

Corporate
Responsibility
Report

2009



Together
along the way

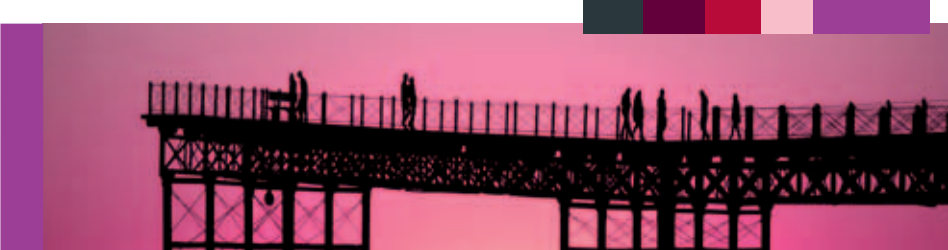


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Message from the Chairman

At CEPSA we are aware that commitment to sustainable development is a present and future need, to be met every day through the endeavours of companies and their professionals.

Striving for profitability in a manner which is respectful and demanding when it comes to the surrounding environment is also a crucial part of business today. CEPSA continues to work to achieve transparent, open communication, expressing our social commitment with full sincerity.

Faced with the current economic climate, 2009 was a year in which CEPSA had to implement the most efficient formulae to ensure that the organisation performed at optimum levels, with investments still being made within the planned deadlines. The goals were to make sure that we could continue operating in a strong, stable and forward-thinking manner.

Over the coming decades we will need to contribute to the development of a new energy model, guaranteeing rather than compromising the prosperity of future generations. This challenge will require innovative adaptation, not only in the traditional and alternative energy sectors, but also on the part of the world's governments. Public-private collaboration will be a cornerstone

for this process, defining all-encompassing and effective policies geared towards increasing efficiency, encouraging the development of new alternative energies and improving the effectiveness of traditional methods for extracting hydrocarbons and their refined products.

Today, more than ever, the importance of corporate responsibility is clear, contributing to sustainable development based on a long-lasting relationship with stakeholders. It is therefore crucial that we are capable of integrating mechanisms to meet current and future needs, a move which will increase the value of CEPSA in financial, social and environmental terms.

We also understand that we operate in a sector subject to growing demands which go beyond mere legal compliance. We are aware of current focus on issues such as nature conservation, human rights and jobs.

It is through our commitments, actions and behaviour that Compañía Española de Petróleos, S.A. shares these concerns, contributing to the rational use of resources, establishing standards of ethical conduct and encouraging economic growth which is compatible with the surrounding environment.

We would not have been able to meet the corporate responsibility targets set forth in this document without the effort and dedication of our professionals. Our motto of "nothing is possible unless everyone is involved", engraved on the medal we present each year to our long-serving professionals, is even more important in the current economic climate.

We are proud to present you our corporate responsibility report, and hope that you will read it as a reflection of our firm ethical commitment to society as a whole.

A handwritten signature in black ink, reading "Santiago Bergareche Busquet". The signature is fluid and cursive, with a long horizontal stroke at the end.

Santiago Bergareche Busquet
Chairman



Message from the CEO

CEPSA, like every other company operating in the energy sector, had to deal with the impact of the global financial crisis in 2009. Demand and margins were reduced significantly for all the Company's activities. This crisis, which was partly compounded by high energy prices, has made it even more crucial to combine economic development with alternative energy solutions. The move to this new model will take time and, during the transition period, companies within the sector will have to assure a constant supply of energy through fossil fuels. To do so we will need to continue with our work in locating new gas fields, as well as researching and developing new technologies to offer products with increasingly demanding specifications.

Despite the difficulties of the current economic climate, in 2009 CEPSA made significant investment in projects which are not just profitable, but also necessary if we want to remain a competitive company and consolidate our commitment to meeting energy demand in a sustainable manner in the long term. Following three years of construction, we have completed our project to enlarge the middle distillate capacity of the "La Rábida" refinery, which will increase annual middle distillate production by 2.5 million tonnes.

We have continued with the work we began in prior years to bring down operating costs for all our areas of activity. We are also reducing energy costs, due to their importance in our production processes and also because of their impact on climate change. Thanks to our efforts in this area, our CO₂ emissions were reduced by 320,000 tonnes in 2005-2009.

At CEPSA production centres minimising the environmental impact of our operations is a priority, and our environmental investment and expenditure totalled approximately 120 million Euros in 2009.

Safety remains a core management focus for CEPSA, and is crucial for the Company's progress. Yet again the measures we have implemented in this area have led to an improvement in the lost-time accident rate for own and contracted personnel, falling from 4.65 to 3.59 for every million hours worked.

As a member of the community, at CEPSA we are aware that integration into the areas in which we operate is vital. We have therefore continued to consolidate dialogue with our stakeholders, as well as supporting social projects in the various locations in which we are present.


Our professionals are our most valuable resource, and we are committed to providing job stability, motivating our personnel and encouraging a human resource management model which aims to develop the personal and professional capacities of the CEPSA team.

I have the pleasure of presenting this 2009 Corporate Social Responsibility Report, which reflects many of CEPSA's commitments and achievements throughout 2009.

I would also like to take the opportunity to thank each and every CEPSA professional for sharing these commitments with us, as well as for their contribution to achieving our results for the year.

Dominique de Riberolles
CEO

KEY ECONOMIC, SOCIAL AND ENVIRONMENTAL INDICATORS

ECONOMIC	2009	2008	2007
Financial and operating			
Crude oil production from working interest  (BOPD)	116,891	121,866	115,955
Crude oil sales (BOPD)	31,696	21,931	19,820
Processed crude (BOPD)	408,623	437,487	432,494
Product sales ¹ (millions of tons)	28.5	29.0	30.1
Sales revenues ² (millions of Euros)	16,084	22,831	18,888
Adjusted net operating income ³	1,058	1,493	1,383
Adjusted operating income ³	468	880	917
Adjusted net income attributable to shareholders of the parent company ³	270	524	638
Operating cash flow (millions of Euros)	1,075	867	925
Capital and exploration expenditures (millions of Euros)	951	1,579	635
Created value (millions of Euros)			
Taxes paid ⁴	2,578.4	2,679.8	2,736.7
Generated economic value	18,640.3	25,353.6	21,483.0
Distributed economic value	17,975.5	24,468.9	20,677.0
Retained economic value ⁵	664.8	884.7	806.0
Cash dividend agreed in the CEPSA Group ⁶	229.1	284.4	350.9
Adjusted net income attributable to shareholders of the parent company per share ³	1.01	1.96	2.38
Cash dividend agreed in each year per share (Euros)	0.80	1.00	1.25
Profits for personnel ⁷	530.9	554.7	500.2
Government grants ⁸	10.7	0.6	22.7

 Throughout the report you will find this symbol, which indicates that the term is defined in the glossary.

1 Excluding crude oil sales.

2 Excluding excise taxes on oil & gas.

3 Excluding gains or losses on inventory price fluctuations and other non-recurring income.

4 Includes special hydrocarbon tax, other taxes and corporate income tax.

5 Retained economic value, difference between generated and distributed economic value.

6 Shareholders of the parent company and minority shareholders of subsidiaries.

7 Includes wages and salaries, contributions and provisions for pensions, social security and training expenses.

8 Includes grants from the European Union, autonomous regional governments, the Spanish government and other.

SOCIAL	2009	2008	2007
Employees⁹			
Number of staff	11,703	11,815	11,398
New staff	1,060	1,490	1,204
Staff departures	1,024	1,047	1,173
Staff turnover ¹⁰	437	554	517
Average training hours per employee	462,839	600,753	473,038

Occupational health and safety



Number of lost-time occupational accidents ¹¹	89	112	112
Lost-time accident frequency rate (own personnel) ¹²	4.11	5.27	5.40
Lost-time accident frequency rate (own personnel and contractors) ¹²	3.59	4.65	4.89
Common illness absenteeism (%) ¹³	3.43	3.60	3.66
Absenteeism (%)	5.30	5.46	4.82
Health and safety training hours for own personnel ¹⁴	93,311	125,483	102,366

Local communities

Investment in business responsibility initiatives (millions of Euros)	3	4.2	3.2
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ENVIRONMENTAL	2009	2008	2007
Environmental investment and expense (millions of Euros)			
Investment	41.11	38.44	39.63
Expense	78.87	68.70	59.01

Emissions by business area

Refining (t of CO ₂ equivalent / t of crude oil treated)	0.147	0.147	0.147
Petrochemicals (t of CO ₂ equivalent / t of product obtained)	0.178	0.202	0.223
Exploration and Production (t of CO ₂ equivalent / t of net oil)	0.074	0.062	0.044
Cogeneration  (t of CO ₂ equivalent / total Mwh exploited)	0.262	0.256	0.239
Combined Cycle Power Plant  (t of CO ₂ equivalent/Mwh net electricity produced)	0.410	0.404	0.392
CO ₂ emissions (kilotonnes)	5,704	6,144	5,999
Environmental training hours ¹⁴	4,711	3,163	6,601

⁹ New staff, staff departures and staff turnover do not include CEDIPSA (100% CEPSPA); this company is engaged in the operation and installation of service stations and its activity is seasonal.

¹⁰ Includes staff that leave the organisation due to disability, resignation, death, retirement or dismissal.

¹¹ Accidents resulting in temporary unfitness for work, permanent disability or death.

¹² Number of lost-time accidents per million hours worked.

¹³ Number of working hours lost per theoretical annual working day.

¹⁴ Training hours per employee are calculated on the basis of employees registered in the CEPSPA "HR ACCESS" database (87.75% of total personnel, comprising the Spanish subsidiaries).

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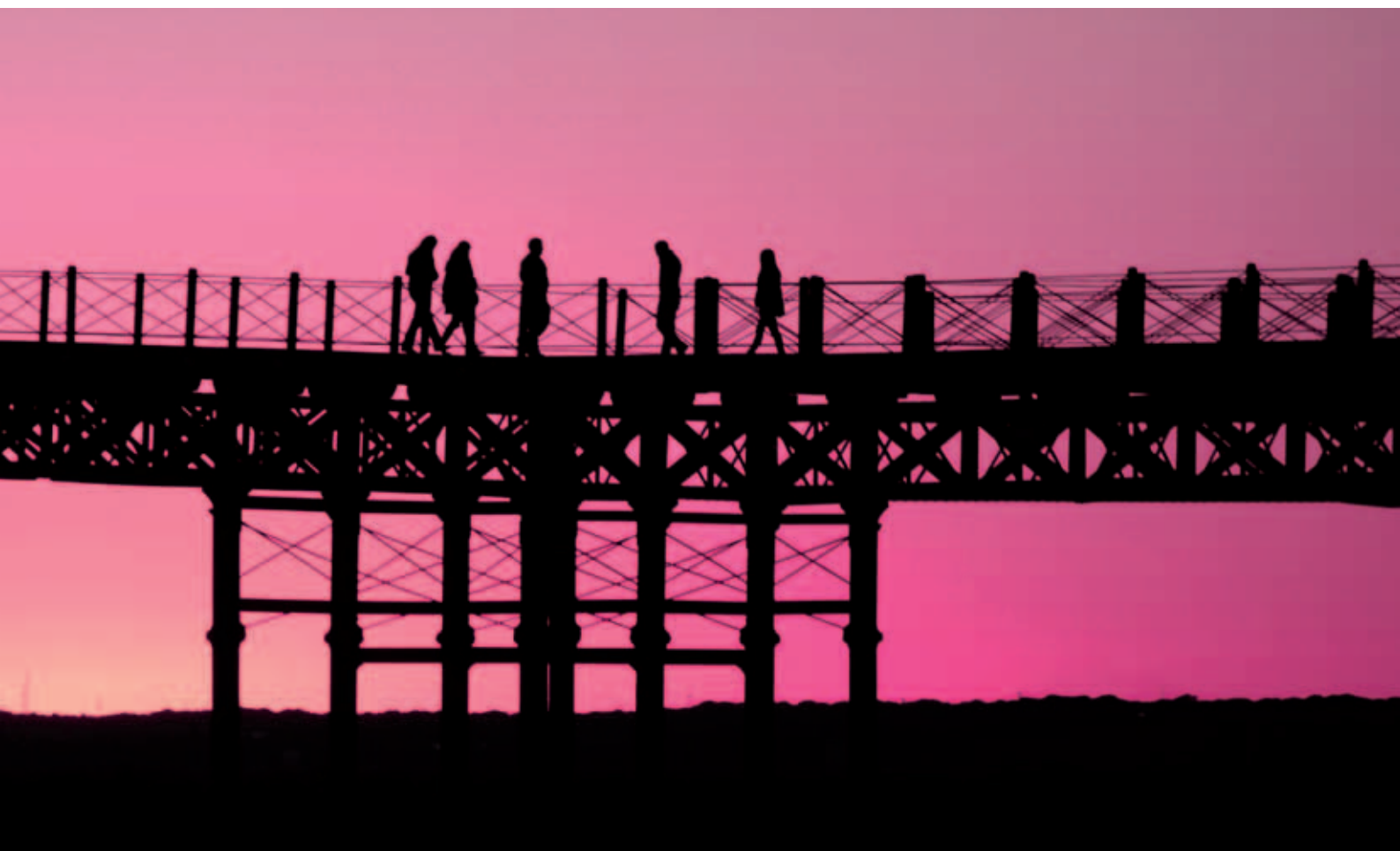
CEPSA

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Our commitment

To be a growing company that generates wealth and is committed to: creating value and safeguarding **shareholders' interests**; offering quality services and goods to our **customers**; meeting the needs of our **professionals**; establishing a framework of trust and collaboration with our **suppliers**; the wellbeing of **society** and, more specifically, the **communities** in which we operate; all with the maximum respect and minimum impact for the **environment**.



01

CEPSA

COMPANY PROFILE

Compañía Española de Petróleos, S.A. (CEPSA) is an industrial group operating at every stage of the oil value chain; from oil and gas exploration and production to the marketing of oil derivatives.

Its Petrochemicals division, which is highly integrated with the Refining division, manufactures and markets raw materials for products with added value used by a large variety of industries. The Company also engages in other activities in its field, such as oil and gas exploration and production, natural gas and electricity.

CEPSA is one of Spain's top companies and, through a gradual internationalisation of its activities, also operates in Algeria, Brazil, Canada, Colombia, Egypt, Panama, Peru and Portugal, marketing its products worldwide.

Activities:

- Crude oil and natural gas exploration and production.
- Refining, distribution and sales of oil derivatives.
- Manufacture and sale of petrochemical products.
- Gas and electricity generation, purchases and sales. Participation in the construction and operation of the MEDGAZ underwater gas pipeline.



Its Petrochemicals division, which is highly integrated with the Refining division, manufactures and markets raw materials for products with added value used by a large variety of industries



OUR UNDERSTANDING OF CORPORATE SOCIAL RESPONSIBILITY

CEPSA believes that corporate social responsibility is about achieving operational excellence in business management, improving in areas in which it has experience, responding to challenges that arise, and adapting to public requirements and expectations. Its conduct is based on the Mission Statement, Corporate Outlook and Founding Principles.

Mission Statement, Corporate Outlook and Founding Principles

- **Mission Statement:** “We are a competitive energy and petrochemicals company committed to society, the environment and customer satisfaction”.
- **Corporate Outlook:** “We are responsible in our management of resources and in all initiatives geared towards our stakeholders”.
- Our **Founding Principles** are based on **Respect** for human rights, **Transparency** in management and **Quality** and **Safety** in the activities we carry out, enabling us to comply with our Mission Statement and fulfil our Corporate Outlook.

CORPORATE GOVERNANCE MODEL¹⁵

CEPSA’s Corporate Governance policies and procedures provide support and set lines of action to ensure that the organisation as a whole achieves the overall goals of the Company and that the interests of its shareholders are protected. They are therefore focused on the following objectives:

- creating value;
- customer satisfaction;
- improvement in environmental

performance, ethical conduct, energy efficiency, and safety.

In the Corporate Governance model, CEPSA’s shareholders constitute the highest governing body representative of the Company’s share capital. The shareholders meet once a year to discuss and adopt agreements on issues of strategic interest for the Company.

Their agreements enter into force on the date of their approval and are mandatory for all.

CEPSA also has a board of directors whose mission is to determine the Company’s strategic directions and economic objectives, and ensure that the Company responds to the concerns and needs of the society in which it operates. CEPSA’s board of directors held 10 meetings in 2009.

¹⁵ Further information in Legal Documentation and the CEPSA 2009 Corporate Governance Report at www.cepsa.com.

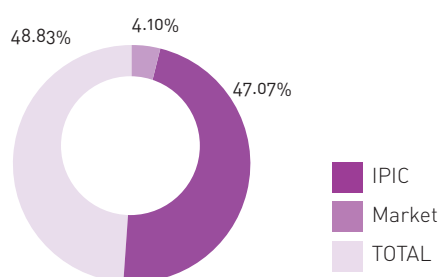
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CEPSA

Members of CEPSA's board of directors	2009	2008	2007
% Per age group			
Between 30-50 years old	38.46	31.58	21.05
Over 50 years old	61.54	68.42	78.95
% Women			
	7.69	5.30	5.30

CEPSA shareholder structure at 31 December 2009

[%]



RISK MANAGEMENT

CEPSA has a system in place for managing risks arising from unforeseen circumstances which is structured through its functional organisation and developed annually as part of the Group's process for preparing and reviewing its strategy. This system encompasses and evaluates the impacts of the risks identified by the businesses and functional units of the Group, establishing certain measures and guidelines.

These guidelines update a system based on the existence and application of a regulatory framework, comprising basic procedures and manuals which can be freely consulted by all Company personnel. Audit plans are carried out to oversee the correct implementation of this framework, including compliance by the personnel designated to this project.

Contingency plans

With a view to protecting its employees and providing for the continuity of the Company's activities following impacts from possible external events, the CEPSA Group is working to standardise its contingency plans.

The objective of these plans is to minimise the impact of any contingency on the Company's employees, businesses and customers, and where applicable, to ensure the continuity of its operations.

Crisis communication management

The Company has established a crisis communication system which details the different courses of action to be followed depending on the seriousness and repercussions of a specific contingency. The system also

designates the personnel from each area responsible for carrying out these actions to enable them to report on the situation in a fast, accurate and transparent manner. Training sessions are held periodically to

rehearse the practical application of the system. Over 120 personnel participated in the most recent training session, which was held in 2009.

Commercial risk management

The diversity of the commercial transactions carried out by the Company requires efficient monitoring of payments from customers to keep the default rate as low as possible. CEPSA has implemented a Regulation that establishes the principles of the commercial credit policy, based on a customer credit rating methodology.

For its effective application, the Company has implemented a Financial Supply Chain Management (FSCM) tool designed to manage commercial risk, into which it uploads internal data (accounting ledgers, payment habits, etc.) and external information (commercial and financial data, solvency assessments by credit rating agencies) on its customers.

Each order is processed based on the credit limit allocated. If the customer increases their volume of risk with the business area above the level initially determined, or if there has been a delay in payments, a system is activated to suspend supply, enabling each situation to be reviewed on an individual basis. The financial and commercial areas are thereby equipped with a tool that allows them to evaluate the risk of non-payment associated with each customer.



01

CEPSA

CEPSA'S POSITION ON PUBLIC POLICIES

In 2009, CEPSA continued to participate and collaborate in both national and european forums, congresses and sector-related associations¹⁶, taking part in meetings to discuss and agree on common sector positions on matters affecting the Company.

In 2009, CEPSA focused its initiatives on the following issues:

- Energy policy in Europe.
- REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances).¹⁷
- Fuel Quality Directive.
- Management of used oils.
- Biofuels.
- Integrated Pollution Prevention and Control: IPCC Directive.
- Greenhouse gas management.¹⁸

Energy policy in Europe

In December 2008, the European Parliament approved the energy package, "An energy policy for Europe", specifying the targets to be achieved by 2020: improving energy efficiency, reducing the demand for primary energy by 20%; ensuring that 20% of total primary energy consumed derives from renewable

sources; and decreasing GHG emissions by 20% compared with 1990 levels.

Although the documents considered as a whole include the objectives and proposals of the refining industry at european level, through EUROPIA and more specifically through its participation in the ENPAG (Energy

Policy Action Group), CEPSA has collaborated actively with the European Commission and the European Parliament to ensure that the final provisions, to be approved during the course of 2010 and subsequent years, include all the sector positions that have yet to be defined.



¹⁶ ENERCLUB, World Energy Council, AOP, FEIQUE, ACOGEN, ASELUBE, EUROPIA, CONCAWE, CEFIC and OME, among others.

¹⁷ Information on REACH is included in the chapter on Customers.

¹⁸ Information on greenhouse gas management is included in the chapter on "Greenhouse gases".

Fuel Quality Directive

On 5 June 2009 the Fuel Quality Directive (FQD) was officially published, establishing the technical specifications for transport fuels, a matter of considerable relevance to CEPSA, with a view to reducing GHG emissions and thereby limiting their impact on human health and the environment.

The approved directive is the result of an agreement between the European Commission, the European Council and the European Parliament, and follows the proposed review of directive 98/70/EC, also known as the "Fuel Directive", launched by the Commission on 31 January 2007, and of Directive 1999/32/EC with respect to the specifications for fuel used by inland waterway vessels.

The FQD includes most of the proposals put forward by EUROPIA. However, there are still certain points of concern to the sector that are currently being studied by expert committees appointed by the European Commission.



Used oils

The used oils management system SIGAUS was created following the entry into force of Royal Decree 679 of 2 June 2006 regulating the management of used industrial oils. CEPSA is a founder and member of the board of SIGAUS.

The objective of the SIGAUS system is to guarantee and finance the collection and treatment of selected used oils generated by the consumption of industrial oils in the Spanish market.

Pursuant to the aforementioned Royal Decree, the Company has adhered to the Prevention Plan managed by SIGAUS. This requires that manufacturers of industrial oil present a plan including measures aimed at generating lower volumes of waste to reduce the environmental impact of their activities.

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CEPSA

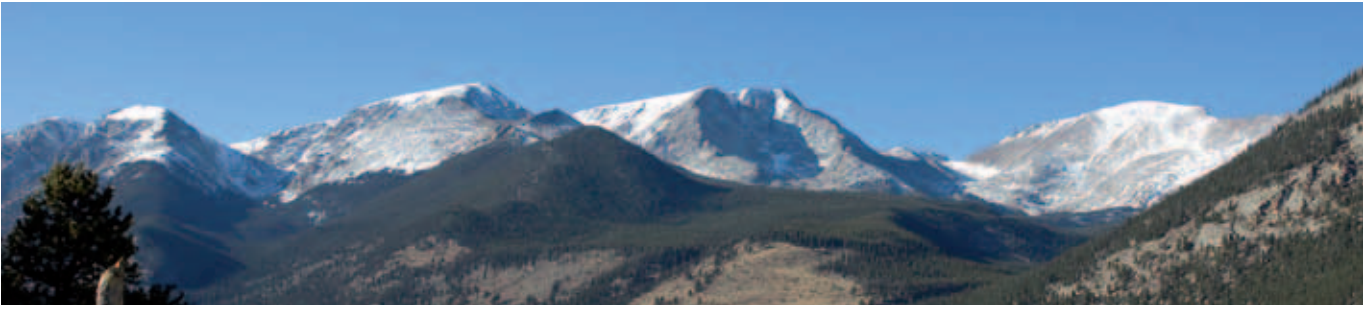


Biofuels

The use of bio-components in fuels is intended to reduce dependency on oil and decrease GHG emissions. CEPSA has made its commitment to this issue clear through its close collaboration with AOP.

Order 2877/2008 issued by the Spanish Ministry of Industry, Tourism and Commerce required the incorporation of 3.4% (calorie equivalent) of bio-components in fuels in 2009. CEPSA has exceeded this requirement by almost 10%, reaching a proportion of

approximately 3.7% by incorporating 75,000 tonnes of bioethanol equivalent (ETBE) in its gasolines and 219,000 tonnes of biodiesel in its diesel oils. The bio-components used meet European standards of quality and were largely purchased from domestic producers.



Integrated Pollution Prevention and Control: IPPC directive

This directive regulates industrial emissions throughout the European Union. It is also known as directive 96/61/EC (IPPC), and was revised at the end of 2007, leading to directive proposal COM (2007) 844 on industrial emissions.

The purpose of this directive is to limit and reduce the air, water and land pollution of any industrial, agricultural and livestock farming activities presenting a high potential for pollution. Compliance with this legislation requires analysis of the aforementioned activities for the

procurement of the Integrated Environmental Authorisations (IEA). This process is carried out under an integrated system for the prevention and control of pollution, which fundamentally consists of using the best available techniques, preventing all pollution, using energy efficiently and preventing accidents and limiting their consequences, all with a view to attaining high standards of health and environmental protection.

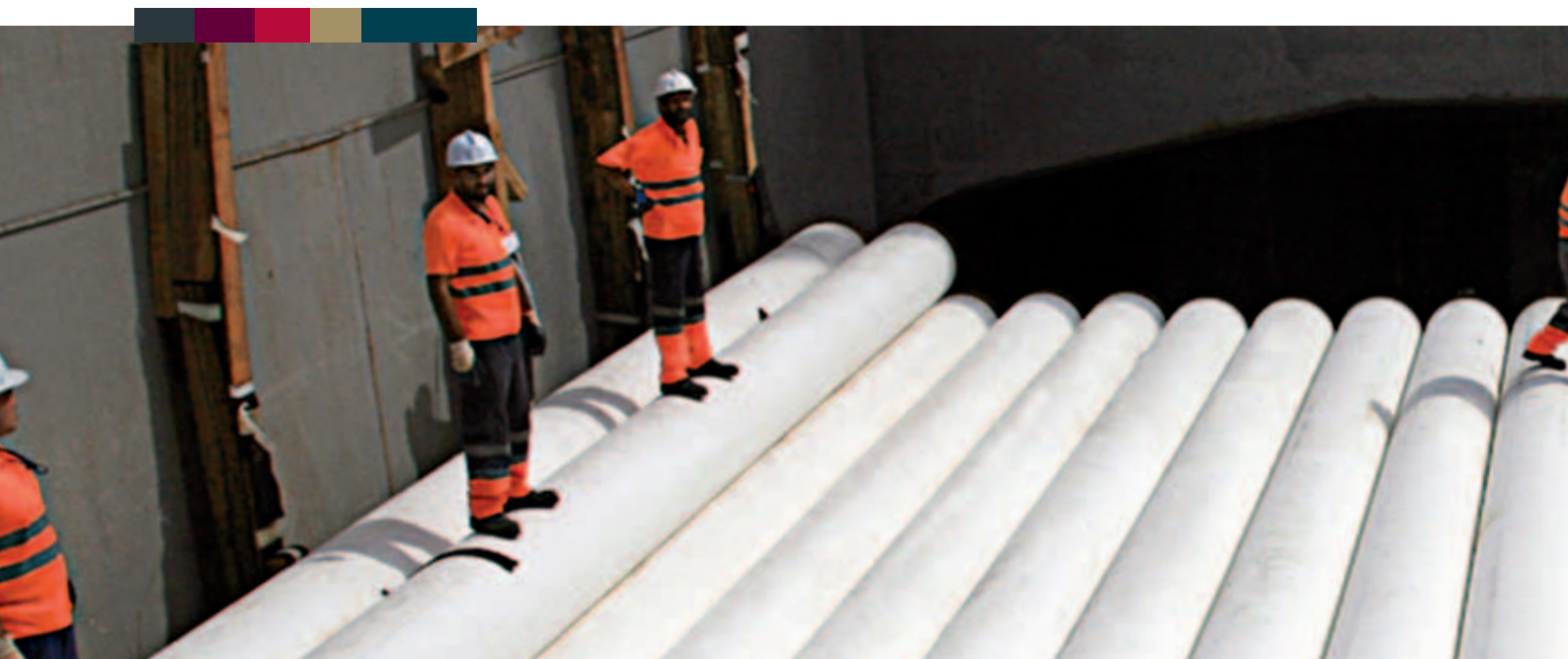
The Company supports the current IPPC directive and its three refineries, three petrochemical plants, ASES (50% CEPSA) and Nueva Generadora del Sur, all have the IEA. However, through its participation in EUROPIA at European level, and AOP at domestic level, CEPSA works to bring the attention of Madrid and Brussels to different issues of concern to the sector, including a thorough assessment of the economic impact of the directive prior to its approval.



02

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Our commitment

Energy availability is essential for the **functioning of modern economies**, economic growth and prosperity. As an energy company, **CEPSA** plays an important public role: **supplying society with energy**. The stability of that supply is one of its primary responsibilities.



2009 milestones

- Completion of projects to increase middle distillate production capacity at the "Gibraltar-San Roque" and "La Rábida" refineries.
- Achieved target of incorporating 3.4% (calorie equivalent) of biocomponents in fuel, reaching around 3.7%.¹⁹
- Test sequence for bringing the MEDGAZ gas pipeline into operation.

2010 challenges

- Start-up the Middle Distillate Production Capacity Expansion Project at the "La Rábida" refinery.
- Achieve the target of incorporating 5.83% (calorie equivalent) of biocomponents in fuel.
- Bring the MEDGAZ gas pipeline into operation.

¹⁹ Information on this milestone can be found in "CEPSA's position on public policies" in chapter one, CEPSA.

02

Energy Supply

INTERNATIONAL SITUATION

2009 has been a year of international crisis that affected all markets. The energy sector has been no exception, although the situation has allowed important conclusions to be reached on its future.

Better quality of life and the subsequent demographic boom have unveiled the underlying limitations of our natural resources in dealing with energy demands. Countries and governments have also been forced to consider the environmental cost of a society based on inefficient management of energy resources.

The social impact of these advances, at the service of mankind, has led to major changes in the economic system.

Although gas and oil continue to play a vital role in the current energy model, the expected high prices of fossil fuels in the future will have structural consequences for this model. High prices drive the search for new technologies that will improve energy efficiency, signalling the market in how to optimise consumption.

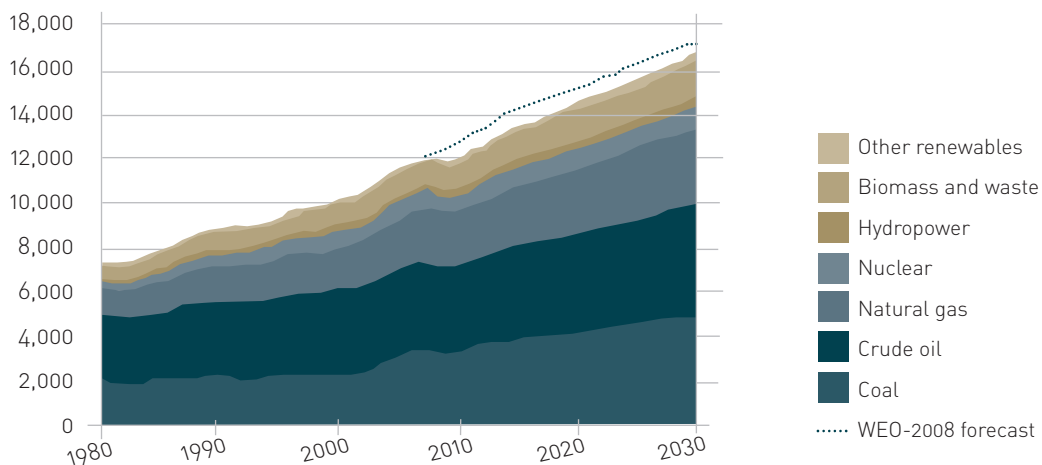
Measures to slow down climate change have had two major effects on the energy model. The first of these has been greater efficiency initiatives to curb emissions throughout the production chain and the use of energy products, while the second impact has been the development of alternatives to fossil fuels such as biofuels, renewable fuels, etc.

Both these circumstances are reducing the structural demand for oil-based products, especially within developed countries.

However, according to the International Energy Agency (IEA), even if new saving, efficiency and substitution measures are put into effect, in the best-case scenario, fossil fuels (coal, oil and gas) will still represent 68% of total energy consumption in 2030, compared with 80% at present.

International energy demand

Millions of TOE (Tonnes of Oil Equivalent)



Source: 2009 World Energy Outlook



The investment made to increase capacity at the “La Rábida” refinery and at some units of the “Gibraltar-San Roque” refinery will help combat the shortage of middle distillates (diesel oil and kerosene) in the Spanish market

CHALLENGES FACING THE SECTOR: CEPSA'S INITIATIVES

The energy sector is experiencing troubled times. In addition to the volatility of crude oil prices, there is also the issue of the technical complexity of exploiting new deposits and the reduced demand in the most highly developed countries, particularly within Europe. This has led to disparities between supply and demand, addressed by cuts in production by OPEC throughout 2009.

The IEA forecasts that, in a best-case environmental scenario where CO₂ equivalent (greenhouse gases) in the atmosphere does not exceed 450 ppm, energy requirements in 2030 will have increased by 20% in relation to the current level. If this prediction proves wrong, the increase could be almost 40%.

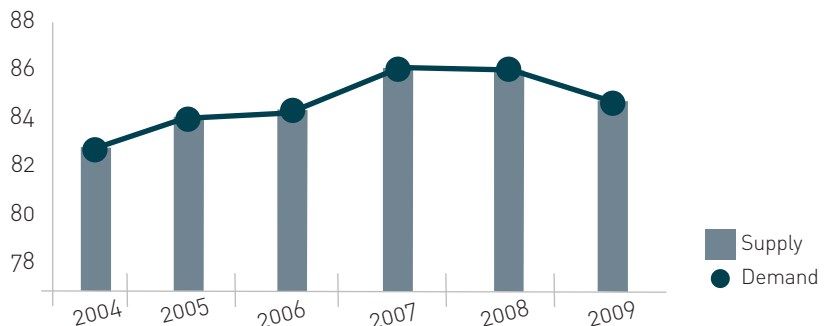
Furthermore, the replacement of fossil fuels in the medium term (20-30 years) is restricted by technological and not only economic factors. The challenge for the sector and CEPSA is, therefore, clear.

CEPSA's response has been to adapt its installations, improve its processes and optimise operations,

while launching new projects to ensure that product supply meets market demand. Proof of this is the Company's investment to increase capacity at the “La Rábida” refinery and at some of the units of the “Gibraltar-San Roque” refinery, which will help combat the shortage of middle distillates (diesel oil and kerosene) in the Spanish market.

International oil supply and demand

(Millions of barrels per day)



Source: National Energy Commission/IEA, 2009

02

Energy Supply

In June 2009, **CEPSA Colombia** passed the audit for ISO 9001 certification, becoming the first CEPSA exploration and production project to receive this award. The audit consisted of analysing seismic acquisition processes and verifying that high standards of quality are upheld throughout the different stages, from planning to analysis of the data obtained.

The supply market in 2009

The supply market has seen a dramatic increase in heavy crude oil price differentials (for both sweet and sour crude oil), due to the new flows generated by Asian demand, greater conversion capacity of the refineries to treat these kinds of crude oils and production cuts agreed by OPEC, which particularly affected crude oils with high sulphur content.

In the past year crude oil supply has also been hit by the economic crisis. Consumption has shifted, falling significantly in developed countries whilst growing in the emerging countries of Asia, with a global readjustment to refining and conversion capacity. This situation has led to a drop of almost 8% in the volume of crude oil purchases made by CEPSA refineries compared to 2008. However, thanks to the conversion capacity of our refineries, the number of different types of crude oil supplied has risen to 36, including eight new kinds of oil which had not been previously processed.

In terms of the acquisition of products and taking into account that import and export levels have been similar to other years, diesel purchases have fallen considerably as a result of the sharp drop in consumption in Spain during the economic crisis. Marine fuel sales, in contrast, have risen, due to the slight growth in this activity in the regions where CEPSA operates.



CEPSA's initiatives in 2009

Secure supply requirements	CEPSA's initiatives	Performance in 2009 ²⁰ : main projects
<p>Availability of sufficient crude oil to carry out activity.</p>	<ul style="list-style-type: none"> • Own production and acquisition of crude oil and products. 	<ul style="list-style-type: none"> • Crude oil produced: 116,891 barrels/day (working interest). • 20.3 million tonnes of crude oil (148 million barrels) acquired and unloaded at the refineries. • 6.6 million tonnes of oil and petrochemical products acquired (diesel, fuel and kerosene).
<p>The resources required for the manufacturing processes to transform raw materials into products which are useful for consumers.</p>	<ul style="list-style-type: none"> • Maximum efficiency in refinery installations. • Distillation of crude oil to obtain derivatives. 	<ul style="list-style-type: none"> • 20.6 million tonnes of crude oil distilled at the refineries. • 20.3 million tonnes of products produced at the refineries. • Project to increase production of middle distillates at the "La Rábida" refinery (Huelva). • Commencement of activities for the new vacuum unit and hydrogen plant at the "Gibraltar-San Roque" refinery (Cadiz). • Projects to increase capacity and improve energy efficiency at the distillation units at the "Tenerife" refinery (Tenerife).
<p>An efficient distribution network to ensure that customers receive products in the right place at the right time.</p>	<ul style="list-style-type: none"> • Expansion and optimisation of the sales network. • Technological improvements to the network and products (product traceability). 	<ul style="list-style-type: none"> • 1,762 service stations. • Launch of CEPSA STAR EUROTRAFIC card. • Marketing of CEPSA Agromax Diesel and Gasóleo Calefacción CEPSA Rendimiento (CEPSA Diesel Performance Heating). • Fuels for marine use: expansion in international ports. • Lubricants, greases and paraffins: international expansion, 65 countries, 16 more than in 2008. • Asphalts: 17% increase in sales in Portugal. • Incorporation of microchips at the CEPSA bottled-gas depot. • LOGISPLAN project.²¹
<p>Other activities that contribute to the supply process.</p>	<ul style="list-style-type: none"> • Development of new supply networks. • Contribution to maintaining strategic domestic reserves. • Incorporation of biocomponents into fuels. 	<ul style="list-style-type: none"> • MEDGAZ: construction progress. 90% completed. • Safety stock²²: 50 days of stock. • 300,000 tonnes of biocomponents.

²⁰ Further information on the Company's performance can be found in the 2009 CEPSA Annual Report at www.cepsa.com.

²¹ Information on this project can be found in the Customers chapter.

²² In accordance with Spanish legislation, each operator has the obligation to maintain reserves of crude oil and oil-based products equivalent to at least 90 days of sales. The Spanish Corporation of Strategic Reserves of Oil-based Products (CORES) is responsible for managing the strategic reserves of oil-based products and monitoring minimum reserves of hydrocarbons (oil-based products natural gas).

CASE STUDY

Operation of the crude oil stabilisation plant at Caracara (Colombia)

CEPSA carries out exploration and production activity in Los Llanos, Colombia, where its operations include the Caracara block. Different seismic campaigns have been performed at this block and various exploratory wells²³ have been drilled, which have confirmed the existence of different fields around which CEPSA has been constructing the necessary oil treatment installations.

The volume of water associated with the production of crude oil is high in the Los Llanos region. The block at Caracara is producing at a rate of 20,000 barrels of oil per day and four barrels of water for every barrel of crude oil. CEPSA, therefore, has a plant for the physicochemical process of separating and treating the crude oil and water, to ensure that the necessary specifications are met for exporting the oil and using the water.

The treatment process begins when crude oil from the wells is transferred to the tanks –Gun Barrels – where it is treated with steam and chemical products, enabling much of the water to be separated. The separated oil is then sent to storage tanks where any remaining water is removed. Once the required specifications have been met, the product is transported in fuel tankers or via pipeline to a pumping station to be exported.

The separated water flows through various tanks and treatment tanks, where different separators allow the residual oil to be recovered. The water is then pumped to a cooling pool, before being transferred to a treatment pool where reagents are added to remove any solid residue, which is sent to a drying bed or the bioremediation area. The remaining water is sent to an adjustment and parameter control pool where it is treated to comply with the end values established by Colombian legislation.

Once the treated water reaches the specifications required under the environmental licence awarded to Caracara, there are different alternatives for the end use of this water (injected into the subsoil, sprayed onto the land and discharged into water currents). The Company currently reinjects 80% of the water into the subsoil and sprays the remaining 20%, acting at all times in accordance with prevailing legislation and respecting the environment. At present, CEPSA is implementing a project to expand its production facilities with the aim of adapting its surface installations, enabling it to treat a higher volume of fluids and reinject 100% of the water from the production process.



²³ The drilling of various exploratory wells serves to confirm the existence of an oil or gas deposit so that the necessary extraction installations can then be built.



03

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Our commitment

To contribute to **socio-economic growth**, especially in the areas in which the Company is present, by developing projects and new activities which **generate employment, create value** for shareholders, extend the **range of products and services** available to customers and **increase production activity** for its supply chain.



2009 milestones

- Investments of 951 million Euros.
- Accumulated investment of 1,000 million Euros for the construction of the Middle Distillate Production Capacity Expansion Project at the "La Rábida" refinery (Huelva).

2010 challenges

- Maximise retained value in a complex environment.
- Maintain size and profitability.

03

Generating Value

CREATING VALUE

Obtaining sustained profits is one of CEPSA's objectives²⁴, which forms part of another, wider goal to maximise value in the long term. This is quantified using indicators of economic value generated, distributed and retained.

In 2009 the **economic value generated**²⁵ totalled 18,640 million Euros, down 26.5% compared with 2008. This reduction is primarily due to the decrease of over 30% in the average price of crude oil and crude oil derivatives.

The **economic value distributed**²⁶ by CEPSA to suppliers, employees, shareholders and public institutions was 17,975 million Euros, down 26.5% compared with the prior year, attributable to the same factors that reduced the economic value generated.

The **economic value retained**, measured as economic value generated less economic value distributed, was 664.8 million Euros, down 25% compared with 2008. This value was obtained in a difficult year, marked by a significant drop in demand for oil, gas and oil products,

a steady rise in the price of crude oil, a decline in economic activity and historically low refining margins.

The major fall in demand for oil products in 2009, due to the downturn in industrial production and, therefore, in transportation (the main use of oil derivatives) has also had a negative impact.

The listed price of Company shares has fallen significantly in 2009, from an average value of 69.30 in 2008 to 26.78 in 2009. Consequently, the Price Earning Ratio (PER), calculated as the ratio between the average listed price and the net profit per share, is in line with the average PER of the Spanish stock market and the oil and energy sector.



²⁴ More economic and financial information on the CEPSA Group can be found in the 2009 Annual Report at www.cepsa.com.

²⁵ Generated Economic Value is obtained by adding operating revenue, finance income, share in profit of associate companies and gains on asset sales.

²⁶ Prepared on the basis of the adjusted results. The adjusted results do not include the equity effect of changes in the price of inventories and other non-recurring items, and therefore allows a clear appreciation of the cornerstones of the business independently of the increases or decreases in the value of inventories that are required at both legal (minimum safety stock levels) and operating levels.

Generated Economic Value²⁵

(Millions of Euros)	2009	2008	2007
Revenues ²⁷	18,364.9	25,115.5	21,230.3
Other operating income	176.6	192.1	135.3
Finance income	30.1	3.7	28.1
Profit share from associates	35.6	37.5	51.4
Gains on the sale of assets	33.1	4.8	37.9
Total	18,640.3	25,353.6	21,483.0

Distributed Economic Value

(Millions of Euros)	2009	2008	2007
Economic relations with suppliers ²⁸	14,637.1	20,950.0	17,089.2
Employee salaries and other compensation	530.9	554.7	500.2
Payments to shareholders	229.1	284.4	350.9
Total taxes paid by CEPSA	2,578.4	2,679.8	2,736.7
Total	17,975.5	24,468.9	20,677.0

Retained Economic Value

(Millions of Euros)	2009	2008	2007
Generated economic value	18,640.3	25,353.6	21,483.0
Distributed economic value	17,975.5	24,468.9	20,677.0
Retained economic value = difference between the economic value generated and distributed	664.8	884.7	806.0

CEPSA shares

(Number of bearer shares: 267,574,941 at Euro 1 par value each)	2009	2008	2007
Quotations (Euros per share)			
Average	26.78	69.30	68.07
Year-end (31.12)	21.77	67.60	71.00
Dividends agreed (Millions of Euros)			
Parent company shareholders	214.1	267.6	334.5
Minority subsidiary shareholders	15.0	16.8	16.4
Total dividends (Millions of Euros)	229.1	284.4	350.9
Dividend agreed per share (Euros)	0.80	1.0	1.25
Pay-out (%) ²⁹	79	51	52

²⁷ This figure includes the special tax on hydrocarbons.

²⁸ These figures relate to investments in business responsibility activities in communities where CEPSA operates. For further information see the section on "Projects of public interest" in the chapter entitled "Part of the community".

²⁹ Measured with respect to net adjusted profit. Not including the gains or losses generated by changes in the price of inventories and other non-recurring results.

03

Generating Value

During 2009, CEPSA earmarked over 530 million Euros for salaries, pension contributions and payments and other employee benefits.

The Company also paid taxes of over 2,500 million Euros in 2009. This amount is largely due to the excise taxes on oil and gas.

generated in 2009 totalled 14,637 million Euros, 30% less than in 2008. This is primarily due to the reduction in average price for supplies of crude oil and related products.

With respect to CEPSA's economic relations with suppliers, the value



Employee salaries and other remuneration

(Millions of Euros)	2009	2008	2007
Wages and salaries and pension contributions and payments	421.2	438.1	395.6
Other employee benefits	109.7	116.6	104.6
Total	530.9	554.7	500.2

Total taxes paid by CEPSA

(Millions of Euros)	2009	2008	2007
Special tax on hydrocarbons	2,281.3	2,285.2	2,345.6
Local taxes	59.3	43.6	37.8
Income tax	237.8	351.0	353.3
Total	2,578.4	2,679.8	2,736.7

Deductions and government grants

(Millions of Euros)	2009	2008	2007
Income tax deductions and credits	17.3	16.6	16.3
Capital grants	10.7	0.6	22.7
Operating grants	3.2	1.9	2.5

Capital grants received

(Millions of Euros)	2009	2008	2007
European Union	-	0.13	-
Autonomous Communities	4.5	0.50	0.84
Spanish central government and others	6.2	-	21.90
Total	10.7	0.63	22.74

Government loans

(Millions of Euros)	2009	2008	2007
Loans extended at subsidised interest rates (average annual volume)	16.3	21.9	25.4

Economic relations with suppliers in respect of expenses included in the income statement

(Millions of Euros)	2009	2008	2007
Supplies	12,876.0	18,858.0	15,263.0
Transport and freight	318.6	491.1	459.9
Projects, supplies and external services	1,285.5	1,421.0	1,273.3
Environmental costs	19.0	16.0	11.0
Other operating expenses	126.0	130.9	72.0
Financial costs of remunerated debt ³⁰	12.0	33.0	10.0
Total	14,637.1	20,950.0	17,089.2

³⁰ Net cost accrued in the period in respect of interest rates on bank and other financing.

03

Generating Value

Despite the adverse economic climate, the investments made in 2009 generated value of 951 million Euros with suppliers.

This figure is similar to that of 2008, not taking into account the investment for the acquisition of

hydrocarbon exploration and production rights for the Caracara block (Colombia).

Economic relations with suppliers in respect of investments

(Millions of Euros)	2009	2008	2007
Exploration and production	214	742	98
Refining and distribution	594	680	413
Petrochemicals	34	27	65
Technology, gas and cogeneration	101	125	55
Corporation	8	5	4
Total	951	1,579	635

Net sales

(Millions of Euros)	2009		2008		2007	
	Products	Services rendered	Products	Services rendered	Products	Services rendered
Domestic market	13,711.1	142.1	19,451.8	146.5	16,274.3	151.6
Rest of EU	2,246.0	5.3	2,773.5	4.9	2,641.3	7.5
Rest of the world	2,051.3	209.1	2,484.9	253.8	1,929.7	225.9
Total	18,008.4	356.5	24,710.2	405.2	20,845.3	385.0



CASE STUDY

Generating value in Andalusia

CEPSA first commenced its activities in Andalusia over 40 years ago, with the start-up of the “Gibraltar-San Roque” refinery. Since then, the Company has maintained close ties with this Autonomous Community, contributing to its economic development and the prosperity of its inhabitants through direct and indirect employment, the acquisition of goods and services from local suppliers, and taxes paid to the regional authorities. The Company’s operations in the area encompass service stations, liquefied gas packaging and storage, the production of asphalts and lubricants, cogeneration, chemical plants and refineries.

CEPSA is the industrial leader of Andalusia, heading the company ranking with a turnover of 12,160 million Euros, measured as the average value of its product sales. Its industrial plants provide direct employment to 3,895 people and indirect employment to another 4,000 through its two refineries (“Gibraltar-San Roque” and “La Rábida”), three chemical plants (Puente Mayorga, Guadarranque and Palos de la Frontera), five cogeneration plants and 50% of the combined cycle Nueva Generadora del Sur (NGS). Additionally, with purchases of goods and services from local suppliers representing an amount of Euros 118 million in 2009, CEPSA generates further wealth within the community.

The Company has invested approximately 1,400 million Euros in Andalusia to construct and extend units that will increase the production of middle distillates and alleviate dependence on external resources, in addition to improving the energy efficiency of its plants.

One of the most significant investments undertaken by CEPSA was carried out in Palos de la Frontera, Huelva, constituting the Middle Distillate Production Capacity Expansion Project of the “La Rábida” refinery, which will place the refinery among the most efficient industrial plants in Europe.

This project required an investment of 1,000 million Euros, generating considerable employment and wealth. During the three years of its duration, the headcount for this project was 140 professionals, with an average of 1,427 additional casual workers employed by CEPSA on a daily basis bringing this figure up to 3,000 during peak periods, such as August 2009. The project required the support of over 200 contractors, of which 50% were Andalusian companies or companies with a consolidated presence in the region. These are significant figures considering the current economic climate.

In Huelva, CEPSA represents 2.7% and 10.2% of local and industrial employment, respectively, and 38.2% of the jobs provided by the industries included in the Association of Basic Chemical Industries of Huelva (AIQB).

Between 2009 and 2013, CEPSA will invest 500 million Euros to optimise resources in the “Gibraltar-San Roque” refinery located in the Campo de Gibraltar region. These investments will include two new cogeneration plants and new vacuum and hydrogen units, which will enable the conversion of heavy gas into automotive diesel oils.

In the Campo de Gibraltar region, CEPSA represents 0.40% of local employment, 3.56% of industrial employment and 15.30% of all the industries included in the Association of Large Industries of Campo de Gibraltar (AGI).

In addition to suppliers and employees, part of the value generated by CEPSA in Andalusia as a result of the aforementioned activities is distributed to public institutions. The Company has directly paid local or regional taxes in Andalusia amounting to 41 million Euros. Furthermore, pursuant to certain financing agreements, a portion of the taxes paid to the central government are re-allocated to Andalusia.

In a difficult period for both the Andalusian economy and that of Spain as a whole, the investments undertaken by CEPSA not only serve to enhance energy efficiency in the region but also to help consolidate its businesses.

04

Employees

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2009 milestones

Human resources

- Implementation the Human Resources Skills Management Model at the technical headquarters and corporate units.
- “On the other side of the table” campaign for attracting talent.
- Progress in the action plan for the Training Programme leading on from the internal audit carried out in 2008.
- Equality programmes: equalities diagnosis.
- Completion of the first phase of the Development Plan for Manufacturing area Managers.
- Start of the standardisation of CEPSA Group contingency plans³¹.
- Creation of the CEPSA Energy Chair at the Higher Technical School of Engineers of Seville University.

³¹ Information on this milestone can be found in the Risk Management section of chapter one, CEPSA.

Our commitment

CEPSA aims to be an employer of choice for professionals in the sector, because of its culture, **based on innovation, excellence and commitment to the development and safety of its employees.**



2010 challenges

Human resources

- Complete implementation of the Human Resources Skills Management Model in the areas of Sales, Supplies, Planning, Control and Distribution, Exploration and Production and Natural Gas.
- Develop the CEPSA Group's equal opportunities policy.
- Deal with new challenges arising from the human resources skills management model: a) design of a corporate development programme, which includes a pro-active mobility policy; b) integration of model-based training solutions into training and development plans; c) design of succession programmes.
- Continue using the intranet as a human resources management tool and analyse it from an employee perspective.
- Implement the second phase of the development plan for manufacturing managers: reinforcing team management capacity and leadership.
- Achieve maximum employment stability through the adoption of development, flexibility and mobility measures.

04

Employees

2009 milestones

Safety

- Achievement of the goal to reduce lost-time accident rate for own and contracted personnel to below 4.65, reaching 3.59 per million hours worked.
- Standardisation of technical criteria to be applied in risk analysis when managing changes in installations.
- Progress in the investigation of industrial accidents, with greater disclosure of lessons learned.
- Action taken to extend the culture of “Zero tolerance for unsafe circumstances” throughout all CEPSA organisations.



2010 challenges

Safety

- Keep the lost-time accident rate for own and contracted personnel below 4.0 per million hours worked.
- Launch the “Visible leadership in safety” campaign: intensify the commitment of CEPESA management to ensuring safety.
- Perform audits to monitor the improvement initiatives after accidents at two of the industrial plants.
- Standardise technical criteria to be applied in risk analysis when managing changes in installations through the training of CEPESA’s technical personnel.



04

Employees

The company's human resources policies aim to reinforce human and intellectual capital and offer an attractive working environment, a stimulating professional career and a safe and healthy workplace in order to attract and retain professionals.

Factors such as employee loyalty, satisfaction and commitment are key intangible assets for the growth and development of the company, and are also beneficial when it comes to forging trust-based relations with employees, affording distinctive advantages.

CEPSA is committed to respect for human rights and basic principles such as dignity, the abolition of forced and child labour and the suppression of discrimination based on gender, race, creed, religion and origin.



HUMAN CAPITAL

In 2009, CEPSA had a staff of 11,703 professionals, 0.9% less than the previous year due to the drop in activity, which has been particularly evident in the service stations network. CEPSA's commitment within the current economic climate has been to offer greater employment stability. Consequently, initiatives have been implemented to optimise the Company's structure, especially in the petrochemical area where activities have been grouped into the single entity, CEPSA Química S.A., and to promote internal mobility within the Group.

This decrease in human capital has been partially offset by the growth in activity within the exploration and production areas in Columbia, Peru and Egypt. Of the appointments in 2009, 84% were new employees, and of those leaving the company, in 42% of cases the contracts had expired and 18% left due to voluntary retirement.

In relation to the profile of CEPSA employees, the average age is 41.4 and the average length of service is 12.4 years. Of the total headcount, 13% work in foreign subsidiaries. An analysis of employees by area is as

follows: 78.3% work in the refining and distribution area, 12.4% in the petrochemical area, 4.1% in the exploration and production areas and 5.2% belong to corporation, technology, the research centre and general services. The proportion of female employees has remained in line with the previous year. Lastly, 91% of the workforce has a permanent contract, 7% more than in 2007, which demonstrates the commitment of CEPSA to providing its workers with stable jobs.

Breakdown by country

(Number of employees)

	2009	2008	2007
Spain	10,192	10,413	10,349
Portugal	756	757	522
Latin America	464	364	262
Canada	207	211	215
North Africa	56	39	29
Europe	28	31	21
Total	11,703	11,815	11,398

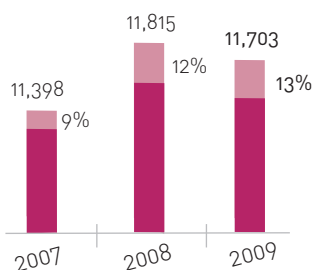
Breakdown by professional category and gender

(Number of employees)

	2009		2008		2007	
	Female	Male	Female	Male	Female	Male
Management and department heads	77	560	73	581	68	601
Expert technicians	324	1,226	310	1,226	306	1,252
Technicians	444	1,398	435	1,368	368	1,252
Specialists	2,694	4,499	2,747	4,631	2,543	4,283
Assistants	316	165	305	139	403	322
Total	3,855	7,848	3,870	7,945	3,688	7,710
% of total personnel	33	67	33	67	32	68

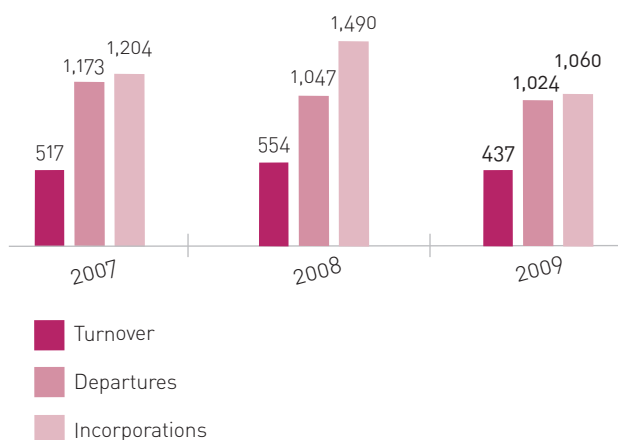
Number of employees³²

[% international]



Number of incorporations³³, departures³³ and turnover³⁴

(Number of employees)



³² Personnel at 31 December 2009, except for CEDIPSA (100% CEPSA); this company is engaged in the operation and installation of service stations and its activity is seasonal. Therefore, the average headcount for 2009 is presented. 310 of the 11,703 employees in 2009; 308 of the 11,815 employees in 2008 and 315 of the 11,398 employees in 2007 work for companies of which CEPSA owns more than 50% but less than 100%. 4,338 of the 11,703 employees in 2009 work for subsidiaries (CEDIPSA, SERVICAR AND PROPEL) engaged in the operation of service stations.

³³ Recruitment and departures do not include CEDIPSA (100% CEPSA); this company is engaged in the operation and installation of service stations and its activity is seasonal.

³⁴ Includes employees who leave the organisation due to disability, resignation, death, retirement or dismissal, excluding CEDIPSA, which is engaged in the operation and installation of service stations and the activity of which is seasonal.

04

Employees

EQUALITY PROGRAMMES

With the aim of effectively extending the principle of equal opportunities for women and men to all areas of human resources management, in 2008 a committee was formed by Company management and trade unions to design an equality programme.

As a preliminary step, in 2009 the Company prepared a diagnostic report on the equality situation in the work centres that fall under CEPSA's collective bargaining agreement, covering around 3,000 employees. This report has been submitted for review to the workers' representatives. The conclusions drawn from the report have enabled the Company to identify areas for improvement and prepare a set of recommendations for preparing future equality programmes to be implemented at CEPSA.



CEPSA strengthens its commitment to universities

Education and training are the two basic pillars for tackling the many challenges facing society in the 21st century.

CEPSA is, therefore, firmly committed to the belief that universities are essential centres for generating knowledge and transferring this knowledge to society as a whole, and has set up various CEPSA chairs in Spain.

In October 2009, was created the CEPSA Chair at the Higher Technical School of Engineers of Seville University, the third Chair that the Company has established in Andalusia.

The aim of the Chair is to promote teaching activities and interdisciplinary research into the latest trends in production processes and the use of fuel and petroleum products.

This fulfils one of the main tasks of the Chairs, which is to act as a link between the academic world and the specialised employment market.

Program of grants for postgraduate students at the French Institute of Petroleum in Paris



In recognition of their dedication and hard work, the Company organises annual events and rewards for its professionals

ATTRACTING AND RETAINING TALENT

The degree of specialisation required in the sector means that competition is fierce with regard to attracting and retaining talent. The Group therefore requires a recruitment strategy that makes CEPSA an attractive company in which to make a professional career.

As part of its strategy to establish links with future professionals, CEPSA is involved in different initiatives which include participating in the most important employment forums and fairs within its sector, such as those organised by the Higher Technical School of Engineers of Seville University, the Carlos III University of Madrid and the 2nd Employment Forum of Los Barrios in Cadiz.

The Company also collaborates on a regular basis with Universia, an employment portal aimed at university students throughout Spain. Furthermore, as in previous years, CEPSA awarded 13 grants for postgraduate studies at the French Institute of Petroleum in Paris and the Institute of Petroleum at Heriot-Watt University in Edinburgh, with the Company undertaking to recruit graduates after they have finished their studies.

The Company's workers are its greatest asset. Their motivation and involvement and identifying their needs and concerns are therefore essential to earn their commitment and loyalty. To this end, CEPSA has implemented human capital management tools, designed

equality programmes and reinforced its communication channels, as well as providing its employees with social benefits that go beyond those established by law, such as pension plans, help with schooling or grants for employees and their children.

Also, as a way of recognising the dedication and efforts of its workers, the Company organises annual events at its centres in Spain, Portugal and foreign petrochemical subsidiaries to acknowledge the accomplishments and work of its employees.

Breakfasts with the Manager

Internal communication is an excellent tool for providing in-depth information on the Company's activities and position and for reinforcing employee loyalty and a corporate culture. The complex nature of companies requires creating appropriate channels to ensure a constant exchange of information at all levels. It was with this aim that, in March 2009, the "Gibraltar-San Roque" refinery launched the programme "Breakfasts with the Manager". This initiative, organised once a month, is intended to be

an opportunity for direct dialogue between staff and the centre manager. Around eight people, nominated at random and representing both genders and a broad range of ages, specialist areas, company areas and departments, participate in these meetings. Managers provide information on factory targets and new projects and address any concerns the employees may have. Nine of these meetings, attended by a total of 78 employees, were held in 2009.

04

Employees



Professional development

One of the keys to retaining talent is promoting professional development. In 2009 CEPSA has continued to work on two projects to encourage personal and professional development:

- **The Human Resources Skills Management Model:** The Company introduced this model in 2008, with the aim of management and development of employees on the basis of their personal and professional skills. The model has been applied more rigorously throughout 2009 to identify employees' strengths and areas for improvement. Implementation

is in three phases: providing employees with information and training on the model, assessment of employees' personal and professional skills, and analysis of the results to detect training needs and to design development programmes. 700 people took part in the project in 2009, which will be completed in 2010 with the participation of a total of 1,600 people.

- **The manufacturing management development plan³⁵:** Aimed at permanently improving the management and leadership skills of the Company's manufacturing management team on the basis of training itineraries adapted to each level of responsibility. A total of 7,000 training hours were attended by more than 360 managers from the three refineries and three petrochemical plants run by the Company in Spain. This programme received the third prize in the annual awards held by the CEPSA Group in recognition of the improvement activities suggested by its employees.

³⁵ Further information can be found in the case study in the "Employees" chapter of the 2008 Corporate Responsibility Report.

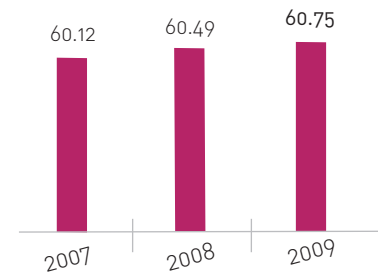
CEPSA's professional performance evaluation systems

The Company considers that evaluation systems provide managers with objective information on the merits of individual employees and the level of achievement of area targets.

They also make human resources policies more dynamic, by offering opportunities for growth and personal development whilst motivating employees and rewarding them for their efforts and loyalty.

Employees who receive performance evaluation

(%)



LABOR RELATIONS

Dialogue and trust are the cornerstones of CEPSA's labour relations. The Company's policy in this respect adheres to the Fundamental Principles of the International Labour Organisation, made evident by trade union representation in CEPSA and zero work hours lost to labour disputes.

97% of personnel are represented by a plural and democratic elected body, in accordance with the prevailing legislation for each country, and 42% of the workforce comes under collective bargaining agreements, which are negotiated directly by employee-elected representatives. The remaining employees come under agreements beyond the Company's jurisdiction, where representations are determined indirectly, albeit with union participation.

In 2009, collective labour agreements for 2009-2010 were signed for CEPSA Química Palos and agreements for 2008-2012 for CEPSA Química Montreal and CEPSA Aviación. A total of 519 workers come under these agreements.



04

Employees

Personnel under collective labour agreements

Breakdown by business units	2009		2008		2007	
	Total	%	Total	%	Total	%
Refining, Distribution and Marketing	8,819	78	8,984	78	8,672	77
Petrochemicals	1,365	12	1,443	12	1,494	13
Exploration and Production	206	2	203	2	170	2
Corporation, Technology, Research Centre and General Services	921	8	907	8	923	8
Total	11,311		11,537		11,259	

Breakdown by union representation

	2009		2008		2007	
	Employees	%	Employees	%	Employees	%
Union representation	9,981	85	10,220	87	10,239	90
No union representation	1,722	15	1,595	13	1,159	10
Total	11,703		11,815		11,398	

TRAINING

In an ever-changing environment like the present, where work areas evolve quickly, keeping employees up-to-date has to be a continuous process.

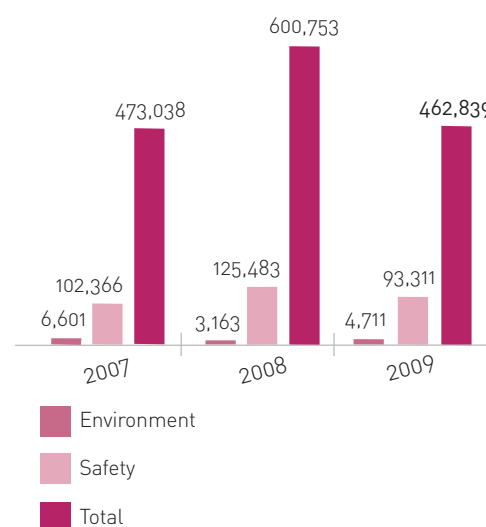
In 2009, training was given on such areas as teamwork, innovation, financial issues, etc., totalling more than 460,000 hours and averaging 45 hours per person. This figure is down 23% on the previous year, as in 2008 training was given to 148 people who had joined the Company following the extension of the "La Rábida" refinery. Similarly, training in safety issues has been reduced, as the new personnel training programme was largely directed at occupational health and safety. This apart, the average number of training hours remained in line with 2007.

The increase in environmental training hours is due to the reclassification of certain training activities from the safety area to the environmental area, together with a new training initiative implemented at the "Tenerife" refinery.

Throughout 2009, the Company continued the global review of its training strategy, to establish a new model bringing training into line

with the Company's objectives and strategy and adapted to the needs identified through the Human Resources Skills Management Model.

Training hours³⁶



³⁶ Training hours per employee are calculated on the basis of employees registered in the CEPSA "HR ACCESS" database (87.75% of total personnel, comprising the Spanish subsidiaries).

CASE STUDY

“On the other side of the table” campaign

Based on the conviction that a company’s main asset is its human capital, the primary objective of the recruitment and selection unit is to attract and select the best candidates for jobs in the Company.

The complexity of the employment market, social changes and the different values demanded by new generations of professionals have led the Company to put special emphasis on its modernity, as a company that creates quality employment. As the internet is at present the most widely used platform for exchanging and finding information, the contact tool of choice has become a website or specific virtual space.

The website www.alotroladodelamesa.com has, therefore, been launched, providing an innovative and different way of communicating with those seeking work. On this website, CEPSA becomes the candidate, giving potential employees the chance to interview the Company virtually and obtain information on all its areas of activity and job vacancies.

The Company is embodied on the website by a personal guide who takes users interactively through the different content so that they can view CEPSA’s “curriculum vitae” (history, business areas, corporate culture and plans for the future) and recruitment policy.

In addition to this information, www.alotroladodelamesa.com includes a corporate video, contributions from CEPSA employees who share their experiences of the Company, and a form for contacting the Recruitment and Selection unit directly.

An important element of the website is the possibility for candidates to submit their curriculum vitae online and keep their details updated through a system of passwords.

As part of the promotion of this new image, an online campaign was launched to advertise the website on the main employment portals, which together with the Company’s participation at the biggest jobs fairs and forums and the presentations given at different universities, helped to bring way more visitors to the website than expected. The consequent rise in the number of CVs submitted enlarged the Company’s database (13,552 new CVs and 2,152 updates to CVs during 2009) and the Company image was rated positively by candidates.



04

Employees

OCCUPATIONAL HEALTH AND SAFETY³⁷

CEPSA considers it essential to implement a health and safety in the workplace policy that prevents work-related risks and adheres to the Occupational Health and Safety Act. Preventing accidents is a priority for CEPSA and the company has established procedures, training programmes and monitoring systems (OHSAS 18001) to this end, on which it has continued to work hard throughout 2009.

Employees participate in the Company's health and safety initiatives through health and safety representatives. A company may also have a health and safety committee, depending on the number of employees and their activities. This is a joint body for regular and periodical consultations on the Company's health and safety initiatives.

At the plants which have an outsourced health and safety service, various measures were taken to improve the coordination of the service in 2009, such as standardising the medical protocols applied to each position and using a computer system to organise medical check-ups more efficiently.

CEPSA is committed to co-operating with service companies in the application of provisions for safety, hygiene and health, providing a co-ordination system involving occupational health and safety visits and the exchange of experiences.

With the aim of standardising the levels of (technological) risk acceptable in different activities and applying them to risk analysis at new and existing facilities, CEPSA has developed Risk Acceptance Criteria guidelines based on global practices in the oil, chemical and gas sector and prevailing legislation. In relation to these guidelines, the following initiatives have been carried out:

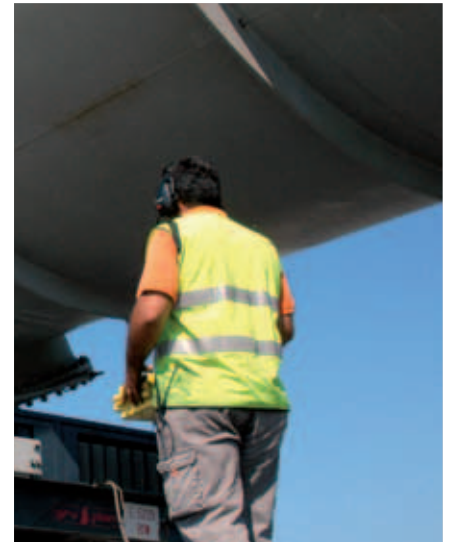
CEPSA has developed Risk Acceptance Criteria guidelines based on global practices in the oil, chemical and gas sector and prevailing legislation



³⁷ The information for the safety area does not include data for international sales offices or CEPSA Panama, ECANSA and AMARCO, as no registry system is available.

2009 acknowledgements

1. The “Tenerife” and “Gibraltar-San Roque” refineries received a distinction from the Autonomous Commission for Safety and Hygiene in the Workplace (COASHIQ) in recognition of the results achieved in preventing accidents in the workplace in 2008.
2. The Autonomous Commission for Safety and Hygiene in the Workplace (COASHIQ) granted an award to the “La Rábida” refinery for achieving zero lost-time accidents involving own personnel during 2008.



- Standardise technical criteria to be applied in risk analysis when changes or modifications are made. The procedure has consisted of integrating Risk Acceptance Criteria into the change management guidelines and analysis of operational risk. In 2010, the Company will perform a study of the processes carried out at the work centres and subsidiaries to evaluate the technical quality of these processes and establish standardised methodology.
- Integrate the application of Risk Acceptance Criteria in the analysis of technological risk when overseeing changes to the centres affected by major accident legislation.

- Apply additional security levels and measures (layers of protection) to the risk studies of the new projects and existing installations.

In addition, in 2009 the periodic review of the industrial facilities at the “Tenerife” refinery was performed by the safety engineers. The programme enables the design and operating standards of the units to be updated, and the installations are evaluated to check whether they are in line with the best standards and practices of the sector.

Emergency drills were also carried out at all plants with subsequent analysis of the action teams and identification of potential improvement initiatives. These drills involved the medical and fire-fighting teams as well as service suppliers—subcontractors, transport companies, etc.—who were also required to participate so that they could be made aware of the procedures to be followed in emergency situations, thus avoiding the unnecessary involvement of the emergency teams in protecting them. Emergencies can, therefore, be brought under control more quickly, affecting as few people as possible. These drills have been audited by third parties at some of the plants, thereby obtaining objective information on emergency procedures at the installations.

04

Employees

On the other hand, three monthly indicators have also been established to monitor more closely the improvements made following accidents and incidents, operational risk analyses and audits performed at the plants. As this issue is very important to the Company, the CEPSA audit department has begun to monitor the extent to which corrective measures arising from accident investigations have been implemented.

A fundamental part of the Company's occupational health and safety activities is the training and information provided to its employees. The "Zero tolerance of unsafe situations" campaign is one way of encouraging compliance with

established guidelines to avoid and rectify unsafe activities that could result in injuries to personnel. In 2009, this campaign was launched in the different manufacturing areas within Spain and with the subcontracted service companies.

The goal of the "Disclosure of lessons learned" project is to study the mistakes committed in industrial accidents and incidents with a view to preventing potential incidents at CEPSA facilities. The safety area keeps a systematic record of all accidents and potentially serious incidents that have occurred at the plants for analysis.

This record is shared with all the Company's safety units, which then evaluate the risk of a specific incident also occurring at their plants and the measures that should be adopted to prevent such a situation from arising. Where necessary, the appropriate measures are then established.

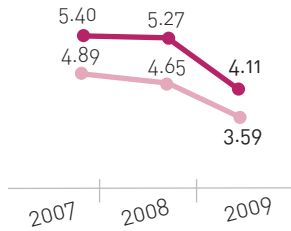
Following the implementation of all these measures, the lost-time accident rate for own and contracted personnel in 2009 was kept below the target of 4.65, totalling 3.59 per million hours worked. However, the Company deeply regrets the death at the start of 2009 of a worker from a subcontracted service company at one of its plants.



Accident rates/absenteeism³⁸ for own personnel³⁹

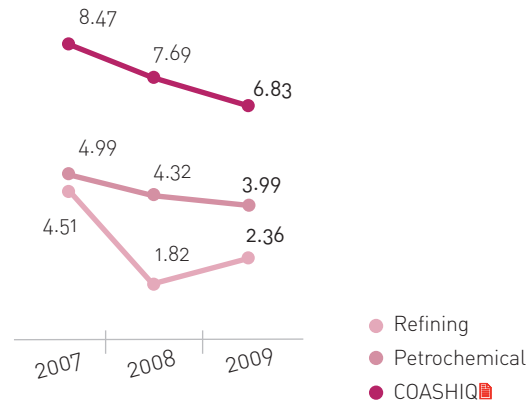
	2009	2008	2007
Lost-time occupational accidents ⁴⁰	89	112	112
Accident frequency rate ⁴¹	4.11	5.27	5.40
Accident severity rate ⁴²	0.11	0.10	0.10
Common illness absenteeism ⁴³ (%)	3.43	3.60	3.66
Absenteeism (%)	5.30	5.46	4.82

Lost-time accident frequency rate⁴¹



- Own personnel
- Own and contracted personnel

Accident frequency rate (own personnel)



- Refining
- Petrochemical
- COASHIQ

CASE STUDY

Programmed maintenance stoppage at the “Tenerife” refinery

From 28 February to 21 March 2009 the “Tenerife” refinery carried out a programmed maintenance stoppage which, due to the scope of the work performed, was the most important and complex of all the stoppages carried out over the past ten years, involving investment of over Euros 18 million.

During the three-week stoppage period, preventative maintenance work was performed at the plant (periodic review and inspection of equipment to prevent, identify and rectify possible flaws) along with corrective maintenance work (carried out once a problem has been identified). Important improvement techniques designed to optimise processes and reduce the environmental impact of the plant were also implemented.

The stoppage was manned by 65 CEPSA employees and more than 1,000 workers from 37 different subcontractors, organised into 24-hour shifts. Many different high-risk tasks were involved in the stoppage and, on many occasions, these were performed simultaneously in a limited space, which required correct planning from all involved.

Owing to the broad scope of the work carried out, in the two months prior to the stoppage the refinery’s occupational health and safety service analysed the most important tasks to identify possible risks and establish preventative measures.

53 health and safety technicians from the subcontractors and 6 outside experts led by the refinery’s own health and safety experts were responsible for ensuring that two main objectives were met: prevention of occupational accidents and health and safety risks.

The efforts of all those involved in the stoppage, coordinated through a programme of cascading meetings and constant exchange of information, during around 305,000 hours of work, have had positive results, i.e. zero lost-time accidents, only two incidents with light injuries and satisfactory coordination of preventative activities.

38 Absenteeism data for companies with head offices in Spain.

39 Includes those companies in which CEPSA holds an interest of over 50%. Exploration and Production data are included for those fields in which CEPSA operates in Columbia and Algeria. Information on the fields in which CEPSA operates can be found in the Annual Report available at www.cepsa.com.

40 Accidents resulting in temporary unfitness for work, permanent disability or death.

41 Number of lost-time accidents per million hours worked.

42 Number of calendar days lost due to accidents per thousand hours worked.

43 Number of working hours lost per theoretical annual working day.

05 Customers

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2009 milestones

REACH

- Optimisation of CEPSA’s participation in the Substance Information Exchange Forum (SIEF).
- Commencement of the implementation of Regulation 1272/2008 on the classification, labelling and packaging of substances and mixtures, based on the Globally Harmonised System (GHS) established by the United Nations.

Service stations

- Creation of the CLINOVA 8 innovation project in the fuels area, with progressive incorporation into all the links of the value chain (employees, customers and suppliers).

Fuels (gasoline, diesel and fuel oils)

- LOGISPLAN Project.
- Implementation of environmental health and safety certifications in all CEPSA’s fuel suppliers.

Our commitment

CEPSA undertakes to offer its customers **quality products and services**, satisfying their requirements through **fast, safe and efficient supply**.



2010 challenges

REACH

- Register all the substances manufactured and/or sold by the Company.

Product stewardship

- Collaborate with the customers of CEPSA Química in implementation of its new product stewardship programmes.

Fuels (gasoline, diesel oils and fuel oils)

- Implement the UNE-EN ISO 27001 standard, pursuant to the Spanish Data Protection Act, in all the transport companies CEPSA works with in Spain and Portugal.

05

Customers

2009 milestones

Aviation fuel

- Installation of mobile data terminals in the vehicles that supply fuel to aircraft at Fuerteventura airport.

Liquefied petroleum gases: butane and propane

- Fitting of microchips into 300,000 new butane gas canisters and 600,000 used.

Lubricants

- Consolidation of CEPSA Lubricantes' Comprehensive Customer Service Department.

Electricity

- Certification by the Spanish National Energy Commission that the energy supplied by DETISA⁴⁴ is produced at highly efficient cogeneration plants.



⁴⁴ DETISA, a fully-owned CEPSA subsidiary, is engaged in the cogeneration and sale of electricity to industrial consumers.

2010 challenges

Liquefied petroleum gases: butane and propane

- Implement a Customer Relationship Management (CRM) tool to ensure effective communication with end customers of propane and butane through the Company's website, telephone services and text messages.

Lubricants

- Consolidate the innovations introduced with respect to processes, products and people with a view to improving the performance of the lubricants sold by CEPSA, motivating the Company's employees and building on relationships with customers.

Natural gas

- Further the development of the energy advisory activity in the area of cogeneration.



05

Customers

COMMITMENT TO QUALITY AND CUSTOMER SATISFACTION

Ensuring the high quality of its products and services is a key priority for CEPSA in its commitment to customers. This aspect encompasses all the activities surrounding a sale, such

as attending customer queries by telephone and managing orders and complaints, factors that have a direct impact on the customer's perception of the quality of the service provided.

The customer satisfaction rating for 2009 is 99.89%, in line with the 99.88% achieved in the two prior years.

Guaranteeing the quality of crude oils and acquired products

CEPSA guarantees the quality of the products and crude oils it purchases for processing at its refineries and petrochemical plants by engaging an independent inspection company to verify, at the ports of loading and unloading, that the crude oils and, in particular, the products purchased meet the specifications required.

In the case of the products sold from CEPSA's plants – diesel oil, petrol, kerosene, etc. – the Company has established a protocol whereby daily samples are taken from the storage tanks and subsequently analysed in a laboratory to monitor their quality and specifications.

Finally, prior to loading the product onto the tanker, the Company provides the ship's captain with a safety data sheet detailing the characteristics of the product and the precautions to be taken when handling and/or transporting it in the event of an accident.





PRODUCT STEWARDSHIP

Product stewardship at CEPSA is based on a number of directives aimed at promoting the safe and responsible use of products. This philosophy encompasses health, safety, environmental, socioeconomic and technical issues to guarantee product quality to customers.

During 2009, the Company participated in several programmes aimed at improving the profile of its products, including a project to reduce the impact on air quality of the VOC emissions from its products and an analysis of the life cycle of Polyethylene terephthalate (PET) with a view to implementing eco-design features, where possible, in its products.

CEPSA AND REACH IN 2009

On 1st June 2007, the European Union approved the REACH (Registration, Evaluation and Authorisation of Chemicals) regulatory framework, a unique and comprehensive system for regulating, registering, evaluating and authorising chemical substances and their free circulation within the European market.

This Regulation requires companies to register any substances manufactured, imported or sold in quantities of over one tonne, to evaluate the associated risks and determine their possible impact on people's health and the environment.

Prior to the established deadline of 30 November 2010, companies are required, working collaboratively through the Substance Information Exchange Forum (SIEF), to compile a list identifying the properties, toxicology, acceptable uses, etc. of the substances manufactured and to agree the classification and labelling of those requiring registration. Throughout 2009, in addition to carrying out its internal preparations to register these substances, CEPSA has participated actively in various consortia to determine the products or groups of products to be registered.

CEPSA Química has made a great effort by publishing the uses and applications of its chemical products on the Company's website for the purposes of providing this information to its customers⁴⁵. Information on the uses and applications of CEPSA's other products is available on the CONCAWE website.

With a view to implementing, in 2010, the European standard for harmonising the classification, labelling and packaging of substances and mixtures (European Regulation 1272/2008), in 2009 CEPSA has focused primarily on classifying the substances acquired, processed and sold by the Company and evaluating their impact in its safety data sheets.

⁴⁵ http://www.cepsa.com/cepsa/Que_ofrecemos/Productos_quimicos/REACH/

05

Customers

IMPROVEMENT ACTIVITIES BY MARKET

Service stations

- **Adaptation of customer loyalty programmes:** After acquiring the TOTAL service stations in Portugal, and with a view to offering the same services and benefits to all customers in the Iberian Peninsula, CEPSA has adapted and introduced the "Porque Tu vuelves", TRANS Club, STAR and STAR Flotas customer loyalty cards in Portugal.
- **A firm commitment to innovation:** At the end of 2007, CEPSA Estaciones de Servicio launched the CLINOVA innovation project for the generation, evaluation and implementation of innovative ideas. The eight innovation groups created in 2008 have generated 60 ideas during 2009, of which approximately 40% have already been introduced or are under implementation.



Fuels (gasoline, diesel and fuel oils)

- **LOGISPLAN:** CEPSA's oil tankers cover a distance of approximately 7.5 million kilometres per year. To optimise the routes used, a work group was created to develop an advanced route planning system, LOGISPLAN. This project has received first prize in the CEPSA Group's annual awards for improvements proposed by its employees.

Marine fuels

- **A customer satisfaction survey** is carried out in this market, covering passenger and freight ships and fishing boats. The results of the 2009 survey reflect an improvement on the already high customer satisfaction and retention ratings obtained in 2008, as well as a positive assessment of the personalised treatment and product delivery service offered by the Company.



Aviation fuel

- **Improvements** in the use of the **software application for responding to complaints**. This tool enables efficient management of relations with different operators and of complaints relating to supplies, prices and flight assignments.

In 2009 the response time and number of requests relating to billing have been reduced by 15%, while those relating to delays in the supply of fuel are down 27% compared with the prior year. The average response time of operators is down by 67% compared with the prior year.

- **Installation of mobile data terminals** in the vehicles that supply fuel to aircraft at Fuerteventura airport, enabling permanent monitoring of their position and the status of critical operations.

Liquefied petroleum gases: butane and propane

- Start-up of a **website for gas installation companies** that will allow the mandatory annual maintenance of the tanks that the Company has installed in the market to be closely monitored (over 12,000 installations).

- **Installation of a mobile data terminal** in the Company's bulk propane fuel tankers which allows them to consult sales orders and the quantity of product delivered and the amount remaining in the tank in real time.

This system will enable the Company to render emergency services, provide supplies to new customers, bill customers during delivery and optimise the routes used by the tankers, generating direct savings in fuel and reducing emissions.

Lubricants

- Consolidation of the **Comprehensive Customer Service**, aimed at providing customers with information and assistance on specific matters relating to the products sold by CEPSA Lubricantes, with automatic follow-up of the status of the consultation or complaint.

- **Advancement of the "Órbita"** project, which includes providing training on the management of used oils, health and safety and legislation to mechanical workshops and small businesses, to ensure these have a good level of legal and practical knowledge, as part of the promotion of CEPSA products.



SIGPAT programme

As the current leader in the Spanish **lubricant** market, CEPSA has been selling lubricants for over fifty years and is in the process of strengthening its international presence.

In addition to offering its customers a wide range of products for all types of applications, the Company also extends a machinery diagnosis service to its large customers through the physical-chemical analysis of the lubricant used. The customer takes a sample and sends it to CEPSA's Research Centre, which after various trials, issues a diagnosis together with preventive recommendations for the machinery to work properly.

05

Customers

Asphalts

- Progress has been made in the development of a **customer area on the CEPSA website**, where the Company's customers can view their invoices, orders, overdue balances and the status of any complaints they may have lodged. This will increase the availability of commercial information in real time and facilitate transactions between both parties.

Petrochemicals

- **Reduction in the response time for complaints:** Results are issued within 15 days (the reasons for the consultation and measures proposed). In 2010 CEPSA aims to reduce the number of complaints received by all its lines of business, as well as to increase the percentage of responses to technical consultations within the period indicated.

Natural gas

- Gradual increase in the volume of **energy advisory services** rendered to current and potential customers, prioritising the optimisation of the electricity supplied and generated, in addition to audits, cogeneration feasibility studies and consultations. In this respect, the number of initiatives rose from 145 in 2008 to 190 in 2009. As a result of these initiatives, improvement measures have been implemented for 54 customers, representing annual consumption of approximately 1,200 GWh.

Electricity

- **The Spanish National Energy Commission has awarded DETISA with certification** to show that the energy supplied comes from a high-efficiency cogeneration plant supplied by Nueva Generadora del Sur⁴⁶ Combined Cycle Power Plant. This plant uses the steam generated to meet the heat energy demands of the "Gibraltar-San Roque" refinery. The energy sold has a source that emits lower CO₂ and waste compared with the average volumes for Spain.



⁴⁶ Nueva Generadora del Sur is a Combined Cycle Power Plant in which CEPSA holds a 50% interest.



CEPSA was one of the first energy companies to sign the Self-Regulation Code on the use of environmental issues when advertising products and services

COMMERCIAL COMMUNICATIONS AND DATA PROTECTION

As part of its commitment to responsible commercial communications, CEPSA is a member of several organisations which undertake to safeguard consumer rights and fair competition, such as the Spanish Advertising Self-Regulation Organisation (Autocontrol), "Confianza on-line", the Spanish Association of Advertisers or the Portuguese Association of Advertisers (APAN).

In 2009, the Company collaborated with the Spanish Secretary of State for Climate Change and the Spanish Advertising Self-Regulation Organisation (Autocontrol) to prepare a Self-Regulation Code on the use of environmental issues when advertising products and services. CEPSA was one of the first energy companies to sign this agreement. Its aims include promoting purchases of products and services with a lower environmental impact, maintaining the trust of consumers by avoiding misleading environmental arguments in advertising, and preventing unfair practices.

Finally, CEPSA has implemented the measures required by law to protect the personal data of the individuals with which it operates (customers, suppliers and employees), based on the strictest confidentiality and adoption of information security measures.

05

Customers

INFORMATION SECURITY

In April 2009, CEPSA obtained ISO 20000 quality certification for management of its IT systems services, having previously obtained ISO 27001 certification for information security management in November 2008.

The establishment of an advanced services management system has brought about a significant change in culture, which has affected all levels from management to operations personnel.

This move has also increased the efficiency and importance of IT services, bringing them closer and integrating them further into business processes and establishing a common language.



CASE STUDY

Introduction of a microchip in butane gas canisters

The Company sells butane through its subsidiary CEPSA Gas Licuado, which has: 11 bottle filling and container distribution plants in Spain and Portugal; a market share of approximately 17%, reaching as much as 30% in some autonomous regions; over 150 distributors and close to 3,000 self-service points (service stations and other points of sale), as well as sales of over 15 million bottles.

In 2008, with a view to supplementing its existing range of containers, CEPSA Gas Licuado launched a new butane gas canister, with a more innovative and practical design. This new bottle includes a microchip which allows data to be transmitted by radio waves using the Radio Frequency Identification (RFID) system.

CEPSA is currently the sole supplier of butane in the Spanish market to include a microchip in its butane gas canisters, and one of the pioneers at global level in this regard. The introduction of the chip has resolved the problems previously faced by the optical reader when deciphering the code and review and filling dates stamped on the base of the old bottle, which due to its constant handling and position may be incorrectly identified.

This device is basically the “electronic ID” of the canister, and shows when and in which plant the gas bottle was filled during the year, thereby providing exhaustive safety control. In addition to the re-stamping date, it also offers information on the geographical traceability of the bottles, optimising the production of the bottling plant and the availability and distribution of bottles.

In 2009, the Company acquired 300,000 new canisters with this microchip, bringing the total to 700,000. It is expected that these kinds of bottles will be incorporated at a rate of 200,000 per year. Additionally, a further 600,000 used canisters have been re-stamped and equipped with this device. The Company’s objective is to re-stamp and fit all the Company’s butane gas bottles with a microchip (6 million used gas cylinders) within ten years.



06

Suppliers

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- Generating value for suppliers in areas where CEPSA is present.....64



2009 milestones

- Completion of the implementation of the Global Supplier Management Model.
- Revision of the corporate responsibility parameters included in the Supplier Evaluation and Approval System, to increase their specific weighting.
- Final stages in creating a suppliers section on the CEPSA website.
- Review of the General Terms and Conditions for Purchasing and Contracting, to include obligatory compliance with the provisions of the International Labour Organisation (ILO) and the principles of the United Nations Global Compact.

Our commitment

Forging **trust-based relations with suppliers and service companies** is a key focus for CEPSA to achieve its objective, while also helping to bring the Company closer to the communities in which it is present. CEPSA's goal is to be perceived as **one of the best companies in the sector in terms of excellence** of its supply processes and management of its relations with these stakeholders.



2010 challenges

- To perform a general review of the Supplier Evaluation and Approval Process.
- To standardise the contracts to be used by Centres and Purchasing Units with the Group's different suppliers.
- To put the suppliers area at www.cepsa.com into service.
- To implement the TSMS – RePro global supplier registration management system.

06

Suppliers

A key process in the Company's activities is the purchase of goods and services from suppliers and contractors. CEPSA maintains ethical and responsible relations with these stakeholders, combining management criteria that respect the environment and are socially committed and economically feasible.



MANAGING SUPPLIERS AND CONTRACTORS

To ensure positive relations with these stakeholders, CEPSA has incorporated a corporate purchasing and contracting policy based on the principles of transparency, maximum objectivity, process efficiency and providing benefits for all the parties involved in the value chain.

CEPSA's supplier and contractor selection policy includes a Supplier Evaluation and Approval System, which aims to ensure the principles of neutrality, fairness and equal opportunities, as well as guaranteeing quality, environmental protection and health and safety in the workplace throughout the entire value chain. In 2009, the Company reviewed the corporate responsibility parameters

considered in its Supplier Evaluation and Approval System, updating its criteria to include new issues related to CEPSA employment practices and compliance with social, labour and ethical directives, initiatives and standards, such as the United Nations Global Compact.

The Company has also reviewed its General Terms and Conditions for Purchasing and Contracting to ensure that suppliers and contractors act in line with the initiatives supported by CEPSA (the Universal Declaration of Human Rights, the provisions of the International Labour Organisation and the principles of the United Nations Global Compact) when carrying out their activities.

Improving processes

CEPSA has continued to improve its processes, and progress has been made in the implementation of a Global Supplier Management Model, through which CEPSA outsources its supplier registration, classification and document management services. This model will be optimised through the current internal process which has been undertaken to record and approve suppliers using web-based tools.

Work has also continued on the implementation of a suppliers area on the CEPSA website, providing all the information and documentation required by suppliers for their commercial activity and interaction with the Company during certain transactions included in the purchasing cycle.

Supplier approval process

Approximately 3,100 of CEPSA's 3,600 active suppliers have been approved through this process and are still valid. Of this total, over 900 have been informed of the availability of quality, environmental and health and safety in the workplace management systems based on, among others, the ISO 9000, ISO 14000 and OHSAS 18000 standards, as well as other specific standards and policies applicable to the corporate responsibility field.



06

Suppliers

GENERATING VALUE FOR SUPPLIERS IN AREAS WHERE CEPESA IS PRESENT

The Company's main suppliers are of crude oil and oil products. In its commercial supplies⁴⁷ CEPESA works with prestigious and solvent commercial suppliers which are well-established in this highly specialist market. The Company always follows the regulations issued by international

organisations with regard to embargoes, sanctions or any other type of applicable trade restrictions.

CEPSA always strives to benefit the communities in the areas where it operates, providing local employment opportunities and promoting the contracting of goods and services.

In 2009, local suppliers in the regions where CEPESA operates (excluding bank services, crude oil and products) accounted for 49.83% of the total purchases made, with the subsequent creation of value in these communities.

Exploration and Production: Commitment to Human Rights

In countries such as Egypt, Algeria, Colombia and Peru, CEPESA remains committed to operating in a manner that respects the human rights of the community, its employees and its contractors. Careful attention is paid to ensuring that the company which carries out the activity, as well as its contractors, do not allow any child or forced labour or cultural, ideological or gender discrimination. They are also required to comply with prevailing employment legislation in each country, and respect contractual commitments, freedom of association, working hours and all other employee rights.



⁴⁷ Supplies of crude oil for refineries, sale of equity crude oil production and sale and purchase of energy product imbalances from the CEPESA refining system.



In 2009 local suppliers in the regions where CEPSA operates (excluding bank services, crude oil and products) accounted for 49.83% of total purchases made

Purchases by area⁴⁸

	2009			2008			2007		
	Total	Local	%	Total	Local	%	Total	Local	%
Cadiz	201,084	77,659	38.62	263,548	84,210	31.95	201,833	88,863	44.03
Canary Islands	52,431	17,821	33.99	54,192	15,779	29.12	50,045	13,875	27.73
Huelva	92,317	40,850	44.25	146,510	53,014	36.18	105,147	48,650	46.27
Madrid	155,138	85,900	55.37	362,635	179,111	49.39	689,446	395,132	57.31
Algeria ⁴⁹	122,379.2	73,641.8	60.17	202,524.7	95,445.3	47.13	117,198.2	57,651.2	49.19
Egypt	27,895.7	20,894.2	74.90						
Colombia	190,035.4	95,785.1	50.40						
Peru	15,675.2	14,463.2	92.27						
Total	856,95	427,014	49.83	1,029,410	427,559	41.53	1,163,669	604,171	51.92

⁴⁸ 2008 and 2007 information is not available for Egypt, Colombia and Peru.

⁴⁹ Local purchases have been considered as those transactions exclusively carried out with local companies, excluding subsidiaries of international companies present in Algeria.

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2009 milestones

- Involvement of a member of the CEPSA Química Bécancour neighbourhood association in the joint audit of the company QMI-SAI Global and the Canadian Chemical Producers' Association.
- Increase in the number of visits to the "La Rábida" refinery and the Primera de Palos lagoon (Huelva).
- Progress in the development of the five-year action plan based on the results of the public perception survey performed by the "Gibraltar-San Roque" refinery in 2008.
- Fulfilment of the commitments to generate local jobs and respect environmental, social and cultural diversity in the areas of Columbia and Peru in which the Company carries out exploration and production activity.
- Organisation of the first CEPSA "Social Value" Awards in the "Gibraltar-San Roque" refinery.

Our commitment

Mutual awareness, through **dialogue**, and involvement in communities projects where we operate, within a framework of initiatives aimed at forming quality **relations based on trust, accessibility and transparency.**



2010 challenges

- To perform a survey on the external perception of the "La Rábida" refinery (Huelva).
- To set up the Forum for Southern Europe in Cadiz.
- To sign a framework agreement with the La Laguna University in Tenerife.
- To create a neighbourhood association for the "Tenerife" refinery.

07

Part of the Community

MANAGING THE IMPACT ON COMMUNITIES

At CEPSA we know that our operations and activities in support of communities need to consider the expectations and demands of the societies of which we form part, and mechanisms are therefore in place for dialogue with our main stakeholders.

- **CEPSA Química Bécancour** forms part of a community consultation committee, which includes a representative from each of the industries in the business complex, including CEPSA Química Bécancour, and eight committee members who represent the local community. The committee met five times in 2009, and CEPSA has presented

the committee with a report on the investments it has made in reducing greenhouse gas emissions during the year. The committee members have also visited the Company's facilities and gained first-hand experience of the effort it is making to protect the environment and reduce greenhouse gas emissions. Finally, in October 2009, a joint audit was performed on the company QMI-SAI Global and the Canadian Chemical Producers' Association, with the participation of a member of the CEPSA Química Bécancour committee.

- The **CEPSA Química Montreal** committee was formed at the initiative of the plant itself, and comprises representatives from the community, the Company and the environmental bodies located within the area. In 2009, this committee met on five occasions and dealt with issues including the progress made in the project to recover biogas, with its positive impact on reducing greenhouse gas emissions; the work being carried out to achieve OSHAS 18001 health and safety certification in 2010; and the appointment of a committee member to resolve any queries from the community.



La réussite éducative, j'y participe ! (Educational success project)

Aware that the growth and prosperity of a region depend on its young people, the government bodies *Table régionale de l'éducation* and the *Conférence régionale des élus* of the Centre-du-Québec region have launched the programme *La réussite éducative, j'y participe!* The aim of this project is to reinforce the education system at all stages with a view to reducing the school drop-out rate and, ultimately, improving the level of education within the community. Parents, pupils, schools, government bodies and companies from the Centre-du-Québec region are all involved. CEPESA Química Bécancour, representing the project in this area, is aware of the importance of the initiative given the increasing demands of the employment market and the need for companies to recruit qualified and competent personnel. The plant therefore establishes relations with students through different activities designed to bring the industry closer to the community and promote science degrees, along with the possibility of pursuing a career in Bécancour. In 2009, the installations were visited by 200 students, including a group of nine-year old school children, to give them the chance to see how science is applied within companies. The plant designed a special magazine for the students, which included a presentation about the Company, the different job positions and a number of scientific experiments.



The results of the maintenance stoppage, which lasted 26 days, were also discussed and a favourable conclusion was reached. Finally, with the aim of bringing the local community closer to industrial activity, the Company organised two visits to the plant, which were attended by a total of 86 people comprising petrochemical students and other members of the community.

- Comité de Fomento Industrial de Camaçari (COFIC), an association to which **DETEN Química** belongs and which represents the companies in this city's industrial estate, created the *Conselho Comunitario Consultivo*, which met on eight occasions in 2009. During its fifteen years of existence, this

association has forged a culture of dialogue based on the companies' commitment to keeping the local community informed on a range of different topics while gauging public perception of the Camaçari industrial area. One of the positive consequences of these successful relations has been the participation and contribution of the Conselho in the round of negotiations held with the companies and the Institute for the Environment for renewal of the operating licence for the Camaçari industrial area. DETEN Química also organised visits to the plant for students, teachers, associations and institutions, receiving a total of 187 visitors.

- Global management of the "**La Rábida**" refinery in Palos de la Frontera (Huelva) is based on the European EFQM (Excellence for Quality Management) model, which considers relations with external and internal stakeholders. As a result of the survey carried out in 2008 and in response to requests from the community, the refinery has continued to promote some of the initiatives already implemented, such as the Film Festival, base sport and the programme of visits.



In 2009, a total of 4,199 people visited the installations, 6% more than in the previous year, confirming the mutual interest of the refinery and the local community in getting to know each other better. Also given the importance of small and medium-sized enterprises in Spain's business world, the refinery and Huelva's Federation of Businesses have signed a training agreement to improve the competitiveness of Huelva's small and medium-sized enterprises.

- The **"Gibraltar-San Roque"** neighbourhood committee comprises four neighbourhood associations, a local business representative, a technician from the local council's environmental department, a technician and the most senior figure from the environmental council, as well as representatives from the "Gibraltar-San Roque" refinery. To ensure greater representation of official institutions, in 2009 the councillor for local festivals, the councillor for industry and the councillor for the Bay all joined the committee.

The neighbourhood committee met three times in 2009 to discuss issues such as the presentation of the "Arroyo Madre Vieja" biodiversity project, which will be implemented in 2010, and the explanation of the public warning system that the refinery uses in drills and in the event of real emergencies. Spokespeople for the neighbourhood associations also took part in these discussions. In response to the survey on public perception performed in 2008, the committee has developed a five-year action plan comprising 27 projects. As part of these projects, 2009 saw initiatives aimed at boosting professional training within the community through the creation of specific qualifications to meet CEPSA's requirements, by means of the CEPSA Chair and Technological Campus. Four open days were also held and visits were organised for school children and associations resulting in a total of 1,600 visitors to the plant.

- With the aim of raising community awareness of the production processes and environmental protection and safety measures implemented at the **"Tenerife"** refinery, the Company organised school visits which were attended by around 900 children. In addition, to promote employment in the area, the refinery and the Canary Island Employment service have organised a course to train unemployed people to become chemical plant operators, undertaking to recruit 60% of the course participants.

The industrial areas of Tenerife, Cadiz and Huelva have made a special effort to strengthen relations with different associations, institutions and the media, to ensure better communications, improve awareness of their concerns and offer more insight into the business. To this end, the Company has organised special meetings, topic-specific seminars and visits to its installations.

- In **Columbia**, social initiatives with the local community were stepped up as a consequence of the increase in exploratory activities and new drilling processes in 2009. Many of these activities have centred on recruiting local skilled and unskilled workers to promote employment. The Company has also provided training programmes to equip recruits with the best tools to carry out their work safely and with respect for the environment.

CEPSA has been in close and constant contact with its stakeholders, demonstrating its openness to dialogue when it comes to receiving suggestions or dealing with any concerns that may arise in relation to projects underway. It has also launched alternative communication channels to those established by law, such as advance meetings, informative newsletters and visits to its projects.

- In **Peru** the main stakeholder initiatives have been directed at projects that are of public interest, primarily among the communities directly affected by the seismic projects underway in the basins of the River Ucayali and the River Marañón. In 2009, general corporate responsibility guidelines were approved for the exploration and production area, to provide a framework for ensuring that the Company acts correctly in its relations with its stakeholders in terms of social, environmental and ethical issues.

CONTRIBUTING TO PROJECTS OF PUBLIC INTEREST⁵⁰

As part of the stakeholder dialogue process, the Company is committed to supporting social, cultural, environmental⁵¹ and sporting projects in collaboration with institutions and experts in the different fields, to become closer to the communities in which it operates and encourage greater integration and understanding.



Investment in business responsibility initiatives

	2009		2008		2007	
	Euros	%	Euros	%	Euros	%
Social	1,070,050	36	1,239,600	30	723,330	22
Cultural	996,648	33	1,434,631	34	1,050,972	33
Environmental	215,712	7	251,132	6	376,890	12
Sports	721,428	24	1,237,526	30	1,058,426	33
Total	3,003,838	100	4,162,889	100	3,209,618	100

⁵⁰ For a breakdown of social, cultural, environmental and sporting activities, please see the 2009 Corporate Responsibility Report at www.cepsa.com.

⁵¹ Information on environmental initiatives can be found in the biodiversity protection section of the "Environmental management" chapter.

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Part of the Community

Initiatives to improve quality of life

The Company's work in the social sphere is focused on initiatives geared towards the most under-privileged members of society.

The CEPSA "Social Value" Awards were held once again with the aim of recognising and supporting the best social projects of any nature carried out by different associations, NGOs and institutions. These awards were held for the first time in the Campo de Gibraltar, for the fifth time in Huelva, for the third time in Madrid and for the second time in Tenerife and Portugal. A total of 233 projects were received and sponsored by 1,524 employees, with 16 of these projects then receiving awards from the juries of the respective centres.

In Canada, the Company collaborates with different associations and organisations such as the *Maison des familles de Mercier-Est* in Montreal or *Secours aux plus démunis* in Bécancour, the objective of which is to donate foodstuffs and other kinds of services to the under-privileged. In Columbia, the Company has supported projects including training programmes for business people, livestock projects for young people and courses on administration, finance and marketing, to promote and open up new channels for marketing its products. Investment projects for raising livestock were also carried out, which help provide a structure for livestock rearing systems and generate stable income within the communities.

In Peru, the Company has supported the construction of multi-use spaces where a community's main social and political activities can be carried out, the construction of communal lodgings and improvements in drinking water systems, through the maintenance and building of water wells. A project has also been implemented to provide electricity to rural areas, which will benefit around 400 inhabitants, and radio equipment has been supplied together with the necessary maintenance equipment to facilitate communications between communities. With regard to health issues, medical campaigns have been launched, such as vaccinations against polio, measles, hepatitis B, etc., benefitting almost 3,500 people.



Una idea solidaria tiene valor cuando se hace realidad.

CEPSA convoca en Tenerife los "Premios CEPSA al Valor Social", con el fin de reconocer y premiar los mejores proyectos sociales y de solidaridad que se desarrollen en la Isla y de colaborar en su desarrollo financiando toda o parte de su ejecución.

¿Quiénes pueden optar a los Premios? Entidades no lucrativas que presenten un programa o proyecto que contribuya a mejorar la situación de personas o colectivos desfavorecidos de Tenerife.

Estas iniciativas deberán ser presentadas a través de uno o varios "padrinos solidarios", que serán empleados de CEPSA o de alguna de sus empresas auxiliares de servicios en la isla de Tenerife.

Participa para que tu idea solidaria se convierta en la realidad que muchos tinerfeños necesitan.

**Presentación de proyectos: hasta el día 2 de noviembre de 2009.
Infórmate y participa en: www.valorsocialcepsa.com**



CEPSA "Social Value" Awards Campaign



Promotion of culture and education

CEPSA is committed to promoting and preserving popular customs, culture and historical heritage, as well as encouraging education by collaborating in cultural, educational and scientific activities.

In addition to the programmes aimed at secondary school pupils, CEPSA has shown its commitment to supporting the universities through its CEPSA Chairs. In 2009 the CEPSA Energy Chair at the Higher Technical School of Engineers of Seville University⁵² was created to join the existing Chairs at the Universities of Oviedo, Madrid (Polytechnic University), Cadiz and Huelva. In Canada, the Company supports projects to help reduce school drop-out rates and promote training of young people through projects such as *Fondation ressources jeunesse* in Montreal or *Carrefour jeunesse emploi* in Bécancour. In Columbia and Peru,

CEPSA has supplied teaching materials to help develop educational and fun activities. In Algeria, the Company has lent its support to 60 of the country's schools in organising the fourth series of open days to raise awareness of energy saving measures.

Playing its part in the community, CEPSA supports popular customs, culture and the recovery of historical heritage, establishing links with local communities to preserve their traditions and gain better knowledge of the people and their history. Some examples of these popular customs are the festival in honour of *Senhor de Matosinhos* in Portugal, the Carnival in Tenerife and the Procession of the Virgen del Carmen in Ceuta. In Columbia, the Company has supported the presence of artisans at the

Expoartesanías fair, an event of great national importance, and the Pedro Flórez de la Bandola Criolla Mandolin International Festival, at which the best player of the traditional Creole mandolin is selected. On a cultural front, an international competition was organised in La Rábida (Huelva) to obtain ideas for building a space that would commemorate all the elements and places relevant to the European Discovery of America: the Muelle de las Carabelas, the Monastery of La Rábida, the Iberoamerican Forum and the Celestino Mutis park. As part of the Company's commitment to restoring historical heritage, it has collaborated, in Cádiz, in the restoration of the Sacramentum of Santa María Coronada, dating back to the 18th century, and the excavations to restore and maintain the Carteia site in 2006-2011.

⁵² Further information on this Chair can be found in the attracting and recruiting talent section of the "Employees" chapter.

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Part of the Community

Sport initiatives

CEPSA supports activities aimed at encouraging sports in the communities in which it operates, mainly through local sports clubs and schools.

In the Campo de Gibraltar region the Company has supported the Arco Iris Wheelchair Basketball Club, which lifts barriers to give people with disabilities the chance to take part in the sport. Free sailing courses were given to children in Huelva and in Tenerife, and a grant is awarded for the best junior sailor of the year.

In Peru, sports equipment has been provided to local football and volleyball teams and inter-community football championships were organised. In Columbia, 180 adults and children from CEPSA and the local community took part in a football tournament.

Planned to coincide with the Football World Cup to be held in Africa in 2010, the Company is participating in the *Play4Africa* project, which will revolve around four action programmes: the “Anti-aids programme”, the “Anti-malaria programme”, the “Water programme” and the “Right to play programme”, which forms the basis of the *Play4Africa* initiative, by giving more than two million children the opportunity to play by providing football boots and balls.



CASE STUDY

Restoration of the tomb of Thutmose III

In April 2008, the Egyptian Supreme Council of Antiquities, led by the renowned Egyptologist Zahi Hawas, granted the Fine Arts Academy of Santa Isabel de Hungría of Seville the concession to carry out excavation, restoration and maintenance work at the site of the mortuary temple of Thutmose III. CEPESA, which has been working in Egypt since 2004, decided to support this project, which also has the backing of the Spanish Embassy in Cairo.

Thutmose III was one of the great pharaohs of Egypt and is referred to as the “Egyptian Napoleon” because of the great progress made in expanding the empire during his reign. He built his mortuary temple in ancient Thebes on the west shore of Luxor at the outer limits of the fertile land of the Assassif region.

The archaeological restoration of the temple could take around 10 years and will be divided into yearly campaigns to excavate and restore the remains found, which will each last between a month and a half and two months. The team of experts in charge of the work is formed by Egyptologists, archaeologists, artists, topographers, restorers and documentalists in addition to the Egyptian workers who are specialised in archaeological and restoration work.

Consequently, work has been carried out over a period of two months to uncover and restore the remains of the temple, which once served to ensure the pharaoh eternal life. In the first campaign we have found 4,000 blocks that will allow the temple to be restored. Well preserved reliefs and drawings in an excellent state of conservation have also been found.

The ultimate goal is to set up an open-air museum where the thousands of tourists who visit the ancient land of the pharaohs can admire the temple remains, which had been curiously neglected by Egyptologists since the 1930s. We are therefore enormously lucky to have the chance to explore this structure, which will also provide us with further information on Thutmose III.

CEPSA is playing a part in uncovering the history of this important period, as well as helping the local economy by providing jobs for the more than 100 families which live exclusively from the archaeological mission work of foreign teams.

Myriam Seco Álvarez

Doctor in History, director of the archaeological project.




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2009 milestones

- Completion of the activities for start-up of the vacuum unit and the hydrogen plant at the “Gibraltar-San Roque” refinery, as well as an upgrade of the technology used in the ISOMAX  unit.
- Completion of mechanical installations for the project Middle Distillate Production Capacity Expansion Project of the “La Rábida” refinery.
- Progress in the construction of three cogeneration plants: one at the “Gibraltar-San Roque” refinery, another at the “La Rábida” refinery and a third at ASES. ⁵³

⁵³ Asphalt plant in which CEPESA holds a 50% interest.

Our commitment

R&D&I is a sustainable growth and value-generating tool for CEPSA that **enables the company to optimise its production processes and product quality**, thereby meeting sector challenges and improving its technological capacity and reputation.



2010 challenges

- To implement modifications to the ISOMAX unit with the aim of increasing the overall conversion capacity of the "Gibraltar-San Roque" refinery.
- To complete the implementation of units involved in the expansion of the "La Rábida" refinery and move on to the production stage.
- To implement a project to increase the transformation capacity of the visbreaking unit at the "La Rábida" refinery, thereby increasing fuel oil production.
- To progress in the BITUROX project at the "La Rábida" refinery to increase asphalt production.
- To implement cogeneration at ASES A and the second cogeneration unit at the "La Rábida" refinery, and to complete construction of a similar unit at the "Gibraltar-San Roque" refinery.

08

Investment in R&D&I (Research, Development and Innovation)

Scientific research has many applications, including the manufacture of new materials or products, the design of innovative production systems or processes and improvements to existing technologies. Innovation also allows companies to combine their technical, financial and operating capacities with the minimum possible resources, launching improved products, processes and services onto the market in a climate ever more competitive and globalised.

R&D&I is therefore a crucial tool within the CEPESA growth and competitiveness plan, allowing production to be maximised with the smallest possible impact on the environment and developing new fuels that reduce oil dependence.

The technology and innovation activities carried out by the Company support processes in the exploration and production, refining, petrochemical and commercial fields. They are also focused on developing projects, processes and products with a positive impact on the environment, reducing emission and waste levels.

Stages of an industrial project

Conceptual engineering:

during this stage a number of initial aspects are defined, such as capacity, approximate location of the future facility, cost, return, future extensions, main processes, support services, etc.

Basic engineering:

this stage analyses the conceptual engineering stage in more depth, and involves precise definition of the facility location (plot plan), plan reviews, process diagrams, preliminary calculations, equipment purchase specifications, etc.

Detailed engineering:

the objective of this stage is to provide a detailed design for the facility so that construction can begin. The stage involves a review of basic engineering, definitive process diagrams, the remaining equipment to be acquired, etc.

**Construction,
installation
and start-up.**



R&D&I investment

(Millions of Euros)

	2009	2008	2007
Innovation in product manufacturing, the design of process improvements and the expansion of activities	900	1,366	415
Innovation activities geared towards safety and reducing environmental impacts	51	52	49
Research and development	19	23	17
Other (new Research Centre)	2	8	8
Total	972	1,449	489



In 2009, CEPSA earmarked 972 million Euros for R&D&I activities, down 33% on the prior year due to completion of investment in the “La Rábida” refinery. This significant investment activity has mainly focused on the following:

1. Exploration and production area.

Various exploratory activities and programmes have been carried out in Algeria, Egypt, Colombia, Peru and Spain, including the drilling of production and injection wells, seismic campaigns and other technical improvements.

2. MEDGAZ gas pipeline.

During 2009, 90% of this project was completed, with progress made on construction of the land stations in Algeria and Spain. In December 2009, testing began for the pipeline’s entry into service, and the facility is expected to start up in the second half of 2010.

3. Petrochemicals area.

The main investment in this area was used to improve facilities through energy efficiency and savings programmes; improvements to and optimisation of the plants’ manufacturing structures; construction of a new thermal oil furnace; and recovery of the biogas produced during the effluent treatment process.

4. Refining area.

In this area projects have been developed to meet the rising demand for middle distillates:

The “Gibraltar-San Roque” and “La Rábida” refineries are undertaking projects to cover growing deficits in diesel oil (an automotive fuel which allows CO₂ emissions to be reduced) and kerosene (aviation fuel) in the Spanish market.

In 2009, the “Gibraltar-San Roque” refinery completed the implementation of the new vacuum unit and hydrogen plant, both of which were built to increase the production of better quality fuels. These facilities are currently operating as normal. At the same time work continued to update the technology used in the ISOMAX unit, to increase its capacity to convert heavy distillates into light products (mainly gasoline and diesel oil).

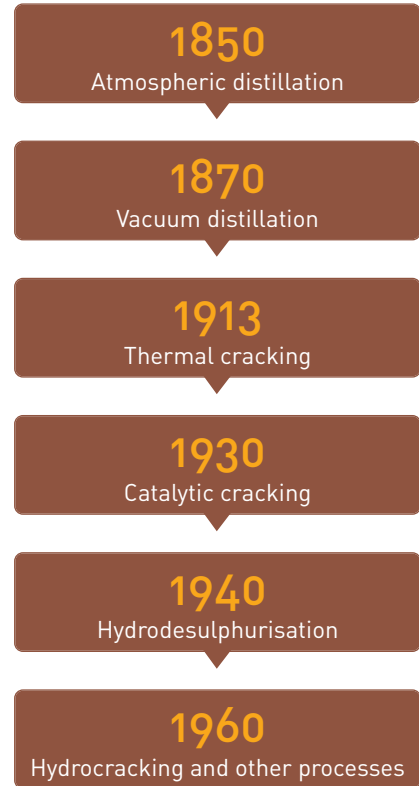
Commitment to Technology

A brief history of refining

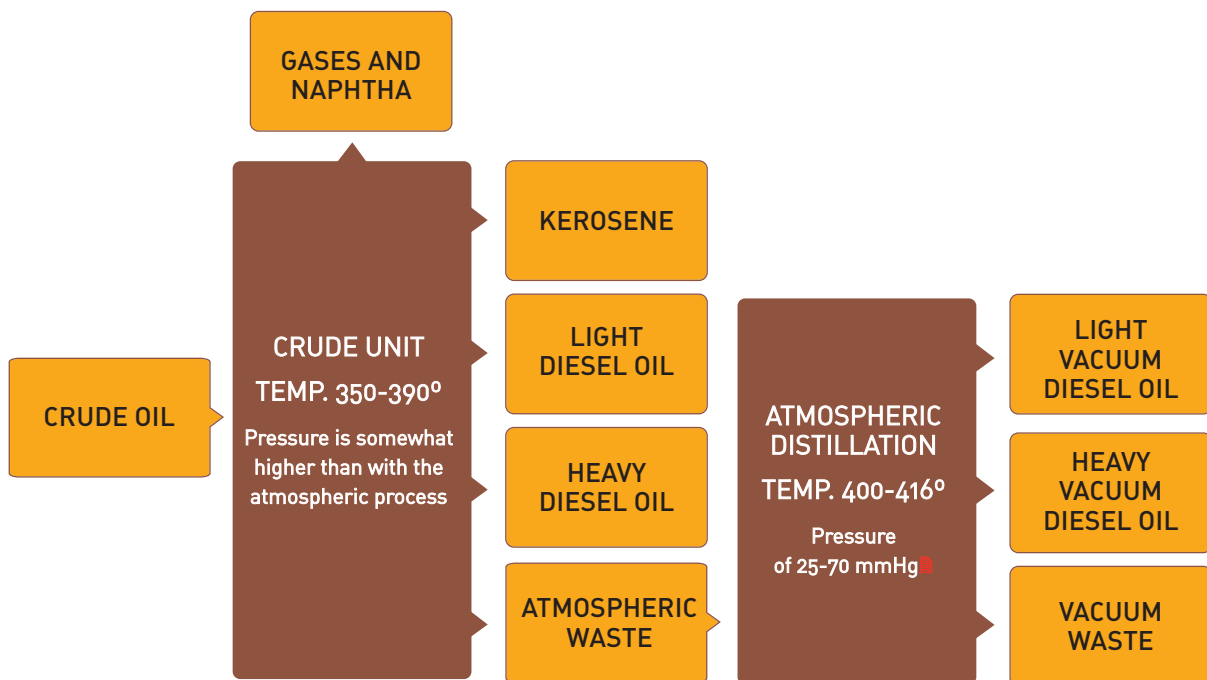
Oil distillation has been carried out since the dawn of the industrial age, and over the years. CEPESA has incorporated technological advances into its systems, based on the processes in question, the crude oil type and cost factors.

Following the early days of atmospheric distillation, which produced a limited range of products, it was discovered that vacuum distillation could produce intermediate products and high-quality lubricant oils. Procedures then became increasingly sophisticated, from thermal and catalytic cracking to the high-pressure hydrocracker, with goals that included perfecting the performance of the fuels obtained.

The crucial difference between atmospheric and vacuum distillation units is the pressure involved, with the vacuum process involving lower pressure than the atmospheric method. As CEPESA refineries strive to obtain the highest possible volume of middle distillates, heavy products and waste are subjected to further refinery cracking processes such as ISOMAX, hydrocracking or fluid catalytic cracking (FCC).



Atmospheric and vacuum distillation



At the “La Rábida” refinery, construction work has been completed on the extension project, involving a number of new units such as crude, hydrocracking, hydrodesulphurisation and hydrogen. The construction of the Middle Distillate Capacity Expansion Project (MDCE) will lead to an annual increase of 2.5 million tonnes for middle distillate production based on heavier products, and will guarantee the supply of these distillates to the Spanish market, thereby reducing

dependence on imports. It should be noted that the hydrocracker unit in Andalusia uses technology pioneered by CEPSA, allowing production to be geared towards automotive diesel oil without excessively increasing gasoline production. The new facilities will come into service in 2010, and will make “La Rábida” a top-level refining platform, increasing its production and conversion capacity and improving its efficiency.



RESEARCH AND DEVELOPMENT PROJECTS

The CEPSA research centre, which opened a new building in 2008, provides R&D&I support to the Company’s various areas. The centre’s objectives include improving industrial processes within CEPSA Group facilities (increasing their output and making them safer and more efficient), reducing the impact of industrial activity and controlling the quality of the products sold.

The most significant activities in 2009 include:

- **Conversion of tyres into fuel and road asphalt.** The use of automobiles generates a number of waste products, including used tyres, which reach approximately 300,000 tonnes every year in Spain. Although not hazardous,

when burnt they release toxic fumes, and they are not biodegradable. Over the coming years CEPSA is considering including a product in certain fuels which is obtained from converted used tyres, thereby helping to reduce the environmental impact of this waste. Furthermore, Productos Asfálticos, S.A. (PROAS), a CEPSA subsidiary, uses powder from used tyres to manufacture a new range of bitumen products which have been modified and improved with the addition of rubber. These are used for road surfacing.

- **Incorporation of CEPSA Química activities.** The research centre has incorporated all research projects and activities formerly carried out by CEPSA Química into its own activity, the most significant of which include the technology developed to produce more purified isophthalic acid (PIPA)⁵⁴.

Sector challenges

The CEPSA research centre is working on a number of basic and applied science development projects, which it expects to implement in the medium and long term and will help the sector face its future challenges.

⁵⁴ For further information see the case study at the end of this chapter.



Production of biofuels

Biofuels obtained from organic waste are a renewable energy source that helps cut greenhouse gas emissions, diversify primary energy consumption and reduce energy dependence on fossil fuels.

Directive 2009/28/EC on the promotion of the use of energy from renewable sources establishes minimum levels for the use of biofuels in transport fuels, which will be increased until they reach 10% of the caloric content of these mixes in 2020 (by which date 20% of total energy consumption will have to come from renewable resources). To meet these objectives CEPSA is studying the introduction of vegetable oil into its hydrodesulphurisation units to obtain a product that is compatible with biodiesel. Oil hydrogenation testing is being carried out at the "La Rábida" and "Tenerife" refineries, with the aim of producing high-quality diesel oil from biological resources.

The long-term goal in this area is to use third-generation biofuels, such as those obtained through algae cultivation. In addition to their natural ability to absorb CO₂, produce oxygen and accumulate fats, the main advantage of these organisms is that they can be used for conversion to biodiesel.

As this project involves a number of stages, ranging from microbiological cultivation of microalgae to extraction for the production of biodiesel, CEPSA is involved in numerous research initiatives to define the most effective measures in this area.

CO₂ capture, fixation and recovery


Studies are currently underway on the capture of carbon dioxide through microalgae cultivation, taking advantage of this organism's capacity to absorb CO₂, even in industrial facilities such as cogeneration plants and furnaces. CEPSA is therefore investigating the various kinds of CO₂ emitted by its facilities and which, therefore, can be absorbed through the natural algae process.

As part of the 7th European Framework Programme, CEPSA has presented a project (currently at the approval stage) which, in addition to fixing CO₂, also aims to turn this gas into more valuable products (methane, ethanol and other petrochemical products), which can be subsequently used as chemical reagents.

Production of phenol for chemical processes

Phenol is a compound used in the construction, chemical and pharmaceutical sectors. Extremely expensive raw materials are required to produce this compound and, to make the process more profitable, the research centre is working on a project financed by the CDTI (the Spanish Centre for the Development of Industrial Technology) to obtain phenol directly from benzene, a raw material which is available at the refinery.

Conversion of natural gas into aromatic compounds

CEPSA Química is currently experiencing a shortfall in the aromatics  it needs to produce purified terephthalic acid (PTA) and purified isophthalic acid (PIPA), which are used to produce packaging and textile fibres. As a result of this deficit a project has been put forward for the conversion of natural gas into aromatics, and the main resource used in this process will be gas from the MEDGAZ pipeline.

CASE STUDY

Production of purified isophthalic acid (PIPA)

The petrochemical activity carried out by CEPSA is highly integrated with its refining activity. The business unit CEPSA Química, S.A. produces and sells over 3.5 million tonnes of petrochemical products each year.

One of the products manufactured by this company is purified isophthalic acid (PIPA), a compound used to produce PET bottles and other forms of industrial plastics. Growing demand for this product and its high market price have led the Guadarranque chemicals plant to consider increasing the production of PIPA and improving its quality.

The traditional process used to manufacture PIPA in this plant involved the use of metaxylene, a raw material supplied directly by the "Gibraltar-San Roque" refinery, under high temperatures and in low concentrations. This produced limited PIPA and led to the formation of by-products such as CO and CO₂, and an end product with an unsuitable colour.

Following numerous attempts to operate under lower temperatures and with higher metaxylene concentrations, industrial production was deemed unsuccessful due to the volatility of the isophthalic acid produced, which led to blockages in the industrial plant (formation of gels, incipient crystals, polymorphism, etc.).

The studies carried out by the CEPSA research centre identified an area where the reaction mix was oversaturated (reaching levels above solubility), and also detected that it was dependent on temperature and metaxylene concentration levels, meaning that the process could not continue.

A protocol was then established to define PIPA production using high metaxylene concentrations (up from 12% to 20%) and under lower temperatures (approximately 195°C). As a result, production levels increased, but the reaction time was unchanged.

During the first pilot scheme carried out under these conditions, fixed costs were brought down by 5% compared to the prior process, and product quality improved. Once the industrial reactor had been brought into line with the conditions selected for the pilot plant at the Company's research centre, greater control was achieved over operating variables and the fixed costs saving has now reached 10%.



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2009 milestones

- “Tenerife” refinery: start-up of the new liquid effluent treatment plant.
- “La Rábida” refinery: study to improve the quality of liquid effluent.
- “Gibraltar-San Roque” and “Tenerife” refineries: valuation of the impact of activities on air quality.
- Continuation of the project to optimise the environmental parameters of all CEPSA facilities.
- Definition of the strategy and action plans regarding the Environmental Responsibility Act and Royal Decree 2090/2008.
- Suppression of the use of fuel oil as a fuel at the CEPSA Química Palos de la Frontera plant.

Our commitment

Due to the nature of its activities, CEPSA assumes **responsibility for the environment in which it operates**. The Company is committed to **reducing its environmental impact as far as possible**, implementing a number of mechanisms to meet this objective.



2010 challenges

- To launch a recycling and energy-saving campaign in Madrid and Portugal.
- To eliminate volatile organic compounds from CEPSA Química Puente Mayorga tanks and to reduce levels in the State Pollutant Release and Transfer Register (E-PRTR 2009).
- To reduce the environmental risk of the east dike at the "Tenerife" refinery.
- To develop biodiversity protection and conservation action plans: identifying flora and fauna in the areas in which plants are located in Spain.
- Evaluation of environmental risks at CEPSA Química Puente Mayorga in line with the UNE 150008 standard.

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Environmental Management

2009 milestones

- Start-up of the new B-401N furnace (burners with low NO_x emissions⁵⁵) at CEPSA Química Palos de la Frontera.
- Recovery of waste from cement facilities at CEPSA Química Guadarranque.
- Review of operating methodology and projects to minimise the organic burden of products sent to the wastewater treatment unit.
- Progress in the management of old waste from the Tarragona plant and its recovery as bitumen.
- Development of biodiversity protection and conservation action plans: creation of an environmental station in San Roque.
- Reorientation of DETEN Química's corporate responsibility initiative: Forest Ring Project.



⁵⁵ For further information on this project see the case study at the end of this chapter.

2010 challenges

- Verify the environmental risks surrounding CEPSA installations in Portugal.
- Carry out a study into the odours released by the CEPSA Química Guadarranque plant.
- Open the Arroyo Madre Vieja environmental station in San Roque to the public.
- Reduce the generation of organic effluents at DETEN Química through the zero effluents programme.



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Environmental Management

Environmental issues have become a key factor for businesses over recent years, leading to numerous debates and the enactment of significant legislation in this regard. The public in general and, more vocally, ecological groups, are requesting policies and above all action to stop or prevent the deterioration of our natural resources.

CEPSA has developed mechanisms to reduce at source any possible causes for this deterioration which,

due to the Company's industrial activity, may have a negative impact on the surrounding environment. These are mainly based on the optimisation of energy efficiency in the Company's processes, cutting down the use of raw materials and emissions.

To meet its objectives the Company has defined and implemented environmental management systems for its main business areas and facilities.

These systems enable CEPSA to fulfil the commitments to legal compliance, ongoing improvements and preventing pollution established in its environmental policies. The implementation of these systems is a commitment renewed every year and specified in the annual management programme, where the objectives and goals for complying with environmental policy are set forth and documented.



ENVIRONMENTAL INVESTMENT

CEPSA invested a total of 41.11 million Euros in facility projects and environmental initiatives in 2009, showing the Company's commitment to environmental targets, irrespective of its business results.

The main investment within the Refining area was earmarked to reduce atmospheric emissions and implement the best available techniques for the "La Rábida" refinery extension. In the

Petrochemicals area, investment focused on measures to reduce subsoil contamination in storage areas and controlling atmospheric emissions.

The main projects carried out (by business area) are as follows:

Refining and distribution:

- New sulphur plant and other environmental investments included in the total investment for extending the “La Rábida” refinery.
- Elimination of odours in the wastewater treatment plant in the “Gibraltar-San Roque” refinery.

- Adaptation of the “Tenerife” refinery’s sulphur plants to integrated environmental authorisation requirements.

- Marketing and logistics: Work has continued on service stations through the subsoil study plan, with the subsequent development of a correction plan.

Petrochemicals:

- Continuation of the plan to install double floors in tanks and continuous atmospheric omission analysis equipment in the CEPESA Química Guadarranque plant.

Environmental investment and expense

Environmental aspect	2009				2008				2007			
	Expense		Investment		Expense		Investment		Expense		Investment	
	Millions of Euros	%	Millions of Euros	%	Millions of Euros	%	Millions of Euros	%	Millions of Euros	%	Millions of Euros	%
Waters	27.82	35.2	7.83	19.0	25.81	37.6	7.84	20.4	25.86	43.8	5.36	13.5
Atmosphere	25.71	32.6	21.19	51.5	20.06	29.2	22.88	59.5	18.02	30.5	29.44	74.3
Waste	10.57	13.4	0.13	0.4	8.49	12.4	0.06	0.01	6.85	11.6	0.05	0.1
Soil and groundwater	5.18	6.5	6.77	16.5	6.89	10.0	4.85	12.6	3.98	6.7	1.98	5.0
Noise and others	9.59	12.2	5.19	12.6	7.45	10.8	2.81	7.33	4.30	7.4	2.80	7.1
Total	78.87		41.11		68.70		38.44		59.01		39.63	

Environmental investment

(Breakdown by business area)

	2009		2008		2007	
	Millions of Euros	%	Millions of Euros	%	Millions of Euros	%
Refining	31.22	76	28.32	73.7	29.6	74.8
Petrochemicals	1.54	3.7	3.21	8.3	4.1	10.3
Marketing and logistics	8.35	20.3	6.91	18.0	5.9	14.9
Total	41.11		38.44		39.6	

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RESOURCE CONSUMPTION INDICATORS

This report details the key indicators of resources consumed by CEPSA facilities. During 2009 the decrease in these indicators was due to the drop in plant operations, except for the Exploration and Production area.

Consumption of raw materials

The main raw material used by CEPSA is oil. In 2009 the Company used 19.96 million tonnes of crude oil for distillation activity at its refineries, as well as 0.32 million tonnes of other raw materials.

Consumption of raw materials

(Thousands of tonnes)

	2009	2008	2007
Refining	20,950	22,085	21,776
Petrochemicals	3,417	3,962	3,539



Energy consumption: direct and indirect

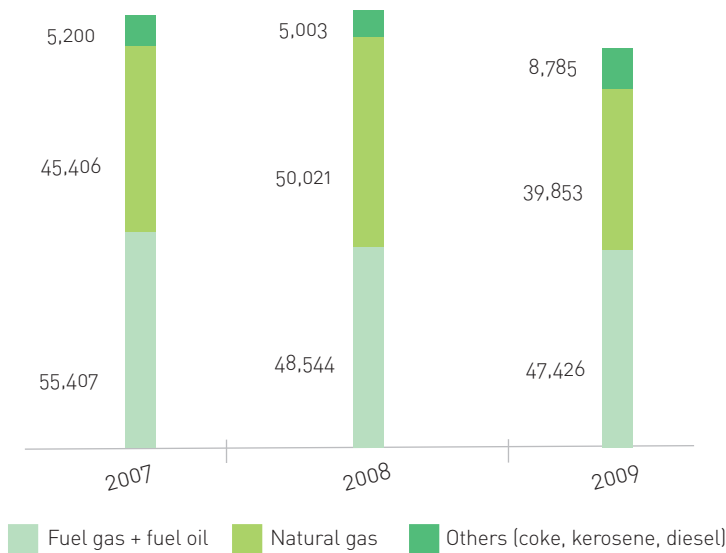
In 2009 direct energy consumption totalled 96,064.7 thousand gigajoules, a 7% drop on the 2008 figure. Indirect energy consumption also dropped, down 3.7% on the prior year and totalling 7,555.1 thousand gigajoules.

These decreases were due to the fall in industrial activity and the energy savings measures implemented by the various production centres. By business area, however, Exploration and Production saw a rise in energy consumption, which grew by 38.4%.

This was due to increased well drilling carried out during the year, as this was the first year of full operations for the Caracara block (Colombia).

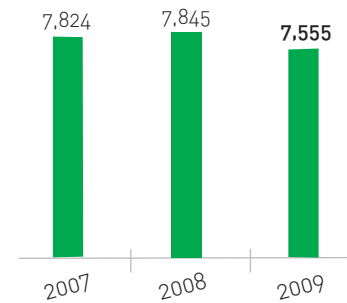
Direct energy consumption

Breakdown by primary sources
(Thousands of gigajoules)



Indirect energy consumption

Electricity
(Thousands of gigajoules)



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Environmental Management

Energy efficiency

This indicator allows parallels to be drawn between energy consumption and activity volumes for each area. For refining, the amount of crude oil processed is used as a reference, whereas plant production is used for the petrochemicals area.



Direct and indirect energy consumption by volume of activity

(Breakdown by business area)

	2009	2008	2007
Refining (gigajoule/ tonne of crude oil processed)	2.85	2.90	2.83
Petrochemical (gigajoule/ tonne produced)	5.43	5.49	5.36

ATMOSPHERIC EMISSIONS

In addition to CO₂ emissions (discussed in the next chapter), the Company also reports on nitrogen oxide (NO_x), sulphur dioxide (SO₂) and particle emissions.

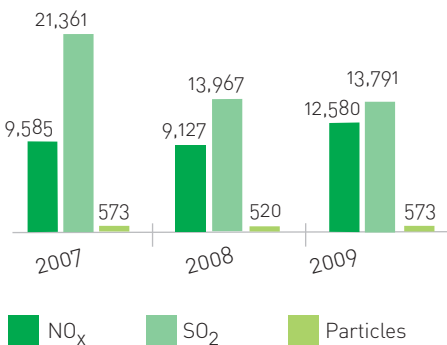
In 2009, the Group consolidated the cuts in atmospheric emissions from the industrial plants within its Petrochemicals area.

This reduction was due to the drop in activity (with consequent lower fuel consumption), as well as the measures which had commenced in prior years⁵⁶, consolidated in 2009, to increase the energy efficiency of production processes.

This decrease in atmospheric emissions was not replicated in the Refining area, where emissions increased slightly on 2008. This was also the case in the Exploration and Production area, where the rise was due to greater activity.

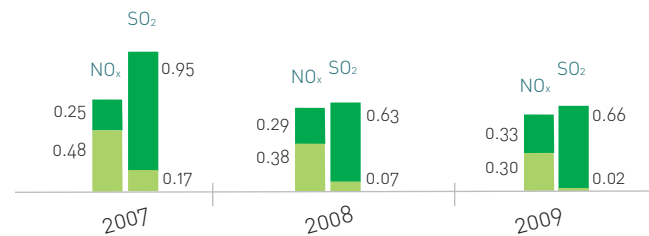
Atmospheric emissions

By type of compound (Tonnes)



NO_x and SO₂ emissions

(By production unit or crude oil processed)



⁵⁶ For further information see the "Environmental management" chapter in the 2008 Corporate Responsibility Report.

5th PA.S.CAL conference: “Environmental protection: a matter of internal awareness”

In June 2009, CEPSA held the 5th PA.S.CAL (environmental protection, safety and quality) conference, which took place in Campo de Gibraltar and was entitled “Environmental protection: a matter of internal awareness”.

The areas of environmental protection, safety and quality form the cornerstone of the Group’s day-to-day activity, and this event clearly shows CEPSA’s interest in assuming responsibility in managing resources and in all its public actions.

Aware of the importance of these issues, the Company has opened the PA.S.CAL conference to the general public by sharing the conclusions drawn from the event every year. On this occasion 150 industry professionals took part in the event, which was held over two days and involved seven conferences and a round table.

In the words of the CEPSA Group’s technical director Pedro Miró, the PA.S.CAL conference has become a forum for “joint reflection”, and encourages debate and consideration of the relationship between industrial development and respect for the environment.

WATER CONSUMPTION AND REUSE

In 2009, water consumption totalled 35.4 million m³, up 2.3% on 2008 and due to the rise in the number of wells drilled during exploration and production activity. The Refining and Petrochemicals area, however has followed the trend set in prior years, with a reduction in water consumption.

The reuse of water continued in 2009 with the double objective of reducing consumption and bringing down the amount of liquid effluents that need to be treated before final discharge. During the year, a total of 1,106 million m³ of water was recycled, a 78% increase on 2008.



Volume of water recycled (V. REC)⁵⁷

By business area (Thousands of m³)

	2009			2008			2007		
	Total vol.	Rec. vol.	%	Total vol.	Rec. vol.	%	Total vol.	Rec. vol.	%
Refining	13,355.21	1,033.96	7.74	13,438.59	608.21	4.53	12,792.36	2,206.46	17.25
Petrochemicals	9,095.23	14	0.15	10,607.95	13.16	0.12	11,590.23	14.51	0.12
Exploration and Production	10,105.56	56.99	0.56	8,367.38	0	0	21,325.60	0	0
Marketing and Logistics	1,801.62	1.12	0.06	1,186.74	0.022	0.020	997.47	0.018	0.002
Others (NGS and research centre)	1,051.05	0	0.00	994.63	0		1,068.94	0	0
Total	35,408.67	1,106.07	3.12	34,595.29	621.39	1.80	47,774.60	2,220.99	4.65

⁵⁷ For calculating the volume of water recycled/reused, the number of production cycles in which a single load of water is used is considered. If 20 m³ of water is required for a cycle and it is subsequently reused for a further three cycles, the total amount recycled/reused for this process is 60 m³.

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CONTROLLED DISCHARGE MANAGEMENT

All CEPSA's production facilities have effluent treatment plants to ensure that discharges are within the limits established by prevailing legislation.

Unlike prior years, the information reported in 2009 did not include the volume of discharge from Nueva Generadora del Sur Mixed Combined Cycle. This is because this discharge is clean refrigeration water, and the only alteration made to the liquid during the process is an increase in temperature. The exclusion of this discharge explains the significant decrease in the total discharge volume.



Volume of controlled discharges

By business area (Thousands of m³)

	2009	2008	2007
Refining	7,832.68	8,401.86	7,649.73
Petrochemicals	5,503.39	6,476.71	5,004.89
Exploration and Production	27.42	27.08	25.51
Marketing and Logistics ⁵⁸	1,721.36	1,259.19	996.93
Others (Research centre and NGS)	0.00	127,491.27	141,629.84
Total	15,084.85	143,656.11	155,306.90

Quality of effluent discharges

Treatment methods have been implemented in production centres to ensure controlled discharges. These involve a sieving process to separate larger solids, a physical and chemical treatment process to separate oils and greases from hydrocarbons, and a biological treatment which reduces the organic burden.

In 2009 there was a major decrease in all discharge parameters within the Refining area (suspended solids, oils and greases and TOC – total organic carbon), consolidating the reductions achieved in prior years from investment in the primary segregation of currents and modifications and extensions to treatment plants.

All discharge parameters increased in the Petrochemicals area during the year, due to the inclusion in the report for the first time of discharges from the CEPSA Química Montreal plant.

⁵⁸ No data is provided for liquefied gas or CECOMASA, as they are not representative of the total.

Pollutants – refining

(Tonnes)	2009	2008	2007
Total organic carbon (TOC)	306.18	446.79	446.18
Suspended solids	260.30	390.13	647.01
Oils and greases	42.81	67.12	88.35

Pollutants – petrochemicals

(Tonnes)	2009	2008	2007
Total organic carbon (TOC)	992.86	142.67	163.78
Suspended solids	509.44	207.98	203.76
Oils and greases	10.18	8.47	8.73

WASTE MANAGEMENT

Waste is removed from sites by government-authorized waste management companies. Depending on its composition and characteristics, waste is separated by type when generated, for subsequent treatment, recycling or dumping. Waste generated by the Exploration and Production area mainly comprises solid waste from well drilling, considered as non-hazardous. The variation in this waste over time is due to increases or decreases in the number of wells drilled in oil beds.



Waste generated

(Tonnes)	2009	2008	2007
Hazardous waste	21,212.50	31,450.99	45,852.78
Non-hazardous waste	20,772.89	15,230.39	23,352.63
Total	41,985.39	46,681.38	69,205.41

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Exploration and production waste

(m ³)	2009	2008	2007
Non-hazardous waste (from drilling)	5,572.38	1,872.60	4,550.00

Hazardous waste generated by activity volume

By business area (Production unit or crude oil processed)	2009	2008	2007
Refining (Kg/tonne of crude oil processes)	0.59	1.03	1.21
Petrochemicals (Kg/tonne produced)	2.11	1.42	3.27

MARPOL Convention

MARPOL (*marine pollution*) is an international convention to prevent contamination by tankers, with the goal of preserving the marine environment by completely eliminating pollution from hydrocarbons and other harmful substances, as well as minimising the possibility of accidental spillages.

CEPSA has five plants for the storage and treatment of MARPOL, which receive waste from tankers (ballast water, bilge water, etc.). These plants are located in the three refineries, in ASES and in ATLAS. In 2009, a total of 48,816.30 tonnes of MARPOL waste was treated, a 41% increase on 2008.



CEPSA'S POSITION ON RECENTLY ENACTED LEGISLATION

No significant legislation was enacted in 2009. Nevertheless, the Company closely monitored the following:

- Environmental Responsibility Act and Royal Decree 2090/2008.
- The IPPC Directive⁵⁹.



The Environmental Responsibility Act

This Act is developed through Royal Decree 2090/2008, chapter IV, Appendix I of which concerns financial guarantees and establishes the criteria to determine whether damages caused to the flora or fauna of a specific habitat are significant. This regulation defines:

- How to establish the amount of the obligatory financial guarantee.
- Obligatory notification in the event of environmental damage.
- The rectification of any damage caused and the establishment of restoration measures.

The regulation came into effect on 23 April 2009, except for the performance of environmental risk analyses (required to establish the amount of the financial guarantee), which will not be obligatory until publication of the required orders by the Ministry of the Environment and Rural and Marine Affairs, after 30

April 2010. CEPSA has decided to monitor all activity related to this area through an internal working group, as specific regulatory developments are subsequently introduced for each industrial sector.

The following actions were taken by the Group in this regard during 2009:

- Monitoring of the publication of legal regulations.
- Participation in the working groups created within sector associations to prepare a standard model for environmental risk reports (known by its Spanish acronym MIRAT).

- Creation of an internal monitoring group comprising Legal Advisory, the Insurance Department and Corporate Environmental Protection.
- CEPSA's strategy is to await the regulatory developments foreseen in Law 26 of 23 October 2007 on environmental responsibility, due to the current uncertainties surrounding the application of this legislation.

⁵⁹ Further information in the "CEPSA's position on public policies" section in chapter one, CEPSA.

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Environmental Management

CASE STUDY

Replacement of furnaces at the CEPSA Química Palos plant

The CEPSA Química plant in Palos de la Frontera has a closed hot oil circuit, which provides the heat required by the distillation columns in the cumene-phenol-acetone units.

The system has two furnaces which heat the oil distributed through the different exchangers to reach the temperatures required to distil these products: the B-401 and the B-8001.

In 2009, the B-401 furnace was replaced to improve the energy efficiency of the process. This furnace, which operated with natural gas and fuel oil, was replaced by the B-401N furnace, which only operates with natural gas and, therefore, has increased energy performance, with a consequent saving in natural resources and reduced atmospheric emissions (mainly CO₂ and NO_x). A total of Euros 7 million was invested in these modifications.

Reduction in atmospheric emissions (tonnes)

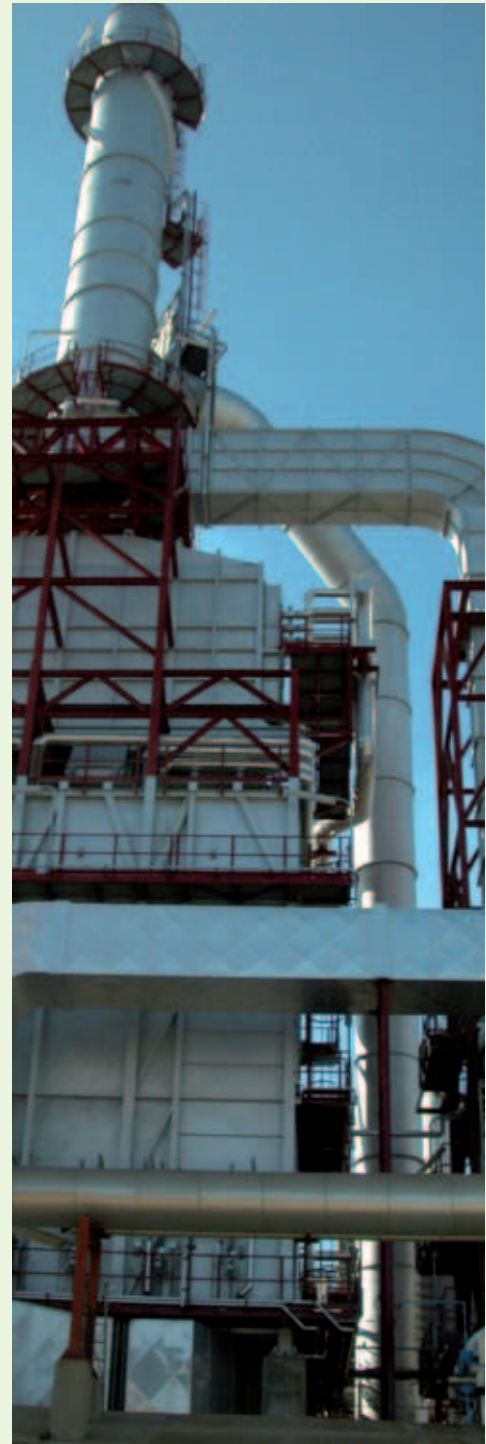
Carbon dioxide (CO ₂)	32,300
Nitrogen oxide (NO _x)	17

A study was also carried out to evaluate furnace functions and performance, showing that the new furnace system led to a 22% decrease in annual fuel combustion and improved performance.

Performance (%)

B-401 + B-80001 system	83.36
New B-401N + B-80001 system	91.76
Increase in performance	10.07

The new furnace was designed using advanced technology, allowing maximum fuel efficiency to be obtained and reducing the impact on the environment. The furnace has an energy saving system which recovers heat from the smoke it generates, which is then used to pre-heat the combustion air. The burners installed generate low NO_x emissions (concentrations of 120 mg per cubic metre of smoke emitted under normal conditions), as well as adjusting oxygen levels in the smoke flow to 3%.





In 2008 the Company prepared a set of biodiversity protection standards, allowing it to define policies and criteria on the protection and conservation of biodiversity

PROTECTION OF BIODIVERSITY

Due to the possible negative impact on the natural habitats located in the areas where the Company operates, CEPSA has implemented an extensive programme of initiatives over the years, geared towards reducing the impact on biodiversity.

These effects may be direct or indirect in nature, as the Company's operations comprise a wide range of processes, and may involve air, water, land, natural resources, flora, fauna and mankind. CEPSA therefore places great importance on this issue, and has adopted a preventative approach based on continuous improvement, with the aim of reducing these impacts.

In 2008 the Company prepared a set of biodiversity protection standards, allowing it to define policies and criteria on the protection and conservation of biodiversity. To ensure that this policy is in line with the highest standards of protection, contact was made with the Mediterranean office of the IUCN (the International Union for Conservation of Nature).

To be better prepared for the introduction of new environmental responsibility regulations, environmental risk evaluation work continued throughout 2009. This work has been carried out using methodologies which provide a detailed and objective evaluation of the risk of accidental environmental damage, simulating the most

probable risk scenarios and quantifying the potential impact on the environment, as well as the costs involved in restoring the area to its former conditions.

During 2009 CEPSA worked on the following initiatives with CIRCE (the association for the study and conservation of cetaceans):

- Study into conservation of the long-finned pilot whale (*globicephala melas*) population in the Spanish Mediterranean. This study, which was completed in summer 2009, provided the scientific information required to establish a conservation policy for this species and review its protection status.

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- Distribution of information on Royal Decree 1727/207, on the protection of cetaceans, to fishing and diving clubs along the coast of Andalusia. A total of 56 talks were given along the entire coast, and 30,000 leaflets and 5,000 stickers were handed out.
- Preparation of an educational manual for environmental teachers specialising in cetaceans on the Campo de Gibraltar coast. These teaching units took the form of a briefcase containing a range of educational materials, and providing teachers and instructors on boats for marine life observation with materials to carry out awareness activities.
- The “Cetaceans of our coast” workshop, which was run in various schools in Algeciras (Cadiz) as part of the agreement signed with CIRCE.

CEPSA: Firm commitment to awareness of environmental protection

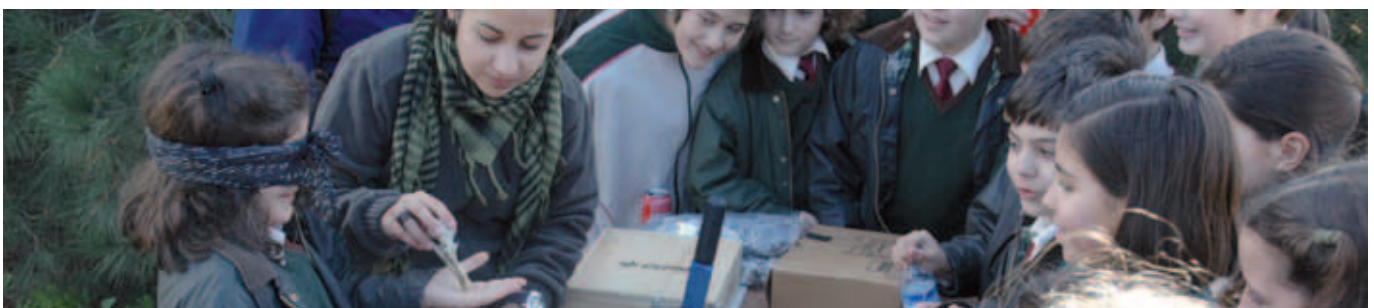
In **Tenerife**, CEPSA, along with the Loro Parque Foundation, has lent its support to the “Diving with turtles” virtual workshop, involving the simultaneous online broadcasting of a series of underwater videoconferences in schools all over Spain. The aim of this initiative was to increase awareness of this sea creature which is present all over the Canary Islands seabed.

In **Huelva**, for the eighth year running, International Wetlands Day was held, under the slogan “Upstream, Downstream”. As part of the event, 600 schoolchildren visited the Primera de Palos lake to observe plants, birds and animal tracks, as well as learning about the water cycle and its importance for life on earth.

In **Canada**, CEPSA Química Bécancour supports the Biodiversity Interpretation Centre at the San Lorenzo River, bringing the area’s youth and visitors to the region closer to the river’s rich flora and fauna.

In **Brazil**, DETEN Química, through its involvement in COFIC⁶⁰, has supported the campaign to recover the forest ring in the Camaçari area (a green belt which separates the industrial estate from the nearby communities). Work involved both production of the seedlings and organisation of their planting, which took place on World Environment Day.

In **Colombia**, the “Bio” socio-environmental education programme was developed, aimed at young people and adults alike and geared towards strengthening environmental awareness through theoretical and practical workshops. The most significant results of this initiative include the implementation of methods to use organic waste to produce fertilisers. Likewise, as an environmental solution and based on the ideology and strategy of “thinking globally and acting locally”, a pilot project was carried out involving biodiversity conservation processes, creating agro-ecological orchards by planting indigenous, fruit and ornamental trees.



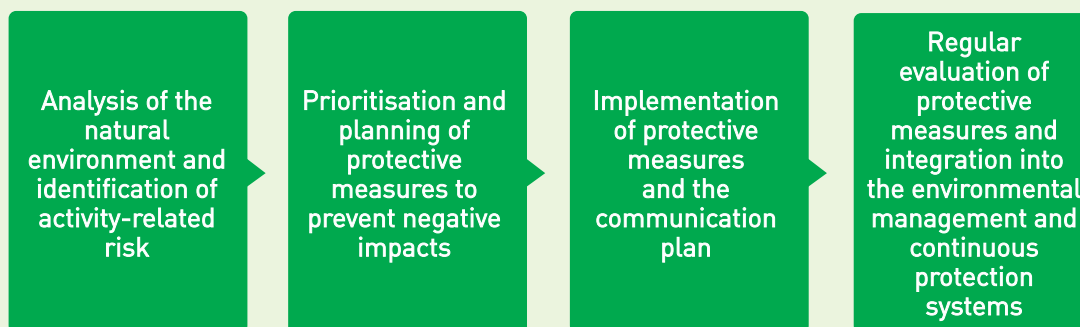
⁶⁰ The Camaçari Industrial Promotion Committee, an association which represents the companies located in this city’s industrial estate.

CASE STUDY

Biodiversity Action Plan in San Roque (Cadiz)

In 2009 CEPSA approved its biodiversity standards, which comprise all the directives in this area and go beyond mere compliance with legal requirements. A number of Biodiversity Action Plans have been implemented in the Company's facilities, geared towards the long-term conservation of the natural environment.

Biodiversity action plan stages



Work has started to identify natural environment and biodiversity conditions in the San Roque area (Cadiz) where the Company operates, the "Gibraltar-San Roque" refinery and the CEPSA Química Guadarranque and CEPSA Química Puente Mayorga plants.

Preliminary studies identified a plot of land owned by CEPSA alongside the CEPSA Química Guadarranque plant which has potential ecological value, due to its natural wealth and as it is a fertile lowland through which the Madre Vieja river flows. Close to this area is the Fontetar lake, which was drained in the first half of the 20th century to be used for agricultural purposes.

From the outset, botanical and ornithological studies have confirmed the area's particular richness, and CEPSA management has therefore decided to use this land (which was acquired for future development) to create a natural conservation project and encourage biodiversity.

The project consists of recovering habitats (which are very scarce in the area) to encourage the reproduction of endangered species, such as freshwater lakes for birds and temporary pools for amphibians. The initiative also aims to regenerate the olive trees in the area, which have been significantly depleted due to the grazing activity carried out on this land.

Once the regeneration and development activities have been carried out, the initiative plans to create the Madre Vieja environmental station over the coming years. This centre will be used to encourage study of the environment and to promote natural values, through visits and conservation workshops for the communities located close to the Company's facilities.

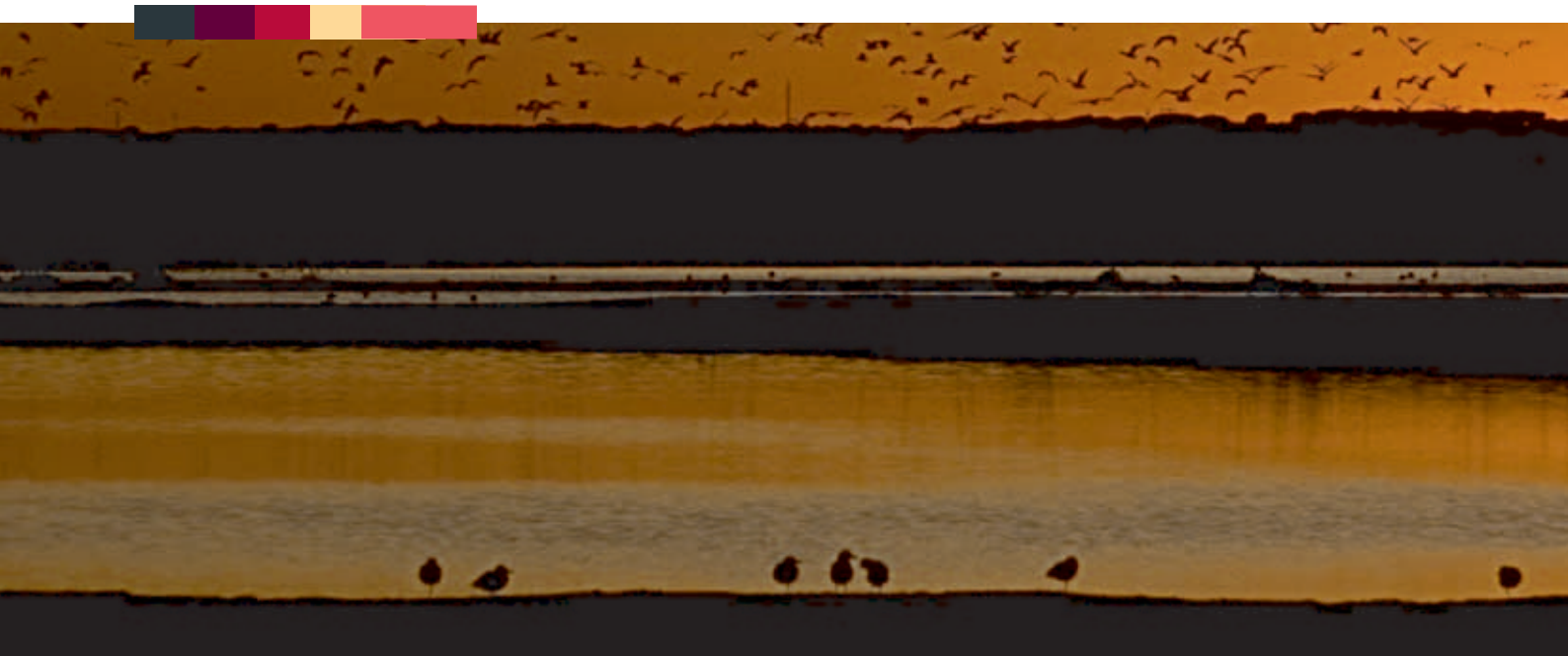
Application of the CEPSA biodiversity standards has therefore detected an extremely valuable habitat, allowing the Company to define a set of protective measures which, in practice, show its commitment to society and to protecting the environment through these standards.



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2009 milestones

- Compliance with the National Allocation Plan for Emission Rights, with a 7% reduction in emissions compared to 2008.
- Target to reduce CO₂ emissions by 8% (320,000 tonnes between 2005 and 2009), reached thanks to implementation of the Profit Improvement Programme at the “Gibraltar-San Roque”, “Tenerife” and “La Rábida” refineries.
- Ongoing work on implementation of Profit Improvement Programme projects to reduce the energy consumed by refineries.
- Participation in the emissions trading market.

Our commitment

CEPSA is committed to reducing its greenhouse gas (GHG) emissions.

The Company understands that the best way to bring about these reductions is by applying energy saving and efficiency measures.



2010 challenges

- Work alongside other participating companies in the measures involved in closing the Spanish Carbon Fund (FEC) portfolio.
- Ensure that the emission reductions established by the European Commission for 2020 for the refining and organic base chemistry sectors are equal to or less than 21% (working with the support of the sector, and to avoid so-called "carbon leakage").

10

Greenhouse Gases

To reduce greenhouse gas (GHG) emissions, the European Union has undertaken to comply with the Kyoto Protocol (2008-2012). The Spanish government is also committed to this cause, preparing strategies that ensure compliance with the obligations for Spain. These include renewable energy plans, energy savings measures, support for rail transportation and modification of the National Allocation Plan for Emission Rights.

During 2009 all eyes were on the 15th International Climate Change Conference, which was held in Copenhagen to prepare future targets to replace the Kyoto Protocol when it comes to an end in 2012. Debate will continue in this regard so that a binding agreement can be reached during the Mexico Summit in 2010.

The most noteworthy agreements reached in Copenhagen include financing to combat climate change in developing countries, a commitment to ensure that the average global temperature does not rise by more than 2°C (in line with directives established by the international scientific community), and the definition, by 31 January 2010, of obligatory and voluntary reduction and limitation targets for the 192 countries involved.

CEPSA has assumed the same position as the EU in this regard, and is attempting to cut down its GHG emissions through various initiatives, including control measures, energy saving and the optimisation of processes to improve energy consumption. The Company is also playing an active role in monitoring the latest technological advances in the geological capture

of carbon (injections in geological formations and mines) and studies for the capture and/or transformation of CO₂⁶¹. In addition to these measures, CEPSA is also involved in initiatives such as Clean Development Mechanisms⁶² and Joint Application Mechanisms⁶³ through the Spanish Carbon Fund. A total of 15,967 credits from clean development projects were received from the Spanish Carbon Fund in 2009. Furthermore, for the first time CEPSA has participated in the emission rights trading market, selling 103,465 rights and exchanging rights for 681,721 credits from clean development projects.

GHG management at CEPSA

CEPSA has two units for GHG management, the first of which is the CO₂ Committee, which monitors compliance with prevailing GHG legislation and plans initiatives relating to flexible mechanisms. The second unit is the GHG management department, which oversees compliance with Kyoto Protocol directives and European and Spanish regulations, establishes systems for monitoring CO₂ emissions, collaborates with different Spanish and European organisations to optimise the application of various directives concerning GHG emissions from Group facilities (AOP, FEIQUE, CEOE, CONCAWE, EUROPIA), and defines, proposes and manages the strategies required to achieve the Company's targets for cutting GHG emissions.

⁶¹ Further information on this issue is included in the chapter entitled "Commitment to technology"

⁶² The Clean Development Mechanism is an arrangement under the Kyoto Protocol whereby companies with greenhouse gas reduction commitments can participate in projects to reduce emissions in developing countries, as an alternative means of acquiring certified emission reductions at lower costs than in their own markets.

⁶³ The Joint Application Mechanism is an arrangement under the Kyoto Protocol whereby companies can meet with their greenhouse gas reduction commitments by participating in projects in Annex I countries (developed countries and economies in transition), acquiring the rights generated by the emissions savings made through the use of better technology than that conventionally used in the host country.



In 2009 the Group's emissions were down 7% compared to the prior year

GHG EMISSIONS: 2009 RESULTS

When calculating its GHG emissions⁶⁴, CEPSA considers the facilities included in the National Allocation Plan for Emission Rights⁶⁵ - three refineries, three petrochemical plants, five cogeneration plants, one mixed combined cycle plant, one asphalt plant (ASESA) and Lubrisur. For the remaining facilities (three petrochemical plants in non-EU

countries and the Company's exploration and production activity) a calculation is made based on fuel consumption data and emission factors for each GHG, in accordance with the procedures recommended by CONCAWE⁶⁵.

Total emissions figures (international and domestic) show that Group emissions fell by 7% in 2009 compared to the prior year. With respect to the National

Allocation Plan for Emission Rights, as in 2008 the Company's emissions were once again lower than the allocated amounts. An increase in CO₂ emissions is expected in 2010, with the start-up of the new extension to the La Rábida refinery.

⁶⁴ See the Appendix for the criteria used to define the scope of the inventory.

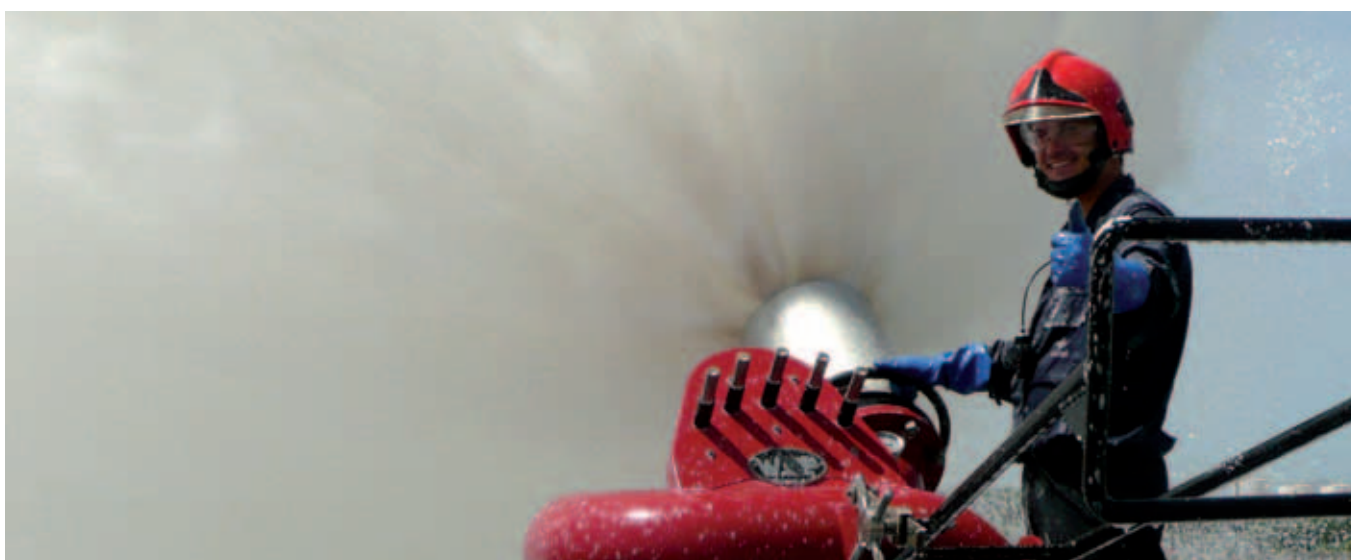
⁶⁵ CONCAWE: Report 9/05R 2006.

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Greenhouse Gases

Direct GHG emissions

	2009		2008		2007	
	(Kt CO ₂ eq)	% variation	(Kt CO ₂ eq)	% variation	(Kt CO ₂ eq)	% variation
Total domestic emissions ⁶⁶	5,207	- 8.7	5,704	0.3	5,687	0.7
International emissions	548	10.6	496	34.1	369	- 19.5
Total	5,756	- 7.2	6,200	2.4	6,056	- 0.9



Emissions by business area

Carbon dioxide emissions from the Refining area were down on 2008 due to the improvements introduced, although they were affected by the decrease in distilled crude oil and the implementation of new production units, maintaining the ratio between tonnes of emissions and tonnes of processed crude.

CO₂ emissions from the Petrochemicals area decreased because of projects implemented by the Company to improve energy efficiency, as well as the drop in production.

Following these improvement measures, the level of CO₂ equivalent per tonne of product obtained was down 11% on the prior year. As the results in 2008 were similar to 2009, the improvement in process efficiency is clear.

In the Exploration and Production area emissions have risen, mainly due to the year-long exploration of the Caracara oil field in Colombia, the seismic campaigns in Peru and the drilling of three exploratory wells in Egypt.

Finally, in comparison with the prior year's emissions, within the combined production area of steam and electricity, there was an increase in cogeneration emissions and a decrease in emissions from the mixed combined cycle. These changes were due to variations in total production, as well as changes in the tonnes of steam per MWh of electricity due to a drop in demand.

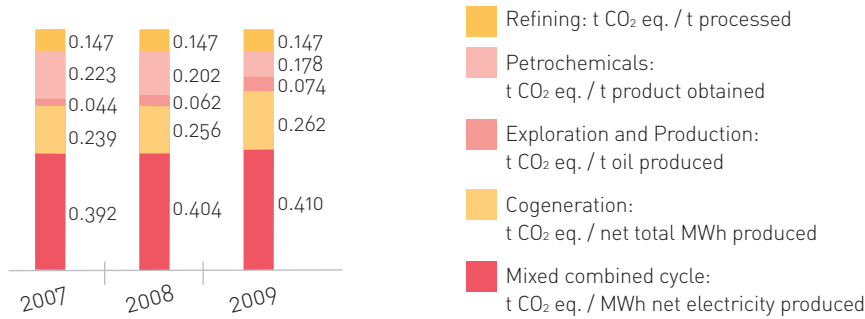
⁶⁶ Facilities included in the National Allocation Plan for Emissions Rights and emissions which were excluded and which come from processing furnaces, furnaces and flares.

Emissions by business area

(Kilotonnes)

	2009		2008		2007	
	CO ₂	CO ₂ Eq	CO ₂	CO ₂ Eq	CO ₂	CO ₂ Eq
Refining	3,139	3,159	3,372	3,399	3,316	3,329
Petrochemicals	638	641	837	840	837	855
Exploration and Production	389	407	320	337	206	217
Cogeneration	887	893	860	864	885	893
Mixed Combined Cycle	652	657	755	761	755	762
Total	5,704	5,756	6,144	6,200	5,999	6,056

Emissions by business area⁶⁷



⁶⁷ CO₂ equivalent is the result of adding CO₂ emissions, tonnes of methane and N₂O multiplied by their global warming potential.

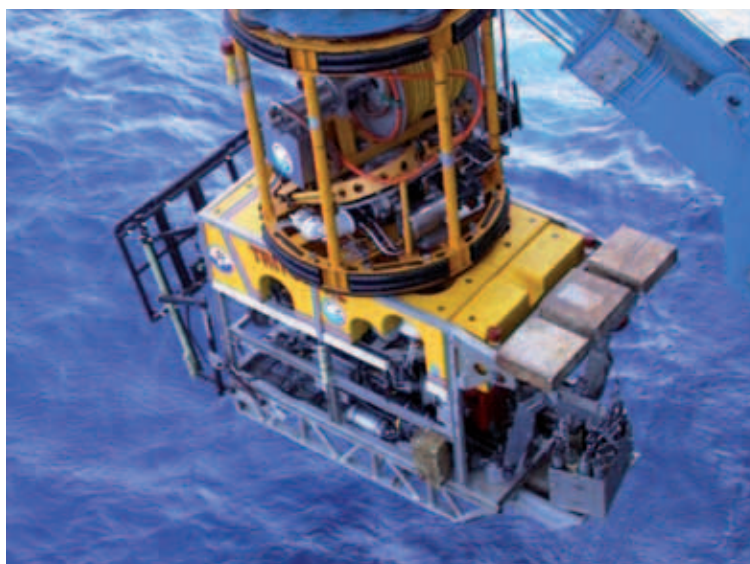
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Greenhouse Gases

IMPROVING PROCESSES

For several years CEPSA has been carrying out an action plan aimed at optimising its processes, striving for energy savings and efficiency as key factors to minimise GHGs.

The development and implementation of projects related to this plan have been staggered over recent years, beginning with those involving high levels of energy recovery and continuing with those with a lower impact.



Financial data related to GHGs

(Thousands of Euros)	2009	2008	2007
Investment in R&D	507	334	284
Contribution to the FEC ⁶⁸	280	-	535
Investment in projects to save energy and reduce CO₂ emissions			
Refining	12,870	12,520	5,457
CEPSA Química	9,670	3,206	255
Cogeneration	59,415	9,425	-
Total	82,742	25,485	6,531



⁶⁸ The 2009 contribution to the Spanish Carbon Fund (FEC) supplemented that made in 2007, and was used to pay the ERCs (emission reduction credits) received, as well as to pay advances that allowed Clean Development Mechanism (CDM) projects to be carried out that will generate ERCs in the future. Each ERC represents a reduction of one tonne of carbon dioxide.

In total, CEPSA invested over 82 million Euros in projects to improve energy efficiency and reduce GHG emissions in 2009, the most significant of which were as follows:

- Implementation of the vacuum II and hydrogen production units, which have been designed using the best available technology, as well as the hot load unit for the FCC at the “Gibraltar-San Roque” refinery.
- Implementation of two heat recovery projects at the “Tenerife” refinery with a consequent reduction in energy consumption: improved heat recovery from the effluent/unifining load exchanger and completion of the second stage of the Cadu heat recovery improvement process.
- Implementation of the best available technologies in the Middle Distillate Production Capacity Expansion Project of the “La Rábida” refinery.
- Heat recovery from condensation in one of the distillation towers in the PACOL⁶⁹ unit at CEPSA Química Bécancour (Canada).
- Reduction of electricity and natural gas consumption at the DETEN Química linear alkylbenzene plant (Brazil).
- Implementation of projects to improve energy efficiency and emissions reductions in all facilities.

Project to save energy and cut CO₂ emissions from refining activity

At the start of the decade, CEPSA, in collaboration with a consultancy firm specialised in analysing energy savings within industrial facilities, prepared the Profit Improvement Program, which aimed to reduce energy consumption and CO₂ emissions at the Group’s three refineries. The goal of the initiative was to reduce CO₂ emissions by 1% each year (based on 2004 levels) between 2005 and 2009, inclusive.

In these five years, 40% of the projects were carried out, 10% were rejected and 50% are under study or at the development stage. The following results have been obtained:

- A 0.082 million-tonne reduction in fuel oil equivalent (FOE) consumption, equivalent to a 6.8% decrease compared to 2004.
- A 320,000 tonne decrease in CO₂ emissions, down 8.2% on 2004.
- An increase in the (fuel gas + natural gas)/fuel oil ratio, up from 0.83 tonnes to 1.66 tonnes.

⁶⁹ Further information is contained in the case study at the end of this chapter.


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Greenhouse Gases

Operating Excellence Department

A department of operating excellence has been created within the CEPSA Química organisational structure, comprising professionals from the three petrochemical plants run by CEPSA in Spain. The mission of this department includes identifying best practices, working methods or technologies to improve plant efficiency (both domestic and international, including those owned by CEPSA and by other companies), with a subsequent reduction in emissions and lower consumption of both natural resources (water and fuel) and raw materials. The application of these initiatives is studied and evaluated, along with the measures required for their implementation.


Following the studies carried out in 2009, the following initiatives have been carried out or are in progress:

- A proposal for 49 energy saving measures (currently being studied).
- Daily recommendations to those in charge of product manufacturing, and monitoring of the results of efficiency improvements in the day-to-day running of the plants.
- Calculation of a normalised global energy consumption index for all of CEPSA Química.
- Development of methods to monitor energy consumption.
- Energy saving benchmarking in the three plants in Spain, the two plants in Canada and the plant in Brazil.
- Furnaces : In the three Spanish petrochemical plants (Guadarranque, Palos de la Frontera and Puente Mayorga) a comparison has been carried out on the characteristics of each furnace, methods to calculate furnace output have been standardised and testing has been carried out on a furnace to reduce smoke temperatures.


IMPROVING PRODUCTS⁷⁰

Product quality and adaptation to different applications are fundamental when reducing GHGs. Both the composition of these gases and improvements in performance have a direct impact on emission levels.

The most important steps taken by the Company in this regard are as follows:

- Incorporation of 75,000 tonnes of bioethanol  into the Company's gasoline and 219,000 tonnes of biodiesel into its diesel oils in 2009.
- Launch of two new lubricants for low-emission industrial vehicles. CEPSA EUROTECH MS (for industrial vehicles and mixed fleets) and Euromax Synt (for vehicles from different brands and of various ages) have low sulphur content, offer high levels of protection and eliminate deposits, thereby increasing the useful life of the engine and ensuring strict compliance with EU emissions regulations.

Challenges derived from GHG legislation

As the main driving force behind the Kyoto Protocol , the European Union has undertaken a new commitment to reduce emissions from EU facilities by 2020, bringing them down by 21% compared to 2005 levels. Changes have also been made to the emissions trading system.

Over the first two emission trading periods (from 2005 to 2012) the majority of emission rights were issued to facilities free of charge.

⁷⁰ Further information on products that reduce emissions at www.cepsa.com.

The review of the European directive has introduced auctions as the distribution method to be used in the 2013-2020 period. Nevertheless, certain exceptions have been included, due to the potential negative impact on economies because of the possibility of production being relocated to areas with less stringent environmental policies. To avoid this so-called "carbon leakage", the sectors that may be particularly affected have been defined, including the refining and organic base chemistry sectors. As a result of this move, these sectors can receive up to 100% of their rights free of charge up to 2020, provided that they meet a set of conditions.

With the exception of the aforementioned sectors, the impact on CEPSA will be as follows:

- The need to acquire approximately 50% of cogeneration emissions.
- The risk of having to jointly acquire more than 20% of refining and petrochemical emissions. This situation would be further aggravated if, instead of implementation gradual reductions throughout the period, the full reduction were imposed as of the first year.
- A contraction in demand due to problems faced by consumers faced with price increases.
- A loss of competitiveness and a reduced international market share, compared to countries with emission reduction demands that are less extensive or inexistent.

CEPSA has highlighted the following risks up to 2013 which are directly linked to this new legislation:

- An increase in operating costs as higher quantities of emission rights will have to be acquired.
- A loss in profitability due to the difficulty in passing CO₂ costs on to product prices, aggravated by the impact of certain taxes⁷¹.

In light of the above, CEPSA will continue with its strategy to implement different measures to bring its emission levels down, including collaboration with various Spanish and European organisations to coordinate and minimise the possible impact that the introduction of this directive may have on Company facilities.



⁷¹ VAT and the tax on retail sales of certain hydrocarbons.

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Greenhouse Gases

CASE STUDY

Project Supernova: energy saving at CEPSA Química Bécancour

In December 2009 the CEPSA Química Bécancour plant implemented Project Supernova, an initiative that aims to optimise energy consumption during the production of linear alkylbenzene (LAB), a product crucial for manufacturing biodegradable detergents.

During the process for obtaining LAB, high levels of paraffin and benzene are also obtained, which are not fully transformed. To recycle these reagents they must be first separated in distillation columns, which involves significant consumption of energy and, therefore, fuel (in this case natural gas).

In 2008 work began to study a way of optimising energy consumption during this recovery process, applying an advanced form of the Pinch method¹, which reduces energy consumption in the heat exchangers used in industrial processes. According to this methodology, energy consumption can be optimised by distilling part of the paraffin at higher pressure. In this way the distilled paraffin reaches higher temperatures, and the heat produced can be used to raise the temperature of the benzene tower through a heat exchanger². In other words, the condensation heat from the paraffin distillation process is used to reach boiling point for the benzene distillation process.

The study carried out for this project estimated potential natural gas savings at 5,320 tonnes of oil equivalent per year (approximately 13% of the chemical plant's total energy consumption), with a subsequent reduction in CO₂ emissions, down by approximately 11,000 tonnes per year. Due to the amount of energy involved the project was named Supernova and, since it was implemented, it has performed in line with and, on occasion, exceeded projections. Based on plant production levels, this project will allow the Company to save between 2 million Euros and 3 million Euros per year in terms of natural gas.





Appendix

2009 corporate responsibility initiatives

CEPSA's social programme: main social initiatives

Action Secours, Vie d'espoir and "full steam ahead" collective cooking:
Support for those in need. (Canada)

Agreement with FEAPS:
Agreement for employment of people with learning difficulties. (Huelva)

Aid for maintenance of the Hermanas Adoratrices School. (Ceuta)

Aid for the Nazaret retirement home. (Ceuta)

Aid for the San Juan de Dios Hospital. (Cadiz)

Aid for the San Juan de Dios parish. (Ceuta)

AIEM:
Non-perishable goods for the underprivileged. (Canada)

Al Sur del Sur motor club:
Motor event in support of Alzheimer's sufferers.

Amigos de Guinea:
Collaboration with this association and other entities to dispatch healthcare materials and equipment to Equatorial Guinea. (Portugal)

Apoyo ao Desenvolvimento Infantil (CADIN) centre:
Donation for creation of a calendar. (Portugal)

Association for the families of Alzheimer's sufferers:
Charity tombola for Alzheimer's sufferers. (Madrid)

Autism association Christmas cards. (Madrid)

Canadian Cancer Society (Canada)

Centraide:
Help centre for underprivileged members of the community. (Canada)

Centro Nacional de Infraestructuras Críticas (CNPIC):
Safety collaboration. (Madrid)

Centro Social e Paroquial de Almacenada. (Portugal)

CEPSA Social Value Awards:
Employees of the Company and various service companies select and sponsor social projects presented by institutions, NGOs, associations and groups involved in social initiatives. (Huelva, Tenerife, Portugal, Madrid and Campo de Gibraltar)

Civil registry and identification programme:
In collaboration with the RENIEC public body (national civil registry). (Peru)

Club des petits déjeuners:
Dinner for underprivileged children. (Canada)

Club de Trafic de la Maurice:
Financing for conference organisation. (Canada)

Co-financing of the "let's make the children smile at Christmas" project. (Colombia)

Co-financing of the **urban road surfacing project.** (Colombia)

Community Christmas marquee:
Children's creche, in collaboration with the Salud-La Salle district council. (Canary Islands)

Congregation San Domenico Savio: (Canada)

Construction of **community accommodation** for the indigenous population. (Peru)

Construction of **multi-functional communal buildings** for the indigenous community. (Peru)

Construction of a **tourist lodge.** (Colombia)

CEPSA's social programme: main social initiatives

Défi Tête Rasé:

Collaboration with the Canadian Cancer Society for research into a cure for leukaemia. (Canada)

Donation of **teaching materials** to the **Universidad de Huelva**. (Huelva)

Donation to **underprivileged children**. (Canada)

El Drago women's association:
Sports for senior citizens. (Cadiz)

Family aid centre:
Food. (Canada)

FEAFFES Huelva workshops:
Events for relatives of people suffering from mental illness. (Huelva)

Fondation Cité de la Santé:
Foundation for people suffering from various illnesses. (Canada)

Fondation de Bécancour-Nicolet-Yamaska:
Support for hospital projects and equipment. (Canada)

Fondation des Auberges du coeur:
Centre for young homeless people. (Canada)

Fondation des Aveugles:

Foundation for the blind. (Canada)

Fondation Docteur Maurice Bertrand:

Research into various illnesses. (Canada)

Fondation Hôpital Général Juif:

Foundation for sufferers of illness. (Canada)

Fondation Michel Lancup:

Transport assistance for cancer sufferers. (Canada)

Food bank to combat hunger:

Donation of fuel to transport food items to underprivileged individuals. (Portugal)

Fundación Adecco:

(Madrid)

Fundación Candeal Proyecto Hombre:

(Madrid)

Fundación Energía sin Fronteras

(Madrid)

Fundación PRODIS:

Collaboration as co-sponsor of the paddle tennis socially responsible benefit programme. (Madrid)

Gentilly Transit Jeunesse youth centre:

Helping young people to become upstanding members of the community. (Canada)

Health programme:

Programme for 1,240 families from indigenous communities: training of health officers, delivery of community medical kits, medical attention for special cases, medical campaigns (general medicine, gynaecology, oral hygiene, nutrition). (Peru)

Hermandad del Rocío:

Various initiatives for the Huelva home for the elderly. (Huelva)

Housing Centre:

Community activities. (Canada)

Humanitarian aid for Afghanistan, coordinated by the Air Force. (Afghanistan)

IDECO-Cabildo Tenerife:

Christmas workshops for children. (Canary Islands)

Implementation of various **community cattle funds**. (Colombia)

Instituto Canario de Hemodenación y Hemoterapia:

Collaboration in a campaign promoting blood donation. (Canary Islands)

L'accorderie:

Promotion of services for underprivileged individuals living in Quebec. (Canada)

CEPSA's social programme: main social initiatives

La Maison Dalauze:

Refuge centre for victims of domestic violence. (Canada)

"La Mujer es una diosa" association (against domestic violence):

Petrol vouchers. (Madrid)

Lar Nossa Senhora do Acolhimento:

Improvements to the shelter. (Portugal)

Local Christmas parades:

Support of local Christmas parades. (Madrid)

Magazine Authentik:

Financial aid for this magazine for adolescents and young people. (Canada)

Maintenance and repairs to a community electricity plant. (Colombia)

Médicos con Iberoamérica:

Collaboration with this association to transport medical specialists to work in Latin America. (Cadiz)

Mercier-Est and Pointe-de-l'Île youth association:

Various initiatives to avoid school failure. (Canada)

Modernisation and extension of drinking water services for the indigenous population. (Peru)

Montreal foundation for sufferers of heart problems (Canada)

Novo Futuro:

Donation for payment of the electricity consumed during the market. (Portugal)

Nuestra Señora de las Escuelas Pías school:

Charity tombola to raise money for third world missions. (Africa and the Americas)

Nuevo Futuro:

Financial aid to the most disadvantaged sectors of society. (Madrid)

Play4África:

Collaboration in the organisation and implementation of this initiative promoting the right of African children to play. (Madrid)

Pointe-aux-Trembles Montreal East volunteer association:

Community aid. (Canada)

Pointe-aux-Trembles women's centre: (Canada)

Portuguese Multiple Sclerosis Society:

Aid in purchasing health materials. (Portugal)

Professional training centre:

Help in seeking first employment. (Canada)

Project to provide laying hens to more than 200 families. (Colombia)

Project to supply communities with electricity. (Peru)

Proyecto Hombre:

Prevention and eradication of drug addiction. (Huelva)

Ramadan:

Donation of food to low-income groups during Ramadan. (Algeria)

Rebuilding of an indigenous community school. (Peru)

Ressources Jeunesse Foundation:

(Canada)

Road safety school:

Road safety education project for children in schools throughout Spain. (Madrid)

San Nicolás special employment centre:

Help in resolving problems faced by the more disadvantaged members of society. (Madrid)

Santa Cruz council – Christmas:

Collaboration in the preparation of Christmas activities in the two districts close to the refinery. (Canary Islands)

Sagrado Corazón public school:

Transport aid. (Cadiz)

Santa María Polo Association:

Collaboration in horse therapy for the disabled. (Cadiz)

Secours aux plus démunis (aid for the most under-privileged). (Canada)

Social assistance for the development of programmes and the donation of office materials. (Huelva)

Spanish Cancer Association. (Ceuta)

Spanish Epidermolysis Bullosa Association:

Collaboration in a charity golf event. (Madrid)

Spanish Red Cross. (Madrid)

St-Octave school:

Donation of food to the police for distribution in the school. (Canada)

Tenerife Christmas children's park:

Encouraging entertainment and interaction between children and their families. (Canary Islands)

Tenerife diocese:

Collaboration in the rebuilding of a church. (Canary Islands)

Volunteer year:

Collaboration with the Department of Social Policy of the regional government of Asturias. (Madrid)

Youth aid centre: (Canada)

CEPSA's social programme: main cultural initiatives

Académie Les Estacades:

Financing of the school yearbook and aid for the purchase of school materials. (Canada)

Al calor de tú música:

Contest supporting musical values in the province of Huelva. (Huelva)

Asociación Amigos de la Música (Ceuta)

Asociación Cultural 'Los del Mixto':

Collaboration. (Ceuta)

Asociación de la Prensa de Madrid:

Sponsorship of the "first job" programme. (Madrid)

Asociación Prensa Campo Gibraltar:

Training seminar on waste. (Cadiz)

Asos Vecinos Puente Romano:

Flamenco festival. (Cadiz)

Assistance to **improve primary and secondary education levels among the local population and encourage leadership capacities within local communities.** (Colombia)

Béancour Chamber of Commerce:

Organisation of business activities in Béancour. (Canada)

Canary Islands music festival:

Collaboration in the various music concerts held in Santa Cruz de Tenerife and Las Palmas de Gran Canaria. (Canary Islands)

Cantabria, Basque Country, La Coruña and Oviedo universities:

Seminar on marine lubricants. (Cantabria, Galicia, Basque Country and Asturias)

Carrefour jeunesse emploi:

Programme which aims to promote youth training. (Canada)

Carrefour Santé et Sécurité:

Organisation of a symposium on health and safety in the workplace. (Canada)

Carteia:

Collaboration agreement with the Department of Culture of the regional government of Andalusia. (Cadiz)

Celebration of children's day with gifts (sweets and children's cups with straws).

(Colombia)

CEPSA Chair:

This chair comprises initiatives such as: a digital bibliography of technical magazines; recognition of the best legal research works; the MA in Environmental Studies; the Alumno DiezC programme; a skills course; two grants to participate in the "Global Village for future leaders of business and industry" programme run by the IACOCCA Institute at Lehigh University (USA); the industrial tourism course; activities programme run by the CEPSA Chair on UNIRADIO; the Iber-American film festival; and the publication of research on the importance of tourism to Huelva's industry. (Huelva)

CEPSA Chair:

To promote training, research and the transfer of technology related to energy, oil and the environment. (Cadiz)

CEPSA Chair in Energy Universidad de Sevilla Engineering School. (Seville)

CEPSA Chair in Energy and the Environment:

Mining Engineering School at the Universidad Politécnica de Madrid. (Madrid)

CEPSA classes in Moguer:

Collaboration with the town council and the Universidad de Huelva to promote the cultural and environmental heritage of the area. (Huelva)

Choeur Pro-Musica. (Canada)

Collaboration with Holy Week brotherhoods:

Support in preparing the programmes. (Cadiz)

Collège Notre-Dame de l'assomption:

Financing of the school yearbook. (Canada)

Conference of Chemistry Students.

Universidad La Laguna. (Canary Islands)

Corpus Cristi parish:

Collaboration with the *Paso de la Misericordia* procession. (Cadiz)

Donation of IT equipment and installation of solar panels at a school. (Peru)

Donation of a public address system to a **cathedral.** (Colombia)

Federación Onubense de Empresarios (FOE):

Promotion of SME training courses. (Huelva)

Festival de la Bandola Criolla. (Colombia)

Film festival:

Collaboration with the most important cultural event of the year in Huelva. (Huelva)

Fundación Amigos Museo del Prado:

Member of the foundation. (Madrid)

Fundación Atapuerca:

Collaboration in the excavation campaign. (Madrid)

Fundación Príncipe de Asturias:

Collaboration in the development of the foundation and its sponsorship. (Madrid)

Grants for international MA courses at the French Petroleum Institute and Heriot-Watt University. (Madrid)

Higher School of Industrial Engineers:

CEPSA award for the best end-of-course project: funding for the selected projects. (Madrid)

Huelva information in Palos de la Frontera:

Postcard exhibition depicting the history of La Rábida. (Huelva)

Huelva regional council:

Contest for ideas on how to develop the area surrounding La Rábida. (Huelva)

CEPSA's social programme: main cultural initiatives

Iber-American theatre festival. (Cadiz)

Instituto Cervantes in Algiers:

Sponsorship of a selection of poems entitled Encuentros literarios ("literary encounters") in Arabic and Spanish to promote the Spanish language in Algerian universities. (Algeria)

Jacques Hèteu music school. (Canada)

Jimena de la Frontera international music festival. (Cadiz)

Junior Achievement:

Developing business instinct among the young. (Canada)

Kerana school:

Financing of the school yearbook. (Canada)

La Línea council art gallery:

Catalogue sponsorship. (Cadiz)

Language grants for study abroad for students with the best academic records at schools in Palos de la Frontera and Mazagón. (Huelva)

Los Barrios parish:

Restoration of windows. (Cadiz)

Matosinhos jazz festival (Portugal)

Montreal Chamber of Commerce:

Organisation of conferences. (Canada)

Montreal Spanish community:

Organisation of conferences. (Canada)

Muelle de las Carabelas museum:

Collaboration in leisure and cultural activities, including traditional craft workshops to highlight crafts from times gone by. (Huelva)

Palos council and department of culture:

Showcasing of a collection of photography from 1914 to 1920. (Huelva)

PREVECAN 2009 Congress:

Canary Islands health and safety in the workplace congress. (Canary Islands)

Port authority Christmas concert (Canary Islands)

Quick painting competition in the Parque del Capricho. (Madrid)

Regulares museum in Ceuta: Recovery and conservation of heritage. (Ceuta)

Restoration of the Sacarium at Santa María Coronada church. (Cadiz)

Sagrado Corazón school:

After-school English lessons. (Cadiz)

Santa Adela neighbourhood association patron saint festivities. (Granada)

Santa Cruz de Tenerife Carnival:

Collaboration in organisation of the event. (Canary Islands)

School tools campaign. (Peru)

Schools in Algeciras:

Science days in the Campo de Gibraltar. (Cadiz)

Société des amis du moulin Michel:

Conservation of a historical building. (Canada)

Spanish cinema season. (Portugal)

Support in the **preservation and strengthening of local culture.**

(Colombia)

Teaching books: "CEPSA and the oil world":

In-school education initiative on oil and refining. (Cadiz)

Teaching books: "CEPSA and the oil world":

Educational programme geared towards secondary school teachers and which aims to increase student knowledge of the sector before the refinery visit. (Huelva)

Tenerife council:

Collaboration during the cultural season and the theatrical and musical events held throughout the year. (Canary Islands)

Thutmose III:

Sponsorship of work involved in recovering, reconstructing and restoring this pharaoh's temple in Luxor. (Egypt)

UNIA:

Sponsorship of an event on the importance of wetlands in Europe and America. (Huelva)

Universidad Autónoma de Madrid:

Agreement for the recovery, restoration and operation of the Carteia field. (Cadiz)

Universidad Popular de Mazagón:

Support for the cultural programme. (Huelva)

Víctor Pulido exhibition:

Picture exhibition. (Huelva)

Virgen del Carmen procession:

Collaboration. (Ceuta)

Youth symphony orchestra:

Raising the profile of young soloists and promoting music education in Portugal. (Portugal)

Zarzuela theatre season, La Línea de la Concepción council. (Cadiz)

2nd Conference of Students from the Universidad de la Laguna Physics Faculty. (Canary Islands)

2009 Anagaemerge Festival:

Collaboration. (Tenerife)

CEPSA's social programme: main environmental initiatives

Asociación El Quejido, **bonsai exhibition**. (Cadiz and Huelva)

Biodiversity centre:

Promotion of biodiversity and respect for nature. (Canada)

Cetaceans course: Collaboration with the *Fundación Loro Parque* to create an educational newsletter on the environment. (Canary Islands)

Clean beaches and parks project:

Maintenance of bins to collect rubbish in Brazil's parks and beaches, with the aim of preventing sand and water contamination on the beaches and lakes of the Pituacu park. (Brazil)

Colecta selectiva:

Sale of recyclable materials, with the amounts raised being donated to various charities. (Brazil)

Collaboration with the magazine **Red Life** to sponsor the imperial eagle, a protected species. (Madrid)

Collaboration with the **Sonatrach-Tassilli foundation** to use solar energy to power water pumping stations for irrigation purposes and to provide electricity to buildings of cultural interest in the Illizi region. (Algeria)

Descubrimos Doñana:

Initiative in collaboration with Odiel Información to produce a collectable children's publication on the park's natural heritage. (Huelva)

Environmental advisory services for the implementation of an environmental protection project. (Colombia)

Environmental education through teaching focused on ecological agriculture. (Colombia)

Fundación Doñana 21 (Huelva)

GRAMA:

Collaboration with this NGO engaged in protecting the environment. (Brazil)

Loro Parque e-newsletter:

Educational newsletter on the environment in collaboration with the *Fundación Loro Parque*. (Canary Islands)

Primera de Palos lake:

Maintenance activity to guarantee, through conservation, public use and study, the future of the species inhabiting this natural area. (Huelva)

Purchase of materials to protect river sources and guadua forests. (Colombia)

Reacciona, por el futuro de tus Islas (react for the future of your islands) project:

Environmental education. (Canary Islands)

Reforestation of Coto de Montemayor in Moguer, in collaboration with the local council. (Huelva)

Santa Cruz de Tenerife Chamber of Commerce:

Chamber of Commerce reforestation campaign. (Canary Islands)

Socio-environmental education through implementation of the Directriz 12 programme on relations with the community. (Colombia)

Tamar project:

Protection of sea turtles. (Brazil)

UNED academic conferences:

Training conferences. (Cadiz)

Visits and teaching programmes to improve knowledge of the La Rábida refinery in non-integrated centres. (Huelva)

World Wetlands Day:

Environmental education initiative carried out with students from ten schools. (Huelva)

4th open doors conference on saving energy in schools. (Algeria)

CEPSA's social programme: main sporting initiatives

A.D. Taraguilla sports club:

Collaboration. (Cadiz)

Algeciras football club:

Donation for player transport. (Cadiz)

Algeciras handball club. (Cadiz)**Asociación Cultural Deportiva La Rábida:**

Organisation of excursions and sports competitions for members. (Huelva)

Asociación Deportiva Académica S.**Mamede:**

Institution that promotes sports among the youngest members of society. (Portugal)

Bantam tournament: single-seat fighter biplane. (Canada)

Bay of Gibraltar fishing school:

Promoting fishing among the younger members of society. (Cadiz)

Bécancour hockey tournament. (Canada)**Caballa swimming club:**

Sea swimming. (Ceuta)

Caballa water polo club:

Collaboration in trips and equipment. (Ceuta)

Canot Élite: athletics club. (Canada)**CEPSA Campitos wrestling club:**

Sponsors of local "Canary Islands wrestling". (Canary Islands)

CEPSA fencing school:

Collaboration with Huelva council. (Huelva)

CEPSA Palos cycling club. (Huelva)**CEPSA Palos half marathon:**

Sponsors of this popular race. (Huelva)

CEPSA training school:

Support for the Tenerife sailing federation for sailing training. (Canary Islands)

CEPSA 7-a-side football tournament:

16 pre-junior teams take part in the competition where "everyone's a winner". (Huelva)

Ceuta Triathlon Federation:

Collaboration. (Ceuta)

Children's day: Financing of sporting and recreational events. (Colombia)

Children's day: Sporting and recreational events. (Colombia)

C.R. Linense rowing club (Cadiz)

Funding for the Las Águilas weights club (Colombia)

Improvements to infrastructures used to enjoy and promote sport during leisure time in Purificación. (Colombia)

Inter-district football tournament. (Colombia)

Inter-port indoor football championships – Motril port authority. (Granada)

Junior open football championships: Competition between teams of children. (Cadiz)

CEPSA's social programme: main sporting initiatives

La Laguna university football team:

Collaboration with this team's involvement in the 2009 World Interuniversity Games in Milan. (Canary Islands)

La Orden club: badminton. (Huelva)

LIPASAM canoe festival:

A trip down the Gualdaquivir river by canoe to raise funds for this charity. (Seville)

Mountain bike route:

Non-competitive sports challenge through areas of the Doñana "pre-park". (Huelva)

Organisation of inter-community competitions. (Peru)

Participation in a golf tournament. (Canada)

Pointe-aux-Trembles figure skating club:

Skating competition. (Canada)

Provision of sports equipment for community football/volleyball teams and schools. (Peru)

Real Balonpédica Linense. (Cadiz)

Sailing school:

Promotion of sailing and related sports among students in Palos and Mazagón. (Huelva)

San Roque sports club. (Cadiz)

Santo Domingo basketball club. (Canary Islands)

Seul Gym sports club: supporting Taekwondo for the young. (Cadiz)

Sponsorship of a cycling club. (Cadiz)

Sponsorship of the Cástulo cycling club:

Collaboration in the purchase of equipment. (Jaen)

Sponsorship of La Línea sports teams. (Cadiz)

Sports club funding. (Colombia)

Tenerife roller hockey club:

Collaboration. (Canary Islands)

Tenerife Sailing Federation:

CEPSA sailing grant. (Canary Islands)

Tenerife sports club: main sponsor of the club. (Canary Islands)

Tenerife sports gala. (Canary Islands)

Tenerife volleyball club:

Sponsors of the ladies volleyball team. (Canary Islands)

U.D. Castellar football club. (Cadiz)

Unión Linense de Baloncesto. (Cadiz)

Voltigeurs atome C de Mascouche:

Collaboration with the junior baseball team. (Canada)

Appendix

Inventory of greenhouse gas emissions: criteria applied

Inventory of greenhouse gas emissions: criteria applied

The GHG management department is responsible for performing an annual inventory of direct emissions of the three main GHGs emitted as a result of the activities carried out by the Company: carbon dioxide (CO₂) and, to a much lesser extent, methane (CH₄) and nitrous oxide (N₂O).

The following criteria were applied to define the scope of the inventory:

- For facilities in which CEPSA holds an interest of more than 50%, emissions data are reported in proportion to the interest held.
- For facilities in which CEPSA holds an interest of 50% or less, emissions data are reported in proportion to the interest held, provided that they account for more than 5% of CEPSA's total emissions.
- In the Exploration and Production area, GHG emissions are reported in proportion to the interest held by CEPSA in all facilities.

The following criteria were applied to calculate GHG emissions:

- Facilities included in the 2008-2012 National Allocation Plan for Emission rights: CO₂ emissions are calculated in accordance with the monitoring and notification systems set forth in the respective GHG emission authorisations, based on a set of established directives. These emissions must be certified by official verification companies, in accordance with legislation governing the emission rights trading system.
- All other facilities: A calculation is performed based on fuel consumption data and emission factors for each GHG, in line with procedures recommended by CONCAWE⁷².
- Specific emission calculation criteria have been applied to the following facilities:

- Combined cycle power plant Nueva Generadora del Sur (NGS): CH₄ and N₂O emissions from this plant (in which CEPSA holds a 50% interest) are calculated by applying emission factors recommended by CORINAIR⁷³ (for N₂O) and the US Environmental Protection Agency (for CH₄). These criteria have been set forth by the regional government of Andalusia, and are also applied by the owner of the facility.
- CEPSA Química Montreal: GHG emissions from this facility are measured using continuous measurement systems.
- CEPSA Química Bécancour: Emissions from Bécancour are calculated using fuel consumption data and emission factors for each GHG specific to the facility.
- LUBRISUR: GHG emissions from this facility are included in the refining area, as determined at European level by the European Refining Association.

⁷² CONCAWE. Report 9/05R 2006.

⁷³ CORINAIR is a European project on atmospheric emission inventories, which aims to meet the reporting requirements set forth in certain European standards and their corresponding transposition into Spanish legislation. Further information is available at <http://www.eea.europa.eu/es>.

Appendix

Associations of which CEPSA is a member

Associations of which CEPSA is a member

AACC, *Asociación para la Autorregulación de la Comunicación.*

AAEP, *Asociación Andaluza de Empresas Petroquímicas.*

ABIFINA, *Associação Brasileira das Indústrias de Química Fina, Biotecnologia e suas Especialidades. (Brazil)*

ABIPLA, *Associação Brasileira da Indústria de Produtos de Limpeza. (Brazil)*

ABIQUIM, *Associação Brasileira da Indústria Química. (Brazil)*

ABNT, *Associação Brasileira de Normas Técnicas. (Brazil)*

ACP, *Association canadienne de la paie. (Canada)*

ACCP, *Association des chefs de pompiers du Québec. (Canada)*

ACFPC, *Association Canadienne des Fabricants de Produits Chimiques. (Canada)*

ACIG, *Associations des consommateurs Industriels de gaz. (Canada)*

ACOGEN, *Asociación Española de Cogeneración.*

ADECAGUA, *Asociación para la defensa de la calidad del agua.*

Agenda 21, United Nations (UN) programme to promote sustainable development.

Agenda 21, Working group promoted by San Roque council to study and improve the city's natural environment.

AGI, *Asociación de Grandes Industrias del Campo de Gibraltar.*

AEA, *Asociación Española de Anunciantes.*

AEC, *Asociación Española de la Carretera.*

AEC, *Asociación Española para la Calidad.*

AECE, *Asociación Española de Comercio Electrónico.*

AECOC, *Asociación Española de Codificación Comercial.*

AEDHE, *Asociación de Empresarios del Henares.*

AEGVE, *Asociación Española de Gestores de viajes de empresa.*

AeH₂, *Asociación Española del Hidrógeno.*

AEIM, *Association d'Entraide Industrielle et Municipale. (Canada)*

AEMC, *Asociación Española de Medición y Control (ISA).*

AENOR, *Asociación Española de Normalización y Certificación.*

AEQT, *Asociación Empresarial Química de Tarragona.*

AEUTRANSMER, *Asociación Española Usuarios Transporte de Mercancías.*

AGI, *Asociación de Grandes Industrias del Campo de Gibraltar.*

AIEM, *Association industrielle de l'est de Montréal. (Canada)*

AIQB, *Asociación de Industrias Químicas y Básicas de Huelva.*

AOGLP, *Asociación Española Operadores de Gases Licuados del Petróleo.*

AOP, *Asociación Española de Operadores de Productos Petrolíferos.*

APAN, *Associação Portuguesa dos Anunciantes. (Portugal)*

APD, *Asociación para el Progreso de la Dirección.*

APETRO, *Associação Portuguesa de Empresas Petrolíferas. (Portugal)*

APLA, *Asociación Petroquímica y Química Latinoamericana (Brazil).*

APM, *Asociación de la Prensa de Madrid.*

APN, *Associação Portuguesa dos Anunciantes. (Portugal)*

APPM, *Associação Portuguesa dos Profissionais de Marketing. (Portugal)*

AQHSST, *Association québécoise pour l'hygiène, la santé et la sécurité du travail. (Canada)*

ASEFMA, *Asociación Española de Fabricantes de Mezclas Asfálticas.*

ASELF, *Asociación Española de la Lucha contra el Fuego*

- ASELUBE**, *Asociación Española de Lubricantes.*
- ASINCA**, *Asociación Industrial de Canarias.*
- Asociación para la Autorregulación de la Comunicación Comercial. Autocontrol.**
- Asociación de la Prensa del Campo de Gibraltar.**
- Asociación de Promoción del Puerto de Tenerife.**
- ATC**, *Asociación Técnica de Carreteras.*
- ATEB**, *Asociación Española de Emulsiones Bituminosas.*
- ATIEL**, *The Technical Association of the European Lubricants Industry.*
- AUSBANC**, *Asociación de Usuarios de Banca.*
- BEQUINOR**, *Asociación Nacional de Normalización de Bienes de Equipo y Seguridad Industrial.*
- BSCD Portugal**, *Conselho Empresarial para o Desenvolvimento Sustentável. (Portugal)*
- CATIM**, *Centro de Apoio Tecnológico à Indústria Metalomecânica. (Portugal)*
- CCCE**, *Canada-Spain Chamber of Commerce.*
- CCDTR**, *Chambre de commerce de Trois-Rivières. (Canada)*
- CCIB**, *Chambre de Commerce et d'industrie de Bécancour. (Canada)*
- CCMEPAT**, *Chambre de commerce de Montréal-Est / Pointe-aux-Trembles. (Canada)*
- CCPI**, *Chambre de commerce Pointe-de-l'Île. (Canada)*
- CEA**, *Confederación de Empresarios de Andalucía.*
- CEFIC**, *European Chemical Industry Council.*
- CEFRIO**, *Centre Francophone d'informatisation des organisations. (Canada)*
- CEG**, *Club de Excelencia en Gestión.*
- CEOE**, *Confederación Española de Organizaciones Empresariales.*
- CEOE Tenerife.**
- CEOP**, *Comité des Entreprises et Organismes du Parc Industriel de Bécancour. (Canada)*
- Chamber of Commerce of Brazil in Spain.**
- Chambre de Commerce de la Pointe-de-l'Île. (Canada)**
- Círculo de Economía.**
- CLD**, *Centre local de développement de la MRC de Bécancour. (Canada)*
- Club Excelencia en Gestión vía Innovación.**
- Club de Excelencia en Sostenibilidad.**
- Club Financiero Génova.**
- CMMI**, *Comité mixte municipalités - industries de l'Est de Montréal. (Canada)*
- COASHIQ**, *Comisión Autónoma de Seguridad e Higiene en el Trabajo de Industrias Químicas y Afines.*
- Centro de Iniciativas Turísticas de Santa Cruz de Tenerife.**
- COFIC**, *Comitê de Fomento Industrial de Camaçari (Brazil).*
- CONAMA-9**, *Congreso Nacional del Medio Ambiente 2009.*
- CONCAWE**, *Conservation of Clean Air and Water.*
- Confederación de Empresarios de Cádiz.**
- Confederación Española de Directivos Ejecutivos.**
- Confianza On-Line.**
- CPEQ**, *Centre patronal de l'environnement du Québec. (Canada)*
- CRAIM**, *Conseil pour la réduction des accidents industriels majeurs (Canada)*
- CRP**, *Centro Rodoviario Português.*
- CTA**, *Corporación Tecnológica de Andalucía.*
- DIALOGO**, *Asociación de Amistad Hispano-Francesa.*
- DIRCOM**, *Asociación Directivos de Comunicación.*
- EASA**, *European Advertising Standards Alliance.*
- ECONSTROI**, *Mercado Electrónico de Construção Empresariales.*
- ENERCLUB**, *Club Español de la Energía.*
- EPCA**, *European Petrochemical Association.*
- EUROBITUME**, *European Bitumen Association. European Wax Federation.*
- EUROPIA**, *European Petroleum Industry.*
- FECEMD**, *Federación de Comercio Electrónico y Marketing Directo.*
- FEIQUE**, *Federación Empresarial Industria Química Española*

El Foro del Pequeño accionista.	<i>Instituto de Auditores Internos.</i>	Santa Cruz de Tenerife Chamber of Commerce.
Forum Nueva Economía.	<i>Instituto de Consejeros y Administradores.</i>	SECAT, <i>Sociedad Española de Catálisis.</i>
Fundación Amigos del Museo del Prado.	IPQ, <i>Instituto Português da Qualidade.</i> (Portugal)	SEDIC, <i>Sociedad Española de Documentación e Información Científica.</i>
Fundación Energía de la Comunidad de Madrid.	ITM, <i>Club de la Industria, Tecnología y Minería.</i>	SEGEM, <i>Servicios Auxiliares de Asistencia Marítima en Vigo.</i>
Fundación Energía sin Fronteras.	<i>Manufacturiers et Exportateurs du Québec.</i> (Canada)	SEPRAQ, <i>Comité sécurité des entrepreneurs en pétrochimie et raffinage du Québec.</i> (Canada)
Fundación Gómez Pardo.	MEC, <i>Manufacturiers et exportateurs du Canada.</i> (Canada)	SIGAUS, <i>Sistema Integrado de Gestión de Aceites Usados.</i>
Fundación Príncipe de Asturias.	<i>Mouvement Québécois de la Qualité.</i> (Canada)	SINPEQ, <i>Sindicato das Indústrias de Produtos Químicos e Petroquímicos.</i> (Brazil)
Fundación Puertos de Las Palmas.	MQQ, <i>Mouvement Québécois de la qualité.</i> (Canada)	SOGILUB, <i>Sociedade de Gestão Integrada de Óleos Lubrificantes Usados Lda.</i> (Portugal)
Hispano-Portuguese Chamber of Commerce.	OME, <i>Observatorio Mediterráneo de la Energía.</i>	USUPPORT, <i>Associação de Usuários dos Terminais de Portos da Bahia.</i> (Brazil)
IATA, International Air Transport Association.	PARC <i>Quimic de Seguretat.</i>	
IBP, <i>Instituto Brasileiro do Petróleo.</i> (Brazil)	<i>Proyecto Inicativas.</i>	
IGUA, Industrial Gas Users Association. (Canada)	<i>Real Instituto Elcano.</i>	
INGEMAN, <i>Asociación Desarrollo Ingeniería de Mantenimiento.</i>		

Appendix

Glossary

Glossary

Aromatics: Products derived from benzene, commonly used as a raw material in the petrochemical industry.

Barrel: Volume measurement equivalent to 159 litres.

Biodiesel: Fuel derived from vegetable oils for use in diesel motors.

Bioethanol: Ethyl alcohol obtained from vegetable products, such as cereals.

Bioremediation: Any process that uses microorganisms, fungi, plants or their enzymes to restore a contaminated natural environment to its original conditions.

Change management: Process to evaluate and control the implementation of any technical and organisational changes that may alter the features of existing risks, so that these changes can be analysed from a safety perspective prior to implementation and the required measures can be put in place.

Clean Development Mechanisms (CDM): Projects to reduce emissions in developing countries, part of the Kyoto Protocol.

Cogeneration: Energy generation system that produces heat and electricity in a single and simultaneous process.

Combined cycle: Energy generation systems that combine gas and steam turbine cycles to obtain better performance with less environmental impact.

Commercial risk: Commercial risk is understood as the amount of debt payable by a customer from the time at which a commercial area acquires a supply commitment until the supply is completed.

Conversion: Process carried out subsequent to distillation during which heavier components, such as fuel and gas oil, are transformed into other lighter components.

CO₂: Carbon dioxide.

COASHIQ: Organisation that prepares statistics with data from its associates. In Spain forms the largest representation of the industry related to chemical products. CEPSA's refineries and three petrochemical plants located in Spain are associated with this organisation.

Crude unit: This is the first distillation unit in the refinery, and desalinates the crude oil and applies heat to obtain the main crude fractions: gases (propane and butane), naphtha and petrol, kerosene and diesel oils.

Effluent: Waste in liquid form normally resulting from the different processes in a production plant.

Emission rights: Allowances or credits conceded to organisations permitting compliance with Kyoto Protocol aims, which can consequently be traded within a regulated market.

ETBE: Ethyl tertiary butyl ether – a chemical compound used in the production of petrol to increase the number of octanes.

FCC: Fluidised-bed catalytic cracking unit. Conversion plant which obtains light products from a mixture of heavy gas oil, vacuum gas oil and, in some cases, atmospheric residue. The process is carried out through thermal cracking and also uses a catalyst to obtain a greater variety of products.

Furnaces: Furnaces are the equipment used in plants to provide the heat required for the manufacturing process.

General terms and conditions for purchasing and contracting: The general terms of business used for the purchase of goods and/or contracting of works and/or services, which are provided to the suppliers/contractors during the purchase/contracting management process and form the contractual documentation established in the order/contract, and all the terms and conditions thereof.

GJ: Gigajoule. 109 joules. (1,000 million joules). The joule is the work unit of the International System, equal to the work done by a force of one newton, whose point of application moves one metre in the direction of the force.

Health and safety in the workplace: A set of activities geared towards preventing possible accidents at work centres due to environmental conditions at the site, physical conditions of the work, job conditions or the way in which work is organised. Each risk has an associated prevention plan to eliminate the risk or minimise its impact.

Heat exchanger: A unit used to pre-heat the load, recovering the heat produced during a reaction.

Hydrocracker: A unit which transfers heavy distillate currents (which, due to their properties, cannot be used as fuel) into higher value fractions (propane, butane, kerosene and diesel oil) through high-pressure catalytic processes in the presence of hydrogen.

Hydrodesulphurisation (HDS) unit:

Process to reduce or eliminate the sulphur content of a product through the use of hydrogen, along with a catalyst, under high temperature and pressure.

Hydrogen plant: Unit which produces hydrogen of extremely high purity (exceeding 99.9%). The hydrogen obtained from this process is used in other refining units to increase the production of diesel oils, as well as to eliminate sulphur from these oils and from petrol.

Isomax unit: Moderate hydrocracking unit.

ILO (International Labour Organisation):

United Nations organisation that promotes social justice and internationally recognised human and labour rights.

IPPC: European directive that aims to prevent and reduce pollution from different activities.

ISO: International Organisation for Standardisation.

ISO 9001: Certifiable quality management standard.

mmHg: Millimetre of mercury, a unit of pressure also known as the torr after the physicist who first discovered it, Evangelista Torricelli. The atmospheric pressure that surrounds us is equivalent to 760 mmHg, and therefore any pressure under this level involves vacuum work.

MWh: Megawatt hour (energy measurement unit).

National Allocation Plan (NAP) for Emission Rights:

Legislation which regulates the system for trading greenhouse gas emission rights (approved by the Spanish government and adapted under European directive 87/2003), which aims to help reduce emissions which cause climate change, thereby complying with the commitment assumed by Spain on ratification of the Kyoto Protocol.

NO_x: Nitrogen oxide.

Pinch: Pinch technology is a methodology which optimises the energy recovered at industrial installations by using hot currents which require cooling and cold currents which require heating, analysing these currents and determining the exchange of heat which best complies with established pinch criteria.

PTA: Purified terephthalic acid.

REACH: Registration, Evaluation and Authorisation of Chemicals.

Re-stamping: Re-stamping (or hydraulic pressure testing) is carried out every ten years to evaluate the condition of a bottle, and involves two steps: the bottle is firstly deactivated by removing all gas contents, and then subjected to pressure to check that there are no leaks or pores.

Risk acceptance criteria: A set of references adopted to set the maximum risk that may be assumed due to the impact of technological incidents on the population, CEPSA personnel, the environment and the Company's assets.

Risk analysis: Assessment of the probability of a hazard occurring and study of its consequences for people, the environment and assets, with a view to eliminating or controlling that risk.

Safety data sheet: Document for customers and employees which includes the characteristic, properties and directions for use of a specific substance.

Seismic testing: A method to establish detailed underground rock structures by detecting and measuring sound waves reflected by different rock strata. It is used to locate structures which may potentially contain crude oil or gas, before drilling takes place. This data can then be processed to generate 3D images of these underground structures.

SO₂: Sulphur dioxide.

Sulphur plant: Treatment plant which recovers sulphur for control and sale.

T: Metric tonne.

Treatment: A group of plants used to bring products into line with specifications. The ETBE, alkylation and isomerisation plants are all treatment plants, and allow high-quality unleaded petrol to be obtained.

United Nations Global Compact: Initiative that encourages the private sector to undertake environmental, labour, human rights protection and anti-corruption commitments.

UNE 150008 EX: Spanish standard for the evaluation of environmental risks from facilities where business activity is carried out, particularly in the industrial sector.

Vacuum distillation: A method of distillation that uses atmospheric fuel as a raw material, which is obtained by reducing the pressure above the liquid mixture to less than atmospheric pressure in a vacuum system installed at the top of the column to obtain asphalts and lubricants, amongst other products.

Vacuum unit: This unit recovers more light crude components by reducing operating pressure, which allows distillation temperatures to be increased without causing thermal decomposition of the crude oil.

Visbreaking unit: Visbreaking (viscosity breaking) is a process which involves transferring heavy waste in an oil distillation tower into lighter fractions by reducing viscosity through a severe blast of heat.

VOC: Volatile Organic Compounds. These are chemical compounds of varying structure that are generated in the manufacturing plants, in storage and in product loading operations and may be involved in the production of tropospheric ozone.

Waste recovery: Any process which allows the resources contained in waste to be used.

Working interest: The total interest held before application of the terms and conditions of production distribution agreements.

Contact details:

Your questions, contributions, suggestions and comments on this report are welcome through the following channels:

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