
CEPSA'S POSITION AND STRATEGY ON CLIMATE CHANGE AND CARBON

HSEQ



POSITION

According to IPCC's reports, Climate Change refers to a change in the state of the climate that can be identified by changes in the mean and/or the variability of its properties and that persists for an extended period, typically decades or longer. One of the most remarkable effects is the increase of the global averaged temperature since the middle of the XX Century, which causes other effects all over the planet on the climate and the surface.

There is a general consensus by the scientific world that, with a high probability, the climate change is, in part, due to the human activity, which causes anthropogenic greenhouse gas (GHG) emissions with great influence in the climate. Likewise, there are other scientific theories to justify the climate variability based on the oceans and atmosphere actions as controller fluids on the climate in The Earth due to the variable solar intensity.

Cepsa recognises that the anthropogenic action can cause a great effect on the climate variability, but what it is certain is that our production activities can have negative consequences in a short term on

the climate and environment. For that reason, we manage our production activities with the goal of reducing the possible and internationally recognized effects in the climate characteristics, as well as the goal of mitigating the possible effects of our activities on the climate and biodiversity.

Cepsa's production facilities are subject to compliance the CO₂ European Emissions Trading Scheme according to the second commitment period of Kyoto Protocol under the Doha amendment. Since 2005, under this Kyoto Protocol in the European Union it has been imposed a strict scheme of monitoring and compliance of CO₂ emissions in order to reach the targets in reduction. Since 2013 Cepsa's facilities in European Union are subject to compliance under the third phase of CO₂ emissions monitoring and compliance. Cepsa maintains a close collaboration with national and European associations of Oil&gas, Chemical and Cogeneration sectors with the aim of monitoring the legal compliance requirements, and doing a lobby action oriented to be sure that the three main points in the European Energy Policy are fulfilled: security of supply, sustainability and affordability of energy process supporting the industrial competitiveness.

As a flexible measure of compliance the Kyoto Protocol permits the use of Flexible Mechanisms, such as the Clean Development Mechanism. Under this umbrella of Mechanism Cepsa makes a contribution in international projects for cutting down the GHG emissions in developing countries, helping the technology transfer and the global compliance in reduction of GHG emissions.

Our Refining activity as well as the Chemical and Cogeneration are dependent on fossil energy and in the frame of the European Energy Policy Cepsa supports and encourages the development of alternatives energies, but assuming our dependence on fossil energy in the present and future scenario according to international energy projections. We assume a sustainable and respectful approach with the environment in the developing of our activities, such as the implementation of Energy Management System, which monitors and acts on the energy consumption, looking for its minimization and consequent reduction of the emissions of greenhouse gases.

CARBON STRATEGY

The main points among the carbon strategy, based on the energy sustainability, are the followings:

- Cepsa defends its position on the Climate Change, having in mind the three principles of the Energy Policy: security of supply, sustainability and affordability of energy process supporting the industrial competitiveness.
- Cepsa promotes those energy policies that focus on the environment and on the climate change and encourage the technical and economic viability of its sector, keeping on being fossil energy supplier under sustainable costs and prices for the final consumer. According to international impact assessments (IEA, WEC), the energy consumption is going to increase due to the population rising and the industrialization, so Cepsa considers vital to keep on being competitive in Europe and also being worldwide present to fulfil with the energy demand.
- Cepsa promotes those energy policies that defend and target a global and worldwide agreement, not only at a European level. In this way the mentioned points in Energy Policy will be achieved in a proper manner.
- Cepsa defends that the definition and regulation of Energy Policies should be based on cost/benefit analysis, as well as impact assessment focused on the sector with the aim of protecting and even increasing the competitiveness of the European Industrial Sectors and discouraging its potential non-industrialization.
- Cepsa is involved with the Ecologic and Carbon Footprint of its activities and products, promoting its better communication. Cepsa also evaluates, when it is possible, different

alternatives in its raw materials that could minimize the Ecologic Footprint of the production and consequently of the products.

- Cepsa certifies by the ISO 50001 standard its Internal Energy Management System in its production facilities. This Certification makes easier the communication about the plans for improving the Energetic Efficiency, the Corporative Responsibilities indexes and the corporative targets in GHG emissions reduction.