Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2020

Building a better
working world

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of Compañía Española de Petróleos, S.A.:

Opinion

We have audited the consolidated financial statements of Compañía Española de Petróleos, S.A. (the parent company) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and the consolidated financial position of the Group at December 31, 2020 and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

More relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Impairment assessment of exploration and production assets

Description

The Group owns interests in certain exploration and production assets, mainly in Algeria, South America and Abu Dhabi. At least once a year, management performs an impairment test on these assets (which are classified as intangible assets, property, plant and equipment, and investments in associates and joint ventures). This assessment of the recoverability of the aforementioned assets requires management to make assumptions in order to prepare the underlying cash flow projections.

The assumptions include forecasts of oil prices, costs, discount rates, estimation of oil and gas reserves and of overall market and economic conditions. Refer to Note 14 of the consolidated financial statements for details on impairment assessment of exploration and production assets.

We have determined these estimates and valuations to be a relevant audit matter since changes in the hypotheses could have a material impact on the Group´s consolidated financial statements.

Our response

Among others, we have performed the following procedures:

- We understood the process adopted by the Group for assessing the recoverability of such assets and reviewed the design and operating effectiveness of its key controls.
- We reviewed, in collaboration with our valuation specialists, the reasonableness of the methodology used by management to prepare the discounted cash flows calculations.
- For price assumptions, we corroborated future commodity prices to external forecasts; we also verified prices were used consistently across CEPSA and that pricing differentials were reasonable and appropriate.
- We engaged our internal valuation specialists to test the reasonableness of the discount rates used for the impairment testing.
- Regarding cash flow inputs, we:
  - Confirmed that the key inputs (income, operating expenditures profiles, working capital and capital costs) could be supported by the approved budget and that their reasonability was based on current assets conditions and their projections of potential changes.
  - Verified that the assumptions development by the management to estimate the recoverable amount of these assets are consistent with the assumptions used for the estimation of the oil and gas reserves.
- We also verified the mathematical integrity of the impairment models and performed a sensitivity analysis and other additional procedures to assess the completeness of the impairment tests.

- We verified the disclosures included in the accompanying consolidated financial statements in accordance with accounting standards.

The estimation of oil and gas reserves

Description The estimation of oil and gas reserves and resources has a significant impact on the consolidated financial statements, particularly in impairment testing and in depreciation and amortization ('DD&A') charges (as described in Notes 4.4 and 14 to the consolidated financial statements). This estimation is a significant area of judgment due to the technical uncertainty in assessing quantities and to the complex contractual arrangements in place establishing the group's share of reportable volumes.

Our response Among others, we have performed the following procedures:

- We understood the process adopted by the Group to estimate the oil and gas reserves and reviewed the design and operating effectiveness of the key controls.
- We assessed the competence of the group's internal experts to satisfy ourselves that they were appropriately qualified to carry out the volumes estimation.
- We reviewed the reasonability of the main changes in reserves with regard to the last year and reconciliated actual production with expected production.
- We analysed the key field development assumptions, such as productions profiles, investments, operating costs and costs for decommissioning, as well as these assumptions supporting the estimations of the oil and gas reserves.
- We validated the consistency of the estimated reserves volume with the volumes used for the impairment test analysis and for the depreciation calculation.
- In relation to the verification of the audit reports on reserves prepared by independent external expert specialized in the oil and gas industry, we assessed the findings and conclusions reached by the independent expert and their competency, capability and objectivity for making the reserve estimates. Likewise, we reviewed the report issued by the external expert, reconciling the data with the reserves used by CEPSA Group for the purposes of the depreciation and recoverability of the assets.

Recoverability of deferred tax assets

Description At December 31, 2020 the deferred tax assets amounts to EUR 894 million, which includes the available tax loss carryforwards and deductions amounting to EUR 274 million and the related to losses incurred by "Coastal" Group subsidiaries of EUR 276 million (as described in Note 27 to the consolidated financial statements).

When assessing whether the amount recognised in the consolidated financial statements for these assets is recoverable, Group management considers, as mentioned in Note 27, future tax profits forecast using methodology defined to analyse the recovery of its assets, the evaluation of the estimates results of the tax group in accordance with the tax plan and the limit established by the applicable tax legislation.

In addition, as disclosed in Note 27 to the consolidated financial statements, the Group has deferred tax assets related to losses incurred by "Coastal" Group subsidiaries of EUR 276 million at December 31, 2020. The recoverability assessment is based on the liquidation of these companies and on management's conclusion that it is probable that there will be sufficient future taxable profits against which to offset these deferred tax assets.

We have determined this estimate and valuation to be a relevant audit matter since changes in the hypotheses could have a material impact on the Group's consolidated financial statements.

Our response Among others, we have performed the following procedures:

- We obtained an understanding and walked through the Group's process to assess recoverability of deferred tax assets, including controls over the data and assumptions used in the analysis, and evaluated the design and operating effectiveness of the key controls.
- We considered whether or not the tax plan of Cepsa Tax Group in Spain was reasonable and in line with the current tax law, including satisfying ourselves that sufficient profit would be available in the appropriated periods.
- We reviewed the CEPSA management's estimate of the future liquidation process of the investment in the "Coastal" Group subsidiaries.
- We evaluated underlying data and assumptions used by management in determining the expected future tax losses in "Coastal" group subsidiaries and our tax specialists assisted us in verifying tax regulation and the computations of deferred tax assets.
- We reviewed the disclosures included in the accompanying consolidated financial statements in accordance with current regulation.

Other information: consolidated management report

Other information refers exclusively to the 2020 consolidated management report, the preparation of which is the responsibility of the parent Company's directors and is not an integral part of the consolidated financial statements

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a) Checking only that the consolidated non-financial statement has been provided as stipulated by applicable regulations and, if not, disclose this fact.

b) Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2020 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the directors of the parent company, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

ERNST & YOUNG, S.L.
(Registered in the Official Register of
Auditors under No. S0530)

Francisco Rahola Carral
(Registered in the Official Register of
Auditors under No. 20597

March 4, 2021

CONSOLIDATED FINANCIAL STATEMENTS

Compañía Española de Petróleos, S.A. and Subsidiaries
(Consolidated Group)

for the year ended December 31, 2020

Contents

Consolidated Balance Sheet

Compañía Española de Petróleos, S.A. and Subsidiaries (Consolidated Group)
Consolidated Balance Sheet for the years ended December 31st, 2020 and 2019

Thousand of euros

Assets	**Notes**	**2020**	**2019**
Non current assets			
Intangible assets, net	Note 9	565 445	653 399
Consolidated goodwill, net	Note 10	102 254	107 678
Property, plant and equipment, net	Note 11	5 604 187	6 138 581
Right of use, net	Note 12	616 842	737 381
Investments in equity accounted investees	Note 8	230 266	268 608
Non-current financial assets	Note 13	169 992	172 866
Deferred tax assets	Note 27	894 217	799 358
Total non-current assets		***8 183 203***	***8 877 871***
Current assets			
Inventories	Note 15	1 418 812	2 162 706
Trade and other receivables	Notes 13 and 16	1 289 413	1 995 166
Other current assets	Note 16	125 795	191 077
Other current financial assets	Note 13	69 389	87 095
Cash and cash equivalents	Note 17	1 358 407	561 160
Assets held for sale and discontinued operations	Note 6.2	588	98 499
Total current assets		***4 262 404***	***5 095 703***
Total assets		***12 445 607***	***13 973 574***

(The accompanying Notes 1 to 36 are an integral part of this Consolidated Balance Sheet)

Compañía Española de Petróleos, S.A. and Subsidiaries (Consolidated Group)

Consolidated Balance Sheet for the years ended December 31st, 2020 and 2019

			Thousand of euros
Shareholder's Equity and Liabilities	**Notes**	**2020**	**2019**
Equity			
Share capital	Note 18.1	267 575	267 575
Share premium	Note 18.1	338 728	338 728
Revaluation reserve	Note 18.2	90 936	90 936
Retained earnings	Note 18.3	4 095 395	3 687 701
Profit attributable to equity holders of the parent		(918 758)	820 023
Interim dividend	Note 18.5	-	(216 415)
Adjustments for changes in value	Note 18.4	70 259	211 995
Total equity attributable to shareholders of the parent		**3 944 135**	**5 200 543**
Non-controlling interest	Note 18.6	84 607	100 412
Total equity		***4 028 742***	***5 300 955***
Non-current liabilities			
Deferred tax liabilities	Note 27	517 600	623 627
Capital grants	Note 20	23 313	21 204
Employee defined benefit liabilities	Note 21.2	50 756	10 508
Provisions	Note 22	346 985	352 620
Non-current financial liabilities	Note 19	4 042 812	3 158 042
Leases liabilities, non-current	Note 19 and 25	530 357	641 686
Other non-current liabilities	Note 23	248 093	127 063
Total non-current liabilities		***5 759 916***	***4 934 750***
Current liabilities			
Leases liabilites, current	Notes 19 and 25	95 468	118 840
Current financial liabilities	Note 19	140 586	149 115
Trade payables	Note 23	1 765 794	2 545 047
Other current liabilities	Note 23	655 101	908 039
Liabilities held for sale and discontinued operations	Note 6.2	-	16 828
Total current liabilities		***2 656 949***	***3 737 869***
Total equity and liabilities		***12 445 607***	***13 973 574***

(The accompanying Notes 1 to 36 are an integral part of this Consolidated Balance Sheet)

Consolidated Income Statement

Compañía Española de Petróleos, S.A. and Subsidiaries (Consolidated Group)
Consolidated Income Statement
for the years ended December 31st, 2020 and 2019

	Notes	2020	2019
		Thousand of euros	
Sales of goods and rendering of services		13 643 255	21 157 559
Excise tax on oil and gas charged on sales		2 116 889	2 699 828
Revenue from contracts with customers	Note 24	***15 760 144***	***23 857 387***
Changes in inventories of finished goods and work in progress		(318 992)	(150 716)
In-house work on non-current assets	Notes 9 and 11	26 719	35 241
Procurements	Note 24	(10 382 367)	(16 615 091)
Other operating income		49 218	61 606
Staff costs	Note 24	(670 962)	(641 993)
Changes in operating allowances		(60 734)	18 176
Other operating costs:			
Excise tax on oil and gas		(2 119 818)	(2 704 141)
Other operating costs	Note 24	(1 702 289)	(1 959 925)
Amortization charge	Note 9,11 y 12	(791 990)	(830 115)
Allocation to profit or loss of grants related to non-finance assets and other grants	Notes 20 and 24	75 599	84 577
Impairment and gains or losses on disposals of non-current assets	Note 24	(686 620)	(88 245)
Operating Profit		***(822 092)***	***1 066 761***
Share of results of equity accounted investees	Note 8	(48 124)	(23 242)
Finance income	Note 26	152 153	60 365
Finance costs	Note 26	(285 056)	(174 297)
Impairment and gains or losses on disposals of financial instruments	Note 26	(157)	407 049
Consolidated profit before tax		***(1 003 276)***	***1 336 636***
Income tax	Note 27	88 469	(503 015)
Consolidated profit for the year from continuing operations		***(914 807)***	***833 621***
Consolidated profit for the year		***(914 807)***	***833 621***
Attributable to:			
Equity holder of the Parent		(918 758)	820 023
Non-controlling interests	Note 18.6	3 951	13 598
Earnings (loss) per share:			
Basic	Note 28	(1,72)	1,53
Diluted		(1,72)	1,53

(The accompanying Notes 1 to 36 are an integral part of this Consolidated Income Statement)

Consolidated Statement of Comprehensive Income

Compañía Española de Petróleos, S.A. and Subsidiaries (Consolidated Group)

Consolidated Statement of Comprehensive Income
for the years ended December 31st, 2020 and 2019

	Notes	2020	2019
		Thousand of euros	
Consolidated profit for the year		**(914 807)**	**833 621**
Items to be reclassified to profit or loss:			
Gains and (losses) arising during the year		**(163 928)**	**(28 705)**
Net changes in cost of hedging	Note 18.4.B	(41 050)	(19 262)
Net (losses) gains on cash flow hedges	Note 18.4.B	(43 709)	(5 365)
Net (losses) gains on Net Investment hedge	Note 18.4.B	215 780	(50 427)
Exchange gains (losses) on translation of foreign operations		(262 330)	27 583
Tax effect	Note 27	(32 619)	18 766
Reclassification during the year to statement of profit/loss		**12 948**	**24 893**
Net (losses) gains on hedge costs	Note 18.4.B	3 271	-
Net (losses) gains on cash flow hedges	Note 18.4.B	14 150	2 195
Net (losses) gains on Net Investment hedge	Note 18.4.B	-	31 326
Tax effect	Note 27	(4 473)	(8 628)
Other comprehensive income/loss for the year net of tax		***(150 980)***	***(3 812)***
Total consolidated comprehensive income/loss		***(1 065 787)***	***829 809***
a) Attributable to equity holders of the Parent		(1 060 494)	815 867
b) Attributable to non-controlling interests		(5 293)	13 942

(The accompanying Notes 1 to 36 are an integral part of this Consolidated Statement of Comprehensive Income)

IAS 1 requires separate disclosure of items which will be reclassified in the Consolidated Income Statement from those which will not, so, it should be noted that in all the above cases, the items are eligible for reclassification in the consolidated income statement.

Consolidated Statement of Changes in Equity

Compañía Española de Petróleos, S.A. and Subsidiaries (Consolidated Group)
Consolidated Statements of Changes in Equity
for the years ended December 31st, 2020 and 2019

Thousand of euros

	Equity attributable to equity holders of the parent								
	Share Capital	**Share premium**	**Revaluation reserve**	**Retained earnings**	**Profit attributable to equity holders of the parent**	**Interim dividend**	**Adjustments for changes in value**	**Non-controlling interest**	**Total**
Balance at 01/01/2020	***267 575***	***338 728***	***90 936***	***3 687 701***	***820 023***	***(216 415)***	***211 995***	***100 412***	***5 300 955***
Consolidated profit or loss for the period	**-**	**-**	**-**	**603 608**	**(820 023)**	**216 415**	**-**	**-**	**-**
Consolidated profit or loss for the period	-	-	-	-	(918 758)	-	-	3 951	(914 807)
Other comprehensive income for the period	-	-	-	-	-	-	(141 736)	(9 244)	(150 980)
Total consolidated comprehensive income	**-**	**-**	**-**	**-**	**(918 758)**	**-**	**(141 736)**	**(5 293)**	**(1 065 787)**
Changes due to transactions with shareholders									
- Dividend paid	-	-	-	(196 000)	-	-	-	(9 940)	(205 940)
- Interim dividend for the Finance year - **(Note 18.5)**	-	-	-	-	-	-	-	(3 147)	(3 147)
Other changes in equity									
- Capital increase/acquisition of non-controlling interest	-	-	-	-	-	-	-	2 575	2 575
- Other variation	-	-	-	86	-	-	-	-	86
Total shareholder transactions	**-**	**-**	**-**	**(195 914)**	**-**	**-**	**-**	**(10 512)**	**(206 426)**
Balance at 12/31/2020	***267 575***	***338 728***	***90 936***	***4 095 395***	***(918 758)***	**-**	***70 259***	***84 607***	***4 028 742***

Thousand of euros

	Equity attributable to equity holders of the parent								
	Share Capital	**Share premium**	**Revaluation reserve**	**Retained earnings**	**Profit attributable to equity holders of the parent**	**Interim dividend**	**Adjustments for changes in value**	**Non-controlling interest**	**Total**
Balance at 01/01/2019	***267 575***	***338 728***	***90 936***	***3 883 002***	***830 064***	***(189 978)***	***216 151***	***105 964***	***5 542 442***
Consolidated profit or loss for the period	**-**	**-**	**-**	**640 086**	**(830 064)**	**189 978**	**-**	**-**	**-**
Consolidated profit or loss for the period	-	-	-	-	820 023	-	-	13 598	833 621
Other comprehensive income for the period	-	-	-	-	-	-	(4 156)	344	(3 812)
Total consolidated comprehensive income	**-**	**-**	**-**	**-**	**820 023**	**-**	**(4 156)**	**13 942**	**829 809**
Changes due to transactions with shareholders									
- Dividend paid	-	-	-	(865 176)	-	-	-	(19 257)	(884 433)
- Interim dividend for the Finance year - **(Note 18.5)**	-	-	-	-	-	(216 415)	-	(4 857)	(221 272)
Other changes in equity									
- Capital increase/acquisition of non-controlling interest	-	-	-	29 789	-	-	-	4 620	34 409
Total shareholder transactions	**-**	**-**	**-**	**(835 387)**	**-**	**(216 415)**	**-**	**(19 494)**	**(1 071 296)**
Balance at 12/31/2019	***267 575***	***338 728***	***90 936***	***3 687 701***	***820 023***	***(216 415)***	***211 995***	***100 412***	***5 300 955***

(The accompanying Notes 1 to 36 are an integral part of this Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Compañía Española de Petróleos, S.A. and Subsidiaries (Consolidated Group)
Consolidated Statement of Cash Flows
for the years ended December 31st, 2020 and 2019

		Thousand of euros
Cash Flows from operating activities	**2020**	**2019**
Profit before tax from continuing operations	**(1 003 276)**	**1 336 636**
Depreciation and amortisation charge and impairment losses	1 397 765	922 095
Changes in provisions for contingencies and costs	79 107	41 339
Grants related to assets and other deferred income	(62 730)	(84 568)
Impairment and gains or losses on disposals of financial instruments	-	(409 976)
Change in operating allowances	60 907	(18 151)
Finance income and costs	140 723	123 412
Share of results of equity accounted investees	47 518	26 799
Other changes	728	2 943
Cash flows generated from operating activities before changes in operating working capital	**660 741**	**1 940 529**
Changes in operating working capital	**603 246**	**396 090**
Dividends received	12 816	79 251
Income tax paid	(257 429)	(336 973)
Other cash flows used in operating activities	**(244 613)**	**(257 722)**
Total cash flows generated from operating activities	***1 019 374***	***2 078 897***
Cash Flows used in investing activities		
Payments		
Intangible assets	(42 629)	(40 488)
Property, plant and equipment	(656 514)	(853 705)
Finance assets		
Associates and other investments	-	(4 082)
Other Finance assets	-	(12 158)
Acquisition of subsidiary, net of cash acquired	(77 597)	(91 595)
Grants received	3 170	-
Total payments	**(773 570)**	**(1 002 028)**
Collections		
Property, plant and equipment	14 514	19 705
Finance assets	-	55 710
Total collections	**14 514**	**75 415**
Total cash flows used in investing activities	***(759 056)***	***(926 613)***
Cash Flows from financing activities		
Dividends paid		
To equity holders of the Parents	(196 000)	(531 591)
To non-controlling interests	(13 087)	(19 218)
Total dividends paid	**(209 087)**	**(550 809)**
Proceeds from borrowings	1 974 719	1 810 418
Repayment of borrowings	(988 771)	(1 858 399)
Interest paid	(96 977)	(102 009)
IFRS16 Debt payments	(136 135)	(142 719)
Total cash flows from bank borrowings	**752 836**	**(292 709)**
Total cash flows from financing activities	***543 749***	***(843 518)***
Net increase (decrease) in cash and cash equivalents	***804 067***	***308 766***
Effect of changes in foreign exchange rates	(8 328)	2 133
Effect of exchange rate changes	1 508	3 383
Cash and cash equivalents at beginning of the period	***561 160***	***246 878***
Cash and cash equivalents at the end of the period	***1 358 407***	***561 160***
Detail of changes of operating working capital		
Inventories	510 098	65 279
Trade and other receivables	784 416	207 552
Other current Finance assets	(8 001)	(4 478)
Trade and other payables	(683 266)	117 761
Other changes	(1)	9 976
Total changes in operating working capital	***603 246***	***396 090***

(The accompanying Notes 1 to 36 are an integral part of this Consolidated Statement of Cash Flow)

Index of notes to the Consolidated Financial Statements

Notes to the Financial Statements for the year ended December 31st, 2020
Compañía Española de Petróleos, S.A. and Subsidiaries (Consolidated Group)

1. Corporate information and regulatory framework

A) Corporate information

Compañía Española de Petróleos, S.A. (hereinafter "CEPSA" or "the Company") was incorporated on 26 September 1929, for an indefinite period of time, with registered address at Paseo de la Castellana, 259 A, 28046 Madrid (Spain). It is entered in the Madrid Mercantile Register, Volume 588 of the Companies Book, Sheet 35, Page M-12689, and its Tax Identification Number is A-28003119.

At the beginning of 2020, CEPSA shares were owned by two shareholders: "Cepsa Holding, LLC", owner of shares representing 63% of the share capital, a company incorporated in the United Arab Emirates and ultimately controlled by "Mubadala Investment Company, PJSC" ("MIC"), and "Matador Bidco, S.À.R.L.", owner of shares representing the remaining 37% of the share capital, a company incorporated in Luxembourg and ultimately controlled by "The Carlyle Group, Inc." On 29 January 2020, "Cepsa Holding, LLC" transferred to "Matador Bidco, S.À.R.L." an additional 1.5% of the Company's share capital. Consequently, "Cepsa Holding, LLC" holds shares representing 61.5% of the company's share capital and "Matador Bidco, S.À.R.L." holds shares representing the other 38.5%.

CEPSA and its investees (hereinafter "the CEPSA Group") form an diversified business Group which operates in the hydrocarbons industry in Spain and abroad, engaging in business activities related to the exploration and extraction of crude oil and natural gas, the production of petrochemical and energy products, asphalts and lubricants, and their distribution and marketing, gas distribution and electricity generation, as well as trading activities.

B) Regulatory framework

CEPSA Group activity carried out in Spain or abroad is subject to numerous legal, regulatory, safety, and environmental protection regulations. Any changes that may arise in applicable legislation can affect the framework in which these activities are carried out and therefore the results generated by the Group's operations.

The hydrocarbons sector, in which the CEPSA Group operates, is basically regulated by Law 34/1998 of 7 October on the Oil and Gas Sector, amended by Law 11/2013 of 26 July and Law 8/2015 of May 21st which regulates certain measures to support entrepreneurship and stimulate growth and tax and non-tax measures related to exploration, research and development of hydrocarbons.

Regarding oil product retailing, Law 11/2013 introduced certain limits on the agreements on exclusive supply arrangements for petroleum products between wholesale operators and retailers, which have obliged the Group's supply companies to adapt a significant part of the contracts in its network in order to incorporate these limitations.

Law 8/2015 introduced significant changes in the activities performed by operators in the hydrocarbons industry, including drilling, refining, commercialization of petrol products, liquid petroleum gas ("LPG") and natural gas.

The changes made by Law 8/2015, in the fuels and combustibles industry, established certain limits on the growth of wholesale operators depending on their market share and established the possibility of retail operators supplying each other.

As far as refining activities are concerned, there are numerous industrial safety and environmental protection regulations, particularly Royal Legislative Decree 1/2016, dated December 16, which published the revised text of the law on the integrated prevention and control of pollution.

Regarding natural gas, Law 8/2015 established an organized natural gas wholesale market, to be managed by the Market Operator (Mibgas).

CEPSA Group also operates in the electricity sector, regulated by Law 24/2013 of 26 December of Electricity sector. Royal Decree 413/2014, of 6 June regulating electrical power generation from renewable energy, cogeneration, and waste sources also applies. Likewise, we must highlight the approval of Royal Decree 244/2019, of April 2019, which regulates the administrative, technical, and economic conditions for self-consumption of electricity.

By means of Law 18/2014 of 15 October a National Energy Efficiency Fund was created in Spain. Wholesale operators of oil products or liquefied petroleum gases and natural gas and electricity supply companies must contribute to this Fund on a yearly basis, affecting profits in these business areas.

2. Basis of presentation

2.1. Statement of compliance

The accompanying Consolidated Financial Statements have been prepared based on the accounting records of Compañía Española de Petróleos, S.A. and its subsidiaries, and in accordance with all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with all the interpretations issued by the International Financial Reporting Interpretations Committee (CINIIF/IFRIC) of the IASB applicable at 31 December 2020 provided that they had been adopted at that date by the European Union with the exception of those applied in advance, if any.

The Consolidated Financial Statements for 2020 were authorized for issue by the Board of Directors of Compañía Española de Petróleos, S.A. on 4 March 2021, and will be submitted to the Shareholders' Meeting for approval. The Board of Directors considers that they will be approved without any change.

The 2019 Financial Statements of CEPSA and the CEPSA Group were authorized for issue by the Board of Directors of Compañía Española de Petróleos, S.A. on 27 February 2020, and approved without amendment at the Shareholders' Meeting on 4 March 2020.

Reporting currency

The Consolidated Financial Statements are presented in euros, which is the functional currency of the parent company and the reporting currency of the Consolidated Financial Statements. Figures are rounded to the nearest thousands, except when otherwise indicated.

Classification of debts and credits

In the accompanying Consolidated Balance Sheet, debts or loans falling due within twelve months are classified as current while those due to be settled within more than twelve months are classified as non-current.

There are loans falling due within twelve months but whose long-term refinancing is secured at the Company's discretion through existing long-term credit facilities. Such loans are classified as non-current liabilities.

Statement of cash flows

In accordance with the options for presentation contained in *IAS 7 Statement of Cash Flows*, the Group reports the information regarding cash flows and cash equivalents from operations using the *indirect method*, which implies starting with the "PROFIT BEFORE TAX FROM CONTINUING OPERATIONS" on the Consolidated Income Statement and subsequently adjusting this figure for the effects of non-monetary transactions and accruals for the period, as well as items on the Consolidated Income Statement relating to cash flows from investing or financing operations.

In addition, the amount of interest payments related to the Group's financing, including the finance costs arising from booked leases pursuant to the provisions of IFRS 16, have been included in CASH FLOW FROM FINANCING ACTIVITIES.

2.2. Comparative information

The effects of the COVID-19 pandemic have entailed a significant change affecting how 2020 compares to the previous financial year. Said impacts are discussed extensively, where appropriate due to their significance, in the corresponding Notes.

2.3. Changes in accounting policies

The accounting policies used to prepare these Consolidated Financial Statements are the same as those applied in the preparation of the Consolidated Financial Statements for the year ended 31 December 2019, except for the application of the following standards, interpretations, and modifications, which were applied for the first time as of 1 January 2020. Their impacts are as follows:

Revised version of the IFRS Conceptual Framework

The revised version of the Conceptual Framework sets out a number of fundamental concepts that guide the IASB in the development of standards and helps ensure that the standards are consistent and that similar transactions are handled in the same way. It also assists companies to develop their accounting policies when no specific regulations apply to a transaction.

The revised Conceptual Framework includes a new chapter on valuation, improves definitions and guidelines, and clarifies the most important areas such as prudence and measuring uncertainty.

Amendments to IAS 1 and IAS 8 – Definition of materiality

Amendments were made to the definition of materiality so that it would be easier to determine what is material. The definition of material helps companies to decide whether information should be included in the Consolidated Financial Statements. These amendments clarify said definition and include guidelines on how it should be applied. Additionally, the explanations included with the definition have been improved and are now consistent in all standards.

These amendments did not have a significant impact on the Consolidated Financial Statements.

Amendments to IFRS 7, IFRS 9, and IAS 39: Interest rate benchmark reform

These amendments provide for a number of exceptions that apply to all hedge ratios directly affected by interest rate benchmark reform. A hedge ratio is affected if said reform leads to uncertainty on the time and/or amount of cash flow linked to the interest rate of the hedged item or hedging instrument.

These amendments did not have a significant impact on the Consolidated Financial Statements.

Amendments to the IFRS 3 - *Business combinations*

These amendments change the definition of business under IFRS 3 to help companies determine if a transaction should be recorded as a business combination or as an acquisition of a group of assets. This distinction is significant as the acquiring company only recognizes goodwill when a business is acquired.

The new definition of business emphasizes that the purpose of a business is to provide goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities; while the previous definition focused on providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Amendments to IFRS 16 COVID-19-related rent concessions

These amendments provide a practical solution so that lessees may choose not to account for COVID-19-related rent concessions as an amendment to the lease. If they choose to do so, the lessee will account for the concessions by applying the criteria of IFRS 16 Leases as if the change were not a lease modification.

This practical solution may only be applied to rent concessions directly related to COVID-19. The following conditions must be fulfilled: (i) the rent concession provides relief to payments that overall result in the consideration for the lease contract being substantially the same or less than the original consideration for the lease immediately before the concession was provided; (ii) any reduction in rent concession is for relief for payments that were originally due on or before 31 June 2021; and (iii) there are no other substantive changes to the other terms and conditions of the lease.

These amendments did not have a significant impact on the Consolidated Financial Statements.

3. Accounting estimates, assumptions and significant adjustments

The information in these Consolidated Financial Statements is the responsibility of the Directors of the parent company, who expressly declare that all principles, policies, and criteria included in the International Financial Reporting Standards in force in the European Union (IFRS-EU) have been applied.

In the preparation of the Consolidated Financial Statements, according to the IFRS-EU standards, relevant estimates, assumptions, and judgments by the Management are required which could significantly affect the valuation of registered assets and liabilities, the presentation of contingent assets and liabilities, as well as the revenue and expenditure recognized in the financial year and presented in these Consolidated Financial Statements.

These relevant estimates, assumptions and judgments are based on historical experience and other factors that are considered reasonable at the date of preparation of the financial statements. They are continuously reviewed by the Management and could therefore be reviewed in the future if circumstances change or as a result of new information. A new methodology for accounting estimates would be applied, pursuant to IAS 8, on a forward-looking basis, recognizing the effects of the change in estimate on the Consolidated Income Statement.

Except for cases where the exceptional nature of the COVID-19 pandemic may have had an impact, as set out below, and the change in the treatment of crude oil inventory and tank heel product inventory, in 2020 there were no significant changes compared to 2019 in the methodology used to make accounting estimates.

The following summary provides additional information about the key relevant estimates, assumptions and judgments that have been used in the preparation of the Consolidated Financial Statements and accompanying notes. These should be read in conjunction with the sections of the notes mentioned in that summary.

A) Going concern

On 11 March 2020, the WHO declared COVID-19 an international pandemic. The pandemic rapidly developed into an unprecedented health crisis affecting all domestic and international business activity. The economic and health uncertainties caused by the pandemic have made it extremely difficult to hypothesize and form meaningful judgments. CEPSA created working groups to review the impact of the new economic situation on the Group's Financial Statement. Their assessment as at the date of issue of these Financial Statements is set out in these Consolidated Financial Statements.

The main judgments include an assessment of the going concern principle. In its implementation, the accounting loss arisen in this financial year was considered. This was fundamentally the result of: (i) the impairment recorded in relation to certain assets (see **Note 14**), (ii) the impairment necessary due to the adjustment in value of inventory (see **Note 15**), and (iii) the impact of governmental measures to contain the pandemic on demand for the company's products and the Group's sales in the markets where it operates. The Directors of the parent company drafted these Financial Statements Consolidated applying said principle based on:

- The soundness of the assets of the CEPSA Group, which has a healthy position and sufficient hardiness to absorb the impact of the current situation.
- The increased short and long-term solvency of the CEPSA Group achieved by signing new financing operations (see **Note 19**), thereby renewing and extending the due date for short-term lines of credit to afford the Group greater flexibility to take on its short and medium-term financial obligations.
- The revision of projections in the 2020-2024 Long-Term Plan approved in December 2019, revised in the short term with the 2021 Budget, for the impacts expected from COVID-19 as well as the economic recovery forecast for subsequent years in terms of operational volumes, product sale prices and supply costs, contingency plans, revisions of fixed costs and investments, hydrocarbon reserves, and other judgements.

The Group has the manoeuvrability to respond in the event the current situation of uncertainty as to the real date when business will return to normal is prolonged, as it has the ability to continue implementing mitigation measures to reduce costs, optimize the Group's cash flow, and preserve liquidity.

Therefore, the Directors believe that there are no uncertainties on the horizon entailing significant impairment to the Group's capacity to meet its legal and financial obligations in the foreseeable future and, consequently, these Consolidated Financial Statements have been prepared on a going concern basis. In fact, in the midst of the economic crisis caused by the COVID-19 pandemic, the Company reinforces its liquidity and solvency to cope with the uncertain times.

B) Estimate of Hydrocarbon Reserves

Estimating Reserves is a key process for the decision-making of the Company and the application of the *Successful Efforts Method* used by the Group to account for its Exploration and Production activities.

The volume of oil and gas Reserves Proved and Probable (2P) is considered to calculate amortization charges applying the *Unit of Production Method*. Likewise, 2P Reserves, together with Contingent Resources, when apply, are considered in the evaluation of the recoverable amounts of the investments in Exploration and Production assets.

The CEPSA Reserves and Contingent Resources Evaluation Procedure follows the guidelines established by the Society of Petroleum Engineers (SPE), the American Society of Petroleum Geologists (AAPG), the World Petroleum Council (WPC), the Society of Petroleum Evaluation Engineers (SPEE), and the Society of Exploration Geophysicists (SEG) in March 2007, revised in November 2011 and June 2018, and is known by the abbreviated term "SPE-PRMS" (Petroleum Resources Management System). To determine the reserves, the procedure takes into account, among other factors: estimates of the volume of oil and natural gas in place, recovery factors, assumptions of price forecasts, and estimates of costs and investments.

Reserves are certified annually by the Group's internal experts, independent to Exploration and Production business. Additionally, every two years, the registered volumes are audited by independent engineering firms. The Reserves estimate as at 31 December 2019 was prepared by these firms over the course of 2020 and certified in July. Said audit did not generate significant differences with those recorded in the Group.

The impairment tests on Exploration and Production assets set out in **Note 14** utilized this new assessment.

The *Successful Efforts Method* and tangible and intangible assets in Exploration and Production projects are presented in **Note 4.4**.

C) Impairment of assets

As part of the determination of the recoverable value of impairment assets (IAS 36), estimates, assumptions and judgments relate mainly to variations in crude oil prices, reduction in activity, anticipated losses, or crisis situations in the geographical areas where the Group operates. The estimates and assumptions used by the Management are determined internally by specialized departments, based on available information on economic conditions and analysis by independent experts. The discount rate is reviewed annually.

The grouping of the assets in different cash-generating units[1] (CGUs) implies the making of professional judgments and the consideration, among other parameters, of the business segments and the geographic areas in which the Group operates.

Judgments and estimates were also formed on determining the recoverable amount in order to calculate impairment losses on certain assets: intangible assets, property, plant and equipment, and investments in associates and joint ventures.

The impairment of assets and the method applied to calculate it are described in **Note 14**.

D) Obligations resulting from the decommissioning of assets

Obligations for decommissioning of assets used for the production, development, transformation, and sale of hydrocarbons are recognized in the period in which such an obligation is expressed, based on a reasonable cost estimate. The estimates are based on the information available in terms of costs and work program.

The dismantling provisions are regularly updated to reflect trends in estimated costs and the discount rates. This calculation is complex due to both the initial recognition of the present value of the estimated future costs, and the subsequent adjustments made to represent, inter alia, the passing of time, changes in estimates due to variations in the assumptions initially used due to technological advances, regulatory changes, economic, political, and environmental safety-related factors, variations in schedules or in operation conditions, etc. The discount rate is reviewed each year.

The method applied in the calculation of obligations and their recognition in profit or loss are described in **Notes 11** and **22**.

E) Income tax

Deferred tax assets are recognized to the extent that it is probable that there will be future profits subject to tax sufficient to offset them. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon both the likely timing and level of future taxable profits and future tax planning strategies, as well as the offset period.

The impact of COVID-19 on determining the income tax for the current financial year and future years, as well as the influence of this assessment on the recovery of deferred tax assets and unused tax loss carryforwards (both from past financial years and those generated this year) was carefully reviewed to prevent recognizing deferred taxes for the Group companies that cannot offset them in the future due to lack of profit.

In the application of IFRS interpretation 23, the Management applies its best judgment in assessing uncertainty about the *tax position* with regard to:

- Measuring the effect of uncertainty on the treatment of income tax individually case-by-case or jointly if they are correlated.
- Determining the degree of probability that the tax authority will accept the company's tax position, in order to apply the relevant calculation method that best predicts the resolution of uncertainty.

Also, with respect to tax provisions, the assessment of possible outcomes of claims and contingencies is based on the assessments of the Group's legal and tax counsel and take account of the present situation of the proceedings, as well as their overall professional experience. Since the outcome may ultimately be decided by courts, they may be different from the estimates.

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[1] *In accordance with IAS 36, a cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.*

The Group relies on the assessment of its legal counsel with regard to the probability that penalties and interest thereon will be applied. As a result of this counsel, it determines whether or not to carry the corresponding cost to the books and under which Consolidated Income Statement heading to record it.

The calculation processes and criteria used are described in **Note 27**.

F) PROVISIONS AND CONTINGENT LIABILITIES

The assessment of potential effects of legal claims and contingencies other than those mentioned above, for which the Group relies on the valuation of its legal counsel, that are based on their best professional judgment and take into account the present situation of the proceedings and their seasoned legal experience regarding the different issues. Since the outcome may ultimately be decided by courts, they may be different from the estimates.

Similarly, judgments and estimates are made to evaluate costs and establish provisions for write-offs and environmental repair using current information on expected repair costs and plans. Most write-off events do not occur in the near future, and the precise requirements that must be met when the event occurs are uncertain. Political, environmental, safety and public expectations are constantly changing.

This section also includes actions arising from environmental compliance in terms of reducing and eliminating greenhouse gases.

These criteria are outlined in **Note 22**.

G) OTHER MATTERS SUBJECT TO ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Other matters that are subject to estimates, assumptions and judgments are summarized below:

- Determination of the existence of significant control or influence by the Group over an investee (see **Note 4.1**)
- The process of valuation of assets and liabilities in Business Combinations requires, on the part of Group management, the judgments and estimates indicated in **Note 4.2**.
- Useful lives of tangible and intangible assets (see **Notes 9** and **11**).
- The calculation of the valuation of stocks (see **Note 15**).
- When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured using quoted prices in active markets, this value is measured using alternative valuation techniques including the *Discounted Cash Flows* model. The data used in these models are taken from observable markets where possible. When it is not, certain value judgments are needed to establish fair values. Judgments include considerations of inputs such as liquidity risk, credit risk (own and counterparty), and volatility (see **Note 30**). Changes in assumptions about these factors could affect the reported fair value of financial instruments (see **Note 32**).
- The assessment of the expected losses, according to IFRS 9, adjusted to the Probability of Default (PD), an adjustment based on forward looking estimates of the Strategic Plan of the business area and/or macroeconomic variables has been incorporated.
- With regard to IFRS 16, a lease that provides control over the use of the leased asset must be analyzed to determine effective application of said standard and the duration of the contract, including any renewals that are deemed likely to be exercised.

H) CHANGES IN ESTIMATES.

In 2020, EUR 186,388 thousand of crude oil and product were reclassified from under Inventory to Technical installations. This crude oil and product correspond to the volumes in the storage tanks under the lowest operable level (tank heels), and it is permanent, justifying its classification as a fixed asset (see **Notes 11** and **15**).

This reclassification was recorded at the beginning of 2020 as a change in estimates, because there is now sufficient information to reasonably estimate the volume of crude oil and products to be reclassified and the process with which to value them. The new information also allows us to properly estimate the portion of this volume that cannot be recovered when the tanks are fully drained, and subject the value of this non-recoverable volume for further transformation or sale to depreciation.

I) JUDGMENTS IN THE CASE OF TRANSACTIONS NOT ADDRESSED IN RULES OR INTERPRETATIONS ISSUED

Furthermore, when the accounting treatment of a particular transaction is not addressed in a published rule or interpretation, the Management uses its judgment to define and apply accounting policies that provide information consistent with the general concepts of IFRS: faithful presentation, relevance, and materiality.

4. Summary of general accounting policies

4.1. Consolidation Principles

Consolidated Financial Statements include the financial statements of the Company and the Company's controlled entities (its subsidiaries) prepared as of 31 December of each year.

The entities directly controlled [(2)] by the parent company (Compañía Española de Petróleos, S.A.), or indirectly through a directly controlled entity, are consolidated by global integration.

Investments in joint ventures are consolidated through the *Equity Method* (see **Note 8**). The Group accounts for joint operations recognizing their stake in assets, liabilities, income, and expenditures.

Investments in associated entities, in which the Group has significant influence, are accounted for using the *Equity Method*. The situation of significant influence is understood to be:

- on a general basis, in companies where the stake is between 20 and 50 per cent, and
- in companies where, although the interest is less than 20 per cent, this influence is understood to exist due to various factors, such as, among others, the CEPSA Group being represented on the Board of Directors, or a high volume of transactions.

For companies consolidated by global integration all intra-group balances and transactions are eliminated, as well as income and expenses not incurred (except for foreign exchange gains and losses arising from transactions and balances in foreign currencies) arising from intra-group transactions. In the case of joint operations, this elimination is limited to the Group's ownership interest.

With regard to Group transactions with companies consolidated by the equity method, any unrealized profit is written off against the investment by the percent of the Group's interest in the investee; unrealized losses are written off in the same way, provided there are no signs of impairment in the Group's interest in said companies.

4.2. Business combinations and Goodwill on consolidation

Business combinations are accounted for using the *Acquisition Method*. This method entails the recognition in the books at the acquisition date of the identifiable assets acquired and liabilities assumed at their fair value on that date, provided that this value can be reliably measured (see explanation in **Note 6**).

The Group recognizes a goodwill on the date of purchase for the excess of:

- the consideration transferred (fair value of the assets delivered, of the equity instruments issued and the liabilities incurred or assumed at the date of exchange, and of any additional consideration that depends on future events, whenever it is likely and can be reliably measured), the amount of the non-controlling interest and, in business combinations achieved in stages, the fair value at the date of acquisition of the investment previously held in the acquired company;
- on the fair value at the date of acquisition of the net identifiable assets of the acquired entity.

If this difference is negative, it is accounted for as income in the Consolidated Income Statement (in both cases see **Note 10**).

The non-controlling interest is recognized for the proportional value in the net assets of the acquired company or at its fair value.

Any deferred contingent consideration is recognized at the fair value at the date of acquisition. If there is an obligation to pay out contingent compensation that meets the definition of a financial instrument, it is classified as equity. It is then not reassessed, and the settlement is accounted for under equity. Otherwise, the contingent compensation is measured again at fair value on each filing date and any subsequent changes in fair value of the contingent compensation are recognized under results.

When business combination is deemed incomplete at the end of the reporting period, IFRS 3 requires issuers to disclose that fact and provide the provisional amounts of assets, liabilities, non-controlling interests as well as the items of the

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[2] *According to IFRS 10, there is control when the Company:*

- *has power over the investee;*
- *is exposed, or has rights, to variable returns from its involvement with the investee; and*
- *has the ability to use its power over the investee to affect the amount of returns it receives.*

consideration paid. Additionally, issuers should disclose the reasons why the business combination accounting is incomplete, and the nature and amount of any measurement period adjustments recognized during the reporting period.

In accordance with IFRS 3 and IAS 36, goodwill is not amortized. On the other hand, it is subjected to an impairment test at least once a year (more often if there are signs of loss of value).

4.3. Foreign currency translation

A) Foreign currency transactions

For each Group company, transactions in a currency other than its functional currency are converted to the corresponding functional currency to the exchange rates in force at the time of the transaction. Profit or loss due to exchange differences arising between the time of accounting and the time of collection or payment are taken to profit or loss and included within the financial results.

Additionally, monetary items in currencies present on the Consolidated Balance Sheet at year end are restated in the functional currency at the year-end rates. Differences with respect to the exchange rates prevailing at the transaction date thereof are recognized in profit or loss for the financial year.

However, any foreign exchange gains or losses arising from the conversion of the following items are recognized under Other Comprehensive Income:

- an investment in variable income designated as FVTOCI (except for impairment, in which case foreign currency differences recognized under OCI are reclassified under results);
- a financial liability designated as a net investment hedge in a foreign business to the extent the hedge is effective; and
- allowable cash flow hedges to the extent they are effective.

B) Consolidation of financial statements of companies with a functional currency other than the euro

The financial statements of the Group's companies with a functional currency other than the euro have been converted to euros using the *Year-End Exchange Rate Method*. Specifically:

- assets and liabilities, including goodwill and fair value adjustments, are converted at the year-end exchange rate,
- income and expenditure, including those corresponding to impairment, at the weighted average exchange rate for the financial year, and
- the historical exchange rate for equity is maintained.

Translation differences which arise, if any, are recognized under the heading Other comprehensive income in profit and loss and are accumulated under Value change adjustments in the Equity chapter of the accompanying Consolidated Balance Sheet.

When an interest in this kind of company is disposed of in full or in part such that control, significant influence, or joint control is lost, the amount accrued in the conversion reserve associated with that interest is reclassified under results as profit or loss on disposal. If the Group disposes of part of its interest in a company but retains control, the relevant proportion of the accrued amount is reclassified under Non-controlling interests. When the Group disposes of only a part of an associate or joint venture while maintaining significant influence or joint control, the relevant proportion of the accrued amount is reclassified under profit or loss.

The effect of fluctuations in exchange rates in the evolution of account balances on the balance sheet between periods shown for each item in the respective tables in **Notes 7** to **29** under the Other changes column.

4.4. Non-current assets in exploration, development, and production of hydrocarbon reserves.

Investments in exploration, development, and production of hydrocarbons are recognized based on the *Successful Efforts Method*. The accounting treatment for incurred expenditure is as follows:

A) Reserves acquisition costs through a business combination.

Assets incorporated as a result of a business combination are classified under the Possible or contingent reserves or as Proven reserves under Intangible assets, depending on the development phase of such an asset.

The acquisition cost of such acquired assets will remain under Intangible assets throughout their useful life, even if they relate to or later become proven reserves.

This acquisition cost will be amortized according to criteria shared with other categories of assets in Exploration and Production, in line with their corresponding PPE asset in Exploration and Production:

- If the project results in the discovery of proven reserves, the *Production Unit Method* will be used to determine the annual allocation to profit or loss, in a process coordinated with the rest of the project's assets. These will be included in OIL & GAS ASSETS under PROPERTY, PLANT AND EQUIPMENT.
- If the project does not lead to the discovery of reserves, the accumulated cost will be fully amortized against profit or loss in the year in which it occurs.

However, expenditure incurred in a business combination subsequent to the acquisition thereof is not recorded here, but in the following notes.

B) ACQUISITION COSTS OF RESERVES DIRECTLY BY THE GROUP.

Expenditure made on projects initiated by the Group, or on projects acquired through a business combination following the acquisition of an interest, consists of:

1. The costs of acquiring exploration permits are capitalized under the EXPLORATION AND PRODUCTION ASSETS heading of INTANGIBLE ASSETS.

    a. They are amortized from the date of purchase throughout the life of the exploration contract.

    b. In the event of a discovery of proven reserves, amortization is stopped and, in due course[3], the net value of these investments will be transferred to the OIL & GAS ASSETS heading of PROPERTY, PLANT AND EQUIPMENT.

2. Geology and geophysics costs, and other costs prior to well drilling, are charged to profit and loss as incurred, via capitalization and automatic amortization in the same month.

3. Exploration well drilling costs are temporarily capitalized in EXPLORATION AND PRODUCTION ASSETS under INTANGIBLE ASSETS until it is assessed if they have contributed to the discovery of reserves that justify commercial development.

    a. If no reserves have been found, the drilling costs initially capitalized are amortized and recorded in the Consolidated Statement of Income.

    b. If they have successfully ted to discovering proven reserves, the accumulated cost will be transferred [(3)] to the OIL & GAS ASSETS heading of PROPERTY, PLANT AND EQUIPMENT.

4. Exploration costs other than the above are recorded directly in the Consolidated Income Statement when they are incurred.

At the same time, feasibility analyses are carried out for each cash-generating unit (CGU) on the basis of the results of the exploration and, where appropriate, the corresponding impairment tests (see **Note 14**) that could affect the net capitalized value of amortizations are also carried out.

C) DEVELOPMENT COSTS

Expenditures made in project development activities initiated by the Group, or in projects acquired through a business combination after acquisition of an interest, consist of:

1. Development costs incurred to extract proven reserves (productive wells, dry development wells, oil and gas extraction and treatment facilities, recovery improvement systems, platforms, etc.) are capitalized at the acquisition cost under the OIL & GAS ASSETS heading of PROPERTY, PLANT AND EQUIPMENT.

2. Field abandonment and decommissioning costs are calculated individually for each field and recorded under OIL & GAS ASSETS at the current estimated value.

Development investments capitalized in accordance with criteria 1 and 2 above, together with the amounts referred to in paragraph B above received from Intangible assets at the date of trade, are amortized according to the following rules:

a. Investments in the acquisition of reserves transferred from intangible assets and investments in common facilities are amortized over the estimated commercial life of the field, based on the reserves extracted during

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[3] The event which determines the transfer of an intangible asset to PP&E asset occurs when governmental authorization is obtained that allows first the development, and later the commercial exploitation, of a field during a specific period.

the financial year with respect to the reserves estimated as proven and probable as recoverable at the beginning of each year (*Production Unit Method*).

b. Costs incurred in exploratory drilling for the development of the reserves are amortized over the estimated commercial life of the field, based on the reserves extracted during the year with respect to the reserves estimated as proven and probable developed as recoverable at the beginning of each year.

c. With respect to joint production contracts, this calculation is based on the proportion of production of the financial year and reserves assigned to the Group taking account of the estimates based on the contractual clauses.

D) IMPAIRMENT

An impairment test is periodically performed for each and every category of these assets. During the exploration phase (paragraphs A and B), feasibility analyses are carried out on the basis of exploratory results and, where necessary, appropriate evidence of impairment, which could affect the net capitalized value of amortizations in intangible assets.

Likewise, during the development and operation phase, regular impairment tests are performed.

In all cases, the assets are grouped into CGUs and the criteria set out in **Note 14** are followed. Impairment losses are recognized in the Consolidated Income Statement.

4.5. Fair value measurement

A) FINANCIAL INSTRUMENTS

The Group measures financial instruments such as derivatives at fair value at each reporting date [4].

B) NON-FINANCIAL ASSETS

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits and reflects the asset's highest and best use or its sale to another market participant that would use the asset in its highest and best use.

For the calculation of fair value, the Group uses appropriate valuation techniques according to circumstances and based on available information, maximizing the use of relevant observable variables, and minimizing the use of non-observable variables.

To determine and disclose the fair value of financial instruments by valuation method, the Group uses the following hierarchy (see **Note 32**):

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Other techniques in which all variables with a significant effect in accounted-for fair value are directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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[4] *Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the transfer date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:*

• On the principal market for the asset or liability, or

• In the absence of a principal market, in the most advantageous market for the asset or liability transaction

The principal or the most advantageous market must be accessible by the Group.

4.6. Other published standards to be applied in the future

The following standards and interpretations published by the IASB and the IFRS IC are not yet effective as of 31 December 2020:

Amendments to IAS 1 *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued its amendments to paragraphs 69 to 76 of IAS 1 *Presentation of Financial Statements* to clarify the requirements to be applied to the classification of liabilities as current or non-current. It specifically clarified:

- What it means to have the right to defer settlement
- That the right to defer settlement must exist at year end
- That the classification is not altered by the probability that the right to defer will be exercised

Only if a derivative implicit to a convertible liability is an equity instrument in and of itself, will the liability's conditions have no impact on its classification.

These amendments are effective for periods beginning on or after 1 January 2023 and are to be applied retroactively.

Amendments to the IFRS 3 *Business Combinations*: Reference to the conceptual framework

Issued by the IASB in May 2020, these amendments are to replace the 1989 Conceptual Framework with a reference to the 2018 framework, with no significant changes to requirements.

The IASB also added an exception to IFRS 3 requirements to prevent gains or losses on "day 2" that may stem from liabilities or contingent liabilities (within the scope of IAS 37 or IFRIC 21) if incurred separately. Meanwhile, the IASB decided to clarify the existing IFRS 3 guidance to recognize contingent assets that will not be affected by references to the Conceptual Framework.

These amendments are effective for periods beginning on or after 1 January 2022 and can be applied prospectively. The Group does not expect any impact as a result of these amendments.

Amendments to IAS 16 *Property, Plant, and Equipment*: Amounts received prior to planned use

These amendments issued by IASB in May 2020 prohibit deducting from asset acquisition costs amounts received from sales made from the asset while bringing it to the location and condition necessary for it to be capable of operating in the manner intended by Management. Instead, these amounts will be recorded in the income statement.

These amendments become effective for periods beginning on or after 1 January 2022, and are to be applied retrospectively only to items of property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by Management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The Group does not expect any significant impact as a result of these amendments.

Amendments to IAS 37 – Cost of Fulfilling a Contract

These amendments issued by the IASB in May 2020 specify the costs that companies should include when assessing whether a contract is onerous or loss-making. The amendments propose a "direct cost approach." Costs that relate directly to fulfilling a contract to deliver goods or provide services include both the incremental costs and an allocation of costs that relate directly to the contract. Administrative costs and overhead are not directly attributable to a contract; therefore, they are excluded from the calculation unless they are explicitly passed along to the counterparty pursuant to the contract.

These amendments are effective for periods beginning on or after 1 January 2022.

2018-2020 Annual Improvements

As part of the 2018-2020 annual improvements to the IFRS, the IASB published an amendment to IFRS 9 and IAS 40

i. <u>IFRS 9 *Financial instruments*: fees in the "10% test"</u>

This amendment clarifies which fees to consider when analyzing whether changes to the terms of a financial liability are substantially different from the original financial liability. These expenses only include those paid or received by the creditor or the borrower, including those paid or received by one on behalf of the other.

This amendment is effective for periods beginning on or after 1 January 2022 and early application is permitted.

ii. Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16: Interest rate benchmark reform – phase 2

In August 2020, the IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16: Interest rate benchmark reform – phase 2. These amendments provide temporary relief in financial reporting while interbank offered rates (IBOR) are replaced by risk-free rates (RFR).

The CEPSA Group has not undertaken early application of any of these rules in preparing these consolidated Financial Statements.

5. Extraordinary costs incurred related to COVID-19

The impact of COVID-19 and other unfavourable economic events of 2020, such as plummeting crude oil prices and domestic and international demand affected the CEPSA Group's results in quite different ways. As part of a critical industry providing essential energy and chemical products, CEPSA has maintained normal operations at its industrial centres, where CEPSA professionals have worked to ensure the energy supply and the distribution of other essential products during the COVID-19 crisis.

The situation caused by the pandemic is unprecedented in recent history and has affected all sectors. Like any other companies in the energy sector, CEPSA has been adversely affected by the developments of the market. The Spanish market has been especially impacted with a significant drop in energy consumption during the first State of Alarm, partially offset in the summer and once again affected, albeit to a lesser extent, after the declaration of the new State of Alarm in October.

Thus, our businesses noted the following impacts in 2020:

- The sharp contraction of oil prices – which went from $68/barrel at the beginning of the year to $50/barrel at the end of 2020, going through a phase of exceptionally low prices in the first half of the year, reaching $20/barrel in April – entailed, on the one hand, decreased earnings from subsidiaries in Exploration and Production segment and, on the other, reduced sales for said companies, as OPEC-member countries, Russia, and other countries agreed to a curtailment of output in the month of April 2020, which has been maintained throughout 2020.
- The Refining area was affected both by the drop in demand, which in turn led to the reduction of refinery utilization rates, and by the resulting reduction in European refining margins. In fact, a decision was made in October 2020 to temporarily extend the maintenance shutdown of two units in the Huelva refinery to adapt production to current demand. The best time to reinitiate activity is being reviewed periodically, which is expected to take place in the first half of 2021, although it will depend on the evolution of the pandemic.

  Electricity and gas sales were also adversely affected by falling prices due to reduced demand. Nevertheless, low gas and electricity prices fostered operational cost savings in Refining when they are part of production cost (combined cycle units with electricity and steam for distillation plants).

  Additionally, the Group's Trading unit has worked during the first half of 2020 with the aim of supporting the commercialization of the production of our refineries and taking advantage of the intermediation opportunities that have arisen in a market with as much volatility as the oil market has experienced.
- The Commercial segment was impacted by COVID-19 due to the drop in demand experienced by all and every different lines of the business that sell our products. Thus, the most affected correspond, on the one hand, to the network of service stations, which has seen its sales drop by around 29% on average, although there has been a recovery in the last semester, as a result of the completion of the first State of Alarm and the expectations about the success of the vaccination campaigns. Another of our activities strongly impacted by COVID-19 was aviation fuel sales, where business shrank significantly as a result of the limitation of travel worldwide, setting average annual demand 60% below that existing before the pandemic.
- Finally, some of our activities that performed well in 2020 partially offset the above-mentioned reductions. This is the case for our chemicals business, as products manufactured in CEPSA petrochemical plants have many applications in products necessary to fight the disease caused by the coronavirus, as well as to stop its spread. These products include LAB and phenol, of which CEPSA is the only producer in Spain. These compounds are raw material for a multitude of products in the pharmaceutical, technological and medical industries, among others.

As a result of the above, in 2020 there was a 35% drop in sales compared to 2019.

The following sections discuss the impact on results, referring to the assets and liabilities involved.

5.1. Inventory.

Two significant effects were found.

A) Impairment of inventory value.

The above-mentioned variations in oil prices on the markets significantly affected the value of crude and product inventories and indirectly affected the sales margin for petroleum products.

At year end, the adjustment in operational inventory value rose to EUR 38 million (excluding spare part inventories, see **Note 15**).

B) Idle capacity costs.

As discussed in **Note 15**, production cost is one of the two key components in the valuation of inventory. The cost of production includes, where applicable, direct labour costs, general manufacturing costs, and the proportion of the depreciation of the non-current asset items used in the production process.

One of the consequences of COVID-19 is the reduction of the refinery activity, which in the reporting period experienced a decrease between 20% and 30% in distillation activity from April to December. This decline in activity is considered idle capacity. The portion of production costs incurred between April and December corresponding to idle capacity was not included in the valuation of finished products for said months. In the fourth quarter of the fiscal year, as part of the refinery utilization rate optimization exercise, it was decided to keep two units of the La Rábida Refinery idle, and to increase the utilization rate of the San Roque Refinery. Consequently, subactivity has been applied only to the first one, for an approximate percentage of 40%.

The Petrochemicals business did not experience any idle capacity in 2020.

Supply contracts that became onerous as a result of the current circumstances have not been identified.

5.2. Financial Assets

The health crisis arising from COVID-19 shut down economic activity in many business sectors, both in Spain and in the rest of the world. This shutdown hindered financial capacity of companies and families, and therefore their ability to pay.

As a result, the CEPSA Group carefully reviewed its exposure to the risk of default and updated the model that determines the number of provisions to be established to cover them. The probability of default on trade credits has been increased by 15% in Group's assessment models, in line with the decreased collectability seen in the 2007 crisis; credits that are not trade credits were measured on a case-by-case basis according to international accounting standards. Next, the default allowances kept to hedging the current risk were assessed; where applicable, an update to discount rates adjusted to the specific risk of each asset has been carried out.

However, the impact on the Consolidated Income Statement for financial year 2020 was negligible, because the need for additional allowances arising from higher Probability of Default (PD) was offset by a reduction in balance of receivables resulting from the drop in prices and sales (see **Note 13**).

5.3. Financial guarantees granted.

As most guarantees are granted by CEPSA or its main subsidiaries to other companies in the Group, and, in the context of enhancing the Group's liquidity and solvency as discussed in **Note 19**, there are no signs of risk of enforcement.

5.4. Personnel costs

Due to the precarious situation created by low fuel demand resulting from the State of Alarm and subsequent COVID-19 restrictions, the Group had to implement a temporary labour force furloughing plan (ERTE in Spanish acronym) in its service station network, affecting 2,586 employees. However, since the plan was implemented in shifts, only a maximum of 1,200 employees were ever simultaneously furloughed.

The furlough began on 29 April and was effective until 31 October, although employees were gradually reincorporated as activity bounced back after the first State of Alarm. The Group committed to pay the difference of up to 100% of the fixed salary of the people affected throughout the furlough. Salary savings resulting from said temporary labour force adjustment plan were EUR 2,556 thousand and they are included under Personnel costs. CEPSA made Social Security contributions as per employment situation and does not expect to receive any reimbursement for this concept.

For the same reason, the Company is being compelled to implement a temporary labour force furloughing plan in the Fuel 1 and Vacuum 2 units of the La Rábida Refinery in the industrial area of Palos, in Huelva, starting in October and involving 62 employees. Because the plan is implemented in shifts, only a maximum of 39 employees are simultaneously furloughed. The Management periodically evaluates the most appropriate time to resume the activity of these units, which is expected to take place in the first half of 2021, although it will depend on the evolution of the pandemic. CEPSA has contributed to Social Security according to ordinary employment situation and it is not expected to receive any reimbursement for this concept

5.5. Hedges

The CEPSA Group follows a consistent risk hedging policy, as set out in **Notes 30** and **31**.

In the context of this note, the hedge portfolio has been analysed to clarify its exposure to various potential risks: non-performance risk and counterparty risk.

With regard to non-performance risk, no significant risks were found that might affect the results in the future. Certain hedges associated with Refining activity that may be affected by this risk, are small and renewed monthly.

Concerning gas purchase and sale commitments, as they are quite short-term documented hedges, no significant over-coverage risk has been found in relation to the total duration of the hedged period.

In terms of counterparty risk, the Group constantly monitors third parties (likewise to **Note 5.2** above), but given their current investment grade rating, no significant risks were detected.

5.6. Deferred tax

Projections of future results were updated in December 2020, in order to assess the capacity of these results to absorb the deferred tax assets recognized on the consolidated Balance Sheet.

Even when the 2020 tax base is negative, and these loss carry-forwards have been added to the deferred tax balances recorded at 2019 year-end, the projections of future results show sufficient margin to offset said total deferred tax. In cases where a potential risk of non-recovery has been identified, impairment has been recorded.

5.7. Fixed asset impairment

The drop in crude oil prices in 2020 is an event of impairment for Exploration and Production assets. No other event of impairment has been noticed regarding a significant reduction in recoverable reserves or an increase in expected future investments and production costs.

To conduct the appropriate impairment tests, only the forward price curve–with the ensuing impact on reserves— and discount rates were updated (see **Note 14**), as no significant impacts were detected in the other impairment test variables (production profiles, investments, operating expenses, etc.).

Additionally, due to the volatility of hydrocarbon prices that has occurred during the 2020 financial year and the uncertainties observed in long-term prices, for the valuation of the Exploration and Production CGUs the "expected cash flow approach" that establishes IAS 36 to reflect expectations about possible cash flows, instead of a single most probable cash flow, has been used. For this, two scenarios have been considered for prices over three years (see Note 14).

Additionally, as a consequence of the evolution of the prices of certain petroleum products, strongly impacted by COVID 19, a drop in the profitability of some assets of the Refining-Commercial CGU is observed.

The net impact on financial year 2020 results amounted to EUR 648 million in PPE and intangible assets in Exploration and Production and rest of businesses and EUR 60 million in investments in associates accounted for using the equity method (see **Note 14.3**).

Additionally, at the beginning of 2020, the market for CO2 emission rights suffered from the impact of the reduction in productive activity with a drop in the cost of these rights in the free market. The CEPSA Group recorded an impairment of EUR 17 million during the first semester of 2020 as a result of this circumstance (see **Note 9**).

There were other lesser impairments set out in **Note 14**.

5.8. Depreciation and decommissioning provisions

Indirectly, the impact of decreased international crude oil prices affected amortization and depreciation of hydrocarbon Exploration and Production projects, because either they shortened the useful life of the field or reduced the crude oil rights in production sharing contracts. Whilst the CEPSA Group carried out the impairment tests mentioned in **Notes 5.7 and 14**, the impact of said analysis was reviewed in terms of said factors.

Where relevant, the Group re-estimated depreciation and amortization corresponding to the affected assets, the outcome of this was recorded in the Income Statement as at 31 December 2020. At the same time, since assets depreciate according to the units produced, OPEC+ agreements on production curtailments reduced amortization and depreciation for the period in the Exploration and Production business.

Similarly, a reduction in useful life of the oil field or other business operations anticipates decommissioning requirements. This event requires the Group to recognize the impact of the ensuing change of the recording period for said expenses in current Consolidated Income Statement. The CEPSA Group has duly analysed this risk and determined that expenditures of EUR 1 million should be paid in advance on its projects in Thailand.

5.9. Mitigation of risk and future impacts

Due to the deterioration of the economic outlook, CEPSA implemented a contingency plan with different actions to protect cash flow generation in 2020. Some of these actions are:

- Firm discipline in investments with objective reduction of EUR 380 million from the financial year's investment budget.
- Extensive fixed cost reduction for all business units and operations in order to achieve savings of more than EUR 120 million in 2020 compared to the starting point of actual costs in 2019.
- Strict continuous management of working capital.

During the 2020 financial year, the Group's Management has continuously monitored these actions. The proposed objectives have been exceeded and savings of EUR 527 million have been achieved.

6. Business Combinations and variations in the scope of consolidation

ACCOUNTING POLICIES

Business combinations are accounted for using the Acquisition Method*.*

Acquisition cost consists of the fair value of the delivered assets, of the issued equity instruments and of the incurred liabilities assumed at the exchange date, as well as of any additional consideration that may depend on future events (provided that it is probable and can be reliably measured). Acquisition-related costs are expensed as they are incurred.

The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

If there are differences between the acquisition cost and the amount of any non-controlling interest in the acquired entity, the policy described in ***Note 10*** *on goodwill applies.*

If a business combination is achieved in stages, the accounting value for which the previous stake in the acquired company is listed in the Group is reassessed at the fair value at the date of the last acquisition and any resulting profit or loss with respect to the previous accounting value, if it exists, is recognized in profit or loss. The amounts arising from the interest in the acquired company prior to the date of last acquisition which have previously been recognized in OTHER COMPREHENSIVE INCOME shall be reclassified to consolidated profit or loss, where it would correspond in the event that this interest was sold.

6.1. Main variations

The variations in the scope of consolidation of the 2020 and 2019 financial years are:

Variation in consolidation perimeter

Year 2020	Global	Equity method	Year 2019	Global	Equity method
Bitulife, S.A.		I	Apico, LLC		E
Cepsa Chemical Products (Shanghai), Ltd	I		Atlas Nord Hydrocabures (ANH), S.A.S.		I
Cepsa Trading Americas, INC	I	E	Cepsa Disco, S.L.U.	E	
Intransport Service XXI, S.L.	I		Cepsa EP Asia, S.L.U.	E	
Ocean 66, Ltd	E		Cepsa EP, S.A.U.	E	
Plastificantes de Lutxana, S.A.	E		Cepsa Finance, S.A.U.	I	
Sociéte de Recherches et d'Exploitations Industrielles, Sorexi, S.A.		I	Cepsa Panamá, S.A.	E	
Teide RE, S.A.	I		Cepsa SEA, S.L.U.	E	
			Cepsa Trading Asia Pte, LTD	I	
			Detisa Comercial Petróleo, SA de CV	I	
			ERS. Spain, S.A.	E	
			Europea de Petróleos, S.L.	I/E	
			Medgaz, S.A.		E
			Servicar Campo de la Naciones, S.A. (SERVICAR)	E	
			Suministros y Áreas de Servicio Ploc, S.A. (SUARSESA)	I/E	
			Wingas, Distribuidora de Gas Natural, S.A.U.	E	

I=Inclusion
E=Exclusion

Table I at the end of this document, which forms part of this Report, details the main subsidiaries, jointly controlled companies, and associates, directly or indirectly involved, which, together with CEPSA, are members of the Consolidated Group. The registered office and activity of these companies are indicated, as well as the most significant economic and financial data corresponding to the 2020 financial year.

Changes in 2020 include:

- "Sorexi, S.A." and "Bitulife S.A.", incorporated in Morocco, do business in the asphalts and derivatives market. The Group has completed the purchase of a 40% stake aimed at consolidating its position as one of the main energy players in North Africa.
- The Group established the company "Cepsa Chemical Products (Shanghai) Ltd" to sell phenol and acetone to major clients in the Asian market.
- The company "Cepsa Trading Américas, Inc" (previously "Cepsa Química USA") was relaunched and modified its commercial activity, which will now focus on Trading in North America. Therefore, it has gained importance and has been consolidated by global integration.
- The company "Intransport Service XXI, S.L." was acquired in 2020 to strengthen the network of service stations for professionals by incorporating 5 stations in the North of Spain and a card system that serves more than 6,000 customers.
- The companies "Ocean 66, LTD" and "Plastificantes de Lutxana, S.A." were liquidated.
- The company "Teide RE, S.A.", dedicated to internal reinsurance for the Group, took on greater significance and should be included in the consolidation process (it was not consolidated in 2019).

Changes in 2019 notably included removal from the scope of consolidation due to the sale of "Apico, LLC" and "Cepsa Panamá, S.A." and in-kind dividend distribution of "Medgaz, S.A." The additions were due to the start-up of activity in said financial year of "Cepsa Finance, S.A.U.", "Cepsa Trading Asia Pte, Ltd", and "Detisa Comercial Petróleo, S.A. de C.V."

The breakdown of the effect on equity of the change in consolidation method and of the inclusions in and exclusions from the scope of consolidation is shown in OTHER CHANGES or BUSINESS COMBINATIONS, as applicable, in the respective tables disclosing the changes of the financial year for each heading shown in **Notes 7** to **29**.

The information contained in this Report for financial year 2019 is presented only for purposes of comparison with information from financial year 2020.

6.2. Divestments

ACCOUNTING PRINCIPLES

Following IFRS 5, assets and liabilities belonging to the consolidated group and assets and liabilities of subsidiaries held for sale are presented separately in the Consolidated Balance Sheet. Depreciation of assets is interrupted from the date of reclassification.

*Assets held for sale. The entity measures **non-current assets** (or disposal groups) classified as **held for sale**, at the lower of carrying amount and fair value less costs to sell. Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction and not continued use, or of a distribution to the owners, instead of through their continued use.*

This condition is considered to be fulfilled when the sale is highly probable, and the asset is available for immediate sale in its present condition. The sale should presumably be completed within one year of the asset's classification as held for sale.

*Otherwise, a **discontinued operation** is a component that has been sold or otherwise disposed of or has been classified as held for sale, and*

- Represents a separate line of business or geographical area.

- Forms part of an individual and coordinated plan to sell or otherwise dispose of a separate line of business or geographical area of operations; or

- Is a subsidiary entity acquired exclusively with a view to its subsequent sale.

In the Consolidated Income Statement for the reporting period and prior-year comparison, the results of discontinued operations are reported separately from those of continuing operations.

A) Divestments executed

In the 2020 financial year, no divestments from Group companies occurred.

In 2019, the following companies were sold:

- "Apico, LLC", by agreement signed on 31 July 2019 and completed on 11 September 2019 (see **Note 8**),
- "Cepsa Panamá, S.A.", completed on 13 December 2019.

In addition, on 13 October 2019, the then sole shareholder of CEPSA, "Cepsa Holding, LLC" decided to proceed with the distribution of a dividend in kind consisting of all shares of "Medgaz, S.A." held by the Group to the then Sole Shareholder, charged to voluntary reserves (see **Notes 8** and **18.5**).

B) Ongoing divestments – Assets held for sale

The Company "Cepsa Peruana, S.A.C", which was recorded as held for sale on 31 December 2019, was reinstated as a Group company for all intents and purposes as of 31 December 2020, as the Board decided to discontinue the sale process.

In 2019, after approval from the Board of Directors in November 2019 of the sale of the Group's interest in "Cepsa Peruana, S.A.C.", the assets and liabilities this company would have contributed to the 2019 Consolidated Balance Sheet were removed from the headings according to their nature and grouped into respective headings under current assets and liabilities (ASSETS HELD FOR SALE and LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE, respectively).

However, the events of 2020 significantly affected the expected sales transaction. Therefore, the sales transaction was suspended until further notice. Consequently, the company was once again included in the scope of consolidation with full effect, under the integration method as at December 2020 and its assets and liabilities included under the corresponding headings. The impact of this inclusion is briefly described in the corresponding Notes. In 2020, a record was made of the results generated by the company from the date on which it was considered "available for sale" until its re-inclusion in the Consolidated Group.

Similarly, in financial year 2019, at the meeting of the Board of Directors on 26 September 2019, the sale of the Group's stake in the company "Decal Panama, S.A." was approved. Said transaction is pending fulfilment and, as a result, the assets and liabilities contributed to the Group by said company that were removed from their natural headings on the financial year 2019 Consolidated Balance Sheet and transferred to ASSETS HELD FOR SALE and OBLIGATIONS ASSOCIATED WITH ASSETS HELD FOR SALE, respectively, have continued as such in 2020.

Held for sale companies - Assets and Liabilities

Thousand of euros

Assets	Notes	2020	2019	Liabilities	Notes	2020	2019
Intangible assets	Note 9	-	15 121	Account payables		-	3 912
Property, plant and equipment	Note 11	-	60 508	Deferred tax liabilities	Note 27	-	3 923
Rights of use		-	389	Provisions for third-party liability	Note 21	-	8 606
Deferred tax assets	Note 27	-	11 899	Other liabilities		-	387
Account receivabes		-	8 243				
Cash and cash equivalents		-	1 495				
Other assets		588	844				
Total assets		**588**	**98 499**	**Total liabilities**		**-**	**16 828**

7. Segment reporting

The CEPSA Group divides its businesses into four business segments: Exploration and Production, Refining, Commercial and Distribution, and Petrochemicals. For these segments, there are responsible managers and information is reported to the Board of Directors separately using this structure. The results of these segments are regularly reviewed by the highest operating decision-making authority to decide on the resources to be allocated and assess their performance.

The key financial data reported for each operating segment are as follows:

***(Adjusted) EBITDA** (Earnings Before Interest, Taxes, Depreciation, and Amortization – EBITDA) comprises the revenues and expenses derived from the ordinary operations of the segment. Not included: amortization, impairment, or the result of disposal of its assets, or financial profits, derivatives of shares consolidated by the equity method, or income taxes.*

***(Adjusted) Operating profit/loss** has been prepared by using the same basis used for the internal information for the management of the businesses.*

Accordingly, due to the special nature of certain economic events, some income and expense items are classified as non-recurring items *and are excluded from the segment results (see **Note 7.3**). These non-recurring items generally relate to transactions that are unusual, but significant, and to the difference in the value of inventories between Average Unit Cost (used in the financial statements) and Replacement Cost (used to measure business operations, thus facilitating analysis of the performance of business segments, as well as year-on-year comparison).*

***Adjusted Capital Employed** is reported in the section on operative segment assets and liabilities. Adjusted Capital Employed is made up of NON-CURRENT NON-FINANCIAL ASSETS plus WORKING CAPITAL (adjusted to replacement cost) less non-current non-financial liabilities. The figure is equivalent to EQUITY (adjusted at replacement cost) plus NET FINANCIAL DEBT. Net Borrowings basically consist of current and non-current borrowings minus cash and cash equivalents and non-current financial assets.*

The CASH FLOW section of the segments has information on both operating cash flows from operating activities before change in operating working capital and CASH FLOW from investing activities to present the calculation of free cash flows before changes in working capital.

The information disclosed in relation to the geographical segments in which the Group carries on its activity was prepared based on the location of the assets, while information on income was prepared based on the location of clients.

7.1. Business segment reporting

The activities of the CEPSA Group's business segments are:

- Exploration and production includes exploration, development, and production of crude oil and natural gas reserves.
- Refining comprises the supply and refining activities of crude oil products and their export, sale of manufacturing surpluses, trading activities (more than 85% of the volume of operations is for refining activity), generation of electrical energy (70% of electricity refining consumption is equivalent to the energy produced by Gas and Electricity activities) and steam, activities that play a very important role in production processes and sales to industrial customers.
- Commercial and distribution contains the distribution and commercialization activity of oil and gas products.
- Petrochemicals consist of production, distribution, and sale of petrochemical and oleochemical products.

Lastly, the amounts for corporate functions carried out by the parent company are reported under Corporation, which is not a business segment.

The selling prices applied to transactions between these reporting business segments are valued at market prices, and income, expenses, assets, and liabilities have been determined before the eliminations on consolidation, except for the internal eliminations of each business segment.

The segments have been defined on the basis of the delimitation of different activities that generate income and expenses, and also on the basis of the structure approved by the Board of Directors for the best management of each business. The management team (Management Committees for each segment) analyses the main operational and financial magnitudes for decision-making on resource allocation and performance assessment of the Group. The Group has not performed segment groupings for the presentation of the information.

The following breakdown shows information as of December 31, 2020 and 2019, by segment and, in terms of the net profit attributable to the parent company, the profit obtained in accordance with IFRS, and the profit adjusted to the management approach (next two pages):

CEPSA

Segments reporting

Year 2020	Exploration & Production	Refining	Commercial	Petrochemical	Corporation	Intra-Group Eliminations	Total	CCS Adjustments Non-Recurring Items	Total Consolidated
	Information excluding CCS Adjustments and Non-Recurring Items								
Income/(Losses)									
Revenue									
Revenue from external customers	770 489	3 773 728	9 259 001	1 953 833	3 093	-	15 760 144	-	15 760 144
Intra-group revenue	60	4 679 541	31 325	593 930	59 951	(5 364 807)	-	-	-
Total Revenue	***770 549***	***8 453 269***	***9 290 326***	***2 547 763***	***63 044***	***(5 364 807)***	***15 760 144***	***-***	***15 760 144***
Excise tax on oil and gas charged on sales	-	(1 570)	(2 115 319)	-	-	-	(2 116 889)	-	(2 116 889)
Revenue without excise tax on oil and gas	***770 549***	***8 451 699***	***7 175 007***	***2 547 763***	***63 044***	***(5 364 807)***	***13 643 255***	***-***	***13 643 255***
Procurements and changes in inventories of finished goods & work in progress	(78 783)	(9 126 139)	(4 414 889)	(1 812 003)	(717)	5 181 414	(10 251 117)	(450 242)	(10 701 359)
Changes in operating allowances	1 564	(1 236)	(1 091)	313	653	-	203	(60 937)	(60 734)
Change in provisions for liabilities and charges	19 076	(1 026)	(5 707)	(223)	5 683	-	17 803	-	17 803
Gains or losses on disposals of non-recurring assets	(2 537)	(35 338)	6 442	(7 333)	-	-	(38 766)	-	(38 766)
Other operating income and costs	(251 579)	722 145	(2 360 161)	(371 101)	(107 405)	183 393	(2 184 708)	(53 206)	(2 237 914)
Result (EBITDA)	***458 290***	***10 105***	***399 601***	***357 416***	***(38 742)***	***-***	***1 186 670***	***(564 385)***	***622 285***
Amortisation charge	(203 106)	(340 499)	(164 268)	(83 234)	(883)	-	(791 990)	-	(791 990)
Impairment of non-current assets	(19)	-	392	-	-	-	373	(648 227)	(647 854)
Allocation to profit or loss of grants related to non-financial assets and others	(1 147)	(87)	(808)	(191)	(2 300)	-	(4 533)	-	(4 533)
Adjusted operating profit (losses)	***254 018***	***(330 481)***	***234 917***	***273 991***	***(41 925)***	***-***	***390 520***	***(1 212 612)***	***(822 092)***
Share in profit of companies accounted for using the equity method	6 658	1 246	3 073	(254)	-	-	10 723	(58 847)	(48 124)
Net financial profit							(132 903)	-	(132 903)
Impairment and gains or losses on disposals of financial instruments							(157)	-	(157)
Consolidated profit before tax							***268 183***	***(1 271 459)***	***(1 003 276)***
Income tax							(258 293)	346 762	88 469
Consolidated net profit for the period for continuing operations							***9 890***	***(924 697)***	***(914 807)***
Consolidated net profit for the period for discontinued operations							-	-	-
Consolidated net profit of the period							***9 890***	***(924 697)***	***(914 807)***
Non-controlling interests							(8 453)	4 502	(3 951)
Equity holder of the Parent (*)	***(74 340)***	***(270 661)***	***168 802***	***204 702***	***(27 066)***	***-***	***1 437***	***(920 195)***	***(918 758)***
Assets and liabilities									
Non-current assets without investments in associates & JV	2 505 455	2 781 140	1 574 052	921 015	73 080	-	7 854 742	98 195	7 952 937
Investments in associates and JV companies	29 064	31 995	58 150	111 057	-	-	230 266	-	230 266
Total non-current capital invested	***2 534 519***	***2 813 135***	***1 632 202***	***1 032 072***	***73 080***	***-***	***8 085 008***	***98 195***	***8 183 203***
Capital Employed	***1 927 555***	***3 095 996***	***1 420 308***	***1 267 338***	***14 102***	***-***	***7 725 299***	***(245 741)***	***7 479 558***
Cash flow statement									
Cash flow from operating activities before change in operating working capital IFRS	417 049	(427 469)	411 959	315 769	(56 567)	-	660 741		
Clean CCS Adjustment	-	421 481	(13 196)	41 957	-	-	450 242		
Cash flow from operating activities before change in operating working capital CCS	***417 049***	***(5 988)***	***398 763***	***357 726***	***(56 567)***	***-***	***1 110 983***		
Other cash flow from operating activities	(245 915)	(700)	(2 327)	4 076	253	-	(244 613)		
Total cash flow from operating activities before change in working capital CCS	***171 134***	***(6 688)***	***396 436***	***361 802***	***(56 314)***	***-***	***866 370***		
Total cash flows from investing activities	***(173 972)***	***(309 831)***	***(138 145)***	***(107 317)***	***(29 791)***	***-***	***(759 056)***		
Free cash flow before change in working capital	***(2 838)***	***(316 519)***	***258 291***	***254 485***	***(86 105)***	***-***	***107 314***		

(*)

CCS Profit attributable to parent company	***(74 340)***	***(270 661)***	***168 802***	***204 702***	***(27 066)***		***1 437***
Non-Recurring Items	(320 007)	(549 065)	(9 155)	(29 594)	(12 374)		(920 195)
IFRS Profit attributable to parent company	***(394 347)***	***(819 726)***	***159 647***	***175 108***	***(39 440)***		***(918 758)***

Segments reporting	Information excluding CCS Adjustments and Non-Recurring Items								
Year 2019	**Exploration & Production**	**Refining**	**Commercial**	**Petrochemical**	**Corporation**	**Intra-Group Eliminations**	**Total**	**CCS Adjustments Non-Recurring Items**	**Total Consolidated**
Income/(Losses)									
Revenue									
Revenue from external customers	1 249 180	4 978 282	15 219 133	2 406 805	3 987	-	23 857 387	-	23 857 387
Intra-group revenue	(28 133)	7 426 924	212 685	1 070 376	63 893	(8 745 745)	-	-	-
Total Revenue	***1 221 047***	***12 405 206***	***15 431 818***	***3 477 181***	***67 880***	***(8 745 745)***	***23 857 387***	***-***	***23 857 387***
Excise tax on oil and gas charged on sales	-	(1 144)	(2 698 684)	-	-	-	(2 699 828)	-	(2 699 828)
Revenue without excise tax on oil and gas	***1 221 047***	***12 404 062***	***12 733 134***	***3 477 181***	***67 880***	***(8 745 745)***	***21 157 559***	***-***	***21 157 559***
Procurements and changes in inventories of finished goods & work in progress	(145 301)	(14 911 053)	(6 867 499)	(2 835 816)	(946)	8 084 801	(16 675 814)	(89 994)	(16 765 808)
Changes in operating allowances	(696)	(4 823)	(3 798)	2 673	619	-	(6 025)	24 201	18 176
Change in provisions for liabilities and charges	2 267	560	4 524	1 448	-	-	8 799	-	8 799
Gains or losses on disposals of non-recurring assets	727	7 165	(125)	(4 494)	7	-	3 280	-	3 280
Other operating income and expenses	(114 752)	2 937 458	(5 403 221)	(394 545)	(115 672)	660 944	(2 429 788)	11 790	(2 417 998)
Result (EBITDA)	***963 292***	***433 369***	***463 015***	***246 447***	***(48 112)***	***-***	***2 058 011***	***(54 003)***	***2 004 008***
Amortisation charge	(256 455)	(356 083)	(133 851)	(83 221)	(505)	-	(830 115)	-	(830 115)
Impairment of non-current assets	(2 568)	(348)	540	8 805	-	-	6 429	(97 954)	(91 525)
Allocation to profit or loss of grants related to non-financial assets and others	(1 575)	30 606	(25 533)	(9 498)	(9 607)	-	(15 607)	-	(15 607)
Adjusted operating profit (losses)	***702 694***	***107 544***	***304 171***	***162 533***	***(58 224)***	***-***	***1 218 718***	***(151 957)***	***1 066 761***
Share in profit of companies accounted for using the equity method	15 322	28 047	393	(6 078)	-	-	37 684	(60 926)	(23 242)
Net financial profit							(113 932)	-	(113 932)
Impairment and gains or losses on disposals of financial instruments							906	406 143	407 049
Consolidated profit before tax							***1 143 376***	***193 260***	***1 336 636***
Income tax							(515 048)	12 033	(503 015)
Consolidated net profit for the period for continuing operations							***628 328***	***205 293***	***833 621***
Consolidated net profit for the period for discontinued operations							-	-	-
Consolidated net profit of the period							***628 328***	***205 293***	***833 621***
Non-controlling interests							(18 001)	4 403	(13 598)
Equiy holder of the Parent (*)	***193 676***	***123 970***	***220 987***	***106 867***	***(35 173)***	***-***	***610 327***	***209 696***	***820 023***
Assets and liabilities									
Non-current assets without investments in associates and Joint Ventures	3 098 777	2 858 035	1 677 603	940 093	58 564	-	8 633 072	(23 809)	8 609 263
Investments in associates and JV companies	89 399	31 058	20 440	127 711	-	-	268 608	-	268 608
Total non-current capital invested	***3 188 176***	***2 889 093***	***1 698 043***	***1 067 804***	***58 564***	***-***	***8 901 680***	***(23 809)***	***8 877 871***
Capital Employed	***2 554 812***	***3 432 967***	***1 253 605***	***1 381 901***	***52 371***	***-***	***8 675 656***	***131 822***	***8 807 478***
Cash flow statement									
Cash flow from operating activities before change in operating working capital IFRS	943 754	368 880	438 545	234 996	(45 646)	-	1 940 529		
Clean CCS Adjustment	-	60 577	21 578	7 839	-	-	89 994		
Cash flow from operating activities before change in operating working capital CCS	***943 754***	***429 457***	***460 123***	***242 835***	***(45 646)***	***-***	***2 030 523***		
Other cash flow from operating activities	(238 912)	74 938	(73 729)	(30 022)	10 003	-	(257 722)		
Total cash flow from operating activities before change in working capital CCS	***704 842***	***504 395***	***386 394***	***212 813***	***(35 643)***	***-***	***1 772 801***		
Total cash flows from investing activities	***(142 007)***	***(484 918)***	***(170 280)***	***(88 708)***	***(40 771)***	***-***	***(926 684)***		
Free cash flow before change in working capital	***562 835***	***19 477***	***216 114***	***124 105***	***(76 414)***	***-***	***846 117***		

(*)

Clean CCS Profit attributable to parent company	***193 676***	***123 970***	***220 987***	***106 867***	***(35 173)***	***610 327***
Non-Recurring Items	(156 504)	394 224	(20 621)	(16 246)	8 843	209 696
IFRS Profit attributable to parent company	***37 172***	***518 194***	***200 366***	***90 621***	***(26 330)***	***820 023***

7.2. Geographical segment reporting

The breakdown, by geographical area, of revenue, net property, plant and equipment, net intangible assets and investments is as follows:

Geographic segments reporting

Thousand of euros

	Incomes from sales to third parties		Intangible and PPE assets		Additions in intangibles and PPE	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Spain (*)	**9 861 342**	15 540 159	**3 837 104**	4 031 616	**548 010**	745 304
Rest of European Union	**2 124 297**	3 109 696	**86 448**	87 992	**6 741**	10 305
Africa	**1 025 109**	1 723 564	**316 375**	433 660	**23 382**	100 897
America	**918 641**	1 598 164	**204 728**	291 048	**21 815**	28 773
Rest of the world	**1 830 755**	1 885 804	**1 724 977**	1 947 664	**128 525**	160 966
Total consolidated	**15 760 144**	**23 857 387**	**6 169 632**	**6 791 980**	**728 473**	**1 046 245**

(*) In Spain, 2020 and 2019 figures in the capiton "incomes from sales to third parties" includes excises.

The main cause of the falling revenues in 2020 shown in the table compared to the previous financial year is COVID-19's impact on business volume and market prices.

7.3. Information on non-recurring items

A breakdown by business segment can be seen below that explains the difference between the IFRS profit and the adjusted profit:

Non-recurring items

Thousand of euros

Year 2020	**Exploration and production**	**Refining**	**Commercial**	**Petro-chemical**	**Corporation**	**Total**
On Adjusted operating profit (losses)						
Difference in valuation and replacement cost	-	(462 583)	13 184	(41 421)	-	**(490 820)**
Impairment losses on current assets	-	(20 359)	-	-	-	**(20 359)**
Depreciation, impairment and gains/losses on disposal of assets	(406 154)	(240 795)	(1 278)	-	-	**(648 227)**
Restructuring expenses and others	(4 042)	(8 915)	(21 867)	(1 884)	(16 498)	**(53 206)**
Total	**(410 196)**	**(732 652)**	**(9 961)**	**(43 305)**	**(16 498)**	**(1 212 612)**
Consolidated net profit						
Difference in valuation and replacement cost	-	(347 208)	8 204	(29 804)	-	**(368 808)**
Impairment losses on current assets	-	(15 269)	-	-	-	**(15 269)**
Non-recurring items by companies accounted for using the equity method	(60 470)	-	-	1 623	-	**(58 847)**
Depreciation, impairment and gains/losses on disposal of assets	(267 008)	(179 915)	(959)	-	-	**(447 882)**
Restructuring expenses and others	(3 335)	(6 673)	(16 400)	(1 413)	(12 374)	**(40 195)**
Adjustment to th tax for temporary differences and provisions	10 806	-	-	-	-	**10 806**
Total	**(320 007)**	**(549 065)**	**(9 155)**	**(29 594)**	**(12 374)**	**(920 195)**

Year 2019	**Exploration and production**	**Refining**	**Commercial**	**Petro-chemical**	**Corporation**	**Total**
On Adjusted operating profit (losses)						
Difference in valuation and replacement cost	-	(37 278)	(20 074)	(8 441)	-	**(65 793)**
Depreciation, impairment and gains/losses on disposal of assets	(89 149)	-	-	(8 805)	-	**(97 954)**
Excess of provisions allowances on severance costs	-	-	-	-	11 790	**11 790**
Total	**(89 149)**	**(37 278)**	**(20 074)**	**(17 246)**	**11 790**	**(151 957)**
Consolidated net profit						
Difference in valuation and replacement cost	-	(27 370)	(16 619)	(5 157)	-	**(49 146)**
Non-recurring items by companies accounted for using the equity method	(67 889)	11 448	-	(4 485)	-	**(60 926)**
Depreciation, impairment and gains/losses on disposal of assets	(89 149)	-	-	(6 604)	-	**(95 753)**
Impairment on financial instruments	-	410 146	(4 002)	-	-	**406 144**
Excess of provisions allowances on severance costs	-	-	-	-	8 843	**8 843**
Adjustment to th tax for temporary differences and provisions	534	-	-	-	-	**534**
Total	**(156 504)**	**394 224**	**(20 621)**	**(16 246)**	**8 843**	**209 696**

Non-recurring items include the difference between the *Average Cost Method* – used in the Consolidated Financial Statements – and the *Replacement Cost Method* – used to measure operating segments performance – in the value of inventory sold, as well as the valuation adjustment applied to the year over the book balance to adjust it to the year-end market value.

Replacement cost makes it easy to analyse the performance of the business segments and to make comparisons between years. In the replacement cost method, the cost of sales is determined with reference to average market prices in the current month rather than the historical value derived from the accounting valuation method. Consequently, the adjustment to replacement cost is determined as the difference between these two methods.

The Group considers non-recurring items to be those atypical revenues or expenses that are not directly related to the company's main activity and which are unusual. In general, these non-recurring items are:

- Impairment of assets
- Results of assets disposals (significant amounts)
- Restructuring costs
- Exceptional fiscal expenses or income
- Costs associated with mergers / acquisitions
- Profit/loss from discontinued operations.

In 2020, the following non-recurring changes should be highlighted:

- Impairment to fixed asset values totalling EUR 648 million (see **Note 14**) net of reversals, plus the corresponding tax effect. The latter mainly relates to the tax in Abu Dhabi amounting EUR 151 million and Spain amounting EUR 55 million.
- Impairment of the provision of ancillary stocks in refineries amounting to EUR 20 million (see **Note 15**).
- Provision recorded by the "Voluntary Departure Plan" (VDP) (see **Note 21.2**) for EUR 52 million, plus the corresponding tax amounting EUR 13 million.
- Other fiscal non-recurring adjustment for EUR 11 million in Colombia (see **Note 27**).

In the case of companies accounted for using the Equity Method, the adjustments are the same as above, i.e., adjustment to the replacement cost and asset impairment on these companies' results.

The breakdown of DIFFERENCE IN VALUATION AND REPLACEMENT COST, is as follows:

Difference in valuation and replacement cost — Thousand of euros

Year 2020	**Refining**	**Commercial**	**Petro-chemical**	**Total**
On Result (EBITDA)				
Changes in inventory	(421 481)	13 196	(41 957)	**(450 242)**
Changes in inventory impairment	(41 102)	(12)	536	**(40 578)**
Total	**(462 583)**	**13 184**	**(41 421)**	**(490 820)**

Year 2019	**Refining**	**Commercial**	**Petro-chemical**	**Total**
Profit from operations				
Changes in inventory	(60 577)	(21 578)	(7 839)	**(89 994)**
Changes in inventory impairment	23 299	1 504	(602)	**24 201**
Total	**(37 278)**	**(20 074)**	**(8 441)**	**(65 793)**

8. Investments in associates and joint ventures

ACCOUNTING POLICIES

A) ASSOCIATES

*An associate is a company in which the Group has a financial interest that does not grant it control but that, nevertheless, does allow it to exercise significant influence (see **Note 4.1**).*

Investments in an associate are accounted for using the equity method*, which is described below within the policies applicable to joint ventures.*

B) JOINT ARRANGEMENTS

Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor within the arrangement, rather than the legal structure of the joint arrangement. CEPSA has equity interests in both modalities. A fundamental feature of joint arrangements is the existence of two or more parties exercising joint control.

***Joint control** is the contractually agreed sharing of control of an economic unit, which exists only when decisions about the relevant activities of said unit require the unanimous consent of the parties sharing control.*

*A **joint operation** is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. These parties are called joint operators. The Group works in these types of joint arrangements, particularly in the area of Exploration and Production.*

Recognition of Joint Operations. The Group recognizes its:

- *Assets, including its share of any assets held jointly;*
- *Liabilities, including its share of any liabilities incurred jointly;*
- *Revenue from the sale of its share of the output arising from the joint operation;*
- *Its share of the revenue from the sale of the output by the joint operation; and*
- *Its expenses, including its share of any expenses incurred jointly.*

In addition, in the consolidation process, balances, revenues, expenses and results for operations with companies consolidated by this procedure have been eliminated, depending on the stake held.

*A **joint venture** is a type of joint arrangement whereby the parties that have joint control solely have rights to the net assets of the joint venture.*

Recognition of Joint Ventures and investments in Associates. The Group uses the Equity Method. Under this method, an investment in a joint venture (and in an associate) is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of the net assets of the joint venture (of the associate) since the acquisition date. The goodwill arising from the interest in the joint venture (or associate) is included in the carrying value of the investment and is not tested for impairment separately.

After applying the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture (or associate) and its carrying value, then recognizes the loss as SHARE IN PROFITS OF ASSOCIATES AND JOINT VENTURES in the Income Statement, as a debit. Reversals of impairment amounts recorded in previous periods are calculated and recognized in the same way, as credits.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying value of the associate or joint venture upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the Consolidated Income Statement.

All subsidiaries, associates and jointly controlled entities within the CEPSA Group have a December 31th closing date.

8.1. Record of interests

The following table shows a breakdown of the balance at end of year 2020 and 2019 under INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD:

Thousand of euros

Investments in associated and joint ventures

		Book value		Profit / (loss) by integration	
	Type of participation	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Sorexi, S.A.	Joint ventures	**27 793**	-	**1 316**	-
Abu Dhabi Oil CO, Ltd (ADOC)	Associated	**35 880**	96 469	**(53 662)**	(52 791)
Nueva Generadora del Sur, S.A.	Joint ventures	**13 338**	13 095	**502**	12 143
CSCHEM Limited	Associated	**19 058**	23 293	**3 812**	3 418
Cepsa Gibraltar, S.A.	Associated	**8 476**	8 937	**17**	577
Asfaltos Españoles, S.A.	Joint ventures	**17 516**	17 250	**266**	950
Sinarmas Cepsa Group	Joint ventures	**89 227**	100 594	**(3 713)**	(16 215)
Other companies		**18 978**	8 970	**3 338**	28 676
Total		***230 266***	***268 608***	***(48 124)***	***(23 242)***
Where:					
Joint ventures		***164 773***	***137 460***	***112***	***22 531***
Associated		***65 493***	***131 148***	***(48 236)***	***(45 773)***

A. Changes in investments

The breakdown of the changes in 2020 and 2019 in the above-mentioned heading is as follows:

Variation in investments accounted for in equity method	2020	2019
		Thousand of euros
Opening balance at the beginning of the year	***268 608***	***466 939***
Profit after taxes incurred in the year (discontinued operations included)	**12 346**	44 647
Impairments	**(60 470)**	(67 889)
Share of results of equity accounted investees	**(48 124)**	(23 242)
Dividends received during the year	**(12 211)**	(61 407)
Share Premium Reimbursement	-	(17 845)
Additions of investments in associates and joint ventures	**35 323**	6 680
Capital increase through participative loans	-	98 625
Disposals:		
Retirements	-	(198 778)
Mergers/Change in consolidation method	**(16)**	(4 164)
Other changes	**(13 314)**	1 800
Closing balance for the year	***230 266***	***268 608***

In the 2020 financial year there were:

- Additional impairments in the Group's interest in "Abu Dhabi Oil Co. Ltd" (ADOC) amounting EUR 60,470 thousand (see **Note 8.3**)
- In June 2020, the Group acquired the companies "Sorexi, S.A." and "Bitulife, S.A.", which manufacture and sell asphalt in Morocco, for 367,420 thousand Moroccan dirhams (EUR 33,955 thousand) including the capital increase fully subscribed by the CEPSA Group. The purchase agreement contains contingent payments: should the progress of said businesses exceed the expectations agreed upon on the date of sale, additional payments of up to EUR 4.5 million will be due in 2021-2022. Said payments are deemed contingent and catalogue as possible by the Group.
- "Atlas Nord Hydrocarbures, SAS" capital increase
- OTHER CHANGES lists translation differences, mainly from "SinarMas Cepsa", "CSChem Ltd", and "Abu Dhabi Oil Co. Ltd" (ADOC).

The most significant changes in 2019 were:

- Divestment from "Medgaz, S.A." via delivery of all the shares held by the Group as a dividend in kind to the shareholder "Cepsa Holding, LLC" (see **Note 6.2** and **18.5**), as well as the sale of the interest in "Apico, LLC" (see **Note 6.2**). These DERECOGNITIONS amount to a reduction under INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD of EUR 139,901 thousand and EUR 58,877 thousand, respectively.
- In 2019, a capital increase took place in "SinarMas Cepsa, Pte Ltd" amounting to EUR 98,625 thousand via equity participation loan conversion.
- OTHER CHANGES mainly includes the translation differences for foreign companies, mostly relating to US dollars and Japanese Yen, which arise from the closing rates of two periods.

Other changes can be read in the document «Consolidated Financial Statements of 2019».

The principal financial aggregates, by percentage share, relating to Companies accounted for using the equity method are summarized below:

Main figures

Investments accounted for in equity method	2020	2019
		Thousand of euros
Total assets	**571 264**	612 538
Total current and non current liabilities	**332 380**	311 285
Net assets	***238 884***	***301 253***
Total revenues	**452 945**	339 681
Profit for the year	***(417 324)***	***(77 659)***
Share of results of companies accounted for by using the equity method (discontinued operations included)	***(48 124)***	***(23 242)***

8.2. Goodwill

The 2020 and 2019 breakdown of goodwill on companies accounted for using the equity method, reported by unit and business segment to which it was allocated, is as follows:

Thousand of euros

Goodwill in companies accounted for using the "equity method"

Year 2020	Segments	Balance at 01/01/2020	Acquisitions	Others movements	Sales & disposals	Impair-ments	Balance at 12/31/2020
Distribution network companies	Distribution	6 667	24 161	(166)	-	-	**30 662**
Petrochemical companies	Petrochemical	8 629	-	(1 525)	-	-	**7 104**
Total Goodwill		**15 296**	**24 161**	**(1 691)**	**-**	**-**	**37 766**

Year 2019	Segments	Balance at 01/01/2019	Others movements	Sales & disposals	Impair-ments	Balance at 12/31/2019
Distribution network companies	Distribution	6 667	-	-	-	**6 667**
Gas companies	Refining	124 779	-	(124 779)	-	**-**
Petrochemical companies	Petrochemical	9 670	(1 041)	-	-	**8 629**
Exploration and production companies	Exploration & Production	64 102	1 480	(17 094)	(48 488)	**-**
Total Goodwill		**205 218**	**439**	**(141 873)**	**(48 488)**	**15 296**

The acquisition of "Sorexi, S.A." and "Bitulife, S.A." in 2020 generated goodwill totalling EUR 24,161 thousand.

In 2019, the goodwills accounted for under INVESTMENTS IN ASSOCIATE AND JOINT VENTURES by "Medgaz, S.A." (amounting to EUR 124,779 thousand) and "Apico, LLC" (EUR 17,094 thousand) have been derecognized as a result of the divestments mentioned in **Note 8.1**. These amounts are part of the overall reduction under this heading, mentioned above, of EUR 198,778 thousand.

8.3. Impairment

The CEPSA Group periodically analyses the existence of impairment in its financial interests, including the goodwill resulting from acquisitions, as described in the Accounting Policies part, at the beginning of this note.

In the 2020 financial year, impairment corresponding to the interest in "Abu Dhabi Oil Co. Ltd" amounted to EUR 60,470 thousand, see **Notes 8.1** and **14.3** (EUR 67,889 thousand in 2019, including EUR 48,488 thousand allocated to goodwill).

8.4. Financial information of investee companies and businesses.

A) JOINT VENTURES

The summarized financial information for the joint ventures partly owned by CEPSA at 31 December 2020 and 2019 is as follows:

Summarized financial information of main joint ventures, at 100%

	Sorexi, S.A.		Asfaltos Españoles, S.A.		Nueva Generadora del Sur, S.A.		SinarMas Cepsa Pte, LTD	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Revenue	37 857	-	34 743	38 910	4 837	5 681	215 744	170 346
Expenses	(32 944)	-	(28 885)	(31 591)	(2 105)	(2 149)	(196 112)	(171 236)
Amortization charge	(327)	-	(7 104)	(6 806)	(2 141)	(2 141)	(17 401)	(15 827)
Impairment on non-current assets	-	-	-	-	-	22 896	-	-
Share in profit of companies accounted for using the equity method	-	-	-	-	-	-	-	-
Other operating income (expenses)	-	-	2 055	2 000	324	13	-	737
Net foreign exchange gain (loss)	-	-	-	(2)	-	-	-	-
Finance income	184	-	-	10	55	1	(217)	1 117
Finance costs	-	-	(62)	(117)	-	(4)	(8 650)	(16 635)
Gains or losses on disposals of non-current assets	-	-	(7)	-	-	-	-	-
Other gains (losses) on financial instruments	-	-	-	-	-	-	-	-
Profit before tax	**4 770**	**-**	**740**	**2 404**	**970**	**24 297**	**(6 636)**	**(31 498)**
Income tax	(1 479)	-	(208)	(505)	34	(11)	(790)	(931)
Profit for the period from continuing operations	**3 291**	**-**	**532**	**1 899**	**1 004**	**24 286**	**(7 426)**	**(32 429)**
Profit for the period from discontinued operations	-	-	-	-	-	-	-	-
Net profit for the period	**3 291**	**-**	**532**	**1 899**	**1 004**	**24 286**	**(7 426)**	**(32 429)**
Other comprehensive income/loss	-	-	-	-	-	-	-	-
Total comprehensive income	**3 291**	**-**	**532**	**1 899**	**1 004**	**24 286**	**(7 426)**	**(32 429)**
% stakeholding	40,00%	-	50,00%	50,00%	50,00%	50,00%	50,00%	50,00%
Consolidation profit	**1 316**	**-**	**266**	**950**	**502**	**12 143**	**(3 713)**	**(16 215)**
Dividends	**-**	**-**	**-**	**-**	**260**	**12 191**	**-**	**-**

	Sorexi, S.A.		Asfaltos Españoles, S.A.		Nueva Generadora del Sur, S.A.		SinarMas Cepsa Pte, LTD	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Non-current assets	6 277	-	49 912	50 832	23 515	25 658	295 005	326 113
Current assets	37 030	-	8 308	7 562	7 135	3 990	102 500	108 549
TOTAL ASSETS	**43 307**	**-**	**58 220**	**58 394**	**30 650**	**29 648**	**397 505**	**434 662**
Non-current liabilities	5 811	-	13 858	14 104	379	423	113 216	135 925
Current liabilities	16 318	-	9 331	9 790	3 596	3 035	105 836	97 550
TOTAL LIABILITIES	**22 129**	**-**	**23 189**	**23 894**	**3 975**	**3 458**	**219 052**	**233 475**
NET ASSETS	**21 178**	**-**	**35 031**	**34 500**	**26 675**	**26 190**	**178 453**	**201 187**
% stakeholding	40,00%	-	50,00%	50,00%	50,00%	50,00%	50,00%	50,00%
Stake in net assets	**8 471**	**-**	**17 516**	**17 250**	**13 338**	**13 095**	**89 227**	**100 594**
Goodwill	**19 322**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying value of investment	**27 793**	**-**	**17 516**	**17 250**	**13 338**	**13 095**	**89 227**	**100 594**

In 2020, dividends of EUR 260 thousand (EUR 44,602 thousand in 2019) were received.

Table II at the end of this document, which forms part of this Report, details the joint arrangements in the form of joint ventures and jointly controlled assets in which the CEPSA Group holds an interest. The accompanying Consolidated Financial Statements include the assets, liabilities, expenses and income arising from these investments based on the percentage of ownership in them.

B) ASSOCIATES

The summarized financial information for the main associates of the CEPSA Group as at 31 December 2020 and 2019 is included as follows:

Thousand of euros

Summarized financial information of main associated, at 100%

	Abu Dhabi Oil CO, Ltd (ADOC)		SIL/CSCHEM		Cepsa Gibraltar	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Revenue	722 236	371 310	225 157	194 784	212 590	230 262
Expenses	(428 380)	(147 534)	(198 568)	(173 524)	(212 491)	(228 664)
Amortization charge	-	-	(6 380)	(6 771)	-	-
Impairment on non-current assets	(469 344)	(150 627)	-	-	-	-
Share in profit of companies accounted for using the equity method	-	(376 460)	-	-	-	-
Other operating income (expenses)	-	-	476	537	-	-
Net foreign exchange gain (loss)	5 652	-	(59)	-	5	(163)
Finance income	6 953	-	5	460	-	-
Finance costs	(17 989)	(8 196)	(5 120)	(4 013)	(3)	(6)
Gains or losses on disposals of non-current assets	(11 927)	-	-	-	-	-
Other gains (losses) on financial instruments	-	-	-	-	-	-
Profit before tax	**(192 799)**	**(311 507)**	**15 511**	**11 473**	**101**	**1 429**
Income tax	(223 702)	(98 356)	(2 805)	(79)	(68)	(275)
Profit for the period from continuing operations	**(416 501)**	**(409 863)**	**12 706**	**11 394**	**33**	**1 154**
Profit for the period from discontinued operations	-	-	-	-	-	-
Net profit for the period	**(416 501)**	**(409 863)**	**12 706**	**11 394**	**33**	**1 154**
Other comprehensive income/loss	-	-	-	-	-	-
Total comprehensive income	**(416 501)**	**(409 863)**	**12 706**	**11 394**	**33**	**1 154**
% stakeholding	12.88%	12.88%	30.00%	30.00%	50.00%	50.00%
Consolidation profit	**53 662**	**(52 790)**	**3 812**	**3 418**	**17**	**577**
Dividends	**5 512**	**7 357**	**4 084**	**1 931**	**-**	**570**

	Abu Dhabi Oil CO, Ltd (ADOC)		SIL/CSCHEM		Cepsa Gibraltar	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Non-current assets	945 016	1 449 259	38 899	51 686	12 340	13 289
Current assets	466 623	328 611	92 909	61 401	23 562	35 878
TOTAL ASSETS	**1 411 639**	**1 777 870**	**131 808**	**113 087**	**35 902**	**49 167**
Non-current liabilities	853 032	884 861	19 890	25 370	-	-
Current liabilities	280 125	144 024	72 072	38 838	18 951	31 294
TOTAL LIABILITIES	**1 133 157**	**1 028 885**	**91 962**	**64 208**	**18 951**	**31 294**
NET ASSETS	**278 482**	**748 985**	**39 846**	**48 879**	**16 951**	**17 873**
% stakeholding	12.88%	12.88%	30.00%	30.00%	50.00%	50.00%
Stake in net assets	**35 880**	**96 469**	**11 954**	**14 664**	**8 476**	**8 937**
Goodwill	**-**	**-**	**7 104**	**8 630**	**-**	**-**
Carrying value of investment	**35 880**	**96 469**	**19 058**	**23 294**	**8 476**	**8 937**

The CEPSA Group holds an indirect stake in "ADOC" of 12.88%; however, this company has been entered as an investment accounted by the *equity method* in the consolidated Financial Statements, given that the Group exerts a significant influence on it as shown in the agreements between the principal shareholders.

In 2020, dividends were received from associates totalling EUR 11,951 thousand (EUR 16,805 thousand in 2019).

9. Intangible assets

ACCOUNTING POLICIES

A) EXPLORATION AND PRODUCTION ASSETS

*See **Note 4.4**.*

B) OTHER INTANGIBLE ASSETS

Intangible assets of an indefinite life that have been acquired individually are recognized at cost minus accumulated depreciation and accumulated impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful life shown in the table below. The estimated useful life and amortization method are reviewed at the end of each accounting period, and the effect of any change in estimates will be counted on a forward-looking basis.

Intangible assets of an indefinite life that have been acquired individually are recognized at cost minus accumulated impairment losses.

RESEARCH AND DEVELOPMENT COSTS are charged to profit or loss as incurred. However, development costs for projects whose technical and economic viability has been established are capitalized retroactively when their viability has been determined; once they have been implemented, they are amortized according to their useful life.

MANUFACTURING LICENSE RIGHTS are amortized at the same rates as those used to depreciate the industrial units to which they relate.

Service station SURFACE RIGHTS and FLAGGING CONTRACTS are amortized over an average of 20 and five years, respectively, based on the contracts for transactions of this type.

Investments in COMPUTER APPLICATIONS amortize over a maximum period of five years.

Other intangible assets include the right to transport crude oil via the Central Pipeline (OCENSA) in Colombia.

The useful lives the Group takes into account to amortize intangible assets are summarized in the following table:

Amortization of other intangible assets	***Years of useful life***
Concessions, patents and license rights (*)	*Up to 50*
Computer applications	*Up to 5*
Goodwill	*Indefinite*
Other Intangible Assets (**)	*Up to 48*

** Licenses on some Company Owned Company Operated (COCO) service stations have a useful life of 45 years.*

*** Among OTHER INTANGIBLE ASSETS, gas stations flagging contracts and other management contracts are included, with useful lives contained within the indicated range.*

C) EMISSION ALLOWANCES

In compliance with the commitments to reduce greenhouse gas emissions assumed by the European Union in May 2002 —the Kyoto Protocol— various EU and national regulations were issued, which led to the approval in Spain, through Royal Decree 1722/2012 of 28 December, of the National Emission Allowance Assignment Plan, which is in force for 2013-2020.

*Allowances received for no consideration under the National Emission Allowance Assignment Plan are measured at the prevailing market price at the beginning of the year to which they correspond and recognized as an asset under INTANGIBLE NON-AMORTIZABLE ASSET; with the offsetting entry under GRANTS (see **Note 20**).*

Emission allowances acquired from third parties are also recorded as an INTANGIBLE NON-AMORTIZABLE ASSET; their initial recognition is at acquisition price.

All emission allowances are cancelled when they are delivered to the National Register of Greenhouse Gas Emission Allowances (RENADE) and are transferred to third parties or the conditions set for their expiration are fulfilled.

At the end of the accounting period or when signs of impairment are found, the net realizable value of the emission allowances is compared with the carrying value and if the latter is higher, they are written down to market value. In the case of rights acquired on an onerous basis, the appropriate impairment of the asset's value would be provided; if they are rights received from the Board of Directors free of charge, in addition to the previous correction, the value of the Capital Grants would be adjusted to the same amount, with the balancing entry in NON-FINANCIAL AND OTHER CAPITAL GRANTS of the Consolidated Income Statement.

D) IMPAIRMENT.

*As indicated above, all items in this section of intangible assets are tested for impairment where there are indications. In particular, they are reviewed annually for indefinite life assets and those that are not yet available for use, regardless of the presence of such indications (**Note 14**).*

The breakdown of the gross investments in intangible assets, the related accumulated amortization and impairment for 2020 and 2019 is as follows:

Thousand of euros

Intangible assets

Year 2020	**Notes**	**Balance at 01/01/2020**	**Additions or Charge for the year**	**Transfers**	**Other changes**	**Retirements or Disposals**	**Balance at 12/31/2020**
Assets							
Exploration and evaluation assets		524 371	8 628	99 397	(43 225)	(1 630)	**587 541**
O&G possible or contingent reserves (B.C.)		21 309	-	-	(1 801)	-	**19 508**
O&G proven reserves (B.C.)		2 511 332	-	30 949	(214 844)	-	**2 327 437**
Total O&G assets		*3 057 012*	*8 628*	*130 346*	*(259 870)*	*(1 630)*	***2 934 486***
Concessions, patents and licences		112 254	799	1 416	(4 654)	(42)	**109 773**
Computer software		321 159	29 078	4 193	(3 240)	(8 587)	**342 603**
Other intangible assets		801 253	127 176	(1 875)	(17 237)	(161 354)	**747 963**
Total Assets		**4 291 678**	**165 681**	**134 080**	**(285 001)**	**(171 613)**	**4 134 825**
Amortisation							
Exploration and evaluation assets		(499 171)	(3 249)	(91 012)	41 536	1 360	**(550 536)**
O&G possible or contingent reserves (B.C.)		(71)	-	-	6	-	**(65)**
O&G proven reserves (B.C.)		(977 272)	(11 359)	(17 894)	84 647	-	**(921 878)**
Total O&G assets		*(1 476 514)*	*(14 608)*	*(108 906)*	*126 189*	*1 360*	***(1 472 479)***
Concessions, patents and licences		(74 735)	(3 082)	(36)	906	8	**(76 939)**
Computer software		(218 917)	(28 370)	(996)	2 147	8 654	**(237 482)**
Other intangible assets		(244 436)	(17 787)	833	6 340	265	**(254 785)**
Total Amortisation		**(2 014 602)**	**(63 847)**	**(109 105)**	**135 582**	**10 287**	**(2 041 685)**
Impairments							
Exploration and evaluation assets		(18 821)	-	-	426	-	**(18 395)**
O&G possible or contingent reserves (B.C.)		(19 894)	-	-	452	-	**(19 442)**
O&G proven reserves (B.C.)		(1 487 015)	-	-	117 099	-	**(1 369 916)**
Total O&G assets		*(1 525 730)*	-	-	*117 977*	-	***(1 407 753)***
Concessions, patents and licences		(1 514)	-	-	129	-	**(1 385)**
Other intangible assets		(96 433)	(63 564)	-	23 470	17 970	**(118 557)**
Total Impairments	Note 14.3	**(1 623 677)**	**(63 564)**	**-**	**141 576**	**17 970**	**(1 527 695)**
Total O&G assets		*54 768*	*(5 980)*	*21 440*	*(15 704)*	*(270)*	***54 254***
Total other intangible		*598 631*	*44 250*	*3 535*	*7 861*	*(143 086)*	***511 191***
Intangible assets, net		**653 399**	**38 270**	**24 975**	**(7 843)**	**(143 356)**	**565 445**

Thousand of euros

Intangible assets

Year 2019	**Notes**	**Balance at 01/01/2019**	**Additions or Charge for the year**	**Transfers**	**Other changes**	**Retirements or Disposals**	**Balance at 12/31/2019**
Assets							
Exploration and evaluation assets		627 769	7 609	(103 091)	9 959	(17 875)	**524 371**
O&G possible or contingent reserves (B.C.)		20 907	-	-	402	-	**21 309**
O&G proven reserves (B.C.)		2 485 000	-	(29 652)	55 984	-	**2 511 332**
Total O&G assets		*3 133 676*	*7 609*	*(132 743)*	*66 345*	*(17 875)*	***3 057 012***
Concessions, patents and licences		112 860	308	(931)	272	(255)	**112 254**
Computer software		288 358	32 036	27	1 852	(1 114)	**321 159**
Other intangible assets		722 312	135 514	2 570	3 640	(62 783)	**801 253**
Total Assets		**4 257 206**	**175 467**	**(131 077)**	**72 109**	**(82 027)**	**4 291 678**
Amortisation							
Exploration and evaluation assets		(601 977)	(10 413)	103 534	(7 697)	17 382	**(499 171)**
O&G possible or contingent reserves (B.C.)		(70)	-	-	(1)	-	**(71)**
O&G proven reserves (B.C.)		(947 513)	(17 696)	15 597	(27 660)	-	**(977 272)**
Total O&G assets		*(1 549 560)*	*(28 109)*	*119 131*	*(35 358)*	*17 382*	***(1 476 514)***
Concessions, patents and licences		(71 190)	(3 764)	115	(199)	303	**(74 735)**
Computer software		(196 107)	(23 633)	824	(85)	84	**(218 917)**
Other intangible assets		(217 863)	(30 878)	-	(995)	5 300	**(244 436)**
Total Amortisation		**(2 034 720)**	**(86 384)**	**120 070**	**(36 637)**	**23 069**	**(2 014 602)**
Impairments							
Exploration and evaluation assets		(18 821)	-	-	-	-	**(18 821)**
O&G possible or contingent reserves (B.C.)		(19 894)	-	-	-	-	**(19 894)**
O&G proven reserves (B.C.)		(1 458 234)	-	-	(28 781)	-	**(1 487 015)**
Total O&G assets		*(1 496 949)*	-	-	*(28 781)*	-	***(1 525 730)***
Concessions, patents and licences		(1 485)	-	-	(29)	-	**(1 514)**
Other intangible assets		(82 655)	(11 959)	-	(1 819)	-	**(96 433)**
Total Impairments	Note 14.3	**(1 581 089)**	**(11 959)**	**-**	**(30 629)**	**-**	**(1 623 677)**
Total O&G assets		*87 167*	*(20 500)*	*(13 612)*	*2 206*	*(493)*	**54 768**
Total other intangible		*554 230*	*97 624*	*2 605*	*2 637*	*(58 465)*	**598 631**
Intangible assets, net		**641 397**	**77 124**	**(11 007)**	**4 843**	**(58 958)**	**653 399**

(B.C. = Business combinations)

OTHER INTANGIBLE ASSETS includes, among others, the following particularly significant assets belonging to specific Group companies at as at the end of 2020:

- Payments made by the subsidiary "Cepsa Comercial Petróleo, S.A.U." to Distributor Owner, Distributor Operator (DODO) service stations for trademark representation, amounting a gross value of EUR 216,913 thousand, with a cumulated depreciation of EUR 117,484 thousand,
- Strategic positioning of service stations, amounting a gross value of EUR 145,211 thousand, with a cumulated depreciation of EUR 14,975 thousand,
- Preferential use of the Ocensa Pipeline in Colombia, amounting a gross value of EUR 187,718 thousand, fully depreciated/impaired,
- Greenhouse gas emission allowances in companies with industrial plants, amounting a gross value of EUR 101,681 thousand.

Additions

The ADDITIONS of intangible assets recognized in the 2020 and 2019 financial years, amounting to EUR 165,681 thousand and EUR 175,467 thousand, respectively, correspond mainly to new Exploration and Production Assets in Mexico and Brazil and investments in computer applications, as well as those classified under OTHER INTANGIBLE ASSETS, notably to the free allocation (see **Note 20**) of CO_2 emission allowances within National Allocation Plans and purchases from the allowances market.

ADDITIONS also included for 2020 and 2019, respectively, EUR 1,608 thousand and EUR 2,121 thousand related to capitalized expenses which were credited to their corresponding headings in the Consolidated Income Statement.

Transfers

In 2020, TRANSFERS mainly include recognitions of EUR 15,121 thousand corresponding to the assets of companies held for sale (see **Note 6.2**) and EUR 3,368 thousand received from PPE (see **Note 11**).

Other changes

OTHER CHANGES mainly reflects the impact of exchange rate fluctuations with respect to the euro in some of the foreign subsidiaries.

Derecognitions

The DERECOGNITIONS column includes divestments associated with computer applications, as well as delivery of yearly CO_2 emissions allowances for the allowances consumed in the respective previous financial years (see below) and sales to the CO_2 emission allowances market (see below).

Impairment

In 2020, an impairment was recognized for EUR 45,978 thousand corresponding to "Cepsa Colombia, S.A." for preferential right of use of the Ocensa Pipeline in Colombia (Eur 38,814 thousand) and CGU Los Llanos (EUR 7,164 thousand).

Additionally, an impairment was recognized for EUR 17,586 thousand corresponding to CO_2 emissions allowances; at the delivery of said allowances to RENADE was partially reversed, and credited the remaining EUR 2,844 thousand to profit and loss.

In 2019, impairment was recognized for an amount of EUR 11,959 thousand corresponding to the preferential right of use of the Ocensa Pipeline in Colombia, a right provided by "Cepsa Colombia, S.A."

Accumulated impairment losses on 31 December 2020 and 2019 amounted to Eur 1,527,695 thousand and EUR 1,623,677 thousand, respectively. They mainly relate to Oil and Gas Reserves, both *proven* and *possible* reserves, acquired through business combinations and to a lesser extent, to the preferential right of use of the Central Oil Pipeline of Colombia, which is a right contributed by "Cepsa Colombia, S.A."

Greenhouse gas emission allowances

Greenhouse gas emission allowances, which are recognized under OTHER INTANGIBLE ASSETS, have been moved in as set out below:

Greenhouse gas emissions allowances	Notes	2020 Thousand of euros	2020 Thousand of metric tons	2019 Thousand of euros	2019 Thousand of metric tons
Opening balance		**139 127**	**5 366**	**61 622**	**6 188**
Asignments / acquisitions		123 251	5 085	134 970	5 478
Gains / Losses and Impairments	Note 24	(14 742)	-	-	-
Deliveries / disposals		(161 081)	(5 375)	(57 116)	(6 300)
Impairment disposed		15 126	-	(349)	-
Closing balance		**101 681**	**5 076**	**139 127**	**5 366**

The average cost of rights acquired in 2020 was EUR 18.95 /ton (EUR 23.82 /ton in 2019).

Pursuant to current regulations, the CEPSA Group must deliver CO_2 emission allowances equal to the volume of emissions made during the year in the first few months of the following year. The CEPSA Group delivered EUR 107,466 thousand and EUR 53,128 thousand in 2020 and 2019, respectively.

Other disclosures

At 31 December 2020 and 2019, the Group had intangible asset purchase commitments amounting to EUR 67,792 thousand and EUR 121,900 thousand, respectively.

At 31 December 2020 and 2019, fully amortized intangible assets still in use totalled EUR 1,205,619 thousand and EUR 675,392 thousand, respectively.

At 31 December 2020 and 2019, intangible assets with an indefinite useful life had a net value of EUR 23,748 in both years.

10. Goodwill on consolidation

ACCOUNTING POLICIES

*See **Note 4.2** regarding the recognition and calculation of the goodwill arising in business combinations.*

The fair value of net assets comprises the fair value of the assets and liabilities that are identifiable and meet the other requirements for them to be recognized and, lastly, the contingent liabilities which can be reliably measured based on the information available upon valuation.

In accordance with IFRS 3 and IAS 36, goodwill is not amortized, but is regularly tested for impairment at least once a year or more frequently if there is any indication of impairment.

Goodwill is deemed to be an asset of the acquired company. Consequently, goodwill in foreign currency pertaining to the Group companies' resident abroad with a functional currency other than the euro is translated to euros at the exchange rates prevailing at the date of the Consolidated Balance Sheet, and any resulting variations are recognized as translation differences.

Impairment tests are performed for cash-generating units to which goodwill has been allocated, to verify the recoverability of the carrying amount. When the recoverable amount is deemed to be lower than the carrying amount, an impairment loss has been recognized as an expense under IMPAIRMENT AND GAINS OR LOSSES ON DISPOSALS OF NON-CURRENT ASSETS in the Consolidated Income Statement.

The breakdown of GOODWILL ON CONSOLIDATION, disclosed by business unit, in 2020 and 2019 is as follows:

Consolidated goodwill Thousand of euros

Year 2020

Cash Generating Units	Balance at 01/01/2020	Additions	Others	Balance at 12/31/2020
CGU Petrochemical LAB/LAS	21 133	-	(6 160)	**14 973**
CGU Power	119	-	-	**119**
CGU Refining & Marketing	86 426	736	-	**87 162**
Total	**107 678**	**736**	**(6 160)**	**102 254**

Year 2019

Cash Generating Units	Balance at 01/01/2019	Additions	Others	Balance at 12/31/2019
CGU Petrochemical LAB/LAS	21 470	-	(337)	**21 133**
CGU Power	119	-	-	**119**
CGU Refining & Marketing	70 207	11 462	4 757	**86 426**
Total	**91 796**	**11 462**	**4 420**	**107 678**

Goodwill arisen in 2020 corresponds to the acquisition of an interest in "Intrasport Service XXI, S.L." (see **Note 6.1**)

The column OTHER CHANGES includes changes in exchange rates on "Detén Química, S.A."'s goodwill, as the year-end exchange rate was used (see **Note 4.3**).

No impairment was recorded in 2020 or 2019. The recoverable amount of the business units was determined on the basis of their value in use calculated consistent with the assumptions and cash flows included in the Group's strategic plan.

11. Property, plant and equipment

ACCOUNTING POLICIES

A) EXPLORATION AND PRODUCTION ASSETS

*See **Note 4.4**.*

B) OTHER ITEMS OF PROPERTY, PLANT AND EQUIPMENT

These assets are initially recognized at acquisition cost. This cost includes the purchase price and transaction costs. When it comes to the acquisition, construction, or production of certain qualified assets (which are assets that require a substantial period of use), other directly attributable costs such as personnel costs, financial expenses, and other items incurred until the time the assets are substantially ready for use or sale, are added to their cost.

*The estimated present value of the decommission costs to be borne by the CEPSA Group is also recognized, where appropriate (see **Note 22**).*

Assets acquired before December 31, 2003, were revalued, where appropriate, pursuant to applicable legislation.

The costs of expansion, modernization or improvements leading to increased productivity, capacity, or efficiency or to a lengthening of the useful lives of the assets, are capitalized as a larger investment and are part of the acquisition cost when incurred. On the other hand, repair, conservation, and maintenance costs are charged to the profit or loss as incurred.

Removed assets and items and the related acquisition cost and accumulated depreciation are derecognized.

*As at the reporting date of the Consolidated Balance Sheet, assessment is underway as to whether there are fixed assets not included in a CGU showing signs of impairment. If such indication exists, the asset is tested for impairment, and where appropriate, the related impairment loss is recognized. (See **Note 14**).*

The Group depreciates its property, plant and equipment, net of their residual value, using the straight-line method, i.e., *by equitably distributing assets' costs among the years of estimated useful life.*

Depreciation of other property, plant and equipment	***Years of useful life***
Buildings and other structures	*33 to 50*
Complex and specialized plants	*12 to 33*
Machinery, other installations, fixtures and furnishings	*10 to 15*
Other items	*4 to 20*

Tank heel inventory

*As indicated in **Notes 3.H)** and **15**, the volume of crude oil and product at tank heels under the lowest operable level is considered not part of operating stock, but rather is a fixed asset inherent to the company's operations. Thus, it should be recognized under PROPERTY, PLANT, AND EQUIPMENT – TECHNICAL INSTALLATIONS.*

Said volume of crude oil and product is recognized as a fixed asset as long as it is stored at the bottom of tanks. If a tank is drained for inspection or repair, the full contents is moved to other tanks, transferred to the production system, or released for sale. This draining also includes the volume considered to be the tank heel, which is allocated to the proper use and purpose. In the case of crude oil, a portion of this volume is discarded as it is not fit for production. In these products, the entire tank heel is generally valid.

The crude oil and product transferred in 2020 from inventory was valued at inventory cost as at the date of transfer (1st of January). It is considered a non-depreciable asset, except for the estimated portion of crude oil to be discarded at the time the tank is drained. The estimated volume to be discarded is estimated at 10% of the tank heel volume. The value corresponding to this expendable crude oil depreciates linearly over the course of the period between tank inspections, which is estimated to be 15 years for crude oil tanks.

When the tank is drained, the value of the tank heel volume that is not discarded is transferred back to inventory at historical cost. At this time, the difference between the net carrying value of the tank heel and the value transferred to inventory is recognized as profit or loss in the Income Statement.

Henceforth, when an out-of-service tank is started up, the volume of crude oil or product corresponding to the tank heel will be calculated at the inventory cost as of the day of the transfer and a new transfer from Inventory to Property, Plant, and Equipment will be recorded.

The breakdown of the gross investments in Property, Plant and Equipment, accumulated depreciation and impairment for 2020 and 2019 is as follows:

Thousand of euros

Property, plant and equipment

Year 2020	Notes	Balance at 01/01/2020	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12/31/2020
Assets							
Land and structures		465 478	52	1 531	927	(267)	**467 721**
Plant and machinery		8 795 004	11 816	644 847	(81 570)	(114 596)	**9 255 501**
Oil & Gas Assets		4 112 622	132 114	158 649	(204 129)	(575)	**4 198 681**
Other facilites, furniture		115 741	462	6 558	(5 176)	(471)	**117 114**
Advances and property, plant and equipment under construction		1 146 699	418 176	(505 847)	(4 789)	(9 508)	**1 044 731**
Other property, plant and equipment		1 418 970	172	29 220	(79 132)	(146 869)	**1 222 361**
Total Assets		**16 054 514**	**562 792**	**334 958**	**(373 869)**	**(272 286)**	**16 306 109**
Depreciations							
Land and structures		(139 908)	(7 227)	(7 142)	2 761	83	**(151 433)**
Plant and machinery		(6 175 170)	(385 367)	(12 261)	49 704	85 615	**(6 437 479)**
Oil & Gas Assets		(1 887 154)	(176 086)	(76 056)	97 681	900	**(2 040 715)**
Other facilites, furniture		(102 051)	(4 809)	43	4 809	401	**(101 607)**
Other property, plant and equipment		(436 232)	(29 976)	(236)	13 050	59 181	**(394 213)**
Total depreciations		**(8 740 515)**	**(603 465)**	**(95 652)**	**168 005**	**146 180**	**(9 125 447)**
Impairments							
Land and structures		(1 352)	-	-	-	-	**(1 352)**
Plant and machinery		(336 561)	(227 807)	-	10 599	867	**(552 902)**
Oil & Gas Assets		(52 513)	(360 195)	-	8 984	429	**(403 295)**
Other facilites, furniture		(317)	-	-	-	-	**(317)**
Other property, plant and equipment		(784 675)	-	(21 809)	88 413	99 462	**(618 609)**
Total Impairments	Note 14.3	**(1 175 418)**	**(588 002)**	**(21 809)**	**107 996**	**100 758**	**(1 576 475)**
Property, plant and equipment, net		**6 138 581**	**(628 675)**	**217 497**	**(97 868)**	**(25 348)**	**5 604 187**

Thousand of euros

Property, plant and equipment

Year 2019	Notes	Balance at 01/01/2019	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12/31/2019
Assets							
Land and structures		361 708	-	99 456	8 863	(4 549)	**465 478**
Plant and machinery		8 545 547	3 771	324 450	16 745	(95 509)	**8 795 004**
Oil & Gas Assets		2 499 576	162 650	1 446 774	47 478	(43 856)	**4 112 622**
Other facilites, furniture		112 338	2	3 262	1 399	(1 260)	**115 741**
Advances and property, plant and equipment under construction		2 467 924	691 082	(2 033 446)	33 126	(11 987)	**1 146 699**
Other property, plant and equipment		1 436 708	13 273	18 211	6 529	(55 751)	**1 418 970**
Total Assets		**15 423 801**	**870 778**	**(141 293)**	**114 140**	**(212 912)**	**16 054 514**
Depreciations							
Land and structures		(112 944)	(7 451)	(20 916)	(1 650)	3 053	**(139 908)**
Plant and machinery		(5 828 044)	(392 676)	(962)	(37 484)	83 996	**(6 175 170)**
Oil & Gas Assets		(1 781 826)	(170 555)	81 211	(15 984)	-	**(1 887 154)**
Other facilites, furniture		(95 281)	(4 724)	(2 168)	(1 040)	1 162	**(102 051)**
Other property, plant and equipment		(429 480)	(40 892)	(2 102)	(2 428)	38 670	**(436 232)**
Total depreciations		**(8 247 575)**	**(616 298)**	**55 063**	**(58 586)**	**126 881**	**(8 740 515)**
Impairments							
Land and structures		(1 352)	-	-	-	-	**(1 352)**
Plant and machinery		(332 213)	-	-	(4 348)	-	**(336 561)**
Oil & Gas Assets		(69 115)	-	-	16 602	-	**(52 513)**
Other facilites, furniture		(317)	-	-	-	-	**(317)**
Other property, plant and equipment		(720 611)	(75 735)	21 809	(10 138)	-	**(784 675)**
Total Impairments	Note 14.3	**(1 123 608)**	**(75 735)**	**21 809**	**2 116**	**-**	**(1 175 418)**
Property, plant and equipment, net		**6 052 618**	**178 745**	**(64 421)**	**57 670**	**(86 031)**	**6 138 581**

Additions of assets

The additions of new assets in 2020 and 2019 amount to EUR 562,792 thousand and EUR 870,778 thousand, respectively, and are recorded in ADDITIONS OR ALLOWANCES. The following should be noted:

- In the Exploration and Production segment, investments to develop or increase activity, notably in the United Arab Emirates, where EUR 119 million have been invested in 2020 in the Sateh Al Razboot and Umm Lulu fields in the Abu Dhabi coastal area (EUR 140 million was invested in 2019). These are the provision of the agreement signed in March of that year with ADNOC, for a 20% stake in the aforementioned fields for 40 years of concession. To a lesser extent, additions in Algeria and Colombia are worth mentioning, with EUR 46 million and EUR 5 million respectively in 2020.
- Refining: investments made to improve industrial facilities, aimed at minimizing environmental impact and increasing efficiency and conversion rate, as well as focused on safety in activity. Notably, the additions to the San Roque Refinery, located in the Bay of Algeciras, exceeded EUR 152 million and EUR 250 million in 2020 and 2019, respectively, and those carried out in the La Rábida Refinery exceeded EUR 76 million and EUR 160 million in 2020 and 2019, respectively.
- In the Distribution segment, investments to maintain or improve the market share and presence in the markets, like the service stations market, for over EUR 36 million and EUR 85 million in 2020 and 2019, respectively.
- In the Petrochemical segment, investments to maintain the functionalities of our plants, most notably those located in Spain, for over EUR 70 million and EUR 101 million in 2020 and 2019, respectively.
- Capitalized overhead expenses relating to the start-up period of various items of property, plant, and equipment components which were credited to the accompanying Consolidated Statement of Income are also included. They amount to EUR 25,111 thousand and EUR 33,120 thousand in 2020 and 2019, respectively. There are no significant financial amounts.

Transfers

TRANSFERS include EUR 3,368 thousand transferred to intangible fixed assets (see **Note 9**).

In addition, "Cepsa Peruana S.A.C."'s reinstatement in the scope of consolidation entails an increase in gross fixed asset value of EUR 165 million, with no expenditure entailed by this variation (EUR 61 million net of accumulated depreciation).

As set out in **Note 3.H),** in 2020, EUR 186,388 thousand corresponding to the value of permanent inventory in tanks was reclassified from Inventory to the Technical Installations and machinery heading under Fixed assets.

Other changes

OTHER CHANGES mainly reflects the impact of exchange rate fluctuations with respect to the euro of companies with a different functional currency.

Derecognitions

The DERECOGNITIONS column includes 2020 divestments carried out with the sale of Mobile Offshore Platform Units (MOPUs), contributed to the Group by the subsidiary "MOPU Holdings (Singapore) Pte, Ltd." for a gross amount of EUR 167 million, practically fully depreciated and deteriorated assets, derecognitions of catalytic converters removed at the end of their useful life; and derecognitions in the La Rábida refinery due to the shutdown of installations that were fully amortized.

In 2019, divestments were carried out with the sale of Mobile Offshore Platform Units (MOPUs), contributed to the Group by the subsidiary "MOPU Holdings (Singapore) Pte, Ltd." for a gross amount of EUR 95 million, practically fully depreciated and deteriorated assets, disposals of technical installations (mainly catalytic converters at the end of their useful life) and that of a tanker for product transport.

Impairment

The most significant impairments recorded in 2020 were in the Peru CGU for EUR 34,080 thousand, in the Abu Dhabi CGU for EUR 188,695 thousand, in the Algeria CGU for EUR 128,699 thousand and in the Colombia CGU EUR 8,702 thousand.

Additionally, as a consequence of the evolution of the prices in certain refined products, strongly impacted by COVID 19, a drop in the profitability of some projects belonging to CGU Refining-Commercial is observed. Assets have been impaired for a value of EUR 221,861 thousand. According to accounting standards, this decision can be reversed if the circumstances that motivated it disappear.

Finally, an impairment of 4,192 thousand euros has been recorded corresponding to the estimated loss of value in a combined cycle plant, in the Gas and Electricity business.

During 2019, the following impairments were recorded: that of the Mobile Offshore Platform Units (MOPUs), contributed to the Group by the subsidiary "MOPU Holdings (Singapore) Pte, Ltd." amounting to EUR 53,853 thousand and EUR 21,802 thousand contributed by the CGU Peru.

Other disclosures

At 31 December 2020 and 2019, the Group had property, plant, and equipment purchase commitments amounting to EUR 998,749 thousand and EUR 1,563,566 thousand, respectively, mostly associated with exploration and production investments.

At 31 December 2020 and 2019, no material items of property, plant and equipment had been pledged to secure compliance with obligations relating to the ownership thereof.

At 31 December 2020 and 2019 fully depreciated property, plant, and equipment still in use totalled EUR 4,468,409 thousand and EUR 4,015,298 thousand respectively. All these assets refer to facilities in operation and are not depreciated as part of the equipment involved.

In 1996 certain consolidated Group companies revalued their PPE pursuant to Royal Decree-Law 7/1996 of June 7, increasing the carrying amount of these assets by EUR 117,350 thousand. This increase in value is being depreciated (the depreciation charge is a tax-deductible expense) with a charge to profit in 1997 and subsequent years based on the years of residual useful lives of the revalued assets.

Certain CEPSA Group companies have been granted administrative concessions by the Spanish government to use mooring facilities and access and adjacent areas at the ports of Santa Cruz de Tenerife which will revert to the state in 2027, Algeciras-La Línea—which will revert in 2065—and Palos de la Frontera—which will revert from 2022 to 2065. CEPSA Group Management expects that these concessions will be renewed when they expire. It also considers it unnecessary to make a provision for the decommissioning of these investments, as they are properly maintained, and their renewal is foreseeable.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject to and the claims that might be filed against it for carrying on its business activities. These policies are considered to sufficiently cover the related risks.

Travel restrictions implemented as a result of COVID-19 led to a sustained drop in demand. To adapt to this situation and optimize refinery operations, after the routine maintenance shutdown in September of the Fuel 1 and Vacuum 2 units at the La Rábida Refinery in Huelva, it was decided that said units should remain inactive until domestic demand significantly recovers. At the date of issue of this Financial Statement, the situation has not changed, although Company Management is periodically reviewing the best time to reinitiate activity, which is expected to take place in the first half of 2021, although it will depend on the evolution of the pandemic.

12. Rights of use

ACCOUNTING POLICIES AND PROCEDURES

In 2019, the CEPSA Group applied IFRS 16 (approved by the IASB in January 2016 and effective 1 January 2019) for the first time.

The Group understands that a lease provides control over the use of the leased asset and is therefore classified as operating when the lessee obtains at least 80% of the economic benefits from the use of the asset. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer.

*The Group values whether a contract is or contains a lease at the beginning of the contract. The Group recognizes a RIGHT OF USE and the corresponding LEASE DEBT for all lease agreements in which it is a lessee, except for the excluded leases (with respect to debt recognition and the excluded leases, see **Note 25**, in Accounting Policies).*

Where the Group incurs an obligation to bear the costs of decommissioning and withdrawing the leased asset, restoring the location where the leased asset is located or restoring the underlying asset to the condition required by the provisions of the lease, a provision under IAS 37 must be recognized and quantified. To the extent that these costs are related to an asset for rights of use, these costs are included in the cost of acquisition of the asset for rights of use, unless such costs are incurred to produce inventories.

Rights-of-use assets depreciate over the lease life or the useful life of the underlying asset, whichever is shortest. If a lease transfers ownership of the underlying asset or the cost of the rights-of-use asset reflects that the Group expects to exercise the purchase option, the corresponding rights-of-use asset depreciates over the useful life of the underlying asset. Depreciation begins at the start date of the lease.

Rights-of-use assets are presented on a separate line in the Consolidated Balance Sheet.

Impact on Group Accounting as a Lessee

Former operating leases

*In the application of IFRS 16, for all leases (except those of low value or short-term contracts – see **Note 25**), the Group:*

- recognizes RIGHT-OF-USE ASSETS and LEASE LIABILITIES in the consolidated balance sheet, initially measured at the present value of the future lease payments;

- recognizes depreciation of RIGHT-OF-USE ASSETS and interest on LEASE LIABILITIES in the Consolidated Income Statement; and

-separately reports the total amount of cash paid into a principal portion and interest (both presented within financing activities) in the Consolidated Cash Flow Statement.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets.

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17.

Since IFRS 16 entered into force, the Group has recognized equipment acquired via finance lease previously included in property, plant, and equipment within the line item for RIGHT-OF-USE ASSETS; and the lease liability, previously presented within borrowing, has been presented in a separate line for lease liabilities.

Impairment

*The Group applies IAS 36 to determine whether a rights-of-use asset is deteriorating in value and accounts for any impairment loss identified as described in **Note 14.***

Impact on Consolidated Cash Flow Statement.

Under IFRS 16, lessors must present:

• short-term lease payments, low-value lease payments, and variable lease payments not included in the debt valuation for leases as part of operational activities;

• payments for the fraction of interest on a lease debt as either operational activities or as financing activities, as permitted under IAS 7 (the Group has chosen to include interest payments as part of financing activities); and

• payments for the principal of the debt for leases, as part of the financing activities.

The changes to use rights over the course of 2020 and 2019 is shown in the following table:

Thousand of euros

Rights of use Year 2020	Balance at 01/01/2020	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12/31/2020
Assets						
Land and structures	510 796	14 522	-	42	(7 173)	**518 187**
Plant and machinery	180 851	30 030	-	(1 936)	(31 198)	**177 747**
Other facilites, furniture	9	-	-	-	-	**9**
Other property, plant and equipment	169 131	2 046	-	(11 440)	(4 779)	**154 958**
Total Assets	**860 787**	**46 598**	**-**	**(13 334)**	**(43 150)**	**850 901**
Depreciations						
Land and structures	(65 923)	(68 544)	7 058	(163)	2	**(127 570)**
Plant and machinery	(33 065)	(33 658)	-	3 153	159	**(63 411)**
Other facilites, furniture	(2)	(2)	-	-	-	**(4)**
Other property, plant and equipment	(24 416)	(22 474)	42	2 468	1 306	**(43 074)**
Total depreciations	**(123 406)**	**(124 678)**	**7 100**	**5 458**	**1 467**	**(234 059)**
Total rights of use	**737 381**	**(78 080)**	**7 100**	**(7 876)**	**(41 683)**	**616 842**

Thousand of euros

Rights of use Year 2019	Balance at 01/01/2019	Additions or Charge for the year	Transfers	Other changes	Retirements or Disposals	Balance at 12/31/2019
Assets						
Land and structures	497 234	58 793	-	-	(45 231)	**510 796**
Plant and machinery	177 089	8 652	50	-	(4 940)	**180 851**
Other facilites, furniture	9	-	-	-	-	**9**
Other property, plant and equipment	166 612	(409)	(50)	3 124	(146)	**169 131**
Total Assets	**840 944**	**67 036**	**-**	**3 124**	**(50 317)**	**860 787**
Depreciations						
Land and structures	-	(69 399)	(26)	3 497	5	**(65 923)**
Plant and machinery	-	(33 298)	-	219	14	**(33 065)**
Other facilites, furniture	-	(2)	-	-	-	**(2)**
Other property, plant and equipment	-	(24 733)	26	257	34	**(24 416)**
Total depreciations	**-**	**(127 432)**	**-**	**3 973**	**53**	**(123 406)**
Total rights of use	**840 944**	**(60 396)**	**-**	**7 097**	**(50 264)**	**737 381**

Additions

During the financial year of 2020 there have been additions of lease contracts, amounting to EUR 46,598 thousand, corresponding mainly to new contracts for service stations and extensions of validity in the headings of LAND AND CONSTRUCTION and TECHNICAL INSTALLATIONS.

Derecognitions

During the year 2020, there have been cancellations of leasing contracts, amounting to EUR 43,150 thousand, corresponding mainly to cancellations of service station contracts, decrease in fixed income from LAND AND CONSTRUCTION and TECHNICAL INSTALLATIONS.

The breakdown of the initial recognition of IFRS 16 as of 1 January 2019 was as follows:

Thousand of euros

Leases liability reconciliation	2019
Operating lease obligations at 31 December 2018	**979 646**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**(95 869)**
Short term leases recognised on a straight line basis as at 31 December 2018	**(37 353)**
Low-value leases recognised on a straight line basis as expense	**(6 298)**
Other movements	**818**
Total	**840 944**
Minimum lease payment (notional amount) on finance lease liabilities at 31 December 2019	**1 241**
Total lease liability recognized as at 1 January 2020	**842 185**

The initial recognition of use rights for operating leases in force on 1 January 2019 amounted to EUR 840,944 thousand and entails the recognition of LEASE LIABILITIES for the same amount.

The following table shows the impact on the Consolidated Income Statement of the implementation of IFRS 16 in 2020 and 2019:

Thousand of euros

Impact on results of first application of IFRS 16	2020	2019
Amortisation right of use	124 678	127 431
Increase in financing costs	17 434	21 321
Reduction in other expeses	(136 476)	(143 726)
Exchange differences	157	253
Increase / (decrease) in the Net Profit for the Year	**5 793**	**5 279**

Right-of-use assets and lease liabilities have a tax treatment consistent with the accounting treatment.

The impact of the application of IFRS 16 on earnings from basic and diluted shares is shown in **Note 28**.

13. Financial Assets

ACCOUNTING POLICIES

The Group applies IFRS 9 in the recognition of these assets.

Trade receivables and debt securities issued by the Group are recognized for the first time when they are created. All other financial assets are recognized for the first time when the Group is made party to the instrument's contractual provisions.

At initial recognition, the Group measures financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss (FV-CPG)*, transaction costs that are directly attributable to the acquisition of the financial asset. On the other hand, the transaction costs of the financial assets accounted for at* fair value through profit or loss *are taken to profit or loss.*

Subsequent measurement depends on the group's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. For purposes of subsequent measurement, financial assets are classified in four categories:

I. Financial assets at amortized cost

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- financial assets are maintained within a business model whose objective is to maintain financial assets to obtain contractual cash flows, and

- the contractual conditions of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss.

II. Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments).

The Group measures debt instruments at fair value through other comprehensive income (OCI) if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both obtaining contractual cash flows and for sale; and

- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

The Group's debt instruments recognized at FV-OCI include the sub-portfolio of trade receivables subject to possible securitization.

III. Financial assets at fair value through other comprehensive income (FVTOCI) (equity instrument)

The Group can choose to classify irrevocably its equity investments as equity investments designated at fair value through OCI. The classification is determined on an instrument-by instrument basis. The Group has chosen not to classify any equity investment under this category.

IV. Financial assets at fair value through profit or loss (FVTPL).

Assets that do not meet the criteria of the previous categories are measured at FVTPL.

Upon initial recognition, an asset does not change categories unless the Group modifies its business model to manage its financial assets.

IMPAIRMENT OF FINANCIAL ASSETS

The group assesses on a forward-looking-basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets.

DERECOGNITIONS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated Balance Sheet) when:

- *the rights to receive cash flows from the asset have expired or*
- *the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and also:*
- *the Group has transferred substantially all the risks and rewards of the asset, or*
- *the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.*

If the group does not transfer or substantially retain all risks and benefits of the property and continues to have control of the transferred asset, the Group recognizes the interest retained in the asset and an associated liability for the amounts it may be obliged to pay.

If the Group substantially retains all the risks and benefits of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes collateral indebtedness for the income received.

By derecognizing a financial asset valued at amortized cost, the difference between the carrying amount of the asset and the amount of the collection received and due to receive is recognized in profit or loss. Additionally, by derecognizing an investment in a debt instrument classified as financial assets at fair value with other comprehensive income, the profit or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. On the contrary, by derecognizing an investment in a capital instrument that the Group has chosen at the beginning to measure at fair value with other comprehensive income, the profit or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but transferred to reserves.

The breakdown of the financial assets, with the exception of cash and cash equivalent, as of 31 December 2020 and 2019, classified by nature and by category for valuation purposes, is as follows:

Thousand of euros

Finance assets by type/ category

Year 2020	Notes	FVTPL (Financial assets valued at)	Amortised cost (Financial assets valued at)	FVTOCI (Financial assets valued at)	Hedging derivatives	Total
Equity instruments		8 188	-	-	-	**8 188**
Loans		-	63 614	-	-	**63 614**
Derivatives		5 375	-	-	74 388	**79 763**
Other Finance assets		-	18 427	-	-	**18 427**
Non current		**13 563**	**82 041**	**-**	**74 388**	**169 992**
Equity instruments		423	-	-	-	**423**
Loans		-	40 085	-	-	**40 085**
Derivatives		6 991	-	-	6 111	**13 102**
Other Finance assets		-	15 779	-	-	**15 779**
Subtotal		7 414	55 864	-	6 111	**69 389**
Trade and accounts receivable	Note 16	-	1 090 078	199 335	-	**1 289 413**
Current		**7 414**	**1 145 942**	**199 335**	**6 111**	**1 358 802**
Total		**20 977**	**1 227 983**	**199 335**	**80 499**	**1 528 794**

Year 2019	Notes	FVTPL (Financial assets valued at)	Amortised cost (Financial assets valued at)	FVTOCI (Financial assets valued at)	Hedging derivatives	Total
Equity instruments		3 089	-	-	-	**3 089**
Loans		-	55 884	-	-	**55 884**
Derivatives		-	-	-	89 255	**89 255**
Other Finance assets		-	24 638	-	-	**24 638**
Non current		**3 089**	**80 522**	**-**	**89 255**	**172 866**
Equity instruments		3 030	-	-	-	**3 030**
Loans		-	29 589	-	-	**29 589**
Derivatives		9 408	-	-	30 549	**39 957**
Other Finance assets		-	14 519	-	-	**14 519**
Subtotal		12 438	44 108	-	30 549	**87 095**
Trade and accounts receivable	Note 16	-	1 731 282	263 884	-	**1 995 166**
Current		**12 438**	**1 775 390**	**263 884**	**30 549**	**2 082 261**
Total		**15 527**	**1 855 912**	**263 884**	**119 804**	**2 255 127**

Note: FVTPL Financial assets at fair value through profit and loss
FVTOCI Financial assets at fair value through OCI

The movements and balances in financial assets accounts for 2020 and 2019, excluding trade receivables, are as follows:

Financial Assets - Variations

Thousand of euros

Year 2020	Notes	Balance at 01/01/2020	Additions	Transfers	Other charges	Disposals	Balance at 12/31/2020
Non-current loans to associates and joint ventures		7 027	-	13 147	(967)	(4 241)	**14 966**
Other non-current loans		55 579	1 017	(277)	1 183	(1 887)	**55 615**
Other non-current finance assets		117 788	82 377	(82 679)	(7 260)	(3 148)	**107 078**
Impairment	Note 14.3	(7 528)	(491)	-	215	137	**(7 667)**
Total non-current		**172 866**	**82 903**	**(69 809)**	**(6 829)**	**(9 139)**	**169 992**
Current loans to associates and joint ventures		5 675	9 408	(9 032)	(424)	(732)	**4 895**
Other current loans		35 412	25 323	277	(473)	(15 024)	**45 515**
Other current finance assets		57 507	16 657	82 679	(214)	(127 324)	**29 305**
Impairment	Note 14.3	(11 499)	(22)	-	828	367	**(10 326)**
Total current		**87 095**	**51 366**	**73 924**	**(283)**	**(142 713)**	**69 389**

Year 2019	Notes	Balance at 01/01/19	Additions	Transfers	Other charges	Disposals	Balance at 12/31/2019
Non-current loans to associates and joint ventures		55 600	-	(773)	(47 800)	-	**7 027**
Other non-current loans		42 915	2 969	(395)	35 356	(25 266)	**55 579**
Other current finance assets		39 736	91 844	(225)	(11 442)	(2 125)	**117 788**
Impairment	Note 14.3	(8 775)	(10)	-	269	988	**(7 528)**
Total non-current		**129 476**	**94 803**	**(1 393)**	**(23 617)**	**(26 403)**	**172 866**
Current loans to associates and joint ventures		50 756	9 021	773	(46 832)	(8 043)	**5 675**
Other current loans		36 553	9 787	395	-	(11 323)	**35 412**
Other current finance assets		55 368	15 197	13	215	(13 286)	**57 507**
Impairment	Note 14.3	(12 210)	(148)	-	(24)	883	**(11 499)**
Total current		**130 467**	**33 857**	**1 181**	**(46 641)**	**(31 769)**	**87 095**

The COVID-19 crisis caused demand and international prices to decrease drastically. This triggered a severe drop in trade credit volumes and, to a certain extent, altered debtor creditworthiness.

In response to the crisis caused by COVID-19 and within the scope of IFRS 9, corrections were implemented to mitigate the impact of changes to debtors' creditworthiness. Thus, the probability of default was increased in the mathematical model calculating reasonable amounts for provisions, according to the benchmarks seen in the 2007-2008 crisis. The impact on the final balance and results was insignificant because increases in outstanding balance allowances were offset by the overall reduction in trade credit balances mentioned in the paragraph above. Over the course of 2020, there were fewer insolvencies and their impact on results was lesser than expected. Therefore, statistical analysis up until now has been too prudent and not fully predictive.

There is no new evidence of any impairment in the other loans in 2020.

(NON-)CURRENT LOANS TO ASSOCIATES AND JOINT VENTURES include loans to associates as well as the loans granted to jointly controlled entities. CEPSA Group has granted a series of loans to the "SinarMas Cepsa Group" for the construction and management in Indonesia of a new plant for fatty alcohols treatment, within its strategy of diversifying in manufacturing and selling surfactants. This financing arrangement, on market terms and conditions in its area of activity, amounts to EUR 9 million in 2020 and EUR 5 million in 2019 and its nearest maturity date is in January 2023.

The ADDITIONS under OTHER NON-CURRENT ASSETS mainly include those arising from hedges carried out by "Cepsa Gas Comercializadora, S.A." to reduce the risks related to gas sales and purchases.

The breakdown by maturity of the balances of LOANS TO ASSOCIATES AND JOINT VENTURES and OTHER LOANS at 31 December 2020 and 2019 is as follows:

Maturity of finance assets

Thousand of euros

Year 2020	2021	2022	2023	2024	2025	Over 5 years	Total
Loans to associates and joint ventures	4 895	-	8 149	-	-	6 817	**19 861**
Other loans	45 515	38 784	1 429	365	187	14 850	**101 130**
Total	**50 410**	**38 784**	**9 578**	**365**	**187**	**21 667**	**120 991**

Year 2019	2020	2021	2022	2023	2024	Over 5 years	Total
Loans to associates and joint ventures	5 675	-	-	-	-	7 027	**12 702**
Other loans	35 412	48 930	497	412	95	5 645	**90 991**
Total	**41 087**	**48 930**	**497**	**412**	**95**	**12 672**	**103 693**

The average interest rate applied by CEPSA to loans granted to related parties in 2020 and 2019 was similar to the average cost of external financing for the same type of transaction.

14. Impairment of assets

ACCOUNTING POLICIES

The CEPSA Group assesses at the closing date, or whenever it is necessary in light of the circumstances, whether there are signs of impairment value losses in assets recognized in the Balance Sheet, and especially in certain property, plant & equipment, intangible assets, or investments in associates and joint ventures, due to circumstances such as the fall in crude oil prices, expected losses, reduction of activity or crisis situations in the country, proceeding, where appropriate, to estimate the recoverable amount of the same.

In addition, and regardless of the existence of any indication, for intangible assets of indefinite useful life, a comparison is made at least once a year between those not available for use and goodwill in terms their carrying amount as against their recoverable amount (see ***Notes 4.4 , 9,*** *and* ***10*** *).*

The recoverable amount is the fair value of the net asset of transfer or disposal costs, or the value in use, whichever is greater.

When the asset does not generate cash flows that are independent of those of other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. In accordance with IAS 36, a cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Business segments and determining the CGUs.

• Chemicals: each CGU corresponds to one of the industrial plants.

• Exploration and Production: each CGU corresponds to each of the different contractual areas commonly known as "blocks"; as an exception, in cases where the cash flows generated by several blocks are interdependent with each other, these blocks are grouped into a single CGU, as is the case of the Algerian or Colombian CGU. In 2020, the Timimoun gas reservoir of the Algerian CGU was separated, and the new portion is now called Argelia-Oil.

• Refining and Sales and Distribution: these two segments are considered to be a single CGU due to the interrelation of flows that exists throughout their production process. This treatment does not apply, within the refining segment, to the area of gas and electricity, where each plant corresponds to a CGU since they have an individual remuneration by the Spanish government.

In order to perform the aforementioned impairment test, the carrying amount of the CGU will:

a. Include the carrying amount of only those assets that can be attributed directly, or allocated on a reasonable and consistent basis, to the CGU and assets that will generate the future cash inflows used in determining the CGU's value in use;

b. Not include the carrying amount of any recognized liability unless the recoverable amount of the UGE cannot be determined without consideration of this liability.

c. As regards Exploration and Production assets, expected costs of decommissioning and restoring areas of operation are aggregated both to the carrying value and to the value in use of the assets.

The goodwill acquired in a business combination is distributed among each of the CGU or groups of CGUs that benefit from the synergies of the business combination. An estimate of the CGU's recoverable value is made with the limit of the business segment.

Nevertheless, considering that segments (see ***Note 7****) are broader than the above-mentioned CGU, for the impairment tests of goodwill associated with said segments, their cash flow is considered separately.*

The recoverable value of each CGU is determined to be the higher of:

- *the value in use, and*
- *fair value minus transfer or disposal costs otherwise to be obtained from assets associated with the CGU.*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying value, its value is reduced to its recoverable amount and an impairment loss is recognized as an expense, under IMPAIRMENT AND GAINS OR LOSSES ON DISPOSALS OF NON-CURRENT ASSETS in the Consolidated Income Statement

Reversal of impairment losses

The impairment losses recognized in previous years can be reversed to the original value of the asset, except those recognized for the goodwill, which cannot be reversed. Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU), is increased up to the revised estimate of its recoverable amount, except for goodwill, recognizing an income item, in such a way that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or CGU) in prior years. The impairment previously recognized on the goodwill is not reversed.

14.1. Signs of impairment this financial year and their treatment

The COVID-19 pandemic is an event that led to one or more relevant indicators in each business showing signs of impairment. Coupled with the drop in crude oil prices, this circumstance especially affected a number of assets in the Exploration and Production area, whose carrying value was appropriately adjusted as detailed below.

In addition, several relevant indicators in the Refining and Commercial businesses, mainly falling demand and margins, demonstrated the need to conduct impairment tests in the CGU Refining and Commercial. However, once they were completed, there was no evidence that said CGU as a whole had experienced a reduction in recoverable value situating it below the carrying value. However, the evolution of the prices of certain petroleum products, strongly impacted by COVID 19, is the indicator of impairment that revealed the fall in the profitability of certain assets of the Refining-Commercial CGU for which it has been carried out the corresponding impairment analysis.

Finally, the drop in the electricity pool price applicable to the Group's power generation plants (cogeneration and combined cycle) caused the reassessment of the recoverable value of said plants, which were treated individually. Said tests revealed the need to record impairment in one of them, as detailed below.

In terms of the impairment of assets not associated with a CGU, the value of spare parts for fixed assets in refineries was revised based on their state of use and obsolescence.

14.2. Hypotheses and estimates used to calculate impairment in 2020

A) Cash flows

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted, using assumptions which are consistent with the CEPSA Group's 2021 Budget and updated long-term.

Additionally, due to the volatility of hydrocarbon prices that has occurred during the 2020 financial year and the uncertainties observed in long-term prices, for the valuation of the Exploration and Production CGUs the «expected cash flow approach» which includes IAS 36 to take into consideration expectations about possible cash flows instead of a single most probable cash flow. For this, two scenarios have been considered for prices over three years as explained below.

These projections cover the following five years, and include a residual value appropriate to each business for which a constant expected growth rate (above the flows of the fifth year) is used that ranges from 0% and 2%, based on the expected long-term CPI and specific for each business under analysis. For the purpose of calculating residual values, the only investment considered is maintenance capital expenditure and any investment needed for renovation purposes in order to maintain the asset's or CGU's productive capacity.

Valuations of Exploration & Production assets (Upstream) use cash flow projections for a period that covers the economically productive lives of the oil and gas fields, limited by the contractual expiration of the operating permits, agreements or contracts. The general principles applied to determine the variables that most affect the cash flows of this business line are described below:

Oil and gas sales prices

Estimated crude oil prices used to project cash flows of each of the assets are equal to those used in the Group's 2021 budget and the updated long-term plan. These estimates are based on estimates made by various international organizations. Due to the increase in the volatility of crude oil prices during the last year, CEPSA has used a sensitivity analysis to different price curves for its deterioration analysis.

The Group has considered two scenarios for prices over three years.

- Scenario 1 (weighted by 75%): the prices considered are 45, 47, 57, 60 and 60 USD per barrel for each year of the 2021-2025 period. Later, prices increase with a CPI of 1.9%. The quoted Brent crude price is used as the base price, and the remaining international prices are calculated using spreads.

- Scenario 2 (weighted by 25%): with a price curve, in dollars per barrel, of 45, 47, 47, 50 and 50 for the period 2021 to 2025, after which prices increase annually with the same as Scenario 1 CPI.

Regarding the weighting between both scenarios, 75% has been considered for the first and 25% for the second, taking into account the best performance in the prices that have occurred at the end of the financial year 2020 and the beginning of 2021.

Reserves and production schedules

For each asset a long-term development plan is established with an annual production schedule. This production schedule takes probable reserves into account as well as the best estimate for contingent resources, weighted by associated risk factors. The estimates for reserves and resources are made in accordance with the guidelines established by the Petroleum Resource Management System of the Society of Petroleum Engineers (PRMS-SPE). These profiles are reviewed yearly by independent engineering companies.

The latest revision was certified in 2020 on the reserves as of 31 December 2019 and has not yielded significant differences with respect to the calculation made by the Group.

CEPSA

Operating expenses and capital expenditure (Opex and Capex)

For the Exploration and Production assets, the development plan established for each asset takes into account the investments necessary for production of the estimated reserves and resources. For both capital expenditure and operating expenses, according to current purchasing contracts and our best estimate, the inflation rate used, when applicable, depends on the country where the asset is located.

B) Discount rate

For the purpose of calculating the present value of these cash flows, a discount rate after taxes (weighted average cost of capital, WACC) is used that reflects the weighted average cost of capital employed, adjusted according to the country and business risk corresponding to each asset or CGU. Below are the discount rates after taxes used for the analyzed CGUs grouped by each business segment in 2020 and 2019:

Discount rates used in impairment analysis - Segmented

	2020	2019
Exploration & Production	9.0% - 12.5%	7.0% - 9.5%
Refining & Marketing	7.0% - 7.5%	6.0% - 7.5%
Petrochemical	7.0% - 13.0%	7.5% - 12.0%
Gas & Power	5.0%	5.5% - 5.5%

The parameters taken into account for the composition of the aforementioned discount rates were:

- Risk-free rate: normalized bond yield [5]
- Risk premium for investment in equity (equity risk premium): 5.5%
- Country risk-premium of the location of the asset
- Beta: based on comparable companies for each business segment
- After taxes Cost of Debt plus Spread based on peer Oil and Gas integrated companies
- Equity – Debt ratio: sector average of peer companies in the business segment.

These discount rates have been calculated considering local currencies of the CGUs except for E&P and Petrochemical Indonesia that are in USD.

The discount rates after taxes used for the CGU in the countries where impairment signs existed in 2020 and 2019 are as follows:

Discount rates used in impairment analysis - CGU breakdown

	2020	2019
Exploration & Production		
Colombia	10,0%	8,0%
Thailand	9,5%	7,0%
Malaysia	10,0%	8,0%
Algeria	12,5%	9,5%
Abu-Dhabi	9,0%	7,5%
Peru	10,0%	7,5%
Gas & Power		
Spain	5,0%	n/a
Petrochemical		
Brazil	10,0%	9,5%
China	8,5%	8,0%
Indonesia	9,0%	9,0%

14.3. Recognition of the impairment calculated in the accounting period

The CEPSA Group performs an impairment test on its assets and cash-generating units at the closing date of the balance sheet or whenever there are circumstances that indicate this is required. The recoverable amount of the assets is

[5] *Risk-free rate in USD: Average UST 10Y rate + long-term inflation forecasts in the US.*

Risk-free rate in EUR: Average US10Y + long-term inflation forecasts in the US + long-term inflation forecasts between the US and the eurozone.

estimated in order to perform the aforementioned impairment test as described above. Based on these impairment tests, the breakdown of the gross impairments recorded is as follows:

Thousand of euros

Impairments of assets	Notes	2020 Charges for the year	2020 Reversal	2019 Charges for the year	2019 Reversal
Intangible assets	Note 9	63 564	(2 845)	11 959	-
Property, plan and equipment	Note 11	588 002	(867)	75 735	-
Investments in companies accounted for using the "equity method"	Note 8.3	60 470	-	67 889	-
Other financial assets	Note 13	513	(504)	158	(1 871)
Inventories - Spare parts		20 359	-	-	-
Total		**732 908**	**(4 216)**	**155 741**	**(1 871)**
Registered under Impairment and gains or losses on disposals of non-current assets	Note 24	651 566	(3 712)	87 694	-
Registered under Changes in operating allowances	Note 15	20 359	-	-	-
Registered under Share of results of equity accounted investees	Note 8.3	60 470	-	67 889	-
Registered under Impairment and gains or losses on disposals of financial instruments	Note 26	513	(338)	158	(1 871)
		-	(166)	-	-
		732 908	**(4 216)**	**155 741**	**(1 871)**

Thousand of euros

Impairments of assets	Segment	2020 Charges for the year	2020 Reversal	2019 Charges for the year	2019 Reversal
Colombia	Exploration & Production	54 680	-	11 959	-
Peru	Exploration & Production	34 080	-	21 882	-
Abu Dhabi	Exploration & Production	249 165	-	67 889	-
Algerie	Exploration & Production	128 699	-	-	-
Singapur	Exploration & Production	-	-	53 853	-
Spain	Refining	242 220	-	-	-
Spain	Gas & Power	4 192	-	-	-
Others	Assorted	19 872	(4 216)	158	(1 871)
Total		**732 908**	**(4 216)**	**155 741**	**(1 871)**

The main impairment allowances in 2020 were:

- Non-current assets of EUR 407 million and equity-accounted investments of EUR 60 million in Exploration and Production.
- Assets in CGU Refining-Commercial for EUR 242 million, of which EUR 222 million correspond to the impairment of some assets and projects whose profitability has been affected by the evolution of the prices in certain refined products, strongly impacted by COVID 19 (see **Note 11**), and the rest to spare parts and obsolete materials (see **Note 15**).
- Gas and Electricity Assets for EUR 4 million, corresponding to a combined cycle plant.

The impairments exposed in Exploration and production projects are mainly due to the effect of the drop in international oil prices and the update of the discount rates in the recoverable value of the projects. For their part, the estimated reserves have not changed significantly.

Specifically, the Timimoun gas production project in Algeria was subject to impairment in 2020 after the Algerian UGE was separated. This separation occurred, firstly, as a result of the divergence between Brent prices (which is the benchmark used to calculate gas rights owned by the CEPSA in the project) and the TTF in Europe. Said divergence was especially notable in the first half of 2020. This means that Timimoun does not have the same market as the other fields in the Algerian CGU. Secondly, the reduction continues for volumes extracted from the Timimoun reservoir due to the excess gas supply on the Algerian market.

Other impairments recorded in 2019 not mentioned above were: MOPU platforms in the Exploration and Production business in Singapore, EUR 53,853 thousand see **Note 11**, Property, Plant, and Equipment.

14.4. Sensitivity analysis

In the case of those assets or CGUs for which the Group performs an impairment test as a result of identifying indications of impairment, the Group analyses whether reasonably foreseeable changes in the key assumptions used to determine their recoverable amounts would have a material impact on the financial statements. In the case of those assets or CGUs for which the recoverable amount exceeds the unit's carrying amount by a significant margin, it is assumed that these 'reasonably foreseeable changes' would not have a material impact. In the case of those assets or CGUs for which the margin is below this threshold, the Group performs sensitivity analyses in order to quantify changes in the recoverable amounts of these assets or CGUs as a result of changes in key assumptions deemed reasonably foreseeable.

In specific terms, the most relevant sensitivity analyses performed for all the CGUs were as follows:

Impairment tests - sentitivity analysis

	Increase in the impairment losses net of tax impact in the Consolidated Financial Statements					
	2020			2019		
	Variation	%	Amount	Variation	%	Amount
Discount rate increase	**50 p.b**	**6%**	**62**	50 p.b	6%	111
Decrease in price of crude oil	**6 $**	**11.5%**	**66**	-6$	9%	72
Average exchange rate decrease $ vs €	**0.05 $/€**	**4%**	**0,5**	0,05 $/€	4%	55

Based on the forward curves posted by reputable analysts[6], the Group considers the two price scenarios in terms of hydrocarbon prices and probability to be reasonable for calculating the recoverable value in the impairment tests performed.

15. Inventory

ACCOUNTING POLICIES

Crude oil, oil derivatives and petrochemical products, acquired as raw materials, are measured at the lower of weighted average cost and net realizable value. Replacement parts and supplies and other inventories are measured at the lower of average acquisition or production cost or net realizable value.

The cost of production includes those of direct materials and, where applicable, direct labour costs and general manufacturing costs and the fraction of the depreciation of the non-current asset items used in the production process.

The Group assesses the net realizable value of the inventories at the end of each year and recognizes the appropriate impairment if this value is lower than the carrying amount. When circumstances that previously caused the valuation adjustment no longer exist or when there is clear evidence of an increase in net realizable value due to a change in economic circumstances, the impairment adjustment is reversed. Inventory impairment or excess that is reversed is included in trade provisions impairment in the Consolidated Income Statement.

Costs are allocated to refined products in proportion to the selling price thereof (Isomargin Method) due to the complexity of assigning production costs to each product.

The breakdown of INVENTORIES at 31 December 2020 and 2019 is as follows:

Thousand of euros

Inventories

	2020	2019
Crudes	**320 599**	718 958
Other raw materials	**120 253**	126 763
Finished goods	**935 755**	1 236 206
Other supplies	**26 376**	10 124
Spare Parts	**88 891**	85 354
Impairment	**(73 062)**	(14 699)
Total	**1 418 812**	**2 162 706**

Pursuant to the Directorate-General of Energy Policy and Mining resolution dated 30 March 2009, CEPSA and other Group companies which act as operators are required to maintain minimum oil product safety stocks equivalent to 50 days of sales of the preceding 12 months in the domestic market, excluding sales to other wholesalers. The inspection and control of these stocks and sales is carried out by the Corporation of Strategic Reserves of Petroleum Products (CORES). CEPSA management considers that the consolidated Group has been meeting this obligation.

As set out in **Note 3.H)** and **11**, EUR 186,388 thousand corresponding to the value of permanent inventory in tanks was reclassified from the Crude Oil and Finished Goods headings under Inventory to Fixed Assets.

In 2020 and 2019, impairments were recorded amounting to EUR 38,004 thousand (net impairment) on inventories of raw materials and finished goods (2019: net reversal of EUR 26,997 thousand). These amounts are included in the Consolidated Income Statement under CHANGES IN OPERATING ALLOWANCES.

In 2020, impairment of spare parts and miscellaneous material in the Group's refineries amounting to EUR 20,359 thousand was recorded.

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[6] *Analysts considered are Wood Mackenzie, JP Morgan, Barclays, Societé Generale, Citi, IHS, Morgan Stanley and the US Energy Information Administration.*

16. Trade receivables and other current assets

The breakdown of trade and other receivables in 2020 and 2019 is as follows (see **Note 30**):

Trade and other receivables — Thousand of euros

	Notes	2020	2019
Trade receivables for sales and services		1 369 427	2 030 723
Receivable from associates and joint ventures		19 028	51 502
Advances to suppliers		29 211	48 778
Allowances for bad credits		(128 253)	(135 837)
Total	Note 13	**1 289 413**	**1 995 166**

CHANGES IN OPERATING ALLOWANCES on the income statement only refers to trade receivables as follows:

Allowances for bad credits — Thousand of euros

	2020	2019
Balance at the beginning of the year	(135 837)	(134 597)
Additions	(12 283)	(20 555)
Amounts	19 167	22 032
Other	700	(2 717)
Closing balance for the year	**(128 253)**	**(135 837)**

The Group has entered into various financial asset transfer agreements (factoring agreements and securitization transactions, both without recourse) with financial institutions. In the framework of these agreements, the Group transfers receivables denominated in euros and foreign currency to the respective financial institutions. Debtors that may be involved in securitization or *factoring* transactions are now valued at fair value in accordance with IFRS 9 (see **Note 13**).

The breakdown of trade and other receivables in 2020 and 2019 is as follows:

Other current assets — Thousand of euros

	2020	2019
Public Administration	91 717	106 700
Current income tax assets	19 332	55 624
Other non-trade receivables	6 435	16 751
Prepayments	8 311	12 002
Total	**125 795**	**191 077**

The PUBLIC ADMINISTRATION section mainly includes receivables from tax authorities for VAT and other taxes.

17. Cash and cash equivalents

ACCOUNTING POLICIES

This heading includes cash and cash equivalents and other liquid assets.

Cash equivalents include bank deposits and other investments maturing within three months at the time of the contract.

The breakdown of cash and cash equivalents at end of year for 2020 and 2019 is shown below:

Cash and cash equivalent — Thousand of euros

	Notes	2020	2019
Cash in hand		13 055	14 744
Time deposits		1 054 855	380 060
Current accounts		290 497	166 356
Total	Note 19	**1 358 407**	**561 160**

Pursuant to the actions carried out by the Group in 2020 to maintain and improve its degree of liquidity, additional provisions for lines of credit were arranged with banking institutions and long-term bonds were issued (see **Note 19**). A significant portion of these additional funds was kept in cash and cash equivalents at the end of 2020.

18. Equity

18.1. Share capital and share premium

SHARE CAPITAL amounts to EUR 267,574,941 and consists of 535,149,882 ordinary shares, fully subscribed and paid-up, with a par value of EUR 0.50 each (see **Note 28**).

At the end of 2020, CEPSA shares were owned by two shareholders: "Cepsa Holding, LLC", owner of shares representing 61.5%, a company incorporated in the United Arab Emirates and ultimately controlled by "Mubadala Investment Company, PJSC" ("MIC"), and "Matador Bidco, S.À.R.L.", owner of shares representing the remaining 38.5%, a company incorporated in Luxembourg and ultimately controlled by "The Carlyle Group, Inc." In January 2020, a transfer of shares took place between shareholders (see **Note 1.A**).

The Corporate Enterprises Act expressly permits the use of the SHARE PREMIUM account balance to increase share capital and does not establish any specific restrictions as to its use. The balance of this account, which amounted to EUR 338,728 thousand, did not undergo any changes in 2020 or 2019.

18.2. Revaluation reserve

In 1996, CEPSA revalued its property, plant and equipment pursuant to Royal Decree-Law 7/1996 of 7 June and increased its equity by EUR 58,438 thousand. This amount is included under REVALUATION RESERVE, in EQUITY of the Consolidated Balance Sheet.

Similarly, several companies of the Consolidated Group carried out this revaluation for EUR 70,495 thousand. This latter figure was recognized under CONSOLIDATED RESERVES on consolidation, which is included in RETAINED EARNINGS.

The REVALUATION RESERVE also includes EUR 32,498 thousand relating to the revaluations made in 1979 and 1981 pursuant to State Budget Laws 1/1979 and 74/1980, respectively, which can now be transferred to unrestricted voluntary reserves.

The balance of the Revaluation Reserve account corresponding to Royal Decree-Law 7/1996 can be used, free of tax, to eliminate recognized losses and to increase capital. From 1 January 2007 (i.e. ten years after the date of the balance sheet reflecting the revaluation transactions), the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realized. The surplus will be deemed to have been realized with regard to the portion on which depreciation has been taken for accounting purposes or when the revalued assets have been transferred or derecognized. At 31 December 2020 the entire amount of this reserve is considered unrestricted.

If this balance were used in a manner other than that provided for in Royal Decree-Law 7/1996, it would be subject to tax.

18.3. Other reserves

The Other Reserve Balance heading breaks down as follows:

Other reserves		Thousand of euros
	2020	2019
Unrestricted reserves	3 157 296	2 739 514
Legal reserves	53 605	53 605
Restricted reserves	535 195	50 718
Prior years losses	-	(565 332)
Consolidated reserves	506 982	1 507 157
Consolidated reserves on equity accounted companies	(157 683)	(97 961)
Total	**4 095 395**	**3 687 701**

18.4. Valuation adjustments

The breakdown by nature of the VALUATION ADJUSTMENTS is as follows:

Adjustments for changes in value	Notes	2020	2019
			Thousand of euros
Foreign currency translation differences	Note 18.4.A	519 308	772 394
Cost of hedging	Note 18.4.B	(42 780)	(14 446)
Net investment hedge	Note 18.4.B	(375 050)	(536 885)
Cash flow hedge	Note 18.4.B	(31 219)	(9 068)
Total		**70 259**	**211 995**

A) Translation differences

The breakdown by company of the balance of Translation differences is as follows:

Thousand of euros

Translation reserve	2020	2019
Company		
CEC International Ltd.	183 086	53 504
Deten Quimica, S.A.	(51 040)	(24 568)
Cepsa Chemical (Shanghai), CO., LTD	13 036	15 739
Cepsa Perú, S.A.	12 972	18 989
Cepsa Colombia, S.A.	114 035	121 716
Mopu Holdings Ltd.	70 464	81 467
Coastal Energy Company S.L.U.	175 382	319 026
Cepsa ReR (Rhourde El Rouni)	11 805	30 284
Cepsa EP Abu Dhabi, S.L.U.	19 575	144 609
Other companies	(30 007)	11 628
Total	**519 308**	**772 394**

The change in the balance under this heading from 2020 was basically due to the fluctuation in the year-end exchange rates of the US dollar between the start and the end of the year.

B) Coverage reserves

The Group recognizes a number of hedges under its risk management policy, which are broken down as follows with respect to the relevant valuation adjustments:

Thousand of euros

Hedge reserves	Cost of hedging			Net investment hedge			Cash flow hedges		
Year 2020	**Gross balance**	**Tax effect**	**Total**	**Gross balance**	**Tax effect**	**Total**	**Gross balance**	**Tax effect**	**Total**
Opening balance	**(19 262)**	**4 816**	**(14 446)**	**(715 859)**	**178 974**	**(536 885)**	**(12 089)**	**3 021**	**(9 068)**
Gains and losses recognised in OCI	(41 050)	10 263	**(30 787)**	215 780	(53 945)	**161 835**	(43 709)	11 063	**(32 646)**
Reclassification during the year to profit or loss	3 271	(818)	**2 453**	-	-	-	14 150	(3 655)	**10 495**
Closing balance	**(57 041)**	**14 261**	**(42 780)**	**(500 079)**	**125 029**	**(375 050)**	**(41 648)**	**10 429**	**(31 219)**

	Cost of hedging			Net investment hedge			Cash flow hedges		
Year 2019	**Gross balance**	**Tax effect**	**Total**	**Gross balance**	**Tax effect**	**Total**	**Gross balance**	**Tax effect**	**Total**
Opening balance	-	-	-	**(696 758)**	**174 199**	**(522 559)**	**(8 919)**	**2 475**	**(6 444)**
Gains and losses recognised in OCI	(19 262)	4 816	**(14 446)**	(50 427)	12 607	**(37 820)**	(5 365)	1 343	**(4 022)**
Reclassification during the year to profit or loss	-	-	-	31 326	(7 832)	**23 494**	2 195	(797)	**1 398**
Closing balance	**(19 262)**	**4 816**	**(14 446)**	**(715 859)**	**178 974**	**(536 885)**	**(12 089)**	**3 021**	**(9 068)**

18.5. Dividends

ACCOUNTING POLICIES

The dividends paid out in kind were measured at the reasonable value of the asset to be distributed and, in the event of a differential with the dividend value, it is recognized in the income statement.

A. Approved in 2020

On 4 March 2020, the Company's General Shareholders' Meeting decided to approve the distribution of a supplementary dividend from the 2019 earnings for an overall amount of EUR 30 million at EUR 0.056 per share. The above dividend was supplementary to another 2019 interim dividend, for an overall amount of Eur 216,415 thousand paid the previous year. Said dividend was paid in April 2020.

On 17 December 2020, the Company's General Shareholders' Meeting agreed to approve the distribution of an extraordinary dividend from the Reserves for an overall amount of EU 166 million at EUR 0.31 per share. Said dividend was paid on 21 December 2020.

B. Approved in 2019

The dividends approved in 2019 are listed below:

Thousand of euros

Dividens 2019	Notes	Approval date	2019
Complementary dividend year 2018		03/04/2019	176 599
Interim dividend year 2019		09/26/2019	216 415
Dividend in kind shares Medgaz, S.A.	Note 6.2	10/13/2019	550 000
Dividend charged to voluntary reserves		10/13/2019	38 577
Dividend charged to unrestricted reserves		12/19/2019	100 000
Total			**1 081 591**

18.6. Non-controlling interests

The breakdown of "Non-controlling interests" at 31 December 2020 and 2019 is as follows:

Thousand of euros

Non controlling interests	2020			2019		
	Non-dominant percentage	Equity non-controlling interest	Profit (loss)	Non-dominant percentage	Equity non-controlling interest	Profit (loss)
Company						
C.M.D. Aeropuertos Canarios, S.L.	40.00%	10 850	293	40.00%	6 953	4 736
Deten Química, S.A.	28.56%	16 573	10 110	28.56%	27 699	4 956
Generación Eléctrica Peninsular, S.A.	30.00%	25 381	109	30.00%	21 896	3 485
Cepsa Química China & Shanghai	25.00%	16 786	9 254	25.00%	16 208	(1 097)
Coastal Energy KBM Sdn. Bhd.	30.00%	4 581	(2 444)	30.00%	5 237	3 854
Cepsa Gas Comercializadora, S.A	30.00%	6 485	(13 371)	30.00%	8 821	(2 336)
Total		**80 656**	**3 951**		**86 814**	**13 598**

During the 2020 financial year, there was a contribution from partners in "Cepsa Química China" for an amount of EUR 2,575 thousand and dividends worth EUR 13,087 thousand corresponding to "C.M.D. Aeropuertos Canarios, S.L.", "Deten Química, S.A." and "Coastal Energy KBM Sdn. Bhd."

19. Financial liabilities

ACCOUNTING POLICIES

In its initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss (FV-PL)*: loans, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.*

All financial liabilities are recognized initially at fair value and, in the case of bank borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans, including bank overdrafts, and derivative financial instruments

Banks borrowings are the Group's most significant financial liability. Upon initial recognition, its value is reviewed at amortized cost using the effective interest rate method.

*Accounting policies for derivatives and hedging instruments are disclosed in **Note 31** Derivative financial instruments and hedge accounting.*

As a result of the economic crisis caused by COVID-19, CEPSA decided to reinforce and increase its debt and liquidity profile to allow it to handle the uncertainties brought about by this crisis. To do so the following actions were carried out:

- Signing of new financing lines with 3-year maturities in the amount of EUR 1,056 million thereby further bolstering its already solid liquidity position. Of these transactions, EUR 600 million correspond to loans and EUR 456 million to lines of credit.
- As has been customary since its signing in 2014, approval was received from the 19 banks issuing the EUR 2,000 million line of credit to extend the maturity one more year. With unanimous consent therefrom, this set the maturity at September 2025, notably improving CEPSA's liquidity quality. There were no amounts drawn in that figure as at 31 December 2020 or on the date of issue of this report.
- During 2020, the Group issued to new bond issues for a total amount of 1,000 million euros, maturing in the years 2026 and 2028 (see below).

Except for derivative financial liabilities (see **Note 31**), all financial liabilities relate to loans and trade payables valued at amortized cost, according to the IFRS 9 classification.

The breakdown of current and non-current liabilities for 2020 and 2019 is as follows:

Thousand of euros

Financial liabilities and payables

Year 2020	Notes	Current	Non-current	Total
Bank borrowings relating to finance leases	Note 25	95 468	530 357	**625 825**
Other bank borrowings				
Variable rate		113 934	2 426 638	**2 540 572**
Fixed rate		2 300	114 521	**116 821**
Bonus, obligations and similar issuances		12 959	1 487 748	**1 500 707**
Other Finance liabilities		11 393	13 905	**25 298**
Subtotal financial liabilities		**236 054**	**4 573 169**	**4 809 223**
Trade payables	Note 23	2 379 404	64 949	**2 444 353**
Derivatives	Notes 23 and 30	34 741	183 144	**217 885**
Total		**2 650 199**	**4 821 262**	**7 471 461**

Year 2019	Notes	Current	Non-current	Total
Bank borrowings relating to finance leases	Note 25	118 840	641 686	**760 526**
Other bank borrowings				
Variable rate		131 743	2 517 822	**2 649 565**
Fixed rate		-	121 951	**121 951**
Bonus, obligations and similar issuances		3 137	496 714	**499 851**
Other Finance liabilities		14 235	21 555	**35 790**
Subtotal financial liabilities		**267 955**	**3 799 728**	**4 067 683**
Trade payables	Note 23	3 115 136	76 242	**3 191 378**
Derivatives	Notes 23 and 30	44 171	50 821	**94 992**
Total		**3 427 262**	**3 926 791**	**7 354 053**

On 26 April 2019, the CEPSA Group received approval from the Central Bank of Ireland for a debt issuance program for up to EUR 3 billion with securities listed on the Irish Stock Exchange after issue. The bonds have been rated investment grade by the three major international rating agencies – Moody's, S&P and Fitch. The documentation was reviewed and updated on 2 June 2020.

The breakdown of bonds in circulation at the end of 2020 is as follows:

Bonds and securities issued

Thousand of euros

	Notes	Fair value	Date of issue	Issue currency	Emission value	Initial maturity	Remuneration	
Bonds XS1996435688		508 140	2019 May	Eur	**500 000**	2025 Feb	Anual coupon	1,00%
Bonds XS2117485677		530 748	2020 Feb	Eur	**500 000**	2028 Feb	Anual coupon	0,75%
Bonds XS2202744384		478 015	2020 Jul	Eur	**500 000**	2026 Feb	Anual coupon	2,25%
Total	Note 32	**1 516 903**			**1 500 000**			

The breakdown by maturity of all financial liabilities at 31 December 2020 and 2019, is as follows:

Thousand of euros

Financial liabilities - Maturities

Year 2020	2021	2022	2023	2024	2025	Others	Total
Bank borrowings relating to finance leases	95 468	94 064	82 626	75 413	62 480	215 774	**625 825**
Other bank borrowings							
Variable rate	113 934	77 232	585 492	1 088 244	280 842	394 829	**2 540 573**
Fixed rate	2 300	2 300	575	111 645	-	-	**116 820**
Bonus, obligations and similar issuances	12 959	-	-	-	497 443	990 305	**1 500 707**
Other Finance liabilities	11 393	5 744	3 430	1 902	1 164	1 665	**25 298**
Subtotal financial liabilities	**236 054**	**179 340**	**672 123**	**1 277 204**	**841 929**	**1 602 573**	**4 809 223**
Trade payables	2 379 404	22 079	35 750	597	514	6 009	**2 444 353**
Derivatives	34 741	134 518	2 084	27 696	771	18 075	**217 885**
Total	**2 650 199**	**335 937**	**709 957**	**1 305 497**	**843 214**	**1 626 657**	**7 471 461**

Year 2019	2020	2021	2022	2023	2024	Others	Total
Bank borrowings relating to finance leases	118 840	101 567	92 794	77 495	76 837	292 993	**760 526**
Other bank borrowings							
Variable rate	131 743	63 876	74 907	88 645	1 650 397	639 997	**2 649 565**
Fixed rate	-	-	-	-	121 951	-	**121 951**
Bonus, obligations and similar issuances	3 137	-	-	-	-	496 714	**499 851**
Other Finance liabilities	14 235	9 950	5 540	2 786	1 570	1 709	**35 790**
Subtotal financial liabilities	**267 955**	**175 393**	**173 241**	**168 926**	**1 850 755**	**1 431 413**	**4 067 683**
Trade payables	3 115 136	72 304	526	526	526	2 360	**3 191 378**
Derivatives	44 171	1 111	-	974	30 536	18 200	**94 992**
Total	**3 427 262**	**248 808**	**173 767**	**170 426**	**1 881 817**	**1 451 973**	**7 354 053**

The breakdown by currency [7] of the bank borrowings and other financial liabilities at December 31, 2020 and 2019, is as follows:

Thousand of euros

Financial liabilities - Currencies

	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
Euros	104 502	3 152 889	3 257 391	116 562	2 279 266	2 395 828
Dollars ($ USA)	37 321	1 207 652	1 244 973	34 909	1 281 792	1 316 701
Other foreign currencies	94 231	212 628	306 859	116 484	238 670	355 154
Total financial liabilities	**236 054**	**4 573 169**	**4 809 223**	**267 955**	**3 799 728**	**4 067 683**

The breakdown of the bank borrowing movements for this year is as follows:

Thousand of euros

Gross borrowing - Movements

	2020	2019
Bank borrowings - Non current - at the beginning of period	3 799 728	2 955 916
Bank borrowings - Current - at the beginning of period	267 955	380 434
Total at the beginning of period	**4 067 683**	**3 336 350**
Additions	973 863	1 310 567
Bonds issuance	1 000 856	499 851
Overdrafts movements	16 713	(764 538)
Repayments	(1 005 578)	(1 093 861)
Other movements		
Foreign exchange fluctuations	(109 855)	18 788
IFRS 16 impact - Leasing	(134 459)	760 526
Bank borrowings - Non current - at the end of period	4 573 169	3 799 728
Bank borrowings - Current - at the end of period	236 054	267 955
Total at year closing	**4 809 223**	**4 067 683**

The average annual nominal interest rate on the loans in euros was 0.73% and 0.36% in 2020 and 2019 respectively, and on foreign currency debts of 2.87% and 3.31%, mainly in US dollars and Chinese yuan. The weighted average cost of the financing received was 2.19% in 2020 and 2.85% in 2019, including the effect of interest rate derivatives.

As of 31 December 2020, and throughout the entire financial year 2020, the CEPSA Group has not been affected by the need to comply with any financial ratio as it holds the status of an externally rated company.

As of 31 December 2020 and 2019, the CEPSA Group companies had undrawn credit facilities totalling over EUR 3,191 million and EUR 2,538 million, respectively. In addition to these amounts available, at those dates there were CASH and CASH EQUIVALENT BALANCES included under LIQUID ASSETS in the Consolidated Balance Sheets, amounting to EUR 1,358,407 thousand and EUR 561,160 thousand in 2020 and 2019, respectively (see **Note 17**).

20. Capital Grants

ACCOUNTING POLICIES

Grants related to assets are measured at fair value. Non-refundable grants are recognized as deferred income under NON-CURRENT LIABILITIES in the Consolidated Balance Sheet and are released to income based on the amortization of the investment financed by the grant. Repayable grants are recognized as non-current debt transformable into grants under OTHER NON-CURRENT LIABILITIES. Operating subsidies are paid on the basis of results as their accrual occurs.

CAPITAL GRANTS RELATED TO GREENHOUSE GAS EMISSION ALLOWANCES includes allowances received for no consideration, as provided for in the National Emission Allowance Assignment Plan, which are initially measured at the market price prevailing at the beginning of the year to which they relate. Such grants are taken to income as a release of NON-FINANCIAL CAPITAL GRANTS:

- *Generally, as the costs incurred on the actual emissions accrue (see **Note 24**).*
- *If an impairment loss was recognized on the emission allowances received from the government, as an adjustment to the initially recognized value (see **Note 9**).*

[7] *Cross Currency Swaps for EUR 1.45 billion swap said debt into USD, so, for the purposes of currency risk and interest rate risk, the USD debt amounts and EUR debt amounts in 2020 are similar to those of the previous year, after accounting for the effect of the application of IFRS 16 in 2020.*

The changes in 2020 and 2019 and the balances, classified by items, at year end are as follows:

Thousand of euros

Capital grants

Year 2020	Notes	Balance at 01/01/2020	Additions	Transferred to profit and loss	Balance at 12/31/2020
Grants related to assets		13 171	84	(3 170)	**10 085**
Greenhouse gas emissions allowances		8 033	77 624	(72 429)	**13 228**
Total	Note 24	**21 204**	**77 708**	**(75 599)**	**23 313**

Year 2019	Notes	Balance at 01/01/2019	Additions	Transferred to profit and loss	Balance at 12/31/2019
Grants related to assets		15 729	641	(3 199)	**13 171**
Greenhouse gas emissions allowances		8 851	80 560	(81 378)	**8 033**
Total	Note 24	**24 580**	**81 201**	**(84 577)**	**21 204**

In 2020 and 2019, grants received mainly relate to those from Regional Governments, most notably from the Andalusian Regional Government, and those received from the Central Government, namely from the Industry Ministry.

Additions to Greenhouse Gas Emission Allowances include the market value of the emission allowances assigned for no consideration at the date of assignment. Transferred to Profit and Loss includes the valuation adjustment initially recognized for the amount recorded as an impairment loss on allowances received from the government and the recognition in income of the value of the allowances assigned for CO_2 emissions made in the year (see **Note 9**).

21. Pension and similar obligations

21.1. Defined contribution plans

ACCOUNTING POLICIES

CEPSA and several of its subsidiaries have the following pension commitments with employees and their beneficiaries:

• Commitments covered by the occupational Pension Plan under the CEPSA Group Pensions Fund. These pension plans establish the participants' right to receive retirement or, if applicable, death or invalidity benefits in accordance with their plan specifications.

The plans take the form of hybrid plans:

• Defined contribution plans, which cover retirement, whereby the sponsor makes periodic contributions.

• Defined benefit plans which cover benefits for death or disability through an annually renewable policy taken out with an insurance company. The sponsor undertakes to make the contributions corresponding to the Pension Plan to finance the premium covering the above activity risk contingencies.

The accrued amount of the risk assumed by the sponsor is covered every year by the annual contribution.

• Life insurance (excess policy): It sets out the contributions to be made by the Company taking out the insurance, as a complement to the Pension Plan, or because the commitment assumed toward the personnel exceeds the maximum limits on contributions to pension plans. This insurance guarantees retirement contingencies or, where appropriate, death and disability under defined contribution schemes.

• Life annuities for retired employees. These are obligations prior to the arrangement of pension plans, which entitle personnel or their beneficiaries to receive supplementary social security pension benefits in the event of retirement, death or permanent disability. This commitment has been externalized in full through the related insurance policies.

The adjustments arising from CPI increases or decreases, which affect only the policies covering obligations tied to annual CPI performance, are recognized as expenses or income for the year, as appropriate, and their amount was not material.

During 2020 and 2019, CEPSA and several of its subsidiaries recognized the following expenses for defined contribution obligations:

Thousand of euros

Defined contribution plans	Notes	2020	2019
Retirements (pension plan)		**10 571**	10 635
Life insurance		**6 992**	7 223
Total	Note 24	**17 563**	**17 858**

21.2. Defined benefit obligations

ACCOUNTING POLICIES

The Group has entered into a commitment with a certain group of employees for the payment of an annuity arising from the closing of company cooperative shop. Actuarial studies are performed annually, and the actuarial gains and losses are recognized as appropriate.

Group employees have the right to receive from the company medals for seniority and values awards. In the La Rábida refinery, workers have the right to receive amounts / remuneration in kind for length of service. On an annual basis, an actuarial study is performed, recognizing the actuarial gains and losses as expenses or income, as applicable.

In 2020, the rights of a group of workers were recognized as they signed up for a Voluntary Suspension Plan, through which the Group has guaranteed said workers a certain income until they retire.

The net amounts of expenses and revenues recognized in the Consolidated Income Statement and the variation in defined benefit obligations on the liability side of the Balance Sheet are as follows:

Thousand of euros

Defined benefit obligations	2020	2019
Balance at January 1	**10 508**	**10 693**
Current service cost	**49 091**	1 944
Interest cost of benefit	**158**	144
Others	**(137)**	(61)
Effect of reductions or settlements	**(8 864)**	(2 212)
Balance at December 31	**50 756**	**10 508**

The breakdown by nature of the defined benefit obligations at 31 December 2020 and 2019, is as follows:

Defined benefit obligations - Breakdown

Thousand of euros

Year 2020	Balance at 01/01/2020	Additions	Interest cost	Other	Benefits paid	Balance at 12/31/2020
Medal Award	2 818	481	35	-	(102)	**3 232**
Company Store active employees	1 939	-	27	-	(200)	**1 766**
Company Store retired employees	1 853	-	24	-	(208)	**1 669**
La Rábida Fidelity Award	3 066	204	41	-	(233)	**3 078**
VSP (Voluntary Suspension Plan)	-	46 744	31	(78)	(6 368)	**40 329**
Other provisions	832	1 662	-	(59)	(1 753)	**682**
Total non current	**10 508**	**49 091**	**158**	**(137)**	**(8 864)**	**50 756**

Year 2019	Balance at 01/01/2019	Additions	Interest cost	Other	Benefits paid	Balance at 12/31/2019
Medal Award	2 739	125	38	-	(84)	**2 818**
Company Store active employees	1 919	-	32	-	(12)	**1 939**
Company Store retired employees	2 041	-	29	-	(217)	**1 853**
La Rábida Fidelity Award	3 142	147	45	-	(268)	**3 066**
Other provisions	852	1 672	-	(61)	(1 631)	**832**
Total non current	**10 693**	**1 944**	**144**	**(61)**	**(2 212)**	**10 508**

In 2020, we started up a voluntary employment suspension program for the staff groups closest to retirement age. This consists of an agreement with the worker for a three-year individual employment suspension, which is automatically renewed. Anyone over 57 years old on December 31, 2020 may volunteer. The conditions for these suspensions include maintaining a set level of ordinary income, contributions to pension plans, and insurance coverage for the risk contingencies set out therein. One hundred and fifty-five people signed up for this plan and departed the Company in 2020.

The total amount of the provision created by the Company for future payment obligations amounted to EUR 51,816 thousand. From this amount, EUR 40,400 thousand were recorded as long-term defined benefit obligations and the rest, EUR 8,878 thousand, corresponding to the payments to be made in the next 12 months as at the date of record, as a short-term obligation. Provisions were recorded in the Consolidated Income Statement under PERSONNEL COSTS. The effect on tax expense for the period can be seen in **Note 27.**

The provisions were calculated discounting the expected payment flow until the date of retirement at 1.71%. The average payment period for this group amounted to 6.33 years.

The main assumptions used to determine the pension obligations and post-employment benefits under the plans of CEPSA and several of its subsidiaries are as follows:

Main assumptions - Cooperative Shop	2020	2019
Discount rate	**1.500%**	1.500%
Expected salary increase rate	**0.250%**	0.250%
Mortality tables	**PEMF2000**	PEMF2000

22. Provisions

ACCOUNTING POLICIES

PROVISIONS consist of liabilities arising from ongoing litigation, environmental risks, abandonment costs and other risks to which there is uncertainty about their amount or maturity.

These provisions are recorded when:

- *there is a current obligation arising from a past event, and it is considered probable that its settlement will result in an outflow of resources incorporating economic benefits, and*
- *the amount of the corresponding liability can be reliably estimated.*

The provision amount recognized is the present value of the expenditures expected to be required to settle the obligation, discounted at the readjustment rate without tax. It is periodically revised on the basis of information available at the date of preparation of each Consolidated Balance Sheet.

***Provisions for CO_2 emissions** (Also see **Note 9**)*

The obligation to deliver emission allowances for the CO_2 emissions produced in the year is recognized as the greenhouse gas emissions are made. These costs are charged to OTHER OPERATING EXPENSES in the Consolidated Income Statement and credited to a short-term provision included under TRADE AND OTHER PAYABLES, until the date the related emission allowances are delivered. The unit value to be assigned to emissions is determined by reference to:

- *Firstly, the carrying amount of the emission allowances received for no consideration.*
- *Secondly, the cost of the other emission allowances capitalized in the Consolidated Balance Sheet.*
- *Then, if necessary, the latest estimate of how much it would cost to acquire the remainder of the rights.*

Details of the changes and the balances in 2020 and 2019, are as follows:

Thousand of euros

Provisions for third-party liability

Year 2020	Notes	Balance at 01/01/2020	Additions	Interest cost	Other changes	Utilization	Unused provisions	Balance at 12/31/2020
Provisions for third-party liability		66 690	8 411	290	(5 506)	(3 439)	(2 273)	**64 173**
Dismantling provisions		242 853	5 099	9 043	40 796	(22 622)	(31 646)	**243 523**
Environmental provisions	Note 29	22 118	3 254	162	-	(1 633)	(179)	**23 722**
Other provisions		20 959	5 838	681	-	(6 228)	(5 683)	**15 567**
Total		**352 620**	**22 602**	**10 176**	**35 290**	**(33 922)**	**(39 781)**	**346 985**

Year 2019	Notes	Balance at 01/01/2019	Additions	Interest cost	Other changes	Utilization	Unused provisions	Balance at 12/31/2019
Provisions for third-party liability		111 644	16 811	152	(16 754)	(23 826)	(21 337)	**66 690**
Dismantling provisions		243 123	835	7 665	(7 113)	(1)	(1 656)	**242 853**
Environmental provisions	Note 29	22 055	1 053	101	-	(1 091)	-	**22 118**
Other provisions		24 218	4 579	227	(227)	(5 451)	(2 387)	**20 959**
Total		**401 040**	**23 278**	**8 145**	**(24 094)**	**(30 369)**	**(25 380)**	**352 620**

PROVISIONS FOR THIRD-PARTY LIABILITIES cover the contingencies arising from the Group companies' ordinary operations that might give rise to actual liabilities in their dealings with third parties. The main items were obligations to third parties relating to contractual undertakings and contingencies relating ongoing tax inspection proceedings on taxes other than the Corporate Income Tax or equivalent.

At the end of 2020, this heading mainly included the company’s appeals against the decisions of the National Commission for Markets and Competition (Spanish acronym CNMC), dated January and February 2015, under which CEPSA was fined EUR 10 and 2.5 million. Dates are still to be set for voting and handing down rulings.

DECOMMISSIONING includes provisions for the abandonment of crude oil production fields once the recoverable reserves have been extracted. These provisions are updated with financial adjustments and discount rates have been used depending on the geographical area:

- Thailand 3.25%,
- Colombia 5.25%,
- Peru 4.33%,
- Algeria 6.50%,
- United Arab Emirates 3.38%, and
- Spain 3.27%.

The PROVISION FOR ENVIRONMENTAL ACTIVITIES includes the Group's best estimates of the contractual or legal obligations and commitments to prevent, reduce, or repair damage to the environment charged to professional services or repairs and upkeep expenses. It also includes the estimated amounts for environmental action to remedy the risk of gradual soil pollution, the only contingency which is not covered by the contracted insurance.

The heading OTHER PROVISIONS recognizes, inter alia, quantities provided for to deal with possible legal or contractual contingencies.

CEPSA's management considers that the provisions recognized in the accompanying balance sheet adequately cover the risks relating to litigation, arbitration proceedings and other transactions described in this note and therefore do not expect that any additional liabilities will arise.

23. Trade and other payables and Other non-current liabilities

The breakdown of the balances of TRADE and OTHER PAYABLES in 2020 and 2019 is as follows:

Thousand of euros

Trade payables

	2020	2019
Trade payables	1 745 431	2 456 269
Trade payables to associates and joint ventures	14 902	55 993
Customers advances	5 461	32 785
Total	**1 765 794**	**2 545 047**

The breakdown of the required information for the Spanish companies within the CEPSA Group relative to information on average supplier payment periods is as follows. Additional Provision Three. "Disclosure requirements" under Law 15/2010, of 5 July:

Information on average supplier payment periods

	2020 Days	2019 Days
Average period for payment to suppliers	28	24
Ratio of paid transactions	27	23
Ratio of outstanding payment transactions	58	46
	Thousand of euros	**Thousand of euros**
Total payments made	16 171 618	23 097 636
Total payments past-due	881 900	973 706

The breakdown of the balances of OTHER PAYABLES AND LIABILITIES ACCRUED FOR NON-FINANCIAL TRANSACTIONS in 2020 and 2019 is as follows:

Thousand of euros

Other current liabilities

		2020		2019	
	Notes	**Non-current**	**Current**	**Non-current**	**Current**
Liabilities from taxes other than income tax		-	225 592	-	268 351
Tax income payables		-	33 951	-	14 903
Fixed assets payables		57 491	69 835	55 519	155 694
Payroll		-	86 322	-	96 983
Non-trade payables to associates and joint ventures		-	4 371	3 178	102 547
Other liabilities		3 873	92 776	13 232	87 762
Liabilities from derivatives	Note 19	183 144	34 741	50 821	44 171
Guarantees/deposits received		3 585	4 630	4 313	4 176
Provisions, short term		-	102 883	-	133 452
Total		**248 093**	**655 101**	**127 063**	**908 039**

THE VALUATION of cross-currency swaps taken out in the year is included under liabilities for financial derivatives as at 31 December 2020.

PROVISIONS includes at 31 December 2020 and 2019 an amount of EUR 90,328 thousand and EUR 129,352 thousand, respectively, relating to the obligation to deliver allowances for the CO_2 emissions made, which are lower than the allowances assigned under the National Emission Allowance Allocation Plan.

24. Operating income and expenses

ACCOUNTING POLICIES

Income and expenses are imputed on the basis of the accrual criterion.

The Group recognizes revenue from contracts with customers based on a five step model as set out in IFRS 15: Identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer.

VARIABLE CONSIDERATION

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and is restricted until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

SIGNIFICANT FINANCING COMPONENT

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at the start of the contract, that the period between the transfer of the promised good or service to the customer and the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for the sale of goods. In order to take into account the significant financing component in this case, the transaction price of such contracts is discounted using the rate that would be manifested in a separate financing transaction between the Group and its customers at the start of the contract.

NON-MONETARY CONSIDERATION

The Group applies the requirements of IFRS 13 Fair value measurement *in measuring the fair value of the non-cash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of the goods or services.*

CONSIDERATION PAYABLE TO THE CUSTOMER

The consideration payable to a customer is accounted for as a reduction of the transaction price. Consideration payable to a customer includes cash amounts that CEPSA pays or is expected to pay to a customer. (for example: customer award credits or loyalty programs)

OIL PRODUCTION

Crude production revenues are recognized:

- *on the basis of the Group's* working interest*, when the Group holds a stake with other producers; and*
- *according to the contractual conditions in contracts for the distribution of production.*

OTHER CIRCUMSTANCES

REVENUE does not include the value of exchanges of strategic stocks arranged with other operators.

In accordance with the legislation applicable to companies operating in the oil and gas industry, the excise tax on oil and gas sales is recorded as part of the selling price and as an addition to cost under REVENUE and OTHER OPERATING EXPENSES, respectively, in the Consolidated Income Statement.

Revenues from services rendered are recognized considering the degree of progress in completing the service at the balance sheet date, provided that the transaction results may be reliably estimated.

The breakdown of operating income and expenses relating to 2020 and 2019 is as follows:

Thousand of euros

Revenue	**2020**	**2019**
Sales of goods	**13 537 656**	20 924 128
Services provided	**231 602**	348 632
Sales returns and volume discounts	**(126 003)**	(115 201)
Oil and gas exercise duties	**2 116 889**	2 699 828
Total	**15 760 144**	**23 857 387**

The income generated by exchanges of strategic stocks with other operators, not included in NET REVENUE amounted to EUR 703,296 thousand in 2020 and EUR 1,328,698 thousand and 2019.

Thousand of euros

Procurements	**2020**	**2019**
Purchases	**10 481 971**	16 787 895
Changes in inventories	**(99 604)**	(172 804)
Total	**10 382 367**	**16 615 091**

Thousand of euros

Staff costs	**Notes**	**2020**	**2019**
Wages and salaries		**474 479**	485 400
Pension contributions and life insurance premiums	Note 21.1	**17 563**	17 858
Other staff costs		**178 920**	138 735
Total		**670 962**	**641 993**

The average number of employees in 2020 and 2019, by category and regardless of the employment relationship, was as follows:

Average headcount

Workforce by professional category	**2020**	**2019**
Board members	**1**	1
Executives	**8**	8
Executives/ Department Heads	**738**	737
Other line personnel	**3 241**	3 288
Skilled employees/ Assistants/ Clerical staff	**5 832**	6 328
Total	**9 820**	**10 362**

At 31 December 2020 and 2019, the number of employees, by professional category and gender, is as follows:

Workforce at closing by professional category and sex

Headcount at closing date

	2020			2019		
	Women	Men	Total	Women	Men	Total
Board members	-	1	**1**	-	1	1
Executives	1	7	**8**	-	8	8
Executives/ Department Heads	170	551	**721**	171	574	745
Other line personnel	1 014	2 217	**3 231**	1 028	2 282	3 310
Skilled employees/ Assistants/ Clerical staff	2 343	3 433	**5 776**	2 523	3 598	6 121
Total	**3 528**	**6 209**	**9 737**	**3 722**	**6 463**	**10 185**

The average number of employees at 31 December 2020 and 2019, with disability greater than or equal to thirty-three percent, by professional category, is as follows:

Workforce by professional category - Disabled staff

Average headcount

	2020	2019
Executives / Deparment heads	**3**	4
Other line personal	**21**	22
Skilled employees / Assistants / Clerical staff	**85**	94
Total	**109**	**120**

At 31 December 2020 and 2019, the breakdown of OTHER OPERATING COSTS is as follows:

Other operating costs

Thousand of euros

	Notes	2020	2019
Third party services received		**1 212 120**	1 341 543
Transport and freight		**338 678**	373 590
Taxes and other tax income		**69 961**	74 396
Environmental costs	Note 29	**34 495**	33 577
Other operating costs		**47 035**	136 819
Total		**1 702 289**	**1 959 925**

In addition, under Other operating expenses in the above table, the following information must be provided concerning auditing and similar services:

Thousand of euros

Audit fees	2020 Lead Auditor	2020 Others Auditors	2019 Lead Auditor	2019 Others Auditors
Financial Audit Services				
In Spain	**948**	**131**	1 163	-
Abroad	**371**	**64**	434	116
Other assurance services	**80**	**-**	82	-
Other services	**215**	**81**	235	-
Total	**1 614**	**276**	**1 914**	**116**

The breakdown at 31 December 2020 and 2019 of NON-FINANCIAL CAPITAL GRANTS AND OTHERS is as follows:

Allocation of capital grants

Thousand of euros

	Notes	2020	2019
Allocation of Greenhouse Gas allowances		**72 429**	81 378
Allocation of capital allowances		**3 170**	3 199
Total	Note 20	**75 599**	**84 577**

In 2020 and 2019, the breakdown of impairment losses and gains or losses on the disposal of non-current assets recognized is as follows:

Impairment and gain or losses on disposals of non-current assets

Thousand of euros

	Notes	2020	2019
Impairment/Reversal of Greenhouse allowances	Note 9 and 14.3	**(14 742)**	(349)
Impairment of other non-current assets	Note 14.3	**(633 112)**	(87 694)
Gain or (losses) on disposals of non-current assets		**(38 766)**	(202)
Total		**(686 620)**	**(88 245)**

In 2020, IMPAIRMENT OF OTHER NON-CURRENT ASSETS corresponds to certain miscellaneous assets generally in Exploration and Production, as detailed in **Note 14.3**.

In 2019, IMPAIRMENT OF OTHER NON-CURRENT ASSETS relates to intangible assets in Colombia linked to OCENSA pipeline and fixed assets on MOPU platforms in Singapore (see **Note 14**).

The heading Gains/losses on disposal of fixed assets includes derecognition of fixed assets that contributed to the Group's results. In 2020, this notably includes the sale of CO_2 allowances and piped gas points of supply to REDEXIS and in 2019, the sale of the Tanker "Toledo."

25. Leases

ACCOUNTING POLICIES

Effective as of 1 January 2019, IFRS 16 introduced a new procedure for the accounting of operating lease contracts, equivalent to the existing procedure for financial lease contracts. On that date, the Group first applied and recorded lease debt at the present value of pending lease payables as at 1 January 2019, discounted using the incremental borrowing rate at that date. See ***Note 12*** *for the financial impact of the first application of the standard.*

In applying the Standard, the Group evaluates whether a contract is or contains a lease at the beginning of the contract. The Group recognizes a right of use and the corresponding lease debt for all lease agreements in which it is a lessee, except for the excluded contracts that are listed below.

Lease payments included in the lease debt calculation include:

- fixed lease Payments, less any lease incentives to be received;

- variable lease payments that depend on an index or rate, initially calculated using the index or rate at the start date;

- the amount expected from the residual value guarantees to be paid by the lessee;

- the strike price of the purchase options, if the lessee has reasonable certainty of exercising the options; and

- payments of penalties for terminating the lease, if the conditions of the contract reflect the exercising of a termination option.

Lease debt is subsequently revised by increasing the balance to reflect the financial cost on the debt (using the effective interest method*), and reducing the balance to reflect the lease payments made.*

The Group separates the total amount of the payments for the principal of the lease and interest, and presents both within financing activities in the consolidated cash flow statement.

Operating lease contracts excluded from this treatment

Due to materiality or practical effects, the following types of contracts are excluded from the treatment set out in this note:

- short-term leases (defined as leases for a duration equal to or less than 12 months), and

- leases of assets of reduced value.

For these leases, the Group recognizes lease payments as a linear operating expense throughout the life of the contract, unless an alternative form of sharing is more representative of the temporary pattern in which the economic benefits of leased assets are consumed. Therefore, there is no debt for future payments.

The Group acquired the use of certain assets through finance and operating leases.

The future maturities of the nominal amounts payable under leases as of 31 December 2020 and 2019 are as follows:

Thousand of euros

Lease contracts - Maturities

Year 2020	Operating Outside IFRS 16	Operating Under IFRS 16	Financial	Total
2021	19 393	120 089	678	**140 160**
2022	1 509	100 812	597	**102 918**
2023	760	94 030	597	**95 387**
2024	394	84 843	428	**85 665**
2025	211	70 560	44	**70 815**
2026 and beyond	237	246 754	26	**247 017**
Total future payments	**22 504**	**717 088**	**2 370**	**741 962**
Less Interest	-	(93 633)	-	**(93 633)**
Present value of minimum payments	**22 504**	**623 455**	**2 370**	**648 329**
Less planned current payments	-	-	-	-
Non current liabilities of leasing contracts	**22 504**	**623 455**	**2 370**	**648 329**

Year 2019	Operating Outside IFRS 16	Operating Under IFRS 16	Financial	Total
2020	33 148	143 568	1 242	**177 958**
2021	11 331	118 598	1 145	**131 074**
2022	9 371	105 243	1 117	**115 731**
2023	8 512	88 372	1 126	**98 010**
2024	8 078	75 535	807	**84 420**
2025 and beyond	19 834	326 777	17	**346 628**
Total future payments	**90 274**	**858 093**	**5 454**	**953 821**
Less Interest	-	(103 021)	-	**(103 021)**
Present value of minimum payments	**90 274**	**755 072**	**5 454**	**850 800**
Less planned current payments	-	-	-	-
Non current liabilities of leasing contracts	**90 274**	**755 072**	**5 454**	**850 800**

A) Operating leases

The most significant operating leases relate to the rental of buildings, plant, tankers for the transport of crude oil and oil products and service stations leased from third parties.

In 2020, lease payments under operating lease arrangements totalled EUR 136,135 thousand (EUR 142,719 thousand in 2019). Contingent payments recognized in the Consolidated Statement of Profit or Loss are not significant, as was the case in 2019.

B) Finance Leases

The main items of Property, plant, and equipment held under finance leases are computers and other technical installations (see **Note 11**).

26. Financial Income and Expense

ACCOUNTING POLICIES

Income and expenses from investments include the following:

- *Income and expenses from interest, including the portion of interest in lease payments.*
- *Dividend income*
- *Profit or loss due to exchange differences on financial assets and liabilities [see if operating are ready too]*
- *Ineffective hedges recognized under results.*
- *The reclassification of net earnings previously recognized under Other Comprehensive Income, on cash flow hedges for interest rate and foreign currency risks on loans and credits.*

Interest income and expenses are accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable. Dividends are recognized under results on the date when the Group became entitled to receive payment.

Financial income and expense for 2020 and 2019 are as follows:

Thousand of euros

Finance income	2020	2019
Interest income on loans	10 159	6 555
Income from equity investments	607	511
Net exchange differences	14 168	-
Other finance income	127 219	53 299
Total	**152 153**	**60 365**

Finance cost	2020	2019
Interest on borrowings	123 907	127 572
Finance costs from reameasurement	9 867	(7 584)
Net exchange differences	-	11 259
Other finance cost	151 282	43 050
Total	**285 056**	**174 297**

The breakdown of the FINANCE COST OF NET BORROWINGS and other finance income and costs for 2020 and 2019, are as follows:

Thousand of euros

Finance cost of net borrowings	2020	2019
Finance income	10 159	6 555
Finance cost	(123 907)	(127 572)
Total	**(113 748)**	**(121 017)**

Other finance income and costs	2020	2019
Income from equity investments	607	511
Gains (losses) on financial instruments measured at fair value (financial derivatives)	(10 396)	(5 847)
Exchange differences	14 168	(11 259)
Income and costs from commisions	(4 761)	(4 789)
Finance costs from reameasurement	(9 867)	7 584
Other finance income and costs	(8 906)	20 885
Total	**(19 155)**	**7 085**

In 2020 and 2019, the breakdown of impairment losses and gains or losses on the disposal of financial instruments is as follows:

Thousand of euros

Impairment and gains / (losses) on disposal of Finance instruments	2020	2019
Increase/decrease in finance instrument impairments	(175)	(2 576)
Finance instruments disposal result	18	409 625
Total	**(157)**	**407 049**

GAINS OR LOSSES ON THE DISPOSAL OF FINANCIAL INSTRUMENTS in 2019 includes gains from the disposal of shares of "Medgaz, S.A." for the purpose of delivering them as an in-kind dividend to the shareholder "Cepsa Holding LLC" (see **Note 18.5**), with respect to the recognized value of said interest on the Consolidated Balance Sheet.

27. Tax matters

ACCOUNTING POLICIES

Current and deferred income taxes are recognized under INCOME TAX in the accompanying Consolidated Income Statement, except when they arise from economic events that have been directly recognized in OTHER COMPREHENSIVE INCOME or EQUITY.

The current income tax expense is the result of applying the tax rate to the taxable profit for the year, after deducting the allowable tax credits. The current income tax charge is calculated on the basis of the Group's interpretation of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income, considering the Group's tax position*, and including the* uncertain tax treatments *(following IFRIC 23).*

Deferred tax is accounted for using the liability method based on the balance sheet*, under which temporary differences are determined as the difference between the tax bases of assets and liabilities and their carrying amounts. However, deferred taxes are not accounted for:*

- if they arise from the initial recognition of the goodwill; or

- if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred tax assets for taxable income to be offset, outstanding tax credits, and deductible temporary differences are recognized when it is considered that, according to the best estimate on the Group's future results, it is likely that said assets will be recovered.

Deferred tax assets and liabilities are measured based on the tax legislation and the tax rates in force when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

The Group reassesses recognized deferred tax assets and tax credits at each consolidated Balance Sheet date, and reduces the amount for any that are not likely to have future taxable profit will allow them to be recovered.

Following the same principles, recognized deferred tax assets and unrecognized tax credits are reassessed with the same frequency and their amount is recorded for those which, given the new information, it is likely that future taxable profit will be available for their recovery.

Deferred tax liabilities for taxable temporary differences relating to investments in subsidiaries, associates and joint ventures are recognized with the exception of those deferred tax liabilities where the Group is not able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future within the period allowed by law. Generally, the Group is not able to control the reversal of temporary differences for associates. The temporary difference is recognized only when there is an agreement through which the Group has the capacity to control reversal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax assets and liabilities derive from the tax on gains which relate to the same taxation authority, and apply to the same entity or taxpayer, or different entities or taxpayers, which intend to settle the current tax assets and liabilities on a net basis.

The treatment of Corporate Tax penalties ensures that any significant uncertainty as to the penalty and interest payable may be clearly distinguished from the valuation of the tax. In that case, penalties are recognized as an operating expense. If, by contrast, there is considered to be significant doubt surrounding the amount of tax to be paid, an accounting policy of recognizing the penalties as tax expense is considered acceptable. Given the high degree of uncertainty, CEPSA chose to reflect it as a tax expense.

CEPSA and certain Group companies pay the Corporate Income Tax under the consolidated taxation scheme in Group 4/89, with CEPSA being the parent company. Table I at the end of this document includes a list of the main companies making up the tax group in 2020.

Since 2010, in Spain CEPSA Group has adhered to the Code of Good Tax Practices drawn up by the Large Companies Forum jointly with the Spanish tax authorities.

27.1. Tax expense recognized in results and equity

The breakdown of CORPORATE INCOME TAX EXPENSE is as follows:

Income tax — Thousand of euros

In the consolidated statement of profit and loss	2020	2019
Current tax cost		
Period tax cost	87 480	431 897
Adjustments to the tax cost for the period or prior years	41 185	(31 964)
Deferred tax cost		
Related to the creation or reversal of temporary differences	(217 134)	103 082
Total tax cost (income) recognised in the Consolidated Statement of Profit or Loss	**(88 469)**	**503 015**

In the consolidated statement of changes in equity	2020	2019
Deferred tax cost		
Related to the creation or reversal of temporary differences	(37 092)	10 138
Total tax cost / (income) recognised in Other Comprehensive Income (Equity)	**(37 092)**	**10 138**

Tax income and expense in the income statement exclude the Group's share in the tax expense for consolidated companies accounted for by the equity method, which amounted to EUR 31,488 thousand in 2020 (2019: EUR 14,191 thousand).

27.2. Reconciliation of the effective tax rate

The corporate income tax expense is obtained from the ACCOUNTING PROFIT BEFORE TAXES as indicated below:

Reconciliation of accounting profit and income tax

Thousand of euros

	2020	2019
Accounting profit (before taxes)	**(1 003 276)**	**1 336 636**
25% tax rate	(250 819)	334 159
Difference due to different tax rates	107 524	205 965
Permanent differences	122 115	194 924
Tax credits and relief applied	(108 474)	(200 069)
Adjustments to the tax cost for the period or prior years	41 185	(31 964)
Total income tax cost / (income)	**(88 469)**	**503 015**

The line DIFFERENCE DUE TO DIFFERENT TAX RATES mainly includes the effect of the different tax rates that apply to CEPSA for the various profit taxes on hydrocarbon production activity in Algeria, Thailand, and Abu Dhabi. Other foreign establishments or subsidiaries have no significant influence on this rate differential.

With regard to Algeria, the following taxes apply:

- the TAX ON REMUNERATION FOR PRODUCTION ACTIVITIES is similar to the Spanish Corporate Income Tax as it taxes gross annual income in barrels of Saharan Blend crude oil, withheld and settled through the Algerian state-owned company Sonatrach, on behalf of CEPSA,
- in addition, under Algerian law, the SUPER PROFIT TAX (effective August 2006) applies, whose tax rate is higher the higher the price of crude oil,
- the Tax on Hydrocarbon Revenues (French's acronym TRP), and
- the Supplementary Income Tax (French's acronym ICR) whose tax rate is based on the profits earned.

The combined accrued share of both taxes for 2020 and 2019 amounts to EUR 73,044 thousand and EUR 186,143 thousand respectively.

The activity of the Coastal Group is carried out mainly in Thailand, where it is subject to two types of taxes:

- the EXPENSE FOR THE COUNTRY'S HYDROCARBON SECTOR TAX (*Petroleum Income Tax*, PIT), and
- the SPECIAL REMUNERATION BENEFIT (SRB), which is calculated separately for each concession the company holds. This tax is determined on the basis of production volumes and crude prices, and is subject to certain adjustments, such as changes in the consumer price index, the wholesale price index and the depth of exploration. The tax is calculated based on each year's production and includes deductions for the expenses incurred in the concessions.

The combined accrued share of both taxes for 2020 and 2019 amounts to EUR 8,965 thousand and EUR 40,778 thousand respectively.

In Abu Dhabi, the activity of exploration, development and exploitation of hydrocarbons is subject to the INCOME TAX, and to a SUPER PROFIT TAX.

The combined accrued share of both taxes for 2020 and 2019 amounts to EUR 22,440 thousand and EUR 150,984 thousand.

In other tax jurisdictions, the differences in tax rates do not show significant differences.

The PERMANENT DIFFERENCES line is mainly due to non-deductible expenses, non-deductible expenses, or income not eligible from a tax point of view. Those recognized in 2020 and 2019 mainly correspond to several impaired assets, to dividends, revenue obtained from Permanent Establishments abroad, and Corporate Income Tax settled abroad which was not included in the amount used to calculate deductions to the tax base as per article 31.2 of Law 27/2014, other provision allowances, penalties, and adjustments relating to consolidation.

For the calculation of the Corporate Tax expense, the applicable deductions for international double taxation of income obtained abroad through Permanent Establishments and dividends, performance of certain activities and other tax incentives have been considered, in accordance with the applicable regulations in each of the exercises.

Due to the radical change in scenario in 2020 (COVID-19 and crisis in the hydrocarbon markets), CEPSA has changed the mechanism to avoid international double taxation on income from its establishments abroad corresponding to the 2019 financial year, applying the mechanism of exemption to the tax base (and not the imputation as tax deduction initially considered in its forecast for Corporation Tax in Spain in 2019), which has implied, on the one hand, an increase in tax expenditure for 2020 by EUR 35 million, and, on the other, a higher quota to be returned derived from the liquidation of Tax on Societies of the fiscal group in approximately EUR 31 million.

The amounts included the line ADJUSTMENTS TO INCOME TAX FOR THE CURRENT OR PRIOR TAX PERIODS, which amounted to EUR 41,185 thousand in expenses and EUR 31,964 thousand in revenue for 2020 and 2019, respectively, include the difference between the expense accounted for in connection with Corporate Income Tax at 31 December 2019 and 2018 and the amount corresponding to the final settlement for said years. In the financial year 2020, the amount of the aforementioned tax is collected for an amount of 35 million euros and other adjustments of the Income Tax from previous years.

In 2019, income was recognized on INCOME TAX in connection with the adjustment related to inspections initiated by the tax authority in the years 2005-2008, as a result of a partially favourable decision of Spain's High Court, where such amounts had been provisioned.

27.3. Changes in balances due to deferred tax

Below are the balances for deferred tax assets and liabilities, broken down by origin:

Thousand of euros

Deferred tax assets and liabilities originated from tax contingencies in CEPSA Group

Year 2020	Balance at 01/01/2020	Additions	Interest cost	Derecog- nitions	Movements in equity	Translation difference	Transfers (note 6.2)	Other changes	Balance at 12/31/2020
Deferred tax assets									
Depreciation	41 907	246	-	(16 978)	-	(963)	-	-	**24 212**
Impairment	382 527	57 603	-	(98 945)	-	(140)	-	-	**341 045**
Tax loss carryforwards	2 130	148 669	-	(12 584)	-	(1 163)	21 516	-	**158 568**
Tax deductions pending application	117 670	117 842	-	(120 330)	-	(2)	-	-	**115 180**
Losses in permanent establishments	33 766	-	-	(14)	-	(2 853)	(9 656)	2 493	**23 736**
Hedging	179 156	-	-	-	(10 155)	(349)	10	-	**168 662**
Inventories	2 928	5 112	-	(10)	-	(6)	(1 690)	-	**6 334**
Provisions	29 313	19 209	-	(21 151)	(37)	(1 494)	590	-	**26 430**
Uncertain tax treatments	6 856	-	-	-	-	-	-	-	**6 856**
Others	3 105	20 974	-	(1 805)	-	(209)	1 129	-	**23 194**
Total deferred tax assets	**799 358**	**369 655**	**-**	**(271 817)**	**(10 192)**	**(7 179)**	**11 899**	**2 493**	**894 217**
Deferred tax liabilities									
Depreciation	294 383	93 946	-	(185 104)	-	(17 397)	42 453	8 367	**236 648**
Impairment	4 082	-	-	(87)	-	-	-	-	**3 995**
Leasing	7 606	-	-	(1 711)	-	-	-	-	**5 895**
Hedging	10 796	9 869	-	-	26 582	-	-	-	**47 247**
Inventories	967	-	-	-	-	-	-	-	**967**
Provisions	6 820	-	-	(2 453)	-	(958)	(218)	(53)	**3 138**
Addittions for business combinations	38 532	-	-	-	-	-	(38 532)	-	**-**
Uncertain tax treatments	219 891	68 416	90	(80 276)	-	(2 301)	(2 885)	(294)	**202 641**
Others	40 550	(705)	-	(21 191)	-	(2 293)	219	489	**17 069**
Total deferred tax liabilities	**623 627**	**171 526**	**90**	**(290 822)**	**26 582**	**(22 949)**	**1 037**	**8 509**	**517 600**
Net deferred taxes	**175 731**	**198 129**	**(90)**	**19 005**	**(36 774)**	**15 770**	**10 862**	**(6 016)**	**376 617**

The heading DEFERRED TAX ASSETS on the consolidated Balance Sheet essentially recognizes:

- net investment coverage in foreign companies, amounting to EUR 169 million,
- the tax credit generated by the losses of the subsidiaries of the Coastal Group recognized in the parent company, amounting to EUR 276 million,
- additional impairment of certain non-current assets amounting to EUR 65 million.
- tax loss carryforwards amount to EUR 159 million,
- outstanding deductions totalling EUR 115 million, and

DEFERRED TAX LIABILITIES on the consolidated Balance Sheet mainly recognizes:

- those relating temporary differences between accounting depreciation and tax depreciation amounting EUR 237 million, mainly in Abu Dhabi, as well as those linked to accelerated depreciation applied pursuant to the provisions of the eleventh additional provision introduced in the Spanish Corporate Income Tax Law on accelerated depreciation, maintaining the level of utilization established in Article 1.12 of Law 4/2008, of December, and
- liabilities for uncertain tax treatments amounts to EUR 203 million, mainly due to non-compliant tax records and arrears interest thereon.

The situation at 2019 year end was as follows:

Thousand of euros

Deferred tax assets and liabilities originated from tax contingencies in CEPSA Group

Year 2019	Balance at 01/01/2019	Additions	Interest cost	Derecog-nitions	Movements in equity	Translation difference	Transfers	Other changes	Balance at 12/31/2019
Deferred tax assets									
Depreciation	51 052	464	-	(9 844)	-	235	-	-	**41 907**
Impairment	378 409	6 732	-	(2 607)	-	(7)	-	-	**382 527**
Tax loss carryforwards	39 483	-	-	(26 249)	-	755	(11 859)	-	**2 130**
Tax deductions pending application	-	150 535	-	(33 405)	-	-	-	540	**117 670**
Losses in permanent establishments	65 255	477	-	(31 619)	-	647	-	(994)	**33 766**
Hedging	165 403	132	-	(190)	13 812	(1)	-	-	**179 156**
Inventories	1 238	1 690	-	-	-	-	-	-	**2 928**
Provisions	33 978	11 339	-	(16 682)	(19)	295	(39)	441	**29 313**
Uncertain tax treatments	-	-	6 856	-	-	-	-	-	**6 856**
Others	-	2 995	-	120	-	(1)	(1)	(8)	**3 105**
Total deferred tax assets	**734 818**	**174 364**	**6 856**	**(120 476)**	**13 793**	**1 923**	**(11 899)**	**(21)**	**799 358**
Deferred tax liabilities									
Depreciation	143 068	171 768	-	(17 251)	-	721	(3 923)	-	**294 383**
Impairment	5 689	-	-	(1 607)	-	-	-	-	**4 082**
Leasing	11 698	-	-	(4 092)	-	-	-	-	**7 606**
Hedging	2 216	6 341	-	-	2 239	-	-	-	**10 796**
Inventories	967	-	-	-	-	-	-	-	**967**
Provisions	6 428	986	-	(655)	-	61	-	-	**6 820**
Addittions for business combinations	38 532	-	-	-	-	-	-	-	**38 532**
Uncertain tax treatments	219 248	29 849	(15 873)	(13 414)	-	81	-	-	**219 891**
Others	53 326	548	-	(15 502)	-	755	-	1 423	**40 550**
Total deferred tax liabilities	**481 172**	**209 492**	**(15 873)**	**(52 521)**	**2 239**	**1 618**	**(3 923)**	**1 423**	**623 627**
Net deferred taxes	**253 646**	**(35 128)**	**22 729**	**(67 955)**	**11 554**	**305**	**(7 976)**	**(1 444)**	**175 731**

27.4. Uncertainty related to treatment of corporate income tax and other taxes

In the normal course of business, the Group's operations were subject to review by the tax authorities of the various countries where it operates. On occasion, this led to differences in interpretation of existing regulations. The Group's interpretation is based on the opinion of internal experts as well as, where applicable, external experts on each of the relevant matters and jurisdictions to improve estimations of tax applicability and amounts.

In this regard, various tax assessments have been signed in disagreement, including one for corporate income tax for years 2005-2008 and 2009-2012. The CEPSA Group has filed the corresponding appeals with the relevant judicial bodies. The Group has duly created provisions that fulfil the specified probability requirements to cover the amounts relating to said tax assessments up to 2020 year-end.

The tax inspections for the years 2013-2016 relating to Corporate Income Tax, VAT, Personal Income Tax Withholdings, and Non-Resident Income Tax for the CEPSA Tax Group were initiated in July 2018 and concluded in July 2020 identifying no major liabilities beyond those set out in the accompanying financial statements. Furthermore, financial year 2017 and subsequent financial years remain open to inspection.

In December 2019, Colombian authorities closed the Income Tax audit corresponding to financial year 2015 and issued assessments amounting to EUR 90 million, which were signed in disagreement. The corresponding interest on arrears calculated based on a rate of 30% since 2016 would also need to be applied. Said assessments stem from an interpretative discrepancy with the DIAN (*National Tax and Customs Department*) regarding the regulations applicable to the branches, which could result in a double taxation for the branch office in Colombia, and other additional issues such as the tax deductibility of the cost of production of royalties paid to the National Hydrocarbons Agency.

In December 2020, the DIAN provided separate settlement proposals in the amount of EUR 29 million for Income Tax and the CREE income tax for equity corresponding to the 2016 financial year, including the same items signed in disagreement relative to the 2015 financial year. The corresponding interest on arrears calculated in the same way since 2017 would also need to be added to this amount. The Company has until 30 March 2021 to file the relevant arguments against said settlement proposals.

Supported by the judgment of the renowned external consultants hired to analyse this matter, the Company considers that the possibility of obtaining a resolution favourable to the Group in judicial proceedings is very high, although the tax procedure has some uncertainties arising from the likely prolonged litigation time (6 to 7 years) throughout the different judicial instances. For this reason, the risk has been described as not likely and no provision has been made for this in the 2020 financial statements.

There are also several additional closed tax records in previous financial years, for a lower amount, including one for income tax for the years 2009 and 2011, which were signed in non-compliance. "Cepsa Colombia, S.A." has filed the corresponding appeals before the relevant appeal courts. These tax assessments amount to EUR 5 million, plus the corresponding interest and arrears calculated based on a rate of 30 per cent since 2009 and 2011, and penalty up to 365 per cent. Adequate provisions have been charged to losses. Furthermore, financial year 2017 and subsequent financial years remain open to inspection by Colombian authorities.

Both in Thailand and in Algeria, financial year 2015 and subsequent financial years remain open to inspection, while in Abu Dhabi only financial year 2018 and subsequent financial years remain open to inspection.

CEPSA management does not expect any additional material liabilities for which provisions have not been recognized to arise for the parent company or for the other consolidated Group companies as a result of the appeals filed or of inspections of the years open to inspection.

In the opinion of the Company's Directors and its tax advisors, related party transactions are carried out at market value, transfer prices are adequately supported and it is estimated that there are no significant risks of major liabilities arising in future in this respect.

27.5. Unrecognized deferred tax assets and liabilities

The Group has not recognized deferred tax liabilities in relation to taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures for an amount of EUR 130,171 thousand at year end 2020 compared to EUR 193,099 thousand at year end 2019.

The Group did not recognize any deferred tax assets arising from tax losses amounting to EUR 58,380 thousand in 2020 and EUR 65,676 thousand in 2019, given that according to its projected results, recoverability of these assets is not considered probable.

Finally, with regard to tax assessments in Colombia, it is worth noting that, in addition to the above-mentioned amount payable and interest on arrears, the tax authorities could impose a penalty of up to 194%, although the contingent tax liability has not been recognized, as a decision against the Group's interests has been deemed unlikely.

28. Earnings per share

ACCOUNTING POLICIES

Basic earnings per share are calculated by dividing the net consolidated profit attributable to equity holders of the parent by the average number of shares outstanding during the year.

There are no other equity instruments giving rise to diluted earnings per share differing from basic earnings per share.

The number of outstanding shares amounts to 535,149,882 in 2020 and 2019 (see **Note 18**).

Thousand of euros

Profit per share	**2020**	**2019**
Consolidated profit for the year from continuing operations	**(914 807)**	**833 621**
Non controlling interests	3 951	13 598
Profit attributable to equity holders of the Parent	**(918 758)**	**820 023**
Average number of shares outstanding (thousands)	535 150	535 150
Profit per share:		
Basic	(1.72)	1.53
Diluted	(1.72)	1.53

The basic earnings per share figure shown in the table results from the application of IFRS 16 for the financial year 2020, yielding a reduction of EUR 0.01 per share compared to the previous accounting criterion.

29. Environmental matters

ACCOUNTING POLICIES

Environmental investments are defined as investments included in the Group's assets for use in its business on a lasting basis which are mainly for the purpose of minimizing the environmental impact and protecting and improving the environment, including the reduction or elimination of pollution in the future caused by the operations performed by Group companies.

Environmental expenses are deemed to be those incurred to prevent, reduce or repair damage to the environment, i.e. the natural surroundings, as well as those relating to environmental commitments.

With respect to provisions for environmental risks and liabilities, the Group records provisions for environmental actions to remedy the risk of gradual soil pollution, with a charge to OTHER OPERATING EXPENSES in the Consolidated Income Statement, based on in-house estimates and technical studies. The Group has also taken out insurance policies covering other damage to the environment that might arise, including such civil liability as might derive from such damage.

Information corresponding to changes in the environmental investments for 2020 and 2019 is as follows:

Thousand of euros

Environmental investments

	Balance at 01/01/2020	Addictions (charges)	Disposals/ amounts used	Other movements	Balance at 12/31/2020
Environmental assets	670 570	16 420	(1 586)	(37 004)	**648 400**
Accumulated depreciation environmental assets	(406 820)	(27 978)	1 323	(9 306)	**(442 781)**
Total	**263 750**	**(11 558)**	**(263)**	**(46 310)**	**205 619**

	Balance at 01/01/2019	Addictions (charges)	Disposals/ amounts used	Other movements	Balance at 12/31/2019
Environmental assets	563 200	6 588	(1 310)	102 092	**670 570**
Accumulated depreciation environmental assets	(381 940)	(26 894)	879	1 135	**(406 820)**
Total	**181 260**	**(20 306)**	**(431)**	**103 227**	**263 750**

With a view to contributing to Sustainable Development the CEPSA Group has established programs for the ongoing improvement of its production processes, the reduction of wastewater effluents, the elimination of effluent spills and its management of solid waste. To achieve this goal, an Environmental Management System has been implemented and is kept updated, ensuring compliance with applicable legal obligations and the aforementioned commitment to ongoing improvement. CEPSA's environmental investments reflect the commitments it has acquired through its environmental targets.

The most significant environmental assets are the sulphur recovery plants, amine and acidified water treatment plants, wastewater treatment plants (chemical and biological) and technical improvements to production plant equipment in order to achieve enhanced energy efficiency and reduce CO_2 NO_x emissions.

Thousand of euros

Environmental provisions

	Notes	2020	2019
Opening balance for the year		**22 118**	**22 055**
Additions/ Charges		**3 416**	1 154
Disposals/ Amounts used		**(1 633)**	(1 091)
Other changes		**(179)**	-
Closing balance for the year	Note 22	**23 722**	**22 118**

The PROVISION FOR ENVIRONMENTAL ACTIVITIES includes the CEPSA Group's best estimates of the contractual or legal obligations and commitments to prevent, reduce or repair damage to the environment by charge to professional services or repairs and upkeep expenses.

PROVISIONS FOR ENVIRONMENTAL CONTINGENCIES AND OBLIGATIONS includes provisions for environmental action to remedy the risk of gradual soil pollution, the only risk not covered by the insurance policies taken out by the CEPSA Group. The amounts used in the year relate mainly to extraordinary expenses incurred in soil treatment.

Thousand of euros

Environmental costs

	Notes	2020	2019
Repair and upkeep costs		**5 627**	5 080
Transport costs		**9 653**	10 125
Other services		**15 799**	17 218
Period provision for environmental activities	Note 22	**3 416**	1 154
Total	Note 24	**34 495**	**33 577**

30. Risk management policy

30.1. Main risks associated with the CEPSA Group's operations

In 2020, COVID-19 profoundly affected the domestic and global economy with significant shifts in demand for energy products and their derivatives, which in turn impacted market and futures prices of crude oil and its derivative products as well as interest rates, driving up the cost of new financing, limiting financing options, and other basic parameters.

The CEPSA group responded quickly to these uncertainties and their consequences on business operations, implementing contingency plans to streamline load and distillation levels for refineries, adapting crude oil provisions, even leveraging price volatility, streamlining fixed costs and investments, and increasing liquidity and availability of external funds, among other important measures.

In any event, the CEPSA Group carries out its activities in environments characterized by a number of external factors and changes in them could affect the manner in which operations are performed and the results obtained from them.

Specifically, the Group is exposed to the following risks deriving from the use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk

This note sets out information on the Group's exposure to each of these risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Additional quantitative disclosures are included below.

30.2. Risk management model

The Board of Directors, through the Audit Committee, the Risks Committee and other specific committees, together with the Directors of the respective divisions, supervises and monitors risks on a regular basis, adapting the risk profile to prevailing circumstances, where appropriate.

A) Credit risk

Credit risk is defined as the possibility that a third party that is CEPSA's counterparty breaches any of its contractual obligations, whether that third party is a supplier, customer, partner or credit institution, and such breach results in a financial loss. The Group is exposed to credit risk in its commercial activities and in its financing activities, including deposits with banks and financial institutions, transactions in foreign currency and the contracting of financial instruments.

The carrying amount of financial assets included in the balance sheets at 31 December 2020 and 2019 represents the maximum credit exposure.

Business debts: The Group does not have a significant concentration of credit risk on commercial debts as it is widely distributed among a large number of clients and other counterparties. A significant part of these balances come from the logistical exchanges of petroleum products and trading operations, which are solidly guaranteed and represent very significant amounts.

To manage this risk, CEPSA Group has IT systems for the complete and automated treatment of both external and internal data. With this information and via application of scoring models and the assessment of risk analysts, counterparties are classified based on credit risk, establishing a credit limit for each one of them. On certain occasions, whether as a result of accumulation of risk with a certain counterparty, or due to unwillingness to assume certain risks, the Group transfers credit risk to third parties by arranging bank guarantees or credit insurance policies.

The Group also has a series of internal rules and procedures periodically updated which regulate the management of credit risk at a global level and for each business. This regulation deals with, among other aspects, the determination of commercial credit limits, the monitoring and control of the assigned credit limits, the establishment of the most adequate collection instruments, the guarantees to be requested in case of excessive or unacceptable risk, the steps to be taken in case of non-payment to collect past-due balances, etc.

In order to do so various credits quality measuring models have been designed. Based on this system, the probability of a customer defaulting payment can be measured, and the expected commercial loss can be kept under control.

These are the parameters relating to customer solvency and payment habits included in the system for credit quality analysis:

- High quality: Preferred customers, customers with excellent credit category and financial capacity, customers with cash in advance or secured payment terms.
- Medium quality: Medium-sized customers with a good reputation and financially solvent but with a record of slow payments.
- Low quality: New clients without any credit history, clients who are repeatedly slow in making payments and whose financial position is weak.

The breakdown of this analysis for the years 2020 and 2019, is as follows:

Thousand of euros

Credit quality

Year 2020	Notes	High quality	Medium quality	Low quality	Total
Trade and other receivables	Note 16	1 133 805	107 955	28 624	**1 270 384**
Trade and other receivables with related parties	Note 16	19 028	-	-	**19 028**
Public Administrations	Note 16	91 717	-	-	**91 717**
Other finance assets	Note 13	234 658	4 723	-	**239 381**
Cash and cash equivalents	Note 17	1 357 127	1 256	24	**1 358 407**
Total		**2 836 335**	**113 934**	**28 648**	**2 978 917**

Year 2019	Notes	High quality	Medium quality	Low quality	Total
Trade and other receivables	Note 15	1 688 511	182 425	89 479	**1 960 415**
Trade and other receivables with related parties	Note 15	51 447	55	-	**51 502**
Public Administrations	Note 16	106 700	-	-	**106 700**
Other Finance assets	Note 13	238 402	21 559	-	**259 961**
Cash and cash equivalents	Note 17	550 663	10 497	-	**561 160**
Total		**2 635 723**	**214 536**	**89 479**	**2 939 738**

Balances receivable are supervised based on their due dates, which helps mitigate exposure to unrecoverable trade receivables. The aging analysis of trade and other receivables that have not been impaired is as follows:

Thousand of euros

Non-impaired receivables	2020	2019
Debt not past due	**1 246 536**	2 009 382
Debts 0-30 days past due	**122 507**	77 829
Debts 31-90 days past due	**3 875**	21 351
Debts 91-180 days past due	**2 682**	3 258
Debts more than 180 das past due	**11 965**	6 797
Total trade and other receivables	**1 387 565**	**2 118 617**

Some credit insurance policies have been arranged to hedge the risk of default on a portion of the past-due receivables that have not been provisioned. Also, guarantees have been provided that cover another portion of the debt due.

In order to mitigate credit risk arising from financial debt and cash positions, CEPSA only works with reputable and highly solvent Spanish and international financial institutions. An analysis is made of counterparty risk in investments and financial instrument contracts.

B) Liquidity risk

Liquidity risk refers to CEPSA's ability to make all of its current and planned future payments, refinance its credit operations, and obtain new funding at reasonable market prices to thus satisfy the financial needs to properly conduct its business.

The Company continuously monitors its financial position, developing short-term cash forecasts, as well as conducting long-term financial planning set out in both the budget and the strategic plan.

Thus, CEPSA pursues a conservative financial policy which involves maintaining available cash balances and other liquid financial instruments, as well as committed credit lines yet to be drawn down, sufficient to cover debt maturing in more than 4 years without having to obtain new financing in the market or refinance existing lines of credit.

The Company regularly assesses the concentration of risk with respect to refinancing its debt and has concluded that it is low.

CEPSA's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet them.

The tables below present an analysis on the maturities of financial liabilities at 31 December 2020 and 2019. These figures are before derivatives, where a very significant portion of the debt in euros is covered by exchange risk against the US dollar through cross currency swaps:

Financial liabilities maturity — Thousand of euros

Year 2020	0-3 months	3-12 months	2 years	3 years	4 years	5 years	>5 years	Total
Payables								
Account payables	1 797 959	194 057	-	-	-	-	-	1 992 016
Related parties	14 195	20	-	-	-	-	-	14 215
Total receivables	1 812 154	194 077	-	-	-	-	-	2 006 231
Borrowing								
Nominated in USD	11 618	28 580	47 072	59 144	763 562	168 444	118 554	1 196 974
Nominated in EUR	22 960	47 922	61 466	529 950	402 866	633 199	1 278 452	2 976 815
Other currencies	2 884	93 725	38 274	60 072	79 453	579	-	274 987
Total borrowings	37 462	170 227	146 812	649 166	1 245 881	802 222	1 397 006	4 448 776
Bank borrowings relating to finance leases								
Nominated in USD	5 211	15 632	20 563	20 401	20 232	16 058	39 637	137 734
Nominated in EUR	22 829	68 488	73 279	66 764	57 670	47 463	183 134	519 627
Other currencies	2 152	6 455	7 567	7 462	7 369	7 083	24 008	62 096
Total bank borrowings relating for finance leases	30 192	90 575	101 409	94 627	85 271	70 604	246 779	719 457
Financial derivatives liabilities	38 393	37 689	176 538	43 964	61 201	13 701	40 243	411 729
Other liabilities								
Prepayments and deposits	1 420	3 210	2 054	272	272	272	717	8 217
Other payables	-	-	16 353	38 692	325	242	1 878	57 490
Other liabilities	188 968	41 898	7 873	3 256	-	-	297	242 292
Total other liabilities	190 388	45 108	26 280	42 220	597	514	2 892	307 999
Total liquidity risk	**2 108 589**	**537 676**	**451 039**	**829 977**	**1 392 950**	**887 041**	**1 686 920**	**7 894 192**

Financial liabilities maturity — Thousand of euros

Year 2019	0-3 months	3-12 months	2 years	3 years	4 years	5 years	>5 years	Total
Payables								
Account payables	2 628 145	250 093	-	-	-	-	-	2 878 238
Related parties	66 438	95	-	-	-	-	-	66 533
Total receivables	2 694 583	250 188	-	-	-	-	-	2 944 771
Borrowing								
Nominated in USD	8 572	38 256	58 919	61 914	74 626	833 977	228 997	1 305 261
Nominated in EUR	5 088	35 001	26 569	29 028	27 040	873 273	913 322	1 909 321
Other currencies	22 687	95 653	39 906	38 388	36 888	81 738	818	316 078
Total borrowings	36 347	168 910	125 394	129 330	138 554	1 788 988	1 143 137	3 530 660
Bank borrowings relating to finance leases								
Nominated in USD	-	21 260	24 168	18 753	18 563	18 558	51 572	152 874
Nominated in EUR	41 453	62 401	81 656	78 574	61 455	60 651	243 640	629 830
Other currencies	134	9 176	9 529	7 798	8 099	8 184	37 924	80 844
Total Bank Borrowings relating for finance leases	41 587	92 837	115 353	105 125	88 117	87 393	333 136	863 548
Financial derivatives liabilities	(23 195)	(51 354)	(32 364)	(31 019)	(28 246)	(48 167)	(13 923)	(228 268)
Other liabilities								
Prepayments and deposits	1 143	3 033	3 286	284	284	284	176	8 490
Other payables	-	-	53 020	242	242	242	1 773	55 519
Other liabilities	255 507	12 844	25 208	2 606	-	-	412	296 577
Total other liabilities	256 650	15 877	81 514	3 132	526	526	2 361	360 586
Total liquidity risk	**3 005 972**	**476 458**	**289 897**	**206 568**	**198 951**	**1 828 740**	**1 464 711**	**7 471 297**

C) MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to several types of market risk (price risk raw materials, exchange rate risk and interest rate risk) which may affect the Group’s financial results. The main market risks inherent to the oil sector result from fluctuations in crude oil prices, derivative prices, the refining margin and the exchange rate.

The Group monitors its exposure to market risk through ongoing sensitivity analyses. For each of the market risk factors detailed below, there is a table describing the sensitivity of Group profit and equity to the main risks to which its financial instruments are exposed.

The estimates made reflect the impact of favourable and adverse changes. The impact on profit and/or equity is estimated on the basis of the financial instruments held by the Group at each year end.

Financial instruments affected by market risk include financial assets at fair value through profit or loss on the consolidated income statement (FVTPL), available-for-sale financial assets, derivative financial instruments, short-term deposits, borrowings, and certain other financial instruments.

I. *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates in which the company operates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the translation of foreign subsidiaries, both in the consolidated result and in their value of equity.

The Group's profit and equity are exposed to fluctuations in the exchange rates of the currencies in which it does business. The Group's most significant foreign currency exposure is to the US dollar and to a lesser extent to the Chinese Yuan and the Brazilian Real. The Group follows foreign exchange risk hedging policies in order to minimize its impact on both results and equity.

As of December 31, 2020 and 2019, debt with credit institutions in dollars, including euro debt (debt with credit institutions and bond issue) swapped into dollars through cross currency swaps amounted to a value equivalent to EUR 2,577 million and EUR 2,592 million (see **Note 19**), representing 62% and 78% respectively, on the total gross debt. About 95% of the debt in dollars is allocated to hedging transactions, mainly to net investment hedges (USD 2,386 million), to fair value hedges (USD 349 million) and, to a lesser extent, to cash flow hedges (USD 15 million) (see **Note 31**).

With regard to the sensitivity of the Group's financial instruments held for an appreciation or depreciation of the dollar, the following table shows the impact on the post-tax result and equity:

Thousand of euros

Effect of fluctuations in the euro against the dollar	**2020** Impact on profit or loss after taxes	**2020** Impact on equity after taxes	**2019** Impact on profit or loss after taxes	**2019** Impact on equity after taxes
+ 0,05 USD/EUR	**(1 344)**	**63 064**	(4 926)	81 569
- 0,05 USD/EUR	**1 458**	**(68 421)**	5 376	(89 168)

II. *Commodities price risk*

The businesses operated by the CEPSA Group are exposed to the prices of certain raw materials listed on domestic and international markets, such as the price of crude oil and natural gas, prices of refined petroleum and petrochemical products, the price of the electricity pool, and the price of emission allowances. The high degree of vertical integration of the Group, increased in recent years, allows minimizing the short-term effects of economic cycles and their impact on the consolidated outcome of the Group.

Variations in the price of crude oil also affect refining and sales operations, which is contrary to the impact on the Exploration and Production area, the size of which depends on the speed with which raw material price changes are passed on to the international and local finished product markets.

Exposure to all these prices is constantly monitored, and on certain occasions the Group uses financial derivatives to reduce its exposure to the volatility of the prices. As such, these derivatives comprise economic hedging for the Group's results, although they are not always accounted for as hedges for accounting purposes (see **Note 31**).

Considering only these financial instruments held by the Group, the following table shows the sensitivity in the post-tax result and equity to the effect of a 10% increase or decrease in crude oil prices:

Thousand of euros

Effect of fluctuations in the crude oil	**2020** Impact on profit or loss after taxes	**2020** Impact on equity after taxes	**2019** Impact on profit or loss after taxes	**2019** Impact on equity after taxes
+ 10 %	**(3 461)**	**-**	(1 156)	-
- 10 %	**3 988**	**-**	1 296	-

III. *Interest rate risk*

The Company's exposure to interest rate risk relates primarily to the Company's borrowings at floating rates, mainly linked to LIBOR. The Company's policy is to manage its debt portfolio with the aim of minimizing long-term interest costs.

For the purposes of managing and mitigating this risk, the CEPSA Group obtains financing at a fixed rate or arranges interest rate hedges via financial derivatives where appropriate (see **Note 31**).

The sensitivity analysis excludes all fixed income financial instruments carried at amortized cost as well as loans with variable rates which, through transactions with derivatives, result in a similar effect to a fixed rate. Currency and commodity-based derivatives have not been included in the sensitivity analysis below as they are not considered to be exposed to interest rate risk.

The following table shows the sensitivity of the Company's net income and equity to reasonably possible changes in interest rates, assuming all other variables remain unchanged.

Thousand of euros

Effect of fluctuations in the interest rate	2020 Impact on profit or loss after taxes	2020 Impact on equity after taxes	2019 Impact on profit or loss after taxes	2019 Impact on equity after taxes
+ 0.5 %	(2 379)	19 809	(5 849)	38 124
0.5 %	2 379	(19 424)	5 324	(26 140)

D) Capital management

Maintaining a sound equity structure is a priority objective of capital management for the CEPSA Group.

This overall objective is implemented by controlling the level of borrowings in order to address any possible changes in economic and industry-based circumstances and, above all, ensures readiness to appropriate financing which enables the Group to take on new profitable business opportunities which may act as new pillars of growth and contribute significant value for the Group.

The changes in the level of borrowings are measured by the ratio of CEPSA Group's net borrowings and its sources of financing (equity plus net borrowings) or the generation of funds by the business (EBITDA), as follows:

Thousand of euros

Ratio of Cepsa Group Debt to Equity (gearing)

	Notes	2020	2020 adjusted (*)	2019
Non-current finance liability		4 573 169	4 042 812	3 799 728
Current finance liability		236 054	140 586	267 955
Gross liability	Note 19	4 809 223	4 183 398	4 067 683
Less: Cash and cash equivalents	Note 17	(1 358 407)	(1 358 407)	(561 160)
Net debt		*3 450 816*	*2 824 991*	*3 506 523*
Equity		*4 028 742*	*4 028 742*	*5 300 955*
Net debt / (Equity + Net Debt)		*46,14%*	*41,22%*	*39,81%*

(*) Adjusted not including debts from leases according to IFRS 16

Thousand of euros

Net debt to EBITDA ratio

	Notes	2020	2020 adjusted (*)	2019
Net debt		*3 450 816*	*2 824 991*	*3 506 523*
EBITDA (adjusted CCS)	Note 7.1	1 186 670	1 186 670	2 058 011
IFRS 16 adjustments (reversal)				
Leasing payments		-	(136 135)	-
Adjusted EBITDA (included IFRS 16)		*1 186 670*	*1 050 535*	*2 058 011*
Net debt / (Equity + Net Debt)		*2,91*	*2,69*	*1,70*

(*) Adjunsted not including debts from leases according to IFRS 16

The Group performs an analysis of these ratios with leverage projections on a regular basis, an activity considered key to establishing an investment and dividend policy. Moderation in investments, maintenance of income from ordinary activities, control of fixed costs, and limitation of the amount of dividends distributed represented a significant reduction in debt.

31. Financial derivatives and hedge operations

ACCOUNTING POLICIES

I. Initial recognition and subsequent measurement

The CEPSA Group uses hedging and derivatives financial instruments, including most notably futures and swaps *contracts with crude oil and product brokers, to hedge the price risks arising from the monthly purchases and sales of crude oil and oil-based products. The transaction limits and the hedging instruments are approved by Group management and the monitoring process observes the separation of the performance and control functions.*

For foreign currency and interest rate risks, the transaction limits and hedging instruments (basically forward *currency transactions and interest rate* swaps*) are also approved by Group management and the monitoring process observes the separation of the performance and control functions.*

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Profits or losses arising from changes in the fair value and settlement of those derivatives not designated as an accounting hedge as defined in IFRS 9 are directly attributed to profit or loss and are shown in the Consolidated Statement of Income as financial income or expenses, as the case may be. Exceptionally, in the Trading segment and because of its activity, financial derivative trading is part of its operating income.

In the normal course of its operations the Group has forward sale and purchase contracts for oil and natural gas. These contracts are entered into and maintained to meet the procurement and delivery needs of these commodities in accordance with the periodic estimates for the purchase and sale of hydrocarbons. The contracts are monitored systematically and are adjusted as appropriate by physical delivery. As a result, these contracts are considered for own use *and therefore outside the scope of IFRS 9.*

So far, the Group has used the extended use of fair value option for "own use" contracts since this option is not yet permitted according to Spanish GAAP.

As a part of the ordinary activity of the Trading segment, besides the supply of crude oil for the Group's needs, proprietary trading activity is performed, in which some of the own-use supply contracts which allow trading with third parties are used. The value of purchase commitments that can be used for speculation purposes is not significant, as they are very short term contracts with market price arrangements.

II. Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- *There is an "economic relationship" between the hedged item and the hedging instrument.*
- *The effect of credit risk does not "dominate the value changes" that result from that economic relationship.*
- *The hedge ratio in relation to hedge is the same as that resulting from the amount of the item hedged that the entity actually hedges, and the amount of the hedge instrument that the entity actually uses to hedge that amount of the item hedged.*

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

Hedges for exposures to changes in the fair value of a recognized asset or liability, or unrecognized firm commitment attributable to a particular risk that could affect the Consolidated Income Statement. Changes in value of the hedging instrument and the hedged item attributable to the hedged risk are recognized in Profit or Loss.

Cash flow hedges

The Group uses forward currency contracts and other derivatives such as options to hedge its exposure to foreign currency risk in highly probable transactions. Likewise, to reduce the exposure to interest rate risk on its outstanding variable rate borrowings, the Group uses interest rate swaps.

The effective portion of the gain or loss on the hedging instrument is recognized directly in OTHER COMPREHENSIVE INCOME, while the ineffective portion is recognized immediately in the Consolidated Income Statement, under FINANCIAL INCOME OR EXPENSE.

Amounts recognized as OTHER COMPREHENSIVE INCOME are transferred to Consolidated Profit or Loss when the hedged transaction affects profit or loss. Both the hedge instrument and the hedged transaction are included under the same heading in the Consolidated Income Statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OTHER COMPREHENSIVE INCOME remains separately in EQUITY until the forecast transaction occurs or the firm commitment is met.

Net investment hedges

The Group uses both non-derivative liabilities (such as bank borrowing) and financial derivatives (mainly currency swaps*) to hedge the exposure to changes in the EUR/USD rate of investments in the net assets of foreign operations whose functional currency is the USD.*

Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in OTHER COMPREHENSIVE INCOME while any gains or losses relating to the ineffective portion are recognized in the Consolidated Income Statement in FINANCIAL COSTS AND INCOME.

On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in EQUITY is transferred to the Consolidated Income Statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at either the best estimate of the expenditure required to settle the present obligation at the reporting date or the amount initially recognized less accumulated amortization, whichever is higher.

The breakdown of the notional and fair value of the Group's derivatives is as follows:

Trading derivatives

Thousand of euros

	Year 2020				Year 2019			
	Derivatives assets (Note 13)		Derivatives liability (Note 19)		Derivatives assets (Note 13)		Derivatives liability (Note 19)	
	Notional	Fair value	Notional	Fair value	Notional	Fair value	Notional	Fair value
Foreing exchange derivatives								
Forwards								
Buy USD / sell EUR	21 592	6	876 508	(6 842)	265 423	1 485	535 701	(5 528)
Buy EUR / sell USD	15 639	292	-	-	-	-	-	-
Buy USD / sale CNY	-	-	31 008	(515)	-	-	-	-
Buy EUR / sell GBP	-	-	3 208	(6)	-	-	3 759	(148)
Buy EUR / sell BRL	10 051	331	-	-	-	-	-	-
Buy USD / sell JYP	-	-	6 594	(239)	-	-	-	-
Collar buy USD / sell CNY	-	-	-	-	-	-	3 479	(294)
Total	47 282	629	917 318	(7 602)	265 423	1 485	542 939	(5 970)
Commodities price derivatives								
Swaps (oil and products)	128 748	4 400	79 568	(19 969)	418	13	1 062	(97)
Swaps (electricity)	34 709	5 375	80 069	(7 274)	77 684	7 910	123 816	(4 931)
Options (crude oil and products)	96 510	1 961	-	-	-	-	-	-
Total	259 967	11 736	159 637	(27 243)	78 102	7 923	124 878	(5 028)
Total trading derivatives	307 249	12 365	1 076 955	(34 845)	343 525	9 408	667 817	(10 998)

Hedging derivatives

Thousand of euros

	Year 2020				Year 2019			
	Derivatives assets (Note 13)		Derivatives liability (Note 19)		Derivatives assets (Note 13)		Derivatives liability (Note 19)	
	Notional	Fair value	Notional	Fair value	Notional	Fair value	Notional	Fair value
Cash flow hedges								
Interest rate derivatives								
Interest rate swaps	-	-	1 232 924	(40 243)	414 490	5 644	626 113	(9 828)
Cross currency swaps (interest tranch) (*)	75 000	39	275 000	(1 693)	75 000	967	475 000	(3 402)
Derivatives on commodities prices								
Swaps (hedge of refining margin)	1 139	621	-	-	-	-	12 949	(118)
Swaps (natural gas)	8 695	10 625	3 262	(145)	8 078	327	4 918	(807)
Total	84 834	11 285	1 511 186	(42 081)	497 568	6 938	1 118 980	(14 155)
Net investment hedge								
Foreign currency derivatives								
Cross currency swaps	1 655 935	49 294	324 872	(2 294)	-	-	1 283 583	(36 481)
Forwards buy EUR / sell USD	144 835	2 662	-	-	138 864	1 816	258 145	(1 343)
Total	1 800 770	51 956	324 872	(2 294)	138 864	1 816	1 541 728	(37 824)
Cost of hedging								
Foreign currency derivatives								
Buy USD / sell EUR	-	-	-	-	152 216	2 079	22 254	(416)
Derivatives on commodities prices								
Swaps (natural gas)	238 163	17 258	550 262	(138 665)	595 712	108 971	313 282	(31 599)
Total	238 163	17 258	550 262	(138 665)	747 928	111 050	335 536	(32 015)
Total hedging derivatives	2 123 767	80 499	2 386 320	(183 040)	1 384 360	119 804	2 996 244	(83 994)

(*) Concerning hedge accounting, several sintetic derivatives have been disaggregated from CCS, and included part of them as a hedge of Net Investment Hedges, and the rest as a hedge of Cash Flow Hedge (interest hedging component only).

31.1. Foreign currency risk

The types of derivative usually used to mitigate exchange rate risks are forward and swap contracts in accordance with the established risk management policy (see **Note 30**).

Furthermore, in accordance with the Group's established exchange rate risk management policy (see **Note 30**), the CEPSA Group has obtained borrowings denominated in US dollars to finance certain investments in said currency.

Thus, at 31 December 2020 and 2019, the CEPSA Group had assigned financing for a nominal amount of USD 753 millions and USD 995 million, respectively, as a hedging instrument for net investments made by the following companies: "Cepsa Colombia, S.A.", "Cepsa International, B.V.", "Cepsa (Rhourde el Rouni), Ltd", "Cepsa Peruana, S.A.C.", "Coastal Energy

KBM SDN BHD", "Mopu Holdings (Singapore), Pte. Ltd.", "Cepsa Algerie, S.L.", "SinarMas Cepsa, Pte. Ltd," "Coastal Energy Company" and "Cepsa E.P. Abu Dhabi, S.L.U." all with the functional currency of US dollars. In addition, the Group also assigned exchange rate derivatives for a nominal amount of USD 1,943 million in connection with the net investment hedges at 2020 year-end and USD 1.998 million at 2019 year-end.

The Group used Cross Currency Swaps to swap credits and loans amounting to EUR 1,450 million into USD.

No inefficiency in the aforementioned hedges was recognized.

The table below shows the balances and movements for this hedge of net investment included in the heading of net equity of the balance: ADJUSTMENTS FOR CHANGES IN VALUE IN HEDGE OPERATIONS corresponding to the 2020 and 2019 financial years.

Valuation adjustments in hedges - Movements

Thousand of euros

	Notes	2020	2019
Opening balance		**(536 885)**	**(522 559)**
Gains or losses recognised directly in equity		161 835	(37 820)
Reclassification during the year to profit or loss		-	23 494
Closing balance	Note 18.4	**(375 050)**	**(536 885)**

At the same date, the CEPSA Group held financing allocated in US dollars for a nominal amount of USD 12.5 million at year end 2020 and USD 22 million at year end 2019, recognized as a cash flow hedge, the hedge item being highly probable future collections in foreign currency on finance leases and/or planned sales of assets.

31.2. Commodities price risk

SIGNIFICANT ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The Group supervises its exposure to market risk via a continuous sensitivity analysis for crude oil and natural gas prices, the prices of petroleum and petrochemical products, the price of pool electricity, the price of emission allowances, etc.

With a view to reducing exposure to said risks the Group contracts financial derivatives which constitute an economic hedge for its results, though not in all cases recognized as accounting hedges.

At the end of 2020, the Group holds hedges on the price of natural gas for purchase commitments due in 2021, 2022 and 2023.

31.3. Interest rate price risk.

The company policy regarding interest rate risk exposure consists of managing its interest costs using both fixed and variable interest rate borrowings.

The company uses *interest rate swaps* in which it agrees to exchanges, at certain intervals, the difference between the amounts at fixed rates, variable rates or cross currency swaps (CCSs). The company exchanges a capital and interest flow in USD for another capital and interest flow in EUR at a prefixed exchange rate at the maturity date.

Interest rate swaps are currently a part of cash flow hedges to cover variable rate embedded debt obligations. The nominal debt covered by these swaps is EUR 1,476 million and EUR 1,591 million in 2020 and 2019, respectively.

The following table summarizes the maturity date of the Group's derivatives based on discounted contract payments:

Derivatives - Maturities

Thousand of euros

Year 2020	0-3 months	3-12 months	1-3 years	>3 years	Total
Derivatives assets					
Cash flow hedging derivatives	-	2 599	8 686	-	**11 285**
Fair value hedging derivatives	-	850	16 408	-	**17 258**
Net investment hedging derivatives	150	2 513	-	49 294	**51 957**
Derivatives not designated hedge accounting	1 214	5 776	2 150	3 225	**12 365**
Total	**1 364**	**11 738**	**27 244**	**52 519**	**92 865**
Derivatives liabilities					
Cash flow hedging derivatives	(14)	(130)	-	(41 937)	**(42 081)**
Fair value hedging derivatives	-	(3 606)	(135 059)	-	**(138 665)**
Net investment hedging derivatives	-	-	-	(2 294)	**(2 294)**
Derivatives not designated hedge accounting	(25 004)	(5 987)	(1 542)	(2 312)	**(34 845)**
Total	**(25 018)**	**(9 723)**	**(136 601)**	**(46 543)**	**(217 885)**

Year 2019	0-3 months	3-12 months	1-3 years	>3 years	Total
Derivatives assets					
Cash flow hedging derivatives	2	256	360	6 320	**6 938**
Fair value hedging derivatives	11 871	16 604	82 575	-	**111 050**
Net investment hedging derivatives	1 816	-	-	-	**1 816**
Derivatives not designated hedge accounting	6 250	3 158	-	-	**9 408**
Total	**19 939**	**20 018**	**82 935**	**6 320**	**129 212**
Derivatives liabilities					
Cash flow hedging derivatives	(13)	(640)	(272)	(13 230)	**(14 155)**
Fair value hedging derivatives	(4 572)	(26 604)	(839)	-	**(32 015)**
Net investment hedging derivatives	(1 344)	-	-	(36 480)	**(37 824)**
Derivatives not designated hedge accounting	(6 543)	(4 455)	-	-	**(10 998)**
Total	**(12 472)**	**(31 699)**	**(1 111)**	**(49 710)**	**(94 992)**

32. Fair value

ACCOUNTING POLICIES

According to IFRS 13, the Group uses the following hierarchy for determining the fair value of derivative financial instruments and available for sale portfolio:

- *1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.*
- *2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.*
- *3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.*

Interest rate swaps, forward foreign exchange contracts, and term commodity contracts are valued using valuation techniques that use market observables such as exchange rates (cash and term), interest rate curves or term commodity price curves.

With respect to a comparison of the carrying value and fair value of the Group's financial assets and liabilities, Management considers that, except for fixed rate loans and the sub-portfolio of trade receivables subject to securitization, the fair value thereof is similar to the carrying value.

For the fair value of the fixed rate loans, the cash flow discount rate is used. The fair value of the only fixed rate loan at 2020 year-end amounts to EUR 112.9 million, while the carrying value totals EUR 111.6 million (see **Note 16**).

Regarding the outstanding bonds issued at a fixed rate, the fair value at 31 December 2020 is 1,516.9 million euros, while their book value amounts to 1,500 million euros (see **Note 19**)

At 31 December 2020, the company's own credit risk is considered insignificant.

Thousand of euros

Fair value of financial instruments

	2020				2019			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Fair value through profit or loss measurement category								
Available for sale assets	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
Derivative Assets								
Interest rates derivatives	39	-	39	-	6 611	-	6 611	-
Exchange rate derivatives	52 586	-	52 586	-	5 381	-	5 381	-
Commodities derivatives	40 240	-	40 240	-	117 220	-	117 220	-
Total	92 865	-	92 865	-	129 212	-	129 212	-
Derivative Liabilities								
Interest rates derivatives	41 935	-	41 935	-	13 230	-	13 230	-
Exchange rate derivatives	9 897	-	9 897	-	44 209	-	44 209	-
Commodities derivatives	166 053	-	166 053	-	37 553	-	37 553	-
Total	217 885	-	217 885	-	94 992	-	94 992	-
Fair value through other comprehensive income measurement category								
Sub-portfolio of trade receivables subject to securitization	199 335	-	199 335	-	263 884	-	263 884	-
Total	199 335	-	199 335	-	263 884	-	263 884	-
Assets and liabilities for which fair values are disclosed								
Fixed rate loans	112 874	-	112 874	-	122 834	-	122 834	-
Corporate bonds	1 516 903	1 516 903	-	-	507 500	507 500	-	-
Total	1 629 777	1 516 903	112 874	-	630 334	507 500	122 834	-

The Group has derivative financial instruments with various counterparties, mainly financial institutions with investment grade credit ratings.

33. Related party transactions

ACCOUNTING POLICIES

A party is considered to be related to another party when one of the two, or several parties acting together, exercises or has the possibility to exercise control over the other party, directly, indirectly or through shareholder or equity holder agreements, or has a significant influence in the financial and operating policy decisions of the other party. The related parties comprise the sole shareholder, directors and key management personnel of the Group as well as subsidiaries, associates, joint ventures and other related parties. The terms of these operations are approved by the management of each company and are carried out in the terms agreed by the Board of Directors.

Transactions between the Company and its subsidiaries, which are related parties, were eliminated on consolidation and are not disclosed in this note.

33.1. Transactions with associates, joint ventures and other related parties

Transactions between the Group and its associates and joint ventures are disclosed below:

Transactions with associates and joint ventures and other related parties — Thousand of euros

Year 2020	Notes	Associates	Joint Ventures	Others	Total
In the Consolidated Balance Sheet					
Trade and other receivables	Note 16	15 229	658	3 141	**19 028**
Current and non-current loans		8 961	12 176	8 945	**30 082**
Trade and other payables		5 140	1 926	5 215	**12 281**
Total		**29 330**	**14 760**	**17 301**	**61 391**
Consolidated Statement of Profit or Loss					
Revenue		122 799	7 393	66 053	**196 245**
Other operating income		20	204	-	**224**
Procurements		12 907	12 494	488 393	**513 794**
Other operating costs		12 771	1 711	18 704	**33 186**
Finance income		67	303	95	**465**
Finance costs		-	-	(6)	**(6)**
Total		**148 564**	**22 105**	**573 239**	**743 908**

Year 2019	Notes	Associates	Joint Ventures	Others	Total
In the Consolidated Balance Sheet					
Trade and other receivables	Note 16	56 854	362	(5 714)	**51 502**
Current and non-current loans		7 484	5 157	5 107	**17 748**
Trade and other payables		54 283	5 795	11 865	**71 943**
Total		**118 621**	**11 314**	**11 258**	**141 193**
Consolidated Statement of Profit or Loss					
Revenue		111 640	12 155	67 453	**191 248**
Other operating income		(432)	248	29	**(155)**
Procurements		8 232	13 676	271 435	**293 343**
Other operating costs		13 006	2 814	16 614	**32 434**
Finance income		69	5 824	1	**5 894**
Finance costs		11	-	-	**11**
Total		**132 526**	**34 717**	**355 532**	**522 775**

Transactions and balances with these entities basically relate to the Group's ordinary business operations and were carried out on an arm's-length basis.

In addition, CURRENT AND NON-CURRENT LOANS TO JOINT VENTURES includes those granted to "SinarMas Cepsa" for EUR 9,408 thousand and EUR 5,207 thousand in 2020 and 2019 respectively (see **Note 13**). In 2019, credits amounting to EUR 98,625 thousand were used for the subscription of new capital stock.

33.2. Transactions with shareholders

The relevant operations carried out by the CEPSA Group with its shareholders and the companies controlled by them have been:

Thousand of euros

Name of significant shareholder	CEPSA Group Company	Type of transaction	Type of relationship	2020	2019
Cepsa Holding LLC	CEPSA	Corporate	Dividends and other distributed profit	**120 540**	494 591
Cepsa Holding LLC	CEPSA	Corporate	Dividend in kind (Shares on Medgaz, S.A.)	-	550 000
Matador Bidco Sàrl	CEPSA	Corporate	Dividends and other distributed profit	**75 460**	37 000
Mubadala Investment Company PJSC	CEPSA	Commercial	Procurements, services and other expenses	-	75
The Carlyle Group, Inc	CEPSA	Commercial	Sales and other services provided	-	335

34. Remuneration and other benefits for the Board of Directors and Senior Executives

The remuneration accrued by the directors of the Consolidated Group in 2020 and 2019 was as follows:

Thousand of euros

Remuneration to Board of Directors - Concept	2020	2019
Wages and Salaries	800	890
Variable remuneration	255	7 124
Bylaws-stipulated Director emoulments	1 484	761
Other Items	10	112
Pension funds and plans: contributions and obligations (Defined contribution plans)	200	467
Total	**2 749**	**9 354**

CEPSA's directors and officer's liability insurance policy was renewed for 12 months on December 13, 2020, with a total annual net premium of EUR 165 thousand for the entire Group. This amount is paid by CEPSA as the policyholder and cannot be broken down by individuals, as apart from covering Board members and Managers, it also covers all those employees who make decisions on behalf of the company.

Directors who do not perform executive functions only receive BYLAW-STIPULATED FEES, which totalled EUR 1,365 thousand in 2020.

As provided for in Article 229 of the Spanish Companies Act in force, the Directors of the Company disclosed the following conflicts of interest:

At the Board of Directors meetings held on January 23, 2020 and April 23, 2020, respectively, and in connection with various tax litigation issues submitted to the Board for approval, the three Proprietary Directors on behalf of the shareholder Matador Bidco S.à.r.l. (ultimately owned by The Carlyle Group, Inc.), Mr. Martialis Quirinus Henricus van Poecke, Mr. James Robert Maguire and Mr. Joost Bart Maria Dröge, declared that they were involved in a potential conflict of interest related to certain agreements in place between the two shareholders of the Company. Accordingly, they recused themselves and abstained from deliberating and voting on the resolutions adopted with regard to such tax litigation issues, as duly reflected in the corresponding meeting Minutes.

Upon his resignation as a Director, as stated in his letter dated February 4, 2021, Mr. Bakheet Saeed Bakheet Salem Alkatheeri declared that neither he, nor any of his related parties, were involved in any direct or indirect conflicts with the interests of the Company for the year ended December 31, 2020 and up until the date of his letter, with the exception of those that had already been declared to the Board of Directors in connection with positions or directorships in other companies operating in the same oil & gas space as CEPSA, which include his positions as Chief Executive Officer and Director of Mubadala Petroleum, Chairman of the Project Review Committee of Dolphin Energy Ltd. and Director of Oil Search Ltd.

The incumbent Directors at the date of drafting these Financial Statements made certain conflict of interest disclosures with regard to their management positions and directorships in other companies operating in the same oil and gas space as CEPSA, and by means of their respective letters dated February 18, 2021 and addressed to the Secretary of the Board of Directors, confirmed such potential conflicts of interest in connection with the positions and offices held in oil and gas companies, as follows:

Mr. Ahmed Yahia

Mr. Yahia currently serves as Chief Executive Officer of Direct Investments at Mubadala Investment Company PJSC, a company active in the oil and gas space.

Mr. Martialis Quirinus Henricus van Poecke

Mr. van Poecke currently serves as Managing Director for Carlyle International Energy Partners (CIEP), an investment fund affiliated with The Carlyle Group and active in the energy space, and he is a Director of the following entities engaged in the energy sector: (i) Andes Colombia Holding Limited; (ii) Assala Energy UK Limited; (iii) Hedging Committee (Assala); (iv) BSOG Holding Activity SRL; (v) Discover Exploration Ltd.; (vi) Mazarine Energy B.V.; (vii) Neptune Energy Group Ltd.; (viii) Varo Energy B.V.; and (ix) Flamingo (Jersey) Limited. He is also a major shareholder and the President of the Supervisory Board of ONE-Dyas B.V.

Mr. Philippe François Marie-Joseph Boisseau

Mr. Boisseau currently holds directorships in the following entities which operate in the same oil & gas space as CEPSA: (i) Assala Energy UK Ltd.; (ii) Enermech; and (iii) I-Pulse Inc.

Mr. Musabbeh Helal Musabbeh Ali Alkaabi

Mr. Alkaabi currently serves as Chief Executive Officer of UAE Investments at Mubadala Investment Company PJSC, a company active in the oil and gas space, and holds the following offices in other entities which operate in the same oil &

gas space as CEPSA: (i) Chairman of Mubadala Petroleum; and Director of (ii) NOVA Chemicals; (iii) Dolphin Energy Ltd; and (iv) Borealis AG.

Mr. James Robert Maguire

Mr. Maguire is currently Managing Director for Carlyle International Energy Partners (CIEP), an investment fund affiliated with The Carlyle Group and active in the oil and gas space, and serves as Director of the following entities engaged in the energy sector: (i) Assala Energy UK Limited; (ii) BSOG Holding Activity S.R.L.; (iii) Andes Colombia Holding Limited; (iv) CIEP Epoch NewCo 1 Ltd. (v) Mazarine Energy B.V.; (vi) Neptune Energy Group Limited; and (vii) Flamingo (Jersey) Limited.

Mr. Joost Bart Maria Dröge

Mr. Dröge is currently Managing Director for Carlyle International Energy Partners (CIEP), an investment fund affiliated with The Carlyle Group and active in the oil and gas space, and serves as Director of the following entities engaged in the energy sector: (i) CIEP Epoch NewCo 1 Ltd.; (ii) Varo Energy B.V.; (iii) Hedging Committee (Assala); (iv) Flamingo SwissCo AG; and (v) Lexo Energy Mauritius Ltd.

Ms. Alyazia Ali Saleh Ahmed Alkuwaiti

Ms. Alkuwaiti is currently Executive Director of Energy at Mubadala Investment Company PJSC, a company active in the oil and gas space, and also holds the following offices in entities which operate in the same oil & gas space as CEPSA: (i) Supervisory Board Deputy Chairwoman of OMV Aktiengesellschaft; and (ii) Director of Mubadala Petroleum.

Mr. Marwan Naim Nijmeh

Mr. Nijmeh is currently Deputy Chief Legal Officer at Mubadala Investment Company PJSC, and a Director of Mubadala Petroleum, both companies active in the same oil and gas space as CEPSA.

Mr. Saeed Mohamed Hamad Fares Almazrouei

Mr. Almazrouei is currently Deputy Chief Executive Officer of Direct Investments at Mubadala Investment Company PJSC, and serves as Director of Borealis AG, both companies active in the same oil and gas space as CEPSA.

Mr. Angel Corcóstegui Guraya

By means of a letter dated February 18, 2021 and addressed to the Secretary of the Board of Directors, Mr. Corcóstegui confirmed that for the year ended December 31, 2020 and up to the date of his letter, neither he, nor any of his related parties, were involved in any direct or indirect conflicts with the interests of the Company.

Apart from the above, at the date of drafting of these Financial Statements, no other direct or indirect conflicts with the interests of the Company were disclosed.

At December 31, 2020, there were 10 members (nine men and one woman) on the Board of Directors, in addition to the non-board member Secretary and non-board member Deputy Secretary.

The total remuneration of Senior Executives (referring to members of the Management Committee, regardless of the type of employment contract they have) who were not simultaneously executive directors of the Group, in 2020 and 2019, was as follows:

Thousand of euros

Remuneration to Top Management - Concept	**2020**	**2019**
Wages and Salaries	2 898	2 953
Variable remuneration	5 678	6 661
Termination Benefits	1 577	-
Other Items	1 893	132
Pension funds and plans: contributions and obligations (Defined contribution plans)	595	648
Total	**12 641**	**10 394**

In 2020 there were nine Senior Executives (eight men and one woman) and eight (all men) in 2019.

Senior executives receive an annual fixed and variable remuneration payment. Variable remuneration is calculated as a percentage of fixed remuneration, with said percentage being conditional upon the level of achievement of the objectives established for the year. These objectives, which are subject to measurement and control systems, are determined on the basis of the earnings of the Consolidated Group, occupational safety rates, operating aspects of the business, such as the execution of projects pursuant to established criteria relating to price, quality and deadlines, and individual performance.

The Company has not granted any advances or loans to its Board members or to senior managers.

35. Guarantee commitments and other contingent liabilities

At 31 December 2020 and 2019, certain Group companies had provided guarantees, mainly for bank transactions and supply contracts, the breakdown is as follows:

Thousand of euros

Guarantees to third parties	2020	2019
Public entities	529 864	372 694
Suppliers/creditors and others	3 937 117	3 424 247
Total	**4 466 981**	**3 796 941**

Guarantees arranged with SUPPLIERS/CREDITORS AND OTHER relate mainly to guarantees provided by CEPSA to financial institutions for drawdowns against credit facilities granted to Group companies, as well as letters of credit to trade payables, which in 2020 and 2019 amounted to EUR 2,377,402 thousand and EUR 1,619,588 thousand, respectively. These amounts were recognized, by maturity, under BANK BORROWINGS and TRADE AND OTHER PAYABLES on the liability side of the Consolidated Balance Sheet.

At 31 December 2020, the Group had not pledged any financial assets as security for liabilities or contingent liabilities.

The Group maintains firm commitments for the transport of gas (ship or pay) with the company "Medgaz, S.A.", which was part of the CEPSA Group until its delivery to the Mubadala Group in October 2019 (see **Note 6.2**). In the same line of business, the Group maintains commitments to purchase natural gas through "Cepsa Gas Comercializadora, S.A."

Continuing the process of disassociation from the interest in "Medgaz, S.A.", the Group is cancelling the guarantee issued by the EIB to support the financing of said company, which amounted to EUR 232 million at 2019 year-end. At 31 December 2020, the guaranteed amount is EUR 5.3 million, which will be cancelled in 2029.

At year end 2020 and 2019, long-term firm commitments are as follows:

Thousand of euros

Long term commitments in procurements

Year 2020	2021	2022	2023	2024	2025	Others	Total
Natural Gas and Liquified Natural Gas	365 427	343 389	309 820	316 469	312 583	1 641 063	3 288 751
Gas transport fees	47 309	48 256	49 221	50 205	51 209	286 046	532 246
Total	**412 736**	**391 645**	**359 041**	**366 674**	**363 792**	**1 927 109**	**3 820 997**

Year 2019	2020	2021	2022	2023	2024	Others	Total
Natural Gas and Liquified Natural Gas	385 646	398 461	374 009	309 216	311 523	1 923 545	3 702 400
Gas transport fees	46 382	47 309	48 256	49 221	50 205	337 255	578 628
Total	**432 028**	**445 770**	**422 265**	**358 437**	**361 728**	**2 260 800**	**4 281 028**

These commitments were quantified using estimates based on Brent Crude forward curves valid at year end 2020 and 2019, respectively, which is the main benchmark price of these contracts.

36. Events after the reporting period

In the first few months of 2021, the group reached an agreement with the trading company GEO Alternativa, S.L. to transfer customers (approximately 75,000 contracts) with electricity, natural gas, and associated maintenance services contracts. An advance was collected in December 2020 to strengthen the transaction.

In January 2021, the worsening of the COVID-19 pandemic caused more stringent measures limiting mobility, which caused the Company to apply a second temporary labour force adjustment plan limited to service station employees.

On February 4, 2021, the Extraordinary General Shareholders' Meeting accepted the resignation tendered by Mr. Bakheet Saeed Bakheet Salem Alkatheeri as a member of the Board of Directors, thanking him for his distinguished service and wise counsel. To fill the vacant seat on the Board, Mr. Ahmed Yahia was appointed as a Director of the Company, for a six-year term of office.

At its meeting held on February 4, 2021, the Board of Directors accepted the resignation tendered by Mr. Musabbeh Helal Musabbeh Ali Alkaabi as Chairman of the Board, acknowledging its deepest gratitude to Mr. Alkaabi for his tireless commitment and contributions to the Company throughout his term. To succeed him, the Director, Mr. Ahmed Yahia, was appointed as the new Chairman. Notwithstanding, Mr. Alkaabi will continue to serve as a member of the Board of Directors.

At the date of issuing of these Consolidated Financial Statements, there have been no more significant subsequent events to be mentioned in this section.

Table I

Thousands of euros

SUBSIDIARIES

Name	Parent Company	Registered Office	Line of Business	Ownership 2020	Ownership 2019	Equity: Share Capital Subscribed	Equity: Share Capital Paid	Equity: Reserves + Net Profit	Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
CEPSA BUSINESS SERVICES, S.A.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Corporate services	100%	100%	60	60	589	2 810	G	Yes
CEPSA FINANCE, S.A.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Other business management consulting activities	100%	100%	100	100	161	100	G	Yes
CEPSA INTERNATIONAL B.V.	Compañía Española de Petróleos, S.A.	Beurs - World Trade Centre - Office 668 Beursplein 37. 3011 AA Rótterdam. The Netherlands	Oil and gas trading	100%	100%	3 515	3 515	80 205	106 824	G	No
CEPSA TREASURY, S.A.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Financial Services	100%	100%	60	60	1 540	60	G	Yes
CEPSA, S.A.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Corporate services	100%	100%	61	61	1 370	61	G	Yes
TEIDE RE, S.A.	Cepsa International, B.V.	74, Rue de Merl. L - 2146 Luxemburgo.	Reinsurance Operations	100%	100%	2 725	2 725	37 722	2 725	G	No
CEPSA ENERGY (THAILAND) LIMITED	Coastal Energy Company, S.L.U.	Unit 1601 - 1604, 388 Exchange Tower, Sukhumvit Rd., Klongtoey. 10110 Bangkok. Tailandia	Research and exploration	100%	100%	2 149	2 149	2 184	2 805	G	No
CEPSA ENERGY COMPANY INTERNATIONAL, S.L.U.	Coastal Energy Company, S.L.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	45	45	(235 158)	(202 395)	G	Yes
CEPSA (RHOURDE EL ROUNI) LIMITED	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	100 791	100 791	84 907	145 673	G	Yes
CEPSA ALGERIE, S.L.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	37	37	214 498	265 462	G	Yes
CEPSA COLOMBIA, S.A.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	24 109	24 109	(48 962)	87 544	G	Yes
CEPSA E.P. MEXICO S. DE R.L. DE C.V.	Compañía Española de Petróleos, S.A.	Av.Paseo de la reforma, 295 Piso 8 Oficina A. 06500 Cuauhtemoc - Ciudad de Mexico. Mexico	Research and exploration	100%	100%	6 147	6 147	(4 679)	1 445	G	No
CEPSA EP ABU DHABI, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	3	3	1 329 939	1 349 444	G	Yes
CEPSA EP ESPAÑA, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	100	100	(1 071)	-	G	No
CEPSA OLEO E GAS DO BRASIL, LTDA.	Compañía Española de Petróleos, S.A.	Rua do Carmo, nº 43 9º andar. - Rio de Janeiro. Brasil	Research and exploration	100%	100%	57 103	57 103	(33 578)	10 680	G	No
CEPSA PERU, S.A.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	60	60	77 024	86 831	G	Yes
CEPSA PERUANA, S.A.C.	Cepsa Perú, S.A.U.	Av Ricardo Rivera Navarrete, 501 Piso 18 Oficina B. 27 San Isidro-Lima. Perú	Research and exploration	100%	100%	78 428	78 428	(43 987)	64 730	G	No
CEPSA SURINAME, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	23 706	23 706	10 377	34 661	G	Yes
COASTAL ENERGY COMPANY, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	37	37	(277 585)	45 493	G	Yes
CEC (KHORAT), S.L.U.	Coastal Energy Company, S.L.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Research and exploration	100%	100%	46	46	(14 069)	(24 598)	G	No
COASTAL ENERGY KBM SDN BHD	Compañía Española de Petróleos, S.A.	Level 23, Etiga Twins, 11 Jalan. - Pinangm KL. Malasia	Research and exploration	70%	70%	4 926	4 926	2 420	4 986	G	No
COASTAL ENERGY MALASYA SDN BHD	Compañía Española de Petróleos, S.A.	Level 23, Etiga Twins, 11 Jalan. - Pinangm. Malasia	Research and exploration	100%	100%	22 596	22 596	(20 937)	-	G	No
MOPU HOLDINGS (SINGAPORE) PTE LTD	Compañía Española de Petróleos, S.A.	6, Temasek Boulevard #38-01 Suntec Tower Four. 038986 -. Singapore	Research and exploration	100%	100%	56 345	56 345	(7 261)	119 548	G	No
NUCOASTAL (THAILAND) LIMITED	Coastal Energy Company, S.L.U.	Unit nos 3901 - 3904, 39th. Floor, Exchange Tower, 388 Sukhumvit Rd. Klongtoey. - Bangkok. Tailandia	Research and exploration	100%	100%	1 730	1 730	(33 902)	(5 304)	G	No

(*) G = Fully consolidated; E = Equity method Consolidation

(**) Book value in individual accounts

Thousands of euros

SUBSIDIARIES

Name	Parent Company	Registered Office	Line of Business	Ownership 2019	Ownership 2018	Equity: Share Capital Subscribed	Equity: Share Capital Paid	Equity: Reserves + Net Profit	Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
CEPSA GAS COMERCIALIZADORA, S.A.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Gas distribution	70%	70%	3 060	3 060	(24 541)	-	G	No
CEPSA GAS Y ELECTRICIDAD, S.A.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Electricy distribution	100%	100%	12 330	12 330	74 761	130 621	G	Yes
GENERACIÓN ELÉCTRICA PENINSULAR, S.A.	Cepsa Gas y Electricidad, S.A.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Cogeneration	70%	70%	32 000	32 000	53 476	22 400	G	No
SERVICIOS ENERGETICOS DE ALTA EFICIENCIA, S.A.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Electricy sales	100%	100%	100	100	3 058	5 408	G	Yes
SURESA RETAMA, S.L.U.	Cepsa Gas y Electricidad, S.A.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Wind generation	100%	100%	605	605	11 669	17 082	G	Yes
CEPSA CHEMICAL (SHANGHAI), CO., LTD	Cepsa Química China, SA	Nº 159 Pu Gong Rd., Shanghai Chemical Industrial Park. - Shanghai. China	Manufacturing, Commercialization of phenol, acetone and related products	75%	75%	241 637	241 637	(100 446)	56 294	G	No
CEPSA CHEMICAL PRODUCTS (SHANGHAI), LTD	Cepsa Chemical (Shanghai), CO., LTD	Nº 159 Pu Gong Rd., Shanghai Chemical Industrial Park. - Shanghai. China	Manufacturing, Commercialization of phenol, acetone and related products	75%	-	26 176	26 176	-	26 176	G	No
CEPSA CHIMIE BÉCANCOUR, INC.	Cepsa Química, S.A.	5250 Boulevard Becancour. G9H 3X3 Becancour. QUEBEC. Canadá	Commercialization of petrochemical products	100%	100%	1 152	1 152	36 285	7 718	G	No
CEPSA ITALIA, S.p.A.	Cepsa Química, S.A.	Viale Milanofiori Palazzo A/6. 20090 Assago- MILAN. Italia	Commercialization of petrochemical products	100%	100%	6 000	6 000	6 544	9 737	G	No
CEPSA QUÍMICA CHINA, S.A.	Cepsa Química, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Shareholder	75%	75%	12 830	12 830	44 058	42 220	G	Yes
CEPSA QUÍMICA, S.A.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Production and sale of petrochemicals	100%	100%	60	60	698 741	553 617	G	Yes
CEPSA UK, LTD.	Cepsa Química, S.A.	Audrey House 16 - 20 Ely Place. EC1N 6SN London. Reino Unido	Commercialization of petrochemicals	100%	100%	3 337	3 337	9 346	10 532	G	No
DETEN QUIMICA, S.A.	Petresa Participaçoes, LTDA	Rua Hidrogenio 1744 Complejo Industrial. 42810-010 Camaçari Bahía . Brasil. Brasil	Production and sale of petrochemicals	71%	71%	61 333	61 333	83 806	152 959	G	No

(*) G = Fully consolidated; E = Equity method Consolidation

(**) Book value in individual accounts

Thousands of euros

SUBSIDIARIES

Name	Parent Company	Registered Office	Line of Business	Ownership		Equity					
				2019	2018	Share Capital Subscribed	Share Capital Paid	Reserves + Net Profit	Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
ATLAS, S.A. COMBUSTIBLES Y LUBRIFICANTES	Compañía Española de Petróleos, S.A.	C/ Playa Benitez, s/n. 51004 Ceuta. España	Oil and gas trading	100%	100%	3 930	3 930	1 095	4 077	G	Yes
C.M.D. AEROPUERTOS CANARIOS, S.L.	Compañía Española de Petróleos, S.A.	Polígono Industrial Valle de Güimar Manzana XIV, parcelas 17 y 18. 38509 Güimar - Santa Cruz de Tenerife. España	Jet fuel distribution	60%	60%	21 576	21 576	5 002	12 946	G	No
CEDIPSA, CIA. ESPAÑOLA DISTRIBUIDORA DE PETROLEOS, S.A.	Cepsa Comercial Petróleo. S.A.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Sales in service station	100%	100%	8 114	8 114	22 395	48 059	G	Yes
CEPSA AVIACIÓN, S.A.	Compañía Española de Petróleos, S.A.	ES. Comb. Aviac. Camino de San Lazaro, s/n Zona ind. Aeropuerto Tenerife Norte Los Rodeos. 38206 San Cristobal de la Laguna - Santa Cruz de	Oil and gas transport	100%	100%	954	954	19 535	18 956	G	Yes
CEPSA BIOENERGIA SAN ROQUE, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Oil and gas trading	100%	100%	3 003	3 003	4 045	8 003	G	Yes
CEPSA CARD, S.A.U.	Cepsa Comercial Petróleo. S.A.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Group Cards management	100%	100%	60	60	(800)	460	G	Yes
CEPSA COMERCIAL PETRÓLEO, S.A.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Petrol station administration	100%	100%	82 043	82 043	733 879	687 546	G	Yes
CEPSA MARINE FUELS, DMCC	Compañía Española de Petróleos, S.A.	Office 3201 / 32nd floor Platinum Tower Juemeirah Lake Tower. - Dubai. EAU	Commercialization of oil products (outside EAU)	100%	100%	406	406	992	-	G	No
CEPSA PORTUGUESA DE PETROLEOS, S.A.	Compañía Española de Petróleos, S.A.	Avda. Columbano Bordalo Pinheiro, 108-3º B. 1070-067 Lisboa. Portugal	Oil and gas trading	100%	100%	30 000	30 000	37 828	65 957	G	No
CEPSA TRADING AMERICAS, INC	Compañía Española de petróleos, S.A.	206 E. 9th Street, suite 1300 Cape May. 78701 Austin Texas. USA	Oil and gas trading	100%	-	8	8	(117)	13	G	No
CEPSA TRADING ASIA, PTE LTD	Compañía Española de Petróleos, S.A.	6 Temasek Boulevard 38-01 Suntec Tower Four. 038986 -. Singapore	Oil and gas trading	100%	100%	461	461	503	461	G	No
CEPSA TRADING, S.A.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Oil and gas trading	100%	100%	60	60	(2 834)	60	G	Yes
DETISA COMERCIAL PETRÓLEO, S.A. DE C.V.	Cepsa Comercial Petróleo, S.A.U.	Paseo de la Reforma 295 Piso 8 Oficina A Ciudad de Mexico	Petrol station administration	100%	100%	7 734	4 048	(891)	7 734	G	No
INTRANSPORT SERVICE XXI, S.L.	Cepsa Comercial Petróleo, S.A.U.	Calle Colón de Larreategui, 26 7º A. 48009 Bilbao. España	Oil and gas trading	100%	-	2 201	2 201	3 140	5 951	G	No
PETRÓLEOS DE CANARIAS, S.A. (PETROCAN)	Compañía Española de Petróleos, S.A.	Explanada de Tomás Quevedo, s/n. 35008 Las Palmas de Gran Canarias (GRAN CANARIA). España	Bunkering services	100%	100%	120	120	34 091	34 363	G	Yes
PROPEL-PRODUTOS DE PETROLEO, L.D.A.	Compañía Española de Petróleos, S.A.	Avda. Columbano Bordalo Pinheiro, 108-3º B. 1070-067 LISBOA. Portugal	Supply point management services	93%	93%	224	224	187	1 380	G	No
PROPEL-PRODUTOS DE PETROLEO, L.D.A.	Cepsa Portuguesa, S.A.	Avda. Columbano Bordalo Pinheiro, 108-3º B. 1070-067 LISBOA. Portugal	Supply point management services	7%	7%	224	224	187	1 380	G	No
RED ESPAÑOLA DE SERVICIOS, S.A.U. (RESSA)	Cepsa Comercial Petróleo. S.A.U.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Group Card management	100%	100%	300	300	33 848	39 705	G	Yes
SPANISH INTOPLANE SERVICES, S.L.U.	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, 259 A. 28046 Madrid. España	Oil and gas trading	100%	100%	1 000	1 000	(328)	2 547	G	Yes

(*) G = Fully Consolidation ; E = Equity method Consolidation

(**) Book value in individual accounts

Thousands of euros

JOINTLY CONTROLLED ENTITIES

Name	Parent Company	Registered Office	Line of Business	Ownership		Equity					
				2019	2018	Share Capital Subscribed	Share Capital Paid	Reserves + Net Profit	Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
ASFALTOS ESPAÑOLES, S.A. (ASESA)	Compañía Española de Petróleos, S.A.	Paseo de la Castellana, nº 141. 28046 Madrid. España	Oil Refining to obtain asphalt products	50%	50%	8 529	8 529	26 502	17 869	E	No
ATLAS NORD HYDROCARBURES, S.A.S. (ANH)	Cepsa Comercial Petróleo, S.A.U.	4, Rue Blida Casablanca Maroc	Petrol station administration	50%	50%	15 810	15 810	1 532	7 905	E	No
BITULIFE, S.A.	Cepsa Comercial Petróleo, S.A.U.	105, Rue Amir Abdelkader Casablanca Morocco	Petrol station administration	40%	-	1 603	1 603	6 995	7 359	E	No
Sociéte de Recherches et d'Exploitations Industrielles, SOREXI, S.A.	Cepsa Comercial Petróleo, S.A.U.	105, Rue Amir Abdelkader Casablanca Morocco	Petrol station administration	40%	-	1 171	1 171	19 982	26 596	E	No
NUEVA GENERADORA DEL SUR, S.A.	Compañía Española de Petróleos, S.A.	Avda. San Luis, nº 77 Edificio C 4ª planta. 28033 Madrid. España	Power cogeneration	50%	50%	2 290	2 290	24 385	3 691	E	No
SINARMAS CEPSA PTE, LTD	Cepsa Química, S.A.	108 Pasir Panjang Road - Golden Agri Plaza. 118535 Singapore. -	Sulphonation and sulfation of LAB and fatty alcohols.	50%	50%	330 201	330 201	(135 663)	123 400	E	No

(*) G = Fully consolidated; E = Equity method Consolidation

(**) Book value in individual accounts

Thousands of euros

ASSOCIATES

Name	Parent Company	Registered Office	Line of Business	Ownership		Equity					
				2019	2018	Share Capital Subscribed	Share Capital Paid	Reserves + Net Profit	Net Cost of Investment (**)	Consolidation Method (*)	Fiscal Group
ABU DHABI OIL, CO, LTD (ADOC)	Cosmo Abu Dhabi Energy E&P Co., Ltd	1-1 Shibaura 1 - Chome, Minato - Ku. - Tokyo. Japan	Research and exploration	13%	13%	92 987	92 987	90 477	71 446	E	No
COSMO ABU DHABI ENERGY E&P Co. Ltd	Cepsa International, B.V.	Hamamatsucho BLDG., 1-1-1 Shibaura, Minato-Ku. - Tokyo. Japan	Research and exploration	20%	20%	28	28	35 502	17 396	E	No
CEPSA GIBRALTAR, LTD.	Cepsa Internacional, B.V.	Europort Building 7 2nd Floor. (P.O. Box 51). - -. Gibraltar	Oil and gas trading	50%	50%	71	71	18 203	25	E	No
CS CHEM LIMITED	Cepsa Química, S.A.	Audrey House 16-20 Ely Place. EC1N 6SN London. United Kingdon	Shareholder	30%	30%	1	1	88 105	25 465	E	No
SIL CHEMICALS, LTD	CS Chemical, Ltd	161 A, Raufu Taylor Close Victoria Island. - Lagos. Nigeria	Production and sale of Lab-Las	30%	30%	116	116	89 610	84 882	E	No

(*) G = Fully consolidated; E = Equity method Consolidation

(**) Book value in individual accounts

Table II

Detail of main transactions and assets under joint control in CEPSA Group, as of December 31st, 2020, concerning Exploration and Production assets.

Thousands of euros

				% Ownership		Revenue		Profit before tax		Net profit		Total Assets		Total Liabilities	
List of all joint operations	**Country**	**Operator**	**Nature of activities**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
RKF	Argelia	Groupement RKF (Sonatrach / Cepsa Algerie, S.L.)	Exploration & Production	49,00%	49,00%	64 089	119 689	34 198	67 295	1 756	6 346	161 952	146 027	85 305	156 198
Ourhoud	Argelia	Sonatrach - Organisation Ourhoud	Exploration & Production	37,13%	37,13%	175 692	285 981	106 564	233 693	63 937	140 673	78 510	75 433	16 169	7 109
Timimoun	Argelia	Sonatrach / TEPA/ Cepsa Algerie, S.L.	Exploration & Production	11,25%	11,25%	19 382	24 224	-129 704	-5 688	-131 655	-8 169	32 209	174 460	6 784	8 701
BMS	Argelia	Hess ReR	Exploration & Production	75,00%	75,00%	45 369	94 605	-15 094	30 302	-15 094	30 140	205 485	250 617	205 485	250 617
Tiple	Colombia	Cepsa Colombia, S.A.	Exploration & LTT	70,00%	70,00%	138	0	663	6 423	138	0	-49	129	1 117	1 321
Garibay	Colombia	Cepsa Colombia, S.A.	Exploration & LTT	50,00%	50,00%	303	2 279	-808	589	303	2 279	819	1 172	720	348
Jilguero	Colombia	Cepsa Colombia, S.A.	Exploration & Production	57,86%	57,86%	219	4 252	-811	-5 889	219	4 252	-652	133	1 891	2 615
Merecure	Colombia	Cepsa Colombia, S.A.	Exploration	35,00%	35,00%	0	0	131	-268	0	0	293	-119	567	393
El Portón	Colombia	Cepsa Colombia, S.A.	Exploration	50,00%	50,00%	0	0	0	0	0	0	0	0	44	0
Cpo 12	Colombia	Meta Petroleum	Exploration	42,80%	42,80%	0	0	-24	9	0	0	0	0	0	0
Río Paez (La Cañada Norte)	Colombia	HOCOL	Exploration & Production	16,67%	16,67%	1 708	3 490	330	1 945	1 708	3 490	453	3 091	696	597
San Jacinto	Colombia	HOCOL	Exploration	16,67%	16,67%	0	0	0	0	0	0	0	0	0	0
Caracara	Colombia	Cepsa Colombia, S.A.	Exploration & Production	70,00%	70,00%	65 553	154 431	11 773	55 088	65 553	154 431	55 414	121 907	18 729	29 882
Rodaballo	España	Repsol	Exploration & Production	15,00%	15,00%	0	0	0	0	0	0	0	0	2 000	1 601
Casablanca	España	Repsol	Exploration & Production	7,40%	7,40%	337	525	0	0	0	0	0	1 978	13 567	11 709
Montanazo	España	Repsol	Exploration & Production	7,25%	7,25%	0	159	0	0	0	0	0	-536	778	768
Barracuda	España	Repsol	Exploration & Production	9,39%	-	60	-	0	-	0	-	0	-	0	-
Boquerón	España	Repsol	Exploration & Production	4,50%	4,50%	60	171	0	0	0	0	0	444	143	116
Block CE-M-717	Brasil	Premier Oil	Exploration	50,00%	50,00%	0	0	-20	-1 567	-15	-1 175	20 501	15 992	20 501	15 992

2020 INTEGRATED MANAGEMENT REPORT

A YEAR OF CHALLENGES AND CHANGE

CEPSA

CONTENTS

LETTER FROM THE CHAIRMAN

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

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

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

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

As a United Nations Global Compact signatory for the past 15 years, Cepsa has shown firm and unambiguous commitment to the universal principles of human rights, the Sustainable Development Goals and the environment. Given the overwhelming importance of mobilizing an effective response to climate change, we are proud to have achieved an A- rating in the Carbon Disclosure Plan Climate Change Initiative in 2020. In keeping with those commitments, in 2021 we will adopt a five-year decarbonization plan and have already committed to reducing water extraction at our largest facilities by 13% in 2030 from 2018 levels.

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

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

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

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

Musabbeh Al Kaabi

Chairman

Note

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

LETTER FROM THE CEO

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

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

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

Our main aim at present is to quickly address the energy transformation entailed in the fight against climate change. To adapt our business model towards one that is more sustainable and environmentally friendly is a requirement that I agree with, both out of a feeling of responsibility towards the future generations who will take over from us and because it is what our main stakeholders want.

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

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

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

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

Philippe Boisseau

CEO of Cepsa

2020, A YEAR OF CHALLENGES AND CHANGE

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

The Environment in 2020

COVID-19

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

-4.3% **Global GDP forecast**
Source: World Economic Outlook 2020. International Monetary Fund.

Fall in the price of crude oil and its products

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

-35% **Drop in Brent barrel price in 2020 as compared to 2019 (USD/barrel)**
Source: Platts.

Evolution of refining demand and margins

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

-9% **Reduction in global demand for petroleum.**
Source: World Bank.

The energy transition and climate change

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

-55% **Commitment to cut emissions in the European Union by 2030 as compared to 1990 levels.**
Source: European Commission.

Growing interest in ESG matters

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

1,000 **Investment assets managed at global level in accordance with ESG Criteria (2020) (USD thousand million)*.**
Source: BlackRock Investment Institute.

* Share capital, bonds, mixed allocation, the money market and alternative funds.

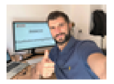
Our Response to a Crisis

Essential products and services supply and safety guarantee

- **Carrying out a critical activity** to supply essential energy products for society and to contribute to the reactivation of the country. Likewise, Cepsa has provided essential chemicals for cleaning and prevention tasks related to COVID-19, even increasing it production capacity.
- **Protection of employees, customers and suppliers** by adopting prevention measures at our facilities and allowing people to work from home.
- **Maintaining our activities** by means of a business continuity plan and reinforced product supplies, acting as a driving force in various parts of the economy.

100% *Service stations in operation.*

100% *Office employees with the ability to work remotely.*



Support for society in the face of the pandemic

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

18,000 *Families that have received cleaning products thanks to an agreement between the Cepsa Foundation and the Persán Foundation.*

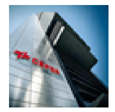
€ 661,176 *contributed by the Foundation to support society in the context of the pandemic.*

Fundación Cepsa

Planning our activities to adapt them to the crisis

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

€527 *million saved thanks to the Contingency Plan.*



9% *Reduction in fixed costs as compared to 2019.*

Transformation for Long-Term Success

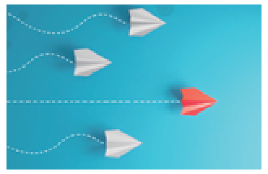
Organizational transformation

Cepsa has embarked on a transformation process to become a more agile, business-driven and clearly outward-looking organization. This transformation has led to a separation of functions and a greater devolution of power to functional areas and businesses in order to meet future challenges.

In addition, the company has restructured the Board's operating committees to simplify their structure and operation.

Definition of a new strategy and commitment to the energy transition

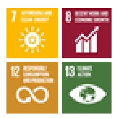
In 2021 Cepsa will present its new strategy to become a leading player in the energy transition. The new strategy will establish specific commitments to reduce our carbon footprint and promote eco-fuels and renewable energies.



Reinforcing ESG (Environmental, Social and Governance) performance

To achieve this, we have created a department specifically in charge of this task, as well as several cross-departmental teams that will ensure that ESG criteria are adequately considered in internal processes and decision-making. In addition, we have reviewed those SDGs that are a priority for Cepsa due to being particularly in line with our strategy and commitments.

PRIORITY SDGs



A NEW ORGANIZATION TO ADDRESS FUTURE CHALLENGES

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

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

Cepsa Executive Committee

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

Organizational principles in the transformation of the company
• Business led organization • Responsibility and empowerment • Separation of functions • Agility in decision making • Outward-looking focus

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

This new organizational model has prompted the creation of three new Departments: the ESG Department, the Technology and Operations Department and the Strategic Growth Department. The transformation undertaken has also led to other changes in the internal organization of various units. In total, the organizational changes have affected more than 1,000 people in the company.

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

- Cepsa will overcome the challenges of the energy transition and promote its growth. We are working on optimizing our diversified business model and competitiveness -

2020 MILESTONES

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

Financing from the European Investment Bank for the Detal project which will improve our energy efficiency and reduce our environmental impact.

Successful completion of the second and third bond issues for an amount of 500 million euros each.

Transfer to Redexis of piped propane supply points and start-up of the first natural gas vehicle refueling station.

Consolidation of our growth in Morocco through an agreement with Madjaline Holding to produce and commercialize asphalt.

In our chemical plants in Andalusia, we consume 100% renewable electrical energy.

In conjunction with Redexis, we expanded the first natural gas refueling station to light vehicles.

Signing of a memorandum of understanding with Sonatrach to extend our collaboration in the Exploration and Production business.

We joined the #apoyamoslosODS campaign, promoted by the Global Compact Network Spain

Reinforcement of our presence in the professional transport market with the acquisition of the IS-XXI station network.

Agreement with Inspiring Girls to promote the inclusion of girls in science and technology careers.

We were recognized in the European environmental awards in the Spanish section for our Detal project.

We held the 5th Ethics Day, which focused on the importance of reporting inappropriate conduct to improve our environment.

Implementation, in conjunction with IONITY, of the first corridor of the largest intercity ultra-fast charging network in Spain.

Renewal and extension of this certification which annually recognizes the best organizations that provide excellent working conditions for their employees.

BUSINESS ENVIRONMENT

GLOBAL MACROECONOMIC ENVIRONMENT

The world economy contracted by 4.3%[1] in 2020, mainly due to the reduction in activity in the second quarter of the year.

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

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

With regard to the Eurozone, the European Central Bank forecasts that the economy will reach pre-crisis levels in mid-2022 and will exceed it by 2.5% in 2023. In the case of Spain, although GDP will grow by 6.8% in 2021, the recovery to pre-COVID-19 levels will be delayed until mid-2023[3].

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

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

SECTORAL ENVIRONMENT

Price of crude oil (Brent) and supply

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

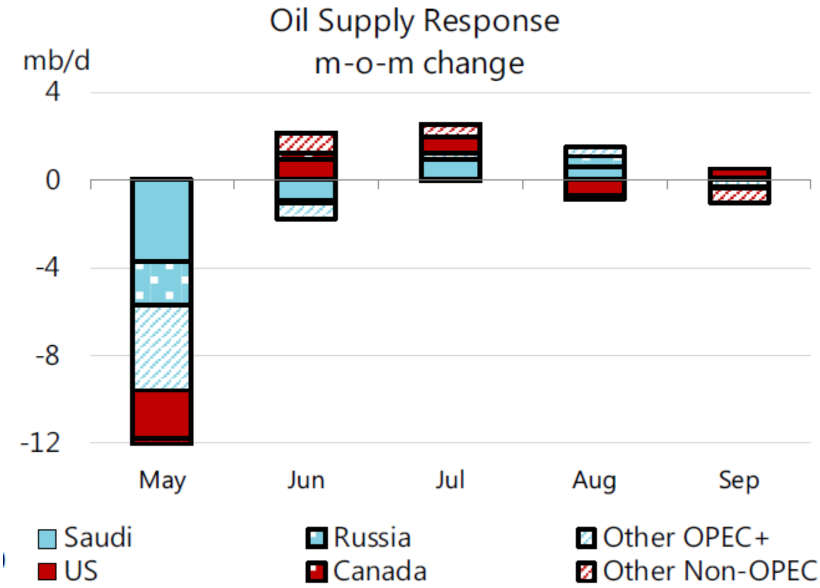
World oil production fell in 2020 by 6.4 mb/d. Meanwhile, the global supply and consumption of crude oil experienced two stages last year, as a result of the pandemic. From early 2020 to the end of May, decreases in oil consumption outpaced reductions in oil production and resulted in an increase in global inventories by 1,200 million barrels. However, for much of the second half of the year, rising oil consumption and a reduction in its production by members of the Organization of the Petroleum Exporting Countries (OPEC) and Russia and other non-member countries (OPEC+), and lower US crude oil production caused inventories to fall, with Brent prices reach a monthly average of $50 per barrel in December.

- Evolution of crude oil production by major producers worldwide -

[1] Annual average.

[2] Source: World Bank.

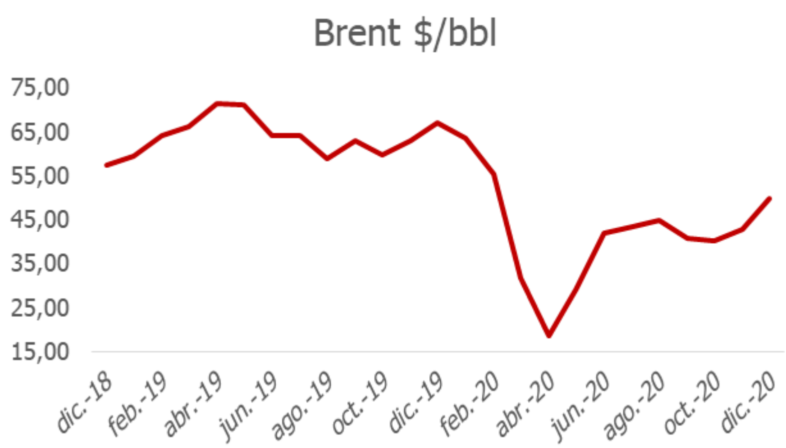
[3] Bank of Spain. Report on macroeconomic forecasts (2020-2023). Central scenario.



Source: International Energy Agency

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

- Evolution of the Brent crude price -



The price of Brent crude, the benchmark in Europe, has fallen by more than 85% since January 2020, reaching its lowest point in April at $64 per barrel. That month's average was $18 per barrel. In 2020, the average price was $41.7 per barrel, 35% lower than in 2019.

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

Demand

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

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

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

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

Regulation

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

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

Refining margins

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

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

During the second quarter, with the health crisis spreading first to Europe and later to America, and as a result of the mobility restriction measures imposed, there was a significant reduction in the demand

[4] World Bank. Global Economics Prospects, January 2021.

for energy products and a sharp drop in prices and margins from April, with a particular impact on sales of jet fuel; the accelerated decline in crude prices did not alleviate the decline in margins.

In the third quarter of the year, margins remained low, even decreasing slightly compared to those obtained in the second quarter. Although demand recovered with the lifting of mobility restrictions and the arrival of summer, there were still products that did not recover to pre-crisis levels (aviation fuels). The differentials of middle distillates (diesel and jet) did not follow the upward trend of crude oil, still penalized by the high inventories created in previous months. Regarding fuels for ground transportation (gasoline), there was a recovery in demand, but still short of the figures prior to the pandemic.

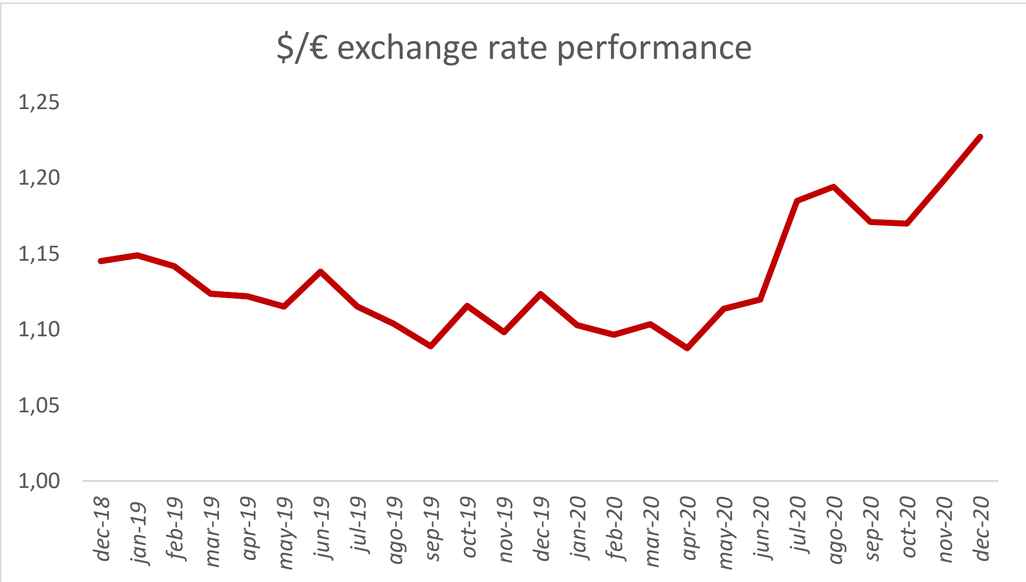
The fourth quarter was marked by the confirmation of the second wave of the pandemic, with the return of restrictions on mobility in practically the whole of Europe. This slowed down the recovery of demand experienced over the summer, and mild weather conditions also meant that demand for heating fuels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

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

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

Exchange rate

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



1. SAFETY AND CONTINUITY IN A GLOBAL EMERGENCY

The COVID-19 pandemic has generated an unprecedented situation that has affected the activity of the company and its businesses.

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

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

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

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

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

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

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

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

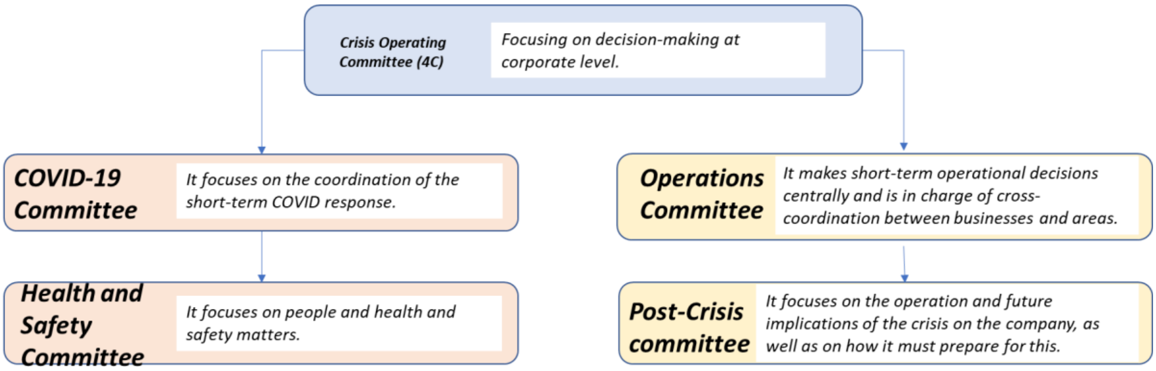
1.2. CRISIS MANAGEMENT FRAMEWORK

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

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

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

COVID-19 crisis management framework



The return to work

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

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

1.3. DESCRIPTION OF THE ADOPTED CRISIS MANAGEMENT MEASURES

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

Support for our employees to guarantee their well-being and safety in our centers.

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

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

Our response to protecting our people

Focus	Continuous assessment	• Health and safety risk assessment and update • Diagnosis of remote working conditions and the well-being of employees. • Monitoring of health and safety conditions through medical services. • Creation of action protocols with service companies for the prevention of infections.
	Tools and training	• Increasing technological resources to facilitate remote working. • Changes in shift systems in factories to reduce the number of people in the plant at the same time. • Unification of criteria in the use of personal protective equipment. • Greater training offer for professionals and workshops on various topics (emotional well-being, entertainment, training in programming for the children of employees, sports, etc.) in which more than 1,200 people have participated.
	Communication and information	• Creation of specific communication channels for COVID-19, including a WhatsApp COVID-19 application, which offers all the relevant information for employees and all related resources at their disposal. • Ongoing dialogue with workers' representatives.
	De-escalation	• Work on de-escalation plans and development of guides and courses for returning to work.

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

Economic-financial performance

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

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

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

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

Our response to the crisis

Focus	Resilience initiatives	• Reduction of fixed expenses in all operations and business units • Focus on rationalization of fixed and variable costs • Roughly 20% reduction in capital investments, taking advantage of the company's huge flexibility thanks to its integration throughout the energy value chain. • Prioritization of investments in projects with a higher yield. • Strict management of working capital • Adjustment of refining activity to current demand • Restructuring of teams in service stations to make them more flexible, through temporary redundancy schemes
	Operational excellence	• Improving our operational performance to achieve maximum efficiency in our centers, acting in areas such as digitalization, contract management and maintenance processes.
	Project execution	• Delivery in due time and manner of the most important current projects

Flexibility in the supply chain to ensure the supply of goods and services necessary for operations

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

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

Our response to ensuring supply

Focus	Critical supplier management	• Identification of critical suppliers to ensure the continuity of their supply through contingency plans and search for alternative suppliers where this supply could be jeopardized.
	Flexibility in contracting	• Renegotiation of contracts to adapt them to the needs of each moment.
	Contingency plans	• Definition of contingency plans to maintain operations in essential activities.
	Provision of medical supplies	• Launch of a medical supplies corridor that ensured we had all the necessary personal protective equipment, rapid virus detection tests and thermal imaging cameras in our facilities.

Collaboration with society through our Foundation

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

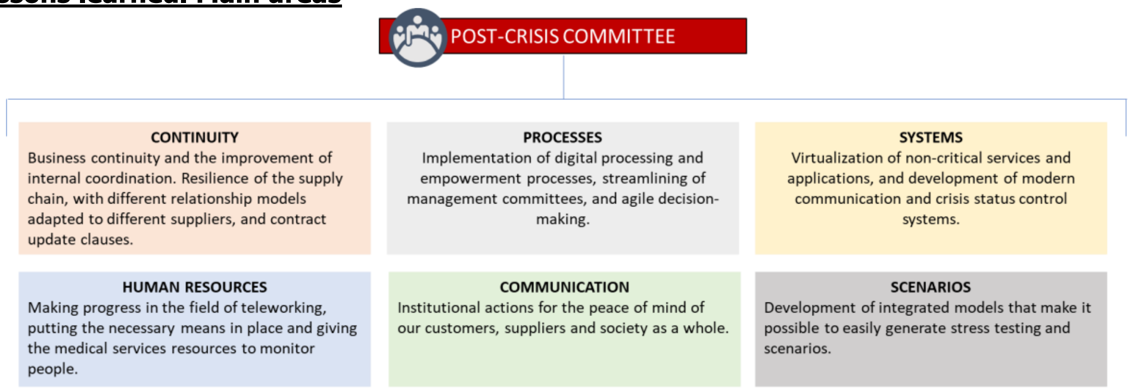
See more information about the Cepsa Foundation's actions in the face of COVID-19 in the section "6.8 Relationship with the environment in which we operate" included in this Report.

1.4. LESSONS LEARNED AFTER COVID-19

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

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

<u>Lessons learned. Main areas</u>



CEPSA

2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY

2.1. OUR DIVERSIFIED BUSINESS MODEL[1]

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

In order to carry out its business, Cepsa uses a set of assets or capital...

Financial capital

We are working to improve our capital structure and strengthen our liquidity position to adapt to the current situation.

- ***Equity .... €4,029 million***
- ***Net Debt / Adjusted EBITDA................................ 2.9***
- ***Liquidity ....€4,530 million***

Human capital

We have put in place an integrated talent management model that promotes constant improvement in the management of people and their development.

- ***Employees...9,680[2]***
- ***Female employees..36.3%***
- ***Training hours/employee.......................................38 h/employee***

Technological and intellectual capital

We have a significant portfolio of proprietary technologies, and we apply resources to the advancement of research and digital training.

- ***Number of R&D projects in progress........................46***
- ***% of energy transition innovation projects..32%***
- ***Number of partners with whom we have R&D partnerships..66***
- ***Professionals working on digital transformation and innovation ....223 [4]***
- ***Digital transformation projects........................190 (backlog of 767)***

Industrial capital

We have integrated assets throughout the entire value chain

- ***Capital utilized for exploration and production....€1,928 million***
- ***Capital employed in refining................................€3,096 million***
- ***Capital employed in chemicals.............................€1,267 million.***
- ***Capital employed in marketing............ €1,420 million.***

Natural capital

We identify our impacts and put measures in place to minimize them and make a more efficient use of natural resources.

- ***Raw materials used.................22,606k tons***
- ***Energy consumption...........................83,756 TJ***
- ***Volume of water withdrawn..............................40,002 m^3***
- ***Environmental investment.......€15 million***

Social and relational capital

We have an open dialog with our stakeholders to ascertain and meet their expectations.

- ***Value of purchases..................................€905.6 million.***
- ***Social action contribution....................€3,905,189[7]***

...which it manages throughout its activities...

Our businesses

Note: The next section provides a detailed explanation of Cepsa's value chain and businesses.

...to create value for its customers and other stakeholders.

Financial capital

We have achieved the necessary financial strength to be a leading player in the energy transition.

- ***Adjusted EBITDA....................................€1,187 million***
- ***Cash flow from operations............€1,019 million***
- ***Contingency plan savings initiatives.........€527 million***

Human capital

Our people are motivated and work in safe environments that facilitate their performance and development according to a system of shared values.

- ***Employees covered by a collective agreement...........8,705***
- ***Engagement index..85%***
- ***People in high-potential programs............................390***
- ***Employees who are teleworking..............................59.6%[3]***

Technological and intellectual capital

We generate value, increase the efficiency of our processes and products and move forward in energy transition and digital training matters.

- ***Development of new sustainable products............28%***
- ***Economic impact of licensing, and application of proprietary technologies ......€200 million between 2015 and 2020.***
- ***Bio-fuel production thanks to our proprietary technologies...100 ton/year***
- ***% of digital projects entailing a reduction in CO2 ....18%***
- ***People with digital skills.........................482[5]***

Industrial capital

We produce high added-value raw materials and generate energy with an increasing focus on renewable technologies.

- ***Attributed hydrocarbon production...66.1k b/d***
- ***Distilled crude oil.........................138.4 million barrels***
- ***Chemical products sales (millions of tons)...................2,795 mton***
- ***Production of renewables and cogeneration......2,798,939 MWh***

Natural capital

We are reducing our environmental footprint and putting increasingly more sustainable products on the market.

- ***CO_2 intensity .... 75 tCO2eq/TJ of energy sold***
- ***Percentage of renewable electricity consumed..........17%***
- ***Waste recovery..54%[6]***

Social and relational capital

We integrate our activities with the environment in a responsible manner and have stable relationships with our stakeholders.

- ***% of local suppliers......................................42.60%***
- ***Social action beneficiaries..........................506,842[8]***

[1]Cepsa's Annual Integrated Management Report has been drawn up in accordance with the requirements of the International Integrated Reporting Framework. This section sets out the company's business model in detail in accordance with the capital structure proposed in the framework.

[2]Data for 57 partial retirees (43 men and 14 women) are not included in 2020..

[3]Employees who were authorized to work from home one day a week before the pandemic. The percentage has been calculated based on the total number of employees working in the parts of the company in which teleworking is encouraged (Torre Cepsa and commercial office employees).

[4]This includes employees of the Center for Digital Transformation and Research in corporate and business matters

[5]Employees who have been involved in digital initiatives or who have taken part by taking one or more of the various courses in the CDX program.

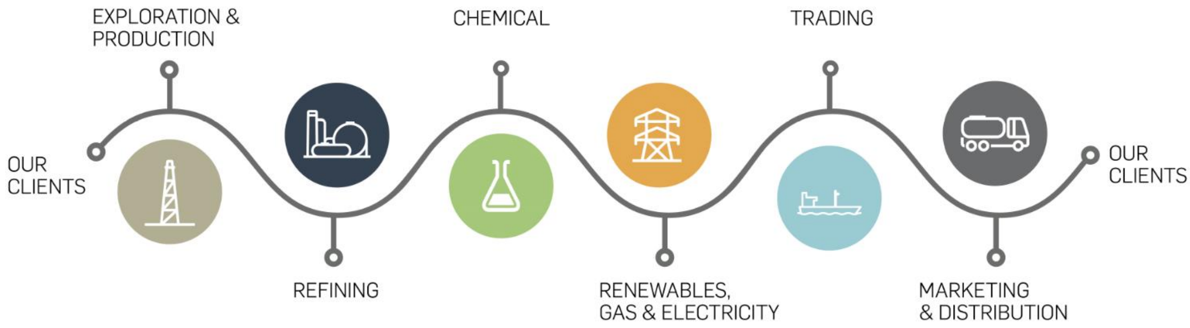
[6]The percentage of own recovered waste is indicated as a percentage of the total amount of own waste managed. MARPOL waste is not included.

[7]This includes investments in voluntary and mandatory social action.

[8]This includes the direct and indirect beneficiaries of voluntary and mandatory social action initiatives.

2.2. A GLOBAL COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN.

OUR VALUE CHAIN



Exploration and production

Our Exploration and Production unit is dedicated to the exploration, development and production of oil and natural gas. We are present in: Spain, Latin America, North Africa and the Middle East.

Main indicators	2020	2019
Net entitlement production (Thousands of barrels per day)	*66.1*	*76.5*
Crude oil sales (millions of barrels)	*19.2*	*20.8*

Main milestones in 2020

- Commissioning of the Umm Lulu Super Complex after more than 60 million hours of work without any safety or environmental incidents. The Sarb and Umm Lulu fields produced more than 8 million net barrels of oil for Cepsa in 2020.
- Completion of the corresponding contract in the KBM cluster in Malaysia and the successful and safe abandonment of the production platforms in Thailand.
- Measures to reduce expenses and investments due to the fall in the price of crude oil and production.

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

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

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

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

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

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

Exploration and production facilities

ALGERIA

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

COLOMBIA

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

PERU

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

UNITED ARAB EMIRATES

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

MEXICO

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

SURINAME

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

BRAZIL

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

THAILAND

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

SPAIN

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

Refining

Our refineries allow us to convert crude oil into petroleum derivatives. We have a total refinery capacity of 23.6 million tons per year, 32% of the installed capacity in Spain.

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

Main milestones in 2020
• Successful manufacture in our refineries of marine fuel oil with a low sulfur content adapted to the new International Maritime Organization regulations. • Drafting of a concession project for the Huelva Port Authority to build a new pipeline at the La Rábida refinery, in association with CLH, that will enable a renovation of the existing infrastructure and an improvement in logistic competitiveness. • More sustainable technology in our products with the incorporation of second generation biofuels, made from recycled oils, in the manufacture of our motor fuel and marketing of biopropane in autogas. • Implementation of the RTO (Real Time Optimization) tool at the La Rábida refinery to optimize its production

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

The installed refining overcapacity in Europe and the competitiveness of refineries in Russia, the Middle East and the United States continue to be the main threats to European refineries. Moreover, in Europe we are faced with growing environmental requirements and technical specifications for our products with lower authorized CO_2 emissions and a greater presence of biofuels. In this context, Cepsa is undertaking various actions to guarantee the viability of its refineries, such as programs to continuously improve efficiency, improve processes and reduce costs.

GIBRALTAR SAN ROQUE (CÁDIZ)

Refining capacity:
12.6 million tons/year.

LA RÁBIDA (HUELVA)

Refining capacity:
11 million tons/year.

Chemicals

We are world leaders in the manufacture of LAB (raw material for biodegradable detergents) and cumene, and the second largest producers of phenol and acetone, for the production of next-generation plastics.

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

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

Main indicators	2020	2019
Sales of petrochemical products (millions of tons)	*2,795*	*2,900*

Main milestones in 2020
• Record year for Chemicals with an EBITDA increase of 45% compared to 2019 ○ 13% growth in LAB in a context of higher demand and supply of raw materials restricted by operational difficulties. Cepsa maximized production thanks to its integration and operational leadership ○ Resilience in the phenol business, both in China and Spain

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

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

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

CEPSA

Renewables, Gas and Electricity

We offer gas and electricity to both industrial customers and consumers in the tertiary sector in Spain and Portugal.

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

Main milestones in 2020
• 25% increase in commercialized electrical energy despite the adverse scenario caused by the pandemic.

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

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

In addition, we have our first wind farm, located in the province of Cádiz. It has 11 generators and an installed power of 29MW. The production from this farm avoids 32,000 t/year of greenhouse gas (CO_2)) emissions.

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

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

Electricity

7 cogeneration plants and one combined cycle plant in Andalusia.

Renewable energy

Wind farm in Jerez de la Frontera (Cádiz).

Capacity: 29 MW.

Trading

Our trading business supplies crude oil and other products to refineries. In addition, it sells the crude produced in our fields and the products directed at foreign markets.

Main indicators	2020	2019
Volume of trading operations (millions of barrels)	*24.6*	*18.5*

Main milestones in 2020
• Opening of Trading business offices in Houston (USA). • Signing of a new crude oil procurement contract with ADNOC (Abu Dhabi National Oil Company).

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

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

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

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

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

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

Supply to the refining system

158.5 million barrels of crude oil

Vessel management

1,347 ships

Marketing and Distribution

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

Through our derivatives we are present all over the world; We sell motor fuels, butane, propane, fuels for ships and planes, lubricants and asphalts, among many other products.

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

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

Main milestones in 2020
• Consolidation of the Service Station network in Morocco, with the opening of 30 new stations, which will allow us to obtain the definitive operator license. We are also developing channels for direct sales and lubricants. • We strengthened our presence in the Moroccan asphalt market with the acquisition of a 40% stake in the companies Sorexi and Bitulife, together with the leading group (Madjaline Holding) in the storage and distribution of asphalt bitumens and insulation products. • We reinforced our positioning in professional transport by acquiring a 100% stake in Sociedad Intransport Service XXI, S.L.U. which owns 5 service stations in the north of Spain. • We began to sell fuel in Mexico through a network of 13 service stations under our Red Energy brand, selling more than 50,000 cubic meters. • We adapted our marine lubricants to the IMO2020 (International Maritime Organization) regulations, thanks to our extensive experience in this market. • We began to sell VLSFO 0.5% (Very Low Sulfur Fuel Oil), significantly reducing the amount of sulfur oxides generated by ships.

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

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

We market and sell our petrol, fuels and special products through a broad network of service stations (1,783 points of sale) in Spain, Portugal, Mexico, Morocco, Andorra and Gibraltar; comprising both our own direct sales channels and an extensive national and international network of agents and distributors.

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

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

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

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

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

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

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

SERVICE STATIONS

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

LPG

Distributors	96 in Spain 12 in Portugal
Agencies	34 in Spain 9 in Portugal
Production plants	9 plants 6 additional bottling plants

JET FUEL

75,000 m^3 of supply capacity with operations in Spain's and Portugal's major airports.

FUEL STATIONS FOR BOATS

33 fuel stations for boats in Spain.

BUNKERING*

Spain

51 ports with a presence through tankers

10 barges

8 ship fueling stations

ASPHALTS, LUBRICANTS AND SPECIAL PRODUCTS

Asphalt plants	5 plants in Spain 1 plant in Portugal
Lubricant plants	2 plants, one of which also produces coolants

2.3. CEPSA'S PRESENCE AROUND THE WORLD

3. READY FOR THE FUTURE

3.1. STRATEGIC PILLARS FOR THE ENERGY TRANSITION

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

- The negative impact of COVID-19 on the economy.
- The need to prioritize the energy transition in response to the needs of our customers.
- The regulatory changes needed to promote a low-carbon economy.
- The overcapacity in refining in Europe.

New Strategic Plan 2021-2025 and Energy Transition

In 2020, along with our focus on a rapid reaction to the crisis, we began to reorganize and transform the company. The new senior management team is working with the CEO, Philippe Boisseau, to design a revamped and ambitious strategy based on our strengths, and on the expansion and development of new businesses that will transform Cepsa and help it become the leading player in the energy transition.

Our Strengths: we believe we play a key role in the Energy Transition:

- **Our diversification** that offers us, apart from the resilience demonstrated in 2020, the best guarantee in responding to technical and innovation challenges.
- **Financial soundness**, which makes it possible to generate profit and grow steadily.
- **Our talent.** 100 years of experience and know-how, which contributes to our R&D driver, to the continuous improvement of our operations and to the ability to execute projects worldwide.
- **Leadership in chemicals** and positioning as one of the leading companies in the refining sector.

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

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

-This new strategic plan will be presented in the first half of 2021 and will be a watershed for the company, laying the foundations for Cepsa to be at the forefront of the energy transition -

3.2. INNOVATION AS A LEVER OF TRANSFORMATION

Innovation will allow us to achieve the sustainability and energy transition objectives of the most significant national and international policies.

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

Main indicators	*2020*
Investments in innovation in (millions of euros)	***14,837***
Number of R&D projects in progress	***46***
Percentage of research center projects related to the energy transition	***32%***
Number of partners we collaborate with on R&D projects	***66***
Development of new sustainable products	***28%***

Main milestones in 2020
• Installation of four new refining pilot plants, three of them with the support of the Centre for the Development of Industrial Technology (CDTI) of the Spanish Ministry of Science and Innovation. • Launch of a project to assess the possibilities of obtaining petrochemical raw materials from the chemical recycling of plastics.

INNOVATION TO SUPPORT THE GOALS OF THE ENERGY TRANSITION

- Innovation is a fundamental lever to support the transformation of the energy system. -

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

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

Main projects carried out by the Research Center in 2020
• **Chemical recycling of plastics to produce petrochemical raw materials.** The project evaluated the possibilities offered by pyrolysis processes to chemically recycle plastics to produce hydrocarbons compatible with current petrochemical raw materials. This line of work is therefore aligned with the principles of the circular economy and the mitigation of climate change. • **Installation of four new pilot units, three of them with the financial support of the Centre for the Development of Industrial Technology (CDTI) of the Spanish Ministry of Science and Innovation.** These units will accelerate the evaluation of new catalysts, the processing of raw materials of "bio" origin and the development of special products such as bitumens, lubricants, marine fuels and paraffin waxes.

- **Increased oil recovery using CO_2 to replace light hydrocarbons.** This technique will avoid the injection of valuable gases and reuse the CO_2 emissions generated in fields in Abu Dhabi.

- **Development of advanced analysis techniques that allow us to develop new applications for our raw material for detergents (Linear Alkylbenzene and derivatives).** Through this new methodology (GCxGC ToF/FID), Cepsa has managed to improve these processes, once again leading the way in the use of the most innovative technologies in the field of manufacturing and monitoring.

- **Evaluation of methane (CH_4) as a source of hydrogen (H_2).**

- **Studies on the intensification of catalytic processes by redesigning reactors.**

- **Study on catalytic regeneration with no CO_2 emissions through the use of solvents.**

COLLABORATION WITH OTHER EXTERNAL PARTNERS

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

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

- **Collaborations with universities or centers of the Spanish National Research Council (CSIC) of the Spanish Ministry of Science and Innovation.**

- **Collaborations with partners in state-funded projects**, from entities such as the CDTI (Centre for the Development of Industrial Technology), the Spanish Ministry of Science and Innovation (MICINN) and the Technological Corporation of Andalusia (CTA), and internationally funded ones (Horizon 2020).

- **Collaborations with start-ups** in innovative projects such as Visolis, Ultraclean and Cellicon.

3.3. TRANSFORMING THE COMPANY FOR THE DIGITAL AGE

Cepsa soon identified the opportunities associated with digital transformation. Since then, we have made progress to ensure we are prepared. Digital transformation is one of the pillars in the future of our business.

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

(1) Employees who have been involved in digital initiatives or who have taken part by taking one or more of the various courses in the CDX program

(2) Projects completed at the end of 2020 from Cepsa's digital transformation program, which has 767 projects in the portfolio.

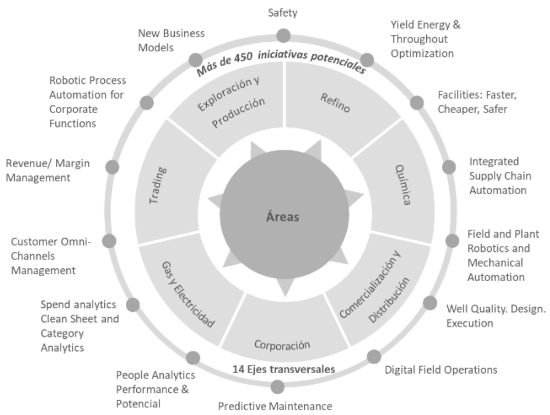
Main milestones in 2020
• Launch of the first edition of the Cepsa Digital Experience program to equip our employees with the necessary skills for digital transformation. • Implementation of a data-driven strategy that democratizes the use of data and the extraction of value from its analysis. • Agile *Everywhere project, part of the Agile Delivery strategy,* aimed at deploying and extending agile methodologies throughout the organization

MAIN INITIATIVES

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

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

Cepsa Digital transformation plan



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

- **Cepsa Digital Experience (CDX).** The first edition of this program was launched, aimed at equipping professionals with new skills in digital transformation to accelerate the company's transformation process. In 2020, 121 employees participated. CDX consists of three phases:
    - Learning and acquisition of knowledge phase;
    - Experience phase in which trainees participate in real initiatives;
    - "Value" phase in which trainees solve real problems in their business areas.

- **Data-Driven Strategy.** The implementation of a data-driven strategy will democratize the use of data and the extraction of value from its analysis. A study of the data access needs of different types of users has been carried out and the stock of adequate tools to access them has been identified. Work is also being done to upload all the data to the cloud.
- **Agile Delivery Strategy.** Within this strategy, the Agile Everywhere project enables agile methodologies to be deployed and extended throughout the organization. In the context of this initiative, a scheme has also been designed to detect potential projects, as well as all the necessary steps to implement agile cells in all Cepsa management departments.

4. _EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT

4.1. GOOD GOVERNANCE

During the 2020, which was marked by the COVID-19 pandemic, the Board guided the Management in making decisions regarding contingency plans and responding to the challenges that arose.

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

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

Main indicators	2020	2019
Number of members of the Board of Directors (as of 31 December)	*10*	*10*
Number of meetings held by the Board	*10*	*6*
Attendance at meetings of the Board of Directors	*100% (1)*	*95% (2)*

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

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

Main milestones in 2020
• New Executive Committee to carry out the company's transformation process. • Restructuring of the Board's Operating Committees to simplify their operation and structure.

CORPORATE GOVERNANCE ADAPTED TO BEST PRACTICES

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

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

Commitments and principles that inspire the governance of the company
• Ethical behavior. • Compliance with the law and internal regulations, as well as transparency in our actions. • Workplace health and safety surveillance. • Environmental protection. • Maximizing long-term and sustainable value creation. • Social commitment to local communities. • Constant dialogue with our stakeholders.

MANAGEMENT BODIES

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

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

<u>Structure of management bodies</u>

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

Reporting to the ACER Committee is the **Compliance and Ethics Operating Committee,** whose objective is to assist this former in monitoring compliance with the Corporate Governance and Compliance Policies, the Code of Ethics and Conduct, as well as to offer a methodology and ensure standardized reporting of the main compliance issues. These include tax compliance, personal data regulations, capital markets regulation, crime prevention model, international sanctions and embargoes, money laundering prevention model, anti-bribery and corruption model, prevention of occupational risks, protection of competition model, etc.

Leadership of the Board of Directors in the response to COVID-19

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

Appointment of the members of the management bodies

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

Both our directors, as well as potential candidates for occupying these positions, are professionals of proven integrity, whose professional conduct and career are aligned with the principles of Cepsa's Code of Ethics and Conduct and its vision and values.

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

Composition of the Board of Directors and its Delegated Committees*

Name	Board of Directors	Director category	Date of initial appointment	Audit, Compliance, Ethics and Risk Committee	Nomination and Compensation Committee
Mr Ahmed Yahia Al Idrissi	Chairperson	Proprietary	Since 04/02/2021		
Mr Marcel van Poecke	Vice Chairperson	Proprietary	Since 15/01/2019		Member
Mr Philippe Boisseau	CEO	Executive	Since 15/10/2019		
Mr Musabbeh Al Kaabi	Member	Proprietary	Since 26/04/2017		
Mr Ángel Corcóstegui	Member	Independent	Since 01/02/2016	Chairperson	
Ms Alyazia Al Kuwaiti	Member	Proprietary	Since 18/01/2016		Chairperson
Mr Saeed Al Mazrouei	Member	Proprietary	Since 20/11/2018	Member	
Mr Marwan Nijmeh	Member	Proprietary	Since 15/10/2019		Member
Mr Bob Maguire	Member	Proprietary	Since 15/10/2019	Member	
Mr Joost Dröge	Member	Proprietary	Since 15/10/2019		
Mr Ignacio Pinilla	Non-director secretary	N/A	Since 31/01/2012	Secretary	

Mr José Tellez	Non-director vice secretary	N/A	Since 24/10/2014	Vice Secretary	
Mr Carlos Morán			Since 11/05/2012		Secretary

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

Cepsa's management bodies

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

Executive Committee
This is the executive body responsible for the daily management of all businesses, for the organization and strategic coordination of the Group and for ensuring the integration of economic, social, environmental and ethical aspects in all decision-making processes at the highest level. The Chief Executive Officer reports directly to the Board of Directors on the most significant issues

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

4.2. **ETHICAL MANAGEMENT**

To ensure the transformation of the company, it is essential that employees carry out their professional activity with integrity.

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

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

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

Main milestones in 2020
• Successful ISO 19601 and 37001 certifications. • Successful external audit of the Crime Prevention Model under the ISAE 3000 standard. • Employee survey to find out their opinion on the ethics and conduct model, and specifically on the operation of the whistleblowing hotline. • Training for managers, team leaders and other business partners on compliance. • Implementation of the KYC (Know Your Counterparty) tool to complete our third party due diligence.

ETHICS AND CORPORATE POLICIES

Management approach

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

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

Main training programs in 2020
• Virtual training for 2,103 employees on the Code of Ethics and Conduct and training on crime prevention. • Specific training for new Group directors and members of the Executive Committee in compliance matters

<u>Awareness-raising actions on ethics in 2020</u>

Celebration of the 5th Ethics Day at Cepsa.	Feedback survey on ethics
 The company celebrated the fifth edition of Ethics Day, in the presence of our CEO, and with presentations from several experts including Ana Garrido, 2018 Anti-corruption award from Transparency International. During the event, awards were handed out to the *Compliance Believers*, employees who have demonstrated a particular commitment in this area.	We launched a feedback survey among all our employees to find out their evaluation about our ethics model and the whistleblowing hotline. These initiatives from company aim to strengthen the involvement of its workforce in fulfilling their commitment to ethical behavior.

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

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

Cepsa's internal regulations. Main policies

- Crime prevention policy.
- Third party due diligence policy.
- Conflicts of interest policy.
- Supplier code of ethics.
- Anti-bribery and corruption in the public and private sector policies.
- Corporate responsibility policy.
- Health and safety, environmental protection and quality policy.
- Human and workers' rights policy.
- Personal data protection policy.
- Corporate tax policy.
- Ethics and compliance channel policy.
- General corporate risk policy

Access Cepsa's internal regulations at www.cepsa.com

Ethics and Compliance Channel.

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

Whistleblowing hotline

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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

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

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

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

COMPLIANCE MANAGEMENT SYSTEM

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

In this regard, all the actions indicated above aimed at informing about our Code of Ethics and Conduct and other internal regulations are fundamental. These include the training program on the Crime Prevention Model imparted to 76 executives, 85% of the Group's total. Also of note are the onboarding sessions that have been carried out for all the new managers who have joined the company.

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

External audit of the Crime Prevention Model

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

UNE 19601 certification

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

ANTI-CORRUPTION, BRIBERY AND MONEY LAUNDERING

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

Anti-corruption, bribery and money laundering measures taken by the company in 2020

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

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

RESPECT FOR HUMAN AND WORKERS' RIGHTS.

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

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

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

Management in line with the most advanced international practices

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

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

Access the principles of action contained in the Human and Workers' Rights Policy at www.cepsa.com

4.3. **RISK MANAGEMENT**

Cepsa has a Comprehensive Risk Management System integrated in all the organizational levels of the company.

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

Main indicators	2020
% of risk indicators related to ESG within the internal risk reporting models	*56%*
Non-financial risk events over the total risks identified in strategic planning processes	*46%*

Main milestones in 2020
• Drawing up of the ESG (Environmental, Social and Governance) risk map. • Inclusion of the ESG dimension in the risk analysis of the LTP (Long Term Plan).

RISK MANAGEMENT MODEL

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

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

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

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

- Risk management is fully integrated into the strategic and budgetary planning process–

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

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

Emerging risks

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

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

Political and social instability

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

New ways of working

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

[5] Committee of Sponsoring Organizations of the Treadway Commission.

[6] You can find more information about this issue, please refer to the risk annex.

ESG risks

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

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

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

Environmental aspects	• Accidents/incidents with an impact on the environment. • New regulations on CO_2 emissions, waste management, use of water resources and restrictions on chemical derivatives.
Social criteria	• Health and safety management and running safe operations. • Access to a skilled workforce and employee relations • Social sensitivity of the customer and product responsibility • Relationship with the community and other stakeholders • Access to sustainable financing
Governance criteria	• Growing importance in the regulatory framework • Information security, cyber attacks and data protection

- The analysis carried out in accordance with the main international guidelines has enabled the identification of ESG risks with an impact on the company's Strategic Plan -

Identification and management of climate-related risks and opportunities in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

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

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

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

4.4. INTERNAL CONTROL SYSTEM

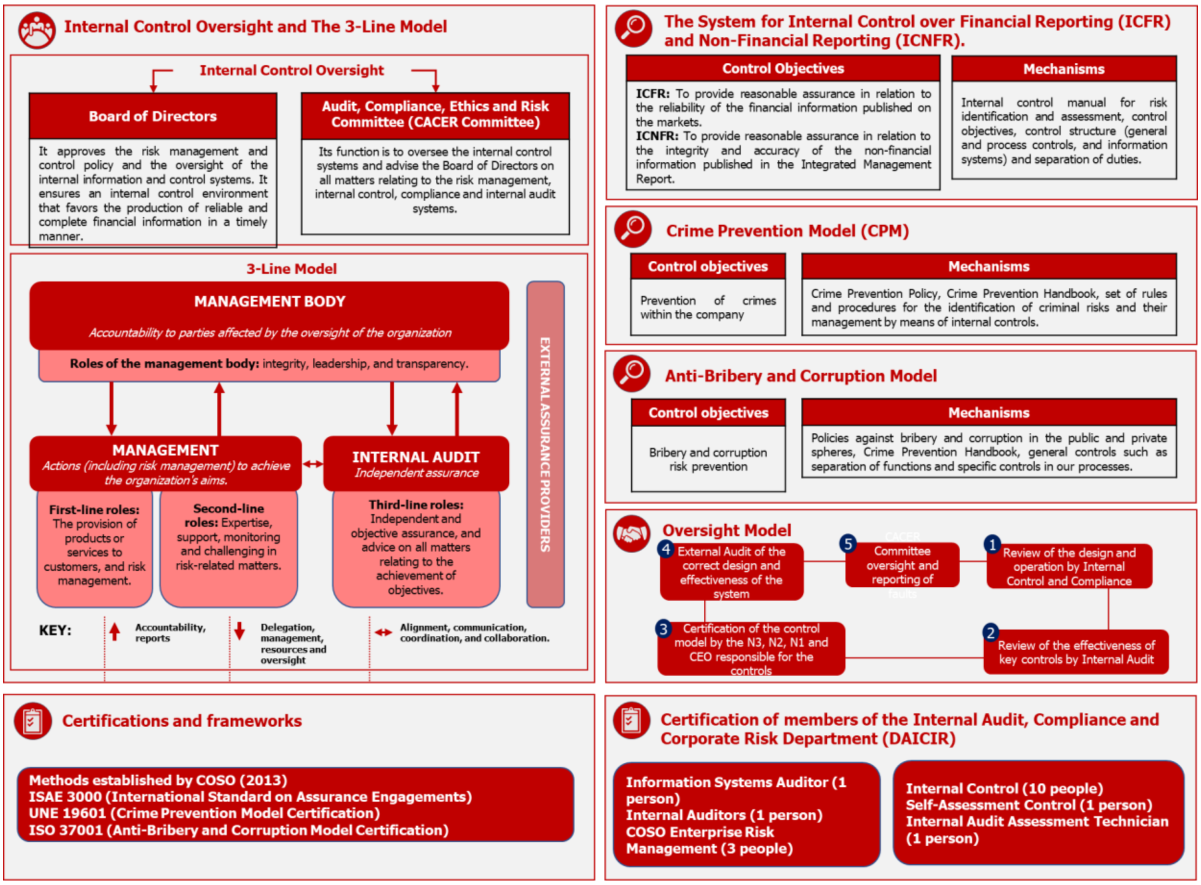
Cepsa's internal control system has been implemented in accordance with the best international practices, taking as its main reference the methodologies established by COSO, the international standard on assurance engagements (ISAE 3000), the international standard for the implementation of criminal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

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

- A system of Internal Control over Financial Reporting (ICFR)
- A system of Internal Control over Non-Financial Reporting (ICNFR)
- Crime Prevention Model (CPM)
- Anti-bribery and corruption model

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

MAIN COMPONENTS OF THE INTERNAL CONTROL SYSTEM



5. ECONOMIC AND OPERATIONAL PERFORMANCE

5.1. MAIN FINANCIAL AND OPERATIONAL INDICATORS

Results (million of euros)	2020	2019	2018
Revenue (*)	15,760	23,857	24,712
EBITDA IFRS (**)	622	2,004	1,896
Adjusted EBITDA	1,187	2,058	1,763
IFRS Net attributable profit	(919)	820	830
Adjusted Net attributable profit	1	610	754
Financial data (million of euros)	**2020**	**2019**	**2018**
Share capital	268	268	268
Equity attributable to the Parent Company	3,944	5,201	5,436
Net financial debt excluding IFRS 16 impact	2,825	2,746	3,089
IFRS Capital Employed	7,480	8,807	8,632
Cash Flow from operations	1,019	2,079	1,256
Free Cash Flow	260	1,152	(758)
Dividends paid to shareholders	196	1,082	351
Investments during the year	652	924	2,255
Environment data	**2020**	**2019**	**2018**
Annual average Brent crude oil price ($/barrel)	41.7	64.3	71.0
Annual average exchange rate (€/$)	1.14	1.12	1.18
Markets and business data	**2020**	**2019**	**2018**
Working interest production (thousand barrels/day)	75.8	92.6	83.4
Net Entitlement production (thousand barrels/day)	66.1	76.5	58.4
Crude oil sales (milion of barrels)	19.2	20.8	14.2
Crude oil distilled (million of barrels)	138.4	156.9	160.9
Utilisation Rate Refineries	78%	89%	91%
Refining margin indicator ($/barrel)	2.5	4.3	6.1
Chemical products sales (millions of tons)	2.8	2.9	2.9
Electricity output (GWh)	2,799	3,587	2,242
Natural gas sales (GWh)	30,918	33,176	30,003
Non-financial reporting	**2020**	**2019**	**2018**
Number of employees	9,737	10,185	10,153
Female workers (%)	36.3%	36.5%	35.8%

* excise tax oil and gas included

** International Financial Reporting Standars

5.2. **ANALYSIS OF THE CONSOLIDATED RESULTS**

A) **OVERALL PERFORMANCE FOR THE YEAR**

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

* Excise tax oil and gas included

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

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

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

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

The worst affected Marketing activity was that related to the final consumer –service stations network and jet and marine fuel– due to the reduced transportation of people and goods, the drastic fall in air traffic and the slump in the holiday and tourism sectors. This reduction was partially offset by other commercial lines which were able to capture opportunities due to product availability, and by the service station network, thanks to better margins in fuel and in the service station stores.

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

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

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

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

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

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

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

The breakdown of investments by business segment is as follows:

			Million of euros
Investments during the year	**2020**	**2019**	**2018**
Exploration & Production	179	212	1,659
Refining	279	469	392
Commercial	105	107	101
Chemical	87	109	80
Corporation	23	27	23
Total	**673**	**924**	**2,255**

New assets amounting to 673 million euros were recognized during the year, 27% down on the previous year. As previously indicated, at the start of 2020, the company implemented an immediate action plan to analyze prospects and needs in the medium and long term in investments, which together with a disciplined approach to the selection of the most suitable projects enabled savings of 408 million euros with respect to the budget for the year.

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

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

The adjustments to the IFRS financial figures are as follows:

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

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

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

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

- In Exploration and Production, due to the volatility in crude oil prices and of the markets, the price trends used in the calculation of flows from the fields were reviewed, discount rates were updated, leading to a decrease in the recoverable amount of these assets and a consequent impairment of 327 million euros after taxes.

- As a consequence of the evolution of the prices of certain petroleum products, strongly affected by COVID 19, some refining facilities of the Refining-Marketing Cash-Generating Unit lost profitability as a result of which impairment losses of 167 million euros, after taxes, were recognized.

C) **RESULTS BY SEGMENTS**

Exploration and Production

Key indicators	2020	2019	2018
Working interest production (thousands b/d)	75.8	92.6	83.4
Algeria	*37.0*	*44.3*	*53.5*
UAE	*27.1*	*26.4*	*4.4*
LatAm	*9.7*	*12.6*	*13.7*
Other	*2.1*	*9.2*	*11.8*
Net entitlement production (thousands b/d)	66.1	76.5	58.4
Crude Oil Sales (million of barrels)	19.2	20.8	14.2
Average realised crude price in $/b	41.6	64.0	67.2
Adjusted EBITDA	458	963	649
Adjusted NIAT	(74)	194	232
Investments for the period (million of euros)	179	212	1,659

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

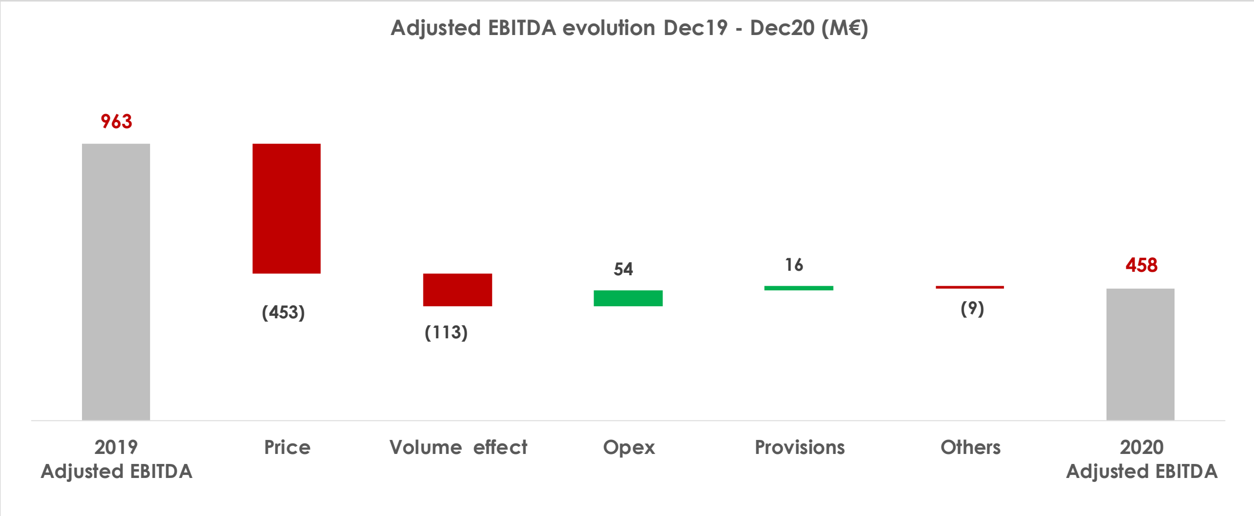
Participated production for the year was 75.8 thousand barrels per day, 18% lower than the 2019 figure, as a result of quota restrictions in Algeria and Abu Dhabi and the natural decline in fields in South America and Asia.

Production in Algeria decreased by 17% compared to 2019, standing at 37 thousand barrels per day. Meanwhile, the Sarb and Umm Lulu fields in Abu Dhabi slightly increased their production over 2019, as the development of the fields progressed, but the OPEC+ restrictions prevented their potential from being fully utilized. In 2020, the participated production in Abu Dhabi was 27.1 thousand barrels per day.

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

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

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



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

The decline was mainly due to the fall in realized crude oil prices, which contributed a loss of 453 million euros, and the reduction in the volume of crude sold, which had a negative impact on the income statement for an amount of 113 million euros. On a positive note, the operating expenses of the segment were reduced by 3% in 2020 (positive impact on the income statement of 54 million euros) mainly due to the contingency plan implemented last April.

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

Refining

Key indicators	2020	2019	2018
Crude oil distilled (million of barrels)	138.4	156.9	160.9
Utilisation Rate Refineries	78%	89%	91%
Output (million of tons)	19.3	21.49	21.81
Refining margin Indicator in Cepsa ($/bbl)	2.5	4.3	6.1
Natural Gas Sales (GWh)	30,918	33,176	30,003
Electricity production (GWh)	2,799	3,587	2,242
Trading volumes (million of barrels)	24.6	18.5	21.6
Adjusted EBITDA	10	433	578
Adjusted NIAT	(271)	124	258
Investments for the period (million of euros)	279	469	392

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

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

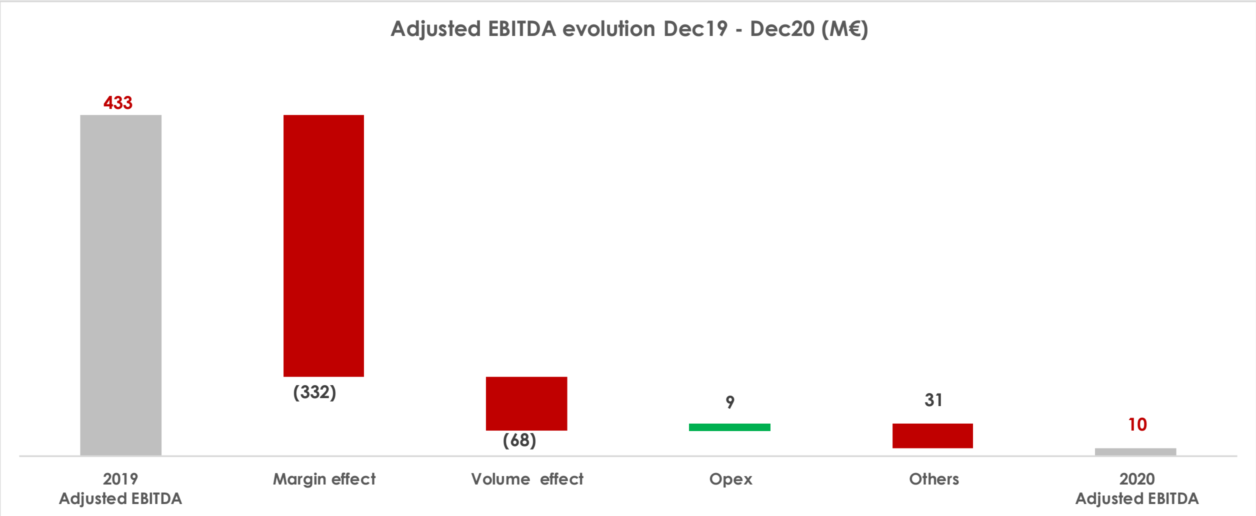
In this context of crisis, from April 2020 onwards, the company reduced the workload of the distillation units in both refineries in order to adapt to the evolution of the market and the demand for energy products. Subsequently, with the aim of optimizing operations in the two refineries, after the maintenance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

In 2020, crude oil distillation reached an average of 78% of installed capacity, representing a decrease of 12% compared to 2019. As a result, the production of oil derivatives in 2020 stood at 19.3 million tons, 10% lower than 2019. Similarly, the refining Margin Indicator recorded an average value of $2.5 per barrel, 42% lower than in 2019.

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

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

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



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

The Adjusted Net Loss was -271 million euros.

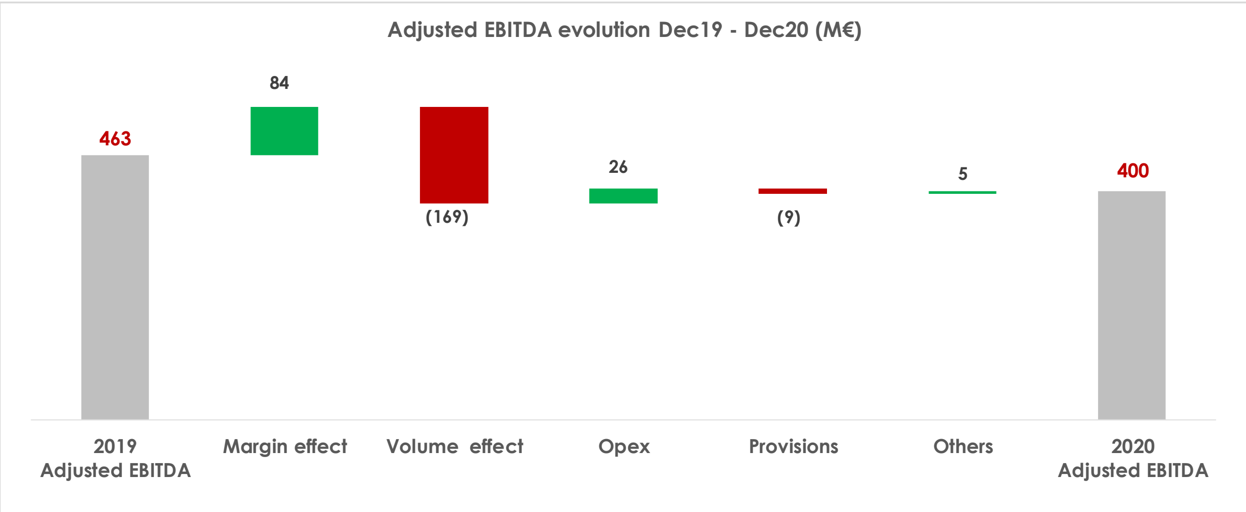
The investment rationalization initiatives implemented to preserve the generation of cash flow in this challenging market environment resulted in fewer investments compared to last year. Investments in the Refining business in 2020 were mainly related to the maintenance and improvement of safety in the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

Marketing

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

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

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



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

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

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

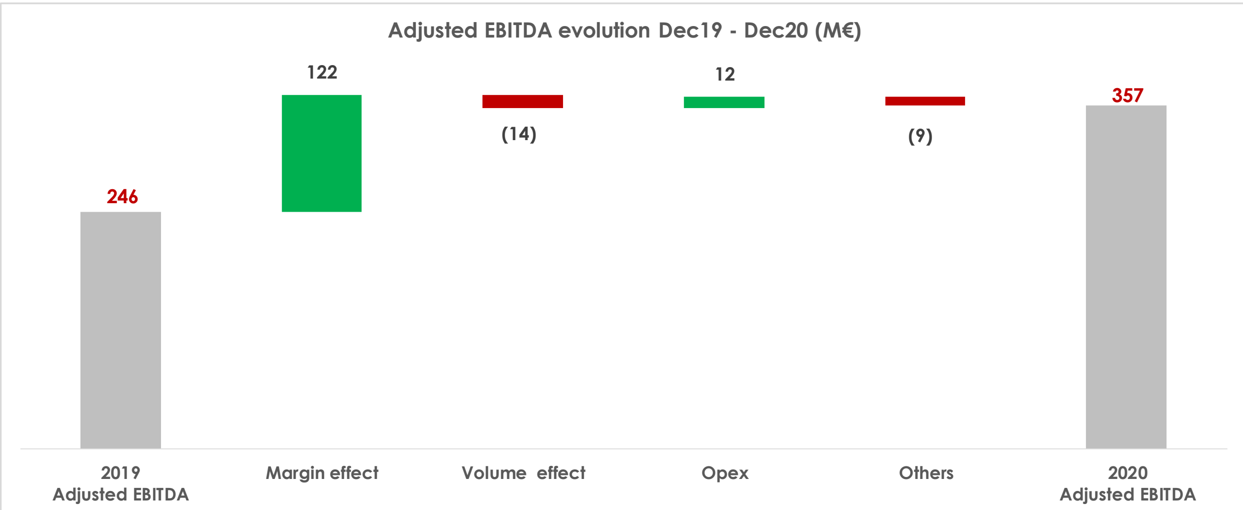
The Adjusted Net Profit was 169 million euros, 24% lower than the previous year.

Chemicals

Key indicators	2020	2019	2018
Chemical products sales (millions of tons)	2.80	2.9	2.9
LAB / LABSA	*0.70*	0.7	0.6
Phenol / Acetone	*1.52*	1.6	1.7
Solvents	*0.57*	*0.58*	*0.61*
Adjusted EBITDA	*357*	246	243
Adjusted NIAT	*205*	107	111
Investments for the period (million of euros)	87	109	80

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

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



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

The high margins achieved by this segment, also based on cost efficiencies, had a positive impact, with respect to 2019, of €122 million. Similarly, fixed expenses were cut by 12 million euros as one of the measures included in the contingency plan.

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

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

D) **ROACE**

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

Million of Euros

		12.31.2020		12.31.2019		12.31.2018	
Adjusted ROACE =	Adjusted Net Operating Profit / Average Adjusted Capital Employed =	96 / 8,064	= 1.2%	721 / 8,139	= 8.9%	845 / 6,770	= 12.5%

E) **WORKING CAPITAL**

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

Million of euros

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

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

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

F) **TREASURY SHARES**

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

5.3. **LIQUIDITY AND CAPITAL RESOURCES**

A) **CASH FLOWS**

Million of euros

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

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

Cash flows from investments decreased due to lower payments for investments in the year as a result of the resilience plan implemented and the measures taken because of COVD-19, which enabled a reduction in investments of 408 million euros compared to those budgeted.

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

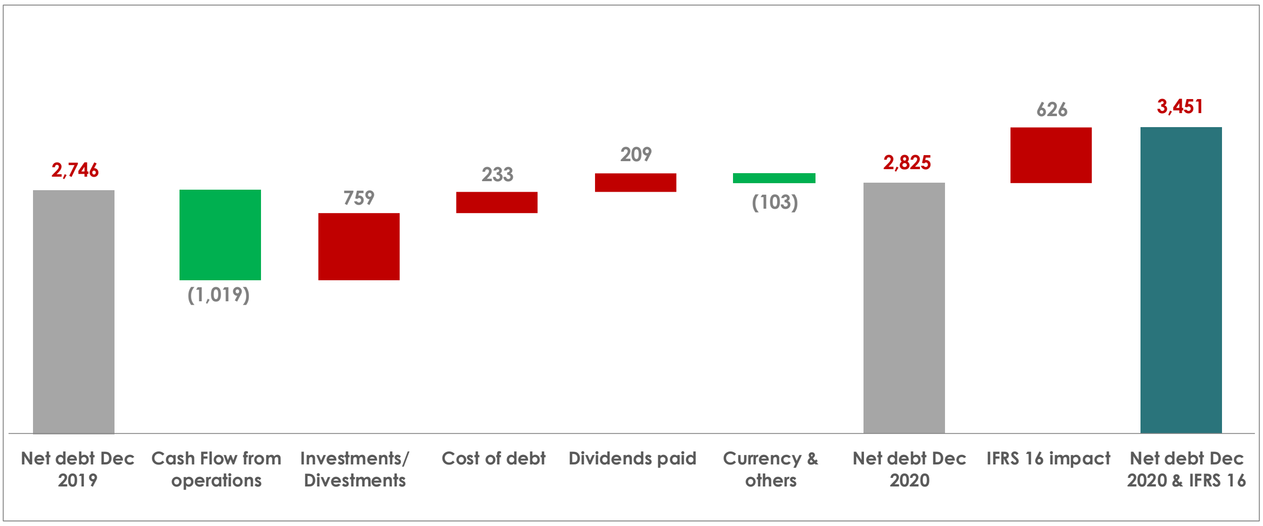
Despite the fall in EBITDA and boosted by the control of working capital and lower investment payments, free cash flow was positive, standing at 260 million euros.

B) **FINANCIAL POSITION**

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

The different measures aimed at protecting the company's cash generation, included in the contingency plan launched in April, ensured prudent levels of debt and leverage, offsetting very significantly the reduction in operating cash flows.

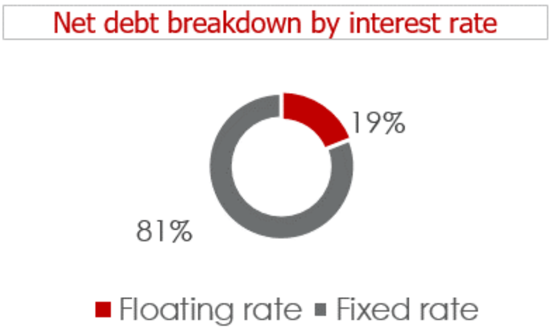
This graph shows the evolution of indebtedness based on the origins and uses of the funds.

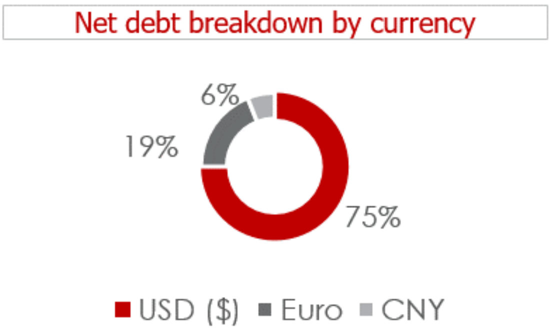


In 2020, operating cash flows were sufficient to pay for investments and debt servicing.

C) DEBT STRUCTURE AND MAIN FINANCING OPERATIONS

I. Debt structure





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

II. Main financing operations

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

- Two new bond issues amounting to a total of 1,000 million euros were launched in February and July 2020.
- Signing of new lines of financing with a maturity of 3 years for an amount of 1,056 million euros to further strengthen the company's already solid liquidity position. Of these operations, 600 million euros correspond to loans and 456 million euros to credit facilities.
- Also, and as usual since its signing in 2014, the 19 banks participating in its syndicated revolving credit facility of 2,000 million euros approved the extension of the maturity for further year. Following their unanimous agreement, the maturity was set to September 2025, which

significantly improves the quality of the Group's liquidity. No amounts were available for this figure as of 31 December 2020.

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

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

D) GEARING RATIO AND LEVERAGE RATIO

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

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

(*) excluding IFRS 16 impact

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

Leverage ratio			Million of euros
	2020	**2019**	**2018**
Net debt paid	***3,451***	***3,507***	***3,089***
Adjusted EBITDA	***1,187***	***2,058***	***1,763***
Net debt / Adjusted EBITDA ratio	***2.9x***	***1.7x***	***1.8x***
Net debt paid*	***2,825***	***2,746***	***-***
Adjusted EBITDA*	***1,051***	***1,914***	***-***
Net debt / Adjusted EBITDA ratio*	***2.7x***	***1.4x***	***n/a***

(*) excluding IFRS 16 impact

E) **CAPITAL EMPLOYED**

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

Million of euros

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

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

6. ESG PERFORMANCE

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

We want to become a leading player in ESG matters to add value to our businesses and respond to the expectations of our stakeholders.

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

Main milestones in 2020
• ***Governance***, *creation of:* ○ *A new ESG Department reporting directly to the CEO and as part of the Executive Committee* ○ *The ESG Steering Team as a cross-functional committee to manage these aspects within the company.* ○ *The Carbon Cycle Board as an interdisciplinary group of experts to make recommendations on the transition of our business to a low carbon model.* • ***SDG alignment:*** *review and prioritization of Cepsa's Sustainable Development Goals* • ***Rating and evaluation*** *of our ESG performance by third parties.*

MANAGEMENT APPROACH ON ESG MATTERS

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

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

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

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

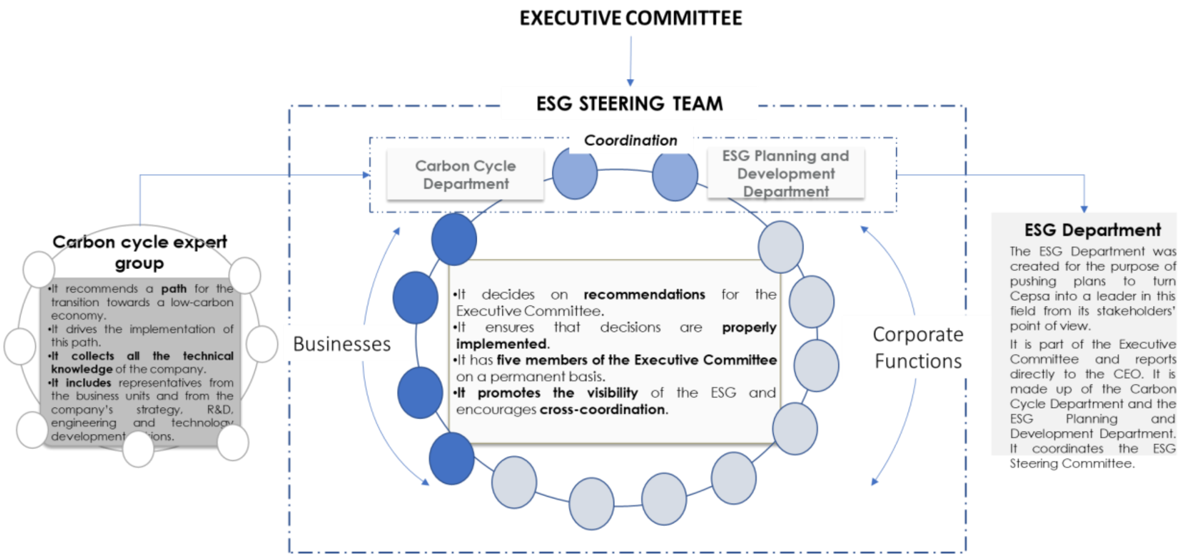
- The new ESG Department reflects our priority of working towards a greener model, and of making further progress in our positive contribution to society, based on collaborating with our environment and the constant implementation of best practices -

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

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

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

Governance of ESG aspects. Main bodies and departments involved–



RELATIONSHIP WITH STAKEHOLDERS

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

Cepsa has a Stakeholder Relationship Policy and a Management System in place, which establish the overall framework of action, as well as procedures that help prioritize and manage these relationships in order to mitigate risks and identify opportunities for improvement.

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

Expectations detected and communication channels established with the main stakeholders-

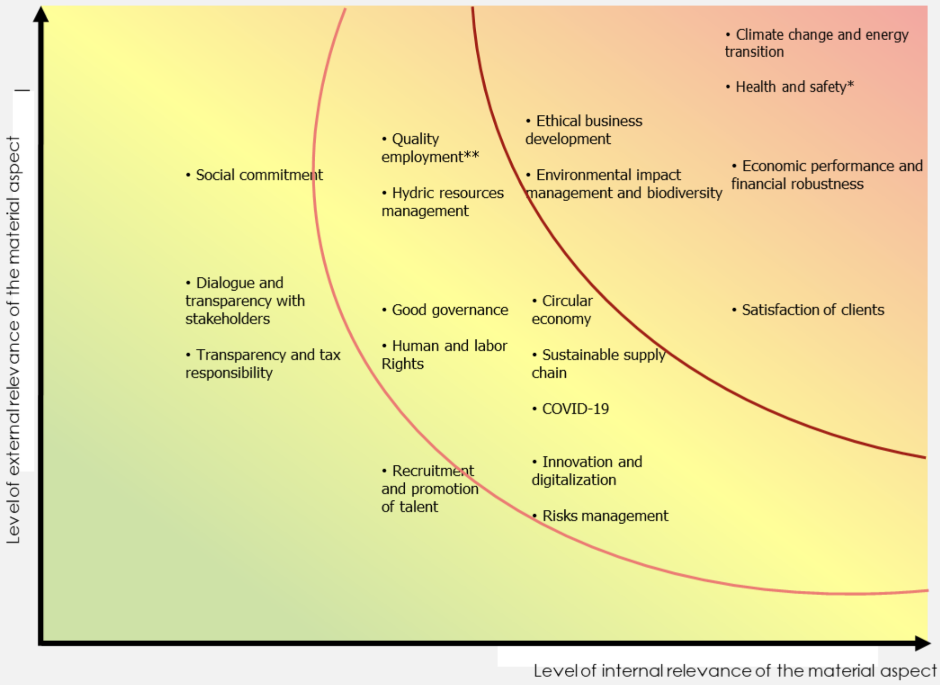
Stakeholders	Needs and expectations detected	Communication channels established
Shareholders	• Cepsa's performance • Investments • Explanation of controversies	• Representation in management bodies • Specific communications
Customers	• Quality and safety of goods and services • Security of supply • Fair treatment	• Satisfaction measurement and complaint management system • Customer Care Service • Service Now • Ethics Channel • Social media • Business website
Employees	• Stable and quality employment • Flexibility • Good working environment and conditions • Strategy for the future and investments • Equal pay and opportunities	• MAX, virtual assistant • Ethics Channel • Work atmosphere and engagement surveys • Think Box channel for ideas and suggestions • Corporate intranet • Internal communication processes
Society	• Environmental impact • Social action • Effects of business activities • Collaboration agreements • Good neighbor principle • Contribution to the community and job creation	• Community and neighborhood committees • Open days • Public consultations • Mailboxes • Local social action teams • Ethics Channel • Corporate website

	• Management of spills and waste • Security at the facilities	• Social media
Suppliers	• Business relationship • Equal conditions • Contract and transaction security • Communication • Digitalization	• Supplier portal on the corporate website • Satisfaction surveys • Mailboxes and support centers • Supplier day • Ethics Channel

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

Preparation of the materiality analysis in 2020

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



(*) Health and Safety includes: people, facilities, processes and cybersecurity

(**) Quality employment includes: diversity, well-being and employee satisfaction

INSTITUTIONAL RELATIONS

In the context of the 2030 agenda, Cepsa has an annual Institutional Relations Plan that enables us to proactively participate in public debates and strengthen the relationship with our stakeholders.

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

Main topics involving institutional relations in 2020

COVID-19 and post-COVID 19 management	Importance of the energy transition in the recovery	Other matters
Launch of numerous actions to intensify communications and coordination between administrations, sectoral associations and the private sector to guarantee the best energy supply conditions.	Dissemination of knowledge on issues such as the contribution that low carbon fuels can make to reducing emissions or the importance of the role of sustainable mobility in the transition process.	Communication of the company's position regarding: the Hydrogen Roadmap, the Draft Law on Climate Change and Energy Transition, the Draft Law on Sustainable Mobility, the Financing of Land Transport and the Law on Ports and Maritime Navigation, among other issues.

Cepsa also participates in different think tanks, initiatives and social and environmental entities, whose objectives are the design of best sectorial practices, collaboration between entities, the promotion of best practices and policies in multiple fields, sustainable development or transparency. The budget for these actions in 2020 was €3,394,171[7].

Other initiatives and entities of which Cepsa is a member

You can find more information about these initiatives at the following link.

CEPSA, PARTNER TO THE SUSTAINABLE DEVELOPMENT GOALS

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

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

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

- Priority SDGs for Cepsa -

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

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

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

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

6.2. **CLIMATE CHANGE**

Cepsa's priority in 2020 was to consolidate its ambitions in tackling climate change through the creation of a new "Carbon Cycle" department. The mission of this department is to promote the company's strategy in this area, covering both the reduction of emissions and the creation of a portfolio of low-carbon products.

Main indicators	2020	2019
CO_2 emissions (Scope 1) , thousands of tons CO_2	*5,166*	*5,962*
CO_2 emissions (Scope 2) , thousands of tons CO_2	*455*	*634*
CO_2 emissions (Scope 3) , thousands of tons CO_2	*53,577*	*71,354*
Energy consumption (TJ)	*83,756*	*94,709*

Main milestones in 2020

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

MANAGEMENT APPROACH

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

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

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

As part of this strategy, in 2020 the company strengthen its management structure, implementing a new governance model (described in the following section) that ensures that any relevant decision regarding energy transition and climate change is submitted to the highest levels of management and governance.

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

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

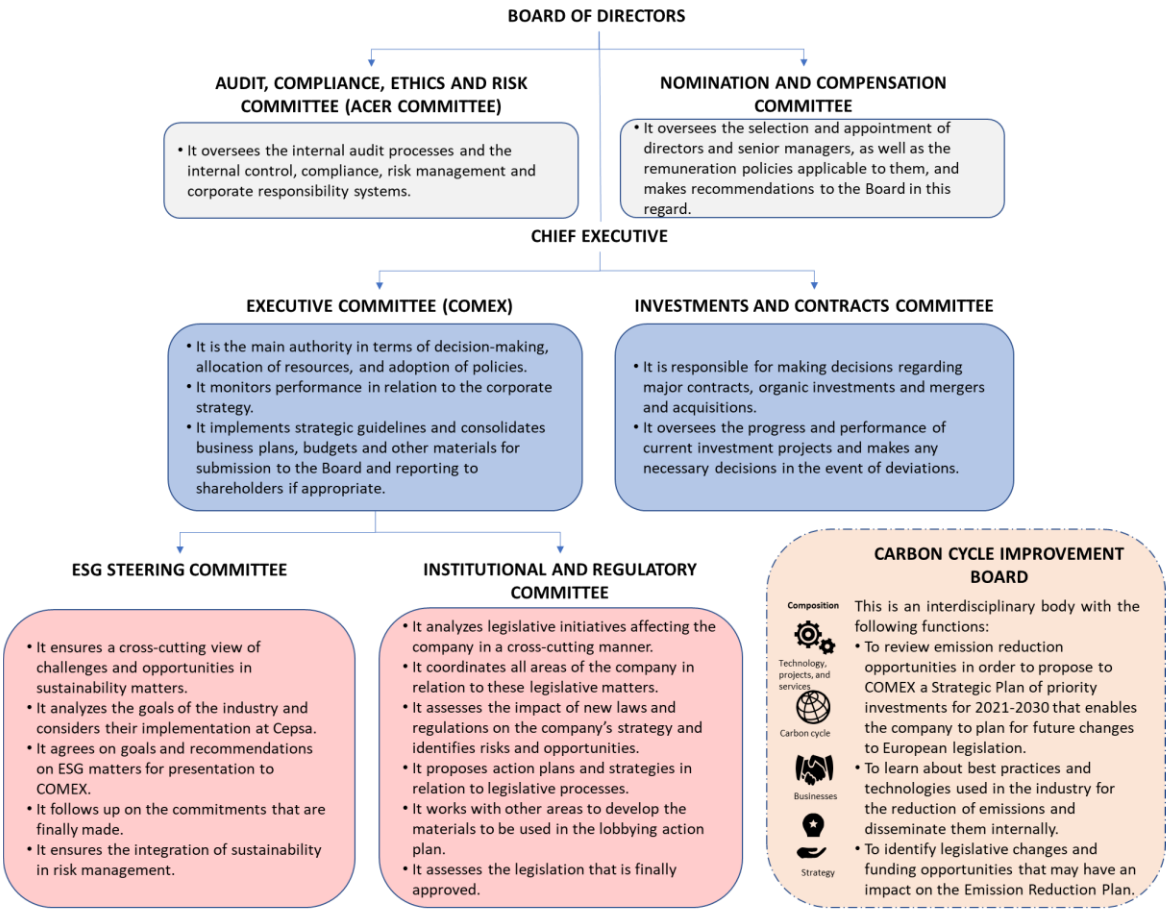
- Cepsa obtain an A- rating in the CDP Climate Change 2020 initiative -

CLIMATE CHANGE GOVERNANCE

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

It has also included a Carbon Cycle department in this model, which will be in charge of promoting the company's strategy in this area, as well as various newly created coordination and supervisory bodies such as the ESG Steering Committee and the Board for the Improvement the Carbon Cycle. Both bodies, made up of representatives from different functional areas and businesses, are responsible for channeling the company's commitment to climate change and ensuring that its management is coordinated across the board.

Climate change governance



CLIMATE CHANGE RISKS AND OPPORTUNITIES

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

Cepsa has developed a Comprehensive Risk Management System that provides an effective response to any potential risk in this area. As part of this system, the company drew up a climate change risk map following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This map includes the main transition and physical risks that the company faces, classified according to the categories proposed by the aforementioned standard.

This map has been integrated into the corporate risk map.

TRANSITION RISKS

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

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

TECHNOLOGY:
- Emergence of new disruptive technologies in the industry

REPUTATION:
- Negative perception of the Company by its stakeholders

PHYSICAL RISKS

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

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

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

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

OPPORTUNITIES

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

SOURCES OF ENERGY
- Use of zero-emission energy sources

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

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

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

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

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

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

Quantification of the financial impacts associated with certain climate change-related risks and opportunities

Risks	Opportunities
Cepsa has estimated the financial impact associated with some of its main risks, such as the reduction of free allocation of emission rights, changes in consumer preferences and mobility patterns, and the possible reputational damage associated with the company's difficulties in adapting quickly to a scenario with less carbon-intensive products and services. The estimate made for a 5-year period places the financial impact of the European Emission Rights system and the climate objectives of the European Union at the highest value on the scale of our risk matrix, above € 100 million.	Cepsa has estimated the financial impact associated with three opportunities: the development and expansion of low-carbon intensity products and services through entry into the renewable energy market, the development of low-carbon intensity fuels, and the promotion of R&D projects for the manufacture of new materials through carbon sequestration and use techniques. The estimate made for a 5-year period places the financial impact of these opportunities related to the mitigation of our emissions at an approximate value above the highest value of the scale of our risk matrix of €100 million, largely depending on technological growth curves.

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

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

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

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

- **Being present at all reviews and debates on climate and energy,** as a risk monitoring tool.
- **Monitoring technological developments in emissions abatement.** Technological development is considered a transition risk and, at the same time, a source of opportunities if

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

it is managed effectively. Cepsa already has an extensive list of technological references, contacts with suppliers and evaluations of possible partnerships that could be very useful in this field.

STRATEGY

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

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

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

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

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

EFFICIENT USE OF ENERGY

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

To make this goal a reality, the main refining and chemical production centers in Spain have an Energy Management System certified under the international ISO 50001 standard, which establishes well-defined indicators and implements improvements to reduce energy consumption and, hence, greenhouse gas emissions.

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

Main energy efficiency projects implemented in 2020

Improvement of the steam-condensate system in the asphalt area at the La Rábida refinery	**Improvement in the heat exchange systems in the paraffin line at the Puente Mayorga chemical plant**
The project involved improvements in the steam system used as a heating fluid for the asphalt tanks. These tanks require continuous heating for their operation. The transferred heat generates condensates that continue to act as a measurable and therefore usable heat flow. With the improvements implemented in the use of this heat source, Cepsa has managed to reduce fuel consumption and its CO_2 emissions (approximately 1,000 tons per year). It is also a project that can be replicated in other units and plants.	By setting up a new heat exchanger in the production line, greater energy integration has been achieved in the operation, which has allowed a reduction in fuel consumption. Likewise, the use of a new heat exchanger technology called *Twisted tubes* has allowed a further improvement in heat exchange efficiency, with the consequent reduction in energy consumption and emissions (around 1,500 tons of CO_2 per year).
Implementation of a new catalyst at the Gibraltar San Roque Refinery	**Execution of the DETAL project**
As a result of this project, a new catalyzer has been implanted in the RZ-100 catalytic naphtha Platforming unit, used for manufacturing aromatics, a highly valued raw material in petrochemicals, as well as components with high added value for gasoline. This unit also manufactures hydrogen that is used in the refinery fuel conditioning processes. The change in catalyst will increase hydrogen production by 10,000 tons, achieving greater flexibility and efficiency when processing the most demanding raw materials of this resource, as well as reducing emissions in the generation via hydrogen reforming.	The DETAL project implemented in the Puente Mayorga chemical plant (Cádiz) will improve the quality of LAB (linear alkylbenzene), a raw material for the manufacture of biodegradable detergents, in addition to leading to a significant environmental improvement. This project is described in greater detail in chapter 6.3 "Reduction of our environmental impact".

To promote these and other measures to reduce emissions, Cepsa has introduced an internal carbon price signal as one of its financial parameters at the budgetary level. In 2020, the company increased this price with respect to the previous year, setting it at €50/tCO_2 for 2025.

TRANSFORMATION AND LOW-CARBON PRODUCTS

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

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

A metric to monitor our transition to more sustainable products

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

As of today, this ratio is around 75 gCO_2/MJ of energy (unit of energy sold), a figure that is reduced by 8 points if the carbon sink effect of our petrochemical products is included.

CLIMATE CHANGE METRICS

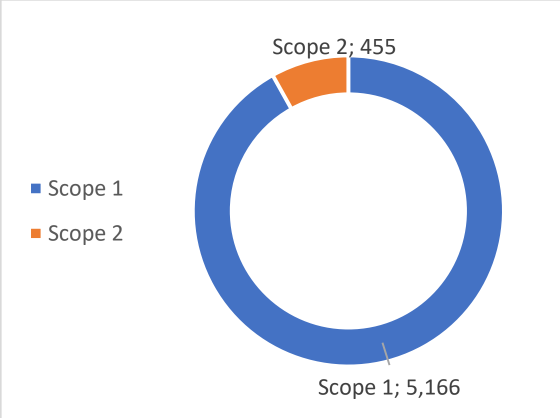
Scope 1 and 2 emissions

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

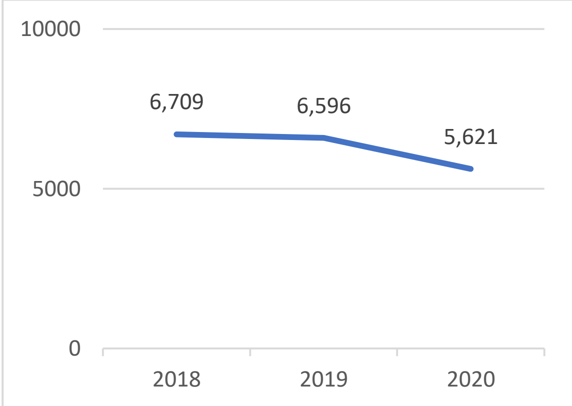
Total Scope 1 and 2 greenhouse gas emissions in 2020 were amounted to 5,621 thousand tCO_2eq, 2% lower than the previous year. The exceptional situation created by the pandemic caused a significant reduction in emissions from gas and electricity.

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

- Scope 1 and 2 CO_2 emissions in 2020 (thousands of tons of CO_2 equivalent) -

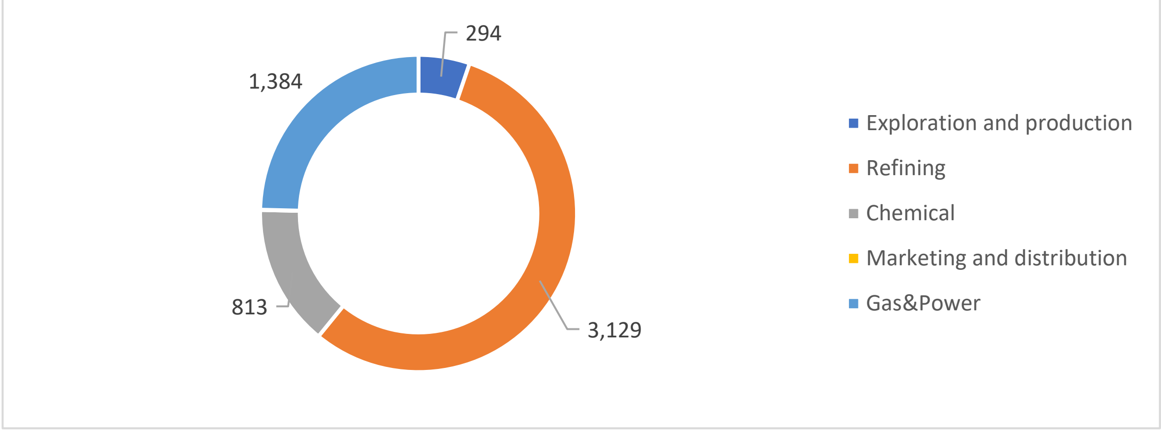


- Evolution of CO_2 emissions (Scope 1 and 2) of the company between 2018-2020-(thousands of tons of CO_2 equivalent)



[9] The CBSR plant is considered in the Marketing and Distribution unit

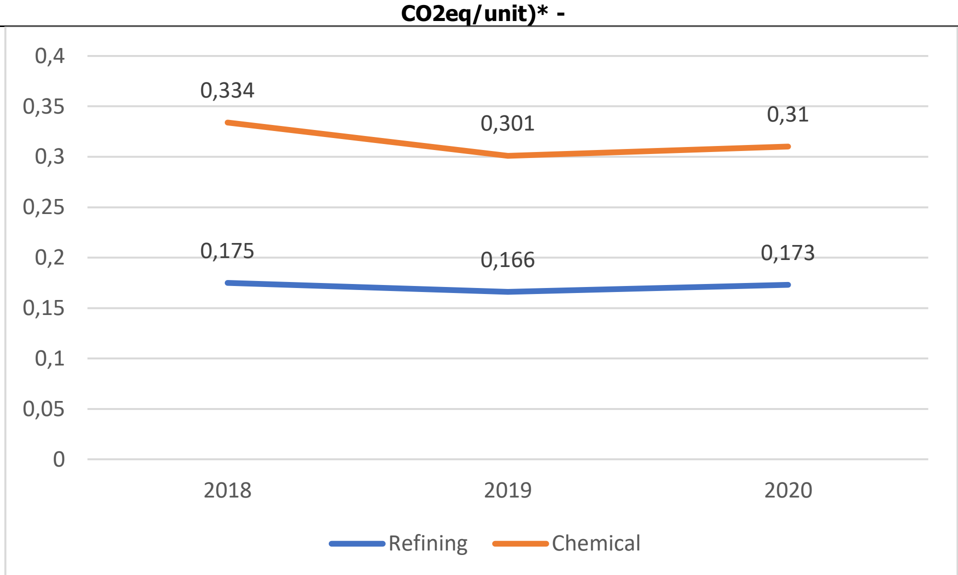
- Scope 1 and 2 CO_2 emissions in 2020. Breakdown by business (thousands of tons of CO2 equivalent) -



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

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

- 2018-2020 greenhouse gas emissions intensity in the Refining and Chemical businesses (tons of CO2eq/unit)* -



* The unit used for **Refining** is thousands of tons of processed crude and for **Chemicals**, thousands of tons of production.
* Exploration and Production is not included in the GHG and energy intensities report because the nature of the business does allow ratios to be compared, since production depends on the age of the well and energy consumption is not always directly proportional to well production.
* See more information on the company's greenhouse gas emissions in the annex of indicators included in this report.

Carbon intensity index

The metric used to monitor the carbon intensity of our energy products follows the "Transition Pathway Initiative" methodology and is expressed as units of CO_2 per energy unit.

This metric includes the emissions from our upstream and downstream operations related to energy products and their use, taking into account all liquid energy for the transportation and building sectors, as well as the electricity generated and distributed by Cepsa.

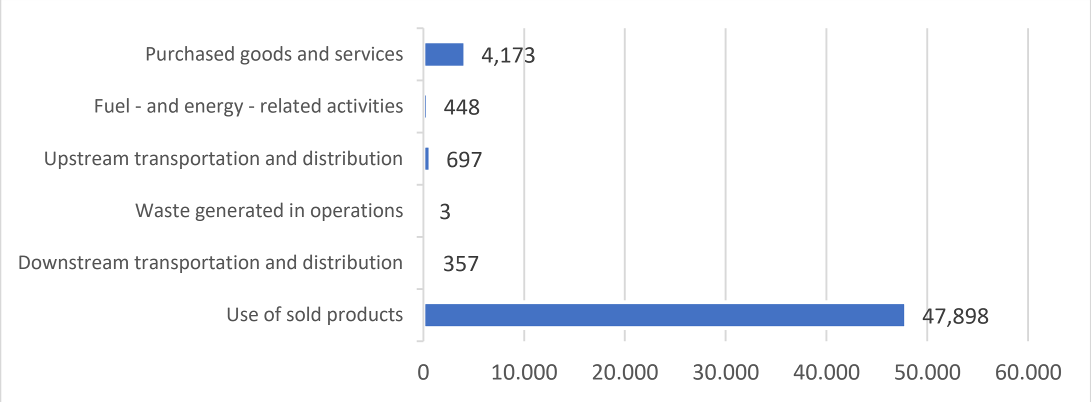
The use of this ratio will show the incorporation of low-carbon and renewable products, as well as the growing amount of renewable electricity. In future years, Cepsa will ensure this index is audited by a renowned international third party.

Emissions in the value chain

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

In 2020, the total emissions included in this scope amounted to 53,577 thousand tCO_2eq, which represents a reduction of 25% compared to the previous year. Once again, the "Use of energy products" category accounted for most of these emissions and the effect of the pandemic can be seen[11].

- CO_2 emissions for Scope 3 in 2020. Breakdown by category (thousands of tons of CO2 equivalent) -



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

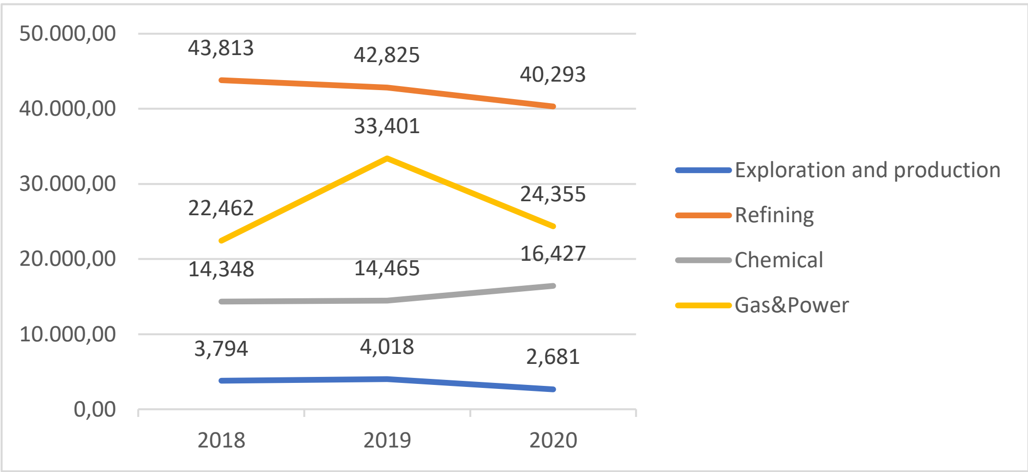
[10] Only 14 apply to Cepsa. Not all those certified are included in this report, as many of the primary data sources required for the calculation were not available at the time of publication.

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

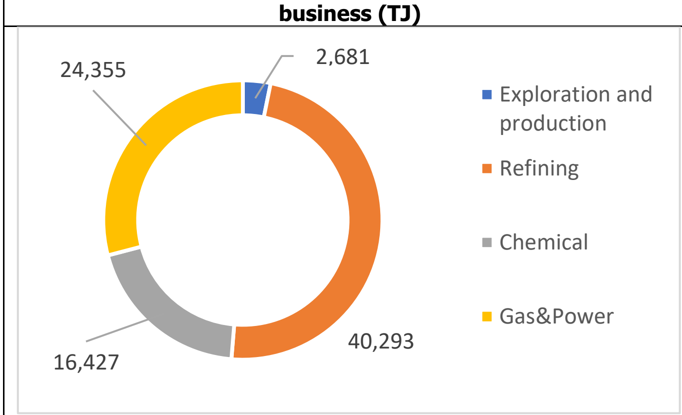
Energy consumption and efficiency indicators

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

- Evolution of Cepsa's energy consumption. Breakdown by business (TJ) -

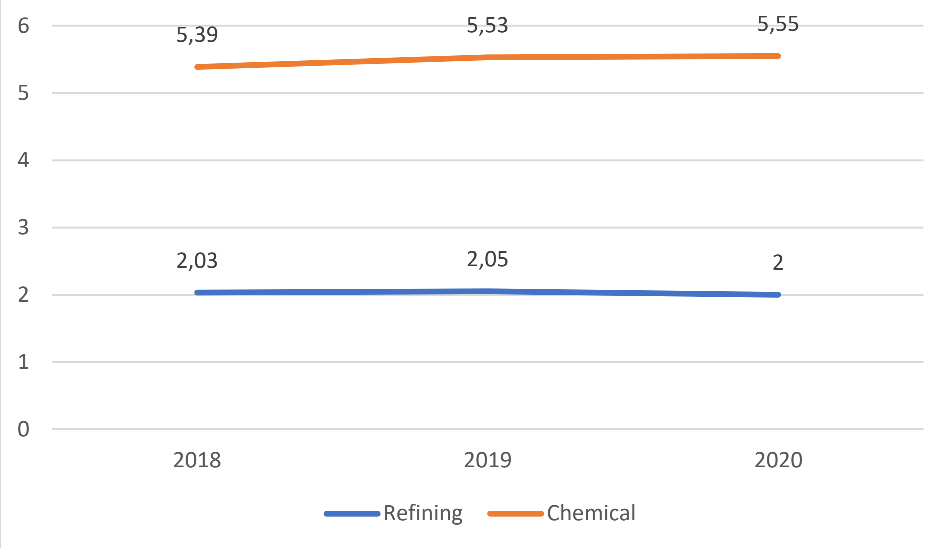


- Breakdown of Cepsa's energy consumption in 2020 by business (TJ)



[12] the consumption of Marketing and Distribution (CBSR) is not reflected in the graphs because it is negligible

- 2018-2020 energy consumption intensity in the Refining and Chemical businesses (TJ / unit)* -



* The unit used for **Refining** is thousands of tons of processed crude and for **Chemicals**, thousands of tons of production.
* Exploration and Production is not included in the GHG and energy intensities report because the nature of the business does allow ratios to be compared, since production depends on the age of the well and energy consumption is not always directly proportional to well production.
* See more information on the company's energy consumption in the annex of indicators included in this report.

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

6.3. REDUCTION OF OUR ENVIRONMENTAL IMPACT

In accordance with the principles of our environmental policy, we carry out our operations under a standard of excellence for environmental protection.

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

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

Main milestones in 2020

- Detal Project recognized at the 2020 European Business Awards for the Environment.
- Reduction in the volume of extracted water in the operations of the main production centers.
- Planting of around 30,400 indigenous trees in 222 hectares in the municipalities of Puerto Gaitán (Meta Region) and Maní (Casanare Region) in Colombia. With this initiative, Cepsa has planted more than 180.000 thousand trees in recent years.

The Detal Project, recognized at the 2020 European Business Awards for the Environment

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

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

In addition to the higher quality and variety of product, Detal will provide an improvement in efficiency and a reduction in the environmental impacts associated with the process in areas such as the generation of hazardous waste, the discharge volume and its danger levels and CO_2 emissions.

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

MANAGEMENT AND THE BEST TECHNOLOGY

Environmental management approach

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

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

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

ISO 14001 certification	***EMAS certification***
Cepsa has a single ISO 14001 certification that covers its main business units. Furthermore, it affords transparency, allowing the Company to demonstrate to its stakeholders its efforts in reducing its environmental impact.	Cepsa's main facilities in Spain are EMAS certified, a standard which certifies the use of the best technologies and environmental management practices.

Access more information about the certifications obtained by Cepsa's facilities at this link.

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

- Environmental risk management.
- Audit programs.
- Environmental Impact Assessments (EAI) and Biodiversity Action Plans (BAP).
- Safety data sheets for all our products and raw materials.
- Plans, protocols and drills, focused on the prevention of marine pollution.

Monitoring of environmental impacts

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

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

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

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

NATURAL CAPITAL COALITION

Cepsa's participation in the Working Group on Natural Capital and Energy

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

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

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

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

REDUCTION OF OUR IMPACT

Air pollutant emissions

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

In this area, and thanks to the adoption of the Best Available Techniques, as well as other measures, such as improvements in combustion processes, the use of clean technologies or the implementation of abatement systems, the company has managed to continuously decrease in its main emissions, mainly NO_x, SO_2, and particulates.

Reduction of pollutant emissions in the Chemicals business

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

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

EVOLUTION OF AIR POLLUTANT EMISSIONS			
NO_x emissions	2020	2019	2018
Refining (ton) [1]	2,052	2,851[4]	3,747[4]
Chemicals (ton) [2]	764[5]	635	745
Exploration and production (ton) [3]	6,237	8,155	3,603
SO_x emissions	2020	2019	2018
Refining (ton) [1]	4,036	5.i,059[4]	5,250[4]
Chemicals (ton) [2]	29	27	24
Exploration and production (ton) [3]	14	15	45
Particulate Emissions	2020	2019	2018
Refining (ton) [1]	186	330[4]	274[4]
Chemicals (ton) [2]	10	9	7
Exploration and production (ton) [3]	242	303	51

(1) The data has been obtained through continuous measurement.

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

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

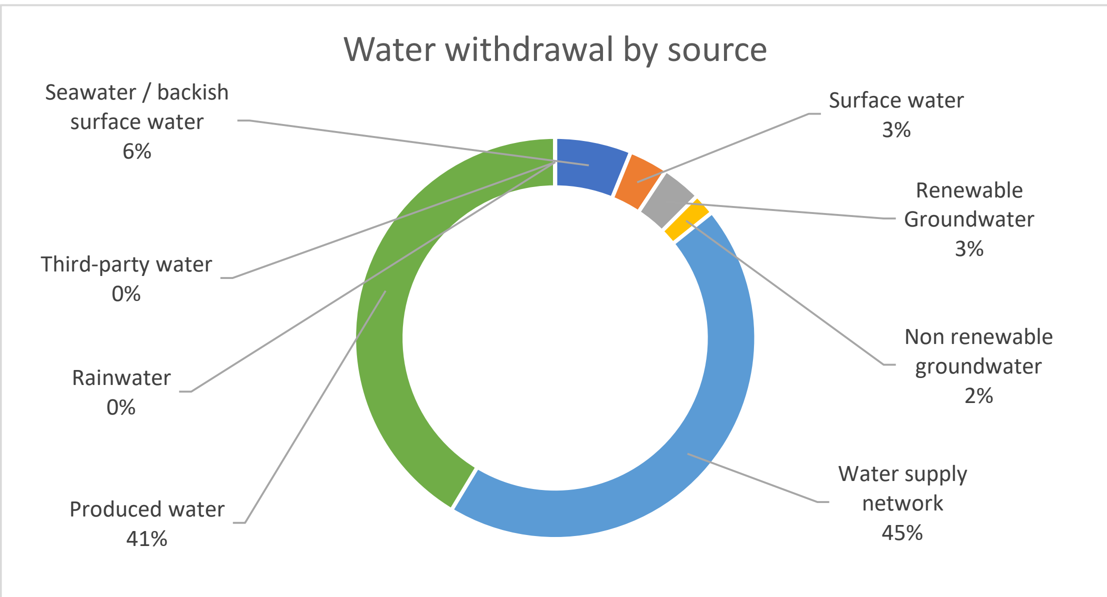
(4) Recalculated, includes Cogeneration emissions from the Guadarranque plant.

(5) The Puente Mayorga chemical plant changed its calculation methodology, increasing NO_x considerably.

See more atmospheric emissions indicators in the Annex of Environmental Indicators contained in this report.

Water management

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



See more water extraction indicators in the Annex of Environmental Indicators contained in this report.

The company also specifically assesses the risks associated with the use of water through the Water Risk Filter Tool. According to the latest analysis carried out, only two of our facilities have been attributed a significant level of risk, based on their basin and operational risks. These are the La Rábida refinery and the Exploration and Production facility in Algeria (BMS). Both are located in areas of water stress and specific actions have been drawn up to improve their management.

Improved resource management in facilities with significant levels of water risk	
La Rábida refinery (Huelva). Improvements in wastewater treatment systems and water consumption.	**BMS facility (Algeria)**. Treatment and reinjection of the water extracted into the aquifer, as well as to be able to use it whenever necessary during the maintenance of the facilities. The use of wastewater in the crude desalination processes at the facility is also promoted in order to minimize the extraction needs.

- ***Cepsa has set the goal of reducing water extraction for 2030, among its largest facilities, by 13% over 2018 levels[13]*** -

The reuse and/or recycling of water is one of the ways promoted by the company to guarantee this responsible use. To this end, the company is improving its knowledge of the water cycle in its larger facilities to identify and implement measures in streams susceptible to this reuse and recycling.

Actions to improve the reuse and recycling of water	
Exploration and production	***Refining***
• Use of industrial wastewater for the crude desalination process (BMS-Algeria). • Use of wastewater, once treated, for road maintenance and dust control (BMS-Algeria). • Use of domestic wastewater as an input in the oily waste bioremediation process, as well as for the dilution of formation waters (Caracara-Colombia). • Transfer of treated wastewater for use as industrial water in drilling and workover operations (Caracara-Colombia).	• Commissioning of a condensate recovery plant that allows the reuse of water in another unit, such as the boilers at the Tenerife industrial plant. • Incorporation of water from purification processes in other units such as the cooling towers (La Rábida-Huelva), reducing the extraction of water from the supply network. • (In development) Construction of a new water reuse plant that will reduce water extraction by 20% (Gibraltar San Roque-Cádiz).

[13] This target is broken down as follows: 10% in Refining and 20% in the Chemical business.

Participation and improved rating in the CDP Water initiative

Since 2017, Cepsa has participated in the CDP Water initiative that assesses its performance in water management and enables a comparison with other companies in the sector.

2020	2019	2018	2017
A-	B	B-	C

The company's efforts to improve its management of the resource has been recognized with a continuous improvement in its rating.

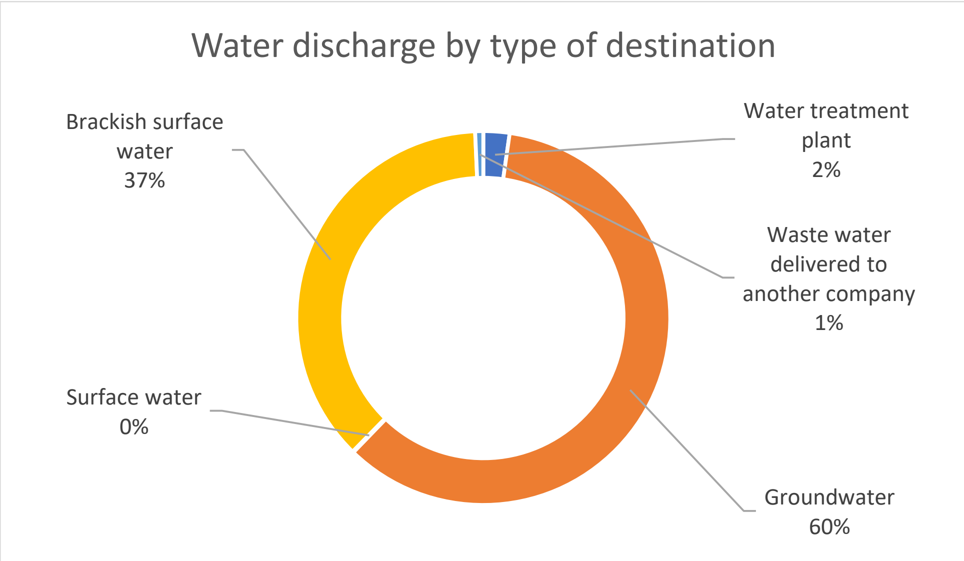
With regard to discharges, Cepsa uses the best techniques to guarantee that they comply with the authorized limits, to avoid any significant impacts on the ecosystem. The company also works with specialized and accredited companies that corroborate compliance with quality objectives in the receiving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

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

Actions under development to reduce the pollutant load in discharges

Palos de la Frontera chemical plant (Huelva). Adaptation of the biological wastewater treatment plant to considerably reduce the content of Total Organic Carbon (TOC) and suspended solids.

La Rábida refinery (Huelva). Optimization of waste treatment systems to improve their quality.



See more discharge indicators in the Annex of Environmental Indicators contained in this report.

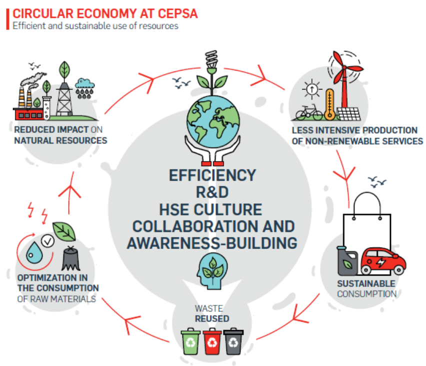
[14] To date, there is only one example of wastewater discharge to a sensitive area that has conservation area status, from the Palos de la Frontera chemical facility. Discharges are previously purified in a biological wastewater treatment plant whose discharge parameters are, in 100% of cases, within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

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

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

Circular economy

Cepsa has a value chain that is integrated with a production and consumption model based on the exploitation of raw materials, by-products and energy, as well as on synergies between its businesses and organizations.
This model is aligned with the principles of the circular economy and promotes the efficient and sustainable use of resources based on five pillars.

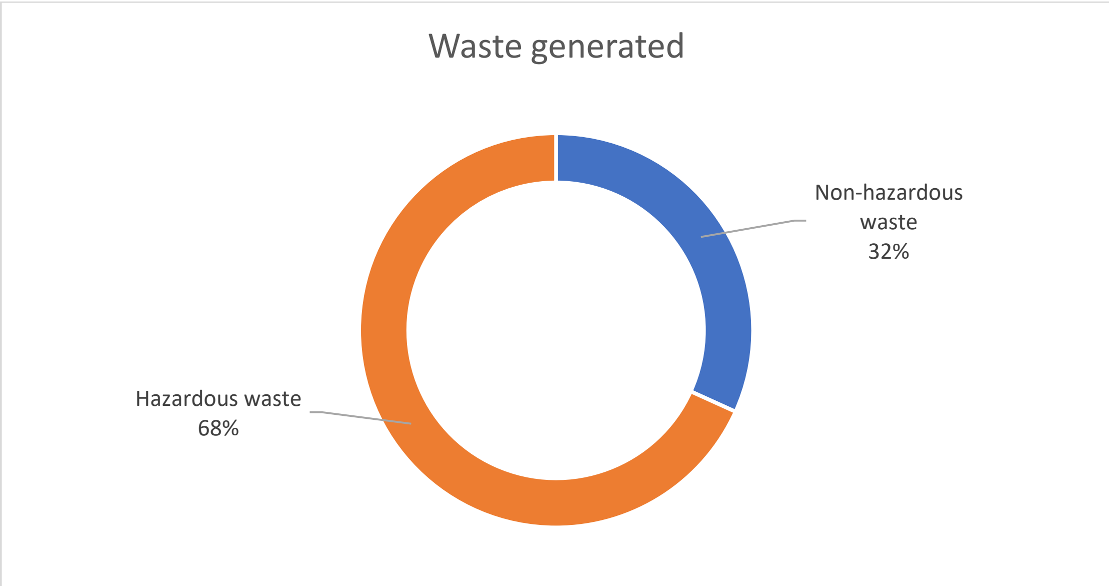


The company has launched various initiatives to optimize the use of natural resources, including the manufacture of rubber modified bitumens and the implementation of other projects aimed at replacing vegetable oils[15] with waste for the manufacture of fuel.

See more raw materials indicators in the Annex of Environmental Indicators contained in this report.

With regard to waste management, the company's objective is to progressively reduce its generation and above all to reduce its disposal in landfills. To achieve this, Cepsa promotes various actions to minimize waste through specific plans, establishing management criteria in line with the hierarchy of principles set out by its circular economy policies[16].

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



See more waste management indicators in the Annex of Environmental Indicators contained in this report.

[15] To date, all the vegetable oil that Cepsa uses is certified and complies with the sustainability requirements provided in current legislation.

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

Reduction in the volume of waste disposed of in landfills and promotion of a more sustainable production of electricity and fertilizers at the San Roque bioenergy plant (Cádiz).

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

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

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

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

Cepsa's participation in working groups to promote the circular economy.

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

Protection of biodiversity and ecosystems

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

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

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

Scope of the internal tool for the analysis of environmental impacts on natural areas	
World Database on Protected Areas (WDPA), which identifies areas of high ecological value. The WDPA is the most comprehensive global database on terrestrial and marine protected areas., the result of a collaboration between the United Nations Environment Programme and the International Union for Conservation of Nature (IUCN). Using this tool, Cepsa is able to identify the protected areas that overlap, are adjacent or close to those occupied by the company.	**BirdLife map view to identify important areas for the conservation of birds and biodiversity.** The tool also relies on the map view developed by Birdlife International to identify the bird species present in these areas (Important Bird Areas - IBAs), located withing 5 km from the company's facilities.

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

See more information on company premises located near protected areas or high-value biodiversity areas in the Annex of Environmental Indicators contained in this report.

Environmental restoration and compensation projects	
 The Cepsa Foundation has promoted various actions at the Madrevieja environmental station in San Roque (Cádiz). These include the banding of wintering birds, projects to monitor and recover different species and other activities to protect the environment.	 The Cepsa Foundation has sponsored several actions in the Primera lagoon (Palos de la Frontera, Huelva), a space that has several protected area designations. These actions include the monitoring of birds and other species, the documentation of ecological problems due to the presence of exotic fish species and the performance of different maintenance tasks.

Access more information about these projects and others that promote biodiversity at this link.

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

Planting of 30,340 indigenous species in the municipalities of Puerto Gaitán (Meta Region) and Maní (Casanare Region) in Colombia.	
	Linked to its Exploration and Production activities, Cepsa has carried out in recent years an important conservation project in the municipalities of Puerto Gaitán (Meta Region) and Maní (Casanare Region), both in Colombia, with the aim of recovering various areas devoid of vegetation and contribute to the improvement of the ecosystem. The planting was carried out jointly with local communities, generating employment opportunities for more than 200 families. This effort was in addition to the more than 150,000 trees that have already been planted.

Protection of the marine environment

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

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

These plans are in addition to the various general procedures that exist in the company, focused on the prevention and control of possible spills, the objectives of which are to establish the obligations in terms of the environment and safety which Cepsa facilities located in ports must comply with, as well as the criteria for developing and implementing systems for preventing and combating marine pollution at Cepsa's maritime terminals and facilities.

[17] See the information on the most significant accidental spills in the Annex of Environmental Indicators contained in this report.

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

Access more information about these projects at this link.

6.4. OUR PEOPLE

Our team of professionals is one of Cepsa's pillars. For this reason, the company has created working environments that facilitate their growth and increase their motivation and their involvement in corporate values.

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

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

(*) The work atmosphere and engagement survey is carried out every two years.
1. Data for 57 partial retirees (43 men and 14 women) are not included in 2020.
2.. Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

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

MANAGEMENT MODEL

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

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

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

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

-Cepsa's integrated talent management model-

DIVERSITY AND INCLUSIVE CULTURE

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

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

Certification as a Family Responsible Company	2020 Top Employers Certification
Cepsa has implemented a management model to guarantee a healthy work-life balance for employees based on the EFR (Family Responsible Company) model in line with its culture of mutual flexibility and commitment. In 2020, the distributor CEDIPSA obtained this certification, enabling the entire group to now operate under this same model.	Cepsa renewed this certification in 2020 for most of the group's companies and obtained the certificate in CEDIPSA, bringing all the subsidiaries in Spain under a single certification. The *Top Employers Institute* annually recognizes the best organizations that provide excellent working conditions for their employees.

Forbes Ranking	Merco Ranking
Cepsa is one the large companies (over 500 employees) that offers the most help, motivation, pay and support to its workforce in Spain according to its own employees.	Cepsa is considered one of the 100 best companies to work for by Spanish university students

Tackling COVID-19 in the workplace
The maturity and flexibility of our organizational model, the speed of response and the adoption of an integrated strategy in the face of the pandemic have enabled us to limit and control the impact of the health crisis on human resources processes. Chapter 1 "Our response to a global emergency" provides more information regarding the measures taken in this area.

CORPORATE CULTURE COMMITTED TO DIVERSITY

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

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

Commitment to diversity. Main initiatives to which Cepsa adheres

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

Actions of the Diversity and Inclusion Program

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

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

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

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

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

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

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

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

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

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

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

Integration of people with different abilities

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

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

In addition, Cepsa implemented a support plan for the families of employees with disabled children made up of different initiatives such as the *Familia* Plan and the *Tú Sumas* Plan, implemented respectively with the Adecco Foundation and the Randstad Foundation. These initiatives include various measures for their social, economic and workplace integration.

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

Currently, the company has 116 disabled employees in its workforce. In 2019, it had 127[19].

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

EMPLOYEE ENGAGEMENT

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

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

[18] In 2019, after applying the harassment protocol, the existence of 1 case was proven, and the maximum disciplinary regime was immediately applied.

[19] This variation is due to employees leaving.

5th edition of the Work Atmosphere and Engagement survey
In 2020, 75% of employees took part and it allowed us to see there was a high level of engagement among the workforce. The level of engagement was 85%, representing an improvement of three points, both with respect to the previous edition and the global standard in the Oil and Gas sector. The survey results have also highlighted the high level of pride and the availability of resources for employees to be able to do their job. Meanwhile, 53% of employees claimed to be highly engaged, 15 points over any external standards. High levels of sustainable commitment are associated with good financial results. Continuing to promote communication of the company's strategy and reinforcing the alignment of employees with its goals and objectives will help employees to perceive that there is a clear direction for the future. It has also been identified as an opportunity for improvement to continue creating work environments that are committed to seeking innovative and creative solutions to reinforce the strategy.

ACQUISITION AND RETENTION OF TALENT

Attraction of talent

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

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

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

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

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

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

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

Reinforcing professional development

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

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

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

- **Performance Evaluation (MIDE).** This is used to drive and measure the actions of employees in relation to the goals of the company, senior management and the department or unit to which they belong.

- **Talent Committees.** Every two years, the company convenes these committees within each department which are comprised of the general manager of each area and first-line managers, together with the Human Resources Business Partners and the human resources management teams. The purpose of these committees is to provide the necessary solutions for the development of specific groups (department heads and senior technicians) and to take human resource management decisions (mobility, promotions, etc.).

Flexibility and work-life balance

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

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

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

Talent acquisition and retention indicators

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

Average years of service	Turnover rate	New hires
12.79	3%	1,883

TRAINING AND DEVELOPMENT

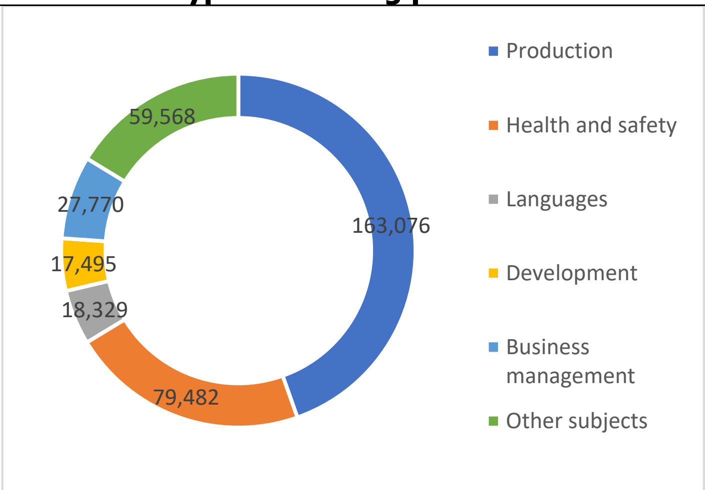
Cepsa's learning model is based on the "employee experience". The model therefore identifies the relevant knowledge and skills needed to carry out the tasks associated with each job position and ensures that they are provided in a global and standardized way.

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

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

Total hours of training

Type of training provided



REMUNERATION

Our Remuneration Policies are adapted to the different levels that exist in our company in order to adequately reward employees based on their responsibility, performance and achievement of objectives.

To avoid bias, the policies set out common criteria for the determination of salaries, ensuring maximum transparency in the application thereof.

Our policies take into account criteria such as internal equity and external competitiveness, motivation in company values and results, sustainability and contribution to the achievement of corporate objectives. Its structure and competitiveness are reviewed annually, which may lead to the development of new products and schemes that allow employees to make their pay more flexible and maximize their income.

The company's commitment to equal opportunities is also demonstrated by the measures it has adopted and monitors to eliminate the gender pay gap.

In this regard, in 2019 the company implemented a data analysis system to determine this pay gap which has received external recognition. Additionally, it has prepared salary records for each of the companies in the group to help reinforce this analysis and propose action plans.

- Cepsa received the "Most Equal Remuneration" distinction for its data analysis initiative aimed at determining the pay gap in the company. -

Taking into account all of the company's employees, the result of the gross pay gap is 30.57%. However, this figure is very generic as it includes the different economic conditions in each of the countries in which Cepsa operates. For this reason, a more exhaustive analysis has been carried out for the countries with the highest number of employees, such as Spain, Portugal and Colombia. For these three countries the gross pay gap has been calculated, and stands at 29.76%, 22.22% and 11.26% respectively. Although this figure is high, the adjusted pay gap has also been analysed, which is calculated by looking at comparable positions held by employees with similar characteristics. In this case the gap is reduced significantly and stands at 3.35%, 0.14% and 0.36% respectively. One of the factors with the greatest impact on the gross pay gap is the higher proportion of men in managerial position within the organization (executives and heads of department). To remedy this situation, Cepsa is committed to increasing the presence of the women in these positions through the measures included in the Diversity and Inclusion Program.

Remuneration of the Board of Directors and Senior Management

The remuneration of the Board of Directors is regulated in the Company's Director Remuneration Policy. This policy is guided by the principles of transparency, prudence and respect for the recommendations of good corporate governance, and is aligned with the objectives of the shareholders and with the remuneration policy of the directors and officers of the company. The remuneration establishes a balanced and efficient relationship between fixed and variable components, in accordance with responsibilities, dedication and achievement of objectives, oriented towards generating value for the company and prudent risk management

The remuneration received by the non-executive directors for their directorships is an annual fixed amount that is not linked to objectives and is defined based on the duties discharged by the independent directors.

Meanwhile, the Nomination and Compensation Committee is responsible for reviewing and approving the remuneration of Senior Management, as well as the policies that regulate it. These policies are reviewed annually to ensure that they achieve their objectives and that Cepsa's offer remains competitive.

The Nomination and Compensation Committee is assisted by external consultants in the analysis of the structure and competitiveness of the executive directors' and the senior executives' remuneration policy to define an action plan that adapts their remuneration to the desired structure and levels, which is reviewed on a regular basis for validity.

The remuneration structure for Executive Directors and Senior Management consists of fixed remuneration, short and long-term variable remuneration and other benefits. The variable remuneration is linked to individual performance and the fulfillment of financial, ESG and operational objectives, both in the short and long term.

LABOR RELATIONS

Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees. This is included in the Human and Workers' Rights Policy.

Access the Human and Workers' Rights Policy at this link.

The Human Resources Department ensures the processes for electing these representatives are carried out correctly and promotes agile relationships with them that help to improve communication and coordination. The regular meetings with the inter-company committee within the scope of the Partial Group Agreement and with the Refining inter-center committee, in addition to the regular dialogue with the personnel delegates and workers' committees, are a reflection of this.

The company prioritizes social dialogue and collective bargaining with these representatives as preferred solutions. The agreed conditions are included in collective agreements.

Of all the agreements signed, the most significant in recent years include the 1st Partial Group Agreement that covers eleven companies throughout Spain and the 2nd Refining Collective Agreement. The latter covers all our refineries in a single employment framework for the first time.

Employees covered by collective agreements
90%

- The development of a policy on the right to disconnect is one of the areas in which Cepsa is committed to working together with workers' representatives -

Overview of collective agreements in the field of occupational health and safety
Occupational health and safety is one of the fundamental aspects related to the working conditions in the collective agreements. In this regard, the company and workers' representatives carry out actions to create a culture of prevention and promote healthy habits and environments. Periodic workplace health surveillance is also a key focus in the agreements. Finally, these agreements establish the Health and Safety committees as the competent bodies governing the company's actions in this area.

6.5. **SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES**

Safety is in Cepsa's DNA. The company works to create a safe working environment for all its employees, suppliers, distributors and customers, and guarantees the integrity of its facilities and processes.

Main indicators	2020	2019
Number of fatal accidents	*0*	*0*
Number of employees trained in safety	*5,375*	*5,695*
*Accident frequency rate of own personnel **	*0.50*	*0.87*
*Accident frequency rate of contractors**	*0.94*	*0.87*
Number of process safety incidents	*11*	*8*

(*) Formula used for the calculation: Total number of accidents with medical leave / actual hours worked X 1,000,000

Main milestones in 2020

- Creation of Technical Committees and adoption of measures to prevent the spread of COVID-19.
- Implementation of a communication channel for potential safety incidents (Near Misses).
- Increased reliability and safety in operations through the implementation of the MASTERPRO IT platform.
- Use of mobile applications to control maintenance and engineering work in the field.
- Recognition of suppliers in safety matters.
- Improved safety training for contractors by including interactive content and videos shot in real work environments.
- Use of new technologies to automate product stewardship processes.

PROTECTING THE HEALTH AND SAFETY OF OUR PEOPLE

Commitment

Cepsa has a Health, Safety, Environmental Protection and Quality Policy, which establishes the targets to ensure compliance with our standards in all phases of operations.

In 2020, much of the company's efforts in this area focused on preventing the impact of COVID-19.

Preventing the spread of COVID-19 in our facilities

Cepsa has adapted its processes to guarantee hygiene and safety in its centers. Along these lines, actions have been implemented in the area of prevention and cleaning; restrictions on travel, meetings and face-to-face training sessions; working hours flexibility measures and teleworking.

For more information, see Chapter 1, which details Cepsa's response to the pandemic and its effects.

In 2020 we continued to provide our annual training and awareness programs on Occupational Health and Safety. The company continued to promote a process of continuous improvement by analyzing the incidents that occurred, known internally as "lessons learned", and constantly monitoring the key indicators.

New communication channel for potential incidents

Cepsa has implemented a new 'Near Misses' communication tool open to all employees and contractors.
The purpose of this channel is to implement improvements through the evaluation of potential incidents.

In 2020, progress was been made in the application of new technologies to control processes and ensure that they are carried out in accordance with best practices, thus reinforcing reliability and safety in operations.

Application of new technologies in processes related to operational safety

Improvement in the control of maintenance and engineering work in the field through the implementation of various mobile applications

Cepsa has achieved total mobility in the control of maintenance and engineering work in the field, improving data analysis and efficiency in the execution of certain processes.

Implementation of the MASTERPRO IT platform that allows the systematic execution of operations

The option of using this platform from a PC or mobile device has made it possible to reinforce the reliability and safety of operations, their monitoring and control.

- At Cepsa we collaborate with European industrial associations in the sector to be a benchmark in safety culture -

Safety of our contractors

Cepsa has updated the training for contractors when accessing our industrial centers in order to improve their performance in this area.

The creation of online content, the updating and improvement of the informative sessions on accessing facilities, are examples of some of the actions carried out to ensure workers are aware of the place where they are performing their tasks.

WePioneer Supplier Recognition Program
In the 2nd Edition of the WePioneer Supplier Recognition Program, Cepsa recognized those suppliers who share the same values in the field of employee safety in order to strengthen professional relationships with them

- Main safety indicators -

0 fatal accidents in 2020 and 2019.	**LTIFR - Accident Frequency Rate***
56% OF PERSONNEL TRAINED IN SAFETY IN 2020	**LTIFR (own personnel)** **2020: 0.50** **2019: 0.87**
56% OF PERSONNEL TRAINED IN SAFETY in 2019	**LTIFR (contractors)** **2020: 0.94** **2019: 0.87**

(*) Formula used for the calculation: Total number of accidents with medical leave / actual hours worked X 1,000,000

Healthy Company

In 2017, Cepsa launched its Healthy Company program which, in addition to what is established in the Law on Occupational Risk Prevention, aims to promote health and well-being inside and outside of work. The company adheres to the Luxembourg Declaration, undertaking to integrate the basic principles of workplace health promotion.

Cepsa has developed a Healthy Company Management System, certified in accordance with the World Health Organization model in 2019 for the Torre Cepsa work center.

Actions linked to health promotion are implemented through the medical services in those workplaces that have them through the Human Resources management teams and using a specific platform on the intranet and mobile applications (Your Health Moves us).

Main initiatives implemented in 2020 under the Healthy Company program

SPORTS ACTIVITIES
Mitigation of sedentary lifestyles and reduction of excess body weight and the associated cardiovascular risk.

HEALTHY EATING AND LIVING HABITS
Dissemination and control of menus in the centres that have a canteen.

PREVENTION CAMPAIGNS
For the early detection of different types of cancer and to help eliminate smoking.

FLEXIWORKING PROGRAMME (SPATIAL AND TIMETABLE FLEXIBILITY)
It includes teleworking and other measures of labour flexibility in the centres where it is implemented.

EMOTIONAL CARE PROGRAMME
Informative talks and social healthcare training through a specialised external service or services for conciliation and family care.

SUPPORT AND CONCILIATION PLAN
Specialised advice and support on social, legal and psychological issues, and information and awareness sessions aimed at stress management. Services for professionals with dependents.

The company also has specific internal standards that regulate the functions of the medical services and help to identify and minimize risks in this area. All the actions they carry out are subject to audits in order to guarantee their compliance with the standards and certify their quality.

Cepsa's medical services also offer responses to health queries either in-person or remotely.

Each work center has its own prevention service that, among other activities, provides the necessary training in health and safety to its workers, depending on the position and applicable regulations, and also collaborates in the promotion of healthy lifestyle habits[20].

- Cepsa is a member of the Healthy Companies Network, offering its workers working conditions in which well-being is a priority -

[20] In 2020, due to the COVID-19 restrictions, several prevention and health promotion actions were carried out remotely, focusing especially on emotional management, including talks, virtual workshops, information pills, etc. For more information, see Chapter 1 of this report.

CONSUMER HEALTH AND SAFETY

We carry out a rigorous process of evaluation of all the characteristics of our products and compliance with all regulations on their safety, applying internal procedures such as the General Product Stewardship Procedure, to ensure we obtain the necessary license to market the products in their destination countries.

In 2020, Cepsa worked specifically on implementing and monitoring work plans to adapt to the new regulatory requirements of the European Chemicals Agency (ECHA) to comply with their evaluations. We also carried out the pre-registration processes to be able to sell our products in Turkey and Russia.

All the information related to the safety of the products is included in the Safety Data Sheets, which are sent to customers, both on the first purchase and each time they are updated.

Cepsa follows the current classification, labeling and packaging regulations and also supports the main initiatives launched by the industry to improve information in this area.

Cepsa's support for different initiatives to improve product information

CHECK THE LABEL!	CLICK WITH CARE!	SPECIFIC INDUSTRY-LED PROGRAMS
Emphasizes the value of the information included on product labels for users, in order to promote the guidelines for safe and responsible use of our products (Initiative by the Business Federation of the Spanish Chemical Industry - FEIQUE).	Its main objective is to inform and protect the rights and guarantees of consumers in online purchases (including chemical products).	Product Stewardship Award developed by ESIG (European Solvents Industry Group). Guides for the safe use of the product (example EUROBITUME)

In 2020, Cepsa took steps in the digitalization of various processes related to the safety management of its products. The company, for example, has developed a specific robot to improve areas such as the coding and parameterization of products or evaluating the safety data sheets that are sent to suppliers.

SAFETY GUARANTEE IN OUR FACILITIES

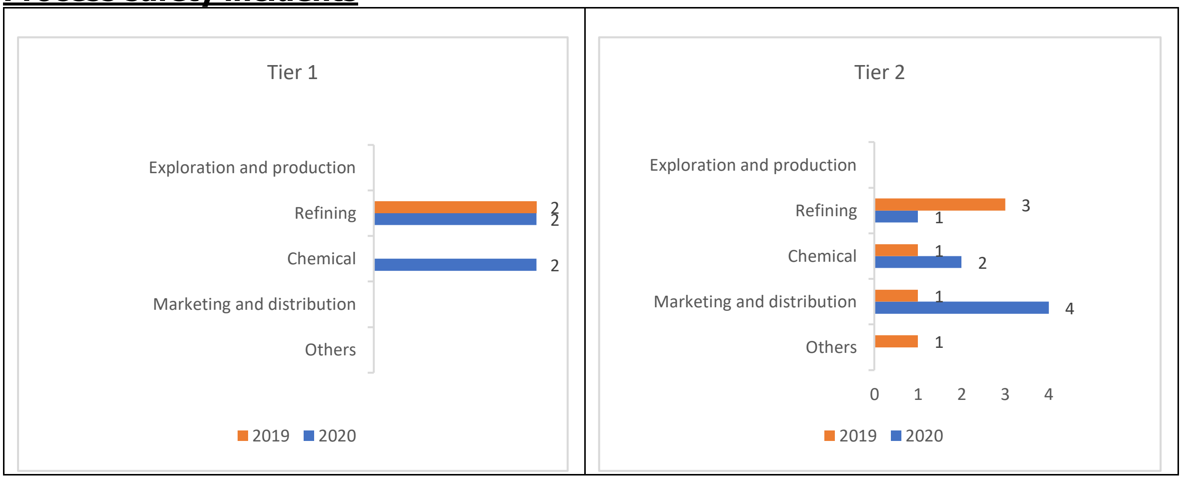
To improve risk prevention and mitigation at our facilities, we launched a five-year plan (2017-2022) for the implementation of a Process Safety Management system based on the Energy Institute model.

We implement cross-area actions that allow us to supervise and manage the maintenance of the integrity of the assets, which most notably include:

- Active leadership.
- Continuous training.
- Extending risk analysis to operational risks.
- Employee participation in the design of safety tasks.
- Review of operating procedures, focusing them on risk identification.
- Establishing controls.
- Promoting the importance of the proper handovers during shift work.

The company monitors process safety incidents based on the recommendations of the API 754[21] standard, with a particular emphasis on reporting incidents and near-misses to ensure early detection and implementation of improvement measures.

Process safety incidents



[21] Reference guide for reporting process safety performance indicators for the refining and petrochemical industries.

INFORMATION SECURITY

Cepsa constantly reviews and adapts its cybersecurity systems, to guarantee adequate protection of information and to manage the risks derived from an increasingly digitalized environment.

Today’s digital environment compels us to guarantee the confidentiality, integrity and availability of information. This is priority objective within our digitalization strategy.

To achieve this we have an ISO 27001 certified cybersecurity management model in place, which involves the adequate management of technological risk, as well as the deployment of first-rate technological services and solutions. The Cybersecurity department is responsible for the development of this model, as well as the implementation of the strategic Cybersecurity plan promoted by the company's management.

The following actions were carried out in 2020 in this area:

- Transition to remote working. Collaboration between the Information Systems Department and the committees and bodies that have participated in the management of the health crisis, have enabled a transition towards a new remote working scenario.

- Reinforcement of priority protection measures:
    - Increased prevention, detection and response in both On-premise and Cloud environments.
    - Advanced protection of the position of the users who work remotely.
    - Improvements in the monitoring and detection of potential malicious activity, through artificial intelligence.

- Cybersecurity culture. Implementation of training and awareness-raising actions, launching specific communications and conducting ad-hoc presentations and workshops, both for employees and collaborating entities.

- Management: Renewal of the ISO 27001 management system certification, whose scope includes the current security service in charge of centrally operating the different protection tools. Likewise, a new Data Protection Officer (DPO) was appointed and our response capabilities were strengthened in the event of a potential cybersecurity incident.

6.6. RESPONSIBILITY IN THE SUPPLY CHAIN

Cepsa has models in place to manage its supply chain so that it can analyze and segment it, evaluate its performance, know what the expectations are and assign risk levels. The aim is to continuously improve the relationship with suppliers and ensure that it follows the company's standards.

In addition, it enables Cepsa to establish strategic partnerships, promote contracting and integrate ESG (Environmental, Social and Governance) criteria in decision-making.

Main indicators	2020	2019
Total procurement (€ million) [22,23]	905.597	1389.787
Number of suppliers that comprise the company's supply chain[24]	3,674	4,283
Local suppliers (%)	42.60%	38.00%
Score obtained in the supplier survey	7.88	7.58

Main milestones in 2020
• Simplification and optimization of procurement through digital transformation projects and of the procurement function. • Celebration of the second edition of the WePioneer supplier recognition program which this year recognized the best initiatives in the area of "Safety". • Training for more than 400 providers in cybersecurity and more than 200 in ethics. • Feedback survey sent to more than a thousand suppliers that represent 97% of the amount contracted. • Launch of a supplier survey on carbon footprint to find out their position in this area. • Use of augmented reality in safety inspection tasks.

[22] The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal operations of the Group; donations and payments of taxes and fees.

[23] The information reported includes the amount contracted as a percentage of total procurement, not as a percentage of invoicing.

[24] Suppliers from whom contracted purchases amount to less than €10,000 are considered part of the procurement tail.

DESCRIPTION OF OUR SUPPLY CHAIN.

Cepsa has a supply chain made up of around 3,700 suppliers in which are managed comprehensively by the procurement department.

Excluding purchases of raw materials[25], around 80% of the company's procurement corresponds to the contracting of services and the rest to the acquisition of goods of a different nature, such as materials, spare parts and equipment.

To properly manage the supply chain, and in order to identify critical suppliers, Cepsa classifies its suppliers into different segments:

Classification of suppliers into segments

SEGMENTS I, II, AND III	SEGMENTS IV AND V
• These include **15%** of all suppliers and account for about **90%** of expenditure. • All the initiatives and relationship models adapted to each type of supplier are focused on these segments.	• They represent **10%** of the total expenditure. • These suppliers are monitored for their criticality, both operational and in terms of health, safety and the environment, assigning risk levels to them.

A large part of the purchases made by Cepsa correspond to national suppliers rather than international ones[26]. This type of contracting based on local suppliers offers several advantages, such as facilitating supplies, flexibility and guaranteeing response times. A precise location of suppliers is useful for the company to control risks such as country risk. In 2020, there was no supplier deemed a risk by the company because of its location.

- Procurement from locally established suppliers has a positive impact on the relationship with the supplier and the generation of value in the communities where we carry out our activities -

At a global level, in 2020 around 86.70% of Cepsa's contracting in locations where the company had significant operations[27] was with national suppliers. Specifically, 42.60% of this amount was spent on local or with locally established suppliers.

In the case of Spain, the company's main market, 49.32% of suppliers were Spanish accounting for 73.11% of the total expenditure managed by the Procurement unit. Once again, strictly local or locally established suppliers in areas where our industrial activities are located (Palos de la Frontera, Campo de Gibraltar and Tenerife) accounted for a large part of procurement (48%).

In general, the national and local procurement percentages were higher in 2020 than in 2019 as a result of the impact that COVID-19 had on the company's supply chain. This impact led to a greater importance being place on this type of contracting.

[25] The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal operations of the Group; donations and payments of taxes and fees.

[26] Cepsa classifies its suppliers into four categories according to their geographical origin and the country where the service is provided: a) national suppliers whose trade name is registered in the country in which they are contracted by Cepsa; b) international suppliers where the opposite occurs; c) local suppliers that have their headquarters in the area where Cepsa carries out its activity; and d) locally established suppliers who, although not local, have opened an office or branch in the vicinity of the operations.

[27] Locations with significant operations are understood to be the main sites where Cepsa has its industrial plants and the facilities where it has exploration and production operations. For the purposes of this report, the following locations were taken into account: Spain, Portugal, Colombia, Peru, Brazil, SEA (Thailand, Singapore and Malaysia), China and Canada.

Cepsa only purchases from abroad those goods, equipment or services that are highly specialized or that are dependent on multinational technology, such as catalysts, industrial chemicals, specialized equipment and control systems or licenses[28,29].

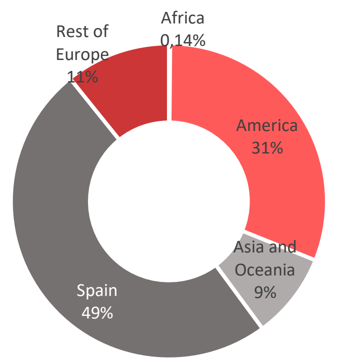
Plans to promote local contracting

Cepsa implements plans to promote local contracting in its different locations, involving processes to identify and evaluate local suppliers, and assessing the impact of local contracting on the company.

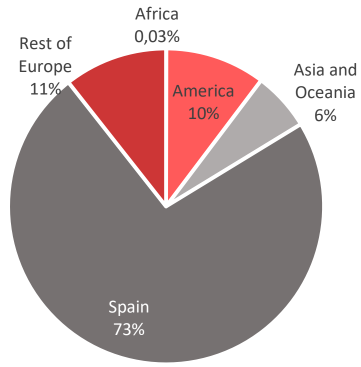
Likewise, it carries out other specific actions, including the detection of new opportunities for collaboration with the best performing suppliers, and notifying those with the worst evaluation of areas of improvement.

Suppliers and amounts contracted by geographic area

-Suppliers by geographic area (2020) -



- Amount contracted by geographic area (2020) -



PROCUREMENT MODEL

The procurement model raises the position of the procurement function as a strategic area within the decision-making process, so it can add more value and contribute to improving results.

	Fundamental principles in procurement management
	Integrity and equal opportunities
	Transparency in processes
	Objectivity in decision making
	Application of ESG criteria in the supply chain
	Supplier relationships which are appropriate and mutually beneficial

Cepsa has consolidated its procurement function through a centralized system of procurement by specialty, in order to provide service to all areas of the company where the activity is carried out. The management lines followed are aligned with the strategic priorities of the company and are as follows:

- Guarantee business continuity in all of Cepsa's activities.

[28] The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal operations of the Group; donations and payments of taxes and fees.

[29] The information reported includes the amount contracted as a percentage of total procurement, not as a percentage of invoicing.

- Optimize costs and add value.
- Mitigate risks and ensure regulatory compliance.
- Transmit Cepsa's values to the market and ensure compliance with the Supplier Code of Ethics.

- Cepsa's procurement management is based on simplifying processes, being as efficient as possible and ensuring the satisfaction of the parties involved –

The implementation of the procurement management model is based on five fundamental pillars:

Strategy	Based on the supply needs of each area and aligned with the company's annual objectives for each business.
Management by category	Aligning the procurement function further with the business and the organization, through the specialization of managers, improving efficiency, increasing responsibility for spending and providing a global vision.
Resource ecosystem	Implementation of specific actions aimed at the actors involved in the procurement process, such as: promoting the development of the procurement team's skills, creation of a Procurement School as a specific training model for the development of these skills and strengthening and continuous development of relationships with suppliers and the businesses.
Regulations and compliance	Definition and review, with the involvement of the Executive Committee, of the principles of the procurement governance model to regulate, adapt and standardize procurement practices in the Group and the countries of operation.
Systems and tools	Development and implementation of global and unique systems that include the complete procurement cycle, standardizing and simplifying processes and achieving greater automation, efficiency, traceability and transparency.

Agility in adapting to the impacts of COVID-19 on the supply chain

COVID-19 has generated several impacts on the management of the supply chain to which the company has adapted. The management carried out has made it possible to ensure the supply of goods and services thanks to the efforts made in recent years in terms of flexibility, digital transformation and reorganization of the procurement model towards a matrix approach in working with the business units.
Chapter 1 "Our response to a global emergency" provides more information regarding the measures taken by the company in this area.

The operation of procurement model is based on different regulatory instruments, including the Procurement Rules and the Operating Manual.

The company also has a Supplier Code of Ethics and Conduct that, together with the aforementioned rules, is aimed at the continuous improvement of processes, based on ethical and transparent relationships

Cepsa has also explicitly included ESG criteria in all supplier management, both in the approval and in the risk management and performance evaluations of suppliers.

Excellence in procurement management

Excellence in the performance of the procurement function at Cepsa is certified in accordance with the UNE 15896 Standard for Value Added Procurement Management.
Our procurement management has also been audited under ISO 9001, 14001 and 50001, PECAL, IATF16949, EFQM, as well as ISO 45000 and other standards adopted by Cepsa's management system.

In addition to the procedures indicated above, the procurement area has other monitoring tools and systems (weekly, monthly and annually) that control and monitor the effectiveness of the processes and the fulfillment of objectives. Thanks to these, the company can ensure the continuous traceability of the management.

Digital transformation to simplify and optimize procurement

Through various projects carried out in 2020, Cepsa has expanded the automation of certain purchases, especially those that make up the procurement tail.
Other initiatives have also been implemented that have enabled the company to reduce management times, improve the user experience and streamline processes. These include the following: the deployment of the *Should Cost* tool, which helps identify the real cost of goods and services; the application of robotization to the renewal of software licenses; participation in projects to explore the possibility of using Blockchain technology on issues related to the unique identity of suppliers or the consolidation of the digital signature in various processes.

Use of augmented reality in safety inspection tasks.

In 2020, Cepsa consolidated its *Remote Expertise* project, which uses augmented reality devices for the hands-free performance of several tasks while being assisted in real time by a remote expert.
This project is used, among other things, to carry out tasks in safety inspections, virtual visits of suppliers, expert appraisal reports on claims and technical assistance. Thanks to this tool, the company has managed to reduce resolution times, its carbon footprint by avoiding travel and the costs associated with this activity.
Currently *Remote Expertise* has been used in 51 cases and has been deployed in Spain, Indonesia, China and Brazil.

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS.

Cepsa promotes transparent and lasting relationships based on trust and mutual benefit with its suppliers. A specific function has been set up within the Procurement Unit dedicated to the cross-functional management of this aspect. This unit carries out its functions in accordance with a specific framework, the Guide to Supplier Relations, which includes the principles that govern these relationships and establishes Cepsa's objectives with this stakeholder.

The specific requirements that Cepsa establishes when contracting its suppliers are standardized in the General Contracting Conditions, as well as in the Supplier Code of Ethics mentioned above. Any third party that works for Cepsa must accept this documentation, both in the registration process and in the various award stages.

Cepsa ensures that any third party that accesses its facilities does so under a current contract or subcontracting authorization and is a supplier that complies with all its legal obligations.

The company has established training plans aimed at its suppliers in order to guarantee their adaptation to these requirements and principles. In 2020, the company offered webinars on ethical conduct and cybersecurity in which 214 and 432 suppliers took part, respectively.

Main phases in the management of relationships with suppliers

Cepsa divides the management of its relationships with suppliers across four large phases that ensure the company has a 360º view of its supply chain.

- Main phases of supplier management–

Registration and approval. This phase sets out the requirements that the supplier must comply with to guarantee that the level of associated risk is acceptable. Suppliers must complete a questionnaire that contains aspects related to their ESG performance, the score of which is included in the procurement platform so that it can be taken into account during decision-making.

In 2020, a new sustainability and compliance module was launched within the supplier approval questionnaire. This allows the company to check the sustainability score and the rating on compliance aspects (criminal, privacy and cybersecurity) of our suppliers.

Segmentation. Cepsa uses segmentation to identify the critical suppliers on which all our risk management is based. Cepsa also identifies where supplier dependency exists, that is, where there is dependency on the manufacturer or technology or where there are no alternative suppliers.

Risk control. This phase involves the risk assessment of active suppliers, including ESG risk. This assessment is accessible to all buyers and helps to establish appropriate requirements in each case, monitor performance and request the relevant audits.
In 2020, the company had risk assessment files for a total of 3,334 active suppliers. In addition, the company has additional compliance analyses for 1,554 suppliers, including checks of international lists, to comply with the objectives set by the corporate counterparty integrity analysis (KYC) procedure. Cepsa has not identified any supplier with high or very high risk, with the average risk of its suppliers set at medium-low.

Performance evaluation Cepsa has a plan for evaluating active suppliers where quality, execution and ESG issues are taken into account. The result is also available on the procurement platform and is taken into account in the decision-making of the subsequent procurement processes involving the evaluated suppliers. In 2020, 2,411 evaluations were carried out on 1,111 Cepsa suppliers, 836 of which were due to their criticality, which means that 99.46% of critical suppliers have at least one performance evaluation, fulfilling Cepsa's objective that at least 99% of critical suppliers are evaluated including ESG criteria.

Audits. Lastly, by assigning a risk to each supplier, the company complements these evaluations with an audit plan according to a protocol that complies with internationally accepted ESG standards.

- In 2020, 95 on-site audits were carried out on suppliers in which ESG issues were covered. At the end of the year, 151 active suppliers had audits in force -

Supplier carbon footprint survey

Cepsa involves its suppliers in other processes aimed at improving ESG performance.

Along these lines, the company launched in 2020 a survey of more than 1,500 of its suppliers to find out their positioning in terms of carbon footprint, with the aim of understanding their priorities in order to identify new opportunities and together reinforce our commitment to sustainability.

Communication and interaction with suppliers

Cepsa carried out various actions in 2020 to reinforce communication and interaction with suppliers:

Satisfaction surveys to understand their views on the company. The survey was sent to 1,023 active suppliers, with a response rate of 50%. The overall score obtained of 7.88 points (out of a total of 10) was an improvement over the previous year.	
Interaction platform on the corporate website to carry out procedures, both for the Procurement Unit and for suppliers.	
	Celebration of the second edition of the **wePioneer** program to recognize those suppliers with the most innovative initiatives, last year in the area of safety and risk prevention.

6.7. TRANSPARENT WITH OUR CUSTOMERS

The customer is at the center of our value chain. Building a relationship based on trust is an essential part of our growth strategy.

Through our customer relationship management model, we analyze their expectations and evaluate our performance in order to improve their level of satisfaction.

Main indicators	2020
Claims considered valid resolved during the year (%)	94.53%

Main milestones in 2020
• Progress in the implementation of the Customer Experience project, expanding it to the Aviation, Electricity and Bunkering businesses. • Launch of new online services aimed at our customers, including a new app for individual customers and a lubrication guide with a license plate finder so they can find recommended lubricants for their vehicle. • Launch of a customer service model that enables Cepsa's channels to be adapted according to their needs and the segment to which they belong, resulting in a better service.

CUSTOMER TRUST, SAFETY AND SATISFACTION

Cepsa has sustainability and continuous improvement plan in place for all the processes involved in customer service and support in accordance with the following principles that govern these relationships:

- Responsible and ethical management.
- Customer focus, anticipating needs and improving their experience.
- Listening to requests and concerns and incorporating these into our decision processes.
- Enabling multiple service channels.
- Commitment to respond in a transparent, honest and comprehensive manner.
- Excellence in executing the process quickly and efficiently.
- Continuous measurement and analysis of customer demands as a lever for process improvement.

To understand the customer's experience we use a model that continuously measures the processes involving the customer and the company.

We measure customer satisfaction on an ongoing basis after their interactions with Cepsa through specific indicators such as the net promoter score or by conducting satisfaction studies involving in-depth surveys.

We analyze the evolution of customer evaluations and comments to understand their needs and expectations. This information is used to implement actions that improve their satisfaction and optimize Cepsa's processes and contact points with customers, proposing new services to obtain their loyalty.

- Our challenge is to continue day after day improving the customer satisfaction and referral level -

Cepsa Chemicals, a commitment to service based on a portfolio of regular customers
Cepsa Chemicals has a consolidated portfolio of customers with whom it maintains long-standing commercial relationships based on great mutual trust in which leadership and excellent service are the main pillars. This relationship has been consolidated worldwide through our leadership in innovation and technological development, in which we are seen as a global benchmark for various products. This has not enabled us to become a strategic partner of our customers. These partnerships are an open communication channel in which ad-hoc products are developed and technical issues are resolved which represent added value for our customers.

Other customer communication channels

Cepsa provides several communication channels that reinforce the relationship with the customer. These include online forms, apps, chats, social networks, customer service hotlines and emails. Through these channels, Cepsa identifies and responds to the needs of customers by answering their queries.

6.8. RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE

Maintaining responsible and transparent relationships with society is key to developing our activities. Our management priority in this area is to strengthen our relationship with local communities, implement the social investment commitments we have undertaken and provide additional support to these communities in response to the pandemic.

Main indicators[1]	2020	2019
Social contribution (€)	*€3,905,189*	*€4,930,155*
Percentage of the social contribution that is voluntary (%)	*89%*	*78%*
Direct beneficiaries of social action (Number)	*126,727*	*185,033*
Indirect beneficiaries of social action (Number)	*380,115*	*537,274*
Number of entities with which Cepsa collaborated	*184*	*243*

[1] These include both voluntary social action and obligatory investment associated with contractual stipulations.

Main milestones in 2020
• Implementation of actions from the Cepsa Foundation to help mitigate the impacts of COVID-19 on our local communities. • Promotion of collaborative work among the Cepsa Foundation Chair network. • Improvement in the systematized measurement of the beneficiaries of the Foundation's activities. • Fulfillment of social commitments with the communities in the vicinity of our exploration and production activities, despite the difficult situation generated by the pandemic, exacerbated by the fact that our operations are in remote locations. • Dialogue on environmental matters with the communities where our industrial centers are located within the framework of our environmental declarations.

SOCIAL COMMITMENT AND MANAGEMENT

The company's activities generate an impact on the communities around us. For this reason, Cepsa considers it a priority to actively manage these aspects in order to assess risks and encourage the generation of opportunities in local communities.

The company has a regulatory framework that establishes the principles that guide this activity, made up of the Local Community Relations Policy and the Indigenous Community Relations Policy.

- Our social commitment is essential to strengthen our bond with local communities and ensure the sustainability of our operations -

The cornerstone in these processes consists of a precise identification of the stakeholders, as a basis for establishing the appropriate relationship channels with which to meet and respond to their needs.

The company identifies and manages the social risks associated with its activity. To do this, it assesses these risks exhaustively through impact studies on the licensing process, and, in line with the corporate risk management system, in terms of investment and project execution processes.

To mitigate the identified risks, various measures are put in place that aim to generate a positive impact on local communities, such as hiring local labor, purchasing local goods and services, and executing social investment programs.

Furthermore, transparency and communication are essential. Specific actions are carried out in terms of communication on the impacts of the company's activities and questions and suggestions in this area are addressed.

Presentation of the environmental declarations of the industrial centers at the Palos and San Roque sites

Cepsa once again publicly presented the environmental declarations in two of its industrial sites in Spain.

Additionally, an email address was set up so that the more than 250 people who received the document had the opportunity to ask about Cepsa's responsible management in environmental matters. This email address was also made public in the press release, for any citizen with a query.

The company has specific teams in these locations responsible for dealing with any incident or request that local stakeholders may raise in order to provide an adequate response.

Additionally, these teams proactively promote different actions to encourage community participation, focusing on stakeholders such as neighbors, local authorities, contractors, landowners and traditional leaders and, where appropriate, indigenous communities.

In the industrial centers, mainly in Spain, public relations and communication tasks in 2020 focused on three areas:

- **Constant dialogue regarding the activity** mainly with those living in the vicinity of the industrial centers.
- **Institutional dialogue** with local and regional authorities to adapt the annual agreements to the social crisis situation.
- **Proactive action to respond to needs due to the pandemic:** mainly with authorities to prioritize donations and report on the evolution of operations.

Main actions in locations with exploration and production operations		
Local authorities	**Local communities**	**Contractors**
Regular meetings to report on the company's activities, their impact and investment programs. In 2020, in coordination with local authorities, Cepsa participated in the "Indigenous Round Table" of Puerto Gaitán in the Caracara (Colombia) facility with the aim of addressing the concerns of this group in terms of social investment, employment opportunities and supply of goods and services.	Informative meetings to communicate the company's activities, the progress of social investment initiatives, and information on opportunities for the local workforce and businesses. In 2020, these communities stated that COVID-19 and its impact was their main concern. For this reason, Cepsa focused its response on promoting charitable actions in this area such as the donation of food and medical supplies.	Meetings focused on the social context, communication of requirements regarding local purchases and coordination of training actions for local contractors. In 2020 Cepsa helped local companies located in the area of influence of their operations in adapting their health and safety protocols to the COVID-19 regulations.

- Cepsa has maintained its efforts in terms of social commitment by promoting dialogue and charitable initiatives to support local communities in the face of the impacts of COVID-19 -

CEPSA FOUNDATION

Through the activities of the Cepsa Foundation, we strive to meet the social demands of the communities where we operate and we participate in projects that improve people's living conditions. To do this, we focus our efforts on three main areas:

- **Social support.** In addition to consolidating significant initiatives such as the Social Value Awards or the *Voluntas* corporate volunteering program, the organization plays a role as an agent of social transformation, prioritizing projects that improve the quality of life of the most disadvantaged groups, and that respond to the needs arising from the pandemic
- **Environmental support.** We contribute to the conservation of natural environments, raising awareness among schoolchildren and citizens, the research and recovery of species, and the promotion of initiatives that combine environmental intervention with care for groups at risk of exclusion.
- **Scientific-educational support.** Through the implementation of scientific and university research programs that promote the development of research and innovation in the energy and industrial sectors.

Progress in the systematized measurement of the beneficiaries of the Cepsa Foundation's activities.
In 2020, to improve the Foundation's reporting and in order to evaluate and maximize its impact, we developed a rigorous model for monitoring its activities that determines the number of beneficiaries in a standardized way for different types of actions.

Support for local communities in the face of COVID-19

As part of our approach of constant dialogue with our stakeholders, in 2020 we changed the scope of the Foundation's different areas of action, prioritizing social support initiatives in response to the needs arising from COVID-19.

In addition, we encouraged Cepsa's employees to show their most charitable side by offering them the possibility of participating in donations, as well as in other specific activities of our *Voluntas* corporate volunteering program.

Donations to food banks in response to COVID-19
Donation to the Spanish Federation of Food Banks (FESBAL) in Spain and to the Portuguese Federation of Food Banks against Hunger. In addition, an appeal was launched directed at Cepsa's employees in Spain, encouraging them to participate in the donation to FESBAL

MAIN INITIATIVES AND IMPACT INDICATORS

The Cepsa Foundation collaborated in 2020 with 155 entities invested €3,639,159.

More than 115,565 people benefited directly from its initiatives and 346,628 did so indirectly.

See more information about our main initiatives in the Annex Relationship with the environment in which we operate.

The social actions carried out by the company are divided into two main areas: initiatives carried out on a voluntary basis by the Foundation and others of a mandatory nature carried out by Cepsa as part of its project development.

Voluntary social action	
Investment (€)	€3,473,158
Direct beneficiaries	115,565
Indirect beneficiaries	346,628
Corporate volunteering actions	11
Entities with which we collaborated	155

Mandatory social action	
Investment (€)	432,0321
Direct beneficiaries	11,162
Indirect beneficiaries	33,487
Actions carried out	15
Entities with which we collaborated	29

6.9. TRANSPARENCY AND FISCAL RESPONSIBILITY

Transparency and fiscal responsibility are of the utmost importance to Cepsa. For this reason, in our tax policy we establish, among other principles, the prevention of conduct that may involve risks in this area, as well as the use of transparent company structures and schemes.

In addition, we adhere to the recommendations on best tax practices in the territories in which we operate.

Main indicators	2020	2019
Tax on profits paid by the company [1] (millions of €).	*268*	*324*

[1] Later in this chapter, this is broken down by country, in accordance with the requirement of Law 11/2018 on Non-Financial Information. The company also includes the data corresponding to its Country by Country Report on tax payments in each of the jurisdictions in which it operates in one of the annexes.

Main milestones in 2020
• Voluntary submission to the Spanish Tax Agency (AEAT) of the Annual Report on Fiscal Transparency for 2019. • Voluntary submission of the Country by Country Report in this report.

MANAGEMENT APPROACH

Cepsa's Board of Directors approved in 2015 the company's Tax Policy that includes its tax strategy, as well as a corporate commitment to apply the best tax practices.

Cepsa's tax strategy
Cepsa's tax strategy is aimed at complying with the applicable tax regulations in its scope of action and ensuring the achievement of long-term business objectives, avoiding risks and tax inefficiencies.

Tax governance and control framework

To ensure these principles are followed throughout the organization, Cepsa actively disseminates its policy to the various committees and bodies of the company that play a role in this area.

Through the Tax unit, Cepsa ensures that these principles are applied across the board, regularly reviewing their application in ongoing operations.

In terms of investments, every project must follow an approval path that includes, among other steps, an analysis of its possible tax implications. The proposal is evaluated by the Investment Committee, a prior step in all cases, before approval by the Executive Committee and by the Cepsa Board of Directors.

Compliance with the tax policy is also ensured through various ex-post controls through the Internal Audit function, as well as through the comprehensive risk management system implemented in accordance with the three lines of defense model[30].

To mitigate the existing risks in this area, the company has an Internal Control System supervised by the Internal Control and Compliance Unit. Additionally, it has implemented a specific tool that reinforces control over compliance with tax obligations.

The operation of these systems as well as the efficiency of the controls implemented are reported annually to the Audit, Compliance, Ethics and Risk Committee

Communication of tax risks to the highest management body

The following actions are carried out in terms of communicating tax risks to the Board of Directors:

- Updating tax risks in Cepsa's Risk Map of and of all its units and business lines.
- Ex-ante identification of the effect of tax risks on the establishment or achievement of the company's strategic lines.
- Formalization of plans to manage and mitigate risks.

Complementing this annual process and prior to it, the Tax Unit, in coordination with the Corporate Risks Unit, prepares a specific map of tax risks that is presented and validated by the company's Risk Committee.

[30]The risk management system, as well as the internal control system, are described in detail in chapter 4 of this report, "Effective governance that promotes responsible management". For more information, see chapter 4.

BEST TAX PRACTICES AND COLLABORATION WITH PUBLIC ADMINISTRATIONS

Cepsa endeavors to maintain a constructive relationship with the tax authorities in the territories in which it operates, and to reach the highest level of consensus to agree on the respective interpretations of the rules and to seek maximum alignment.

The company participates in forums and encourages queries that may be relevant to its tax situation. In addition, it actively participates in any initiative proposed by the tax authorities in an effort to improve understanding between all the parties involved.

In those cases in which, nevertheless, technical discrepancies arise, Cepsa offers the authorities its technical vision and the available documentation, promoting collaboration, understanding and the reaching of friendly agreements with the different tax authorities involved.

The company, through its activity in industry associations, promotes understanding with the tax authorities.

- Cepsa adheres to the Code of Best Tax Practices approved by the Forum of Large Companies of the Spanish Tax Agency -

Tax transparency

Cepsa is well aware of the social purpose of its tax contributions in the countries and territories in which it operates, and has adopted a commitment to transparency that allows the different social agents to know its tax policy and the specific results derived from it.

The company, in accordance with the regulations and the voluntary agreements of which it is a part, publishes its tax information.

The company issues its Annual Report on Tax Transparency giving an account of the main activities carried out in the year that may have fiscal significance. This report is reviewed annually by the Spanish Tax Agency (AEAT).

Likewise, it annually submits its Country by Country Report to the tax authorities with the details of the information required by the current applicable tax regulations and which is included as an annex to this integrated report.

Finally, and from a sectoral perspective, Cepsa prepares an annual report on the payments made to public administrations deriving from its hydrocarbon extraction activities, a report that is required under existing national and European regulations in this area.

TAX CONTRIBUTION

Cepsa paid a total of €268 million in corporate tax in 2020, with the following table showing the break down by country.

Corporate tax paid by the company by country (€ million)[1]

	2020	2019
Spain[2]	2	-29
Algeria[3]	154	131
Brazil	2	4
Canada	1	-
Colombia	-4	1
United Arab Emirates	92	151
Italy	1	1
Malaysia	2	5
Netherlands	1	1
Peru	5	12
Portugal	3	5
United Kingdom	2	1
Singapore	2	-
Thailand	5	41
TOTAL	**268**	**324**

[1] Exchange rate used for taxes paid in currency different to euro has been the "monthly average exchange rate".
[2] The tax on profits in Spain during 2019 includes, as in previous years, only the payment of Corporate Tax in Spain corresponding to the profits obtained in 2019 under the General Accounting Plan for an amount of €81M as well as the rebate of the Corporate Tax paid in excess in previous years, amounting to €110M, hence the figure shows a negative balance. In 2020, Spain recorded losses.
[3] The rates applicable to the results obtained in the production of hydrocarbons that are higher than the general ones are included.

In addition to corporate tax, the company pays other levies, including special taxes. It is also responsible for collecting certain taxes that it immediately passes on to the corresponding tax authorities.

In 2020, including corporate tax, Cepsa paid €2,506 million in taxes, and was also responsible for collecting €1,666 million.

Taxes paid (millions of euros)			
Corporate Tax	**Special taxes**	**Others**	**TOTAL**
268	2,165	74	**2,506**

Taxes collected (millions of euros)			
VAT	**Special taxes**	**Others**	**TOTAL**
1,111	418	138	**1,666**

7. ANNEXES

7.1. RISKS

The spectrum of risks to which the company is exposed can be classified into four broad categories: strategic and planning risks, financial and market risks, operational and infrastructure risks, and regulatory and compliance risks.

STRATEGIC AND PLANNING RISKS	
Related to corporate governance, strategic positioning and external factors such as market dynamics (economic situation, evolution of demand...), natural disasters and climate change.	
RISKS	DESCRIPTION AND CONTROL MEASURES
Macroeconomic risks	Cepsa closely monitors global macroeconomic indicators and incorporates them into its key processes. The company is also focused on the geographical diversification of its activity and prioritizes the constant transformation and optimization of processes and operations in its industrial facilities.
Geopolitical risks	Cepsa as a global energy and chemical company is exposed to any geopolitical disputes that may arise. Therefore, it monitors all the countries in which it has operations, following a series of risk source categories, including: security, political stability, government effectiveness, legal and regulatory environment, fiscal policy and macroeconomics, bribery and corruption.
Energy transition and sustainability: regulation and climate change	Cepsa works to adapt its strategy and activity to the regulatory requirements and expectations of stakeholders in terms of climate change and the energy transition. Proof of this is that in 2020 a Carbon Cycle unit was created, under the auspices of the Carbon Cycle unit, whose mission is to develop the company's carbon strategy, as well as promote and add a portfolio of low-carbon products created by the different business units of the company
Evolution of market demand and competition	Cepsa's products compete in markets where product differentiation is a major challenge and where it faces strong competition in all businesses. The company also had to deal with new players in the markets, such as in our Refining segment where there is now production capacity coming from the Middle East and Russia. Efficiency improvements, regulatory pressure and changes in consumer preferences are causing changes in energy demand. The search for excellence in customer service, permanent monitoring of market trends and continuous improvement as an underlying principle, are some of the levers that help the company tackle these risks.
Reserves	Successful implementation of our strategy requires that our long-term crude oil and natural gas reserves be maintained and increased. This depends on our ability to optimize production from our fields and acquire additional reserves in a commercially viable way. Cepsa is focused on achieving production growth projects that can guarantee the long-term sustainability of the upstream business.
Stakeholders	Cepsa operates in multiple environments in which there are various stakeholders. In the event that the interests of these groups conflict with Cepsa's activities, the Group may be affected by opinions and actions contrary to its activities. Maintaining responsible and transparent relationships with the communities in which Cepsa is present is an essential and integral part of our activities and operations, enabling the creation of value for society and collaborating in its economic, social and environmental development, integrating ourselves into our environment and implementing social projects.

FINANCIAL AND MARKET RISKS	
Deriving from the volatility of prices of basic raw materials, of exchange rates, of interest rates and of hedging and trading operations, as well as those related to liquidity and solvency management, credit and counterparty risk management.	
RISKS	DESCRIPTION AND CONTROL MEASURES
Raw material price risk	Cepsa is a diversified oil, gas and chemical company that develops all the activities of the value chain. The prices of crude oil, natural gas, and chemicals are affected by supply and demand, both globally and regionally, and dependent on a variety of factors. Fluctuations in the prices of these raw materials are constantly recorded and, on certain occasions, the company contracts financial derivatives in order to reduce its exposure to these price variations.
Exchange rate risk	The different sources of exchange rate risk, as well as the actions taken to mitigate them, are summarized in the following sections: From an operational point of view, the dollar is the currency in which many commercial transactions, such as crude supplies, are denominated. Cepsa manages the exchange risk of these transactions by centralizing and going to the market to hedge the global net position of the cash flows in dollars of the different Group companies. Regarding the risk of the net equity value of investments in foreign subsidiaries, this is mitigated by maintaining debt in the currency in which each investment is denominated, applying net investment hedges to said subsidiaries. Lastly, certain group companies obtain cash flows in a currency other than its functional currency. In these situations, the company minimizes exposure to exchange rate risk by obtaining financing in the same currency in which the cash flows are denominated.
Interest rate risk	Cepsa is exposed to fluctuations in interest rates due to (i) its possible impact on the income statement, due to its effect on interest income and expenses, (ii) its effect on certain balance sheet items due to the variation in the discount rates applied to assets and liabilities, (iii) and its possible impact on the profitability of investments. In order to manage and mitigate this risk, it obtains financing at a fixed rate or contracts interest rate hedges through financial derivatives, where appropriate.
Liquidity risk	Liquidity risk refers to CEPSA's ability to meet debt maturities in the next 24 months without the need to refinance them. In this sense, it has a financial policy through which it maintains amounts available in cash and other liquid instruments, as well as undrawn committed credit facilities. Cepsa works with internationally renowned top-level financial institutions. Nevertheless, the foregoing analyses the counterparty risk of all the entities with which it operates, especially when negotiating investments and contracting financial instruments.
Credit risk	Cepsa is exposed to credit risk due to the potential breach of the contractual obligations of the counterparties with which it operates, be they are suppliers, customers, partners, financial entities, etc. To manage this risk, it has IT systems that comprehensively and automatically process both external and internal data. With this information and through the application of scoring models and evaluation by risk analysts, the counterparties are classified based on their credit risk, establishing a credit limit for each of them. On certain occasions, whether due to accumulation or non-acceptance of risk, the Group transfers the risk of non-payment of certain counterparties to third parties through the contracting of bank guarantees or credit insurance policies In relation to credit risk in financial investments, financial derivatives and liquid assets, this is more limited than in the case of commercial credits, given that the counterparties with which CEPSA operates are mostly financial institutions and insurance companies with high levels of creditworthiness. Nevertheless, the above

	also evaluates the solvency of each of these counterparties, assigning a credit limit to each of them.
Sustainable financing	The transition towards a decarbonized and more sustainable economy is increasingly of interest to public authorities, as well as to economic and financial agents. During 2020, Cepsa created a new ESG Department in order to define the positioning and the long-term ESG strategy of the Group to address the energy transition.
Tax strategy and management	The energy sector is subject to a specific tax framework. The existence of specific taxes on profits, production or consumption of products are common in the upstream and downstream sectors. The main purpose of the tax strategy is to comply with the tax regulations applicable to all Cepsa group companies. Its commitment is reflected in the Tax Policy approved by the Board of Directors in 2015. One of the main axioms present in this policy is the non-use of companies in tax havens, unless the presence in said territories is due to valid economic reasons or because these companies have been acquired directly or indirectly as a result of the acquisition of a group of companies. Notwithstanding the foregoing, Cepsa is exposed to changes in the applicable tax regulations, as well as to different interpretations thereof by the relevant Tax Authorities.

OPERATIONAL AND INFRASTRUCTURE RISKS	
These are risks involving natural disasters, the safety of people, processes and facilities, respect for the environment, the effectiveness and efficiency of operations, with special emphasis on the supply of products, goods and services, transport management, mining and manufacturing processes, sales and marketing, human resources and information technology security.	
RISKS	DESCRIPTION AND CONTROL MEASURES
Safety of processes, personnel and the environment	Cepsa's activities may involve operational risks such as serious industrial accidents affecting facilities, damages to third parties or damages to the environment. To manage this risk, the company has carried out the following actions: • Establishing a safety management system that integrates safety at all levels of the organization based on the international standard OHSAS 18001: 2007. • Operating its industrial plants in a way that minimizes the environmental risks, an aspect that is reflected in its HSSEQ Policy. • Renewing the integrated environmental authorizations of all plants in Spain, allowing greater control of all processes to minimize environmental impacts.
Information security	The operation of many of our business processes depends on our information technology (IT) and operational technology (OT) systems. A cyberattack on a key technology system could lead to serious consequences. To manage this risk, the company has: • A security organization to guarantee the availability, integrity, confidentiality and auditability of the information necessary to secure the activities of the company. • An information security management system based on risk reduction that has been awarded the ISO 27001 certificate. Additionally, Cepsa has defined a roadmap, which will be applied in 2021 to increase and improve the protection of the Company's information security.
Talent management and new ways of working	The challenges of the energy transition and the management of 2.0 technologies require a new business culture with more participatory processes, but above all it requires a new form of leadership, a new way of managing talent and the emergence of new profiles that will have to be detected and developed. The company has taken the following actions in this area: • It has established recruitment policies and procedures that guarantee equal opportunities and non-discrimination and the improvement of job conditions

	through different initiatives (Top Employer, Responsible Family Company certification, social benefits, etc.). • It has a model for attracting and retaining young talent (Talent Call). • It is committed to the growth of employees, based on a rigorous evaluation of their performance, potential and individual skills that allows us to offer them adapted development programs. • A "Talent Mobility" technological platform that increases opportunities for mobility and professional development and provides managers with the most suitable teams.
Project execution	Insufficient availability of the necessary resources and other factors such as delays, expiration of licenses, possible cost overruns and changes in technical, fiscal, regulatory and political conditions) could affect the execution of projects. The company manages this risk by carrying out exhaustive planning and permanent control of costs and deadlines.

REGULATORY AND COMPLIANCE RISKS	
Risks associated with any misconduct, violation or non-compliance with applicable regulations or laws, and violation or non-compliance with internal policies and procedures.	
RISKS	DESCRIPTION AND CONTROL MEASURES
Regulatory compliance	Any breach of the regulations could lead to the imposition of fines, other measures or the claim for compensation by plaintiffs. In order to minimize the impact of these cases, Cepsa has established a compliance management system.
Litigation and arbitration	Cepsa is involved in a series of administrative, judicial and arbitration procedures regarding claims related to the ordinary course of its activities. Although claims may be for significant amounts, the scope and end result cannot be accurately predicted. Based on the current information, the company's management considers that the recorded provisions reasonably cover risks of this nature.
Lack of ethical conduct	Ethical misconduct and non-compliance can expose the company to criminal and civil proceedings and negatively affect our reputation, financial results, and shareholder value. Furthermore, due to our international activities, we are subject to anti-corruption and anti-bribery laws in many jurisdictions. To manage this type of risk, Cepsa has: • A Code of Ethics and Conduct that establishes the fundamental principles, standards and ethical conduct that are applicable to all our employees. • A system of criminal compliance and anti-bribery certified according to the most advanced leading standards.
Compliance risks associated with economic and trade sanctions imposed by the United States, the European Union, or other jurisdictions	Failure to comply with these international sanctions could have severe economic effects, especially the cancellation of financing sources or other contractual agreements with banks. To manage this risk, Cepsa has established a Due Diligence process for third parties based on the Know Your Counterparty Policy approved by the Board of Directors. These analyses are carried out centrally by the Ethics and Compliance Office and external advice is provided based on the risk levels identified in the counterparties and operations analyzed.

7.2. INTERNAL CONTROL SYSTEM

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

The supervision of Cepsa's internal control system is carried out at different levels:

Board of Directors:

The Board approves the general policies and strategies of the company, including the Risk Control and Management Policy and the supervision of the internal information and control systems. The Board is ultimately responsible for guaranteeing an internal control environment that favors the generation of reliable, complete and appropriate financial information. Functionally, it delegates oversight of the internal control systems to the Audit, Compliance, Ethics and Risks Committee.

Audit, Compliance, Ethics and Risk Committee:

As indicated in section "4.1 Good Governance", one of the functions of the Committee is to monitor the effectiveness of the Group's internal control system, as well as to offer advice to the Board of Directors in all matters related to risk management, internal control, compliance and internal audit systems.

Management: first-line roles

The Board of Directors and Senior Management, as the highest bodies, set the "Tone at the Top" for the implementation of the internal control system, articulated through the Code of Ethics and Conduct, the associated policies, as well as certain elements of the control environment such as organizational structures, separation of duties, or delegation of authority, among things, that help establish an adequate framework for the existence of the control system.

Therefore, Cepsa's first line of defense professionals are the direct managers of the company's risks and controls, and are responsible for implementing and maintaining the effective internal control system on an ongoing basis.

Management: second-line roles

The second line of defense functions are mainly responsible for the supervision of risks, controls and compliance established by the Board of Directors, proposing improvements, guidelines and controlling how the first line of defense executes them.

The main assurance functions at Cepsa, within their respective areas of responsibility, are: within the Internal Audit, Compliance and Risk Department (i) the Corporate Risk unit within the framework of the Comprehensive Risk Control and Management System, and (ii) the Compliance and Internal Control units, responsible for proactively ensuring the effective functioning of the Compliance and Internal Control System (Internal Control System on Financial Reporting -ICFR-, Internal Control on Non-Financial Reporting - ICNFR- and Crime Prevention Model -CPM-); (iii) within the Information Systems Department, the Cybersecurity unit, which supervises, monitors and reports the risks to the computer and cybersecurity systems; and (iv) the Health, Safety, Environment and Quality Department (HSEQ), which supervises, monitors and reports the risks related to the safety of our industrial and environmental plants.

Third line: Internal Audit

The Internal Audit function, as the third line of defense, proactively watches over the proper functioning of the internal control systems, carrying out its activity in accordance with international standards for the professional exercise of Internal Auditing and under the guarantee of the Quality Certificate awarded by the International Institute of Internal Auditors. To guarantee the high standards set internally, the Internal Audit department has implemented a specific Quality function that performs audits to review the quality of the internal audits carried out annually in the Cepsa Group.

As a guarantee of independence, the Internal Audit, Compliance and Risk Department reports hierarchically to the CEO and Managing Director, and functionally to the Audit, Compliance, Ethics and Risk Committee.

The annual Internal Audit plan is carried out following a risk-based approach with a view to helping Cepsa achieve its strategic, operational, financial and compliance objectives, which at all times responds to the requirements set by the Audit, Compliance, Ethics and Risk Committee and includes specific requests made by Senior Management.

Regarding the reviews carried out on the internal control system, these are carried out annually in coordination with the statutory external auditors and the external auditors of the Crime Prevention Model, with a verification of the most critical controls in the control system to check the correct functioning of the system prior to its certification.

External assurance providers

Additionally, external auditors and regulators independently monitor compliance with Cepsa's requirements and the controls established to guarantee the correct functioning of corporate governance and the risk control management system. The standards and certifications on which these audits are based are included in section “4.4 Internal Control System” of this report.

7.3. **ABOUT THIS REPORT**

Standards and Criteria Taken into Account in the Preparation of the Report

With the publication of our 2020 Integrated Management Report, we are reasserting our commitment to work tirelessly to be a transparent company, responding to all our stakeholders' needs and requests for information. The report includes aspects of our strategy as a company that will enable us to continue generating value, as well as the performance of our businesses over the course of the year, the economic, environmental and social impacts, and the actions we have taken in order to manage those impacts.

The information contained in this Integrated Management Report complies with the requirements of Law 11/2018 of 28 December 2018 on Non-financial Information and Diversity, which amends the Spanish Commercial Code, the Consolidated Text of the Spanish Corporations Law approved by Royal Legislative Decree 1/2010 of 2 July, and the Spanish Audit Law, Law 22/2015 of 20 July, on Non-Financial Information and Diversity.

Details of the contents that meet the above legal requirements can be found in the Non-Financial Information Statement table for 2020.

Furthermore, this document contains additional information over and above the non-financial information requirements laid down in the current commercial legislation. The 2020 Integrated Management Report has been drawn up in accordance with the Core options of the GRI standards, including the information requirements contained in the GRI Oil and Gas Sector Supplement. We have also followed the recommendations of other internationally recognized reporting standards such as the International Integrated Reporting (<IR>) Framework developed by the International Integrated Reporting Council (IIRC), the principles of the United Nations Global Compact and the Task Force on Climate-Related Financial Disclosures (TCFD) on climate change-related financial risks. We have also continued to report on our commitment and contribution to the achievement of the Sustainable Development Goals.

The content of the report has been established in line with the results of the materiality analysis of the company, which was updated prior to the issue of this report. The update has been carried out using a method that enables us to fulfill and comply with the requirements of the GRI standard and the principles for establishing the content of sustainability reports set out therein (stakeholder inclusiveness, sustainability context, materiality, and completeness). For more information, please see the section titled "Description of the Results of the Materiality Analysis Update".

In addition, the 2020 Integrated Management Report has been prepared in accordance with the principles for the preparation of reports relating to the definition of quality included in the GRI standard (accuracy, balance, clarity, comparability, reliability, and timeliness). The information included has been verified by an independent third party in accordance with Standard ISAE 3000 with a limited assurance level.

The company has made the email address responsabilidad.corporativa@cepsa.com available to any stakeholders wishing to obtain additional information about this Report.

Scope of the Information

The scope of non-financial information includes those companies controlled by Cepsa that are consolidated using the global integration method or the proportional consolidation method. Included in this scope are those companies that have personnel costs and those that have production, storage or marketing facilities.

The 2020 Annual Integrated Management Report therefore includes consolidated information on the entire Cepsa Group as regards our activities' economic, environmental and social impacts and performance, as well as any additional information that may be necessary for an easier understanding of the company's results and evolution.

Should the scope of any of the information contained in the report vary from that stated in the preceding paragraph, its specific scope will be specified in the relevant section and in the GRI and NFR table. In addition, any figures from previous years that have been modified or recalculated will be identified in the relevant section for the purposes of greater comparability.

Description of the Results of the Materiality Analysis Update

Under the GRI standards published for the preparation of sustainability reports, organizations reporting in accordance with their requirements must carry out a materiality analysis to help them ascertain the contents they need to cover. This requirement also applies to Non-Financial Reporting Standards (NFRS) in the case of companies, such as Cepsa, to which Law 11/2018 applies.

Since carrying out a materiality analysis of the company is mandatory for drawing up this report, Cepsa has decided to conduct a materiality analysis every two years and update it every year, as it has done on this occasion.

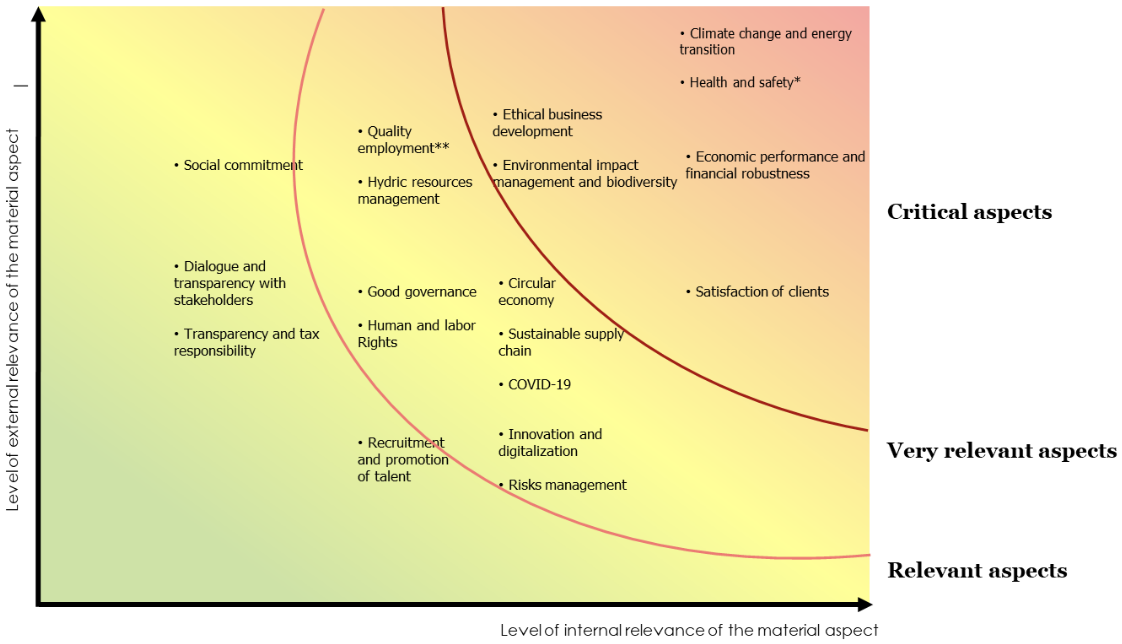
This analysis has been carried out based on the list of sustainability aspects proposed in the GRI Standard. In addition, other factors that are relevant to both the company and its stakeholders identified in the various sources used for analysis have also been taken into account.

The sources analyzed to establish the potential relevance of each aspect on Cepsa's ability to carry out its strategy and operations have been: press releases, analysis of international industry trends, SASB materiality matrix for the industry, corporate values, and the company's priority SDGs.

The sources analyzed to establish the relevance that each material aspect might have for stakeholders' decisions/assessments about the company are: benchmarking of materiality matrices of other companies in the industry, analysis of press reports about the company, and the perceptions stated by various stakeholders (satisfaction reports (asphalts, aviation, service stations, electricity and gas) / Cepsa reputation report for the first semester / Cepsa sites reputation report / climate and commitment survey / supplier survey).

The materiality analysis update has enabled us to establish the issues that are most relevant to the company, which have then been classified as critical, very relevant, and relevant.

- Cepsa Materiality Matrix -



8. ANNEXES ON NON-FINANCIAL PERFORMANCE INDICATORS

8.1. ETHICS AND COMPLIANCE

NUMBER OF EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN 2020						
	Spain	Rest of Europe[1]	Africa[2]	America[3]	Asia[4]	Total
Managers	88	2	0	3	2	95
Heads of department	504	18	39	45	39	645
Senior technicians	1,620	50	65	127	46	1,908
Intermediate technicians	1,098	74	19	61	51	1,303
Specialists	2,480	41	8	122	36	2,687
Administrative staff	64	10	3	7	14	98
Assistants	25	1		17	17	60
Total	5,879	196	134	382	205	6,796

(1) Belgium, Italy, the Netherlands, Portugal and the United Kingdom
(2) Algeria, Morocco
(3) Brazil, Canada, Colombia, United States, Mexico, Peru
(4) China, United Arab Emirates, Malaysia, Singapore and Thailand

NUMBER OF EMPLOYEES WHO HAVE RECEIVED COMMUNICATIONS ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN 2019						
	Spain	Rest of Europe[1]	Africa[2]	America[3]	Asia[4]	Total
Managers	85	1	0	4	3	93
Heads of department	512	20	32	50	33	647
Senior technicians	247	12	0	14	3	276
Intermediate technicians	103	6	0	5	0	114
Specialists	151	8	1	7	2	169
Administrative staff	13	0	0	1	1	15
Assistants	0	0	0	0	0	0
Total	1,111	47	33	81	42	1,314

(1) Belgium, Italy, the Netherlands, Portugal and the United Kingdom
(2) Algeria, Morocco
(3) Brazil, Canada, Colombia, United States, Mexico, Peru
(4) China, United Arab Emirates, Malaysia, Singapore and Thailand

NUMBER OF EMPLOYEES WHO HAVE RECEIVED TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN 2020						
	Spain	Rest of Europe[1]	Africa[2]	America[3]	Asia[4]	Total
Managers	73	1	0	1	1	76
Heads of department	130	1	2	15	0	148
Senior technicians	441	0	8	17	0	466
Intermediate technicians	10	0	0	0	0	10
Specialists	5	0	0	0	0	5
Administrative staff	0	0	0	0	0	0
Assistants	0	0	0	0	0	0
Total	659	2	10	33	1	705

(1) Belgium, Italy, the Netherlands, Portugal and the United Kingdom
(2) Algeria, Morocco
(3) Brazil, Canada, Colombia, United States, Mexico, Peru
(4) China, United Arab Emirates, Malaysia, Singapore and Thailand

NUMBER OF EMPLOYEES WHO HAVE RECEIVED TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES IN 2019						
	Spain	Rest of Europe[1]	Africa[2]	America[3]	Asia[4]	Total
Managers	1	0	0	0	1	2
Heads of department	181	0	0	0	0	181
Senior technicians	459	2	0	1	0	462
Intermediate technicians	78	0	0	0	0	78
Specialists	45	0	0	0	0	45
Administrative staff	5	0	0	0	0	5
Assistants	0	0	0	0	0	0
Total	769	2	0	1	1	773

(1) Belgium, Italy, the Netherlands, Portugal and the United Kingdom
(2) Algeria, Morocco
(3) Brazil, Canada, Colombia, United States, Mexico, Peru
(4) China, United Arab Emirates, Malaysia, Singapore and Thailand

TYPES OF REQUEST FOR ADVICE ON ETHICS IN 2020	
Aspects of the employment relationship	*3*
Measures to counter money laundering and terrorist financing	*1*
Conflicts of interest	*3*
Control, governance and compliance in our operations	*4*
Relations with partners, suppliers, customers and other stakeholders	*4*
Gifts, hospitality, events and the fight against corruption	*3*
Processing of confidential information and personal data	*1*
Other concerns	*6*
Total	***25***

TYPES OF REQUEST FOR ADVICE ON ETHICS IN 2019*	
Health and safety in the workplace	*2*
Commitment to respect for human and workers' rights	*4*
Conflicts of interest	*3*
Control, governance and compliance in our operations	*1*
Insider dealing and market manipulation	*1*
Relations with partners, suppliers, customers and other stakeholders	*11*
Lobbying	*1*
Gifts, hospitality, events and the fight against corruption	*7*
Processing of confidential information and personal data	*5*
Media and information transparency	*1*
Total	***36***

*Variations are not comparable due to the new classification by type

COMPLAINTS OF BREACHES OF THE CODE OF ETHICS IN 2020	
Health and safety in the workplace	*48*
Harassment and discrimination	*4*
Aspects of the employment relationship	*9*
Inappropriate conduct	*20*
Control, governance and compliance in our operations	*1*
Relations with partners, suppliers, customers and other stakeholders	*7*
Use and protection of our assets and properties	*18*
Processing of confidential information and personal data	*2*
Total	***109***

COMPLAINTS OF BREACHES OF THE CODE OF ETHICS IN 2019	
Health and safety in the workplace	*34*
Commitment to respect for human and workers' rights	*54*
Measures to counter money laundering and terrorist financing	*1*
Conflicts of interest	*3*
Control, governance and compliance in our operations	*1*
Environmental protection	*1*
Relations with partners, suppliers, customers and other stakeholders	*7*
Use and protection of our assets and properties	*31*
Processing of confidential information and personal data	*1*
Intellectual, Industrial Property and Trade Secrets	*1*
Total	***134***

*Variations are not comparable due to the new classification by type

RESULTS OF THE COMPLAINTS RECEIVED ON BREACHES OF THE CODE OF ETHICS IN 2020 AND 2019		
	2020	**2019**
Not corroborated	20	22
Activation of disciplinary measures	77	109
Activation of corrective measures	8	9

ACTIONS EVALUATED IN RELATION TO CORRUPTION RISKS IN 2020 AND 2019		
	2020	2019
Number of internal audit projects with an anti-corruption and anti-bribery component	6	8
Number of Crime Prevention Model (CPM) controls that mitigate the risk of corruption within CPM controls	195	207
Number of ICFR controls aimed at mitigating fraud risk within ICFR controls	409	408
Number of audit projects on non-operated assets	4	5
Number of reviews of investment agreements and significant anti-corruption contracts (Know Your Third Party/KYTP analysis)	4	8

EMPLOYEES TRAINED IN MATTERS OF ETHICS AND CONDUCT		
	2020	2019
Employees trained in matters of ethics and conduct	1,301	1,125
Employees trained in crime prevention	802	1,099

FINES

Penalties or fines for breach of environmental, social or economic legislation are considered significant when they exceed 2 million euros.

In terms of Competition, there are two appeals filed by Cepsa against the National Commission on Markets and Competition (CNMC) resolutions of January and February 2015, for which fines of 10 and 2.5 million euros were imposed on our company, both appealed before the National High Court. Through two rulings issued in May 2015, the High Court suspended the payment of the fines as a precautionary measure, with said decision depending on the provision of a bank guarantee. In July 2015, Cepsa presented the required guarantees, as a result of which the suspension of the two resolutions was confirmed. In the first appeal (€10M fine) the National High Court has only partially upheld the appeal, prompting the CNMC to recalculate the fine, but not annul it. We are currently preparing the cassation appeal. In terms of the second appeal (€2.5M fine), we have just received the Judgement in which the appear has been partially, requesting that the CNMC recalculate the fine, but not annul it, and we are evaluating the possibility of filing a cassation appeal.

Within the framework of the Oversight Proceedings of compliance with the CNMC Resolution of 2013, after working closely with the Oversight Sub-directorate, we came up with a formula that was satisfactory and said Sub-directorate submitted a Partial Oversight Report to the Council in June 2019, urging it to declare our compliance, after which the Competition Chamber of the CNMC Council declared, through a Resolution on 12 June 2020, that CEPSA had complied with the orders contained in the aforementioned resolution of December 2013. Said Resolution also confirmed BP's compliance with said orders, though REPSOL was declared in breach, as a result of which said company was fined €5M.

At year-end the environmental lawsuit of June 2011 remained open, in which a group of fishermen in Thailand filed a complaint against a subsidiary of Cepsa due to the impacts derived from the subsidiary's activities.

8.2. ECONOMIC AND FINANCIAL PERFORMANCE

Net Income by country [1] (million of euros)	2020	2019	2018
Spain	(697)	681	522
Argelia	(78)	170	195
Belgium	0	1	1
Brazil	25	11	13
Canada	15	5	9
China	28	(3)	4
Colombia	(82)	14	53
U.A.E.	(95)	(20)	15
U.S.A.	(0)	0	0
Indonesia	(4)	(16)	(35)
Luxembourg	0	6	0
Italy	3	3	2
Mexico	(2)	(4)	0
Morocco	3	(0)	0
Malaysia	(6)	4	4
Mauritius	0	0	0
Nigeria	4	3	1
Netherlands	3	4	3
Panama	0	0	2
Peru	(42)	(12)	(7)
Portugal	6	5	9
United Kingdom	6	4	5
Singapore	3	(45)	5
Suriname	3	(0)	3
Thailand	(11)	8	26
Total	**(919)**	**820**	**830**

[1]Figures calculated under IFRS (International Financial Reporting Standard)

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

ECONOMIC VALUE GENERATED			
	2020	2019	2018
Revenue[1]	15,760	23,857	24,712
Other operating income	49	62	48
Financial income	138	60	57
Profit share of associated companies	11	38	30
Income from asset disposals	15	16	26
Total	15,973	24,033	24,873

1 Includes excise duties

ECONOMIC VALUE DISTRIBUTED			
	2020	2019	2018
Suppliers[2]	*11,922*	*18,548*	*19,789*
Providers of capital (shareholders and financial entities)	*307*	*1,234*	*496*
Public administration (taxes)[3]	*2,227*	*3,294*	*2,954*
Employees	*671*	*642*	*619*
Social programs and initiatives investment	0	*5*	*5*
Total	*15,127*	*23,723*	*23,863*

2 Includes the purchase of crude oil, raw material and energy products.
3Includes excise duties, income tax and taxes other than income tax.

ECONOMIC VALUE RETAINED			
	2020	2019	2018
Economic Value Retained	*846*	*310*	*1,010*

GLOSSARY

Alternative Performance measure	Unit	Relevance of use
EBITDA	Million of Euros	Measure of operational profitability deducting the interests, taxes, provisions and amortizations
Current cost of Supplies (CCS)	Million of Euros	The Current Cost of Supply (CCS) is commonly used in this industry to disclose the Downstream businesses which must work with huge inventories subject to continual price fluctuations.
Non-recurring items	Million of Euros	It allows the results disclosure excluding those atypical expenses/income not directly related to the activity (non-recurring)
Net debt	Million of Euros	It measures the Company's level of debt
Capital employed	Million of Euros	It measures own and external capital invested in the company.
Leverage ratio	%	It measures the Group's indebtedness proportion in relation to its profitability, usually with its operating profitability.
Free cash flow	Million of Euros	It is used for evaluating the funds available for paying dividends, and debt service payments.
Net operating profit	Million of Euros	Used for ROACE´s calculation
ROACE	%	Measure used to evaluate the earning capacity of the investments in operation
Gearing	%	Measure of the weighing of the external resources in the Group financing.

8.3. **CLIMATE CHANGE**

GHG EMISSIONS (SCOPES 1 AND 2) BY BUSINESS						
Thousands of tons CO2	2020		2019		2018	
	Scope I	*Scope II*	*Scope I*	*Scope II*	*Scope I*	*Scope II*
Exploration and Production	*255*	*39*	*422*	*47*	*695*[31]	*83*
Refining	*2,800*	*329*	*2,973*	*498*	*3,251*	*526*
Chemicals	*728*	*85*	*698*	*89*	*716*	*172*
Marketing and Distribution	*0.22*	*1.58*	*0*	*0*	*0*	*0*
Gas&Power	*1,384*	*0*	*1,869*	0	*1,266*	*0*
Total	***5,166***	***455***	***5,962***	***634***	***5,928***	***781***
Total scopes 1 + 2	***5,621***		***6,596***		***6,709***	

SCOPE 3 EMISSIONS BY CATEGORY, thousands of tons CO2			
Category	2020	2019	2018
Purchased goods and services[1]	*4,173*	*5,131*	*4,820*
Activities relating to fuel and energy	*448*	*446*	*444*
Transport and distribution of raw materials[1]	*697*	*962*	*956*
Waste generated in operations	*3*	*4*	*5*
Business travel		*3*	*3*
Emissions from transportation of employees to and from work		*5*	*5*
Lease of work place		*0*	*1*
Transport and downstream distribution of the production process[2]	*357*	*534*	*656*
Use of products sold	*47,898*	*64,185*	*73,544*
Franchises		*42*	*39*
Investments		*42*	*46*
Total	***53,577***	***71,354***	***80,519.00***

1. The main variation reflected in the upstream services and transportation categories was due to a 13.6% reduction in crude oil processed at refineries (due to COVID-19), so the value of these two categories is reduced.
2. The variation in the energy category was 12%, due to a reduction of approximately 8% in electricity consumption and a reduction of 15.6% in external energy consumption (taking into account natural gas)

INTENSITY OF GHG EMISSIONS (SCOPES 1 AND 2) BY BUSINESS			
	2020	2019	2018
Refining (ton CO2 / ton processed)	*0.173*	0.166	0.175
Chemicals (Tonnes CO2 / ton produced)	*0.311*	0.301	0.334

[31] Value not recalculated according to criteria. Idem comment for scope 2 of the IOGP report, in contrast to 2019 and 2020 data

ENERGY AND ENERGY EFFICIENCY			
Consumption of energy by business unit (TJ)	2020	2019	2018
Exploration and Production	2,681	4,018	3,794
Refining	40,293	42,825.	43,813
Chemicals	16,427	14,465	14,348
Gas & Power	24,355	33,401	22,462
Total	83,756	94,709	84,417

CONSUMPTION OF EXTERNAL ENERGY BY CATEGORY (TJ)		
Category	2020	2019
Purchased goods and services	*74,551*	*91,462*
Activities relating to fuel and energy	*8,012*	*7,950*
Transport and distribution of raw materials	*12,457*	*17,149*
Waste generated in operations	*49*	*72*
Business travel		*49*
Transport of employees to and from work		*87*
Lease of work place		*7*
Transport and downstream distribution of the production process	*6,374*	*9,526*
Use of products sold	*855,636*	*1,144,118*
Franchises		*742*
Investments		*757*
Total	*957,078*	*1,271,919*

TOTAL ENERGY CONSUMPTION BY SOURCE			
Source (TJ)	2020	2019	2018
Electricity	*6,644*	6,770	7,013
Diesel	*1,211*	2,217	2,358
Fuel oil	*966*	209	1,233
Natural gas	*50,481*	48,538	33,724
Residual gas	*2,474*	1,528	1,287
Fuel gas	*21,980*	34,065	35,679
Total	*83.756*	*94.709*	84,417

INTENSITY OF ENERGY CONSUMPTION BY BUSINESS			
	2020	2019	2018
Refining (GJ / ton processed)	*2.00*	2.05	2.03
Chemicals (GJ / ton produced)	*5.55*	5.53	5.39

8.4. **REDUCTION OF OUR ENVIRONMENTAL IMPACT**

ENVIRONMENT

INVESTMENTS AND ENVIRONMENTAL EXPENSES (thousands of euros)			
	2020	2019	2018
Environmental Investment	15,010	6,588	5,643
Environmental Spending	34,495	33,577	11,761

WATER MANAGEMENT

Water extraction by source and business

TYPE OF SOURCE (thousands of m^3)						
		Exploration and Production	Refining	Chemicals	Marketing	Total
Brackish surface water/sea water	2020	2,090	372.0	0	0	**2,462**
	2019	2,889	674	0	0	**3,563**
	2018	4,315	1,047	0	0	**5,362**
Fresh surface water	2020	10	0	1,251	0	**1,261**
	2019	15	0*	1,373	0	**1,392**
	2018	41	0	1,294	0	**1,335**
Non-renewable groundwater	2020	1,265	0	0	11	**1,276**
	2019	1,193	0	0	10	**1,203**
	2018	944	0	0	9	**953**
Renewable groundwater	2020	703	0	0	0	**703**
	2019	656	0	0	0	**656**
	2018	587	0	0	0	**587**
Water from public grid	2020	28	14,311	3,335	79	**17,753**
	2019	35	15,249*	3,441	174*	**18,899**
	2018	36	14,717*	3,581	184*	**18,518**
Produced water/ process water	2020	16,480	19	44	0	**16,543**
	2019	23,719	20	0	0	**23,739**
	2018	23,786	0	0	0	**23,786**
Rainwater or water from snowmelt	2020	0.4	0	3.4	0	**3.8**
	2019	0.8	0	13	0	**14**
	2018	0.2	0	10.0	0	**10.2**
Waste water from another company	2020	1	0	0	0	**1**
	2019	10	0	0	0	**10**
	2018	8	0	0	0	**8**
Total	2020	**20,577**	**14,702**	**4,634**	**90**	**40,002**
	2019	**28,522**	**15,943**	**4,827**	**184**	**49,476**

	2018	**29,717**	**15,764**	**4,885**	**193**	**50,559**

(*) The data for 2019 and 2018 have been recalculated in accordance with the 2020 scope, not including the data from the Aviation, CMD, SIS and Petrocan facilities, since they are not material indicators for these types of plants, and including the Guadarranque and CC20 cogeneration plants, as well as the Alijar II wind farm

Water discharge by destination and business

DESTINATION (thousands of m³)						
Destination (thousands of m³)		Exploration and Production	Refining	Chemicals	Marketing	Total
Municipal / industrial wastewater treatment plant	2020	101	0	512	55	**668**
	2019	101	0	598	141*	**840**
	2018	112	0	617	133	**862**
(Discharge to) groundwater	2020	17,720	0	0	2	**17,721**
	2019	24,551	0	0	2	**24,553**
	2018	24,449	0	0	2	**24,451**
Fresh surface water	2020	0	0	26.4	0.3	**26.7**
	2019	0	0	25	0	**25**
	2018	4	0	29	0	**33**
Brackish surface water/sea water	2020	2,396	7,378	1,152	0	**10,925**
	2019	3,445	7,744*	1,006	0	**12,195**
	2018	4,866	8,533*	1,080	0	**14,479**
Waste water delivered to another company	2020	0	0	169	38	**207**
	2019	0	0	172	6	**178**
	2018	0	0	239	3	**242**
Total	2020	**20,216**	**7,378**	**1,859**	**95**	**29,548**
	2019	**28,097**	**7,744**	**1,801**	**149**	**37,791**
	2018	**29,431**	**8,533**	**1,965**	**138**	**40,067**

(*) The data for 2019 and 2018 have been recalculated in accordance with the 2020 scope, not including the data from the Aviation, CMD, SIS and Petrocan facilities, since they are not material indicators for these types of plants, and including the Guadarranque and CC20 cogeneration plants, as well as the Alijar II wind farm

WATER CONSUMPTION BY BUSINESS (thousands of m³)						
		Exploration and Production	Refining	Chemicals	Marketing	Total
Water consumption	2020	360	7,324	2,77	-5*	10,454
	2019	422	5,387	3,027	36	8,874
	2018	286	7,231	2,920	55	10,492

(*) The volume of water consumed is negative as a result of the calculation of the water collected minus the water discharged. The volume of water discharged includes the volume of rainwater, so the volume of water discharged is greater than the volume of water collected.

RECYCLED AND REUSED WATER (m^3)						
		Exploration and Production	Refining	Chemicals	Marketing	Total
Recycled water (m3)	2020	2,046	91,155	0	0	93,201
	2019	10,205	162,232	0	0	172,437
	2018	9,028	191,391	0	0	200,419
Reused water (m3)	2020	43,920	1,806,348	92,949,918	3,492	94,803,678
	2019	44,362	1,489,493	92,430,404	4,078	93,968,337
	2018	62,019	1,790,349	99,050,616	0	100,902,984
Grand total (m3)	2020	45,966	1,897,503	92,949,918	3,492	94,896,879
	2019	54,567	1,651,725	92,430,404	4,078	94,140,774
	2018	71,047	1,981,740	99,050,616	0	101,103,403

CIRCULAR ECONOMY

RAW MATERIALS BY SOURCE AND BUSINESS (thousands of tons)						
	Renewable			Non-renewable		
	2020	2019	2018	2020	2019	2018
Refining	*404*	*506*	*441*	*18,114**	*20,921*	*21,607*
Chemicals	0	0	0	*4,038*	*4,033*	*4,103*
Marketing	*30*	*172*	*165*	*20*	*24*	*22*
Total	***434***	***678***	***605***	***22,172***	***24,978***	***25,732***

(*) Variation due to lower refining activity resulting from COVID-19 and low demand for fuel.

AMOUNT OF MARPOL WASTE MANAGED (tons)			
	2020	2019	2018
Amount of Marpol waste received	45,292	50,148	60,903
Recycled hydrocarbons for further processing	4,076	2,494	1,312

AMOUNT OF WASTE MANAGED (tons)			
Type of waste (tons)	2020	2019	2018
Hazardous waste	35,219	41,264	67,741
Non-hazardous waste	16,400	25,432	43,645

AMOUNT OF WASTE BY TYPE AND DISPOSAL METHOD (tons)				
Type of waste (tons)	Disposal method	2020	2019	2018
Hazardous waste	Amount to landfill	16,017	21,217	26,881
	Recovery, including energy recovery	18,296	17,741	34,675
	Incineration	315	460	97
	Recycling	591	2116	6,088
	Amount to landfill	7,815	14,375	27,735

Non-hazardous waste	Recovery, including energy recovery	7,243	10,314	14,557
	Incineration	129	123	73
	Recycling	1,213	620	1,280

AMOUNT OF WASTE BY TYPE AND DISPOSAL METHOD MANAGED OUTSIDE OF SPAIN (tons)*			
	2020	2019	2018
Hazardous waste. Cross-border transportation	339	28,491	11,779
Non-hazardous waste Cross-border transportation	70	301	146

(*) The amounts included in the table of waste managed outside Spain are included in the amounts by treatment method in the table above.

AMOUNT OF DRILLING WASTE BY TYPE AND TREATMENT METHOD				
Type of waste (tons)	Treatment / Destination	2020	2019	2018
Non-water based waste	Treatment for offshore disposal	0	791	462
	Thermal desorption	0	0	0
	Inerting	0	0	35
	Onshore disposal/incineration in controlled areas	851	0	0
Non-water based waste	Inerting	2,669	2,024	7,198
	Onshore disposal in controlled areas	0	0	0
	Recycling	0	0	2,441
	Onshore disposal/incineration in controlled areas	0	0	0
Total		3,520	2,815	10,136

SIGNIFICANT SPILLS TO THE ENVIRONMENT

SIGNIFICANT SPILLS RECORDED* 2020				
Type of spill	Volume (liters)	Spill location	Spilled product	Spill impact
Spill onto land	235	Caracara facility (Colombia)	Oil	Due to the breakage of a line, the product spilled onto industrial and non-industrial land and was controlled immediately. The line was repaired and all the product cleaned up.
Spill onto desert land	318	RKF facility (Algeria)	Crude	Due to the breakage of a line, the product spilled onto desert land and was controlled immediately. The line was repaired and all the product cleaned up.
Spill onto industrial land	1,700	Teruel gas facility	Diesel C	The product spilled onto an industrial paved area and was controlled and cleaned immediately, avoiding contamination of the soil.
Spill onto industrial land	600	Service Station in Malaga	Gasoline 95	The product spilled onto an industrial paved area and was controlled and cleaned immediately. Moreover, a sample of the soil was checked by a soil engineering company to ensure no impact on the soil.
Total	2,853			

* The data is taken from an internal corporate control tool (scope covering Spain and Refining, Marketing, Chemicals and G&P business units) The spill incidents included in Safety Scale PS1 and PS2 are taken to be significant. Also, for Exploration & Production the criteria are used for reporting of spills of more than 1 bbl affecting the environment, in line with the reporting criteria of the International Oil & gas Producers (IOPG).

SIGNIFICANT SPILLS RECORDED* 2019				
Type of spill	Volume (liters)	Spill location	Spilled product	Spill impact
Spill contained in watertight line	24,000	Asphalt Factory in Alcudia	Asphalt	During ship unloading, leakage was detected through the buried line connecting the port to the Alcudia factory. Port Authority land. The product did not reach the ground nor the sea and was removed from the line where it was contained.
Spill in rainwater reservoir	1,274	La Rábida refinery	Caustic soda	Leak from the soda tank for biological treatment ending in the Rainwater reservoir. Cleaned quickly to avoid further impact.
Spill onto industrial land	1,840	Bioenergy Plant of San Roque	Sulfuric acid	Rupture of the sulfuric acid IBC in chemicals warehouse. The product spilled onto paved ground and was quickly contained.
Spill onto industrial land	14,720	La Rábida refinery	Sulfuric acid	Contained sulfuric acid leak in the HDT-Energy plant. The product spilled onto paved ground and was quickly contained and cleaned.
Spill onto land	773	COP-14 (Caracara, Colombia)	Fuel oil	Oil spill during diesel transfer from a tank with its respective metal dam. Control and cleaning measures were put in place immediately.

* The data is taken from an internal corporate control tool (scope covering Spain and Refining, Marketing, Chemicals and G&P business units) The spill incidents included in Safety Scale PS1 and PS2 are taken to be significant. Also, for Exploration & Production the criteria are used for reporting of spills of more than 1 bbl affecting the environment, in line with the reporting criteria of the International Oil & gas Producers (IOPG).

SIGNIFICANT SPILLS RECORDED* 2018				
Type of spill	Volume (liters)	Spill location	Spilled product	Spill impact
Spill that did not reach the ground	710	Gibraltar San Roque Refinery	Alkylate	S-P103 pump drain alkylate spill. The spill was controlled quickly before it could fall on the ground.
Spill onto land	630	Tenerife Refinery	Fuel	Loss of fuel in the ravine due to a condensed line. Control and cleaning measures were put in place immediately.
Spill into the sea	1,000	La Rábida refinery	Crude	Actuation of shut-off valve (MBC) in floating pipeline during unloading of the tanker NORDIC LIGHT. The Port Cleaning Plan was activated and the protocol to control and clean up spills at sea was launched.
Spill onto dock floor	6,000	La Rábida refinery	Hydrocarbon water	MARPOL hydrocarbon water leak in a line of slops from the Torre Arenillas dock towards La Rábida refinery on Port Authority land. It was controlled and cleaned immediately.
Spill into bunding	876	Gibraltar San Roque Refinery	Benzene	Benzene tank YT583 overflow. It was cleaned up and measures were put in place to prevent it from happening again.
Spill onto land	6,000	Puerto Manzanal II Service Station	Diesel	Spillage of diesel A during unloading in manhole inlet. Extraction and cleaning operations were carried out, followed by sudies of the soil to ensure it was under control and posed a low risk.

* The data is taken from an internal corporate control tool (scope covering Spain and Refining, Marketing, Chemicals and G&P business units) The spill incidents included in Safety Scale PS1 and PS2 are taken to be significant. Also, for Exploration & Production the criteria are used for reporting of spills of more than 1 bbl affecting the environment, in line with the reporting criteria of the International Oil & gas Producers (IOPG).

PROTECTION OF BIODIVERSITY

Operational sites in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS				
Site	Geographic location	Proximity to the the protected area	Type of operation	Biodiversity value
San Roque Site	Spain	NEARBY (1-5 km)	Manufacturing	• Río Palmones marshland (SCI, Natura 2000 Network, Birds Directive Special Protection Area) • Seabed of the Río Palmones marshland (SCI, Red Natura 2000) • Eastern Strait (SCI)
		NEARBY (5-20 km)		• Rock of Gibraltar (SCI, Birds Directive Special Protection Area) • Southern waters of Gibraltar (SCI, Birds Directive Special Protection Area) • Los Alcornocales (SCI, Birds Directive Special Protection Area, IUCN V, Natura 2000 Network) • Strait (SCI, Birds Directive Special Protection Area, IUCN V, Natura 2000 Network) • Guadiaro River Estuary (SCI, IUCN II, Natura 2000 Network) • Guadiaro and Hozgarganta rivers (SCI, Red Natura 2000) • Seabed of the Guadiaro River estuary (SCI, Birds Directive Special Protection Area, Natura 2000 Network)
Palos Site	Spain	ADJACENT (<1km)	Manufacturing	• Palos y las Madres Lagoon (RAMSAR, SCI, IUCN II) • Estero de Domingo Rubio (SCI, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network) • Odiel Dunes (SCI)

OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS				
Site	Geographic location	Proximity to the the protected area	Type of operation	Biodiversity value
		NEARBY (1-5 km)		• Odiel marshland (RAMSAR, Biosphere Reserve, SCI, Birds Directive Special Protection Area, IUCN II, Natura 2000 Network) • Tinto river banks and marshland (SCI, Red Natura 2000) • Tinto river estuary (SCI, Red Natura 2000) • Dehesa del Estero and Montes de Moguer (SCI) • Tinto river and Odiel Marine Area (OSPAR Marine Protected Area, Birds Directive Special Protection)
		NEARBY (5-20 km)		• Doñana (RAMSAR, SCI, Birds Directive Special Protection Area, IUCN V, Red Natura 2000) • Doñana North and West (SCI, Red Natura 2000) • Portil Lagoon (SCI, IUCN I) • Tinto River Ecological Corridor (SCI, Red Natura 2000) • Piedras river and Flecha del Rompido marshland (SCI, IUCN II) • Enebrales de Punta Umbría (SCI, IUCN II) • Carboneras marshland (SCi) • Piedras river estuary (SCI) • Piedras river estuary marshland (Birds Directive Special Protection Area) • Island of En medio (IUCN I) • Marshes of El Burro (IUCN I) • Gulf of Cádiz (OSPAR Marine Protected Area, Birds Directive Special Protection)
Tenerife Site	Spain	NEARBY (1-5 km)	Manufacturing	• Anaga (SCI, Birds Directive Special Protection Area, IUCN V)
		NEARBY (5-20 km)		• Ijuana (SCI, IUCN I) • Pijaral (SCI, IUCN I)

OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS				
Site	Geographic location	Proximity to the the protected area	Type of operation	Biodiversity value
				• Los Roques de Anaga (SCI, IUCN III) • Malpais de Güimar (SCI, IUCN V) • Las Palomas (SCI, IUCN V) • Corona Forestal (SCI, IUCN II) • Las Lagunetas (SCI, IUCN V) • Sebadales de San Andres (SCI) • Hills and Peaks of Tenerife (Birds Directive Special Protection Area) • Anaga Marine Area (Birds Directive Special Protection Area) • Acentejo Coast (IUCN V) • Siete Lomas (IUCN V)
Caracara	Colombia	ADJACENT (<1km)	Production block	• El Triguillo (IUCN VI) Civil Society Nature Reserve.
		NEARBY (1-5 km)		• Maiciana-manacal Wetland Recreation Area (IUCN V)
		NEARBY (5-20 km)		• Campoflorido (Civil Society Nature Reserve / VI Protected Area with Managed Resources)
Llanos 22	Colombia	NEARBY (5-20 km)	Production block	• Quebrada la Tablona (National Protective Forest Reserves / VI Protected Area with managed resources) • San Miguel de los Farallones Regional Natural Park (IUCN II)
Jilguero	Colombia	INSIDE	Production block	• Mata de la Urama (Regional Districts of Integrated Management / VI Protected Area with managed resources)
		NEARBY (5-20 km)		• Noel Parra Palacio (Civil Society Nature Reserve / VI Protected Area with Managed Resources) • La Reserva (Civil Society Nature Reserve / VI Protected Area with Managed Resources)

OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS				
Site	Geographic location	Proximity to the the protected area	Type of operation	Biodiversity value
Puntero	Colombia	NEARBY (5-20 km)	Production block	• Corozito (Civil Society Nature Reserve / VI Protected Area with Managed Resources) • La Palma (Civil Society Nature Reserve / VI Protected Area with Managed Resources)
Merecure	Colombia	INSIDE	Production block	• AICA / IBA Taparas (SEO-BirdLife) • Medano Los Morrucos (Civil Society Nature Reserve / VI Protected Area with Managed Resources)
		ADJACENT (<1km)		• Las Brisas (Civil Society Nature Reserve / VI Protected Area with Managed Resources)
		NEARBY (1-5 km)		• La Esmeralda (IUCN VI) Civil Society Nature Reserve. • Limonal (IUCN VI) Civil Society Nature Reserve. • Matesanto (IUCN VI) Civil Society Nature Reserve.
		NEARBY (5-20 km)		• AICA Reserva de Altagracia (Important Areas for Bird Conservation) • AICA Chaviripa-El Rubi (Important Areas for Bird Conservation)
Detén	Brazil	NEARBY (5-20 km)	Production	• Área de proteçao ambiental Plataforma continental do litoral norte (IUCN V) • Área de proteçao ambiental Lagoas de Guarajuba (IUCN V) • Área de proteçao ambiental Baía de Todos os Santos (IUCN V) • Reserva Particular de Patrimônio Natural das Dunas (IUCN IV)
Becancour	Canada	NEARBY (1-5 km)	Production	• Aire de concentration d´oiseaux aquatiques de l´île Montesson (IUCN VI)

OPERATIONAL SITES IN, OR ADJACENT TO, PROTECTED AREAS				
Site	Geographic location	Proximity to the the protected area	Type of operation	Biodiversity value
				• Aire de concentration d´oiseaux aquaticas de la Baie Lamarier (IUCN VI) • Aire de concentration d´oiseaux aquatiques de la Pointe aux Roches (IUCN VI) • Aire de concentration d´oiseaux aquatiques de Battures de Gentilly (IUCN VI) • Aire de concentration d´oiseaux aquatiques Ponte-Paul-Rivière aux Originaux (IUCN VI)
		NEARBY (5-20 km)		• Habitat du rat musqué Sud-Ouest du Port Laviolette (IUCN VI) • Aire de concentration d´oiseaux aquatiques Port Saint-François-Pont Laviolette (IUCN VI) • Aire de concentration d´oiseaux aquatiques Batiscan-Sainte-Anne (IUCN VI) • Aire de concentration d´oiseaux aquatiques Champlain Batiscan (IUCN VI) • Aire de concentration d´oiseaux aquatiques les Becquets Deschaillons (IUCN VI) • Réresve écologique Léon-Provancher (IUCN I)

PROTECTED OR RESTORED HABITATS		
	Geographic location	Size
Madrevieja environmental station	San Roque, Spain	200,000 m^2
Primera de Palos lagoon	Huelva, Spain	335,000 m^2

8.5. **OUR PEOPLE**

DESCRIPTION OF THE WORKFORCE

EMPLOYEES AS OF 31 DECEMBER 2020 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY							
Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
	Women	Men	Women	Men	Women	Men	
Executive Committee	0	0	0	0	1	8	9
Manager	0	0	8	15	4	56	83
Head of Department	0	2	100	284	56	191	633
Senior Technician	32	56	505	866	101	353	1,913
Intermediate Technician	44	58	243	548	81	309	1,283
Specialist	177	266	1582	2116	491	938	5,570
Administrative employee*	7	4	39	28	18	13	109
Assistant*	3	6	14	31	8	18	80
Total	263	392	2,491	3,888	760	1,886	9,680[1]

* The variation with respect to the previous year in the "Administrative employee" and "Assistant" Corporate Professional Groups is basically due to the evolution of the workforce in certain countries such as Colombia.

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

EMPLOYEES AS OF 31 DECEMBER 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY							
Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
	Women	Men	Women	Men	Women	Men	
Executive Committee	0	0	0	0	0	9	9
Manager	0	0	7	18	6	53	84
Head of Department	0	2	97	305	60	193	657
Senior Technician	33	61	518	906	94	340	1,952
Intermediate Technician	41	48	253	599	86	314	1,341
Specialist	244	331	1,709	2,254	462	875	5,875
Administrative employee	5	5	50	30	20	19	129
Assistant	2	7	14	57	11	8	99
Total	325	454	2,648	4,169	739	1,811	10,146[1]

1. Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

EMPLOYEES BY COUNTRY						
Country	2020			2019		
	Women	Men	Total	Women	Men	Total
Algeria	13	115	128	14	113	127
Belgium	5	5	10	4	5	9
Brazil	41	137	178	38	143	181
Canada	15	51	66	14	50	64
China	19	105	124	18	99	117
Colombia[1]	40	118	158	57	146	203
United Arab Emirates[2]	9	25	34	7	21	28
Spain	3,005	5,272	8,277	3,174	5,492	8,666
United States	1	1	2	1	0	1
Italy	2	4	6	3	4	7
Morocco	0	3	3	0	1	1
Malaysia[3]	0	1	1	3	12	15
Mexico	5	5	10	6	6	12
Netherlands	3	3	6	3	3	6
Peru	7	27	34	12	40	52
Portugal	317	273	590	321	278	599
UK	4	5	9	3	3	6
Singapore	2	4	6	2	5	7
Tailandia[3]	26	12	38	32	13	45
Total	3,514	6,166	9,680[4]	3,712	6,434	10,146[5]

1. Reduction of the workforce in line with the reduction of the E&P business in Colombia.
2. Increase of the workforce in line with Cepsa's focus on its Operations in this area.
3. Reduction of the workforce due to divestment of the E&P business in SEA.
4. Data for 57 partial retirees (43 men and 14 women) are not included in 2020.
5.. Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

EMPLOYEES AS OF 31 DECEMBER 2020 BY AGE GROUP, GENDER, TYPE OF CONTRACT AND PROFESSIONAL CATEGORY								
Type of contract	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
		Women	Men	Women	Men	Women	Men	
No. of employees on permanent contracts	Executive Committee	0	0	0	0	0	0	0[1]*
	Manager	0	0	8	15	5	64	92
	Head of Department	0	2	100	284	56	191	633
	Senior Technician	26	48	502	863	101	353	1,893
	Intermediate Technician	19	26	240	542	81	309	1,217
	Specialist	95	162	1,373	1,966	467	911	4,974
	Administrative employee	6	4	38	28	18	13	107*
	Assistant	3	6	12	28	8	18	75
Total no. of employees on permanent contracts		149	248	2,273	3,726	736	1,859	8,991
No. of employees on temporary contracts	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	0	0
	Head of Department	0	0	0	0	0	0	0
	Senior Technician	6	8	3	3	0	0	20*
	Intermediate Technician	25	32	3	6	0	0	66
	Specialist	82	104	209	150	24	27	596*
	Administrative employee	1	0	1	0	0	0	2*
	Assistant	0	0	2	3	0	0	5*
Total no. of employees on temporary contracts		114	144	218	162	24	27	689
Total		263	392	2,491	3,888	760	1,886	9,680[2]

(1) The employees of the Executive Committee are included in the Director category.
(2) Data for 57 partial retirees (43 men and 14 women) are not included in 2020.
* The variations are due to the fact that in certain countries there was a variation in the workforce due to divestments made and therefore these differences with respect to the previous year are in line with the evolution of the workforce itself.

EMPLOYEES AS OF 31 DECEMBER 2019 BY AGE GROUP, GENDER, TYPE OF CONTRACT AND PROFESSIONAL CATEGORY

Type of contract	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
		Women	Men	Women	Men	Women	Men	
No. of employees on permanent contracts	Executive Committee	0	0	0	0	0	9	9
	Manager	0	0	7	18	6	53	84
	Head of Department	0	2	97	305	60	193	657
	Senior Technician	26	50	510	892	93	340	1,911
	Intermediate Technician	18	20	249	593	85	314	1,279
	Specialist	103	162	1,419	2,043	425	844	4,996
	Administrative employee	5	5	49	29	19	19	126
	Assistant	2	5	12	47	11	5	82
Total no. of employees on permanent contracts		154	244	2,343	3,927	699	1,777	9,144
No. of employees on temporary contracts	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	0	0
	Head of Department	0	0	0	0	0	0	0
	Senior Technician	7	11	8	14	1	0	41
	Intermediate Technician	23	28	4	6	1	0	62
	Specialist	141	169	290	211	37	31	879
	Administrative employee	0	0	1	1	1	0	3
	Assistant	0	2	2	10	0	3	17
Total no. of employees on temporary contracts		171	210	305	242	40	34	1,002
Total		325	454	2,648	4,169	739	1,811	10,146[1]

1. Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

EMPLOYEES AS OF 31 DECEMBER 2020 BY AGE GROUP, GENDER, TYPE OF WORKDAY AND PROFESSIONAL CATEGORY								
Type of workday	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
		Women	Men	Women	Men	Women	Men	
No. of employees on full-time contracts	Executive Committee	0	0	0	0	0	0	0[1]*
	Manager	0	0	8	15	5	63	91
	Head of Department	0	2	100	283	56	189	629
	Senior Technician	32	56	505	866	99	352	1,910
	Intermediate Technician	44	58	243	548	80	309	1,282
	Specialist	150	234	1,497	2,094	469	927	5,371
	Administrative employee	7	4	39	28	18	13	109*
	Assistant	3	6	12	31	8	18	78*
Total no. of employees on full-time contracts		236	360	2,404	3,865	735	1,871	9,470
No. of employees on part-time contracts	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	1	1
	Head of Department	0	0	1	2	1	2	5
	Senior Technician	0	0	0	0	2	1	3
	Intermediate Technician	0	0	0	0	1	0	1*
	Specialist	27	32	85	22	22	11	199
	Administrative employee	0	0	0	0	0	0	0*
	Assistant	0	0	2	0	0	0	2*
Total no. of employees on part-time contracts		27	32	88	24	26	15	211
Total		263	392	2,491	3,888	760	1,886	9,680[2]

(1) The employees of the Executive Committee are included in the Director category.
(2) Data for 57 partial retirees (43 men and 14 women) are not included in 2020.

* The variations are due to the fact that in certain countries there was a variation in the workforce due to divestments made and therefore these differences with respect to the previous year are in line with the evolution of the workforce itself.

EMPLOYEES AS OF 31 DECEMBER 2019 BY AGE GROUP, GENDER, TYPE OF WORKDAY AND PROFESSIONAL CATEGORY								
Type of workday	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
		Women	Men	Women	Men	Women	Men	
No. of employees on full-time contracts	Executive Committee	0	0	0	0	0	9	9
	Manager	0	0	7	18	6	53	84
	Head of Department	0	2	97	305	60	193	657
	Senior Technician	33	61	518	906	92	339	1,949
	Intermediate Technician	41	48	253	599	83	314	1,338
	Specialist	208	275	1,604	2,223	438	863	5,611
	Administrative employee	5	5	49	30	20	19	128
	Assistant	2	7	12	56	10	8	95
Total no. of employees on full-time contracts		289	398	2,540	4,137	709	1,798	9,871
No. of employees on part-time contracts	Executive Committee	0	0	0	0	0	0	0
	Manager	0	0	0	0	0	0	0
	Head of Department	0	0	0	0	0	0	0
	Senior Technician	0	0	0	0	2	1	3
	Intermediate Technician	0	0	0	0	3	0	3
	Specialist	36	56	105	31	24	12	264
	Administrative employee	0	0	1	0	0	0	1
	Assistant	0	0	2	1	1	0	4
Total no. of employees on part-time contracts		36	56	108	32	30	13	275
Total		325	454	2,648	4,169	739	1,811	10,146[1]

1. Data for 39 partial retirees (29 men and 10 women) are not included in 2019.

ANNUAL AVERAGE OF PERMANENT AND TEMPORARY CONTRACTS IN 2020 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY								
Type of contract	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
		Women	Men	Women	Men	Women	Men	
Permanent	Executive Committee	-	-	-	-	-	-	0[1]
	Manager	-	-	7.42	15.92	5.92	63.75	93
	Head of Department	-	2	98.33	293.5	60.67	200.58	655
	Senior Technician	28.67	47.42	504.67	878.33	99.58	346.5	1,905
	Intermediate Technician	17.42	22.33	248.08	575.33	83.92	310	1,257
	Specialist	99	167.33	1,392.33	2,020.42	452.75	872.17	5,004
	Administrative employee	6.83	5.5	42.33	28.58	16.67	16.17	116
	Assistant	2.25	4	12	41	7.75	7	74
Total no. of employees on permanent contracts		154.17	248.58	2305.16	3853.08	727.26	1816.17	9104.42
Temporary	Executive Committee	-	-	-	-	-	-	0
	Manager	-	-	-	-	-	-	0
	Head of Department	-	-	-	-	-	-	0
	Senior Technician	4.67	5.75	5.08	7.17	0.42	-	23
	Intermediate Technician	22.08	29.58	3.67	6.42	0.5	-	62
	Specialist	87.67	124.83	205.58	147	25.17	24.17	614
	Administrative employee	17.25	23.17	40.92	29.42	4.5	5.25	121
	Assistant	0.08	0.67	2.92	4	-	0.92	9
Total no. of employees on temporary contracts		131.75	184	258.17	194.01	30.59	30.34	828.86
Total		286	433	2,563	4,047	758	1,847	9,933

(1) The employees of the Executive Committee are included in the Director category.

ANNUAL AVERAGE OF PERMANENT AND TEMPORARY CONTRACTS IN 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY								
Type of contract	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
		Women	Men	Women	Men	Women	Men	
Permanent	Executive Committee	-	-	-	-	-	-	0
	Manager	-	-	6	17	6	63	92
	Head of Department	-	1	97	305	56	188	646
	Senior Technician	30	49	506	898	91	323	1,896
	Intermediate Technician	16	14	252	595	76	303	1,256
	Specialist	97	155	1,406	2,063	401	818	4,940
	Administrative employee	5	6	52	28	19	19	129
	Assistant	2	6	12	52	10	11	93
Total no. of employees on permanent contracts		150	229	2,331	3,957	658	1,726	9,052
Temporary	Executive Committee	-	-	-	-	-	-	0
	Manager	-	-	-	-	-	-	0
	Head of Department	-	1	1	-	-	-	2
	Senior Technician	10	17	12	17	0	-	57
	Intermediate Technician	23	27	4	8	1	-	63
	Specialist	168	236	343	256	43	42	1,088
	Administrative employee	1	-	4	2	1	-	8
	Assistant	0	5	3	15	1	3	27
Total no. of employees on temporary contracts		202	286	367	298	46	45	1,244
Total		353	515	2,698	4,256	704	1,770	10,296

TOTALED AVERAGES TEMPORARY CONTRACTS		
Professional category	Totaled average 2020	Totaled average 2019
Manager	-	-
Head of Department	-	*0.35*
Senior Technician	*4.3*	*9.44*
Intermediate Technician	*11.59*	*10.47*
Specialist	*120.44*	*181.36*
Administrative employee	*0.26*	*1.31*
Assistant	*1.61*	*4.47*

TOTALED AVERAGES TEMPORARY CONTRACTS		
AGE	Totaled average 2020	Totaled average 2019
Under 30 years of age	*31.59*	*42.43*
Between 30 and 50 years of age	*45.25*	*57.83*
Over 50 years of age	*6.11*	*7.91*

TOTALED AVERAGES TEMPORARY CONTRACTS		
Gender	Totaled average 2020	Totaled average 2019
Men	*27.24*	*36.43*
Women	*28.06*	*35.69*

TOTALED AVERAGES PERMANENT CONTRACTS		
Professional category	Totaled average 2020	Totaled average 2019
Manager	*15.5*	*15.26*
Head of Department	*109.18*	*107.67*
Senior Technician	*317.53*	*316.02*
Intermediate Technician	*209.51*	*209.28*
Specialist	*834*	*823.54*
Administrative employee	*19.35*	*21.47*
Assistant	*12.33*	*15.5*

TOTALED AVERAGES PERMANENT CONTRACTS		
AGE	Totaled average 2020	Totaled average 2019
Under 30 years of age	*28.77*	*27.18*
Between 30 and 50 years of age	*439.14*	*447.1*
Over 50 years of age	*181.67*	*170.24*

TOTALED AVERAGES PERMANENT CONTRACTS		
Gender	Totaled average 2020	Totaled average 2019
Men	*283.63*	*281.54*
Women	*151.74*	*149.53*

ANNUAL AVERAGE OF FULL-TIME OR PART-TIME CONTRACTS IN 2020 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY								
Type of workday	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
		Women	Men	Women	Men	Women	Men	
Full-time	Executive Committee	-	-	-	-	-	-	0[1]
	Manager	0	0	7	16	6	64	93
	Head of Department	0	2	98	293	61	200	654
	Senior Technician	34	54	511	886	98	346	1,929
	Intermediate Technician	43	56	251	582	82	310	1,324
	Specialist	168	267	1,542	2,164	461	890	5,493
	Administrative employee	7	6	43	29	17	16	117
	Assistant	3	5	13	46	8	8	82
Total no. of employees on full-time contracts		254	390	2,465	4,016	732	1,833	9,691
Part-time	Executive Committee	-	-	-	-	-	-	0
	Manager	0	0	0	0	0	1	1
	Head of Department	0	0	1	2	1	3	7
	Senior Technician	0	0	0	0	2	1	3
	Intermediate Technician	0	0	0	0	2	0	2
	Specialist	32	43	95	31	22	11	234
	Administrative employee	0	0	1	0	0	0	1
	Assistant	0	0	2	1	0	0	3
Total no. of employees on part-time contracts		32	43	99	34	26	16	251
Total		286	433	2,565	4,050	759	1,850	9,941

(1) The employees of the Executive Committee are included in the Director category.

ANNUAL AVERAGE OF FULL-TIME OR PART-TIME CONTRACTS IN 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY								
Type of workday	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
		Women	Men	Women	Men	Women	Men	
Full-time	Executive Committee	-	-	-	-	-	-	0
	Manager	0	0	6	17	6	63	92
	Head of Department	0	1	98	305	56	188	648
	Senior Technician	40	65	518	915	89	322	1,950
	Intermediate Technician	39	40	256	604	75	303	1,316
	Specialist	223	329	1,643	2,284	419	851	5,748
	Administrative employee	6	6	55	30	19	19	136
	Assistant	2	11	13	65	11	13	115
Total no. of employees on full-time contracts		310	452	2,588	4,221	674	1,759	10,004
Part-time	Executive Committee	-	-	-	-	-	-	0
	Manager	-	-	-	-	-	-	0
	Head of Department	-	-	-	-	-	-	0
	Senior Technician	0	0	0	0	2	1	3
	Intermediate Technician	0	0	0	0	2	0	2
	Specialist	43	63	107	34	25	10	281
	Administrative employee	0	0	1	0	0	0	1
	Assistant	0	0	2	1	1	1	5
Total no. of employees on part-time contracts		43	63	110	35	30	11	292
Total		354	515	2,698	4,256	704	1,770	10,296

TOTALED AVERAGES PART-TIME CONTRACTS		
Professional category	Totaled average 2020	Totaled average 2019
Manager	0.17	-
Head of Department	1.13	-
Senior Technician	0.5	0.54
Intermediate Technician	0.33	0.36
Specialist	39.03	46.83
Administrative employee	0.17	0.17
Assistant	0.46	0.79

TOTALED AVERAGES PART-TIME CONTRACTS		
AGE	Totaled average 2020	Totaled average 2019
Under 30 years of age	7.12	10.62
Between 30 and 50 years of age	12.44	14.47
Over 50 years of age	3.69	4.13

TOTALED AVERAGES PART-TIME CONTRACTS		
Gender	Totaled average 2020	Totaled average 2019
Men	5.6	7.25
Women	9.9	12.22

TOTALED AVERAGES FULL-TIME CONTRACTS		
Professional category	Totaled average 2020	Totaled average 2019
Manager	15.46	15.26
Head of Department	108.99	107.94
Senior Technician	321.53	324.92
Intermediate Technician	220.61	219.39
Specialist	915.42	958.07
Administrative employee	19.47	22.61
Assistant	13.64	19.18

TOTALED AVERAGES FULL-TIME CONTRACTS		
AGE	Totaled average 2020	Totaled average 2019
Under 30 years of age	46.01	54.45
Between 30 and 50 years of age	468.09	486.35
Over 50 years of age	183.26	173.79

TOTALED AVERAGES FULL-TIME CONTRACTS		
Gender	Totaled average 2020	Totaled average 2019
Men	297.09	306.28
Women	164.13	170.11

EMPLOYEES AS OF 31 DECEMBER 2020 BY BUSINESS				
Business	2020		2019	
	No. of employees on by business	Percentage of total	No. of employees on by business	Percentage of total
Exploration and Production	500	5%	449	4%
Refining (refining, G&E and Trading)*	1,893	20%	2,248	22%
Chemicals*	820	8%	741	7%
Marketing and Distribution	4,958	51%	4,950	49%
Corporate*	1,509	16%	1,759	17%
Total	9,680[1]	100%	10,146[2]	100%

1. Data for 57 partial retirees (43 men and 14 women) are not included in 2020.
2.. Data for 39 partial retirees (29 men and 10 women) are not included in 2019.
* The variations correspond to: the reduction of the workforce in line with the reduction of the E&P business in Colombia; the increase of the workforce in line with Cepsa's focus on its Operations in the UAE; the reduction of the workforce due to the divestment of the E&P business in SEA. Additionally, in 2020 there was a change in structure that could affect the breakdown by business areas (The groupings by businesses/areas underwent changes due to the reorganization of the company in 2020).

NUMBER OF SENIOR EXECUTIVES FROM THE LOCAL COMMUNITY		
Senior executives (Executive Committee and directors)	2020	2019
Number of senior executives (Executive Committee and directors)	92	93
Percentage of senior executives from the local community	92%	91%

ATTRACTION AND RETENTION OF TALENT

NEW HIRES IN 2020 BY REGION, AGE GROUP AND GENDER							
Region	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
	Women	Men	Women	Men	Women	Men	
Africa[1]	0	0	0	0	0	0	0
America[2]	2	2	4	1	0	1	10*
Asia[3]	2	7	0	8	0	0	17*
Spain	280	352	578	363	51	94	1,718*
Rest of Europe[4]	30	36	38	19	10	5	138*
Total	314	397	620	391	61	100	1,883*

1. Algeria, Morocco
2. Brazil, Canada, Colombia, United States, Mexico, Peru
3. China, USA, Malaysia, Singapore, Thailand
4. Belgium, Italy, Netherlands, Portugal, United Kingdom
* The difference in the data compared to the previous year is fundamentally due to the fact that 2020 was a unique year due to the global social and economic context world which meant that recruitment in the company was down on the previous year.

NEW HIRES IN 2019 BY REGION, AGE GROUP AND GENDER							
Region	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
	Women	Men	Women	Men	Women	Men	
Africa[1]	1	0	1	4	0	1	7
America[2]	8	3	1	9	1	0	22
Asia[3]	1	9	4	12	0	1	27
Spain	419	503	796	625	100	108	2,551
Rest of Europe[4]	45	75	62	45	16	2	245
Total	474	590	864	695	117	112	2,852

1. Algeria, Morocco
2. Brazil, Canada, Colombia, United States, Mexico, Peru
3. China, USA, Malaysia, Singapore, Thailand
4. Belgium, Italy, Netherlands, Portugal, United Kingdom

RATE OF NEW HIRES IN 2020 BY REGION, AGE GROUP AND GENDER						
Region	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age Total	
	Women	Men	Women	Men	Women	Men
Africa[1]	0%	-	0%	0%	0%	0%
America[2]	20%	13%	5%	0%	0%	1%
Asia[3]	40%	27%	0%	11%	0%	0%
Spain	144%	124%	27%	11%	8%	6%
Rest of Europe[4]	58%	55%	18%	12%	14%	8%

1. Algeria, Morocco
2. Brazil, Canada, Colombia, United States, Mexico, Peru
3. China, USA, Malaysia, Singapore, Thailand
4. Belgium, Italy, Netherlands, Portugal, United Kingdom

* The difference in the data compared to the previous year is fundamentally due to the fact that 2020 was a unique year due to the global social and economic context world which meant that recruitment in the company was down on the previous year.

RATE OF NEW HIRES IN 2019 BY REGION, AGE GROUP AND GENDER						
Region	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age Total	
	Women	Men	Women	Men	Women	Men
Africa[1]	33%	-	10%	4%	-	5%
America[2]	100%	18%	1%	3%	5%	-
Asia[3]	17%	36%	7%	10%	-	17%
Spain	164%	150%	35%	18%	15%	7%
Rest of Europe[4]	85%	103%	28%	28%	26%	3%

1. Algeria, Morocco
2. Brazil, Canada, Colombia, United States, Mexico, Peru
3. China, USA, Malaysia, Singapore, Thailand
4. Belgium, Italy, Netherlands, Portugal, United Kingdom

VOLUNTARY LEAVERS IN 2020 BY REGION, AGE GROUP AND GENDER							
Region	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
	Women	Men	Women	Men	Women	Men	
Africa[1]	0	0	0	2	0	0	2
America[2]	0	0	2	12	0	1	15
Asia[3]	0	3	1	4	0	0	8
Spain	21	22	29	30	4	1	107
Rest of Europe[4]	16	15	19	13	1	0	64
Total	37	40	51	61	5	2	196

1. Algeria, Morocco
2. Brazil, Canada, Colombia, United States, Mexico, Peru
3. China, USA, Malaysia, Singapore, Thailand
4. Belgium, Italy, Netherlands, Portugal, United Kingdom

* The difference in the data compared to the previous year is fundamentally due to the fact that 2020 was a unique year due to the global social and economic context world which meant that recruitment in the company was down on the previous year.

VOLUNTARY LEAVERS IN 2019 BY REGION, AGE GROUP AND GENDER							
Region	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
	Women	Men	Women	Men	Women	Men	
Africa	0	0	1	0	0	0	1
America	0	1	2	7	1	0	11
Asia	0	1	7	8	0	1	17
Spain	52	61	71	56	11	6	257
Rest of Europe	22	31	38	24	6	3	124
Total	74	94	119	95	18	10	410

1. Algeria, Morocco
2. Brazil, Canada, Colombia, United States, Mexico, Peru
3. China, USA, Malaysia, Singapore, Thailand
4. Belgium, Italy, Netherlands, Portugal, United Kingdom

INVOLUNTARY LEAVERS IN 2020 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY							
Corporate professional category	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
	Women	Men	Women	Men	Women	Men	
Manager	0	0	0	2	1	5	8
Head of Department	0	0	1	0	0	2	3
Senior Technician	0	1	2	1	1	3	8
Intermediate Technician	0	0	1	3	2	8	14
Specialist	0	1	13	15	4	6	39
Administrative employee	0	0	3	1	0	0	4
Assistant	0	0	0	1	0	0	1
Total	0	2	20	23	8	24	77

INVOLUNTARY LEAVERS IN 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY							
Corporate professional category	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
	Women	Men	Women	Men	Women	Men	
Manager	0	0	0	0	0	1	1
Head of Department	0	0	1	3	1	12	17
Senior Technician	0	0	2	4	2	6	14
Intermediate Technician	0	0	1	4	5	6	16
Specialist	0	6	8	53	6	17	90
Administrative employee	0	0	0	0	0	0	0
Assistant	0	0	0	1	0	0	1
Total	0	6	12	65	14	42	139

VOLUNTARY TURNOVER RATE IN 2020 BY REGION, AGE GROUP AND GENDER						
Region	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age Total	
	Women	Men	Women	Men	Women	Men
Africa[1]	-	-	-	2%	-	-
America[2]	-	-	2%	5%	-	1%
Asia[3]	-	12%	2%	5%	-	
Spain	11%	8%	1%	1%	1%	-
Rest of Europe[4]	31%	23%	9%	8%	1%	-

1. Algeria, Morocco
2. Brazil, Canada, Colombia, United States, Mexico, Peru
3. China, USA, Malaysia, Singapore, Thailand
4. Belgium, Italy, Netherlands, Portugal, United Kingdom

VOLUNTARY TURNOVER RATE IN 2019 BY REGION, AGE GROUP AND GENDER						
Region	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age Total	
	Women	Men	Women	Men	Women	Men
Africa[1]	0%	0%	10%	0%	0%	0%
America[2]	0%	6%	2%	3%	5%	0%
Asia[3]	0%	4%	13%	7%	0%	17%
Spain	20%	18%	3%	2%	2%	0%
Rest of Europe[4]	42%	42%	17%	15%	10%	5%

1. Algeria, Morocco
2. Brazil, Canada, Colombia, United States, Mexico, Peru
3. China, USA, Malaysia, Singapore, Thailand
4. Belgium, Italy, Netherlands, Portugal, United Kingdom

PATERNITY AND MATERNITY LEAVE IN 2020 AND 2019						
Parental leave	2020			2019		
	Women	Men	Total	Women	Men	Total
Number of employees who were entitled to maternity or paternity leave in the reporting period.	95	128	223	80	161	241
Number of employees who exercised their right to maternity or paternity leave in the reporting period	144	201	345	131	202	333
Number of employees who returned to work in the reporting period after their maternity or paternity leave ended.	108	180	288	116	202	318
Number of employees who returned to work in the previous reporting period after their maternity or paternity leave ended.	112	202	314	95	187	282
Number of employees who returned to work in the previous reporting period after their maternity or paternity leave ended and who continue in their job twelve months after their return	98	189	287	86	178	264
Return to work rate	75%	90%	83%	89%	100%	95%
Retention rate	88%	94%	91%	91%	95%	94%

Temporary Employment Regulation Schemes (ERTES)

List of ERTEs carried out	No. of employees affected	Description of affected employees: business area	Start date	End date	Type of ERTE
CEDIPSA 1[1]	1,068	Service station personnel	01/04/2020	31/10/2020	ETOP*
CEPSA LA RÁBIDA REFINERY	20	Industrial Refining mainly, but also Maintenance and Engineering	01/12/2020	30/09/2021	ETOP*
CEDIPSA 2[1]	214	Service station personnel	01/12/2020	31/05/2021	ETOP*
Total	1,302				

1 Each worker is counted only once, despite the fact that they may have been affected by an ERTE in different periods.
2 For Economic, Technical, Organizational or Production reasons.

EMPLOYEES AS OF 31 DECEMBER 2019 BY AGE GROUP, GENDER AND PROFESSIONAL CATEGORY							
Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age		Total
	Women	Men	Women	Men	Women	Men	
Executive Committee	-	-	-	-	-	-	0
Manager	-	-	-	-		-	0
Head of Department	-	-	-	-	-	-	0
Senior Technician	-	1	-	-	-	1	2
Intermediate Technician	-		7	11	4	23	45
Specialist	26	48	447	287	141	298	1,247
Administrative employee	-	-	1	2	2	2	7
Assistant	-	-	-	-	1	-	1
Total	26	49	455	300	148	324	1,302

Additional issues

INDICATE IF THE COMPANY	
Supplemented Social Security benefits/salary of ERTE workers and to what degree (% of salary).	*Salary Supplement of 100% of Fixed Remuneration*
Paid extra paychecks during the ERTE.	*These were included in the salary supplement*
Recognized the accrual of holidays during the ERTE period.	*No*
Carried out training during the ERTE to the affected people and whether this training was remunerated.	*CEDIPSA: No* *CEPSA: In December, training was carried out for affected workers, but during their active periods. Starting in 2021, it will also be carried out during their ERTE period.*
Voluntarily made Social Security benefit payments in advance to its employees affected by the ERTE.	*CEDIPSA 1: Advances were paid to all employees, except to those workers who requested otherwise.* *CEPSA: Paid on request, but no requests were received.*
Benefited from Social Security contribution exemptions (report qualitatively).	*CEDIPSA: No* *CEPSA: Yes*

TRAINING

TRAINING RECEIVED BY PROFESSIONAL CATEGORY				
Corporate professional category	Hours of training		Hours of training per employee	
	2020	2019	2020	2019
Manager	1,521	2,860	18	34
Head of Department	25,578	34,884	40	53
Senior Technician	93,933	103,305	49	53
Intermediate Technician	41,942	53,713	33	40
Specialist	197,867	176,974	36	30
Administrative employee	1,704	2,395	16	19
Assistant	3,176	5,306	40	54
Total	365,722	379,437	38	37

HOURS OF TRAINING BY GENDER*				
Gender	Hours of training		Hours of training per employee	
	2020	2019	2020	2019
Women	78,247	83,281	22	22
Men	287,474	296,156	47	46
Total	365,722	379,437	38	37

There is a significant difference in person-hours between men and women in the Specialist group. It should be noted that this group includes all job positions in Operations in industrial centers, which have high numbers of training hours. In these groups, the training hours for men and women are exactly the same. However, the number of women is very low compared to men. This means that when this group is grouped together with the rest of the Specialists from other fields, this greater number of men with a high number of training hours shows an average value that is much higher than that of women. Likewise, in other groups, such as managers, Heads of Department and senior technicians, the number of hours is even higher for women than for men, and very similar in the case of intermediate technicians.

HOURS OF TRAINING AND EMPLOYEES TRAINED IN HUMAN RIGHTS IN 2020 AND 2019		
	2020	2019*
Hours of training	2396.3	0
Trained employees	1,504	0

* The Human and Workers' Rights Policy was published in the regulatory system in June 2019. Since then, two lines of work have been established: raising awareness of all kinds of situations of harassment, which has been done and been very widely publicized in the HR area; and starting conversations leading to a global and international framework agreement with the trade unions with the highest representation at Cepsa and with the IndustriALL Global Union, a line of work that we are still working on.

REMUNERATION

Remuneration of directors and Senior Management, including type of remuneration received

AVERAGE REMUNERATION OF SENIOR MANAGEMENT IN 2020 (thousands of euros)						
	Fixed remuneration	Variable remuneration	Directors' fees	Other items	Pension plans and funds	Indemnities
Executive directors	800.00	255.00[1]	212.00[2]	10[3]	200[4]	-
Non-executive directors	-	-	212.00[2]	-	-	-
Executive Committee	367.00	718.00[5]	-	239.00[6]	75	200

(1) The new CEO only accrued 2 and a half months of the bonus for the year 2019 (paid 2020). In 2019, all pending variable items were paid to the previous CEO due to his departure.
(2) The directors' fees paid each year correspond to amounts accrued in the previous year, but exceptionally in 2018, the outgoing Directors at that time were paid the amounts that should have been paid in 2019, which explains this difference.
(3) Previous year 2019, includes hiring conditions of the new CEO.
(4) The new CEO is included in the social security calculation system that applies to all directors, treating them all in the same way.
(5) The decrease is due to the payment in the previous year of extraordinary incentives derived from the sale of Cepsa shares.
(6) Increase because the item includes the conditions for hiring new members of the Executive Committee.

AVERAGE REMUNERATION OF SENIOR MANAGEMENT IN 2019 (thousands of euros)						
	Fixed remuneration	Variable remuneration	Directors' fees	Other items	Pension plans and funds	Indemnities
Executive directors	890.00	7,124.00	108.72	112.00	467.00	-
Non-executive directors	-	-	108.72	-	-	-
Executive Committee	369.13	832.62	-	16.50	81.00	-

RATIO BETWEEN THE HIGHEST COMPENSATION PAID AND THE AVERAGE PAID TO EMPLOYEES BY COUNTRY			
Country	2020	2019	Ratio increase
Algeria	*1.55*	-	-
Belgium	*3.22*	*2.30*	*0.40*
Brazil	*14.48*	*12.56*	*0.15*
Canada	*3.72*	*3.55*	*0.05*
China	*4.64*	*4.81*	*-0.03*
Colombia	*6.09*	*6.77*	*-0.10*
United Arab Emirates	*1.00*	-	-
Spain	*28.15*	*30.94*	*-0.09*
United States	*1.00*		
Italy	*1.96*	*2.18*	*-0.10*
Malaysia	1.80	*4.60*	*-0.61*
Mexico	1.31	-	-
Netherlands	1.33	*1.54*	*-0.14*
Peru	6.80	*7.43*	*-0.08*
Portugal	13.49	*12.54*	*0.08*
UK	2.74	*1.79*	*0.53*
Singapore	5.74	*5.77*	*-0.01*
Thailand	1.00	*7.10*	*-0.86*

RATIO BETWEEN THE STANDARD ENTRY LEVEL MINIMUM WAGE AND THE LOCAL MINIMUM WAGE		
Country	Ratio 2020	Ratio 2019
Algeria	4.04	-
Belgium	2.23	2.53
Brazil	1.62	2.83
Canada	2.32	2.75
China	3.27	3.12
Colombia	3.36	2.32
United Arab Emirates	-	-
Spain	1.09	1.06
United States	5.06	
Italy	3.19	2.57
Malaysia	25.02	2.78
Mexico	5.80	-
Netherlands	2.13	2.10
Peru	6.01	5.13
Portugal	0.32	-
UK	1.80	2.51
Singapore	5.42	1.56
Thailand	4.21	3.91

AVERAGE SALARY IN 2020 BY REGION, AGE GROUP, CATEGORY AND GENDER (euros)							
Region	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age	
		Women	Men	Women	Men	Women	Men
Africa	Manager	-	-	-	-	-	-
	Head of Department	-	-	-	-	-	-
	Senior Technician	-	-	€23,100.12	€21,624.11	-	€24,032.73
	Intermediate Technician	€14,759.66	-	-	€19,416.76	-	-
	Specialist	-	-	-	€11,813.31	-	€15,328.09
	Administrative employee	-	-	€8,400.78	€17,257.37	-	-
	Assistant	-	-	-	-	-	€13,238.38
America	Manager	-	-	-	-	-	€243,888.41
	Head of Department	-	-	€64,495.42	€78,285.76	€88,115.90	€82,089.39
	Senior Technician	-	€22,315.95	€31,967.28	€43,215.45	€37,048.03	€50,579.61
	Intermediate Technician	€27,531.60	€8,768.10	€27,527.39	€26,427.32	€25,211.67	€34,833.29
	Specialist	€11,930.96	€18,238.43	€20,751.75	€27,371.05	€33,514.82	€40,893.55
	Administrative employee	€27,589.10	-	€28,735.46	€16,189.20	-	€9,312.36
	Assistant	-	-	-	€10,637.58	-	€10,741.33
Asia	Manager	-	-	-	-	-	-
	Head of Department	-	-	€93,997.72	€185,550.76	-	€180,416.88
	Senior Technician	-	€11,423.04	€56,698.55	€58,050.80	-	€60,560.91
	Intermediate Technician	€24,660.05	€12,843.95	€81,981.20	€32,464.18	€36,935.18	€37,916.90
	Specialist	-	€18,622.25	€24,131.93	€20,989.45	€22,244.71	€23,241.82
	Administrative employee	€14,454.48	€14,800.70	€24,757.57	€22,597.92	€18,298.78	-
	Assistant	€12,740.86	€11,124.76	€54,528.76	€14,268.70	-	€15,401.22
Europe	Manager	-	-	-	-	-	€345,277.16
	Head of Department	-	-	€69,939.38	€99,983.97	€67,445.09	€91,644.23
	Senior Technician	-	-	€41,040.54	€51,592.54	€60,660.01	€47,006.03
	Intermediate Technician	-	€41,520.19	€20,949.51	€23,684.16	€17,001.09	€29,698.98
	Specialist	€8,765.61	€8,546.91	€11,021.23	€10,002.69	€13,694.76	€11,850.75
	Administrative employee	€48,604.85	€19,533.16	€29,458.41	-	€21,752.09	-
	Assistant	-	-	€8,608.42	-	€8,545.55	-
Spain	Manager	-	-	€256,045.76	€278,354.19	€241,397.90	€378,895.19
	Head of Department	-	-	€100,418.50	€112,205.29	€105,147.99	€111,623.17
	Senior Technician	€39,187.11	€40,967.77	€56,680.47	€60,641.90	€62,955.53	€63,920.62
	Intermediate Technician	€28,665.95	€28,611.76	€38,137.64	€45,843.40	€40,070.99	€42,670.97
	Specialist	€16,553.26	€19,364.00	€20,725.60	€30,785.58	€23,186.83	€26,949.17
	Administrative employee	€19,481.52	-	€32,139.29	€33,444.08	€33,421.67	€34,412.55
	Assistant	€17,383.73	€25,437.91	€19,358.35	€24,202.53	€21,461.27	€27,287.41

AVERAGE SALARY IN 2019 BY REGION, AGE GROUP, CATEGORY AND GENDER (euros)							
Region	Corporate professional group	Under 30 years of age		Between 30 and 50 years of age		Over 50 years of age	
		Women	Men	Women	Men	Women	Men
America	Manager	-	-	-	€256,244.38	-	€260,081.14
	Head of Department	-	-	€64,991.81	€85,757.57	€90,492.43	€94,093.96
	Senior Technician	-	€29,535.83	€37,516.84	€43,576.76	€42,021.34	€54,135.66
	Intermediate Technician	-		€28,690.12	€25,750.40	€22,514.95	€42,400.38
	Specialist	€14,949.47	€20,595.20	€23,045.93	€28,224.49	€36,799.13	€42,562.02
	Administrative employee	€8,755.16	€6,129.70	€24,216.53	€13,820.05	€60,641.10	€9,829.13
	Assistant	-	-	-	€8,511.26	-	€8,676.05
Asia	Manager	-	-	-	-	-	-
	Head of Department	-	-	€105,375.89	€170,019.44	-	€130,175.50
	Senior Technician	-	€10,844.57	€53,115.23	€63,381.29	-	-
	Intermediate Technician	€24,389.47	€15,423.06	€36,408.54	€37,823.09	€33,465.26	€41,625.41
	Specialist	-	€15,210.06	€23,366.77	€23,392.86	-	-
	Administrative employee	€17,198.62	€14,015.13	€22,498.40	€20,421.13	-	€7,552.14
	Assistant	€12,486.70	€12,629.13	€45,226.32	€15,490.98	-	-
Europe	Manager	-	-	-	-	-	€229,160.17
	Head of Department	-	-	€72,320.27	€90,578.47	-	€90,853.38
	Senior Technician	-	-	€41,509.97	€49,059.84	€70,933.73	€44,928.49
	Intermediate Technician	€41,265.74	€39,802.64	€20,548.36	€24,166.24	€20,118.61	€32,955.04
	Specialist	€8,453.60	€8,586.45	€10,686.87	€9,593.49	€15,511.06	€11,416.03
	Administrative employee	-	€19,530.66	€27,138.33	-	€21,499.23	-
	Assistant	-	-	€8,251.70	-	€8,328.99	-
Spain	Manager	-	-	€260,361.55	€359,643.29	€255,478.46	€387,805.99
	Head of Department	-	-	€105,559.46	€115,914.82	€108,619.44	€111,476.92
	Senior Technician	€37,709.55	€40,112.54	€57,367.99	€59,399.45	€62,158.07	€63,407.47
	Intermediate Technician	€27,057.80	€26,726.06	€38,057.05	€44,049.80	€40,673.20	€41,836.76
	Specialist	€16,203.86	€18,345.70	€20,484.68	€28,815.19	€23,668.00	€26,218.13
	Administrative employee	€17,071.60	-	€29,543.38	€30,373.45	€36,249.14	€35,058.87
	Assistant	-	€22,279.35	€19,479.17	€22,926.02	€18,464.31	€25,386.84

TOTALED AVERAGE SALARIES*	
AGE	Totaled average 2020
Manager	€339,434.20
Head of Department	€107,208.28
Senior Technician	€57,699.33
Intermediate Technician	€39,735.48
Specialist	€24,584.87
Administrative employee	€30,213.13
Assistant	€16,879.37

TOTALED AVERAGE SALARIES*	
AGE	Totaled average 2020
Under 30 years of age	€20,809.22
Between 30 and 50 years of age	€39,828.86
Over 50 years of age	€49,895.45

TOTALED AVERAGE SALARIES*	
Gender	Totaled average 2020
Men	€46,560.10
Women	€32,327.14

(*) The 2019 figure is not included because in that year it was not yet reported in this way.

SALARY GAP

CEPSA'S GROSS SALARY GAP BY PROFESSIONAL CATEGORY*							
	Manager	Head of Department	Senior Technician	Intermediate Technician	Administrative employee	Specialist	Assistant
Salary gap by category 2020	29.38%	9.67%	7.55%	11.67%	2.06%	28.21%	4.71%
Salary gap by category 2019	31.12%	6.59%	5.39%	13.47%	-4.12%	25.13%	7.98%

* To explain the increase in the salary gap by Corporate Professional Groups in 2020 compared to 2019, we can take the salary gap for Spain, since employees in Spain represent almost 80% of the total. In Spain the salary tables under the Refining and Chemicals Collective Agreement have been updated. These agreements affect a much higher volume of men than women.

Analysis of the salary gap at Cepsa (Spain, Portugal and Colombia)

The salary gap, defined in its simplest form, is the difference between the average salary of men and women, expressed as a percentage of the male salary. This gross salary gap requires an analysis of the objective factors that are intervening in these differences, such as the professional group, level of responsibility, age, seniority, etc., so that once the effects generated by the differences in the characteristics of the jobs and the profiles of the professionals of both groups are isolated, we can arrive at the adjusted salary gap.

Group

With the aim of covering 95% of the total workforce, the group considered is that of employees registered at 31 December 2020 in a Cepsa Group company in Spain, Portugal and Colombia – companies with a stake of more than 50% –, including those who are temporarily expatriated but who have a suspended employment relationship with one of these companies.

This means in 2020 a group under analysis for Spain, Portugal and Colombia of 8,459, 590 and 169 employees respectively.

Calculation of the gross salary gap

For the calculation of the Gross Salary Gap, the statistical average of men's and women's pay has been used in the following formula:

$$Gross\ salary\ gap = \frac{\overline{Remuneration\ \ (men)} - \overline{Remuneration\ (women)}}{\overline{Remuneration\ \ (men)}}$$

The result of the gross salary gap for the Cepsa group in Spain is, depending on the remuneration considered, as follows:

- Fixed remuneration:

$$Gross\ salary\ gap = \frac{39{,}869€ - 29{,}618€}{39{,}869€} = 25.71\%$$

- Total remuneration (fixed remuneration + variable remuneration):

$$Gross\ salary\ gap = \frac{48{,}369€ - 33{,}972€}{48{,}369€} = 29.76\%$$

For the Cepsa group in Portugal:

- Fixed remuneration:

$$Gross\ salary\ gap = \frac{16{,}009€ - 12{,}857€}{16{,}009€} = 19.68\%$$

- Total remuneration (fixed remuneration + variable remuneration):

$$Gross\ salary\ gap = \frac{17{,}767€ - 13{,}819€}{17{,}767€} = 22.22\%$$

For the Cepsa group in Colombia:

- Fixed remuneration:

$$Gross\ salary\ gap = \frac{131{,}556{,}115\ COP - 144{,}303{,}318\ COP}{131{,}556{,}115\ COP} = 8.83\%$$

- Total remuneration (fixed remuneration + variable remuneration):

$$Gross\ salary\ gap = \frac{157{,}337{,}262\ COP - 177{,}310{,}193\ COP}{157{,}337{,}262 COP} = 11.26\%$$

Calculation of the adjusted salary gap

This calculation has been carried out using a Multiple Linear Regression Model, which has allowed us to know the impact of certain variables on employee salaries. In order to consider these variables, statistically reliable ones have been taken into account due to their correlation coefficients with total remuneration, resulting in the following: the level of classification of the position, the applicable collective agreement, the guarantees of the agreement, seniority, age, company and gender, the latter being the variable to be measured.

A formula similar to that used to calculate the gross salary gap has been used.

$$Adjusted\ salary\ gap = \frac{Remuneration\ _i(men) - Remuneration\ _i(women)}{Remuneration\ _i(men)}$$

The result obtained is that the adjusted salary gap for the group analyzed and using total remuneration as a reference is 3.35% for the Cepsa group in Spain, 0.14% for the Cepsa group in Portugal and 0.36% in Colombia.

PENSION PLANS

As well as remuneration, the collective agreements in force establish the universality of employment benefits offered to employees. These benefits include the pension plans with defined contribution obligations for retirement contingencies and defined benefit obligations for disability and death.

To pay the obligations of the Pension Plan, the company has capitalization insurance (mixed insurance policies) through which complementary savings and risk contributions are made to Cepsa's pension plans in Spain. Likewise, the pension plans have insurance policies that cover defined disability and death benefits and, therefore, there is no assumption of risk by the company.

PERCENTAGE CONTRIBUTION TO PENSION PLANS				
Group /Category	% Final base salary Employee		% Final base salary Company	
	2020	2019	2020	2019
Employees covered by Collective Agreement	1	1.00	1.60	1.60
Executive Technicians and Expert Technicians	1.25	1.25	2	2.00
Heads of Department	2	2.00	15% of (Fixed Remuneration - Maximum Pension)	15% of (Fixed Remuneration - Maximum Pension)
Managers	3	3.00	20% of (Fixed Remuneration - Maximum Pension)	20% of (Fixed Remuneration - Maximum Pension)

LABOR RELATIONS

NUMBER AND PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS BY COUNTRY*						
Country	2020			2019		
	No. of employees covered by collective agreement	No. of employees not covered by collective agreement	% of employees covered by collective agreement	No. of employees covered by collective agreement	No. of employees not covered by collective agreement	% of employees covered by collective agreement
Algeria	89	39	70%	91	36	72%
Belgium	0	10	0%	0	9	0%
Brazil	164	14	92%	167	14	92%
Canada	0	66	0%	0	64	0%
China	0	124	0%	0	117	0%
Colombia	128	30	81%	175	28	86%
United Arab Emirates	0	34	0%	0	28	0%
Spain	7702	575	93%	8063	603	93%
United States	0	2	0%	0	1	0%
Italy	5	1	83%	6	1	86%
Morocco	0	1	0%	0	1	0%
Malaysia	0	3	0%	0	15	0%
Mexico	9	1	90%	10	2	83%
Netherlands	0	6	0%	0	6	0%
Peru	32	2	94%	47	5	90%
Portugal	576	14	98%	584	15	97%
UK	0	9	0%	0	6	0%
Singapore	0	6	0%	0	7	0%
Thailand	0	38	0%	0	45	0%
Total	8705	975	90%	9143	1003	90%

* The groups Heads of Department and Managers are considered excluded from the collective agreement.

8.6. **SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES**

SAFETY

Health and safety of our employees

HIGHER RISK OCCUPATIONAL HAZARDS DETECTED	
Falls of people at different levels	Overexertion
Falls of people at the same level	Exposure to extreme ambient temperatures
Fall of objects due to collapse	Thermal contacts
Fall of objects during handling	Exposure to electrical contacts
Fall of objects due to detachment	Exposure to harmful substances
Stepping on objects	Contact with caustic or corrosive substances
Collisions with a stationary object	Exposure to radiation
Collisions with a moving object	Explosions
Knocks with objects or tools	Fires
Projection of fragments or parts	Accidents caused by living beings
Entrapment by or between objects	Run over or hit by vehicles
Entrapment, overturning of machines or tractors	

Accident frequency rate of own personnel broken down by business[1]

ACCIDENT FREQUENCY RATE OF OWN PERSONNEL		
	2020	2019
Exploration and Production	*0.00*	*0.00*
Refining	*0.00*	*2.11*
Chemicals	*1.39*	*0.00*
Marketing and Distribution	*0.74*	*0.76*
Others - Research Center	*0.00*	*0.33*
Total	*0.50*	*0.87*

[1] Number of accidents with medical leave/actual hours worked x 1,000,000

Accident frequency rate of contractors[1]

ACCIDENT FREQUENCY RATE OF CONTRACTORS		
Country	2020	2019
Algeria	0.52	0
Colombia	1.41	0
Spain	1.23	1.48
Total	0.94	0.87

[1] Number of accidents with medical leave/actual hours worked x 1,000,000

Accident frequency rate of own personnel broken down by gender[1]

ACCIDENT FREQUENCY RATE OF OWN PERSONNEL BROKEN DOWN BY GENDER						
	2020			2019		
Country	Women	Men	Total	Women	Men	Total
Algeria	-	-	-	-	-	-
Belgium	-	-	-	-	-	-
Brazil	-	7.60	5.85	-	-	-
Canada	-	-	-	-	-	-
China	-	-	-	-	-	-
Colombia	-	-	-	-	-	-
United Arab Emirates	-	-	-	-	-	-
Spain	0.21	0.58	0.45	0.85	1.13	1.03
United States	-	-	-	-	-	-
Italy	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-
Mexico	-	-	-	-	-	-
Morocco	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-
Peru	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
UK	-	-	-	-	-	-
Singapore	-	-	-	-	-	-
Thailand	-	-	-	-	-	-
Total	0.17	0.68	0.50	0.71	0.97	0.87

[1] Number of accidents with medical leave/actual hours worked x 1,000,000

Lost day rate[1] (accident severity) of own staff by region and gender

LOST DAY RATE (ACCIDENT SEVERITY) BY REGION AND GENDER						
	2020			2019		
Country	Women	Men	Total	Women	Men	Total
Algeria	-	-	-	-	-	-
Belgium	-	-	-	-	-	-
Brazil	0	148.27	114.11	-	-	-
Canada	-	-	-	-	-	-
China	-	-	-	-	-	-
Colombia	-	-	-	-	-	-
United Arab Emirates	-	-	-	-	-	-
United States	-	-	-	-	-	-
Spain	7.18	26.97	19.92	45.41	75.27	64.67
Italy	-	-	-	-	-	-
Malaysia	-	-	-	-	-	-
Mexico	-	-	-	-	-	-
Morocco	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-
Peru	-	-	-	-	-	-
Portugal	0	29.67	13.67	-	-	-
UK	-	-	-	-	-	-
Singapore	-	-	-	-	-	-
Thailand	-	-	-	-	-	-
Total	5.92	27.68	19.91	37.62	64.51	54.76

[1] Total number of lost days/actual hours worked x 1,000,000

Lost day rate[1] (accident severity) of own staff broken down by business

LOST DAY RATE (ACCIDENT SEVERITY) BROKEN DOWN BY BUSINESS		
	2020	2019
Exploration and Production	*0.00*	*0.00*
Refining	*0.92*	*172.41*
Chemicals	*27.16*	*0.00*
Marketing and Distribution	*34.34*	*38.09*
Others - Research Center	*0.00*	*4.64*
Total	*19.91*	*54.76*

[1] Total number of lost days/actual hours worked x 200,000

Incidence of occupational diseases and absenteeism

INCIDENCE OF OCCUPATIONAL DISEASES AND ABSENTEEISM						
	2020			2019		
	Women	Men	Total	Women	Men	Total
Number of occupational diseases[1]	1	-	1	1	-	1
Hours of absenteeism[2,3]	302,065	409,440	711,505	551,737	478,938	1,030,675

[1] There were 2 confirmed cases by the National Social Security Institute, which refer to the same worker

[2] In 2019, absenteeism covered the following cases: Delay, Unjustified absence, Unpaid leave, Special leave, Medical appointment, Sickness <= 3 days, Sickness 4-15 days, Sickness> = 16 days, Maternity, Paternity, Pregnancy Risk, Breastfeeding Risk and Accidents for all group companies except for Service Stations, where there is no attendance control system beyond time recording and for which only the following are considered absences with an impact on pay: Unjustified absence, Unpaid leave, Sickness <= 3 days, Sickness 4-15 days, Sickness> = 16 days, Maternity, Paternity, Pregnancy Risk, Breastfeeding Risk and Accidents

[3] The difference in hours with respect to the previous year is mainly due to a change in criteria in Portugal and Cedipsa. In 2019 all the absenteeism hours from the previous year were reported and, However, in 2020, the hours were factored in such a way that only the hours of the reporting period were taken into account, regardless of whether the absence came from the previous year.

SECURITY OF THE FACILITIES

Number of process safety incidents by business

LOST DAY RATE (ACCIDENT SEVERITY) BY REGION AND GENDER				
	2020		2019	
Business	Tier1	Tier 2	Tier 1	Tier 2
Exploration and Production	-	-	-	-
Refining	*2*	*1*	*2*	*3*
Chemicals	*2*	*2*	-	*1*
Marketing and Distribution	-	*4*	-	*1*
Others - Research Center	-	-	-	*1*
Total	***4***	***7***	***2***	***6***

8.7. **RESPONSIBILITY IN THE SUPPLY CHAIN**

BREAKDOWN BY SEGMENT OF THE SUPPLY CHAIN

BREAKDOWN BY SEGMENT OF THE SUPPLY CHAIN IN 2020*				
Segment[1]	No. of suppliers	% of suppliers	Purchase amount[2]	% of the contracted amount
Segment I	77	2.10%	€459,624,616	50.75%
Segment II	163	4.44%	€216,868,197	23.95%
Segment III	267	7.27%	€117,375,078	12.96%
Segment IV	1,075	29.26%	€98,332,962	10.86%
Segment V	2,092	56.94%	€13,396,893	1.48%
Total	3,674	100%	€905,597,746	100%

(1) The segments are broken down as follows: Segment 1:>€2.3M; Segment 2: > 800k<€2.3M; Segment 3: >250k <€800k; Segment 4: >€25k<€250k; Segment 5: <€25k.

(2) The purchase amount is calculated before VAT

(*) The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal operations of the Group; donations and payments of taxes and fees.

BREAKDOWN BY SEGMENT OF THE SUPPLY CHAIN IN 2019*				
Segment[1]	No. of suppliers	% of suppliers	Purchase amount[2]	% of the contracted amount
Segment I	125	2.92%	€844,327,386	60.75%
Segment II	228	5.32%	€299,670,718	21.56%
Segment III	395	9.22%	€149,657,269	10.77%
Segment IV	1,616	37.73%	€90,203,587	6.49%
Segment V	1,919	44.81%	€5,928,614	0.43%
Total	4,283	100.00%	€1,389,787,574	100%

(1) The segments are broken down as follows: Segment 1:>€3M; Segment 2: > 1M<€3M; Segment 3: >300k <€1M; Segment 4: >€10k<€300k; Segment 5: <€10k.

(2) The purchase amount is calculated before VAT

(*) The information reported for the procurement area excludes the purchase of crude oil, raw materials, energy products and sea transport related to these products; primary logistics (CLH); financial products and services; the internal operations of the Group; donations and payments of taxes and fees.

BREAKDOWN BY GEOGRAPHIC LOCATION OF THE SUPPLY CHAIN IN 2020				
	No. of suppliers	% of total Suppliers	Purchase amount[2]	% of purchase amount
Africa	5	0.14%	€271,113	0.03%
America	1,137	30.95%	€92,953,836	10.26%
Asia and Oceania	324	8.82%	€54,236,658	5.99%
Spain	1,812	49.32%	€662,075,530	73.11%
Europe	396	10.78%	€96,060,609	10.61%
Total	3,674	100.00%	€905,597,746	100.00%

BREAKDOWN BY GEOGRAPHIC LOCATION OF THE SUPPLY CHAIN IN 2020				
	No. of suppliers	% of total Suppliers	Purchase amount[2]	% of purchase amount
Africa	*3*	*0.07%*	€177,152	*0.01%*
America	*1,419*	*33.13%*	€154,539,556	*11.12%*
Asia and Oceania	*334*	*7.80%*	€92,964,193	*6.69%*
Spain	*2,095*	*48.91%*	€948,463,393	*68.25%*
Europe	*432*	*10.09%*	€193,643,280	*13.93%*
Total	*4,283*	*100.00%*	*€1,389,787,574*	*100.00%*

PERCENTAGE OF AMOUNT CONTRACTED TO NATIONAL AND LOCAL SUPPLIERS IN 2020 AND 2019*				
Geographic location[1]	% of the amount contracted to national suppliers[2]	% of the amount contracted to local or locally established suppliers[3]	% of the amount contracted to national suppliers[2]	% of the amount contracted to local or locally established suppliers[3]
	2020[2]		2019[3]	
Spain	99.99%	47.96%	99.98%	46.75%
Colombia	82.67%	52.38%	100.00%	44.96%
Brazil	100.00%	72.13%	100.00%	72.37%
Others Europe	0.00%	0.00%	0.00%	0.00%
SEA (Thailand, Singapore y Malaysia)	96.94%	20.17%	99.65%	11.05%
China	89.09%	77.83%	95.93%	77.08%
Portugal	70.16%	46.72%	62.14%	33.42%
Peru	99.95%	23.14%	100.00%	23.17%
Canada	92.50%	89.54%	10.94%	9.38%
Other	11.62%	0.00%	0.00%	0.00%
Total	86.70%	42.60%	84%	38%

(*) Due to the COVID situation, the total amount contracted is lower than last year and the trend of recent years, though the % of national and local purchases is higher, probably due to the same cause.

SECURITY STAFF TRAINED IN HUMAN RIGHTS POLICIES OR PROCEDURES				
	2020		**2019**	
	Own	**Contractors**	**Own**	**Contractors**
No. of workers who received training	0	89	0	85
No. of workers belonging to security personnel	8	550	8	589
Percentage	0%	16%	0%	14%

8.8. TRANSPARENT WITH OUR CUSTOMERS

MANAGEMENT OF CLAIMS RECEIVED FROM CUSTOMERS		
	2020	**2019**
Claims received	12,245	7,612
Claims considered valid	11,575	7,220
Resolved (%)	96.43%	97.96%
Pending closure (%)	3.57%	2.04%

8.9. **RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE**

DETAILS OF THE SOCIAL INVESTMENT DATA

INVESTMENT IN SOCIAL ACTION BY THE CEPSA FOUNDATION BY AREA OF ACTION (EUROS)		
	2020	2019
Social support	€2,431,090	€2,465,593
Culture	€194,477	€303,958
Environment	€332,625	€344,867
Science-education	€477,886	€573,992
Sports	€37,078	€141,443
Total	€3,473,158	€3,829,853

BREAKDOWN OF THE CEPSA FOUNDATION'S SOCIAL INVESTMENT

BY COUNTRY		
	2020	2019
Brazil	€83,746	€49,521
Canada	€5,787	€5,057
Colombia	€921,823	€1,662,965
Spain	€2,191,835	€1,828,950
Peru	€160,017	€157,476
Portugal	€93,982	€78,772
Algeria	€15,968	€47,112
Total	€3,473,158	€3,829,853

TYPE OF CONTRIBUTION		
	2020	2019
Money	€2,740,175	€2,974,220
Time	€1,669	€14,472
In kind	€67,000	€7,775
Management costs	€664,314	€833,385
Total	€3,473,158	€3,829,853

TYPE OF CONTRIBUTION		
	2020	2019
One-off contribution	€1,921,730	€1,404,863
Social investment	€1,551,428	€2,424,990
Total	€3,473,158	€3,829,853

BREAKDOWN OF CEPSA'S MANDATORY SOCIAL INVESTMENT

BY COUNTRY SOCIAL ACTION EP		
	2020	2019
Colombia	€18,374	€82,890
Peru	€47,935	€46,792
Thailand	€365,722	€970,620
Total	€432,031	€1,100,302

TYPE OF CONTRIBUTION[1]		
	2020	2019
Initiative aligned with the business	€432,031	€1,100,302
Total	432,031	1,100,302

(1) The reduction is mainly due to the cessation of production activity in Thailand in the first half of 2020, and therefore, the associated social investments.

INVESTMENT BY SCOPE OF ACTION (EUROS)		
	2020	2019
Social support	€396,813	€1,015,140
Culture		€9,750
Environment		€14,850
Science-education	€35,218	€56,962
Sports		€3,600
Total	432,031	1,100,302

Our main initiatives

Social support area

Country	Initiative	Beneficiaries	Description	Promotor
Spain and Portugal	Donations to food banks in response to COVID-19	General public	Donation to the Spanish Federation of Food Banks (FESBAL) in Spain and to the Portuguese Federation of Food Banks against Hunger. In addition, an appeal was launched directed at Cepsa's employees in Spain, encouraging them to participate in the donation to FESBAL	Cepsa Foundation
Spain and Portugal	Support for the medical transport of people affected by COVID-19	Sick people	Donation of fuel cards to the Spanish Red Cross and the competent public authorities of Madrid, Huelva and Campo de Gibraltar and in Portugal.	Cepsa Foundation
Brazil, Colombia, Spain and Portugal	Adaptation of the Social Value Awards to COVID-19	Sick people / General public	Increase in the amount contributed to the Social Value Awards in its 16th edition in each of the seven areas where they are held. In addition, at least one of the selected projects in each area was aimed at alleviating the effects of the pandemic	Cepsa Foundation
Algeria and Colombia	Donation of medical supplies to respond to the COVID-19 crisis	Sick people	Donation for the purchase and delivery of medicines and other medical supplies (gloves, hydroalcoholic gel, masks, gowns and surgical caps, among other items) in for public health services located in the areas of influence where Cepsa operates	Cepsa Foundation
Spain	Donation of detergents for laundry and household cleaning to vulnerable families	Vulnerable families	Joint donation with the Persán Foundation of 180 tons of Persán's own brand detergent. This donation was channeled through local associations and social services to vulnerable families in Seville, Huelva and Campo de Gibraltar.	Cepsa Foundation
Spain	Remote accompaniment volunteering	Elderly / Sick people	Accompaniment of elderly and sick people of Cepsa volunteers through phone calls, emails or postal letters.	Cepsa Foundation
Peru	Access to water for local communities	Inhabitants of the town of Macuya	Ensuring access to drinking water by supporting the maintenance of wells that	Cepsa EP

Country	Initiative	Beneficiaries	Description	Promotor
			were inoperative at the beginning of the quarantine.	
Algeria	Construction of a covered bus stop	Inhabitants in the area of influence of the BMS Field	Construction of a covered bus stop for the benefit of local inhabitants	Cepsa EP
Colombia	Drawing up of biosafety protocols (COVID 19) for local companies	Local companies in the Municipality of Maní	Technical assistance and support for the drawing up of biosafety protocols to mitigate COVID-19 for 40 companies in the municipality of Maní, area of influence of the Jaguar - Santiago Pipeline.	Cepsa EP

Environmental area

Country	Initiative	Beneficiaries	Description	Promotor
Spain	SOS Caretta, fishermen for biodiversity	General public	Collaboration with the Regional Government of Andalusia, the Ministry for the Ecological Transition, Ports of Andalusia and fishermen's associations to recover sea turtles in the bays of Cádiz and Huelva.	Cepsa Foundation
Spain	Conservation and improvement of biodiversity in the natural spaces of the Madrevieja environmental station and Primera de Palos lagoon	General public	Projects for the conservation and improvement of the populations of animal and plant species to increase biodiversity in these areas, with special emphasis on the protection of birds. These include scientific banding programs in both locations and a barn owl recovery project where several specimens have been reared and 19 birds have been released.	Cepsa Foundation

Scientific and Educational area

Country	Initiative	Beneficiaries	Description	Promotor
Spain	Cepsa Foundation Chair of Innovation and Energy Efficiency at the University of La Laguna	General public / Young people	Different activities, including the creation of a team of students with the aim of designing and launching a nanosatellite into orbit; creation of the project, LoRaWAN, to bring IoT (Internet of Things) technology closer to university and high school students.	Cepsa Foundation
Spain	Collaboration with the Fundación	Scientific Community	Encouraging young research talent in response to the	Cepsa Foundation

	General del CSIC in the ComFuturo program	and Young people	unemployment of highly qualified young scientists, applying their talent in solving problems of industrial and social interest.	
Thailand	"Prince of Songkhla University" scholarships	Students and their families	Granting of educational opportunities to students from families in vulnerable situations to pursue secondary and university studies at the "Prince of Songkhla" University.	Cepsa EP
Colombia	Environmental education workshops in the Vigía Trompillos village of the municipality of Tauramena	Local community in the sphere of influence of the Jilguero Block	Educational workshops with the aim of helping local inhabitants acquire a greater sensitivity and awareness about environmental protection.	Cepsa EP

Relationship with indigenous communities

The Wacoyo Indigenous community benefits from voluntary social investment campaigns carried out annually by Cepsa EP in the sphere of influence of the Caracara operation (Colombia). In 2020, the initiative "Production projects Wacoyo Reserve" was launched, with the aim of improving agricultural practices in the Community and reinforcing its food security.

The Nativa Sinchi Roca community benefits from voluntary social investment campaigns carried out annually by Cepsa EP in the sphere of influence of the Block 131 operation (Colombia). In 2020, it benefited from charitable actions to combat the negative effects of the COVID-19 pandemic with deliveries of food and biosecurity supplies.

Impacts on local communities

Impact	Response by the company
Flare up due to electrical failure at the Palos de la Frontera site	Cadena Ser Huelva, Cadena COPE and Huelva Información media outlets were informed of what happened and that it was being properly handled
Incident affecting lagging in one of the pipes of the dock on the Puente Mayorga beach, at the San Roque site	After receiving an alert from the Neighborhood Committee, the person in charge of the area was notified so they could repair it and notify local residents
Negotiation process regarding Temporary Employment Regulation Schemes at the La Rábida Refinery at the Palos de la Frontera site	The negotiation process was communicated to the mass media and it was explained, from the beginning to the end, to the local, provincial and autonomous authorities
Fire in a cooling tower at the Palos de la Frontera site	The mass media were notified and an explanation was given to local and provincial authorities and opinion leaders
Appearance of an oil stain on Valleseco beach, on the Canary Islands site	The Port Authority was informed and, after analysis, it was shown to come from a leak in the Refinery-East Dyke interconnection lines. It was subsequently fixed.

8.10. TRANSPARENCY AND FISCAL RESPONSIBILITY

Country by Country Report 2019

TAX JURISDICTION	INCOME FROM THIRD PARTIES	INCOME FROM RELATED ENTITY	TOTAL INCOME	Profit/(loss) before Corporate Tax	Corporate Tax paid (special VAT payment scheme)	Accrued income tax. Current year	Declared capital	Undistributed profits	Number of workers	Tangible assets other than cash and cash equivalents
SPAIN	25,133,152,986	21,748,276,966	46,881,429,952	489,638,307	29,202,508	5,607,663	3,336,933,314	4,753,949,298	8,596	6,070,446,063
ALGERIA	501,592,162	37,047,874	538,640,036	315,620,588	-131,276,331	-171,349,917	0	0	117	487,880,910
BELGIUM	3,793,162	28,000	3,821,162	1,146,130	-332,756	-360,230	65,000	792,399	8	100,022
BRAZIL	4,918,000	238,857,704	243,775,704	28,735,533	-4,221,192	-429,906	174,134,947	98,263,425	181	105,510,129
CANADA	46,266,667	104,126,228	150,392,895	6,635,761	0	-1,399,829	30,670,471	21,144,195	63	61,004,962
CHINA	0	372,564,943	372,564,943	-4,430,173	0	0	231,337,201	-194,116,855	117	347,560,375
COLOMBIA	182,601,687	0	182,601,687	19,968,859	-738,266	-6,061,844	0	0	210	125,303,208
ITALY	1,500,327	54,594,263	56,094,590	3,774,799	-668,878	-927,966	6,024,800	6,405,724	6	5,464,368
LUXEMBOURG	0	4,360,329	4,360,329	2,986,960	-74,499	0	2,725,000	36,739,184	0	0
MALAYSIA	233,166	51,885,148	52,118,314	17,441,039	-5,293,041	-9,451,392	27,521,538	3,899,755	15	3,333,944
MAURITIUS	163,565	0	163,565	165,059	-20,004	-63,817	2,182	-2,182	0	0
MEXICO	0	57,524	57,524	-4,227,593	0	850,865	8,788,528	-3,580,930	8	1,084,343
MOROCCO	0	7,066,401	7,066,401	528,392	0	-93,869	6,975,219	2,391,440	11	720,615
NETHERLANDS	3,952,139	9,205,393	13,157,532	-59,340,293	-738,957	-786,983	184,837,078	19,305,871	5	161,960
PANAMA	366,637	202,577,545	202,944,182	-822,378	0	-33,757	0	-856,135	7	0
PERU	27,356	61,331,499	61,358,856	5,232,166	-11,974,129	-19,862,089	183,608,925	-107,567,915	55	61,142,037
PORTUGAL	272,048,407	930,574,178	1,202,622,585	9,653,633	-4,966,093	-5,088,250	53,541,051	15,235,904	619	147,290,257
SINGAPORE	33,130,243	156,604,208	189,734,451	-41,693,935	-86,106	-2,718,137	242,202,667	-194,139,541	7	10,966,631
SURINAME	253,051	0	253,051	-209,346	0	54,190	0	0	0	0
THAILAND	16,870,691	122,668,880	139,539,571	18,855,633	-40,778,311	-8,846,528	1,752,661	-32,673,156	45	13,498,478
UNITED ARAB EMIRATES	443,834,761	138,274,306	582,109,067	324,829,814	-150,984,400	-291,459,018	30,333,676	-28,143,905	30	1,622,279,898
UNITED KINGDOM	41,189	121,699,270	121,740,459	5,258,725	-993,314	-968,120	3,337,490	8,899,529	9	9,480,589
UNITED STATES OF AMERICA	0	14,519	14,519	4,798	10,642	-634	8,477	4,164	1	0

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
ATLAS, SOCIEDAD ANONIMA, COMBUSTIBLES Y LUBRIFICANTES	SPAIN			Sales, Marketing or Distribution
CEPSA ENERGY COMPANY INTERNATIONAL, SL	SPAIN			Manufacturing or Production
CEDIPSA COMPAÑIA ESPAÑOLA DISTRIBUIDORA DE PETROLEOS SA	SPAIN			Sales, Marketing or Distribution
CEPSA (RHOURDE EL ROUNI) LIMITED	SPAIN	CAYMAN ISLANDS		Manufacturing or Production
CEPSA ALGERIE SL	SPAIN			Manufacturing or Production
CEPSA AVIACIÓN SA	SPAIN			Sales, Marketing or Distribution
CEPSA BIOENERGIA SAN ROQUE	SPAIN			Manufacturing or Production
CEPSA BUSINESS SERVICES SA	SPAIN			Administration, Management or Support Services
CEPSA CARD SA	SPAIN			Sales, Marketing or Distribution
CEPSA COLOMBIA SA	SPAIN			Manufacturing or Production
CEPSA COMERCIAL PETROLEO SA	SPAIN			Sales, Marketing or Distribution
CEPSA E.P. ABU DHABI, S.L.U	SPAIN			Manufacturing or Production
CEPSA EP ESPAÑA S.L.U.	SPAIN			Manufacturing or Production
CEPSA GAS Y ELECTRICIDAD SA	SPAIN			Sales, Marketing or Distribution
CEPSA PERU S.A.U.	SPAIN			Ownership of shares or other instruments representing capital
CEPSA PETRONUBA S.A.U.	SPAIN			Administration, Management or Support Services
CEPSA QUIMICA CHINA SA	SPAIN			Ownership of shares or other instruments representing capital
CEPSA QUIMICA SA	SPAIN			Research & Development

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
CEPSA SA	SPAIN			Ownership of shares or other instruments representing capital
CEPSA SURINAM S.L.U	SPAIN			Manufacturing or Production
CEPSA TRADING SA	SPAIN			Purchasing or Supplies; Sales, Marketing or Distribution
CMD AEROPUERTOS CANARIOS SL	SPAIN			Sales, Marketing or Distribution
COASTAL ENERGY COMPANY	SPAIN			Ownership of shares or other instruments representing capital
COASTAL ENERGY COMPANY (KHORAT) LTD	SPAIN			Ownership of shares or other instruments representing capital
COMPAÑIA ESPAÑOLA DE PETROLEOS SA	SPAIN			Research and Development; Ownership or management of intellectual property; Purchases or supplies; Manufacturing or Production; Sales, Marketing or Distribution; Administration, Management or Support Services; Provision of services to non-associated companies; Group internal finances; Insurance; Ownership of shares or other instruments representing capital
ERS SPAIN GESTIÓN GESTIÓN CORREDURÍA DE SEGUROS, SL	SPAIN			Sales, Marketing or Distribution
GENERACIÓN ELÉCTRICA PENINSULAR SA	SPAIN			Manufacturing or Production
OLEODUCTOS CANARIOS SA	SPAIN			Provision of services to non-associated companies
PETROLEOS DE CANARIAS SA	SPAIN			Sales, Marketing or Distribution
PLASTIFICANTES DE LUTXANA SA	SPAIN			Sales, Marketing or Distribution
RED ESPAÑOLA DE SERVICIOS S.A.U	SPAIN			Sales, Marketing or Distribution
RESSA SERVICE, SL	SPAIN			No activity

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
SERVICIOS ENERGETICOS DE ALTA EFICIENCIA SA	SPAIN			Sales, Marketing or Distribution
SPANISH INTOPLANE SERVICES SL	SPAIN			Sales, Marketing or Distribution
SURESA RETAMA S.L.U.	SPAIN			Sales, Marketing or Distribution
CEPSA FOUNDATION	SPAIN		NON-PROFIT ORGANIZATIONS	Other
CEPSA FINANCE, SA (SOLE PROPRIETORSHIP)	SPAIN			Group internal finances
CEPSA TREASURY, S.A.	SPAIN			Group internal finances
CEPSA GAS COMERCIALIZADORA SA	SPAIN			Sales, Marketing or Distribution
MITRA MEDULAS, S.L.	SPAIN			Manufacturing or Production
MITRA ALFA, S.L.	SPAIN			Manufacturing or Production
MITRA BETA, S.L.	SPAIN			Manufacturing or Production
MITRA GAMMA, S.L.	SPAIN			Manufacturing or Production
CEPSA (RHOURDE EL ROUNI) LTD., Algerian Branch	ALGERIA			Manufacturing or Production
CEPSA ALGERIE S.L., Branch in Algeria	ALGERIA			Manufacturing or Production
COMPAÑIA ESPAÑOLA DE PETROLEOS, SAU - Algerie PE (Orhoud)	ALGERIA			Manufacturing or Production
COMPAÑIA ESPAÑOLA DE PETROLEOS, SAU - Algerie PE (RER II)	ALGERIA			Manufacturing or Production
CEPSA QUIMICA BELGIUM, N.V.	BELGIUM			Sales, Marketing or Distribution
CEPSA OLEO E GAS DO BRASIL LTDA.	BRAZIL			Manufacturing or Production

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
DETEN QUIMICA, S.A.	BRAZIL			Manufacturing or Production
PETRESA PARTICIPAÇOES, LTDA	BRAZIL			No activity
CEPSA CHIMIE BÉCANCOUR, INC.	CANADA			Manufacturing or Production
CEPSA CHEMICAL (SHANGHAI), CO., LTD.	CHINA			Manufacturing or Production
CEPSA COLOMBIA, S.A. (Colombia Branch)	COLOMBIA			Manufacturing or Production
CEPSA ITALIA, S.p.A.	ITALY			Sales, Marketing or Distribution
CONSORCIO RESSA	ITALY			Sales, Marketing or Distribution
TEIDE RE, S.A.	LUXEMBOURG			Insurance
COASTAL ENERGY KBM SDN BHD	MALAYSIA			Manufacturing or Production
COASTAL ENERGY MALASYA SDN BHD	MALAYSIA			Manufacturing or Production
COASTAL ENERGY SERVICES (MALAYSIA) SDN BHD	MALAYSIA			Administration, Management or Support Services
OCEAN 66 LTD	MAURITIUS			No activity
DETISA COMERCIAL PETRÓLEO, S.A. DE C.V.	MEXICO			Sales, Marketing or Distribution
CEPSA E.P. MEXICO, S DE R.L. DE C.V.	MEXICO			Sales, Marketing or Distribution
PETROSUD, S.A.	MOROCCO			Manufacturing or Production
CEPSA MAGHREB, S.A.	MOROCCO			Manufacturing or Production
CEPSA INTERNATIONAL, B.V.	NETHERLANDS			Group internal finances
CEPSA QUIMICA NETHERLANDS, B.V.	NETHERLANDS			Sales, Marketing or Distribution
CEPSA PANAMA S.A.	PANAMA			Sales, Marketing or Distribution
CEPSA PERUANA, S.A.C.	PERU			Manufacturing or Production

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
CEPSA PORTUGUESA PETROLEOS, S.A.	PORTUGAL			Sales, Marketing or Distribution
PROPEL-PETROLEUM PRODUCTS, L.D.A.	PORTUGAL			Sales, Marketing or Distribution
MOPU HOLDINGS (SINGAPORE) PTE LTD	SINGAPORE			Sales, Marketing or Distribution
CEPSA TRADING ASIA PTE LTD (SINGAPORE)	SINGAPORE			Sales, Marketing or Distribution
ENERGY PRODUCER 3 PTE LTD	SINGAPORE			No activity
ENERGY PRODUCER 4 PTE LTD	SINGAPORE			No activity
ENERGY PRODUCER 6 PTE LTD	SINGAPORE			No activity
ENERGY PRODUCER 7 PTE LTD	SINGAPORE			No activity
CEPSA SURINAM, S.L.U (Suriname Branch)	SURINAME			Manufacturing or Production
CEPSA ENERGY COMPANY INTERNATIONAL, SLU (Thailand Branch)	THAILAND			Manufacturing or Production
CEC SERVICES (THAILAND) LTD.	THAILAND			Administration, Management or Support Services
NUCOASTAL (THAILAND) LIMITED	THAILAND			Sales, Marketing or Distribution
CEPSA MARINE FUELS DMCC	UNITED ARAB EMIRATES			Sales, Marketing or Distribution
CEPSA PETROLEUM OPERATIONS MIDDLE EAST LLC	UNITED ARAB EMIRATES			Administration, Management or Support Services
CEPSA EP ABU DHABI, S.L.U (Abu Dhabi Branch)	UNITED ARAB EMIRATES			Manufacturing or Production
CEPSA UK, LTD.	UNITED KINGDOM			Sales, Marketing or Distribution

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
CEPSA QUIMICA USA, INC	UNITED STATES OF AMERICA			Sales, Marketing or Distribution

CEPSA

Country by Country Report 2018

TAX JURISDICTION	INCOME FROM THIRD PARTIES	INCOME FROM RELATED ENTITY	TOTAL INCOME	Profit/(loss) before Corporate Tax	Corporate Tax paid (special VAT payment scheme)	Accrued income tax. Current year	Declared capital	Undistributed profits	Number of workers	Tangible assets other than cash and cash equivalents
SPAIN	21,890,180,049	26,612,242,952	48,502,423,000	599,620,949	27,568,350	113,719,915	6,221,897,550	1,402,067,250	8,372	6,723,174,265
ALGERIA	21,075,167	541,903,096	562,978,262	310,223,823	116,647,599	112,750,503	0	0	116	550,662,672
BELGIUM	0	4,201,024	4,201,024	1,085,098	300,000	332,835	65,000	0	8	27,168
BRAZIL	243,623,016	1,718,537	245,341,553	24,053,109	6,596,025	5,966,058	173,395,076	62,472,831	186	109,653,770
CANADA	115,287,240	36,101,105	151,388,345	12,941,410	0	3,558,489	30,670,471	15,709,836	63	54,613,466
CHINA	420,186,499	344,326	420,530,825	5,168,228	0	0	231,337,201	-189,686,68	116	355,830,031
COLOMBIA	3,775,457	212,210,071	215,985,528	51,263,087	6,288,860	-873,09	0	0	228	162,991,766
ITALY	49,716,172	1,587,689	51,303,861	3,060,360	1,293,622	1,014,098	6,024,800	5,587,333	6	4,549,965
LUXEMBOURG	2,494,680	0	2,494,680	1,337,498	835,361	18,686	2,725,000	2,442,435	0	0
MALAYSIA	64,005,357	1,234,773	65,240,131	8,111,288	5,474,904	1,550,636	22,885,697	40,044,600	21	4,178,070
MAURITIUS	0	375,355	375,355	307,237	172	0	6,045,040	5,113,083	0	0
MEXICO	0	0	0	-289,59	0	0	53,352	0	0	0
MOROCCO	0	6,233,261	6,233,261	729,194	411,865	106,869	6,864,423	0	9	438,295
NETHERLANDS	94,132	27,085,514	27,179,645	46,682,078	461,790	572,510	184,837,078	8,867,097	4	24,500
PANAMA	205,281,479	20	205,281,499	963,059	0	42,691	1,227,237	22,151,799	7	16,838,196
PERU	57,416,282	678,378	58,094,660	22,181,934	13,549,151	29,614,696	208,693,884	-95,952,94	53	93,688,460
PORTUGAL	939,804,523	242,541,297	1,182,345,820	14,049,794	2,438,335	5,000,532	53,541,051	20,629,286	61	105,132,911
SINGAPORE	0	31,774,443	31,774,443	8,118,731	2,426,951	2,487,709	242,202,667	-149,896,42	6	80,104,501
SURINAME	0	230,046	230,046	3,494,789	0	500,603	0	0	0	0
THAILAND	144,888,715	14,621,397	159,510,112	33,137,453	12,706,064	9,897,169	1,752,661	-33,073,17	47	16,126,208
UNITED ARAB EMIRATES	247,087,461	3,323,253	250,410,714	1,251,562	0	0	1,467,215,598	27,734,734	5	703,723
UNITED KINGDOM	132,489,769	202,247	132,692,016	5,730,934	1,369,973	1,088,878	3,337,490	8,208,087	8	6,199,351
UNITED STATES OF AMERICA	2,853,485	0	2,853,485	117,634	11,828	33,006	10,000	0	1	0

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
ATLAS, SOCIEDAD ANONIMA, COMBUSTIBLES Y LUBRIFICANTES	SPAIN			Sales, Marketing or Distribution
CEC INTERNATIONAL LTD.	SPAIN	CAYMAN ISLANDS		Manufacturing or Production
CEDIPSA COMPAÑIA ESPAÑOLA DISTRIBUIDORA DE PETROLEOS SA	SPAIN			Sales, Marketing or Distribution
CEPSA (RHOURDE EL ROUNI) LIMITED	SPAIN	CAYMAN ISLANDS		Manufacturing or Production
CEPSA ALGERIE SL	SPAIN			Manufacturing or Production
CEPSA AVIACIÓN SA	SPAIN			Sales, Marketing or Distribution
CEPSA BIOENERGIA SAN ROQUE	SPAIN			Manufacturing or Production
CEPSA BUSINESS SERVICES SA	SPAIN			Administration, Management or Support Services
CEPSA CARD SA	SPAIN			Sales, Marketing or Distribution
CEPSA COLOMBIA SA	SPAIN			Manufacturing or Production
CEPSA COMERCIAL PETROLEO SA	SPAIN			Sales, Marketing or Distribution
CEPSA DISCO, S.L.U.	SPAIN			Sales, Marketing or Distribution
CEPSA E.P. ABU DHABI, S.L.U	SPAIN			Manufacturing or Production
CEPSA EP ASIA S.L.	SPAIN			Ownership of shares or other instruments representing capital
CEPSA EP ESPAÑA S.L.U.	SPAIN			Manufacturing or Production
CEPSA EP S.A.U	SPAIN			Manufacturing or Production

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
CEPSA GAS Y ELECTRICIDAD SA	SPAIN			Sales, Marketing or Distribution
CEPSA SEA, S.L.U	SPAIN			Sales, Marketing or Distribution
CEPSA PERU S.A.U.	SPAIN			Ownership of shares or other instruments representing capital
CEPSA PETRONUBA S.A.U.	SPAIN			Administration, Management or Support Services
CEPSA QUIMICA CHINA SA	SPAIN			Ownership of shares or other instruments representing capital
CEPSA QUIMICA SA	SPAIN			Research and Development; Sales, Marketing or Distribution
CEPSA SA	SPAIN			Ownership of shares or other instruments representing capital
CEPSA SURINAM S.L.U	SPAIN			Manufacturing or Production
CEPSA TRADING SA	SPAIN			Purchasing or Supplies; Sales, Marketing or Distribution
CMD AEROPUERTOS CANARIOS SL	SPAIN			Sales, Marketing or Distribution
COASTAL ENERGY COMPANY	SPAIN	CAYMAN ISLANDS		Ownership of shares or other instruments representing capital
COASTAL ENERGY COMPANY (KHORAT) LTD	SPAIN	CAYMAN ISLANDS		Ownership of shares or other instruments representing capital

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
COMPAÑIA ESPAÑOLA DE PETROLEOS SA	SPAIN			Research and Development; Ownership or management of intellectual property; Purchases or supplies; Manufacturing or Production; Sales, Marketing or Distribution; Administration, Management or Support Services; Provision of services to non-associated companies; Group internal finances; Insurance; Ownership of shares or other instruments representing capital
ERS Spain S.A.	SPAIN			Sales, Marketing or Distribution
ERS SPAIN GESTIÓN GESTIÓN CORREDURÍA DE SEGUROS, SL	SPAIN			Sales, Marketing or Distribution
GENERACIÓN ELÉCTRICA PENINSULAR SA	SPAIN			Manufacturing or Production
OLEODUCTOS CANARIOS SA	SPAIN			Provision of services to non-associated companies
PETROLEOS DE CANARIAS SA	SPAIN			Sales, Marketing or Distribution
PLASTIFICANTES DE LUTXANA SA	SPAIN			Sales, Marketing or Distribution
RED ESPAÑOLA DE SERVICIOS S.A.U	SPAIN			Sales, Marketing or Distribution
RESSA SERVICE, SL	SPAIN			No activity
SERVICAR CAMPO DE LAS NACIONES SA	SPAIN			Sales, Marketing or Distribution
SERVICIOS ENERGETICOS DE ALTA EFICIENCIA SA	SPAIN			Sales, Marketing or Distribution
SPANISH INTOPLANE SERVICES SL	SPAIN			Sales, Marketing or Distribution

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
SURESA RETAMA S.L.U.	SPAIN			Sales, Marketing or Distribution
WINGAS DISTRIBUIDORA DE GAS NATURAL, SA	SPAIN			Sales, Marketing or Distribution
CEPSA FOUNDATION	SPAIN		NON-PROFIT ORGANIZATIONS	Other
CEPSA FINANCE, SA (SOLE PROPRIETORSHIP)	SPAIN			Group internal finances
CEPSA TREASURY, S.A.	SPAIN			Group internal finances
CEPSA GAS COMERCIALIZADORA SA	SPAIN			Sales, Marketing or Distribution
CEPSA (RHOURDE EL ROUNI) LTD., Algerian Branch	ALGERIA			Manufacturing or Production
CEPSA ALGERIE S.L., Branch in Algeria	ALGERIA			Manufacturing or Production
COMPAÑIA ESPAÑOLA DE PETROLEOS, SAU - Algerie PE (Orhoud)	ALGERIA			Manufacturing or Production
COMPAÑIA ESPAÑOLA DE PETROLEOS, SAU - Algerie PE (RER II)	ALGERIA			Manufacturing or Production
CEPSA QUIMICA BELGIUM, N.V.	BELGIUM			Sales, Marketing or Distribution
CEPSA OLEO E GAS DO BRASIL LTDA.	BRAZIL			Manufacturing or Production
DETEN PAR EMPREENDIMIENTOS LTDA	BRAZIL			Manufacturing or Production
DETEN QUIMICA, S.A.	BRAZIL			Manufacturing or Production

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
PETRESA PARTICIPAÇOES, LTDA	BRAZIL			No activity
CEPSA CHIMIE BÉCANCOUR, INC.	CANADA			Manufacturing or Production
CEPSA CHEMICAL (SHANGHAI), CO., LTD.	CHINA			Manufacturing or Production
CEPSA COLOMBIA, S.A. (Colombia Branch)	COLOMBIA			Manufacturing or Production
CEPSA ITALIA, S.p.A.	ITALY			Sales, Marketing or Distribution
CONSORCIO RESSA	ITALY			Sales, Marketing or Distribution
TEIDE RE, S.A.	LUXEMBOURG			Insurance
COASTAL ENERGY KBM SDN BHD	MALAYSIA			Manufacturing or Production
COASTAL ENERGY MALASYA SDN BHD	MALAYSIA			Manufacturing or Production
COASTAL ENERGY SERVICES (MALAYSIA) SDN BHD	MALAYSIA			Administration, Management or Support Services
OCEAN 66 LTD	MAURITIUS			Sales, Marketing or Distribution
DETISA COMERCIAL PETRÓLEO, S.A. DE C.V.	MEXICO			Sales, Marketing or Distribution
CEPSA E.P. MEXICO, S DE R.L. DE C.V.	MEXICO			Sales, Marketing or Distribution
PETROSUD, S.A.	MOROCCO			Manufacturing or Production
CEPSA MAGHREB, S.A.	MOROCCO			Manufacturing or Production
CEPSA INTERNATIONAL, B.V.	NETHERLANDS			Group internal finances
CEPSA QUIMICA NETHERLANDS, B.V.	NETHERLANDS			Sales, Marketing or Distribution

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
CEPSA PANAMA S.A.	PANAMA			Sales, Marketing or Distribution
CEPSA PERUANA, S.A.C.	PERU			Manufacturing or Production
CEPSA PORTUGUESA PETROLEOS, S.A.	PORTUGAL			Sales, Marketing or Distribution
PROPEL-PETROLEUM PRODUCTS, L.D.A.	PORTUGAL			Sales, Marketing or Distribution
MOPU HOLDINGS (SINGAPORE) PTE LTD	SINGAPORE			Sales, Marketing or Distribution
CEPSA TRADING ASIA PTE LTD (SINGAPORE)	SINGAPORE			Sales, Marketing or Distribution
ENERGY PRODUCER 3 PTE LTD	SINGAPORE			No activity
ENERGY PRODUCER 4 PTE LTD	SINGAPORE			No activity
ENERGY PRODUCER 6 PTE LTD	SINGAPORE			No activity
ENERGY PRODUCER 7 PTE LTD	SINGAPORE			No activity
CEPSA SURINAM, S.L.U (Suriname Branch)	SURINAME			Manufacturing or Production
CEPSA ENERGY COMPANY INTERNATIONAL, SLU (Thailand Branch)	THAILAND			Manufacturing or Production
CEC SERVICES (THAILAND) LTD.	THAILAND			Administration, Management or Support Services
NUCOASTAL (THAILAND) LIMITED	THAILAND			Sales, Marketing or Distribution
CEPSA MARINE FUELS DMCC	UNITED ARAB EMIRATES			Sales, Marketing or Distribution
CEPSA PETROLEUM OPERATIONS MIDDLE EAST LLC	UNITED ARAB EMIRATES			Administration, Management or Support Services

COMPANY	TAX JURISDICTION	Tax Jurisdiction Non-Residence	Additional Information	ACTIVITIES
CEPSA EP ABU DHABI, S.L.U (Abu Dhabi Branch)	UNITED ARAB EMIRATES			Manufacturing or Production
CEPSA UK, LTD.	UNITED KINGDOM			Sales, Marketing or Distribution
CEPSA QUIMICA USA, INC	UNITED STATES OF AMERICA			Sales, Marketing or Distribution

9. GRI INDICATORS INDEX

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
ORGANIZATION PROFILE	102-1	Name of the organization	2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN	2.1 OUR DIVERSIFIED BUSINESS MODEL	
ORGANIZATION PROFILE	102-2	Activities, brands, products, and services	2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN	2.1 OUR DIVERSIFIED BUSINESS MODEL	
				2.2 A GLOBAL COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN.	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
ORGANIZATION PROFILE	102-3	Location of the headquarters	2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN	2.3. CEPSA'S PRESENCE AROUND THE WORLD	
ORGANIZATION PROFILE	102-4	Location of operations	2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN	2.3. CEPSA'S PRESENCE AROUND THE WORLD	
ORGANIZATION PROFILE	102-5	Ownership and legal form			Cepsa (Compañía Española de Petróleos, S.A.) is a public limited company.
ORGANIZATION PROFILE	102-6	Markets served	2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE	2.1 OUR DIVERSIFIED BUSINESS MODEL	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
			ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN	2.2 A GLOBAL COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN.	
				2.3. CEPSA'S PRESENCE AROUND THE WORLD	
ORGANIZATION PROFILE	102-7	Scale of the organization	2. A GLOBAL ENERGY COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN	2.1 OUR DIVERSIFIED BUSINESS MODEL	
			5. FINANCIAL AND OPERATIONAL PERFORMANCE	5.1 MAIN FINANCIAL AND OPERATING INDICATORS	
			6. ESG PERFORMANCE	6.4 OUR PEOPLE. Description of the template	
ORGANIZATION PROFILE	102-8	Information about employees and other workers	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Description of the template	
			Annex of indicators	Our people	
ORGANIZATION PROFILE	102-9	Supply Chain	6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain.	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
ORGANIZATION PROFILE	102-10	Significant changes to the organization and its supply chain	6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain.	
				6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Supplier relationship management.	
ORGANIZATION PROFILE	102-11	Precautionary principle or approach	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	
ORGANIZATION PROFILE	102-12	External initiatives	6.1 Management of ESG aspects	6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations	
ORGANIZATION PROFILE	102-13	Membership of associations	6.1 Management of ESG aspects	6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations	
STRATEGY	102-14	Statement from senior executives in charge of decision-making	LETTER FROM THE CHAIRMAN		
			LETTER FROM THE CEO		
STRATEGY	102-15	Main impacts, risks, and opportunities	3. READY FOR THE FUTURE	3.1 STRATEGIC PILLARS FOR THE ENERGY TRANSITION	
			4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 RISK MANAGEMENT. Risk management model	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
			6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change risks and opportunities	
			Other annexes	CEPSA RISKS	
ETHICS AND INTEGRITY	102-16	Values, principles, standards, and rules of conduct	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Ethics and corporate policies	
ETHICS AND INTEGRITY	102-17	Counselling mechanisms and ethical concerns	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Ethics and corporate policies	
GOVERNANCE	102-18	Governance structure	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies.	
			6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	
GOVERNANCE	102-19	Delegation of authority	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies.	
			6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
GOVERNANCE	102-20	Executive-level responsibility for economic, environmental, and social matters	6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	In terms of people in executive positions or with responsibility for economic, environmental and social matters, Cepsa is organized into various Business Units and Cross-Cutting Services. Responsibility for economic matters lies with the Economic and Financial Department; responsibility for environmental matters with the areas that report to the Head of HSEQ; and responsibility for social matters with the Communication and Institutional Relations Department and the General Secretariat, among others. The heads of these Departments are members of the Executive Committee, which is chaired by the Chief Executive Officer, who reports

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					directly to the Board of Directors on the most important issues.
GOVERNANCE	102-21	Consulting stakeholders on economic, environmental, and social matters			Cepsa carries out various stakeholder consultation processes. The conclusions of these more important processes are sent directly to the management body, which delegates the implementation of the processes to the functional areas in charge of each of them.
GOVERNANCE	102-22	Composition of the highest management body and its committees	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies.	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
GOVERNANCE	102-23	Chair of the highest management body	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies.	
GOVERNANCE	102-24	Nominating and selecting the highest management body	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies.	
GOVERNANCE	102-25	Conflicts of interest			Cepsa has a Conflicts of Interest Policy that lays down the action procedures to be followed at the company in matters of prevention or, where applicable, to deal with any conflicts of interest affecting any shareholders, Board members, executives or other employees in their relations with the company, as well as any conflicts that may arise with customers, suppliers, and other stakeholders. This Policy establishes an obligation for the

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					company's workers and stakeholders to proactively declare any possible conflict of interest. In addition, every year the Ethics and Compliance Office asks Executives, Department Heads and units deemed to be at risk to fill in a questionnaire declaring any conflicts of interest.
GOVERNANCE	102-26	Role of the highest management body in the setting of goals, values, and strategy	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Corporate governance adapted to best practices.	
GOVERNANCE	102-27	Collective knowledge of highest governance body	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Corporate governance adapted to best practices.	
			6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	
GOVERNANCE	102-28	Assessment of the performance of the highest			No self-assessment was carried out on the performance of the Board in 2020,

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
		management body			although this is planned for future years.
GOVERNANCE	102-29	Identifying and managing economic, environmental, and social impacts	6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	
GOVERNANCE	102-30	Effectiveness of risk management processes	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 RISK MANAGEMENT. Risk management model	The Board delegates the supervision of corporate social responsibility matters to the Audit, Compliance, Ethics and Risk Committee ("ACER Committee"), whose own Regulations state that it must review and propose to the Board, for its approval, the action policies relating to the main stakeholders, specifically the Corporate Responsibility Policy, and oversee the annual corporate responsibility action plan and the degree of progress of the commitments acquired in this field.

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
			Other annexes	CEPSA RISKS	
GOVERNANCE	102-31	Review of economic, environmental, and social issues			The Board assesses any matters of this type that may be relevant at each of its meetings. This is in addition to the specific reviews of the Audit, Compliance, Ethics and Risk Committee on the implementation of the Annual Corporate Social Responsibility Plan.
GOVERNANCE	102-32	The highest management body's role in sustainability reporting	About this report		Under Law 11/2018 of 28 December 2018, Cepsa's Board of Directors is the body that approves the Annual Integrated Management Report. It must do this at the same time as the Annual Accounts, thus complying with the obligation contained in that law to subject the company's non-financial information to the same criteria as the management

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					report with regard to approval, filing and publication.
GOVERNANCE	102-33	Reporting of critical concerns to the highest management body	6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. ESG Management Approach	
GOVERNANCE	102-34	Nature and total number of critical concerns			The Board and its delegated committees are informed by the company's executives of all the critical matters that may arise during the operation. Once all necessary decisions have been taken, the Board delegates the measures required to manage such situations to the organization's executives.
GOVERNANCE	102-35	Remuneration policies	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
GOVERNANCE	102-36	Processes for establishing the amount of remuneration			Cepsa has worked with an external consultant, who has analyzed the structure and competitiveness of the Senior Management’s remuneration policies in order to apply the desired structure and levels to them.
GOVERNANCE	102-37	Stakeholder engagement in remuneration	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	As Cepsa only has two shareholders, the decisions relating to remuneration are taken by the ultimate decision-making bodies in which they are both involved.
GOVERNANCE	102-38	Total annual compensation ratio	Annex of indicators	Our people	
GOVERNANCE	102-39	Percentage increase in total annual compensation	Annex of indicators	Our people	
PARTICIPATION OF STAKEHOLDERS	102-40	List of stakeholders	6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. Stakeholder engagement	
PARTICIPATION OF STAKEHOLDERS	102-41	Collective bargaining agreements	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Labor Relations	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
PARTICIPATION OF STAKEHOLDERS	102-42	Identification and selection of stakeholders			Stakeholders and matters of relevance are identified and prioritized taking the following into account: the extent to which they may affect Cepsa's activities in the achievement of its goals; the degree of attention regarding Cepsa's activities, products, services or performance; and the level of availability to help Cepsa achieve its goals.
PARTICIPATION OF STAKEHOLDERS	102-43	Approaches to stakeholder engagement	6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. Stakeholder engagement	
PARTICIPATION OF STAKEHOLDERS	102-44	Key topics and concerns raised	6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. Stakeholder engagement	
REPORTING PRACTICE	102-45	Entities included in the consolidated financial statements			See Consolidated Financial Statements and Consolidated Directors' Report for the year ended 31 December 2020
REPORTING PRACTICE	102-46	Defining the contents of reports and the coverage of matters	About this report		

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
REPORTING PRACTICE	102-47	List of material topics	About this report		
REPORTING PRACTICE	102-48	Restatements of information			Restatements of information are indicated throughout the report
REPORTING PRACTICE	102-49	Changes in reporting	About this report		
REPORTING PRACTICE	102-50	Reporting period	About this report		
REPORTING PRACTICE	102-51	Date of last report			2019
REPORTING PRACTICE	102-52	Reporting cycle			Annual
REPORTING PRACTICE	102-53	Contact point for questions about the report	About this report		
REPORTING PRACTICE	102-54	Statement of preparation of the report in accordance with the GRI Standards	About this report		
REPORTING PRACTICE	102-55	GRI Content Index	GRI crosswalk table		
REPORTING PRACTICE	102-56	External verification			Independent Limited Assurance Report on the Consolidated Non-Financial Information Statement of Compañía Española

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					de Petróleos, S.A. and subsidiaries for the year 2020
FINANCIAL PERFORMANCE	Management approach (103-1, 103-2 and 103-3)		5. ECONOMIC AND OPERATIONAL PERFORMANCE		
FINANCIAL PERFORMANCE	201-1	Direct economic value generated and distributed	Annex of indicators	ECONOMIC AND OPERATIONAL PERFORMANCE	
FINANCIAL PERFORMANCE	201-2	Financial implications and other risks and opportunities arising from climate change	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 RISK MANAGEMENT. Risk management model. ESG risks.	
			Other annexes	CEPSA RISKS	
			6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change risks and opportunities	
FINANCIAL PERFORMANCE	201-3	Obligations under the defined benefit plan and other retirement plans	6.4 OUR PEOPLE	REMUNERATION	The contribution percentages in the Pension Plans as compared with the remuneration of the Board of Directors are governed by the company’s bylaws, and the Nominations and Remuneration Committee is responsible for reviewing and proposing this

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					remuneration, which is in turn approved by the Board of Directors.
FINANCIAL PERFORMANCE	201-4	Financial assistance from the government	5. ECONOMIC AND OPERATIONAL PERFORMANCE	Pending information	The financial assistance received from public bodies in 2020 and 2019 was: €23.3 million and €21.2 million respectively.
MARKET PRESENCE	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	
MARKET PRESENCE	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Annex of indicators	Our people	
MARKET PRESENCE	202-2	Proportion of senior executives hired from the local community.	Annex of indicators	Our people	
INDIRECT ECONOMIC IMPACTS	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Commitment and social management	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
INDIRECT ECONOMIC IMPACTS	203-1	Investments in infrastructure and supported services.	6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators.	
			Annex of indicators	Relationship with the environment in which we operate	
INDIRECT ECONOMIC IMPACTS	203-2	Significant indirect economic impacts	6. ESG PERFORMANCE	RESPONSIBILITY IN OUR SUPPLY CHAIN. Description of our supply chain	
			6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators.	
			Annex of indicators	Relationship with the environment in which we operate	
PROCUREMENT PRACTICES	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain.	
PROCUREMENT PRACTICES	204-1	Proportion of spending on local suppliers	6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain.	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
			Annex of indicators	RESPONSIBILITY IN OUR SUPPLY CHAIN	
ANTI-CORRUPTION	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering	
ANTI-CORRUPTION	205-1	Operations assessed for corruption-related risks	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering	
ANTI-CORRUPTION	205-2	Communication and training about anti-corruption policies and procedures	Annex of indicators	ETHICS AND COMPLIANCE	
ANTI-CORRUPTION	205-3	Verified cases of corruption and measures taken			There have been no confirmed cases of corruption at Cepsa. No public legal cases related to cases of corruption have been filed against the organization or any of its employees.
UNFAIR COMPETITION PRACTICES	Management approach (103-1, 103-2 and 103-3)				Cepsa has a competition defense model whose aim is to ensure the company's good performance in this

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					field. The model is overseen by the Audit, Compliance, Ethics and Risk Committee.
UNFAIR COMPETITION PRACTICES	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	Annex of indicators	ETHICS AND COMPLIANCE. Fines	
TAXATION	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Management approach	
TAXATION	207-1	Fiscal approach	6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Management approach	
TAXATION	207-2	Fiscal governance, risk management and control	6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Management approach Fiscal governance. Reporting of tax risks to the highest management body	
TAXATION	207-3	Stakeholder engagement and management of concerns	6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Best tax practices and collaboration with public administrations	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
TAXATION	207-4	Presentation of the report by country	Annex of indicators	TRANSPARENCY AND FISCAL RESPONSIBILITY	
MATERIALS	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
MATERIALS	301-1	Materials used by weight or volume	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
			Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
MATERIALS	301-2	Recycled materials	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
			Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
ENERGY	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Management approach	
ENERGY	302-1	Energy consumption within the organization	Annex of indicators	CLIMATE CHANGE	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
ENERGY	302-2	Energy consumption outside the organization	Annex of indicators	CLIMATE CHANGE	
ENERGY	302-3	Energy intensity	Annex of indicators	CLIMATE CHANGE	
ENERGY	302-4	Reduction of energy consumption	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Efficient use of energy	
ENERGY	302-5	Reduction in product and service energy requirements	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Transformation and low carbon products	
WATER	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	
WATER	303-1	Interaction with water as a shared resource	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	
			Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
WATER	303-2	Management of water discharge-related impacts	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	
			Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
WATER	303-3	Water extraction	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
			Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
WATER	303-4	Water discharges	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	The company has a specific procedure to ensure control of this activity. In addition, it also works with specialized and accredited companies that corroborate compliance with quality objectives in the receiving environment.
			Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
WATER	303-5	Water consumption	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	
			Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
BIODIVERSITY	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	
			6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Protection of biodiversity and ecosystems. Protection of the marine environment.	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
BIODIVERSITY	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
BIODIVERSITY	304-2	Significant impact of activities, products and services on biodiversity	Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
BIODIVERSITY	304-3	Protected or restored habitats	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Protection of biodiversity and ecosystems	Cepsa designs and puts in place Biodiversity Action Plans (BAP) using a defined internal procedure to promote the recovery of biodiversity in the areas in which we operate, as well as to make up for the residual impact that could not be eliminated with preventive measures.
			Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
EMISSIONS	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Management approach	
EMISSIONS	305-1	Direct GHG emissions (Scope 1)	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change metrics	
			Annex of indicators	CLIMATE CHANGE	
EMISSIONS	305-2	Indirect GHG emissions in the generation of energy (scope 2).	6.2 CLIMATE CHANGE	6.2 CLIMATE CHANGE. Climate change metrics	
			Annex of indicators	CLIMATE CHANGE	
EMISSIONS	305-3	Other indirect GHG emissions (scope 3)	6.2 CLIMATE CHANGE	6.2 CLIMATE CHANGE. Climate change metrics	
			Annex of indicators	CLIMATE CHANGE	
EMISSIONS	305-4	Intensity of GHG emissions	6.2 CLIMATE CHANGE	6.2 CLIMATE CHANGE. Climate change metrics	
			Annex of indicators	CLIMATE CHANGE	
EMISSIONS	305-5	Reduction of GHG emissions	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Efficient use of energy	
				6.2 CLIMATE CHANGE. Transformation and low carbon products	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
EMISSIONS	305-6				
EMISSIONS	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions.	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Atmospheric emissions	
			Annex of indicators	CLIMATE CHANGE	
EFFLUENTS AND WASTE	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	In terms of protecting the soil and groundwater against the impact of accidental effluent and waste spills, Cepsa's management team focuses on the prevention of leaks and spills. If this happens, Cepsa has early warning mechanisms or control procedures as provided in PR-185 "Environmental Soil Management". Furthermore, Cepsa has checkpoints for the regular

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					monitoring and control of groundwater. This tool is essential for the early detection of potential leaks or spills.
EFFLUENTS AND WASTE	306-2	Waste by type and disposal method	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
			Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
EFFLUENTS AND WASTE	306-3	Significant spills	Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
EFFLUENTS AND WASTE	306-4	Hazardous waste transport	Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
ENVIRONMENTAL COMPLIANCE	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Compliance management system	
ENVIRONMENTAL COMPLIANCE	307-1	Non-compliance with environmental legislation and regulations	Annex of indicators	ETHICS AND COMPLIANCE	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Supplier relationship management. Main phases in the management of relationships with suppliers	
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS	308-1	New suppliers that have got through the assessment and selection filters in accordance with environmental criteria			A large proportion of the suppliers that have embarked on a business relationship with Cepsa in the reporting period have been validated in accordance with environmental and social criteria. In 2020, 330 suppliers embarked on such a relationship. Of these, 120 belonged to the company's procurement area. Of these, 266 (112 of them from the procurement area) received the assessments. In 2019, there were 428 suppliers (193 in the procurement area), of which 354 were validated (190 from procurement).

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS	308-2	Negative environmental impacts on the supply chain, and steps taken			The main potential environmental impacts identified have been, among others: Widespread catastrophic contamination with irreversible environmental consequences, and major contamination extending beyond the site and its surroundings leading to very serious and long-term environmental damage to habitats or species or the loss of ecosystem services relative to their original state. In any case, no suppliers with known significant negative environmental impacts were identified in 2020 and 2019.
EMPLOYMENT	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.4 OUR PEOPLE. Management model	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
EMPLOYMENT	401-1	New hires and staff turnover	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance	
			Annex of indicators	OUR PEOPLE	
EMPLOYMENT	401-2	Benefits for full-time employees that are not available to part-time or temporary employees			Our collective agreements establish universality for these purposes. Part-time or temporary employees are not entitled to any corporate benefits to which full-time / permanent employees are not entitled.
EMPLOYMENT	401-3	Parental leave	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Acquisition and retention of talent. Talent acquisition and retention indicators	
			Annex of indicators	OUR PEOPLE	
LABOR RELATIONS	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.4 OUR PEOPLE. Labor Relations	
LABOR RELATIONS	402-1	Minimum notice periods for operational changes			Cepsa complies with the minimum notice agreements in relation to possible operational changes provided for in the

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					collective bargaining agreements or, in default thereof, in the laws and regulations applicable in each country.
OCCUPATIONAL HEALTH AND SAFETY	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the safety and health of our people	
OCCUPATIONAL HEALTH AND SAFETY	403-1	Occupational health and safety management system	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors	The number of employees and other (non-employed) workers whose work or workplace is controlled by the organization and covered by an occupational health and safety management system subject to third-party audit or certification in 2020 was 3,440 and 3,183 respectively, and 3,516 and 4,339 respectively in 2019. (Data for employees and other (non-employed) workers of Colombia and the Mathosinhos Plant are not included.)

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					The number of workplaces whose work or workplace is controlled by the organization and covered by an occupational health and safety management system subject to third-party audit or certification in 2020 and 2019 was 20.
OCCUPATIONAL HEALTH AND SAFETY	403-2	Hazard identification, risk assessment, and incident investigation	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment	
			Annex of indicators	SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES	
OCCUPATIONAL HEALTH AND SAFETY	403-5	Worker training on occupational health and safety	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment Key security indicators	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
OCCUPATIONAL HEALTH AND SAFETY	403-6	Promotion of workers' health	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Healthy Company	
OCCUPATIONAL HEALTH AND SAFETY	403-8	Workers covered by an occupational health and safety management system	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors	See response to indicator 403-1
OCCUPATIONAL HEALTH AND SAFETY	403-9	Work-related injuries	Annex of indicators	SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES	
HEALTH AND SAFETY AT WORK	403-10	Occupational illnesses and ailments	Annex of indicators	SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES	
TRAINING AND EDUCATION	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
TRAINING AND EDUCATION	404-1	Average number of hours of training per year per employee	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
			Annex of indicators	OUR PEOPLE	
TRAINING AND EDUCATION	404-2	Employee skill enhancement and transition assistance programs	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
			Annex of indicators	OUR PEOPLE	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
DIVERSITY AND EQUAL OPPORTUNITY OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	
DIVERSITY AND EQUAL OPPORTUNITY OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT	405-1	Diversity in employee and management bodies	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies. Appointment of the members of the management bodies	
DIVERSITY AND EQUAL OPPORTUNITY OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT	405-1	Diversity in employee and management bodies	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	
DIVERSITY AND EQUAL OPPORTUNITY OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT	405-1	Diversity in employee and management bodies	Annex of indicators	OUR PEOPLE	
DIVERSITY AND EQUAL OPPORTUNITY OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT	405-2	Women vs. men basic salary and remuneration ratio	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	
DIVERSITY AND EQUAL OPPORTUNITY OF PERFORMANCE AND PROFESSIONAL DEVELOPMENT	405-2	Women vs. men basic salary and remuneration ratio	Annex of indicators	OUR PEOPLE	
NON-DISCRIMINATION	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
NON-DISCRIMINATION	406-1	Cases of discrimination and corrective steps taken	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	407-1	Operations and suppliers whose right to freedom of association and collective bargaining may be at risk			No non-compliances were detected in this regard in 2020. Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees. There is no indication of any risk factors at Cepsa that could place its employees' right to collective bargaining at risk No specific measures to support freedom

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.
CHILD LABOR	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
CHILD LABOR	408-1	Operations and suppliers at significant risk for incidents of child labor	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	There is no indication that Cepsa has any centers with actual or potential cases of child labor or young workers exposed to dangerous work No specific measures to support freedom of association and collective bargaining

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.
FORCED LABOR	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
FORCED LABOR	409-1	Operations and suppliers with a significant risk of forced or compulsory labor			There is nothing to suggest that Cepsa has any centers with actual or potential cases of forced or mandatory labor No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.
SECURITY PRACTICES	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
SECURITY PRACTICES	410-1	Security staff trained in human rights policies or procedures			None of the 8 employees belonging to Cepsa's own security staff in 2020 and 2019 have received any training in human rights policies or procedures. In 2020 and 2019, Cepsa had 550 and 589 workers (respectively) from third-party

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					organizations that provide security personnel. Of these, 16% in 2020 and 14% in 2019 have received training in human rights policies or procedures.
RIGHTS OF INDIGENOUS PEOPLE	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
RIGHTS OF INDIGENOUS PEOPLE	411-1	Cases of violations of the rights of indigenous peoples	Annex of indicators	ETHICS AND COMPLIANCE. Fines	
HUMAN RIGHTS ASSESSMENT	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
HUMAN RIGHTS ASSESSMENT	412-1	Operations subject to human rights impact assessments or reviews			There is no indication of any cases of human rights violations during the year. No specific Human Rights assessments have been carried out in some operations,

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					although compliance with the Code of Ethics and the compliance policies that implement it have been monitored and controlled through the Cepsa Ethics Channel.
HUMAN RIGHTS ASSESSMENT	412-2	Training of employees on human rights policies or procedures	Annex of indicators	OUR PEOPLE	The Human and Workers' Rights Policy was published in the regulatory system in June 2019. Since then, two lines of work have been established: raising awareness of all kinds of situations of harassment, which has been done and been very widely publicized; and starting conversations leading to a global and international framework agreement with the trade unions with the highest representation at Cepsa and with the IndustriALL Global Union, a line of work

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					that we are still working on.
LOCAL COMMUNITIES	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Commitment and social management	
LOCAL COMMUNITIES	413-1	Operations with local community involvement, impact assessments, and development programs	6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators	
LOCAL COMMUNITIES	413-2	Operations with significant negative impacts - both actual and potential - on local communities	Annex of indicators	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE	
SOCIAL ASSESSMENT OF SUPPLIERS	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain.	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
SOCIAL ASSESSMENT OF SUPPLIERS	414-1	New suppliers that have passed selection filters according to social criteria			A large proportion of the suppliers that have embarked on a business relationship with Cepsa in the reporting period have been validated in accordance with environmental and social criteria. In 2020, 330 suppliers embarked on such a relationship. Of these, 120 belonged to the company's procurement area. Of these, 266 (112 of them from the procurement area) received the assessments. In 2019, there were 428 suppliers (193 in the procurement area), of which 354 were validated (190 from procurement).

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
SOCIAL ASSESSMENT OF SUPPLIERS	414-2	Negative social impacts on the supply chain, and steps taken			The main potential social impacts on Cepsa that have been identified are, among others: a high impact on all the company's stakeholders as a result of any malpractice (national and international media, social media, employees and their families, residents, local, national and international governments or associations); non-compliance with external rules and regulations by the company (fines, sanctions with limited losses, or proceedings without financial penalties, penalties with penal consequences and a material effect on credit rating, markets and financing of the company; limited impact on some stakeholders (mentioned above)); endangering of

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					people's health and safety, processes, facilities or transport. Four suppliers with significant negative social impacts were identified in 2020. The relationship with them was terminated in all cases on the grounds of breaches of ethics and Corporate Social Responsibility matters. Three suppliers were identified in 2019, and improvement actions were agreed with them.
CUSTOMER HEALTH AND SAFETY	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.7. TRANSPARENT WITH OUR CUSTOMERS	
CUSTOMER HEALTH AND SAFETY	416-1	Assessment of the health and safety impacts of product or service categories	6. ESG PERFORMANCE	6.7. TRANSPARENT WITH OUR CUSTOMERS. Customer trust, safety, and satisfaction	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
CUSTOMER HEALTH AND SAFETY	416-2	Cases of non-compliance relating to the impacts of product and service categories on health and safety			No breaches of laws or regulations or voluntary codes relating to information and labeling or marketing communications of products and services were identified in 2020, and there were no reports of non-compliance incidents relating to their impacts on health and safety. Cepsa belongs to Autocontrol, a non-profit association in charge of managing the Spanish advertising self-regulation system so that there are guarantees of trust and credibility in advertising.
MARKETING AND LABELLING	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Consumer health and safety	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
MARKETING AND LABELLING	417-1	Product and service information and labeling requirements	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Consumer health and safety	
MARKETING AND LABELLING	417-2	Cases of non-compliance concerning product and service information and labeling			See response to indicator 416-2.
MARKETING AND LABELLING	417-3	Cases of non-compliance related to marketing communications			See response to indicator 416-2.
CUSTOMER PRIVACY	Management approach (103-1, 103-2 and 103-3)		6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Information security	
CUSTOMER PRIVACY	418-1	Substantiated complaints regarding breaches of customer privacy and loss of customer data			As in previous years, there were no attacks with a significant impact on our facilities and/or business processes in 2020. No leaks of personal

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
					data were detected in 2020.
SOCIOECONOMIC COMPLIANCE	Management approach (103-1, 103-2 and 103-3)		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Compliance management system	
SOCIOECONOMIC COMPLIANCE	419-1	Non-compliance with social and economic laws and regulations	Annex of indicators	ETHICS AND COMPLIANCE. Fines	
SPECIFIC	OG3	Total amount of renewable energy generated, by type			119k tons of bio-fuels (this includes refinery-generated HVO, CBSR-generated FAME and refinery-generated ETBE) in 2020. 54,966 MWh of wind energy generated in 2020.
SPECIFIC	OG7	Amount of drilling waste (drilling muds and cuttings) and strategies for its treatment	Annex of indicators	REDUCTION OF OUR ENVIRONMENTAL IMPACT	

FIELD	INDICATOR	Description	Chapter	Section	Direct Response
SPECIFIC	OG9	Operations in sites where indigenous communities are present or in areas affected by activities, and percentage of such sites that have specific engagement strategies in place	6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management.	
SPECIFIC	OG10	Number and description of significant disputes with local communities and indigenous peoples	Annex of indicators	ETHICS AND COMPLIANCE. Fines	
SPECIFIC	OG13	Number of processes safety claims and mishaps, by business activity	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Safety guarantee in our facilities	

10. TABLE OF CONTENTS OF THE NON-FINANCIAL INFORMATION LAW

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
BUSINESS MODEL				
Description of the business model				
Description of the group's business model, environment, organization and structure	102-1	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY	2.1 OUR DIVERSIFIED BUSINESS MODEL	
	102-2	A NEW ORGANIZATION TO ADDRESS FUTURE CHALLENGES		
		2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY	2.1 OUR DIVERSIFIED BUSINESS MODEL	
			2.2 A GLOBAL COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN.	
Markets in which it operates	102-3	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY	2.3. CEPSA'S PRESENCE AROUND THE WORLD	
	102-4	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY	2.3. CEPSA'S PRESENCE AROUND THE WORLD	
	102-5	-	-	Cepsa (Compañía Española de Petróleos, S.A.) is a public limited company.
	102-6	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY	2.1 OUR DIVERSIFIED BUSINESS MODEL	
			2.2 A GLOBAL COMPANY PRESENT THROUGHOUT THE ENTIRE OIL AND GAS, CHEMICALS AND ELECTRICITY VALUE CHAIN.	
			2.3. CEPSA'S PRESENCE AROUND THE WORLD	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
	102-7	2. A GLOBAL AND INTEGRATED ENERGY AND CHEMICAL COMPANY	2.1 OUR DIVERSIFIED BUSINESS MODEL	
		5. ECONOMIC AND OPERATIONAL PERFORMANCE	5.1 MAIN FINANCIAL AND OPERATING INDICATORS	
		6. ESG PERFORMANCE	6.4 OUR PEOPLE. Description of the template	
Objectives and strategies	102-14	LETTER FROM THE CHAIRMAN		
		LETTER FROM THE CEO		
	102-15	3. READY FOR THE FUTURE	3.1 STRATEGIC PILLARS FOR THE ENERGY TRANSITION	
Main factors and trends that may affect its future development	102-15	3. READY FOR THE FUTURE	3.1 STRATEGIC PILLARS FOR THE ENERGY TRANSITION	
		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 RISK MANAGEMENT. Risk management model	
		6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change risks and opportunities	
		OTHER ANNEXES	CEPSA RISKS	
Policies	103			The main policies approved by Cepsa are setout in detail in the management approaches of each section throughout the report.
Policy results, KPIs	103			The results of applying the policies using specific indicators (KPIs) are included throughout the report in the successive chapters on non-financial matters
Risks in the short, medium and long terms	102-15	3. READY FOR THE FUTURE	3.1 STRATEGIC PILLARS FOR THE ENERGY TRANSITION	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
		4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 RISK MANAGEMENT. Risk management model	
		6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change risks and opportunities	
		OTHER ANNEXES	CEPSA RISKS	
	413-2	ANNEX OF INDICATORS	RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE	
	407-1	-	-	No non-compliances were identified in 2020 regarding the right to freedom of association and collective bargaining. Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees. There is no indication of any risk factors at Cepsa that could place its employees' right to collective bargaining at risk
	408-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	There is no indication that Cepsa has any centers with actual or potential cases of child labor or young workers exposed to dangerous work
	409-1	-	-	See the response to indicator 408-1
KPIs				The significant indicators (KPIs) for non-financial information are distributed throughout the report as provided in this crosswalk table.

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
INFORMATION ON ENVIRONMENTAL ISSUES				
Environmental management				
Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety Environmental assessment or certification procedures Resources dedicated to the prevention of environmental risks Application of the precautionary principle Provisions and guarantees for environmental risks	102-11	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	In addition, and in accordance with the Environmental Responsibility Law, the company has an insurance policy in place covering the financial guarantees required by that law in relation to the main risks identified.
	103			Management approach to each environmental area. Details of all these management approaches can be found in chapter 6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT
	308-1			A large proportion of the suppliers that have embarked on a business relationship with Cepsa in the reporting period have been validated in accordance with environmental and social criteria. In 2020, 330 suppliers embarked on such a relationship. Of these, 120 belonged to the company's procurement area. Of these, 266 (112 of them from the procurement area) received the assessments. In 2019, there were 428 suppliers (193 in the procurement area), of which 354 were validated (190 from procurement).
	308-2			The main potential environmental impacts identified have been, among others: Widespread catastrophic contamination with irreversible environmental consequences, and major contamination extending beyond the site and its surroundings leading to very serious and long-term environmental damage to habitats or species or the loss of ecosystem services relative to their original state. In any case, no suppliers with known significant negative environmental impacts were identified in 2020 and 2019.
Contamination				

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Measures for the prevention, reduction or rectification of the carbon emissions that seriously affect the environment	103	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Management approach	
	305-5	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Efficient use of energy	
			6.2 CLIMATE CHANGE. Transformation and low carbon products	
Taking into account any form of air pollution specific to an activity, including noise and light pollution	305-7	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact.	
		ANNEX OF INDICATORS	CLIMATE CHANGE	
	-	-	-	Matters relating to the sound or light impact of Cepsa's activities are not covered in the material aspects defined in the materiality analysis.
Circular economy and waste prevention and management				
Circular economy	103	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact.	
	301-2	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
		ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
Actions to prevent, recycle and reuse waste, and other methods for waste recovery or disposal	103	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact.	
	306-2	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
		ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
	306-3	ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
	306-4	ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Actions to combat food waste	-	-	-	Matters relating to actions against food waste in Cepsa's activities are not covered by the material aspects defined in the materiality analysis.
Sustainable use of resources				
Water consumption and water supply according to local constraints	303-3	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	
		ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
	303-5	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Water management	
		ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
Consumption of raw materials, and measures adopted for a more efficient use of them	103	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact.	
	301-1	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
		ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
	301-2	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Circular economy	
		ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
Energy: Direct consumption: measures taken to improve energy efficiency, use of renewable energies	103	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Efficient use of energy	
	302-1	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Efficient use of energy	
	302-2	ANNEX OF INDICATORS	CLIMATE CHANGE	
	302-3	ANNEX OF INDICATORS	CLIMATE CHANGE	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
	302-4	ANNEX OF INDICATORS	6.2 CLIMATE CHANGE. Efficient use of energy	
Climate Change				
GHG emissions	103	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Management approach	
	305-1	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change metrics	
		ANNEX OF INDICATORS	CLIMATE CHANGE	
	305-2	6.2 CLIMATE CHANGE	6.2 CLIMATE CHANGE. Climate change metrics	
		ANNEX OF INDICATORS	CLIMATE CHANGE	
	305-3	6.2 CLIMATE CHANGE	6.2 CLIMATE CHANGE. Climate change metrics	
		ANNEX OF INDICATORS	CLIMATE CHANGE	
	305-4	6.2 CLIMATE CHANGE	6.2 CLIMATE CHANGE. Climate change metrics	
		ANNEX OF INDICATORS	CLIMATE CHANGE	
	305-5	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Efficient use of energy	
			6.2 CLIMATE CHANGE. Transformation and low carbon products	
Measures taken to adapt to the consequences of Climate Change	103	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Climate change risks and opportunities. Other mechanisms for monitoring and managing climate risks and opportunities.	
Voluntary medium- and long-term reduction targets to reduce GHG emissions, and the means put in place to that end	103	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Management approach	
	305-5	6. ESG PERFORMANCE	6.2 CLIMATE CHANGE. Efficient use of energy	
			6.2 CLIMATE CHANGE. Transformation and low carbon products	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Protection of biodiversity				
Measures taken to preserve or restore biodiversity Impact caused by the company's activities or operations in protected areas	103	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Management and best technologies	
		6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Protection of biodiversity and ecosystems. Protection of the marine environment.	
	304-2	ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	
	304-3	6. ESG PERFORMANCE	6.3 REDUCTION OF OUR ENVIRONMENTAL IMPACT. Reduction of our impact. Protection of biodiversity and ecosystems	Knowledge of the surroundings in which we operate allows us to reduce the impact of the activity in the area and design and implement Biodiversity Action Plans (BAPs) using an internal procedure defined for the recovery of biodiversity in these areas in which we operate, as well as to offset any residual impact that we have been unable to eliminate through preventive measures.
		ANNEX OF INDICATORS	REDUCTION OF OUR ENVIRONMENTAL IMPACT	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
SOCIAL AND PERSONNEL MATTERS				
Employment				
Total number and distribution of employees by gender, age, country and job category;	102-8	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Description of the template	
		ANNEX OF INDICATORS	OUR PEOPLE	
	202-2	ANNEX OF INDICATORS	OUR PEOPLE	
	405-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies. Appointment of the members of the management bodies	
		6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	
		ANNEX OF INDICATORS	OUR PEOPLE	
Total number and distribution of the different types of employment contract,	102-8	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Description of the template	
		ANNEX OF INDICATORS	Our people	
Annual average of permanent, temporary and part-time contracts by gender, age and job category,	102-8	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Description of the template	
		ANNEX OF INDICATORS	Our people	
	405-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.1 EFFECTIVE GOVERNMENT. Management bodies. Appointment of the members of the management bodies	
		6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
		ANNEX OF INDICATORS	OUR PEOPLE	
Number of dismissals by gender, age and job category;	401-1	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance	
		ANNEX OF INDICATORS	OUR PEOPLE	
Average remuneration and its evolution by gender, age and job category or equal value.	405-2	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	
		ANNEX OF INDICATORS	OUR PEOPLE	
Pay gap, remuneration of equal jobs or average in the company,	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	
	405-2	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	
		ANNEX OF INDICATORS	OUR PEOPLE	
Average remuneration of directors and executives, including variable remuneration, allowances, compensation, payments to long-term savings schemes and any other forms of remuneration, sorted by gender.	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	
	102-35	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Remuneration	
	102-36			Cepsa has worked with an external consultant, who has analyzed the structure and competitiveness of the Senior Management's remuneration policies in order to apply the desired structure and levels to them.
	102-38	ANNEX OF INDICATORS	OUR PEOPLE	
	102-39	ANNEX OF INDICATORS	OUR PEOPLE	
Implementation of policies for switching off from work,	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance	
Employees with disabilities.	405-1	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
		ANNEX OF INDICATORS	OUR PEOPLE	
Organization of work				
Organization of working hours	103			The collective agreements lay down the rules on daily working hours, schedules and other conditions relating to working time, the job classification system, and the financial or disciplinary regime. In general, these systems are established, based on the nature of the activity, in the form of shifts or as working days with or without a long break. In the industrial and service station spheres, the most common working day pattern is based on shifts with different sequences and rotation cycles, whereas fully flexible working hours apply in corporate areas and commercial activities.
Number of hours of absence	103 (absence figures)	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the safety and health of our people	
Measures to help enjoy a work-life balance and encourage both parents to take responsibililty for this.	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance	
		ANNEX OF INDICATORS	Our people	
Health & Safety				

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Health and safety conditions at the workplace;	403-1	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors	The number of employees and other (non-employed) workers whose work or workplace is controlled by the organization and covered by an occupational health and safety management system subject to third-party audit or certification in 2020 was 3,440 and 3,183 respectively, and 3,516 and 4,339 respectively in 2019. (Data for employees and other (non-employed) workers of Colombia and the Mathosinhos Plant are not included.) The number of workplaces whose work or workplace is controlled by the organization and covered by an occupational health and safety management system subject to third-party audit or certification in 2020 and 2019 was 20.
	403-2	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment	
		ANNEX OF INDICATORS	SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES	
	403-5	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment Main safety indicators	
	403-6	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Healthy Company	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
	403-8	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors	See response to indicator 403-1
Accidents at work, particularly in terms of frequency and severity,	403-9	ANNEX OF INDICATORS	SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES	
	403-10	ANNEX OF INDICATORS	SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES	
Occupational diseases (frequency and severity), broken down by gender.	403-9	ANNEX OF INDICATORS	SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES	
	403-10	ANNEX OF INDICATORS	SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES	
Social relations				
Organization of social dialog, including procedures to inform and consult the staff and bargain with them;	103	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
	407-1			No non-compliances were identified in 2020 regarding the right to freedom of association and collective bargaining. Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees. There is no indication of any risk factors at Cepsa that could place its employees' right to collective bargaining at risk
Percentage of employees covered by a collective bargaining agreement, by country;	102-41	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Labor Relations	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Result of collective bargaining agreements, especially in health and safety at the workplace.	403-1	6. ESG PERFORMANCE	6.5 SAFETY OF OUR PEOPLE, PROCESSES AND FACILITIES. Protecting the health and safety of our people. Commitment. Safety of our contractors	
Education				
Training policies implemented;	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
	404-1	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
		ANNEX OF INDICATORS	OUR PEOPLE	
	404-2	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
		ANNEX OF INDICATORS	OUR PEOPLE	
Total number of hours of training by job category.	404-1	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Training and development	
		ANNEX OF INDICATORS	OUR PEOPLE	
Accessibility				
Universal accessibility for persons with disabilities	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	
Equality				
Measures taken to promote equal opportunities and treatment between men and women;	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Equality plans (Chapter III of Spanish Organic Law 3/2007 of 22 March for effective gender equality)	103			Negotiations on the Equality Plan in the context of the Partial Group Agreement will soon begin. This will cover the companies included in the said Agreement and will replace the current Equality Plans or Sets of Measures. This Equality Plan will include some of the companies in the Group that did not already have a Set of Measures due to corporate reasons
Measures taken to promote employment,	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Acquisition and retention of talent. Flexibility and work-life balance	
Protocols against sexual and gender-based harassment,	103			Cepsa has internal procedures in place for the investigation of complaints of sexual or workplace harassment (mobbing) to mitigate and remedy cases of improper conduct and to ensure an environment that is free of this type of behavior -
The integration and universal accessibility of people with disabilities;	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	
The policy against all types of discrimination and, where applicable, the diversity management policy.	103	6. ESG PERFORMANCE	6.4 OUR PEOPLE. Corporate culture committed to diversity	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
INFORMATION ON RESPECT FOR HUMAN RIGHTS				
Respect for human rights				
Implementation of due diligence procedures for human rights Prevention of human right violations and, if applicable, measures to mitigate, manage and remedy such violations;	103	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
	102-16	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Ethics and corporate policies	
	102-17	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Ethics and corporate policies	
	412-2	ANNEX OF INDICATORS	OUR PEOPLE	The Human and Workers' Rights Policy was published in the regulatory system in June 2019. Since then, two lines of work have been established: raising awareness of all kinds of situations of harassment, which has been done and been very widely publicized; and starting conversations leading to a global and international framework agreement with the trade unions with the highest representation at Cepsa and with the IndustriALL Global Union, a line of work that we are still working on.
	410-1			None of the 8 employees belonging to Cepsa's own security staff in 2020 and 2019 have received any training in human rights policies or procedures. In 2020 and 2019, Cepsa had 550 and 589 workers (respectively) from third-party organizations that provide security personnel. Of these, 16% in 2020 and 14% in 2019 have received training in human rights policies or procedures.

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Reports of human rights violations;	406-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
Promotion of, and compliance with, the International Labour Organization's basic agreements on the respect of freedom of association and the right to collective bargaining	407-1			No non-compliances were detected in this regard in 2020. Respect for the right to freedom of association and participation of workers' representatives is one of the fundamental principles in our relationship with employees. There is no indication of any risk factors at Cepsa that could place its employees' right to collective bargaining at risk No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.
The elimination of discrimination at work and in relation to employment;	103	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	
	406-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
The elimination of forced or compulsory labor	409-1			There is no indication that Cepsa has any centers with actual or potential cases of forced or mandatory labor No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.
Actual abolition of child labour.	408-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.3 EFFECTIVE GOVERNANCE. Respect for human and workers' rights	There is no indication that Cepsa has any centers with actual or potential cases of child labor or young workers exposed to dangerous work No specific measures to support freedom of association and collective bargaining or contribute to the abolition of child labor or any forms of forced or compulsory labor have been necessary. What the company has done is publicize the Code of Ethics and the Human and Workers' Rights Policy on the Group's regulatory system and Cepsa's communication channels.

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
INFORMATION ON THE FIGHT AGAINST CORRUPTION AND BRIBERY				
Fighting corruption and bribery				
Measures taken to prevent corruption and bribery;	103	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering	
	102-16	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Ethics and corporate policies	
	102-17	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Ethics and corporate policies	
	205-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering	
	205-2	ANNEX OF INDICATORS	ETHICS AND COMPLIANCE	
	205-3			There have been no confirmed cases of corruption at Cepsa. No public legal cases related to cases of corruption have been filed against the organization or any of its employees.
Anti-money laundering measures,	205-1	4. EFFECTIVE GOVERNANCE THAT PROMOTES RESPONSIBLE MANAGEMENT	4.2 ETHICAL MANAGEMENT. Measures against corruption, bribery and money laundering	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Contributions to non-profit foundations and organizations.	102-12	6.1 Management of ESG aspects	6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations	
	102-13	6.1 Management of ESG aspects	6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations	

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<tr><td colspan="5">The company's commitment to sustainable development</td></tr>
<tr><td rowspan="7">Impact of the company's activities on local development and employment;</td><td>103</td><td>6. ESG PERFORMANCE</td><td>6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management.
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<tr><td>Impact of the company's activities on local villages/towns and the territory;</td><td>103</td><td>6. ESG PERFORMANCE</td><td>6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management.
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Main initiatives and impact indicators</td><td></td></tr>
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Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
	203-1	6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators.	
		ANNEX OF INDICATORS	RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE	
	203-2	6. ESG PERFORMANCE	RESPONSIBILITY IN OUR SUPPLY CHAIN. Description of our supply chain	
		6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators.	
		ANNEX OF INDICATORS	RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE	
	411-1	ANNEX OF INDICATORS	ETHICS AND COMPLIANCE. Fines	
	413-1	6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators	
	413-2	ANNEX OF INDICATORS	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE	
Relationships with local community players and types of dialogue with them;	103	6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Commitment and social management	
	102-43	6. ESG PERFORMANCE	6.1 MANAGEMENT OF ESG MATTERS. Stakeholder engagement	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
	413-1	6. ESG PERFORMANCE	6.8 RELATIONSHIP WITH THE ENVIRONMENT IN WHICH WE OPERATE. Social commitment and management. Cepsa Foundation. Main initiatives and impact indicators	
Actions towards associations or sponsorships.	102-12	6.1 Management of ESG aspects	6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations	
	102-13	6.1 Management of ESG aspects	6.1 MANAGEMENT OF ESG MATTERS. Institutional Relations	
Subcontracting and suppliers				
Inclusion of social, gender equality and environmental matters to the purchasing policy; Consideration of suppliers' and subcontractors' social and environmental responsibility in	102-9	6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain.	
	102-10	6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain.	
			6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Supplier relationship management.	
	103	6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain.	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
relationships with them.	308-1			A large proportion of the suppliers that have embarked on a business relationship with Cepsa in the reporting period have been validated in accordance with environmental and social criteria. In 2020, 330 suppliers embarked on such a relationship. Of these, 120 belonged to the company's procurement area. Of these, 266 (112 of them from the procurement area) received the assessments. In 2019, there were 428 suppliers (193 in the procurement area), of which 354 were validated (190 from procurement).
	204-1	6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Description of our supply chain.	
		ANNEX OF INDICATORS	RESPONSIBILITY IN OUR SUPPLY CHAIN	
	414-1			See the response to indicator 308-1
Supervision systems and audits and their outcomes.	103	6. ESG PERFORMANCE	6.6. RESPONSIBILITY IN THE SUPPLY CHAIN. Supplier relationship management.	
	414-1			See the response to indicator 308-1

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
	414-2			The main potential social impacts on Cepsa that have been identified are, among others: a high impact on all the company's stakeholders as a result of any malpractice (national and international media, social media, employees and their families, residents, local, national and international governments or associations); non-compliance with external rules and regulations by the company (fines, sanctions with limited losses, or proceedings without financial penalties, penalties with penal consequences and a material effect on credit rating, markets and financing of the company; limited impact on some stakeholders (mentioned above)); endangering of people's health and safety, processes, facilities or transport. Four suppliers with significant negative social impacts were identified in 2020. The relationship with them was terminated in all cases on the grounds of breaches of ethics and Corporate Social Responsibility matters. Three suppliers were identified in 2019, and improvement actions were agreed with them.
Consumers				
Consumer health and safety measures;	103	6. ESG PERFORMANCE	6.7. TRANSPARENT WITH OUR CUSTOMERS	
	416-1	6. ESG PERFORMANCE	6.7. TRANSPARENT WITH OUR CUSTOMERS. Customer trust, safety, and satisfaction	
	103	6. ESG PERFORMANCE	6.7. TRANSPARENT WITH OUR CUSTOMERS	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Claims systems, complaints received and their resolution.	416-2			No breaches of laws or regulations or voluntary codes relating to information and labeling or marketing communications of products and services were identified in 2020, and there were no reports of non-compliance incidents relating to their impacts on health and safety. Cepsa belongs to Autocontrol, a non-profit association in charge of managing the Spanish advertising self-regulation system so that there are guarantees of trust and credibility in advertising.
	418-1			As in previous years, there were no attacks with a significant impact on our facilities and/or business processes in 2020. No leaks of personal data were detected in 2020.
Tax information				
Profit by country Tax on profit paid	103	6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Management approach	
	207-1	6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Management approach	
	207-2	6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Management approach Fiscal governance. Reporting of tax risks to the highest management body	
	207-3	6. ESG PERFORMANCE	6.9 TRANSPARENCY AND FISCAL RESPONSIBILITY Best tax practices and collaboration with public administrations	
	207-4	ANNEX OF INDICATORS	TRANSPARENCY AND FISCAL RESPONSIBILITY	

Content of the statement of non-financial information	Reporting standard (GRI)	Chapter of the report	Section	Additional comment
Public subsidies received				The financial assistance received from public bodies in 2020 and 2019 was: €23.3 million and €21.2 million respectively.

COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. AND SUBSIDIARIES (CEPSA GROUP)

Consolidated Financial Statements and Consolidated Management Report for the year ended December 31 2020

The Consolidated Financial Statements (Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Equity, Consolidated Cash Flow Statements and Notes to the Consolidated Financial Statements) and Consolidated Management Report which includes the Consolidated Non-Financial Information Statement of Compañía Española de Petróleos, S.A. and Subsidiaries (CEPSA Group), for the year ended December 31, 2020, contained in this document, have been drafted and issued by the Board of Directors of Compañía Española de Petróleos, S.A. (CEPSA) at its meeting held on March 4, 2021 in compliance with Article 253 of the Revised Text of the Spanish Companies Act.

To the best of our knowledge, the Consolidated Financial Statements, prepared in accordance with generally accepted accounting principles, offer a true and fair view of the financial situation and results of the CEPSA Group, and the Consolidated Management Report, which includes the Consolidated Non-Financial Information Statement, accompanying the Consolidated Financial Statements offers a true and fair view of the development and performance of the businesses and financial position of the CEPSA Group, together with a description of the key risks and uncertainties that it faces.

Madrid, March 4, 2021

Mr. Ahmed Yahia
Chairman

Mr. Martialis Quirinus Henricus van Poecke
Vice Chairman

Mr. Philippe François Marie Joseph Boisseau
Managing Director

Mr. Musabbeh Helal Musabbeh Ali Alkaabi
Director

Mr. Ángel Corcóstegui Guraya
Director

Mr. Saeed Mohamed Hamad Fares Almazrouei
Director

Ms. Alyazia Ali Saleh Ahmed Alkuwaiti
Director

Mr. Marwan Naim Nijmeh
Director

Mr. James Robert Maguire
Director

Mr. Joost Bart Maria Dröge
Director

Mr. Ignacio Pinilla Rodríguez
Corporate Secretary (Non-Director)

Mr. José Aurelio Téllez Menchén
Corporate Deputy Secretary (Non-Director)

CERTIFICATION. - I, Ignacio Pinilla Rodríguez, as Secretary of the Board of Directors of Compañía Española de Petróleos, S.A. (CEPSA), do hereby certify that:

I. The omission of the signature of the members of the Board of Directors of Compañía Española de Petróleos, S.A. (CEPSA) (hereinafter the "Company"), with the exception of Mr. Philippe François Marie Joseph Boisseau, on the Consolidated Financial Statements and Consolidated Management Report, which includes the Consolidated Non-Financial Information Statement, of Compañía Española de Petróleos, S.A. and Subsidiaries (CEPSA Group) for the year ended December 31, 2020 is due to the fact that the Board of Directors held its meeting by videoconference, given that it was materially impossible to hold an in-person meeting as a result of the circumstances of the health crisis;

II. The Consolidated Financial Statements and Consolidated Management Report, which includes the Consolidated Non-Financial Information Statement, of Compañía Española de Petróleos, S.A. and Subsidiaries (CEPSA Group) for the year ended December 31, 2020, have been drafted and issued on March 4, 2021 by the Board of Directors of the Company;

III. All of the members of the Company's Board of Directors have expressed their agreement with the Consolidated Financial Statements and Consolidated Management Report, which includes the Consolidated Non-Financial Information Statement, for the year ended December 31, 2020.

IN WITNESS WHEREOF, I have signed my name as Secretary of the Board of Directors on this 4th day of March 2021.

Compañía Española de Petróleos, S.A. and Subsidiaries (Cepsa Group)

Consolidated Financial Statements and Consolidated Directors' Report – 2020 Financial Year

I hereby certify that, to the best of my knowledge and belief, The Consolidated Financial Statements – Balance Sheets, Income Statements, Statements of Changes in Equity, Statement of Comprehensive Income recognized in Equity, Cash Flow Statements and Report), along with the Consolidated Directors' Report of Compañía Española de Petróleos, S.A. and Subsidiaries (CEPSA Group) for 2020 and drafted and approved by the Board of Directors of Compañía Española de Petróleos, S.A. at its meeting held on 4 March 2021, were prepared in accordance with generally applicable accounting standards and present a true and fair view of the assets and liabilities, financial position and results of Cepsa.

Madrid, 4 March 2021

Salvador Bonacasa Gutiérrez
Chief Financial Officer

Independent Assurance Report on the Consolidated Non-Financial Statement and Information on Sustainability for the year ended December 31, 2020

COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. AND SUBSIDIARIES

Building a better working world

Ernst & Young, S.L.
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28003 Madrid

Tel: 902 365 456
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INDEPENDENT ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT AND INFORMATION ON SUSTAINABILITY

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.:

In accordance with article 49 of the Commercial Code, we have verified, with a limited scope, the Consolidated Non-Financial Statement and sustainability information (hereinafter NFS) for the year ended December 31, 2020 of Compañía Española de Petróleos, S.A. and subsidiaries (hereinafter the Group), which is part of the Group's accompanying Consolidated Management Report.

The content of the Consolidated Management Report contains information in addition to that required by prevailing company law in respect of non-financial information that was not included in the scope of our assurance work. Consequently, our work was limited exclusively to verifying the information identified in the "Table of contents of the Non-Financial Information Law" and in conformity with the "GRI Indicators Index" included in the accompanying Consolidated Management Report.

Responsibility of the directors

The preparation of the NFS included in the Group's Consolidated Management Report and its content is the responsibility of the directors of Compañía Española de Petróleos, S.A. The NFS was prepared in accordance with the content required by prevailing company law and in conformity with the criteria outlined in the GRI Sustainability Reporting Standards (GRI standards), core option, as well as other criteria, including the GRI Oil and Gas sector supplement (G4 version), described as explained for each subject matter in the "Non-financial and diversity reporting requirements (Spanish Law 11/2018)" table, in conformity with the "GRI Standards content index" of said report.

This responsibility likewise includes the design, implementation, and maintenance of the internal control considered necessary to ensure that the NFS is free of material misstatement, due to fraud or error.

The directors of Compañía Española de Petróleos, S.A. are also responsible for defining, implementing, adapting, and maintaining the management systems from which the necessary information for preparing the NFS is obtained.

Our independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and applicable regulatory provisions.

The EY team is made up of experts in non-financial information engagements and specifically, information on economic, social, and environmental performance.

Our responsibility

Our responsibility is to express our conclusions on the Independent Assurance Report with limited assurance, based on the work performed. We have carried out our work in accordance with the requirements established in the International Standard on Assurance Engagements (ISAE) 3000 (revised), "Assurance Engagements Other than Audits and Review of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the Guide for Non-Financial Statement verification engagements, issued by the Spanish Institute of Chartered accountants.

In a limited assurance engagement, the procedures carried out vary in their nature and timing and are less in extent than those carried out for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is also substantially lower.

Our work consisted in making inquiries of management and of the Group's various business units participating in the preparation of the NFS, reviewing the processes for compiling and validating the information presented therein, and applying certain analytical procedures and sample review tests as described in general terms below. These procedures included:

- Holding meetings with Group personnel to gain an understanding of the business model, the policies and management approaches applied, and the main risks related to these matters, as well as to gather the information needed to perform the independent assurance work.
- Analyzing the scope, relevance, and integrity of the contents of the 2020 NFS, based on the materiality assessment performed by the Group and described under "About this report," in light of the content required under prevailing company law.
- Analyzing the processes used to compile and validate the data presented in the 2020 NFS.
- Analyzing the documents from the Non-financial internal control system.
- Reviewing the disclosures relating to the risks, policies, and management approaches applied with respect to the material matters presented in the 2020 NFS.
- Checking, via tests of a selected sample, the information underlying the contents of the 2020 NFS and the satisfactory compilation of the NFS based on data taken from information sources.
- Obtaining a representation letter from the directors and management.

Conclusions

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group's NFS for the year ended December 31, 2020 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria established by the GRI standards, core option, as well as other criteria, including the GRI Oil and Gas sector supplement (G4 version), described as explained for each subject matter in the "Table of contents of the Non-Financial Information Law" and in conformity with the "GRI Indicators Index of the Consolidated Management Report.

Use and distribution

This report was prepared in response to the requirement established by prevailing company law in Spain and may not be appropriate for other uses and jurisdictions.

ERNST & YOUNG, S.L.

Alberto Castilla Vida

March 4, 2021

Independent Assurance Report on the “Information Regarding Internal Control over Financial Reporting (ICFR) System”

COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.

2020

Building a better working world

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INDEPENDENT ASSURANCE REPORT ON THE "INFORMATION REGARDING THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) SYSTEM"

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A.:

Scope of the work

We have examined the accompanying information on the Internal Control over Financial Reporting (ICFR) system of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. and subsidiaries (the "Group") contained in Management Report for the year ended December 31, 2020.

The objective of this system is to contribute to the faithful representation of the transactions performed and to the provision of reasonable assurance in relation to the prevention or detection of any errors that might have a material effect of the consolidated financial statements.

The aforementioned system is based on the rules and policies defined by the Boards of Directors of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013) report.

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail, (ii) guarantee that these transactions are performed only in accordance with the authorizations established; (iii) provide reasonable assurance that transactions are recognized appropriately to enable the preparation of the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorized acquisition, use or sale of the company's assets that could have a material effect on the financial information. In view of the limitations inherent to any system of internal control over financial reporting, certain errors, irregularities or fraud might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that internal control may be rendered inadequate as a result of future changes in the applicable conditions or that there may be a reduction in the future of the degree of compliance with the policies or procedures established.

Directors' Responsibility

The Directors of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. are responsible for maintaining the System of Internal Control over Financial Reporting included in the consolidated financial statements and for evaluating its effectiveness.

Our responsibility

Our responsibility is to issue an independent assurance report on the effectiveness of the System of Internal Control over Financial Reporting (ICFR) based on the work performed by us.

Our work includes an evaluation of the effectiveness of the system of ICFR in relation to the financial information contained in the CEPSA' Group consolidated financial statements as at December 31, 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

We have carried out our reasonable assurance work in accordance with the requirements established by the International Standard on Assurance Engagements (ISAE) 3000 revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

Reasonable assurance work includes comprehension of internal control over financial information contained in the financial statements; risk evaluation regarding possible material errors within them; tests and evaluations on design and daily effectiveness of the system and the use of any other procedures we considered necessary. We consider that our audit provides a reasonable basis for our opinion.

Independence and quality control

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behavior.

Our Firm applies the International Standard on Quality Control No 1 (ISQC 1) and therefore maintains a global system of quality control, which includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legislation.

Conclusion

In our opinion, at December 31, 2020, the Group had, in all material respects, an effective System of Internal Control over Financial Reporting contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by the Board of Directors of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. in Management Report for the year ended December 31, 2020.

Other matters

This report can under no circumstances be considered an audit report carried out in accordance with prevailing audit regulations in Spain.

Nevertheless, in accordance with prevailing audit regulations in Spain, we have audited the consolidated financial statements of COMPAÑÍA ESPAÑOLA DE PETRÓLEOS, S.A. and subsidiaries for the year ended December 31, 2020, prepared by the directors in accordance with the International Financial Reporting Standards as adopted by the European Union, and other financial reporting framework provisions applicable to the CEPSA Group in Spain and our report issued on March 4, 2021 on the consolidated financial statements expressed an unqualified opinion.

ERNST & YOUNG, S.L.

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Francisco Rahola Carral

March 4, 2021