

REGULATIONS

of the

CEPSA BOARD OF DIRECTORS

These regulations (the "**Regulations**") of the CEPSA Board of Directors have been approved and adopted by resolution of the Board of Directors of Compañía Española de Petróleos, S.A. (the "**Company**") on 27 September 2011.

All Directors joining the Company's Board of Directors shall acknowledge in writing that they have read, understand and will comply with these Regulations.

The Board of Directors shall resolve any doubts that may arise as to the interpretation of these Regulations.

1. ROLE OF THE BOARD OF DIRECTORS

1.01. General Role and Powers

Without prejudice to any delegations of powers it may grant, the Board of Directors is the highest administrative and representative body of the Company. It shall approve the main strategic decisions, as well as the business plans and annual budgets of the Company and shall supervise the general running of the Company.

The Board of Directors will act, at all times, in the best interests of the Company with the aim of maximising the long-term value of the Company.

2. COMPOSITION OF THE BOARD OF DIRECTORS

2.01. Composition of the Board

The Board of Directors shall be composed of the number of Directors determined by the Company at General Meeting within the maximum and minimum limits established by the Company's By-laws.

2.02. Chairman and Vice-Chairman

The Chairman of the Board of Directors shall be elected by the Directors.

The Board of Directors may appoint, among its members, one or more Vice-Chairmen, who will substitute for the Chairman in cases of vacancy or absence. In the event that several Vice-Chairmen are appointed, they will each receive, for the purpose of determining the order of substitution, an ordinal number.

2.03. Secretary of the Board

The Secretary of the Board shall be appointed by the Board. It is not a requirement for the Secretary to also be a Director.

The Secretary shall assist the Chairman in his tasks and must attend to the satisfactory running of the Board, drafting the minutes that reflect the discussions therein and certifying the resolutions adopted thereby.

The Board of Directors may appoint a Vice-Secretary to assist the Secretary of the Board of Directors or substitute him or her in case of absence.

2.04. Chief Executive Officer

The Board of Directors may appoint one or more Chief Executive Officers.

The Board of Directors shall delegate to the Chief Executive Officer all or part of the powers that may be delegated by law.

3. APPOINTMENT AND TERMINATION OF OFFICE OF THE DIRECTORS

3.01. Appointment of Directors

The Directors shall be appointed by the shareholders at General Meeting.

Whenever a vacant seat arises on the Board it may be temporarily filled by provisionally appointing a shareholder by the Board of Directors until the next General Meeting. These temporary appointments to fill vacancies shall be submitted for the knowledge and eventual ratification or repeal by the first General, Ordinary or Extraordinary Meeting following such appointment.

3.02. Duration of Term and Termination of Office

The term of office of each Director shall be six years. At the end of each appointment period, a Director may be appointed on one or more occasions, each such subsequent appointment to be for a further period of six years.

Directors shall vacate their seat on the Board whenever, upon completion of the period for which they were appointed, they are not re-elected by the first General Meeting, whether Ordinary or Extraordinary, following completion of such period, or the legal period for holding the Annual General Meeting has elapsed, or whenever the Annual General Meeting so decides, using the powers granted to them by law or in the Company's by-laws.

The Directors shall immediately resign from the Board in the following circumstances:

- In the event that they resign from the executive position with which their appointment is connected;
- When they reach the maximum age as may be determined by the Board from time to time;
- In the event that they bring the Company into disrepute;
- In the event that they are convicted for a criminal offence with intention or become prohibited by law from acting as a Director.

The Directors serving on the Executive Committee or any other Committees of the Board shall resign or be removed from such Committees upon vacating their seat on the Board.

4. PROCEDURES AND OPERATION OF THE BOARD OF DIRECTORS

4.01. Meetings of the Board

The Board of Directors shall meet whenever it is in the best interests of the Company to do so and, as a general rule, at least each quarter. Meetings of the Board shall be proposed by the Chairman, at his or her initiative or at the request of one third of the Directors, giving five (5) days prior written notice to the other Directors except if there are justifiable reasons for giving shorter notice.

The Board will draw up, before the beginning of each financial year, a calendar of ordinary sessions that may be modified by resolution of the Board of Directors or by decision of the Chairman of the Board of Directors.

The Chairman shall have the power to call a meeting of the Board of Directors, to dictate the Agenda and manage and oversee discussions at any such meeting. In the case of a tied vote on any matters requiring an absolute majority, the Chairman shall have a casting vote.

Meetings of the Board shall be held at the Company's head offices, or in any other place in Spain or abroad as indicated in the convening notice.

The Board of Directors may attend meetings from different locations connected by systems that enable the recognition and identification of the attendees, the constant communication between those attendees regardless of their location, as well as their participation in the meeting or casting of their votes, all in real time. The attendees in any location will be considered, for all purposes related to the Board of Directors, as attendees of one and the same meeting. The meeting will be considered held, and the resolutions adopted, in the corporate domicile or place in the Spanish territory from which at least two (2) members of the Board of Directors attend; otherwise it will be considered that the meeting took place (and the resolutions adopted) in the place from which the Chairman attends.

The relevant mechanisms will be implemented in order to facilitate remote attendance to the Board meetings.

4.02. Quorum for Board Meetings

The Board shall have a valid quorum to discuss and resolve on any matter whenever more than half of the Board members entitled to attend the meeting are present in person or by proxy.

A Board member may delegate his or her proxy vote to another member attending the meeting, by e-mail notification or any other written means.

4.03. Resolutions of the Board

The Board of Directors may discuss and pass resolutions on all matters that fall within its responsibility. The resolutions adopted shall correspond to matters that are recorded on the Agenda, unless the Chairman decides otherwise, provided that the Chairman considers it to be reasonably justified.

The resolutions of the Board of Directors shall be adopted by a simple majority of the Directors attending the meeting. In the case of a tie, the Chairman shall have a casting vote.

Provided that no Director expresses his disagreement in writing, the Board of Directors may adopt resolutions without holding a meeting. In such case, the Directors shall cast their vote in writing sent to the Chairman, with the understanding that the resolution has been adopted whenever the absolute majority of the Directors casts an affirmative vote. The text of the resolution and the results of the voting shall be recorded in the relevant minutes that will be drafted by the Secretary with the sign-off of the Chairman and approved by all Directors.

4.04. Minutes of the Board of Directors Meetings

The Secretary shall record in writing all resolutions of the Board, together with details of any dissenting voting. Such minutes shall be approved either during the meeting itself or in the following meeting. Once approved and duly signed by the Secretary, with the approval of the Chairman, the minutes shall be included in the corresponding Minutes Book of the Company.

5. COMMITTEES OF THE BOARD

5.01. Executive Committee and other Committees of the Board

Notwithstanding any delegation of powers that are made on an individual basis to the Chief Executive Officer, the Chairman or any other Director, the Board of Directors may resolve to create standing or ad hoc committees, composed of the number of Directors established to aid the Board in its decision-making on certain matters. In any case, an Audit Committee and Nominations and Compensation Committee shall be created.

The Committees shall govern their own procedures, with the Secretary of the Board acting as their Secretary unless the committees resolve to appoint one of their members to perform such duties.

The rules contained herein relating to the Board of Directors shall, save as otherwise specified, apply mutatis mutandis to the Executive Committee and other committees of the Board.

5.02. Executive Committee

The Board of Directors may establish an Executive Committee, the members of which shall be appointed by the Board, formed by not less than three (3) and no more than five (5) members. The Chief Executive Officer will be a member of the Executive Committee.

The members of the Executive Committee shall serve on this Committee for the duration of their term as Directors (or for such other period as may be specified by the Board) and may be re-elected.

The Executive Committee shall meet as many times as convened by its Chairman and, as a general rule, once a month.

The quorum of the Executive Committee shall be three (3) members present at the meeting, either in person or by proxy. The resolutions of the Committee shall be adopted by an affirmative vote of the majority of the Directors present at the meeting.

The Executive Committee shall have powers to directly adopt executive decisions on all such matters that have been expressly delegated to it by the Board.

The Chairman of the Board of Directors will also be the Chairman of the Executive Committee. Unless otherwise agreed, the secretarial duties of the Executive Committee shall be performed by the Secretary of the Board.

The permanent delegation of powers by the Board of Directors to the Executive Committee shall comprise all or part of the powers of the Board, except those that are non-delegable by law.

Annex A of these Regulations contains those matters that will require at least prior approval of the Executive Committee, as well as those matters which the Executive Committee must be informed of in advance of making a decision.

5.03. Audit Committee

The Audit Committee shall be composed of three (3) Directors, the majority of which must be non-executive Directors, appointed by the Board of Directors.

The members of the Audit Committee shall serve for a term of four (4) years and may be re-elected on one or several occasions.

The Board of Directors shall appoint the Chairman of the Audit Committee from among its members for a maximum period of four (4) years. The Chairman may be re-elected.

The Audit Committee shall meet at least on a quarterly basis.

The Audit Committee shall have a valid quorum whenever its three (3) members are present at such meeting, either in person or by a proxy. The resolutions of the Committee shall be adopted by a majority of its members.

The Secretary of the Board of Directors shall also be the Secretary of the Audit Committee. Any officer or any other persons whose presence is considered necessary, shall also attend the meetings of the Audit Committee. The independent auditors shall be present at such meetings whenever their attendance is called for.

The Audit Committee shall have the following powers, duties and responsibilities:

- To monitor the effectiveness of the Company's internal control, the internal audit, where applicable, and risk management systems, as well as to discuss with the Independent Auditors any significant weaknesses in the control system that may have been identified during the audit process;
- To supervise the internal auditing services of the Company;
- To propose to the Board of Directors, for approval by the shareholders at General Meeting, the appointment of independent auditors, their contractual conditions, the scope of their professional services, and, where applicable, their termination or re-appointment;
- To handle dealings with the independent auditors to receive information on such matters that may jeopardize their independence and any other matters related to the process of auditing the financial statements, as well as any other notifications provided for in account auditing legislation and technical auditing standards;
- To oversee the process of preparing and reporting financial information of the Company;
- To report to the Board of Directors on the performance and results of their work; and
- In general, to examine and study any activity or matter that the Board of Directors may determine to be related to the above.

The Audit Committee shall be authorized, in order to guarantee the best performance of its functions, to retain the services of outside experts, who shall be hired by the Company. The decision to hire such services shall be reported to the Chairman of the Board of Directors and shall be processed through the Secretary of the Board. The Board of Directors or Executive Committee may decline to provide authorization to hire such services when it considers that they are not needed for the successful performance of the entrusted functions, when their cost is deemed to be unreasonable in comparison with the magnitude of the problem or when the technical assistance requested may be adequately provided by internal technical experts of the Company.

5.04. Nomination and Compensation Committee

The Board of Directors shall set up and organize a Nomination and Compensation Committee, which shall be comprised of three (3) members appointed by the Board.

The members of the Nomination and Compensation Committee shall serve for a term of four (4) years and may be re-elected.

The Audit Committee shall have a valid quorum whenever its three (3) members are present at such meeting, either in person or by a proxy. The resolutions of the Committee shall be adopted by a majority of its members.

The Board of Directors shall appoint, by a majority vote, the Chairman of the Nomination and Compensation Committee from among its members. The Chairman may be re-elected.

The Committee shall meet each time the Chairman requests the issuance of a report or the adoption of proposals, and in any event, whenever it is considered advisable for the proper performance of its duties. In any case, it shall meet at least once a year. The Nomination and Compensation Committee shall have the following duties and responsibilities:

- To report on and formulate the proposals on the general compensation and incentive policies for the members of the Board of Directors and the Executives of the Company; and
- To formulate reports and proposals to the Board or the Executive Committee on the decision to be adopted in cases of conflicts of interest or any matter concerning nominations or compensations that is submitted by the Board or the Executive Committee.

In exercising its duties, the Committee is authorized to request from any senior manager of the Company the information or advice it may require to perform such duties. Likewise, the Committee may request independent counsel on matters coming under its authority.

6. DIRECTORS' INFORMATION

6.01. Directors' Powers Regarding Information

The Directors have full powers to receive information on any aspect of the Company or Consolidated Group.

In order not to impair the ordinary course of the Company's business, these powers shall be channelled through the Chairman of the Board, who shall address requests for information from the Directors, directly providing them with such information and facilitating contacts with the appropriate persons at the pertinent organizational level, or arranging the necessary measures to enable Directors to conduct examinations in situ.

The Chairman of the Board may temporarily and exceptionally restrict, in writing and providing sufficient reasons, access to certain information that may compromise the Company's duty to maintain the confidentiality of their clients, for reasons of competition. Such decision should be reported to the Board of Directors at its next meeting.

7. DIRECTORS' COMPENSATION

7.01. Directors' Compensation

Directors' compensation shall be governed by applicable law and provisions set forth in the Company's by-laws.

8. DIRECTORS' DUTIES

8.01. Directors' Obligations

The position of Director requires performing his or her duties with the diligence of a respectable businessperson and a loyal representative.

In performing their duties, the Directors are obliged to:

- Be duly informed and properly prepare the meetings of the Board and its committees on which they may serve.
- Attend the meetings of the Board or committees on which they serve and actively take part in deliberations and discussions, requesting information and expressing their opinions. In the event that they cannot attend the meeting for justifiable reasons, they should instruct the Director to whom they plan to delegate their proxy.
- Perform any specific task entrusted to them by the Board and which is reasonably within the scope of their duties.
- Promote inquiries into any irregularity in the Company's management that they may be aware of and monitor any situations that involve risk.
- Oppose resolutions that violate laws in force, the Company's by-laws or the Company's interest and request that their positions be placed on record in the minutes when they feel it is advisable to protect the Company's interest.
- Request that the Board of Directors be provided with any information they consider necessary to complete what they have already been given, so that they may form a judicious and fully-independent opinion of the general working and governance of the Company.
- Inform the Company of any situation that they may be aware of which, due to its importance, could seriously jeopardize the Company's reputation.

The Directors shall keep all deliberations of the Board of Directors or of the committees on which they serve under the strictest confidentiality and, in any case, they shall refrain from disclosing information to which they may have access as a result of the fulfilment of their duties where such disclosure may be detrimental to the Company's interests. The requirement to maintain confidentiality shall prevail even after the Director no longer serves on these bodies.

8.02. Conflicts of Interest

Directors that directly or indirectly intervene in matters or engage in professional transactions that may involve a conflict of interest or that may be relevant to their performance or independence as a Director shall notify the Board of Directors through its Chairman.

Directors who accept any executive position in another company or entity that carry out the same, similar, or analogous business activity or that may otherwise pose a conflict of interest should also inform the Board of Directors.

The Directors should refrain from voting or participating in debates that involve matters in which they have a personal interest, either directly or indirectly, including for the avoidance of doubt their appointment, re-election or removal. Votes on these matters shall be cast by the majority of those Directors allowed to vote.

The term “personal interest” shall include any matter that affects a member of the Director’s family or a company controlled by the Director.

No Director shall be able to personally undertake commercial operations with the Company, nor may he or she guarantee those operations that are arranged between the Company and third parties, except with the consent of the Board of Directors.

8.03. Use of Corporate Assets

The Directors shall not make improper use of corporate assets nor take undue advantage of their position on the Board to obtain any material or financial gain.

8.04. Non-public Information

Directors are prohibited from using non-public information for personal benefit unless prior approval is obtained from the Board of Directors.

8.05. Business Opportunities

Directors shall not take advantage of business opportunities for their own benefit or for the benefit of persons connected to them, within the scope of the Company’s ordinary business, unless the Company has had first refusal on the opportunity and rejected it without any influence on the part of the Director wishing to make use of it.

For purposes of the foregoing paragraph, a business opportunity shall be understood to mean any possibility of making an investment or carrying out a commercial operation that may have arisen or may have been discovered in connection with the Director’s performance of his duties, or through the use of the Company’s information channels, or under circumstances that make it reasonable to assume that the offer from the third party was in fact made to the Company.

8.06. Indirect Operations

Directors shall be considered in violation of their duties of loyalty to the Company if they consent to or conceal the existence of operations carried out by their relatives or by companies which they control (whether directly or indirectly), that if carried out by the Directors themselves would have been subject to the conditions and controls provided for in the foregoing paragraphs.

Annex A

Matters requiring Executive Committee approval

In addition to any matter that requires the approval of the Board of Directors and/or the Shareholder(s) pursuant to the Act, the matters contained in Sections 1 to 5 below (including any procedural decision relating to such matters), relating to CEP SA and/or (if provided herein) its Affiliates,¹ require at least the prior approval of the Executive Committee (or of the CEO for matters referred to in Section 7 of this Annex A). Section 6 of this Annex A contain those matters which the Executive Committee must be informed of in advance of making a decision.

1. Corporate

- (a) The reduction of or increase in the share capital of any Affiliate;
- (b) The issue of any shares (or right to convert into shares) by the Company or any Affiliate;
- (c) Alterations of the By-laws of any Affiliate;
- (d) The admission of new shareholders or partners of any Affiliate;
- (e) The liquidation and winding-up of, merger, consolidation or amalgamation with any other person of any Affiliate;
- (f) Any proposal of any decisions in relation to the matters contained in the abovementioned points (a) to (e) referred to the Company.
- (g) The liquidation and winding-up of, merger, consolidation or amalgamation with any other person of any Affiliate;
- (h) Any material change in the organization and structure of the Company; and
- (i) Any substantial reductions of the business of the Company or its Affiliates, including, but not limited to, the sale of the shares or assets of an Affiliate to third parties and the sale or permanent closure of a plant or a site.

2. Financial

- (a) The appointment of the auditors of any Affiliate;
- (b) Approval of the Financial Statements of any Affiliate;
- (c) Any changes other than of purely technical nature in the accounting principles used in the preparation of the Financial Statements;

¹ For the avoidance of doubt, for the purpose of this Annex A, CEP SA's Affiliates (i) shall include all Subsidiaries, but (ii) shall not include any Shareholders.

- (d) Mortgages or encumbrances in any one financial year of CEPESA or its Affiliates totaling ten million EUR (€10,000,000) or more;
- (e) Any disposal or acquisition of property or assets with an estimated cumulative value in any financial year of CEPESA or its Affiliates in excess of ten million EUR (€10,000,000);
- (f) Projects for expansion and de-bottlenecking; provided that approval of the Executive Committee is not required until such time as the proposed projects exceed cumulatively ten million EUR (€10,000,000) in estimated costs in any one financial year of CEPESA or its Affiliates and provided further that approval of the Executive Committee will only be required for proposed projects brought forward after the ten million EUR (€10,000,000) threshold has been met;
- (g) Any material capital expenditure exceeding ten million EUR (€10,000,000);
- (h) Any assumption of liabilities of members of the IPIC Group or of any third party as well as any granting of securities with respect to such liabilities;
- (i) Any granting or pre-payment of new loans or credits or the issuance of bonds to third parties (i.e., any person other than CEPESA or its Affiliates but also including members of the IPIC Group or to employees of CEPESA or Affiliates of CEPESA) to the extent they do not fall under the ordinary course of business and exceed three hundred thousand EUR (€300,000) in any year; and
- (j) The issuance of and the entering into (i) bonds, loans and credits by the Company or its Affiliates from third parties exceeding an amount of twenty million EUR (€20,000,000) in a particular case; (ii) bank guarantees exceeding an amount of two hundred million EUR (€200,000,000); upon request, the Executive Committee shall be provided with a list of all existing and new bank guarantees; and (iii) loans and credit agreements entered into between CEPESA and its Affiliates outside the ordinary course of business and exceeding twenty million EUR (€20,000,000) in a particular case.

3. Business Related Matters

- (a) The suspension of operations at a plant and suspension of any construction or development contract lasting longer than seven days and materially affecting a plant unless such suspension falls within the ordinary course of business; for the avoidance of doubt, in case of urgency no prior approval of the Executive Committee shall be required but the Chairman or in his absence at least one of the members of the Executive Committee shall be notified within seven days at the latest;
- (b) Any substantial expansions of the business of CEPESA or its Affiliates, other than as provided in the Business Plan;
- (c) Strategy Plans, Business Plans and the Budgets;
- (d) Any acquisition, transfer or waiver of any material intellectual property rights, know-how or technology of CEPESA or its Affiliates and any conclusion, amendment or

termination of license contracts with respect to intellectual property rights, know-how or technology of CEPESA or its Affiliates with an aggregate undiscounted commitment (considering the overall period for which the commitment is entered into) exceeding ten million EUR (€10,000,000);

- (e) Any transaction or conclusion of agreement (in particular feedstock agreements) by CEPESA or its Affiliates with any member of the IPIC Group;
- (f) Any feedstock, raw material, intermediate products and utilities agreement of CEPESA or any of its Affiliates with an aggregate undiscounted value (considering the overall period for which the commitment is entered into) exceeding one hundred million EUR (€100,000,000) or leading to a change in the supply structure, or any sale and purchase of crude oil agreement of CEPESA or any of its Affiliates with an aggregate undiscounted value (considering the overall period for which the commitment is entered into) exceeding one hundred and fifty million EUR (€150,000,000); and
- (g) Any other agreement or commitment of CEPESA or its Affiliates exceeding an annual value of twenty million EUR (€20,000,000), excluding shop agreements or other collective labor agreements (for which, however, frameworks will have to be approved by the Board of Directors prior to their execution if they exceed an annual value of twenty million EUR (€20,000,000)) and excluding any customer agreement and agreement regarding provision of services to customers of CEPESA or its Affiliates.

4. Management and Employees

- (a) To appoint or remove the Chief Executive Officer and the other members of the CEPESA Management Committee and approve their remuneration and any other benefits; and
- (b) To give instructions to the board of directors or the management of any Affiliate of CEPESA in matters which materially influence CEPESA' strategy, alliances or major reorganizations other than in matters already approved by the Executive Committee or the Board of Directors.

5. Other

- (a) The conclusion of contracts with members of the Board of Directors pursuant to which these commit themselves beyond the scope of their activity as members of the Board of Directors to perform services *vis-à-vis* the Company against significant consideration. This also applies in respect of contracts with entities regarding which a member of the Board of Directors has a considerable financial interest; to the extent such contracts are not covered already by Sections 1 through 4 in this Annex A.

6. Matters of which the Executive Committee (or at least the CEO) must be informed of in advance:

- (a) The matters included in paragraph (i) of Section 2 of this Annex A that are between three hundred thousand Euros (€300,000) and three million Euros (€3,000,000).
 - (b) The matters included in parts (i) and (iii) of paragraph (j) of Section 2 of this Annex A that are between twenty million Euros (€20,000,000) and one hundred and fifty million Euros (€150,000,000).
 - (c) The matters included in paragraph (f) of Section 3 of this Annex A that are between one hundred million Euros (€100,000,000) and one hundred and fifty million Euros (€150,000,000).
7. Approval as regards the decisions on matters set out in Sections 1 to 5 above may also be granted orally or in writing (including by e-mail) by the CEO (at his sole discretion) in the event that the Executive Committee is unable to consider such decisions. If granted orally, the COO or the relevant Executive shall promptly send an e-mail to the CEO making express reference to the approval granted.