of indicators
Total number of hours of training by job category	404-1	6. ESG PERFORMANCE
		Annex of indicators
<b>Accessibility</b>		
Universal accessibility for persons with disabilities	103	6. ESG PERFORMANCE

Section

Additional comment

Safety of our people, processes and facilities

Safety of our people, processes and facilities

Safety of our people, processes and facilities

Safety of our people, processes and facilities

4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights

No non-compliances were identified in 2020 regarding the right to freedom of association and collective bargaining. Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees. There is no indication of any risk factors at Cepsa that could place its employees' right to collective bargaining at risk.

6.4 OUR PEOPLE. Labor Relations

6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors

6.4 OUR PEOPLE. Training and development

6.4 OUR PEOPLE. Training and development

Our people

6.4 OUR PEOPLE. Training and development

Our people

6.4 OUR PEOPLE. Training and development

Our people

6.4 OUR PEOPLE. Corporate culture committed to diversity



## CHAPTER 10

Table of contents of the non-financial information law

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
<b>Equality</b>		
Measures taken to promote equal opportunities and treatment between men and women	103	6. ESG PERFORMANCE
Equality plans (Chapter III of Spanish Organic Law 3/2007 of 22 March for effective gender equality)	103	
Measures taken to promote employment	103	6. ESG PERFORMANCE
Protocols against sexual and gender-based harassment	103	
The integration and universal accessibility of people with disabilities	103	6. ESG PERFORMANCE
The policy against all types of discrimination and, where applicable, the diversity management policy	103	6. ESG PERFORMANCE



Section

Additional comment

6.4 OUR PEOPLE. Corporate culture committed to diversity

Negotiations on the Equality Plan in the context of the Partial Group Agreement will soon begin. This will cover the companies included in the said Agreement and will replace the current Equality Plans or Sets of Measures. This Equality Plan will include some of the companies in the Group that did not already have a Set of Measures due to corporate reasons.

6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance

Cepsa has internal procedures in place for the investigation of complaints of sexual or workplace harassment (mobbing) to mitigate and remedy cases of improper conduct and to ensure an environment that is free of this type of behavior.

6.4 OUR PEOPLE. Corporate culture committed to diversity

6.4 OUR PEOPLE. Corporate culture committed to diversity



**CHAPTER 10**

Table of contents of the non-financial information law

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report
<b>INFORMATION ON RESPECT FOR HUMAN RIGHTS</b>		
<b>Respect for human rights</b>		
	103	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT
	102-16	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT
	102-17	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT
Implementation of due diligence procedures for human rights		
	412-2	Annex of indicators
Prevention of human right violations and, if applicable, measures to mitigate, manage and remedy such violations		
	410-1	
Reports of human rights violations	406-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT
Promotion of, and compliance with, the International Labour Organization's basic agreements on the respect of freedom of association and the right to collective bargaining	407-1	

Section

Additional comment

4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights

4.2 ETHICAL MANAGEMENT. Ethics and corporate policies

4.2 ETHICAL MANAGEMENT. Ethics and corporate policies

Our people

The Human and Workers' Rights Policy was published in the regulatory system in June 2019. Since then, two lines of work have been established: raising awareness of all kinds of situations of harassment, which has been done and been very widely publicized; and starting conversations leading to a global and international framework agreement with the trade unions with the highest representation at Cepsa and with the IndustriALL Global Union, a line of work that we are still working on.

None of the 8 employees belonging to Cepsa's own security staff in 2020 and 2019 have received any training in human rights policies or procedures. In 2020 and 2019, Cepsa had 550 and 589 workers (respectively) from third-party organizations that provide security personnel. Of these, 16% in 2020 and 14% in 2019 have received training in human rights policies or procedures.

4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights

No non-compliances were detected in this regard in 2020. Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees.

There is no indication of any risk factors at Cepsa that could place its employees' right to collective bargaining at risk.

No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.

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#### Fighting corruption and bribery

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Section

Additional comment

4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights

4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights

There is no indication that Cepsa has any centers with actual or potential cases of forced or mandatory labor.

No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.

4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights

There is no indication that Cepsa has any centers with actual or potential cases of child labor or young workers exposed to dangerous work

No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.

4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering

4.2 ETHICAL MANAGEMENT. Ethics and corporate policies

4.2 ETHICAL MANAGEMENT. Ethics and corporate policies

4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering

Ethics and compliance

There have been no confirmed cases of corruption at Cepsa.

No public legal cases related to cases of corruption have been filed against the organization or any of its employees.

## CHAPTER 10

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Section

Additional comment

4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering

6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations

6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations

6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
Social commitment and management.  
Cepsa Foundation.  
Main initiatives and impact indicators

6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
Social commitment and management.  
Cepsa Foundation.  
Main initiatives and impact indicators

Relationship with the environment in which we operate

RESPONSIBILITY IN OUR SUPPLY CHAIN. Description of our supply chain

6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
Social commitment and management.  
Cepsa Foundation.  
Main initiatives and impact indicators

Relationship with the environment in which we operate

6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
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6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
Social commitment and management.  
Cepsa Foundation.  
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6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
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Relationship with the environment in which we operate

RESPONSIBILITY IN OUR SUPPLY CHAIN. Description of our supply chain

6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
Social commitment and management.  
Cepsa Foundation.  
Main initiatives and impact indicators

Relationship with the environment in which we operate

Ethics and compliance. Fines

6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
Social commitment and management.  
Cepsa Foundation.  
Main initiatives and impact indicators

Relationship with the environment in which we operate

6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
Commitment and social management

6.1 MANAGEMENT OF ESG MATTERS. Stakeholder engagement

6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE.  
Social commitment and management.  
Cepsa Foundation.  
Main initiatives and impact indicators

6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations

6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations

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Consideration of suppliers' and subcontractors' social and environmental responsibility in relationships with them	308-1	
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Section

Additional comment

6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain

6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain

6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Supplier relationship management

6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain

A large proportion of the suppliers that have embarked on a business relationship with Cepsa in the reporting period have been validated in accordance with environmental and social criteria. In 2020, 330 suppliers embarked on such a relationship. Of these, 120 belonged to the company's procurement area. Of these, 266 (112 of them from the procurement area) received the assessments. In 2019, there were 428 suppliers (193 in the procurement area), of which 354 were validated (190 from procurement).

6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain

Responsibility in our supply chain

See the response to indicator 308-1.

6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Supplier relationship management

See the response to indicator 308-1.

The main potential social impacts on Cepsa that have been identified are, among others: a high impact on all the company's stakeholders as a result of any malpractice (national and international media, social media, employees and their families, residents, local, national and international governments or associations); non-compliance with external rules and regulations by the company (fines, sanctions with limited losses, or proceedings without financial penalties, penalties with penal consequences and a material effect on credit rating, markets and financing of the company; limited impact on some stakeholders (mentioned above)); endangering of people's health and safety, processes, facilities or transport.

Four suppliers with significant negative social impacts were identified in 2020. The relationship with them was terminated in all cases on the grounds of breaches of ethics and Corporate Social Responsibility matters. Three suppliers were identified in 2019, and improvement actions were agreed with them.

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Section

Additional comment

6.7 TRANSPARENT WITH OUR CUSTOMERS

6.7 TRANSPARENT WITH OUR CUSTOMERS. Customer trust, safety, and satisfaction

6.7 TRANSPARENT WITH OUR CUSTOMERS

No breaches of laws or regulations or voluntary codes relating to information and labeling or marketing communications of products and services were identified in 2020, and there were no reports of non-compliance incidents relating to their impacts on health and safety.

Cepsa belongs to Autocontrol, a non-profit association in charge of managing the Spanish advertising self-regulation system so that there are guarantees of trust and credibility in advertising.

As in previous years, there were no attacks with a significant impact on our facilities and/or business processes in 2020.

No leaks of personal data were detected in 2020.

6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY. Management approach

6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY. Management approach

6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY. Management approach.  
Fiscal governance.  
Reporting of tax risks to the highest management body

6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY. Best tax practices and collaboration with public administrations

Transparency and fiscal responsibility

The financial assistance received from public bodies in 2020 and 2019 was: €23.3 million and €21.2 million respectively.







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