



# 2018 ANNUAL AND CORPORATE RESPONSIBILITY REPORT







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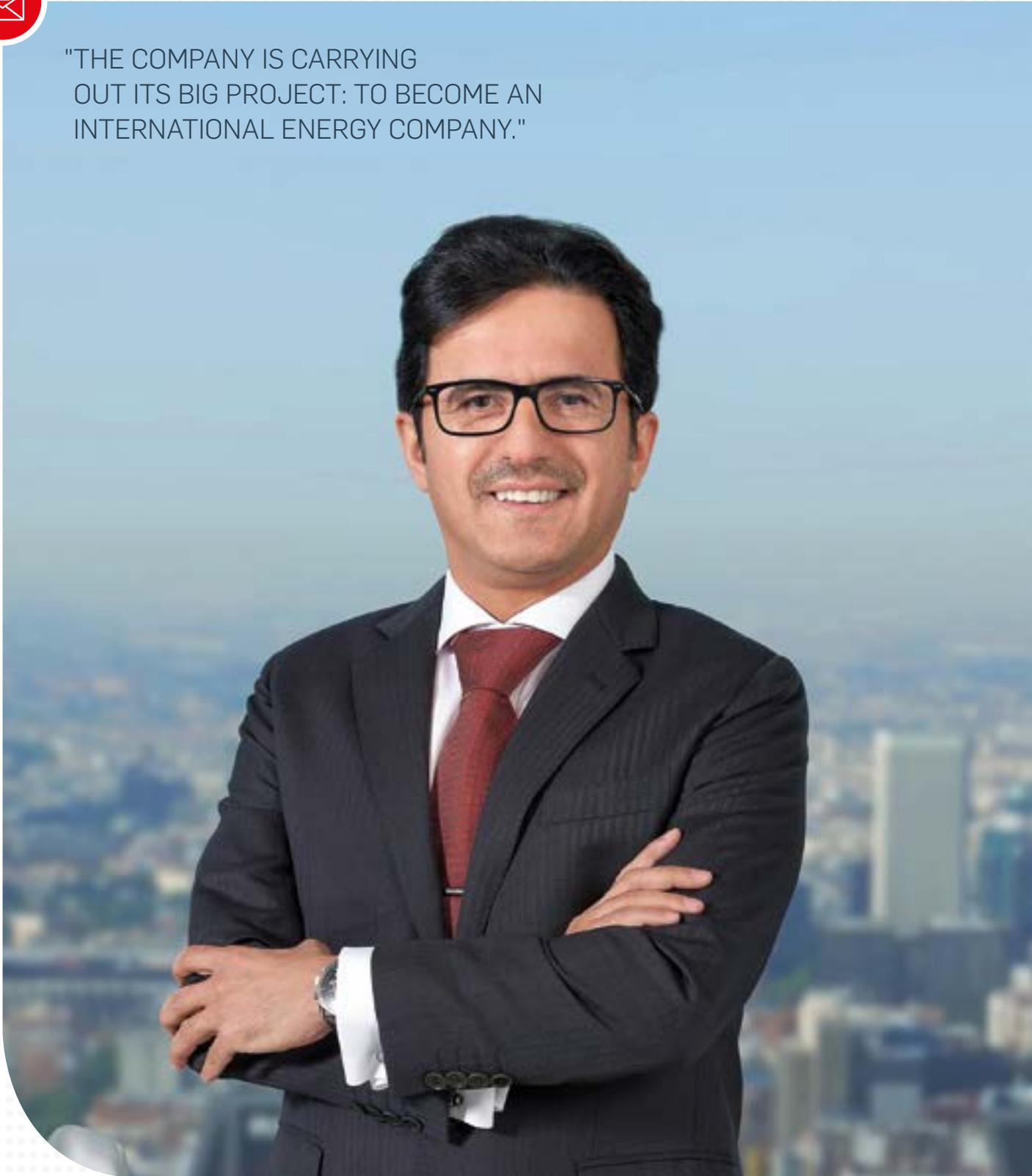
## LETTER FROM THE CHAIRMAN

MUSABBEH AL KAABI

Chairman of Cepsa



"THE COMPANY IS CARRYING  
OUT ITS BIG PROJECT: TO BECOME AN  
INTERNATIONAL ENERGY COMPANY."



I was greatly honored to be appointed as Chairman of the Board of Directors of Cepsa in November 2018, and I would like to begin by acknowledging the significant contribution to the company's success made by my predecessor H.E. Suhail Al Mazrouei. His service to the Board and the Company were critical as we navigated successfully through a period of significant market turmoil. Everyone associated with Cepsa owes him their thanks.

It gives me great pleasure, for the first time, to present you with Cepsa's Annual and Corporate Responsibility Report, where you will find an overview of the most important activities and business events in 2018, as well as insight into some of our most significant plans for the future.

To begin, I would like to mention Cepsa's share capital offering, a process undertaken as part of Mubadala Investment Company's strategy, as the company's sole shareholder, to realize value from some of the most robust companies in its portfolio. Ultimately, unfavorable market conditions signaled that it was best to postpone the offer but the process reinforced Mubadala's strong conviction in the company's value and the strength of its strategic plan for future growth.

While that effort was ongoing, all of Cepsa's teams and business units maintained their intense focus on delivering excellent operational and financial results, and the ambitious plans for the growth of the business, while maintaining superior standards of safety and environmental performance.

In the upstream business, we significantly strengthened our portfolio; adding low-cost, long life reserves offshore Abu Dhabi in an alliance with ADNOC (Abu Dhabi National Oil Company). In Algeria, we renewed our RKF oilfield production contract with Sonatrach, increased our stake in the Bir el Msana (BMS) oilfield and achieved the start-up of our first gas field, Timimoun.

We were also awarded exploration areas in the Tampico-Misantla basin in the Gulf of Mexico.

Turning to Refining, the Company's business in Spain has two of the most efficient refineries in Europe where we continue to optimize and integrate operations while executing upgrade projects that will help to maintain our leadership and meet upcoming regulatory changes.

We continue to grow our Marketing business, launching new products and services such as ultra-fast chargers for electric cars, and consumer energy packages that bring together electricity, gas and fuel for vehicles.

Cepsa's Chemicals business has a number of important projects underway aimed at maintaining its position as the world leader in linear alkyl benzene (LAB), the raw material used to make biodegradable detergents. These include the technological revamp of the plant in San Roque, and plans for the construction of a new LAB plant in Abu Dhabi, which will provide Cepsa with better access to high demand markets like Asia thanks to its strategic location.

Since 2005, the Company has adhered to the United Nations Global Compact Principles, and renewed its commitment to the initiative in 2018, strictly applying its Code of Ethics and Conduct Policies.

We are also committed to contributing to the enormous challenges facing society in the coming years, as outlined in the United Nations Sustainable Development Goals for 2030.

Consequently, all of Cepsa's activities have been undertaken with particular care for the communities where we operate, ensuring that we meet the highest safety and quality standards with maximum respect for the environment.

Cepsa's aim is to generate long term value for its shareholder, out-performing

its industry peers, through sustainable and profitable operations.

I would like to personally thank all the professionals that form the Cepsa team for the great work carried out in 2018 to deliver that challenging goal.

**MUSABBEH AL KAABI**  
Chairman of Cepsa

# LETTER FROM THE VICE-CHAIRMAN

**PEDRO MIRÓ**

Vice Chairman and CEO of Cepsa



"WE HAVE CONTINUED ADVANCING  
IN OUR 2030 STRATEGIC PLAN, WITH  
THE AIM OF CONSOLIDATING AS A  
GLOBAL ENERGY COMPANY."



To begin this overview of the year 2018 I would like to thank Cepsa's professionals for their valued contribution to the Company's results, which this year in my opinion are excellent. Without their engagement and hard work it would not be possible to continue growing and driving forward our business plan, generating value and maintaining a high level of quality, both of which characterize our products and services.

Also I would like to express my gratitude to our sole shareholder, Mubadala Investment Company, and to the Board, for their confidence both in myself and all those who form part of the company. Without their support and drive it would not be possible to carry out the important projects that are helping to transform the company.

In 2018 we continued to advance in our strategic 2030 plan, with the aim of consolidating as a global energy company. To do that we are optimizing our already mature businesses, using the latest technology, and adapting our processes to market demands and new regulations. At the same time we are strengthening our leadership by expanding our business in new countries and business areas. An investment over the year of €2.3 billion helps to support our sustainable long term growth plan backed by our expertise and know-how.

Before going into the details of the results for the year, it is essential that I first mention safety. We are all conscious of safety in all of the places where we work, and we seek to instill a culture among our professionals to ensure that considering risk factors becomes second nature to them. As a result of this continued work, we have managed to reduce the Lost Worktime Injury Frequency ratio for the eighth consecutive year in 2018 to 0.9 for every one million hours worked.

And now turning to results for the year, we can see that the adjusted net results for the year of €754 million indicates that we are going in the right direction. The year was especially good for the Exploration and Production business, thanks to the increase in the basket of crude oils we use rising from \$52.6 a barrel in 2017 to \$67.2 a barrel in 2018.

Efficiency programs and cost reductions in place over recent years also contributed. We have also helped to guarantee future business growth through the new concessions in Abu Dhabi and the Gulf of Mexico, and we have strengthened and consolidated our activities in Algeria.

Meanwhile, the Refining business has operated in a less favorable environment, in particular the refining margin last year was \$6.1 a barrel, compared with \$7.5 a barrel the previous year. Despite this, the business distilled 161 million barrels of crude, obtaining 21.8 million tons of derivative products, with a capacity utilization rate of 91%, highlighting the efficiency of our plants.

Our marketing activity was also intense. We sold 21.9 million tons of products: fuels, kerosene, fuel oils, lubricants, asphalts, and liquefied petroleum gas. We also strengthened our product offering through the launch of Cepsa Hogar, becoming the first company in Spain to bring together electricity, natural gas and fuel services together in one package. The construction of our first wind farm in Jerez de la Frontera (Cádiz), the record capacity utilization rate of the Medgaz pipeline of 81%, or the start of crude commercialization from our new oilfields in Abu Dhabi by our Trading department, were also milestones for the year that I would like to highlight. They show the strength of our integrated business model and assure the sustainability of our company in the long term.

The Chemicals business area sold 2.9 million tons of products in the year and continues to be one of the engines of our international growth. In 2018 it started up the revamping project of our LAB plant in Spain, and took the first steps for the construction of a new LAB plant in Abu Dhabi. Both projects will help us to maintain our global leadership in this product.

Our investment for the year was €2.3 billion, which clearly indicated our intention to keep progressing in our future strategy; maintaining and increasing our leadership positions, strengthening through our continuous efficiency and operating excellence programs, replicating our integrated

business model in other locations with leading and robust partners, and also exploring other new business opportunities.

I would like to stress that all of this business and future plans goes in hand with a responsible management. We are fully aware of the importance of being viewed as a company that creates value for the areas where we work, and that we do so with firm values and ethics. These issues were formalized by Cepsa in 2018 following the approval of a new Corporate Responsibility Policy, through which we commit to incorporating best practices in this area and the daily management of our business. The Director Corporate Responsibility Plan is without a doubt our roadmap for responsible management, and is at the forefront of our sustainable growth strategy.

Once more, I would like to place on record my thanks for the hard work, talent, and enthusiasm of Cepsa's professionals, and underline their commitment to our plans for the future. Between us all, and with the support of our sole shareholder, Mubadala, I am convinced that we will make them a reality.

**PEDRO MIRÓ**

Vice Chairman and CEO of Cepsa



## CHAPTER 1

# CEPSA AT A GLANCE

### MILESTONES FOR THE YEAR

"A BUSY YEAR FOR  
THE BUSINESS WITH  
MANY CHALLENGES  
OVERCOME."



## 1.1 MILESTONES FOR THE YEAR

- 1 WE PARTNERED WITH MASDAR TO EXPAND OUR RENEWABLE ENERGY BUSINESS INTERNATIONALLY.**  
We have complementary capabilities to enable us to develop projects together.



- 2 WE ACQUIRED A 35% STAKE IN CEPESA GAS COMERCIALIZADORA.**  
Following the purchase we now hold a majority stake of 70%.



- 3 THIRD CSICHEM PLANT STARTED UP IN NIGERIA.**  
Cepsa holds a 30% stake in the company, and total LABSA production at the plants now stands at 90,000 tons.



- 4 WE STRENGTHENED OUR EXPLORATION AND PRODUCTION ACTIVITIES IN ALGERIA.** We won a new contract for the production of the RKF field, began production at our first natural gas field, Timimoun, and increased our stake in BMS (Bir el Msana) from 45% to 75%.



- 5 WE LAUNCHED CEPESA HOGAR,** becoming the first company in Spain to offer electricity, natural gas and vehicle fuel services in one package.



- 6 ADNOC SELECTED US AS ITS PARTNER IN THE SARB AND UMM LULU FIELDS.** Abu Dhabi's National Oil Company (ADNOC) awarded us a 20% interest in production at these two fields, which are among the largest in the country.



- 7 WE COMMISSIONED THE OPTIMIZATION OF THE AROMATICS PLANT AT LA RÁBIDA,** which brings more added value to the plant and boosts the output of benzene: a basic raw material in the chemical industry.



- 8 OUR BOARD APPROVED THE BOTTOM OF THE BARREL PROJECT AT THE GIBRALTAR SAN ROQUE REFINERY.** The project has a budget of €930 million, which will help improve competitiveness and our refining margin.



- 9 WE REVITALIZED OUR SAN ROQUE CHEMICAL PLANT BY INSTALLING THE BEST TECHNOLOGY.** Updating the technology at the chemical plant will enable us to increase linear alkylbenzene (LAB) output by 25%.



- 10 WE LAUNCHED THE FIRST MULTI-PRODUCT SUPPLY VESSEL IN SPAIN,** becoming the only ship-to-ship supplier of a combination of diesel fuel and liquefied natural gas (LNG) in the Mediterranean and South Atlantic.



## CHAPTER 1

Cepsa at a glance  
Milestones for the year

- 11 WE WON THREE EXPLORATION SITES IN MEXICO** after winning a 20% stake in three shallow water exploration and production blocks.



- 12 WE INTEGRATED THE AMAZON BUSINESS PLATFORM INTO OUR PURCHASING PROCESS**, enabling staff to simplify and speed up purchases.



- 13 WE PARTNERED WITH IONITY TO INSTALL ULTRA FAST CHARGING POINTS AT OUR SERVICE STATIONS** with a view to offer up to 100 of these charging points across our network within two years.



- 14 WE SIGNED A PARTNERSHIP AGREEMENT WITH GBP GLOBAL IN INDIA** to manufacture and supply marine lubricants for Cepsa brand power generation equipment in India.



- 15 WE LAUNCHED A NEW METAXYLENE UNIT AT OUR SAN ROQUE REFINERY**, which will produce 150 tonnes per day of this product: a raw material used to manufacture polymers and plastics.



- 16 OUR SHAREHOLDER DECIDED TO OPEN THE COMPANY'S SHAREHOLDING TO NEW INVESTORS.** Work started on potential share offering, which was finally postponed in October due to international capital market instability.



- 17 AWARD OF ENGINEERING CONTRACT PLANS ALONGSIDE ADNOC**, for new LAB plant in Abu Dhabi.



- 18 WE MADE FURTHER PROGRESS AS A COMPANY OFFERING QUALITY JOBS.** We achieved four new Flexible and Responsible Company certificates, on top of the four we held already, and renewed our certification as a Top Employer.



- 19 WE OBTAINED ISO 37001 ANTI-BRIBERY MANAGEMENT SYSTEMS CERTIFICATION**, becoming one of the first companies to receive this accreditation in the world and demonstrating our commitment to good governance best practice.



- 20 WE RECEIVED THE AWARD FOR THE BEST OCCUPATIONAL SAFETY PROJECT IN THE 'PONLE FRENO' AWARDS.** The project began in 2017 with the objective to promote safe driving and raise awareness of the importance of vehicle maintenance among our staff.



- 21 WE RECEIVED THE EXPORTA AWARD FOR THE CHEMICAL SECTOR**, recognizing our Chemicals business area which achieved exports equivalent to over 65% of total turnover.



## 1.2 CEP SA IN NUMBERS

Results (Million of euros)	2018	2017	Restated 2016
Revenue	22,079	18,212	15,455
Adjusted operating Profit (Losses)	1,087	1,202	835
Adjusted net attributable profit	754	884	553
Net attributable profit (IFRS*)	830	743	602
<b>Financial data (Millions of euros)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Share capital	268	268	268
Equity attributable to the Parent Company	5,436	4,916	4,572
Net financial debt	3,089	1,722	2,109
Investments during the year	2,255	888	579
Investment in social actions	5.2	4.5	4.5
Dividends approved by Cepsa	351	332	332
<b>Operational data</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Crude oil output (working interest) (thousand barrels/day)	83.4	92.1	96.8
Crude oil sales (barrels/day)	38,893	37,089	46,458
Crude oil distilled (barrels/day)	440,703	423,906	434,734
Product sales (Millions of tonnes)	31.4	28.9	28.3
Electricity output (GWh)	2,242	2,809	2,140
Natural gas sales (GWh)	30,003	27,972	28,409
<b>Markets and business data</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Brent crude oil price (\$/barrel)	71.0	54.3	43.7
Cracking refining margin (\$/barrel)	6.1	7.5	5.6
Electricity pool price (€/MWh)	57.3	52.2	39.6
Natural gas price (Henry Hub Spot €/MWh)	11.76	9.15	7.63
Exchange rate (\$/€)	1.18	1.13	1.11
Three-month Euribor (%)	-0.32	-0.33	-0.29
CPI (%)	1.2	1.1	1.6
<b>Other performance figures</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Number of employees	10,153	9,837	9,823
Female workers	36%	36%	35%
Employees with permanent contract	89%	91%	92%
Hours of training <sup>1</sup>	273,515	208,562	237,728
Number of occupational accidents resulting in leave <sup>2</sup>	16	25	34
Local contracting	45%	50%	55%
GHG emissions (Scope 1 y 2) (thousands of tCO <sub>2</sub> eq) <sup>3</sup>	7,263	7,241	7,105
Total energy consumed (thousands of GJ) <sup>3</sup>	92,129	93,760	88,760
Volume of water consumed (thousands of m <sup>3</sup> ) <sup>3</sup>	71,005	53,590	34,223
Volume of waste water (thousands of m <sup>3</sup> ) <sup>3</sup>	62,493	44,905	19,398
Raw materials consumption (Thousands of tonnes) <sup>3</sup>	124,602	34,601	27,771
Total managed waste (tonnes) <sup>3</sup>	90,578	64,830	51,461

<sup>1</sup> Data for Spain, Belgium, Canada, China, Italy, Netherland, Portugal and United Kingdom.

<sup>2</sup> Accidents resulting in temporary incapacity for work, permanent incapacity or death. In-house personnel data.

<sup>3</sup> The data from 2016 and 2017 have suffered modifications with respect to those previously published, due to the revision of some of the criteria and their re-estimation.



## CHAPTER 2

# WHO WE ARE

### MISSION, VISION & VALUES

"OUR MISSION IS TO PROVIDE THE ENERGY NEEDED BY EACH REALITY."



## CHAPTER 2

Who we are  
Mission, Vision & Values

"Our integrated business model has allowed us to gather close to 90 years experience in the sector."

### 2.1 MISSION, VISION & VALUES

The technical excellence shown in all our activities and our ability to adapt are key to us achieving our mission: **providing the energy that every reality needs.**

Supported by our values, Cepsa's 10 thousand-plus workforce operates across more than 20 countries under an integrated business model that has enabled us to accumulate close to 90 years' experience in the industry.

We have established our Vision as: **to be an energy company of choice**, by strengthening our integrated business model, achieving robust international growth, and retaining our leadership position in our products and services.

### OUR VALUES



#### SAFETY

Of everyone in and outside the workplace.



#### CONTINUOUS IMPROVEMENT

Based on talent, technical ability and knowledge.



#### SUSTAINABILITY

Of our business, with the commitment to protect the environment and communities where we operate.



#### LEADERSHIP

To reach our goals of honesty, integrity and respect.



#### SOLIDARITY

Leading us to work as a team, serving the common good in everything we do.

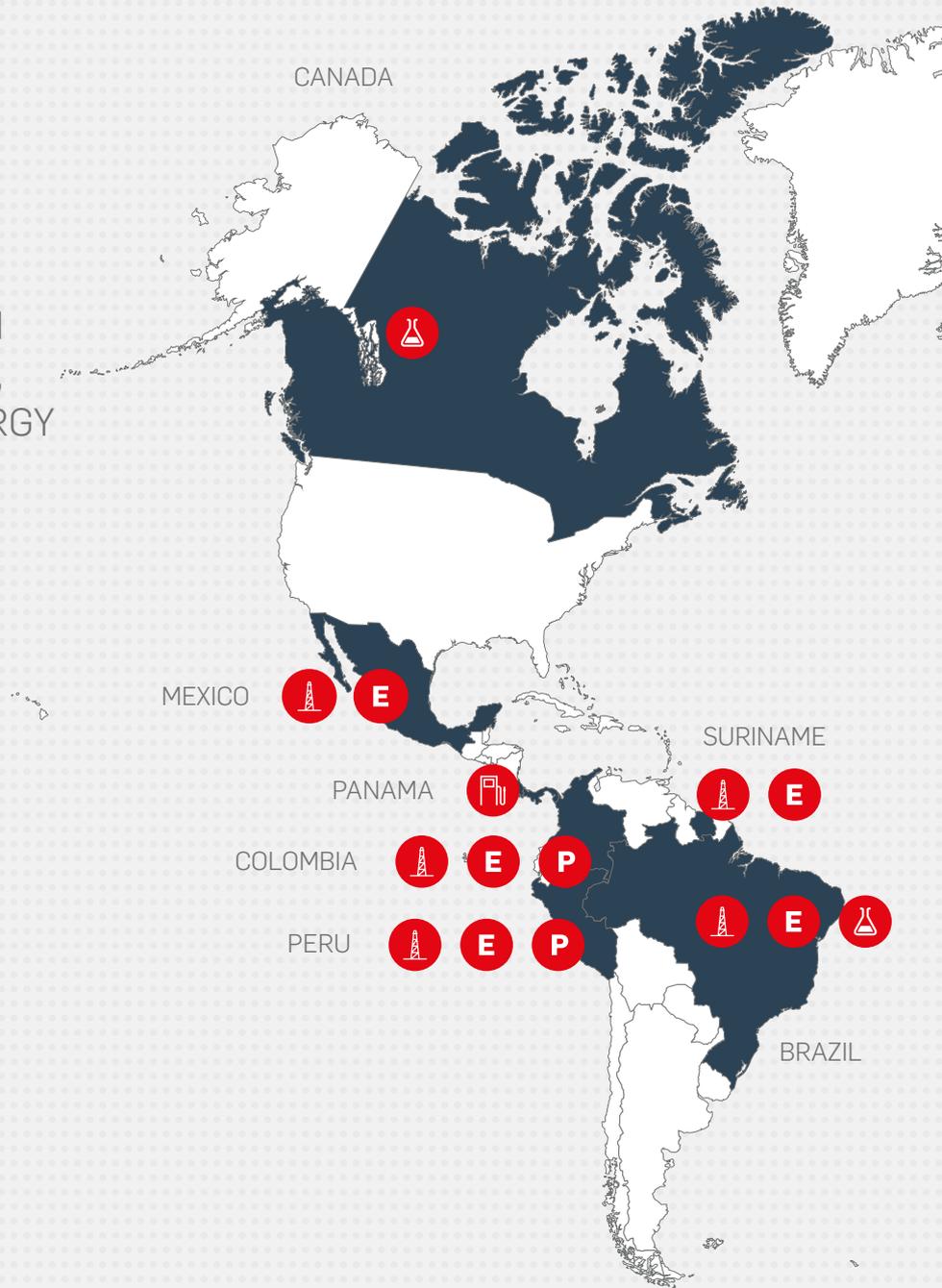
## CHAPTER 2

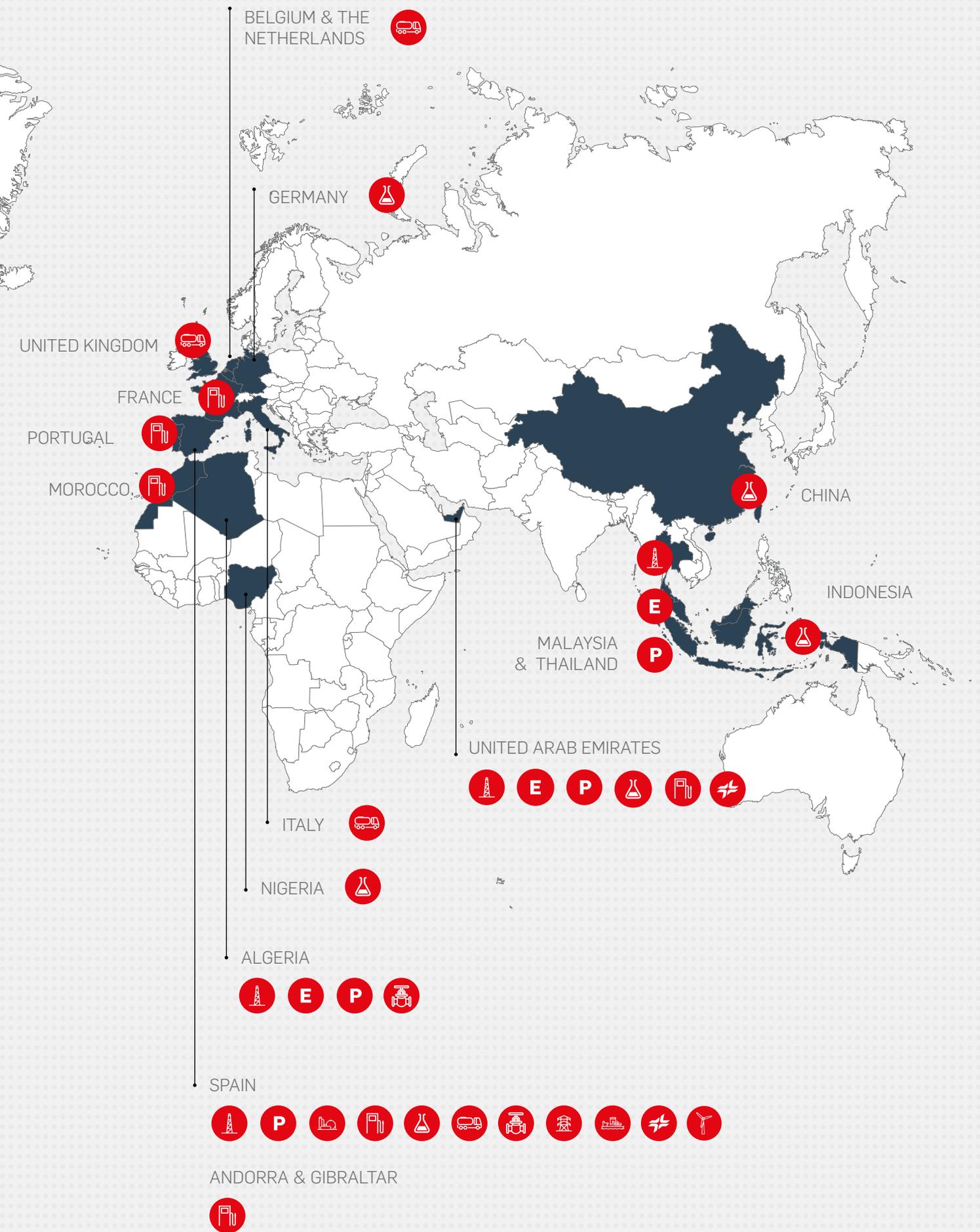
Who we are  
Cepsa in the world

### 2.2 CEPASA IN THE WORLD

WE ARE AN INTEGRATED ENERGY COMPANY, WITH OVER 10,000 EMPLOYEES IN MORE THAN 20 COUNTRIES, WORKING TO PROVIDE ENERGY SOLUTIONS DESIGNED TO MEET EVERY NEED

-  CORPORATE
-  UPSTREAM
-  EXPLORATION
-  PRODUCTION
-  REFINING
-  CHEMICALS
-  DISTRIBUTION & SALE OF OIL-RELATED PRODUCTS
-  DISTRIBUTION & SALE OF CHEMICALS
-  TRADING
-  GAS & ELECTRICITY
-  MEDGAZ PIPELINE
-  RENEWABLE ENERGY PRODUCTION





## CHAPTER 2

Who we are  
Our activities

### 2.3 OUR ACTIVITIES

#### EXPLORATION & PRODUCTION

Our Exploration and Production unit focuses on oil and natural gas exploration, development and production on land and at sea. We operate in Spain, Central and South America, North Africa, the Middle East and South East Asia.

We are currently the second largest oil producer in Algeria and we have a diversified portfolio with onshore, offshore and deep offshore assets.



#### REFINING

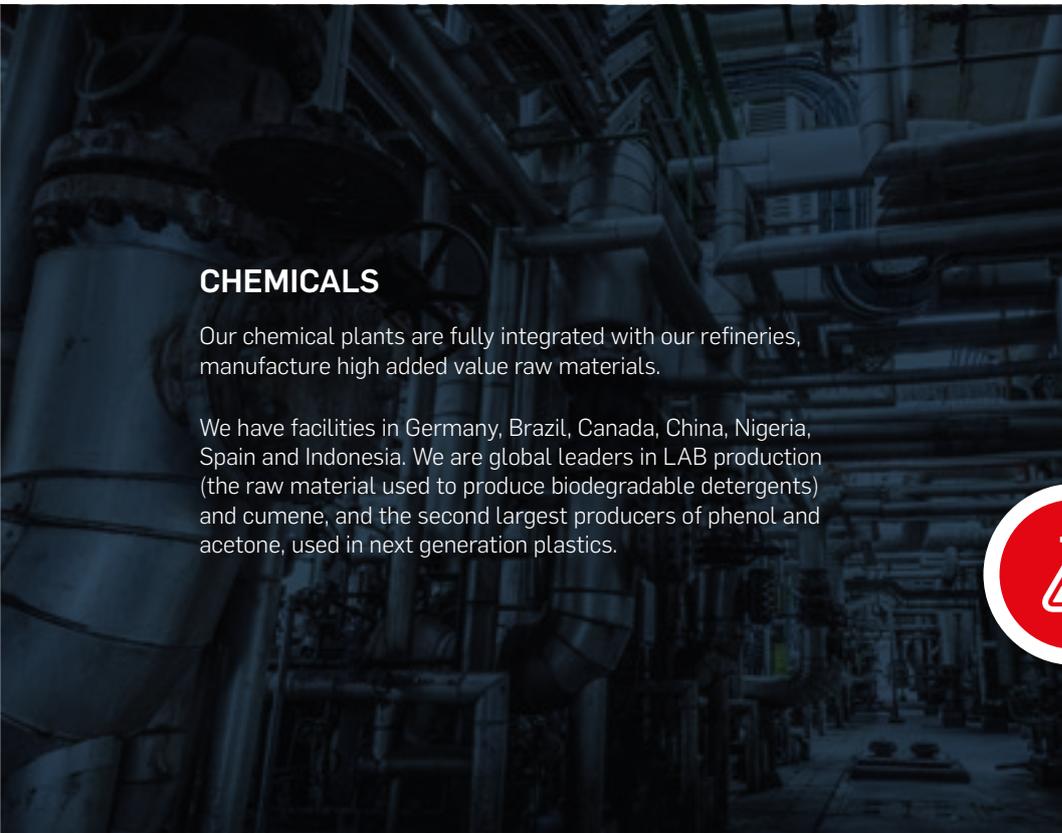
This unit is involved in refining, the transportation of natural gas, the supply of gas and electricity and the trading of crude oil and associated products.

The activity at our refineries enables us to convert crude oil into petroleum derivatives. We have a total crude distillation capacity of 23.5 million tonnes a year, 32% of the installed capacity in Spain.

We supply natural gas to the wholesale and retail markets through the MEDGAZ gas pipeline.

At our main industrial centres, we have electricity and steam co-generation plants, and following the acquisition of the Aljar II Wind Farm in Jerez, we have entered the renewable energies business. We provide electricity to both industrial customers and consumers in the service sector.

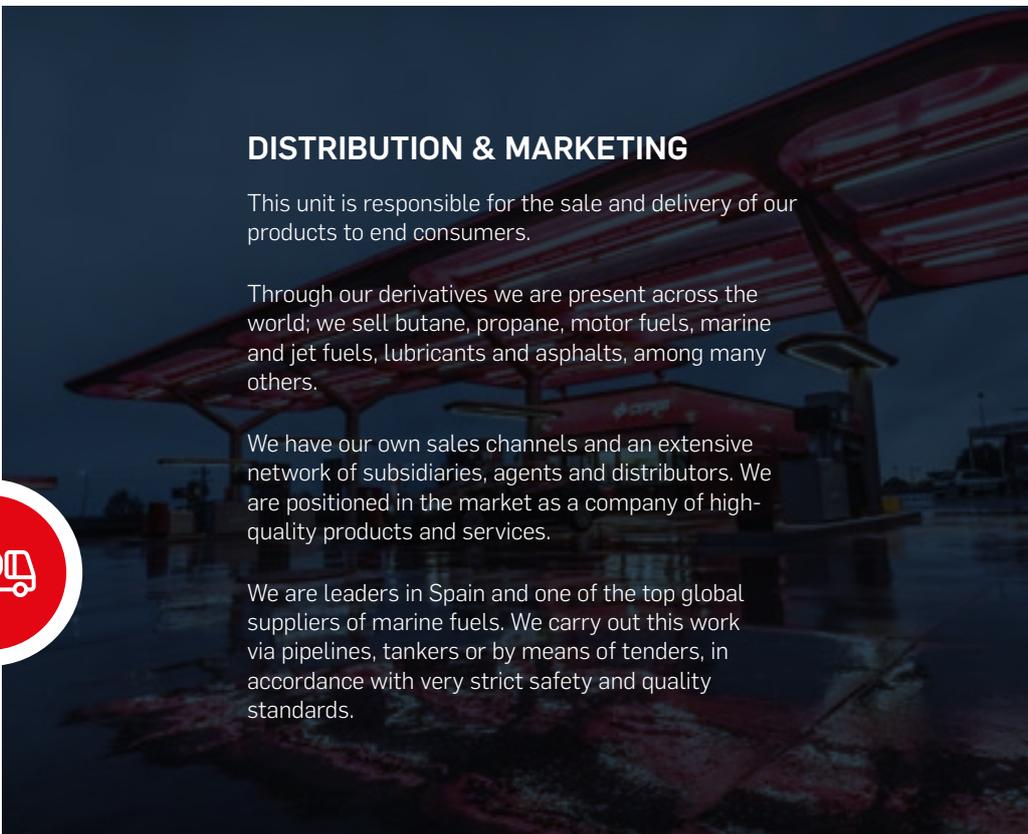
Our Trading unit supplies crude and other products to our refineries. It also sells the crude produced at our oilfields and product surpluses.



## CHEMICALS

Our chemical plants are fully integrated with our refineries, manufacture high added value raw materials.

We have facilities in Germany, Brazil, Canada, China, Nigeria, Spain and Indonesia. We are global leaders in LAB production (the raw material used to produce biodegradable detergents) and cumene, and the second largest producers of phenol and acetone, used in next generation plastics.



## DISTRIBUTION & MARKETING

This unit is responsible for the sale and delivery of our products to end consumers.

Through our derivatives we are present across the world; we sell butane, propane, motor fuels, marine and jet fuels, lubricants and asphalts, among many others.

We have our own sales channels and an extensive network of subsidiaries, agents and distributors. We are positioned in the market as a company of high-quality products and services.

We are leaders in Spain and one of the top global suppliers of marine fuels. We carry out this work via pipelines, tankers or by means of tenders, in accordance with very strict safety and quality standards.

## CHAPTER 2

Who we are  
Our activities



# EXPLORATION AND PRODUCTION

"WE OPERATE A DIVERSIFIED BUSINESS ADAPTED TO ALL TYPES OF ENVIRONMENT, BOTH ONSHORE AND OFFSHORE."



### SPAIN

- Four offshore production concessions with crude oil production off the coast of Tarragona: Casablanca (7%), Rodaballo (15%), Boquerón (5%) and Montanazo (7%). Not operated by Cepsa.



### MEXICO

- Three exploration blocks: 16, 17 and 18. Located in the Tampico-Misantla basin. Not operated by Cepsa (20%). Offshore.



### COLOMBIA

Onshore, in production (crude):

- Caracara (70%), Tiple (70%), Jilguero (57.9%), Garibay (50%), Melero (100%) and Puntero (100% on the Onca field and 70% on the Manatus field) located in the Cuenca de los Llanos basin. Operated by Cepsa.
- La Cañada Norte (17%), located in the upper Magdalena valley. Not operated by Cepsa.

Onshore, under exploration and in production (crude):

- Merecure (70%), Llanos 22 (55% oil and gas), and CPO 14 (100%, under exploration only), located in the Cuenca de los Llanos basin. Operated by Cepsa.

Under exploration:

- PPN (30%), not operated by Cepsa.



## PERU

All onshore assets are in the Ucayali basin.

- Block 131: 100% operated by Cepsa.
- TEA Area XLIV: 100% operated by Cepsa. Exploration.
- Block 200: 100% operated by Cepsa. Exploration.



## BRAZIL

- Offshore exploration blocks 717 and 665 located in the Ceará basin. Not operated by Cepsa (50%).



## SURINAME

- Offshore exploration block 53. Located in the Guyana-Suriname basin. Cepsa (25%), not operated.



## ALGERIA

- Rhourde el Krouf (RKF) oil field. Located in the Berkine basin. 49% operated by Cepsa, joint operation and in production. Onshore.
- Ourhoud oil field. Located in the Berkine basin. Cepsa (37.1%), joint operation in production. Onshore.
- BMS oil field. Located in the Berkine basin. 75% Cepsa, joint operation in production. Onshore.
- Rhourde er Rouni II oil field. Located in the Berkine basin. Cepsa is the operator with a 100% stake. Onshore. Exploration.
- Timimoun natural gas field. Located in the Timimoun basin, Cepsa (11.25%), joint operation. Onshore.



## UNITED ARAB EMIRATES

- Cepsa has a 20% stake in the SARB, Umm Lulu, Bin Nasher and Al Battel offshore oil fields, not operated and under concession.
- Cepsa holds a 12.9% share in ADOC through the company CEPAD. Four offshore production wells (Uhm Al Anbar, Neewat Al Galan, Mubarraz and Hail), off the coast of Abu Dhabi. Not operated.



## THAILAND

- Two onshore exploration blocks held by the company APICO, in which Cepsa has a 39% stake. Two onshore gas blocks (Sinphuhorn) in which Cepsa has a 13.65% stake.
- Offshore block G5/43, 100% owned and operated by Cepsa (crude).



## MALAYSIA

- KBM. Crude Risk Service Contract (RSC). Located off the coast of Malaysia. Offshore. Operated by Coastal Energy KBM, Cepsa 70% and in production.
- Offshore block PM- 316. Located off the coast of Malaysia, operated by Cepsa (80%).

## CHAPTER 2

Who we are  
Our activities



Economic data <sup>1</sup>	2018	2017	2016
Net revenue of business to external customers (millions of euros) <sup>2</sup>	<b>922</b>	589	534
Adjusted EBITDA (millions of euros)	<b>635</b>	497	444
Capital expenditure in the year (millions of euros)	<b>1,659</b>	170	172
Working interest production (thousands of barrels per day)	<b>83.4</b>	92.1	96.8
Net entitlement production (thousands of barrels per day) <sup>2</sup>	<b>58.4</b>	65.4	72.2

Production 2018	Type of reserve	Area of operation	Working interest production (millions of barrels per year)	Net entitlement production (millions of barrels per year)
ADOC <sup>3</sup>	<b>Crude oil</b>	<i>Offshore</i>	1.61	1.61
Algeria	<b>Crude oil/Gas</b>	<i>Onshore</i>	19.51	11.03
Colombia	<b>Crude oil</b>	<i>Onshore</i>	3.98	3.66
Spain	<b>Crude oil</b>	<i>Offshore</i>	0.04	0.04
Peru	<b>Crude oil</b>	<i>Onshore</i>	1.01	1.01
SEA <sup>4</sup>	<b>Crude oil/Gas</b>	<i>Onshore/ Offshore</i>	4.28	3.96
<b>Total</b>	<b>-</b>	<b>-</b>	<b>30,43</b>	<b>21,31</b>

<sup>1</sup> Values do not include the production of SARB & UMM LULU because it is a previous production to the reception of the installations.

<sup>2</sup> Excludes sales to group companies.

<sup>3</sup> ADOC: Abu Dhabi Offshore Company. Values do not include the production of SARB & UMM LULU because it is a previous production to the reception of the installations.

<sup>4</sup> SEA: South East Asia (Malaysia and Thailand).

## MILESTONES

# 2018

- 1 **ACQUISITION AND COMMISSIONING OF THE SARB AND UMM LULU OFFSHORE FIELDS**, located off the coast of Abu Dhabi, 20% owned by Cepsa for 40 years.
- 2 **NEW CONCESSION ARRANGEMENT FOR THE RKF PROJECT IN ALGERIA** running for 25 years.
- 3 **START OF NEW RKF PSC CONTRACT CONDITIONS**, and finalization of accumulated rights from interim period.
- 4 **STAKE INCREASED IN BMS FIELD TO 75%**, located in Algeria (after a 30% stake was obtained in 2018).
- 5 **PRODUCTION STARTED AT TIMIMOUN (ALGERIA)**, the first natural gas field in which Cepsa has participated.
- 6 **CEPSA ENTERS MEXICO**, launching exploration activity in Latin America with a 20% stake in three exploration blocks.

## CHALLENGES

# 2019

- 1 **ACHIEVE WORKING INTEREST PRODUCTION OF 90,000 BARRELS A DAY FROM OUR OPERATIONS.**
- 2 **CUT CRUDE OIL PRODUCTION COSTS AT THE ALGERIA AND CARACARA (COLOMBIA) FIELDS** to below \$7.7 dollars a barrel.
- 3 **ACHIEVE SECOND QUARTILE IN IOGP RANKING (International Association of Oil and Gas Producers)** concerning workforce safety, process safety and greenhouse gas emissions.
- 4 **FINISH INSTALLATIONS AT UMM LULU (ABU DHABI) OILFIELD**, to reach maximum production in 2020.
- 5 **RKF OILFIELD (ALGERIA):** Launch of contract for construction of new installations and drilling campaign.



## CHAPTER 2

Who we are  
Our activities



### REFINING



#### REFINERIES Refining capacity

GIBRALTAR SAN ROQUE

**12 million**  
tonnes/year

LA RÁBIDA

**10 million**  
tonnes/year

ASESA (50%)

**1.5 million**  
tonnes/year



#### GAS & ELECTRICITY

MEDGAZ GAS PIPELINE

**81%** utilization rate  
**8,000 Mm<sup>3</sup>/year** capacity

ELECTRICITY

**7** COGENERATION PLANTS and one combined cycle plant in Andalusia



#### TRADING

SUPPLIES TO CEPESA'S  
REFINING SYSTEM

**158.5 million**  
barrels of crude

VESSEL CHARTERING  
MANAGEMENT

**1,344** vessels

Business data	2018	2017	2016
Distilled crude (barrels/day)	<b>440,703</b>	423,906	434,734
Natural gas sales (GWh)	<b>30,003</b>	27,972	28,409
Electricity output to the market (GWh)	<b>2,242</b>	2,809	2,140
Electricity sales (GWh)	<b>1,063</b>	900	967
Steam sales (Thousands of tonnes)	<b>4,895</b>	4,871	4,660
Crude Trading operations (Millions of barrels)	<b>21.6</b>	18.4	21.3
Sales for export and Trading operations (Thousands of tons)	<b>6,640</b>	5,819	5,604
Net revenue of business to external customers (Millions of euros)	<b>5,517</b>	4,051	3,691
Adjusted EBITDA (Millions of euros)	<b>576</b>	874	669
Capital expenditure in the year (Millions of euros)	<b>392</b>	303	216

### ELECTRICITY GENERATION IN SPAIN <sup>1</sup>

Palos Site	Plant	Participation	MW capacity
Cogeneration	La Rábida 1	70%	50
Cogeneration	La Rábida 2	100%	51
Cogeneration	Gemasa	70%	27
San Roque Site	Plant	Participation	MW capacity
Cogeneration	Gegsa I y II	70%	74
Cogeneration	Getesa	70%	41
Cogeneration	Lubrisur	100%	39
Combined cycle	Puente Mayorga Generación	100%	390

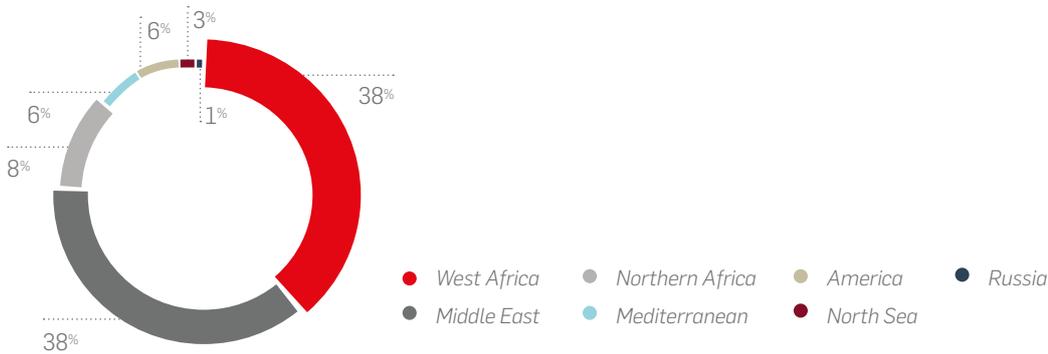
<sup>1</sup> Does not include ASESA cogeneration plants (50% Cepsa) or the COTESA cogeneration plant in Tenerife, as this is unavailable.

## MILESTONES

# 2018

- 1 PRODUCTION STARTS AT THE NEW SORBEX 2 UNIT AT THE GIBRALTAR-SAN ROQUE REFINERY**, with production capacity of 50,000 tons of metaxylene, a raw material in the manufacture of synthetic fibres and plastics.
- 2 RENEWAL OF ISO 50001 CERTIFICATION AT LA RÁBIDA REFINERY**, confirming our commitment to energy efficiency.
- 3 RECORD UTILIZATION OF THE MEDGAZ PIPELINE OF 81.4%**, up 4.6 percentage points on 2017.
- 4 TRADING AREA BEGINS COMMERCIALIZATION OF CRUDE OIL FROM UMM LULU**, our new oilfield in Abu Dhabi.

## OIL ORIGIN 2018



## CHALLENGES

# 2019

- 1 CONSTRUCTION FOR THE 'BOTTOM OF THE BARREL' PROJECT AT THE GIBRALTAR SAN ROQUE REFINERY** was completed, which will boost the conversion yield of heavy products to intermediate products.
- 2 START OF CONSTRUCTION OF FOURTH COMPRESSOR AT OUR GAS PIPELINE MEDGAZ**, with the aim of starting up facilities in 2020.
- 3 IMPLEMENTATION OF KEY CROP PROJECTS (*Continuous Refining Optimization Program*)** which will improve our facilities' efficiency and increase refining margins.
- 4 PRODUCTION STARTS AT THE ALIJAR II WIND FARM** adding renewable energy sources to our power generation business.
- 5 EXPANSION OF TRADING ACTIVITIES**, building on the strengths of our system and improving our value chain.



## CHAPTER 2

Who we are  
Our activities



# CHEMICALS

"WE HAVE A GLOBAL REACH AND LEADERSHIP, THANKS TO AN INTEGRATED AND DIVERSIFIED PORTFOLIO."

### SPAIN

**PUEBLO MAYORGA**  
(San Roque, Cádiz)

**PARAFFINS**  
400,000  
t/year.

**LAB**  
200,000  
t/year.

**LABSA**  
80,000  
t/year.

**PALOS DE LA FRONTERA**  
(Huelva)

**CUMENE**  
1,000,000  
t/year.

**PHENOL**  
600,000  
t/year.

**ACETONE**  
370,000  
t/year.

### CHINA

**SHANGHAI**

**CUMENE**  
360,000  
t/year.

**PHENOL**  
250,000  
t/year.

**ACETONE**  
150,000  
t/year.

### INDONESIA

**DUMAI**

**FATTY ACIDS**  
200,000  
t/year.

**ALCOHOLS**  
160,000  
t/year.

**GLYCERINE**  
25,000  
t/year.

### BRAZIL

**SALVADOR DE BAHÍA**  
(Detén)

**LAB**  
230,000  
t/year.

**LABSA**  
120,000  
t/year.

### CANADA

**BÉCANCOUR**

**LAB**  
140,000  
t/year.

### GERMANY

**GENTHIN**

**ALCOHOL DERIVATIVES**  
100,000  
t/year.

### NIGERIA

**LABSA**  
90,000  
t/year.

**SILICATES**  
60,000  
t/year.

#### Business data

2018

2017

2016

Consolidated sales of petrochemical products (millions of tonnes)

2.9

2.9

3.1

Net revenue of business to external customers (millions of euros)

2,647

2,458

2,149

Adjusted EBITDA (millions of euros)

243

239

225

Capital expenditure in the year (millions of euros)

80

116

86

## MILESTONES

# 2018

- 1 LAUNCH OF PROJECT TO UPDATE AND CHANGE THE TECHNOLOGY AT PUENTE MAYORGA PLANT,** modernizing the facility and boosting capacity to 250,000 tonnes a year to meet rising demand for linear alkylbenzene (LAB).
- 2 START OF GLOBAL COMMERCIALIZATION OF ALCOHOLS,** after our plant in Indonesia came on stream.
- 3 RECORD OUTPUT AT OUR PHENOL PLANTS,** both at Palos de la Frontera (Huelva) and Shanghai (China), enabling us to strengthen our position in the markets.
- 4 CAPACITY INCREASE PROJECT AT HDA-1 UNIT FINISHED,** at our Puente Mayorga plant, to produce dearomatized solvents.

## CHALLENGES

# 2019

- 1 CONTINUE TO GROW AND IMPROVE OUR INTERNATIONAL POSITIONING IN LAB PRODUCTION,** through the alliances established with our partner ADNOC.
- 2 OPTIMIZE PROCESSES AT OUR PLANT IN CHINA** so that our production capacity can meet growing demand from our customers.
- 3 BOOST DEAROMATIZED SOLVENT PRODUCTION CAPACITY,** in response to gradual increase in demand for this product in the European market.
- 4 OPTIMIZE OPERATIONS AT INDONESIA PLANT,** with the aim of achieving a total output of new natural alcohols of 160,000 tonnes.



## CHAPTER 2

Who we are  
Our activities



# DISTRIBUTION AND MARKETING

**1,799**

service stations (in Spain, Andorra, Gibraltar and Portugal)

GLP

**95**

distributors

**34**

agencies

**11**

production plants, 7 of which are also bottling plants.

FUEL STATIONS FOR BOATS

**33**

in Spain

JET FUEL

OPERATIONS AT MAIN AIRPORTS

in Spain and Portugal

ASPHALTS, LUBRICANTS AND SPECIAL PRODUCTS

**5**

asphalt terminals

**2**

lubricant plants, 1 of which also produces coolants

BUNKER

SPAIN

**53**

operations in ports via tanks

**7**

ship fuelling stations

**12**

barges

PANAMÁ

At Balboa and Cristóbal ports

UNITED ARAB EMIRATES

fuel supply to ships at Fujairah port

### Business data

	2018	2017	2016
Sales of petroleum products (Thousands of tons)	21,866	21,602	20,544
<i>Fuels and motor fuels</i>	10,947	11,413	11,069
<i>Marine fuels</i>	6,195	5,662	5,110
<i>Jet fuel</i>	2,968	2,917	2,758
<i>LPG</i>	290	259	282
<i>Other<sup>1</sup></i>	1,466	1,351	1,325
Net revenue of business to external customers (Millions of euros)	15,621	13,672	11,540
Adjusted EBITDA (Millions of euros)	344	314	273
Capital expenditure in the year (Millions of euros)	101	284	85

<sup>1</sup> Reflects the sales of lubricants and asphalts.

## MILESTONES

# 2018

- 1 INAUGURATION OF A NEW FLAGSHIP SERVICE STATION IN TENERIFE**, a smart building with all the latest features in innovation, sustainability and customer-friendliness.
- 2 OVER 350 CARREFOUR EXPRESS STORES** in our network of service stations.
- 3 LAUNCH OF THE WASHHH CARWASH FRANCHISE** at our service stations.
- 4 START OF SALES OF MODIFIED BITUMEN IN THE CANARY ISLANDS**, supplying over 2,000 tonnes to improve the islands' road network.
- 5 LAUNCH OF A PROJECT TO SELL HEATING OIL ONLINE TO PRIVATE CUSTOMERS** via a new sales channel, adapting our business to reflect new market trends.
- 6 OPERATIONS BEGIN AT LISBON AIRPORT**, increasing our presence at Portugal's airports.
- 7 CEPSA HOGAR LAUNCHED**. Making us the first company in Spain to offer electricity, natural gas and vehicle fuel all in one package.

## CHALLENGES

# 2019

- 1 MAKING ALTERNATIVE FUELS AVAILABLE AT OUR SERVICE STATIONS**, such as Liquefied Natural Gas (LNG), Compressed Natural Gas (CNG) and electric charging points, expanding our range of services.
- 2 INCREASE OUR PORTFOLIO OF NON-OIL PRODUCTS AND SERVICES** to provide more services to our customers.
- 3 START SERVICE STATIONS BUSINESS IN MOROCCO**.
- 4 TAKE ADVANTAGE OF DIGITAL TRANSFORMATION OPPORTUNITIES** to continue improving customer service.





## CHAPTER 3

# SUSTAINABLE GROWTH

### VISION 2030

“THE OUTLOOK FOR THE  
FUTURE HIGHLIGHTS  
THE IMPORTANCE OF  
USING OUR SKILLS TO  
DIFFERENTIATE OUR  
BUSINESS.”



## CHAPTER 3

Sustainable growth  
Value creation strategy

"We plan to strengthen our main businesses to generate the highest value from our current operations through continuous efficiency programs, operational excellence and acquisitions to our integrated portfolio."

### 3.1 VALUE CREATION STRATEGY

2023 STRATEGY  
(2019-2023 STRATEGIC PLAN)

Our 2019-2023 Strategic Plan identifies and schedules future action and projects to be implemented over the next five years to achieve the medium-term objectives established for the whole business, as well as for each business area, which are also aligned with our long-term strategy.

This new plan retains the objectives and commitments which are defined in the previous 2018-2022 plan: to maximize shareholder returns and value creation, to strengthen the company's financial position, and to achieve long-term sustainable growth. In 2018, we set ourselves new goals to establish Abu Dhabi as a priority area for development and expan-

sion of the different business units, given the interest of our shareholder – Mubadala Investment Company – in progressing with our transformation that began a few years ago from a regional company with a predominantly downstream component to a globally integrated company of choice.

We will continue to roll out the 2030 Cepsa Plan over the next five years. Over that period, we plan to strengthen our core businesses, unlocking the maximum value from our current operations through on-going efficiency programmes, operational excellence and additions to our portfolios.

## CHAPTER 3

Sustainable growth  
Value creation strategy

### A TAILORED STRATEGY FOR OUR BUSINESS

With a view to achieving the objectives in our 2019-2023 Strategic Plan, we have

adapted the global strategy to each of our businesses:

#### EXPLORATION AND PRODUCTION

Our aim is to continue establishing ourselves on the international stage as an efficient and competitive operator, as demonstrated by our thirty-year track record in exploration and production, in collaboration with our sole shareholder and business partners.

Strengthening our business expansion through the recent concessions of Umm Lulu and SARB in Abu Dhabi, together with the growth of other projects including the development of the RKF field in Algeria, maintaining our positions in Colombia and Peru, will together contribute to maintaining our current oil and gas reserves.



#### REFINING

At our refineries, we will continue to optimize and reconvert fuel oils to distillates through research and implementation of the latest technologies.



#### CHEMICALS

This unit is one of our key international growth drivers. Projects to revamp and install the latest technology at the Puente Mayorga LAB plant and plans to optimize our phenol plant in China will protect our global leadership in both markets.

Construction of a new LAB plant in Abu Dhabi will also provide better access into high-demand Asian markets from a privileged position.

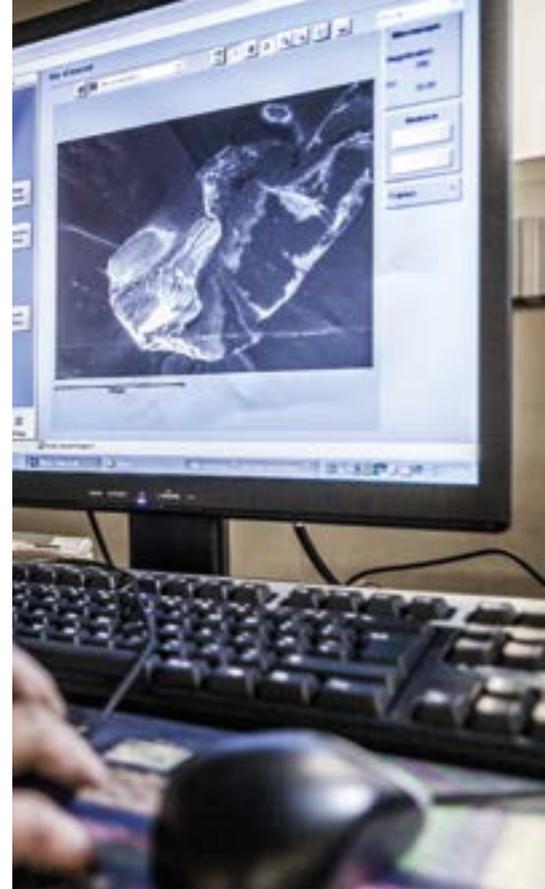


#### COMMERCIALIZATION

Although our profile is highly focused on commercializing and distributing our products in the Spanish and Portuguese markets, following the recent acquisition of a number of services stations, entry into the Portuguese LPG market and the launch of Cepsa Hogar, this business will begin a process of internationalization while continuing to strengthen its business in Iberia.

The full roll-out of the Cepsa Hogar offering for customers, along with completing our first wind energy farm project in Jerez, are two examples of the transformational strategy we are implementing to position ourselves as a global energy provider.



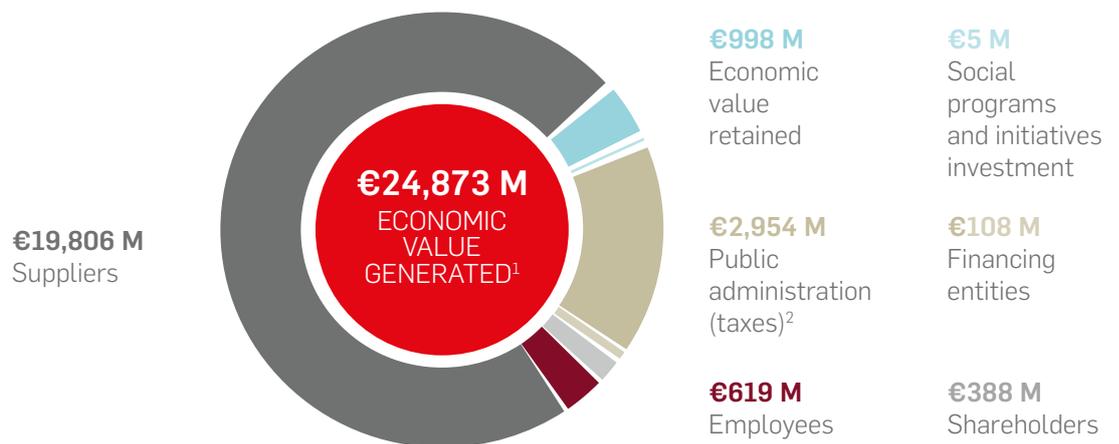


## OUR VALUE GENERATION

One of the strategy's commitment is to look for new ways to create value and maximize financial returns for our share-

holder, while maintaining our financial strength and achieving a sustained growth over time.

## DISTRIBUTION OF ECONOMIC VALUE GENERATED (MILLIONS OF EUROS)



<sup>1</sup> Value generated mainly represents revenue of €24.712 million, in addition to other items: other operating income (€48 million), financial income (€57 million), share in profits of associates (€30 million) and income on fixed asset disposals (€26 million).

<sup>2</sup> Includes: special exercise taxes and income tax and levies.

## CHAPTER 3

Sustainable growth  
Value creation strategy



### INCOME BY COUNTRY (THOUSAND EUROS)

Country	2018	2017	2016
Spain	<b>521,939</b>	826,131	613,943
Algeria	<b>195,319</b>	135,120	157,265
Belgium	<b>773</b>	592	772
Brazil	<b>12,586</b>	8,788	13,811
Canada	<b>9,233</b>	10,050	27,842
China	<b>3,838</b>	-18,203	-15,332
Colombia	<b>52,722</b>	41,103	-25,663
Indonesia	<b>-34,024</b>	-5,990	-4,418
Italy	<b>2,346</b>	2,982	1,528
Kenya	<b>0</b>	-19,686	-33,119
Malaysia	<b>4,381</b>	5,041	13,273
Mauritius	<b>307</b>	209	587
Nigeria	<b>893</b>	3,560	0
Netherlands	<b>3,367</b>	2,885	2,290
Panama	<b>1,664</b>	-2,205	-1,604
Peru	<b>-7,425</b>	1,287	7,221
Portugal	<b>8,841</b>	7,213	7,676
Singapore	<b>5,368</b>	-133,532	-24,457
Suriname	<b>2,994</b>	-17,888	-1,400
Thailand	<b>25,976</b>	-121,931	-68,518
United Arab Emirates (UAE)	<b>15,155</b>	8,139	-73,936
United Kingdom (UK)	<b>4,552</b>	8,349	3,610
United States of America (USA)	<b>54</b>	582	460
<b>Total</b>	<b>830,064</b>	<b>742,600</b>	<b>601,832</b>



Cepsa adheres to the Good Tax Practices Code in Spain, which was signed on July 20, 2010, by the full Large Businesses

Forum constituted on the July 10, 2009 by the State Tax Administration Agency.

## TAXES PAID ON PROFITS BY COUNTRY (THOUSAND EUROS)

Country	2018	2017 <sup>1</sup>	2016 <sup>1</sup>
Spain	<b>27,689</b>	91,642	96,444
Algeria	<b>103,653</b>	114,728	116,141
Belgium	<b>300</b>	399	300
Brazil	<b>6,596</b>	5,274	13,319
Colombia	<b>6,289</b>	7,528	1,405
Italy	<b>1,294</b>	778	1,494
Luxembourg	<b>835</b>	557	70
Malaysia	<b>5,475</b>	9,154	12,536
Netherlands	<b>462</b>	637	771
Peru	<b>14,117</b>	12,088	31
Portugal	<b>2,438</b>	8,082	1,031
Singapore	<b>88</b>	2,967	2,134
Thailand	<b>17,367</b>	18,184	-40
United Kingdom	<b>1,370</b>	1,412	1,162
United States of America (USA)	<b>12</b>	388	218
<b>Total</b>	<b>187,985</b>	<b>274,322</b>	<b>247,894</b>

<sup>1</sup> Tax data.

## CHAPTER 3

Sustainable growth  
Business model

“We work every day striving for excellence and new ways of using energy as a source of progress for people.”

### 3.2 BUSINESS MODEL

We are an integrated company operating across the entire oil and gas production chain from oil and gas exploration and production, through to the commercialization and distribution of oil based derivatives, as well as the production of natural alcohols for raw materials, and renewable energy generation.

We are fully owned by Mubadala Investment Company, which has held all of the company's capital since 2017.

We work tirelessly to achieve excellence and discover new ways of using energy as a source of progress for people.



# MUBADALA

### 3.3 RISK MANAGEMENT & OPPORTUNITIES

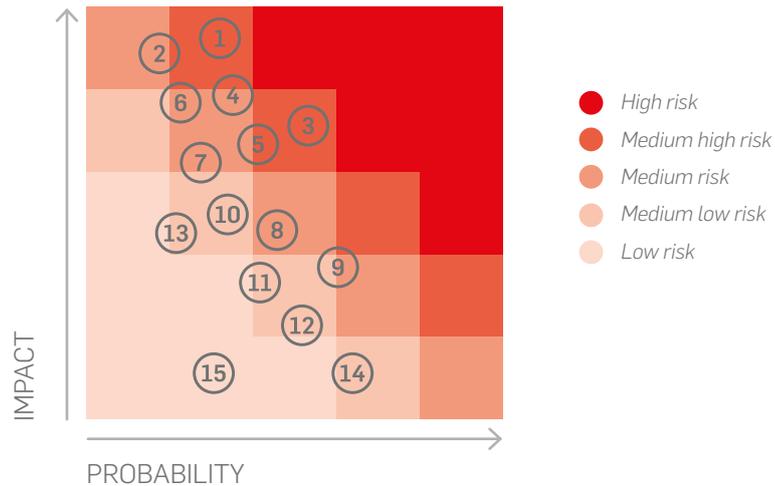
We have an Integrated Risk Management System (IRMS) that allows us to manage risks from a preventive perspective and devise strategies to minimize them. The IRMS is underpinned by our General Risk Policy, which sets out our risk appetite and helps us specify the company's strategy, always adhering to the principles of precaution and anticipation. Our Basic Integrated Risk Management Regulations lay down the basic principles and commitments established in the General Risk Policy.

The Risk Control Operating Committee ensures that the IRMS uniformly measures risks across the organization and responsibilities are established for mon-

itoring and managing risk within the framework of risk appetite approved by the Board of Directors in the General Risk Policy.

Our risk map is a visual representation of our exposure to risks, their impact on the company and the likelihood of them arising. This risk map sets out 15 of the most important risks to which we are exposed, classified into four major groups: strategic risks, financial and market risks, operational and infrastructure risks, and regulatory and compliance risks. Further information on each risk is provided in the company's Consolidated Management Report.

1. Geopolitical and Regulatory risk
2. Operational Safety
3. Refining margin
4. Compliance
5. Cybersecurity
6. Large projects management
7. Litigation & Arbitration
8. Emerging technologies & digital transformation
9. Commodity price
10. Oil & Gas reserves
11. Exchange rate
12. Market competition and Demand evolution
13. Local communities
14. Talent management
15. Credit risk



#### MAXIMIZATION OF VALUE

- ③ ⑥ ⑦ ⑩ ⑪ ⑫ ⑮

#### GROWTH

- ① ③ ⑥ ⑧ ⑩ ⑪ ⑬ ⑭

#### LEADERSHIP

- ② ④ ⑤ ⑥ ⑧ ⑨ ⑪ ⑬

#### ROBUSTNESS

- ③ ⑩ ⑪ ⑫ ⑬ ⑮

## CHAPTER 3

Sustainable growth  
Business model

In order to mitigate these risks, we have developed unique capabilities that unlock development opportunities,

shore up the current business model, and provide us with a platform for future growth:



### INTEGRATED BUSINESS MODEL

Our end-to-end business model, which enhances our ability to deal with crises and guarantees long-term sustainability.



### SUPPORT OF OUR SOLE SHAREHOLDER

Which brings long-term stability and synergies with other group companies.



### LEADING COMPANY IN THE REFINING SECTOR

Benchmark company in the refining sector, thanks to an eighty-year track record that has seen us develop some of the most efficient refineries in Europe with capacity utilization rates that are well above the European average.



### WORLD LEADERS IN LAB PRODUCTION

Through the production of alcohols we aim to grow our leadership position in the surfactants value chain, as well as being the world's leading producer of cumene and the second in acetone and phenol.



### PRIORITY PARTNER IN PARTNERSHIPS AND JOINT VENTURES

Considered by national oil companies (NOCs) and leaders in the sector, as a long-term strategic partner, positioning us as a preferred partner in the creation of alliances and joint ventures.



### FINANCIAL ROBUSTNESS

Our financial strength is synonymous with generating dividends and continuous growth without the need to raise additional capital.



### BROAD EXPERIENCE AND QUALITY

We have extensive experience and offer high quality as well as know-how in the execution of global projects across all our businesses.



### EFFICIENT OPERATOR IN EXPLORATION AND PRODUCTION

We are an efficient operator in Exploration and Production with over 30 years' experience in the business, and a competitive operator with lower production costs than similar companies.



### RESEARCH AND DEVELOPMENT

Our investments in research and development continuously help to enhance operations and devise new ideas and projects such as methods for recovering crude oil in mature oil fields or the development of a new marine fuel compliant with the latest regulations.



### WELL KNOWN BRAND

We have a strong retail fuel business, which is focused on the client, in Iberia, and leadership in our commercial channels.



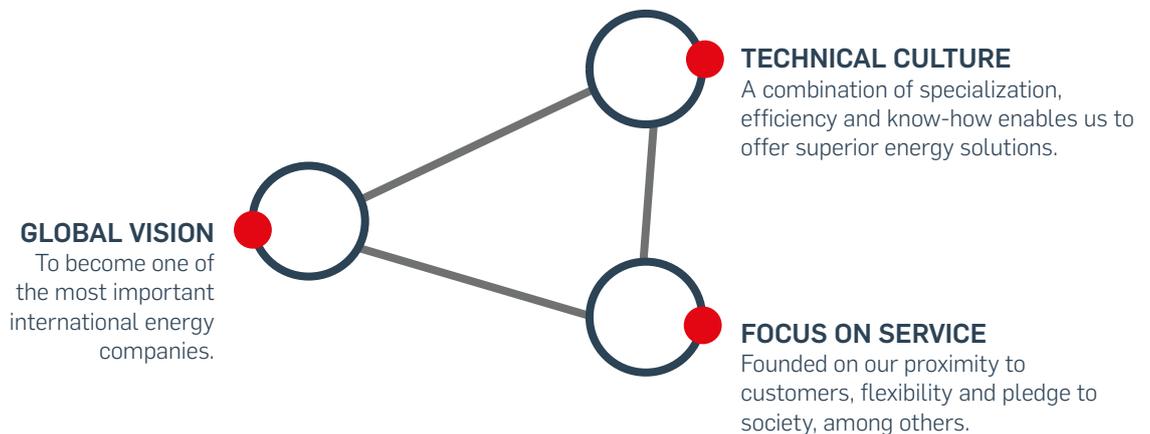
### ATTRACTING TALENT

Our company is acknowledged as a leading employer, and attracting and retaining talent is one of its priorities.

## 3.4 BRAND VALUE

We are energy producers. This is a huge privilege, yet also a great responsibility given the levels of excellence we work to achieve in everything we do, from

manufacturing our products to the processes we use and services we offer. Our business is built on three main pillars:



Energy production and availability are key drivers for the progress and development of a community. We therefore bring together experience, know-how, research, technical capabilities and technology innovation to reach our goal: to provide people with the energy they need.

our ability to adapt we bring the best of energy to every reality, meeting the needs of all our different customers. Our unique character is reflected in our products and services, as well as the messages we send out to society and to each of our stakeholders.

Our identity stands us apart, and we make a difference everywhere we operate. Through technical excellence and



## CHAPTER 4

# CORPORATE GOVERNANCE

### PRINCIPLES AND COMMITMENTS

"OUR CORPORATE GOVERNANCE MODEL IS ALIGNED WITH RECOMMENDATIONS FROM THE CODE OF GOOD GOVERNANCE."



## CHAPTER 4

Cepsa governance  
Corporate governance

"We strive to keep our model adapted to the best advances in national and international regulatory practices."

### 4.1 CORPORATE GOVERNANCE

Our corporate governance structure and model is aligned with the recommendations laid out in the Code of Corporate Governance for Listed Companies in Spain, which are specifically applicable to Cepsa. We work to ensure our governance model is aligned with best practices in Spain and internationally and the latest applicable regulations.

This model is underpinned by a series of wide-ranging commitments and principles. These include: promoting constant dialogue with our stakeholders; maximizing the creation of long-term and sustainable value; ethical conduct; our

employees' compliance with the law and internal regulations; and transparency in everything we do. As well as our firm pledge to guarantee the health and safety of our staff and protect the environment, we are committed to scrupulously complying with the laws and regulations in force in each of the jurisdictions where we operate and have a pledge to the local communities in our areas of operation.



## GOVERNING BODIES

Our main governing bodies are the sole shareholder, the Board of Directors and the two board advisory committees.

Our governance structure separates effective management and administration functions from oversight and control functions.

Name	Board of Directors	Director category	Date of first appointment	Audit, Compliance and Ethics Committee	Appointments and Remuneration Committee
Mr. Musabbeh Al Kaabi	Chairman (since 13/11/2018)	External Proprietary	26/04/2017	-	Chairman
Mr. Pedro Miró Roig	Vice Chairman (since 18/06/2014) and Managing Director (since 17/09/2013)	Executive	31/01/2012	-	-
Ms. Alyazia Al Kuwaiti	Member	External Proprietary	18/01/2016	Member	Member
Mr. Ángel Corcóstegui Guraya	Member	External Independent	01/02/2016	Chairman	-
Mr. Ahmed Saeed Al Calily	Member	External Proprietary	13/11/2018	-	Member
Mr. Saeed Al Mazrouei	Member	External Proprietary	13/11/2018	Member	-
Mr. Bakheet Al Katheeri	Member	External Proprietary	13/11/2018	-	-
Mr. Ignacio Pinilla Rodríguez	Non-Board Secretary	N/A	31/01/2012	Secretary	-
Mr. José Téllez Menchén	Non-Board Vice-Secretary	N/A	24/10/2014	Vice-Secretary	-
Mr. Carlos Morán Moya		N/A	11/05/2012	-	Secretary

The Board of Directors is the company's highest level administrative and representative body and carries out the corresponding responsibilities and matters on a non-delegable basis as established by law or the company's Bylaws.

Its competencies include approving the Group's strategic objectives and general policies and ensuring their execution and implementation. It also draws on the support of two advisory committees: the Audit, Compliance and Ethics Committee and the Appointments and Remuneration Committee.

## CHAPTER 4

Cepsa governance  
Corporate governance

### BOARD COMMITTEES

#### THE AUDIT, COMPLIANCE AND ETHICS COMMITTEE



Was restructured in 2016 in accordance with the new corporate governance regulations. This committee is responsible for overseeing internal audits, internal control systems, compliance and risk management, as well as the elaboration and filing of related financial and

non-financial information and relations with the external auditor. It also reviews and proposes policies in relation to the main stakeholders for the approval of the Board of Directors.

#### THE APPOINTMENTS AND REMUNERATION COMMITTEE



oversees the process of selection, appointment, re-election and dismissal, where relevant, of the directors and members of Senior Management of the Company; analyses, informs and

proposes their remuneration policy, and submits proposals to the Board regarding the decisions to be adopted in cases of conflict of interest.

In 2018, the restructure of the operating committees was approved, as well as internal and permanent bodies responsible to the Audit, Compliance and Ethics Committee. This implied merging the Compliance Operating Committee with the Ethics Operating Committee into a single committee, the Compliance and

Ethics Operating Committee, and a new committee was created, the Risk Control Operating Committee, with the aim to provide help and assessment to the Committee and Board in the compliance of its responsibilities covering risk control. As such these Operating Committees are structured as follows:

#### THE AUDIT OPERATING COMMITTEE



Acts as a liaison between the external auditor and the Audit, Compliance and Ethics Committee, as well as analysing

the auditor's independence and overseeing, guiding and driving the internal audit department.

#### THE COMPLIANCE AND ETHICS OPERATING COMMITTEE



Is primarily responsible for setting the corporate ethical stance, promoting ethical conduct among staff, answering any ethics-related enquiries and resolving breaches of the code of ethics. It also coordinates the different compliance programs to guarantee their correct functioning, oversees the workings

and compliance of the company's crime prevention model, and monitors compliance with applicable legislation. In doing so, it ensures the company operates with integrity, fulfilling the commitments established by the Board of Directors in the Code of Ethics and Conduct.

#### THE RISK CONTROL OPERATING COMMITTEE



Is charged with overseeing the End-to-End Risk Control System, which provides a standard mechanism for measuring and understanding risk. It supports and

provides advice to the Audit, Compliance and Ethics Committee and the Board of Directors to fulfil their risk oversight duties.

### MANAGEMENT BODIES

#### THE MANAGEMENT COMMITTEE



Oversees and coordinates the business units and corporate functions; analyses and proposes objectives, the strate-

gic plan and the annual budget; and approves the policies and initiatives of the different units and departments.

#### THE INVESTMENTS COMMITTEE



Is the internal executive coordination and advisory body. Its primary functions include signing off major investment pro-

jects prior to them being submitted to the Board of Directors for approval.

## CHAPTER 4

Cepsa governance  
Code of ethics and conduct



### 4.2 CODE OF ETHICS AND CORPORATE POLICIES

#### CODE OF ETHICS AND CONDUCT

Cepsa Group's Code of Ethics and Conduct, which is aligned with best practices in the sector, covers the principles and values that our shareholder, through the Board of Directors, aims to see throughout the organization. It sets out the core principles, standards and conduct that enable us to accomplish our goals and promote our values, outlining the relevant legal and ethical standards and offering useful practical advice on how our staff should conduct themselves.

Our Code of Ethics and Conduct is applicable to all directors and staff of the Cepsa Group and of those subsidiaries the company manages, irrespective of their employment relationship or type of contract.

The content of the Code is regularly reviewed and updated with the help of the

company's most senior officers and the most representative federations of trade unions in each area, to tailor it to any emerging expectations of our stakeholders.

The Code is available on our website ([www.cepsa.com](http://www.cepsa.com)), and we have an Ethics and Compliance Channel through which our stakeholders can submit questions and report incidences in relation to the Code of Ethics and Conduct.

We updated the Code of Ethics and Conduct for Suppliers in 2018, also available on [www.cepsa.com](http://www.cepsa.com), to bring it into line with Cepsa's general Code and to minimize the main risks that could arise in the supply chain.

#### CORPORATE POLICIES

Our Code of Ethics and Conduct is supplemented and enforced through several corporate policies that govern the behavior of our staff and any third parties working for or representing Cepsa.

The policies fully adhere to the regulations in force where we operate and are available on our corporate website. The main policies comprising our internal framework of regulations are:

#### Crime Prevention Policy

Designed to inform directors, agents, staff and third parties who we work with of our total rejection of any illegal behavior and our commitment

to prevent and tackle any criminal breaches of the law that could damage the company's value or damage its image and reputation.

#### Counterparty Analysis Policy

Setting out the principles we must follow when doing business with third parties; on the one hand, regarding compliance with rules on international embargoes

and sanctions, international trade rules and anti-money laundering and terrorist financing regulations, and on the other, based on the specific integrity risk.



Conflict of Interest Policy

Through which procedures are established that must be followed to prevent or, where applicable, deal with conflicts of interest that could involve the shareholder, members of the Board of

Directors or Cepsa staff in their dealings with the company, and with respect to conflicts that could arise with customers, suppliers or other stakeholders.

Ethics and Compliance Channel Policy

Intended to establish the criteria that our staff must adhere to if breaches of the Code of Ethics and Conduct are reported or external and internal regulations governing the Cepsa Group are not com-

plied with. It also prohibits any reprisals against anyone who, in good faith, raises concerns about a potential breach of the Code.

Policy against Bribery and Corruption in the Public and Private Spheres

Setting out the guiding principles that Cepsa Group directors and staff and third parties with whom we do business must adhere to whenever, in the course of our duties, we have to offer or receive gifts or courtesies or attend or organize events

in our dealings with customers, suppliers, public employees or other stakeholder groups.

We continued developing our internal regulations throughout 2018 to adapt them to the new needs and requirements

arising in our operations, with the Board of Directors approving the following policies:

Corporate Responsibility Policy

Setting out the basic guidelines for our behavior concerning the fulfilment

of the pledges made by Cepsa to act responsibly.

Human and Workers' Rights Policy

Defining the basic guidelines that must define our conduct in relation to complying with human and workers' rights for all our different stakeholders (employees, suppliers, customers, local and indige-

nous communities) and including other principles such as equal opportunities and non-discrimination.

Policy on Health and Safety, Environmental Protection and Quality

Setting out the framework for dealing with anyone involved in Cepsa's operations whose duty is to ensure their own safety and protect the environment,

adhering to prevailing laws and internal rules, to prevent or minimize hazards, workplace accidents and environment impacts.

CRIME PREVENTION MANUAL

Covering the key features of Cepsa's Crime Prevention Model and the process

for overseeing, evaluating, reviewing and approving it.



CHAPTER 5

# OUR RESPONSIBLE MANAGEMENT IN 2018

"OUR SUCCESS AND OUR  
FUTURE; PEOPLE."



## CHAPTER 5

Our responsible management in 2018  
Our management approach

### 5.1 OUR MANAGEMENT APPROACH

At Cepsa we constantly strive to build solid and transparent relationships based on trust with our stakeholders, generating value for each and every one of them and enabling us to achieve our long-term strategic aims by meeting their expectations.

Our Stakeholder Relations Policy and Management System enable us to iden-

tify, classify, prioritize and manage all our stakeholders on a capillary basis, helping us to understand their expectations, needs and ideas.

Communication channels with our stakeholders examples:



#### SHAREHOLDER

- Our shareholder participates in and contributes to Cepsa's management and performance through membership of its Governing Bodies.



#### CUSTOMERS

- Satisfaction measurement systems.
- Complaint handling systems.
- Customer Care Services.
- The Customer Experience project and Service Now system ensure the continuous improvement of our integrated complaint handling process.



#### EMPLOYEES

- Ethics and Compliance Channel.
- Climate and Engagement Survey.
- Thinkbox ideas and suggestions channel.
- Corporate Intranet.
- Direct communication processes.



#### SOCIETY

- Community and Residents Committees.
- Open days and public consultations.
- E-mail.
- Social management teams at our sites.
- Ethics and Compliance Channel.
- Company Website



#### SUPPLIERS

- Supplier portal on the corporate website.
- Satisfaction surveys.
- E-mail and support centres.
- Suppliers' Day.

MATERIALITY

In 2018 we updated our materiality analysis in order to identify the key issues to be reported and the main focus of the company's overall management approach. Taking the materiality study carried out in 2017 as our starting point, we analyzed the most important internal issues for our stakeholders, studied the external issues of importance for the Company, the sector and our stakeholders and, finally, examined regulatory changes affecting

Corporate Social Responsibility and the reporting thereof.

The result of this update to the study was a list of key issues selected for their internal and external impact, taking into account the changing nature of today's business world and the emergence of new concerns that will have to be tackled in the near future:

CORPORATE RESPONSIBILITY MASTER PLAN PILLARS

- ① Corporate Governance
- ② Ethics and compliance
- ③ Transparency
- ④ Sustainable growth
- ⑤ Innovation
- ⑥ Safety
- ⑦ Talent
- ⑧ Environment
- ⑨ Supply chain
- ⑩ Social welfare

BOUNDARY OF MATERIAL TOPICS



Impact inside the organization



Impact outside the organization

SUSTAINABLE DEVELOPMENT GOALS 2030

- ① No Poverty
- ② Zero Hunger
- ③ Good Health and Well-Being for people
- ④ Quality Education
- ⑤ Gender Equality
- ⑥ Clean Water and Sanitation
- ⑦ Affordable and Clean Energy
- ⑧ Decent Work and Economic Growth
- ⑨ Industry, Innovation and Infrastructure
- ⑩ Reduced Inequalities
- ⑪ Sustainable Cities and Communities
- ⑫ Responsible Consumption and Production
- ⑬ Climate Action
- ⑭ Life Below Water
- ⑮ Life on Land
- ⑯ Peace, Justice and Strong Institutions
- ⑰ Partnerships for the Goals

## MATERIAL MATTERS



### OPERATING EFFICIENCY

We want our growth to be sustainable over the long term, and therefore strive for excellence in the performance of our operations. To do this, we are committed to innovating and improving our technologies to enable us to develop more efficient processes and techniques that can be applied throughout our business model.



### INNOVATIVE AND SUSTAINABLE PRODUCTS

Cepsa is firmly committed to developing efficient, safe and sustainable products to meet every need, applying the latest technologies and best techniques available throughout our value chain.



### CLIMATE CHANGE

Our goal in this area is to do everything within our powers to reduce the impact of our activities on the climate. This means much more than compliance with international legislation, it also involves constantly updating our approach to managing climate change, its risks and opportunities.



### EMPLOYEE HEALTH AND SAFETY

Our unique Safety culture centres on people, processes, facilities and transport, involving a process of continuous improvement thanks to partnerships with international associations in the sector. We have also implemented a health program to generate opinions regarding health care in the company.



### SAFETY AT FACILITIES

We constantly assess our processes to stay aware of any potential safety risks in our operations, based on our Process Safety Management System.



### SUPPLY QUALITY AND SAFETY

This aspect is key to the achievement of our strategic international expansion goals. Our focus on innovation and improving supply efficiency enables us to guarantee the quality of the products we supply.



### REGULATORY COMPLIANCE, CODE OF ETHICS AND COMPLIANCE

We aim to ensure we manage the business ethically and responsibly, generating value for our stakeholders. Our Code of Ethics and Conduct is an essential tool in this respect, and is applicable to every one of Cepsa's employees and business partners.



### CORPORATE SOCIAL RESPONSIBILITY GOVERNANCE AND STRATEGY

Our three-year Corporate Responsibility Master Plan provides us with a common strategy for managing all the risks and opportunities generated by our activities, ensuring we manage the business responsibly and in line with our strategic growth targets.



### LOCAL COMMUNITY RELATIONS

We strive to ensure that responsible and transparent relations with the communities where we operate form an integral part of our activities and operations, generating value for society and contributing to the economic, social and environmental development of those areas.





### CYBERSECURITY

The security of the data handled by our IT systems is managed in line with standards and procedures certified under international standards ISO 27001 and ISO 20000, 20000.



### DIVERSIFICATION AND INTERNATIONAL EXPANSION

To achieve the sustainable growth targets Cepsa has set itself, we constantly seek new ways to diversify our businesses through new technology, or by finding new locations or forms of energy that allow us to offer energy solutions that meet the needs of our customers.



### ENVIRONMENTAL MANAGEMENT

Our Environmental Management Systems help us prevent and mitigate the impacts of our activities on the environment, and we analyze the life cycle of our products and services to evaluate and manage these impacts throughout our value chain.



### WATER MANAGEMENT

We employ the best techniques to guarantee a conscious and responsible use of water in our processes and to ensure that the waste water from our facilities complies with the limits established in our operating permits and respects the natural environment where we operate.



### HUMAN RIGHTS

Our Human and Workers' Rights Policy helps us ensure that all our employees, business partners and other shareholders respect human rights in all their activities and operations.



### CUSTOMER AND COMMUNITY HEALTH AND SAFETY

We manage our products responsibly throughout their life cycle to guarantee the safety of our customers, employees and the environment, in line with international best practices and legislation.





### ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS IN THE SUPPLY CHAIN

Our Suppliers' Code of Ethics and procurement processes allow us to establish controls to minimize the risks deriving from our commercial relationships.

11 12 9



### COMMUNICATION AND TRANSPARENCY

Our communication strategy is based on the principles of transparency and accessibility, allowing us to build solid, long-lasting relationships with our stakeholders based on communication, dialogue and mutual trust.

16 3



### ATTRACTING AND RETAINING TALENT

Our success and sustainability over time depends on our employees. For that reason Cepsa develops a full talent program covering talent attraction, professional development through training, mobility and internal promotion, as well as constantly striving to improve working conditions for staff, and our solid practices in this field have been recognized by external organizations.

8 7

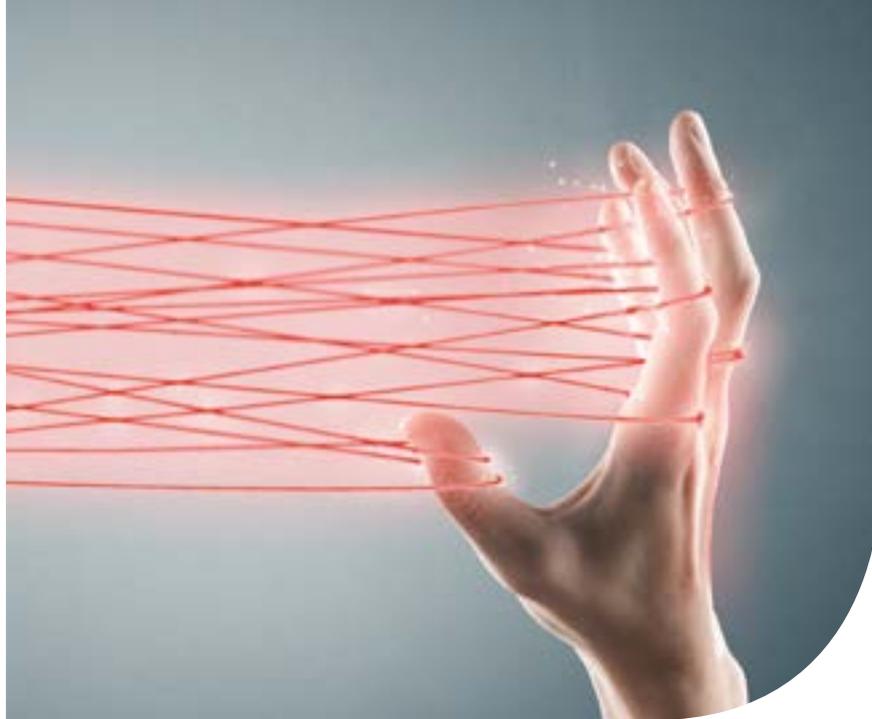
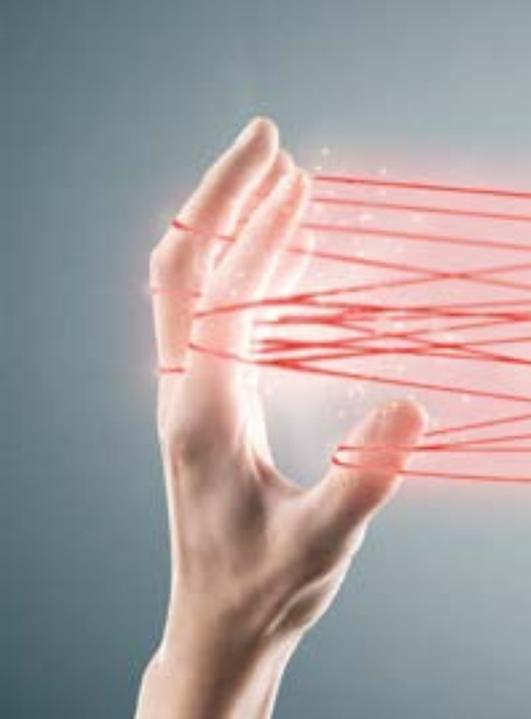


### CUSTOMER SATISFACTION

Our various customer communication channels enable us to gain a proactive understanding of our customers' priorities and motivations so we can adapt to their expectations through continual improvement, innovation and the creation of products and services to meet their needs.

4





## CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

Our business model is centred on sustainable growth. This means our activities must be based on responsible management, in line with our values and ethical principles, underpinned by a proactive approach to managing any impacts generated by our activities.

This commitment, which is enforced at both the management and operating levels, is developed and supervised by the company's Governing Bodies and Management.

The Audit, Compliance and Ethics Committee (ACE), which reports to the Board of Directors, is responsible for supervising matters related to Corporate Social Responsibility. This Committee reviews policies concerning our main stakeholder groups, in particular Corporate Social Responsibility Policy, and puts forward proposals to the Board of Directors. It also supervises the annual corporate responsibility action plan and monitors progress on the commitments made in this area. It is supported in this work by the Compliance and Ethics Operating Committee, a permanent, internal body that reports directly to the ACE Committee.

In 2018 the Board of Directors approved our new Corporate Social Responsibility Policy, which contains basic guidelines governing the behaviour of Cepsa's directors and employees, as well as its third party partners, concerning compliance with the company's commitments to responsible action. This Policy formalizes our commitment to build best practice on Corporate Social Responsibility into the daily management of all our business units and in every country and region in which we operate. These commitments are subject to review by Management to ensure our performance in this area is constantly improving. The targets, guidelines and specific measures developed for this purpose are set out in our Corporate Social Responsibility Master Plans.

The current, three-year Corporate Social Responsibility Master Plan serves as a route map for strengthening the responsible management of our businesses and building on our strategy for sustainable growth. Its second year has recorded successful results. The Plan contains 10 pillars, each one setting out specific actions to enable us to achieve the targets established:

## CHAPTER 5

Our responsible management in 2018  
*Our management approach*



## CHAPTER 5

Our responsible management in 2018  
Our management approach

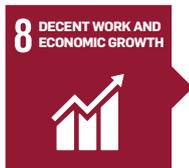
### COMMITMENT TO SUSTAINABLE DEVELOPMENT

Our Corporate Social Responsibility Policy sets out our commitment to contributing to the targets defined in the United Nations' Sustainable Development Goals (SDGs) for 2030. To fulfil this commitment, in 2017 we began a process of analysis, which continued during 2018, with the aim of defining our position as

a company and what we can contribute to the achievement of the SDGs, prioritizing the targets to which, as an international energy company, we can make the greatest contribution. We have identified 6 priority SDGs and, for each of them, established commitments based on the aforementioned analysis.



- Improve the energy efficiency of our operations
- Increase the proportion of renewable energies in our energy mix
- Contribute to improving access to energy services



- Promote human and workers' rights throughout our value chain
- Ensure a safe working environment for all
- Foster local development in the regions where we operate



- Encourage the adoption of new technologies, innovation and scientific research
- Foster the technological capabilities found in the value chain



- Promote sustainability in our supply chain
- Promote sustainability in the life cycle of our products
- Encourage the sustainable management of natural resources



- Develop a global, long-term strategy on Climate Change
- Participate in the debate and development of policies on energy and Climate Change



- Prevent corruption and bribery in all forms
- Foster transparency and dialogue with stakeholders

## 5.2 ETHICS AND COMPLIANCE

We have a management and oversight system designed to guarantee compliance with regulatory requirements and fulfilment of our external and internal obligations and in all the countries where we operate.

The work of the Ethics and Compliance Office has contributed to enhancing a culture of compliance across the organiza-

tion. It has also improved procedures for identifying and monitoring compliance and integrity risks by establishing preventive and detective measures and penalizing conduct that could result in corporate and personal liabilities; all in compliance with associated international standards such as ISO 19600 and ISO 37001.



## CHAPTER 5

Our responsible management in 2018  
*Our management approach*



### ETHICS AND COMPLIANCE CHANNEL

We have an Ethics and Compliance Channel that all stakeholders can use anonymously and in the strictest confidence to submit inquiries about ethics and conduct matters and report any potential incidents and irregularities regarding compliance with the Code, corporate policies or any internal or external regulations governing Cepsa. The Ethics and Compliance Office is solely responsible for managing the channel under the supervision of the Board's Audit, Ethics and Compliance Committee.

The Ethics and Compliance Channel can be accessed through our corporate website and our staff and suppliers have been trained on how to use it. Furthermore, the contractual documents governing relations with our partners also include information on the channel. In 2018, we developed a mobile app "Cepsa Ethics and Compliance", which is available to all employees and connects them directly with the Ethics and Compliance Office.

In 2018, 4,406 employees (43% of the workforce) received training on the internal procedures and rules on ethics and conduct and on using the manage-

ment tools available, while key aspects of the company's new Code of Ethics and the Ethics and Compliance Channel have been communicated to them. The procedure for investigating inquiries and complaints received through the channel is laid down in the Ethics and Compliance Channel Policy, also available on our corporate website ([www.cepsa.com](http://www.cepsa.com)). During 2018, 148 inquiries and reports were received through the Ethics and Compliance Channel and from the Human Resources and Organization Department, mainly related with: workplace health and safety; the pledge to uphold human and workers' rights and respect; relations with partners, suppliers, customers and other stakeholders; and the use and safeguarding of our assets and properties. Of the 117 reports resolved, 25 were found to be uncorroborated, 8 were resolved with corrective measures being put in place, and 84 resulted in disciplinary action. They were mainly related with: the pledge to uphold human and workers' rights and respect; control, governance and compliance in our operations; workplace health and safety; and the use and safeguarding of our assets and properties.



#### Requests for advice through the Ethics and Compliance channel in 2018

Total number of requests for advice received	128
Number of requests resolved	126
Percentage of requests resolved	98%

#### Reports of breaches of the Code of Ethics and Conduct in 2018

Total number of reports received	124
Number of reports resolved	124
Percentage of reports resolved	100%

#### Disciplinary action for breaches of the Code of Ethics and Conduct in 2018

Number of uncorroborated reports	25
Number of reports resulting in disciplinary action	84
Number of reports resulting in corrective measures	8
Percentage of reports resolved	94%

## CHAPTER 5

Our responsible management in 2018  
*Ethics and compliance*

### COMPLIANCE MANAGEMENT SYSTEM

No significant fines or sanctions for breaches of environmental laws and regulations<sup>1</sup> were received in 2018. We are also not aware of any significant breaches of social and financial laws and regulations in 2018<sup>2</sup> and we were not involved in any major lawsuits in the local communities where we operate<sup>3</sup>.

Turning to fair competition, two appeals were filed by Cepsa against the rulings of Spain's National Commission on Markets and Competition (CNMC) in January and February 2015 imposing fines on our company of €10 million and €2.5 million, both of which have been appealed at the National Court of Appeals. This court issued two rulings in May 2015 provisionally suspending payment of the fines and calling for a bank guarantee to be provided instead. In July 2015, Cepsa submitted the guarantees and therefore, the two cases were suspended. In both cases, the pre-trial phase ended two years ago and we are still awaiting notice of the deliberation and verdict.

Cepsa is also subject of an open case being heard by the CNMC concerning compliance with a 2013 CNMC ruling in which the Oversight Sub-Directorate proposed to the Competition Court of the CNMC Board that it declare Cepsa had fulfilled the instructions in said December 2013 ruling. However, the Board ruled in August 2017 that there was proof of compliance with the CNMC ruling of July 2009 in the terms proposed by the Competition Directorate. We are continuing to work closely with the Oversight Sub-Directorate to try and find a satisfactory solution so that the CNMC Board acknowledges our compliance.

We are taking steps to improve transparency concerning insider information in the gas and electricity markets and have established a control system to ensure compliance with the obligations laid down in Regulation (EU) 1227/2011 (REMIT).

### FIGHT AGAINST CORRUPTION AND BRIBERY

We have a commitment of zero tolerance to corruption, fraud and bribery.

Along with the Code of Ethics and Conduct, our policies against bribery and corruption in the public and private spheres form the foundations of our internal regulations.

In order to ensure compliance with the law and our regulations, we have procedures in place to prevent, monitor, investigate and penalize illicit activities.

In November 2018, Compañía Española de Petróleos, S.A.U. obtained ISO 37001

accreditation for our Anti-Bribery System, becoming the first oil & gas company in Spain and one of the first in the world to receive it.

This certification demonstrates Cepsa's commitment to national and international compliance best practices and puts it at the forefront of the sector.

The certification covers the company's 2,600-strong workforce, with around 600 employees from different business lines and organization-wide functions identified as being exposed to a potential risk of bribery.

<sup>1</sup> Significant fines or sanctions for breaches of environmental laws and regulations are any over €2 million.

<sup>2</sup> Significant fines or sanctions for breaches of social and financial laws and regulations are any over €2 million.

<sup>3</sup> The only lawsuit of note was in June 2011 when 358 fishermen from Songkhla Province (Thailand) filed a claim for damages against NuCoastal (a Cepsa subsidiary) for the impacts of this company's activities and called for the production concession for Block G5/43 in Thailand to be revoked. On 18 March 2015, Songkhla Judicial Review Court ordered compensation of €11,879,828 (approximately €51,078) to be paid to 45 of the claimants residing in the province, although it ruled that no law had been breached or damages caused based on the evidence presented. On 17 April 2015, NuCoastal lodged an appeal against the aforementioned decision with the Songkhla Provincial Court of Appeal. This case is currently being considered by the Appeals Court at the Supreme Court, with no new developments in 2018.

We have assessed corruption-related risks in 16 Cepsa Group companies<sup>1</sup>, drawing up maps showing the risk assessments from a criminal perspective and taking into consideration corruption-related risks in both the private and public spheres.

The most significant risks of corruption have been classified as "Medium" given the type of suppliers and customers in

some of the companies evaluated. Plans are to draw up a Corruption Risk Map for all our subsidiaries in 2019. No claims were lodged against the Group in relation to corruption in 2018. Awareness-raising and training campaigns have also been conducted in relation to our Code of Ethics and Conduct, our pledge to tackle corruption, and our related internal regulations.

## NUMBER AND PERCENTAGE OF EMPLOYEES RECEIVING INFORMATION ON ANTI-CORRUPTION POLICIES AND PROCEDURES BY LOCATION AND JOB TITLE

	Spain		Africa <sup>2</sup>		America <sup>3</sup>		Asia <sup>4</sup>		Europe <sup>5</sup>		Total	
Management Committee <sup>6</sup>	-		-		-		-		-		-	
Directors <sup>6</sup>	-		-		-		-		-		-	
Heads of department	508	100%	28	100%	58	100%	28	97%	19	100%	641	99%
Higher technicians	1,068	67%	-		-		-		-		1,068	55%
Intermediate technicians	428	39%	-		-		-		-		428	32%
Specialists	970	19%	-		-		-		-		970	17%
Administrative staff	51	54%	-		-		-		-		51	35%
<b>Total</b>	<b>3,113</b>	<b>36%</b>	<b>29</b>	<b>26%</b>	<b>61</b>	<b>11%</b>	<b>29</b>	<b>14%</b>	<b>20</b>	<b>3%</b>	<b>3,252</b>	<b>33%</b>

<sup>1</sup> Compañía Española de Petróleos, SAU; Cepsa Química, SA; Cepsa Comercial Petróleo, SAU; Cepsa Trading, SAU; Cepsa Business Services, SA; Compañía Española Distribuidora de Petróleos, SA; Cepsa Bioenergía San Roque, SLU; Atlas, SA; – Combustibles y Lubrificantes, Red Española de Servicios, SAU; Cepsa Petronuba, SA; Petróleos de Canarias, SA; Cepsa Aviación, SA; CMD Aeropuertos Canarias, SL; Spanish Intoplane Services, SLU; Cepsa Gas y Electricidad, SAU; and Cepsa Colombia, SA.

<sup>2</sup> Africa includes: Algeria, Morocco and Nigeria.

<sup>3</sup> America includes: Brazil, Canada, Colombia, Mexico, Panama, Peru and Suriname.

<sup>4</sup> Asia includes: China, Indonesia, Malaysia, Singapore, Thailand and the United Arab Emirates.

<sup>5</sup> Europa includes: Belgium, France, Italy, the Netherlands, Portugal, Germany and the United Kingdom.

<sup>6</sup> Both the Management Committee and directors received communications training on anti-corruption policies and procedures in 2017 and are included in this table.

## CHAPTER 5

Our responsible management in 2018  
Ethics and compliance



### NUMBER AND PERCENTAGE OF EMPLOYEES RECEIVING TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES BY LOCATION AND JOB TITLE

	Spain		Africa <sup>1</sup>		America <sup>2</sup>		Asia <sup>3</sup>		Europe <sup>4</sup>		Total	
Management Committee <sup>5</sup>	-		-		-		-		-		-	
Directors <sup>5</sup>	-		-		-		-		-		-	
Heads of department	478	94%	28	90%	56	97%	23	79%	18	100%	603	93%
Higher technicians	1,294	82%	38	76%	116	59%	6	13%	30	53%	1,484	77%
Intermediate technicians	664	60%	5	28%	33	41%	-	-	17	22%	719	55%
Specialists	1,435	28%	2	22%	19	11%	1	2%	24	5%	1,481	25%
Administrative staff	59	62%	-	5	31%	-	-	-	4	57%	68	47%
Assistants	33	38%	-	17	89%	-	-	-	-	-	50	35%
<b>Total</b>	<b>3,963</b>	<b>46%</b>	<b>73</b>	<b>65%</b>	<b>246</b>	<b>46%</b>	<b>30</b>	<b>14%</b>	<b>94</b>	<b>15%</b>	<b>4,406</b>	<b>43%</b>

<sup>1</sup> Africa includes: Algeria, Morocco and Nigeria.

<sup>2</sup> America includes: Brazil, Canada, Colombia, Mexico, Panama, Peru and Suriname.

<sup>3</sup> Asia includes: China, Indonesia, Malaysia, Singapore, Thailand and the United Arab Emirates.

<sup>4</sup> Europa includes: Belgium, France, Italy, the Netherlands, Portugal, Germany and the United Kingdom.

<sup>5</sup> Both the Management Committee and directors received training on anti-corruption policies and procedures in 2017 and are included in the total in this table.



## RESPECT FOR HUMAN RIGHTS

We approved our Policy on Human and Workers' Rights in 2018, which sets out the basic rules of conduct to respect these rights in all our activities and business relations. It is obligatory that our workforce (directors and employees alike), subsidiaries over which Cepsa has effective control, and third parties with whom we do business such as suppliers and customers, adhere to this policy.

This Policy seeks to promote the absence of discrimination based on any diversity factor (gender, age, race, or any other personal distinction), in a way that conducts contrary to human dignity and compliance of universal rights shall be sanctioned, and promote measures to strengthen ethical conduct in an atmosphere of equality, and consequently promote an atmosphere of diversity. In 2018 there were five reports of discrimination, of which only one had evidence to support the case, and measures were implemented to resolve it swiftly.

The Policy complies with the current legislation in each state in which we operate and is in coherence with the Group's Code of Ethics and Conduct. It formalizes this Policy in accordance with international laws and practices such as the Univer-

sal Declaration of Human Rights of the United Nations, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises, taking into account what is established in the National Action Plan for Companies and Human Rights of the Government of Spain approved on July 28<sup>th</sup>, 2017.

The guiding principles of the policy aim to protect Cepsa's personnel and contractors, the suppliers who work with us, our customers, and the local and indigenous communities in the areas we operate.

The Policy on Human and Workers' Rights training plan and associated initiatives will be implemented in 2019.

During 2018, we did not receive reports of any breaches in our operations in connection with the freedom of association and collective bargaining, child labour or compulsory labour. We were also not made aware of any incidents infringing the rights of the indigenous communities where we operate, or any significant risks of breaches of human and workers' rights during the risk assessments of our suppliers.

## CHAPTER 5

Our responsible management in 2018  
People and talent

### 5.3 PEOPLE AND TALENT

#### WORKING CULTURE

In today's volatile, complex and uncertain world, full of constant change, with ever more demanding and competitive markets, new business models, the challenges of the digital revolution, automation, etc., the efficient management of people is one of the key drivers of business success.

One of the challenges for human resources strategies is how to ensure that the employees' interests match those of the business.

It is vital to have motivated employees and teams in workplaces that encourage their personal and professional growth and development with a system of shared values, if the goals and aims

defined in the Strategic Plan are to be achieved. We therefore devote significant resources to ensuring we provide uniquely attractive employment in a competitive labour market, meeting the needs of our many different businesses and our current employees. Our HR policies and practices have led us to be recognised as a top employer, reflecting the excellent conditions we offer our employees.

The diversity of our employees, located in many countries and working in a wide range of fields, in terms of their jobs, skills, origin and culture, is a real asset that helps us excel in the human, technical and professional aspects of our business.

#### EMPLOYEES AT 31 DECEMBER 2018 BY AGE GROUP, CONTRACT CATEGORY, COUNTRY AND JOB CATEGORY

Job category	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	
Manager	-	-	-	-	1	-	1
Head of Department	-	-	23	-	8	-	31
Senior Technicians	-	-	44	-	5	-	49
Algeria Intermediate Technicians	1	-	17	-	-	-	18
Specialists	-	-	7	1	1	-	9
Administrative Staff	2	-	1	-	-	-	3
Assistants	-	-	-	-	1	-	1
<b>Algeria total</b>	<b>3</b>	<b>-</b>	<b>92</b>	<b>1</b>	<b>16</b>	<b>-</b>	<b>112</b>
Manager	-	-	-	-	1	-	1
Head of Department	-	-	1	-	-	-	1
Belgium Senior Technicians	1	-	2	-	1	-	4
Specialists	-	-	2	-	-	-	2
<b>Belgium total</b>	<b>1</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>8</b>

Job category	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	
Brazil							
Manager	-	-	-	-	1	-	1
Head of Department	-	-	4	-	9	-	13
Senior Technicians	2	-	34	1	9	-	46
Intermediate Technicians	-	-	7	-	13	-	20
Specialists	9	-	81	-	16	-	106
Administrative Staff	1	-	-	-	-	-	1
Assistants	1	-	-	-	-	-	1
<b>Brazil total</b>	<b>13</b>	<b>-</b>	<b>126</b>	<b>1</b>	<b>48</b>	<b>-</b>	<b>188</b>
Canada							
Manager	-	-	-	-	1	-	1
Head of Department	-	-	2	-	2	-	4
Senior Technicians	-	-	5	-	1	-	6
Intermediate Technicians	-	-	3	-	2	-	5
Specialists	3	-	23	1	15	-	42
Administrative Staff	-	-	1	1	3	-	5
<b>Canada total</b>	<b>3</b>	<b>-</b>	<b>34</b>	<b>2</b>	<b>24</b>	<b>-</b>	<b>63</b>
China							
Head of Department	-	-	7	-	-	-	7
Senior Technicians	-	3	12	-	-	-	15
Intermediate Technicians	3	-	17	-	-	-	20
Specialists	5	1	38	2	-	-	46
Head of Department	5	-	4	-	-	-	9
Assistants	5	-	18	-	-	-	23
<b>China total</b>	<b>18</b>	<b>4</b>	<b>96</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>120</b>

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	Job category	Under 30 years		Between 30 and 50 years		Over 50 years		Total
		Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	
Colombia	Manager	-	-	1	-	-	-	1
	Head of Department	-	-	25	-	10	-	35
	Senior Technicians	4	-	91	-	17	-	112
	Intermediate Technicians	1	-	28	-	3	-	32
	Specialists	3	-	16	-	-	-	19
	Administrative Staff	1	-	7	-	1	-	9
	Assistants	-	-	16	-	1	-	17
<b>Colombia total</b>		<b>9</b>	<b>-</b>	<b>184</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>225</b>
U.A.E.	Head of Department	-	-	9	-	1	-	10
	Senior Technicians	-	-	10	-	1	-	11
	Intermediate Technicians	-	-	1	-	-	-	1
	Administrative Staff	-	-	1	-	-	-	1
<b>U.A.E.</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>23</b>	
U.S.A.	Intermediate Technicians	-	-	1	-	-	-	1
<b>U.S.A total</b>		<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Spain	Management Committee	-	-	-	-	8	-	8
	Manager	-	-	20	-	60	-	80
	Head of Department	-	-	311	-	199	-	510
	Senior Technicians	70	30	1,120	23	344	-	1,587
	Intermediate Technicians	14	35	701	7	342	1	1,100
	Specialists	105	335	3,065	534	1,077	73	5,189
	Administrative Staff	-	1	54	5	35	-	95
Assistants	4	7	34	19	19	3	86	
<b>Spain total</b>		<b>193</b>	<b>408</b>	<b>5,305</b>	<b>588</b>	<b>2,084</b>	<b>77</b>	<b>8,655</b>

Job category	Under 30 years		Between 30 and 50 years		Over 50 years		Total	
	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract		
Italy	Head of Department	-	-	-	-	1	-	1
	Senior Technicians	-	-	1	-	-	-	1
	Intermediate Technicians	1	-	1	-	-	-	2
	Specialists	-	-	-	-	3	-	3
<i>Italy total</i>	<i>1</i>	<i>-</i>	<i>2</i>	<i>0</i>	<i>4</i>	<i>-</i>	<i>7</i>	
Malaysia	Head of Department	-	-	3	-	2	-	5
	Senior Technicians	-	-	5	1	-	-	6
	Intermediate Technicians	-	1	1	-	1	-	3
	Administrative Staff	1	-	2	-	1	-	4
	Assistants	-	-	1	-	-	-	1
<i>Malaysia total</i>	<i>1</i>	<i>1</i>	<i>12</i>	<i>1</i>	<i>4</i>	<i>-</i>	<i>19</i>	
Nigeria	Senior Technicians	-	-	1	-	-	-	1
<i>Nigeria total</i>	<i>-</i>	<i>-</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1</i>	
The Netherlands	Senior Technicians	-	-	1	-	-	-	1
	Intermediate Technicians	1	-	-	-	-	-	1
	Specialists	-	-	1	-	-	-	1
	Administrative Staff	-	-	-	1	-	-	1
<i>The Netherlands total</i>	<i>1</i>	<i>-</i>	<i>2</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>4</i>	
Panama	Head of Department	-	-	-	-	1	-	1
	Senior Technicians	-	-	1	-	2	-	3
	Intermediate Technicians	-	-	2	-	-	-	2
	Specialists	-	-	1	-	-	-	1
<i>Panama total</i>	<i>-</i>	<i>-</i>	<i>4</i>	<i>-</i>	<i>3</i>	<i>-</i>	<i>7</i>	

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	Job category	Under 30 years		Between 30 and 50 years		Over 50 years		Total
		Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	Permanent Contract	Temporary Contract	
Peru	Head of Department	-	-	3	-	2	-	5
	Senior Technicians	1	-	23	-	4	-	28
	Intermediate Technicians	-	-	20	-	1	-	21
	Specialists	-	-	1	-	-	-	1
	Administrative Staff	-	-	1	-	-	-	1
<i>Peru total</i>		<i>1</i>	<i>-</i>	<i>48</i>	<i>-</i>	<i>7</i>	<i>-</i>	<i>56</i>
Portugal	Head of Department	-	-	7	-	8	-	15
	Senior Technicians	-	-	31	-	17	-	48
	Intermediate Technicians	2	-	61	-	11	-	74
	Specialists	96	23	248	19	59	3	448
	Administrative Staff	1	-	3	-	1	-	5
	Assistants	-	-	7	1	5	1	14
<i>Portugal total</i>		<i>99</i>	<i>23</i>	<i>357</i>	<i>20</i>	<i>101</i>	<i>4</i>	<i>604</i>
The United Kingdom	Head of Department	-	-	1	-	-	-	1
	Senior Technicians	-	-	1	-	2	-	3
	Intermediate Technicians	1	-	-	-	-	-	1
	Specialists	-	-	1	-	1	-	2
	Administrative Staff	-	1	-	-	-	-	1
<i>The United Kingdom total</i>		<i>1</i>	<i>1</i>	<i>3</i>	<i>-</i>	<i>3</i>	<i>-</i>	<i>8</i>
Singapore	Manager	-	-	1	-	-	-	1
	Head of Department	-	-	1	-	1	-	2
	Intermediate Technicians	-	-	1	-	-	-	1
	Administrative Staff	-	-	1	-	-	-	1
	Assistants	-	-	-	1	-	-	1
<i>Singapore total</i>		<i>-</i>	<i>-</i>	<i>4</i>	<i>1</i>	<i>1</i>	<i>-</i>	<i>6</i>
Thailand	Head of Department	-	-	4	-	1	-	5
	Senior Technicians	1	-	15	-	-	-	16
	Intermediate Technicians	2	-	13	-	1	-	16
	Administrative Staff	-	-	8	1	-	-	9
<i>Thailand total</i>		<i>3</i>	<i>-</i>	<i>40</i>	<i>1</i>	<i>2</i>	<i>-</i>	<i>46</i>
<b>TOTAL</b>		<b>347</b>	<b>437</b>	<b>6,337</b>	<b>618</b>	<b>2,333</b>	<b>81</b>	<b>10,153</b>

## EMPLOYEES AT 31 DECEMBER 2018 BY AGE GROUP, GENDER, CONTRACT CATEGORY AND JOB CATEGORY

Job category	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Nº of employees with permanent contract							
Management Committee	-	-	-	-	-	8	8
Manager	-	-	5	17	5	59	86
Head of Department	-	-	100	301	54	191	646
Senior Technicians	34	45	489	909	84	319	1,880
Intermediate Technicians	13	13	259	614	76	298	1,273
Specialists	82	139	1,401	2,083	380	792	4,877
Administrative Staff	5	6	55	28	21	20	135
Assistants	3	7	15	61	9	17	112
<b>Total of employees with permanent contract</b>	<b>137</b>	<b>210</b>	<b>2,324</b>	<b>4,013</b>	<b>629</b>	<b>1,704</b>	<b>9,017</b>
Nº of employees with temporary contract							
Senior Technicians	11	22	13	12	-	-	58
Intermediate Technicians	19	17	4	3	1	-	44
Specialists	139	220	308	249	34	42	992
Administrative Staff	2	-	5	3	-	-	10
Assistants	-	7	3	18	1	3	32
<b>Total of employees with temporary contract</b>	<b>171</b>	<b>266</b>	<b>333</b>	<b>285</b>	<b>36</b>	<b>45</b>	<b>1,136</b>
<b>TOTAL</b>	<b>308</b>	<b>476</b>	<b>2,657</b>	<b>4,298</b>	<b>665</b>	<b>1,749</b>	<b>10,153</b>

## EMPLOYEES AT 31 DECEMBER 2018 BY BUSINESS UNIT

	Nº of employees	Percentage
Distribution and sale	4,866	47.93%
Gas and Power	74	0.73%
Refining	2,161	21.28%
Trading / Bunker	88	0.87%
Exploration and Production	462	4.55%
Chemicals	751	7.40%
Technology	161	1.59%
Rest of business Units	1,590	15.67%
<b>Total</b>	<b>10,153</b>	<b>100.00%</b>

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Our responsible management in 2018  
*People and talent*

The principles on which we base our measures to foster equality through respect for diversity, discouraging discrimination on the grounds of gender, ethnic origin, beliefs, religion, age, disability, political affiliation, sexual orientation, nationality, citizenship, civil status, socio-economic status and any other individual differences, are enshrined in our Code of Ethics and Conduct, in our Human and Workers' Rights Policy, in the collective bargaining agreements in force and in our Equality Plans. This commitment to diversity has also been clearly stated in our signing of the Diversity Charter. We see in diversity an opportunity to improve our business model, making the ethical and equal treatment of all our employees part of our fundamental values, so they all feel a sense of belonging and motivation.

As part of our commitment to diversity, we take seriously our responsibility to help people with disabilities to be part of the workforce, complying with legislative requirements in this area. Cepsa currently employs 101 people with disabilities in Spain.

In 2018 we initiated a project to implement a Diversity and Inclusion Management model, covering various areas, and that will be rolled out in 2019. A universal access policy will also be developed to help people with disabilities access both our work centres and our electronic and virtual resources, improving and extending the scope of the current Universal Accessibility Policy for the Cepsa Tower building.

Finally, our Human and Workers' Rights Policy sets out our commitment to respecting the rights of all our employees, fostering a climate that fully respects people's dignity, preventing harassment, intimidation and violence in any form. To guarantee this, we have policies governing the investigation of reports of sexual harassment and bullying, designed to mitigate and repair the harm caused by inappropriate behavior and ensure people's privacy and dignity are fully respected.



### 101 STAFF WITH A DISABILITY

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## ATTRACTING AND RETAINING TALENT

We are a company with sound values, and we work hard to attract and retain talent, seeking out technical excellence. To achieve this, we have designed an Integrated Talent Management Model that helps us continuously improve how we manage people and foster their development throughout their careers.

A key part of this model is the "Talent Call" programme set up to recruit students and graduates, giving them their first experience of work while ensuring

Cepsa covers its recruitment needs in the medium and long term.

We are also strongly committed to creating quality jobs in the regions where we operate. In 2018 we signed agreements such as the Cepsa Industry Sustainability agreement, in which we commit ourselves to developing an industrial Dual Vocational Training programme to ensure we have a supply of talent while helping people in the communities where our plants are located to find work.

## NEW HIRES IN 2018 BY AGE GROUP, GENDER AND REGION

	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Africa <sup>1</sup>	0	0	0	1	0	0	1
America <sup>2</sup>	2	7	3	22	0	0	34
Asia <sup>3</sup>	3	13	6	6	0	0	28
Europe <sup>4</sup>	71	80	65	47	16	4	283
Spain	389	614	743	621	58	122	2,547
<b>Total</b>	<b>465</b>	<b>714</b>	<b>817</b>	<b>697</b>	<b>74</b>	<b>126</b>	<b>2,893</b>

## NEW HIRES RATE IN 2018 BY AGE GROUP, GENDER AND REGION

	Under 30 years		Between 30 and 50 years		Over 50 years		Total
	Women	Men	Women	Men	Women	Men	
Africa <sup>1</sup>	0%	0%	0%	0%	0%	0%	0%
America <sup>2</sup>	0%	5%	3%	3%	0%	4%	3%
Asia <sup>3</sup>	0%	14%	7%	3%	50%	29%	7%
Europe <sup>4</sup>	32%	34%	14%	13%	3%	7%	16%
Spain	13%	11%	10%	8%	14%	4%	10%
<b>Total</b>	<b>23%</b>	<b>20%</b>	<b>4%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>	<b>4%</b>

<sup>1</sup> Africa includes: Algeria and Nigeria.

<sup>2</sup> America includes: Brazil, Canada, Colombia, Panama, Peru and the United States of America.

<sup>3</sup> Asia includes: China, Malaysia, Singapore, Thailand and the United Arab Emirates.

<sup>4</sup> Europe includes: Belgium, Italy, the Netherlands, Portugal and United Kingdom.

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### INVOLUNTARY TURNOVER IN 2018 BY AGE GROUP, GENDER AND JOB CATEGORY

	Under 30 years		Between 30 and 50 years		Over 50 years		2018 total	2017 total	2016 total
	Women	Men	Women	Men	Women	Men			
Manager	-	-	-	-	-	-	-	-	6
Head of Department	-	-	1	2	-	5	8	10	13
Senior Technicians	-	-	1	3	1	2	7	13	26
Intermediate Technicians	-	1	1	2	4	7	15	10	42
Specialists	4	6	11	13	7	22	63	69	93
Administrative Staff	-	-	-	-	1	-	1	6	2
Assistants	-	-	-	1	-	-	1	3	2
<b>Total</b>	<b>4</b>	<b>7</b>	<b>14</b>	<b>21</b>	<b>13</b>	<b>36</b>	<b>95</b>	<b>111</b>	<b>184</b>

We make every effort to ensure a good working environment and to improve our working conditions. Reflecting the new social, work and business culture based on flexibility, respect, trust and mutual commitment, we have developed a work-life balance management programme based on the family-friendly business (EFR) model developed by the MasFamiliar Foundation, recognised by the UN as "Good Practice" in the field of work-life balance. The framework for our working conditions is established through col-

lective bargaining agreements, whose principle aim is to ensure that the work respects our employees' needs while fulfilling the requirements of the job. This means our labour relations system is responsive and integrated, fully involving the trade unions and workers' legal representatives and with high levels of communication and coordination with them.

Parental leave	Women	Men	Total
Number of employees entitled to maternity/paternity leave in the year	56	162	218
Number of employees who used their entitlement to maternity/paternity leave in the year	54	147	201
Number of employees returning to work in the year after the end of their maternity/paternity leave	35	133	168
Return to work rate	65%	90%	84%
Retention rate <sup>1</sup>	87%	97%	94%

<sup>1</sup> It is calculated considering the total number of employees who took the paternity leave and stayed on the Company as from 12 months after their return.

RETENTION RATE

 **87%**  
WOMEN

 **97%**  
MAN

Another issue that has recently arisen is that of the right to disconnect, where regulation is needed in response to the widespread emergence of new technologies and the globalization of the workplace. We are working on establishing a specific policy to handle this issue, which is currently being negotiated with workers' representatives within the framework of our policy on flexible working hours and the regulatory framework governing our operations.

This policy will guarantee compliance with the guidelines contained in each col-

lective bargaining agreement and ensure that working conditions, timetables and the flexibility of working hours are appropriate for each post, the employee who occupies it, the business and the moment in time.

We also provide all employees with a range of benefits such as pension plans, life insurances or saving systems to which we contribute and report annually. The contribution percentage from employees and from our company are given by the professional category and the regulating salary:

**Benefit Plans contributions' value (thousands of euros)**

	Men	Women	Total
Total Pension Plans Contribution	5,677	1,744	7,412
Total Life Insurance Contribution (complimentary to pension plans)	5,782	883	6,665
Total Saving Systems Contribution	11,450	2,627	14,077



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### TRAINING AND DEVELOPMENT

We foster learning and training for all employees in every part of the business in order to fulfil the Company's business strategy.

A new, more flexible and transparent training model was implemented in 2018, structuring the training needed for each post and ensuring the training received matches the requirements of the job and the development needs of the employee. The *Talent in Motion* model offers training solutions based on the principle

that most learning (70%) is acquired on the job, while 20% is acquired through individual study and just 10% through formal education. This model fosters self-development, helping the individual to commit to their own learning.

These efforts have led to the development of 17 Specialist and Transversal Training Schools, with more than 1,700 posts studied and the involvement of 150 experts.

Training by job category	Hours of training			Hours of training per employee/year		
	2018 <sup>1</sup>	2017 <sup>2</sup>	2016 <sup>2</sup>	2018 <sup>1</sup>	2017 <sup>2</sup>	2016 <sup>2</sup>
Manager	<b>1,172</b>	1,416	2,306	<b>14.0</b>	16.1	25.7
Head of Department	<b>19,232</b>	13,004	15,898	<b>32.8</b>	25.9	32.1
Senior Technicians	<b>69,413</b>	60,126	64,637	<b>38.1</b>	43	49.2
Intermediate Technicians	<b>46,939</b>	33,839	46,349	<b>37.4</b>	30.3	41.5
Specialists	<b>124,674</b>	95,445	103,413	<b>21.3</b>	18.9	20.5
Administrative Staff	<b>3,553</b>	2,226	1,834	<b>28.2</b>	18	15.1
Assistants	<b>8,532</b>	2,506	3,291	<b>60.5</b>	33.9	29.5
<b>Total</b>	<b>273,515</b>	<b>208,562</b>	<b>237,728</b>	<b>27.7</b>	<b>25.0</b>	<b>28.7</b>

<sup>1</sup> Data for Belgium, Brazil, Canada, China, Colombia, Italy, The Netherlands, Portugal, Spain and United Kingdom.

<sup>2</sup> Data for Spain.



Training by gender	Hours of training		Hours of training per employee/year	
	2018 <sup>1</sup>	2017 <sup>2</sup>	2018 <sup>1</sup>	2017 <sup>2</sup>
Women	<b>52,407</b>	43,124	<b>14.7</b>	14.5
Men	<b>221,108</b>	165,438	<b>35.0</b>	30.7
<b>Total</b>	<b>273,515</b>	<b>208,562</b>	<b>27.7</b>	<b>25.0</b>

## REMUNERATION

Cepsa makes every effort to ensure that its employees are fairly paid in line with their performance and post, in accordance with the socio-economic situation of the countries in which we operate and

objectively reflecting the value of the work done by each employee. Our Compensation and Benefits Policy is based on the following principles:



### MOTIVATION

The policy is designed to recognize the contribution made and encourage employees to take on responsibilities.



### EXTERNAL COMPETITIVENESS

Salaries are reviewed annually with input from major international consultants specialising in compensation and benefits.



### INTERNAL EQUITY

Our Classification systems ensure posts throughout the organization are given equal treatment.



### SUSTAINABILITY

It is important to ensure that the Company is able to sustain the levels of pay awarded and these reflect the business realities facing Cepsa and the markets and legislative environments in which it works.

<sup>1</sup> Data for Belgium, Brazil, Canada, China, Colombia, Italy, The Netherlands, Portugal, Spain and United Kingdom.

<sup>2</sup> Data for Spain.

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The Compensation and Benefits Policy, therefore, shares the objectives of our Employee Value Proposition, i.e. to attract, motivate, develop and retain talented professionals who contribute to the success of our organization and are ambassadors for its values. In the case of the Board of Directors, members' remuneration is governed by the Company's bylaws. The Appointments and Remuneration Committee supervises Directors' remuneration and makes recommendations to

the Board of Directors. It also reviews and approves the remuneration paid to senior management and the policies regulating said remuneration.

These policies are reviewed annually to ensure they achieve their objectives and our salaries are competitive. Cepsa has a single shareholder, decisions concerning remuneration therefore being taken by the Board of Directors.

### Remuneration of Directors and Senior Management (thousands of euros)

	Average				
	Fixed remuneration	Variable remuneration	Remuneration Attendance Allowances <sup>1</sup>	Other concepts	Pension schemes and funds
Directors	843	2,116	139	12	606
Senior management	343	634		16.25	73

<sup>1</sup>The statutory assignments for 2018 correspond to the function of board member during the year of 2017. For that year the remuneration established was: Chairman €200,000, and board members €150,000. However, the remuneration has already been sent to those board members who left the board in 2018, for a total of €434,240.

Type of Remuneration received	Directors	Senior management
Fixed remuneration	16.51%	32.16%
Variable remuneration	41.45%	59.47%
Pension schemes and funds	11.87%	6.85%
Emoluments stipulated in the bylaws	29.93%	-
Other remuneration	0.24%	1.52%

### Ratio between the highest compensation paid and the median salary paid to employees by country<sup>2</sup>

Spain	81.78
Algeria	1.61
Belgium	4.04
China	4.03
Colombia	11.70
U.A.E.	0.33
Malaysia	4.30
The Netherlands	1.73
Peru	6.36
United Kingdom	1.54
Singapore	5.10
Thailand	8.40

<sup>2</sup>Total annual compensation paid to the highest paid person in the organization by country compared with the average paid to all employees. This refers only to the salary (fixed remuneration and variable remuneration) paid to local, full-time employees in each country who met their performance targets 100%.

In 2018, the work done on developing our Diversity and Inclusion Management model included the launch of a review of our promotion procedures to ensure they are free of any type of bias. A detailed analysis of the performance and potential assessments obtained by the Talent Committees was also carried out to detect and, if necessary, prevent and/or correct any biases that could lead to a salary gap. A study is also being carried out to determine if such gaps exist with the

aim of developing a project from 2019 to mitigate their effects and eliminate them.

We compare standard starting salaries for each job with the local minimum, broken down by gender, together with the salaries of men compared with women in each job category in Cepsa and in each country where we have significant operations. These figures help us detect any potential differences so that we can tackle them effectively.

Ratio of minimum standard starting salary by sex compared with the local minimum wage	Women	Man
Spain	1.61	1.59
Algeria	4.75	5.51
Belgium	3.98	3.98
China	31.64	30.13
Colombia	3.63	3.90
Malaysia	7.18	2.51
The Netherlands	-	2.54
Peru	7.42	8.23
United Kingdom	2.03	3.16
Singapore	6.19	31.58
Thailand	3.66	6.22



## CHAPTER 5

Our responsible management in 2018  
People and talent

### AVERAGE SALARY BY AGE GROUP, CATEGORY, COUNTRY AND GENDER<sup>1</sup> (EUROS)

		Under 30 years		Between 30 and 50 years		Over 50 years	
		Men	Women	Men	Women	Men	Women
Algeria	Senior Technicians	-	-	18,931	25,710	23,074	-
	Intermediate Technicians	15,171	-	19,458	-	-	-
	Specialists	-	-	13,482	-	14,466	-
	Administrative Staff	-	8,696	17,197	-	-	-
	Assistants	-	-	-	-	13,028	-
Belgium	Head of Department	-	-	118,810	-	-	-
	Senior Technicians	-	56,126	84,883	-	-	104,053
	Specialists	-	-	-	45,134	-	-
China	Head of Department	-	-	68,808	74,747	-	-
	Senior Technicians	-	-	52,017	42,742	-	-
	Intermediate Technicians	21,586	21,707	33,366	35,530	-	-
	Specialists	14,298	-	19,299	18,719	-	-
	Administrative Staff	17,690	13,007	19,235	19,370	-	-
	Assistants	11,061	9,465	11,233	-	-	-
Colombia	Head of Department	-	-	88,958	100,617	114,245	-
	Senior Technicians	37,478	31,704	51,309	46,283	49,734	43,052
	Intermediate Technicians	15,126	-	27,703	28,092	27,651	28,842
	Specialists	14,695	-	18,549	-	-	-
	Administrative Staff	14,821	-	-	16,719	12,056	-
	Assistants	10,377	-	10,927	-	10,872	-
U.A.E.	Intermediate Technicians	-	-	-	-	38,016	-
	Head of Department	-	-	189,106	83,989	69,285	-
Spain	Manager	-	-	270,850	296,828	300,992	262,933
	Head of Department	-	-	111,314	101,010	110,907	103,539
	Senior Technicians	42,496	45,679	58,635	55,987	61,896	62,431
	Intermediate Technicians	29,632	29,566	43,776	37,238	41,100	41,027
	Specialists	19,302	16,899	29,240	20,810	25,241	23,230
	Administrative Staff	-	18,973	28,906	27,782	33,871	36,165
	Assistants	22,072	-	23,433	21,387	24,522	19,608

<sup>1</sup>These data does not include information about some of the countries where we have operations, nevertheless we are committed to report these missing data for incoming exercises.

		Under 30 years		Between 30 and 50 years		Over 50 years	
		Men	Women	Men	Women	Men	Women
Malaysia	Head of Department	-	-	111,604	162,978	-	-
	Senior Technicians	-	-	62,307	43,470	-	-
	Intermediate Technicians	17,178	-	-	21,198	38,363	-
	Administrative Staff	12,411	-	7,470	41,559	6,518	-
	Assistants	-	-	-	18,656	-	-
	Intermediate Technicians	46,533	-	-	-	-	-
The Netherlands	Specialists	-	-	55,730	-	-	-
	Head of Department	-	-	177,215	-	188,108	103,525
Peru	Senior Technicians	30,322	-	50,732	49,650	78,770	-
	Intermediate Technicians	-	-	27,535	33,856	34,953	-
	Specialists	-	-	-	17,784	-	-
	Administrative Staff	-	-	-	20,383	-	-
	Head of Department	-	-	85,519	-	-	-
United Kingdom	Senior Technicians	-	-	-	55,385	69,117	-
	Specialists	-	-	-	40,521	-	45,867
	Head of Department	-	-	272,056	-	-	-
Singapore	Assistants	-	-	-	53,344	-	-
	Senior Technicians	-	-	-	-	114,000	-
Thailand	Senior Technicians	-	29,265	63,410	41,727	-	-
	Intermediate Technicians	15,340	17,885	23,338	26,961	-	29,638
	Administrative Staff	-	-	-	18,307	-	-

## RATIO OF THE WOMEN REMUNERATION TO MEN REMUNERATION BY JOB CATEGORY AND COUNTRY

	Manager	Head of Department	Senior and Intermediate Technicians	Specialists and Administrative Staff	Assistants
Algeria	-	-	1.32	0.62	-
Belgium	-	-	0.94	-	-
China	-	1.09	0.94	0.98	0.84
Colombia	-	1.03	0.90	0.98	-
Spain	0.95	0.92	0.95	0.77	0.89
Malaysia	-	-	0.64	4.72	-
Peru	-	0.57	1.10	-	-
United Kingdom	-	-	0.80	-	-
Thailand	-	0.56	-	-	-

## CHAPTER 5

Our responsible management in 2018  
People and talent

### LABOUR RELATIONS

Respect for the right to freedom of association and workers' representation is one of our fundamental principles in our relations with employees.

This is reflected in our Human and Workers' Rights Policy, approved in 2018. It establishes the principles of respect for the right to freedom of association and the right to collective bargaining. Together with the right to join a union and the protection of workers' representatives, it is in compliance with labour legislation in each country and existing agreements on freedom of association, the freedom to form and join unions and engage in collective bargaining, as ratified by Spain.

The frameworks for the working conditions implemented in the regions where

our employees' needs while fulfilling the requirements of the job.

These frameworks are established through collective bargaining and agreements, enabling us to maintain a two-way relationship and communication with the unions and the employees' legal representatives. In addition to complying with the legislation in force, the Code of Ethics and Conduct reflects our commitment to working in accordance with internationally recognised laws and practices, such as the United Nations Universal Declaration on Human Rights, the Declaration on Fundamental Principles and Rights at Work established by the International Labour Organisation (ILO) and the Guidelines for Multinational Enterprises of the OECD.

#### Nº and percentage of employees covered by collective bargaining agreements

Country	Nº of employees covered	Nº of employees not covered	% of employees covered
Algeria	0	112	0%
Belgium	0	8	0%
Brazil	188	0	100%
Canada	0	63	0%
China	0	120	0%
Colombia	0	225	0%
U.A.E.	0	23	0%
U.S.A.	0	1	0%
Spain	8,655	0	100%
Italy	7	0	100%
Malaysia	0	19	0%
Nigeria	0	1	0%
The Netherlands	0	4	0%
Panama	0	7	0%
Peru	0	56	0%
Portugal	604	0	100%
United Kingdom	0	8	0%
Singapore	0	6	0%
Thailand	0	46	0%
<b>TOTAL</b>	<b>9,454</b>	<b>699</b>	<b>93%</b>

A milestone in this respect was the negotiation in 2018 of Cepsa's Partial Group Agreement, which applies to over 1,500 of our employees and includes a specific section on health and safety at work, and the creation of a new Committee to jointly oversee health and safety matters in the Cepsa Tower building.

Furthermore, our Health and Safety Committees deal with matters related to employees' health and safety together with their legal representatives. The agreements reached by these Committees, in which 92% of Cepsa's employees are represented, are recorded in their minutes.

## 5.4 INNOVATION

Innovation is a hallmark of our identity, enhancing the value of our activities, boosting our productivity, optimizing our processes and raising efficiency and the quality of our products.

Our Research Centre conducts projects for the company's production centres and commercial units, while providing technical support to customers as and when required.

- In 2018, the Refining and Petrochemicals and New Materials from the Centre identified a number of catalysts to optimize the production cycles of the refineries and chemical plants in Andalusia, minimizing the number of stoppages.

We are also working on two projects, LABOL and REOLAS, to gain in-depth know-how on tensioactivity when linear alkylbenzene sulphonate (LAS) and alcohols interact simultaneously, after adding this latter product to our portfolio.

- The Research Centre has an upstream department dedicated to innovating the projects in this business. This year, it has worked on two major projects for the RKF field in Algeria examining the connectivity between the injection well and production wells and variations in the response of different tracers, along with another project to develop enhanced oil recovery (EOR) techniques at the SARB & ULL wells in the United Arab Emirates.

Our Engineering activity enables us to lead on and develop large projects such as constructing new installations and re-vamping and increasing the value of our industrial facilities' production.

- In 2018, the detailed engineering activities and purchase phase of the Bottom of the Barrel project at the Gibraltar San Roque refinery has started, which will boost the output of distillates with higher added value and increasing the facility's production flexibility. At the same site we have also started the MX-Sorbex II project, which will allow us to increase petrochemicals' production.
- New upgrade projects have also been initiated in several refinery units to increase their profitability and improve safety.
- The Engineering team has also assigned the Front End Engineering Design (FEED) to construct the new Ruwais chemical plant, in partnership with ADNOC, which will enable us to estimate the development cost thereof, and the redevelopment of the Rhoude el Krouf oil field in Algeria.

All these projects will see us remaining at the cutting edge of technical excellence, continuing to develop efficient, safe and environmentally friendly processes, working on new forms of energy, and pushing ahead with extremely valuable projects.



**UPSTREAM  
DEPARTMENT**  
FOCUSED ON INNOVATION

## CHAPTER 5

Our responsible management in 2018  
*Safety*



"Our Chemicals plant in Palos was recognized for its excellence in health and safety management best practices by AUDELCO."

### 5.5 SAFETY

At Cepsa we have a deep-rooted safety culture, which can be seen in our daily activities based on risk analysis, the implementation of control measures, the

management of changes in processes and products, and the efforts of all our employees to engage in continuous improvement.

#### HEALTH AND SAFETY OF OUR EMPLOYEES

Our employees' safety-based focus is one of the keys to our Safety management approach. Our target is "Zero accidents". To achieve this we make every effort to ensure our facilities are safe, carrying out continuous maintenance controls. Our Health, Safety, Environmental Protection and Quality Policy also helps us to set annual targets in this field and ensure compliance in every stage of our activities and operations.

Our Cepsa Química facilities in Palos de la Frontera received the AUDELCO Excellence Award in 2018, presented to companies for the application of best practice in the management of health and safety at work, in particular to those whose efforts to prevent harm to their employees' health are outstanding for their originality, effectiveness and applicability, succeeding in ensuring their workplaces are healthy environments.



0.16%



ACCIDENT  
FREQUENCY RATE  
(CEPSA STAFF)<sup>1</sup>

#### INJURY RATE (IN-HOUSE PERSONNEL)<sup>1</sup>

Country	Women	Men	Total
Algeria	0	0.19	0.18
Brazil	0	0	0
Canada	0	0	0
China	0	0	0
Colombia	0	0	0
Malaysia	0	0	0
Peru	0	0	0
Portugal	0.46	0	0.25
Spain	0.15	0.20	0.19
Thailand	0	0	0
<b>Total</b>	<b>0.16</b>	<b>0.18</b>	<b>0.16</b>

#### INJURY RATE (IN-HOUSE EMPLOYEES + CONTRACTORS)<sup>2</sup>

Country	
Algeria	0.07
Malaysia	0.82
Peru	0.69
Portugal	0.25
Spain	0.20
<b>Total</b>	<b>0.22</b>

<sup>1</sup> Number of accidents resulting in leave/real hours worked x 200,000. Included in-house employees' data.

<sup>2</sup> Number of accidents resulting in leave/real hours worked x 200,000. Included in-house employees and contracts data.

## CHAPTER 5

Our responsible management in 2018  
Safety

### LOST DAYS RATE<sup>1</sup> (LDR) BY REGION AND GENDER

Country	Women	Men	Total
Algeria	0	3,6	3,35
Brazil	0	0	0
Canada	0	0	0
China	0	0	0
Colombia	0	0	0
Malaysia	0	0	0
Peru	0	0	0
Portugal	2.76	0	1.49
Spain	2.44	17.55	12.30
Thailand	0	0	0
<b>Total</b>	<b>2.28</b>	<b>14.18</b>	<b>9.82</b>

	Women	Men	Total
Occupational disease rate <sup>2</sup>	0.038	0	0.013
Number of occupational diseases	1	0	1
Absenteeism rate <sup>3</sup>	6,808.5	4,977.4	5,631.1
Absenteeism by hours <sup>4</sup>	192,763	124,681	317,443
Number of work-related fatality	0	0	0

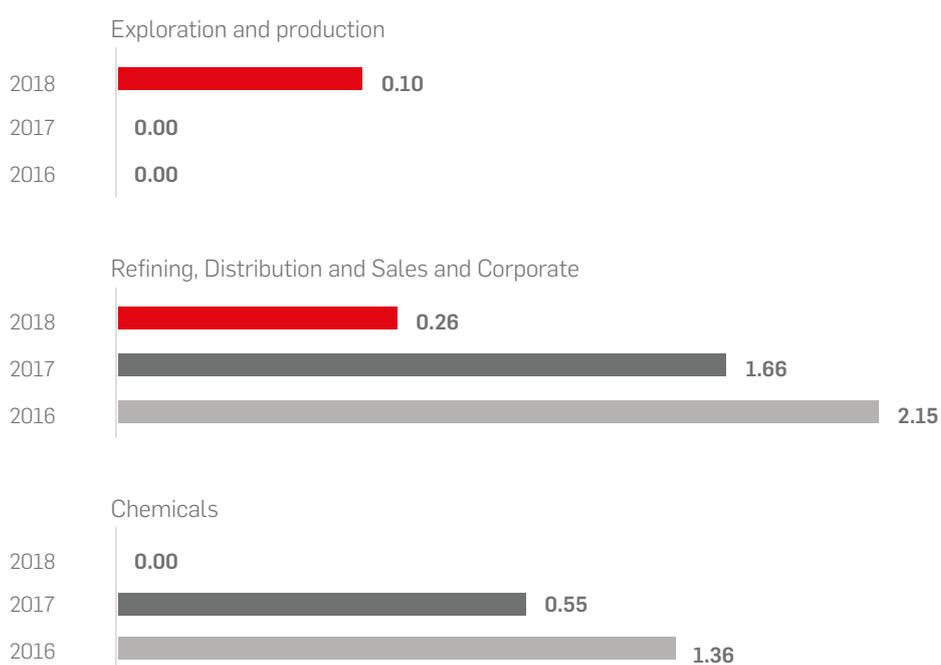
<sup>1</sup> Number of days lost/real hours worked x 200,000.

<sup>2</sup> Number of occupational illnesses cases/real hours worked x 200,000

<sup>3</sup> Number of absentee day lost/days worked x 200,000. In the calculation is not included Managers and Heads of Department.

<sup>4</sup> Is not included Managers and Heads of Department.

### INJURY RATE BY BUSINESS UNIT<sup>1</sup> (IN-HOUSE EMPLOYEES)



<sup>1</sup> Calculation formula: number of accidents resulting in leave/real hours worked x 200,000.



## SAFETY AT FACILITIES

We have implemented a Process Safety Management System to establish a common framework and ensure stricter controls of our processes and facilities, in line with guidelines issued by the *Energy Institute*. Our policies and practices to prevent health and safety risks at work, and establish the principles and general framework of measures and programs

to implement these policies are set out in our Basic Regulations for the Prevention of Occupational and Industrial Risks.

This enables us to successfully achieve four fundamental goals:

- 1** | DEFINE THE PRINCIPLES TO BE FOLLOWED TO ENSURE PROCESSES ARE SAFE.
- 2** | TRAIN OUR EXPERTS AND EVALUATE RISK CONTROL PROCESSES.
- 3** | PREVENT INDUSTRIAL ACCIDENTS OCCURRING.
- 4** | GUARANTEE OPERATIONAL SAFETY AT THE COMPANY'S ASSETS.

During 2018, the following incidents occurred affecting process safety.

	2018		2017		2016	
	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1	Tier 2
Incidents affecting process safety						
Exploration and Production	1	0	1	0	2	1
Refining	4	3	2	3	1	3
Chemicals	0	2	1	4	1	5
Commercial	1	2	1	5	0	2
<b>Total</b>	<b>6</b>	<b>7</b>	<b>5</b>	<b>12</b>	<b>4</b>	<b>11</b>

## CHAPTER 5

Our responsible management in 2018  
Safety



We also have emergency and response programs to combat any accidental spillages that could occur in our facilities. These programs follow corporate procedures in the event of accidents, activating protocols in accordance with the severity and location of the spill to provide the

best response in each case. The most serious spills that occurred in the year, for which cleanup plans were implemented to mitigate their impact on health, safety and the surrounding area, are disclosed below:

### Significant registered spillages<sup>1</sup> Spill type

Spill type	Volume (m <sup>3</sup> )	Location	Material
Alkylate spill during draining of pump S-P103.	0,71	Gibraltar San Roque Refinery	Alkylate
Fuel spill from el Barranco condensate line	0,63	Tenerife Refinery	Fuel
Cut-off (Marine Breakaway Coupling, MBC) in aft deck floating hose lines during vessel-to-vessel unloading of B/T NORDIC LIGHT tanker at La Rábida Refinery	1	La Rábida Refinery	Crude oil
Leak of MARPOL hydrocarbon contaminated water onto Port Authority land from a slops line running from the Torre Arellinas floating jetty to La Rábida Refinery	6	La Rábida Refinery	Hydrocarbon contaminated water
Overflow from YT583 benzene tank.	0,876	Gibraltar San Roque Refinery	Benzene
Motor fuel (Diesel A) spill during unloading leading to spillage from manhole cover.	6	Cedipsa 17424 Villagaton II Service Station.	Diesel
<b>Total</b>	<b>15,996</b>		

<sup>1</sup>Data drawn from an internal control tool covering the whole of Spain and the Refining, Commercial, Chemicals, Gas and Electricity businesses and refers to the most typical events in terms of volume and type of spillage. Incidents in the E&P business are reported per the working interest in the assets and under operational conditions, reporting spills of more than 1 bbl affecting the environment, in line with International Oil & Gas Producers (IOGP) reporting criteria.



## CUSTOMER HEALTH AND SAFETY

Cepsa takes every measure to ensure our products are safe for our customers and employees and for the environment. The Product Oversight department is responsible for ensuring product safety, from development through to sales, rigorously assessing every aspect throughout the product's life cycle.

We comply with current classification, labelling and packaging standards so customers are fully informed about the nature of all our products, enabling us to provide comprehensive safety information on every component and on the potential hazards of each substance, to ensure the customer uses them safely.

Beyond regulatory compliance, this approach allows us to differentiate our products and generate competitive advantages, meeting the rising expectations of society as a whole. One of our key milestones this year was the development of a Product Oversight Management System, integrated with our other Management Systems. This system is based on international benchmarks including the Strategic Approach to International Chemicals Management (SAICM) and the guidelines of the Inter-

national Council of Chemical Associations on establishing a product oversight management system. It enables us to ensure Product Oversight is built into every area of our business so we can continually improve our performance.

We are also working to meet the growing demand for more sustainable, greener products. This calls for a methodological framework that enables us to calculate, communicate and improve our products' environmental footprint. Cepsa worked this year to improve our Life cycle analysis (LCA) reporting and Environmental Product Declarations (EPD). We are the first Spanish company to make these declarations, and in 2018 we obtained certified EPDs for the paraffin waxes marketed by Cepsa Comercial Petroleo.

Our relationship with our customers and efforts to work closely and continuously with them help us to constantly improve the quality and safety of our products. We have implemented a range of tools to help us provide responses to consumers' queries and needs, and we have developed new channels to improve this service both in terms of availability and accessibility.

## CONTINUOUS IMPROVEMENT PROCESS



FOR QUALITY AND SAFETY OF OUR PRODUCTS

## CHAPTER 5

Our responsible management in 2018  
*Safety*

### CYBERSECURITY

Our Cybersecurity standards and procedures enable us to effectively manage the security of the data handled by our IT systems and by the assets involved in our business processes.

This management model is based on best practice in Cybersecurity implemented by our Security Services. Our information and communication technology (ICT) and security processes therefore have ISO 27001 and ISO 20000 certification. The Cybersecurity department is also responsible for reporting and manag-

ing technological risks in line with corporate Enterprise Risk Management (ERM) Methodologies.

In 2018 we launched a global initiative comprising six strategic lines aimed at ensuring the organization can adapt to the new digital environment. The key milestones under this initiative, which are being implemented according to the timetable set, are as follows:



#### LAUNCH OF AN INDUSTRIAL SYSTEMS CYBERSECURITY PROGRAMME

Updating policies, procedures and design principles and rolling new Cybersecurity services.



#### ADJUSTMENTS TO MEET THE REQUIREMENTS OF THE NEW GENERAL DATA PROTECTION REGULATION (GDPR).



#### UPDATING OF THE SPECIFIC PROTECTION PLAN FOR REFINERIES

In line with the Law on the Protection of Critical Infrastructure.



#### COMPULSORY PROGRAMME TO RAISE CYBERSECURITY AWARENESS

Among office and plant staff (approximately 64% of the workforce), with the following content: use of the internet, protection from external threats, use of computers and mobile devices, personal data protection, the classification and protection of information.



#### THE ADDITION OF A CYBERSECURITY RISK

Assessment to the approval process for suppliers and contractors.



#### IMPROVEMENTS TO CYBERSECURITY TECHNOLOGIES

Identity management and account privileges, two-stage authentication.



Finally, we have a specific process for managing Cybersecurity incidents, certified in accordance with the aforementioned ISO standards. In 2018, as in pre-

vious years, our facilities and business processes were not subject to any type of attack with any significant impact.

## 5.6 ENVIRONMENT

Our Environmental Policy forms part of our Health, Safety, Security, Environment and Quality (HSSEQ) Policy. We are aware of the importance of responsibly managing natural resources and the potential

risks to health and the environment of our business. Our policies are therefore oriented towards prevention, optimizing the use of raw materials, reusing waste in our processes and waste recycling.<sup>1</sup>



<sup>1</sup> GHG emissions, no GHG emissions, water and waste data from 2018 have not been externally verified nor secured by PRTR at reporting end date, so they could slightly differ from consolidated or verified data.

**CHAPTER 5**

Our responsible management in 2018  
Environment



**ENVIRONMENTAL  
MANAGEMENT**

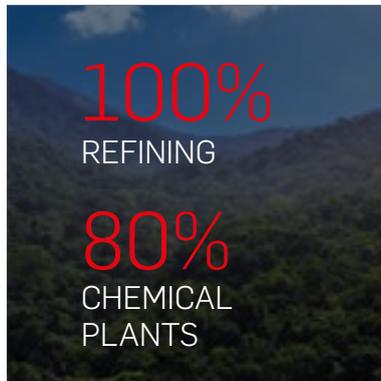
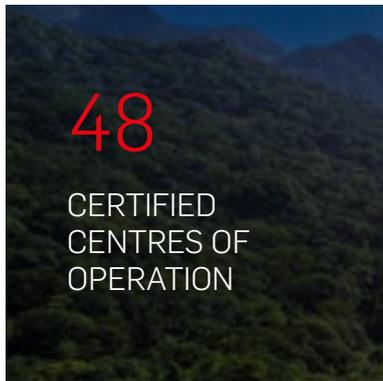
Environmental Management  
System

The main impacts on the environment of our operations affect the atmosphere, marine ecosystem, land, aquifers and biodiversity. Consequently, each of our businesses has a specialist team who manages these impacts and not only ensures we comply with regulatory requirements but also minimize and control these impacts.

We conduct regular audits of the impacts of our facilities, products and services using our Integrated Environmental Management System, which is ISO 14001 certified.

This allows us to better control and mitigate the risks associated with them and drive continuous improvements in dealing with them.

Our Environmental Product Declaration (EPD) has also been accredited. This document provides information on the environmental impact of products over their life cycle. As of September 2018, we are the only company in the world to have obtained this accreditation for LAB and LABSA.



Environmental Investment and  
Expenditure

Year-on-year, we demonstrate our firm commitment to protect the environment, not only through our actions but also through increased spending on projects

designed to protect the environment and improve our operations to make them more environmentally friendly.

Environmental investment and expenditure (Thousands of euros) <sup>1</sup>	2018	2017
Environmental investment	<b>5,643</b>	8,077
Environmental expenditure	<b>11,761</b>	10,586

<sup>1</sup> The following figures correspond to accounting criteria and they have their detail in Note 27 of the Annual Consolidated Financial Statements for the year ended December, 31st of 2018.



## "We have an Environmental Management System certified under the ISO 14001 standard."

### Environmental Risk Management Assurances

We adopt the precautionary principle to minimize risks through the following measures:

- Identifying, evaluating and minimizing the risks stemming from our activities from both an environmental perspective and in terms of the safety of processes and people.
- Carrying out audit programs to verify that we comply with all environmental and safety laws and regulations, and establishing programs of Preventive Safety Observations (PSOs) to inspect how operations are conducted and assess their development and identify improvements to end-to-end safety.
- Preparing Environmental Impact Assessments (EIAs) and Biodiversity Action Plans (BAPs) before conducting our largest projects to avoid possible detrimental impacts on the environment and biodiversity.

- Preparing safety sheets for all our products and raw materials, identifying and analysing any potential impacts they may have on people or the environment.

We annually publish on our website Environmental Declarations for our chemicals plants (Palos de la Frontera and Puente Mayorga) and refineries (Gibraltar-San Roque, La Rábida and Tenerife). We also have environmental liability insurance policies covering all Cepsa's operations in Spain, Gibraltar, Portugal, Andorra, Germany and Brazil. These cover all facilities in these countries, not just those subject to certain legislation.

We also have financial guarantees covering any environmental damages that may be incurred based on Environmental Risk Analyses performed in accordance with Spain's Environmental Liability Act.

Environmental provisions (Thousands of euros) <sup>1</sup>	2018	2017
Environmental provisions	<b>22,055</b>	21,524

<sup>1</sup> The following figures correspond to accounting criteria and they have their detail in Note 27 of the Annual Consolidated Financial Statements for the year ended December, 31st of 2018.

## CHAPTER 5

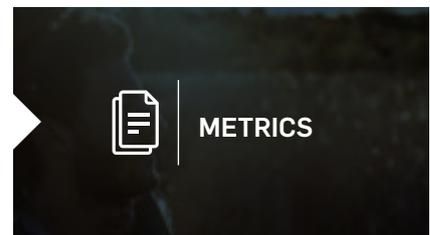
Our responsible management in 2018  
Environment

### CLIMATE CHANGE



Cepsa acknowledges the importance of reporting how we manage our activities' contribution to climate change. In 2018, we therefore began disclosing our perfor-

mance in this regard as per the four pillars of the Task Force on Climate-Related Financial Disclosures (TCFD). We have pledged to do the same for 2019.



#### Governance

Climate change-related matters are dealt with by the Risk Control Operating Com-

mittee and handled at the highest level by our senior management.

#### Strategy

We have a Short-term Carbon Strategy which is founded on global financial planning and an analysis of risks and opportunities over a five-year period. This strategy draws on our principles concerning sustainability: awareness of our environmental footprint as a transparency objective and commitment to reduce this footprint as a measurable objective. We have two main levers to achieve this, which we refer to as **Boosting efficiency** and **Exploiting change**. We focus our efforts on efficiently using the energy and resources we employ in all our business units and operations. We have set ourselves the goal to slash CO<sub>2</sub> emissions by 170 thousand tonnes from our base year: 2015. This objective will be achieved by rolling out efficiency plans at the Refining and Chemical business units in Europe. In 2018, we also set a CO<sub>2</sub> emissions ratio target in our performance-related pay criteria.

Several milestones were reached this year in this regard. These included: renewing ISO 14064 accreditation for our assets and those of the Exploration and

Production business unit; including within the scope of this certification a new asset in this business line to demonstrate our pledge to certify 100% of our emissions; and starting construction of our first wind farm, which symbolizes the transformation in how we source energy.

Also in accordance with our sustainability principles, we worked throughout 2018 to define a road map and basis for performing Long-term Carbon Strategy Analysis. This analysis will enable us to push ahead with establishing a road map towards a low-carbon business by setting a CO<sub>2</sub> abatement goal at company level and in terms of emissions intensity. This will make us more resilient to climate change and the various risks analysed.

This Long-term Carbon Strategy has been drawn up at the same time as a RCFD climate report. We understand that an ambitious Low Carbon Business Transition Plan aligned with the COP 21 targets must be followed up with financial analysis of long-term risks and opportunities in various scenarios.

Risks and opportunities

We have evaluated the following risks deriving from climate change as per the Integrated Risk Management System (IRMS) adopted by our company and pursuant to the two main risk categories defined by the TCFD.

We have completed the first phase of the Short-term Risk Assessment (five years)

at company level, and are committed to furthering this analysis during 2019, taking a top-down approach to focus on each business unit in the medium and long term. We have also identified the following opportunities of climate change in the areas defined by the TCFD and various steps to mitigate and strengthen our resilience to climate change.



**OPPORTUNITIES**

- Efficient use of resources
- Energy sources.
- Products and services.
- Markets.
- Resilience.



**RISK**

**TRANSITION**

- Policies and legislation.
- Technology.
- Markets.
- Reputation.

**PHYSICAL**

- Acute.
- Chronic.

These risks and opportunities will be included in our forthcoming Carbon Strategy in which we will endeavour to define them, including their medium- and long-term impact and the investments and

targets to cut GHG emissions. This information is shown in our Carbon Disclosure Project (CDP) Climate questionnaire results. We achieved a B rating in the 2018 CDP.

Metrics

In order to achieve the aforementioned objectives, we measure our performance with regard to climate-related matters

at all levels of the company. The findings of these measurements in 2018 are presented below.

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"We have implemented optimization plans at our refineries and chemicals plants to reduce emissions."

### Greenhouse Gas Emissions

Our activities generate GHG emissions – included in the reporting scope are CO<sub>2</sub>, methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) – which we control and manage to the strictest of standards. CO<sub>2</sub> emissions are measured and reported monthly, and audited annually to fulfil the legal obligations of the facilities subject to the Emissions Trading Scheme. Emissions of CH<sub>4</sub> and N<sub>2</sub>O are measured and verified along with CO<sub>2</sub> through ISO 14064 accreditation of the carbon footprint of the facilities included within the scope of the verification process, which we are committed to widening every year. We have

also rolled out optimization plans at our refineries and petrochemical plants to cut emissions. In the case of the refineries, a key performance indicator is used for CO<sub>2</sub> emissions, which is aligned with the EU-ETS reduction targets in the refining sector. This indicator forms part of the company's performance-related pay structure, illustrating our pledge in this area. Details of Scope 1 emissions (from direct combustion and processes) and Scope 2 emissions (derived from purchased energy) are shown below. We also report on Scope 3 emissions, which comprise those generated in our value chain.



### GHG EMISSIONS BY BUSINESS UNIT (THOUSANDS OF TONNES OF CO<sub>2</sub> EQUIVALENT)

	2018		2017		2016	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Refining	<b>3,251</b>	<b>526</b>	3,282	503	3,309	515
Chemicals <sup>1</sup>	<b>835</b>	<b>177</b>	765	175	699	168
CGE (G&P)	<b>218</b>	<b>0</b>	443	0	217	0
GEPESA (G&P)	<b>996</b>	<b>0</b>	976	0	941	0
EXPLORATION AND PRODUCTION (E&P) <sup>2</sup>	<b>1,025</b>	<b>214</b>	887	171	1,081	139
Marketing	<b>11</b>	<b>10</b>	10	28	8	27
<b>Total</b>	<b>6,336</b>	<b>927</b>	<b>6,364</b>	<b>877</b>	<b>6,256</b>	<b>849</b>
<b>Total, scopes 1+2</b>	<b>7,263</b>		<b>7,241</b>		<b>7,105</b>	

### GHG EMISSIONS. SCOPE 1 AND 2 (THOUSANDS OF TONNES OF CO<sub>2</sub> EQUIVALENT)

	2018	2017	2016
100% financial interest	<b>5,516</b>	5,593	5,673
% financial interest <sup>3</sup>	<b>1,747</b>	1,648	1,432
<b>Total</b>	<b>7,263</b>	<b>7,241</b>	<b>7,105</b>

<sup>1</sup> Scope includes Spanish and foreign chemical plants, including the consumption of SINARMAS equivalent to Cepsa's stake, as it is deemed the facilities are under the company's control.

<sup>2</sup> Scope includes the assets with operational control and fields in Algeria, considered as per their working interest and reported because they are assets under the company's control

<sup>3</sup> Includes companies and facilities in which <100 % financial interest is held.



### GHG EMISSIONS. SCOPE 3 (THOUSANDS OF TONNES OF CO<sub>2</sub> EQUIVALENT)

	2018	2017
Purchased goods and services	<b>4,791</b>	4,669
Activities relating to fuel and energy	<b>498</b>	469
Transportation and distribution – upstream	<b>829</b>	781
Waste generated in operations	<b>6</b>	3
Franchises	<b>34</b>	34
Investments	<b>46</b>	44
<b>Total</b>	<b>6,204</b>	<b>6,000</b>

We also measure the volume of GHG emissions according to the level of activity of the emitting facilities, which we refer to as emissions intensity. Due to the wide diversity our industrial operations, emissions intensity is calculated using

the different variables that are characteristic of each business. Based on our Carbon Strategy, we are working to devise a Global Carbon Index for all businesses per unit of energy.

### GHG EMISSIONS INTENSITY. SCOPE 1 AND 2

	2018	2017	2017
Exploration and Production (tonnes of CO <sub>2</sub> equivalent/tonnes of oil & gas)	<b>0.17</b>	0.13	0.14
Refining (tonnes of CO <sub>2</sub> equivalent/tonnes of crude oil processed)	<b>0.17</b>	0.18	0.18
Petrochemicals (tonnes of CO <sub>2</sub> equivalent/tonnes of chemicals produced)	<b>0.37</b>	0.36	0.36
Gas & Power <sup>1</sup> (tonnes of CO <sub>2</sub> equivalent/TJ output of electricity + steam)	<b>72.19</b>	74.78	75.68

<sup>1</sup> Gas & Power emissions intensity figures for 2016 and 2017 have been recalculated to standardize the units in which this index is expressed in 2018: tonnes of CO<sub>2</sub> equivalent/TJ output of electricity+ steam.

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During 2018, the Refining business unit was able to slash our emissions intensity by 9% versus 2017. Translating this into an emissions ratio gives a theoretical reduction of 204 thousand tonnes of processed crude oil equivalent. The decrease was achieved by optimizing unit operations and energy efficiency projects,

which were included in the improvement objectives defined in our ISO 50001-certified Energy Management System. The most important examples of these energy efficiency projects are the replacement of electric motors for turbines and improvements to the heat exchange systems in unit operations.

Energy consumption and energy efficiency

We are rolling out a number of energy efficiency programmes in the Refining and Chemicals businesses to cut their energy consumption. Our energy manage-

ment system is ISO 50001 certified and covers all our major production facilities in Spain.

Total energy consumption by source (Thousands of GJ)	2018	2017 <sup>1</sup>	2016 <sup>1</sup>
Fuel oil	2,882	3,031	4,660
Natural gas	40,230	45,204	39,472
Crude oil	20.6	0.0	0.0
Fuel gas	34,551	30,990	31,921
Diesel	2,431	2,671	3,155
Coal (Sinarmas Cepesa, Indonesia plant, 50%)	1,078	421.3	0
Other fuels (residual streams, propane and butane)	2,607	2,823	1,608
Purchased power	8,217	8,156	7,859
Purchased steam	-	379.8	0
Renewable energy other than biomass (e.g. solar, wind, etc.)	112.2	84.7	86
<b>Total</b>	<b>92,129</b>	<b>93,760</b>	<b>88,760</b>

<sup>1</sup> The 2016 and 2017 figures have been recalculated as per the scope reported in 2018, which excludes certain facilities, especially in the Exploration and Production business, over which we do not have operational control. Data for ASESAs is also excluded from the scope of reporting because it is considered not to be operated or controlled by the company.

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It is notable that 6.4% of the electricity we buy is generated using renewable sources.

In addition to the emissions derived from internal energy consumption, we calculate the external energy consumption through the emissions of scope 3. These emissions are converted to the equivalent consumption unit of natural gas,

according to the category, and the conversion and emissions factors published in the DEFRA (Department for Environment, Food and Rural Affairs) JRC WTW Report and Renewable Energy Directive 2009/28. These categories are reported in 2018 although at the date of this report, they have still not been certified under the scope of ISO 14064.

### EXTERNAL ENERGY CONSUMPTION BY CATEGORY (THOUSANDS OF GJ OF NATURAL GAS)

Category	2018	2017	2016
Acquisition of goods and services	84,951	83,233	77,477
Activities relating to fuel and energy	8,832	8,359	7,125
Waste generated	105	55	96
Transport and distribution of raw materials	14,706	13,923	13,565
Franchises	606	601	569
Investments <sup>2</sup>	821	782	810
<b>Total</b>	<b>110,021</b>	<b>106,953</b>	<b>99,642</b>

<sup>2</sup> Those domestic or foreign companies over which we do not have 100% financial or operational control are excluded.

As we do to control our emissions, we use an energy indicator based on the volume of activity of each business unit to measure our performance with regards to en-

ergy consumption given the operations carried out each reporting year and the level of activity of each operation:

Direct energy efficiency	2018	2017	2016
Refining <sup>1</sup> (GJ/t processed)	2.0	2.13	2.17
Chemicals <sup>2</sup> (GJ/t produced)	5.8	5.9	5.8
E&P <sup>3</sup> (GJ/t oil and gas produced)	1.45	1.13	1.05
Gas & Power <sup>4</sup> (tonnes of CO <sub>2</sub> equivalent/TJ output of electricity + steam)	1.27	1.40	1.35

<sup>1</sup> Scope includes the Gibraltar San Roque, La Rábida and Tenerife refineries.

<sup>2</sup> Scope includes Spanish and foreign chemical plants, including the consumption of Indonesia plant.

<sup>3</sup> Scope includes the assets with operational control and fields in Algeria, considered as per their working interest and reported because they are assets under control.

<sup>4</sup> Scope includes Spanish co-generation plants and the combined cycle plant. Figures for 2016 and 2017 have been recalculated to standardize the units in which this index is expressed in 2018: TJ/TJ output of electricity+ steam.



## NON-GHG EMISSIONS



Cepsa works to avoid and if this is not possible, reduce our non-GHG emissions (primarily SO<sub>2</sub>, NO<sub>x</sub> and particulates) to minimize the damage caused by these substances to the environment and human health. To achieve this, we have a procedure in place to continuously control these emissions, and can report that indicators measuring these emissions by production unit have been decreasing year-on-year thanks to the combustion enhancements we have made and the use of cleaner technologies and abatement systems. In the same vein and as

part of our continuous improvements drive, a raft of investments are planned for the coming years, such as: work to boost efficiency and use natural gas as a fuel in certain ovens; installing scrubbers for gas that may be used as fuels; and enhancements to the steam recovery units at some of our facilities. Despite these efforts, NO<sub>x</sub> emissions are up year-on-year in the Chemicals business, due to the Indonesia plant that was not operating during most of 2017.

NO <sub>x</sub> emissions	2018	2017	2016
Refining (kg/tonne processed)	<b>0.171</b>	0.175	0.158
Chemicals (kg/tonne processed)	<b>0.508</b>	0.25	0.27
E&P (kg/t oil and gas produced)	<b>0.64</b>	0.602	0.690

SO <sub>2</sub> emissions	2018	2017	2016
Refining (kg/tonne processed)	<b>0.243</b>	0.291	0.338
Chemicals (kg/tonne processed)	<b>0.243</b>	0.06	0.008
E&P (kg/t oil and gas produced)	<b>0.008</b>	0.016	0.050

PM emissions	2018	2017	2016
Refining (kg/tonne processed)	<b>0.013</b>	0.012	0.012
Chemicals (kg/tonne processed)	<b>0.058</b>	0.012	0.006
E&P (kg/t oil and gas produced)	<b>0.009</b>	0.009	0.010

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"We are implementing a new procedure and different project at our production centers to improve our water management."

### WATER MANAGEMENT



### NEW MEASURES

- PREVENTION
  - MAXIMIZATION
  - PURIFICATION
  - TREATMENT
- 

The responsible use of water is integrated in all of our production processes through consumption saving initiatives, maximising the reuse of water resources, the search for new sources of water and reduction of our impact when water is discharged into the environment after use.

We seek out and implement the best techniques to ensure that water capture and discharge to and from our facilities are compliant with the limits set in our operating licences and are respectful of the natural environment.

Before designing a new project or expanding existing facilities, we consider the issue of responsible water use and seek to set in motion the following measures:

- Prevention: use water efficiently to drive savings.
- Maximization: reuse of process water.

- Water purification to recycle it.
- Treatment of water that cannot be reused or recycled to ensure it can be safely discharged in accordance with environmental authorisations.

We report our performance regarding water management every year by participating in the CDP Water Security (Carbon Disclosure Project) global disclosure cycle that enables public organizations, businesses and individuals to monitor and administrate their environmental performance.

We achieved a CDP 2018 score based on 2017 figures of B-. We are currently rolling out a new procedure to enhance our performance in these areas and are developing projects at our production centres to improve water management.



## WATER COLLECTION

Water extraction by source<sup>1</sup>  
(Thousands of m<sup>3</sup>)

		E&P	Refining	Chemicals	Marketing	Total
	<b>2018</b>	<b>36</b>	<b>11,086</b>	<b>3,604</b>	<b>195</b>	<b>14,921</b>
Municipal network	2017	37	11,606	4,813	657	17,114
	2016	30	12,251	4,479	539	17,299
	<b>2018</b>	<b>4,785</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,785</b>
Groundwater	2017	4,857	0	0	462	5,319
	2016	1,244	0	31	436	1,711
	<b>2018</b>	<b>3,628</b>	<b>1,047</b>	<b>14,583</b>	<b>0</b>	<b>19,258</b>
Surface water	2017	44	567	568	0	1,179
	2016	65	631	22	0	717
	<b>2018</b>	<b>32,041</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,041</b>
Process water	2017	29,979	0	0	0	29,979
	2016	14,496	0	0	0	14,496
	<b>2018</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Waste water from another company	2017	0	0	0	0	0
	<b>2018</b>	<b>40,490</b>	<b>12,134</b>	<b>18,186</b>	<b>195</b>	<b>71,005</b>
<i>Total</i>	<i>2017</i>	<i>34,917</i>	<i>12,173</i>	<i>5,381</i>	<i>1,119</i>	<i>53,590</i>
	<i>2016</i>	<i>15,834</i>	<i>12,881</i>	<i>4,532</i>	<i>975</i>	<i>34,223</i>

<sup>1</sup> Data for 2016 and 2017 have been recalculated based on the scope used for the 2018 data.

<sup>2</sup> Scope includes the assets with operational control and fields in Algeria, considered as per their working interest and reported because they are assets under the company's control.

<sup>3</sup> The scope does not include ASESAs as 100% operational control is not held.

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### SOURCES OF WATER ANALYZED

The main cause of the rise in water consumption in 2018 is the increase in our activity and inclusion of the figures for the chemicals plant in Indonesia, the figure for 2018 which had not been available in prior years. They are reported this year along with those for the rest of the company to improve our transparency.

In 2018, we analysed the water sources that could be substantially affected by our activities to better control and manage them and avoid irreversible dam-

age to and better protect and use this resource. Specifically, 28 water sources were analysed, primarily fresh surface water, to examine risks of scarcity and contamination and the impact of each risk using the Water Risk Filter Tool developed by WWF in partnership with KFW DEG. In 2019, we will analyse the other water sources affected by our activities to obtain a complete picture of our potential impact on water and be able to mitigate it as effectively as possible.

	2018	2017	2016
Re-used water (m <sup>3</sup> )	<b>1,930,091</b>	15,246	80
Recycled water (m <sup>3</sup> )	<b>13,595,924</b>	263,432	286,632

### DISCHARGES

Water discharges by destination  
(Thousands of m<sup>3</sup>)

	2018	E&P	Refining	Chemicals	Marketing	Total
Municipal network	<b>2018</b>	<b>4,049</b>	<b>8,420</b>	<b>12,966</b>	-	<b>25,434</b>
	2017	439	7,629	1,020	15	9,103
	2016	622	7,995	831	31	9,479
Groundwater	<b>2018</b>	<b>36,053</b>	-	-	-	<b>36,053</b>
	2017	34,054	-	-	5	34,059
	2016	8,122	-	-	2	8,124
Treatment plant	<b>2018</b>	<b>112</b>	-	<b>619</b>	<b>36</b>	<b>767</b>
	2017	63	-	602	1,037	1,703
	2016	5	-	605	1,184	1,795
Waste water from another company	<b>2018</b>	-	-	<b>239</b>	-	<b>239</b>
	2017	-	-	-	41	41
	2016	-	-	-	-	-
<b>Total</b>	<b>2018</b>	<b>40,213</b>	<b>8,420</b>	<b>13,824</b>	<b>36</b>	<b>62,493</b>
	2017	34,556	7,629	1,622	1,099	44,905
	2016	8,748	7,995	1,436	1,218	19,398



It is worth mentioning that due to the increase in activity at the Exploration and Production assets we currently operate and inclusion of the figures for the chemicals plant in Indonesia, the figure for 2018 show a very large increase in the total amount of water discharged. The figures are therefore not comparable with

those of prior years. Nonetheless, our goal is to collate as much data as possible in our management and control systems to have the most complete picture possible of how we use this resource and therefore be able to improve year after year how it is collected and subsequently treated and discharged.

## CIRCULAR ECONOMY



Cepsa is convinced that we need to move away from a throw-away model built on easy access to abundant resources towards a new model in which products, materials and resources remain in the economy for as long as possible and waste is kept to a minimum. In other words, shifting from a linear to a circular economy.

In 2018, we signed up to the Circular Economy Pact established by Spain's Ministry of Agriculture, Fisheries and Food and Environment; and the Ministry of Economy, Industry and Competitiveness.

This pact involves all the main social and economic agents in Spain to make them part of this transition by taking a number of steps to reduce the use of resources, analyse product life cycles, and promote best practices in waste generation and management.

We demonstrate our commitment to these principles through projects that put us at the cutting edge in the efficient use of raw materials, reuse of these materials, and minimization and recycling of waste.

## Consumption of raw materials

Because of the nature of our activity, the main raw material Cepsa uses is crude oil. We therefore work tirelessly to optimize the performance of our production processes to obtain the most we can from them, making use of all the sub-products from processing this precious resource. Other raw materials we use are renewable and we have sustainability certificates for those used for our processes in the Trading, Refining and CCP units.

All these materials are used not only to produce our products but also to generate the energy we need for our production processes. We therefore dedicate a lot of time to reducing our consumption of raw materials, boosting the efficiency of our operations, and optimizing the use of these energy sources through technology and innovation. We have also implemented an energy management model that is accredited as per the ISO 50001 energy efficiency standard.

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Raw materials consumption figures for this year are as follows:

### RAW MATERIALS BY SOURCE AND BUSINESS AREA (THOUSANDS OF TONNES)

	Renewable			Non-renewable			Packaging materials <sup>1</sup>			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016	2018	2017	2016
Refining <sup>2</sup>	<b>441</b>	321	282	<b>21,607</b>	20,539	21,011	-	-	-	<b>22,048</b>	20,860	21,293
Chemicals <sup>3</sup>	<b>71,053</b>	48	0	<b>4,387</b>	4,264	3,931	-	-	-	<b>75,441</b>	4,312	3,931
Gas & Power	<b>0</b>	0	0	<b>391</b>	484	383	-	-	-	<b>391</b>	484	383
Marketing	<b>165</b>	102	-	<b>23,905</b>	6,189	-	<b>2,653</b>	2,653	2,164	<b>26,723</b>	8,944	2,164
<b>Total</b>	<b>71,659</b>	472	282	<b>50,290</b>	31,477	25,325	<b>2,653</b>	2,653	2,164	<b>124,602</b>	34,601	27,771

<sup>1</sup>The 2018 figures are an estimate by the company using figures for 2017 and those obtained from the 2018 Provisional Declaration submitted to Ecoembes.

<sup>2</sup>For the Refining business unit, about 80% of raw materials are reported, in so far as the report includes both tonnes of processed crudes and the quantity of substances from renewable sources used in processes. The figures for 2016 and 2017 have been recalculated to exclude ASES as figures for this asset are not included in 2018.

<sup>3</sup>For the Chemicals business unit, figures comprise the main tonnage of raw materials for processing. The volume of chemicals is not reported.

Most of the increase in consumption of these materials during the year was in the Chemicals unit because of greater activity at the Indonesia plant. Here, the consumption of renewable raw materials, specifically crude palm oil to produce alcohols, totaled 71,053 thousand tonnes.

The rise in renewable raw materials consumption by the Commercial unit is also notable and was primarily due to the Cepsa Bioenergía San Roque plant oper-

ating at full capacity all year compared to in 2017 when it was only at full capacity three months and at half capacity two months. The figures for prior years are therefore considerably lower.

We also monitor recycled hydrocarbons deriving from the management of MARPOL at our refineries that are adapted to process this type of waste. During 2018, 60,903 tonnes of this type of waste were handled, with a total of 1,312 tonnes of hydrocarbons being recycled.



## Waste management

Cepsa constantly reviews its procedures and activities to minimize the waste we produce, either by reusing the resources consumed in our processes, whenever possible, or separating the waste we produce at source. To this end, we have established waste hierarchy criteria at our facilities.

We brought various projects on stream throughout 2018, the most noteworthy being our San Roque bioenergy plant. This has enabled us to declassify olein as waste and use it as a sub-product in production processes. Details of the waste generated during the year by type and how it was treated are as follows:

Amount of waste treated (tonnes)	2018	2017	2016 <sup>1</sup>
Hazardous waste	<b>48,013.92</b>	41,663.78	36,629.77
Non-hazardous waste	<b>42,564.20</b>	23,166.09	14,831.46

Percentage of waste by treatment method		2018	2017	2016
Hazardous waste	Transboundary movements	<b>1%</b>	2%	1%
	Waste sent to landfill	<b>58%</b>	57%	64%
	Energy recovery	<b>40%</b>	26%	24%
	Incineration	<b>0%</b>	1%	9%
	Waste recycling	<b>2%</b>	16%	2%
Non-hazardous waste	Waste sent to landfill	<b>66%</b>	53%	53%
	Energy recovery	<b>6%</b>	1%	1%
	Incineration	<b>0%</b>	2%	0%
	Waste recycling	<b>28%</b>	44%	46%

<sup>1</sup> The figures for 2016 have been recalculated to report the drilling mud separately and include the waste generated in the Exploration and Production business.

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We are focusing our efforts on proper waste management, so that we can mitigate the impact it may have on the environment. The waste we generate is delivered to authorised waste managers for proper environmental treatment, with priority going to those who reuse this waste either through recycling or to generate energy. Moreover, in the case of waste that has to be exported to be properly treated, we carefully control how it is transported and converted for another use.

During the year, only 1% of all hazardous waste generated was transported.

Lastly, we specifically manage drilling waste produced during Exploration and Production unit operations depending on the water content thereof. How it is treated and where it is sent varies according to its characteristics to ensure it is properly processed.

Amount of drilling waste by type of treatment (tonnes)		2018	2017	2016
Non-water based waste	Treatment for offshore disposal	<b>461.64</b>	202.00	0.00
	Thermal desorption	<b>0.00</b>	6,489.65	13,216.22
	Inerting	<b>35.07</b>	1,647.84	23,239.00
	Incineration	<b>0.00</b>	0.00	2,348.00
Water-based waste	Inerting	<b>7,197.87</b>	80.50	0.00
	Onshore disposal in controlled areas	<b>0.00</b>	7,463.83	8,813.00
	Waste recycling	<b>2,441.01</b>	11,749.00	0.00
	Incineration	<b>0.00</b>	1.74	0.00
<b>Total</b>		<b>10,135.59</b>	27,634.56	47,616.22



## PROTECTION OF ECOSYSTEMS



Managing the impacts of our operations on ecosystems is another pillar of the company's environmental strategy; specifically, conservation and the rational use of resources. This philosophy involves conducting prior environmental assessments for every project to analyse factors such as consumption of resources, pollutant emissions, land management, GHG emissions and protection of biodiversity. When this analysis – which is intrinsic to any decision-making process – points to a potential environmental impact, the mitigation hierarchy is employed to determine how to avoid impacts, minimise those that cannot be avoided, restore any damage, and lastly offset the residual impact.

Given the importance of protecting biodiversity and the fact that some of our activities can be in areas of great ecological value, part of this environmental assessment involves using a proprietary tool to identify protected natural spaces or sites of special interest near our operations.

Data from the World Database on Protected Areas (WDPA) – the most compre-

hensive database of terrestrial and marine protected areas in the world – is fed into this tool. We have used this tool to so far identify 99 protected areas adjacent to our facilities, allowing us to gather sufficient information on the biodiversity in these areas through specific work and define targeted corrective measures for each of them.

We have also drawn up Biodiversity Regulations which steer the company's strategy in this regard and sets out the principles for preparing our Biodiversity Action Plans (BAPs).

We work with scientific centers and non-governmental institutions, regulatory authorities and local communities to carry out projects to restore and conserve habitats and ecosystems on land and out at sea. The Laguna Primera de Palos lagoon and Madrevieja environmental research center are two examples of Cepsa's pledge to protect and enhance the environment and raise awareness and educate staff and the general public about environmental issues.



## CHAPTER 5

Our responsible management in 2018  
Customer service



### 5.7 CUSTOMER SERVICE

A priority for us is to enhance our relationships with customers in a sustainable and long-lasting manner. We therefore work to offer the best experience, providing the highest level of excellence and professionalism when dealing with our customers based on the following premises:

- Guaranteeing ethical and responsible management, ensuring high-quality care and resolution of inquiries submitted.
- Providing guidance to customers, anticipating their needs and enhancing their experience, while constantly striving for customer satisfaction through the right support.
- Offering a plethora of customer service channels to facilitate their contact with Cepsa.
- Listening closely and dealing in a friendly and respectful way with customers' comments, requests and concerns.
- Pledging to always find an answer to their requests and as quickly as possible.
- Communicating transparently, honestly and with integrity to meet their expectations.
- Ensuring excellence in all our customer-focused activities, following up on their inquiries quickly and effectively and keeping them abreast of the status of their inquiries.

- Continuously evaluating and analysing their requests as a means to constantly improve our processes.

Our goal is to provide an excellent service to our customers. We believe that receiving any comments from a customer whether it be through our Call Centre, social networks or any other channel, is an opportunity for us to gain their loyalty and to improve our internal processes.

We implement a raft of procedures to ensure customers receive the best care possible. Some of these procedures revolve around training, evaluating the customer experience and monitoring customer service metrics.

Over the year 2018, 756 claims or complaints were received, of which 192 were not taken forward and 330 claims have been resolved. The number of claims represented 0.12% of all customer requests.

#### GUARANTEEING ETHICAL AND RESPONSIBLE MANAGEMENT



#### COMMITMENT TO PROVIDING AN ANSWER



#### EXCELLENCE IN EXECUTING ALL OUR OPERATIONS





## OUR PROCUREMENTS

### 5.8 RESPONSIBLE SUPPLY CHAIN

We see the procurements function as core in the company's decision-making process.

The cornerstones on which our model is based are the following:



#### PROCESS STREAMLINING

Using a centralized and unified procurements process, with a single outsourcing system, standard contracts and supplier management approach, and clear principles governing the function.



#### FOCUS ON EFFICIENCY

Through planning, early involvement in budgeting for new project, efficiency, the use of unified processes and the search for added value.



#### SATISFACTION OF STAKEHOLDERS

Comprising the requesting units, purchasing staff and our suppliers, through continuous improvements, fulfilment of our obligations, good communication and performance assessments.



Our procurements model is managed by category managers who purchase on behalf of the various businesses, working closely with them while gaining specific knowledge of each category of product and service depending on their specialization.

We have a Code of Ethics and Conduct for Suppliers, which helps us fulfil our guiding principles and is applicable in every country where we do business and all our operations. It includes our pledge to ad-

here to the principles of the United Nations Global Compact.

In 2018, we reviewed our Code of Ethics and Conduct for Suppliers to bring it into line with the new Cepsa Code of Ethics and Conduct, approved in 2017 and disseminated to over 12,000 suppliers. In order to oversee compliance with the code, we have set up a channel through which incidences and irregularities can be reported to identify any issues that could occur in our commercial dealings.

## OUR SUPPLY CHAIN

Our Purchasing Department handles almost 3,000 suppliers following our standard procedure that ensures outsourcing criteria and requirements are the same across the Group to achieve the highest levels of quality, transparency and ethical conduct in our value chain and minimize any associated risks.

In 2018, upwards of 15% of our suppliers (supplying 92% of all procurements) were classified in segments I, II and III. All our efforts are focused on working with these suppliers and we strive to forge closer ties with them. We monitor the

criticality of segment IV suppliers (which have a limited economic impact) in terms of operations, health and safety and the environment, and the degree of risk they pose. Segment V suppliers are excluded from procurements monitoring because they are only awarded contracts of less than €5,000 per annum and are consequently not the subject of any specific analysis or actions.

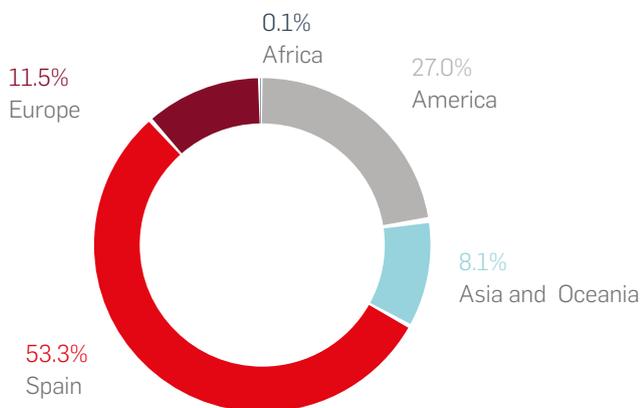
Eighty percent of our supply chain comprises procurements of services, while the other 20% concerns the provision of equipment and material assets.

	Nº. of suppliers <sup>1</sup>	% of suppliers <sup>1</sup>	Contract value (thousands of euros) <sup>1,2</sup>	% of contract value <sup>1,2</sup>
Segment I	106	2%	753,918	57%
Segment II	246	5%	327,240	25%
Segment III	374	8%	140,008	11%
Segment IV	2,205	46%	100,005	8%
Segment V	1,838	39%	3,171	0.2%

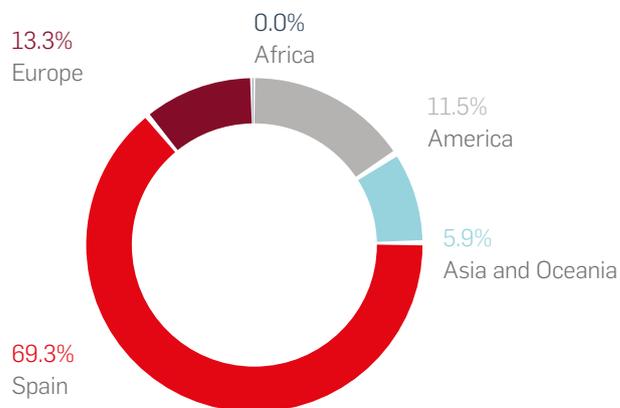
## CHAPTER 5

Our responsible management in 2018  
Our supply chain

### Nº. OF SUPPLIERS BY GEOGRAPHICAL AREA <sup>1, 2, 3, 4, 5, 6, 7</sup>



### CONTRACT VALUE BY GEOGRAPHICAL AREA <sup>1, 2, 3, 4, 5, 6, 7</sup>



<sup>1</sup> The reported information refers to purchases made by the Purchasing Department, excluding purchases of crude oil, raw materials, energy products and maritime transport related with these products; primary logistics (CLH); financial products and services; intra-group transactions; donations; and taxes and other duties.

<sup>2</sup> The reported information includes the contract value of procurements not turnover.

<sup>3</sup> Segment V suppliers are excluded (outside the scope of purchasing management).

<sup>4</sup> Africa includes: Morocco and South Africa.

<sup>5</sup> Americas includes: Argentina, Brazil, Canada, Colombia, the United States, Mexico, Panama and Peru.

<sup>6</sup> Asia and Oceania include: Australia, China, the United Arab Emirates, India, Japan, Malaysia, New Zealand, Singapore and Thailand.

<sup>7</sup> Europe comprises the European Union excluding Spain.

Most of our suppliers are national, i.e. they are domiciled in the country in which the Cepsa subsidiary contracts their services. At each location, we champion the use of local suppliers (suppliers headquartered in the local community

where Cepsa operates) or locally established suppliers (non-local suppliers that are not headquartered in the area where Cepsa operates but have opened an office/branch in the local community).

Geographical location <sup>1</sup>	% of contract value awarded to national suppliers <sup>2, 3</sup>	% of contract value awarded to local or locally established suppliers <sup>2, 3</sup>
Brazil	100.00%	61.04%
China	94.67%	91.74%
Colombia	99.23%	38.15%
Spain	99.95%	44.81%
United States and Canada	10.60%	10.03%
Peru	100.00%	16.29%
Portugal	42.88%	42.87%
South East Asia (Malaysia, Singapore and Thailand)	97.67%	11.68%
<b>Total<sup>4</sup></b>	<b>83.48%</b>	<b>36.13%</b>

<sup>1</sup> The reported information refers to geographical locations with significant operations, including petrochemical industry sites and assets used in oil and gas exploration and production.

<sup>2</sup> The reported information refers to purchases made by the Purchasing Department, excluding purchases of crude oil, raw materials, energy products and maritime transport related with these products; primary logistics (CLH); financial products and services; intra-group transactions; donations; and taxes and other duties.

<sup>3</sup> Segment V suppliers are excluded (outside the scope of purchasing management).

<sup>4</sup> As well as the stipulated geographical locations, the rest of the European Union and Others are included in the total.

## CHAPTER 5

Our responsible management in 2018  
Our supply chain



In 2018, 69% of total procurements spend was with 53% of Spanish suppliers. We work to contract local suppliers in Spain in order to contribute to the development of the communities in which we operate. Around 45% of the contract value is with local or locally established suppliers in the areas where the industrial activities of the Palos de la Frontera, Campo de Gibraltar and Tenerife centres are sited.

Due to our growing international reach, we have made the same pledge to encourage local purchasing and outsourcing in the other countries where we operate, and have set the challenge of drawing up specific plans to achieve this in each geography. In particular, in the Caracara area (Colombia) we are running programmes to support suppliers, helping them to boost supply chain productivity and competitiveness. This includes local supplier training.

### MANAGING SUPPLIER RELATIONS AND DEVELOPMENT

Relationships with our suppliers are of special strategic importance and a special team has been established in the Purchasing Department dedicated exclusively and across the entire business to handling these relations with current and potential suppliers.

We are aware that they are a major factor in our success.

Our relations with suppliers are founded on three pillars:

#### **1** | **DECISION-MAKING ABILITY**

Providing buyers with the tools needed to make decisions.

#### **2** | **CORPORATE STANDARDS**

Ensuring suppliers are aware of and comply with Cepsa's standards.

#### **3** | **VALUE OF RELATIONS**

Maximizing the value of relations through targeted action and initiatives.



The supplier management system is designed to guarantee business continuity and forge close ties with third parties,

while building trust and long-term relationships with our suppliers.

1



REGISTRATION AND APPROVAL

2



SEGMENTATION

3



PERFORMANCE AND EVALUATION

4



AUDITS



### RISK CONTROL ASSOCIATED TO THE SUPPLY CHAIN

SUPPLIER MANAGEMENT / COMMUNICATION / ACTION PLANS

## CHAPTER 5

Our responsible management in 2018  
Social welfare

In order to be a part of our supply chain, all suppliers must register and be approved on the basis of environmental and social criteria among others.

We carried out more than 3,000 performance assessments of over 1,200 suppliers in 2018 – covering the aforementioned aspects – and did not detect any serious environmental or social impacts.

During the year, we also widened our international audit programme to maximize control over our supply chain.

As well as one-way channels, we have launched other initiatives to find out about our suppliers' views:

Audits were performed during the year of the registration and performance assessment of 122 suppliers in the different locations where we operate. At year-end 2018, 181 of Cepsa's current suppliers had valid audits.

In this respect and as part of our Corporate Responsibility Master Plan, we have set a goal of putting channels of communication in place that result in stable and long-lasting relations based on trust and mutual benefit.

## COMMUNICATION CHANNELS

- SATISFACTION SURVEY
- MEETINGS



- **Satisfaction survey:** providing a comprehensive insight into what our suppliers think of Cepsa. In 2018, satisfaction surveys were sent to the suppliers of all Cepsa's business areas, with 64% replying from 22 countries. Questions were asked in relation to communications, the purchasing process, administration, collaboration and continuous improvements. A section was also included this year on our suppliers' perception of Cepsa. An average score of 7.6 points was given, which is better than in previous years.
- **Meetings:** including during Supplier Day held at the Palos site this year, to provide an opportunity for suppliers and Cepsa staff to meet and discuss issues, which strengthens relations, looking to generate added value for both parties. Supplier care through the various communication channels, support centres and the inquiries channel, which are regularly updated on the corporate website and the private suppliers' area. The latter also offers an information service and other support.

## COMMUNITY RELATIONS

We are aware of how important the local communities where we operate are to the development and success of our projects. We therefore have two-way management and dialogue mechanisms in place along with our Company Relations Manual, which local communities can use to share their needs and concerns with us.

These also enable us to forge a healthy and long-lasting relationship with local

communities to ensure economic, social and environmental development that is mutually beneficial for everyone. The Manual comprises a raft of policies such as the Community Relations Policy, Indigenous Communities Policy and Stakeholders Relations Policy, which regulate how we engage with each of the communities near our facilities and projects to establish close, responsible and transparent relations with them.

Identification of impacts and opportunities

## OBJECTIVES



- IDENTIFYING
  - INTEGRATING
  - IMPLEMENTING
- 



Cepsa's social management approach – especially in Exploration and Production operations – aims to nurture ties with local communities lying within the spheres of influence of our operations by minimizing the risks for their populations and lands and maximizing the positive impacts that could derive from our projects. One of the formulae to achieve this is to open up as many opportunities for local content (both workers and products and services) as possible for the communities within the areas of influence of our operations. We ensure local communities are involved in our operations through these strategies, which aim to encourage and give priority to hiring workers and purchasing products and services from the local area.

As established in the Local Community Relations Policy, Cepsa's units responsible for operations analyse and evaluate the impacts the company could have and the risks it assumes in its projects and activities in a specific social context with a view to:

- Identifying any potential adverse effects early during project planning.
- Factoring social and environmental aspects of the local community into the project planning process along with financial and technical factors to be able to determine not only any immediate impacts or risks but also those in the medium to long term.
- Implementing preventive mitigation measures to eliminate or at least reduce any impacts or risks.

In 2017, we started preparing social risk maps following a new approach in accordance with our Local Community Relations Policy within the framework of

the Integrated Risk Management System. As established in the Corporate Responsibility Master Plan, this analysis was completed for the assets in Ucayali (Peru) and Casanare (Colombia) in 2018. We will use the initial analysis to optimize how resources are assigned, prioritize social measures based on the level of risk, and reinforce the risk management culture among teams.

We have a specific relations policy for indigenous communities, which offers an overarching framework of action for building relationships with these communities. Different commitment strategies are drawn depending on the area in which these communities are located. In the case of those not in the area of direct influence of the Exploration and Production fields, such as the indigenous communities of Wacoyo and El Tigre in Colombia, the communities benefit from community support projects aimed at enhancing families' quality of life, protecting their culture and traditions, and improving their diets, all within a strategy of permanent communication and coordination based on building mutual trust.

In Peru, the native Sinchi Roca community, which is also in the area of indirect influence of the fields, is involved in the social investment initiatives that are run periodically, such as schooling and health campaigns and campaigns connected with Christmas. Lastly, in the case of communities in the area of direct influence of the project, such as the indigenous Unuma community in Colombia, relations are founded on the agreements reached through prior consultations with these people in connection with the drilling of these wells, as well as practices that ensure the company is a good neighbour to this community.

## CHAPTER 5

Our responsible management in 2018  
Social welfare

### Communication Channels

The Community Relations Policy forms part of the strategies to forge relations with society and it establishes that in order to positively manage the impacts and risks stemming from our activity, avoid conflicts and ensure our operations are sustainable, it is essential we build a framework of trust, transparency and clear communication with all individuals and groups with whom we engage during project operations.

An example of this type of steps is the regular meetings held with different local community groups to inform them of the status and progress of the company's

activity and discuss issues such as social investment programmes or job opportunities for the local population.

We have also set up channels of communication to receive, analyse and respond in a structured and transparent manner to any claims, complaints, questions or proposals received by email or post, and encourage direct communication through community engagement teams. There are presently no unresolved complaints lodged by the local communities within the sphere of influence of the Exploration and Production activities.

### SOCIAL ACTION

One of our aims as a company is to be involved in running initiatives that help the people and environments around us, adapting to the needs of each community where we operate and with a vision of

being a source of energy that drives community development. These initiatives, projects and activities are primarily channelled through the Cepsa Foundation\* and are grouped into five categories:



#### COMMUNITY SUPPORT

We strive to improve the living conditions of local communities and people.



#### CULTURAL

We promote activities to preserve local customs and artistic and cultural heritage.



#### SCIENTIFIC-EDUCATIONAL

We back projects that enhance education, employability, research and innovation in the energy sector and industry.



#### ENVIRONMENTAL

We look to properly conserve and care for the environment and involve society through initiatives to protect our natural heritage.



#### SPORTS

We support activities that champion grass roots sports, with a view to nurturing values such as continuous improvement and solidarity.

\*For further information: [www.fundacioncepsa.com](http://www.fundacioncepsa.com)



Social action spend by area (euros)	2018
Community support	3,729,682
Cultural	327,047
Environmental	242,790
Scientific-educational	774,298
Sports	173,236
<b>Total</b>	<b>5,247,053</b>

Social action spend by country (euros)	2018
Brazil	78,404
Canada	2,997
Colombia	1,874,248
Peru	380,254
Portugal	129,371
Spain	1,700,328
Thailand	1,080,451
<b>Total</b>	<b>5,247,053</b>

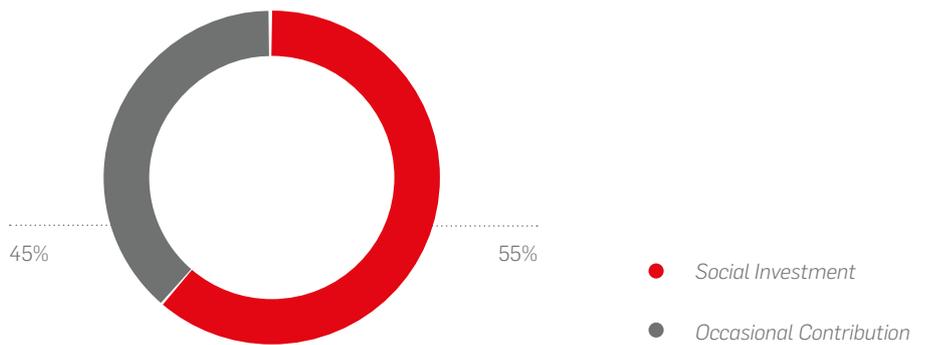
Social Action expenditure by contribution type (euros)	2018
Money	4,380,656
Time	9,520
In kind	37,112
Management cost	819,765
<b>Total</b>	<b>5,247,053</b>

## CHAPTER 5

Our responsible management in 2018  
Social welfare



### SOCIAL ACTION INVESTMENT BY REASON



### Volunteering

Adhering to our value of Solidarity, we encourage staff to adopt our pledge to society through "Voluntas": a corporate volunteering programme championed and managed by the Cepsa Foundation. The programme offers our staff and their families the chance to help the company

in its community work and get involved in volunteering initiatives, helping us to align their desire to do charitable work with our social goals. This highlights the willingness to have a positive social impact through a raft of activities.



41

VOLUNTEERING  
INITIATIVES



872

VOLUNTEERS



## Social Value Awards



Through the Cepsa Foundation, we have launched a new edition of the Social Value Awards, the goal of which is to promote and offer financial support to social initiatives that work to increase the inclusion and well-being of vulnerable people or those at risk of social exclusion, while instilling charitable values among Cepsa's employees.

In 2018, we received entries from 390 projects in Spain, Portugal, Colombia and Brazil championed by Cepsa staff, 35 of which were selected that focus on child welfare and health, mental illness, disability, social exclusion and food requirements, among others.

## INITIATIVES BY COUNTRY



### BRAZIL

Over the year much of our work has centered on medical care and social inclusion through projects such as purchasing resources in Braille for the visually impaired, providing medical and dental supplies for children at risk of social exclusion, or blood donation campaigns among staff that also involve raising awareness of the importance of giving blood.



### CANADA

Our work with the Quebec Biodiversity Centre stands out for the year. This organization has been working since 1997 to educate young people and adults about the importance of conserving biodiversity in our urban areas and sustainable development.



### COLOMBIA

In 2018, we continued to support the development of fish farming among the population of the area of influence of the Caracara field, improving their life plans through transformation, commercialization and marketing of their products. Work has also started to encourage the formation of associations and cooperatives.

In addition, we have participated in the "Niños y jóvenes constructores de sueños" [Young dream builders] project in partnership with municipal institutions in Puerto Gaitán to engage the local school community (parents, teachers and pupils) and tackle the problem of children and young people in the town who are at risk of social exclusion.

## CHAPTER 5

Our responsible management in 2018  
*Social welfare*



### SPAIN

We run a raft of social, environmental, cultural, sports and scientific-educational initiatives with each of the local communities in Spain where we operate. One of the most important projects in 2018 was run out of our corporate headquarters: "Ningún niño sin sillita" [No kids without a seat] to donate child car seats to families facing financial hardship. Another was our involvement in the COMFUTURO Programme through an agreement between the Cepsa Foundation and the General Foundation of Further Scientific Research Centres (Fundación General del Centro Superior de Investigaciones Científicas). At the Gibraltar field, we ran a Memory Workshop over the year in which specialists and volunteers worked on programmes to help the elderly retain their mental faculties. In order to further inclusion of disabled people through the use of new technologies, we took part in a virtual reality project that has given these people a unique view of the "Places of Columbus" tourist route and historic monuments in Huelva. Working with the Moguer Town Council's Sports Board (Huelva) we have encouraged participation in outdoor sports; and in San Roque (Cádiz) we have run environmental education and social inclusion activities at the Madre Vieja environmental research centre. Another key project is "Canarias Conduce Segura" [Safe driving in the Canary Islands] to educate children and young people about road safety, along with our actions to promote grass roots sports through collaborations with municipal organizations and schools and increase participation in sports, especially among children, young people and those with disabilities.



### THAILAND

Working with the Royal Forest Department and the local community, this year we were involved in a reforestation project in the provinces of Chiang Mai and Tak to increase the involvement of our staff and locals in protecting the natural resources in our spheres of influence. We have also run beach clean-ups, along with a programme on how to separate waste and raise awareness of the importance of recycling and cutting the use of plastics.



### PERU

Each year, we run several social campaigns to support our communities where we identify there is a need. A stand-out project is the Schools Campaign through which we supply furniture and learning resources for children and teachers at schools lying within the area of influence of the Ucayali asset. Another is the Medical Campaign in partnership with Peru's navy through which we provide support to offer general health and dental care, help with personal hygiene and basic medical supplies.



### PORTUGAL

In the 2018 edition of the Social Value Awards, four projects received funding, which focus on: humanitarian aid and support for extremely vulnerable immigrants and refugees; home support for babies with medical problems and families who do not receive the support they need from social services; help for children and young people in care to fully realise their potential and ensure their mental well-being; and improvements to the connection and facilities of a multisensory therapy centre for people with learning disabilities.



INVOLVEMENT IN INITIATIVES AND ASSOCIATION MEMBERSHIPS

We take part in a range of global initiatives and economic, environmental and community-oriented business associations as part of our commitment to responsible management and sustainable development.

Our presence in these initiatives enables us to apply best practices and improve our performance. We also play an active role in industry associations and influence groups domestically and internationally. These bodies are aligned with our strategy and business goals.

We advocate for our interests as a company and work towards the development of our businesses.

In 2018, we drew up a 2030 Institutional Relations Plan and a tool was developed to manage processes related with this aspect of our corporate activities.

The main bodies and associations we are involved with are shown below, whose budget for 2018 rose to €1,975,063.

MEMBERSHIP OF ENVIRONMENTAL AND COMMUNITY-ORIENTED INITIATIVES AND ORGANIZATIONS



SECTOR AND BUSINESS ASSOCIATIONS

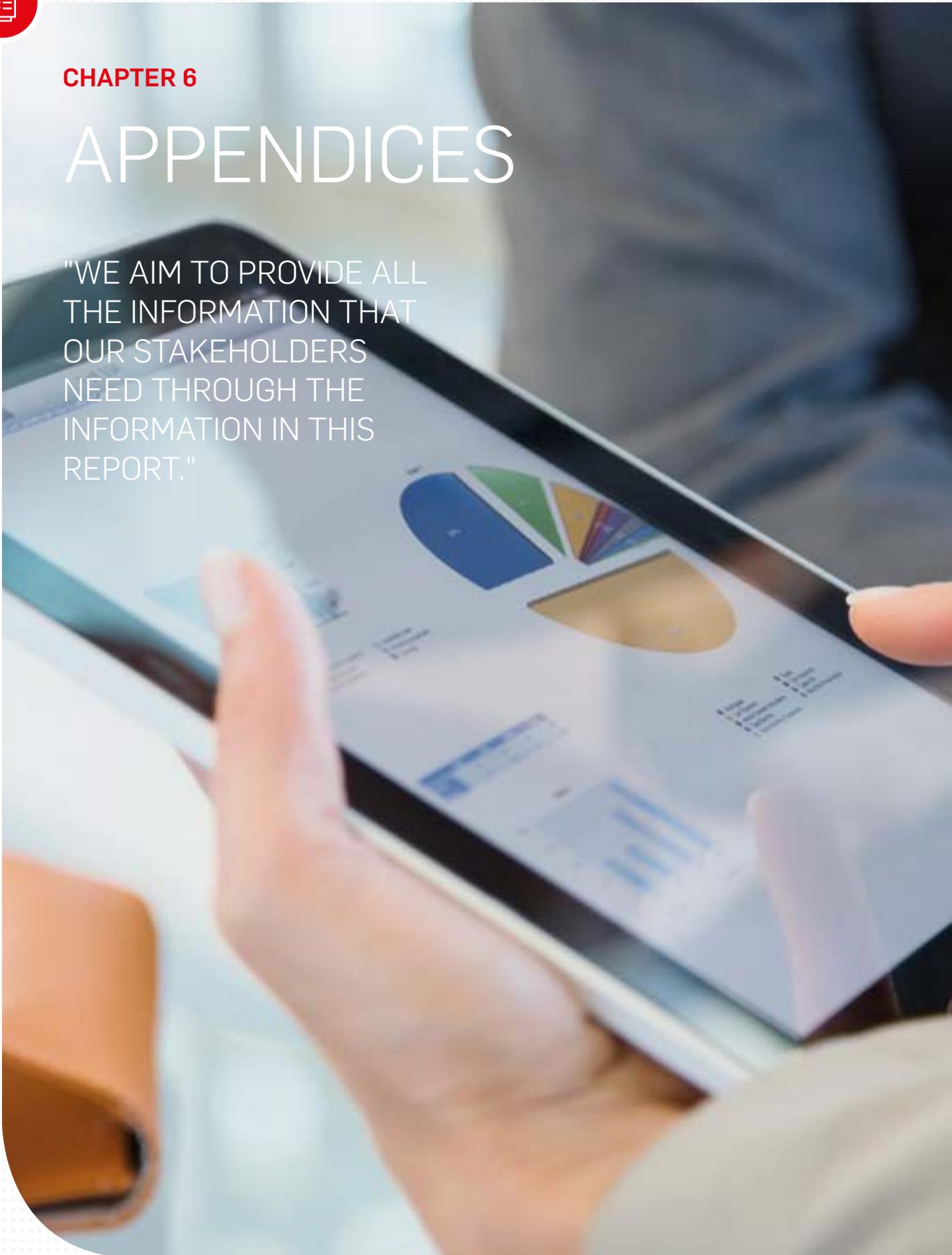




## CHAPTER 6

# APPENDICES

"WE AIM TO PROVIDE ALL THE INFORMATION THAT OUR STAKEHOLDERS NEED THROUGH THE INFORMATION IN THIS REPORT."



## CHAPTER 6

Appendices  
About this report

### 6.1 ABOUT THIS REPORT

#### POLICIES AND STANDARDS

The 2018 Corporate Responsibility Report is published with the aim of fulfilling the information needs of all our stakeholders while reaffirming the company's commitment to transparency. It includes reports on our strategy, the performance of our businesses and the economic, environmental and social impact of our activities and how we manage them.

The information contained in the Annual Corporate Responsibility Report complies with the requirements of Law 11/2018, of 28 December, on the Disclosure of Non-Financial and Diversity Information approved on 13 December 2018 by the Congress of Deputies, amending the Commercial Code, the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Auditing of Accounts, with respect to the disclosure of non-financial and diversity information. The content provided in compliance with these legal requirements is detailed in table of the Non-financial statement 2018.

This document also includes additional information to that required by current legislation on the disclosure of non-financial information. The 2018 Annual Corporate Responsibility Report has been prepared in accordance with the Core options of the GRI Standards, including the

disclosure requirements contained in the GRI Oil and Gas Sector Supplement. We have also followed the recommendations of other reporting standards such as the International Framework on Integrated Reporting (<IR>) developed by the International Integrated Reporting Council (IIRC) and the principles of the Global Compact, and we have included information on our activities intended to contribute to the achievement of the Sustainable Development Goals.

The aforementioned standards have been applied to determine the content of the report (including the inclusion of stakeholder groups, the principles of sustainability, materiality and exhaustiveness) and to ensure its quality (accuracy, balance, clarity, comparability, reliability and timeliness).

The Annual Report and Corporate Responsibility Report form part of the Management Report and are subject to the same approval, filing and publication procedures. The disclosures therein have been verified by an independent third party in accordance with ISAE 3000 standard with a limited assurance level.

For any additional information about this report you can contact us directly via the following address: [responsabilidad.corporativa@cepsa.com](mailto:responsabilidad.corporativa@cepsa.com)

#### SCOPE OF THE INFORMATION

The 2018 Annual Report and Corporate Responsibility Report includes consolidated information from the whole Cepsa Group, whose headquarters are located at Cepsa Tower, Paseo de la Castellana, 259A, 28046, Madrid, on the financial, environmental and social impact of our activities, and additional information to facilitate understanding of its results and performance.

If the scope of any information included in the report varies from that stated in the paragraph above, the specific scope is disclosed in the section or in the GRI table. The report also includes figures from previous years which have been adjusted for improved comparability. This is specifically stated in the section concerned.

Note: the Consolidated Financial Statements of Compañía Española de Petróleos, S.A. (Sociedad Unipersonal) and subsidiaries are filed at the Madrid Mercantile Register.

## CHAPTER 6

Appendices  
Glossary

### 6.2 GLOSSARY

**ADNOC:** Abu Dhabi National Oil Company.

**Barrel:** Measure of volume equivalent to 159 litres.

**Biofuel:** Fuel from vegetable oil.

**CDP:** Carbon Disclosure Project. A non-profit organisation which manages global disclosure for investors, companies, cities, states and regions in order to manage their impact on the environment.

**CH<sub>4</sub>:** Methane.

**CO<sub>2</sub> equivalent:** Equivalence of the global warming potential of carbon dioxide (CO<sub>2</sub>) with other greenhouse gases.

**CO<sub>2</sub>:** Carbon dioxide.

**COP21 of Paris:** International conference about Climatic Change held in Paris in 2015.

**CROP (Continuous Refining Optimisation Program):** continuous refining optimisation programme.

**Cumene:** Aromatic hydrocarbon derived from oil that is used for production of products as phenol or acetone.

**Direct greenhouse gas emissions (Scope 1):** Emissions that take place at centres owned by the organisation or those under its control.

**Emission allowances:** Permits or credits given to organisations that enable them to fulfil the objectives of the Kyoto Protocol, and which can subsequently be sold on a regulated market.

**EPD:** Environmental Product Declaration. Certified environmental declaration of environmental information for products and services based on the analysis of lifecycle and other relevant information.

**FRC:** Family Responsible Company.

**GHG Protocol:** Standardised global framework for the measurement and management of greenhouse gas emissions.

**GHG:** Greenhouse Gases.

**GJ: Gigajoule (1 billion joules).** The joule is the International System of Units (SI) unit of work or energy, which is equivalent to the work done on an object when a force of one newton acts on that object in the direction of its motion through a distance of one metre.

**GRI:** An independent institution that developed the first global standard for the preparation of sustainability reports for those companies that wish to evaluate their financial, environmental and social performance. It is an official centre collaborating with the United Nations Environment Programme (UNEP).

**GW:** Gigawatt (1 billion watts). The watt is the unit of power in the International System of Units which is equivalent to the power produced by a potential difference of 1 volt and an electric current of 1 ampere (1 volt-ampere).

**GWh:** Gigawatt/hour. Energy unit.

**Henry Hub Spot:** The daily spot price of natural gas at the main market of United States.

**ILO (International Labour Organisation):** United Nations Organisation that advocates for internationally recognised social justice and human and labour rights.

**Indirect greenhouse gas emissions due to consuming energy (Scope 2):** Emissions occurring due to the purchase or acquisition of electricity, heating, cooling and steam consumed by the organisation.

**IOGP:** International Organisation of Oil and Gas Producers.

**ISO:** International Organisation for Standardisation.

**ISO 14001:** Certifiable environmental management standard.

**ISO 14064:** Standard that verifies reports on Greenhouse Gas Emissions.

**ISO 19600:** Certifiable compliance management standard.

**ISO 20000:** IT Services management certification standard.

**ISO 27001:** Certification standard for information security management.

**ISO 37001:** Certification standard for management on prevention of bribery in organizations.

**ISO 50001:** Certifiable energy management standard.

**ISO 9001:** Certifiable quality management standard.

**IUCN:** International Union for Conservation of Nature.

**JV (Joint Venture):** joint commercial investment agreement between two or more partners.

**LAB:** Linear alkyl benzene, the most common raw material in the production of biodegradable detergents.

**LABSA:** Sulphonic acid of linear alkyl benzene, used in manufacturing powder, liquid, gel, agglomerate, bar or tablet detergents.

**LPG:** Liquefied Petroleum Gas.

**MARPOL:** International Convention for the Prevention of Pollution from Ships in the marine environment caused by operational or accidental factors.

**Metaxylene:** Aromatic hydrocarbon used as a raw material for the production of polymers and plastics.

**MWh:** Megawatt hour. Energy unit

**Net entitlement:** Net entitlement, calculated after applying contractual provisions, in the case of Production Distribution Agreements, in accordance with the SEC (Securities and Exchange Commission) regulations.

**NO<sub>2</sub>:** Nitrogen dioxide.

**NOx:** Nitrogen oxides.

**OECD:** Organisation for Economic Co-operation and Development.

**Offshore:** Away from the coast or out to sea. Applies to activities performed at sea, such as the operation of oil platforms.

**Onshore:** Inland from the coastline; on land.

**Other indirect greenhouse gas emissions (Scope 3):** All indirect emissions (except for those included in Scope 2) that take place outside of the organisation, at both production and consumer entities.

**Pool:** Wholesale electricity market. Market overseen by the operator OMEL, in which electricity is purchased and sold on a daily basis.

**Seismic:** Method for determining a detailed subterranean structure of rock by detecting and measuring reflected acoustic waves impacting the various rock strata. It is used to locate structures

that may potentially contain crude oil or gas before drilling. The processing of these data produces 3D images of the subterranean structures to be generated.

**SMEs:** Small and Medium-sized Enterprises.

**SO<sub>2</sub>:** Sulphur dioxide.

**UAE:** United Arab Emirates.

**UNE-EN ISO:** International standard as drafted for Spain.

**United Nations Global Compact:** Initiative intended to encourage the private sector to assume environmental, labour, human rights protection and anti-corruption commitments.

**Working interest:** Total production interest, calculated before applying contractual conditions in the case of Production Distribution Agreements.

## CHAPTER 6

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GRI Indicators index

### 6.3 GRI INDICATORS INDEX

Indicator	Description	Global Compact
<b>GRI 101 Fundamentals</b>		
<b>GRI 102 General Disclosures. Organizational Profile</b>		
102-1	Name of the organization	
102-2	Activities, brands, products, and services	
102-3	Location of headquarters	
102-4	Location of operations	
102-5	Ownership and legal form	
102-6	Markets served	
102-7	Scale of the organization	
102-8	Information on employees and other workers	Principle 6
102-9	Supply chain	
102-10	Significant changes to the organization and its supply chain	
102-11	Precautionary Principle or Approach	
102-12	External Initiatives	
102-13	Membership of associations	
<b>Strategy</b>		
102-14	Statement from senior decision-maker	
102-15	Key impacts, risks, and opportunities	
<b>Ethics and Integrity</b>		
102-16	Values, principles, standards, and norms of behaviour	Principle 6
102-17	Mechanisms for advice and concerns about ethics	Principle 6

SDG	Page in Report	Assured Indicators
	Chapter 6. Appendices. About this Report	
	Chapter 2.3 Our activities	Cepsa does not sell products that are prohibited or involved in litigation
	Chapter 6. Appendices. About this Report	
	Chapter 2.2 Cepsa around the world	
	Chapter 3.2 Business Model	
	Chapter 2.3 Our activities	
	Chapter 1.2 Cepsa in Numbers Chapter 2.3 Our activities Chapter 5.3 People and talent	
8	Chapter 1.2 Cepsa in Numbers Chapter 5.3 People and talent	
	Chapter 5.8 Responsible Supply Chain	
	Chapter 2.2 Cepsa around the world Chapter 3.2 Business Model Chapter 5.8 Responsible Supply Chain	
	Chapter 5.6 Environment	
17	Chapter 5.9 Social Welfare	
17	Chapter 5.9 Social Welfare	
	Chairman's Letter Letter from Vice-Chairman and CEO	
	Chapter 3.1 Strategy for value generation Chapter 3.3 Risks and opportunities management	
16	Chapter 2.1 Mission, vision and values Chapter 4.2 Ethics Code and Corporative Policies	
16	Chapter 5.2 Ethics and Compliance	

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GRI Indicators index

Indicator	Description	Global Compact
<b>Governance</b>		
102-18	Governance structure	
102-19	Delegating authority	
102-20	Executive-level responsibility for economic, environmental, and social topics	
102-21	Consulting stakeholders on economic, environmental, and social topics	
102-22	Composition of the highest governance body and its committees	Principle 6
102-23	Chair of the highest governance body	
102-24	Nominating and selecting the highest governance body	
102-25	Conflicts of interest	
102-26	Role of highest governance body in setting purpose, values, and strategy	
102-27	Collective knowledge of highest governance body	
102-29	Identifying and managing economic, environmental, and social impacts	
102-30	Effectiveness of risk management processes	
102-31	Review of economic, environmental, and social topics	
102-32	Highest governance body's role in sustainability reporting	
102-35	Remuneration policies	
102-36	Process for determining remuneration	
102-37	Stakeholders' involvement in remuneration	
102-38	Annual total compensation ratio	

SDG	Page in Report	Assured Indicators
	Chapter 4.1 Corporate Governance	
	Chapter 4.1 Corporate Governance Chapter 5.1 Our management approach	
	Chapter 5.1 Our management approach	
<b>16</b>	Chapter 5.1 Our management approach	
<b>5 16</b>	Chapter 4.1 Corporate Governance	
<b>16</b>	Chapter 4.1 Corporate Governance	
	Chapter 4.1 Corporate Governance	
<b>16</b>	Chapter 4.2 Ethics Code and Corporative Policies	
	Chapter 4.1 Corporate Governance	
	Chapter 4.1 Corporate Governance	
<b>16</b>	Chapter 5.1 Our management approach	
	Chapter 3.3 Risks and opportunities management	
	Chapter 5.1 Our management approach	
	Chapter 6. Appendices. About this Report	
	Chapter 5.3 People and talent	
	Chapter 4.1 Corporate Governance Chapter 5.3 People and talent	
<b>16</b>	Chapter 5.3 People and talent	
	Chapter 5.3 People and talent	

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Indicator	Description	Global Compact
<b>Stakeholders Engagement</b>		
102-40	List of stakeholder groups	
102-41	Collective bargaining agreements	Principle 1 Principle 3
102-42	Identifying and selecting stakeholders	
102-43	Approach to stakeholder engagement	
102-44	Key topics and concerns raised	
<b>Reporting Practice</b>		
102-45	Entities included in the consolidated financial statements	
102-46	Defining report content and topic Boundaries	
102-47	List of material topics	
102-48	Restatements of information	
102-49	Changes in reporting	
102-50	Reporting period	
102-51	Date of most recent report	
102-52	Reporting cycle	
102-53	Contact point for questions regarding the report	
102-54	Claims of reporting in accordance with the GRI Standards	
102-55	GRI content index	
102-56	External assurance	

SDG	Page in Report	Assured Indicators
	Chapter 5.1 Our management approach	
8	Chapter 5.3 People and talent	
	Chapter 5.1 Our management approach	
	Chapter 5.1 Our management approach	
	Chapter 5.1 Our management approach	
		See Consolidated Financial Statements and Consolidated Directors' Report for the year ended 31 December 2018
	Chapter 5.1 Our management approach Chapter 6. Appendices. About this Report	
	Chapter 5.1 Our management approach	
	Restatements of information are indicated throughout the report.	
	Chapter 5.1 Our management approach	
	Chapter 6. Appendices. About this Report	
	2017	
	Annual	
	Chapter 6. Appendices. About this Report	
	Chapter 6. Appendices. About this Report	
	Chapter 6. Appendices. About this Report	
	Independent Limited Assurance Report on the Consolidated Non-Financial Information Statement of Compañía Española de Petróleos, SA.U. and subsidiaries for the year 2018	

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Indicator	Description	Global Compact
<b>GRI 103 Management Approach</b>		
103-1	Explanation of the material topic and its boundary	
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
<b>GRI 201 Economic Performance</b>		
201-1	Direct economic value generated and distributed	
201-2	Financial implications and other risks and opportunities due to climate change	Principle 7 Principle 8
201-3	Defined benefit plan obligations and other retirement plans	
201-4	Financial assistance received from government	
<b>GRI 202 Market Presence</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Principle 1 Principle 6
202-2	Proportion of senior management hired from the local community	Principle 6
<b>GRI 203 Indirect economic impacts</b>		
203-1	Infrastructure investments and services supported	
203-2	Significant indirect economic impacts	

SDG	Page in Report	Assured Indicators
	Chapter 5.1 Our management approach	
	Chapter 5.1 Our management approach	
	Chapter 5.1 Our management approach	
7 8 9	Chapter 3.1 Strategy for value generation	
13	Chapter 5.6 Environment	
8	Chapter 5.3 People and Talent	In 2018 the total financial assistance received by Cepsa was 24.6 million euros. Further information can be found at the Note 18 of the Annual Consolidated Financial Statements for the year ended December, 31st of 2018.
1 5 8	Chapter 5.3 People and Talent	The information reported refers exclusively to Spain
8	Chapter 5.3 People and Talent	
1 2 3 4 5 6 8 10 11 12 13 14 15	Chapter 5.9 Social Welfare	
1 2 3 4 5 6 8 10 11 12 13 14 15	Chapter 5.9 Social Welfare	

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Indicator	Description	Global Compact
<b>GRI 204 Procurement practices</b>		
204-1	Proportion of spending on local suppliers	
<b>GRI 205 Anti-corruption</b>		
205-1	Operations assessed for risks related to corruption	Principle 10
205-2	Communication and training about anti-corruption policies and procedures	Principle 10
205-3	Verified cases of corruption and measures taken	Principle 10
<b>GRI 206 Unfair competition practices (Anti -competitive)</b>		
206-1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	
<b>GRI 301 Materials 2018</b>		
301-1	Materials used by weight or volume	
301-2	Recycled input materials used	Principle 7 Principle 8
<b>GRI 302 Energy 2018</b>		
302-1	Energy consumption within the organization	Principle 7 Principle 8
302-2	Energy consumption outside of the organization	Principle 7 Principle 8
302-3	Energy intensity	Principle 8
302-4	Reduction of energy consumption	Principle 7 Principle 8 Principle 9
302-5	Reductions in energy requirements of products	Principle 7 Principle 8 Principle 9
<b>GRI 303 Water</b>		
303-1	Water withdrawal by source	Principle 7 Principle 8
303-2	Water sources significantly affected by withdrawal of water	Principle 7 Principle 8
303-3	Water recycled and reused	Principle 8 Principle 9

SDG	Page in Report	Assured Indicators
12	Chapter 5.8 Responsible Supply Chain	
16	Chapter 5.2 Ethics and Compliance	
16	Chapter 5.2 Ethics and Compliance	
16	Chapter 5.2 Ethics and Compliance	
	Chapter 5.2 Ethics and Compliance	
8 12	Chapter 5.6 Environment	
8 12	Chapter 5.6 Environment	
7 8 12 13	Chapter 5.6 Environment	
7 8 12 13	Chapter 5.6 Environment	
7 8 12 13	Chapter 5.6 Environment	
7 8 12 13	Chapter 5.6 Environment	
7 8 12 13	Chapter 5.6 Environment	
6 12	Chapter 5.6 Environment	
6 12	Chapter 5.6 Environment	
6 12	Chapter 5.6 Environment	

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Indicator	Description	Global Compact
<b>GRI 304 Biodiversity</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Principle 8
304-2	Significant impacts of activities, products, and services on biodiversity	Principle 8
304-3	Habitats protected or restored	Principle 8
<b>GRI 305 Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	Principle 7 Principle 8 Principle 9
305-2	Indirect (Scope 2) GHG emissions	Principle 7 Principle 8 Principle 9
305-3	Other indirect (Scope 3) GHG emissions	Principle 8
305-4	GHG emissions intensity	Principle 8 Principle 9
305-5	Reduction of GHG emissions	Principle 8 Principle 9
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Principle 8 Principle 9
<b>GRI 306 Effluents and Waste</b>		
306-1	Water discharge by quality and destination	Principle 7 Principle 8
306-2	Waste by type and disposal method	Principle 7 Principle 8
306-3	Significant spills	Principle 8
306-4	Transport of hazardous waste	Principle 8
<b>GRI 307 Environmental Compliance</b>		
307-1	Non-compliance with environmental laws and regulations	Principle 7 Principle 8
<b>GRI 308 Supplier Environmental Assessment</b>		
308-1	New suppliers that were screened using environmental criteria	Principle 9
308-2	Negative environmental impacts in the supply chain and actions taken	Principle 9

SDG	Page in Report	Assured Indicators
6 14 15	Chapter 5.6 Environment	
6 14 15	Chapter 5.6 Environment	
6 14 15	Chapter 5.6 Environment	
12 13	Chapter 5.6 Environment	
12 13	Chapter 5.6 Environment	
12 13	Chapter 5.6 Environment	
12 13	Chapter 5.6 Environment	
12 13	Chapter 5.6 Environment	
12	Chapter 5.6 Environment	
3 6 12 14	Chapter 5.6 Environment	
3 6 12	Chapter 5.6 Environment	
3 6 12 14 15	Chapter 5.6 Environment	
3 12	Chapter 5.6 Environment	
16	Chapter 5.2 Ethics and Compliance	
12	Chapter 5.8 Responsible Supply Chain	
12	Chapter 5.8 Responsible Supply Chain	

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Indicator	Description	Global Compact
<b>GRI 401 Employment</b>		
401-1	New employee hires and employee turnover	Principle 6
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Principle 6
401-3	Parental leave	Principle 6
<b>GRI 402 Labour relations (Labour/Management)</b>		
402-1	Minimum notice periods regarding operational changes	Principle 3
<b>GRI 403 Occupational Health and Safety</b>		
403-1	Workers representation in formal joint management-worker health and safety committees	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	
403-4	Health and safety topics covered in formal agreements with trade unions	
<b>GRI 404 Training and education</b>		
404-1	Average hours of training per year per employee	Principle 6
404-2	Programs for upgrading employee skills and transition assistance programs	
<b>GRI 405 Diversity and equal opportunity of performance and professional development</b>		
405-1	Diversity of governance bodies and employees	Principle 6
405-2	Ratio of basic salary and remuneration of women to men	Principle 6
<b>GRI 406 Non-discrimination</b>		
406-1	Incidents of discrimination and corrective actions taken	Principle 6
<b>GRI 407 Freedom of association and collective bargaining</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Principle 2
<b>GRI 408 Child Labour</b>		
408-1	Operations and suppliers at significant risk for incidents of child labour	Principle 5

SDG	Page in Report	Assured Indicators
5 8	Chapter 5.3 People and Talent	
8		There is no distinction between social benefits according to the type of working day to which the worker is assigned, whether full or part time.
5 8	Chapter 5.3 People and Talent	
8		Cepsa complies with the minimum notice agreements in the event of possible operational changes provided for in the collective bargaining agreements or, failing that, in the regulations applicable in each country.
3 8	Chapter 5.3 People and Talent	
3 8	Chapter 5.5 Safety	
3 8	Chapter 5.3 People and Talent	
4 5 8	Chapter 5.3 People and Talent	
4 8	Chapter 5.3 People and Talent	
5 8 10	Chapter 5.3 People and Talent	
5 8 10	Chapter 5.3 People and Talent	
5 8 16	Chapter 5.2 Ethics and Compliance	
8 16	Chapter 5.2 Ethics and Compliance Chapter 5.8 Responsible Supply Chain	
8 16	Chapter 5.2 Ethics and Compliance Chapter 5.8 Responsible Supply Chain	

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Indicator	Description	Global Compact
<b>GRI 409 Forced or compulsory labour</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Principle 4
<b>GRI 411 Rights of indigenous people</b>		
411-1	Incidents of violations involving rights of indigenous peoples	Principle 1
<b>GRI 412 Human Rights Assessment</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	Principle 1
<b>GRI 413 Local Communities</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Principle 1
413-2	Operations with significant actual and potential negative impacts on local communities	Principle 1
<b>GRI 414 Supplier Social Assessment</b>		
414-1	New suppliers that were screened using social criteria	Principle 2
414-2	Negative social impacts in the supply chain and actions taken	Principle 2
<b>GRI 416 Customer Health and Safety</b>		
416-1	Assessment of the health and safety impacts of product and service categories	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
<b>GRI 417 Marketing and labelling</b>		
417-1	Requirements for product and service information and labelling	
417-2	Incidents of non-compliance concerning product and service information and labelling	
417-3	Incidents of non-compliance concerning marketing communications	
<b>GRI 419 Socioeconomic Compliance</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	

SDG	Page in Report	Assured Indicators
8 16	Chapter 5.2 Ethics and Compliance Chapter 5.8 Responsible Supply Chain	
11 16	Chapter 5.2 Ethics and Compliance	
	Chapter 5.2 Ethics and Compliance	
11	Chapter 5.9 Social Welfare	
11	Chapter 5.9 Social Welfare	
5 8 16	Chapter 5.8 Responsible Supply Chain	
5 8 16	Chapter 5.8 Responsible Supply Chain	
12	Chapter 5.5 Safety	
16		During 2018, we have not been aware of any incidents related to the health impacts of products and services.
16	Chapter 5.5 Safety	
16		In 2018, no intentional breaches of regulations or voluntary codes relating to the information and labelling of products and services have been identified.
16		In 2018, no breaches of regulations or voluntary codes relating to marketing communications have been identified. Cepsa belongs to Autocontrol, a non-profit association in charge of managing the Spanish advertising self-regulation system so that there are guarantees of trust and credibility in advertising.
16	Chapter 5.2 Ethics and Compliance	

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Indicator	Description	Global Compact
<b>OG - Sector Disclosures (Oil &amp; Gas)</b>		
OG-2	Total amount invested in renewable energy	Principle 8 Principle 9
OG-3	Total amount of renewable energy generated by source	Principle 8 Principle 9
G-4	Risks related to biodiversity (Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored)	Principle 8
OG-7	Amount of drilling waste (drill mud and cuttings)	Principle 8
OG-9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place	Principle 1
OG-10	Litigation with indigenous communities	
OG-13	Number of processes safety claims and mishaps, by business activity	



## GLOBAL COMPACT PRINCIPLES

- 1 Businesses should support and respect the protection of internationally proclaimed human rights.
- 2 Businesses should make sure that they are not complicit in human right abuses.
- 3 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 The elimination of all forms of forced and compulsory labour.
- 5 The effective abolition of child labour.
- 6 The elimination of discrimination in respect of employment and occupation.
- 7 Business should support a precautionary approach to environmental challenges.
- 8 Undertake initiatives to promote greater environmental responsibility.
- 9 Encourage the development and diffusion of environmentally friendly technologies.
- 10 Business should work against corruption in all its forms, including extortion and bribery.

SDG	Page in Report	Assured Indicators
7		In 2018, investments were made in the Corus Project for the construction and start-up of a wind farm in Jerez de la Frontera, for a value of 19 million euros.
7		Currently, Cepsa does not have renewable energy sources.
6 14 15	Chapter 5.6 Environment	
6 12 14 15	Chapter 5.6 Environment	
11 16	Chapter 5.9 Social Welfare	
11 16	Chapter 5.2 Ethics and Compliance	
3 6 11	Chapter 5.5 Safety	



- 1** No Poverty
- 2** Zero Hunger
- 3** Good Health and Well-Being
- 4** Quality Education
- 5** Gender Equality
- 6** Clean Water and Sanitation
- 7** Affordable and Clean Energy
- 8** Decent Work and Economic Growth
- 9** Industry, Innovation and Infrastructure
- 10** Reduced Inequalities
- 11** Sustainable Cities and Communities
- 12** Responsible Consumption and Production
- 13** Climate Action
- 14** Life below Water
- 15** Life on Land
- 16** Peace, Justice and Strong Institutions
- 17** Partnerships for the Goals

## CHAPTER 6

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Content of the statement of non-financial information 2018

### 6.4 STATEMENT OF NON-FINANCIAL INFORMATION 2018

Content of the statement of non-financial information	Reporting standard	Location in the report
<b>BUSINESS MODEL</b>		
<b>Description of the business model</b>		
Group business model	GRI 102-2	Chapter 2.3 Our Activities
Business environment	GRI 102-3 GRI 102-4	Chapter 2.2 Cepsa around the world Chapter 2.3 Our Activities
Organization and structure	GRI 102-18	Chapter 4.1 Corporate Governance
Markets in which it operates	GRI 102-6	Chapter 2.3 Our Activities
Objectives and strategies	GRI 102-15	Chairman's Letter Letter from Vice-Chairman and CEO Chapter 3.1 Strategy for value generation
Main factors and trends that may affect its future development	GRI 102-15	Chapter 3.1 Strategy for value generation
<b>INFORMATION ON ENVIRONMENTAL ISSUES</b>		
<b>Environmental management</b>		
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety		Chapter 5.5 Safety Chapter 5.6 Environment
Environmental assessment or certification procedures		Chapter 5.6 Environment
Resources dedicated to the prevention of environmental risks		Chapter 5.6 Environment
Application of the precautionary principle	GRI 102-11	Chapter 5.6 Environment
Provisions and guarantees for environmental risks		Chapter 5.6 Environment
<b>Contamination</b>		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution.	GRI 302-4 GRI 302-5 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-5 GRI 305-7	Chapter 5.6 Environment

Content of the statement of non-financial information	Reporting standard	Location in the report
<b>INFORMATION ON ENVIRONMENTAL ISSUES</b>		
<b>Circular Economy and waste prevention and management</b>		
Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste. Actions to combat food waste	GRI 301-1 GRI 301-2 GRI 303-3 GRI 306-1 GRI 306-2	Chapter 5.6 Environment
<b>Sustainable use of resources</b>		
Water consumption and water supply according to local constraints	GRI 303-1 GRI 303-2 GRI 303-3	Chapter 5.6 Environment
Consumption of raw materials and measures taken to improve the efficiency of their use	GRI 301-1 GRI 301-2	Chapter 5.6 Environment
Energy: Consumption, direct and indirect; Measures taken to improve energy efficiency, Use of renewable energies	GRI 302-1 GRI 302-2 GRI 302-3 GRI 302-4 GRI 302-5	Chapter 5.6 Environment
<b>Climate Change</b>		
Greenhouse Gas Emissions	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	Chapter 5.6 Environment
Measures taken to adapt to the consequences of Climate Change	GRI 102-15 GRI 201-2 GRI 305-5	Chapter 3.3 Risks and opportunities management Chapter 5.6 Environment
Reduction targets voluntarily set in the medium and long term to reduce GHG emissions and means implemented to that end	GRI 305-5	Chapter 5.6 Environment
<b>Protection of biodiversity</b>		
Measures taken to preserve or restore biodiversity	GRI 304-3	Chapter 5.6 Environment
Impacts caused by activities or operations in protected areas	GRI 304-1 GRI 304-2	Chapter 5.6 Environment

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Content of the statement of non-financial information 2018

Content of the statement of non-financial information	Reporting standard	Location in the report
<b>INFORMATION ON SOCIAL AND PERSONNEL ISSUES</b>		
<b>Employment</b>		
Total number and distribution of employees by gender, age, country and professional classification	GRI 102-7 GRI 102-8 GRI 405-1	Chapter 5.3 People and Talent
Total number and distribution of employment contract modalities	GRI 102-8	Chapter 5.3 People and Talent
Number of redundancies by gender, age and occupational classification	GRI 401-1	Chapter 5.3 People and Talent
Average annual number of permanent, temporary and part-time contracts by gender, age and professional classification	GRI 102-8	Chapter 5.3 People and Talent
Average salaries and their evolution disaggregated by sex, age and professional classification or equal value	GRI 102-38 GRI 405-2	Chapter 5.3 People and Talent
Salary Gap	GRI 405-2	Chapter 5.3 People and Talent
Remuneration of equal or average jobs in the company	GRI 202-1	Chapter 5.3 People and Talent
The average remuneration of directors and executives, including variable remuneration, per diems, indemnities, payment to long-term savings pension systems and any other payments disaggregated by gender	GRI 102-35 GRI 102-36 GRI 201-3	Chapter 5.3 People and Talent
Implementation of labour disconnection measures		Chapter 5.3 People and Talent
Employees with disabilities	GRI 405-1	Chapter 5.3 People and Talent
<b>Organization of work</b>		
Organization of working time	GRI 102-8	Chapter 5.3 People and Talent
Number of absence hours	GRI 403-2	
Measures aimed at facilitating the enjoyment of conciliation and encouraging the co-responsible exercise of these by both parents	GRI 403-2	Chapter 5.3 People and Talent
<b>Health &amp; Safety</b>		
Occupational health and safety conditions		Chapter 5.5 Safety
Accidents at work (frequency and severity) disaggregated by gender	GRI 403-2	Chapter 5.5 Safety
Occupational diseases (frequency and severity) disaggregated by gender	GRI 403-2	Chapter 5.5 Safety

Content of the statement of non-financial information	Reporting standard	Location in the report
<b>INFORMATION ON SOCIAL AND PERSONNEL ISSUES</b>		
<b>Social relations</b>		
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	GRI 102-43 GRI 402-1 GRI 403-1	Chapter 5.3 People and Talent
Percentage of employees covered by collective bargaining agreements by country	GRI 102-41	GRI indicators index
Assessment of collective agreements, particularly in the field of health and safety at work	GRI 403-1 GRI 403-4	Chapter 5.3 People and Talent)
<b>Formation</b>		
Policies implemented in the formation	GRI 404-2	Chapter 5.3 People and Talent
Total number of hours of training by professional category	GRI 404-1	Chapter 5.3 People and Talent
<b>Accessibility</b>		
Universal accessibility for persons with disabilities		Chapter 5.3 People and Talent
<b>Equality</b>		
Measures taken to promote equal treatment and opportunities for men and women		Chapter 5.3 People and Talent
Equality plans		Chapter 5.3 People and Talent
Measures taken to promote employment	GRI 404-2	Chapter 5.3 People and Talent
Protocols against sexual and sex-based harassment		Chapter 5.3 People and Talent
The integration and universal accessibility of persons with disabilities		Chapter 5.3 People and Talent
Anti-discrimination policy and, where appropriate, diversity management	GRI 406-1	Chapter 5.2 Ethics and Compliance Chapter 5.3 People and Talent

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Content of the statement of non-financial information 2018

Content of the statement of non-financial information	Reporting standard	Location in the report
<b>INFORMATION ON RESPECT FOR HUMAN RIGHTS</b>		
<b>Respect for human rights</b>		
Application of human rights due diligence procedures	GRI 414-2	Chapter 5.8 Responsible Supply Chain
Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and redress any abuses committed	GRI 411-1 GRI 412-1	Chapter 5.2 Ethics and Compliance
Complaints about human rights violations	GRI 411-1 GRI 419-1 GRI OG10	Chapter 5.2 Ethics and Compliance
Promotion and compliance with the provisions of the fundamental ILO Conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.	GRI 406-1 GRI 407-1 GRI 408-1 GRI 409-1	Chapter 5.2 Ethics and Compliance
<b>INFORMATION RELATING TO THE FIGHT AGAINST CORRUPTION AND BRIBERY</b>		
<b>Combating corruption and bribery</b>		
Measures taken to prevent corruption and bribery	GRI 205-1 GRI 205-2	Chapter 5.2 Ethics and Compliance
Measures to combat money laundering	GRI 205-2	Chapter 5.2 Ethics and Compliance
Contributions to foundations and non-profit entities	GRI 201-1	Chapter 3.1 Strategy for value generation Chapter 5.9 Social Welfare
<b>FORMATION ABOUT SOCIETY</b>		
<b>The company's commitment to sustainable development</b>		
Impact of society's activity on employment and local development	GRI 203-1 GRI 203-2 GRI 413-1 GRI 413-2	Chapter 5.9 Social Welfare
Impact of society's activity on local populations and territory	GRI 203-1 GRI 203-2 GRI 413-1 GRI 413-2	Chapter 5.9 Social Welfare
Relations maintained with local community actors and the modalities of dialogue with them	GRI 102-43 GRI 413-1	Chapter 5.1 Our Management Approach
Actions of association or sponsorship	GRI 102-13 GRI 201-1 GRI 203-1	Chapter 5.9 Social Welfare

Content of the statement of non-financial information	Reporting standard	Location in the report
<b>FORMATION ABOUT SOCIETY</b>		
<b>Subcontracting and suppliers</b>		
Inclusion of social, gender equality and environmental issues in procurement policy	GRI 308-1 GRI 308-2 GRI 414-1 GRI 414-2	Chapter 5.8 Responsible Supply Chain
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