

ETHICS

APROBADO

APROBADO POR: CONSEJO DE ADMINISTRACIÓN
Secretario del Consejo de Administración
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CEPSA HEALTH, SAFETY, ENVIRONMENT AND QUALITY POLICY

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NOTE:

THIS DOCUMENT HAS BEEN APPROVED BY THE BOARD OF DIRECTORS ON NOVEMBER 20, 2018 AND ENTER INTO FORCE FROM THE DATE OF ITS APPROVAL

NOTE:

THE REVISION OF THIS REGULATORY DOCUMENT SUBSTANTIALLY CHANGES THE CONTENT OF THE PREVIOUS ONE.

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GLOSSARY OF TERMS

AUDIT, COMPLIANCE AND ETHICS COMMITTEE

A standing committee of the Board of Directors whose primary role is to advise and assist the Board with its oversight responsibilities in matters related to internal audit, internal control, compliance and risk management systems; the preparation of financial information and financial reporting and disclosure processes; and the relationship with the external auditor.

COMPLIANCE AND ETHICS OPERATING COMMITTEE

An internal working committee reporting functionally and hierarchically to the Audit, Compliance and Ethics Board Committee whose primary purpose is to ensure that the organization is fully compliant with all applicable laws and regulations and with its own internal policies and procedures in the conduct of its activities and businesses, and that it upholds the values of business integrity in all of its operations, consistent with the ethical standards and commitments articulated by the Board of Directors in the corporate Code of Ethics and Conduct. In order to fulfill its role, it is vested with the broadest powers and authorities, budgetary autonomy and independence of action through the Ethics & Compliance Office belonging to the Internal Audit Department, Office of Ethics and Compliance and Corporate Risks.

INTERNAL AUDIT DEPARTMENT, OFFICE OF ETHICS AND COMPLIANCE AND CORPORATE RISKS

Company division in charge of overseeing the Ethics & Compliance Office and ensuring its effectiveness, and taking the appropriate actions in accordance with the duties and responsibilities set out in this policy.

NON-COMPLIANCE

Any alleged breach or infringement of the general principles and ethical values established in the Code of Ethics and Conduct, or in applicable laws and regulations governing the Cepsa Group. Non-compliance shall also include any violations of the Spanish Criminal Code that could give rise to corporate criminal liability.

ETHICS & COMPLIANCE OFFICE

This unit is responsible for maintaining an effective ethics program in the Cepsa Group, managing the Ethics & Compliance Helpline, and providing support and assistance with the design, development and implementation of the appropriate control activities and framework to ensure that Cepsa's businesses are compliant with all applicable laws and internal regulations. This Office is also in charge of ensuring that other assurance units put in place the necessary compliance programs. Ethics & Compliance Office: this unit is responsible for maintaining an effective ethics program in the Cepsa Group, managing the Ethics & Compliance Helpline, and providing support and assistance with the design, development and implementation of the appropriate control activities and framework to ensure that Cepsa's businesses are compliant with all applicable laws and internal regulations. This Office is also in charge of ensuring that other assurance units put in place the necessary compliance programs.

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CEPSA HEALTH, SAFETY, ENVIRONMENT AND QUALITY POLICY

1. INTRODUCTION

The Board of Directors of Compañía Española de Petróleos, S.A.U. (“Cepsa” or the “Company”) is responsible for determining the business strategy and approving the general policies of the Company, as well as providing oversight for its internal control framework. In the fulfillment of these responsibilities and consistent with the Cepsa Group Code of Ethics and Conduct, and with the Mission, Vision and Values of the Cepsa Group and its ethics and compliance culture, it has approved this Health, Safety, Environment and Quality Policy (hereinafter, “HSEQ Policy”).

Cepsa is a global energy company that aims to adapt energy to the needs of people, companies and society at large, maximizing shareholder returns and value creation while maintaining its financial strength and sustainable growth over the long term. For that reason, it considers that responsible management of its activities and resources is pivotal to achieving these objectives.

Accordingly, Cepsa has defined its strategic objectives as the safety of persons and facilities, respect for the environment and conservation of biodiversity, undertaking to provide safe and healthy working conditions for its employees, business partners and other stakeholders and to prevent and minimize the impact of potential risks associated with its activity as well as to promote the health and welfare of the communities where the Company operates.

This Policy is mandatory for any persons taking part in any of Cepsa’s activities, who will be responsible for ensuring their own safety, protecting the environment, and observing applicable laws and Company policies and regulations, with the goal of preventing or minimizing hazards, accidents and environmental impacts.

2. PURPOSE

Cepsa Group, as well as of third parties with whom we do business, in the fulfillment of the commitments undertaken by Cepsa with regard to responsible management.

These commitments are developed and updated through various policies, positions and regulations (Planning and Control Instruments - PCIs) from the different businesses and organizational units responsible for matters such as the fight against corruption and criminal conduct, respect for human rights, environmental protection, safety, the development of local communities, diversity and equal opportunities, support for employees, the protection of people and assets or fiscal responsibility, among others.

Cepsa strives for excellence in management through its HSEQ policy. This commitment, which is underpinned by our people, our preventive measures and continuous improvement, is mandatory in all areas of our business and processes, providing consistency and an integrated strategy in the mission, vision and values of the Company.

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3. SCOPE AND APPLICABILITY

This Policy is applicable to all directors and employees of the Cepsa Group (understood to be companies in which Cepsa has a shareholding of over 50%) as well as its business partners. In companies where Cepsa has a non-controlling interest and which are not subsidiaries of the Cepsa Group, every reasonable effort shall be made to ensure that they adopt standards and principles that are consistent with those contained in this Policy.

The Cepsa Group expects and encourages its business partners to develop and implement ethics programs and standards that are aligned with ours. In cases where Cepsa believes that such parties have failed to comply with our policies or their contractual commitments, it reserves itself the right to take the appropriate action.

4. GUIDING PRINCIPLES

Cepsa is an integrated energy group, present at every stage of the petroleum value chain. In our business activities and performance, we strive to be an industry leader, through honesty, respect and responsibility. To achieve our goals, we endeavor to:

- Promote a transparent information policy.
- Satisfy the needs of our customers, the market and society at large within the scope of our activities.
- Set ambitious goals, which are reviewed periodically at different levels of the organization, with the aim of improving management, and the satisfaction of our stakeholders.
- Comply with defined specifications, applicable legal requirements and the commitment undertaken by Cepsa, in terms of safety and the environment, in our products, services, and activities.
- Comply with applicable laws and company regulations regarding HSEQ and ensure their observance in our processes, by establishing the resources necessary to disseminate this policy, with a view to achieving our quality standards, and generating value with our products and services.
- Provide effective protection in terms of health and safety, the prevention of serious accidents, and the safety of processes, through the identification of risks, as well as their ongoing monitoring and evaluation of their impacts.
- Promote the well-being of our employees, investing in new strategies, in health education and awareness both within the Company and the community at large, in such a way that the workplace acts as a catalyst for fostering healthy behaviors and contributes positively to employees in their personal life and in their social and working environment, based on identified needs.

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- Promote the health and safety of workers, based on the principles of eliminating or minimizing work-related risks and encouraging information-sharing, consultation, participation and training of workers in the field of prevention.
- Establish the actions and resources needed to prevent incidents, including the risks posed by new technologies, ways of working and scientific advances. In the event that such incidents materialize, any deviations must be corrected diligently, establishing appropriate measures to prevent any future recurrence.
- Assume a leadership role in the fight against climate change, analyzing ways to use renewable re-sources, maximize efficiency, optimize the management of water and minimize waste through the systems implemented.
- Responsibly and ethically manage the sale and marketing of products from the point of view of safety, the protection of human health and the environment throughout their life cycle.
- Pursue the implementation of effective management systems, with an approach based on processes that enable improvement and greater control over such systems.
- Regard continuous improvement as a value, a permanent goal of the organization and a foundation of the system. Key components of our continuous improvement efforts include monitoring, reviewing and auditing our HSEQ provisions, to ensure implementation of the required actions and resource allocation.
- Seek new ideas and opportunities for innovation at all levels of Cepsa and pursue efficiency and reliability in the management of our processes, in order to continuously improve the HSEQ management systems.
- Maintain constructive relationships based on dialogue and transparency with the communities where we operate as well as with other stakeholders by providing and receiving information, through the appropriate channels, on the potential impacts of our activity and the management thereof and cooperate actively with the competent authorities.

5. COMMITMENTS

In order to meet these objectives, the HSEQ policy establishes commitments which are integrated into the various organizational units of Cepsa and are implemented via the various management structures of the Company.

5.1. Commitment to occupational health and safety

- Assess any potential safety risks in advance related to the activities and operations of the Company, adopting any and all preventive measures deemed necessary.
- Prioritize the safety of workers. Accidents should be avoided, and all the necessary resources must be allocated to achieve this. For this reason, continuous improvement in all areas of occupational risk prevention management is a key factor for the future of the Group companies.

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- Offer the highest levels of protection and safety in the performance of activities and operations both for the people working for the Company, and the Company's assets, processes and communities in the vicinity of its facilities.
- Ensure full integration of the occupational health and safety principles in all of the Group's risk prevention management systems, business decisions and plans, providing the structures and resources in order to implement the necessary initiatives that uphold the required safety standards at all times.
- Develop and implement a Group-wide workplace health and safety system based on occupational health and safety standards, to determine the minimum levels required, and ensure the standardization of the criteria applied to all Group companies. This global system includes:
 - ✓ Integration of the occupational health and safety criteria at all stages of the production process, in all work methods and in all decisions, in such a way that managers, technicians, and workers are able to assume their responsibilities in this area.
 - ✓ Identification, assessment and effective control and management of work-related risks.
 - ✓ Evaluation of working arrangements and workplace adjustments to meet employees' needs, through appropriate health monitoring and professional training.
 - ✓ An occupational health and safety management system in accordance with the standards established for the whole Group to identify possible deviations, exchange best practices and establish a global culture of excellence in risk prevention.
- Ensure that Cepsa Group employees are duly informed and trained in safety matters, so that they are aware of safe working practices and behaviors, which must be followed in the performance of their duties. In addition, require suppliers and contractors to have their professionals trained in such matters, prior to starting work for Cepsa.
- Require that Cepsa's safety standards be observed and upheld by contractors and make them part of the preventive culture in place.
- Protect the health and safety of customers and the general public throughout the life cycle of the products that the Company manufactures and sells.
- Obtain and keep occupational health and safety certificates up to date in accordance with the highest international standards, from the perspective of continuous improvement and technological innovation in the overall quality of the production system.

5.2. Commitment to the environment

- Perform operations under a standard of excellence in environmental protection and conservation of natural resources, taking into account criteria such as efficiency and optimization of raw materials and resources, and the protection of biodiversity and ecosystems.

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- Support the mitigation of climate change, striving to reduce emissions by investing in technological in-novation to improve the energy efficiency of all the Company's activities.
- Use water resources reasonably, helping to improve their quality and advocating for a reduction in the associated water footprint.
- Use resources efficiently, ensuring that products and materials are kept within the economy for as long as possible, minimizing the generation of waste, in accordance with the circular economy strategy.
- Apply a preventative approach to avoid or minimize the impacts of activities on biodiversity and the environment, with a view to protecting them from any action that could lead to their deterioration or un-desirable transformation.

5.3. Commitment to customers

- Guarantee the quality of products and services offered to customers, always addressing their requests for information and claims in a timely manner to ensure their complete satisfaction and the sustainability of relationships.
- Foster a close relationship with customers based on the principles of transparency, accuracy, readability and data protection.
- Comply with and promptly inform customers on any health, safety and environment-related issues concerning the Company's products and services.

5.4. Commitment to suppliers

- Encourage suppliers and contractors to be aware of and adopt best practices in the field of Safety and the Environment.
- Promote integrity, sustainability and equality of opportunities in procurement, as well as the inclusion of HSEQ criteria in the decision-making process.

5.5. Commitment to society at large

- Support the Company's integration in the societies of the countries and regions where it operates, re-specting their culture, and creating collaborative environments for value creation to promote economic, social and environmental development.
- Invest in actions to prevent or minimize the possible negative effects and enhance the positive effects of our activities.

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6. COMPLIANCE

This Policy is aligned with the principles, values and strategy lines of Cepsa, and suited to the nature, magnitude and environmental impacts of its activities, products and services. It is communicated to employees and stakeholders and reviewed periodically to ensure that it remains relevant and appropriate.

It ensures a high level of protection, guaranteeing the integrity of installations and operations, through the application of best practices. These functions are integrated into the management system, where they are disseminated throughout all tasks and responsibilities, including management of resources made available to control risks and emergencies, ensuring that these resources are provided and aligned with any complexities that might arise in each facility.

At the same time, this Policy upholds our obligations to outside organizations, as we endeavor to comply with the relevant requirements in order to obtain and maintain, where applicable, occupational health and safety certifications (OHSAS 18001, Healthy Business model, applicable regulations on the control of major accident risks and hazards and management of safety processes), environmental management (ISO 14001, ISO 50001 and the EMAS Register) and quality certifications (ISO 9001, PECAL 2110, IATF-16949, CE marking of products and ISO 22000).

7. DISCIPLINARY ACTION

Persons who fail to comply with our Code and this Policy may be putting the Company at risk and as a result, may be subject to disciplinary action or penalties.

Each violation of this Policy shall be reviewed on a case-by-case basis and, where necessary, the appropriate disciplinary and corrective measures shall be applied in accordance with corporate policies and procedures and applicable laws.

Disciplinary action may also be taken against:

- Persons who do not take the necessary care or diligence to identify and report violations;
- Persons who fail to cooperate with an investigation and specifically those who destroy or try to withhold relevant evidence or information for an investigation or provide false, incomplete or misleading information;
- Managers or supervisors who attempt to retaliate against someone who has reported, in good faith, a suspected violation or who is cooperating with an investigation in his or her area.

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8. OVERSIGHT, ASSESSMENT AND REVIEW

The HSSEQ management team shall provide continual oversight and monitoring in order to identify actions and behaviors contrary to this Policy and the Code of Ethics and Conduct, and shall report to the Compliance and Ethics Operating Committee and inform the Management Committee on the Company's performance in this area.

The Compliance and Ethics Operating Committee shall review compliance with this Policy. The Internal Audit, Compliance and Corporate Risk Division, as tasked by the Audit, Compliance and Ethics Board Committee, shall evaluate compliance with this Policy and the effectiveness of the implemented controls, informing the Audit, Compliance and Ethics Board Committee on any breaches or violations.

The Management Committee shall submit proposals and recommendations, as approved by the Audit, Compliance and Ethics Board Committee, to the Board of Directors on any amendments and updates deemed necessary to ensure the Policy's effectiveness and control.

With the objective of achieving compliance with this Policy, Cepsa has a mechanism in place for reporting incidents and irregularities on its website or via email (canaletica@cepsa.com).

9. POLICY MANAGEMENT

The Cepsa HSSEQ Division shall oversee and manage this Policy and shall address and clarify any doubts that may arise as to its applicability, as well as review its contents at the appropriate intervals and have them updated, as required.

10. DISTRIBUTION AND PUBLICATION

As part of the Company's set of regulations, this Policy shall be distributed and published based on the rules and procedures determined for Corporate Regulations in the "Procedure for the management of regulations in the Cepsa Group" (PR-148). The Organization Unit shall be responsible for its distribution, publication and monitoring.

11. RELATED PLANNING AND CONTROL REGULATIONS AND POLICIES (PCIs)

This document is primarily related with the following Cepsa Group regulations and policies:

- PL-0001 Code of Ethics and Conduct.
- PL-0019 Corporate Risk Policy.
- PL-0006 Conflicts of Interest Policy.
- PL-0017 Third-Party Due Diligence Policy.
- PL-0013 Anti-Bribery and Corruption (Public Sector) Policy.

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- PL-0014 Anti-Bribery and Corruption (Private Sector) Policy.
 - PL-0018 Ethics and Compliance Helpline Policy.
 - PL-0020 Corporate Criminal Risk Prevention Policy.
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- NO-015 Standard on Biodiversity.
 - NO-020 Workplace and Industrial Risk Prevention Regulations.
 - NO-025 Environmental Basic Standard.
 - NO-027 Risk Management Regulations.
 - NO-028 Basic Regulation on Quality.
 - NO-040 Integral Safety Regulations.

This regulatory document is, in turn, mainly related to the following external standards:

- Safety Certifications OHSAS 18001.
- Environmental management ISO 14001
- Environmental management ISO 50001
- EMAS Register.
- Quality Certification ISO 9001
- Quality Certification PECAL 2110
- Quality Certification o IATF-16949
- CE marking of products and ISO 22000